

Garrett County Board of REALTORS®

GCBR News Briefs – January 1, 2012

Membership Update

New REALTOR® Members:

New Affiliate Members:

Drops:

Ridgeview Valley – Affiliate Member

Don Nuce – Coldwell Banker Deep Creek Realty

Transfers:

Changes:

DUES

Effective January 1, 2012, your REALTOR® dues amount is **\$744.87** and must be paid by January 31, 2012. **Effective February 1, 2012 all unpaid REALTORS® will be terminated from membership. If terminated and you want to continue your membership, you will need to pay the total dues amount plus a new member application fee of \$250.**

You can pay via credit card by logging on at www.realtor.org and click on “Pay Dues”

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

Governor Issues Executive Order to Implement PlanMaryland

From an MAR report - Despite opposition to PlanMaryland from a number of interest groups, including REALTORS® and local governments, Governor O'Malley signed an [Executive Order](#) which will implement PlanMaryland.

The Executive Order details how the proposal will be implemented including designating the role of the Smart Growth Subcabinet. Some members of the Maryland General Assembly also remained concerned over a number of provisions included in PlanMaryland, and legislation has been pre-filed that would require a state growth plan to be approved by the General Assembly before it can be implemented.

To see MAR's comment letter outlining concerns over PlanMaryland [click here](#).

County Commissioners Request Legislation:

The County Commissioners met with Delegate Beitzel and Senator Edwards on December 20th and outlined a number of legislative requests for the 2012 session.

We are pleased to report that the commissioners have not included legislation for authority to increase the real property tax rate or the transfer tax. Evidently our work and the communication with the commissioners, and that of a number of our members, had some impact along with the work of other organizations in the county. Kudos all around!

One item of note – the commissioners have requested legislation for authority to increase the hotel/rental/accommodations tax from 5% to a limit of 6%.

Other issues discussed included housekeeping legislation from the Liquor Board and collective bargaining for county road workers. There were also many citizen comments about Marcellus Shale, mostly supportive of CitizenShale's recent proposals. School funding and the plan to close various schools was also a hot topic.

County Issues Building Permit Report:

County staff presented an update to the commissioners in December about building permit data and trends over the past several years.

Highlights:

Total building permits issued is down -42.32% over the five year period

The reduction is about -50% in the lake watershed area

Building permits for modular homes is very much suffering because of the mandatory sprinkler requirements in the Model Performance Code (Garrett County cannot control this - requires state legislation). The county is interested in again pursuing legislation to fix this problem.

Commercial permits saw a bump + in 2010, mostly due to wind turbine permits.

Building Codes Updated –county looking into local changes/standards:

The county will be updating its building codes in early 2012 because of recent changes to the IBC, IRC, and energy codes.

The county will be making a list of “opt out” local standards for the IBC and IRC, but it cannot do so for energy code. Modular homes will still have no relief from the sprinkler/fire suppression code requirement.

The codes are updated every 3 years and the county plans to offer local workshop on any updates.

FEMA Flood Plain Maps Updated:

The federal Emergency Management Agency has updated its flood plain maps. These maps were last updated in 1989 and the new information is pertinent to land/subdivision development, building permits, and road construction and activities.

The new maps are available on the FEMA web site at

<https://msc.fema.gov/webapp/wcs/stores/servlet/FemaWelcomeView?storeId=10001&catalogId=10001&langId=-1>

Copies of the maps can also be viewed at the county's Planning and Land Development office.

FAA reports application for 20 wind turbine project on Winding Ridge

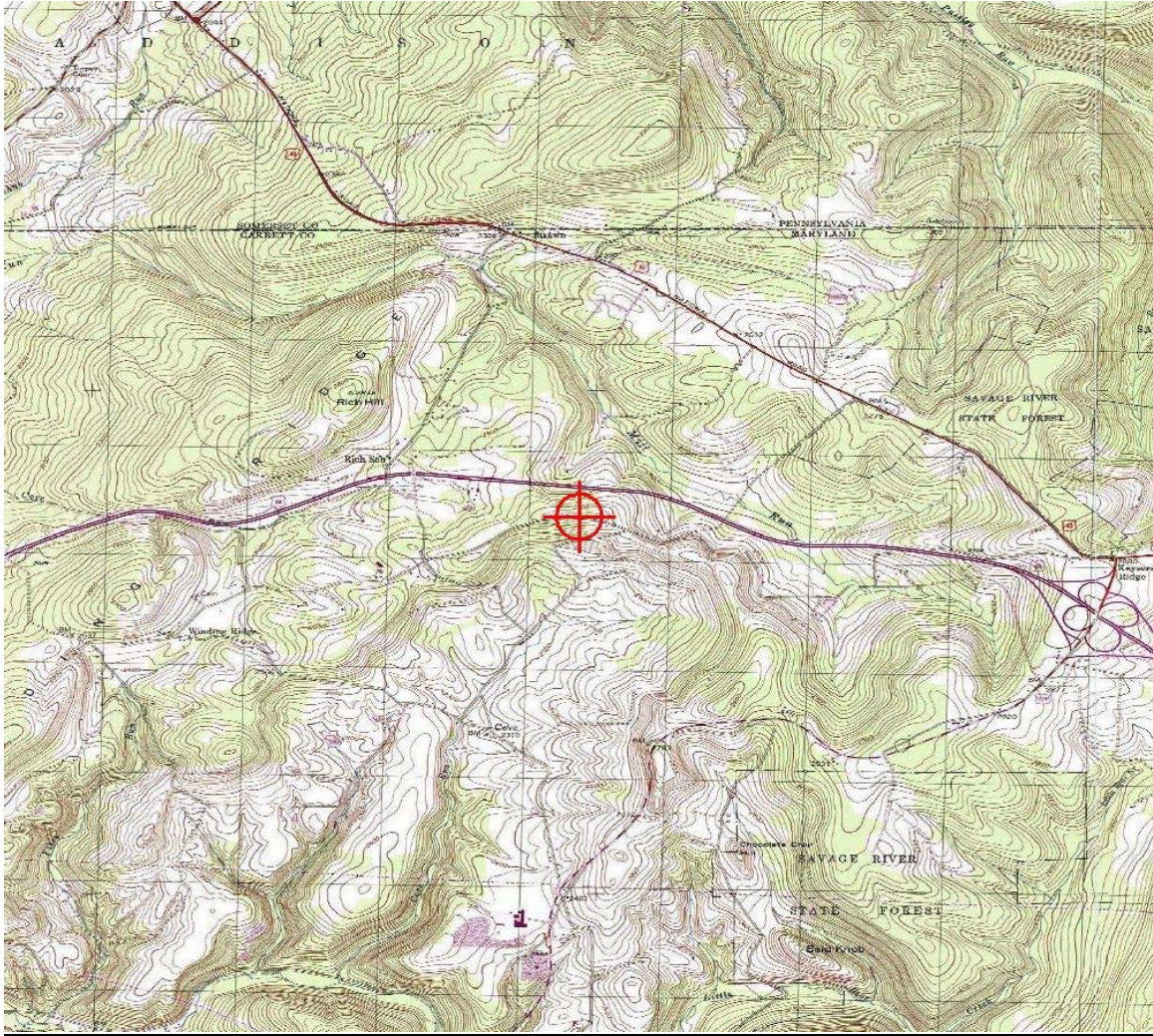
County Planning and Land Development Director John Nelson has announced that a company has applied to the FAA (federal Aviation Administration) for approval to construct 20 wind turbines along Winding Ridge near Friendsville. This is just west of the scenic Cove area in the northwestern part of the county.

The FAA case posting on the internet is preliminary at this time and does not show the name of the applicant. However, in October the county issued a building permit to EDP Resources from New York for the construction of a "met tower", a meteorological tower designed to measure wind speeds, at the same site.

There have been no applications made to the state PSC. The FAA posting is usually a first indicator of interest in planning a wind turbine development. The FAA website has maps that show the proposed locations of the towers...

Commissioner Gregan Crawford has noted the close proximity to various existing homes in the area and suggested initiating a dialogue in the community for county-wide zoning. Commissioner Raley asked the GCBR to help "spread the word" about the application. It has also been noted that a number of people have been contacted already to negotiate a lease site.

Sample FAA image showing location of one of the turbines:



GCBR Proposal for a Shale Gas Lease Registry Included in Gas Commission Report:

After the County Commissioners rejected the idea of a local gas lease registry, our Board of Directors voted to forward the proposal on to the Marcellus Shale Gas Commission for consideration in their deliberations for statewide legislation in 2012. A gas lease registry would allow buyers and sellers of property in Garrett County to quickly and easily determine which properties have gas leases on them.

The most recent report issued by the Commission includes reference to the idea which might be included in a first year "study fee" to be imposed on gas lease holders. Meanwhile, GCBR has been communicating with several gas commission members to solicit support for the registry idea.

We are also poised to work with MAR's legislative Committee to further pursue this matter during the upcoming session.

MAR 2012 Legislative Preview

Property Tax Reform

The [Baltimore Sun](#) and the [Washington Post](#) have both published articles noting disparities in property tax liabilities between nearly identical properties. Much of the disparity results from the Homestead Property Tax Credit which caps the amount of new assessed value subject to property taxes. A prominent member of the House of Delegates tax writing committee has indicated he is studying the property tax system and plans to offer legislation in 2012.

Foreclosures

Earlier this year, Governor O'Malley convened a Foreclosure Task Force. Government, industry and nonprofit representatives participated in the meetings and MAR expects legislative proposals to follow. The most likely reform affecting REALTORS® could be an expansion of the safe harbor for licensed real estate agents who assist clients applying for short sale approvals. It also appears likely that the existing requirement for mediation prior to foreclosure could be expanded to provide for an earlier mediation option.

Sustainable Growth and Septic Systems

Last year, MAR along with other groups vigorously opposed legislation that would have prohibited septic systems in new major subdivisions. That legislation was never voted on, and instead the Governor agreed to form the "The Task Force on Sustainable Growth and Wastewater Disposal." That group met regularly during the summer and fall and finalized its [recommendations](#) in November and December. Among the many recommendations that may result are further restrictions and/or requirements for new and existing septic systems, means-testing for septic grants, and increased fees paid into the Bay Restoration Fund to help pay for wastewater treatment plant upgrades and septic grants. MAR continue to oppose the prohibition of septic systems in new subdivisions because of its harmful impact on growth and housing affordability.

PlanMaryland

While the Task Force on Sustainable Growth will have clear growth impacts, the State of Maryland -- through the Department of Planning -- is pursuing development goals for counties to meet in order to receive state funding. Though PlanMaryland is intended to redirect growth rather than stop growth, MAR is concerned that it will not have that effect. MAR has submitted input advocating that local planning decisions remain with local governments rather than the state. Although many of PlanMaryland's goals do not require legislation to be enacted, several bills addressing PlanMaryland elements will be introduced this winter.

Other Taxes

The State of Maryland will wrestle with a nearly \$1 billion deficit when drafting a new budget this session. While the federal government helped bail out the state in prior years,

that well is now dry. Over the summer, legislators had briefings regarding the expansion of the state sales tax to certain services (real estate was not mentioned) as well as the issue of taxing internet sales. MAR expects a sales tax expansion bill to be introduced in the coming session. It is also clear that the Legislature will consider an increase in the gasoline tax too.

Lead Paint

This summer a great deal of time was spent deciding whether the State of Maryland should place new lead paint requirements on home sellers. One idea discussed included mandatory lead dust tests of all pre-1978 properties.

In addition to the work of this group, the Maryland Court of Appeals overthrew a portion of the current Maryland lead paint program for rental properties. Although the court permitted the registration part of the law to stand, it ruled that the liability cap for property owners violated the Maryland Declaration of Rights. Now property owners and property managers, who have spent hundreds of millions of dollars in the last 15 years to make properties safe, face unlimited liability if a child registers a high blood lead level in their property. MAR and a number of groups will be working with the Legislature this winter to address this unsustainable liability.

Ground Rents

The Court of Appeals poked the General Assembly in the eye again, ruling another one of their legislative enactments unconstitutional. This time the court found that the law abolishing a ground rent that was not registered with the state an unconstitutional taking of property. As a result, there is now no penalty for failing to register a ground rent. The Ground Rent registry was one of the most important provisions of the ground rent reform passed by the General Assembly because it gave everyone involved in real estate sales clear information regarding the ownership status of the property. Proper titling and disclosure require some kind of mandatory registration, and MAR will seeking a solution to this.

Transfer Taxes on Foreclosed Properties

As if real estate owned (REO) property wasn't hard enough to sell, the government sponsored entities (GSEs) have taken the position that as quasi governmental entities they cannot be taxed when selling foreclosed property they own. County governments deal with this problem in different ways. Some counties require the buyer of the GSE property to pay ALL of the transfer tax and recordation fees. Other counties require the buyer to pay only half of those charges and forgive the rest. MAR and the land title industry in Maryland will be seeking legislation to require one rule that buyers only pay half of these taxes rather than picking up the seller's half as well.

[2011 Continuing Education Schedule](#)

Photo ID Required at Sign-In

Required courses will be indicated in red.

There must be a minimum of 10 students registered for classes to be held.

- Wed. Jan. 11, 2012 9:00 – 12:00 “MREC – Agency Residential” (H)
- Wed. Jan. 18, 2012 9:00 – 12:00 “Contracts” (F)
- Wed. Feb. 8, 2012 9:00 – 12:00 “MREC Broker, Branch Office Manager & Team Leader Supervision” any licensee may also take this class for CE credit
- Wed. Feb. 15, 2012 9:00 – 12:00 “MD Legal Update” (A)
- Wed. Feb. 22, 2012 10:00 – 11:30 “Garrett Co. Real Estate – Zoning, Ordinances & Beyond (F)
- Wed. Mar. 14, 2012 10:00 – 11:30 “Fair Housing” (C)
- Wed. Mar. 28, 2012 10:00 – 11:30 “Part 2 Garrett C. Real Estate – Zoning, Ordinances & Beyond” (F)
- Wed. Apr. 11, 2012 9:00 – 12:00 “MD Code of Ethics/Predatory Lending” (D)
- Wed. Apr. 18, 2012 10:00 – 11:30 “Risk Management” (F)

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

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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.

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1. Topic D – Ethics and Predatory Lending – 3 clock hours
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3. Topic C – Fair Housing Law – 1.5 clock hours
4. Topic H – MREC – Agency-Residential – 3 clock hours (once every 4 years)

Brokers, Office Managers, Team Leader, Associate Brokers (if in a supervisory role)

Topic I – MREC Supervision – Brokers, Branch Office Managers, Team Leaders – 3 clock hours
(once every 4 years)

Total Hour Requirements – 15 clock hours

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

Education Providers are now required to enter your completed CE class hours into the Maryland Real Estate Commission database which will now track your completed hours. When you renew your license, the database will search to match completed hours and required topics against your license number and if you have not completed the correct amount of hours, you will not be able to renew your license.

Maryland Association of REALTORS®

AS OF NOVEMBER 30, 2011, MAR will no longer offer the FREE Technology Help Line. We will be exploring other options as a member benefit and will be posting that information in future communications.

MAR Members Can Now Save Up To 30% Shipping with UPS

SIGN UP TODAY AND CUT YOUR ENERGY COSTS ENERGY PLUS or call 877-826-9931 and mention Offer Code “MRL-5604”

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 #1-13: Obligation to Present Subsequent Offers After an Offer to Purchase

Has Been Accepted by the Seller (Adopted November, 1987 as case #7-17. Transferred to Article 1 November, 1994)

REALTOR® A had a 90-day exclusive listing on Seller X’s property. Seller X instructed REALTOR® A to list the property at \$150,000 based upon the sales price of a neighbor’s house, which had sold a month earlier.

REALTOR® A aggressively marketed the property, filing the listing with the Board's MLS, running a series of advertisements in the local newspaper, holding several "Open Houses," and distributing flyers on the property at local supermarkets. REALTOR® A, whose listing contract was nearing expiration, held another "Open House" on the property, which resulted in an offer to purchase from Buyer Y at \$15,000 less than the listed price. REALTOR® A, convinced that this was the best offer Seller X was likely to obtain, persuaded Seller X to accept the offer. Seller X expressed dissatisfaction with REALTOR® A's failure to obtain a full price offer, but signed the purchase agreement nonetheless.

The next day, REALTOR® B, a cooperating broker, delivered to REALTOR® A a full price offer on Seller X's property from Buyer Z. Buyer Z had attended an earlier "Open House" and was very enthusiastic about the home's location, stating that it would be perfect for his mother.

REALTOR® A advised REALTOR® B and Buyer Z that an offer had already been accepted by Seller X and that he, REALTOR® A, would not present Buyer Z's offer. REALTOR® B and Buyer Z then promptly filed a complaint with the Board charging REALTOR® A with a violation of Article 1, as interpreted by Standard of Practice 1-7.

At the hearing, REALTOR® A stated that he felt he was under no obligation to present Buyer Z's offer, since the listing agreement did not specifically provide that subsequent offers would be presented to the seller. Further, REALTOR® A felt that such a practice could only lead to controversy between buyers and sellers, as well as result in breached contracts. "Why get everyone in an uproar," said REALTOR® A, "by presenting offers after one has been accepted? And what would I do if Seller X wanted to back out of the first purchase contract and accept Buyer Z's offer?"

The Hearing Panel found REALTOR® A in violation of Article 1. In their "Finding of Fact and Conclusions," the Hearing Panel cited REALTOR® A's lack of understanding of the requirements of Article 1, as interpreted by Standard of Practice 1-7. The panel noted that state law did not prohibit the presentation of offers after an offer had been accepted by the seller; that the fact that the listing contract was silent on whether subsequent offers would be presented did not relieve REALTOR® A from the obligation to present such offers; that as the agent of the seller, REALTOR® A must always act in the seller's best interest and advise the seller of all offers submitted; and that should the seller wish to consider accepting a subsequent offer, REALTOR® A must advise the seller to seek the advice of legal counsel.

Check us next time on FaceBook!

There are still many members who have not "liked" us on FaceBook and are missing out on informational postings.

**Search for us with Garrett County Board of Realtors(r) and use the link
that shows the GCBR Banner in the photo.
Become a fan!**

Garrett County Board of REALTORS®

GCBR News Briefs – February 1, 2012

Membership Update

New REALTOR® Members:

New Affiliate Members:

John Kealy – Bills Marine Service
20721 Garrett Hwy
Oakland, MD 21550
301-387-5536
john@billsmarineservice.com

Drops:

Jeff Gosnell – Affiliate (Gosnell Construction and Ridgeview Valley)
Mary Ann Anderson – Coldwell Banker Deep Creek Realty

Transfers:

Changes:

TR Janes has retired and **Janes and Kepple** is now the following:

Kepple and Associates, P.A.

Cristine Kepple
5000 Thayer Center
Oakland, MD 21550
Telephone: 301-334-9480
Fax: 301-334-9639
Email: ckepple@keppleandassociates.com

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

The 2012 legislative session is in full swing and GCBR/MAR are closely watching several important real estate related issues.

SB236 – 2011 Septic Bill Becomes Growth Control Bill in 2012

SB236, the “Sustainable Growth and Agricultural Preservation Act of 2012” is an evolution of the septic system control bill that was defeated in last year’s legislative session. This new bill is the result of a task force study that recommended a 4-tier approach to land classification that also provides specific restrictions on what amount of subdivision and septic system development may occur in those tiers.

The impact of this legislation is difficult to assess for rural jurisdictions like Garrett County. Depending on how the county becomes "tiered", we may very well see limitation on most rural subdivisions to 5 lots total and no future opportunity for further subdivision. Suburban jurisdictions receive more favorable treatment because of their lack of agricultural and natural resource areas and a greater availability of growth areas with public sewer and water

Garrett County has expressed concern over the legislation. MAR's legislative committee met on January 30 and is planning a special meeting to explore the bill in depth. STAY TUNED.

From MAR – CALL for ACTION.....

SAVE MD's (Maryland's) MID **(Mortgage Interest Deduction)!**

The Governor's Budget proposal would reduce the itemized deductions paid by certain Maryland taxpayers by 10-20%. Under the proposal, [HB 87/SB 152](#) (page32), the itemized deductions would be reduced by 10% for those individual taxpayers with a Maryland adjusted gross income between \$100-\$200 thousand, and by 20% for those individual taxpayers with an adjusted income of more than \$200 thousand.

Such a tax change has a disproportionate impact on homeowners given that the federal mortgage interest deduction and the deduction for state and local property taxes account for over 60% of all Maryland deductions.



PRESS RELEASE

For more information: 800-638-6425 www.mdrealtor.org

IMMEDIATE RELEASE

Contact: Debbie Hager
Maryland Association of REALTORS®
800-638-6425
debbie.hager@mdrealtor.org

MARYLAND HOMEOWNER'S MORTGAGE INTEREST DEDUCTION IN JEOPARDY

"In his recently introduced budget, Governor Martin O'Malley has proposed to reduce the mortgage interest deduction for many Maryland homeowners," according to Mary C. Antoun, Chief Executive Officer of the Maryland Association of REALTORS®.

"Since 1913, the tax code has protected mortgage interest deductibility. Maryland shouldn't be the first state to scale back the most important tax benefit homeowners receive," stated Antoun. "Everyone is well aware of the burdens Maryland homeowners are facing. Many homeowners have watched the value of their homes decrease. One-fifth of Maryland homeowners are currently underwater, and now homeowners find the one constant reliable tax benefit to owning a home under attack."

If tax deductions are capped, as proposed by the Governor's budget, many Maryland homeowners will lose some of the value of their mortgage interest deduction and the deductibility of state and local property taxes. "These two principal real-estate related deductions accounted for almost 70% of total deductions claimed by Maryland taxpayers in 2008," noted Antoun.

"Maryland homeowners already contribute a substantial

proportion of taxes to local and state coffers,” Antoun added. Maryland is one of the most real estate tax dependent states in the country, ranking 10th among all states. The state has one of the most aggressive real estate tax structures in the country, ranking 11th among all states in terms of total real estate tax burden. And taxes on real estate are the primary source of revenue for Maryland’s local jurisdictions.

“Housing and real estate account for almost one-fifth of Maryland’s gross state product,” said Antoun. “Traditionally, the housing sector leads the economy out of recession and into more robust growth, but that can’t happen if we keep putting hurdles in its way.”

#

The Maryland Association of REALTORS® is the largest Maryland professional trade association serving over 22,000 members and is dedicated to preserving the vitality of the real estate market. REALTORS® is a registered collective membership mark which may only be used by those real estate professionals who subscribe to the REALTORS® organization's strict Code of Ethics, and who are members of the National, State and Local REALTORS® organization.

MAR Talking Points....

Maryland Mortgage Interest Deduction in Jeopardy

- The Budget Reconciliation and Financing Act of 2012 (HB 87/SB 152) would reduce the mortgage interest deduction and the deductibility of state and local property taxes for many Maryland homeowners.
- For almost 100 years, the tax code has protected mortgage interest deductibility.
- Maryland shouldn't scale back the most important tax benefit homeowners receive!
- Under the proposal, if a Maryland taxpayer's federal adjusted gross income exceeds \$100,000, single taxpayer's itemized deductions would decrease by 10% when calculating Maryland taxable income. Taxpayers with adjusted gross income over \$200,000 would see their deductions decrease by 20%.
- The mortgage interest deduction and the deductibility of state and local property taxes account for almost 70% of total deductions claimed by Maryland taxpayers.
- Maryland has one of the most aggressive real estate tax structures in the country, ranking 11th among all states in terms of total real estate tax burden.
- Maryland property owners already pay more than their fair share.
- Maryland homeowners use the MID more than homeowners in any other state.
- Housing and real estate account for over one-fifth of Maryland's gross state product.
- Maryland's economy cannot recover without a recovery in housing.
- Our housing market is fragile. More burdens on real estate and homeowners will prevent delay and restrict the growth we need to restore a robust state economy.

For more information contact Bill Castelli, Mark Feinroth, or Susan Mitchell

County Commissioners Legislative Request – Increase in Hotel Rental Tax:

At the request of the county commissioners, Delegate Beitzel and Senator Edwards have submitted companion bills that would give the commissioners the authority to increase the hotel/rental/accommodations tax from 5% to a limit of 6%.

[SB333](#) and [HB224](#) provide the required authority. Both bills are in committee for review.

Legislation Submitted to Allow Local Jurisdictions to Opt Out of the Sprinkler Requirement for Manufactured Homes:

Senator Edwards has co-sponsored legislation [SB331](#) to allow local jurisdictions to opt out of the sprinkler requirement for manufactured homes. The state's sprinkler requirement has pretty much

shut down the availability of affordable manufactured home in rural areas because of the lack of municipal water service or the cost of a sprinkler system if no municipal water is available.

There was a similar bill put forward last year that did not pass. The fire safety and home builder lobbies are very much in favor of the sprinkler requirement.

MAR Legislative Activity – weekly committee reports available on the internet:

If you are interested in seeing what MAR's legislative Committee is involved in, the answer is just a few mouse clicks away. Two links are available on MAR's web site.

[2012 Weekly Bill review](#)

[Government Affairs News](#)

Past GCBR President Larry Smith now sits on the Legislative Committee. If there is a bill of interest to you that is coming up for review, please feel free to contact Larry or Paul Durham.

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Maryland Association of REALTORS®

ACT NOW—Tell you state elected officials and the Governor: Don't limiting Deductions for Mortgage Interest and Property Taxes! Click here to send them a message [SAVE MD's \(Maryland's\) MID \(Mortgage Interest Deduction\)](#)

Beginning the week of January 23, 2012, the **MAR Legal Hotline will operate on Monday and Wednesday only.** Due to staffing constraints, the Hotline will not operate on Fridays.

[CLICK HERE FOR THE ONLINE LEGAL HOTLINE FORM](#)

National Association of REALTORS®

QUIZ: NATIONAL DO-NOT-CALL REGISTRY

Are you doing everything you can to ensure that you are not violating the National Do-Not-Call Registry rules?

Test your knowledge of the federal guidelines by taking this quiz.

1. What phone numbers are eligible for registration on the Federal Trade Commission's National Do-Not-Call Registry Web site?

- ☐ Consumer home telephone numbers (landline)
- ☐ Consumer cell phone numbers
- ☐ Office numbers
- ☐ A and B

2. The National Do-Not-Call Registry:

- ☐ Only covers intrastate calls
- ☐ Only covers interstate calls
- ☐ Pre-empts less-restrictive state do-not-call rules
- ☐ Includes exemptions for real estate professionals

3. How often is a business required to scrub its no-call list against the National Do-Not-Call Registry?

- ☐ Before every call
- ☐ Once a month (every 31 days)
- ☐ Once a quarter (every 90 days)
- ☐ Twice a year (every 180 days)

4. What kind of call is NOT exempt from the federal no-call rules?

- ☐ Political solicitations
- ☐ Charitable solicitations
- ☐ Surveys
- ☐ Follow-up calls made to open house attendees

5. Which statement below is correct?

- ☐ Broker A can call any expired listing in the MLS for up to 18 months after the listing expires without checking the federal no-call registry.

- ☐ Broker B can call his own expired listings for up to 18 months following the expiration without checking the federal registry.
- ☐ Broker C can call FSBO ads to try to get owners to list with him without checking the federal registry.
- ☐ Broker D can call his own expired listings for up to 24 months following expiration without checking the federal registry.

6. Who cannot bring a lawsuit for violations of the National Do-Not-Call Registry rules?

- ☐ Federal government
- ☐ State government
- ☐ Telephone company
- ☐ Consumers

7. A consumer calls my office with a question about a property. How long can I continue to call the consumer with information about other properties, assuming no transaction occurs between the parties?

- ☐ Never. You can't call about unrelated properties
- ☐ 31 days
- ☐ Three months
- ☐ 18 months

8. A former client calls Broker X and asks the broker to call the former client's best friend, who is looking for a real estate professional. The former client assures Broker X that the friend knows Broker X is calling and expects the call. Why does Broker X still need to check the National Do-Not-Call Registry?

- ☐ Broker X has not obtained written consent from the friend
- ☐ Broker X and the friend do not have an established business relationship and the friend has not made a direct inquiry to Broker X
- ☐ Both A & B
- ☐ None of the Above

9. Salesperson A lists a telephone number on his "For Sale" signs. When the number is called, a recorded message is played that allows the caller to obtain more information about Salesperson A's listings. Salesperson A also has a system that captures the caller's telephone number. Assuming Salesperson A has no prior relationship with the caller, what is the permissible time period for Salesperson A to call the "captured" number with property information?

- ☐ Three months.
- ☐ 18 months

___ Can't return call without first checking the National Do-Not-Call Registry

___ Call capture is not permitted by the National Do-Not-Call Registry

10. Which of the below is NOT part of a company's do-not-call office policy that qualifies the business for the safe harbor provision?

___ Payment procedures for fines resulting from violations of the National Do-Not-Call Registry rules

___ Training requirements for salespeople on proper cold-calling procedure

___ List of telephone numbers that shouldn't be called

___ Process to ensure that the company and federal no-call lists are not transferred or sold to a third party

How did you do on the test?

Answers:

1. **A and B**, The National Do-Not-Call Registry is designed to allow consumers to stop unwanted telemarketing calls to their personal phone numbers, including home phones and cell phones. The Registry does not affect business-to-business calls.
2. **Pre-empts less-restrictive state do-not call rules**, Federal no-call rules cover both interstate and intrastate calls. They also pre-empt all less –restrictive state no-call rules. That means all state no-call laws that have exemptions protecting cold-calling activities of real estate professionals are no longer valid. States that have more restrictive state laws can still enforce the portions of their laws that are more restrictive than the federal law. Examples of more restrictive state laws that are still valid include calling-time restrictions and stricter time periods governing an established business relationship.
3. **Once a month (every 31 days)** Originally, the rules only required a business to check every 90 days in order to qualify for the safe harbor provision, which protects a business against penalty if they inadvertently call someone on the registry. However, new rules which took effect Jan. 1, 2005, now require a business to check its list every 31 days.
4. **Follow-up calls made to open house attendees**, Political and charitable are exempt from the federal no-call rules. Surveys are also exempt, as long as they do not involve a solicitation. Calls made to open house attendees are not exempt, and so the federal rules would apply to a subsequent call made to these individuals.
5. **Broker B can call his own expired listings for up to 18 months following expiration without checking the federal registry**, Broker B had an established business relationship with the seller and so is permitted to call him/her for up to 18 months. Brokers A and C do not have an established business relationship with the seller, so they will need to consult the federal no-call registry prior to making those calls.

6. **Telephone company**, The federal government, state governments, and consumers can all bring actions for rules violations. The federal government can recover up to \$11,000 per violation, while the states and consumers can recover \$500 per call. Consumers must receive two calls from the same company within a 12-month period before they can bring a lawsuit.
7. **Three months**, A business can continue to call for three months following an inquiry, if the consumer did not request to be placed on the company's own do-not call list.
8. **Both A & B**, A and B are both correct. Since no exception applies, Broker X needs to check the federal no-call registry prior to calling the former client's best friend.
9. **Three months**, The caller is making an "inquiry," and so Salesperson A can call for the next three months, unless the caller requests to be placed on Salesperson A's company-specific no-call list.
10. **Payment procedures for fines resulting from violations of the National Do-Not-Call Registry**, B, C and D are three of the five parts of a policy qualifying for the safe harbor provision.

GCBR had provided all brokers with the National Association of REALTORS® Do-Not-Call * Do-Not-Fax * and Do-Not-Email Toolkit Manual. If you have additional questions or concerns about these federal rules, contact your broker or research the issue at the NAR website www.realtor.org

Sign up to access the Federal Trade Commission's Do Not Call Registry and stay in compliance with the law. As of January 1, 2005, telemarketers and sellers (including REALTORS®) are required to search the registry **at least once every 31 days** and drop from their call lists the phone numbers of consumers who have registered.

[Sign up to access the Registry](#)

MRIS

It's no secret that the short sale process can take months to close. From cooperation with buyers, sellers, the primary lien holder and any secondary lien holders, short sales can be a bumpy ride.

To help streamline this process, MRIS has launched the Fannie Mae Short Sale Assistance Desk (SSAD) program. SSAD is designed to resolve issues on Fannie Mae short sales faster than ever before by allowing you to submit [eligible](#) cases directly to Fannie Mae.

The Short Sale Assistance Desk will help you:

- Resolve issues on Fannie Mae short sale properties
- Increase your short sale volume in less time
- Avoid long, frustrating approval delays
- Differentiate your services at listing appointments

To utilize the Short Sale Assistance Desk:

1. Look up the property to make sure it has a **first-lien** loan owned by Fannie Mae
2. Have the homeowner sign a Borrower Authorization Form (BAF)
3. Fill out and submit the online form

Visit Matrix to complete the steps above. Direct access to the Short Sale Assistance Desk is available as an **External Link** on your Matrix homepage. Log in to Matrix at matrix.mris.com and start saving time on your Fannie Mae short sales!

Click [here](#) to view a screenshot of where the link is located on your Matrix homepage.

To learn more about SSAD, visit MRIS.com/SSAD. For questions regarding where to access SSAD, contact the MRIS Support Center at 888-838-8200. For technical assistance, contact SSAD Support via email at SSAD_Support@mredllc.com.

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 #2-4: Obligation to Ascertain Pertinent Facts (Revised Case #9-10 May, 1988. Transferred to Article 2 November, 1994.)

Shortly after REALTOR® A, the listing broker, closed the sale of a home to Buyer B, a complaint was received by the Board charging REALTOR® A with an alleged violation of Article 2 in that he had failed to disclose a substantial fact concerning the property. The charge indicated that the house was not connected to the city sanitary sewage system, but rather had a septic tank.

In a statement to the Board's Grievance Committee, Buyer B stated that the subject was not discussed during his various conversations with REALTOR® A about the house. However, he pointed out that his own independent inquiries had revealed that the street on which the house was located was "sewered" and he naturally assumed the house was connected. He had since determined that every other house on the street for several blocks in both directions was connected. He stated that REALTOR® A, in not having disclosed this exceptional situation, had failed to disclose a pertinent fact.

REALTOR® A's defense in a hearing before a Hearing Panel of the Professional Standards Committee was:

- (1) that he did not know this particular house was not connected with the sewer;
- (2) that in advertising the house, he had not represented it s being connected;
- (3) that at no time, as Buyer B conceded, had he orally stated that the house was connected;
- (4) that it was common knowledge that most, if not all, of the houses in the area were connected to the sewer; and
- (5) that the seller, in response to REALTOR® A's questions at the time the listing was entered into, had stated that the house was connected to the sewer.

The panel determined that the absence of a sewer connection in an area where other houses were connected was a substantial and pertinent fact in the transaction; but that the fact that the house was not connected to the sewer was not possible to determine in the course of a visual inspection and, further, that REALTOR® A had made appropriate inquiries of the seller and was entitled to rely on the representations of the seller. The panel concluded that REALTOR® A was not in violation of Article 2.

Check us next time on FaceBook!

Visit our FaceBook page and "like" us so you don't miss out on informational postings concerning GCBR and related topics.

**Search for us with Garrett County Board of Realtors(r) and use the link that shows the GCBR Banner in the photo.
Become a fan!**

Garrett County Board of REALTORS®

GCBR News Briefs – March 1, 2012

Membership Update

New REALTOR® Members:

New Affiliate Members:

Cliff Frohn – Wells Fargo Home Mortgage

Address: One Home Campus X2401-04V

Des Moines, IA 50328

Telephone: 515-213-6500

Fax: 515-213-6102

Email: MLSmemberships@wellsfargo.com

Drops:

Transfers:

Changes:

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

The 2012 legislative session is in full swing and GCBR / MAR are closely watching several important real estate related issues.

SB236 / HB445 – 2011 Septic Bills Receive Strong Reaction in Legislature.

Last month we reported on [SB236](#), the “Sustainable Growth and Agricultural Preservation Act of 2012” is an evolution of the septic system control bill that was defeated in last year’s legislative session. The companion House bill is [HB445](#).

These bills are the result of a task force study that recommended a 4-tier approach to land classification that also provides specific restrictions on what amount of subdivision and septic system development may occur in those tiers. As written, the new law would severely limit growth and development in Garrett County.

There has been a dramatic response to this bill from MAR, homebuilders, MACO, county governments and other stakeholder groups. MAR has been coordinating its response and anticipates many amendments to the bill before all is said and done.

GCBR following Marcellus Shale Gas bills:

To date, a total of 20 separate bills have been filed dealing with the development of the Marcellus Shale gas field in Maryland. GCBR has been working with MAR to testify for several of the bills

that would improve the ability of REALTORS and buyers to determine which properties have a gas lease.

GCBR's position is neither pro-gas nor anti-gas. We are working hard to make sure that buyers, sellers and our members have access to pertinent leasing information so that questions about leases can be easily answered, and to help buyers access public information that is hard to obtain under the existing land record system.

Attached to this report is a summary of the bills.

MAR Call for ACTION – Save the MID!

If you have not yet done so, it is EXTREMELY IMPORTANT that you respond to MAR's Call for Action to save the full mortgage interest deduction (MID). The affordability of real estate around Dee- Creek Lake depends very much on preserving this important tax deduction.

The Governor's Budget proposal would reduce the itemized deductions paid by certain Maryland taxpayers by 10-20%. Under the proposal, [HB 87/SB 152](#) (page32), the itemized deductions would be reduced by 10% for those individual taxpayers with a Maryland adjusted gross income between \$100-\$200 thousand, and by 20% for those individual taxpayers with an adjusted income of more than \$200 thousand.

Such a tax change has a disproportionate impact on homeowners given that the federal mortgage interest deduction and the deduction for state and local property taxes account for over 60% of all Maryland deductions.

MAR Talking Points....

Maryland Mortgage Interest Deduction in Jeopardy

- The Budget Reconciliation and Financing Act of 2012 (HB 87/SB 152) would reduce the mortgage interest deduction and the deductibility of state and local property taxes for many Maryland homeowners.
- For almost 100 years, the tax code has protected mortgage interest deductibility.
- Maryland shouldn't scale back the most important tax benefit homeowners receive!
- Under the proposal, if a Maryland taxpayer's federal adjusted gross income exceeds \$100,000, single taxpayer's itemized deductions would decrease by 10% when calculating Maryland taxable income. Taxpayers with adjusted gross income over \$200,000 would see their deductions decrease by 20%.
- The mortgage interest deduction and the deductibility of state and local property taxes account for almost 70% of total deductions claimed by Maryland taxpayers.
- Maryland has one of the most aggressive real estate tax structures in the country, ranking 11th among all states in terms of total real estate tax burden.

- Maryland property owners already pay more than their fair share.
- Maryland homeowners use the MID more than homeowners in any other state.
- Housing and real estate account for over one-fifth of Maryland's gross state product.
- Maryland's economy cannot recover without a recovery in housing.
- Our housing market is fragile. More burdens on real estate and homeowners will prevent delay and restrict the growth we need to restore a robust state economy.

For more information contact Bill Castelli, Mark Feinroth, or Susan Mitchell

No "Sales Tax" on Home Sales in Health Reform Bill (from MAR) :

Contrary to reports and newspaper articles circulating widely on the Internet, there is NOT a broad, overreaching "sales tax" or "transfer tax," per se, on the sale of a home included in the recently signed health care reform bill.

The analysis underlying these reports is incomplete and misleading. In actuality, the health bill included a provision that imposes ***a new 3.8 percent Medicare tax for some high-income households that have "net investment income,"*** that may have been realized in the sale of real property in excess of the current capital gains limits/exemption. Any revenue collected by the tax is dedicated to the Medicare hospital insurance program.

In an opinion piece published in the March 28, 2010 edition of the Spokane, Washington newspaper the Spokesman Review, Paul Guppy of the conservative Washington [state] Policy Center said that middle class real estate owners will pay a tax on home sales. His article has gone "viral" with a hand-written notation purporting to quantify a \$7600 "tax" on a \$200,000 home.

In truth, beginning in 2013, the health bill imposes a new 3.8% Medicare tax on "net investment income" earned by taxpayers with Adjusted Gross Income of more than \$200,000 for individuals or more than \$250,000 for married couples. Since capital gains are included in the definition of net investment income, a tax obligation might result from the sale of real property. In the case of the sale of a principal residence, the existing \$250,000/\$500,000 exclusion from capital gains on the sale of a principal residence remains unchanged.

Therefore, even when the AGI limits are met, the new tax would apply only to the gain realized on a home sale in excess of the \$250K/\$500K existing primary home exclusion that pushes the filer's AGI over the \$200K/\$250K adjusted gross income limit. While Mr. Guppy subsequently defended his position, he did not explicitly acknowledge the capital gains exemption for principal residence sales.

**2012 LEGISLATIVE SCHEDULE for Marcellus Shale Gas Related Bills:
FEB 25, 2012**

Date:	Chamber/Bill #	Sponsor	Purpose	Committee
	Companion			
2/15/12	HB402 SB472	Beitzel	Dormant Mineral Rights requirements <i>Reqs for court orders & recording of DMI</i>	Env Matters
2/16/12	HB403 SB471	Beitzel	Oil & Gas Lease recording requirements	Env Matters
2/28/12	SB472 HB402	Edwards	Dormant Mineral Rights requirements <i>Reqs for court orders & recording of DMI</i>	EHEA
2/28/12	SB773 HB732	Edwards	Oil & Gas Lease requirements <i>Reqs for leases & lease recording</i>	Judicial Proceedings
2/29/12	HB732 SB733	Beitzel	Oil & Gas Lease requirements <i>Reqs for leases & lease recording</i>	Env Matters
3/02/12	HB1123 SB636	Mizeur	Presumption of Damage & Liability <i>Establishes guidelines for impact area around drill site where driller is responsible for damage</i>	Env Matters
3/02/12	HB1033 NA	Mizeur	Oil & Gas Leasing Requirements <i>Requires leasing agent to provide notice before presenting landowner with a mineral lease; authorizes MDE to adopt specified regs; establishes specified grounds for denial of gas & oil permit</i>	Env Matters
3/02/12	HB1034 NA	Mizeur	Gas Lease Risk Disclosures <i>Prohibiting an oil/gas lease unless risks are stated conspicuously in the language of the lease; establishing grounds for the denial of a specified oil and gas permit</i>	Env Matters
3/02/12	HB1040 NA	Mizeur	Oil & Gas Leasing Requirements <i>Requires the holder of a gas/oil lease to record the lease; prohibiting the lease holder from recording a memorandum of lease instead</i>	Env Matters
3/02/12	HB1170 NA	Mizeur	Fracking Records Transparency <i>Requires the holder of gas drilling permit to maintain records to be updated weekly and made publicly accessible on the permit holder's website</i>	Env Matters
3/02/12	HB1172 NA	Mizeur	Oil & Gas Lease Registry <i>Requires MDE to maintain a Gas & Oil</i>	Env Matters

Lease Registry; requires a lease holder to register with the MDE; requires \$5 fee for each registered lease

3/02/12	HB1204 SB798	Mizeur	Safe Drilling Study Fee <i>Establishes a fee on leased acres to pay for study; performance bond reqs.</i>	Env Matters
3/06/12	SB636 HB1123	Frosh	Presumption of Damage & Liability <i>Establishes guidelines for impact area around drill site where driller is responsible for damage</i>	EHEA
3/06/12	SB798 HB1204	Frosh	Safe Drilling Study Fee <i>Establishes a fee on leased acres to pay for study; performance bond reqs.</i>	EHEA
3/06/12	SB770 HB744	Edwards	Landman registration <i>Registration requirements for Land agents</i>	EHEA
3/07/12	HB1072 NA	Mizeur	Gas Lease Recording Requirements <i>Increases to 2% the State transfer tax rate that applies to an instrument that conveys title to, or a leasehold interest in, an oil/gas mineral interest</i>	Env Matters
3/07/12	HB907 NA	McIntosh	Severance Tax <i>Establishes a 15% severance tax on gas sold</i>	Ways/Mean
3/14/12	HB744 SB770	Hixson Beitzel	Landman registration <i>Registration requirements for Land agents</i>	Env Matters Econ Matters
3/14/12	SB768 NA	Edwards	Severance Tax <i>Establishes a 2.5% severance tax on gas sold</i>	Budget & Tax
3/14/12	SB471 HB403	Edwards	Oil & Gas Lease recording requirements	Judicial Proceedings

2011 Continuing Education Schedule

Photo ID Required at Sign-In

Required courses will be indicated in red.

There must be a minimum of 10 students registered for classes to be held.

Wed. Mar. 14, 2012 10:00 – 11:30 “Fair Housing” (C) FULL

Wed. Mar. 28, 2012 10:00 – 11:30 “Part 2 Garrett C. Real Estate – Zoning, Ordinances & Beyond” (F)

Wed. Apr. 11, 2012 9:00 – 12:00 “MD Code of Ethics/Predatory Lending” (D)
FULL

Wed. Apr. 18, 2012 10:00 – 11:30 “Risk Management” (F)

Wed. May 9, 2012 9:00 -12:00 “MREC Agency – Residential” (H)

Wed. Jun 20, 2012 10:00 – 11:30 “Fair Housing” (C)

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
4. Topic H – MREC – Agency-Residential – 3 clock hours
5. Topic I - MREC Supervision, Broker, Branch Office Manager & Team Leader – 3 clock hours

Total Hour Requirements – 15 clock hours

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

Education Providers are now required to enter your completed CE class hours into the Maryland Real Estate Commission database which will now track your completed hours. When you renew your license, the database will search to match completed hours and required topics against your license number and if you have not completed the correct amount of hours, you WILL NOT be able to renew your license.

Maryland Association of REALTORS®

FREE WEBINAR THURSDAYS

In March, MAR offers 2 incredible Webinars with nationally recognized speakers. March 1, Pat Hiban, author of *6 Secrets to 7 Figures* [REGISTER HERE](#) and March 8, Tom Ferry, Agent *Survival/Building Your Business Through Lead Generation*," [REGISTER](#)

[HERE](#)

For the complete schedule [CLICK HERE](#)

National Association of REALTORS®

The following is a statement by National Association of Realtors® President Moe Veissi:

“As the leading advocate for housing and homeownership, NAR is strongly opposed to elements of President Obama’s budget proposal that would limit itemized deductions, including the mortgage interest deduction, for thousands of families.

“NAR firmly believes that the mortgage interest deduction is vital to the stability of the American housing market and economy. We urge the president and Congress to do no harm.

“While progress has been made in bringing stability to the housing market, the recovery has been slow. The nation’s homeowners already pay 80 to 90 percent of U.S. federal income taxes. Raising taxes on them, now or in the future, could critically erode home values at all price levels. This would destroy middle-class wealth accumulation and trillions of dollars in home values nationwide.

“The MID must not be targeted for change. Any modifications to the deductibility of mortgage interest will harm housing and homeowners, and until housing markets have stabilized, there cannot be a robust economic recovery. Realtors® are actively engaged to ensure that America’s 75 million home owners will continue to receive this important benefit.

“NAR also strongly opposes eliminating capital gains treatment for any carried interest of a real estate investment partnership. The loss of capital gains treatment for income from a carried interest could disrupt the conventional business model and places an unfair tax burden on general partners – ultimately this would negatively impact commercial real estate investment.”

The National Association of Realtors®, “The Voice for Real Estate,” is America’s largest trade association, representing 1 million members involved in all aspects of the residential and commercial real estate industries.

MRIS

The Keystone Homepage is Changing, Register Today for Your Pre-Launch Training! *You must register for these sessions by clicking on the blue course title.*

Don't miss your opportunity to see the new Keystone Homepage before it launches. MRIS Trainers will be coming to Garrett Community College on Thursday, March 8, 2012 for two (2) presentations on the new changes. With the new Keystone Homepage

With the new Keystone Homepage you will be able to make price adjustments on the fly, pre-schedule changes to your listings, customize the information you want to see for each listing and much more.

The afternoon session will cover the Matrix 201 an advanced session in Matrix to show you how to customize Matrix features to fit your business style.

[KEYSTONE 100: The New Keystone Homepage*](#)

9:00 am – 10:30 am

11:00 am – 12:30 pm

Join us in the afternoon for a special presentation of [MATRIX 201: Customize Matrix to Fit Your Business,](#)
from 1:30 pm – 4:00 pm.

Thursday, March 8, 2012
Garrett Community College
Room 205 of the Continuing Education Building
687 Mosser Road
McHenry, MD 21541

This course is a **DEMONSTRATION ONLY! The new homepage will be displayed onto a screen and students will see all the changes, but there will be no Hands-on classes prior to the product launch.*

[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 #16-20: Continued Contact With Potential Seller Who Enters Into an Exclusive Listing With Another REALTOR® (*Adopted November, 2011*)

At the conclusion of a detailed listing presentation, REALTOR® B asked the sellers whether they had any questions. “No,” said Seller Z. “Your presentation was professional and complete and we very much appreciate your time. We have appointments with two other realty firms and after we talk to them we’ll make our decision.” REALTOR® B thanked the sellers and encouraged them to contact him with any questions they might have. “I really look forward to being your broker,” he added.

Several days later, REALTOR® B noticed that Seller Z’s property had come on the market, listed with REALTOR® A. REALTOR® B and REALTOR® A were friends, but were also quite competitive, both frequently pursuing the same potential seller-clients. “I wonder why Seller Z decided to list with REALTOR® A,” mused REALTOR® B, “it won’t matter if I just call and ask why they decided to list with my friend REALTOR® A instead of me.” REALTOR® B called the sellers and left a message on their answering machine asking for a return call at their convenience.

That evening, Seller Z returned REALTOR® B’s phone call. REALTOR® B started the conversation by thanking Seller Z and his wife for their time. “What I’d like to know is why you chose to give your listing to REALTOR® A instead of me?” he then asked. “Don’t get me wrong, REALTOR® A is a good broker and will do a good job for you. I’m not suggesting you cancel your listing with REALTOR® A but if your listing expires and REALTOR® A hasn’t sold it, I’d be pleased to talk to you about listing with me.” Seller Z did not follow up on REALTOR® B’s offer and the following weekend at REALTOR® A’s open house Seller Z and his wife recounted REALTOR® B’s follow-up phone call. Over the next few days REALTOR® A debated filing an ethics complaint. He weighed his friendship with REALTOR® B against what he saw as his duty to bring potentially unethical conduct to the attention of the association of REALTORS®. Somewhat reluctantly, he filled an ethics complaint alleging a violation of Article 16, as interpreted by Standard of Practice 16-13.

At the hearing, REALTOR® A called Seller Z as a witness. Seller Z faithfully recounted the substance of REALTOR® B’s conversation with Seller Z and his wife, commenting that while REALTOR® B had said he was only trying to understand why he hadn’t been given the listing, it appeared to Seller Z that REALTOR® B wanted Seller Z to cancel his listing with REALTOR® A. Then REALTOR® B testified in his own defense. He acknowledged he had been aware that REALTOR® A had already exclusively listed the property when he contacted Seller Z and asked for a follow-up appointment. He defended his actions stating he was not trying to induce Seller Z to cancel the listing, he was simply trying to find out what he had said – or failed to say – that led Seller Z to list with REALTOR® A instead of with him, and wanted Seller Z and his wife to be fully aware of the services he would provide if their listing with REALTOR® A expired.

The Hearing Panel did not agree with REALTOR® B’s defense, noting that REALTOR® B’s curiosity or desire to enhance his listing presentation skills did not justify continued contact with a potential seller-client after that seller had entered into an exclusive representation agreement with another broker. REALTOR® B was found in violation of Article 16 as interpreted by Standard of Practice 16-13.

Check us next time on Facebook!

Visit our Facebook page and “like” us so you don’t miss out on informational postings concerning GCBR and related topics.

Search for us with Garrett County Board of Realtors(r) and use the link that shows the GCBR Banner in the photo.

Become a fan!

Garrett County Board of REALTORS®

GCBR News Briefs – April 1, 2012

Membership Update

New REALTOR® Members:

New Affiliate Members:

Drops:

Transfers:

Andrew Eiswert to Railey Realty
Email: aeiswert@railey.com

Lisa Gaither to Long and Foster Real Estate, Inc.

Changes:

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

The Maryland legislative session ends on April 9th and many bills that effect our industry and Garrett County are or have been in the mix this year.

How did the MID fare? – DEFEATED thanks to hard work by you and MAR!:

REALTORS and Homeowners Stormed the State House...Literally!

RALLY ALERT - SUCCESS! Hundreds of REALTORS and homeowners weathered a Maryland rainstorm to turn out for the SaveMdMID.org Rally on Lawyers' Mall in Annapolis, immediately in front of the State House. In a sea of umbrellas in a soaking rain, they expressed their opposition to the proposed reduction in Mortgage Interest and property tax deductions in the Budget Bill currently before the General Assembly. Over 15 buses descended upon the mall with advocates expressing concern from as far east as the Eastern Shore and as far west as Cumberland.

Later in the afternoon, MAR Leadership as well as leadership from several local REALTOR Boards/Associations --- Presidents Bonnie Casper, Alease Bowles and David Vane along with MAR President Pat Terrill and Mary Antoun, MAR's CEO -- waited 3 hours , to testify before the Senate Budget & Tax Committee.

Efforts by REALTORS helped defeat the proposed tax on the MID. While Maryland was poised to be the first state in the nation to enact such a measure, thanks to thousands of emails, letters and phone calls by REALTORS and homeowners we were able to defeat the measure.

SB236 / HB445 – Scope of Septic/Subdivision Legislation Scaled Back:

MAR was able to get the effects of SB236 scaled back a bit, with local jurisdictions having a little more control over the new classification system than was previously provided. Even so, this piece of legislation will have a far reaching effect on growth and development in the rural areas of Garrett County, with restrictions on the number of lots that may be subdivided out of a parcel and the number of septic systems that may be received.

The bill is expected to arrive in the House to a friendly reception.

Wind Energy Conversion Systems in Garrett County:

HB747 (Beitzel) and SB767 (Edwards) both provide for specified setbacks for various heights of wind turbines/generators, provides for performance bonding authority of the county, and decommissioning requirements.

Both bills passed in their respective houses!

Flush tax might double, possible stormwater fee coming:

HB446 passed the House. It calls for an increase in the "Flush Tax" from \$30.00 to \$60.00 per year. A hearing has been held on the Senate side in the Education Health and Environmental Affairs committee.

HB987 passed the House; it requires local jurisdictions to adopt laws or ordinances to establish a watershed protection and restoration program with related fees on or before July 1, 2013. A hearing has been held on the Senate side in the Education Health and Environmental Affairs committee.

Sales Tax on Services:

Among other things, HB1051 would provide for a sales tax on property management services. MAR is opposing this aspect of the bill. As of this writing (March 28), the bill was still in committee in the House.

Garrett County – Hotel Rental Tax:

HB224 (Beitzel) has passed in the House and is in committee on the Senate side. The bill provides the authority for the county commissioners to increase the accommodations tax from the current limit of 5% to a maximum of 6%. The bill is cross-filed with SB333 (Edwards) and a hearing is scheduled on April 3.

Garrett County Sanitary District - Imposition of Late Fees:

HB512 unanimously passed in the House. It authorizes the sanitary district in Garrett County to charge a late fee for specified unpaid water and sewer usage charges; authorizes the County Commissioners of Garrett County to require the payment of any applicable late fees in addition to specified other charges before reconnecting water service; and provides that a charge that is in default will accrue interest from the date of default and at a rate set by the County Commissioners. It is in committee on the Senate side.

Marcellus Shale Gas Bills Face Multiple Defeats:

This session saw more than 20 bills submitted that dealt with the anticipated Marcellus Shale gas boom in Maryland. Almost all of the bills died in committee and House leaders plan to direct the

issues to the Marcellus Shale gas commission' work. Recommendations from the commission's work will probably result in refined legislative proposals going in to the 2013 session.

House Environmental Matters (EM) committee members reported that the sheer weight of the bills and the depth of knowledge required to understand the issue contributed to their defeat. They would rather have an analysis made by the gas commission with proposals coming back out of that process.

Two bills supported by MAR and GCBR were defeated. HB403 (Beitzel) and SB471 (Edwards) would have required an intake sheet to accompany any recordation of a gas or oil lease instrument. The requirement was a recommendation from the Office of the Attorney general as a way to address the deficiency of information as to which parcels of land have a gas lease. We are thankful to Delegate Beitzel and Senator Edwards for submitting these bills.

HB1172, which would have created a gas lease registry in state government, was defeated in the House EM committee. MAR and GCBR supported the bill, but it was defeated in committee primarily for the above noted reasons.

Several bills that would provide for revenue for the state seem to be alive. This includes a study fee and severance tax. As of this writing the bills are still in discussion in committee on the Senate side.

Our Board will be evaluating the Marcellus Shale gas issues that arose in the legislature to see what issues we might want to pursue through the Gas Commission.

2011 Continuing Education Schedule

Photo ID Required at Sign-In

Required courses will be indicated in red.

There must be a minimum of 10 students registered for classes to be held.

Wed. Apr. 11, 2012 9:00 – 12:00 “MD Code of Ethics/Predatory Lending” (D)
FULL

Wed. Apr. 18, 2012 10:00 – 11:30 “Risk Management” (F)

Wed. May 9, 2012 9:00 -12:00 “MREC Agency – Residential” (H)

Wed. Jun 20, 2012 10:00 – 11:30 “Fair Housing” (C)

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
4. Topic H – MREC – Agency-Residential – 3 clock hours
5. Topic I - MREC Supervision, Broker, Branch Office Manager & Team Leader – 3 clock hours

Total Hour Requirements – 15 clock hours

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

Education Providers are now required to enter your completed CE class hours into the Maryland Real Estate Commission database which will now track your completed hours. When you renew your license, the database will search to match completed hours and required topics against your license number and if you have not completed the correct amount of hours, you WILL NOT be able to renew your license.

Maryland Association of REALTORS®

FREE WEBINAR THURSDAYS-- For the complete Webinar schedule [CLICK HERE](#)

SOLVING THE MYSTERIES OF THE MAR CONTRACT-- Thursday, April 26, 2012 10AM

This is your chance to hear directly from the MAR Legal Department experts, Chuck Kasky and Colette Massengale about the pitfalls in, and frequent questions arising out of your use of the MAR Contract of Sale. [REGISTER HERE](#)

New FHA annual and upfront mortgage insurance premiums announced effective as early as April 9, 2012. [READ ABOUT THE NEW CHANGES!](#)

COMMERCIAL SYMPOSIUM, Thursday, May 3, 2012 — 9AM to 12:15PM at the Four Points by Sheraton BWI –7032 Elm Road, Baltimore, MD 21240, Cost: \$35
[REGISTRATION AND PROGRAM INFORMATION](#), Open to all practitioners.

MAR Volunteers We Want You!



Committee Year: 2012 – 2013

DEADLINE: Wednesday, May 9, 2012

REMINDER — ALL CURRENT COMMITTEE MEMBERS MUST COMPLETE A FORM.

[EASY ON-LINE SIGN UP FORM](#)

National Association of REALTORS®

NAR will be sponsoring buses to transport Realtors® to attend the “Rally To Protect the American Dream” on May 17, 2012 in Washington, DC. The Rally is to make sure housing is protected for years to come and will be part of the NAR Mid-Year Conference. A bus to transport those wanting to attend from the Western Region will leave from Frederick on this date. Time to be determined and if you are interested in reserving a seat to catch the bus in Frederick, email FCAR Association Executive, Valarie Rivers at valarie@fcar.org

MRIS

On May 16, 2012, MRIS will offer two advanced training courses at the GCBR office. These classes should be posted on the MRIS website by Monday, April 2, 2012. To register go to www.mris.com login, click on MRIS Customers tab to access the Training item, search by association and click on GCBR to register. Only 4 training computers available for each session so get registered a.s.a.p.

MRIS 201 – Topics Covered

Homesdatabase.com	Document Management	MRIS Fax
List Hub	Web Settlement Xpress	Rate Plug
Real Estate Business Intelligence (RBI)	Matrix Foreclosure Tab (Realist)	Matrix Retechnology (Tab)

Matrix 301 – Topics Covered

New listings (DOMP vs DOMM)	Absorption Rate Analysis
Real Estate Business Intelligence (RBI)	Analyzing Foreclosures
Matrix Stats Button	Matrix Statistical Reports
Trend Analysis	

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 #16-19: Continued Contact With Potential Seller Who Enters Into an Exclusive Listing With Another REALTOR® (Adopted November, 2011)

After a decade s-long career as a noted researcher and teacher, Professor Y decided to sell his home near the university campus in anticipation of his retirement to the northwoods. Having lived in the home for over thirty years and realizing that the proceeds from its sale would constitute a significant part of his retirement funds, Professor Y made appointments with several potential listing brokers, including REALTOR® P and REALTOR® Q. During each appointment, Professor Y asked extensive questions hoping to get a clear idea of his property's market value and each broker's proposed marketing strategies.

REALTOR® Q was familiar with Professor Y's home, having grown up on the same block and having gone to elementary and high school with Professor Y's children. Consequently, REALTOR® Q was not surprised when she received a call asking for a meeting to discuss a possible listing of Professor Y's home. The appointment had gone well and REALTOR® Q was confident she would get the listing. To her surprise, just three days later the property came onto the market listed with REALTOR® P. REALTOR® Q was taken aback and spent considerable time pondering what she had done or said – or failed to do or say – that had led Professor Y to choose to list with REALTOR® P. Several times she was tempted to call Professor Y and ask why she hadn't been chosen, but she never made the call.

Several weeks later Professor Y's daughter-in-law hosted a retirement party for Professor Y. Their friend REALTOR® Q was among the invited guests. At the party, Professor Y approached REALTOR® Q and, after exchanging pleasantries, commented, "You're probably wondering why I didn't list my home with you." "The thought crossed my mind," admitted REALTOR® Q, "but you made a good choice with REALTOR® P. I'm certain he'll do a fine job and get a fair price for you." Then, since Professor Y had raised the issue, REALTOR® Q asked, "Why didn't you give me the listing?" Professor Y explained that while he thought highly of REALTOR® Q, he had been very impressed with REALTOR® P's marketing strategies, and his choice was a business decision and not one influenced by friendships. REALTOR® Q accepted Professor Y's explanation and their conversation turned to other topics. A month later, REALTOR® Q was surprised to receive notice from the local association of REALTORS® advising she had been named in an ethics complaint alleging that her conversation with Professor Y, after Professor Y had listed his home with REALTOR® P, had violated Article 16 of the Code of Ethics.

At the hearing, REALTOR® Q had acknowledged she had been surprised – and disappointed – when Professor Y listed his home with REALTOR® P instead of with her. She also acknowledged she discussed Professor Y's choice of listing broker with him at the party. In her defense, she called Professor Y as a witness. Professor Y testified that he had in fact told REALTOR® P, his listing broker, about his conversation with REALTOR® Q, adding that he had no idea that REALTOR® P would file an ethics complaint. He also noted he – and not REALTOR® Q – had raised the subject of why he had chosen to list with REALTOR® P. "REALTOR® Q is a longtime friend of my family and I felt I owed her an explanation about why I listed with REALTOR® P instead of with her."

REALTOR® Q concluded her defense noting that while Standard of Practice 16-13 requires REALTORS® to conduct dealings related to exclusively listed property with the client's agent, there is an exception in cases where dealings are initiated by an exclusively-represented client. She pointed out that her conversation with Professor Y could fairly be characterized as a "dealing" related to Professor Y's exclusively listed home, and that her conversation with Professor Y, since it was initiated by Professor Y, did not violate Article 16 of the Code of Ethics.

The Hearing Panel concurred with REALTOR® Q's defense, and found no violation of Article 16.

Check us next time on Facebook!

Visit our Facebook page and “like” us so you don’t miss out on informational postings concerning GCBR and related topics.

**Search for us with Garrett County Board of Realtors(r) and use the link that shows the GCBR Banner in the photo.
Become a fan!**

Garrett County Board of REALTORS®

GCBR News Briefs – May 1, 2012

Membership Update

New REALTOR® Members:

Gene Helbig – Railey Realty

New Affiliate Members:

Drops:

Transfers:

Changes:

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

Real Property Tax Rate in Garrett County – will it go up?

At the April 17th County Commissioner meeting there was a discussion about the potential for an increase in the real property tax rate in the county. Real property assessments have been going down and the tax rate would need to be increased a bit more than 4% to maintain a constant yield (to \$1.033 from \$0.99 now). In addition, there was discussion about reductions in state funding for education which could add an additional \$0.04 to the rate, bringing it to as high as \$1.073.

We anticipated that property tax rates would increase. However, on April 25th the county commissioner notified the Board of Education that they intend to hold the line on the property tax rate and provide the BOE with a firm funding allocation. We contacted the BOE to determine their response to the issue. The BOE informed us that they will be adjusting their budget accordingly, with savings to come from a number of things including several school closures.

Commissioner Jim Raley will be meeting with our Board on May 2 to discuss this and the overall property tax revenue situation in the county. We note that the shortfall in property tax revenue is mostly tied to an ongoing rollback in assessments. Growth can only occur when that trend is reversed and values and sales of property increase accordingly. In the meantime, we will continue to watch the issue closely for any sign of increases in the tax rate or other things that might negatively effect the recovery of property values.

Foreclosure Sales and Lakefront Buydowns:

Several of our members have encountered an issue where a lakefront property listing involved a prior foreclosure and it was later discovered that the listed property owner did not have title to the adjoining buydown. The property had been foreclosed and the lender did not receive the buydown parcel in the foreclosure process.

DNR is taking the position that only the buydown parcel retains eligibility for a dock permit. Thus the previous owners of the property retain dock permitting status and not the building lot.

There is much being discussed locally with DNR, the assessment office, and others about this issue. Evidently the problem also occurs when property owners change ownership in transactions that do not involve Realtors, such as transferring ownership to an LLC, trust, other family members, etc. The buydown parcel sometimes gets left out of that new transaction.

My recommendation would be to check the current deeds for every listing that involves a buydown to ensure that both the buydown parcel and the contiguous parcel are indeed owned by the same entities and will be conveyed together at closing.

Preliminary feedback from the state's AG office is that they are reluctant to get involved in the issue. Therefore, diligence during the listing process is extremely important.

SB236 / HB445 – Scope of Septic/Subdivision Legislation Scaled Back:

MAR was able to get the effects of SB236 scaled back a bit, with local jurisdictions having a little more control over the new classification system than was previously provided. Even so, this piece of legislation will have a far reaching effect on growth and development in the rural areas of Garrett County, with restrictions on the number of lots that may be subdivided out of a parcel and the number of septic systems that may be received.

MAR reports that the final legislation requires local governments to establish growth tiers detailing where new major subdivisions on septic systems may be located. It grandfathers certain projects that receive preliminary plan approval before 2016 if those projects were started in 2012 or 2013, depending on the local government permitting process. As originally introduced in 2011, this legislation would have prohibited all new subdivisions of 5 or more lots from using septic systems.

Although the legislation this year did not include a complete ban of septic systems for major subdivisions, it initially would have required approval of septic subdivisions by state agencies. The legislation was amended to clarify that local governments retain authority over subdivision approval and the creation of the tier system.

HB402 – intake sheet requirement passes after floor amendment

GCBR requested legislation that would require the clerk's office to only accept an instrument involving a gas or oil lease if it was accompanied by an intake sheet. The problem this is designed to correct is the inability for our members and the public to easily determine what properties have gas and oil leases.

The idea was supported by the county commissioners and Delegate Beitzel and Senator Edwards, both of whom submitted bills to do this. The House bill failed in committee. However, during final floor deliberations Senator Edwards was able to achieve a floor amendment on HB402 which provided for this new requirement. Thanks George!!!

MAR supported us in our effort and provided committee testimony in favor of the bills.

“ A CLERK MAY NOT RECORD AN INSTRUMENT THAT EFFECTS A REAL PROPERTY LEASE DEALING IN NATURAL GAS AND OIL UNLESS THE INSTRUMENT IS ACCOMPANIED BY A COMPLETE INTAKE SHEET. “

Sales Tax on Services:

FAILED: Among other things, HB1051 would have provided for a sales tax on property management services. MAR opposed this aspect of the bill.

Garrett County – Hotel Rental Tax:

PASSED: HB224 (Beitzel) SB 333 (Edwards) provides the authority for the county commissioners to increase the accommodations tax from the current limit of 5% to a maximum of 6%. From recent comments made by the commissioners, there is a good chance that the rate will be increased to accommodate the acquisition of the ASCI sports facility on Marsh Mountain.

Garrett County Sanitary District - Imposition of Late Fees:

PASSED: HB512 unanimously passed in both the House and Senate. It authorizes the sanitary district in Garrett County to charge a late fee for specified unpaid water and sewer usage charges; authorizes the County Commissioners of Garrett County to require the payment of any applicable late fees in addition to specified other charges before reconnecting water service; and provides that a charge that is in default will accrue interest from the date of default and at a rate set by the County Commissioners. It is in committee on the Senate side.

SUMMARY OF 2012 - REAL ESTATE LEGISLATION - Maryland Association of REALTORS® :

AFFORDABLE HOUSING AND TAXES

HB 87/SB 152 – Budget Reconciliation and Financing Act of 2012

STATUS: NOT PASSED

Would have implemented budget changes and revenue increases, including a limit on itemized deductions like the Mortgage Interest and State and Local Property taxes. MAR initiated a successful statewide issue mobilization effort to remove the limits on itemized deductions from the legislation. However, because the bill was not passed in the final hours of the Legislature, it is likely that the Legislature will meet in a special session before July to pass similar legislation. MAR will continue its efforts to protect itemized deductions.

HB 446/SB 240 – Environment – Bay Restoration Fund – Fees and Uses

STATUS: PASSED – Effective July 1, 2012

Doubles the current Bay Restoration fee for most residential and commercial properties in Maryland. Exempts residential and commercial properties that do not discharge into the Chesapeake Bay Watershed or the Coastal Bays Watershed from paying the increased fee (those properties would still be subject to the current \$30 annual fee). Requires local governments to establish an exemption from the new fee for financial hardship. As originally introduced, the legislation would have required the fee to be based on consumption. Such a fee could have increased costs for multi-person households by three to four times the current fee.

HB 568 – Sustainable Communities Tax Credit Program – Credit Allocation

STATUS: PASSED – Effective July 1, 2012

Allows the rehabilitation tax credit to be allocated in any way determined by the partners, members or shareholders of an entity claiming the credit.

HB 600/SB 580 – Income Tax – Subtraction Modification – Mortgage Forgiveness Debt Relief

STATUS: PASSED – Effective July 1, 2012 for tax years beginning after December 31, 2012

Provides that any discharged indebtedness (forgiven debt) is exempted from state income taxes. Although forgiven debt is not subject to state taxation under current law as a result of the federal Mortgage Forgiveness Debt Relief Act passed in 2007, the federal tax credit will expire at the end of 2012 if Congress does not act. If Congress fails to act, HB 600/SB580 will ensure the tax credit continues in Maryland until at least 2014 for purposes of determining Maryland taxable income.

HB 789/SB 215 – Property Tax – Assessment Worksheets – Internet Access

STATUS: NOT PASSED

Would have required the State Department of Assessments and Taxation (SDAT) to maintain a database accessible on its website regarding assessment worksheets and cards relating to valuation of property.

***HB 923 – Property Tax Credit – Neighborhood Conservation Act of 2012**

STATUS: PASSED – Effective June 30, 2012

Authorizes local governments to pass a property tax credit for individuals purchasing property in designated areas of high foreclosure activity, blight or vacant property. The Maryland Department of Housing and Community Development (DHCD) is charged with developing regulations detailing the application procedure for determining a neighborhood conservation area.

HB 956 – Income Tax – Capital Gains

STATUS: NOT PASSED

Would have imposed a capital gains tax surcharge of 2% for any income resulting from capital gains as defined by the Internal Revenue Service. The surtax would have applied to Maryland taxable income.

HB 987/SB 614 – Stormwater Management – Watershed Protection and Restoration Program

STATUS: PASSED – Effective July 1, 2012

As originally introduced, would have required all local governments to impose a stormwater management fee on all residential and commercial property. MAR opposed the bill, because counties already have authority to impose stormwater fees. The legislation was amended to require only those local jurisdictions subject to a National Pollutant Discharge Elimination System (NPDES) Phase I Permit to impose a stormwater fee (about ten counties). The legislation gives local government some discretion in creating the fee.

HB 1051 – Sales and Use Tax – Services

STATUS: NOT PASSED

Would have levied a sales and use tax on property management and a number of other services.

HB 1411 – Environment – Water Management Administration – Wetlands and Waterways Program Fees

STATUS: PASSED – Effective July 1, 2012

Establishes a new fee schedule for wetland and waterway permits. The bill lowers the fee for homeowners by reducing the fee schedule for minor residential *modifications*, and keeps the current \$750 fee for minor residential *projects*. The fee would increase for most major nonresidential projects, but not all commercial projects. In fact, certain specified activities (commercial or residential) would have lower fees. Those activities include projects such as: installation of boat lifts; installation of floating platforms; driveways; bulkhead repair.

REAL ESTATE BROKERAGE AND CONTRACTS

HB 168/SB 277 – Human Relations – Housing Discrimination – Source of Income

STATUS: NOT PASSED

Would have established “source of income” as a protected class under Maryland law.

HB 177/SB 135 – Ground Leases – Registration – Failure to Register

STATUS: PASSED – Effective July 1, 2012

Establishes that a ground lease holder may not collect rent or enforce the ground lease through a lien if the ground lease holder fails to register the ground lease with the State Department of Assessments and Taxation. Clarifies that a tenant subject to a ground lease must receive a bill at least 60 days before the payment is due in order for a ground lease holder to take action against the tenant. This legislation is intended to replace the enforcement mechanism invalidated by the Maryland Court of Appeals in *Muskin v. State Department of Assessments and Taxation*, 422 Md. 544 (2011).

HB 450 – Residential Real Property Sales -- Property Tax Disclaimer

STATUS: NOT PASSED

Would have required a notice in the Seller Disclosure and Disclaimer form stating that the buyer's property tax bill may be significantly different than the seller's current bill, and that buyer should contact local government to estimate the future tax bill. Although the legislation passed the House, it failed in the Senate Committee.

HB 508/SB 98 – Real Property – Foreclosure – Mortgage Foreclosure Property Values Protection Act of 2012

STATUS: NOT PASSED

Would have required a purchaser of foreclosure property to record the deed within 60 days of the ratification of sale or require certain information regarding the purchaser of the property to be recorded in the land records. The Senate bill differed slightly from the House bill; both bills failed because the Legislature decided to pass a statewide registry instead.

HB 678/SB 591 – Real Property – Manufactured Homes – Affixation to and Severance from Real Property

STATUS: PASSED – Effective October 1, 2012

Creates a statutory process for converting a mobile or manufactured home to real property. The legislation authorizes an Affidavit of Affixation to be recorded in the land records as long as the owner of the property meets certain conditions. The Clerk of the Court may charge reasonable fees for recording the property. Any fees or taxes typically levied for the sale of real property (e.g., transfer taxes) are prohibited if the owner is only recording the Affidavit of Affixation. The legislation is intended to create a simpler process to convert these properties to real property and thereby take advantage of better lending terms.

HB 866/SB 724 – Title Insurance – Closing or Settlement Protection Practices – Study

STATUS: PASSED – Effective July 1, 2012

Directs the Maryland Insurance Commission to conduct a study of settlement protection practices as they related to title insurance. As originally introduced, the legislation would have charged homebuyers an additional \$50 to cover title insurance against theft, misappropriation, and misuse of settlement funds. Representatives of the real estate industry and the Maryland Real Estate Commission will participate.

HB 1081 – Homestead Property Tax Credit Reform Act of 2012

STATUS: PASSED – Effective June 1, 2012 and applicable to tax years after June 30, 2012

As originally introduced, would have required real estate agents and brokers to provide purchasers with a written estimate of the property taxes for the property, and penalized property owners who improperly claimed the homestead tax credit. As passed, the legislation penalizes property owners who improperly claimed the homestead credit, but imposes no duty on real estate agents or brokers. The penalty can equal 25% of the credit taken if the property owner "willfully misrepresented" facts to claim the credit.

HB 1331/SB 968 – Residential Property Sales – Disclosure of Utility Consumption

STATUS: NOT PASSED

Although MAR was opposed to the bill as originally conceived, we agreed to a compromise with the Maryland Energy Administration that would have required utility information to be provided to buyers visiting a property.

HB 1353/SB 753 – Real Property – Blighted Property – Required Sale or Nuisance

Abatement

STATUS: DEFEATED

Would have required blighted property to be sold or fixed up to address any housing code violations.

HB 1373 – Real Property – Foreclosed Property Registry

STATUS: PASSED – Effective October 1, 2012

Creates a statewide registry of foreclosed properties to be maintained by the Maryland Department of Labor, Licensing and Regulation (DLLR). The registry information must contain contact information for the foreclosure purchaser, as well as whether the property will be vacant. Local governments may access the information and may provide information to neighbors, condo associations, or HOAs. Local counties may fine foreclosure purchasers for not registering the property, and may charge foreclosure purchasers for abating nuisances associated with the property.

HB 1374 – Real Property – Foreclosures and Mediation

STATUS: PASSED – Effective October 1, 2012

Makes changes to the current foreclosure and mediation program. Most significantly, creates a mediation process that can be started before filing the foreclosure with the court. The legislation also exempts from state income tax any payments paid to homeowners from the foreclosure settlement negotiated by the Attorney General.

SB 83 – Real Estate Brokers – Contract Provisions – Payment of Legal Fees

STATUS: DEFEATED

Would have required real estate contracts that contain a loser pay provision for legal fees to apply to both parties. It clarified that such provisions cannot be unilateral.

SB 123 – Real Property – Foreclosure Sale of Residential Property – Notice to Local Supervisor of Assessments

STATUS: PASSED – Effective June 1, 2012 for taxable years after June 30, 2012

Requires a foreclosure purchaser to submit a copy of the court order ratifying the sale to the Supervisor of Assessments in the county where the property is located. Certain properties that have already been recorded or are subject to bankruptcy stay or redemption are exempt.

SB 134 – State Real Estate Commission – Sunset Extension and Program Evaluation

STATUS: PASSED – Effective July 1, 2012

Reauthorizes the State Real Estate Commission (REC) for another ten years. The REC's reauthorization passed with an increase in the guarantee fund cap to \$50,000. MAR opposed the guarantee fund cap increase because few complaints trigger the maximum guarantee pay out. However, the Legislature increased the cap because it had not been increased for 20 years and would not be reviewed for another ten years.

***SB 145 – State Real Estate Commission – Continuing Education – Documentation**

STATUS: PASSED – Effective October 1, 2012

Creates additional flexibility in approving legal and legislative update classes so that court cases and legal trends may be discussed. The bill also allows electronic transmission of continuing education class certificates.

SB 538 – Real Estate Brokers – Contracts – Real Estate Reform Act of 2012

STATUS: NOT PASSED

Would have eliminated the exclusive right to sell contract in Maryland, imposed a 90 day limit on all brokerage agreements, and required all loser pay legal fee provisions to be bilateral.

SB 644 – State Real Estate Commission – Licensees – Inspection of Records and Agency Disclosure Requirements

STATUS: DEFEATED

Would have redefined agency categories now used in Maryland, and made changes to the agency disclosure form.

COMMON OWNERSHIP COMMUNITIES

***HB 126 – Maryland Condominium Act – Right of Entry to Investigate Damage and Make Repairs**

STATUS: PASSED – Effective October 1, 2012

Authorizes a council of unit owners or a condominium's authorized designee the right to enter a condo unit to investigate any damage. This bill expands current law, which allows a council of unit owners or designee the right to enter a unit only to repair the unit.

HB 850/SB 685 – Real Property – Condominiums – Payment of Assessments and Fees

STATUS: NOT PASSED

Would have authorized the council of unit owners to petition a court in instances where a unit owner is delinquent on condo assessments and fees, and the unit owner is renting the unit to a tenant. Under the bill, the court would be authorized to direct the tenant to pay rent to the council of unit owners until the past due assessments and fees are satisfied.

HB 884 – Electric, Gas, Sewer, and Water Service – Default Notice to Condominium Unit Owners and Residents

STATUS: PASSED – Effective October 1, 2012

Gives the providers/billing parties of certain utility services the right to enter a common area of a condominium to post notice indicating that the condominium is at least 60 days in default of payment. Applies only to condominiums where the council of unit owners or a designated party is direct billed for the utilities of all of the tenants.

HB 1255 – Maryland Homeowners Association Act – Bylaws Filed in Land Records

STATUS: NOT PASSED

Would have required the bylaws of a Homeowners Association to be recorded in the land records.

LAND-USE, PROPERTY RIGHTS, AND THE ENVIRONMENT

HB 35/SB 819 – Private Property Rights – Regulatory Infringement – Compensation

STATUS: NOT PASSED

Would have provided property owners with a cause of action if regulations promulgated by certain state agencies diminished a property's value. The state agencies would only be liable if those agencies could not demonstrate that their action protected public safety or was necessary to comply with federal law.

HB 366/SB 602 – Public Safety – Building Performance Standards – Automatic Fire Sprinkler Systems

STATUS: PASSED – Effective October 1, 2012, subject to certain grandfathering provisions

Requires automatic fire sprinklers for new townhomes and new one and two family unit residential construction. Exempts new construction not connected to any electrical utility (Amish exemption), and – until 2016 – any building permits issued for properties on lots subject to existing public works utility agreements executed before March 1, 2012 OR for building permits on lots served by existing water service lines that are less than one inch and installed by March 1, 2012.

HB 402,403/SB 471,472 -- Land Records - Dormant Mineral Interests and Natural Gas and Oil Leases - Court Order and Recordation Requirements

STATUS: PASSED – Effective October 1, 2012

Requires that a court order terminating a mineral interest in land include certain information and be recorded in the land records. The bill also prohibits a Clerk of Court from recording a gas or oil lease on real property unless the lease is accompanied by a complete intake sheet which describes the lease.

HB 445/SB 236 – Sustainable Growth and Agricultural Preservation Act of 2012

STATUS: PASSED – Effective July 1, 2012 subject, to certain grandfathering provisions

Requires local governments to establish growth tiers detailing where new major subdivisions on septic systems may be located. Grandfathers certain projects that receive preliminary plan approval before 2016 if those projects were started in 2012 or 2013, depending on the local government permitting process. As originally introduced in 2011, this legislation would have prohibited all new subdivisions of 5 or more lots from using septic systems. Although the legislation this year did not include a complete ban of septic systems for major subdivisions, it initially would have required approval of septic subdivisions by state agencies. The legislation was amended to clarify that local governments retain authority over subdivision approval and the creation of the tier system.

HB 625 /SB 1074– Critical Area Commission – Planting Credits – Warm Season Grass

STATUS: NOT PASSED

Would have specified that certain grasses be counted as qualified vegetation for planting in the Critical Areas buffer. Many warm season grasses provide excellent erosion control and habitat while helping to preserve views.

HB 1201/SB 532 – Department of Planning – State Development Plan – Use and Conflict of Law

STATUS: PASSED – Effective June 1, 2012

Clarifies that PlanMaryland cannot be used to deny permits and statutorily required funding to local governments. The Maryland Department of Planning (MDP) submitted a statewide development plan called PlanMaryland before the Legislature convened in January. MAR had submitted two comment letters expressing concern that PlanMaryland could override local planning decisions by allowing the state to deny permits and funding to local development projects. Other groups, including the Maryland Association of Counties (MACO), shared these concerns. HB 1201/SB 532 was drafted by MACO to address these key concerns. There were numerous other bills introduced to repeal or limit PlanMaryland as well. None passed.

HB 1333 – Environment – Nitrogen Removal Technology – Payment of Cost Differential

STATUS: NOT PASSED

MAR requested legislation to continue the cost differential grant program for septic systems in the Critical Area. Although MDE is planning to continue grants for homeowners who must use Best Available Technology (BAT) systems, HB 1333 contained a more generous grant formula than the MDE formula. The legislation passed in the House of Delegates but failed in the Senate.

PROPERTY MANAGEMENT

HB 1/SB 208 – Environment – Recycling – Apartment Buildings and Condominiums

STATUS: PASSED – Primary Effective Date: October 1, 2012

Requires local governments to submit a recycling plan that includes plans for apartment buildings and condominiums with more than 10 units. Requires owners and managers of apartment and condominium buildings with more than 10 units to provide recycling for unit owners consistent with the county plans by October 1, 2014. As introduced, this bill would have required building owners and managers to classify and weigh all recyclable refuse. This provision was removed from the bill.

HB 22/SB 361 -- Real Property – Residential Leases – Interest on Security Deposits

STATUS: NOT PASSED

A few bills were introduced to address this issue, but HB 22 advanced the furthest. This bill would have required landlords to return deposits with an interest rate of 1.5% or a rate equal to the U.S. Treasury Daily Yield Curve Rate, whichever is higher. Although HB 22 was passed by the House, the Senate Judicial Proceedings Committee did not pass it.

HB 472/SB 873 – Workgroup on Lead Liability Protection for Rental Property

STATUS: PASSED – Effective June 1, 2012

Directs the Maryland Insurance Administration to convene a workgroup examining lead liability protection for owners of pre-1978 rental property. The workgroup is directed to study the feasibility of an insurance fund for property owners, and report back to the Legislature by December 1, 2012. As originally introduced, this legislation would have imposed a \$100 per unit fee on all pre-1978 residential rental property. Certain lead free units would have been exempted.

HB 644 – Environment – Reducing the Incidence of Lead Poisoning

STATUS: PASSED – Effective June 1, 2012

Expands the scope of the Lead Poisoning Prevention Program (LPPP) from pre-1950 rental property to pre-1978 rental property (by January 1 2015). Increases the program's registration fees from \$15 to \$30 per unit. Gives the Maryland Department of the Environment (MDE) authority to enforce lead paint abatement orders as well as require clearance dust tests for all pre-1978 owner-occupied and rental property subject to the Environmental Protection Agency (EPA) Renovation, Repair and Painting (RRP) rule. Establishes that a property owner's compliance with the LPPP can be evidence that the owner exercised reasonable care in respect to lead hazards during that period. If any owner was not in compliance, that too can be evidence that the owner did not exercise reasonable care. Requires that plaintiffs and defendants have a good faith basis for alleging a party was injured at a particular address or risk paying the other party's legal fees. A provision that would have required pre-1978 owner-occupied, residential units to conduct a lead dust inspection before sale was removed from the bill.

HB 955 – Lead Poisoning – Affected Property – Window Replacement

STATUS: NOT PASSED

Would have required that an owner of residential rental property replace all windows in the unit (in addition to other actions) when a person at risk in the unit has an elevated blood lead (EBL) level. The current program does not require window replacement and has resulted in a 96% reduction in children tested with higher than normal EBLs.

HB 977 – Environment – Reduction of Lead Risk in Housing – Renovation and Repairs

STATUS: NOT PASSED

Would have created a more stringent rule for owner-occupied and rental property in Maryland than is required by the U.S. Environmental Protection Agency (EPA). Under the EPA Renovation, Repair, and Painting (RRP) rule, owner-occupied and rental property must use certified contractors if more than six square feet of interior painted surface is disturbed. The EPA

rule does not require a lead dust test. HB 977 would have required a dust test when more than 3 square feet of painted surface is disturbed.

HB 1269/SB 765 – Public Service Commission – Study on Tenant Payment of Landlord Utility Bills

STATUS: PASSED – Effective June 1, 2012

Directs the Public Service Commission to study the creation of a mechanism to allow tenants to pay utility bills directly when the landlord is in default of payment. The study group will include interested parties, including groups representing landlords.

HB 1364/SB 1005 – Labor and Employment – Workplace Fraud Act – Revisions

STATUS: PASSED – Effective July 1, 2012

Creates a clearer exemption from presumed employer-employee relationship tests. Under the legislation, as long as an employer has a written contract with a contractor who acknowledges the contractor's responsibility to pay for worker's compensation and unemployment insurance, and produces those records to the State, an employer won't be presumed to have created an employer-employee relationship. Many small businesses, including some property management companies, were cited for not paying unemployment insurance and worker's compensation for the workers of the independent contractor that the small business hired.

COMMERCIAL

HB 935 – Real Property – Commercial Buildings – Energy Use

STATUS: NOT PASSED

Would have required a landlord of a commercial building to provide information regarding energy usage of the building or space to rent within the building. The legislation applied only to commercial properties of more than 10,000 square feet. In addition, the landlord would have been required to provide the information only to prospective tenants that have signed a letter of intent. The landlord would not be required to provide the information if the landlord did not have access to the information, the information was not relevant to the proposed use of the premises, or for security reasons.

MISCELLANEOUS

HB 359,415,1131,1139/SB 360,964 – Transportation – Temporary Advertising Signs on State Highways Authorized

STATUS: NOT PASSED

Numerous bills were introduced to authorize advertising signs along state highways. Although the bills took different approaches in terms of how advertising would be permitted, all of the bills failed after the Maryland State Highway Administration (SHA) indicated that the legislation would violate federal law. Nevertheless, the SHA indicated that at the current time, it will not enforce sign removal during the weekends. However, local governments still have authority to enforce the law.

HB 777/SB 855 – Corporations and Associations – Limited Liability Act – Revisions

STATUS: PASSED – Effective October 1, 2012

Revises the limited liability company (LLC) law. Among the changes: new rules to allow abandonment of a conversion to an LLC from a partnership; expansion of the list of items that may be included in operating agreements, such as meeting notices and voting rights; participation in meetings through electronic means; lower unanimous consent needed to dispose of all property or enter into a merger; changes in rules regarding assignment of interests; changes in rules regarding a debtor member of an LLC and what interests a creditor of the debtor may claim.

2012 Continuing Education Schedule

Photo ID Required at Sign-In

Required courses will be indicated in red.

There must be a minimum of 10 students registered for classes to be held.

Wed. May 9, 2012 9:00 - 12:00 "MREC Agency – Residential" (H)

Wed. May 23, 2012 9:00 – 12:00 "Contracts" (F)

Wed. June 13, 2012 9:00 – 12:00 "2009-2012 Legislative Legal Update" (A)

Wed. Jun 20, 2012 10:00 – 11:30 "Fair Housing" (C)

Wed. July 18, 2012 9:00 – 12:00 "MREC-Agency Residential" (H)

Wed. Aug 15, 2012 9:00 – 12:00 "2009-2012 Legislative Legal Update (A)

Wed. Sept. 12, 2012 9:00 – 12:00 "MD Code of 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
4. Topic H – MREC – Agency-Residential – 3 clock hours
5. Topic I - MREC Supervision, Broker, Branch Office Manager & Team Leader – 3 clock hours
(this is required for all Brokers, Office Managers & Team Leaders but is available to anyone needing CE hours)

Total Hour Requirements – 15 clock hours

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

Education Providers are now required to enter your completed CE class hours into the Maryland Real Estate Commission database which will now track your completed hours. When you renew your license, the database will search to match completed hours and required topics against your license number and if you have not completed the correct amount of hours, you WILL NOT be able to renew your license.

Maryland Association of REALTORS®

MAR ANNUAL CONFERENCE & EXPO, September 10-12, 2012, Ocean City Convention Center. [registration now open](#)

National Association of REALTORS®

Office Solutions

Setting up a new home office? Shipping a package? Our office solutions partner can help!

FedEx

FedEx, a proud participant in NAR's REALTOR Benefits® Program, is pleased to offer REALTORS® a variety of special discounts on FedEx® shipping solutions and FedEx Office® products and services. Plus, REALTORS® now earn 50 My FedEx Rewards points for each whole, pre-tax dollar spent on eligible FedEx Office or FedEx Office® Print Online purchases. That's an earn rate 25% higher than that offered through the standard program. Enroll today.

OfficeMax

OfficeMax provides REALTORS® with discounts up to 88% on over 12,000 items, including free delivery with no minimum-sized order. Sign up for an OfficeMax Digital Retail Connect Card and start saving.

MRIS

Training Classes held at GCBR office – Wednesday, May 16, 2012 – one seat left

MRIS 2012 – Topics covered: Homesdatabase.com, RatePlug, MRIS Fax, List Hub, Web Settlement Xpress, Real Estate Business Intelligence (RBI), Document Management, Matrix Foreclosure tab (Realist) and Matrix Retechnology tab

Matrix 301 – Topics covered: RBI, New listings (DOMP vs DOMM), Absorption Reanalysis, Analyzing Foreclosures, Matrix Stats Button, Matrix Statistical Reports and Trend Analysis

To sign up go to www.mris.com and login – under MRIS Customers heading, click on Training, search by Association and click on the class you want to register for, when the window opens click on Enroll in the upper right hand corner.

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 #16-21: Continued Contact With Potential Seller Who Enters Into an Exclusive Listing With Another REALTOR® (Adopted November, 2011)

REALTOR® P and Ms. Q had been members of the church choir for several years and had become social friends. One evening after choir practice Ms. Q mentioned that now that her children were grown and out of the family home, she and her husband were seriously considering downsizing. “I’m sure I can help you with that,” said REALTOR® P, “I’m going away for the weekend but I’ll get in touch with you early next week.”

The following Monday evening REALTOR® P called Ms. Q. After exchanging pleasantries, REALTOR® P turned the conversation toward business. “I’ve identified some comparable sales to show you and I’d like to come over and visit with you and your husband to discuss listing your home,” she said. After a lengthy pause, Ms. Q shared with REALTOR® P that her husband had been very anxious to get started and over the weekend they had visited several local real estate brokerages and had listed their home with REALTOR® B. “I hope you understand,” said Ms. Q, “my husband makes all of our business decisions and he was very impressed with REALTOR® B and his plans for selling our house.” REALTOR® P responded positively telling Ms. Q, “I know REALTOR® B. He’ll do a fine job for you. If there is ever anything I can do for you in the future, do not hesitate to call me.” On that note, REALTOR® P and Ms. Q ended their conversation.

The next afternoon REALTOR® B was at the Q’s home placing his “For Sale” sign on their front lawn. Ms. Q invited REALTOR® B into the house for coffee. During their conversation, she mentioned her conversation the evening before with REALTOR® P, commenting, “I was so relieved that REALTOR® P wasn’t upset that I didn’t list with her. She was very gracious and even suggested that I should call her if she could be of assistance to us in the future.” REALTOR® B said nothing about Ms. Q’s remark, but after returning to his office filled out the paperwork necessary to file an ethics complaint against REALTOR® P’s offer of assistance ‘at any time in the future’ was simply a thinly-veiled attempt to convince the Q’s to cancel their listing with me and to list with her.

REALTOR® P, testifying in her defense, noted that she did not know the Q's property had been listed by REALTOR® B when she called Ms. Q; that when Ms. Q informed her they had listed their property with REALTOR® B she had responded courteously, professionally, and positively, assuring Ms. Q that REALTOR® B would do a good job for the Qs; and her offer was simply to be of assistance in future real estate transactions, possibly the purchase of a new home or condominium. "Once I learned that REALTOR® B had listed the Q's property, I ended our telephone conversation as quickly and as politely as I could," concluded REALTOR® P, "I certainly was not trying to interfere in REALTOR® B's exclusive contract with the Qs."

After giving careful consideration to the testimony of both parties, the Hearing Panel concluded that REALTOR® P had not violated Article 16 as interpreted by Standard of Practice 16-13, and that her offer to be of assistance in the future was simply a polite way to end the conversation.

Check us next time on Facebook!

Visit our Facebook page and "like" us so you don't miss out on informational postings concerning GCBR and related topics.

**Search for us with Garrett County Board of Realtors(r) and use the link that shows the GCBR Banner in the photo.
Become a fan!**

Garrett County Board of REALTORS®

GCBR News Briefs – June 1, 2012

[Membership Update](#)

New REALTOR® Members:

New Affiliate Members:

Drops:

Transfers:

Changes:

[Government Affairs Report, Paul Durham G.A.D.](#)

Maryland Legislature Reconvenes – property taxes not on list of increases:

The Maryland Legislature completed its Special Session on May 16th passing three budget bills. Those bills include: [SB 1301](#) (the Budget Reconciliation Bill); [SB 1302](#) (the State and Local Revenue and Financing Act); [SB 1303](#) (Qualified Zone Academy Bonds).

None of the budget bills include limits on itemized deductions like the mortgage interest deduction and the deductibility of state and local property taxes, however, SB 1302 did include some notable tax increases. SB 1302 increases income taxes on incomes above \$100,000 and \$150,000, and would limit the standard personal exemptions of Maryland taxpayers who earn more than \$100,000 individually or more than \$150,000 filing jointly.

In addition, SB 1302 imposes recordation taxes on Indemnity Deeds of Trust (IDOTs) unless the IDOT is a guarantee on a loan for less than \$1,000,000 or if recordation taxes were paid on another instrument of writing that secures the payment of the guaranteed loan.

SB 1301 reprograms transfer tax revenues to the general fund, and imposes maintenance of effort penalties for counties that do not levy the maximum allowable income and property tax rates.

SB 1303 authorizes education bonds for disadvantaged schools.

Draft County Land Use Management Ordinance Released for Public Comment:

The Board of Garrett County Commissioners has released a draft Land Use Management Ordinance with a goal of encouraging County property owners and other stakeholders to examine and provide comment on the draft ordinance. After conducting four public work sessions, the

Board decided at its meeting on May 1, 2012 to release the draft ordinance for a 45 day public comment period, which will end on June 15, 2012.

All comments should be submitted directly to the Board of County Commissioners either in written paper form or by email. The Commissioners will gather all comments and post those comments, as they are received, on this website in order to allow citizens to see one another's comments. The draft ordinance may be viewed on this website or paper copies of the draft ordinance are also available in the Commissioner's Office or the Planning and Land Development Office.

To view the draft ordinance, click [here](#).

To review the draft Garrett County Land Classification Map click [here](#)

To view answers to Frequently Asked Questions, click [here](#)

To provide comments by email click [here](#).

To review comments submitted by citizens click [here](#)

County Commissioners Hold the Line on Property Tax Rate:

GCBR Board members have been in regular communication with the County Commissioners over the past few months about the possibility of a property tax rate increase going into Fiscal Year 2013. Commissioner Raley met with our Board on May 2nd to further discuss the issue and other things related to growth and development in the county. We are pleased to report that we were informed that the county will hold the tax rate at \$0.99 for the next fiscal year.

It is important to note that this is a \$0.043 reduction from the constant yield rate. The commissioners have also created a workgroup to look at ways that the county can jump start the real estate sector in the county and attract more investors and people to come here. Several GCBR members will be participating in this effort.



MAR – Final Report on 2012 Legislative Priorities

Mortgage Interest Deduction

MAR opposed any reduction in the mortgage interest deduction (MID). Under the Governor's [Budget Reconciliation Bill](#), itemized deductions would have been reduced by 10-20 percent for tax filers with an adjusted gross income exceeding \$100,000. The mortgage interest deduction and the deductibility of state and local property taxes account for almost 70% of the itemized tax deductions taken by Maryland filers.

STATUS: Itemized deductions, including MID and property taxes, were not changed in the budget reconciliation bill.

Tax on Property Management Services

[Legislation](#) was introduced to place a sales tax on property management and a number of other services. MAR opposed this legislation.

STATUS: This legislation did not pass.

Real Estate Brokerage Reform

[Legislation](#) making far reaching changes to real estate practice in Maryland was also considered this year. The legislation would have eliminated exclusive right to sell contracts in Maryland (the basis for the MLS), and would have limited brokerage agreements to 90 days, among other provisions. MAR opposed this legislation.

STATUS: This legislation did not pass.

Real Estate Agency Legislation

[Legislation](#) was introduced to clarify and redefine some of the agency categories now used in Maryland, and change some of the disclosure language in the agency disclosure form. MAR did not support this legislation.

STATUS: This legislation did not pass.

Sustainable Growth

The Governor proposed [legislation](#) to restrict new subdivision development on septic systems throughout Maryland. The legislation would have given the Maryland Department of Environment (MDE) and the Maryland Department of Planning (MDP) authority to approve creation of zoning overlays where septic subdivisions could and could not be developed. Although it became clear that there were not enough votes to defeat the bill, MAR joined a coalition of concerned groups to remove state approval for the local growth tiers.

STATUS: State approval authority was removed from the bill. As passed, the legislation will require local governments to define and develop growth tiers that will direct where major subdivisions using septic systems may be located.

Septic System Grants and Bay Restoration Fund

Under the Bay Restoration Fund, MDE provides 100% cost-differential grants for homeowners with failing systems living in Maryland's Critical Area. The grants cover the cost of Best Available Technology (BAT) systems that have enhanced nitrogen removal technology. Authority for the 100% grants terminates at the end of 2012, and MAR sought [legislation](#) to continue the grant program with a more generous grant formula than MDE now provides. In addition, [legislation](#) was introduced to increase the Bay Fund fees. MAR opposed a consumption based fee, and preferred the recommendation of the Task Force to simply double the fee.

STATUS: Mandatory septic grant legislation did not pass. The Bay Restoration Fee was doubled from \$30 a year to \$60 a year (without a consumption based formula).

PlanMaryland

The Maryland Department of Planning (MDP) submitted a statewide development plan called PlanMaryland before the Legislature convened in January. MAR had submitted two comment letters expressing concern that PlanMaryland could override local planning decisions by allowing

the state to deny permits and funding to local development projects. Other groups, including the Maryland Association of Counties (MACO), shared those concerns.

STATUS: MAR supported a MACO drafted bill to clarify that PlanMaryland cannot be used to deny permits and statutorily required funding to local governments. The legislation passed.

Stormwater Management Fee

[Legislation](#) was introduced to require local county governments to impose a stormwater management fee on all residential and commercial property. MAR opposed the bill, because counties already have authority to impose stormwater fees, and because many counties were already considering such actions given stormwater requirements imposed by the Environmental Protection Agency.

STATUS: Legislation passed requiring the ten Maryland counties subject to EPA stormwater requirements to impose a stormwater fee. The legislation gives local government discretion in creating the fee. Garrett County is not included in this list.

Real Estate Commission Regulatory Authority

Every ten years, the Real Estate Commission's (REC) operations are reviewed and a written report is issued. The report is the basis for [legislation](#) which extends the REC's regulatory authority. Without passage, the REC would no longer be able to function and issue real estate licenses. MAR supported reauthorization of the Real Estate Commission, but requested that the guarantee fund cap remain at \$25,000.

STATUS: The REC's reauthorization passed with an increase in the guarantee fund cap to \$50,000. The Legislature increased the cap because it has been over 20 years since any change was made.

Real Estate Commission Continuing Education

The Real Estate Commission requested [legislation](#) to allow legal and legislative update classes more flexibility in the material presented to licensees, including court cases and legal trends. MAR supported the bill, which also allows electronic transmission of continuing education class certificates.

STATUS: This legislation passed.

Lead Paint

Just before the Legislature convened, the Maryland Court of Appeals overturned the property owner liability protections in the Reduction of Lead Risk in Housing law. As a result, property owners and property managers were subject to uncapped liability for any injuries resulting from elevated blood lead levels. Numerous bills were introduced to address this problem. In addition, a Lead Work Group met over the summer to examine whether sellers of owner-occupied housing should be required to conduct lead dust tests. Although the work group did not recommend point of sale dust tests for owner-occupied property, legislation was introduced which would have required such tests.

STATUS: [Legislation](#) passed creating liability protections for property owners; increasing the registration fees from \$15-\$30 for rental properties; requiring 1950-1978 rental properties to participate in the Lead Poisoning Prevention Program (by 2015); and giving MDE authority to mandate clearance tests for any properties subject to the EPA Renovation, Repair and Painting (RRP) Rule. Mandatory dust tests for owner occupied property sales did not pass.

Homestead Tax Disclosure Real Estate

[Legislation](#) was introduced that required real estate agents and brokers to disclose the Homestead Tax Credit to homebuyers for each property subject to the credit. The legislation also included a penalty for property owners who wrongly claimed the credit.

STATUS: Legislation passed with a penalty for homeowners who willfully misrepresent facts in order to claim the credit. The legislation does not require real estate agents to disclose the credit.

Foreclosures

A Task Force met last summer to discuss several issues related to foreclosures, including changes to the mediation program, property registration, and the creation of a safe harbor for licensed real estate agents who assist clients applying for short sale approvals. Legislation was introduced to require only mediation changes and the property registry.

STATUS: Legislation passed that creates a process to allow pre-foreclosure mediation, and a statewide registry of foreclosed properties.

Ground Rents

The Maryland Court of Appeals also ruled that a state law penalizing ground rent owners was unconstitutional. That law required ground rent owners to register the ground rent with the State Department of Assessments and Taxation (SDAT) or forfeit fee simple title. The Legislature considered [legislation](#) to create a more appropriate penalty for failing to register a ground rent with SDAT.

STATUS: Legislation passed that penalizes ground rent owners who fail to register a ground rent by prohibiting them from filing a lien or collecting rent.

Interest Rate on Security Deposits

Currently, property owners are required to return a security deposit to a tenant with at least a 3% annual interest rate. Unfortunately, most savings and checking accounts are well below 3% and have been for a long time. MAR supported [legislation](#) to require a security deposit to be returned to a tenant with the higher of a 1.5% flat rate, or a rate comparable to the U.S. Treasury Daily Yield Curve Rate as measured by the first of the year.

STATUS: This legislation did not pass.

[2012 Continuing Education Schedule](#)

Photo ID Required at Sign-In

Required courses will be indicated in red.

There must be a minimum of 10 students registered for classes to be held.

Wed. June 13, 2012 9:00 – 12:00 “2009-2012 Legislative Legal Update” (A)

Wed. Jun 20, 2012 10:00 – 11:30 “Fair Housing” (C)

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Wed. Aug 15, 2012 9:00 – 12:00 “2009-2012 Legislative Legal Update (A)

Wed. Sept. 12, 2012 9:00 – 12:00 “MD Code of Ethics/Predatory Lending” (D)

<u>Cost:</u> 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
4. Topic H – MREC – Agency-Residential – 3 clock hours
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(this is required for all Brokers, Office Managers & Team Leaders but is available to anyone needing CE hours)

Total Hour Requirements – 15 clock hours

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Maryland Association of REALTORS®

MAR ANNUAL CONFERENCE & EXPO, September 10-12, 2012, Ocean City Convention Center. [registration now open](#)

FREE WEBINAR THURSDAYS--Thursday June 7, 10 AM—Steve Harney founder of Keeping Current Matters presents how to ride the current momentum to an exceptional 2012 income. [CLICK HERE TO REGISTER.](#)

National Association of REALTORS®

RESPA FAQ

1. Q. RESPA prohibits service providers from giving anything of value in exchange for referrals of business. Does that prohibition apply only to certain types of service providers (i.e. lenders, title companies) from providing food at open houses or does it apply to all service providers (i.e. home inspectors, pest control companies, advertising companies and others)?

A. RESPA applies to settlement service providers and does not distinguish among different types of settlement providers. A settlement service includes any service provided in connection with a real estate settlement including, but not limited to, title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, the preparation of documents, property surveys, the rendering of credit reports or appraisals, pest and fungus inspections, services rendered by a real estate broker or agent, the origination of a federally related mortgage loan and the handling of the processing and closing or settlement. This list is broad but not all-inclusive. Anything listed on a HUD-1 form could be a settlement service and the company providing it a settlement service provider.

2. Q. Is a home warranty company a settlement service provider?

A. As noted above a settlement service provider is one who provides services in connection with the purchase/sale of a property that are paid for, directly or indirectly, out of the funds at settlement. Most home warranties are sold in connection with a property sale and therefore the company selling the warranty would be a settlement service provider.

3. Q. If a title/mortgage company sponsors a “get-away” at a resort property for brokers and agent and offers education, is it a violation of RESPA?

A. A title company or mortgage company paying for an educational event, so long as the costs associated with the event do not defray the expenses that the real estate agent would otherwise encounter, would be permissible. Note, however, that a rule of reason should be applied. An educational event hosted by a mortgage lender that was held at a local hotel and provided a lunch would be quite different from an educational event held in Hawaii in which one hour was dedicated to education and the remainder of the event was directed toward recreation.

4. Q. When a title company hosts an agent luncheon at an open house, they are providing food in hopes of meeting agents - just as Realtors hold open houses. Doesn't this need to be looked at in a much more practical way and allowed under RESPA?

A. If a real estate agent requested that a title company pay for a lunch that the real estate agent was hosting, and the title company agreed, the payment would be a thing of value for, or in the hopes of, the referral of settlement service business. If, however, the title company paid for the lunch, but attended the open house and gave a brief presentation, or prominently displayed a sign indicating the title company's name and distributed brochures about the title company during the open house, there is a reasonable argument that this activity is a form of advertising and

therefore acceptable under Section 8(c)(2). Again, real estate agents should apply a rule of reason. If these activities and materials are present, a casual lunch of sandwiches for \$200 likely would be acceptable. A catered lunch by an expensive restaurant at a cost of \$800, however, would more likely be viewed as a referral fee.

1. The answers provided here are based on interpretations of RESPA. Real estate brokers and agents should also check any bulletins issued on these subjects by state regulators.

5. Q. Is it legal for a REALTOR® Association to solicit sponsorships from affiliate members who provide settlement services for Association functions that are not education-related such as awards and recognition ceremonies and association fundraisers?

A. While such events provide something of value to the association, the association is not in a position to refer business to the settlement service provider. Since real estate agents do not receive anything of value from the affiliate member by their attendance at these events, such sponsorships would not violate the law. In addition, it would be helpful if some sign or brochures are posted so that the affiliate member can claim this activity as an advertising cost.

6. Q. Does RESPA bar local boards or associations of REALTORS® or NAR affiliates of their local chapters from accepting from settlement service providers donations or sponsorships of meetings, awards and fundraisers?

A. Sponsorship of an association event is not prohibited by RESPA unless, as noted above, such sponsorship means that the association does not charge brokers and agents attending the fee that they would normally be obligated to pay. The association is not in the real estate business and therefore not in a position to refer buyers or sellers to the party sponsoring the event.

7. Q. Is it legal for Affiliate Members who are settlement service providers to sponsor continuing education or new-member orientation classes?

A. It depends on whether some of the expenses an agent would otherwise bear are defrayed by the affiliate member. In the case of an orientation course there is probably no problem because new members pay an application fee which is the same whether an affiliate sponsors the course or not. If the affiliate is simply recognized as a sponsor it is similar to an affiliate running an ad in the association paper and would be considered normal marketing activity. Sponsorship of continuing education is more likely to be a violation because members normally have to pay a fee to attend such programs. If the cost of the course is underwritten by the affiliate so that the agents need not pay fees that they otherwise would have to pay, such sponsorship could be interpreted as a thing of value received by the agent for RESPA purposes.

8. Q. Is it legal for Affiliate Members to put on education courses about the services the affiliate member provides for REALTORS®?

A. Yes, Affiliate Members may put on classes about their business, since such informational programs are consistent with the marketing of an affiliate's business.

9. Q. Can an Affiliate Member donate items to the Association's Political Action Committee auctions?

A. RESPA does not prohibit such donations, but the association should check with a campaign finance expert.

10. Q. May a mortgage company cater the food to be offered at a broker's open house tour?

A. Again, if the mortgage company came to the lunch and provided a short presentation regarding interest rates and loan programs, the payment would likely be permissible under Section 8(c)(2). Furthermore, if the mortgage company prominently displayed a sign indicating its sponsorship of the lunch and distributed brochures during the open house, the payment would likely be permissible. A rule of reason should be applied. If these activities or materials are present, a casual lunch of sandwiches for brokers could reasonably be a permissible marketing cost.

11. Q. Can brokers and agents accept from lenders and distribute to prospective buyers flyers containing financing information? For instance, at an open house, may a lender provide flyers that offer closing cost calculations for various down payment scenarios, to be distributed by brokers and agents?

A. Distribution of such flyers provided by lenders does not violate RESPA. The information gathered is consistent with the real estate agent's responsibilities to his or her client to facilitate

the sale of the property and no separate benefit flows to the agent from the lender. The agent may not, however, accept from lenders flyers which also promote the listed property, since that would result in the lender bearing a portion of the agent's advertising expenses, which are the agent's responsibility.

MRIS

Agent Transfer Requests are now Online!

The Agent Transfer Request and approval process is now a whole lot easier. Now, you can do it online!

Today, Agents who wish to transfer to a new office will fill out an online Agent Transfer Request form, which can be found on the MRIS website, after logging at www.mris.com. There is also a step-by-step user guide to help you through the process. Broker approvals of Agent Transfer Requests can also now be completed online.

Features of the new system:

- Agents will submit an online electronic form to request a transfer to a new office
- No more faxing signed documents for agent transfers!
- Brokers or their Authorized Signers, in the destination office, will have the ability to review and approve these requests online
- Email notification are sent to the agent and the destination office for approvals or declines
- If approved, the origination (old Broker) office is notified of an agent transferring out of their office
- Transfers of agents can be submitted in minutes, approved in minutes and MRIS changes made in seconds

If you have any question, call the Support Center for assistance at 301-838-7200 or helpdesk@mrisc.com. They are working to move the Listing Transfer Requests online soon.

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 #16-13: Dealings Initiated by Another Broker's Client (Adopted May, 1999)

REALTOR® A, a residential broker, had recently listed a home. REALTOR® A's marketing campaign included "open houses" on several consecutive weekends.

One Sunday afternoon Buyer B came to the open house. REALTOR® A introduced herself to Buyer B and asked whether Buyer B was working with another broker. Buyer B responded that he was, in fact, exclusively represented but went on to add that he was

quite familiar with the property as it had been previously owned by a close personal friend. REALTOR® A told Buyer B that she would be happy to show Buyer B through the home but reminded Buyer B that she represented the seller and not Buyer B.

After viewing the home, Buyer B indicated that he had pressing business travel plans, was seriously interested in the property, and requested REALTOR® A's assistance in preparing a purchase offer. REALTOR® A assisted Buyer B in filling out a standard form purchase contract and later that date presented the offer to the seller who accepted it.

REALTOR® A was subsequently charged with violating Article 16 for dealing and negotiating with a party who had an exclusive relationship with another REALTOR®.

At the hearing, REALTOR® A defended her actions noting that she had told Buyer B that she was the seller's exclusive agent and, as such, would not and could not represent Buyer B's interests. She pointed out that it was only after Buyer B had insisted on writing a purchase offer without the assistance of his exclusive representative that REALTOR® A had agreed to do so. She concluded her defense noting that Standard of Practice 16-13 authorizes dealings with the client of another broker in cases where those dealings are initiated by the client.

The Hearing Panel agreed with REALTOR® A that she was the seller's exclusive representative and had not represented the buyer and concluded that her conduct had not violated Article 16, as interpreted by Standard of Practice 16-13.

Check us next time on Facebook!

Visit our Facebook page and "like" us so you don't miss out on informational postings concerning GCBR and related topics.

Search for us with Garrett County Board of Realtors(r) and use the link that shows the GCBR Banner in the photo.

Become a fan!

Garrett County Board of REALTORS®

GCBR News Briefs – July 1, 2012

Membership Update

New REALTOR® Members:

April Gaither – Long & Foster Real Estate, Inc.

New Affiliate Members:

Drops:

Transfers:

Brian Homberg – to Long and Foster Real Estate, Inc.

Changes:

United Country-Humberson Homes, Inc. is now Humberson Homes, Inc.

June 28, 2012 General Membership Meeting

2012 GCBR Realtor ® of the Year

Betsy Spiker Holcomb

2012 GCBR Affiliate of the Year

Brian Boal

A big thank you to our Affiliate sponsors of this event and congratulations to the winners of the \$50 Sheetz Gas Cards:

**Gene Helbig
Kathy Gibson**

**Goldie Shugars
Chip Smith**

**Larry Smith
Kevin Heselbach**

Election Results

2012-13 GCBR Officers & Directors

Their position on the Board of Directors begins November 1, 2012

President	Beverly Everett
Vice President	Larry Smith
Secretary	Sandi Flockhart
Treasurer	Doug McClive
3 Year Director	Tommy Thayer

Those continuing to serve current terms are:

2 Year Director	Ruth Seib
2 Year Director	Mike Kennedy

1 Year Director Nancy Jo Fratz
Immediate Past President Andrew Eiswert

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

MAR Responds to MDE Regulation Proposal – Nitrogen Removal Technology on Septic Systems:

The Maryland Association of REALTORS® (MAR) submitted comments in opposition to new septic regulations proposed by the Maryland Department of the Environment. The regulations will require enhanced nitrogen removal technology for all new construction in Maryland located near impaired waters or within the Chesapeake or Coastal Bays Watershed. Combined with a new home sprinkler mandate, this regulation could increase the cost of many new homes by \$18,000.

June 26, 2012

*Jay Prager
Deputy Program Administrator
MDE/Water Management Administration
1800 Washington Boulevard
Baltimore, MD 21230*

Dear Mr. Prager:

The Maryland Association of REALTORS® (MAR) opposes the proposed regulation 26.04.02 affecting on-site sewage disposal systems (OSDS) published in the June 1 Maryland Register. This regulation will require Best Available Technology (BAT) systems for new residential construction in the Chesapeake Bay and Atlantic Coastal Bays watersheds. MAR believes the changes recommended in 26.04.02 can only be implemented by the Maryland General Assembly.

No Statutory Authority for Expanded BAT Requirement

Section 9-1108 of the Environment Article states the specific circumstances under which “nitrogen removal technology” (BAT systems) may be required. That section requires BAT systems only for residential and commercial properties located in the Chesapeake and Atlantic Coastal Bays Critical Areas. Despite this specific statutory authority limiting BAT systems to the Critical Areas, 26.04.02 would expand the BAT requirement well beyond the Critical Areas.

The regulatory authority exercised by MDE or any other state agency is a function of the authority granted to it by the Legislature. If the Legislature has acted in a particular area, such as requiring BAT systems for the Critical Areas, MDE cannot arbitrarily expand its BAT authority beyond that granted in the statute. To the contrary, MDE’s rulemaking authority extends only to implementing the statutory requirements of the law.

That the Legislature did not intend the broad grant of authority that the proposed regulation would assert is clear. When the current BAT requirement in Section 9-1108 (through the Chesapeake Bay Nitrogen Reduction Act of 2009) was passed, the Legislature considered requiring BAT systems for the entire State of Maryland. However, as the Act moved through the legislative process, the General Assembly specifically rejected a broad requirement for BAT systems throughout the State, and amended the Act’s BAT requirement to apply only to the Critical Areas. The proposed regulation 26.04.02 would usurp the decision making authority of the General Assembly by expanding BAT systems to areas that the General Assembly rejected only 3 years ago.

Moreover, the Chesapeake Bay Nitrogen Reduction Act was one of at least 6 bills that the Legislature has considered in the last 11 years that would have regulated or limited septic systems in some way. The most recent bill was the Sustainable Growth and Agricultural Preservation Act of 2012. Clearly, the Legislature has carefully considered what authority it is willing to grant state agencies to control pollution from OSDs, and what authority it is unwilling to grant those agencies.

Need for Better Data

While OSDS are a source of nitrogen loading, the policy interest in OSDS greatly exceeds the OSDS impact on the environment. It is stated that OSDS accounts for 8% of the nitrogen loading from Maryland sources. However, because Maryland accounts for only 20% of the total nitrogen load to the Bay from all sources from all states, Maryland's OSDS load to the entire Bay is only about 1.4% of total nitrogen. That 1.4% is the load from the more than 420,000 OSDS statewide.

Because this regulation affects only new OSDS, it would not reduce the 1.4% measurably, but would impose a \$60 million annual cost (not including maintenance and operation) on Maryland residents according to the regulation's own economic impact analysis. In comparison, the much debated Bay Restoration Fee increase passed this year will cost Maryland residents about \$53 million per year. Moreover, the Bay Restoration Fee increase was implemented in large part to address wastewater treatment plants, which contribute more than 4 times the nitrogen to the Bay than OSDS.

Impact on Affordability

As detailed in the regulation, the BAT system requirement will add approximately \$12,000 to the cost of a new home. This is in addition to the \$6,000 cost that the Legislature recently mandated on new homes by requiring fire sprinklers. If this regulation is adopted, over \$18,000 in additional cost will have been added just this year to many new homes constructed in Maryland. In a normal market environment, such a large increase in the cost of a new home would be difficult to overcome. In the difficult market that still exists today, such additional costs have an even more detrimental effect on the market.

MAR believes this regulation exceeds MDE's statutory authority, imposes a costly requirement that is not commensurate with the environmental benefit it will bestow, and will diminish housing affordability. For those reasons, we urge MDE to withdraw 26.04.02.

Sincerely,

*Pat Terrill
President*

*CC The Honorable Martin O'Malley
The Honorable Mike Miller
The Honorable Mike Busch
The Honorable E. J. Pipkin
The Honorable Anthony O'Donnell
The Honorable Paul Pinsky
The Honorable Anne Healey*

Sustainable Growth and Agricultural Preservation Act goes into effect:

At last week's GCBR membership meeting Planning and Land Development Director John Nelson provided a detailed analysis of the effects of SB236, Maryland's new Sustainable Growth and Agricultural Preservation Act, on future growth and development of residential properties in Garrett County.

Members should become familiar with the main points of this law because it effects the future value of properties for potential development and subdivision purposes. It became clear during the presentation that this will be a contract matter should a future sale involve a subdivision of land.

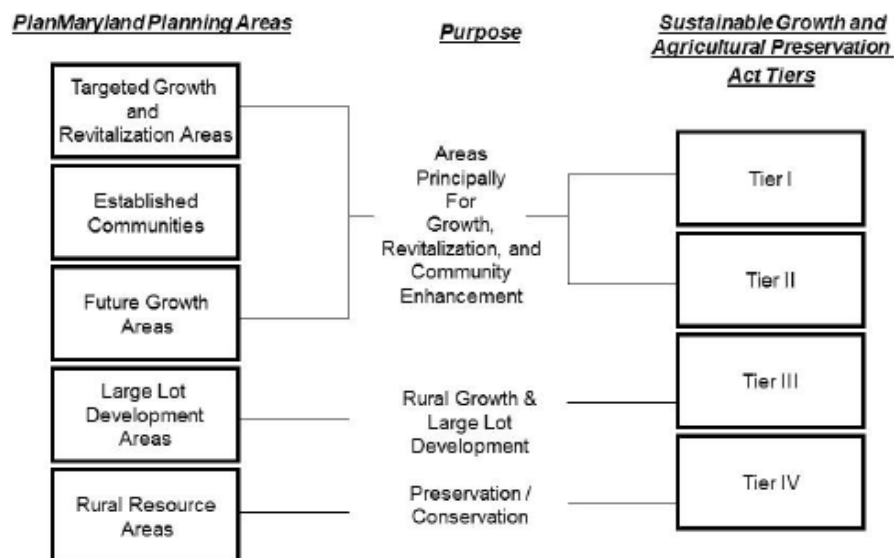
Some of the points that Mr. Nelson focused on include the following:

- The bill is effective on July 1.
- Counties must implement tiered land classifications, each of which will determine how much of subdivision and septic development may occur. The tiers will closely follow the land classification map that the county has developed (copy attached).

- Minor subdivisions are defined as those that result in up to 7 new lots. Our local subdivision ordinance will need to be updated as the county's current definition is limited to 5 lots.
- Major subdivisions are those that result in more than 7 new lots and there will be new public hearing and approval processes that might also involve the state dept. of Planning.
- The window for obtaining a grandfathering opportunity ended on July 1. If applications for perc tests were submitted by that date, then there is a 20 to 24 year window of opportunity that grandfathering might be applicable provided that certain preliminary and final plat submission and approval deadlines are met.
- The Tier areas will be driven by the predominant land cover.
- The county has until December 31 to implement the tiers. County staff is currently working on the required mapping to accomplish this goal.

Below is a chart explaining how the Tier areas will be implemented (source – Md. Department of Planning)

PlanMaryland Planning Areas and Corresponding Sustainable Growth and Agricultural Preservation Act Tiers



2.1 Wastewater Disposal and Subdivision Restrictions under SB236

Table 1 provides a side-by-side comparison of the wastewater disposal and subdivision restrictions, under the Act, that apply to residential subdivisions.

Table 1.

<i>If Growth Tiers* <u>Are Not</u> Adopted by December 31, 2012</i>	<i>If Growth Tiers <u>Are</u> Adopted by December 31, 2012</i>
Tier I. Public sewerage for residential major subdivisions. Public sewerage for residential minor subdivisions.	Tier I. Public sewerage for residential major subdivisions. Public sewerage for residential minor subdivisions.
Tier II. Residential major subdivisions are not permitted. On-site sewage disposal systems are permitted for residential minor subdivisions.	Tier II. Public sewerage for residential major subdivisions. Public sewerage or on-site sewage disposal systems for residential minor subdivisions. On-site sewage disposal systems are permitted in Tier II but shall be viewed as interim systems until public sewerage systems are made available.
Tier III. Residential major subdivisions are not permitted. On-site sewage disposal systems are permitted for residential minor subdivisions.	Tier III. On-site sewage disposal systems are permitted for residential major subdivisions. Residential minor subdivisions can be served by individual on-site sewage disposal systems.
Tier IV. Residential major subdivisions are not permitted. On-site sewage disposal systems are permitted for residential minor subdivisions.	Tier IV. Residential major subdivisions are not permitted without an exemption (see page 20). Residential minor subdivisions can be served by individual on-site sewage disposal systems.
* Note: the Tiers are listed in the column "If Growth Tiers Are Not Adopted" to facilitate comparison.	

The definitions for each wastewater disposal method described in Table 1 are listed in Appendix C; however, they can be simplified as follows:

- Public sewerage is any type of sewerage system, except for an individual on-site sewage disposal system, that is owned and operated by a government entity, and discharges effluent above or below the soil surface or directly to surface waters.
- On-site sewage disposal systems include any type of on-site sewage disposal system, including individual systems, shared facilities and community sewerage systems. On-site sewage disposal systems only discharge effluent beneath the soil surface.
- An individual on-site sewage disposal system is an on-site sewage disposal system that discharges effluent beneath the soil surface and serves one user on one parcel.

An online PDF detailed planning guide about SB236 is available from the state at...

<http://www.mdp.state.md.us/PDF/OurWork/Roundtable/20120524/SB236ImplementationGuidanceV1.pdf>

County Commissioners Halt Movement Forward for Review of Zoning Ordinance:

The Board of Garrett County Commissioners voted on June 26 2 to 1 against moving the draft land use management ordinance forward to the Planning Commission. The effect of this decision is to halt any further county action on the matter at this time. The deliberation on the issue came with a fairly candid interchange between the commissioners.

Voting against it were Commissioners Raley and Gatto, who generally felt that the ordinance reached too far in what they were originally hoping to do, which was to primarily regulate wind energy in the county.

The commissioners discussed the need to again seek legislative action for enabling legislation to be able to locally regulate the wind industry. They plan to meet again with our local delegation and state officials over the next few months to see if there is any possibility that legislation can be successful in the 2013 session. The matter has previously failed in the legislature when introduced over the past few years.

2012 Continuing Education Schedule

Photo ID Required at Sign-In

Required courses will be indicated in red.

There must be a minimum of 10 students registered for classes to be held.

Wed. July 18, 2012 9:00 – 12:00 “MREC-Agency Residential” (H)

Wed. Aug 15, 2012 9:00 – 12:00 “2009-2012 Legislative Legal Update (A)

Wed. Sept. 12, 2012 9:00 – 12:00 “MD Code of Ethics/Predatory Lending” (D)

<u>Cost:</u>	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
4. Topic H – MREC – Agency-Residential – 3 clock hours
5. Topic I - MREC Supervision, Broker, Branch Office Manager & Team Leader – 3 clock hours
(this is required for all Brokers, Office Managers & Team Leaders but is available to anyone needing CE hours)

Total Hour Requirements – 15 clock hours

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

Education Providers are now required to enter your completed CE class hours into the Maryland Real Estate Commission database which will now track your completed hours. When you renew your license, the database will search to match completed hours and required topics against your license number and if you have not completed the correct amount of hours, you WILL NOT be able to renew your license.

Maryland Association of REALTORS®

EXCITING NEWS FROM REALTORS® PROPERTY RESOURCE (RPR) Product Team is building a Commercial Application to expand value and reach to NAR members within the Commercial industry. [READ FULL STORY](#). RPR also offers an array of online learning to take advantage of this FREE valuable tool. [LEARN MORE HERE](#) [CLASS CALENDAR HERE](#)

MAR ANNUAL CONFERENCE & EXPO, September 10-12, 2012, Ocean City Convention Center to register go to www.mdrealtor.org.

National Association of REALTORS®

Using Membership Marks Online

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. REALTORS® often want to use the REALTOR® marks as part of their 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 explaining proper use of the REALTOR® marks including examples of correct and incorrect uses. Here is a brief list of the principle rules affecting use of the REALTOR® marks in domain names:

- 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.
- 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.
- 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.
- 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.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®.

MRIS

Virtual tours published on MRIS MUST be unbranded, i.e. they can not include broker or agent information (see MRIS regulations below). When this listing is given to customers using, for instance, a link to the listing on MRIS, HomesDatabase, IDX websites, etc. the listing data itself contains the required disclosure of the listing company's name (though not their contact info).

If you are sending virtual tour links to customers separately from other listing data, this could be considered advertising. Your email message, containing the link, must have required advertising disclosures, and additionally, if you are sending a link to an unbranded tour for a listing belonging to a different company, you must present a true picture in your advertising, i.e. you should not give the impression that this is your own listing. It's probably best to send your buyer a link to the full listing in MRIS or on another website, as this properly includes the listing broker's name (but not their contact info).

Section 20 – Submission of Images

A – MRIS reserves the right to accept or decline all image submissions and may, in its own discretion, remove any image from the system for reasons it deems appropriate.

Inappropriate information may include but is not limited to broker or agent information, email addresses, web site URL's, personal property, and obscene or profane material.

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 #16-14: Dealings Initiated by Another Broker's Client (Adopted May, 1999)

REALTOR® X, a residential broker, had recently listed a home. REALTOR® X's marketing campaign included "open houses" on several consecutive weekends.

One Sunday afternoon Buyer B came to the open house. REALTOR® X introduced herself to Buyer B and asked whether Buyer B was working with another broker. Buyer B responded that he was, in fact, exclusively represented but went on to add that he was quite familiar with the property as it had been previously owned by a close personal friend. REALTOR® X told Buyer B that she would be happy to show Buyer B through the home and answer any questions he might have, but added that she represented the seller and not Buyer B.

After viewing the home, Buyer B indicated that he was seriously interested in the property and intended to discuss a possible purchase offer with his buyer representative. REALTOR® X responded that there were several other buyers interested in the property and this it would likely sell quickly. "I can't tell you what to do, but if it were me, I would make an offer today," REALTOR® X told Buyer B. "You can go back and discuss this with your broker if you like or I can help you write a purchase contract. It's your choice." With REALTOR® X's words in mind, Buyer B decided to make an offer. REALTOR® X assisted Buyer B in filling out a standard form purchase contract which was accepted by the seller later that day.

REALTOR® X was subsequently charged with violating Article 16 for dealing and negotiating with a party who had an exclusive relationship with another REALTOR®.

At the hearing, REALTOR® X defended her actions noting that she had told Buyer B that she was the seller's exclusive agent and, as such, would not and could not represent Buyer B's interests. She pointed out that Buyer B had asked for her help in writing a purchase offer and had not sought the counsel and assistance of his exclusive representative. She concluded her defense noting that Standard of Practice 16-13 authorizes dealings with the client of another broker when these dealings are initiated by the client.

The Hearing Panel disagreed with REALTOR® X's reasoning. They concluded that REALTOR® X's inducement of Buyer B by emphasizing that the property might sell quickly (which might well have been true), coupled with her offer to prepare a purchase

contract on Buyer B's behalf, constituted an initiation of dealings on the property by REALTOR® X, nit by Buyer B. As a result, REALTOR® X was found in violation of Article 16.

Check us next time on Facebook!

Visit our Facebook page and "like" us so you don't miss out on informational postings concerning GCBR and related topics.

**Search for us with Garrett County Board of Realtors(r) and use the link that shows the GCBR Banner in the photo.
Become a fan!**

Garrett County Board of REALTORS®

GCBR News Briefs – August 1, 2012

Membership Update

New REALTOR® Members:

Melissa Long – Goodfellow Real Estate Services

Robin Moreau – Railey Realty

New Affiliate Members:

Spike's Chimney Sweeps

Mike Adams

2145 Zinn Chapel Road

Reedsville, WV 26547

304-864-3435

Email – spikeschimneysweep@frontiernet.net

Drops:

Transfers:

Changes:

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

New Sprinkler Requirements for Homes May Be Delayed Until 2015:

It appears that Garrett County might be in a position to delay the implementation of the new residential housing sprinkler requirements until the next code cycle in 2015.

The Maryland Code Administration recently announced that the law will take effect October 1, 2012 unless a local government opts out before October 1st of this year. If a county or municipality chooses to opt out before October 1 of this year, the new sprinkler requirement for single-family homes will still take effect in all jurisdictions by 2015 or the next code adoption, whichever is sooner.

The County Commissioners will be holding a public hearing on the matter on August 21.

Estimates on the cost of providing a sprinkler system for new housing differ greatly depending on the water source, pressure, size of home and storage required. Systems for homes on rural wells would generally cost much more than those served by municipal water supplies.

GCBR to Participate in Marcellus Shale Gas Forum:

The MD Department of the Environment (MDE) will be chairing a public forum discussing the impacts that Marcellus Shale gas drilling might have on the Deep Creek Lake watershed. Brigid Kenney, MDE's senior policy advisor, will be leading the panel discussion on Saturday August 11, location TBA.

Government Affairs Director Paul Durham with the assistance of board members Jay Ferguson and Doug McClive will represent GCBR. Our focus will be in those areas of the shale gas drilling issue that affect real estate transactions, including disclosures and leasing.

The Friends of Deep Creek Lake organization is hosting the event. The group is also seeking involvement from county government and elected officials.

GCBR members are encouraged to attend the forum.

Want to Run for Political Office?:

Have you ever considered running for political office, but you are not really sure what is involved? **Sign up for MAR's Candidate Training Academy.**

This full-day program will instruct participants on: how to develop a campaign plan, contact voters, fundraise, and Get- Out-the-Vote. The Academy is taught by veteran political consultants.

The academy will be held on **Wednesday, September 5th from 8:30 to 4:30 pm at MAR Headquarters in Annapolis**. The cost is \$20. Space is limited so participants will be accepted on a first come, first served basis.

For more information, call 800-638-6425 and ask for Sheryl Bergman.

Septic regulations Approved by Legislative Committee:

The Joint Committee on Administrative, Executive, and Legislative Review (AELR) approved septic regulations submitted by the Maryland Department of Environment (MDE). **MAR opposed these regulations believing they exceed the statutory authority granted by the General Assembly.**

In addition, MAR pointed out that there was a need for better data on the sources of nitrogen loading on the Chesapeake Bay, that the regulations negatively affected housing affordability in Maryland, and that it imposed a costly new requirement on landowners that is not commensurate with the environmental benefit the regulations might bestow.

2012 Continuing Education Schedule

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Required courses will be indicated in red.

There must be a minimum of 10 students registered for classes to be held.

Wed. Aug 15, 2012 9:00 – 12:00 “2009-2012 Legislative Legal Update (A)

Wed. Sept. 12, 2012 9:00 – 12:00 “MD Code of Ethics/Predatory Lending” (D)

Al Monshower at Garrett College:

Fri. Oct. 19, 2012 9:00 – 12:00 “MD Real Estate Law – What You Don’t Know Will Hurt You” (F)

1:00 – 4:00 “Real Estate Legal Hot Buttons” (F)

Wed. Oct. 31, 2012 10:00 – 11:30 “Part 1 Garrett County Real Estate – Zoning, Ordinances & Beyond” (F)

Wed. Nov. 14, 2012 9:00 – 12:00 “Contracts) (F)

Wed. Nov. 28, 2012 10:00 – 11:30 “Risk Management” (F)

Wed. Dec. 12, 2012 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)

**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.

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Maryland Association of REALTORS®

TAKE THIS [IMPORTANT SURVEY](#) from Federal Reserve Bank of Richmond - just for MD REALTORS!

NEW! [VETERAN'S HOMEOWNERSHIP PROGRAM](#) announced by Maryland Mortgage Program.

National Association of REALTORS®

[Insurance Options Just for Members](#)

Did you know you can take advantage of a variety of insurance offerings through the REALTOR Benefits® Program? Members have access to exclusive plans and rates for auto, home, renters, errors and omissions, dental, and limited medical insurance. Learn more today.

MRIS

Garrett County is the only one at this time testing the new MRIS Keystone Homepage and if you have not began using it you should become familiar with the changes prior to the system conversion. The new link is provided below for your convenience.

<http://www.applications.mris.com/Keystone>

[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 #4-5: Fidelity to Client (Revised Case #13-7 May, 1988. Transferred to Article 4 November, 1994, Cross-referenced Case #1-4.)

Client A contacted REALTOR® B to list a vacant lot. Client A said he had heard that similar lots in the vicinity had sold for about \$50,000 and thought he should be able to get

a similar price. REALTOR® B stressed some minor disadvantages in location and grade of the lot, and said that the market for vacant lots was sluggish. He suggested listing at a price of \$32,500 and the client agreed.

In two weeks, REALTOR® B came to Client A with an offer at the listed price of \$32,500. The client raised some questions about it, pointing out that the offer had come in just two weeks after the property had been placed on the market which could be an indication that the lot was worth closer to \$50,000 than \$32,500. REALTOR® B strongly urged him to accept the offer, stating that because of the sluggish market, another offer might not develop for months and that the offer in hand simply vindicated REALTOR® B's own judgement as to pricing the lot. Client A finally agreed and the sale was made to Buyer C.

Two months later, Client A discovered the lot was no longer owned by Buyer C, but had been purchased by Buyer D at \$55,000. He investigated and found that Buyer C was a brother-in-law of REALTOR® B, and that Buyer C had acted on behalf of REALTOR® B in buying the property for \$32,500.

Client A outlined the facts in a complaint to the Board of REALTORS®, charging REALTOR® B with collusion in betrayal of a client's confidence and interests, and with failing to disclose that he was buying the property on his own behalf.

At a hearing before a panel of the Board's Professional Standards Committee, REALTOR® B's defense was that in his observation of real estate transactions there can be two legitimate prices of property – the price that a seller is willing to take in order to liquidate his investment, and the price that a buyer is willing to pay to acquire a property in which he is particularly interested. His position was that he saw no harm in bringing about a transaction to his own advantage in which the seller received a price that he was willing to take and the buyer paid a price that he was willing to pay.

The Hearing Panel concluded that REALTOR® B had deceitfully used the guise of rendering professional service to a client in acting as a speculator; that he had been unfaithful to the most basic principles of agency and allegiance to his client's interest; and that he had violated Articles 1 and 4 of the Code of Ethics.

Check us next time on Facebook!

Visit our Facebook page and "like" us so you don't miss out on informational postings concerning GCBR and related topics.

Search for us with Garrett County Board of Realtors(r) and use the link that shows the GCBR Banner in the photo.

Become a fan!

Garrett County Board of REALTORS®

GCBR News Briefs – October 1, 2012

Membership Update

New REALTOR® Members:

New Affiliate Members:

Drops:

Transfers:

Changes:

2012-13 REALTOR® Dues are Due November 1, 2012

NAR	\$ 155.00
MAR	\$ 181.00
GCBR	<u>\$347.00</u>
Total	\$683.00
Voluntary RPAC Contribution	<u>\$25.00</u>
Total	\$708.00

Dues invoices have been delivered or mailed to all brokers for distribution to members.

If you wish to pay your dues via VISA or MasterCard you may do so beginning October 31, 2012 at the NAR website at www.realtor.org login and at the top of the screen on the main menu, click on “Pay Dues” and follow the instructions.

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

DNR Secretary John Griffin to Make “State of the Lake” Presentation on November 14:

DNR Secretary John Griffin has confirmed that he and DNR staff will be presenting a report to the county commissioners on November 14 on “the state of the lake”. The presentation will be similar to one made last year by DNR.

The presentation is open to the public and will be at 4:30 PM at the St. Peter's Roman Catholic Church hall, just across 4th street from the county courthouse.

All GCBR members are encouraged to attend.

County Marcellus Shale Gas Advisory Committee Fails to Adopt Recommendation on Local Regulation:

The county's Marcellus Shale Gas Advisory Committee met on September 25 and received several recommendations from its Legislative Subcommittee. One of the recommendations was that a recommendation be made to the county that it seek legislated authority to adopt local ordinance and regulations regarding Marcellus Shale gas drilling operations to protect public health, safety and the welfare of the county.

After a vigorous debate in the committee, the recommendation failed by a very close vote. The reasons against the recommendation included both the need for county-wide zoning, and opposition to further regulation and the protection of property rights.

Without local authority, and in the absence of zoning, there is the possibility of gaps in protection for property owners and the public if the state's regulatory framework neglects issues that are usually managed by the local jurisdiction.

Remind Clients--Upcoming Deadline for Homestead Tax Exemption:

December 31, 2012 is the deadline for filing an application for the Maryland Homestead Tax Credit.

Legislation adopted five years ago requires all homeowners to submit a one-time application to continue their homestead tax credit eligibility. Even homeowners who in the past have received the credit must file the form if they have not already done so.

The credit may not be claimed for vacation homes or rental properties, and the application process is designed to ensure that taxpayers receive only one homestead tax credit.

The homestead tax credit protects homeowners from the impact of real estate market fluctuations in annual property taxes. When home values increase dramatically, the homestead tax credit operates as a cap on the homeowner's property tax bill and allows for the appreciation in value to phase in over time.

Homeowners should have received two earlier notifications of the requirement to file a homestead tax credit application. Many have already completed the form either in writing or electronically. Your clients can access the Maryland Department of Assessments and Taxation website to find out if the application was previously submitted. Go to www.dat.state.md.us and click on "Real Property Data Search." Select the County where the property is located and enter the street address. A page will appear and display information on the property. At the bottom of that page, the homeowner can see if the homestead application was previously submitted.

If the application was not submitted, a form can be requested by sending an email to hcredit@dat.state.md.us. The email should request a homestead tax credit application form, along with the address for the property and the County where the property is located. An application can also be requested by calling toll free 1-866-650-8783.

For more information, click here <http://dat.state.md.us/prhomestead.pdf>

FEMA Flood Plain Maps Updated – Are Your Listings Impacted by the Changes?

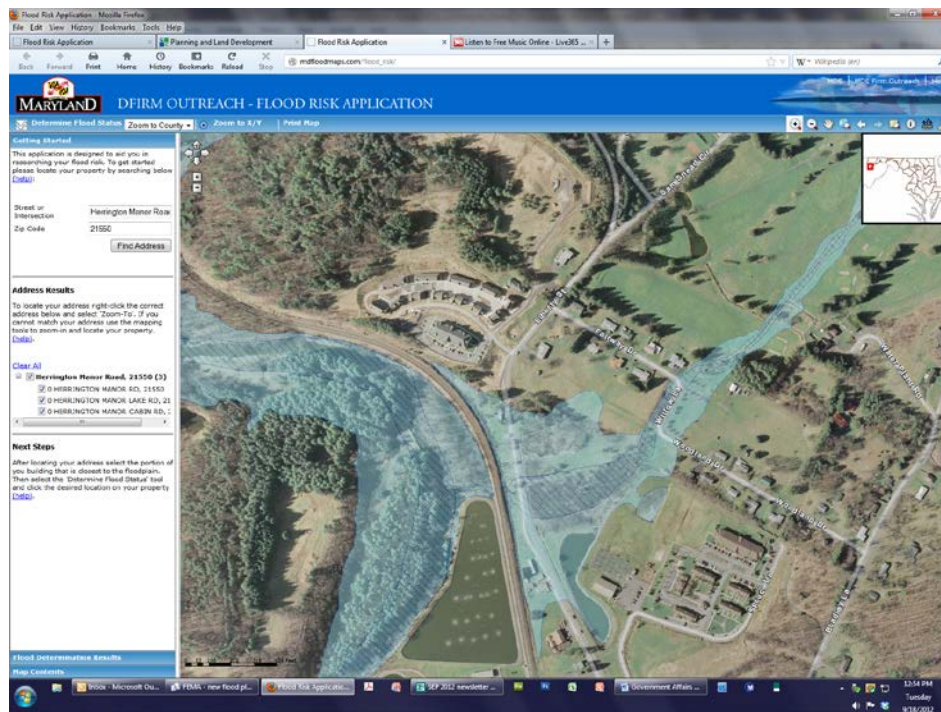
Jim Torrington with the county's Permits and Inspection Division asked me to forward the following information along to you.

FEMA has updated their flood plain mapping for Garrett County. The county has sent out notices to 290 property owners to alert them to the possibility that their properties might be included in the new maps. Because FEMA floodplain mapping affects how some properties might be improved or developed, there is an effect on future potential land use. Mr. Torrington alerted us because of the possibility of real estate listings on some of the affected properties.

The MDE maintains a website where you can type in a street address and the FEMA floodplain map comes up. You can zoom in on the address and it appears through an aerial photograph.

Go to http://mdfloodmaps.com/flood_risk/ to access the online mapping.

We recommend that you check your listings to see whether a flood plain designation exists. This might be a listing or disclosure matter, depending on the extent of floodplain on a property and where structures are located. There is also a short window of opportunity for property owners to work with the county to have the floodplain designation changed should the elevations or mapping be in error.



Garrett County Delays Implementation of New Sprinkler Requirements – “opt out” in effect until 2015:

On August 21 the County Commissioners held a public hearing on the matter of mandating fire suppression systems in all new single and two family homes beginning on OCT 1 of this year. County staff had proposed a temporary “opt out” provision in the county’s building code. **After a public comment period, the County Commissioners voted on September 4 to accept the “opt out” provision.**

GCBR wrote to the County Commissioners in support of delaying the implementation of the requirement until 2015. Several other comment letters similar to GCBR were received.

The Codes Administration had previously informed the county that if a local government opts out of the sprinkler mandate before October 1, 2012, the local government will not have to enforce the sprinkler mandate for townhomes and single-family homes until their next revision of the building code or 2015 (whichever is sooner). The sprinkler law in Maryland also contains some arcane and narrow exemptions from the mandate which are explained in the Codes Administration Announcement.

2012 Continuing Education Schedule

Photo ID Required at Sign-In

Required courses will be indicated in red.

There must be a minimum of 10 students registered for classes to be held.

Al Monshower at Garrett College:

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1:00 – 4:00 “Real Estate Legal Hot Buttons” (F)

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Wed. Nov. 28, 2012 10:00 – 11:30 “Risk Management” (F)

Wed. Dec. 12, 2012 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)

**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.

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(this is required for all Brokers, Office Managers & Team Leaders but is available to anyone needing CE hours)

Total Hour Requirements – 15 clock hours

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

Maryland Association of REALTORS®

Modest Changes to FHA Condo Rules

Although NAR and the State and Local Associations continue to lobby for more aggressive reform to FHA condo rules, the latest Mortgagee letter (2012-18) makes some positive changes, including:

1. **15% Delinquency** -- although FHA did not increase the 15% delinquency threshold for FHA projects, FHA clarified that a unit must be delinquent for 60 days rather than 30 days.
2. **Commercial Space limitations** -- FHA will consider on a case by case basis projects with non-residential commercial space of up to 50%. The exception process requires some rigorous documentation, but it would provide additional flexibility to current rules.
3. **Fidelity insurance** -- FHA eases some of the fidelity insurance requirements for management companies.
4. **Project Certification** -- FHA eases the project certification requirements for projects. Many condo projects were reluctant to sign previous certifications due to concerns over legal liability.

National Association of REALTORS®



Dell meets your personal and professional computing needs with both home and business class products. Dell now includes access to its Small and Medium Business Lines, in addition to their Consumer product line.

Your NAR Member Discounts

REALTORS® get access to Dell's best pricing and will receive a 10% discount on select Dell products, including a wide variety of notebooks, desktops, and servers. There are also thousands of electronics and accessories, and free U.S. ground shipping.

In addition to the regular discount above, you can take advantage of ongoing value-added coupon codes. These codes are listed on [Dell's NAR member site](#). Combine your regular member discount with Dell's ongoing coupon and receive up to 35% off. Coupons and discounts are stackable.

About This Partner

A leading direct provider of technology hardware and solutions, Dell's reputation for service and support is recognized worldwide. Need help choosing the right technology? Dell has a dedicated and trained sales team to assist you.

Discount/Offer Code:

Member ID - CS8569483 and your NAR Membership

Contact:

Phone: 800-757-8442 or [visit Dell's Website](#).

Safety Tips for Real Estate Agents

Real Estate Safety Stories: 'How I Stay Safe'

If you think you're not at risk, think again. These real estate professionals found themselves in uncomfortable situations and reveal what they do now to avoid risk. September 2010 | By [Melissa Dittmann Tracey](#)

Skip ahead to read these "How I Stay Safe" anecdotes:

- [Partner up for Open Houses](#)
- [Make up an Excuse to Leave](#)
- [Have a Secret Distress Code](#)
- [Be on the Lookout for Clues](#)
- [Watch for Distractions at Open Houses](#)

- [Have a Back-up Plan in Case of Squatters](#)
- [Don't Assume a Referral Is Always Safe](#)
- [Take Extra Precautions With REOs](#)
- [Trust Your Hunches](#)
- [Solicit Spousal Support When in Doubt](#)

NAR REALTOR® Magazine

MRIS

Attend MRIS October Training at GCBR on 10/17!

Act fast, there are limited seats (4) available, and registrations are first come first serve. Check out our upcoming classes:

Course Level	Course Name	Date	Location
MATRIX 101	The Need-to-Knows of Matrix	October 17th	GCBR Office
KEYSTONE 101	Entering Listings Correctly	October 17th	GCBR Office



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 #2-6: Misrepresentation (Reaffirmed Case #9-12 May, 1988. Transferred to Article 2 November, 1994.)

REALTOR® A, a cooperating broker, had shown four houses to Buyer B, and Buyer B's wife had asked to see one of them a second time. There was a third inspection, and a fourth. They seemed at the point of decision but said they would like to "sleep on it". When there was no word the next day, REALTOR® A called. Buyer B said he was a bit hesitant on the price; that some transfer of executives in his company had been rumored; that this could affect him within the year; that he hesitated to buy at a price that might mean taking a loss if he should be transferred within a year.

REALTOR® A tried to reassure the prospect by telephone. Then he dictated a letter stating that the house was an exceptional bargain at the asking price and “our office guarantees to get your money out of it for you any time in the next year if you should need to sell.” Buyer B came in and signed the contract.

Six months later, Buyer B came to REALTOR® A as a seller. He was being transferred. He would need to get his equity out of the house to be able to afford a purchase in the new community. REALTOR® A listed the house at the price Buyer B had paid for it. After a month there had been no offers. Buyer B reminded REALTOR® A of his written assurance that his office had guaranteed he would get his money out of the house within the year.

REALTOR® A explained that the market had become much less active and that Buyer B might have to reduce his price by \$10,000 to \$15,000 to attract a buyer. Whereupon, Buyer B filed a complaint with the Board of REALTORS® charging REALTOR® A with misrepresentation, exaggeration, and failure to make good a commitment. After examination of the complaint, the Grievance Committee referred it to the Professional Standard Committee for a hearing.

In response to questioning by the Hearing Panel, REALTOR® A admitted that he had written the letter to Buyer B in good faith and, at the time the letter was written, he had been certain that his office could obtain a price for the property that would ensure Buyer B was “getting his money out of the house.” However, REALTOR® A explained that although he had held such an opinion in good faith, the market had softened and now the circumstances were different. The Hearing Panel reminded REALTOR® A that the pertinent fact being considered was not his opinion at the time of the previous sale as compared to his opinion now, but rather his written “guarantee” to Buyer B and his current failure to make good his written commitment. It was the conclusion of the Hearing Panel that REALTOR® A had engaged in misrepresentation and was in violation of Article 2.

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Garrett County Board of REALTORS®

GCBR News Briefs – September 1, 2012

Membership Update

New REALTOR® Members:

New Affiliate Members:

Drops:

Jeremy Gosnell, Long and Foster Real Estate

Transfers:

Changes:

Taylor Made Deep Creek Vacations – new address
35 Towne Centre Way
McHenry, MD 21541

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

Pit Bull Legislation Fails to Pass:

From MAR - In a decision issued this spring, the Maryland Court of Appeals ruled that dog owners and landlords are "strictly liable" for injuries caused by pit bulls they own or pit bulls that live on their properties. This decision reverses long-standing negligence law in Maryland, and imposes the strictest liability standards on owners and landlords under law.

Because "strict liability" leaves a defendant with no defense against properly filed claims, landlords were unsure of how to protect themselves from liability short of forcing pit bull owners to remove their dogs from the property or face eviction.

To address this problem, the Maryland General Assembly introduced legislation during its August special session to reverse the Court of Appeals decision as it applies to landlords, and to provide additional leniency to some pet owners. Unfortunately, the House and Senate could not agree on the provisions that should be included in the bill, and thus it was not passed by the Senate in the final hours of the Special Session. It is expected that additional legislation will be considered in the coming 2013 Legislature.

In the meantime, the Court's decision is on hold while the Court determines whether it will reconsider its decision.

GAD Note: The court decision raises the question of the liability of property managers and others who might "control the dog's presence" on the property who knew, or had reason to know, the dog was a pit bull or cross-bred pit bull. Property managers and members at risk might want to contact their insurance company and/or attorney for further guidance. (GAD note taken from

information taken from legal brief from Miles and Stockbridge P.C. at...
<http://click.bsftransmit1.com/Preview.aspx?EmailId=243&AccountID=1253&ViewMode=HTML>)

GCBR Takes Position on New Sprinkler Requirements:

On August 21 the County Commissioners held a public hearing on the matter of mandating fire suppression systems in all new single and two family homes beginning on OCT 1 of this year. They are proposing a temporary "opt out" provision in the county's building code.

GCBR wrote to the County Commissioners in support of delaying the implementation of the requirement until 2015. Several other comment letters similar to GCBR were received.

The Codes Administration had previously informed the county that if a local government opts out of the sprinkler mandate before October 1, 2012, the local government will not have to enforce the sprinkler mandate for townhomes and single-family homes until their next revision of the building code or 2015 (whichever is sooner). The sprinkler law in Maryland also contains some arcane and narrow exemptions from the mandate which are explained in the Codes Administration Announcement.

Except for testimony from the state fire marshal's office, all public comments favored a delay in the implementation of the requirement.

The commissioners will be voting on the matter at their September 4 meeting.

NAR Information about Health Insurance Reform:

NAR continues to provide information on how the new federal health care law affects real estate transactions. Below are some FAQs to help you and your clients understand if certain tax provisions apply to a real estate transaction.

Health Insurance Reform: Frequently Asked Questions (FAQs) - New Medicare Tax on "Unearned" Net Investment Income (Last updated: Feb. 16, 2012)

[Download this set of FAQs>](#) (PDF: 99K)

Q-1: Is there a 3.8% real estate "sales tax" or a transfer tax created in health care bill?

A: No. There is neither a real estate "sales tax" nor a real estate transfer tax under any federal law. The Internet has generated several viral items describing such a tax. Those Internet postings are totally false. The 2010 health care legislation did create a new 3.8% tax, but it applies only to a limited group of taxpayers.

Q-2: So who will be subject to the new tax? When is it effective?

A: The new 3.8% tax will apply to the "unearned" income of "High Income" taxpayers. The new Medicare tax on unearned income will take effect January 1, 2013. Proceeds from the tax will be allocated to shoring up the Medicare fund.

Q-3: Who is a "High Income" Taxpayer?

A: Those whose tax filing status is "single" will be subject to the new unearned income

taxes if they have Adjusted Gross Income (AGI) of more than \$200,000. Married couples filing a joint return with AGI of more than \$250,000 will also be subject to the new tax. (The AGI threshold for married filing separate returns is \$125,000.)

Q-4: Are the \$200,000 and \$250,000 thresholds indexed for inflation?

A: No. Thus, over time, more individuals may become subject to this tax.

Q-5: What is “unearned” net investment income?

A. Unearned income is the income that an individual derives from investing his/her capital. It includes capital gains, rents, dividends and interest income. It also comes from some investments in active businesses if the investor is not an active participant in the business. The portion of unearned income that is subject both to income tax and the new Medicare tax is the amount of income derived from these sources, reduced by any expenses associated with earning that income. (Hence the term “net” investment income.)

Q-6: So the new tax will apply to rents from investment properties that I own?

A: Maybe. Remember that net investment income includes only *net* rental income. Thus, gross rents would not be subject to the tax. Rather, gross rents would be reduced (as they are under the income tax) by all allowable expenses, including depreciation, cost of repairs, property taxes and interest expense associated with debt service. AGI includes net income from rent, so if your AGI is above the \$200,000/\$250,000 thresholds, then the rental income might be subject to the tax.

For many investment real estate owners, the net rents will be the same as or similar to the amounts reported on their Schedule E, filed with their Form 1040 Income Tax Return. (For calculations, see Q-7, below. See also Q-8 through Q-12 related to capital gain from sale of principal residence, losses on sale and to vacation homes, below.)

Q-7: Does the tax apply to the yearly appreciation of an asset?

No. *Capital gains are subject to this new tax only in the year when the asset is sold.* The amount of the gain will be measured in the same way that it is for income tax purposes. This rule applies to real estate and all other appreciating capital assets. Net capital gains are taxable only in the year of sale.

Q-8: How is the new 3.8% Medicare tax calculated?

A: The new 3.8% Medicare tax is assessed only when Adjusted Gross Income (AGI) is more than \$200,000/\$250,000. (See Q-2 above.) AGI includes net income from interest, dividends, rents and capital gains, as well as earned compensation and several additional forms of income presented on a Form 1040 Income Tax Return.

***The tax is NOT imposed on the total AGI, nor is it imposed solely on the investment income.* Rather, the taxable amount will depend on the operation of a formula. The taxpayer will determine the LESSER of (1) net investment income OR (2) the excess of AGI over the \$200,000/\$250,000 AGI thresholds. Thus, if net investment income is the smaller amount, then the 3.8% tax is applied only to the net investment income amount. If the excess over the thresholds is the smaller amount, then the 3.8% tax would apply only to**

the excess amount.

Q-9: Give me an example.

If AGI for a single individual is \$275,000, then the excess over \$200,000 would be \$75,000 (\$275,000 minus \$200,000). Assume that this individual's net investment income is \$60,000. The new 3.8% tax applies to the smaller amount. In this example, \$60,000 of net investment income is less than the \$75,000 excess over the threshold. Thus, in this example, the 3.8% tax is applied to the \$60,000.

If this single individual had AGI of \$275,000 and net investment income of \$90,000, then the new tax would be imposed on the smaller amount: the \$75,000 of excess over \$200,000.

Rules of thumb for predicting the application of this tax year to year are not readily determinable, largely because the proportion of net investment income compared to AGI will vary from year to year and from individual to individual.

Q-10: Will the \$250,000/\$500,000 exclusion on the sale of a principal residence continue to apply?

A: Yes. Any gain from the sale of a principal residence that is less than \$250,000 (individual) or \$500,000 (joint return) will continue to be excluded from the income tax. The new 3.8% tax will NOT apply to this excluded amount of the gain.

Q-11: Will the 3.8% tax apply to any part of the gain on the sale of a principal residence?

A: Maybe. The new Medicare tax would apply only to any gain realized that is more than the \$250K/\$500K existing primary home exclusion (known as the "taxable gain"), and only if the seller has AGI above the \$200K/\$250K AGI thresholds.

So, for example, if the taxable gain was \$30,000 and a married couple had AGI (which would include the taxable gain) of \$180,000, the 3.8% tax would not apply because AGI is less than \$250,000. If that same couple had AGI of \$290,000, then the application of the 3.8% tax would be subject to the same formula described above. The \$30,000 taxable gain on the sale would be less than the \$40,000 excess above \$250,000 AGI, so the \$30,000 gain would be subject to the new 3.8% tax.

Q-12: Is rent from a vacation home subject to the 3.8% tax? And what about the gain on sale of a vacation or rental property?

A: The application of the tax will depend on whether the vacation home has been rented out, the period for which it has been rented and whether the property is solely for the enjoyment of the owner. If the owner has rented the home out to others, then the 14-day rent exclusion will continue to apply. Thus, if the owner rents the property to others (including family members) for 14 or fewer days, there would be no net investment tax. (Note that no deductions for expenses would be available, as under current law.)

If the home has been rented to others (including family members) for more than 14 days, then the rents (minus related expenses) would be considered as part of net investment income and could, depending on AGI and the calculations described above, be subject to the new tax.

If the vacation home has been used solely for personal enjoyment (i.e., there is no rental income and no associated expenses), then a gain on sale would be treated as net investment income and could be subject to the tax, depending on AGI. Similarly, if the property had generated rents, any net gain on sale could also be included in net investment income. The amount of the tax (if any) would depend on the calculation formula, above in Q-8 and Q-9.

Q-13: My rental property generates a net loss each year. How will those losses be factored into the new tax? And what if I have net capital losses when I sell?

A: Net losses from rents and net capital losses reduce AGI. Thus, the losses themselves would not be subject to the tax. If, after losses, AGI still exceeds the High Income thresholds, the 3.8% tax would still apply to any net rental, interest or dividends income.

Q-14: I earn all of my income from real estate investments that I own and operate myself. Will my rents and gains be subject to the new tax?

A: No. If the ownership and operation of real estate you own is your sole occupation, then those activities are what's called your "trade or business." Income derived from a trade or business is not subject to the new 3.8% tax. If the owner of rental properties has a "day job," however, real estate investments are not considered as a trade or business, but are rather considered as investments, even if they are a major source of income.

Many Realtors engage in business activities that are the "typical" selling, leasing and brokerage endeavors usually associated with the term "Realtor." If they also own rental real estate assets as part of their own personal investment portfolio, the net rents from that portfolio could become subject to the new 3.8% tax on net investment income, depending on AGI.

Q-15: Will "High Income Filers" lose any portion of the Mortgage Interest Deduction?

A: No. The mortgage interest deduction is unchanged. No cap was imposed on any itemized deductions.

Q-16: Why is this new tax called a "Medicare tax?"

A: The revenues generated from this tax will be allocated to the Medicare Trust Fund that is part of the Social Security System. That fund is currently on shaky financial footing. These additional revenues are intended to shore up the Medicare Trust Fund.

Q-17: How will this new tax affect marginal (the highest) tax rates when it is combined with existing law and with the possible expiration of the Bush tax cuts enacted in 2001?

A: Marginal tax rates are the tax rates assessed on the "last" dollars included in taxable income. If the Bush tax cuts are allowed to expire, then the marginal rates for upper income individuals will increase, particularly for capital gains income. The chart below reflects the impact of those changes, presented based on implementation of current law effective dates.

[Download the chart](#) (PDF: 324K)

Want to Run for Political Office?:

Have you ever considered running for political office, but you are not really sure what is involved? **Sign up for MAR's Candidate Training Academy.**

This full-day program will instruct participants on: how to develop a campaign plan, contact voters, fundraise, and Get- Out-the-Vote. The Academy is taught by veteran political consultants.

The academy will be held on **Wednesday, September 5th from 8:30 to 4:30 pm at MAR Headquarters in Annapolis.** The cost is \$20. Space is limited so participants will be accepted on a first come, first served basis.

For more information, call 800-638-6425 and ask for Sheryl Bergman.

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(this is required for all Brokers, Office Managers & Team Leaders but is available to anyone needing CE hours)

Total Hour Requirements – 15 clock hours

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Education Providers are now required to enter your completed CE class hours into the Maryland Real Estate Commission database which will now track your completed hours. When you renew your license, the database will search to match completed hours and required topics against your license number and if you have not completed the correct amount of hours, you WILL NOT be able to renew your license.

Maryland Association of REALTORS®

NEW! VETERAN'S HOMEOWNERSHIP PROGRAM announced by Maryland Mortgage Program.

ANGRY ABOUT A FORECLOSURE? Application for a free Independent Foreclosure Review can be submitted until September 30. GET HELP

GREAT INTEREST RATES from Maryland Mortgage Program for TARGETED AREAS Borrower does NOT have to be a first-time buyer.

National Association of REALTORS®

September is REALTOR® SAFETY month visit www.realtor.org/safety

Free Safety Webinar: Live: Monday, September 17, 2012 11:00 am

“Safety Strategies for You and Your Clients” Video
Safety Presentation materials
Office Forms for Realtors® and Clients

REALTORS® PROPERTY RESOURCE (RPR) introduces a Commercial Application. [READ FULL STORY](#). RPR also offers an array of online learning to take advantage of this FREE valuable tool. [LEARN MORE HERE](#) [CLASS CALENDAR](#)

MRIS

Compliance DOs & DON'Ts

These helpful DOs and DON'Ts will assist you in the correct data input of a listing:

SHORT SALES

Compensation:

Do enter Compensation as a percentage of the gross or net sales amount or enter a dollar amount.

Do make an unconditional offer of cooperation and compensation.

Don't enter a compensation amount or indicate in the remarks that compensation depends or is contingent upon third party approval.

Don't indicate that the third party will determine compensation for cooperating brokers based on negotiated terms of the contract.

Status:

Do update listing status to Contingent upon acceptance/ratification of an offer.

Do update the status of a listing pending third party approval to Contingent Contract.

Don't keep a property in ACTIVE status after accepting/ratifying an offer because the seller or any third party requests that the status remain active.

LISTINGS

Do enter all property information accurately.

Do make all status changes and other updates within 48 hours, weekends and holidays excluded.

Do update Contingency Expiration Dates or Settlement dates when the dates change or have passed.

Do use the Tax ID Autofill feature when entering listings.

Don't try to manipulate Days on Market, using tax and address information.

Don't enter two or more active listings for the same property unless the property is both for rent and for sale.

REMARKS

Internet (Public):

Do include information about the property only.

Don't include any of the following information: commissions, showing contacts, agent or broker names, phone or fax numbers, web site or email addresses, virtual tours, alarm codes, lockbox codes or other security measures.

Don't include any links, active or animated content, or other comments containing HTML or programming code

General (Agent) /Farm:

Do enter information intended for cooperating brokers, such as special showing instructions, contacts or phone numbers, special contract information, special compensation information, properly excluded prospects, virtual tours, broker or agent web sites and email addresses. Foreclosure or Auction listings may reference a third party web site (such as HUD, VA) where contracts must be registered.

Don't include any Lockbox codes or other security system information without Seller's permission.

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®

(Originally Case #7-6. Revised May, 1988. Transferred to Article 1 November, 1994.)

Client A gave an exclusive listing on a house to REALTOR® B, stating that he thought \$132,500 would be a fair price for the property. REALTOR® B agreed and the house was listed at that price in a 90-day listing contract. REALTOR® B advertised the house without response, showing it to a few prospective buyers who lost interest when they learned the price. In a sales meeting in his office, REALTOR® B discussed the property, advised his associates that it appeared to be overpriced, and that advertising and showing the property had proved to be a waste of time and money.

After six weeks had gone by without a word from REALTOR® B, Client A called REALTOR® B's office without identifying himself, described the property, and asked if the firm was still offering it for sale. The response he received from one of REALTOR® B's nonmember associates was: "We still have the house listed, but there is little interest in it because, in our opinion, it is overpriced and not as attractive a value as other property we can show you."

Client A wrote to the Board of REALTOR® complaining of REALTOR® B's action, charging failure to promote and protect the client's interest by REALTOR® B's failure to advise the client of his judgment that the price agreed upon in the listing contract was excessive, and by REALTOR® B's failure to actively seek a buyer.

In a hearing on the complaint before a Hearing Panel of the Board's Professional Standards Committee, REALTOR® B's response was that Client A had emphatically insisted that he wanted \$132,500 for property; that by advertising and showing the property he had made a diligent effort to attract a buyer at that price; that in receiving almost no response to this effort he was obliged to conclude that the house would not sell at the listed price; that in view of the client's attitude at the time of listing, he felt it would be useless to attempt to get Client A's agreement to lower the listed price; and he had instructed his staff not to actively market the property at that price.

The Hearing Panel concluded that REALTOR® B was in violation of Article 1; that he had been unfaithful in his obligations in not advising his client of his conclusion that the property was overpriced, based on the response to his initial sales efforts; and in withholding his best efforts to bring about a sale of the property in the interests of his client.

Check us next time on Facebook!

Visit our Facebook page and "like" us so you don't miss out on informational postings concerning GCBR and related topics.

Search for us with Garrett County Board of Realtors(r) and use the link that shows the GCBR Banner in the photo.

Become a fan!

Garrett County Board of REALTORS®

GCBR News Briefs – November 1, 2012

Membership Update

New REALTOR® Members:

New Affiliate Members:

Drops:

Diva Bunting, Touchstone Realty (Secondary Member)
Ed Browing, Railey Realty

Transfers:

Changes:

Name change - Amy Buser is now Amy Zimmerman

2012-13 REALTOR® Dues are Due November 1, 2012

NAR	\$ 155.00
MAR	\$ 181.00
GCBR	<u>\$347.00</u>
Total	\$683.00
Voluntary RPAC Contribution	<u>\$25.00</u>
Total	\$708.00

Dues invoices have been delivered or mailed to all brokers for distribution to members.

If you wish to pay your dues via VISA or MasterCard you may do so beginning October 31, 2012 at the NAR website at www.realtor.org login and at the top of the screen on the main menu, click on "Pay Dues" and follow the instructions.

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

FROM MAR: REALTORS, ALERT ACTION NEEDED - Rural America Loans THREATENED...

Maryland REALTORS, please help ensure sustainability of the existing Rural Housing Service (RHS) Loan Program (Sec. 502). [Roughly 900 communities across the country](#) will soon lose eligibility for Rural Housing Service programs -- Maryland communities like Accokeek & Benesville (Charles County), Chesapeake Ranch (Calvert), Eldersburg (Carroll), Elkton (Cecil) and Sykesville (Carroll). While this may not be your Maryland community, it significantly impacts our state market as a whole during these fragile economic times. ***We need your help!***

Remember...collectively, we CAN make our voice heard! YOUR personal action DOES make a difference! Compounded with over 20,000 Maryland REALTORS and nearly a million more nationally, REALTORS will be heard LOUD & PROUD! Please take Action TODAY?! As always, many thanks for your advocacy efforts!

[PLEASE READ MORE HERE & TAKE ACTION NOW!](#)

FANTASTIC Marylanders!!! Nearly 7% better than national average...but we KNOW can STILL do BETTER!

Maryland Response Overall 12.32% (2,063/ 16,742)

(Rankings Breakdown by Board/Assn Size, Participation Rate based upon CFA Participants/Avg. Working email)

Under 500

Bay Area 27.23% (58/ 213)
Garrett 26.04% (25/ 96)
Historic Highlands 19.39% (19/ 98)
Cecil County 15.86% (36/ 227)
Carroll County 15.62% (65/ 416)
Pen Mar 15.23% (76/ 499)
MidShore 10.51% (35/ 333)

Over 500 to 2,000

Southern Maryland 18.85% (174/ 923)
Frederick 14.80% (86/ 581)
Coastal 11.93% (83/ 696)
Harford 11.66% (110/ 943)
Howard 10.61% (112/ 1,056)
Anne Arundel 9.67% (178/ 1,840)

Over 2,000

Prince George's 8.16% (172/ 2,109)
GBBR 7.83% (172/ 2,198)
GCAAR 3.95% (258/ 6,526)

DNR Secretary John Griffin to Make "State of the Lake" Presentation on November 14:

DNR Secretary John Griffin has confirmed that he and DNR staff will be presenting a report to the county commissioners on November 14 on "the state of the lake". The presentation will be similar to one made last year by DNR.

The presentation is open to the public and will be at 4:30 PM at the St. Peter's Roman Catholic Church hall, just across 4th street from the county courthouse.

All GCBR members are encouraged to attend.

FROM MAR - Residential Agency Law Toolkit Now Available:

In response to a significant expression of interest from members about agency law, the MAR Legal Department has published a collection of articles addressing the most often-asked questions. The articles discuss, among other issues:

- How to properly use the state-required "Understanding Whom Real Estate Agents Represent" form;
- As a Buyer's agent, when to present the form to a seller or seller's agent;
- How "presumed" buyer agency works; and
- The Maryland Real Estate Commission's guidance on the impact of agency law on the conduct of open houses.

Please use and distribute this information. It is authoritative and timely, as we know that members are struggling with how best to comply with these rules which, while not new, have been getting a lot of attention lately. The Maryland Real Estate Commission is stepping up its enforcement of the law and your best risk management strategy is to be familiar with the rules and the best practices to ensure compliance.

Download the Toolkit [here](#).

For more information, contact the MAR Legal Department at 800-638-6425 or email us at legal@mdrealtor.org.

REALTORS® Community Service Project "Heatings Heads and Hands of Garrett County Children"

The GCBR REALTORS® Community Service Committee is asking for your assistance in their 3rd annual Heating Heads and Hands of Garrett County Children project by purchasing hats, gloves and scarves that will be distributed to area needy children in cooperation with the Oakland Rotary Children's Christmas Drive.

Promote this to your family and friends as we welcome public participation!

The committee is working to get collection tubs placed in real estate offices as well as in several local businesses. Last year the committee packaged over 120 bags to be delivered to children and we ask your cooperation to help us exceed this number this year.

Committee members will be picking up collections tubs the last week of November. Thank you in advance for helping us keep our children warm for the holidays.

2012 Continuing Education Schedule

Photo ID Required at Sign-In

Required courses will be indicated in red.

There must be a minimum of 10 students registered for classes to be held.

Wed. Nov. 14, 2012 10:00 – 11:30 “MD Fair Housing” (C) rescheduled

Wed. Nov. 28, 2012 10:00 – 11:30 “Risk Management” (F)

Wed. Dec. 12, 2012 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)

Wed. Jan. 16, 2013 9:00 – 12:00 “MREC – Agency Residential” (H)

Wed. Feb. 13, 2013 9:00 – 12:00 “2009-12 Legislative Legal Update” (A)

Wed. Feb. 27, 2013 10:00 – 11:30 “MD Fair Housing” (C)

Wed. Mar. 13, 2013 9:00 – 12:00 “MREC – Agency Residential” (H)

Wed. Mar. 27, 2013 9:00 – 12:00 “MD Code of Ethics/Predatory Lending” (D)

Wed. Apr. 10, 2013 9:00 – 12:00 “2009-12 Legislative Legal Update” (A)

Wed. Apr. 24, 2013 10:00 – 11:30 “Garrett Co. Real Estate, Zoning, Ordinances & Beyond
Part 2” (F)

Wed. May 8, 2013 9:00 – 12:00 “MD Code of Ethics/Predatory Lending (D)

Wed. May 22, 2013 10:00 – 11:30 “MD Fair Housing” (C)

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
4. Topic H – MREC – Agency-Residential – 3 clock hours
5. Topic I - MREC Supervision, Broker, Branch Office Manager & Team Leader – 3 clock hours
(this is required for all Brokers, Office Managers & Team Leaders but is available to anyone needing CE hours)

Total Hour Requirements – 15 clock hours

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

Maryland Association of REALTORS®

Legal Affairs News

No “Sales Tax” on Home Sales in Health Reform Bill

Contrary to reports and newspaper articles circulating widely on the Internet, there is NOT a broad, overreaching “sales tax” or “transfer tax,” *per se*, on the sale of a home included in the recently signed health care reform bill. The analysis underlying these reports is incomplete and misleading. In actuality, the health bill included a provision that imposes ***a new 3.8 percent Medicare tax for some high-income households that have “net investment income,”*** that may have been realized in the sale of real property in excess of the current capital gains limits/exemption. Any revenue collected by the tax is dedicated to the Medicare hospital insurance program.

In an opinion piece published in the March 28, 2010 edition of the Spokane, Washington newspaper the Spokesman Review, Paul Guppy of the conservative Washington [state] Policy Center said that middle class real estate owners will pay a tax on home sales. His article has gone "viral" with a hand-written notation purporting to quantify a \$7600 "tax" on a \$200,000 home.

In truth, beginning in 2013, the Affordable Care Act imposes a new 3.8% Medicare tax on “net investment income” earned by taxpayers with Adjusted Gross Income (AGI) of more than \$200,000 for individuals or more than \$250,000 for married couples. Since capital gains are included in the definition of net investment income, a tax obligation might result from the sale of real property. In the case of the sale of a principal residence, the existing \$250,000/\$500,000 exclusion from capital gains on the sale of a principal residence remains unchanged. Therefore, even when the AGI limits are met, the new tax would apply only to the gain realized on a home sale in excess of the \$250K/\$500K existing primary home exclusion that pushes the filer's AGI over the \$200K/\$250K adjusted gross income limit. While Mr. Guppy subsequently defended his position, he did not explicitly acknowledge the capital gains exemption for principal residence sales.

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Here is the language from the bill:

“(a) IN GENERAL. – Except as provided in subsection (e) –

(1) APPLICATION TO INDIVIDUALS. In the case of an individual, there is hereby

imposed (in addition to any other tax imposed by this subtitle) for each taxable year a tax equal to 3.8 percent of the **lesser** of –

(A) net investment income for such taxable year, or

(B) the **excess** (if any) of –

(i) the modified adjusted gross income for such taxable year, over

(ii) the threshold amount.”

The *threshold amount* in Sec. 1411(a)(1)(B)(ii) is \$200,000 single, \$250,000 married (1.5% of U.S. households).

The *net investment income* in Sec. 1411(a)(1)(A) includes interest, dividends, annuities, royalties, rents, and capital gains. Distributions from qualified plans or IRAs are not included. It does not make any distinction between qualified and ordinary dividends or between short-term and long-term capital gains. All dividends and capital gains are subject to the new Medicare tax equally. So only those sales of real property that actually result in capital gains (which are rare) to the specified earners will be subject to the tax.

Here’s an example:

- Profit on home sale: \$600,000
- Sellers’ income: \$300,000
- Deductible amount under current law for a married couple: \$500,000
- Capital gains tax due on \$100,000 = \$15,000

Because the hypothetical sellers’ income is over the threshold, they’ll have to pay the new Medicare tax as well, which would be calculated in one of the following ways:

- Taxable profit: \$100,000
- Difference between annual income and taxable profit: \$200,000
- Difference between \$300,000 income and \$250,000 threshold: \$50,000

The sellers would pay 3.8 percent on the lower number, which is \$50,000. Thus, they owe IRS \$1,900.

Another example:

On earned income of \$50k, unearned of \$210k - The extra 3.8% Medicare tax applies to the excess of MAGI over \$250k, which is $\$50k + \$210k - \$250k = \$10k$, because it’s less than the \$210k unearned income. Extra tax = $\$10,000 \times 3.8\% = \380 . Again, this is only on income otherwise taxable as a capital gain, which most sales of real property are not.

**National Association of REALTORS®
REALTORS® Property Resource (RPR)**

Have you heard of the Realtors® Property Resource® (RPR®)? It's a national property database from NAR designed to provide REALTORS® with advanced tools and features you can utilize to provide your clients and customers with dynamic reports and analytics, helping them to make better informed decisions when buying and selling property. With access to detailed information on over 147 million properties nationwide, RPR provides you with valuable tools and features all in one source, made especially for NAR REALTOR® members.

As a reminder, RPR is:

- Exclusive technology only for REALTORS®
- One site, hundreds of datasets on 147 million properties
- Allows no public or consumer access
- NAR member dues funded, carrying no additional fees to members, MLSs or Associations

On November 1, 2012, RPR will become available to all REALTORS® across the country. What REALTORS® will see displayed inside the application varies based upon whether or not their MLS data is integrated with the application. The Garrett County Board of REALTORS® has made sure that all possible data-sets are available to the entire Association membership. In fact, your fully integrated site is available to you now!

Not sure what is included in RPR? Here are some of the features that you already have at your fingertips today:

- Your listings
- Tax assessment/public records on 147 million parcels of property in the U.S.
- Mortgage and lien information
- Largest national database of foreclosure, pre-foreclosure, REO and default
- MLS active, sold, pending, expired, withdrawn and canceled statuses
- Historic listing comparison tool
- Realtor Valuation Model® (RVM®)
- Refind property facts, comparables and RVM® for custom valuation report
- Charts and Graphs will include trends calculated from MLS data
- Nationwide school data, test scores and parent reviews
- Dynamic mapping: School Zones, Neighborhoods, Zip Codes, Cities, FEMA etc.
- Geo-spatial data including aerial photography, street level and bird's eye view
- Heat map & FEMA flood overlays
- Plat maps
- Investment tools and analysis
- Census, demographic and lifestyle data
- Neighborhood information
- Full Menu of RPR Reporting

With more features to be added in the future, RPR will enable to you access complete property information in on location! With the national launch quickly approaching, now is the time to take advantage of this amazing REALTOR® technology benefit.

To register for an account, visit www.narrpr.com click on “Create” and enter your Last Name and NAR/NRDS ID Number and you will be guided through the sign-up process. On the “My Profile” page, fill in as many details as you can especially your contact information which will appear on all your reports. Upload your photo and logo, set your home area to MRIS and your MRIS Agent ID Number.

For more information on RPR value and Training classes visit blog.narrpr.com/agent If you need additional assistance, you can reach the RPR Customer Care Center 24/7 at 877-977-7576

On the RPR homepage you can access a short video from MAR Past President, Cathy Werner which shows her experience using RPR and how it has been a great benefit to her and her business.

MRIS

Mortgages – Certain Tax Exemptions to Expire January 1

November 2, 2012 | by [Jess](#)

[According to a recent article in the New York Times](#), certain mortgage debts forgiven by lenders that have been exempted from taxation in the past may not be exempt for much longer.



New York Times reporter Lisa Prevost writes, “As it

stands now, any mortgage debt forgiven by a lender in a short sale, loan modification or foreclosure is exempt from federal taxation. Come Jan. 1, that exemption expires. Borrowers will have to count mortgage relief from lenders as income on their federal tax returns.”

“An extension to the tax exemption – established under the Mortgage Forgiveness Debt Relief Act of 2007 – is a strong possibility,” Prevost continues, “but given that Congress will have to grapple with serious fiscal issues after the November elections, there is no guarantee the exemption will emerge from those negotiations intact.”

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 #1-31: Protecting Client’s Interest in Auction Advertised as “Absolute”

(Adopted May, 2005. Cross-referenced with Case #12-18)

Seller T, a widowed elementary school teacher in the Midwest inherited a choice parcel of waterfront property on one of the Hawaiian islands from a distant relative. Having limited financial resource, and her childrens’ college educations to pay for, she concluded that she would likely never have the means to build on or otherwise enjoy the property. Consequently, she decided to sell it and use the proceeds to pay tuition and fund her retirement.

Seller T corresponded via the Internet with several real estate brokers, including REALTOR® Q whose Web site prominently featured his real estate auction services. An exchange of email followed. REALTOR® Q proposed an absolute auction as the best way of attracting qualified buyers and ensuring the highest possible price for Seller T. Seller T found the concept had certain appeal but she also had reservations. “How do I know the property will sell for a good price?”, she emailed REALTOR® Q. REALTOR® Q responded “You have a choice piece of beachfront. They aren’t making any more of that, you know. It will easily bring at least a million five hundred thousand dollars.” Seller T acquiesced and REALTOR® Q sent her the necessary contracts which Seller T executed and returned.

Several days prior to the scheduled auction, Seller T decided to take her children to Hawaii on vacation. The trip would also afford her the chance to view the auction and see, firsthand, her future financial security being realized.

On the morning of the auction only a handful of people were present. Seller T chatted with them and, in casual conversation, learned that the only two potential bidders felt the property would likely sell for far less than the \$1,500,000 REALTOR® Q had assured her it would bring. One potential buyer disclosed he planned to bid no more than \$250,000. The other buyer wouldn’t disclose an exact limit but said he was expecting a “fire-sale”.

Seller T panicked. She rushed to REALTOR® Q seeking reassurance that her property would sell for \$1,500,000. REALTOR® Q responded, “This is an auction. The high bidder gets the property.” Faced with this dire prospect, Seller T insisted that the auction be cancelled. REALTOR® Q reluctantly agreed and advised the sparse audience that the seller had cancelled the auction.

Within days, two ethics complaints were filed against REALTOR Q. Seller T’s complaint alleged that REALTOR® Q had misled her by repeatedly assuring her – essentially

guaranteeing her – that her property would sell for at least \$1,500,000. By convincing her she would realize that price – and by not clearly explaining that if the auction had proceeded the high bidder – at whatever price – would take the property, Seller T claimed her interests had not been adequately protected, and she has been lied to. This, Seller T concluded, violated Article 1.

The second complaint, from Buyer B, related to REALTOR® Q's pre-auction advertising. REALTOR® Q's ad specifically stated "Absolute Auction on July 1." Nowhere in the ad did it mention that the auction could be cancelled or the property sold beforehand. "I come to bid at an auction," wrote Buyer B, "and there was no auction nor any mention that it could be cancelled." This advertising, Buyer B's complaint concluded, violated Article 12's "true picture" requirement.

Both complaints were forwarded by the Grievance Committee for hearing. At the hearing, REALTOR® Q defended his actions by noting that comparable sales supported his conclusion that Seller T's property was worth \$1,500,000. "That price was reasonable and realistic when we entered the auction contract, and it's still reasonable today. I never used the word 'guarantee;' rather I told her the chances of getting a bid of \$1,500,000 or more were very good." But everyone knows," he added, "that anything can happen at an auction." If Seller T was concerned about realizing a minimum net return from the sale, she could have asked that a reserve price be established.

Turning to Buyer B's claim of deceptive advertising, REALTOR® Q argued that his ad had been clear and accurate. There was, he stated, an auction scheduled for July 1 and it was intended to be an absolute auction. "The fact that it was advertised as 'absolute' doesn't mean the property can't be sold beforehand – or that the seller can choose not to sell and cancel the auction. Ads can't discuss every possibility. It might have rained that day. Should my ad have cautioned bidders to bring umbrellas?" he asked rhetorically.

The Hearing Panel concluded that while REALTOR® Q had not expressly guaranteed Seller T her property would sell for \$1,500,000, his statements had led her to that conclusion and after realizing Seller T was under that impression, REALTOR® Q had done nothing to disabuse her of that misperception. Moreover, REALTOR® Q had taken no steps to explain the auction process to Seller T, including making her aware that at an absolute auction the high bidder – regardless of the bid – would take the property. REALTOR® Q's actions and statements had clearly not protected his client's interests and, in the opinion of the Hearing Panel, violated Article 1.

Turning to the ad, the Hearing Panel agreed with REALTOR® Q's position. There had been an absolute auction scheduled – as REALTOR® Q had advertised – and there was no question but that REALTOR® Q had no choice but to cancel the auction when he had been instructed to do so by his client. Consequently, the panel concluded REALTOR® Q had not violated Article 12.

Check us next time on Facebook!

Visit our Facebook page and “like” us so you don’t miss out on informational postings concerning GCBR and related topics.

**Search for us with Garrett County Board of Realtors(r) and use the link that shows the GCBR Banner in the photo.
Become a fan!**

Garrett County Board of REALTORS®

GCBR News Briefs – December 1, 2012

Wishing you a very Merry Christmas and a healthy and prosperous 2013!

Membership Update

New REALTOR® Members:

New Affiliate Members:

Drops:

Pat McLaughlin, Coldwell Banker Deep Creek Realty
Cynthia Heselbach, Goodfellow Real Estate Services
Paula Thomas, Coldwell Banker Deep Creek Realty

Transfers:

Changes:

December 1, 2012 2012-13 REALTOR® Dues are Past Due

NAR	\$ 155.00
MAR	\$ 181.00
GCBR	\$347.00
Late Fee	\$34.70
Total	\$717.70
Voluntary RPAC Contribution	<u>\$25.00</u>
Total	\$742.70

If you wish to pay your dues via VISA or MasterCard you may do so at the NAR website at www.realtor.org login and at the top right side of the screen on the main menu, click on "Pay Dues" and follow the instructions.

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

DNR Secretary Gives “State of the Lake” Report – overall lake water quality described as “in good shape”:

DNR Secretary John Griffin visited Garrett County on November 14 and presented a “State of the Lake” report to the County Commissioners and members of the public in attendance. Below are some high points of the DNR presentation.

- ❖ Deep Creek Lake continues to be a healthy reservoir and it meets Federal and State Clean Water Act Standards. Secretary Griffin said that “the water quality is in good shape and we want to keep it that way”
- ❖ The lake has recovered from the 2010 fish kill which was caused by heat stress and a bacterial infection. A summer of unnaturally high air temperatures probably caused the problem. Recent fishery studies now show good reproductive rates in fish and there has been a remedial bass stocking to build that population back up.
- ❖ Overall algae levels are limited by low phosphorous levels and this helps to keep the lake under the threshold for an MDE TMDL designation (no remedial action is needed). Oxygen levels in the upper layers of the lake are good.
- ❖ No toxic compounds or other contaminants have been found in any sampled bottom sediments.
- ❖ Some coves have experienced sedimentation. DNR is studying how that sedimentation occurred, and when, before recommending any solutions. In 2013 DNR hopes to have some cost estimates for dredging should it be feasible to do so.
- ❖ Submerged vegetation (SAVs) are an indicator of a healthy lake environment but are perceived to be a problem for recreational boaters. Eurasian watermilfoil, an introduced and non-native species, has been found and is mixed in with native grasses over 86 acres or about 2% of the lake. In 2013 DNR will be doing some test eradication projects to see what techniques work best in the lake.
- ❖ Some chemical indicators show the impact of increased land development in the watershed but are not considered to have an impact on overall lake water quality at this time.

A copy of the DNR report can be found [HERE](#)

County Commissioners Request Legislation for Authority to Regulate Wind Turbine Development:

At a November 21 meeting with Senator Edwards and Delegate Beitzel, the county commissioners requested that legislation be submitted in the 2013 session to provide them with delegated authority to regulate wind turbines in the county. In the absence of county-wide zoning, delegated authority is required before such an ordinance can be crafted on the local level.

The legislation will be similar to the bills submitted in the 2012 session – HB747 and SB767. One addition to the language will allow the county to engage for engineering services at the applicant’s expense.

GCBR did not take a position on these bills in 2012.

ACTION NEEDED – Mortgage Forgiveness Tax Relief Expiring

Congress will soon return to Washington with unfinished business to complete. One of those items is a housing issue that could affect almost one-quarter of all real estate transactions - the

expiration of Mortgage Forgiveness Tax Relief.

Without action before the end of the year, millions of families who hold distressed properties could face a hefty tax bill for trying to modify their mortgage or to seek a short sale through their lender. Even those facing foreclosure will find themselves forced to pay a "foreclosure tax" if Congress doesn't act. This is because the amount of debt forgiven by the lender would be considered "phantom income" to the borrower even though they never receive any payment from the lender.

No taxpayer should be forced to pay tax on money they've already lost with cash they never received. We need no new obstacles that might throw the housing recovery off track. As always, thanks for your advocacy efforts.

[Tell Congress to EXTEND the Mortgage Forgiveness Tax Relief](#)

REALTORS® Community Service Project
"Heatings Heads and Hands of Garrett County Children"

Collections will be assembled by the REALTORS® Community Service Committee the first week of this month and delivered to the Oakland Rotary Club for their annual distribution to area families. A project update will appear in the January 2013 issue.

2012 Continuing Education Schedule

Photo ID Required at Sign-In

Required courses will be indicated in red.

There must be a minimum of 10 students registered for classes to be held.

Wed. Dec. 12, 2012 10:00 – 11:30 "REALTOR® Guide to Smooth Settlements" (F)

Wed. Jan. 16, 2013 9:00 – 12:00 "MREC – Agency Residential" (H)

Wed. Feb. 13, 2013 9:00 – 12:00 "2009-12 Legislative Legal Update" (A)

Wed. Feb. 27, 2013 10:00 – 11:30 "MD Fair Housing" (C)

Wed. Mar. 13, 2013 9:00 – 12:00 "MREC – Agency Residential" (H)

Wed. Mar. 27, 2013 9:00 – 12:00 "MD Code of Ethics/Predatory Lending" (D)

Wed. Apr. 10, 2013 9:00 – 12:00 “2009-12 Legislative Legal Update” (A)

Wed. Apr. 24, 2013 10:00 – 11:30 “Garrett Co. Real Estate, Zoning, Ordinances & Beyond Part 2” (F)

Wed. May 8, 2013 9:00 – 12:00 “MD Code of Ethics/Predatory Lending (D)

Wed. May 22, 2013 10:00 – 11:30 “MD Fair Housing” (C)

**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
4. Topic H – MREC – Agency-Residential – 3 clock hours
5. Topic I - MREC Supervision, Broker, Branch Office Manager & Team Leader – 3 clock hours
(this is required for all Brokers, Office Managers & Team Leaders but is available to anyone needing CE hours)

Total Hour Requirements – 15 clock hours

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

Maryland Real Estate Commission News

FREQUENTLY ASKED QUESTIONS --- OPEN HOUSES

The Maryland Real Estate Commission is pleased to present this set of Frequently Asked Questions regarding agency and open houses. These FAQs represent the majority of inquiries we receive about how to conduct an open house without running into problems with other agents or with the buyers and sellers they represent. If you have questions that aren't addressed in these FAQs, please [contact us](#).

Q. If a licensee affiliated with the listing broker meets a prospective buyer at a seller's open house, and the buyer is not interested in that property, may the licensee tell the prospective buyer that he or she can help the buyer find a property and give the buyer the licensee's contact information?

A. A licensee, while conducting an open house, and during any follow-up with the consumer after the open house, must communicate clearly to the consumer that the licensee is representing only the seller and may not discuss other homes (except as to how the subject property compares favorably with other homes). Only if the licensee has done everything possible to interest the consumer in purchasing the property, and the consumer clearly states that he or she has no interest in purchasing the property, may a licensee offer to exchange contact information and to assist the consumer at a time after the open house, for the express purpose of representing the consumer as buyer's agent in locating and negotiating the purchase of another property and/or acting as a seller's agent for the listing of the consumer's home.

Q. Given the guidance above, may a seller give permission for a licensee to discuss other potential properties at an open house?

A. No. The requirement that the licensee work to protect and promote the interests of the seller is a responsibility imposed under the real estate law and regulations. The fact that a seller may give permission to a licensee to ignore or waive the protection does not relieve a licensee of obligations and responsibilities imposed upon him or her by the law. While conducting the open house, the licensee has a fiduciary duty to the seller and the legal obligation to promote and protect the interests of the seller for whom he or she is conducting the open house.

Q. May a licensee advertise multiple open houses together in the same advertisement? How about including information about other listings on the information sheet about the open house?

A. A licensee may advertise multiple open houses together in the same advertisement with the prior consent of all owners.

The information sheet is intended to assist in marketing that particular property. Information about other listings should be included only if that information promotes or assists the interests of the seller for whom the licensee is conducting the open house.

Q. Is a licensee required to provide the "Understanding Whom Real Estate Agents Represent" form to every prospective buyer who enters an open house?

A. No. The form does not have to be provided to every prospective buyer who enters the open house.

This issue was discussed in the Commission's Newsletter of [Fall 2009](#). There the Commission stated:

If a prospective buyer starts to look around, but does not ask any questions or engage the licensee in conversation, the licensee does not need to provide the Agency Disclosure form. If the prospective buyer begins to ask the licensee questions or disclose possibly confidential information, however, the licensee must then provide him or her with the form before continuing the discussion.

Q. If a licensee holds an open house for the listing agent, meets a prospective buyer, and later becomes the buyer's agent, may the licensee represent the buyer in the purchase of the house at which they met when it was open?

A. Yes, but only if the licensee does not disclose to the buyer any confidential information regarding the seller. Before commencing representation of the buyer, the licensee must ensure that the seller and buyer have each signed the Consent to Dual Agency form, and that the broker (or the broker's designee) as the dual agent has designated the licensee as the intra-company agent representing the buyer in the transaction.

Q. If a licensee has an existing buyer agency relationship, holds the open house for the listing agent, and discovers it's a perfect house for the licensee's buyer client, can he or she still represent his or her current client?

A. Given that the licensee was not the listing agent, and does not disclose to the buyer any confidential information regarding the seller, the licensee may represent his or her current client in the purchase as long as the seller and buyer consent in writing to dual agency. In addition, the broker (or the broker's designee) as dual agent designates the listing agent as intra-company agent acting on behalf of the seller and the licensee as the intra-company agent acting on behalf of his or her buyer.

Maryland Association of REALTORS®

MAR President, Carlton Boujai 2013 theme “*Raising the Bar for REALTOR® Professionalism*” we will publish over the next few months some reminders that members will find useful.

RESPECT for the Public

- Always follow the “Golden Rule” – Do unto others as you would have them do unto you
- Respond promptly to inquiries and requests for information
- Schedule appointments and showings as far in advance as possible
- Call if you are delayed or must cancel an appointment for showing
- If a prospective buyer decides not to view an occupied home, promptly explain the situation to the listing broker or seller
- Communicate with all parties in a timely fashion
- When entering a property, ensure that unexpected situations, such as pets, are handled appropriately
- Leave your business card if not prohibited by local rules
- Never criticize property in the presence of the seller
- Inform sellers when you leave after showings
- When showing an occupied home, always ring the doorbell or knock, and announce yourself loudly before entering. Knock and announce yourself loudly before entering any closed room
- Present a professional appearance at all times; dress appropriately and drive a clean car
- If sellers are home during showings, ask their permission before using the telephone or bathroom
- Communicate clearly; don’t use jargon or slang that may not be readily understood
- Be aware of and respect cultural differences
- Show courtesy and respect to everyone
- Be aware of –and meet–all deadlines
- Promise only what you can deliver – and keep your promises
- Identify your REALTOR® and your professional status in contacts with the public
- Do not tell people what you think – tell them what you know

National Association of REALTORS®

Chrysler is the Official Automobile Manufacturer of the NATIONAL ASSOCIATION OF REALTORS®.

NAR and Chrysler Group, LLC, have partnered to offer members a \$500 cash allowance on the purchase or lease of select 2012/2013 Chrysler, Dodge, Jeep and Ram models¹. Plus, all REALTORS® meet Chrysler's requirements for their "On the Job" Program and will receive at no charge a two-year service agreement that includes eight oil changes (including diesel), lube and filter—with their purchase or lease.²

The \$500 cash allowance is available to NAR members and staff at the national, state and local associations or boards of REALTORS®, and immediate family members living in the same household. In many cases, this offer may be used in addition to other Chrysler Group incentives and available special programs (some restrictions apply; see dealer for details).

When you're ready to make a purchase or lease, read through and follow the three steps below to ensure you'll get these great benefits:

1. Make sure you have a copy of the proper proof of NAR membership or employee status (full details for [REALTORS®](#), [staff](#), and [family](#) appear below.)
2. At the dealership, negotiate the best price with the dealer, **before** you mention your NAR allowance. The cash allowance is over and above what you have negotiated with the dealer.
3. Inform them of your NAR membership or employment status and reference applicable program codes noted below.

The dealer will then ask for validation of membership or employment status. Please review the details below for additional, pertinent instructions. Members **must** provide a current copy of their membership card in order to receive this benefit, as well as the unique code specified below.

Before You Visit Your Local Chrysler Dealer

REALTORS®:

1. Make sure you have a copy of your current-year NAR membership card and a picture ID (your driver's license, for example). The dealer will request a copy of the card.
To Obtain a Copy of Your Card:
Visit NAR's online [Member Guide](#), log in, and print off a copy of your NAR membership card to present to the dealer.
Please note: You must have your NRDS ID number available to log in to the member guide. If you do not know your NRDS number, you may find it by clicking the "Look it up now to get started" link located on the home page of the member guide.
2. Reference Chrysler program number for members: **38CCY1** and the "On-the-Job" program number: **38CCE** (for gas) or **38CCF** (for diesel) to obtain the two-year oil, lube and filter service contract. **Remember:** this offer is available exclusively for REALTORS®.

MRIS

Posted by [MRIS](#)



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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: REALTOR®'s Obligation to Disclose Dual Commission Arrangements

REALTORS® A and B were members of the same Board and Participants in the Multiple Listing Service. REALTOR® A, cooperating with REALTOR® B on REALTOR® B's listing, presented an offer to purchase signed by buyers offering the listed price, and a check for earnest money. The only contingency was a mortgage contingency, and REALTOR® A shared with REALTOR® B qualifying information about the buyers indicating there should be no problem securing a mortgage. The following day, REALTOR® B returned the offer to REALTOR® A with "REJECTED" written on it and initialed by the seller, and explained that the seller had accepted another offer secured by one of REALTOR® B's sales associates. REALTOR® A inquired about the seller's reason for rejecting the full price offer with only a mortgage contingency, and what had caused the seller to accept the other offer. REALTOR® B responded that he did not know, but with equal offers, he supposed the seller would favor the offer secured by the listing broker.

Later, REALTOR® A met the seller at a social event. The seller thanked him for his efforts in connection with the recent sale of the seller's home. The seller hoped REALTOR® A understood there was nothing personal in his decision, adding that the money he saved through his "special agreement" with REALTOR® B had been the

deciding factor. When REALTOR® A asked about the “special agreement”, the seller explained he had signed a listing agreement for the sale of his property which authorized the submission of the listing to the Multiple Listing Service and specified a certain amount of compensation. However, the seller stated that he had also signed an addendum to the listing agreement specifying that if REALTOR® B sold the listing through his own office, a percentage of the agreed compensation would be discounted to the seller’s credit, resulting in a lower commission payable by the seller.

REALTOR® A filed a written complaint with the Board of REALTORS® against REALTOR® B, alleging a violation of Article 3. After its review of the complaint, the Grievance Committee requested that an ethics hearing be arranged.

REALTOR® A, in restating his complaint to the Hearing Panel, said that REALTOR® B’s failure to disclose the actual terms and conditions of the compensation offered through the Board MLS resulted in concealment and misrepresentation of pertinent facts to REALTOR® A and to the prospective buyers served by REALTOR® A who had, in good faith, offered to purchase the property at the listed price with only a mortgage contingency. REALTOR® A told the Hearing Panel that if he had known the facts which were not disclosed by REALTOR® B, he could have fully and accurately informed the buyers who could have taken those facts into consideration when making their offer. As it was, said REALTOR® A, the buyers acting in good faith were deceived by facts unknown to them because they were unknown to REALTOR® A. Further, REALTOR® A said that REALTOR® B’s failure to fully disclose the true terms and conditions relating to compensation made it impossible to have a responsible relationship with REALTOR® B and make proper value judgments as to accepting the offer of compensation.

REALTOR® B stated that it was his business what he charged and the Board or MLS could not regulate his charges for his services. If he wished to establish a dual commission charge by agreement with his client, that was his right, and there was no need or right of the Board or MLS to interfere.

The Hearing Panel agreed that it was REALTOR® B’s right to establish his fees and charges as he saw fit, and that the Board or MLS could not and would not interfere. However, the Hearing Panel noted that his complete freedom to establish charges for his services did not relieve him of his obligation to fully disclose the real terms and conditions of the compensation offered to the other Participants of the Multiple Listing Service, and did not justify his failure to disclose the dual commission arrangement. In the case of a dual commission arrangement, the listing broker must disclose not only the existence of the “special arrangement” but also must disclose, in response to an inquiry from a potential cooperating broker, the differential that would result in the total commission in a cooperative transaction. The Hearing Panel concluded that by submitting a listing to the MLS indicating that he was offering a certain amount of compensation to cooperating brokers while other relevant terms and conditions were not disclosed to the other MLS Participants, he had concealed and misrepresented real facts and was in violation of Article 3 of the Code of Ethics.

Check us next time on Facebook!

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**Search for us with Garrett County Board of Realtors(r) and use the link that shows the GCBR Banner in the photo.
Become a fan!**