

Garrett County Board of REALTORS®

GCBR News Briefs – January 1, 2010

Membership Update

New REALTOR® Members:

John Pucciano – Long and Foster Real Estate Inc.
Sheila Kramer – Long and Foster Real Estate Inc.

New Affiliate Members:

Drops:

Markell O’Faolean Fickes – Coldwell Banker Deep Creek Realty
Gary Harriger – Law Offices of Gary C. Harriger, LLC (Affiliate Member)
Delano Martin – Coldwell Banker Deep Creek Realty

Transfers:

Office Changes:

Pest Management Services Inc.
Local contact: Tim Foley
Office #: 1-800-359-BUGS or 1-304-363-7870
Cell phone #: 1-304-319-3259

2009-10 DUES

Effect January 1, 2010 dues amount including late fees is \$672.00

NAR \$115.00, MAR \$194.00, GCBR \$363.00 Total 2009-10 Dues \$672.00

GCBR Bylaws, Article X, Section 4. Nonpayment of Financial Obligations. If dues, fees, fines, or other assessments including amounts owed to the Board are not paid within one (1) month after the due date, the nonpaying Member is subject to suspension at the discretion of the Board of Directors. **Two (2) months after the due date, membership of the nonpaying Member may be terminated at the discretion of the Board of Directors.** Three (3) months after the due date, membership of the nonpaying Member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend or expel a Member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. A former Member who has had his membership terminated for nonpayment of dues, fees, fines, or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other Rules and Regulations of the Board or any of its services, departments, divisions or subsidiaries may apply for reinstatement in a manner prescribed for new



applicants for membership, after making payment in full of all accounts due as of the date of termination.

If you would like to pay your dues via credit card, go to the NAR website at www.realtor.org click on “Login” and “Pay Dues” from the top right corner of the main screen.

Government Affairs Director Report – Paul Durham

GCBR and MAR Preparing for 2010 Legislative Session:

Board members Pat Kane and Larry Smith, along with EO Barb Butler and GAD Paul Durham, will be participating in MAR’s legislative reception on January 27 in Annapolis. The day includes a legislative meeting followed by a reception for our elected officials. Statewide legislation will be reviewed and the time is also an opportunity to discuss the local pieces of legislation that have been brought forward.

GCBR’s Board is will be reviewing the local legislation requests and may take a position on them during the session.

GCBR has also identified Smart Growth legislation as one area of concern, as has the county governments in both Garrett and Allegany Counties. We will be watching closely to see if any new bills come up that would impact us on the local level.

County Ordinance Updates – Planning Commission continues work on changes:

The Planning Commission met on December 9 and continued its deliberation on the proposed changes to the DCL Zoning Ordinance, the county’s Subdivision Ordinance, and the Sensitive Areas Ordinance.

The county attorney reviewed the issue of grandfathering existing recorded lots under the Scenic Protection Overlay District. The advice that was given to the Commission was that they could indeed implement the new standards on existing lots.

The changes are due to be posted on the county’s web site soon, after which the Commission will schedule a public hearing before moving the ordinances on to the county commissioners for final action. GCBR’s Board is watching the changes dealing with downzoning and the Scenic Protection Districts very closely.

Turn Tax Dollars Back Into Your Dollars

Find \$100.00 a Minute

FREE to GCBR Members

Attend Tax Strategies for the Real Estate Professional

**This non-credit course was presented at the Maryland Association of REALTORS®
Conference in September 2009.**

Coming to GCBR on Wednesday, January 20, 2010

10:30 – 11:30 am only 5 seats left

12:30 – 1:30 pm only 11 seats left
Held in the GCBR Conference Room
Seating limited to 20 members per session

An email registration form will be sent to all members by the middle of December.

12/30/09 Update – seats are filling up fast, call today if you want to attend!

2010 Continuing Education Schedule

In an effort to make things more cost effective for both GCBR and its' members, we will be scheduling more continuing education classes and have these classes held in the Board Office Conference room. Seating will be limited to 20 students per class and the schedule of classes is listed below:

Wednesday, January 13, 2010	10:00 – 11:30	“Maryland Fair Housing” (C)
Wednesday, February 17, 2010	9:00 – 12:00	“Maryland Legal Update” (A)
Wednesday, February 24, 2010	9:00 – 12:00	“Maryland Legal Update” (A)
Wednesday, March 10, 2010	9:00 – 12:00	“Real Estate Agency in MD” (A)
Wednesday, March 24, 2010	9:00 – 12:00	“Real Estate Agency in MD” (A)
Wednesday, April 14, 2010	10:00 – 11:30	“Risk Management” (F)
Wednesday, April 28, 2010	10:00 – 11:30	“Risk Management” (F)
Wednesday, May 12, 2010	9:00 – 12:00	“Contracts” (F)
Wednesday, May 26, 2010	9:00 – 12:00	“Contracts” (F)
Wednesday, June 16, 2010	10:00 – 11:30	“REALTOR® Guide to Smooth Settlements”(F)
Wednesday, June 30, 2010	10:00 – 11:30	“REALTOR® Guide to Smooth Settlements”(F)
Cost:	1.5 hours \$10.00 (Realtor®)	\$20.00 (non-REALTOR®)
	3.0 hours \$20.00 (Realtor®)	\$30.00 (non-REALTOR®)

Registration flyers will be faxed to offices and can be emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

MD Real Estate License Renewal Requirements

Required Topics for ALL Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours
3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

MRIS UPDATE and Information

NEW! MRIS Document Management Lets you Store and Share Documents for your Listings and Transactions.

Document Management is now part of your MRIS subscription. This new tool (available 12/4/09) is an online system for securely sharing business documents with other agents, clients, and others in the transaction chain.

MRIS Document Management is available to MRIS customers free of charge. It is part of MRIS' unique value added bundle of services that comes with your subscription.

To learn more about getting started with Document Management, visit www.mris.com

Enhancements to Secure Login are Coming!

MRIS's Secure Login team continues to make progress towards introducing the new authentication system that will offer you the convenience of not having to use the tokens to login. You have already seen changes to the Secure Login screen. The next step is the launch of the new Secure Login process which is expected to begin by the end of 2009. MRIS customers will be notified on a rolling schedule of when to stop using your token and begin using a self-selected password. For now, continue to use your token and look for more details in future issues of MRIS eNews.

Maryland Association of REALTORS®

RESPA RULES EFFECTIVE January 1, 2010--the following components of the new RESPA Rule will be go into effect:

- **Good Faith Estimate:** The new three page GFE, including disclosure of yield spread premiums and the tolerance restrictions, must be used.
- **HUD-1:** The new HUD-1 Settlement Statement has been expanded to three pages. It has been redesigned to look like GFE with additional cross references and a "cross-walk" chart comparing charges in the GFE with the final charges.
- **30-Day Cure Period:** Loan originators will have 30 days from the date of settlement to reimburse the borrower for tolerance violations.
- **Tolerance limitations on settlement charges:** Certain services packaged by lenders will be granted a 10% change tolerance.
- **Application Process:** Lenders will have a one-stage application process with greater flexibility on selecting underwriting criteria.

For more information, please see HUD's website at:
http://www.hud.gov/offices/hsg/ramh/res/respa_hm.cfm or contact the MAR Legal Affairs Department at 1-800-638-6425.

National Association of REALTORS®

Business Cards

Business cards usually carry a firm name and the name of an individual. Depending on the membership status of the individual named and the standing of the firm's principals, it may be appropriate to use one of the terms REALTOR®, REALTORS® or REALTOR-ASSOCIATE® with either or both names. The guidelines and policies governing use of these terms with the firm name are covered in the next section entitled "With Firm Name". This section focuses only on use of those terms in association with an individual's name.

If the individual is a REALTOR® Member, the term REALTOR® may be used adjacent the Member's name provided appropriate separating punctuation is also used. The preferred form for the term is all capital letters and the registration symbol "®".

Firm Name
Street
City, State

John Doe, REALTOR®

Other information about the individual, such as his status within the firm, a telephone number, or his license status or specialty area of practice, may also be indicated.

Firm Name
Street
City, State

John Doe, REALTOR®
President
Appraiser/Broker
Phone:

In some states, licensees must include on business cards their license status (e.g., broker, broker-associate, salesperson, etc.). Under no circumstances should an attempt be made to satisfy such a requirement by use of one of the terms REALTOR®, REALTORS® or REALTOR-ASSOCIATE®. To do so is to use the terms REALTOR® and REALTOR-ASSOCIATE® interchangeably with the terms broker or broker-associate or salesperson.

Even if the applicable license law, regulations or regulatory body charged with enforcement permit such substitution it is prohibited by these policies for use of the MARKS. The REALTOR® MARKS are not, and may never be used as, a designation of a person's licensed status.

A non-member is never permitted to use the term REALTOR® or REALTOR-ASSOCIATE® adjacent his name on a business card or anywhere else, even if he is employed by or affiliated with a REALTOR® firm.

The form of use limitations described above regarding capitalization, separating punctuation, and the registration symbol "®" apply to use of the terms REALTOR®, REALTORS® and REALTOR-ASSOCIATE® adjacent the individual's name on business cards and must be followed. Provided those requirements are observed, Members are at liberty to design their business cards as they see fit.

For more information, visit www.realtor.org Law & Policy, Realtor® Trademark Logo and Rules.

Case Studies Interpretation of the Code of Ethics

CASE STUDIES ARE PULLED FROM "INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL" OF THE NATIONAL ASSOCIATION OF REALTORS®

Case #1-21: REALTOR®'S Purchase of Property Listed with the Firm (Adopted May, 1989 as Case #7-25. Transferred to Article 1 November, 1994. Revised November, 2001.)

Mr. and Mrs. A visited REALTOR® B's office and explained they had owned a four-bedroom ranch house nearby for thirty years but since their children were grown and Mr. A was retiring, they wanted to sell their home and tour the country in their motor home.

REALTOR® B and Mr. and Mrs. A entered into an exclusive listing agreement. REALTOR® B conducted an open house, advertised in the local paper, and took other steps to actively promote the sale.

Four weeks after the property went on the market, REALTOR® B received a call from REALTOR® Z, a broker affiliated with the same firm who worked out of the firm's principle office downtown. REALTOR® Z explained that she had seen information regarding Mr. and Mrs. A's home in the MLS and was interested in the property as an investment. She indicated she was sending an offer to purchase to REALTOR® B through the firm's inter-office mail.

When REALTOR® B met with Mr. and Mrs. A to present REALTOR® Z's offer, he carefully explained and presented a written disclosure that REALTOR® Z was a member of the same firm although he was not personally acquainted with her. Mr. and Mrs. A, being satisfied with the terms and conditions of the purchase offer, signed it and several weeks later the sale closed and a commission was paid to REALTOR® B.

Several weeks later, REALTOR® B received a letter from Attorney T, representing Mr. and Mrs. A. Attorney T's letter indicated that since a member of REALTOR® B's firm had purchased the property, in Attorney T's opinion, REALTOR® B was not entitled to a

commission. The letter went on to demand REALTOR® B refund the commission that had been paid by Mr. and Mrs. A.

REALTOR® B politely, but firmly, refused to refund the commission.

Mr. and Mrs. A filed a complaint with the Board of REALTORS® alleging that REALTOR® B's refusal to refund the commission constituted a violation of Article 1 of the Code of Ethics.

REALTOR® B, in his response, agreed with the facts as stated in Mr. and Mrs. A's complaint but indicated that he had faithfully represented the best interests of Mr. and Mrs. A and had no obligation to refund the commission.

The Grievance Committee concluded that the matter should be referred to a Hearing Panel of the Board's Professional Standards Committee.

At the hearing, Mr. and Mrs. A repeated the facts as set forth in their written complaint and, in response to REALTOR® B's cross-examination, acknowledged that REALTOR® Z had not influenced their decision as to the asking price. They also agreed that REALTOR® B had carefully disclosed that REALTOR® Z was a member of the same firm; and that REALTOR® B had represented their best interests throughout the transaction. Their only disagreement with REALTOR® B, they stated, was that since their home was purchased by a member of REALTOR® B's firm, they should not have been obligated to pay a commission and REALTOR® B's refusal to refund the commission violated Article 1.

The Hearing Panel concluded that REALTOR® B had promoted Mr. and Mrs. A's interests; and had carefully disclosed that REALTOR® Z was a member of the same firm; and that REALTOR® B's refusal to refund commission did not constitute a violation of Article 1.

Garrett County Board of REALTORS®

GCBR News Briefs – February 1, 2010

Membership Update

New REALTOR® Members:

New Affiliate Members:

Thomas Panther – Tom Thumb Pest Control LLC
2114 Swanton Road
Swanton, MD 21561
P: 301-359-0005 F:301-387-2428 C: 301-616-1244
tomthumbpest@comcast.net

Drops:

Lillian Steele - Long and Foster Real Estate Inc.
Steven Glotfelty – Long and Foster Real Estate Inc.

Transfers:

Susanne Roszell to Goodfellow Real Estate Services

Office Changes:

Government Affairs Director Report – Paul Durham

County Commissioners Withdraw Bill on Accommodations Tax Authority:

In a pre-legislative meeting in December, the Garrett County Commissioners asked Delegate Wendell Beitzel and Senator George Edwards to propose legislation giving the county the authority to set the accommodations tax at a rate up to 8%. The proposal met with opposition from the local vacation rental industry who noted the negative effect of such a tax. A number of Realtors® also spoke out against the idea.

The commissioners announced on January 21 that they were withdrawing the proposal. According to local press reports, County Administrator Monty Pagenhardt said... “The commissioners reviewed data presented by rental companies, and just decided it wasn’t the right time to do it.”

The accommodations tax rate remains at 5% which is the highest it can be under existing law. About \$1.5 million accommodations tax dollars are received annually by the county.

Planning Commission Schedules Public Hearing:

The Planning Commission will take formal public comments on their proposed changes to the county’s zoning, sensitive areas, and subdivision ordinances at a public hearing scheduled for Saturday Feb 6 at 10:00 a.m. at the Garrett College auditorium.



The proposals represent the most significant changes to these three ordinances since their inception. The language in the proposals has gone through several iterations since originally proposed last fall.

All members are encouraged to attend the hearing and express any comments that you may have on the proposals. Your Board of Directors, and a number of your fellow Realtors®, have provided ongoing input and comment on several changes including the Scenic Protection Overlay Districts and the AR/RR zoning and land classification standards. This effort has resulted in a number of major modifications from the original proposal.

You may view the proposals on line [here](#).

Senator Edwards Introduces Wind Turbine Decommissioning Legislation:

Senator George Edwards has introduced [SB 200](#) which, if passed, will give the Public Service Commission the authority to establish decommissioning and site restoration requirements on commercial wind power projects under 70MW capacity. You may recall that such projects are exempt from the usual PSC review process and, except for requiring an interconnection agreement, there is little that the PSC can do to limit any negative effects brought about by such projects.

The County Commissioners have asked the local delegation to also seek authority for the commissioners to establish local setback and decommissioning requirements. As of this writing those bills have not been submitted.



Legislative News from MAR: 2010 Legislative Outlook

State Budget

The Maryland Legislature will have to resolve an approximately \$3 billion deficit in 2010. About \$800 million in federal stimulus money will help fill some of the gap, but there are no easy solutions for the remaining \$2 billion (by contrast the deficit for the 2007 special session was around \$1.4 billion). With elections less than a year away, taxes are not likely to be the first choice among budget solutions. However, given the size of the deficit, taxes will likely be part of the solution at some point (2011 or later).

Given that most of the attention this coming year will be focused on budget cutting, the Maryland Association of REALTORS® (MAR) expects state agencies to face continued cuts, and that state aid to local governments will be cut too. As a result, local governments -- already dealing with their own declining revenues -- will face new budget pressure. This double hit could result in significant local tax increases.

Storm Water Management Fees

While general fund taxes are unlikely this session, the Legislature may consider fees like the stormwater management fee defeated last year. Some environmental groups will make this legislation a priority for the coming year. Though this fee looked a lot like a property tax last year -- given that even properties that already managed their stormwater would have been required to pay it -- it is not clear whether this year's proposal will be exactly the same as last year. Regardless, it will mean more money from homeowners and commercial property owners still hurting from the weakened real estate market.

Septic Legislation

The Maryland Department of the Environment will begin means testing the septic grant program passed last April. Despite many assurances during the debate of this legislation last year that there was plenty of money to continue 100% grants, MDE now plans to give only 50% grants to joint filers making \$130 to \$200 thousand. There will be legislation seeking to ensure full grants for homeowners required to install the new technology.

Energy Labeling Point of Sale Requirement

The Maryland Energy Administration and some environmental groups have suggested that residential and commercial building labeling can encourage Marylanders to make their properties more energy efficient. It is likely that legislation requiring building labeling or disclosure of energy use will be introduced in the coming year. MAR has opposed energy labeling and disclosure for residential and commercial buildings.

Real Estate Commission Legislation

The Maryland Real Estate Commission is seeking two bills affecting real estate brokerage. The first would provide the first statutory guidance on how real estate teams may operate in Maryland. The Commission proposes requiring that all real estate teams have a designated team leader with three year's experience as a licensee. Each team would have to include the name of the team leader in advertisements, and disclose the business relationship between team members when a dual agency situation arises.

The Commission is also seeking to require all brokers and managers to take a broker supervisory course as part of their continuing education requirement. For agents (including brokers), the Commission proposes to include an agency course as part of the required core courses. Both the supervisory and agency courses would not increase the existing 15 hour CE requirement, but would effectively reduce the number of CE hours that could be taken as "electives."

AMC Regulation

Appraisal Management Companies (AMC) have taken on greater significance in the wake of the Home Valuation Code of Conduct (HVCC). The HVCC requires, among other provisions, that there be greater separation between lenders and appraisers. One way to achieve that separation has been the use of AMCs which operate like a brokerage for appraisers. Although AMCs have been in operation for many years, there is new scrutiny over their operation given their greater role in the real estate industry now.

A number of states have passed legislation requiring the registration and regulation of AMCs, and some Maryland legislators have expressed interest in this issue as well. The legislation passed by other states seeks to fill a hole in the current regulatory oversight of the appraisal process. While individual appraisers who work for AMCs must generally be licensed to conduct appraisals and are thus subject to state oversight, AMCs are not licensed entities and thus are not subject to state oversight. If an appraisal is bad, a consumer can take action against the appraiser but has no administrative recourse against the company that hired the appraiser. In some cases, AMCs have significantly changed appraisal reports prepared by a licensed appraiser. While MAR believes complete regulatory oversight of appraisals is important, regulation of AMCs will have a budget impact. Though the cost of additional regulation may not be significant, it likely could be enough for the Legislature to defer consideration for "another day."

Title Insurance Task Force

A State Task Force looking at title insurance practices in the State of Maryland is issuing its final report before the start of the 2010 Legislature. One of the recommendations of the Task Force will be introduction of legislation giving the Real Estate Commission authority to sanction any licensee who violates the federal Real Estate Settlement and Procedures Act (RESPA). In addition to the significant federal penalties, the state would be authorized to assess up to \$5,000 for a first violation. Many RESPA violations are already subject to enforcement by the Commission.

Foreclosure Mediation

Given concern over the effectiveness of existing loan refinancing and modification programs, several states have implemented foreclosure mediation as a way to bring lenders and owners together to explore alternatives to foreclosure. The Maryland Department of Housing and Community Development and the Maryland Department of Labor, Licensing and Regulation are jointly heading a group in Maryland exploring whether mediation could work here. The group is examining how to target mediation programs to the highest risk homeowners and provide appropriate incentives to bring the parties to the table. Some states require lenders to participate in mediations while others only require lenders to demonstrate that foreclosure alternatives were considered for a particular homeowner. Although the group was just beginning discussion at the time this article was written, it was clear that some statutory changes would be needed to create a mediation program in Maryland, and that the group was working to create a proposal in time for the 2010 Legislature.

Pier Task Force

Finally, MAR participated in a Pier Task Force during the fall which examined current federal and state regulation of piers. Legislation that would have prevented the construction of piers over state vegetated wetlands failed last session, and this task force was established to determine whether current regulations are sufficient. The Task Force has discussed many issues, including further limits on the size and location of piers, as well as possible real estate disclosures regarding piers. The Task Force plans to present its final recommendations before the start of the 2010 Legislature.

2010 Continuing Education Schedule

In an effort to make things more cost effective for both GCBR and its' members, we will be scheduling more continuing education classes and have these classes held in the Board Office Conference room. Seating will be limited to 20 students per class and the schedule of classes is listed below:

Wednesday, February 17, 2010	9:00 – 12:00	“Maryland Legal Update” (A)
Wednesday, February 24, 2010	9:00 – 12:00	“Maryland Legal Update” (A)
Wednesday, March 10, 2010	9:00 – 12:00	“Real Estate Agency in MD” (A)
Wednesday, March 24, 2010	9:00 – 12:00	“Real Estate Agency in MD” (A)
Wednesday, April 14, 2010	10:00 – 11:30	“Risk Management” (F)
Wednesday, April 28, 2010	10:00 – 11:30	“Risk Management” (F)
Wednesday, May 12, 2010	9:00 – 12:00	“Contracts” (F)
Wednesday, May 26, 2010	9:00 – 12:00	“Contracts” (F)
Wednesday, June 16, 2010	10:00 – 11:30	“REALTOR® Guide to Smooth Settlements”(F)
Wednesday, June 30, 2010	10:00 – 11:30	“REALTOR® Guide to Smooth Settlements”(F)
Cost:	1.5 hours \$10.00 (Realtor®)	\$20.00 (non-REALTOR®)
	3.0 hours \$20.00 (Realtor®)	\$30.00 (non-REALTOR®)

Registration flyers will be faxed or emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

MD Real Estate License Renewal Requirements

Required Topics for ALL Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours
3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

MRIS UPDATE and Information

Carol Wills, MRIS Liaison to the GCBR Board of Directors

If you have not tried **Listing Book** offered thru MRIS you might want to check it out. It is simply a great system for buyers and sellers. Listing Book can help your sellers stay in touch with our current market. This information to the seller can create better list prices and price reductions. That is just one of several items this program covers.

So give it a try. I think you will like it! There are similar programs that cost \$97 or more a month. **MRIS is giving you this tool with no increase in dues.** Go to www.listingbook.com select Get an Account from the top menu and answer questions to set up your account that connects you with MRIS or call ListingBook at 8-866-353-3456.

Document Manager is another new addition to MRIS. You can store all your documents and decide who sees those documents. I know it needs some additional fields for Garrett County. I am working on that. It is a new program that will improve over time. To access Document Manager, go to www.mris.com login, select Products/Services from the upper left menu, select Document Management, scroll to the bottom and click on Manuals and Support Documentation and you will find the Q&A section and the User Guide.

Maryland Association of REALTORS®

RESPA RULES EFFECTIVE January 1, 2010

The New GFE and HUD 1 – Some highlights of the new RESPA reforms, effective January 1st, that you and your clients should be aware of:

- **Good Faith Estimate (GFE):** Loan originators must give good faith estimates of mortgage loan costs within 3 business days after the consumer applies for a loan (early disclosure).

- **Disclosure:** If a mortgage lender will pay a broker a fee, like a yield-spread premium, on the loan, the mortgage broker is required to clearly disclose the premium. The disclosure of origination charges and fees for title insurance and closing services must each be disclosed as single, bundled charges on the GFE.
- **Tolerance limitations on settlement charges:** HUD has separated settlement charges on the GFE into three tolerance categories: zero-tolerance fees, 10% tolerance, and no-restriction fees. These categories represent the amount of change allowed in settlement costs at the table on the HUD-1, absent “changed circumstances.”
- **30-Day Cure Period:** Loan originators will have 30 days from the date of settlement to reimburse the borrower for tolerance violations.

For more detailed information on RESPA and the new requirements, see the Legal Affairs section of our website at www.mdrealtor.org. Feel free to direct any questions regarding these new requirements to Celeste Filoia, Esq., Staff Attorney, Legal Affairs, Celeste.Filoia@mdrealtor.org

National Association of REALTORS®

FHA Toughens Down Payment Rules

The Federal Housing Administration will raise the minimum down payment for its least credit-worthy borrowers, the agency announced Tuesday.

The change is among a number of major changes the FHA is making to ensure its long-term financial soundness.

Borrowers with credit-rating scores below 580 will be required to put down at least 10 percent. Those with a credit score above 580 will be able to continue to put down only 3.5 percent. The changes are intended to shore up the agency's finances.

The FHA also will increase its upfront mortgage insurance premium from 1.75 percent to 2.25 percent. The agency is expected to seek congressional approval to raise annual mortgage insurance premiums, paid by borrowers over the life of the loan, above the current 0.55 percent maximum. The amount it will seek has yet to be announced.

For more information on the FHA changes, including [a summary of all changes](#), visit REALTOR.org.

Source: Reuters News, Corbett B. Daly (01/19/2010)

Case Studies Interpretation of the Code of Ethics

CASE STUDIES ARE PULLED FROM “INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL” OF THE NATIONAL ASSOCIATION OF REALTORS®

Case #1-26: Subordination of Client’s Interests to REALTOR®’S Personal Gain
(Adopted May, 2001.)

REALTOR® B was a sales associate with XYZ, REALTORS®. To promote XYZ's in-house listings, the firm's principals offered \$1,000 bonuses to the company's sales associates at time of closing on each of XYZ's listings they sold.

Dr. Z, a recent transferee to the town, entered into a buyer representation agreement with XYZ through REALTOR® B.

Dr. Z explained he had specific needs, foremost of which was any home he purchased be convenient for and readily accessible by Dr. Z's spouse who was physically challenged. "Part of my wife's physical conditioning program is swimming," said Dr. Z, "so in addition to everything else, I am looking for a home with a pool or room to build a pool."

REALTOR® B knew there were a number of homes for sale meeting most of Dr. Z's general specifications, several of which were listed with XYZ.

Over the next few days, REALTOR® B showed Dr. Z several properties in the Blackacre subdivision, all of which were listed with XYZ, including one with an outdoor swimming pool. Not included among the properties shown to Dr. Z were several similar properties in Blackacre listed with other firms, including one with an indoor pool.

After considering the properties shown to him by REALTOR® B, Dr. Z made an offer on the home with the outdoor pool. His offer was accepted and the transaction closed shortly thereafter.

Several months later, REALTOR® B received notice of an ethics complaint filed against him by Dr. Z. Dr. Z had learned about the home with the indoor pool from a colleague at the hospital who lived on the same block. The complaint alleged that REALTOR® B had put his interests, and those of his firm, ahead of Dr. Z's by promoting XYZ's listings exclusively and by not telling Dr. Z about a similarly-priced property with an indoor pool, which suited his family's needs better than the property he had purchased. The complaint went on to indicate that REALTOR® B had received a bonus for selling one of XYZ's listings and that Dr. Z suspected that REALTOR® B's failure to tell him about the home with the indoor pool was motivated by the opportunity to receive a bonus.

At the hearing, REALTOR® B defended his actions stating that properties rarely meet all of potential purchasers desires; that he had made Dr. Z aware of several properties that met most of his requirements, including one with an outdoor pool; and that Dr. Z must have been satisfied with REALTOR® B's service since he had purchased a home.

Upon questioning by Dr. Z's attorney, REALTOR® B acknowledged that he knew about but had not shown the house with the indoor pool to Dr. Z. He conceded that a pool that could be used year round was better suited to the family's needs than one that could be used only four months each year. He also admitted his failure to tell Dr. Z about the house with the indoor pool had at least in part been motivated by the bonus offered by his firm. "But," he argued, "aside from the indoor pool, that house was no different than the one Dr. Z bought."

The Hearing Panel concluded that REALTOR® B had been fully aware that one of Dr. Z's prime concerns was his wife's ongoing physical conditioning needs and REALTOR® B's decision to show Dr. Z only properties listed with XYZ and to not tell him about the home with the indoor pool had been motivated by the possibility of earning an in-house bonus. The Hearing Panel determined that REALTOR® B had placed his interests ahead of those of his client and had violated Article 1.

Garrett County Board of REALTORS®

GCBR News Briefs – March 1, 2010

Membership Update

New REALTOR® Members:

Delaine Campbell, Long and Foster Real Estate Inc. (Secondary Membership)

New Affiliate Members:

Taylor Made DC Vacations – Jodi Refosco

1550 Fort Drive, Ste G

McHenry, MD 21561

Phone: 301-387-5999

Email: jodi@deepcreekvacations.com

Brian Boal

Boal & Associates, P.C.

317 E. Oak Street, Ste. #1

Oakland, MD 21550

P: 301-334-4007 F: 301-334-2793

Email: bboal@pennswood.net

Drops:

Susanne Roszell, Goodfellow Real Estate Services

Melissa Mitchell, United Country Humberson Homes

Marcia Collins, Coldwell Banker Deep Creek Realty

Doris Vona, Long and Foster - Secondary Member

Affiliate Member: Shirley Bernard, First Home Mortgage/Brinsfield Mortgage Group

John Simson, Mellinuum Lending dba Mlend

Transfers:

Jay Ferguson to Railey Realty

Office Changes:

Corridor Mortgage Group (formally First Home Mortgage/Brinsfield Mortgage Group)

Alan Brinsfield

101 S. Centre Street

Cumberland, MD 21502

Phone: 301-724-5666

Fax: 301-724-6166

Cell: 301-707-3431

Email: abrinsfield@corridormtg.com

Government Affairs Director Report – Paul Durham





Legislative News from MAR:

MAR represents Maryland REALTORS® by making your voice heard in Congress and at the State Legislature. Our primary concern is protecting your professional and business interests. Our Legislative and Public Policy Committees develop a straightforward political agenda to:

Support and develop legislation that helps our industry, and

Oppose legislation that hurts the free transfer of real estate.

The Legislative Committee typically reviews over 120 pieces of legislation and regulations each year. This is a dedicated group of individuals assisted by a talented MAR lobbying staff with a solid track record in Annapolis.

MAR 2010 Bill Tracker: The MAR Legislative Committee meets every Monday during Session unless otherwise noted. Click the link below to review MAR's Legislative Committee Bill positions.

[GO HERE TO SE A BILL-BY-BILL RECORD OF MAR'S POSITIONS](#)

Annapolis Update: Click on the following link for a review of MAR's Legislative Activities during the previous week:

[VIDEO LINK](#)

[HB 406](#) Real Estate Licensees - Services Provided Through Teams:

MAR is supporting this legislation at a +4 level. This bill requires a specified team of licensed associate real estate brokers and licensed real estate salespersons that provides real estate brokerage services to designate a team leader; establishing qualifications for the team leader; establishing specified duties of the team leader, team members, real estate broker, and branch office manager; etc.

If you are a team or member of a team, you may want to become familiar with this piece of legislation.

Planning Commission Reschedules Public Hearing on Ordinance Amendments:

The Planning Commission has rescheduled its public hearing to Saturday, March 6, 2010 at 10:00 a.m. in the Auditorium at Garrett College. To view the Draft Ordinances, click [here](#). Public comments will be taken at the hearing and the county will leave the record open for an additional 30 days after that date.

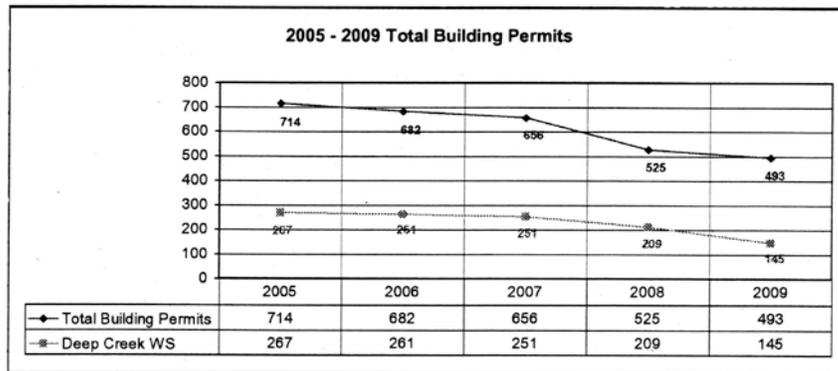
The proposal changes to the county's zoning, sensitive areas, and subdivision ordinances represent the most significant changes to local land regulation since their inception. The language in the proposals has gone through several revisions since originally proposed last fall.

All members are encouraged to attend the hearing and express any comments that you may have on the proposals.

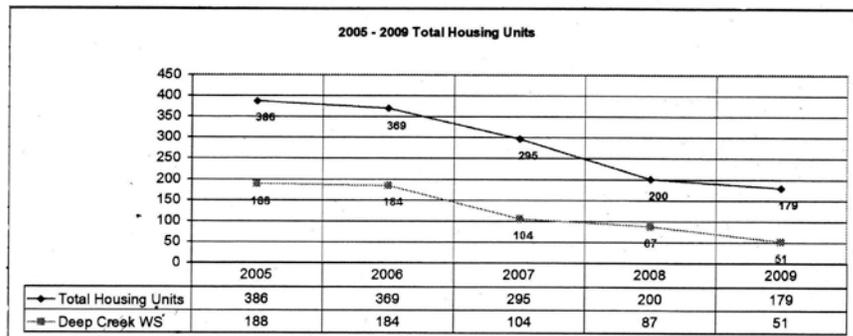
Planning and Zoning Report:

Planning and Land Development director John Nelson and his staff presented a comprehensive report to the county commissioners on February 23. The report covered a number of items, including upcoming changes in various county ordinances and a statistical analysis of new home construction and building permits. The commissioners recognized that the new changes, some of which are required by state law, will increase the costs of building a home which effects affordability.

- o The county issued 493 building permits in 2009. This is down 6% from the previous year, and is down 30% from a high of 714 permits in 2005.



- o New home starts (179) were down 10% from the previous year and down 53% from the 2005 high of 386. 28.5% of these housing starts were in the Deep Creek watershed. In 2005, almost half were in the watershed.



- o Commercial permits are down, but the declared valuation rose 279% from the previous year due to permits being issued for the wind turbine projects planned for the county. More than \$66 million in declared value was seen in 2009.

- There were 65 new building lots approved in 2009, most in minor subdivisions. This is down 83% from 2002.
- The county must adopt a new stormwater ordinance later this spring, modeled after the state MDE standards. The new ordinance will have a major impact on existing construction and redevelopment of existing buildings and sites. This effect will be seen most dramatically in downhill building projects where there is existing structure close to the rear property line (as is often seen with regard to the buffer strip). There is a bill in the legislature, co-sponsored by Delegate Beitzel to extend the implementation of these regulations out to the year 2020 (HB964 – click [here](#) to view).
- The county must adopt a new building code by July 1. The commissioners are interested in providing a number of local exceptions, especially a requirement that all new stick-built homes be sprinklered. It was noted that modular homes will be required by federal law to be sprinklered and the county has no control over that.
- FEMA is producing new floodplain maps for the entire county, with the assistance of the MDE. These should be finalized in September. Jim Torrington noted the need for “community outreach” as many property owners who have not been in a floodplain designation will now be so with the new mapping.
- The Rural Legacy program is being defunded in FY2010 and the county does not anticipate any funding for FY11. This state program provides for the acquisition of easements and fee estates from willing landowners who want to set aside their land in agricultural preservation. The defunding of this program comes on the heels of a state mandate to require Ag land preservation by local regulation.
- Despite the defunding, Marcellus Shale gas leases are having a big effect on rural legacy eligibility. John Nelson noted that this will have a long term effect on the county’s ability to implement the program.

GCBR Board Takes Position on Several Pieces of Legislation:

[SB200](#) - Decommissioning and restoration requirements for wind turbine facilities, introduced by Senator Edwards: Position – SUPPORT. A hearing was held on February 9, no further action in the legislature reported.

[SB301](#) and [HB390](#) - Authorizing the County Commissioners of Garrett County to enact ordinances regulating the setback of commercial wind turbine structures in Garrett County; and setting a fee for decommissioning a specified commercial wind turbine structure in Garrett County. Companion legislation introduced by Senator Edwards and Delegate Beitzel: Position – SUPPORT. The Senate hearing was held on February 9, no further action in the Senate reported. The House will have its hearing on March 16. GCBR has asked MAR to join us in supporting these bills.

[HB366](#) - Reducing from 110% to 105% the homestead property tax credit percentage for the State property tax; and applying the Act to tax years beginning after June 30, 2011. Co-sponsored by Delegate Beitzel: Position – SUPPORT

[SB158](#) - Prohibiting the forced sale or foreclosure of a property due to unpaid water, sewer, or other sanitary system bills; and repealing provisions rendered inconsistent with the Act. If passed, this would take authority away from County Commissioners to sell property for unpaid public utilities. MAR supports this with an amendment to state if the owner owes more than \$1,000 in unpaid utilities. Position – SUPPORT MAR’S POSITION.

What’s the Latest on DNR’s New PWC Regulations?:

According to Lake Manager Carolyn Mathews, the regulation change cannot move forward during the legislative session. She anticipates that occurring after the session and the new regulations being in place later this spring or early this summer. Below is some information that she is providing to those who have commented or sought clarification.

- o Once the proposed regulations are approved this spring and the effective date is published in the Maryland Register, DNR will make public announcements that permit holders may begin to submit applications for their PWC permits.
- o Once the application is reviewed and approved, a Buffer Strip Use permit will be issued with a \$100.00 fee to be paid upon signature and return of a designated copy of the Buffer Strip Use permit.
- o A Type-A dock permit holder may apply for a permit for 1 PWC to be placed at the dock. The buffer strip use permit will then be valid for a maximum of two (2) power boats and one (1) PWC for the remainder of the permit season. Unless the Lake Management office is advised differently, or the property transfers to another owner, the next year's permit will be issued to include the PWC on the annual permit. (200.00 type A + 100.00 for PWC = \$300.00 in permit year 2011)
- o DNR expects to issue buffer strip use permits for PWC's starting sometime this summer. We also expect to issue 2 metal plates with a colored sticker on each when the application is approved. The permit holder will be required to attach the plates to their dock with their permit number— one on the land side and one visible from the water. This will help us with enforcement of the permit limitations.
- o Common dock permittees will be subject to different standards, depending upon if and when a Development Permit was issued and whether or not a Development Permit applies.

2010 Continuing Education Schedule

Member Comments on Education classes:

“great classes/great instructor”, “love having the smaller group classes”, “it’s great to have classes scheduled monthly throughout the year”, “great variety of CE classes”, “good use of our Board office and its convenient”, “wonderful job with course content”.

In an effort to make things more cost effective for both GCBR and its’ members, we will be scheduling more continuing education classes and have these classes held in the Board Office Conference room. Seating will be limited to 20 students per class and the schedule of classes is listed below:

Wednesday, March 10, 2010	9:00 – 12:00	“Real Estate Agency in MD” (A)
Wednesday, March 17, 2010	9:00 – 12:00	“Maryland Legal Update” (A)
Wednesday, March 24, 2010	9:00 – 12:00	“Real Estate Agency in MD” (A)
Wednesday, April 14, 2010	10:00 – 11:30	“Risk Management” (F)
Wednesday, April 28, 2010	10:00 – 11:30	“Risk Management” (F)

Wednesday, May 12, 2010 9:00 – 12:00 “Contracts” (F)
Wednesday, May 26, 2010 9:00 – 12:00 “Contracts” (F)

Wednesday, June 16, 2010 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)
Wednesday, June 30, 2010 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)

Cost: 1.5 hours \$10.00 (Realtor®) \$20.00 (non-REALTOR®)
3.0 hours \$20.00 (Realtor®) \$30.00 (non-REALTOR®)

Registration flyers will be faxed or emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

MD Real Estate License Renewal Requirements

Required Topics for *ALL* Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours
3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

MRIS UPDATE and Information

Carol Wills, MRIS Liaison to the GCBR Board of Directors

A few tips to save you time, money and frustration.

This is a follow up on the Document Manager in MRIS. I have been using Document Manager for awhile and it is simply great. I am sending a screen shot of the work area for this site. This shows me what documents I have and lets me select who I want to allow to access these documents, the public or the office. These documents can be emailed or faxed right from the document manager site, to clients and co-workers. This is at no additional cost to MRIS members.

Add Documents:

Work with Documents:

TITLE	POSTED	SIZE	
 Rental Projection	2/20/2010 4:03 PM (EST)	89k	L P ⓘ □
 Inclusions/Exclusions, Disclosure /Licensee Status	2/20/2010 3:54 PM (EST)	95k	L P ⓘ □
 Floor Plan, Building Location Certificate, Plat	2/20/2010 3:33 PM (EST)	160k	L P ⓘ □

Add Documents:

Work with Documents:

MRIS Compliance Concerns and Keeping Fines Down

When Barb Butler sent out an email showing where you can look to check your listings for compliance issues, she sent out information that can save you money, time and frustration. I thought it would be good to mention this again and add to that information. This is a simple way to check and see if your listings are in compliance before you get a notice or fine. In addition, all listings, in the office can be checked. This is a great tool for Managers, Brokers etc. to monitor and keep fines down.

Go to MRIS web site. Click On Compliance, Click on Check My Listings, You can also check all the listings in your office. You can correct the compliance concerns right from the site. Clicking this site does not trigger MRIS Compliance that you are checking the site.

MRIS Training Class Schedule at GCBR Office:

Matrix Refresher	3/29/10	9:00-12:00	1 of 4 seats open
Matrix Advanced	3/29/10	12:30-3:00	2 of 4 seats open

If you wish to attend these *free* classes and get updated information and training with MRIS, go to www.mris.com login, click on Training from the left menu, click Enroll in Class, checkmark the class or classes you want to attend from the list below and click Go, register for the class. *It's that easy!*

Maryland Association of REALTORS®

Maryland REALTOR® Rx Program

The following information has been copied from the MAR website. If you wish to sign up for the discount prescription drug card, please visit the MAR website at www.mdrealtor.org and do so.

This program is being provided to you and your family & friends to help lower your prescription drug costs. Simply create and print your FREE Prescription Drug Card below and receive savings of up to 75% (discounts average roughly 30%) at more than 54,000 national and regional pharmacies. This card can be used as your primary plan and/or it can be used on prescriptions not covered by your insurance plan.

Please enter your name and email address in the box below (then click "create prescription card") and we will generate a printable membership card for you (no application/enrollment or eligibility required). This program has "lowest price" logic to guarantee that you get the best deal on your prescriptions. (You pay the lower of a discount off Average Wholesale Price-AWP, discount off MAC pricing or Pharmacy Promotional/Retail price).

This card is pre-activated and can be used immediately! Once you print your card, present it to the pharmacy when you fill your next prescription to see if and how much

you can save!

Card Information	
First Name	<input type="text"/>
Last Name	<input type="text"/>
Email	<input type="text"/>
<input type="button" value="Submit Query"/>	

Note: You can put NONE in e-mail box if you don't want updates.
© Copyright United Networks of America
Powered by [UNA Rx Card](#)

Need to order hard copies of cards for your friends, family, members or employees?
Simply click <http://www.campaignprint.com/una>, login using Group# **MDRXMAR**, and follow the instructions to order your hard cards online. This site will allow you to design and place your own logo on the cards!



List of participating pharmacies:



National Association of REALTORS®

REALTORS® Strive to Reduce Stress in Short Sale Transactions

Washington, February 19, 2010

According to the most recent Realtors® Confidence Index, buyers continue to be discouraged with the extended short sale process, resulting in foreclosures that could have been prevented. New resources from the National Association of REALTORS® aim to help Realtors® and consumers successfully navigate the short sale process to help more homeowners avoid foreclosure.

“Our members report that short sales are often riddled with delays and red tape,” said NAR President Vicki Cox Golder, owner of Vicki L. Cox & Associates in Tucson, Arizona. “As the first, best source for real estate information, Realtors® are dedicated to help streamline and improve the short sale process for both buyers and sellers. NAR has worked tirelessly to provide Realtors® with the resources they need to navigate short sale transactions, as well as provide guidance on helpful government programs designed for homeowners facing the process”.

On April 5, 2010, the U.S. government will implement the Home Affordable Foreclosure Alternatives Program. Part of the Home Affordable Modification Program, HAFA helps homeowners who are unable to retain their home under HAMP by simplifying and streamlining the use of short sales and deeds-in-lieu of foreclosures. Homeowners must meet certain requirements to participate and incentive payments are provided to homeowners and servicers.

To help Realtors® understand HAFA and its guidelines, NAR has released a brochure about the Home Affordable Foreclosure Alternative Program and additional resources online, including government forms and guidelines, a video explaining the new federal guidelines, and frequently asked questions. Designed to help Realtors® explain the new program to homeowners, NAR’s HAFA resources explain how the program aims to streamline short sales and, in the process, save more families from foreclosure.

“The new guidelines and incentives as part of HAFA are a crucial step towards reducing problems with the short sale process, and Realtors® are ready to help make this new program a success,” says Golder.

In addition to its resources on HAFA, NAR launched a Short Sales and Foreclosures Certification Program in August 2009. The SFR program is offered by the Real Estate Buyer’s Agent Council of NAR and includes training on how to manage short sale, foreclosure and real-estate owned transactions.

The Realtors® Confidence Index is a monthly survey of more than 50,000 Realtors®.

The National Association of REALTORS®, “the Voice for Real Estate,” is America’s largest trade association, representing 1.2 million members involved in all aspects of the residential and commercial real estate industries.

[Case Studies Interpretation of the Code of Ethics](#)

CASE STUDIES ARE PULLED FROM “INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL” OF THE NATIONAL ASSOCIATION OF REALTORS®

Case #12-25: Advertising Role in Sales After Changing Firm Affiliation (Adopted May, 2009)

REALTOR® Q was a non-principle broker licensed with ABC REALTORS®. REALTOR® Q specialized in buyer representation. A prominent feature on her website carried the headline, “I sold these-and I can help you buy or sell, too!” Under the headline was a list of over a hundred street addresses of properties for which REALTOR® Q had found buyers.

For personal and professional reasons, REALTOR® Q chose to leave the ABC firm to affiliate with XYZ, REALTORS®. As she transitioned to her new firm, REALTOR® Q was careful to disclose the name of her new firm in a readily apparent manner on her website. Her website also continued to display the list of properties she had found buyers for during her time with the ABC firm.

REALTOR® Q’s parting with ABC had been amicable, so she was surprised to receive a complaint brought by her former principle broker, REALTOR® C, alleging a violation of Article 12, as interpreted by Standard of Practice 12-7, based on her website’s display of sales made while REALTOR® Q had been affiliated with ABC.

At the hearing, REALTOR® C, the complainant, noted that Standard of Practice 12-7 provides, in part, “Only REALTORS® who participated in the transaction as the listing broker or cooperating broker (selling broker) may claim to have ‘sold’ the property. “It was ABC, REALTORS®,” REALTOR® C added, “that was the selling broker in these transactions, not our former sales associate REALTOR® Q. Her advertising our sales under the umbrella of her new firm, XYZ, REALTORS®, is confusing at best, and potentially misleading to consumers who may get the impression the XYZ firm was involved in these transactions when that’s not the case.”

REALTOR® Q defended herself and her website, arguing that the fact that she had found the buyers for each of the properties listed on her website was still true, and that the only thing that had changed was her firm affiliation. “If it was true when I was licensed with ABC, then it’s still true even though I’m now licensed with XYZ,” she reasoned.

The hearing panel agreed that REALTOR® Q had, in fact, sold the properties, albeit while licensed with ABC. The ad, however, suggested that the sales were made while REALTOR® Q was licensed with XYZ, which was not the case. Consequently, REALTOR® Q was found in violation of Article 12.

Garrett County Board of REALTORS®

GCBR News Briefs – April 1, 2010

Membership Update

New REALTOR® Members:

New Affiliate Members:

Drops:

Deborah Friend – Railey Realty

Brian Bender – Railey Realty

Transfers:

Office Changes:

Realty Direct Deep Creek Lake/Western MD

105 S. Second St., Ste 15

Oakland, MD 21550

Government Affairs Report, Paul Durham G.A.D.

Report on Legislation of Interest to GCBR:

Your Board of Directors took positions on the following pieces of legislation. An unfavorable committee report essentially kills a piece of legislation.

[SB200](#) - Decommissioning and restoration requirements for wind turbine facilities, introduced by Senator Edwards: Position – SUPPORT. A hearing was held on February 9, no further action in the legislature reported. **The companion bill in the House, [HB1013](#) received an unfavorable report in committee on March 16.**

[SB301](#) and [HB390](#) - Authorizing the County Commissioners of Garrett County to enact ordinances regulating the setback of commercial wind turbine structures in Garrett County; and setting a fee for decommissioning a specified commercial wind turbine structure in Garrett County. Companion legislation introduced by Senator Edwards and Delegate Beitzel: Position – SUPPORT. *MAR also joined us in supporting this bill.* The Senate hearing was held on February 9, no further action in the Senate reported. The House had a hearing on March 16. **[HB390](#) received an unfavorable report on March 16.**

[HB366](#) - Reducing from 110% to 105% the homestead property tax credit percentage for the State property tax; and applying the Act to tax years beginning after June 30, 2011. Co-sponsored by Delegate Beitzel: Position – SUPPORT **As of March 31, no report on any action after the committee hearing.**

[SB158](#) - Prohibiting the forced sale or foreclosure of a property due to unpaid water, sewer, or other sanitary system bills; and repealing provisions rendered inconsistent with the Act. If passed, this would take authority away from County Commissioners to sell property for unpaid public utilities. MAR supports this with an amendment to state if the owner owes more than \$1,000 in



unpaid utilities. Position – SUPPORT MAR'S POSITION. ***On March 18, the Senate voted to postpone this bill indefinitely.***

Other Legislative News from MAR:

MAR 2010 Bill Tracker: The MAR Legislative Committee meets every Monday during Session unless otherwise noted. Click the link below to review MAR's Legislative Committee Bill positions.

[GO HERE TO SE A BILL-BY-BILL RECORD OF MAR'S POSITIONS](#)

[GO HERE TO SEE THE 2010 WEEKLY BILL REVIEW](#)

House of Delegates Passes Real Estate Commission Bills 03/10/2010

The Maryland House of Delegates passed legislation, [HB 83](#) and [HB 406](#), sought by the Maryland Real Estate Commission. The bills address continuing education and real estate teams. [READ MORE HERE...](#)

Senate Committee Prohibits Private Transfer Fees 03/12/2010

The Maryland State Senate's Judicial Proceedings Committee unanimously passed [SB 666](#) on March 11th. This legislation will prohibit private transfer fees in Maryland. To see a copy of MAR's testimony in support of SB 666, click below. [LINK TO ARTICLE...](#)

House of Delegates Passes MAR Septic Legislation 03/10/2010

The House of Delegates passed legislation sought by the Maryland Association of REALTORS® and sponsored by Delegates Veronica Turner (Prince George's) and Pam Beidle (Anne Arundel) which will improve the Septic Law passed last April. [READ MORE HERE...](#)

Planning Commission to Review Public Comments on Ordinance Amendments:

The public comment period on the pending zoning ordinance amendments is closed. The Planning Commission will review those comments, possibly make adjustments, and will also possibly forward its recommendations to the County Commissioners at its April 7 meeting (1:30 at the county courthouse). To view the agenda click [HERE](#).

[2010 Continuing Education Schedule](#)

Member Comments on Education classes:

“great classes/great instructor”, “love having the smaller group classes”, “it’s great to have classes scheduled monthly throughout the year”, “great variety of CE classes”, “good use of our Board office and its convenient”, “wonderful job with course content”.

In an effort to make things more cost effective for both GCBR and its’ members, we will be scheduling more continuing education classes and have these classes held in the Board Office Conference room. Seating will be limited to 20 students per class and the schedule

of classes is listed below. Note: There is a \$5.00 charge for any continuing education certificates that have to be reissued.

Wednesday, April 14, 2010 10:00 – 11:30 “Risk Management” (F)
Wednesday, April 28, 2010 10:00 – 11:30 “Risk Management” (F)

Wednesday, May 12, 2010 9:00 – 12:00 “Contracts” (F)
Wednesday, May 26, 2010 9:00 – 12:00 “Contracts” (F)

Wednesday, June 16, 2010 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)
Wednesday, June 30, 2010 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)

Wednesday, July 21, 2010 9:00 – 12:00 “Bankruptcies, Foreclosures & Short Sales”(F)

Wednesday, Aug 18, 2010 9:00 – 12:00 “Bankruptcies, Foreclosures & Short Sales”(F)

Wednesday, Sept. 15, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)
Wednesday, Sept. 29, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)
(The MD Ethics course has also been approved by the GCBR Board of Directors to satisfy the NAR Quadrennial Retraining every member must complete every four years to retain membership. Completion of this course satisfies two requirements for GCBR members. Current NAR Cycle 3 is 1/1/09 – 12/31/12).

Cost: 1.5 hours \$10.00 (Realtor®) \$20.00 (non-REALTOR®)
3.0 hours \$20.00 (Realtor®) \$30.00 (non-REALTOR®)

Registration flyers will be faxed or emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

MD Real Estate License Renewal Requirements

Required Topics for ALL Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours
3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

MRIS UPDATE and Information

Carol Wills, MRIS Liaison to the GCBR Board of Directors

CAUTION – If you are listing a property in MRIS that another agent had previously listed, you cannot use the photos that the previous agent took to display when that agent had the listing. This would be considered a compliance violation.

AVOID AN MRIS FINE NOTICE – Remember, it is easy and only takes a few seconds to check all your listings to make sure you are in compliance with MRIS. Use the following instructions to check your listings:

- Go to the MRIS website www.mris.com and login
- Click on Compliance
- Click Check My Listings
- Correct any compliance concerns immediately.

You can also check all the listings in your own office!

SentriLock – Renewal Fees Due Now

Reminder: your SentriLock lockbox renewal fees for 2010 are now due. GCBR fees total \$204.58 (same as last year) and are due by April 15, 2010. Agents who have not paid by April 15, 2010 will have their SentriCard suspended and a reactivation fee of \$50.00 plus tax will be added to the total amount due. Cards suspended can be immediately reactivated via payment to SentriLock.

For your protection and security, SentriLock does not store your credit card data. Thus, they cannot automatically process your payment. You must pay via one of the methods listed below:

- 1. Login to <http://lb.sentrilock.com> and click on the “shopping cart” icon
This will allow you to securely pay online through NAR’s Ecommerce network!**
- 2. Next time you update your card via the card reader, click on the link provided.**
- 3. Call the Toll Free number – 1-877-327-9606 to pay via telephone. Please have your SentriCard ready as you will need the number on it to make telephone based payment.**

Any questions, call SentriLock Tech Support 1-877-736-8745.

SentriLock Smart Card Key Reminder: You have signed the SentriLock Smart Card User Agreement and Rules & Regulations and within that document #7, Item C states, “To not loan the Smart Card to any person for any purpose whatsoever or to permit the Smart Cart to be used for any purpose by any other person.” **First offense is a \$1,000.00 fine, Second offense is a \$5,000.00 fine and Third offense is suspension from using the service.**

Maryland Association of REALTORS®

COMMERCIAL SYMPOSIUM OPEN TO ALL PRACTITIONERS--MAY 20, 2010 – 7:30 - 11:30AM – at The Westin BWI and the cost is \$35 - 3 hrs CE (Pending Approval)--The Maryland Association of REALTOR® will join with the Society of Industrial and Office REALTOR® (SIOR) and NAIOP-Maryland for a dynamic event that will feature networking and three (3) hours of required legislative CE, with special emphasis on commercial and industrial real estate in the region. Continental breakfast will be included. Details and registration information are coming soon. This is expected to be a *sell-out event* so be looking for registration details!

ADMINISTRATIVE FEES UNDER RESPA – The U.S. Department of Housing and Urban Development (HUD) has issued an informal letter providing clarification on how real estate broker commission fees are to be disclosed under the Real Estate Settlement Procedures Act (RESPA), including administrative fees. For more detailed information on RESPA and the latest clarification on administrative fees, see the Legal Affairs section of our website at www.mdrealtor.org and look under the FAQs. Feel free to direct any questions regarding RESPA to Celeste Filoia, Esq., Staff Attorney, Legal Affairs, Celeste.Filoia@mdrealtor.org

MAR National Open House Participation

The Maryland Association of REALTORS® (MAR) will be participating in the [Nationwide Open House Day, April 10th and 11th](#) as is asking all associations to join this event. Brokers and Office Managers have been emailed this information along with graphics for advertising purposes.



**REALTORS®
OPEN HOUSE
WEEKEND
APRIL 10-11**



National Association of REALTORS®

NAR Calls on HUD to Protect Identities in HUD LDP and GSA Lists

On March 16, 2010, NAR President Vicki Cox Golder sent a letter to Federal Housing Administration (FHA) Commissioner David H. Stevens requesting that lenders be prohibited from using social security numbers or drivers license information to confirm that real estate agents are not on HUD's "Limited Denial of Participation "(LDP) list or GSA's List of "Parties Excluded from Federal Procurement or Non-procurement

Programs". HUD Handbook 4155.1 describes ineligible mortgage transactions for FHA mortgage insurance and identifies certain parties to the real estate transaction, including the listing or selling real estate agent, that if found on the HUD LDP list or GSA's List of Parties Excluded from Federal Procurement or Non-procurement Programs will make a mortgage loan application not eligible for FHA mortgage insurance.

NAR has concerns that listing and selling agents and their brokers are at risk of identity theft when lenders collect data for the HUD LDP list or the GSA List. To confirm the real estate agent is not on the HUD LDP or the GSE list, many lenders require underwriters to collect sensitive personal information without appropriate measures in place to protect against identity theft. NAR believes that such information should not be collected from the real estate agent for the purposes of checking an identity against the HUD or GSA list.

[NAR Letter to HUD on the Use of Sensitive Data for Confirming an Identity](#)

[Jerome Nagy](#) 202-383-1233, [Megan Booth](#) 202-383-1222, [Scott Rinn](#) 202-383-7508

[Case Studies Interpretation of the Code of Ethics](#)

CASE STUDIES ARE PULLED FROM "INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL" OF THE NATIONAL ASSOCIATION OF REALTORS®

Case # 1-14: Conditioning Submission of Purchase Offer on Execution of a Prelisting Agreement (Adopted May, 1988 as Case #7-18. Transferred to Article 1 November, 1994. Revised November, 2001.)

Owner A listed his home with REALTOR® B on an exclusive listing which was disseminated through the Multiple Listing Service.

Mr. C, a recent transferee to the city, was represented by REALTOR® D, who showed Mr. and Mrs. C a number of properties. Of the properties they had seen, Mr. and Mrs. C decided that Owner A's home was the only one that suited their needs. They told REALTOR® D they were prepared to make a full price offer to maximize their chances of purchasing the home.

REALTOR® D agreed to write the offer, but first produced a prelisting agreement which, if signed, would obligate Mr. and Mrs. C to give REALTOR® D or his assigns the exclusive right to sell the property for 90 days should they decide to list the property for sale.

Mr. and Mrs. C objected to committing to a future listing, but REALTOR® D insisted he would not prepare or submit their offer to REALTOR® B and Owner A unless the C's signed the prelisting agreement. Mr. and Mrs. C left without making an offer or signing the prelisting agreement. The next morning they called REALTOR® D stating that if the property was still available they would enter the prelisting agreement since they still wanted to purchase the house. The prelisting agreement and purchase offer were signed,

their offer was accepted by Owner A, and the sale was subsequently closed. After the closing, Mr. and Mrs. C filed an ethics complaint with the local Board of REALTORS®, alleging a violation of Article 1 on the part of REALTOR® D.

At the hearing, REALTOR® D defended his actions arguing that his conduct in no way had injured the buyers or sellers. He noted that Owner A's home at sold at the full price, and Mr. and Mrs. C purchased the home they wanted at a price they were willing to pay. In addition, REALTOR® D was prepared to put forth his best efforts to sell Mr. and Mrs. C's home if they ever decided to sell.

After hearing the evidence and testimony, the Hearing Panel concluded that REALTOR® D had violated Article 1. By entering into a principle/client relationship, REALTOR® D was obligated to protect and promote his clients' interests. The Hearing Panel concluded that by conditioning submission of his clients' offer on their signing a prelisting agreement, REALTOR® D had placed his financial gain ahead of his clients' interests, which is prohibited under Article 1.

Garrett County Board of REALTORS®

GCBR News Briefs – May 1, 2010

Membership Update

New REALTOR® Members:

Susan Fowler – Coldwell Banker Deep Creek Realty

New Affiliate Members:

Pam Goins – Deep Creek Title, LLC

614 West Patrick Street

Frederick, MD 21701

Telephone: 888-695-1844

Fax: 301-695-7887

Email: PGOINS@Frederick-Title.com

Leigh Clarke – Railey Mountain Lake Vacations

5 Vacation Way

McHenry, MD 21541

Telephone: 301-387-2124

Email: LCLARKE@DEEPCREEK.COM

Drops:

Transfers:

Office Changes:

ReMax Three Corners is now **McCroskey & Associates**

19105 Garrett Hwy.

Oakland, MD 21550

Telephone: 301-387-3484

Fax: 301-387-5291

Email: mccroskey4@comcast.net

Government Affairs Report, Paul Durham G.A.D.

Maryland General Assembly Passes Key MAR Priorities

04/13/2010

The 90 day Maryland General Assembly adjourned for the year on April 12th just before midnight, passing all of MAR's top legislative priorities for the year. Summarized below are the results of some key pieces of legislation that MAR was working on.

[HB 590/SB 657](#) -- Prohibit the Taxation of Forgiven Debt in Short Sales – SUPPORT



Last fall, three counties (Anne Arundel, Prince George's and Montgomery) implemented a policy that imposed recordation and/or transfer taxes on the forgiven debt in short sales transactions. HB 590/SB 657 make clear that recordation and transfer taxes may not be imposed on the forgiven debt in short sale transactions. Short sales, like other real estate transactions, may only be taxed on the consideration. The passage of this legislation follows an Attorney General Opinion issued at MAR's Legislative Day that also deemed the Counties' practices unlawful.

STATUS: Passed – Effective on the date the Governor signs the bill into law.

[HB 1298/SB 666](#) -- Prohibit Private Transfer Fees – SUPPORT

Several states have passed legislation prohibiting the imposition of private transfer fees on property. Similar to a ground rent, private transfer fees are typically created as a 99 year deed restriction that requires a buyer to pay a fee to the original seller of the property every time the property sells. Those fees can be as high as 1% of the purchase price. Developers and some individual sellers often share the revenue with the commercial entity that creates it. MAR believes PTFs reduce transparency in real estate transactions, impose complexity on transactions which will increase with time, and cost buyers money in higher closing costs and lost equity. HB 1298/SB 666 prohibits the imposition of PTFs on property in Maryland.

STATUS: Passed – Effective on the date the Governor signs the bill into law.

[HB 62](#) -- Septic Legislation Correction - SUPPORT

The Maryland General Assembly passed legislation in 2009 which required homeowners living in Maryland's Critical Areas to install nitrogen reduction technology when replacing a failing septic system. Although the legislation was passed with the understanding that grants would cover the cost difference of the new technology, the Maryland Department of the Environment changed the loan terms forcing most families to incur thousands of dollars in extra costs. In response to the introduction of HB 62, MDE reversed course and is now providing full grants for the cost differential to those homeowners living in Maryland's Critical Areas. HB 62 clarifies in statute that MDE must continue to provide full grants through 2012, at which time the grants and program funding will be reevaluated.

STATUS: Passed – Effective October 1, 2010

[HB 999/SB 686](#) -- Storm Water Management Fees - OPPOSE

MAR opposed similar legislation last year. These bills would have required all residential and commercial properties to pay a stormwater "fee" even if those properties already manage all of their stormwater on-site. There are already multiple layers of tax on real property and MAR opposed these bills again this year.

STATUS: Not Passed.

[HB 1209/SB 1083](#) -- Semi-Annual Taxation for Non Owner-Occupied Properties - SUPPORT

All owner-occupied residential properties in Maryland pay their property taxes semi-annually or may choose to pay the full payment in advance. Non owner-occupied properties in Maryland, however, do not have the option of paying their property taxes semi-annually. Given the state of the economy, many businesses and investors would benefit from semi-annual payments. Although the Legislature was unwilling to pass HB 1209/SB 1083 as introduced, it passed a more limited semiannual bill which MAR also strongly supported. [HB 484](#) requires counties to convert

small business property to a semiannual tax payment schedule. A small business is a commercial property with a property tax bill of no more than \$50,000 a year.

STATUS: HB 484 Passed. Effective October 1, 2010.

[HB 1291/SB 952](#) -- Energy Disclosure for Maryland Properties - OPPOSE

The Maryland Energy Administration introduced legislation to require the disclosure of utility bills to all homebuyers in Maryland. Although MAR was initially opposed to the specific approach taken by these bills, MAR worked with the Energy Administration on an alternative approach. However, those amendments were not ultimately accepted by the Committees and the legislation died.

STATUS: Not Passed.

[HB 83](#) and [HB 406](#) -- Real Estate Commission Legislation - SUPPORT

The Maryland Real Estate Commission introduced two bills. The first requires all brokers and managers to take a broker supervisory course as part of their continuing education requirement. It also requires agents and brokers to take an agency law course. Both the supervisory and agency courses would not increase the existing 15 hour CE requirement.

STATUS: Passed. Effective October 1, 2010.

The second bill provides the first statutory guidance on how real estate teams may operate in Maryland. The legislation requires all real estate teams have a designated team leader with three year's experience. Each team must include the name of one member of the team in advertisements, and disclose the business relationship between team members when a dual agency situation arises.

STATUS: Passed. Effective October 1, 2010.

NAR Facts about the "Homeowners—Listen Up" Email

An email (subject: "Homeowners—Listen Up") is being re-circulated claiming that H.R. 2454: the American Clean Energy & Security Act would require an energy license/retrofits for home sale. The email is NOT accurate. H.R. 2454 remains pending in the Senate. Senators Kerry (D-MA), Graham (R-SC) and Lieberman (I-CT) continue to pursue bipartisan support for an alternative to the House bill to move the legislation forward for consideration by the Senate. NAR continues to monitor the Senate efforts and will work to ensure residential and commercial real estate is not adversely impacted.

Additionally, during consideration of H.R. 2454, NAR was instrumental in eliminating time-of-sale energy efficiency requirements from the bill. The House approved H.R.2454 with the following two provisions. We will work to ensure that these provisions are retained in the Senate version of the legislation:

- Section 202 (Building Retrofit Program) would offer matching grants for home improvements. State governments would administer the program which is voluntary and available to all property owners.
- Section 204 (Building Energy Performance Labeling Program) would apply to new construction only and prohibit time-of-sale labeling. The original energy audit and MLS listing provisions were deleted.

Thanks to REALTORS®, NAR succeeded in excluding existing real estate from the bill requirements. Last summer after the House approved its version of the legislation and this email originally surfaced, NAR developed a full packet of information complete with legislative analysis, Myths vs. Facts, FAQs, etc. Below is a link to the packet on Realtor.org.

[Legislative Analysis, Myths vs. Facts, FAQs](#)

NAR Call for Action Update:

The Call for Action (CFA) urging Congress to immediately renew the funding for the National Flood Insurance Program (NFIP) and the USDA Rural Housing 502 Program has now been completed. **Over 51,700 REALTORS® took action, resulting in a 5.2% response.**

On April 15, Congress passed – and President Obama signed into law – legislation to renew the NFIP through May 31, 2010. NAR will continue to work with Capitol Hill to ensure a lasting reauthorization prior to May 31. Also this week, Reps. Paul Kanjorski (D-PA) and Shelley Moore Capito (R-WV) introduced a bill to restore the USDA rural housing 502 single family mortgage insurance program. The legislation will increase the upfront guarantee for the program, which will allow the loan program to be self-sustaining. Borrowers will continue to be able to finance the upfront fee. The House is expected to mark-up this legislation next week, with a House vote for passage shortly thereafter. The Senate is now working on a similar bill.

This is another success for NAR and FPCs, you had your own success! You broke your previous record response rate from the Homebuyer Tax Credit CFA last year. You were only 2 FPCs shy of achieving 100% and your final response rate was 99.7%. You all should be proud – great job! Next time, we'll get those two and reach that 100%. Thank you for sending your letters and even following up with personal contacts to your Member of Congress to discuss the importance of funding both programs.

If you have questions about NFIP, please contact Austin Perez at aperez@realtors.org and questions about USDA Section 502 can be directed to Megan Booth at mbooth@realtors.org.

Garrett County Commissioners Schedule Public Hearing on Proposed Zoning and Land Ordinance Amendments:

The Board of Garrett County Commissioners will conduct a public hearing on revisions to three draft ordinances on Saturday, May 8, 2010 at 9:00 a.m. in the Auditorium at Garrett College. The three ordinances include the Deep Creek Watershed Zoning Ordinance, the Garrett County Sensitive Area Ordinance and the Garrett County Subdivision Ordinance. The text and map of each ordinance can be reviewed by clicking on the links below.

[April 2010 Draft revisions to Deep Creek Watershed Zoning Ordinance](#)
[April 2010 Revised Draft Deep Creek Watershed Zoning Map](#)

[April 2010 Draft Revisions to Garrett County Sensitive Areas Ordinance](#)
[April 2010 Draft Sensitive Areas Map #1](#)
[April 2010 Draft Sensitive Areas Map #2](#)

[April 2010 Draft Revisions to Garrett County Subdivision Ordinance](#)
[April 2010 Revised Draft, Subdivision Map](#)

Garrett County Commissioners Hold Constant yield Property Tax Rate Hearing:

The County Commissioners are proposing a property tax rate of \$0.99 for FY11 that exceeds the constant yield rate of \$0.9433. Maryland law requires that the county conduct a public hearing on the matter before adopting the proposed rate. That hearing was held on Tuesday April 20 followed by an informational meeting that was held that evening at Garrett College.

There was fairly light attendance at the hearing. Four people spoke out against the proposed rate of \$0.99, and generally against any increases in taxes. The commissioners' response to the testimony was consistent with their recent press release.

Here are some facts brought out at the hearing.

- The Constant Yield rate would be set at \$0.9433 with the assessable base increasing \$211,415,900 from FY10
- The county anticipates a 5% increase in revenue (\$2,093,017) if it holds the property tax rate at \$0.99
- The increase does not take into account new construction or improvements
- The proposed \$0.99 rate is estimated to yield \$44,371,296 in revenue FY11
- The anticipated assessable base will be more almost \$4.5 billion, \$4,481,949,130, in FY11

A final decision on the rate will be announced on June 1 at 11:00 at the county commissioners meeting scheduled on that date.

The county budget can be viewed on line at...

<http://garrettcountry.org/Commissioners/budget11/budget11.aspx>

Who's running for office in September?

The primary election is on Tuesday, September 14 and the general election on Tuesday, November 2. As of April 23, the following candidates have filed with the elections board. July 6 is the deadline for candidates to file.

State Senator – District 1

George Edwards (R)

House of Delegates – District 1A

Wendell Beitzel (R)

County Commissioner:

District 001

Ernie Gregg (R)

District 2

Fred Holliday (R)

Jim Raley (R)

District 3

Denny Glotfelty (R)

Clerk of the Circuit Court

Sondra Buckel (R)

Register of Wills

Traci Royce (R)

John Sines (R)

Rita Watson (R)

Judge – Orphans Court

Dave Beard (R)

Aria Knust (R)

2010 Continuing Education Schedule

Wednesday, May 12, 2010 9:00 – 12:00 “Contracts” (F) 4 seats left

Wednesday, May 26, 2010 9:00 – 12:00 “Contracts” (F)

Wednesday, June 16, 2010 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)

Wednesday, June 30, 2010 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)

Wednesday, July 28, 2010 9:00 – 12:00 “Bankruptcies, Foreclosures & Short Sales”(F)

Wednesday, Aug 18, 2010 9:00 – 12:00 “Bankruptcies, Foreclosures & Short Sales”(F)

Wednesday, Sept. 15, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)

Wednesday, Sept. 29, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)

(The MD Ethics course has also been approved by the GCBR Board of Directors to satisfy the NAR Quadrennial Retraining every member must complete every four years to retain membership. Completion of this course satisfies two requirements for GCBR members. Current NAR Cycle 3 is 1/1/09 – 12/31/12).

Cost: 1.5 hours \$10.00 (Realtor®) \$20.00 (non-REALTOR®)

3.0 hours \$20.00 (Realtor®) \$30.00 (non-REALTOR®)

Registration flyers will be faxed or emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

Note: There is a \$5.00 charge for any continuing education certificates that have to be reissued.

MD Real Estate License Renewal Requirements

Required Topics for ALL Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours

3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

MRIS UPDATE and Information
Carol Wills, MRIS Liaison to the GCBR Board of Directors

MRIS has some great products. Each month I am going to highlight a product. When you have some extra time take a few minutes and explore the MRIS web site. They have some awesome products at **no extra charge to your membership.**

This month, let’s talk about one of my favorites.

Document Management

MRIS Document Management is an efficient, user-friendly tool that allows real estate professionals to manage, organize and access your documents online 24/7. By moving transaction documentation from your laptop and filing cabinets, Document Management eliminates redundancy, safeguards information, and ensures that there will always be enough space for even your largest document files.

Document Management can be accessed from MRIS management, Keystone or My Matrix. Once accessed, Document Manager allows you to search documents by keywords or by document type and upload documents via email, fax or browser. You can also view, share, move, rename and remove documents from the Document Center, and restrict documents to public or private access.

There is no additional charge to use this product.

MRIS will be making a presentation on this product at the June General Membership Meeting.

SentriLock

Remember to “borrow” the lockbox from the broker – you must remember to “borrow” the lockbox from the broker when placing it on a new listing and this must be done each time the lockbox is placed on a different listing because **removing the shackle will always cause the lockbox to return to using the broker’s codes and settings.**

SentriLock Smart Card Key Reminder: You have signed the SentriLock Smart Card User Agreement and Rules & Regulations and within that document #7, Item C states, “To not loan the Smart Card to any person for any purpose whatsoever or to permit the Smart Card to be used for any purpose by any other person.” **First offense is a \$1,000.00 fine, Second offense is a \$5,000.00 fine and Third offense is suspension from using the service.**

Maryland Association of REALTORS®

EPA LEAD PAINT RENOVATION RULE TAKES EFFECT ON APRIL 22--The rule primarily affects painters and other home contractors, but REALTORS® should be aware of it, particularly if you are referring contractors or painters to clients, arranging renovation work, or handling property management on behalf of a client. Contractors and painters must be certified in certain work practices. Any contractor performing work on pre-1978 residential property or nonresidential property regularly occupied by children must be certified through an 8-hour training course. There are some exceptions to the new rule.

REALTORS® should make sure that a Certified Renovator oversees renovation work that disturbs more than 6 square feet of painted, interior surfaces. To view a guidance video on the new rule and its potential affect on REALTORS®, click on [GUIDANCE VIDEO](#) Questions? Contact Bill Castelli at 800-638-6425

National Association of REALTORS®

Have You Joined Yet?

Join REALTORS® Federal Credit Union today! REALTORS® FCU offers [Savings](#), no-fee [eChecking](#) with debit card and free ATM transactions at thousands of network ATMs.*** Your Credit Union also offers [Investments](#), [Auto Loans](#), [Home Loans](#) as well as [Personal Loans & Credit Lines](#) including secured-loans to help build credit. Members enjoy competitive interest & dividend rates on savings, investments and loans and federally-insured deposits. Not a member? Not a problem. [Join online](#) today!

NAR'S Midyear Legislative Meetings & Trade Expo May 12-14

Industry Trade Expo

The Trade Expo is a great place to check out real estate products and services over 100 exhibitors. Network with your peers at the Trade Expo Grand Opening on May 12, and browse the show between May 12 - 14 for new ideas to increase your productivity and your profits.

Case Studies Interpretation of the Code of Ethics

CASE STUDIES ARE PULLED FROM "INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL" OF THE NATIONAL ASSOCIATION OF REALTORS®

Case # 1-18: REALTOR® Not Responsible for Legal Advice (Originally Case #2-4. Revised and transferred to Article 7 as Case #7-22 May, 1988. Transferred to Article 1 November, 1994.)

Client A listed a commercial property with REALTOR® B who sold it. Following the sale, Client A learned that his total tax position would have been more favorable if he had disposed of the property in a trade. He complained to the Board of REALTORS® against REALTOR® B stating that in connection with his listing of the property he had

discussed his total tax position with REALTOR® B, and that REALTOR® B, in spite of his obligation under Article 1 of the Code of Ethics to “be informed regarding laws” had failed to advise him that a trade would be more to his advantage than a sale.

At the hearing, REALTOR® B defended his actions by stating that it was true that Client A had briefly outlined his total tax situation at the time he listed the property for sale. REALTOR® B advised that he had told Client A that sale of the listed property might result in unfavorable tax consequences and suggested that Client A consult an attorney. The client had not taken this advice.

After several weeks of advertising and showing the property, in the absence of a change of instructions from the client, the property was sold in accordance with the terms of the listing contract.

The Hearing Panel concluded that advising the client to consult an attorney had demonstrated REALTOR® B’s attempt to protect the best interest of his client; that in giving this advise REALTOR® B had fully discharged his obligation under Article 1; that a REALTOR® is not responsible for rendering legal advice beyond the advice that legal advice be sought when the client’s interest requires it; and that REALTOR® B was not in violation of Article 1.

[Free Safety Article for May](#)

Identity Crisis: How to Protect Yourself against Identity Theft

By Andrew Wooten, president of S.A.F.E.

Your credit score has significantly increased. You receive a bill for a credit card you don't have. You go to apply for a car loan and are denied because of poor credit. You notice \$0.01 charges in your checking account. What happened? Most likely, you've had your identity stolen.

Identity theft is when, by trickery or using publicly available data, someone obtains personal information about you, assumes your identity, and applies for credit cards, checking accounts or other financial access. The crook has become "you." They can now go on a spending spree, using up your good credit and reputation.

To protect yourself, be vigilant about protecting your personal information. This means not giving out credit card numbers, bank account numbers, Social Security numbers, your birth date, or even your mailing address over the

phone unless you initiate the call. Protect your incoming and outgoing mail-and your trash-from thieves.

Multiple Methods

Thieves use a variety of methods to obtain your information including "dumpster diving," where they go through your trash for mail or papers that contain personal information, such as your Social Security number on an old tax form or a mailing from your credit card company. These papers are a gold mine to an identity thief. You can block thieves by buying-and using-a shredder. Shred all documents containing personal information before you discard it. Identity thieves also use "skimming," "phishing" or just a simple change of address.

- Skimming is when someone steals credit or debit card numbers by using a special storage device when processing your card. This can happen anywhere, so be sure to watch when they scan your card at a store, restaurant or gas station.
- Phishing is when false financial institutions or companies send spam or pop-up messages on a website to get you to reveal your personal information. Remember: no legitimate company is going to ask for your personal information unless you contact them.
- Lastly, some thieves will divert your billing statements to another location by changing your address. Keep track of when you receive your bills and statements. If one doesn't show up, contact the company immediately.

Lock Down Your Information

How can you protect yourself? Make these identity-protecting steps a habit:

- Memorize your Social Security number and all your passwords and PINs.
- Sign all your credit cards upon receipt and never loan your cards to anyone.
- Save all your credit card receipts and match them against your monthly

bills.

- Report all lost or stolen credit cards immediately, and notify credit card companies and financial institutions in advance of any change in your address or phone numbers.
- Order your credit report annually and inspect it for anything suspicious.
- When you make Internet purchases, be sure it's through a secure website.
- When you complete a credit or loan application, you only need to list the last four digits of credit cards. This is enough information for creditors to match up what's on your credit report.

Most importantly, protect yourself by leaving your "identity" at home, not in your wallet or purse. You should never carry around your birth certificate, passport, PINs or Social Security card. If you carry blank checks, carry only as many as you need-and do not print your driver's license number or Social Security number on your checks. Keep back-up records of all your credit card information in a secure place at home. Finally, don't take out your wallet until you actually need it. Never put it down next to a cash register, on a bar or even on top of your car.

If you become aware of anyone using your identity, immediately notify the creditor involved, law enforcement authorities and the major credit bureaus.

In addition, be extremely wary of companies (even well-established, legitimate companies) that are selling monthly protection plans, there is no 100% guarantee! But, following these guidelines can help decrease the possibility of you becoming a victim of identity theft.

Andrew Wooten is an author and professional speaker and has been in the safety and security industry for over 26 years. Visit the [S.A.F.E. website](#) for more information

Garrett County Board of REALTORS®

GCBR News Briefs – June 1, 2010

Membership Update

New REALTOR® Members:

Sherry Blank – Railey Realty

New Affiliate Members:

Phil Frantz – Red Rock Enterprises, LLC

5659 Friendsville Road

Friendsville, MD 21531

Telephone: 301-746-5515

Fax: 301-746-5268

Email: phil@redrockllc.com

John Denison – Denison Home Inspection, Inc.

PO Box 4

Crescent, PA 15046-0004

Telephone: 724-683-7283

Email: John_E_Denison@yahoo.com

Drops:

Lydell Savage – Railey Realty

Transfers:

Office Changes:

Government Affairs Report, Paul Durham G.A.D.

Garrett County Commissioners Approve Proposed Zoning and Land Ordinance Amendments:

On May 25 the County Commissioners approved the proposed revisions to the three main county land use and development ordinances - the DCL watershed zoning ordinance, the county subdivision ordinance, and the county sensitive areas ordinance. This completes a process that began in May 2009.

The Planning Commission proposed the final revisions following a public hearing in March. The Commissioners accepted the proposal without any changes and approved it as drafted by the Planning Commission.

The changes become effective June 1. They will soon be available on the county web site at...

<http://www.garrettcountry.org/PlanningLand/Main.aspx?tabid=1>



Also updated will be the maps associated with these ordinances. The changes were required to conform to the county's new comprehensive plan and changes in state law. The planning process leading up to these changes began in 2006.

Garrett County Commissioners Adopt Property Tax Rate for FY2011:

On June 1 the County Commissioners approved a real property tax rate of \$0.99 for FY2011. This rate exceeds the constant yield rate of \$0.9433. The rate for Mountain Lake Park will be \$.942. The county budget for FY2011 was also approved.

- The assessable base will increase approximately \$211,415,900 over FY2010
- The county estimates a 5% increase in revenue (\$2,093,017) if it holds the property tax rate at \$0.99
- The county budget included a reduction of approximately 16 million in capital project expenditures.
- State highway user funds have been reduced by \$5.25 million
- 18 county employees will retire and those vacancies will not be filled, 14 of these positions are in the roads department
- The anticipated assessable base will be more almost \$4.5 billion, \$4,481,949,130, in FY11

The final county budget can be viewed on line at COB on June 1 at...

<http://garrettcountry.org/Commissioners/budget11/budget11.aspx>

DNR Personal Watercraft Regulations Delayed:

There is no new progress to report on the proposed changes to the lake regulations dealing with how many personal watercraft may be moored at docks. Lake Manager Carolyn Mathews has informed GCBR that during the public comment period the DNR received several very detailed comments and concerns against the proposed changes to the lake regulations.

Ms. Mathews also reported that the Superintendent of the Park Service, Nita Settina, found the comments to be of merit and is giving them due consideration before moving forward with any changes. Ms. Settina plans to visit Deep Creek Lake this summer and will weigh the points brought forth in the comments against the proposed regulation changes and may suggest an alternative to the proposal.

The public comments on the changes are posted on the Deep Creek Lake website at...

<http://www.dnr.state.md.us/publiclands/western/deepcreeknrma.asp>

Updates will be posted on this website as they are made available. This is the new DNR website for information about the lake. This site is separate from the state park website and will have more lake specific information posted over time.

State Department of Planning Training Course – available to the public:

The **Smart and Sustainable Growth Act of 2009** passed in the 2009 session of the Maryland General Assembly requires local jurisdiction's (county or municipal) Planning Commission/Board and Board of Appeals members to complete an education course on or before July 1, 2010. The

Maryland Department of Planning (MDP) has developed an online course as a result of this new law.

The Planning Commissions, Planning Boards and Board of Appeals Education Course covers topics such as the role of the comprehensive plan and proper standards for special exceptions and variances, as applicable. The course explains additional subjects such as zoning ordinances and regulations, subdivision ordinances, methods for land preservation and important land management tools such as adequate public facilities ordinances.

Even if you are not a member of a planning commission or board or a board of appeal member, you can still take the course. Sign in at the following site and you can access the course materials and take the online reviews...

<https://webapps.mdp.state.md.us/Apps/CommTraining/login.aspx?ReturnUrl=%2fapps%2fcommtraining%2fHome.aspx>

You can also simply download and review the online materials (and not test out) on the internet at...

http://planning.maryland.gov/PDF/YourPart/PlanningCommissionerTraining/PlanningCommissionerTraining_AllModules.pdf

NEWS FROM MAR - Governor Signs Short Sale Tax Prohibition and Other Legislation into Law:

On May 20th, Governor Martin O'Malley signed hundreds of bills into law. Summaries of several real estate bills he signed are listed below, including three MAR priorities: legislation prohibiting the taxation of forgiven debt in short sales; legislation giving small businesses the ability to pay property taxes semiannually; and legislation regulating real estate teams.

HB 590/SB 657 – Taxation of Forgiven Debt in Short Sales

STATUS: PASSED – Effective May 20th, 2010.

Clarifies that recordation and transfer taxes may not be imposed on the forgiven debt in short sale transactions. Three counties (Anne Arundel, Prince George's and Montgomery) began levying recordation taxes on the forgiven debt in short sale transactions at the end of 2009. MAR initially sought an opinion from the Attorney General regarding this practice. Maryland Attorney General Doug Gansler released that opinion at MAR's Legislative Day confirming that recordation taxes cannot be levied on the forgiven debt. HB 590/SB 657 strengthen his opinion and make clear that transfer taxes may not be imposed either.

HB 484/SB 1083 – Semiannual Payment Schedule – Small Business Property

STATUS: PASSED – Effective October 1, 2010 for tax years beginning after June 30, 2011.

Requires local governments to provide a semiannual payment schedule for small business property. Currently, local governments only provide the semiannual payment schedule for residential property. A small business property is defined as a property assigned a commercial use code by the State Department of Assessments and Taxation and for which the annual property taxes do not exceed \$50,000.

HB 199/SB 520 – Homestead Property Tax Credit – Federal Government Employees

STATUS: PASSED – Effective June 1, 2010 for tax years beginning after June 30, 2010

Extends the Homestead Property Tax Credit to federal employees stationed outside Maryland for a period not exceeding 6 consecutive years. Once the homeowner moves back to Maryland, the homeowner may reclaim the credit which will be calculated as if the credit had not been lost during the homeowner's out-of-state residency.

HB 406 – Real Estate Licensees – Services Provided through Teams

STATUS: PASSED – Effective October 1, 2010

Regulates real estate teams and groups. It defines a real estate team as two or more associate brokers or licensed salespersons who work together on a regular basis to provide real estate brokerage services; who represent themselves to the public as being party of one entity; and who designate themselves a collective name such as a team or group. Each team must designate a team leader who has at least three years experience as a licensee. The team leader is responsible for supervising other team members and ensuring that the team adheres to all office rules, practices, and procedures established by the broker and or branch office manager. Advertisements for the team must include the name of the brokerage, the name of at least one licensed team member, and a telephone number of the broker or branch office manager.

HB 472 – Foreclosure Mediation

STATUS: PASSED – Effective July 1, 2010

Establishes a mediation process for homeowners facing foreclosure. Requires lenders to provide information detailing the lender's efforts to avoid foreclosure with the homeowner. If the lender has not completed its consideration of foreclosure alternatives, the legislation provides a process for that to occur even after a foreclosure has been filed with the court. Allows a homeowner to opt for foreclosure mediation if the homeowner does not believe he/she was fairly considered for foreclosure alternatives. Provides additional funding for housing counselors to assist homeowners.

HB 711/SB 654 – Tenants in Foreclosure

STATUS: PASSED – Effective June 1, 2010

Largely conforms tenant disclosure legislation passed last year to the new federal Helping Families Save Their Homes Act (Public Law No: 111-22). While Maryland law only required lenders and foreclosure purchasers to give notice to tenants living in foreclosed property, the federal law actually extends tenant leases for at least 90 days after a foreclosure sale. HB 711/SB 654 gives tenants the same rights under Maryland law which exist in the federal law. However, unlike the federal law which terminates at the end of 2012, the state law has no automatic termination date.

HB 1399 – Required Notice of Housing Counseling Programs and Services

STATUS: PASSED – Effective January 1, 2011 contingent upon the adoption of regulations

Requires a lender to provide a borrower written notice recommending that the borrower complete homebuyer education or housing counseling and information about such programs. Lenders who must already refer borrowers to housing counseling are exempt. The law is effective January 1, 2011 contingent upon regulations being adopted before October 1, 2010 by the Department of Housing and Community Development (DHCD). If the regulation is not passed by October 1, 2010, the law does not take effect until 60 days after DHCD certifies adoption of the regulations to the Department of Legislative Services.

HB 475 – Sustainable Communities Act

STATUS: PASSED – Effective June 1, 2010

Extends for three years the Maryland Heritage Structure Rehabilitation Tax Credit and renames it as the Sustainable Communities Tax Credit. The bills would permit certain non-historic structures (such as transit oriented development, BRAC enterprise zones) to claim a reduced credit (10 percent of rehabilitation costs). Historic structures can still claim a credit for 20 percent of certified costs, and a 25 percent credit could be claimed for historic renovations which comply with LEED certification. Funding for the credits is capped, so not every eligible property will receive the credit.

Who's running for office in September (updated May 25, 2010)?:

The primary election is on Tuesday, September 14 and the general election on Tuesday, November 2. As of April 23, the following candidates have filed with the elections board. July 6 is the deadline for candidates to file.

* - filed since last GCBR newsletter

State Senator – District 1 George Edwards (R)

House of Delegates – District 1A Wendell Beitzel (R)

County Commissioner:

District 001 Gregan T. Crawford (R) *
Ernie Gregg (R)

District 002 Fred Holliday (R)
Jim Raley (R)

District 003 Denny Glotfelty (R)

Clerk of the Circuit Court

Sondra Buckel (R)

Register of Wills

Traci Royce (R)
John Sines (R)
Rita Watson (R)

Judge – Orphans Court

Dave Beard (R)
Clifford C. Dewitt (R) *
Aria Knust (R)
James F. Margroff (R) *
Wayne Wilt (R) *

FREE General Membership Meeting & Breakfast
Event

Affiliate Platinum Sponsors:

Jerry Merrick, BB&T Bank Jonna Frazee, Clear Mountain Bank
Ken Witte, First United Bank & Trust

Affiliate Gold Sponsors: Gary Sabo, Sage Title Group, LLC

Affiliate Silver Sponsors:

Craig Ingram, Attorney

Mary Lou Rohrbaugh, Prosperity Mortgage
Maggie Kroll, M&T Bank

By reservation only! Wednesday, June 23, 2010 8:30 am in the CE Room at
Garrett College

Election of 2010-2011 Officers/Directors MRIS Demo of New Products

Breakfast Buffet – Eggs, Home Fries, Sausage Gravy, Biscuits, Fresh Fruit &
Beverages

2010 Continuing Education Schedule

Wednesday, June 3, 2010 1:00 – 2:30 “Fair Housing” (C) **FULL**
Wednesday, June 16, 2010 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)
Wednesday, June 30, 2010 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)

Wednesday, July 28, 2010 9:00 – 12:00 “Bankruptcies, Foreclosures & Short Sales”(F)

Wednesday, Aug 18, 2010 9:00 – 12:00 “Bankruptcies, Foreclosures & Short Sales”(F)

Wednesday, Sept. 15, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)
Wednesday, Sept. 29, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)
(The MD Ethics course has also been approved by the GCBR Board of Directors to satisfy the NAR
Quadrennial Retraining every member must complete every four years to retain membership.
Completion of this course satisfies two requirements for GCBR members. Current NAR Cycle 3 is
1/1/09 – 12/31/12).

Cost: 1.5 hours \$10.00 (Realtor®) \$20.00 (non-REALTOR®)
3.0 hours \$20.00 (Realtor®) \$30.00 (non-REALTOR®)

Registration flyers will be faxed or emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

Note: There is a \$5.00 charge for any continuing education certificates that have to be reissued.

MD Real Estate License Renewal Requirements

Required Topics for ALL Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours
3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

MRIS UPDATE and Information
Carol Wills, MRIS Liaison to the GCBR Board of Directors

At the June 23, 2010 GCBR General Membership Breakfast Meeting Event, MRIS Staff will be demonstrating several newly added features which are included in your current quarterly fee:

Document Management – is a simple, intuitive tool that allows real estate professionals to manage and organize their documents. Documents are stored on secure servers and accessible online 24/7 by agents and their clients.

CMA Wizard, Contract Management and Speedbar Demos will be discussed.

RPAC

We are almost there! NAR has set the 2010 GCBR goal at \$2,209 and we only need **\$405** to make our goal. Many of you make a yearly contribution to RPAC and if you have not made your 2010 contribution yet, please do so at your earliest convenience.

No amount is too small! Several ways you can make your contribution:

- Make your check payable to RPAC and send it to the Board office for processing
- Go to the MAR website at www.mdrealtor.org click on RPAC from the left side of the screen and click “Contribute to RPAC Online” and make your contribution via credit card
- Cash contribution can be made at the GCBR office
- Credit card form available to make your contribution

Maryland Association of REALTORS®

LOOKING FOR ANSWERS? -- Visit [LEGAL AFFAIRS NEWS](#) The page will be updated frequently so check back often to see what valuable information and resources we have available for you.

GRADUATE REALTOR INSTITUTE (GRI)—EDUCATION IS KEY -- What’s it all about? What’s in it for me? Statistically proven higher income levels, public and peer recognition, networking opportunities and the confidence and professional competence needed today – that’s what. Summer sessions available in Hagerstown, Baltimore,

Hughesville, Landover and Arnold. For more information and to register, go to [Click here to check our schedule](#) and sign up today. Why wait? Earn your *GRI in 2010!*

National Association of REALTORS®

FHA Approves Electronic Signatures

Great news for real estate professionals! **The Federal Housing Administration (FHA), now accepts electronic signatures on real estate contracts.** This new process will allow an easier, faster way to help your clients get more offers and spend less time gathering contract signatures.

To read more on this new government approval, [click here](#).

REALTORS® Can Now Receive Special Benefits On Electronic Signature Services:

The National Association of REALTORS® has selected DocuSign® as the official and exclusive provider of electronic signature services to members under the REALTOR Benefits® Program. Members can now receive a 30-day risk free trial and 20% off the retail value of their DocuSign® subscription.

Thank Your Client With A FREE 10% Off - Lowe's Coupon

Buying or selling property can be a satisfying and rewarding experience for your clients. As a REALTOR® you can help your clients maximize their property's full potential by giving them **valuable 10% coupons and rebates from Lowe's**. Visit <https://www.lowesrealtorbenefits.com/> or call 1-888-913-6060 and mention your 9-digit NRDS I.D. number.

Case Studies Interpretation of the Code of Ethics

CASE STUDIES ARE PULLED FROM "INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL" OF THE NATIONAL ASSOCIATION OF REALTORS®

Case # 1-24: Advantage Gained Through Deception of Client (Originally Case #4-3. Revised and transferred to Article 6 as Case #6-5 May, 1988. Transferred to Article 1 November, 1994. Revised November, 1997.)

Client X listed his unique parcel of land on a lake exclusively with REALTOR® A, who worked diligently for months to sell Client X's property. Finally, REALTOR® A came up with the idea of selling the property to the county for a park, and made arrangements for its presentation at a special meeting.

Client X went before the County Commissioners with his attorney. REALTOR® A, the listing broker, was in the audience. REALTOR® A commented about the property and told the County Commissioners that if the County purchased the property he, REALTOR® A, would receive a real estate commission. The County Commissioners agreed to take the matter under advisement.

REALTOR® B, a member of the County Commission, approached Client X and suggested that if the property were listed with REALTOR® B exclusively, and

REALTOR® B then cooperated with REALTOR® A so that the real estate commission would be split between them, the County would probably purchase the property from Client X. Otherwise, REALTOR® B indicated, the County would not purchase it. Unknown to Client X, the County Commissioners had already voted to buy the land. Worried that he might not sell the land, Client X immediately signed a second written exclusive listing with REALTOR® B. Thereafter, a sales contract was executed which provided that the real estate commission was to be divided equally between REALTOR® A and REALTOR® B. Unknown to REALTOR® B, Client X had told REALTOR® A the entire story about REALTOR® B's approach to and conversation with Client X.

REALTOR® A filed a complaint against REALTOR® B alleging violations of Article 1 and Article 16. The Grievance Committee found enough evidence of REALTOR® B's alleged violations of the Code to warrant a hearing before a Hearing Panel of the Board's Professional Standards Committee.

At the hearing, REALTOR® B defended himself, indicating that he had been instrumental in influencing the County Commission to vote to buy Client X's land, and had voted for it himself. Accordingly, REALTOR® B felt it was appropriate for him to receive a commission.

It was the Hearing Panel's conclusion that REALTOR® B had used his official position as County Commissioner to deceive Client X with respect to the prospects of the County purchasing his property, and had coerced Client X into executing an exclusive listing while the property was already listed exclusively with REALTOR® A. The Hearing Panel found REALTOR® B in violation of Article 1 for having advised Client X dishonestly and Article 16 for having acted inconsistently with the exclusive relationship that existed between Client X and REALTOR® A.

Garrett County Board of REALTORS®

GCBR News Briefs – July 1, 2010

Membership Update

New REALTOR® Members:

Matthew Skillman – Coldwell Banker Deep Creek Realty
Susanne Roszell – Goodfellow Real Estate Services, Inc.

New Affiliate Members:

W. Mark Watkins – Hot Shotz Thermal Imaging Services, LLC
132 Mayhew Inn Road
Oakland, MD 21550
Telephone: 240-321-5050
Email: mark@hotshotzinspections.com
Website: www.hotshotzinspections.com

Drops:

Transfers:

Randy Ruhl – Railey Realty
Jeremy Gosnell – Long & Foster Real Estate, Inc.

Office Changes:

GCBR 2010 Realtor® of the Year

The GCBR Board of Directors is proud to announce Larry Smith, Railey Realty has been selected as the GCBR 2010 Realtor® of the Year and will represent Garrett County at the MAR Conference in September at Ocean City.

President, Pat Kane presented the Realtor® of the Year plaque to Larry at the June 23rd General Membership meeting and spoke of Larry's contributions to GCBR in serving various positions including current Board Vice President, past Secretary, Grievance, Nominating, Budget/Finance, Task Force and Government Affairs committees. Congratulations Larry!

GCBR 2010 Affiliate of the Year

The GCBR Board of Directors is also pleased to announce Ken Witte, First United Bank & Trust as the GCBR 2010 Affiliate of the Year. Ken has been actively involved with GCBR for many years and not only been a Platinum sponsor of many



events, Ken has served on the Equal Opportunity & Affordable Housing and Membership committees. Ken's experience has provided valuable knowledge and guidance on both committees. Congratulations Ken!

Government Affairs Report, Paul Durham G.A.D.

GCBR to Publish 2010 Primary Election Voting Guide:

In preparation for this fall's primary election, the Government Affairs Committee is preparing a voter guide for use by GCBR members. All candidates for the Senatorial, House of Delegates and County Commissioner contests will be mailed a set of questions in early July. The questions will focus on issue areas related to the real estate industry.

The candidates' response will be published and delivered to the membership electronically in August. Members will be encouraged to consider the candidates' views on issues that are important to Realtors® when deciding on who to vote for.

RPAC Will Also Poll Candidates:

RPAC will be conducting a similar survey for General Assembly candidates. A copy of their survey can be found online at the MAR web site at...

<http://www.mdrealtor.org/GovernmentAffairs/GovernmentAffairsNews/tabid/239/Default.aspx>

Are you registered to vote?:

New to the area? Just haven't gotten around to it?

Registering to vote is quick and easy in Maryland. Complete directions can be found online at...

http://www.elections.state.md.us/voter_registration/index.html

Update from NAR on Congressional Issues:

Call for Action

The Call for Action (CFA) that asks REALTORS® to urge their Members of Congress to quickly enact legislation to fund both the National Flood Insurance Program (NFIP) and the USDA Section 502 Rural Housing Fund is still live. We currently have an 8% response rate and just over 80,000 members have sent letters to Congress.

Please continue to spread the word about the CFA to others. Ask all REALTORS® you know to respond and send their letters right away. The Senate continues to work out a deal on the larger tax package where both of these items are attached.

Flood Insurance

On June 23, the House passed – by voice vote – a stand alone bill (HR 5569) to reinstate the NFIP through September 30, 2010. The Senate must act on the bill before it moves forward.

While the House passage is only the first step in getting the NFIP, it represents a major development in NAR's efforts to end the NFIP lapse.

The NFIP has been shut down for 25 days. NAR is actively working with the Senate to take up and pass HR 5569 before the July 4th recess. If you have questions about the NFIP, please contact Austin Perez at aperez@realtors.org.

Homebuyer Tax Credit

The Homebuyer Tax Credit extension amendment is still awaiting movement via the larger tax bill to which it's attached. NAR is working with the Senate to find ways to get the tax credit extension moving. Stay tuned and more information will be provided as it becomes available. If you have questions about the Homebuyer Tax Credit, please contact Linda Goold at lgoold@realtors.org.

UPDATE JUNE 26, 2010: A Senate jobless aid bill that included an amendment extending the homebuyers tax credit until September 30 failed to pass the Senate on Thursday June 24. The vote was 57-41, three short of the 60 needed to beat a Republican filibuster.

The bill, [H.R. 4123](#), included an amendment allowing homebuyers a three-month extension on the tax credit, allowing them until September 30 to close on a home. But the extension only applied to buyers who signed purchasing contracts before the original April 30 deadline.

NAR is seeking other pieces of legislation to which the extension can be added as an amendment.

Lead Paint Renovation Rule Revised:

On May 6th, the U.S. Environmental Protection Agency issued a final rule revising the Lead Renovation, Repair and Painting Program (RRP) that took effect on April 22nd. The most significant change in the revised rule is the elimination of the owner opt-out. **Beginning July 6, 2010, owners will no longer be able to opt out of the RRP.**

Under the rule implemented in April, a homeowner with no children under 6 or pregnant women living in the property could sign a waiver and opt out. The revised rules also clarify that companies performing work must also give copies of their compliance records to the owner or resident of the property. The rules also address some training requirements, as well as how state agencies may assume some of the regulation of the certification process. For more information contact Bill Castelli at 800-638-6425.

[2010 Continuing Education Schedule](#)

Wednesday, July 28, 2010 9:00 – 12:00 “Bankruptcies, Foreclosures & Short Sales”(F)

Wednesday, Aug 18, 2010 9:00 – 12:00 “Bankruptcies, Foreclosures & Short Sales”(F)

Wednesday, Sept. 15, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)

Wednesday, Sept. 29, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)

(The MD Ethics course has also been approved by the GCBR Board of Directors to satisfy the NAR Quadrennial retraining every member must complete every four years to retain membership. Completion of this course satisfies two requirements for GCBR members. Current NAR Cycle 3 is 1/1/09 – 12/31/12).

Wednesday, Oct. 13, 2010 9:00 – 12:00 “MD Legal Update” (A)

Wednesday, Oct. 27, 2010 9:00 – 12:00 “MD Legal Update” (A)

Wednesday, Nov. 10, 2010 10:00 – 11:30 “Risk Management” (F)

Wednesday, Dec. 8, 2010 9:00 – 12:00 “Real Estate Agency in MD” (A)

Cost: 1.5 hours \$10.00 (Realtor®) \$20.00 (non-REALTOR®)
3.0 hours \$20.00 (Realtor®) \$30.00 (non-REALTOR®)

Registration flyers will be faxed or emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

Note: There is a \$5.00 charge for any continuing education certificates that have to be reissued.

MD Real Estate License Renewal Requirements

Required Topics for ALL Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours
3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

Maryland Real Estate Commission Update

LAW & ORDER

The legislative session ended recently, and the MREC is pleased to announce that both bills under consideration passed. Check out the details of our new legislation:

- [H.B. 406](#) regulates the brokerage services you may provide as part of a team or group. A team/group is defined as the following (§17-543):
 - “[T]wo or more licensed associate real estate brokers or licensed real estate salespersons, or any combination of licensed associate real estate brokers and licensed real estate salespersons, who:
 - (1) “work together on a regular basis to provide real estate brokerage services;
 - (2) “represent themselves to the public as being part of one entity; and
 - (3) “designate themselves by a collective name such as team or group.”

If this applies to your business, you must designate a team/group leader who must be either an associate broker or have been licensed for at least three years. That designated team/group leader is responsible for “exercis[ing] reasonable and adequate supervision over the provision of real estate brokerage services by members of the team,” as elaborated in §17-545. (See H.B. 83 below for information on the required supervision CE for team/group leaders.) All team/group members must conduct all business from the office or branch office where their licenses are displayed. In regards to advertising, the name of your team/group must not contain the terms “Real Estate,” “Real Estate Brokerage,” “Realty,” or any other term that may be construed to mean that the team/group offers real estate services independent of the broker. Additionally, all ads must contain “the name of the brokerage displayed in a meaningful and conspicuous way,” i.e. John Doe Group of ABC Real Estate, as well as the name of at least one licensee team/group member and the phone number of the broker or branch office manager. In addition, a **broker** may designate two members of a team as intracompany agents (representing both the buyer and seller involved in the same transaction) as long as both the buyer and seller have been notified in writing that both licensees are members of the same team/group and may have a financial interest/benefit in the outcome of the transaction.

- [H.B. 83](#) amends the required CE subject matter hours from 7.5 to 10.5 of the total 15 hours. Currently all licensees are still required to complete at least 7.5 hours of the following required subject matter: 3 hours of legislative (topic A), 1.5 hours of fair housing, and 3 hours of the Maryland Code of Ethics (including flipping and predatory lending). Beginning with anyone who renews January 1, 2012 or later, an additional 3 hours in the area of Agency (topic A) will be required and then every four years thereafter. **Important information for brokers, branch office managers and designated team/group leaders** (as defined in §17-543-548): you are **further** required to take an additional 3 hours in the area of supervision every four years. All of your CE must be completed **before** you renew your license. You **CANNOT** schedule your CE after you renew, but before your license expiration date!

As always, the MREC is available to help clarify anything you may not understand. If you're bogged down in legal-ese, we're here to help! (Just remember that we can't offer legal advice, but we can point you in the right direction.)

MRIS UPDATE and Information

Carol Wills, MRIS Liaison to the GCBR Board of Directors

MRIS keeps giving us new enhancements to improve our real estate business. Take a look at some of the products below.

ACTIVE AGENT PROFESSIONAL has new features. Click on link below to see!

<http://www.mris.com/Products/ActiveAgent/activeagentpro.cfm?>

MRIS introduces RELAY

Relay is a powerful transaction management tool.

- Relay can streamline your business
- Get on line Real Estate advantage
- Learn how to start an online transaction
- Save time while attracting clients

Announcements

We're working on the new MRIS.com

Our new website will include updated and reorganized content that will make it easier than ever for you to find what you need. Many of the changes you'll find on the beta site reflect feedback we've received from customers like you, like a cleaner homepage and navigation, up-front access to news and event information, and links to social media.

[Take a look](#) and let us know what you think; send comments to feedback@mrис.net.

MRIS Suggests You Read:

"There's a growing belief that personal accomplishments require connections with others, and that networks, and not just hard work, are a requirement for success." Read the full article, "Facebook's real world implications," by Matt Carter of Inman News, <http://www.inman.com/news/2010/06/11/facebooks-real-world-implications>

RPAC

We have reached our 2010 goal of \$2,209 – thank you to all who made a contribution to RPAC! Even though GCBR is the smallest association of MAR, we can stand among our peers at the MAR Conference with pride in September!

Maryland Association of REALTORS®

“WIN Big in Maryland Real Estate”

2010 Annual Conference and Tradeshow

September 13 – 15, 2010

Roland Powell Convention Center Ocean City, MD

Register Online at www.mdrealtor.org

National Association of REALTORS®

Test your knowledge and take the Foreclosure Quiz

Before you jump into the hot foreclosure market, test your knowledge to make sure you're not getting in over your head. This quiz clears up popular misconceptions and helps you gain a more complete understanding of foreclosure – including how to help homeowners avoid it.

1. As a general rule, foreclosed homes sell for less than their market value.
 True
 False
2. In most states, if you bid on a foreclosed property at an auction, you also may be bidding on tax liens and other debt accrued by the prior homeowners.
 True
 False

3. The housing boom masked the high number of homeowners who've struggled with paying their subprime loans – and these homeowners may now be at high risk of foreclosure.
 True
 False
4. Homeowners who always pay their mortgage on time don't need to worry about foreclosed homes in their neighborhood.
 True
 False
5. Homeowners can sidestep foreclosure by transferring the title of their home to a foreclosure rescue company for a year or two.
 True
 False
6. Any buyer can purchase a HUD home (a home that's in possession of the U.S. Department of Housing and Urban Development), as long as he or she has the money or can qualify for the necessary amount of mortgage financing.
 True
 False
7. Reading the public notices at your local county courthouse – including bankruptcy claims and death certificates – is not an effective method of locating foreclosed properties.
 True
 False
8. Once homeowners default on three mortgage payments, the home automatically goes into foreclosure.
 True
 False
9. In many states, owners of foreclosed homes can reclaim their property – even after someone else has already bought it – by paying off the loan along with any interest, taxes, and penalties.
 True
 False
10. Lenders stand to benefit when homeowners default on their mortgage.
 True
 False
11. Once a bank takes possession of a foreclosed home, the previous owner is free of all financial obligations.
 True
 False

Quiz Results

- 1 **False** – Good deals are out there, but you can never assume that you’re getting a bargain simply because it’s a foreclosed property. In states where home prices have risen the most foreclosed properties sell within 5 percent of their full market value, according to a study by First American Real Estate Solutions, a Santa Ana, Calif., company that maintains a national database of real estate data. Plus, homes that are discounted are often located in unstable communities, are poorly maintained, and require costly improvements – reasons why the prior homeowners didn’t just sell the property before defaulting. Furthermore, the lenders that own foreclosed properties are usually prevented from accepting offers lower than appraised value, at least during the first several months that a home is on the market, says Richard Courtney who wrote a chapter on “Foreclosures: Fools’ Gold” in his book *Buyers are Liars & Sellers are Too!*
- 2 **True** – Before you bid on a foreclosed property at auction, make sure you know what debts are part of the package. Conduct a title search to determine if any liens or fees are connected to the property. You may discover that you’d be taking on the previous owner’s senior liens (or first mortgages); junior liens (second mortgages or additional claims against the property), or tax liens (unpaid property taxes), says Ralph R. Roberts and Joe Kraynak in their book *Foreclosure Investing for Dummies*
- 3 **True** – For many borrowers, strong house price growth increased the amount of equity in their homes and made it possible for them to refinance their mortgages despite being behind on the monthly payments, according to the Center for Responsible Lending.
- 4 **False** – Foreclosed properties can hurt the value of nearby properties and even have a negative effect on local crime rates, research shows. Municipalities also take a financial hit: In a study on foreclosures in Chicago, researchers found that each foreclosure cost the municipal government more than \$30,000, according to a report by the Homeownership Preservation Foundation in Minneapolis. Even one foreclosure can decrease the value of the other homes within 1/8-mile by 1.44 percent, according to research by Dan Immergluck, associate professor of city and regional planning at Georgia Institute of Technology. That’s why the NATIONAL ASSOCIATION OF REALTORS® is encouraging practitioners to educate clients on smart borrowing options, with the goal of reducing the number of foreclosures and strengthening communities.
- 5 **False** – Beware: This is a foreclosure rescue scam. As the number of foreclosures grows, so does foreclosure fraud, according the National Consumer Law Center in Boston. Home owners who are desperate to avoid foreclosure may be swayed by unscrupulous companies that promise “fast cash” and “equity funding.” Here’s how one common scam works: A company claims it will help troubled home owners avoid foreclosure if the owners sign over the title of their home for a year or two. As part of the agreement, the company says the owners can continue to live in the property and pay rent until they have the financial means to buy the home back from the company. However, once the company

has the title, it sells the home to a third party, leaving the borrowers without a home or home equity. A handful of states have proposed or enacted legislation to deter foreclosure fraud rescue, such as allowing home owners to more easily back out of the deal.

- 6 **True** – Anyone who has the money or can qualify for the necessary amount of mortgage financing can purchase a HUD Home. HUD acquires its properties through the foreclosure of mortgages insured by the Federal Housing Administration. But be sure you know the condition of the home before you submit your offer; HUD homes are sold “as is,” so you’ll need to cover the cost of repairs or other improvements to bring the property up to market standards. For more information and a listing of home for sale, visit HUD’s Web site.
- 7 **False** – Such legal notices are among the most effective tools that investors can use to find foreclosed properties, says Steve Berges in *The Complete Guide to Investing in Foreclosures* (AMACOM, 2006). From those documents, you can find the names of the owners and the property addresses. Another good way to generate leads: Advertise in newspapers, magazines, and other mediums to let home owners and fellow real estate professionals know you’re interested in buying foreclosed properties.
- 8 **False** – Lenders are often willing to work out a solution other than foreclosure. Home owners should notify their lenders as soon as they know they won’t be able to make a mortgage payment. Depending on the situation, lenders may give home owners more time to pay off the loan, lower the interest rate, or add all the missed payments to the loan amount and then increase the monthly payment to cover the larger loan. Home owners also may be able to make a partial payment or skip payments if they can show a reasonable plan to eventually catch up on their payments (this option is known as forbearance). Educate yourself and home owners with NAR’s brochure, *Learn How to Avoid Foreclosure and Keep Your Home*.
- 9 **True** – All sales are not final in stated with mandatory redemption periods. The foreclosed-upon home owners can come back to redeem the property even after it has been sold. Mandatory redemption periods generally range from 10 days to a year after the sale. Experts advise buyers of foreclosed homes in redemption states to hold off on costly renovations during the redemption period in case the owner redeems the property. Only a non-redemption state will guarantee the property is yours following a sale, Otherwise, you’ll have to wait and see.
- 10 **False** – Foreclosures are costly and time consuming for lenders, too. It’s simply not in their best interest for a home owner to default on payments or lose a home to foreclosure. In fact, lenders would normally favor a short sale to a foreclosure because the bank’s financial loss will likely be far less. In a short sale, the lender often forgives some or all of the home owner’s debt that remains after the property is sold.
- 11 **False** – The IRS can still come back to bite. Former home owners may still have to pay a tax on a portion of their mortgage loan after a foreclosure because the sale is technically considered income. NAR has been actively trying to eliminate this phantom tax since the mid-1990s. NAR argues that it’s unfair to impose tax

on a phantom income when the seller lost the home to foreclosure and most likely doesn't have money to pay the tax.

Case Studies Interpretation of the Code of Ethics

CASE STUDIES ARE PULLED FROM "INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL" OF THE NATIONAL ASSOCIATION OF REALTORS®

Case # 1-24: Disclosure of Existence of Offers to Prospective Purchasers (Adopted November, 2002.)

Seller S listed her home for sale with REALTOR® B. The property was priced reasonably and REALTOR® B was confident it would sell quickly. The listing agreement included the seller's authorization for publication in the MLS and authority to disclose the existence of offers to prospective purchasers.

Within days, REALTOR® B had shown the property to several prospective purchasers and one of them Buyer Z, wrote a purchase offer at close to the asking price.

REALTOR® B called Seller S to make an appointment to present the offer. After hanging up with Seller S, REALTOR® B received another call, this time from REALTOR® A. REALTOR® A explained that he represented a buyer who was interested in making an offer on Seller S's property. REALTOR® A explained that while his buyer-client was quite interested in the property, price was also a concern. He asked REALTOR® B if there were competing offers on the table. REALTOR® B responded telling REALTOR® A, "That's confidential information. Please tell your client to make his best offer."

Taken aback by REALTOR® B's comments, REALTOR® A shared them with his buyer-client, who chose not to make an offer and instead pursued other properties.

Buyer Z's offer was accepted by Seller S later that evening and, sometime later, the transaction closed.

Several months afterward, Seller S and REALTOR® A met at a social event. REALTOR® A related his conversation with REALTOR® B. Seller S asked REALTOR® A if he thought that REALTOR® A's buyer-client would have made an offer on Seller S's home absent REALTOR® B's refusal to disclose whether there were other offers pending. REALTOR® A responded that it was impossible to tell for certain, but his buyer-client had certainly not been favorably impressed by REALTOR® B's response to a seemingly routine question.

Seller S subsequently filed an ethics complaint against REALTOR® B alleging violation of Article 1 as interpreted by Standard of Practice 1-15. He noted that he had clearly authorized REALTOR® B to disclose to buyers and cooperating brokers the existence of pending offers and that REALTOR® B's arbitrary refusal to share information he was

authorized to share could have been the reason, or part of the reason, why REALTOR® A's client had chosen not to make an offer on Seller S's home.

REALTOR® B defended his actions indicating that while he agreed that he had an obligation to promote Seller S's interests, his obligation to REALTOR® A and REALTOR® A's buyer-client was simply to be honest. He had not, in any fashion, misrepresented the availability of Seller S's property. Rather, he had simply told REALTOR® A to encourage his client to make her best offer. "I'm not required to turn every sale into an auction, am I?" he asked rhetorically. "I feel that I treated all parties honestly and fairly," he concluded.

The Hearing Panel did not agree with REALTOR® B's reasoning, indicating that he had violated Article 1 as interpreted by Standard of Practice 1-15. They noted the Standard of Practice 1-15 requires REALTORS®, if they have the seller's approval, to divulge the existence of offers to purchase on listed property in response to inquiries from wither potential buyers or from cooperating brokers. REALTOR® B had not met the obligation and, consequently, the Hearing Panel concluded that REALTOR® B had violated Article 1.

Garrett County Board of REALTORS®

GCBR News Briefs – August 1, 2010

Membership Update

New REALTOR® Members:

Elizabeth Malone – Long & Foster Real Estate Inc.

New Affiliate Members:

Garrett County Chamber of Commerce

15 Visitors Drive

McHenry, MD 21541

Telephone: 301-387-4386

Drops:

Sam Housley – Railey Realty

Transfers:

Office Changes:

Government Affairs Report, Paul Durham G.A.D.

Watch your email boxes for our 2010 Primary Election Voting Guide:

Candidate responses are being received about their positions on a number of issues of interest to our membership and property owners in the county. All candidates for the House of Delegates and County Commissioner contests were mailed a set of questions in early July. The voter guide will contain all of their responses and emailed to our membership in early August.

The Government Affairs Committee assembled the questionnaire. The issues include the real property tax rate, the accommodations tax, industrial wind turbines, county-wide zoning, Planning Commission membership, Smart Growth, and ways to attract and maintain investment in Garrett County.

Members are encouraged to consider the candidates' views on issues that are important to Realtors® when deciding your vote this fall.

RPAC Will Also Poll Candidates:

RPAC will be conducting a similar survey for General Assembly candidates. A copy of their survey can be found online at the MAR web site at...

<http://www.mdrealtor.org/GovernmentAffairs/GovernmentAffairsNews/tabid/239/Default.aspx>

Are you registered to vote?:

New to the area? Just haven't gotten around to it?



Registering to vote is quick and easy in Maryland. Complete directions can be found online at...

http://www.elections.state.md.us/voter_registration/index.html

Updates from MAR:

Home Warranty Referral Fees under RESPA

On Friday, June 25th, HUD published in the Federal Register an Interpretive Rule under RESPA addressing services provided by real estate brokers and agents on behalf of home warranty companies.

<http://www.mdrealtor.org/LegalAffairs/LegalAffairsNews/tabid/479/articleType/ArticleView/articleId/327/Home-Warranty-Referral-Fees-under-RESPA.aspx>

Tax Credit EXTENDED by Congress

Congress has passed an extension of the Homebuyer Tax Credit closing deadline, the Homebuyer Assistance and Improvement Act (H.R. 5623). The extension applies only to transactions that have ratified contracts in place as of April 30, 2010 that have not yet closed. The legislation is designed to create a seamless extension. The new closing deadline for eligible transactions is September 30, 2010.

<http://www.mdrealtor.org/GovernmentAffairs/GovernmentAffairsNews/tabid/239/articleType/ArticleView/articleId/328/Tax-Credit-EXTENDED-by-Congress.aspx>

Flood Insurance Program RENEWED

The Senate has passed the National Flood Insurance Program Extension Act of 2010 (H.R. 5569), an extension of the National Flood Insurance Program, until September 30, 2010. This will allow transactions to move forward. The bill is retroactive and covers the lapse period from June 1, 2010 to the date of enactment of the extension.

<http://www.mdrealtor.org/GovernmentAffairs/GovernmentAffairsNews/tabid/239/articleType/ArticleView/articleId/325/Flood-Insurance-Program-RENEWED.aspx>

2010 Continuing Education Schedule

Wednesday, Aug 18, 2010 9:00 – 12:00 “Bankruptcies, Foreclosures & Short Sales”(F)

Wednesday, Sept. 15, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)

Wednesday, Sept. 29, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)
(The MD Ethics course has also been approved by the GCBR Board of Directors to satisfy the NAR Quadrennial retraining every member must complete every four years to retain membership. Completion of this course satisfies two requirements for GCBR members. Current NAR Cycle 3 is 1/1/09 – 12/31/12).

Wednesday, Oct. 13, 2010 9:00 – 12:00 “MD Legal Update” (A)

Wednesday, Oct. 27, 2010 9:00 – 12:00 “MD Legal Update” (A)

Wednesday, Nov. 10, 2010 10:00 – 11:30 “Risk Management” (F)

Wednesday, Dec. 8, 2010 9:00 – 12:00 “Real Estate Agency in MD” (A)

Cost: 1.5 hours \$10.00 (Realtor®) \$20.00 (non-REALTOR®)
3.0 hours \$20.00 (Realtor®) \$30.00 (non-REALTOR®)

Registration flyers will be faxed or emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

Note: There is a \$5.00 charge for any continuing education certificates that have to be reissued.

MD Real Estate License Renewal Requirements

Required Topics for ALL Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours
3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

Maryland Association of REALTORS®

“WIN Big in Maryland Real Estate”

2010 Annual Conference and Tradeshow

September 13 – 15, 2010

Roland Powell Convention Center Ocean City, MD

Register Online at www.mdrealtor.org

National Association of REALTORS®

. REALTOR® Dental Insurance for NAR Members

Click the link below for more information.

REALTORS® Dental Insurance (RDI) – dental insurance plans and rates exclusively designed for NAR members

Case Studies Interpretation of the Code of Ethics

CASE STUDIES ARE PULLED FROM “INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL” OF THE NATIONAL ASSOCIATION OF REALTORS®

Case #3-8: Misrepresentation (Reaffirmed Case #9-14 May, 1988. Transferred to Article 2 November, 1994.)

REALTOR® A listed a motel for sale and prepared a sales prospectus setting out figures reporting the operating experience of the owner in the preceding year. The prospectus contained small type at the bottom of the page stating that the facts contained therein, while not guaranteed as to accuracy, were “accurate to the best of our knowledge and belief,” and carried the name of REALTOR® A as the broker.

Buyer B received the prospectus, inspected the property, discussed the operating figures in the prospectus and other features with REALTOR® A, and signed a contract.

Six months after taking possession, Buyer B ran across some old records that showed discrepancies when compared with the figures in REALTOR® A’s prospectus. Buyer B had not had as profitable an operating experience as had been indicated for the previous owner in the prospectus, and the difference could be substantially accounted for by these figures. He filed a charge of misrepresentation against REALTOR® A with REALTOR® A’s Board.

At the hearing, REALTOR® A took responsibility for the prospectus, acknowledging that he had worked with the former owner in its preparation. The former owner had built the motel and operated it for five years. REALTOR® A explained that he had advised him that \$10,000 in annual advertising expenses during these years could reasonably be considered promotional expenses in establishing the business, and need not be shown as annually recurring items. Maid service, he also advised, need not be an expense item for a subsequent owner if the owner and his family did the work themselves. REALTOR® A cited his disclaimer of a guarantee of accuracy. Buyer B testified that he had found maid service a necessity to maintain the motel, and it was apparent that the advertising was essential to successful operation. He protested that the margin of net income alleged in the prospectus could not be attained as he had been led to believe by REALTOR® A.

The Hearing Panel concluded that REALTOR® A had engaged in misrepresentation in omitting from the prospectus information which he reasonably should have known to be relevant and significant and that the disclaimer did not, in any respect, avoid his obligation of full disclosure.

REALTOR® A was found in violation of Article 2.

Garrett County Board of REALTORS®

GCBR News Briefs – September 1, 2010

Membership Update

New REALTOR® Members:

New Affiliate Members:

Drops:

Transfers:

Office Changes:

Government Affairs Report, Paul Durham G.A.D.

Real Estate Commission Considers Licensing for Property Managers:

Mark Feinroth, MAR's Director of Legal and Regulatory Affairs, reported in the August/September issue of REALTOR magazine that the Maryland Real Estate Commission is considering whether property managers must be licensed real estate agents to perform functions such as showing rental properties, collecting rents and negotiating leases. MREC Counsel had advised the Commission that there are two provisions of the Maryland Real Estate Brokerage Act that appear to answer the question differently. The Commission appears interested in addressing the ambiguity.

Under a Maryland Attorney General's interpretation of existing law, a real estate license is not required for property managers. In 1994 the Attorney General declined to overrule the previous opinion.

The Commission will reconsider the matter in the coming months and MAR will watch this issue closely. The Commission could recommend legislation to require a real estate license for activities performed by a property manager that are traditionally within the scope of real estate brokerage.

For additional information, please contact Mark Feinroth at mark.feinroth@mdrealtor.org.

DNR to Move Forward With PWC Regulation Changes:

Lake Manager Carolyn Mathews reports that the Department of Natural resources will proceed forward with the previously proposed changes in the PWC docking regulations, with one major change. The proposal will not require the \$100 permit fee for PWCs as was originally proposed.

A summary of the original proposal may be viewed online at

<http://dnr.maryland.gov/publiclands/western/deepcreeknrma.asp>

or in the Maryland Register at



<http://www.dsd.state.md.us/MDRegister/mdregister.aspx>

Negative News Coverage on Lake Water Quality:

Many members have experienced buyer reactions to the recent negative press dealing with lake water quality. A news article in the Baltimore Sun put a sensational spin on the opinions of various local individuals about the overall health of the lake and its attraction to homeowners and visitors.

The DNR has confirmed at two public meetings that there is no cause for alarm and that the lake is fairly healthy. At a public forum on August 7 DNR Secretary John Griffin stated that the lake is "generally OK". On August 21 John Wilson, a member of DNR's leadership in Annapolis, confirmed that same assessment. Despite local reports to the contrary, Wilson also confirmed that the State has not issued any warnings to avoid swimming in the lake or eating fish caught in it. Instead, the report that he provided to the POA on August 21 indicated that water quality conditions on the lake are typical of a "mesotrophic" lake. The warm weather this summer has created stress conditions in many lakes throughout the region, and that these conditions are not necessarily the result of land use or other activities in the watershed.

DNR and MDE will step up their monitoring of lake water quality in an effort to gain a better understanding of the dynamics of the lake and to respond to questions dealing with potential dredging, submerged vegetation, and the impact of agriculture and land use in the watershed. Their increased attention to lake water quality is a positive thing for the long term stability and continued appeal of the lake.

Have you read our Voter Guide?

Our fall election voter guide was recently distributed to all members via our e-list email server. Thanks to the efforts of our members, the information in the guide has been distributed widely and we are receiving very positive feedback from various interests in the county about the information in the guide.

We achieved a 100% response rate from candidates and their responses are posted in the voter guide for your consideration before voting.

Are you registered to vote?:

New to the area? Just haven't gotten around to it?

Registering to vote is quick and easy in Maryland. Complete directions can be found online at...

http://www.elections.state.md.us/voter_registration/index.html

Updates from MAR/NAR:

FHA Condominium Loan Approval Process

If you represent a buyer or seller of a condo unit, here is important information about FHA loans. The development must be on a list of approved projects, for which there are strict guidelines.

[READ MORE HERE...](#)

Deposit Refunds-- Rescission of Condo or HOA Contract

Kathie Connelly, The Maryland Real Estate Commission Executive Director, announced that brokers may immediately return earnest money deposits when a contract is terminated due to a buyer's right to inspect home owners association or condominium documents.

[READ MORE HERE...](#)

2010-11 Dues

The 2010-11 Annual Dues notices will go out to brokers and members the first part of October and are due November 1, 2010 in the amount of \$609.00 (same total amount due as last year).

NAR Dues \$115.00 – MAR Dues \$147.00 – GCBR Dues \$347.00 (includes \$49 non-optional ZipForm Subscription) = Total \$609.00

2010 Continuing Education Schedule

Wednesday, Sept. 15, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)
Wednesday, Sept. 29, 2010 9:00 – 12:00 “MD Ethics/Predatory Lending” (D)
(The MD Ethics course has also been approved by the GCBR Board of Directors to satisfy the NAR Quadrennial retraining every member must complete every four years to retain membership. Completion of this course satisfies two requirements for GCBR members. Current NAR Cycle 3 is 1/1/09 – 12/31/12).

Wednesday, Oct. 13, 2010 9:00 – 12:00 “MD Legal Update” (A)
Wednesday, Oct. 27, 2010 9:00 – 12:00 “MD Legal Update” (A)

Cost: 1.5 hours \$10.00 (Realtor®) \$20.00 (non-Realtor®)
3.0 hours \$20.00 (Realtor®) \$30.00 (non-Realtor®)

Effective November 1, 2010 CE course prices will be as follows:

Cost: 1.5 hours \$20.00 (Realtor®) \$30.00 (non-Realtor®)
3.0 hours \$30.00 (Realtor®) \$40.00 (non-Realtor®)

Wednesday, Nov. 10, 2010 10:00 – 11:30 “Risk Management” (F)

Wednesday, Dec. 8, 2010 9:00 – 12:00 “Real Estate Agency in MD” (A)

Registration flyers will be faxed or emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

Note: There is a \$5.00 charge for any continuing education certificates that have to be reissued.

MD Real Estate License Renewal Requirements

Required Topics for ALL Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours
3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

Maryland Association of REALTORS®

Hands-Free Cell Phone Device Required

Effective October 1, 2010, Maryland joins states that prohibit the use of handheld phones by drivers while operating a motor vehicle. The law prohibits a driver over the age of 18 from using a handheld telephone while driving a motor vehicle in motion. (MD Realtor® Magazine August/September 2010)

Free, authoritative legal advice is available by calling the MAR Legal Hotline at 1-800-888-1272. Questions on all aspects of real estate law are answered. Sales agents may call the Hotline up to four times per year; designated REALTORS® have unlimited calls.

A written response is sent to all callers and their brokers or managers. Hours of operation: M-W-F 10am - Noon and 2pm - 4pm. Members may also ask legal questions using the online form, available at the Legal Hotline tab on www.mdrealtor.org Simply fill out the form and click “Submit.” An attorney from the MAR Legal Department will respond, either by reply email or by phone, within 48 hours.

National Association of REALTORS®

Trademark/Logo Use on the Internet

When surfing the Web for real estate homepages, it's quite common to come across sites belonging to REALTORS®. If you are looking to add your own electronic presence on the Internet, it is easy to get caught up in designing your own web page and choosing a

domain name which will capture the attention of surfers and make you easily identifiable.

Whether it is the domain name of your home page or other domain names you use to point to your home page, REALTORS® often want to use the REALTOR® marks as part of a domain name or address to distinguish themselves, but they must keep in mind that there are rules governing proper use of the REALTOR® marks that must be adhered to at all times regardless of the media used. These rules are found in the National Association's Membership Marks Manual, a reference manual available on-line at REALTOR.org, explaining proper use of the REALTOR® marks including examples of correct and incorrect uses. Here is a brief list of the principal rules affecting use of the REALTOR® marks in domain names:

1. The term REALTOR®, whether used as part of a domain name or in some other fashion must refer to a member or a member's firm.
2. The term REALTOR® may not be used with descriptive words or phrases. For example, Number1realtor.com, numberone-realtor.com, chicagorealtors.org or realtorproperties.com are all incorrect.
3. The term REALTOR® should never be used to denote an occupation or business. Do not combine words like “your,” “my,” “our” or any descriptive words or phrases between your name and the membership mark. JaneDoeMyRealtor.com and YourChicagoRealtorJohnDoe.com are all examples of improper use.
4. For use as a domain name or e-mail address on the Internet the term REALTOR® does not need to be separated from the member's name or firm name with punctuation. For example, both johndoe-realtor.com and johndoerealtor.com would be correct uses of the term as a part of domain names and jdoe*realtors@webnetservices.com and jdoerealtors@webnetservices.com are both correct uses of the term as part of an e-mail address.
5. The REALTOR® block R logo should not be used as hypertext links at a web site as such uses can suggest an endorsement or recommendation of the linked site by your Association. The only exception would be to establish a link to the National Association's web site, REALTOR.org, or its official property listing site, REALTOR.com.

The public has adopted the use of all lower case letters when writing domain names, even those containing trademarks. Therefore, for purposes of domain names and internet addresses only, there is an exception to the rule on capitalization of the term REALTOR® and it may appear in lower case letters.

Whether you use traditional print media or the Internet, it is essential to use the REALTOR® marks in accordance with the rules and guidelines of the National Association. The REALTOR® marks should only be used to denote membership in the NATIONAL ASSOCIATION OF REALTORS®.



Case Studies Interpretation of the Code of Ethics

CASE STUDIES ARE PULLED FROM "INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL" OF THE NATIONAL ASSOCIATION OF REALTORS®

Case #2-19: Deceptive Information in MLS Compilations (Adopted May, 2004.)

REALTOR® R searched the MLS compilation of current listings on behalf of his client, Dr. Z, who had recently completed his residency and was returning home to take a position on the staff of the community hospital. REALTOR® R's search returned several listings that satisfied Dr. Z's requirements, including a two-story residence listed with REALTOR® B that showed, in the "Remarks" section of the property data form "Pay your mortgage with rent from the apartment upstairs."

REALTOR® R attached the listings he'd identified to an e-mail message that he sent to Dr. Z. A day later, REALTOR® R received a call from Dr. Z who told him there was something about REALTOR® B's listing that struck him as odd. "That house is in the neighborhood I grew up in," said Dr. Z, "I also remember our neighbors having a problem with the Building Department when they added a kitchen on the second floor so their grandmother could have her own apartment."

REALTOR® R assured Dr. Z that he would make the necessary inquiries and get back to him promptly. His call to the Building Department confirmed Dr. Z's suspicion that the home was zoned single family.

Feeling embarrassed and misled by REALTOR® B's apparent misrepresentation, REALTOR® R filed a complaint with the local association of REALTORS® alleging misrepresentation on the part of REALTOR® B for publishing inaccurate information in the MLS.

At the hearing convened to consider REALTOR® R's complaint, REALTOR® B acknowledged the seller had told him that the conversion had been made to code but

without the necessary permits, and the apartment had never been rented. “I assumed the new owners could get a variance from the Building Department,” he said.

The Hearing Panel did not agree with REALTOR® B’s defense or rationale and concluded that showing a single family home as having income-potential from an upstairs apartment which had never been rented was a misrepresentation that violated Article 2.

A little thought...

How to write an effective e-mail - use the Cardinal Rule - always assume the e-mail is public!

Garrett County Board of REALTORS®

GCBR News Briefs – October 1, 2010

Membership Update

New REALTOR® Members:

New Affiliate Members:

Drops:

Susan McGreal – Railey Realty

Transfers:

Matthew Skillman to Long & Foster Real Estate Inc.

Office Changes:

Gary E. Sabo Jr., Attorney-at-Law
24449 Garrett Highway, Unit 4
McHenry, MD 21541
O: 301-387-7380, F: 301-387-7381, C:240-321-4707
Email: gesabo@gmail.com

Handheld Telephone Ban for Drivers October 1

Starting October 1, 2010, a driver of a motor vehicle in Maryland is subject to a \$40 fine when talking on a handheld telephone. For a second or subsequent offense, the fine is \$100. The violation applies only to drivers of a vehicle in motion and is a secondary offense which requires a state trooper or police officer to stop the driver for another offense such as reckless driving or an unsafe lane change. Drivers are permitted to initiate or terminate a phone call while the car they are driving is in motion. A driver may also use a handheld telephone in an emergency when calling 911, a fire department, an ambulance service or a law enforcement agency.

Government Affairs Report, Paul Durham G.A.D.

Real Estate Legislation

Taking Effect October 1, 2010

HB 6 – Property Tax – Notice – 60 Day Appeal
STATUS: PASSED – Effective October 1, 2010



Requires all residential contracts of sale to contain a notice informing the buyer of his/her right to challenge the tax assessment of the property within 60 days of purchase. The contract must contain a statement in substantially the same form as the following: "If any real property is transferred after January 1 and before the beginning of the next taxable year to a new owner, the new owner may submit a written appeal as to a value or classification on or before 60 days after the date of the transfer."

HB 406 – Real Estate Licensees – Services Provided through Teams

STATUS: PASSED – Effective October 1, 2010

Regulates real estate teams and groups. It defines a real estate team as two or more associate brokers or licensed salespersons who work together on a regular basis to provide real estate brokerage services; who represent themselves to the public as being party of one entity; and who designate themselves a collective name such as a team or group. Each team must designate a team leader who has at least three years experience as a licensee. The team leader is responsible for supervising other team members and ensuring that the team adheres to all office rules, practices, and procedures established by the broker and or branch office manager. Advertisements for the team must include the name of the brokerage, the name of at least one licensed team member, and a telephone number of the broker or branch office manager.

HB 484/SB 1083 – Semiannual Payment Schedule – Small Business Property

STATUS: PASSED – Effective October 1, 2010 for tax years beginning after June 30, 2011.

Requires local governments to provide a semiannual payment schedule for small business property. Currently, local governments only provide the semiannual payment schedule for residential property. A small business property is defined as a property assigned a commercial use code by the State Department of Assessments and Taxation and for which the annual property taxes do not exceed \$50,000.

HB 620/HB 597 – Condo and HOAs – Common Elements and Implied Warranties

STATUS: PASSED – Effective October 1, 2010

Requires certain structural elements of a building to be considered common elements in residential condominiums, and extends the warranty on common elements. The bill would require residential condominium bylaws to designate certain structural elements as common elements, such as floors, roofs, foundations, etc. MAR proposed an amendment to the bill to clarify that such a limitation should not apply to commercial or mixed-used developments which need additional flexibility regarding the designation of common elements. However, the bill only exempted solely commercial condominiums from the requirements rather than mixed-used condominiums as well. Finally, the bill extended the initial warranties on common elements to the longer of three years or two years after an independent Council of Unit Owners is established.

HB 1163 – Economic Development – Enterprise Zones

STATUS: PASSED – Effective October 1, 2010

Clarifies that a county may have no more than two enterprise zones designated in a calendar year. Prior to passage of this bill, a county could have no more than one enterprise zone designated in a year.

HB 1182 – Business Improvement Districts

STATUS: PASSED – Effective October 1, 2010

Authorizes local government to establish Business Improvement Districts (BIDs). The bill allows the local government to approve such a district only if at least 80% of its businesses sign off and approve the creation of the BID. The BID can impose taxes on the companies located in the BID to fund its operations.

HB 1254/SB 943 – Mortgage Brokers - Charges

STATUS: PASSED – Effective October 1, 2010

Clarifies that mortgage brokers may collect the actual cost of goods or services that are required to complete a loan application. Previously, the law specified only that mortgage brokers could

collect the actual costs of appraisals or credit reports. The Commissioner of Financial Regulation must set by regulation the goods and services for which mortgage brokers can be compensated.

HB 1382/SB 554 – Rental Housing – Lease Termination for Domestic Violence Victims
STATUS: PASSED – Effective October 1, 2010

Allows a victim of domestic violence or sexual assault to terminate a lease if granted a final protective or peace order by a court. As introduced the legislation would have created a new protected class for domestic abuse and sexual assault victims for all housing. However, this provision was eliminated from the legislation.

Updates from NAR:

Flood Insurance

On Wednesday, September 22, the Senate passed S. 3814, the National Flood Insurance Program (NFIP) Re-extension Act by unanimous consent. This bill will extend the NFIP for one year, until September 30, 2011. The House passed the bill on September 23 by a voice vote. The bill will now go to the President for his signature into law. To see the most recent updates on the NFIP issue, including testimony and press releases, please visit the Government Affairs page on REALTOR.org: http://www.realtor.org/government_affairs.

If you have questions about NFIP, please contact Austin Perez at aperez@realtors.org.

FHA and GSE Loan Limits

The future of the higher loan limits remains uncertain as the House and Senate meet to consider a Continuing Resolution on a number of unfinished items. There will be a market interruption if the higher loan limits are allowed to expire and return to their original levels. NAR is monitoring this closely and has been in active contact with leaders in both the House and Senate to express serious concern over the matter. Stay tuned and we will keep you posted.

If you have questions about the loan limit situation, please contact Megan Booth at mbooth@realtors.org.

Bringing in the Big Guns

A number of NAR Federal Political Coordinators were in Washington DC in September to meet with targeted Senators about the two above items. Those visits were the subject of President Vicki Cox Golder's podcast last week. They were also the subject of Vice President and Liaison to Committees, Brooke Hunt's blog. FPCs helped get the job done last week – S. 3814 was a direct result of those visits last week. If you think your voice isn't heard, think again – FPCs are directly making a difference when it matters most!

To listen to President Vicki's podcast, and to read Brooke's blog, visit REALTOR.org:

http://www.realtor.org/about_nar/presidents_report/podcast_archive/coxgolder_capitol_20100921

2010-11 Dues

The 2010-11 Annual Dues are due and payable November 1, 2010 in the amount of \$609.00 (same total amount due as last year).

NAR Dues \$115.00 – MAR Dues \$147.00 – GCBR Dues \$347.00 (includes \$49 non-optional ZipForm Subscription) = Total \$609.00

If you wish to pay your dues online via credit card, you may do so beginning October 30th by logging into the NAR website at www.realtor.org click on Pay Dues from the main screen.

2010 Continuing Education Schedule

Wednesday, Oct. 13, 2010 9:00 – 12:00 “MD Legal Update” (A)(11 seats open)
Wednesday, Oct. 27, 2010 9:00 – 12:00 “MD Legal Update” (A)(15 seats open)

Cost: 1.5 hours \$10.00 (Realtor®) \$20.00 (non-Realtor®)
 3.0 hours \$20.00 (Realtor®) \$30.00 (non-Realtor®)

Effective November 1, 2010 CE course prices will be as follows:

Cost: 1.5 hours \$20.00 (Realtor®) \$30.00 (non-Realtor®)
 3.0 hours \$30.00 (Realtor®) \$40.00 (non-Realtor®)

Wednesday, Nov. 10, 2010 10:00 – 11:30 “Risk Management” (F)(10 seats open)
Wednesday, Dec. 8, 2010 9:00 – 12:00 “Real Estate Agency in MD”(A) (18 seats open)

Registration flyers will be faxed or emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

Note: There is a \$5.00 charge for any continuing education certificates that have to be reissued.

MD Real Estate License Renewal Requirements

Required Topics for ALL Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours
3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

Maryland Association of REALTORS®

New and Revised Forms from MAR

2010 Statewide Forms Review & Practice Tips

As you know, each year the Statewide Forms Committee conducts a review to determine whether the forms available from MAR continue to meet the needs of our members and are in compliance with recently enacted state or federal law. Here are the new forms and changes to existing forms, as approved by the Committee. If you have any questions or would like additional information, please call the MAR Legal Department at 800-638-6425.

Revised Forms

MAR Residential Contract of Sale

Paragraph 7(b) - Payment Terms – The second line in Paragraph 7(b) “Additional Deposit” was deleted. In its place, blank lines were inserted.

Practice Tip – This change allows flexibility in determining how any additional deposit will be handled. For example, the parties may negotiate that the additional deposit is due within a certain time after the occurrence of a specific event like receipt of third party approval.

Paragraph 16 - Lead-based Paint – Paragraph A (discussing the federal disclosure) and Paragraph B (discussing the Maryland Lead Poisoning Prevention Program) were condensed to about half of a page. Buyer simply initials that she has read and understands both Paragraphs. See below for additional clarification.

Practice Tip – In assisting the buyer with drafting the offer, the buyer's agent should explain to the buyer the seller's disclosure obligations with respect to the federal lead-based paint disclosure law. The buyer's agent should also explain to the buyer the registration requirements under the Maryland Lead Poisoning Prevention Program.

Paragraph 51 - Property Tax Notice - 60 Day Appeal – Paragraph 51 is required as of 10/1 under Chapter 380, Acts of 2010. The new language reads as follows: *If any real property is transferred after January 1 and before the beginning of the next taxable year to a new owner, the new owner may submit a written appeal as to a value or classification on or before 60 days after the date of the transfer.*

Federal Lead-Based Paint Disclosure – The revised federal lead-based paint disclosure requires the seller to initial either that the property was constructed prior to 1978 or that the seller does not know when the property was constructed.

Practice Tip – At the time the listing is taken, the listing agent should explain the seller's obligations with respect to the Federal Lead-Based Paint Disclosure requirements. If applicable, the seller is to complete the disclosure and acknowledge that the seller understands her obligations under the law. The listing agent should then provide the completed disclosure to prospective buyers before they submit their offer.

“As Is” Addendum – The revised Addendum includes language that requires the Seller to have utilities in service at the time of any inspections.

Practice Tip – Before the seller accepts an offer contingent upon an inspection or if the seller is contemplating accepting an offer that includes the MAR As Is Addendum, for example, the listing agent should explain to the seller that both addenda require that the seller have the utilities in service at the time of the inspection.

Property Inspections Addendum – The revised Addendum includes language that requires the Seller to have utilities in service at the time of inspections.

Short Sale Addendum – Paragraph 8 d was removed based on changes made to Paragraph 7(b) of the Contract of Sale.

Third Party Approval Addendum – The revised Addendum makes clear that the Third Party Approval Addendum should not be used if the parties are using the MAR Short Sale Addendum.

Practice Tip – If the transaction is a short sale and the parties are using the MAR Short Sale Addendum, the Third Party Approval Addendum should not be used.

New Forms

Maryland Lead-Based Paint Disclosure – There is a new Maryland Lead-Based Paint Disclosure. The same language that was in Paragraph 16B of the MAR Contract is now included in the new disclosure.

Practice Tip – At the time the listing is taken, the listing agent should review the Maryland Lead Poisoning Prevention Program registration requirements with the seller. If applicable, the Maryland disclosure should be completed by the seller so that it can be made available to prospective buyers before they submit their offer.

Unimproved Land Listing Agreement – This listing agreement was modeled after the MAR Exclusive Right to Sell Listing Agreement. Provisions regarding property condition such as the lead-based paint provision were deleted.

Practice Tip – As with the Listing Agreement, each broker needs to fill in many blanks with provisions that reflect individual broker office policies. For antitrust reasons, MAR cannot dictate these policies and each broker must establish them independently. For example, termination and compensation fields must be completed. Brokers from different companies must not discuss these policies, as doing so may lead to antitrust law violations.

HABA Addendum to MAR Contract of Sale – This Addendum states that the parties agree that the transaction was negotiated at arms length. Additionally, the buyer agrees not to sell the property within 90 days of the close of the sale.

Practice Tip – This addendum is for use where the seller's lender has agreed to participate in the Home Affordable Foreclosure Alternatives ("HABA") program. HABA is part of the Home Affordable Modification Program and provides financial incentives to servicers and borrowers who utilize a short sale or deed-in-lieu to avoid foreclosure on an eligible loan under HAMP. Note that lenders may require the parties to use their addenda which would include this language.

HABA Addendum to MAR Listing Agreement – This Addendum is to be used in transactions where the seller's loan servicer has agreed or will agree at any time during the listing period to participate in the HABA program. It permits the seller to cancel the contract if the property transfers to the lender. It also permits the lender to include additional terms and conditions. Of course any new conditions proposed by the bank would have to be agreed to by the parties.

Practice Tip – This addendum is for use where the seller's lender has agreed to participate in the Home Affordable Foreclosure Alternatives ("HABA") program. HABA is part of the Home Affordable Modification Program and provides financial incentives to servicers and borrowers who utilize a short sale or deed-in-lieu to avoid foreclosure on an

eligible loan under HAMP. Note that lenders may require the parties to use their addenda which would include this language.

Technical Changes to Existing Forms

Technical changes (formatting, style, etc.) were made to the following forms:

- Water Quality Addendum**
- Exclusive Buyer Representation Agreement**
- Resale of Condominium Unit Acknowledgement**
- Unilateral Notice of Termination of Contract of Sale/Mutual Release of Deposit Agreement**
- MAR Listing Agreement**
- Maryland Homeowners Association Act Disclosures to Buyer And Transmittal of Documents**

National Association of REALTORS®

Check out the great rates at the **REALTORS® Federal Credit Union** at www.REALTORSFCU.org or call 866-295-6038

REALTORS® FCU was created to help REALTORS® to access competitive loan products and savings rates that are not always available through banks.

Case Studies Interpretation of the Code of Ethics

CASE STUDIES ARE PULLED FROM “INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL” OF THE NATIONAL ASSOCIATION OF REALTORS®

Case #12-16, Copying and Publishing other Brokers’ Advertisements (Adopted April, 1998.)

Wanting to take advantage of the virtual explosion of the World Wide Web, REALTOR® A, who had a respectable level of expertise in computer technology, decided to purchase a Web site design software package and set out to design his own Web site.

Understanding that his site would be greatly enhanced by providing as much information as possible, he decided he would offer two pages of listings; his own and some choice listings; his own and some choice listings of his competitors. Being careful not to present a misleading picture in his advertising, he was very careful to list the company name and phone number of the listing company with each ad of his competitors’ listings.

When REALTOR® B found one of her listings on REALTOR® A’s new Web site, she filed an ethics complaint with the local Association of REALTORS® complaining that REALTOR® A had “blatantly and

without authorization of any kind whatsoever advertised my listing on his Internet Web site and in so doing was clearly in violation of Article 12 of the Code of Ethics as interpreted by Standard of Practice 12-4.”

The matter was placed on the agenda of the Grievance Committee. At their next meeting, the Grievance Committee decided that the alleged conduct, if taken at face value, could possibly violate Article 12 and directed the Association’s Executive Officer to schedule an ethics hearing before a Hearing Panel of the Association’s Professional Standards Committee.

At the hearing, REALTOR® B produced a printed copy of the advertisement of her listing which had been placed on REALTOR® A’s Web site. She produced a copy of her listing agreement and a photograph of the property, which matched the information in the ad. She testified that she had never been contacted by REALTOR® A for permission to advertise her listing.

When REALTOR® A presented his case, he showed the hearing panel several examples of REALTORS® providing such links to sites with ads for other REALTORS®’ listings. He said he saw no fundamental difference between providing such links and actually advertising other listings on his Web site, especially when he was very careful to also give the listing company’s name and phone number. He went on to argue that REALTOR® B’s clients would be hard pressed to understand REALTOR® B’s objection to giving their properties the additional exposure they received on REALTOR® A’s Web site.

Upon the conclusion of all testimony and closing statements, the Hearing Panel met in executive session and decided that while providing a link to listings of other REALTORS® did not violate Article 12, by actually publishing REALTOR® B’s listing on his Web site REALTOR® A was not linking, but instead was advertising (by copying, as opposed to simply providing a link) without authority. In their findings of fact, the Hearing Panel also noted that even if REALTOR® B’s clients might not object to such advertising, the lack of objection could not be assumed and would not relieve REALTOR® A of the obligation to obtain REALTOR® B’s specific authority and consent to advertise her listings.

The Hearing Panel found REALTOR® A in violation of Article 12 of the Code of Ethics.

Garrett County Board of REALTORS®

GCBR News Briefs – November 1, 2010

Membership Update

New REALTOR® Members:

Charlie McLaughlin – Coldwell Banker Deep Creek Realty

New Affiliate Members:

Drops:

Robb Taylor – Taylor Properties

Phil Frantz – Red Rock Enterprises, LLC

Susan Rosko-Thomas – Coldwell Banker

Transfers:

Office Changes:

Government Affairs Report, Paul Durham G.A.D.

New Board of County Commissioners:

With the unfortunate passing of Denny Glotfelty, and the election of three new county commissioners, the Board of REALTORS® has identified a strong need to formally engage the county in a dialogue about issues related to our industry.

More than 60% of county revenues come from real property taxes. A number of land use issues have come up in the past few years that have an impact on the real estate market, home values, and Garrett County's appeal to buyers. Comprehensive planning is becoming more sophisticated and reaching farther into land use and regulation. The real property tax rate was a campaign issue.

Our Board of Directors believes that GCBR is strongly positioned to provide support and expertise to the new Board of Commissioners. We are currently prioritizing issue areas and will be scheduling meetings with the commissioners over the next few months to initiate discussions in these areas. If you have any thoughts or suggestions on areas that affect real estate in the county, please pass those on to one of your Board members.

MAR Task Force Focuses on State Revenue Issues:

Board President Pat Kane, President-Elect Larry Smith, and GAD Paul Durham participated in a conference call hosted by MAR on October 18 to discuss revenue issues that the state will face in the 2011 budget year. The effort is being made in anticipation of substantial revenue shortfalls over the next two fiscal years.



While this may not have dominated the elections in our area, MAR is convinced that state legislators will look for additional sources of revenue to balance several significant shortfalls in the budget – the Transportation Trust Fund, educational costs brought about by the Thornton Law, and shortfalls in the state employee retirement fund. The projected deficit is \$1.5 billion.

Real property tax increases, sales tax on Realtor commissions, and taxes on services and similar sources of income have all raised their head in the past. MAR anticipates that to again occur in 2011 and they are working proactively to develop policy positions and alternatives for the General Assembly.

Garrett County Heritage Plan:

The county is developing (in conjunction with the local municipalities) a new Heritage Area Management Plan. This plan will eventually be incorporated into the county's Comprehensive Plan.

Maryland's Heritage Areas are locally designated and State certified regions where public and private partners make commitments to preserving historical, cultural and natural resources for sustainable economic development through heritage tourism. At the local level, Heritage Areas focus community attention on often under-appreciated aspects of history, living culture, and distinctive natural areas. The Maryland Heritage Areas Authority administers this effort through targeted State financial and technical assistance within a limited number of areas designated as "Certified Heritage Areas."

Becoming a Maryland Certified Heritage Area is a two-stage process. First, communities prepare an application to the MHAA to become a Recognized Heritage Area. Once a Heritage Area has been "Recognized" it becomes eligible for State grant assistance for up to 50% of the cost of preparing a Management Plan setting forth the strategies, projects, programs, actions, and partnerships that will be involved in achieving its goals. Preparation of a management plan approved by the MHAA is a requirement for receiving "Certified" Heritage Area status.

Once a Heritage Area has been "Certified" it becomes eligible for:

- Matching grants of up to 50% to local jurisdictions and non-profit organizations for planning, design, interpretation, and programming.
- Matching grants of up to 50% to the certified heritage area management entity to provide operating assistance for up to the first ten years following certification.
- Matching grants of up to 50% to the certified heritage area management entity and heritage area destination marketing organizations to assist with heritage area-wide marketing activities.
- Broad program support from State government.

To view the proposed Heritage Area Management Plan documents, select the links below:

[OUTLINE OF DOCUMENTS](#)

[VOLUME 1: DEFINING THE HERITAGE AREA](#)

[VOLUME 2: DEVELOPING THE GARRETT COUNTY HERITAGE AREA](#)

[HERITAGE PLAN TECHNICAL APPENDICES](#)

2010-11 Dues

The 2010-11 Annual Dues are due November 1, 2010 in the amount of \$609.00 (same total amount due as last year).

NAR Dues \$115.00 – MAR Dues \$147.00 – GCBR Dues \$347.00 (includes \$49 non-optional ZipForm Subscription) = Total \$609.00

To pay via MasterCard of VISA, go to www.realtor.org login and click on “Pay Dues” and follow instructions.

2010 Continuing Education Schedule

Beginning November 1, 2010, there must be a minimum of 10 students registered for classes to be held.

Wednesday, Nov. 10, 2010 10:00 – 11:30 “Risk Management” (F) FULL

Wednesday, Dec. 8, 2010 9:00 – 12:00 “Real Estate Agency in MD” (A)

Cost: 1.5 hours \$20.00 (Realtor®) \$30.00 (non-Realtor®)
 3.0 hours \$30.00 (Realtor®) \$40.00 (non-Realtor®)

Registration flyers will be faxed or emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

Note: There is a \$5.00 charge for any continuing education certificates that have to be reissued.

MD Real Estate License Renewal Requirements

Required Topics for ALL Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours
3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

Maryland Association of REALTORS®

Have you visited the MAR website lately? Go to www.mdrealtor.org and you login using your last name and your NAR ID number.

National Association of REALTORS®

NARdiGras 2010 – NAR 2010 Conference

The National Association of REALTORS® Conference will be held on November 5 -8, 2010 in New Orleans. More information can be found at www.realtor.org

Case Studies Interpretation of the Code of Ethics

CASE STUDIES ARE PULLED FROM “INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL” OF THE NATIONAL ASSOCIATION OF REALTORS®

Case #13-3: REALTOR®’s Obligation to Recommend Counsel When Needed (Reaffirmed Case #17-3 May, 1988. Transferred to Article 13 November, 1994.)

REALTOR® A was the listing broker for 25 acres of land owned by Client B. Shortly after REALTOR® A’s sign was placed upon the property, Customer C called REALTOR® A and expressed interest in purchasing the property. After inspecting the property, Customer C made a full price offer. Surprised, Client B prepared a counter-offer at a higher price. REALTOR® A realized that he might have a legal claim for commission from Client B, but not wishing to jeopardize their relationship, agreed that he would go back to Customer C and attempt to negotiate a higher price. Upon being informed of the property owner’s change of mind and his requested higher price for the property, Customer C became upset and indicated his intent to consult his attorney to determine if he could force the seller to go through with the sales transaction at the price for which it had been originally offered. At this point REALTOR® A advised Customer C that, in his opinion, litigation would be lengthy and expensive and that in the final analysis the sale could not be enforced. On the basis of REALTOR® A’s advice Customer C agreed to the higher price, and the transaction was consummated. Shortly after, Customer C complained to the Board of REALTORS® that REALTOR® A had provided bad advice to him. The Secretary referred the complaint to the Grievance Committee which determined that a hearing should be held and referred the matter back to the Secretary to arrange such a hearing.

At the hearing, Customer C outlined his complaint to the Hearing Panel of the Professional Standards Committee. He indicated that he had intended to consult his attorney, however, because of the persuasive personality of REALTOR® A and REALTOR® A’s assurance that legal action would be an exercise in futility, he had not done so.

REALTOR® A advised the panel that he had told Customer C that he could consult his attorney, but that, in his opinion, it would be a waste of time. He defended what he had told Customer C stating that it was only his opinion, not intended as a conclusive statement of law, and, in fact, was a correct statement under the law of the state. The panel concluded that REALTOR® A, in pointing out the fact that legal action was likely to be time consuming and expensive, was stating a practical circumstance which Customer C should consider was proper. The panel further concluded that the expression of an opinion as to the probable outcome of the case was not an “unauthorized practice of law” within the meaning of Article 13.

However, the panel noted that a REALTOR® is obligated to “recommend that legal counsel be obtained when the interest of any party to the transaction requires it.”

In this case, REALTOR® A was aware that the interest of Customer C required a legal opinion as to whether Customer C could compel Client B to convey title to the property and did not intend his personal opinion to represent a “statement of law” upon which Customer C could rely. Accordingly, REALTOR®

A was obligated to affirmatively recommend that Customer C consult his attorney to definitively establish the legal rights in question.

Having failed to make such a recommendation, REALTOR® A was violation of Article 13.

Garrett County Board of REALTORS®

GCBR News Briefs – December 1, 2010

Membership Update

New REALTOR® Members:

Shelia Jeffreys, Catherine Teets & Associates
Linda McClean, Coldwell Banker Deep Creek Realty

New Affiliate Members:

Marnie Rohrbaugh, Ari's Pizza & More

Drops:

Dawn Beitzel – Coldwell Banker Deep Creek Realty
Matthew Skillman – Long & Foster Real Estate, Inc.
Arlene Murray – Realty Direct
Scott Johnson – Coldwell Banker Deep Creek Realty
Jennifer Baum – Long & Foster Real Estate, Inc.

Transfers:

Office Changes:

Dropped Office:

Realty Direct

Government Affairs Report, Paul Durham G.A.D.

New Board of County Commissioners to be sworn in on December 14:

The new County Commissioners are tentatively scheduled to be sworn into office on Tuesday, December 14.

It appears that a number of ongoing issues will immediately constitute much of the new commissioners' attention, including budgetary issues, wind turbines and Marcellus Shale gas extraction.

The current commissioners will have one more business meeting on Tuesday, December 7.

Appraisal Advice from Mark Feinroth, MAR's Director of Regulatory Affairs:

Appraisal guidelines imposed by the Federal Reserve, HUD, Freddie Mac and Fannie Mae remain a challenge for REALTORS® working to close contracts. Many experts believe that our national economic recession was caused in part by overly aggressive mortgage lending practices in which appraisers were pressured to inflate property values. Lenders reaped huge profits at the



expense of homeowners who eventually found themselves over leveraged in a down real estate market.

In response to the home mortgage industry's predatory and speculative lending practices, New York Attorney General Andrew Cuomo and U.S. Office of Federal Housing Enterprise Oversight entered into a 2009 consent agreement with Freddie Mac and Fannie Mae to strengthen the independence of appraisers. The agreement required lenders who intended to sell their loans on the secondary market to refrain from influencing an appraiser's opinion of value through coercion, intimidation, bribery, promise of future business or the threat of restricting future appraisal assignments. This "Home Valuation Code of Conduct" (HVCC) required lenders to maintain an arm's length relationship with appraisers and to limit communications once the appraiser was assigned to value a particular property.

While the concept of appraiser independence found broad support among REALTORS® and mortgage lenders, the implementation of the HVCC was handled poorly. Many appraisers incorrectly relied on the HVCC as authority to limit contact with real estate agents, even when the appraiser had limited knowledge or experience in the particular community where an assignment was located.

Consequently, when Congress took up the Wall Street Reform and Consumer Protection legislation earlier this year, the National Association of REALTORS® was able to persuade legislators that the HVCC should be modified. The legislation signed into law (the Dodd-Frank Wall Street Reform Act) requires the Federal Reserve Board to promulgate regulations to improve and replace the HVCC. While much of the HVCC language prohibiting coercion by lenders and other interested third parties carried over to the new regulations, and there is not yet any clear commitment to enforce the rules. Mortgage lenders who ignore the requirements do so at their own peril, as compliance with the new standards is a condition for selling mortgages on the secondary market.

There are significant similarities between the new "interim final regulations" issued by the Fed and the old HVCC. The regulations require the payment of reasonable and customary compensation for appraisal service, and settlement service providers must file complaints when there is reason to believe an appraiser prepared a flawed valuation report or when there might have been an improper attempt to influence an appraiser's opinion of value.

REALTORS® should closely monitor appraisal activity when clients are preparing for settlement and awaiting an appraisal to secure financing. Both the HVCC and the new Fed regulations allow REALTORS® to meet the appraiser at the property, and to make it clear in advance that the appraiser will be expected to produce photo ID as well as a Maryland Appraisal Commission license or certification.

REALTORS® can prepare for the appraisal by researching comparable sales, obtaining copies of pending sales contracts that have not yet closed and, where appropriate, be ready to inform the appraiser if any recent neighborhood sales were either REO properties or short sales. Appraisers are required to make appropriate adjustments when using a distressed sale as a comparable.

Appraisal standards require licensed or certified appraisers to be knowledgeable and qualified to perform appraisals in a given community or neighborhood. Ask the appraiser if he or she has done any recent work valuing properties in the immediate neighborhood. If the appraiser gives you any reason to suspect a lack of familiarity with the neighborhood, ask the appraiser to consider returning the assignment to the lender or appraisal management company that originally forwarded the assignment. Make it clear to the appraiser that you will consider filing a complaint with the Maryland Appraisers Commission if he or she lacks the knowledge required to form a competent opinion of value.

If you have questions about the Federal Reserve Board's interim final regulations or any other appraisal issues, please feel free to contact me at mark.feinroth@mdrealtor.org.

NAR News - Congress Returns for Lame Duck:

Members of the 111th Congress have returned to Washington, DC to complete a variety of unfinished items. Among them, discussion of extending the Bush-era tax cuts, Obama's healthcare package, and fiscal year spending. Also of interest are discussions about the ongoing state of mortgage servicing – handling mortgage loan modifications and foreclosures. We expect this Lame Duck session to last into December and will keep you updated as issues arise.

2010-11 Dues

If you have not paid your dues, effective December 1, 2010 the total amount due is \$643.70 and you are subject to suspension at the discretion of the Board of Directors.

To pay via MasterCard of VISA, go to www.realtor.org login and click on “Pay Dues” and follow instructions.

2010-11 Continuing Education Schedule

Beginning November 1, 2010, there must be a minimum of 10 students registered for classes to be held.

Wed. Dec. 8, 2010 9:00 – 12:00 “Real Estate Agency in MD” (A) **FULL**

Wed. Jan. 12, 2011 10:00 – 11:30 “Fair Housing” (C) **8 seats open**

Wed. Jan. 26, 2011 9:00 – 12:00 “Contracts” (F)

Wed. Feb. 9, 2011 10:00 – 11:30 “Realtor® Guide to Smooth Settlements” (F)

Wed. Feb. 23, 2011 10:00 – 11:30 “Fair Housing” (C)

Wed. Mar. 16, 2011 9:00 – 12:00 “MD Legal Update” (A)

Wed. Mar. 30, 2011 9:00 – 12:00 “Ethics/Predatory Lending” (D)

Cost: 1.5 hours \$20.00 (Realtor®) \$30.00 (non-Realtor®)
3.0 hours \$30.00 (Realtor®) \$40.00 (non-Realtor®)

Registration flyers will be faxed or emailed upon request.

As per the Maryland Real Estate Commission, you must be signed in and prepared when the class begins. If you arrive late or leave early, you will not get credit for the class. The Commission accepts no excuses at all.

Note: There is a \$5.00 charge for any continuing education certificates that have to be reissued.

MD Real Estate License Renewal Requirements

Required Topics for ALL Licensees

1. Topic D – Ethics and Predatory Lending – 3 clock hours
2. Topic A – Federal, state or local legislative issues – 3 clock hours
3. Topic C – Fair Housing Law – 1.5 clock hours

Total Hour Requirements – 15 clock hours

Effective October 1, 2008 requires licensees to retain documents for 5 years.

Maryland Association of REALTORS®

REGISTER FOR FREE WEBINAR -- December 8, 2010 (10AM – 11:30AM) *Lead Generation & Prospecting Strategies* - Speaker: Gee Dunsten

National Association of REALTORS®

Check out YOUR Realtors® Credit Union for: Savings, Checking, Investments, Loans and Credit at www.realtorsfcu.org

FTC Issues Final Rule on Mortgage Assistance Relief Services (MARS)

On November 19, 2010, the Federal Trade Commission (FTC) issued text of the Final Rule on Mortgage Assistance Relief Services (MARS) to be published in the Federal Register at a later date. The Rule: (1) prohibits providers of these services from making false or misleading claims; (2) requires disclosure of certain information about the services; (3) bans advance collection of payments for the services; and (4) prohibits those who may provide substantial assistance or support to providers who are in violation of the Rule. On March 29, 2010, NAR commented on the FTC's proposed MARS rule. NAR asked the FTC to exempt real estate agents and brokers engaged in real estate functions with regard to short sales including the typical advice real estate agents offer clients and former clients.

In the preamble to the Rule, the Commission notes that real estate agents may perform functions such as listing homes for sale, showing homes, and finding desirable homes for consumers when properties are bought or sold through a short sale transaction. The Commission does not consider these services to be MARS and concludes that an exemption for real estate agents is not necessary.

[FTC Mortgage Assistance Relief Services Rule >](#)
[NAR Comment on Proposed Rule >](#)

Contacts: [Charles Dawson](#), 202-383-7522

[Marcia Salkin](#), 202-383-1092

[Kenneth Trepeta](#), 202-383-1294

Case Studies Interpretation of the Code of Ethics

CASE STUDIES ARE PULLED FROM “INTERPRETATIONS OF THE CODE OF ETHICS AND ARBITRATION MANUAL” OF THE NATIONAL ASSOCIATION OF REALTORS®

Case #1-20: REALTORS® Buying and Selling to One Another are Still Considered REALTORS® (Originally Case #7-24. Revised May, 1988. Transferred to Article 1 November, 1994. Cross-reference Case #2-13.)

REALTOR® A owned a home which he listed through his own brokerage firm. The property listing was with the Multiple Listing Service of the Board. REALTOR® B called REALTOR® A and told him of his interest in purchasing the home for himself. REALTOR® A suggested a meeting to discuss the matter. The two agreed upon terms and conditions and the property was sold by REALTOR® A to REALTOR® B.

A few months later, during hard rains, leakage of the roof occurred with resultant water damage to the interior ceilings and side walls. REALTOR® B had a roofing contractor inspect the roof. The roofing contractor advised REALTOR® B that the roof was defective and advised that only a new roof would prevent future water damage.

REALTOR® B then contacted REALTOR® A and requested that he pay for the new roof. REALTOR® A refused, stating that REALTOR® B had had a full opportunity to look at it and inspect it. REALTOR® B had then charged REALTOR® A with violation of Articles 1 and 2 of the Code of Ethics by not having disclosed that the roof had defects known to REALTOR® A prior to the time the purchase agreement was executed.

At the subsequent hearing, REALTOR® B outlined his complaint and told the Hearing Panel that at no time during the inspection of the property, or during the negotiations which followed, did REALTOR® A disclose any defect in the roof. REALTOR® B acknowledged that he had walked around the property and had looked at the roof. He had commented to REALTOR® A that the roof looked reasonably good, and REALTOR® A had made no comment. The roofing contractor REALTOR® B had employed after the leak occurred told him that there was a defect in the way the shingles were laid in the cap of the roof and in the manner in which the metal flashing on the roof had been installed. It was the roofing contractor’s opinion that the home’s former occupant could not have been unaware of the defective roof or the leakage that would occur during hard rains.

REALTOR® A told the panel that he was participating only to prove that he was not subject to the Code of Ethics while acting in principle as compared with his acts as an agent on behalf of others. He pointed out that he owned the property and was a principle, and that REALTOR® B had purchased the property for himself as a principal. The panel concluded that the facts showed clearly that REALTOR® A, the seller, did have knowledge that the roof was defective, and had not disclosed it to REALTOR® B, the buyer. Even though a REALTOR® is the owner of a property, when he undertakes to sell that property he accepts the same obligation to properly represent its condition to members of the public, including REALTOR® who are purchasers in their own name, as he would have if he were acting as the agent of a seller.

The panel concluded that REALTOR® A was in violation of Articles 1 and 2 of the Code.

Wishing each of you a blessed Christmas and a healthy, happy and
prosperous New Year for 2011!

Barb and Sherri