

Garrett County Board of REALTORS®

GCBR News Briefs – January 1, 2013

Membership Update

New REALTOR® Members:

New Affiliate Members:

Drops:

Jamie Rodeheaver, Coldwell Banker Deep Creek Realty
Deep Creek Marina, Tack Spiker (Affiliate Member)

Transfers:

Melissa Long to Coldwell Banker Deep Creek Realty

Changes:

Coldwell Banker Deep Creek Realty
Patrick Kane (new owner/broker)

Alan Brinsfield, Affiliate company name change
Tidewater Mortgage Services
101 S. Centre Street
Cumberland, MD 21502
abrinsfield@twmortgage.com
O: 301-724-5666 C:301-707-3431

January 1, 2013 2012-13 REALTOR® Dues are Past Due

NAR \$ 155.00
MAR \$ 181.00
GCBR \$381.70
Late Fee \$38.17
Total \$755.87

Effective February 1, 2013 membership will be terminated for all members who have not paid their dues.

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.

MID Federal ALERT – Have you E-mailed Your Members of Congress?

By now you have seen numerous news reports concerning the “Fiscal Cliff.” Many of these reports speculate that a change to the long-standing policy that allows homeowners to deduct their mortgage interest from their income taxes could be part of a “Fiscal Cliff” deal.

NAR's position is that the mortgage interest deduction is vital to the stability of the American housing market and economy and we will remain vigilant in opposing any future plan that modifies or excludes the deductibility of mortgage interest. (FYI - REALTOR advocate enthusiasts, you need only to respond once to this request! As always, thank you for your advocacy efforts.)

[Please Email your Members of Congress HERE today, urging them to MAINTAIN the existing Mortgage Interest Deduction.](#)

County Proposes Changes to Zoning Ordinance to Facilitate Future Amendments:

Taken from Planning Commission meeting minutes December 2012:

“ Maryland law provides a distinction between requirements for a zoning text amendment, versus a zoning map amendment; and this distinction became apparent when the text amendment for the boat rentals at the lake was enacted earlier this year by the County Commissioners. Section 405 of Article 66B clearly distinguished these types of amendments, while the current version of the Deep Creek Watershed Zoning Ordinance does not. The discrepancy in the Ordinance is that no matter what type of amendment (text amendment or map amendment), the Ordinance requires a finding of fact, with regard to certain planning matters that are not relevant to a text change. Article 66B specifies that a "finding of fact" on certain planning matters is required only when a change in zoning classification is contemplated. The original wording of the amendment process was carried over from the 1975 Zoning Ordinance. “

The changes being proposed provide that a “finding of fact” is only required when a change to a zoning classification is proposed, such as when there has been a substantial change in a neighborhood or if a mistake has been made in an existing zoning classification. The change will allow the county to make changes to the ordinance text without a finding of fact.

PUBLIC NOTICES	PUBLIC NOTICES
<p>PUBLIC NOTICE</p> <p>The Board of Garrett County Commissioners will conduct a public hearing on Tuesday, January 8, 2013, at 11:00 A.M. in the County Commissioners' meeting room (203 South Fourth Street, Courthouse Annex, Oakland, MD). The Board will review proposals recommended by the Garrett County Planning Commission to amend the Deep Creek Watershed Zoning Ordinance. Specifically, the Planning Commission is recommending amendments to Section 157.189 and Section 157.190A of the ordinance to clarify the circumstances under which a findings of fact must be made by the County Commissioners before amending the ordinance. Section 157.189 is proposed to be amended to specify that a</p>	<p>findings of fact on certain planning matters is only necessary where the purpose and effect of any proposed amendment is to change the zoning classification. Section 157.190A is proposed to be amended to clarify that a finding related to a substantial change in the neighborhood or a mistake in the existing zoning classification is necessary only when a change to a zoning classification is proposed. Copies of the Planning Commission's specific recommendations are available from the Planning and Land Development Department.</p> <p>The Board welcomes any comments on these proposed amendments at the hearing or in writing before the hearing.</p> <p>By Order of the Board of Garrett County Commissioners</p> <p>12/20-1/3(3)</p>

The County is accepting written comments through the hearing date, scheduled for January 8, 2013 at 11:00 a.m..

GCBR Board to Review MAR's My REALTOR® Party Plan:

NAR's REALTOR® Party Initiative provides the opportunity for each and every REALTOR® Association in America to design our own package of community involvement and political leadership programs. Just as every market is different, so is every REALTOR® Association. By accessing any number of the 40-plus tools, funds and turn-key implementation services offered, we can custom build a community outreach and advocacy package that best fits our association's unique needs.

MAR recently held a meeting where its plan to implement this program was unveiled to local associations. Participation is voluntary, however the program provides assistance to local associations who desire to engage in local political candidate and issue campaigns. One example given was developing Voter Guides, which GCBR did do in the last local election.

According to MAR, "*The REALTOR® Party Associations Resources will help you make your association a more powerful force in protecting and supporting private property rights and REALTOR® business interests.*"

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

The Committee is pleased to announce the final count of packaged hats and gloves turned over to the Oakland Rotary was 261 which is more than double last year's contributions. A huge THANK YOU to GCBR members who graciously assisted in making this project such a great success!

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. 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)

<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.

Maryland Real Estate Commission News

Effective January 1, 2013 CE certificates will no longer be issued. All CE Providers must download all attendees of classes to the MREC database. Attendees completing CE classes will receive an email from MREC notifying them the class information has been entered into their system. If you do not receive an email from the MREC you need to update your email address with them.

Maryland Association of REALTORS®

NEW—SAM’S CLUB—Enjoy another year of exceptional savings and a \$10 gift card and other holiday savings now at Sam’s. Coupon good through January 13, 2012

[CLICK HERE FOR DETAILS](#)

CHECK OUT ALL MEMBER BENEFITS—visit [MAR MEMBER BENEFITS](#) section

Join Airport Fast Park at BWI by registering through [AIRPORT FAST PARK](#) and use the special code (0326207).

MAR Members Can Now Save Up To 30% [Shipping with UPS](#)

As a member of MAR, you can enjoy ongoing ‘Cash back’ on your electricity supply bill and an Activation Bonus for your home and business. [Click Here](#) to learn more about this unique offer from Energy Plus®.

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 #3-7: Time at Which Modification to Offer of Compensation is Communicated is a Determining Factor (Revised Case #22-7 May, 1988. Transferred to Article 3 November, 1994. Cross-reference Case #2-14. Revised November, 2001.)

REALTOR® A listed Seller X's home and filed the listing with the MLS. The property data sheet indicated the compensation REALTOR® A was offering to the other Participants if they were successful in finding a buyer for Seller X's home.

During the next few weeks, REALTOR® A authorized several Participants of the Multiple Listing Service, including REALTOR® C, to show Seller X's home to potential buyers. Although several showings were made, no offers to purchase were forthcoming. REALTOR® A and Seller X, in discussing possible means of making the property more salable, agreed to reduce the listed price. REALTOR® A also agreed to lower his commission. REALTOR® A changed his compensation offer in the MLS and then called the MLS Participants who had shown Seller X's property to advise them that he was modifying his offer of compensation to cooperating brokers. Upon receiving the call, REALTOR® C responded that he was working with Prospect Z who appeared to be very interested in purchasing the property and who would probably make an offer to purchase in the next day or two. REALTOR® C indicated that he would expect to receive the compensation that had been published originally in the MLS and not the reduced amount now being offered to him, since he had already shown the property to Prospect Z and expected an offer to purchase would be made shortly. REALTOR® A responded that since Prospect Z had not signed an offer to purchase, the modified offer of compensation would be applicable.

The following day, REALTOR® C wrote an offer to purchase for Prospect Z. The offer was submitted to the Seller by REALTOR® A and was accepted. At the closing, REALTOR® A gave REALTOR® C a check for services in an amount reflecting the modified offer communicated to REALTOR® C by phone. REALTOR® C refused to accept the check indicating that he felt REALTOR® A's actions were in violation of the Code of Ethics. REALTOR® C filed a complaint with the Board's Grievance Committee alleging violation of Articles 2 and 3 on the part of REALTOR® A citing Standards of Practice 3-2 in support of the charge.

During the hearing, REALTOR® C stated that REALTOR® A's modification of the compensation constituted a misrepresentation through concealment of pertinent facts since he had not provided REALTOR® C with specific written notification of the modification prior to the time REALTOR® C began his efforts to interest the purchaser in the listed property. REALTOR® A defended his actions by indicating that timely notice of the modification of compensation offered had been provided to REALTOR® C by telephone prior to REALTOR® C obtaining a signed offer to purchase. REALTOR®

A also indicated that his modified offer of compensation had been bulletined to all Participants through the MLS. REALTOR® A also noted that in accordance with Standard of Practice 3-2, the modified compensation offer had been communicated to REALTOR® C prior to the time the purchaser signed an offer to purchase. REALTOR® A also commented that had REALTOR® C produced the signed offer to purchase prior to REALTOR® A communicating the modified offer, then REALTOR® A would have willingly paid the amount originally offered.

Based on the evidence presented to it, the Hearing Panel concluded that REALTOR® A had acted in accordance with the obligation expressed in Standard of Practice 3-2 and consequently was not in violation of Articles 2 or 3.

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 – February 1, 2013

[Membership Update](#)

New REALTOR® Members:

New Affiliate Members:

Drops:

Jan Bernard, Long and Foster Real Estate

Lisa Gaither, Long and Foster Real Estate

Transfers:

Changes:

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

MAR 2013 Legislative Priorities:

Budget and Transportation

MAR opposes additional real estate taxes that would jeopardize the housing recovery. Real estate is already taxed in several ways: annual property taxes, as well as transaction levies like transfer taxes, recordation taxes and impact fees. MAR supports legislation that provides additional protection for the transportation trust fund so that it cannot be diverted toward other priorities.

Growth and Rural Development

Just in the last year, new septic system requirements, mandatory fire sprinklers, and Watershed Implementation Plan requirements will add thousands of dollars to the cost of many new homes. Additional regulations under consideration (greenhouse gas offsets and general growth offsets) could add tens of thousands of additional dollars. MAR opposes additional costs on new construction.

Lead Paint

MAR supports additional liability protection for landlords and property managers affected by the 2011 Court of Appeals case that threw out the liability cap in the Lead Poisoning Prevention Program. MAR also opposes any change to current lead paint inspection requirements for existing homes. There is more information included in existing real estate contracts on lead paint than on how the home is financed.

Pit Bulls

MAR supports legislation that protects landlords from strictly liability when dealing with a tenant that owns a pit bull.

Comparative Fault vs. Contributory Negligence

MAR supports the current legal standard (contributory negligence) for determining negligence in lawsuits.

Credit Services Business Act Corrections

The Credit Services Businesses Act regulates any person providing credit repair services for consumers. The law exempts certain classes of professionals working within the scope of their licenses, including real estate brokers. MAR supports a clarification to the current exemption to make clear it applies to brokers AND agents.

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%. MAR supports legislation that would require a security deposit to be returned to a tenant with a rate equal to 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.

For more information contact MAR Government Affairs at 800-638-6425.

Maryland REALTORS Log Record 30% Response in Call for Action:

With thousands of REALTORS responding nationally, 30% of Maryland REALTORS advocated for their industry urging Congress to avoid the Fiscal Cliff in a late night vote and preserve MID (*Record response rate, THANK YOU!*). Additionally, the Mortgage Debt Forgiveness Act was extended for one year in the "fiscal cliff" legislation passed by Congress. Listed below is a NAR summary of all the real estate provisions.

NAR Issue Brief Real Estate Provisions in "Fiscal Cliff" Bill

On January 1, 2013 the Senate and House passed H.R. 8, legislation to avert the "fiscal cliff," the bill will be signed by President Barack Obama on January 2, 2013. Below are a summary of real estate related provisions in the bill.

Real Estate Tax Extenders

Mortgage Cancellation Relief is extended for one year to January 1, 2014

Deduction for Mortgage Insurance Premiums for filers making below \$110,000 is extended through 2013 and made retroactive to cover 2012

Leasehold Improvements: the 15 year straight-line cost recovery for qualified leasehold improvements on commercial properties is extended through 2013 and made retroactive to cover 2012.

Energy Efficiency Tax Credit: the 10% tax credit (up to \$500) for homeowners for energy efficiency improvements to **existing homes** is extended through 2013 and made retroactive to cover 2012.

Return of the "Pease" limitations on itemized deductions for high income filers

Under the agreement so called "Pease Limitations" that reduce the value of itemized deductions are permanently repealed for most taxpayers but will be reinstituted for high income filers. "Pease" limitations will only apply to individuals earning more than \$250,000 and joint filers earning above \$300,000. The thresholds are indexed for inflation so will rise over time. Under the formula, filers gradually lose the value of their total itemized deductions up to a total of a 20% reduction.

First enacted in 1990, and named for the Ohio Congressman Don Pease who came up with the idea, the limitations continued throughout the Clinton years. The limitations were gradually phased out starting in 2003 and were completely eliminated in 2010-2012. **NAR has never had an official position on Pease limitations.** The reinstitution of these limits has far less impact on the mortgage interest deduction than a hard dollar deduction cap, percentage deduction cap, or reduction of the amount of MID that can be claimed.

Capital Gains

Capital Gains rate stays at 15% for those the top rate of \$400,000 individual and \$450,000 joint return. After that, any gains above those amounts will be taxed at 20%. The 250/500k exclusion for sale of principle residence remains in place.

Estate Tax

The first \$5 million dollars in individual estates and \$10 million for family estates are now exempted from the estate tax. After that the rate will be 40 percent, up from 35 percent. The exemption amounts are indexed for inflation.

Garrett County Commissioners Approve Zoning Ordinance Amendment:

On JAN 22 the County Commissioners approved a change to the Deep Creek Watershed Zoning Ordinance that rectifies a discrepancy between language in the ordinance and in state law that applies to how a text amendment occurs. This change is a procedural correction and does not result in any changes to the use of property in the watershed.

John Nelson, Director, Department of Planning and Land Development presented the following summary to the Board and those in attendance.

" The Planning Commission believes a discrepancy exists between the zoning ordinance and the provisions outlined in Title 4 of the Land Use Article (formerly Article 66B). Specifically, the Planning Commission found that a conflict exists between the provisions outlined in Sections 157.189 and 157.190 of the zoning ordinance and the authority granted under subsection 4-204 of the Land Use Article (formerly subsection 4.05 of Article 66B). Under the current provisions of Sections 157.189 and 157.190 of the Deep Creek Watershed Zoning Ordinance, the Board of County Commissioners is compelled to make a findings of fact with respect to certain planning matters before enacting any amendment, modification, repeal or reclassification. However, subsection 4-204 of the Land Use Article specifies that a findings of fact on certain planning matters is required only when a proposed change in a zoning classification is contemplated. This conflict between the ordinance and State statute was discovered during the current litigation involving the zoning text amendment for the boat rental service business approved earlier this year. The Planning Commission has concluded that the discrepancy should be rectified. "

Garrett County Government to Provide Incentive Program to Assist with Shore Erosion Control Costs on Deep Creek Lake:

The County Commissioners have adopted a program whereby the County will grant to lakefront property owners a \$1600 incentive for new completed shore erosion projects in FY 2013. The program is designed to help property owners with the costs of construction of shore erosion structures along the lake shoreline. The funding applies to both structural (e.g. rip-rap) and non-structural (e.g. vegetative) control measures.

DNR estimates that there are 8 to 10 projects that might be eligible for the funds. The project must be completed and inspected by both DNR and MDE in order for the property owner to be eligible for the incentive.

The program is part of a broader package of policies that the county is looking at for the protection of the watershed. This is a pilot year for the program and no decision has been made as to if it will be made available in the next county fiscal year.

Pending Legislation for Garrett County:

As of this writing, three bills have been submitted in the state legislature that deal specifically with Garrett County.

SB0310 deals with providing for new regulations controlling how Garrett County may store coal combustion by-products used as a traction aide in winter driving conditions in the same locations and in the same manner that the coal combustion by-products were stored on January 1, 2013.

SB0369 authorizes the County Commissioners to borrow not more than \$15,000,000 in order to assist in the financing of the cost of hospital improvements at Garrett County Memorial Hospital

SB0370 is a bill that sets certain setback standards for industrial wind energy conversion systems, provides for variances under specified circumstances and requires that, before a permit is issued for specified industrial wind energy conversion systems, the Garrett County Department of Planning and Land Development retain at the applicant's expense a specified professional engineer to prepare a specified cost estimate and require the applicant to post a specified bond.

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.

[2013 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.

[2012 Continuing Education Schedule](#)

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News from the MD Real Estate Commission

SHORT SALES AND REAL ESTATE LICENSEES

Increasingly, real estate licensees are involved in short sales, where the sales price agreed upon is less than that owed to lenders by the seller. The listing agent is often called upon to communicate between the lender/servicer and the seller regarding financial obligations. Licensees need to be fully aware of the Maryland laws that regulate the activities of those who assist homeowners under these circumstances, laws beyond those that govern real estate brokerage activities.

The Credit Services Businesses Act (MCSBA) requires that a person who advises a consumer with regard to the extension of credit must be licensed by the Commissioner of Financial Regulation. There is a licensing exemption for a person licensed as a Maryland real estate broker where that person is acting within the course and scope of that license. Since the scope of a real estate license is limited by definition to assisting in the purchase or sale of property, the exemption would not extend to negotiation of a deficiency note that is independent of the sale of the property.

The Protection of Homeowners in Foreclosure Act (PHFIA) applies where a homeowner's mortgage is at least 60 days in default. The law sets forth the activities that constitute foreclosure consulting services offered to a homeowner in that situation. An individual who engages in those activities must follow specific requirements regarding written agreements with the consumer. PHIFA provides an exemption (or "safe harbor") for real estate licensees where they are engaged in an activity for which they are licensed by the Real Estate Commission. For example, one of the activities defined in the PHIFA law as a foreclosure consulting service is "arranging or facilitating the purchase of a homeowner's equity of redemption or legal or equitable title." This activity is one included in the definition of the provision of real estate brokerage services, and therefore may be provided by a real estate licensee without the need for compliance with PHIFA (or additional licensing under MCSBA).

The PHIFA law requires, among other provisions, that:

- The homeowner and the foreclosure consultant enter into a foreclosure consulting contract that includes all the specific terms set out in Section 7-306 of the Real Property Article.
- The foreclosure consultant refrain from engaging in any of the prohibited activities set forth in Section 7-307, including charging or collecting any compensation until all the foreclosure consulting services have been performed.
- A real estate licensee who provides real estate brokerage services under a foreclosure consultant license present the homeowner with a copy of the real estate license no later than when the foreclosure consulting contract is signed.

- The foreclosure consultant may not receive a commission, regardless of how it is described, for the sale of a residence in default that exceeds 8% of the sales price.

The difficulty arises when the licensee is called upon to be the go-between for the lender and the seller, and/or where the transaction results in a new debt being incurred by the seller in the form of a deficiency note. If one or both of these circumstances arises, the licensee must take great care in not crossing the line between the provision of real estate brokerage services and activities that would require additional licensing.

At a minimum, in order to qualify for the statutory “safe harbor” protection under PHIFA, the licensee must ensure that the residence in default is (1) listed in the multiple list service, and (2) is sold or transferred through a settlement, including the conveyance or transfer of deed, title, or establishment of equitable interest.

If those basic requirements are met, a licensee may work with a seller under a valid listing agreement to request a short sale or other foreclosure alternative from a lender or servicer under PHIFA. The seller must voluntarily sign the appropriate authorization for the lender, indicating that the listing agent may submit the required short sale or loss mitigation documentation on the seller’s behalf. With that authorization, the agent may transmit documentation by computer in a format specified by the lender (i.e. “platforms” or “loan portals” such as Equator or ResNet or HOPE loan portal.

Beyond submitting the requested documentation to the lender or services, the licensee’s conduct must meet the following standards in order to comply with the applicable laws.

DO

A real estate licensee:

- May conduct a Comparative Market Analysis (CMA), which an out-of-state lender/servicer may refer to as a Broker’s Price Opinion (BPO).
- Must refer a client to an individual licensed under the Credit Services Businesses Act, or otherwise exempt under that law, to negotiate on issues such as deficiencies and relocation allowances as soon as those issues arise. The licensee may serve as a conduit of information from the MCSBA licensed individual to the seller, but may not negotiate on those issues with the lender/servicer.
- Must refer a client to an accountant to explain to the seller the potential income tax consequences of a short sale and the applicability of the Mortgage Forgiveness Debt Relief Act of 2007.
- Must refer a client to a housing counselor for discussions about alternatives available to avoid foreclosure. Free housing counseling is available through the Maryland HOPE Program at 1-877-462-7555.
- Must refer any requests from the lender/servicer for reductions in real estate brokerage commissions on a short sale to the licensee’s broker.

DON'T

A real estate licensee may not:

- Collect any monies in addition to the real estate brokerage services commission from a client unless the licensee holds an additional license under the MCSBA.
- Assist a seller in negotiating with the lender/servicer to obtain a loan modification or a promissory note for the deficiency amount, or to otherwise prevent foreclosure.
- Use direct mail solicitations or advertisements targeted to a homeowner in default (or imminent default or “underwater” on the mortgage) that indicate that the licensee (1) can assist in preventing foreclosure; (2) is an “expert” in short sales; (3) can arrange refinancing; or (4) will contact creditors on the owner’s behalf.
- Make representations to a homeowner that the licensee can save the owner’s home, stop foreclosure, or obtain a short sale.
- Provide advice to a homeowner regarding the benefits of a strategic default.
- Predict or suggest credit score consequences of one loss mitigation strategy over another.
- Make any predictions with regard to the likelihood of the waiver of deficiency judgments or the payment of relocation costs in a short sale.

A licensee who serves as more than a conduit of information between the seller and the lender/servicer regarding deficiencies, or who engages in any of the “Don’t” activities, no longer has the protection of the “safe harbor” provision, and must follow the strict terms of the PHIFA law, if the mortgage is in default, as well as obtain a license from the Commissioner of Financial Regulation under the MCSBA.

Maryland Association of REALTORS®

Legal Hotline Friday Hours to Resume February 1, 2013

Free, authoritative legal information is available by calling the MAR Legal Hotline. Questions on all aspects of real estate law are answered, including license law, agency, contracts, deposits and disclosures. An appropriate written response may be provided to the caller and the identified broker or office manager.

Call 1-800-888-1272

Open: Monday, Wednesday and Friday

Hours of operation:

10:00 a.m. - 12 Noon & 2:00 p.m. - 4:00 p.m. OR,

You may choose to submit Legal Hotline questions via the Web-Question Form.

Respect for the Property

- Be responsible for everyone you allow to enter listed property.
- Never allow buyers to enter listed property unaccompanied.
- When showing property, keep all members of the group together.
- Enter property only with permission, even if you have a lockbox key or combination.
- When the seller is absent, leave the property as you found it (lights, heating, cooling, drapes, etc.) If you think something is amiss (e.g. vandalism), contact the listing broker immediately.
- Be considerate of the seller’s property. Do not allow anyone to eat, drink, smoke, dispose of trash, use bathing or sleeping facilities, or bring pets. Leave the house as you found it unless instructed otherwise.
- Use sidewalks; if weather is bad, take off shoes and boots inside property.

These practices are simple; many are common sense. But they are critical to maintaining an environment of respect for all those involved in a real estate transaction.

While the NAR Code of Ethics establishes objective, enforceable ethical standards governing the professional conduct of REALTOR®, it does not address issues of courtesy or etiquette. We have developed this list of professional courtesies based on comments from REALTORS®. This list is not all-inclusive and may be supplemented by local custom and practice.

National Association of REALTORS®

Don’t Let Your Reputation – or Your Wall – Fall Prey to Scam Complaint Site

A Web site of suspicious origin is misusing the REALTOR® trademark in what seems to be an attempt to get money from real estate practitioners.

The site, Realtor-complaints.com, supposedly publishes consumer complaints about real estate agents. However, an investigation by the New Jersey association of REALTORS® showed a string of complaints against its members, all using similar phrasing. “This leads to suspicion that these are not all public-submitted complaints,” says Lauren Castellano, director of communications for the New Jersey Association of REALTORS®.

Not only that, when agents who have been the subject of a complaint attempt to make contact, the site offers them the “opportunity” to pay to have the complaint and their

name removed from the site, says Michael Thiel, an attorney for the NATIONAL ASSOCIATION OF REALTORS®. NAR legal staff checked the [WHOIS](#) record for the site and discovered it's hosted on servers located in the Seychelles. "It's recorded as having been initially registered on Jan. 1, 2013," Thiel says, "which makes the site's claim of having been around since 2002 very suspect."

Thiel's office has received a number of calls from members who've been informed, via e-mail, that their name is listed at the site. NAR attorneys are investigating and, if necessary, will take steps to have the site shut down. But it's important to approach with caution any service that claims to either track or burnish your reputation. Online reputation management—and reputation trashing—is a growing enterprise, and there are simple steps *you* can take to manage your own reputation online:

- Make sure all of your profiles (on social media sites, at REALTOR.com, and so on) are complete, up to date, and consistent.
- Be proactive in asking customers for reviews in legitimate forums, such as Yelp and LinkedIn.
- Search Google and Yahoo for your name and your company's name. Save each search as a browser favorite and check them daily.
- Sign up for Google Alerts so that you're notified when your name appears in a search. Also set up alerts for variations of your name, your company name, and other keywords.
- Ask your customers where they've gone to search for information about real estate and other professionals.
- Correct errors quickly. Immediately contact the Web site and be willing to prove your case with information from your MLS or other sources. But don't be tempted to pay to have information removed. "It's hard to imagine a legitimate site requiring you to pay to take down false information," Thiel says.

January 10, 2013 by Stacey Moncrieff, NAR Associate Editor with REALTOR® Estate Today Magazine.

Case Studies Interpretation of the Code of Ethics

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

Case #12-3: Exaggeration in Advertising

In his efforts to sell a furnished apartment building, REALTOR® A, the listing broker, used newspaper advertising describing the property, including such phrases as "modern furnishings.... most units newly equipped with ranges and refrigerators...excellent earnings record." Buyer B saw the ad, called REALTOR® A, was shown the property, signed an offer to buy, and wrote a check for a deposit. A few days later, he made a more careful inspection of the property and its earnings statements, and filed a complaint

against REALTOR® A with the Board of REALTORS® charging misleading and exaggerated advertising.

The complaint was referred to the Grievance Committee which, after its review and evaluation, referred it to the Secretary directing that a hearing be scheduled before a Hearing Panel of the Professional Standards Committee.

At the hearing, Buyer B stated that because of certain pressures on him at the time, prudently or not, he had acted hurriedly in his business with REALTOR® A; that if the principle of caveat emptor governed the situation, he recognized the weakness of his position; that he also understood that his legal recourse was questionable; but that from the standpoint of ethical conduct he felt he had a grievous complaint against REALTOR® A that should be addressed.

He explained that he had been looking for just such an investment property in the general location; that the price appealed to him; that he had only a very limited time available on the day he was shown the property; that the three apartments which he was shown were attractively furnished and obviously had nearly new equipment in excellent condition; and that he had thought it advisable to make an offer, feeling that he could place full reliance on REALTOR® A's representation of the property both in his oral statements and his newspaper advertising.

His second, and more thorough, inspection revealed that the three apartments shown to him were the only apartments in the building with modern furnishings; the other nine had unattractive, badly worn and outmoded furnishings, with kitchen ranges and refrigerators more than ten years old. Moreover, he said, the earnings record of the building, which by ordinary standards was satisfactory for the two years immediately preceding, had shown high vacancy and a loss in two of the ten years of the building's life, had shown a definitely low return in three years, and had never show an earnings record that could be described as "excellent".

Upon questioning as to whether full records of income and expenses had been submitted to him before he signed the contract, Buyer B said he was shown only the statements for the two proceeding years by REALTOR® A, who said that the other statements could be obtained for him, as was later done.

Responding to Buyer B's specifics, REALTOR® A pointed out that the complaint did not charge him with misrepresenting anything in his oral statements to Buyer B; that the complaint, therefore, was based solely on his advertisement which he felt did not depart from accepted standards in advertising; that since the building was about ten years old, he felt free to say that all of its features, including the furnishings, were "modern"; that when he stated "most units newly equipped with ranges and refrigerators" he based that, too, on the fact that the building was about ten years old; and that, in his opinion, the earnings record of the building for its entire operating life, since it had shown a loss in only two of its ten years, could reasonably be described as "excellent".

Questioning of REALTOR® A revealed that the three apartments shown to Buyer B were, in fact, furnished with better and more modern furniture than the other nine apartments, and that these three were the only apartments in which the original ranges and refrigerators had been replaced. REALTOR® A's comment on this was, "Naturally, in showing the building, I directed attention to the most attractive features. This is just ordinary competence in selling."

It was the conclusion of the Hearing Panel that REALTOR® A's advertising used exaggeration and had not presented a true picture in his representations to the buyer. REALTOR® A was found in violation of Article 12.

Buyers and Sellers looking for a REALTOR® via the GCBR Facebook page - are you in the REALTOR® Directory on the GCBR Facebook Page?

If you have not done so and would like to join the Directory, please go to the Garrett County Board of REALTORS® FB page, click in the blue box that says "Find a REALTOR®" and click the(green box) "Members Join" and click on Get App.

This service company also provides website services but you do not have to use this service to have your name in the Directory. If asked for your broker to sign an IDX Agreement you ARE NOT required to do so. This way your name will remain in the REALTOR® Directory but you are not obligated to have any additional services unless you want them.

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, 2013

[Membership Update](#)

New REALTOR® Members:

Roslyn Rodeheaver, Coldwell Banker Deep Creek Realty

New Affiliate Members:

Drops:

Mike Adams, Spike's Chimney Sweep, LLC

Transfers:

Changes:

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

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.

[2013 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.

Garrett County 2013 Legislative Update:

Industrial Wind Turbines:

[HB504](#) – granting the commissioners the ability to regulate industrial wind turbines
assigned to Economic Matters committee – hearing scheduled for MAR 14 at 1:00
[SB370](#) - companion to HB504
hearing held in Finance Committee on FEB 1 - no action since then

ASCI:

[HB611](#) - creation of state debt \$450,000 for ASCI facility

First reading in appropriations committee on FEB 1 – no action since then
[SB423](#) - companion to [HB611](#)
first reading Budget and Taxation committee on JAN 28 – no action taken since then

Sunday Alcohol Sales:

[HB464](#) - Providing for the Sunday sale of alcoholic beverages in Garrett County applies to a precinct of an election district in which the voters in a referendum authorized by law approve Sunday sales etc. – hearing in Economic Matters on FEB 25
[SB371](#) - companion to [HB464](#) - favorable report from EHEA committee

Bond for Garrett Memorial Hospital:

[HB452](#) - authorizing the county commissioners to borrow up to \$15,000,000 for the hospital
Passed in House on FEB 21
[SB369](#) - companion to [HB452](#) - *passed in the Senate*

3.8% Tax to go into Effect in 2013 – News from NAR:

By [Linda Goold](#), [Ken Wingert](#)

February 27, 2012

The health care legislation enacted in 2013 included a new tax that was designed to affect upper income taxpayers. The 3.8% tax is imposed ONLY on those with more than \$200,000 of Adjusted Gross Income (AGI) (\$250,000 on a joint return). The tax applies to investment income, defined as interest, dividends, capital gains and net rents. These items are all included in an individual's AGI. A formula will determine what portion, if any, of these types of investment income would be subject to the tax.

The tax is NOT a transfer tax on real estate sales and similar transactions. Not long after the tax was enacted, erroneous and misleading documents went viral on the Internet and created a great deal of misunderstanding and made the tax into something far more draconian than the actual provisions.

The new tax does NOT eliminate the benefits of the \$250,000/\$500,000 exclusion on the sale of a principal residence. Thus, ONLY that portion of a gain above those thresholds is included in AGI and could be subject to the tax.

REALTORS® should familiarize themselves with the tax, but should not advise their clients about the application of the tax. The amount of tax will vary from individual to individual because the elements that comprise AGI differ from taxpayer to taxpayer.

Visit the links below for additional in-depth information.

[NAR video >](#)
[FAQs >](#)
[Download a comprehensive brochure >](#)

2013 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. 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

News from the MD Real Estate Commission

LICENCEES OBLIGATED TO VERIFY CONTRACTORS' LICENSES BEFORE MAKING REFERRALS

In the wake of severe weather events like Hurricane Sandy, consumers tend to ask real estate agents and brokers for home improvement referrals much more frequently, since they are eager to recover from unanticipated damage. Plus, they tend to be more susceptible to the claims of unscrupulous contractors who often follow storms in order to prey upon unsuspecting homeowners.

Please remember your professional duty as a licensee to check a home-related contractor's Maryland license before you endorse his or her services. Even if you have known the home improvement contractor, plumber, electrician, or HVACR technician for years, you can't be absolutely certain that his or her license is current unless you inquire with the occupational board that governs the license. If the license has not been kept up to date or disciplinary actions have occurred, the homeowner who counted on your referral is not protected by the Maryland Home Improvement Commission's Guaranty Fund if the job goes awry. Also, if you recommend a person who does not have a valid, current license, then you have not met your duty of care to your client. Failing to adhere to the standards set forth in [§17-532](#) of the Maryland Real Estate Brokers Act subjects you to disciplinary action by the Commission. If you are found to have violated the Act, the Commission could suspend or revoke your license, as well as assess a civil penalty of up to \$5,000 for each violation.



Please check the Maryland Home Improvement Commission's [Public Query](#) page to look up the license status of any person you consider referring to clients for home improvement. The Home Improvement Commission can also be reached by calling 1-888-218-5925 (toll-free) or 410-230-6231 (Baltimore area). If you are unsure about which types of improvements require a Home Improvement Contractor's License, please refer to the [list](#) posted on the website. Searchable licensing information is also maintained by the State for [electricians](#), [plumbers](#), [home inspectors](#) and other home-related [occupations](#).

MD Real Estate Commission Article from the "The Commission Check".

Maryland Association of REALTORS®

**FREE MAR Thursday Webinar Series — *Short Sale Power Hour*— March 7, 2013
10AM. Learn how to close more short sales with comprehensive, nuts and bolts
information by the founders of Short Sale Mastery, Michael & Stacey Spickes.
[REGISTER NOW](#)**

National Association of REALTORS®

Easy Ways to Protect Your Online Privacy

Daily Real Estate News | Tuesday, February 19, 2013

As a professional on-the-go who juggles several technology devices that contain your business information, you want to be sure to protect your devices. Forbes recently highlighted several ways to protect your privacy online, including:

Add encryption to your computer: This would require you to use a password or encryption key to access the computer's hard drive information. On a Mac, go to Settings and choose "Security and Privacy," then "FileVault," and select "Turn on FileVault." For PCs, select Bitlocker.

Use authentication in Gmail: If you have a Gmail account, turn on two-step authentication, which means in order for your Gmail account to be accessed from a new device, a code will be need to sent to your phone. If someone ever gets access to your Gmail password, they'll never be able to access it from a different computer because they won't have the code.

Clear your browser history: Change your browser settings so that your search history and cookies are automatically cleared out after every session, and the amount you're tracked online is lessened. To do this, in your browser's "Options" tab go to "privacy." Select "never remember your history."

Set up [Google Alerts](#): Find out what is being said about you online by entering your name and variations of your name (be sure to put quotations around it). You'll receive notices whenever the search engine finds your name or the alerts you set on the Internet.

Source: "[10 Incredibly Simple Things You can do to Protect Your Privacy](#)," *Forbes* (Feburary 2013)

Case Studies Interpretation of the Code of Ethics

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

Case#12-12: **Advertising in the Guise of News** (Adopted April, 1994, Revised November, 1995)

Shortly after mailing his "Homeowners Neighborhood Newsletter" to local residents, several complaints were filed against REALTOR® B claiming that he had engaged in deceptive advertising in violation of Article 12's "true picture" directive. These complaints were reviewed by the Grievance Committee which determined that a hearing should be held and that all of the related complaints would be consolidated in a single hearing. The appropriate notices were sent and the hearing was convened.

REALTOR® A, one of the complainants, introduced REALTOR® B's "Homeowners Neighborhood Newsletter" into evidence pointing out that, on the first page, REALTOR® B had prominently shown pictures of, and addresses for, ten homes in an exclusive area of town labeling each as "Recently Sold." REALTOR® A, the listing broker for several of these properties, stated that, in his opinion, the average reader would readily conclude that REALTOR® B, by advertising this way, was claiming to have listed and sold the properties and that his claims violated Article 12, as interpreted by

Standard of Practice 12-7. In response, REALTOR® B indicated that Article 12 was limited in scope to "...advertising and representations to the public" and that his "Homeowners Neighborhood Newsletter" was not, in fact, advertising but rather a well-intentioned effort to make homeowners aware of current market values. "Sale prices in our county become a matter of public record once a deed of sale is recorded," REALTOR® B argued, "and anyone who wants to find out about recent sales can get that information from the recorder's office." "All I am doing," he continued, "is reporting news – and saving residents the time and effort of retrieving this information on their own. If someone appreciates my efforts and later buys or sells through me, so much the better, but that is not the reason for my newsletter."

After hearing from the complainants and the respondent, and after reviewing the content of the newsletter, the Hearing Panel concluded that it did, in fact, violate Article 12 since, while the information regarding the properties themselves was accurate, its cumulative effect was to convey the impression that REALTOR® B had listed and/or sold the properties when he had not. The fact that he had been the cooperating broker in one of the transactions did not give him the right to claim, directly or indirectly, that he had "sold" any of the other properties because in no instance had he been the listing broker. The Hearing Panel did not accept REALTOR® B's claim that his newsletter was exempt from scrutiny under Article 12 in that he was disseminating news and not engaging in advertising. They noted that the name, address, and phone number of REALTOR® B's firm appeared prominently in several places; that a considerable portion of the newsletter was devoted to services available from REALTOR® B's firm and the advantages of doing business with REALTOR® B; and concluded that while the newsletter might, in fact, include an element of "news" a primary purpose of it was to advertise REALTOR® B and his firm and, consequently, that it was subject to scrutiny under 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 – April 1, 2013

Membership Update

New REALTOR® Members:

Stephen Bortz, Long & Foster Real Estate

New Affiliate Members:

Bobbi Barefoot (Sisler)

Wells Fargo Home Mortgage

157 Maple Spring Lane

Osterburg, PA 16667

814-977-9239

Bobbi.barefoot@wellsfargo.com

Drops:

Mary O'Neil, Goodfellow Real Estate Services

Transfers:

Changes:

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

MAR Government Affairs News – Online Video:

State Issues Update - Mark Feinroth, Director of Regulatory Affairs, summarizes MAR's legislative activity for the week of March 18th. Click on the video to hear about the status of legislation requiring lead dust tests, credit services act, and mandatory seller disclosure of deaths that occur on a property. [Video](#)

MAR Legislative Activity – late session bill activity:

MAR is weighing in on several bills in the legislature that effect the Real Estate industry and home ownership.

HB 1532/SB 1062 prohibits a council of unit owners from collecting attorney's fees that are "unreasonable" in relation to the underlying complaint. *The bill applies to Condos and HOAs.* MAR is supporting this bill.

HB 1308/SB642 Bill as introduced prohibits self-help evictions except in cases of abandonment. MAR is working to have the bill amended so that it can remove its opposition. The

amendments include that a landlord may immediately secure a home that has been abandoned by the tenant, eliminate a treble damages provision, clarify "threaten" and "diminution" language, and other needed changes. **If the amendments occur, MAR will move to a "no position" stance.**

[HB 1413/SB969](#) **As introduced this bill would require an upgrade of smoke detectors to new systems every ten years. Requires new sealed battery detector for existing battery operated detectors and that one detector be installed on each floor rather than just one (in cases of battery operated detectors). MAR is seeking amendments that would clarify that would not require any homes on battery operated smoke detector to upgrade to AC/hard-wired systems' clarify that systems required for bedrooms apply only to new construction (the current requirement), clarify that point-of-sale requirement would not require to battery systems that have been upgraded to the sealed battery within the previous 10 years, and clarify that landlord can collect a fee for a new smoke detector from the tenant. If the amendments are successful, MAR will remove its opposition from the bill and support it at a +2 level.**

[HB 917](#) **Requires a "meth lab" disclosure in the seller property condition form, requires newspaper ads, and recording in land records of properties quarantined for a meth lab having been present. MAR is pressing for amendments that require a section of disclosure form rather than the main body of the form, strike all language dealing with drugs other than meth, strike the required recording of the quarantine in the land records and direct police to lift the quarantine based on the certificate of habitability, remove the newspaper notice, 5 add language directing law enforcement to limit quarantine when dealing with multi-unit buildings, clarify that court process is there only for challenging a wrongful quarantine, and clarify that property may be sold or rented after the property has be remediated. MAR will support the bill at a +2 if these amendments are made.**

Garrett County 2013 Legislative Update:

Industrial Wind Turbines:

[HB504](#) – granting the commissioners the ability to regulate industrial wind turbines assigned to Economic Matters committee – hearing held on MAR 14, no action recorded yet.

[SB370](#) - companion to HB504
Passed in the Senate on March 14 with amendments.

ASCI:

[HB611](#) - creation of state debt \$450,000 for ASCI facility
hearing in Appropriations Committee on MAR 9 – no action since then

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Budget and Taxation committee on MAR 9 – no action taken since then

Sunday Alcohol Sales:

[HB464](#) - Providing for the Sunday sale of alcoholic beverages in Garrett County applies to a of an election district in which the voters in a referendum authorized by law approve Sunday sales etc. – passed in the House on March 12

[SB371](#) - companion to HB464 - passed in the Senate on FEB 25

Bond for Garrett Memorial Hospital:

[HB452](#) - authorizing the county commissioners to borrow up to \$15,000,000 for the hospital
Passed in House on FEB 21

[SB369](#) - companion to HB452 - *passed in the Senate FEB 25*

Sign Up for the MDP “Maryland Planning Today Digest”:

<http://www.mdp.state.md.us/planningToday.shtml>

Maryland Planning Today is a news digest service of the Maryland Department of Planning for its website visitors. MDP provides links to articles from Maryland media covering planning, sustainable development, smart growth, land, water and historical resource preservation and other topics that are relevant to smart, greener growth in Maryland.

News from NAR:

Congress Grants Extension for Rural Communities

By [Megan Booth](#), [Sarah C. Young](#)

Two weeks ago Congress passed the Continuing Resolution, which funds the government for remainder of the fiscal year. **Within that bill was an extension of the exiting rural housing definition, which will ensure that more than 900 communities continue to have access to rural housing programs.** The United States Department of Agriculture (USDA) is required under federal law to revise the list of communities eligible for rural housing loans following each decennial census. However, following every census since 1980, Congress has grandfathered in existing communities. NAR championed this issue and sent many communications to Congress over the last year. The bill that just passed will provide an extension through September 30, 2013.

NAR will continue to work with Congress to update the definition of "rural" in order to retain vital RHS housing programs in more than 900 rural communities.

[Coalition Letter to the House](#)

[Coalition Letter to the Senate](#)

The 3.8% Tax - Use these resources from NAR to understand the 3.8% tax and health care reform:

- Video: [What's True, What's Not](#)
- [The Top 10 Things You Need to Know About the 3.8% Tax](#)
- Educational brochure: [The 3.8% Tax Real Estate Scenarios & Examples](#)
- [NAR article about the tax](#)
- Video: [The 3.8% Tax is Not a Real Estate Transfer Tax](#)
- [Additional resources](#)

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

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**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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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

MD Real Estate Commission News

Do's and Don'ts for Teams and Groups - Maryland Real Estate Commission

As a result of a new law, the following rules apply to Teams and Groups beginning on October 1, 2010:

Download the [Do's and Don'ts for Teams](#) (Word document, 30KB, [download Word viewer for free](#))

Teams

✓ A Team must consist of two or more Associate Brokers or Salespersons or a combination of the two who:

Work together on a regular basis;
Represent themselves to the public as being part of one entity; AND
Designate themselves by a collective name such as "Team or Group."

✓ All licensed team members must be affiliated with the same broker, and, if applicable, offer brokerage services at the same branch office.

✗ A licensed broker may **NOT** be a member of a Team.

✗ The name of the Team may **NOT** contain the terms "Real Estate", "Real Estate Brokerage", "Realty", or any other term that would lead the public to believe that the Team is offering real estate brokerage services independent of the Broker.

✓ Team members must conduct all real estate brokerage activities from the broker's office or the branch office where their licenses are displayed.

✗ A Team may **NOT** operate out of an office or location other than the broker's office or the branch office where their licenses are displayed.

Advertising

✓ All Team advertising must contain:

The full name of the brokerage displayed in a meaningful and conspicuous way;
The name of at least one of the licensee members of the Team; and
The telephone number of the broker or the branch office manager.

✓ The Team name in the advertisement must be directly connected to the name of the brokerage.

✓ "Advertise" means the use of any oral, written, or visual advertisement by a licensed real estate salesperson, licensed real estate broker, licensed associate real estate broker, or other person on behalf of a licensed real estate salesperson, licensed real estate broker, or licensed associate real estate broker.

"Advertisement" means, unless the context requires otherwise, any oral, written, or printed media advertisement. "Advertisement" includes any correspondence, mailing, newsletter, brochure, business card, for sale or for lease sign and sign rider, promotional item, automobile signage, telephone directory listing, television announcement, radio announcement, telephone solicitation, and World Wide Web

and Internet voice-overs. (17-527.2 Annotated Code of MD)

Team Leaders

- ✓ A Team must designate a team member as its Team Leader. The Team Leader must be an Associate Broker or a Salesperson with at least 3 years experience.
- ✓ The Team Leader must maintain a current list of all members and employees of the Team.
- ✓ The Team Leader must provide the list and any revisions to the list to the Broker or the Branch Office Manager where the Team Members' licenses are displayed.
- ✓ The Team Leader must exercise reasonable and adequate supervision over the provision of real estate services by members of the Team.

Brokers and Branch Office Managers

- ✓ The Broker or Branch Office Manager must maintain copies of the lists of Team Members and Employees, and make the copies available to the Commission on request.
- ✓ The Broker and Branch Office Manager must supervise the Team Members, and this supervision is in addition to the supervision responsibilities of the Team Leader.
- ✗ The Broker and Branch Office Manager may not delegate their supervisory responsibilities over Team Members to the Team Leader.

Team Leaders and Members

- ✓ The Team Leader and all Team Members must adhere to all office rules, practices, and procedures established by the Broker and the Branch Office Manager.

Dual Agency

- ✓ THE Broker may designate two members of a team as intra-company agents for the Buyer and the Seller in the same transaction if the parties have **FIRST** been advised in writing that the Licensees are part of the same team and the team could have a financial interest in the outcome of the transaction. The Buyer and Seller must complete the "Notification for Dual Agency within Team" form (Word document, 38KB, [download Word viewer for free](#)) required under existing law before Dual Agency may occur.
- ✗ The Team Leader may **NOT** designate Team Members as intra-company

agents. Only the Broker may make this designation.

✓ The Broker must insure that both parties have acknowledged in writing receipt of a "Notification of Dual Agency within a Team" form **PRIOR** to designating two Team Members as intra-company agents in a transaction.

Maryland Association of REALTORS®

FREE MAR THURSDAY WEBINAR SERIES — How to become a You Tube agent and turn Videos into Leads — April 25, 2013 10AM. Discover the components of INTERESTING video with Greg Herder. [Click here to register!](#)

MAR LEGAL HOTLINE HOURS OF SERVICE—Monday, Wednesday and Friday 10 a.m. - 12 noon and 2 - 4 p.m.

Respect For Peers

- Identify your REALTOR® and professional status in all contacts with other REALTORS® and licensees
- Respond to other agents' calls, faxes, and emails promptly and courteously.
- Be aware that large electronic files with attachments or lengthy faxes may be a burden on recipients.
- Notify the listing broker if there appears to be inaccurate information on the listing
- Share important information about a property, including the presence of pets, security systems, and whether sellers will be present during the showing
- Show courtesy, trust, and respect to other real estate professionals
- Avoid the inappropriate use of endearments or other denigrating language
- Do no prospect at other REALTORS®' open houses or similar events
- Return keys promptly
- Carefully replace keys in the lockbox after showings
- Real estate is a reputation business. What you do today may affect your reputation-and business-for years to come

National Association of REALTORS®

QUIZ – Property Marketing

1. **Which of the following is not a good tactic for marketing a starter home?**
 - [] Suggest various scenarios for financing the home, including sample down payments and monthly mortgage payments
 - [] Emphasize the advantage of homeownership (e.g.the mortgage interest tax deduction and the possibility of building equity)

- ☐ Advertise the home in a local dining-out guide targeted toward young adults
 - ☐ Hire a professional designer and photographer to create a four-color brochure of the home's highlights
2. **What is the most important part of an ad?**
- ☐ The photograph
 - ☐ The headline
 - ☐ The media placements
 - ☐ The price
3. **Which of the following would make an appropriate and captivating online home tour?**
- ☐ A sweeping panoramic scene of an entry-level home
 - ☐ A video tour showing the seller's designer furniture, antique collectibles, and museum-quality artwork
 - ☐ A short and fast-loading preview that highlights the top features of a well-staged home
 - ☐ A 20-minute digital tour, including the neighborhood, the street, the exterior of the home, the neighboring homes, and every room in the home
4. **At an open house, the salesperson should:**
- ☐ Greet visitors and ask them to sign a guest book, distribute flyers and handouts, answer questions about the home and offer to assist prospects with their search for a home to purchase
 - ☐ Eat lunch and watch the ballgame on the seller's television if there is no traffic
 - ☐ Follow visitors around the house, ask them questions about their home search, and mention how many interested visitors have been there today
 - ☐ Talk with visitors as little as possible so that they have time to view the home
5. **To help ensure a successful property auction:**
- ☐ Make repairs and improvements to the property
 - ☐ Have a home inspection completed before the auction
 - ☐ Promote the auction heavily to appropriate target markets
 - ☐ All of the above
6. **Which of the following would not be a violation of fair housing laws?**
- ☐ Only asking for pre-qualifying financial information from people you think might not be able to afford to buy
 - ☐ Indicating in a property advertisement that the sellers will give preference to offers from buyers of a particular religious faith
 - ☐ Encouraging buyers to shop for a home only in selected neighborhoods because you think they will like them better
 - ☐ Running advertisements that emphasize that the home has a mother-in-law suite
7. **Which of the following would make a good newspaper advertisement?**

- ☐ Emotionally captivating description of the home, number of bedrooms and bathrooms, asking price, your name and telephone number
 - ☐ Square footage of the home, price the seller paid for the home, asking price, and seller's telephone number
 - ☐ Inflated description of the home, total number of rooms, a few abbreviations (e.g. frpl, MBR, vw) and a statement that seller is "highly motivated"
 - ☐ Description of neighborhood, school district, asking price, your name and email address
8. **Which of the following would be an example of negligent misrepresentation?**
- ☐ Telling buyers that a property's roof was replaced last year without seeing any written evidence to support this statement
 - ☐ Telling the buyers that they don't need to worry about asbestos it was not manufactured after 1978
 - ☐ Telling the sellers that the house is probably connected to the city sewer because sewers were run to this area five years ago
 - ☐ All of the above
9. **What is Megan's Law?**
- ☐ A California law that requires real estate salespeople to research the presence of sex offenders in their local area
 - ☐ A federal law that requires real estate salespeople to notify homeowners if a sex offender is in their local area
 - ☐ A federal law that requires state governments to enact regulations mandating registration of convicted sex offenders but doesn't specify whether real estate salespeople are responsible for disclosing such information
 - ☐ A law that protects home buyers from sex offenders in their neighborhood

Answers to Quiz

1. **Which of the following is not a good tactic for marketing a starter home?**
 Hire a professional designer and photographer to create a four-color brochure of the home's highlights. *A professional four-color brochure is probably an overly expensive marketing tactic for a starter home unless it was being advertised as part of a new development. The rest of the ideas are more appropriate for an entry-level home.*
2. **What is the most important part of an ad?**
 The headline. *Although all the possible answers are important in the success of an ad, most advertising experts say that a strong headline is the most important element in an ad's success.*
3. **Which of the following would make an appropriate and captivating online home tour?**

A short and fast-loading preview that highlights the top features of a well-staged home. *The most effective virtual tours move quickly and emphasize the home's scale, space and proportions.*

4. At an open house, the salesperson should:

Greet visitors and ask them to sign a guest book, distribute flyers and handouts, answer questions about the home and offer to assist prospects with their search for a home to purchase. *The salesperson should be friendly and professional, present and represent the home, and use the event to market real estate services.*

5. To help ensure a successful property auction:

All of the above. *An auction works best when the home is exposed to buyers who are comfortable with the process and are well informed about details of the transaction. Having a home inspection completed in advance of the auction makes buyers more confident in their bidding.*

6. Which of the following would not be a violation of fair housing laws?

Running advertisements that emphasize that the home has a mother-in-law suite. *Although you should avoid mentioning families in your advertising, the term "mother-in-law suite" is acceptable to describe a suite with its own living area and facilities. Advertising the sellers prefer buyers of a particular religion is considered steering while asking for financial information from only certain prospective buyers can lead to charges of discrimination. Always ask for the same basic information from every prospect.*

7. Which of the following would make a good newspaper advertisement?

Emotionally captivating description of the home, number of bedrooms and bathrooms, asking price, your name and telephone number. *A good newspaper ad captures a prospective buyers' attention and provides vital information, including the number of bedrooms, the price and your phone number. Don't fill your ad space with too much information on the neighborhood of the home, and never use jargon or abbreviations that consumers may not understand.*

8. Which of the following would be an example of negligent misrepresentation?

All of the above. *Negligent misrepresentation is making a statement without confirming the accuracy of the facts. You should not state that the roof was replaced without seeing paperwork. Instead, say that the sellers told you it was replaced, but you are not sure. The second answer option is incorrect because you are not communicating all the facts, even though asbestos manufacture was banned in 1978 suppliers were allowed to sell off inventory so houses built in the early 1980's could still have asbestos. Finally, homeowners are generally not obligated to connect to city sewers unless they wish to be, so making that assumption without verifying the facts is incorrect.*

9. What is Megan's Law?

A federal law that requires state governments to enact regulations mandating registration of convicted sex offenders but doesn't specify whether real estate salespeople are responsible for disclosing such information. *The federal Megan's Law doesn't say real estate salespeople have any responsibility for informing home buyers about registered sex offenders. However, some states do require this notification. In all cases, salespeople should inform buyers of their rights to obtain this information and let them know where they can obtain it.*

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# 16-2 **Respect for Agency** (Revised Case #21-6 May, 1988. Transferred to Article 16 November, 1994)

Client A gave a 180-day exclusive right to sell listing of a commercial property to REALTOR® B, specifying that no "for sale" sign was to be placed on the property. REALTOR® B and his sales associates started an intensive sales effort which, after three months, had produced no offer to buy. But it had called attention to the fact that Client A's property was for sale. When REALTOR® C heard of it, he called on Client A, saying that he understood that his property was, or soon would be, for sale, and this if Client A would list the property with him exclusively he felt confident that he could provide prompt action. Client A said the property was exclusively listed with REALTOR® B under a contract that still had about 90 days to run.

"In that case," said REALTOR® C, "you are bound for the next 90 days to REALTOR® B. I have a really outstanding organization, constantly in touch with active buyers interested in this class of property. I am in a position to render you an exceptional service, and I will plan to call you again in 90 days or so."

The property remained unsold during the term of REALTOR® B's listing contract. REALTOR® C called again on Client A, and obtained his assurance that he would sign an exclusive listing of property upon expiration of the listing contract.

When REALTOR® B called on Client A on the last day of the listing contract to seek its renewal, Client A told him of REALTOR® C's two visits. "I was impressed by REALTOR® C's assurance of superior service" Client A told REALTOR® B, "and in view of the fact that my listing with you produced no definite offer in the 180-day period, I have decided to give REALTOR® C a listing tomorrow."

REALTOR® B filed a complaint with the Grievance Committee of the Board, outlined the facts, and charged that REALTOR® C's conduct had been inconsistent with Article 16 of the Code of Ethics.

The Grievance Committee referred the matter to the Professional Standards Committee.

At the conclusion of the hearing, the panel found that REALTOR® C had violated Article 16 by failing to respect the exclusive agency of REALTOR® B. The panel's decision advised that REALTOR® C's original contact with Client A, made at a time when he had no knowledge of REALTOR® B's exclusive listing, was not in itself unethical, but that as soon as he learned of REALTOR® B's status as the client's exclusive agent, he should have taken an attitude of respect for the agency of another REALTOR®, and refrained from any effort to get the listing until after the expiration date of the original contract.

REALTOR® C's attitude of regarding the client's relationship with REALTOR® B as a kind of misfortune, of presenting his own service as superior to REALTOR® B's, and of suggesting to the client that, having a better capacity to serve him, he could wait until REALTOR® B's listing had expired, was, the panel said, contrary to the respect for another REALTOR®'s exclusive agency required by Article 16.

The Hearing Panel's decision further advised REALTOR® C that he would have conducted himself in accord with Article 16 if, upon learning of REALTOR® B's status as exclusive agent, he had expressed his willingness to cooperate with REALTOR® B in the sale of Client A's property.

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, 2013

[Membership Update](#)

New REALTOR® Members:

New Affiliate Members:

Drops:

Offlake Realty & Rentals
Robert Orr
Andrew Orr

Transfers:

The following members have transferred to Railey Realty
Nancy Geisler
Lisa Goodfellow
Kevin Heselbach
Cindy Mahoney
Susanne Roszell
Cindy Sanders
Jim Wilmot

Changes:

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

County Planning Commission - Annual Report to State:

Maryland law requires that Garrett County make an annual report to the state regarding its progress toward meeting certain smart growth goals. This is an outgrowth of the 2009 Smart, Green & Growing Legislation that requires the Maryland Department of Planning to report on "Smart Growth Goals, Measures and Indicators" annually. One of those indicators is the amount of growth occurring in "Priority Funding Areas" (PFAs).

Garrett County had set a goal that 10% of new residential development would occur in PFAs. During 2012, 7% of new subdivision and 11% of new residential building actually occurred in these areas. A very small percentage of the county is categorized as a PFA because of the requirement that these areas be served by public sewer.

The Planning Commission has set a 10% goal for 2013.

Wind Turbine Regulation Bill Passes in the Legislature:

Senate Bill SB 370, submitted by Senator Edwards with a companion bill in the House by Delegate Beitzel, passed in both the House and Senate. The bill provides specific setback requirements associated with the construction of industrial wind turbines in Garrett County and provides decommissioning and bonding requirements.

The bill takes effect upon the signature of the Governor.

Bill text - <http://mgaleg.maryland.gov/2013RS/bills/sb/sb0370t.pdf>

DNR News:

DNR Secretary John Griffin has accepted a new position as Governor O'Malley's Chief of Staff. Deputy DNR Secretary Joseph Gill will assume the position of DNR Secretary. Secretary Gill was actively involved in the state's acquisition of Deep Creek Lake in 2000.

Deep Creek Lake Manager Carolyn Mathews has announced her retirement. She plans on being on extended leave for a few weeks until the retirement is effective. Her assistant, Eric Null, will step in for her until DNR finalizes its staffing decisions.



SUMMARY OF 2013 REAL ESTATE LEGISLATION Maryland Association of REALTORS®

AFFORDABLE HOUSING AND TAXES

HB 71 – Homeowner's Insurance – Underwriting Based on Geographic Area

STATUS: NOT PASSED

Requires insurance carriers who underwrite homeowner's policies and exclude risks based on geographic areas to obtain the approval of the Insurance Commissioner for those exclusions and to have a written underwriting standard describing the exclusion.

HB 88/SB 199 – Real Property – Refinance Mortgage – Priority over Junior Liens

STATUS: PASSED – Effective October 1, 2013

Authorizes homeowners to refinance a first mortgage without obtaining permission from the lender that funded a home equity loan or second mortgage. The bill applies to current mortgages as long as the refinancing occurs after the effective date.

***[HB 128/SB 158](#) – Homestead Tax Credit – Eligibility Verification and Application**

STATUS: PASSED – Effective April 9, 2013

Extends by one year the time frame for property owners to apply for the Homestead Tax Credit. Properties that have not been transferred after December 31, 2007 can now apply for the Homestead Tax Credit by December 30, 2013 (Dec. 31st is a furlough day for state employees) rather than December 31, 2012.

[HB 235](#) – Property Tax – Valuation of Residential Real Property - Database

STATUS: PASSED – October 1, 2013

Requires the State Department of Assessments and Taxation (SDAT) to maintain an accessible database on its website providing information related to a property's square footage, bathrooms, and the date of the initial assessment of new improvements.

[HB 263/SB 144](#) – Property Tax Credit – Historically and Architecturally Valuable Property

STATUS: PASSED – Effective June 1, 2013, applicable to tax years after June 30, 2013

Authorizes local governments to increase from 10 to 25 percent the tax credit for the restoration or preservation of a historic or architecturally valuable property.

***[HB 378](#) – Maryland Agricultural Land Preservation Fund – Easement Restriction**

Reimbursement

STATUS: PASSED – Effective July 1, 2013

Authorizes the Maryland Agricultural Land Preservation Fund (MALPF) Board of Trustees and the Comptroller to reimburse certain property owners for lots those owners subject to MALPF easement restrictions. Applies in situations when a lot owner pays to release a lot from easement restrictions but then places the lot back under the easement.

[HB 621/SB 627](#) – Maryland Energy Administration – Regulated Sustainable Energy

Contract Program

STATUS: PASSED – July 1, 2013

Authorizes contractors to enter into an agreement with consumers to pay for energy improvements. The contracts are subject to specific payment requirements and may, in some instances, be recorded in the land records. Requires the approval of the mortgage holder to agree to the terms of the sustainable energy contract.

[HB 695](#) – Homeowner's Insurance – Anti-Concurrent Causation Clause – Prohibited

STATUS: PASSED – Effective for all policies issued, delivered or renewed on or after October 1, 2013

Requires an insurer to provide a clear notice to a consumer regarding an anti-concurrent coverage (ACC) clause in policies. An ACC clause provides that if loss is caused by both covered and non-covered events, the loss claim will not be paid.

[HB 965](#) – Homestead Tax Credit – Eligibility – Definition of Legal Interest

STATUS: NOT PASSED

Allowed a settler, grantor or beneficiary of a property held in trust who is residing in the property at no cost to claim the homestead tax credit.

[HB 1208](#) – Bay Restoration Fee – Exemption – On-Site Sewage Disposal System Using Best Available Technology

STATUS: NOT PASSED

Exempted property owners from the Bay Restoration fee if the owners had to install Best Available Technology (BAT) septic systems.

REAL ESTATE BROKERAGE AND CONTRACTS

[HB 40](#) – Residential Property Sales – Disclosure of Utility Consumption

STATUS: NOT PASSED

Specified that sellers display or make available to buyers information regarding monthly costs for electric, gas, and home heating oil.

HB 291/SB 383 – Real Property – Maryland Mortgage Relief Services Act

STATUS: PASSED – Effective July 1, 2013

Provides state government with authority to enforce violations of federal regulations controlling the activities of mortgage assistance relief service providers. Also gives Maryland consumers a private right of action. The current federal regulations require clear disclosures to consumers and specific rules on how and when payments may be collected.

HB 340/SB 189 – Residential Real Property Sales -- Property Tax Disclaimer

STATUS: NOT PASSED

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 the buyer should contact local government to estimate the future tax bill.

HB 785/SB 375 – Commercial Law – Maryland Credit Services Businesses Act – Scope

STATUS: PASSED – Effective Date October 1, 2013

Clarifies that licensed real estate associate brokers and salespersons are not required to obtain a credit services license in order to provide real estate brokerage services. Only real estate brokers had been exempted from the original law thus potentially exposing agents to regulation when assisting a home owner who is at risk of foreclosure.

HB 917 – Real Property – Property Used for Methamphetamine Production – Disclosures and Quarantine

STATUS: NOT PASSED

Established a process for remediating properties that had been contaminated by a methamphetamine laboratory. The bill would have established a quarantine period for the property as well a disclosure requirement before the property could be resold.

HB 1008 – Real Property – Foreclosure – Mortgage Foreclosure Property Values Protection Act of 2013

STATUS: NOT PASSED

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.

HB 1048 – Real Property – Sale of Property – Lead-Contaminated Dust Test Required

STATUS: DEFEATED

Required a seller of pre-1978 property to conduct a lead dust test of the property at least 7 days prior to settlement. The bill would have given the purchaser the right to waive the dust test.

HB 1308/SB 642 – Residential Property – Prohibition on Nonjudicial Evictions

STATUS: PASSED – Effective June 1, 2013

Prohibits nonjudicial evictions in foreclosures and rentals (including mobile home parks) except when the property is abandoned.

HB 1354 – Real Property – Disclosure Requirements – Death by Other than Natural Causes

STATUS: DEFEATED

Required home sellers to inform buyers about whether a death or felony occurred on a property, effectively repealing most of Maryland's stigmatized property law.

HB 1413/SB 969 – Public Safety – Fire Protection and Prevention – Residential Smoke Alarms

STATUS: PASSED – Effective July 1, 2013

Requires homeowners to disclose whether the smoke detectors are over ten years old and whether they use a ten-year sealed battery as required under Maryland law by 2018. The notice will be added to the current Seller Property Condition Disclosure Form. The legislation also requires homeowners to update smoke detectors to newer sealed battery systems if the smoke detectors are battery operated and are over 10 years old or malfunction when tested. Smoke detectors that are hard-wired are also required to be updated every 10 years or when those systems malfunction. Finally, the legislation requires that at least one smoke detector be located on every floor of a residence by 2018.

COMMON OWNERSHIP COMMUNITIES

HB 286/SB 161 – Real Property – Maryland Mortgage Assistance Relief Services Act STATUS: Effective October 1, 2013

Limits certain foreclosure rights of Homeowner Associations (HOAs) and the Council of Unit Owners for Condominiums (Condos). An HOA or Condo may not foreclose on a property if the lien is comprised only of fines and/or attorney fees to collect those fines. HOAs and Condos may only foreclose on a lien comprised of delinquent assessments and/or attorney fees to collect those assessments.

HB 576/SB 794 – Real Property – Regulation of Common Ownership Community Managers STATUS: NOT PASSED

Required licensing of common ownership community managers. Common ownership communities are condominiums and homeowner associations. The bill also would have provided some exemptions from licensing for real estate licensees and other categories.

LAND-USE, PROPERTY RIGHTS, AND THE ENVIRONMENT

HB 706 – Natural Resources Forest Preservation Act of 2013 STATUS: PASSED – Effective October 1, 2013

Establishes a 40% goal for forest canopy in Maryland but does not mandate a compliance timetable. The bill also directs the Department of Natural Resources to create a forest resource inventory, and to provide technical assistance and guidance to local governments. The bill provides some limited exemptions from the act for activities related to stream restorations and projects in high growth areas with significant impervious surfaces.

HB 769/SB 750 – Public Safety – Maryland Building Performance Standards – Local Wind Design and Wind-Born Debris Standards

STATUS: PASSED – Effective October 1, 2013

Prohibits local governments from enacting changes to the Maryland Building Performance Standards (MBPS) that weaken wind design and wind-borne debris standards.

HB 796/SB 427 – Income Tax Credit – Agricultural Land – Diminution in Value of Real Property

STATUS: NOT PASSED

Established a tax credit to compensate property owners for the reduced value of property due to the restrictions of the Sustainable Growth Act and Nutrient Management Plans.

HB 800/SB 524 – Wetlands and Riparian Rights – Licenses and Permits for Nonwater-Dependent Projects on State or Private Wetlands

STATUS: PASSED – Effective July 1, 2013

Establishes a permit and fee for nonwater-dependent projects located on piers over private and state wetlands. The permit allows limited commercial activity on piers in conjunction with an established business. The fee is based on a percentage of the business's current property tax bill.

SB 28 – Real Property – Blighted Property – Nuisance Abatement

STATUS: DEFEATED

Required owners of blighted property to fix up the properties or face a fine equal to a tripling of the annual property taxes. An owner could avoid the fine by selling the property.

SB 500/SB 973 – Environment – On-Site Sewage Disposal Systems – Nitrogen Removal Technology – Prohibition

STATUS: NOT PASSED

Clarified that the Maryland Department of Environment (MDE) cannot require new and existing homes outside of the critical areas to use Best Available Technology (BAT) septic systems.

SB 970 – Private Property Rights – Regulatory Infringement – Compensation

STATUS: NOT PASSED

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

PROPERTY MANAGEMENT

HB 45/SB 337 -- Real Property – Residential Leases – Interest on Security Deposits

STATUS: NOT PASSED

Required landlords to return security deposits with an interest rate of 1.5% or a rate equal to the U.S. Treasury Daily Yield Curve Rate, whichever is higher.

HB 78/SB 160 – Civil Actions – Personal Injury or Death Caused by Dog – Rebuttable Presumption

STATUS: NOT PASSED

Reversed the Court of Appeals decision on pit bulls so that landlords do not have “strict liability” for dog bites caused by their tenants. The bill also created a rebuttable presumption for dog owners rather than the “strict liability” imposed by the case.

HB 315 – Residential Leases – Rent Stabilization and Just Cause Evictions

STATUS: NOT PASSED

Established state-wide rent control limiting how much rents can be increased for current tenants. The bill also would have provided a more difficult standard to meet when evicting tenants.

HB 603/SB 487 – Human Relations – Housing Discrimination – Source of Income

STATUS: DEFEATED

Established “source of income” as a protected class under Maryland law.

HB 754 – Environment – Reduction of Lead Risk in Housing – Qualified Offer

STATUS: NOT PASSED

Created a qualified offer under Maryland law designed to meet the concerns expressed by the Maryland Court of Appeals in its case *Jackson v. Dackman*. Damages were capped at \$100,000, a significantly higher amount than the \$17,000 cap under the old law.

HB 923 – Certificate of a Qualified Expert – Lead Paint Poisoning Claims

STATUS: NOT PASSED

Required courts to dismiss a lead paint poisoning claim if the plaintiff failed to file a certificate of a qualified expert.

HB 924 – Environment – Reduction of Lead Risk in Housing – Applicability and Registration Requirements

STATUS: NOT PASSED

Clarified that property owners with units built between 1950 -1978 must pay the \$30 registration fee under the Reduction of Lead Risk in Housing Act but are not required to participate in the program. Legislation passed last year requires these properties to pay the fee and meet program requirements.

HB 947 – Environment – Lead-Based Paint Damages – Manufacturers of Lead Pigment**STATUS: DEFEATED**

Created a “market-share” liability standard for lead paint pigment manufacturers. While this legislation theoretically gave landlords the right to participate in suits against lead paint manufacturers, it did not protect landlords from counter suits by the manufacturers.

HB 1067 – Environment – Reduction of Lead Risk in Housing – Blood Lead Level**STATUS: DEFEATED**

Lowered the trigger level for Maryland's lead paint law from 10 micrograms per deciliter to only 5.

HB 1090/SB 849 – Public Utilities – Consumer Relations – Tenant Payment of Landlord Utility Bills**STATUS: PASSED – Effective January 1, 2014**

Gives tenants, except those receiving service from an electric cooperative, the ability to create a service account in their own name when faced with termination of service because the landlord failed to pay the bill. The bill applies only to tenants receiving service through a single meter to a single dwelling unit. If the tenant establishes an account, the tenant may not be billed for utility service by the landlord.

HB 1222 – Real Property – Landlord Defenses in Nuisance Actions**STATUS: NOT PASSED**

Provided a legal defense for landlords faced with a nuisance action if the tenant was the sole cause of the nuisance action and the landlord had been making efforts to remove the tenant.

HB 1279/SB 902 – Statewide Building Codes – Maryland Accessibility Code**STATUS: PASSED – Effective October 1, 2013**

Gives tenants a private right of action against a building owner if the building does not meet accessibility requirements. The bill does not change a tenant's current right to sue under the Americans with Disabilities Act or Section 504 of the Federal Rehabilitation Act of 1973. Before initiating a law suit, a tenant must give a building owner 30 days to propose a compliance plan.

HB 1308/SB 642 – Residential Property – Prohibition on Nonjudicial Evictions**STATUS: PASSED – Effective June 1, 2013**

Prohibits nonjudicial evictions in foreclosures and rentals (including mobile home parks), except when the property is abandoned.

HB 1413/SB 969 – Public Safety – Fire Protection and Prevention – Residential Smoke Alarms**STATUS: PASSED – Effective July 1, 2013**

Requires landlords of one and two-dwelling units to upgrade battery smoke detectors to new, ten-year battery, sealed units at change of occupancy or when those systems are ten years old or malfunction. For buildings with more than two units, the legislation states that it is the responsibility of the occupant to test the smoke alarms and notify the landlord, and that it is the responsibility of the landlord to replace or repair the smoke alarm.

COMMERCIAL**HB 161 – County Property Taxes – Classes of Property – Special Rates and Limits****STATUS: NOT PASSED**

Authorized county governments and Baltimore City to impose different property tax rates for any class of property. The rate for commercial property would have been limited to 1.25 percent of the residential rate.

HB 372/SB 202 – Recordation and Transfer Taxes – Transfer of Property Between Related Entities – Exemption

STATUS: PASSED – Effective for instruments recorded after July 1, 2013

Exempts from transfer and recordation tax a transfer of real property between related businesses and corporations such as parent companies and wholly-owned subsidiaries.

HB 881 – Corporations and Associations – Limited Liability Companies – Company Representative

STATUS: DEFEATED

Required Limited Liability Corporations (LLCs) to pay a fee and file paperwork designating a company representative. The company representative would have been in addition to the resident agent that LLCs already designate, but, unlike the resident agent, the company representative would have had to be an actual person.

HB 1209/SB 436 – Recordation Taxes – Exemptions

STATUS: PASSED – Effective July 1, 2013

Revises legislation passed last year that imposed recordation taxes on Indemnity Deeds of Trust (IDOTs). Specifically, the bill increases the trigger for the recordation tax from \$1 million to \$3 million; clarifies that a series of loans falling below the trigger amounts can be aggregated to determine the trigger level; and clarifies that the refinancing of an IDOT is not taxable.

MISCELLANEOUS

HB 1156/SB 819, HB 1182 – Maryland Contributory Negligence Act

STATUS: NOT PASSED

Established by statute that the defense of contributory negligence is valid under Maryland law. The Maryland Court of Appeals is currently considering a case that could overturn the contributory negligence rule.

SB 829 – Transportation Trust Fund – Financing – Use of Funds

STATUS: PASSED – Effective when approved by Maryland Voters in the 2014 Election

Proposes an amendment to the Maryland Constitution prohibiting the use of the transportation trust fund for other purposes. The amendment requires the Governor to declare a fiscal emergency in order to divert money from the Transportation Trust Fund, and requires the diversion to be approved by a three-fifths vote of the House and Senate.

*** Indicates a bill that has been signed by the Governor. All other bills listed have been passed by the Maryland General Assembly and await the Governor's signature to take effect.**

“Defeated” indicates bills opposed by MAR. “Not Passed” indicates bills that either MAR did not oppose or bills that MAR opposed but which did not receive a vote.

News from NAR:

Realtors® Urge Preserving of Homeownership Tax Policies

Media Contact: Sara Wiskerchen / 202-383-1013 / [Email](#)

WASHINGTON (April 25, 2013) – As Congress pursues comprehensive tax reform it should focus on doing no harm to housing and America's 75 million homeowners by maintaining current tax laws for homeownership and real estate investment, the National Association of Realtors® said in testimony today.

NAR President Gary Thomas testified before the U.S. House Ways and Means Committee concerning Federal tax provisions that affect residential real estate. Thomas said that homeownership has had long-standing support in the country because of its many benefits to individuals and families, communities and to the nation's economy.

"Realtors® know that homeownership is an investment in your future and for many people, owning a home helps them gain a foothold into the middle class," said Thomas, broker-owner of Evergreen Realty, in Villa Park, Calif. "NAR remains committed to preserving the current tax measures for homeownership so that millions of Americans can continue to build the kind of financial security that owning a home can provide."

In his testimony, Thomas said the current tax code contains housing-related provisions that help facilitate homeownership, build wealth for families and provide stability to communities. Altering these policies could marginalize current and future home buyers as well as jeopardize the nascent housing recovery and the overall economy.

Thomas urged specific support for maintaining the current deduction for home mortgage interest. The mortgage interest deduction helps many families become home owners, which is the foundation for a healthy middle class, and it is vital to the health and stability of housing markets.

The mortgage interest deduction primarily benefits middle- and lower income families. Sixty five percent of families who claim the deduction earn less than \$100,000 per year, and as a percentage of income, the biggest beneficiaries are younger middle-class families.

"The mortgage interest deduction makes sustainable homeownership more affordable for millions of middle-class families; these families are the nation's backbone," said Thomas. "Protecting these hard-working Americans should be Congress' top priority as it pursues comprehensive tax reform. On behalf of our one million Realtor® members and millions of homeowners, we urge Congress to do no harm to housing."

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.

[2013 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 8, 2013 9:00 – 12:00 “MD Code of Ethics/Predatory Lending (D)
CLASS IS FULL**

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

Wed. June 19, 2013 9:00 – 12:00 “Bankruptcies, Foreclosures & Short Sales” (F)

Wed. July 17, 2013 9:00 – 12:00 “Contracts” (F)

Wed. Aug. 14, 2013 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)

Wed. Sept. 18, 2013 9:00 – 12:00 “MREC Agency – Residential” (H)

**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

MD Real Estate Commission News

SHORT SALES AND REAL ESTATE LICENSEES

Increasingly, real estate licensees are involved in short sales, where the sales price agreed upon is less than that owed to lenders by the seller. The listing agent is often called upon to communicate between the lender/servicer and the seller regarding financial obligations. Licensees need to be fully aware of the Maryland laws that regulate the activities of those who assist homeowners under these circumstances, laws beyond those that govern real estate brokerage activities.

The Credit Services Businesses Act (MCSBA) requires that a person who advises a consumer with regard to the extension of credit must be licensed by the Commissioner of Financial Regulation. There is a licensing exemption for a person licensed as a Maryland real estate broker where that person is acting within the course and scope of that license. Since the scope of a real estate license is limited by definition to assisting in the purchase or sale of property, the exemption would not extend to negotiation of a deficiency note that is independent of the sale of the property.

The Protection of Homeowners in Foreclosure Act (PHFIA) applies where a homeowner's mortgage is at least 60 days in default. The law sets forth the activities that constitute foreclosure consulting services offered to a homeowner in that situation. An individual who engages in those activities must follow specific requirements regarding written agreements with the consumer. PHIFA provides an exemption (or "safe harbor") for real estate licensees where they are engaged in an activity for which they are licensed by the Real Estate Commission. For example, one of the activities defined in the PHIFA law as a foreclosure consulting service is "arranging or facilitating the purchase of a homeowner's equity of redemption or legal or equitable title." This activity is one included in the definition of the provision of real estate brokerage services, and therefore may be provided by a real estate licensee without the need for compliance with PHIFA (or additional licensing under MCSBA).

The PHIFA law requires, among other provisions, that:

- The homeowner and the foreclosure consultant enter into a foreclosure consulting contract that includes all the specific terms set out in Section 7-306 of the Real Property Article.
- The foreclosure consultant refrain from engaging in any of the prohibited activities set forth in Section 7-307, including charging or collecting any compensation until all the foreclosure consulting services have been performed.
- A real estate licensee who provides real estate brokerage services under a foreclosure consultant license present the homeowner with a copy of the real estate license no later than when the foreclosure consulting contract is signed.
- The foreclosure consultant may not receive a commission, regardless of how it is described, for the sale of a residence in default that exceeds 8% of the sales price.

The difficulty arises when the licensee is called upon to be the go-between for the lender and the seller, and/or where the transaction results in a new debt being incurred by the seller in the form of a deficiency note. If one or both of these circumstances arises, the licensee must take great care in not crossing the line between the provision of real estate brokerage services and activities that would require additional licensing.

At a minimum, in order to qualify for the statutory “safe harbor” protection under PHIFA, the licensee must ensure that the residence in default is (1) listed in the multiple list service, and (2) is sold or transferred through a settlement, including the conveyance or transfer of deed, title, or establishment of equitable interest.

If those basic requirements are met, a licensee may work with a seller under a valid listing agreement to request a short sale or other foreclosure alternative from a lender or servicer under PHIFA. The seller must voluntarily sign the appropriate authorization for the lender, indicating that the listing agent may submit the required short sale or loss mitigation documentation on the seller’s behalf. With that authorization, the agent may transmit documentation by computer in a format specified by the lender (i.e. “platforms” or “loan portals” such as Equator or ResNet or HOPE loan portal).

Beyond submitting the requested documentation to the lender or services, the licensee’s conduct must meet the following standards in order to comply with the applicable laws.

DO

A real estate licensee:

- May conduct a Comparative Market Analysis (CMA), which an out-of-state lender/servicer may refer to as a Broker’s Price Opinion (BPO).
- Must refer a client to an individual licensed under the Credit Services Businesses Act, or otherwise exempt under that law, to negotiate on issues such as deficiencies and relocation allowances as soon as those issues arise. The licensee may serve as a conduit of information from the MCSBA licensed individual to the seller, but may not negotiate on those issues with the lender/servicer.
- Must refer a client to an accountant to explain to the seller the potential income tax consequences of a short sale and the applicability of the Mortgage Forgiveness Debt Relief Act of 2007.
- Must refer a client to a housing counselor for discussions about alternatives available to avoid foreclosure. Free housing counseling is available through the Maryland HOPE Program at 1-877-462-7555.
- Must refer any requests from the lender/servicer for reductions in real estate brokerage commissions on a short sale to the licensee’s broker.

DON’T

A real estate licensee may not:

- Collect any monies in addition to the real estate brokerage services commission from a client unless the licensee holds an additional license under the MCSBA.
- Assist a seller in negotiating with the lender/servicer to obtain a loan modification or a promissory note for the deficiency amount, or to otherwise prevent foreclosure.
- Use direct mail solicitations or advertisements targeted to a homeowner in default (or imminent default or “underwater” on the mortgage) that indicate that the licensee (1) can assist in preventing foreclosure; (2) is an “expert” in

short sales; (3) can arrange refinancing; or (4) will contact creditors on the owner's behalf.

- Make representations to a homeowner that the licensee can save the owner's home, stop foreclosure, or obtain a short sale.
- Provide advice to a homeowner regarding the benefits of a strategic default.
- Predict or suggest credit score consequences of one loss mitigation strategy over another.
- Make any predictions with regard to the likelihood of the waiver of deficiency judgments or the payment of relocation costs in a short sale.

A licensee who serves as more than a conduit of information between the seller and the lender/servicer regarding deficiencies, or who engages in any of the "Don't" activities, no longer has the protection of the "safe harbor" provision, and must follow the strict terms of the PHIFA law, if the mortgage is in default, as well as obtain a license from the Commissioner of Financial Regulation under the MCSBA.

9/6/12

Maryland Association of REALTORS®

MAY WEBINAR — REGISTER NOW! Top Secrets of Top Producers Webinar with Gene Rivers — May 2, 2013 10AM. Top producer tips to transform your database into a "lead gen" machine. [Click here to register!](#)

National Association of REALTORS®

2012 Vacation Home Sales Up, Investment Dips but Stays Elevated, Prices Rise

WASHINGTON (April 2, 2013) – Vacation home sales improved in 2012, while investment purchases remained elevated for a second consecutive year, according to the National Association of Realtors®.

NAR's [2013 Investment and Vacation Home Buyers Survey](#), * covering existing- and new-home transactions in 2012, shows vacation-home sales rose 10.1 percent to 553,000 from 502,000 in 2011. Investment-home sales declined 2.1 percent to 1.21 million from 1.23 million in 2011, but those sales had been well under a million during the market downturn. Owner-occupied purchases jumped 17.4 percent to 3.27 million last year from 2.79 million in 2011.

Vacation-home sales accounted for 11 percent of all transactions last year, unchanged from 2011, while the portion of investment sales was 24 percent in 2012, down from 27 percent in 2011, marking the second highest share since 2005.

NAR Chief Economist [Lawrence Yun](#) said favorable conditions are driving second-home sales. "We had a strong stock market recovery, which helps more people in the prime ages for buying vacation homes. Attractively priced recreational property is also a big draw," he said.

Yun notes an ongoing investor presence. "Investors have been very active in the market over the past two years, attracted mostly by discounted foreclosures that could be quickly turned into profitable rentals," he said. "With rising prices and limited inventory, notably in the low price ranges, investors are likely to step back in coming years."

The median investment-home price was \$115,000 in 2012, up 15.0 percent from \$100,000 in 2011, while the median vacation-home price was \$150,000, compared with \$121,300 in 2011, reflecting a greater number of more expensive recreational property sales in 2012.

All-cash purchases remain common in the investment- and vacation-home market: half of investment buyers paid cash in 2012, as did 46 percent of vacation-home buyers. Forty-seven percent of investment homes purchased in 2012 were distressed homes, as were 35 percent of vacation homes.

Of buyers who financed their purchase with a mortgage in 2012, large downpayments remain typical. The median downpayment for both investment- and vacation-home buyers was 27 percent, the same as in 2011.

Investment-home buyers in 2012 had a median age of 45, earned \$85,700 and bought a home that was relatively close to their primary residence – a median distance of 21 miles, although 29 percent were more than 100 miles away. Thirty-five percent of investment buyers purchased more than one property.

"Property flipping modestly increased in 2012," Yun said. "However, this isn't flipping in the sense of what took place during the housing boom. Rather, investors generally are renovating and improving properties before placing them back on the market to resell at a profit."

Six percent of homes purchased by investment buyers last year have already been resold, and another 8 percent are planned to be sold within a year. In the 2011 study, 5 percent of investment homes were already resold, and 8 percent were planned to be sold within a year. Overall, investment buyers plan to hold the property for a median of 8 years, up from 5 years in 2011.

Seventy-eight percent of all second-home buyers said it was a good time to buy, compared with 68 percent of primary residence buyers. "This suggests that second-home buyers tend to be a step ahead of general buyers in sensing a market recovery," Yun said.

The typical vacation-home buyer was 47 years old, had a median household income of \$92,100 and purchased a property that was a median distance of 435 miles from their primary residence; 34 percent of vacation homes were within 100 miles and 46 percent were more than 500 miles. Buyers plan to own their recreational property for a median of 10 years.

Lifestyle factors remain the primary motivation for vacation-home buyers, while rental income is the main factor in investment purchases.

Buyers listed many reasons buyers for purchasing a vacation home: 80 percent want to use the property for vacations or as a family retreat, 27 percent plan to use it as a primary residence in the future, 23 percent plan to rent to others and 23 percent wanted to diversify their investments or saw a good investment opportunity.

Fifty-five percent of investment buyers said they purchased for rental income, 30 percent wanted to diversify their investments or saw a good investment opportunity, and 20 percent wanted to use the home for vacations or as a family retreat.

Eleven percent of vacation buyers and 16 percent of investment buyers purchased the property for a family member, friend or relative to use, often for a son or daughter to use while attending school.

Forty-five percent of vacation homes purchased last year were in the South, 25 percent in the West, 17 percent in the Northeast and 12 percent in the Midwest.

Thirty-six percent of investment properties purchased last in the South, 28 percent in the West, 20 percent in the Northeast and 16 percent in the Midwest.

Forty-seven percent of investment buyers said they were likely to purchase another investment property within two years, as did 37 percent of vacation-home buyers. Twenty-nine percent of vacation buyers said they were likely to purchase another vacation home within two years, as did 31 percent of investment buyers.

Approximately 42.8 million people in the U.S. are ages 50-59 – a group that dominated second-home sales in the middle part of the past decade and established records. An additional 43.1 million people are 40-49 years old, which is the prime age for current buyers, while another 40.1 million are 30-39.

NAR's analysis of U.S. Census Bureau data shows there are 7.9 million vacation homes and 43.7 million investment units in the U.S., compared with 75.2 million owner-occupied homes.

NAR's *2013 Investment and Vacation Home Buyers Survey*, conducted in March 2013, includes answers from 2,326 usable responses about homes purchased during 2012. The survey controlled for age and income, based on information from the larger *2012 NAR Profile of Home Buyers and Sellers*, to limit any biases in the characteristics of respondents.

The *2013 Investment and Vacation Home Buyers Survey* can be ordered by calling 800-874-6500, or online at www.realtor.org/prodser.nsf/Research. The report is free to NAR members and costs \$149.95 for non-members.

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. For additional commentary and consumer information, visit www.houselogic.com and <http://retradio.com>.

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* Vacation homes are recreational property purchased primarily for the buyer's (or their family's) personal use, while investment homes are residential property purchased primarily to rent to others, or to hold for other financial or investment purposes.

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# 16-10: **Refusal to Disclose Nature and Expiration Date of Listing** (Originally Case #9-20. Revised and transferred to Article 21 as Case #21-16 May 1988. Transferred to Article 16, November 1994.)

REALTOR® A, on his way to his office, noticed the deteriorated condition of a “For Sale” sign posted on an unimproved site bearing the name of REALTOR® B. he remembered that REALTOR® B’s “For Sale” sign had been on that site for a considerable period of time. REALTOR® A decided to call REALTOR B to determine the status of the property. In response to several questions, one of which was, “Do you have an exclusive listing on that property?” REALTOR® B replied that he was not obligated to disclose the nature, status, or the type of listing. After considerable conversation, REALTOR® A state his intention to contact the property owners for this information, citing Standard of Practice 16-4 as the basis for his action. REALTOR® B warned REALTOR® A not to “cross his sign” and refused to discuss the matter further. A few days later, REALTOR® B has a telephone conversation with the property owners and learned of their decision to list their property with REALTOR® A when their current listing with REALTOR® B expired the following week. REALTOR® B filed a complaint against REALTOR® A with the Board, stating that REALTOR® A’s actions in contacting his client had been inconsistent with REALTOR® B’s agency.

The Grievance Committee reviewed the complaint and the response to the complaint filed by REALTOR® B. The case was referred to the Secretary to schedule a hearing by a Hearing Panel of the Board’s Professional Standards Committee.

During the hearing, REALTOR® B repeated his complaint and his conversation with REALTOR® A. He also advised the Hearing Panel of his telephone conversation with the property owners and of their decision, as a result of REALTOR® A’s direct contact, not to relist the property with him, REALTOR® B. “Not only did REALTOR® A fail to respect my agency with the property owners by contacting them directly,” said REALTOR® B, “but he violated Article 16 by taking the opportunity to relist the property away from me!”

REALTOR® A defended his actions by stating that he had requested information on the nature and status of the listing from REALTOR® B, as required by Article 16, and that REALTOR® B had refused to divulge the information; and that he had contacted the property owners only after this refusal, citing as his authority the principle established in Standard of Practice 16-4. “The sellers were happy to discuss listing their property with me, once I described the services my firm could offer,” said REALTOR® A. “They said they hadn’t had an interested customer since the first week of their listing with REALTOR® B.”

After giving careful consideration to all of the evidence and testimony, the Hearing Panel concluded that REALTOR® A’s actions had not been inconsistent with the agency of REALTOR® B. The panel advised that REALTOR® B’s refusal to disclose the nature and status of his listing had feed REALTOR® A to contact the property owners.

The Hearing Panel's decision noted that Article 3 16 requires a REALTOR® to respect the agency of another REALTOR®. But, in order to respect the listing broker's agency, the REALTOR® must be able to determine if a listing really exists. If the listing broker refuses to disclose the existence, type, and duration of his listing, Standard of Practice 16-4 recognizes the REALTOR®'s right to contact the seller directly to get that information. Once the REALTOR® secures information on the type and duration of the listing, Standard of Practice 16-4 also permits him to discuss the terms of a future listing or to enter into a listing that becomes effective upon the expiration of the current listing. The panel's decision also indicated that REALTOR® B could have barred REALTOR® A's contact with the sellers by simply providing him with information on the nature and status of the listing.

The panel found REALTOR® A not in violation of Article 16 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 – June 1, 2013

Membership Update

New REALTOR® Members:

New Affiliate Members:

Property Management Services (PMS)

Libby Anderson

23789 Garrett Hwy Suite #6

McHenry, MD 21541

301-387-RENT (7368)

libby@pmshomerentals.com

Drops:

Mike Wallace, Wisp Resort Development

Randy Ruhl, Railey Realty

Alan Clements, Coldwell Banker Deep Creek Realty

Transfers:

Changes:

Annual General Membership Breakfast Buffet/Meeting

Thursday, June 27, 2013 8:30 am

CE Room at Garrett College

Guest Speaker, Mike Koch – Director Garrett County Economic Development

Election of 2013-14 Officers & Directors

Announcement of REALTOR® of the Year and Affiliate of the Year

Jan Bernard Education Scholarship

Event Sponsors

BB&T Bank, Jerry Merrick

Boal & Associates, Brian Boal

Clear Mountain Bank, Jonna Frazee

Dennis Murray Home Inspections, Dennis & Adam Murray

First United Bank & Trust, Ken Witte
Glen Champlin Home Inspections, Glen Champlin
Craig Ingram, Attorney at Law
M&T Bank, Maggie Kroll
Prosperity Mortgage, Mary Lou Rohrbaugh

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

MAR Conducts Annual Hill Visits – meets with congressional reps:

On Wednesday, May 15 staff from MAR in Annapolis and a number of local association reps and GADs spent the day on Capitol Hill in Washington to brief our congressional reps on issues important to the real estate industry and homeownership. Our new Representative John Delany from District 6 was visited by Carlton Boujai (MAR President) and reps from PenMar and GCAAR.

Over 40 Maryland REALTORS® joined hundreds of their colleagues from across the country to urge Congress to continue support for key housing tax policies as well as a number of other important issues.

Maryland REALTORS® asked the Maryland Congressional Delegation to continue to support:

- **Key tax policies like the Mortgage Interest Deduction, the deductibility of state and local property taxes, and the capital gains tax principal home exclusion,**
- **A strong FHA program,**
- **Continued support for a secondary mortgage market through government sponsored entities like Fannie Mae.**

Maryland REALTORS® also spoke to legislators about new Frank-Dodd rules on qualified mortgages, the USDA single-family rural development loans, continued appraisal problems, condo financing, and flood insurance.

County Commissioners Propose No Increase in Real Property Tax Rate:

The county's FY14 proposed budget has been posted and public comment is being received. As currently drafted, there is no increase in the real property tax rate, although a slight increase in real property tax revenue is predicted (approx. \$115,000).

The county commissioners held a public meeting about on May 8 and will be voting on the budget at their June 4 meeting.

Members may review the proposed budget at this link:

[Fiscal Year 2014 Requested Budget](http://garrettcountry.org/resources/commissioners/pdf/Budgets/budget14/Requested-Budget-FY14.pdf)

<http://garrettcountry.org/resources/commissioners/pdf/Budgets/budget14/Requested-Budget-FY14.pdf>

2013 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 19, 2013 9:00 – 12:00 “Bankruptcies, Foreclosures & Short Sales” (F)

Wed. July 17, 2013 9:00 – 12:00 “Contracts” (F)

Wed. Aug. 14, 2013 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)

Wed. Aug. 28, 2013 9:00 – 12:00 “MREC Broker, Branch Office Manager & Team Leader Supervision” (I)

Wed. Sept. 18, 2013 9:00 – 12:00 “MREC Agency – Residential” (H)

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

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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

MD Real Estate Commission News

REMINDER – if you assume the position of broker, branch office manager or team leader you only have 90 days to complete the “MREC Broker, Branch Office Manager & Team Leader Supervision” CE course.

Here's how it works: [COMAR 09.11.01.27](#) provides that once a licensee assumes a supervisory position as a broker, branch office manager or team leader, he or she will have 90 days to complete a three-clock-hour course titled MREC-Supervision, if he or she didn't already complete it for his or her last renewal.

Maryland Association of REALTORS®

REGISTER NOW FOR THE MAR ANNUAL CONFERENCE & EXPO,
September 9-11, 2013 For complete information [CLICK HERE](#)

National Association of REALTORS®

Insurance

Partners in this category cover a variety of insurance needs, including auto, home, renters, and errors & omissions. There's also an Insurance Marketplace, providing access to a health insurance exchange featuring major medical, short term, and catastrophic plans; limited medical indemnity, dental insurance, and a discount prescription drug card.

Auto, Home & Renters Insurance



[Liberty Mutual](#)

Your NAR member benefits include a special discounted rate on auto insurance and home insurance from Liberty Mutual.

Errors & Omissions

[Victor O. Schinnerer](#)



Victor O. Schinnerer & Company, Inc. and the NATIONAL ASSOCIATION OF REALTORS® have partnered to provide a first-class errors and omissions (E&O) insurance program. Several discounts are available, as allowed by state law, including a premium credit for being an NAR member.

Health & Wellness

[REALTORS® Insurance Marketplace](#)



The REALTORS® Insurance Marketplace is a one-stop shopping site for health and wellness insurance plans and products. Using the latest technology, NAR members can obtain quotes, compare plans and purchase directly online.

The Marketplace features the following products:

Major Medical Health Insurance Exchange

MEMBERS Major Medical Plans

The major medical health insurance policies available via the exchange feature HMOs, PPOs, High Deductible (Catastrophic) Plans and plans that qualify for Health Savings Accounts through nationally recognized and top-rated insurance carriers.

SMART Temporary Medical Insurance



Designed to be an affordable temporary medical policy which can last from 30 days to 6 months, short term health insurance provides quality coverage if you experience a gap between longer-term policies.

REALTORS® Core Health Insurance



REALTORS® Core Health Insurance (RCHI) provides guaranteed-issue, affordable limited medical plans which are exclusively designed and priced specifically for NAR members.



REALTORS® Dental Insurance

NAR members have access to exclusive dental plans and rates through REALTORS® Dental Insurance.



Drug Card America

Drug Card America is a free discount prescription drug card available to NAR members. This card is designed to help lower the cost of many prescription drugs and may be used at over 60,000 pharmacies nationwide.

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

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 \$32,000 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 judgment 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.

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Garrett County Board of REALTORS®

GCBR News Briefs – July 1, 2013

Membership Update

New REALTOR® Members:

New Affiliate Members:

Glenn Morrill
FitzGerald Financial Group
3050 Chain Bridge Road
Suite #300
Fairfax, VA 22030
Phone: 703-766-2313
Cell: 703-945-9013
Email: gmorrill@monarchmtg.com

Drops:

Jeff Hovis, Coldwell Banker Deep Creek Realty

Transfers:

Changes:

Congratulations

Mike Kennedy – 2013 GCBR REALTOR® of the Year

Jerry Merrick, BB&T Bank – GCBR 2013 Affiliate of the Year

Melissa Long – 2013 GCBR Recipient of the Jan Bernard Education
Scholarship

2013-14 GCBR Officers & Directors Election Results

(will assume office effective November 1, 2013)

President – Larry Smith

Vice President – Mike Kennedy

Secretary – Nancy Jo Fratz

Treasurer – Doug McClive

3 Year Director – Bob Carney

1 Year Director – Andrew Eiswert

The following members previously elected will continue serving their terms:

Ruth Seib (1 year remaining)

Tommy Thayer (2 years remaining)

Beverly Everett (Immediate Past President)

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

Smoke Detector Law Takes Effect July 1:

From MAR - The new law taking effect July 1 requires home sellers that are completing the Residential Seller Disclosure and Disclaimer Form to answer some additional questions regarding the smoke alarms in the Disclosure section of the form. The questions include the age of the smoke alarms and whether the smoke alarms include sealed, long-life batteries. All battery operated alarms must be sealed, long-life batteries by 2018. The Maryland Real Estate Commission is updating the current Seller Disclosure and Disclaimer form.

The law applies to contracts entered into after July 1, 2013. If a seller chooses to fill out the Disclaimer portion of the Seller Disclosure and Disclaimer form, the seller has no obligation to fill out the smoke alarm questions.

The new law also applies to single family rentals (two units or less). Alarms must be upgraded if the following conditions exist:

1. Existing alarms are older than 10 years
2. Existing alarms fail to operate properly
3. A change of tenancy occurs, and battery operated units have not already been upgraded to sealed, long-life batteries.

UPDATE – Flood Insurance Rates:

From MAR - With NAR's support, Representatives Bill Cassidy (R-LA) and Maxine Waters (D-CA) have successfully attached an amendment to the Homeland Security Appropriations Bill to delay removal of "grandfathered" flood insurance rates for one year. NAR is now working with Senators Mary Landrieu (D-LA) and David Vitter (R-LA) to include the delay in the Senate version of the Homeland Security bill.

The grandfathered and other subsidized flood insurance rates are being phased out under the Biggert-Waters Act that extended the National Flood Insurance Program for five years. The House amendment would delay the phase-out for properties "grandfathered" under older rates in areas remapped into a higher-priced flood zone before September 30, 2014. The law's other phase-outs -- for older second homes and business properties and for homes purchased after July 2012 -- will continue to take effect on October 1, 2013. NAR is working on a longer delay and expanding it to include the other subsidy phase-outs, in addition to grandfathered properties.

NAR has produced a video that helps explain the changes to the NFIP and rate schedules. NAR President Gary Thomas has created a Presidential Advisory Group on the NFIP to address the issues related to recent changes to the NFIP.

In the meantime, the Senate Banking Committee has agreed to hold a hearing on the affordability of the Biggert-Waters rate provisions. The hearing is expected to be conducted in July. NAR will continue to work with our Congressional allies on the NFIP issue and will keep you informed on our progress.

[Watch NAR's Video](#)

Recommended Practices for Marcellus Shale Drilling Released for Public Comment – Public Meeting scheduled for July 9 at Garrett College:

BALTIMORE, MD (June 25, 2013) - The Maryland Department of the Environment (MDE) and the Department of Natural Resources (DNR) today released a draft report describing best practices for drilling and production that should be required if horizontal drilling and hydraulic fracturing for natural gas is permitted in the Marcellus shale in Maryland. The draft report, which was prepared in consultation with an advisory commission, includes recommendations to protect public health and safety, natural resources and the environment.

The draft report has been posted on MDE's website...

http://www.mde.state.md.us/programs/Land/mining/marcellus/Pages/MSReportPartII_Draft_for_Public_Comment.aspx

The Departments will present an overview of the draft report at a public informational meeting at 7 p.m. July 9 in the auditorium of Garrett College. A copy of the draft report will also be sent to the Ruth Enlow Library in Oakland and the Allegany County Library in Frostburg.

Comments on the draft report can be submitted by email to Marcellus.Advisory@maryland.gov or by mail to: Brigid E. Kenney, Senior Policy Advisor, Maryland Department of the Environment, 1800 Washington Blvd., Baltimore, MD 21230.

Comments must be submitted by August 9, 2013. A final report will be released after all the comments have been considered. When the report is final, the best practices will be incorporated into new, stringent regulations to apply to shale gas development if it is permitted in Maryland.

The report was required under Governor Martin O'Malley's June 2011 Executive Order. The Executive Order established the Marcellus Shale Safe Drilling Initiative to examine the facts and science to determine whether and how hydraulic fracturing can be done safely in Maryland. No decision has been made on whether such drilling will be permitted. The third and final report under the Initiative is due in August 2014.

The Marcellus shale is a black shale, or rock, formation that underlies New York, Pennsylvania, Ohio, West Virginia and Western Maryland. In Maryland, the only anticipated areas of potential gas production in the Marcellus are in Garrett and western Allegany counties.

Largely forested and rural, the area offers scenic byways, premier trout streams, whitewater paddling, Deep Creek Lake, hunting, skiing, hiking and camping. It includes unique ecological communities and natural areas that protect watersheds and water quality, provide homes to threatened and endangered species and offer a near-wilderness experience.

"These areas are irreplaceable," said DNR Secretary Joseph Gill. "We must do all that we can to protect them or we will lose them forever."

To protect these areas and the rural character of the community, the Departments propose, among other recommendations, to require comprehensive planning for shale gas development before any drilling permits are issued.

"Maryland would be the first State to require this type of planning," Advisory Commission member Harry Weiss said. "If adopted, it could further protect communities and the environment from the landscape-level effects of shale gas development."

MDE Secretary Robert M. Summers cautioned: "In this report, the Departments propose stringent standards for all aspects of drilling and production, but there is more work to be done before a decision can be made about whether hydraulic fracturing should be allowed in Maryland."

The Departments are proceeding on the other studies mandated by the Governor, including an economic study of the positive and negative effects of shale gas development on the local economy and a public health study.

Both Secretary Gill and Secretary Summers expressed their appreciation for the work of the Advisory Commission, stating that the commissioners' participation helped the Departments to write a comprehensive report that took into account the views of many stakeholders.

The report on best practices recommends mandatory standards, including:

- Comprehensive gas drilling plans to minimize the amount of surface disturbance
- A prohibition against well pads in certain sensitive areas
- Set-backs from property lines, buildings, cultural and historical sites, state and federal parks, trails, wildlife management areas, wild and scenic rivers, scenic byways, drinking water wells and surface intakes for drinking water
- Use of tanks with secondary containment for all cuttings, returned drilling mud, flow back and produced water
- Recycling of flow back and produced water to the maximum extent practicable
- Use of ponds only for fresh, uncontaminated water
- Measures to control air emissions, noise and light pollution
- A methane leak detection and repair program from wellhead to transmission line
- Spill prevention control and countermeasures and emergency response plans
- Monitoring, record keeping and reporting, including monitoring of the air and water
- Site closure and reclamation

In preparation for this report, MDE engaged Keith Eshleman, Ph.D., of the University of Maryland Center for Environmental Science - Appalachian Laboratory, to survey best practices recommended or employed in other states and provide recommendations suitable for Maryland. In general, the Departments accepted Dr. Eshleman's recommendations, but they also have added and strengthened protections.

Maryland has issued no drilling permits for the Marcellus shale in the State. Applications for seven wells were submitted, but all have been withdrawn or placed in inactive status.

Estimates of the amount of recoverable natural gas in the Marcellus shale vary. In 2011, the United States Energy Information Administration estimated that the Marcellus is the largest shale gas formation in the country, with technically recoverable shale gas resources of 410 trillion cubic feet. It is estimated that more than half of this gas underlies Pennsylvania, that New York and West Virginia account for about 22 percent each and that Maryland has less than 2 percent of the total gas in the Marcellus shale.

###

For more information about the Governor's Advisory Commission, visit the [MDE website](#).

2013 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 17, 2013 9:00 – 12:00 “Contracts” (F)

Wed. Aug. 14, 2013 10:00 – 11:30 “REALTOR® Guide to Smooth Settlements” (F)

Wed. Aug. 28, 2013 9:00 – 12:00 “MREC Broker, Branch Office Manager & Team Leader Supervision” (I)

Wed. Sept. 18, 2013 9:00 – 12:00 “MREC Agency – Residential” (H)

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

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

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<http://www.mristv.com/category/video/training/media-connect>

MD Real Estate Commission News

Message from Katherine Connelly, MREC Executive Director

“The Commission Check” Winter/Spring 2013 Issue

Now that the weather has warmed up, I have been out on the road visiting offices and giving Real Estate Commission updates to licensees across the State. In my travels, I have noticed that there are many, many signs posted on properties that do not meet the advertising guidelines established by the Commission. All advertising must contain the full name of your brokerage in a meaningful and conspicuous manner. I shouldn't have to squint when riding by a sign to see the name of the company for whom you work. Also, you may not just use a franchise name or an abbreviated version of a franchise name. You must use the full name of the company that is on your license.

Remember that advertising is all inclusive of any publishing you do concerning real estate, including Facebook, LinkedIn, Craigslist, websites, yard signs, brochures, self-help books, etc. Having connected with many of you on Facebook and LinkedIn, I see the repeated violations of the advertising laws every day.

Brokers, you are responsible for reviewing and approving all advertising done by your licensees *before* the ads are placed. Help me by looking at your various methods of advertising and correcting them so that they are in compliance. We are more than happy to review your mock-ups before you spend money on something that is possibly incorrect and will have to be done over again. The Commission does not want to start fining licensees, but if this trend continues, there will probably be no choice. Please look at your various means of advertising to make sure that you are compliant.

Maryland Association of REALTORS®

EARLY BIRD REGISTRATION ENDS JULY 15th – register now for the Mar
Annual Conference & Expo, September 9-11, 2013. For complete information
[CLICK HERE](#)

National Association of REALTORS®

Do You Know RESPA? Take the Quiz and see how you do.

1. Which of the following is NOT a settlement service that is covered by RESPA?
☐ Mortgage loan origination
☐ Furniture moving
☐ Real estate brokerage services
☐ Lender's credit report
2. Under RESPA, a real estate professional may give in return for the referral of real estate settlement service business:
☐ A thank you
☐ A thing of value
☐ A kickback
☐ A fee
3. To provide consumers with cost information about the mortgage process, RESPA created the good faith estimate (GFE) and the HUD-1 form be provided to the:
☐ Tax assessor
☐ Next-door neighbor
☐ Real estate salesperson
☐ Buyer
4. Substantially revised versions of the GFE and HUD-1 took effect at the beginning of 2010. Among other things, HUDS's goal was to reduce surprises to consumers at the closing table by restricting how much some costs could change between the GFE and the HUD-1. What is included among the costs that are allowed to change?
☐ Loan origination fee
☐ Title insurance
☐ Transfer taxes

- ☐ Credit charges such as points
- 5. In addition to reducing consumer surprises at the closing table, the revised GFE and HUD-1 are intended to make comparison shopping easier for consumers. To do that, the GFE lets consumers look at a proposed loan under all but one of these different scenarios:
 - ☐ The loan as proposed
 - ☐ The loan with a lower interest rate
 - ☐ The loan with different underwriting terms
 - ☐ The loan with lower settlement charges
- 6. To combat higher costs in real estate transactions, Section 8 of RESPA makes it a criminal act for settlement service providers to pay fees for the referral of business. One exception to this rule allows a real estate professional to pay a referral fee to:
 - ☐ A mortgage broker who refers a buyer who has been pre-approved
 - ☐ A previous customer who refers a neighbor
 - ☐ Another licensed real estate broker who refers a buyer from another part of the country
 - ☐ A relative who overhears a customer saying he or she is moving
- 7. Another exception to the RESPA rules contained in Section 8 allows real estate professionals to receive compensation for:
 - ☐ Filling out a mortgage application
 - ☐ Telling the home inspector the address of the property to be inspected
 - ☐ The reasonable value of goods and services actually provided or performed
 - ☐ Doing the same thing they have been paid to do as a real estate professional
- 8. RESPA allows title companies to provide real estate professionals:
 - ☐ \$50 for every client referred to the title company by the real estate professional
 - ☐ An entry in a contest to win a car for every \$1,000 in premiums paid by the real estate professional's clients
 - ☐ Tickets to a baseball game once a week for the entire season
 - ☐ Notepads that have been imprinted with the title company's name and phone number
- 9. Two companies that provide settlement services and have some degree of common ownership are considered affiliated businesses under RESPA. When there is a referral from one of these companies to the other, RESPA requires the customer receive an affiliated business disclosure that contains specific information including:
 - ☐ A statement that use of referred service is not required
 - ☐ Names of other providers of the same service
 - ☐ A statement that the property is pest-free
 - ☐ The commission being paid by the property seller

10. The affiliated business provision, which is an exception to the general RESPA rule regarding compensation for referrals, allows:
- ☐ The real estate professional making the referral to receive a small referral fee
 - ☐ The party making the referral to receive a return on its ownership interest in the company receiving the referral
 - ☐ The buyer to avoid having to pay real property transfer tax
 - ☐ The seller to require buyers to use the seller's attorney
11. RESPA is interpreted and enforced by the:
- ☐ U.S. Department of Justice
 - ☐ Local U.S. Attorney
 - ☐ U.S. Department of Housing and Urban Development
 - ☐ State Association of REALTORS®
12. The penalty for illegally giving or receiving a kickback, which is covered in Section 8 of RESPA, is:
- ☐ Up to 90 hours of community service
 - ☐ Loss of real estate license
 - ☐ Requirement to attend a RESPA education program
 - ☐ A fine of up to \$10,000 or up to one year in prison or both

Answers to quiz:

1. Furniture moving – Settlement services relate to the making of the federally-related mortgages that are covered under RESPA. Services that are provided after closing typically are not covered by RESPA and are not considered settlement services.
2. A thank you – RESPA prohibits any person from giving or receiving a fee, kickback, or “a thing of value” for referring business to a mortgage broker or banker, or a title company. Saying thank you is not considered a thing of value for purposes of the Act.
3. Buyer – The person conducting the settlement needs to make the HUD-1 form available for inspection to the buyer (borrower) at or before settlement. The Act does not require that copies be provided to real estate professionals.
4. Title insurance – On the GFE, HUD identifies four charges that cannot change at all. These are 1] the lender's original charge, 2] the credit charges (points) for the specific interest rate chosen (after the interest rate is locked in), 3] the borrower's adjusted origination charges (after the interest rate is locked in), 4] transfer taxes. Title insurance costs can change up to 10 percent if the lender selects the insurer or the borrower chooses an insurer from a list provide by the lender, or they can change an unlimited amount if the borrower selects the insurer completely separate from the lender.
5. The loan with different underwriting terms – The GFE is intended to ease comparisons among costs (interest rate, brokerage fees, etc.) associated with a loan, not comparisons among different underwriting terms such as the load-to-value ratio and length of the term.

6. Another licensed real estate broker who refers a buyer from another part of the county – Section 8(c) of RESPA includes an exception to the general prohibition on the payment of referral fees for payments pursuant to cooperative brokerage and referral arrangements or agreements between real estate salespeople and brokers.
7. The reasonable value of goods and services actually provided or performed – Section 8(c) of RESPA states that nothing in the section prohibiting the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed.
8. Notepads that have been imprinted with the title company's name and phone number – The RESPA provision prohibiting the payment of a referral fee does not include normal educational and marketing activities that are not contingent on the referral of business. Since the notepads were not contingent on the referral of business and are typical marketing materials for a title company, they are not prohibited.
9. A statement that use of referred service is not required – The disclosure must state the existence of an affiliated business arrangement between you and the company to which you are referring your clients. As part of the disclosure, your clients must be provided a written estimate of the charge or range of charges made by the company to which the clients are being referred and information that makes clear that your clients are not required to use that company.
10. The party making the referral to receive a return on its ownership interest in the company receiving the referral – The only thing of value that can be received from an affiliate business arrangement other than the payments permitted under other subsections of Section 8 of the Act, is a return on the ownership interest.
11. U.S. Department of Housing and Urban Development – The Act vests the HUD Secretary with the authority to interpret the Act, conduct investigations into violations, and bring actions for violations of the Act. Parties other than the HUD Secretary, such as customers, also may be authorized to sue for violations of certain provisions of the Act.
12. A fine of up to \$10,000 or up to one year in prison or both – Penalties for violation of Section 8 of the Act may include a fine of up to \$10,000 or up to one year in prison, or both.

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# 16-16: Buyer Agent's Demand that Listing Agent Reduce Commission (Adopted as Case #21-17 April, 1990. Transferred to Article 16 November, 1994 as Case #16-11. Renumbered November 2001.)

REALTOR® B contacted REALTOR® A, the listing broker, and notified her that he was a buyer's agent and was interested in showing one of her listings to his client, a prospective purchaser. REALTOR® A made an appointment for REALTOR® B and his client to view the property. Shortly thereafter, REALTOR® B presented REALTOR® A with a signed offer to purchase from his client which was contingent on REALTOR® A's willingness to reduce her commission by the amount she had offered through the MLS to subagents and on the seller's willingness to compensate the buyer for the commission the buyer owed to REALTOR® B, his agent. REALTOR® A presented the offer to her client, the seller, explaining that she would not agree to reduce the previously agreed commission as specified in their listing contract.

REALTOR® A then filed a complaint with the local Board charging REALTOR® B with violating Article 16 as interpreted by Standards of Practice 16-16. In her complaint, REALTOR® A stated that REALTOR® B had interfered in her agency relationship with the seller by encouraging the buyer to condition acceptance of his offer on the renegotiation of REALTOR® A's commission arrangement with her client, the seller.

REALTOR® B defended his action arguing that REALTOR® A's refusal to reduce her commission by an amount equal to what she had offered other brokers for subagency services would have placed the seller in the position of having to pay an excessive amount of commission if he had accepted the offer agreeing to contribute to the buyer broker's compensation. In addition, REALTOR® B felt that it was his duty to his client to get the best price for the property by encouraging the buyer to reduce the costs of sale wherever practical. The Hearing Panel concluded that REALTOR® B's actions to encourage his buyer-client to pressure the seller to try to modify the listing agreement with REALTOR® A was an unwarranted interference in their contractual relationship.

The Hearing Panel noted that Article 16, as interpreted by the Standards of Practice 16-16, required REALTOR® B to determine, prior to presenting an offer to REALTOR® A and her seller-client, whether REALTOR® A was willing to contribute to REALTOR® B's commission, either directly or by reducing the commission as agreed to in the listing contract and, if so, the terms and amount of such contributions. It was the decision of the Hearing Panel that REALTOR® B had violated 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, 2013

Membership Update

New REALTOR® Members:

New Affiliate Members:

Barbara Schmitt
Maryland Department of Housing
100 Community Place
Crownsville, MD 21032
P: 410-514-7014
Fax: 410-987-4136
Email: singlefamilyhousing@mdhousing.org

Drops:

Transfers:

Changes:

GCBR Picnic

August 15, 2013 4:30pm at Broadford Park

Catering by Jearbryo's Hookers Seafood & Grill

Fruit tray, Fried Chicken, BBQ Ribs, Italian Sausage, Mac & Cheese, Tossed Salad, Pasta Salad, Potato Salad, Baked Beans, Corn on the Cob, Dessert Trays, Sweet and Un-sweet Tea

Attendance is by reservation only! Deadline to register is August 12, 2013.

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



NATIONAL
ASSOCIATION *of*
REALTORS®

NAR Talking Point - “Protecting American Taxpayers and Homeowners Act”:

ISSUE: House Financial Services Committee Chairman Jeb Hensarling (R-TX) has introduced the “Protecting American Taxpayers and Homeowners Act” (PATH Act). This bill is a comprehensive restructuring of financial mortgage markets. The bill has two major goals: 1) dissolve Fannie Mae and Freddie Mac and replace them with a new Market Utility and 2) Restructure the FHA Mortgage Insurance Program. Unfortunately, NAR must oppose this legislation. There are numerous problematic provisions that would limit access to mortgage credit, increase the cost of that credit and prevent many credit-worthy and responsible families from purchasing a home. Most significantly, 1) NAR policy strongly opposes the elimination of the long-standing federal guarantee for a secondary mortgage market; and 2) FHA has been making significant changes to address problems and does not need to be restructured in the manner proposed by the Act; instead FHA needs the authority to undertake reforms to strengthen its financial footing.

HOUSE ASK: ASK YOUR REPRESENTATIVE TO OPPOSE “THE PROTECTING AMERICAN TAXPAYERS AND HOMEOWNERS (PATH) ACT.”

WHY IS THIS IMPORTANT?

Freddie Mac/Fannie Mae:

- The federal government must clearly, and explicitly, offer a guarantee of some mortgage instruments
- The government’s guarantee should ensure a wide range of safe, reliable mortgage products for creditworthy consumers
- A new utility that does not include a guarantee will not ensure the continued availability of a 30-year fixed rate mortgage.

FHA:

- Targeting FHA in the manner prescribed completely changes the role of FHA and will make many borrowers ineligible for FHA financing, regardless of their creditworthiness or the availability of alternative financing.
- Higher downpayments could make 345,000 borrowers a year ineligible for FHA financing.
- Lowering the loan limits nationwide will limit liquidity and borrower’s access to credit.

WHAT ARE OPPONENTS LIKELY TO SAY: In both the case of the GSEs and FHA, the federal government needs to get out of the way and let the private market function. Current practices have crowded private lenders out of the marketplace, and resulted in loans to individuals who don’t have the resources to be successful at homeownership. Taxpayers shouldn’t be on the hook for a government guarantee, and the role of FHA should be very limited and targeted.

STATUS:

The House Financial Services Committee will hold a markup beginning on Tuesday, July 23rd. An initial hearing was held on Thursday, July 18th, three days after its introduction.

BACKGROUND:

Freddie Mac/Fannie Mae Sections: NAR strongly supports restructuring of the secondary mortgage market. However, the PATH Act does not include a government guarantee. Without federal government participation, mortgage interest rates would be unnecessarily higher and unaffordable for many Americans, and in extreme market disruptions, not be available at all. In addition, products like the 30-year fixed-rate mortgage would most likely be inaccessible to most borrowers. NAR cannot support any new entity that does not have a clear and explicit government guarantee.

FHA Section: FHA, like every other holder of mortgage risk, has incurred financial losses as a result of high foreclosure rates. These losses have caused many in Congress to be concerned about the risk to taxpayers. But the PATH Act would dramatically restructure FHA. It would target the program only to a very narrow definition of first-time homebuyers, and those making less than 115% of local area median income. It would raise downpayments to 5% for borrowers who meet the income limits but do not meet the first-time definition. Additionally, downpayments would rise to 10-20% for all borrowers when FHA's excess reserves don't meet congressionally mandated levels. It will lower loan limits for all areas, lower the limit to \$200,000 in non-high cost areas, and decrease the high cost limit over time. In the end, the bill completely changes the structure and role of the FHA single-family mortgage insurance program.

Tax Reform Call for Action is Live! :

The Call for Action (CFA) urging Senators to maintain real estate tax provisions in any changes to the US tax code is still live. If you haven't yet responded, please take a moment right away to do so:

<https://realtorparty.realtoractioncenter.com/site/Advocacy?cmd=display&page=UserAction&id=2805>

Just over 68,400 members have taken action, resulting in an 8.55% response rate. The national response rate goal is 15%, so take a moment to encourage your REALTOR® friends and colleagues to respond too. The Senate must hear from REALTORS® or important deductions like the Mortgage Interest Deduction could be left behind.

FPCs, you have a 93.3% response rate, which is great! Not too much farther to reach the goal of 100%. Thirty states have already achieved their 100% FPC response rate: AK, AL, AR, AZ, CO, CT, DE, GA, HI, ID, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, PA, SC, SD, TX, UT, WA, WI, WV, and WY. Great job!

More information on the "blank slate" approach and what to expect from here can be found on REALTOR.org:

<http://www.ksefocus.com/billdatabase/clientfiles/172/4/1815.pdf>

DNR & County Watershed Management Plan Draft MOU & Press Release:

(From the Garrett County website) - The Maryland Department of Natural Resources and the Garrett County Commissioners have proposed the formation of a steering committee regarding the development of a watershed management plan for Deep Creek Lake. The MOU was presented at the July 24, 2013 State of the Lake meeting held at Garrett College. The Commissioners welcome public comments on the plan which will be an agenda item on August 13, 2013.

[DRAFT - DNR & County Watershed Management Plan MOU](#) (link)

<http://garrettcounty.org/resources/commissioners/pdf/MOU---DNR--County-Watershed-Management-Plan-2013.pdf>

[Press Release - DNR & County Watershed Management Plan](#) (link)

<http://garrettcounty.org/resources/commissioners/pdf/DNR---County---Comp.-Watershed-Management-Plan.pdf>

Garrett County to Release Revised Economic Development Plan:

Garrett County Economic Development Director Mike Koch has reported that a revised economic development plan for the county has been drafted by the Garrett County Development Corporation. The plan will soon be released to the public for review and comments.

Mr. Koch notes that this plan has been drafted by the independent development corporation and any new recommendations have not been endorsed by the county commissioners. The revised draft will include expanded language dealing with energy development, especially in areas related to solar and other renewable forms.

Once the plan has been made public we will report out on it via the Realtor e-list.

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Team Leader Supervision” (I)

Wed. Sept. 18, 2013 9:00 – 12:00 “MREC Agency – Residential” (H)

Wed. Oct. 23, 2013 10:00-11:30 “Maryland Property Management” (F) NEW

Wed. Nov. 13, 2013 9:00 – 12:00 “Legislative/Legal Update” (A)

Wed. Nov. 20, 2013 9:00 – 12:00 “MREC Agency – Residential” (H)

Wed. Dec. 11, 2013 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®)

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<http://www.mristv.com/category/video/training/media-connect>

MD Real Estate Commission News

TEST YOUR KNOWLEDGE: COMMISSIONS AND REFERRAL FEES

How well can you navigate the legal and ethical ramifications of the following scenarios? Test yourself on the proper handling of commissions and referral fees:

For Brokers

Q. A broker from a country outside the United States refers a client to you. Can you pay the broker a referral fee?

A. Yes, as long as you have documentation that the broker is currently licensed in his or her foreign jurisdiction.

Q. You have a friend who is a salesperson for another brokerage, and he or she referred someone to you. Can you pay your friend a commission?

A. Not directly. You must pay the commission to the agent's broker, who will then pay your friend.

Q. You plan to pay a commission to a licensee in your firm, and he or she asks you to make the check payable to the limited liability company (LLC) of which the licensee is a member. Is that acceptable?

A. Yes. The LLC should then disburse the funds and provide 1099 forms to its members.

For Salespersons

Q. Your broker paid you a commission that you agreed to share with an agent from another brokerage. Can you send a check to the other agent once you receive the funds?

A. No. You must instruct your broker to pay a portion of your commission to the other agent's broker. The other agent can only be paid by the broker with whom he or she is affiliated.

Q. One of your fellow affiliated agents owes a debt to your broker, and wants to keep a commission that he or she knows will be taken by the broker to repay the debt. The agent asks you to assist the client so that the commission gets paid to you, provided you are willing to pay a referral fee to him or her. Should you agree to do it?

A. No, because sales agents are prohibited from paying commissions or referral fees to other sales agents under any circumstances.

Q. A seller that is your prospective client tells you that he or she will use your services if you agree to inflate your commission in order to return a portion of it to him or her after settlement. If it means getting the business, should you consent to the arrangement?

A. No. Misrepresenting the true amount of your commission to a lender, to HUD or to an REO constitutes an unethical and illegal business practice.

Maryland Association of REALTORS®

MEMBER BENEFIT OF THE MONTH – UPS OVERNIGHT DELIVERY -

Looking for bottom line savings? Maryland Association of Realtors ® members can now save up to 30% percent on their express air & international

shipping through UPS (NYSE: UPS). To enroll for the UPS Savings Program can log onto www.savewithups.com/mar or call (800) 325-7000.

RPR Advanced - Top 10 Powerful Ways to use RPR in Your Business

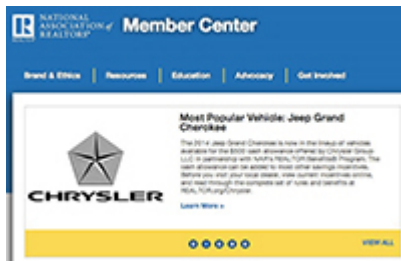


How are REALTORS® using RPR in their day-to-day business? Learn about some of the most useful business tools in RPR. [Click here to register.](#)

[READ MORE](#)

National Association of REALTORS®

Member Center: New Look, New Name



Check out the redesigned [Member Center](#) website and download the updated app for your iPhone, iPad or Android device.

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# 1-2: Honest Treatment of All Parties (Originally Case #7-2. Revised May, 1988. Transferred to Article 1 November, 1994. Cross-reference Case #2-18)

As the exclusive agent of Client A, REALTOR® B offered Client A’s house for sale, advertising it as being located near a bus stop. Prospect C, who explained that his daily schedule made it necessary for him to have a house near the bus stop, was shown Client

A's property, liked it, and made a deposit. Two days later, REALTOR® B read a notice that the bus line running near Client A's house was being discontinued. He informed Prospect C of this, and Prospect C responded that he was no longer interested in Client C's house since the availability of bus transportation was essential to him. REALTOR® B informed Client A and recommended that Prospect C's deposit be returned.

Client A reluctantly complied with REALTOR® B's recommendation, but then complained to the Board of REALTORS® that REALTOR® B had not faithfully protected and promoted his interests; that after Prospect C had expressed his willingness to buy, REALTOR® B should not have made a disclosure that killed the sale since the point actually was not of major importance. The new bus route, he showed, would put a stop within six blocks of the property.

In a hearing before a Hearing Panel of the Board's Professional Standards Committee, REALTOR® B explained that in advertising Client A's property, the fact that a bus stop was less than a block from the property had been prominently featured. He also made the point that Prospect C, in consulting with him, had emphasized that Prospect C's physical disability necessitated a home near a bus stop. Thus, in his judgment, the change in bus routing materially changed the characteristics of the property in the eyes of the prospective buyer, and he felt under his obligation to give honest treatment to all parties in the transaction, that he should inform Prospect C, and that in so doing he was not violating his obligation to his client.

The Hearing Panel concluded that REALTOR® B had not violated Article 1, but had acted properly under both the spirit and the letter of the Code of Ethics. The panel noted that the decision to refund Prospect C's deposit was made by the seller, Client A, even though the listing broker, REALTOR® B, had suggested that it was only fair due to the change in circumstances.

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 – September 1, 2013

Membership Update

New REALTOR® Members:

New Affiliate Members:

Stoner Quality Water, Inc.

Robbie Shaw

19530 Garrett Hwy. Rear

Oakland, MD 21550

Office: 301-387-6607

Cell: 304-476-0578

Email: rshaw@stonerqualitywater.com

Website: www.stonerqualitywater.com

Thirsty Choice, LLC

Nick Meyokovich

62 Easy Street

Uniontown, PA 15401

Office: 724-439-0955 or 800-439-0091

Email: nick@thirstychoice.com

Website: www.thirstychoice.com

Nicholas Custom Interiors

Nick Meyokovich

62 Easy Street

Uniontown, PA 15401

Office: 724-439-0955 or 800-439-0091

Fax: 724-439-0988

Email: nick@nicholasinteriors.com

Website: www.nicholasinteriors.com

Reinstatements:

Randy Ruhl to Long & Foster Real Estate

Drops:

Transfers:

Changes:

**The GCBR office will be closed Monday, September 2, 2013 in
observance of Labor Day**

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

**Garrett County Commissioners Approve Changes to Flood Plain
Ordinance:**

The county has completed a four year process to update and readopt its floodplain ordinance. The process was required in order for the county to continue to participate in the National Flood Insurance Program.

The revised ordinance takes effect on October 2. Included will be revisions to the ordinance and new mapping from FEMA. The new mapping provides a more accurate depiction of the 100 year flood plain in the county because of improvements in mapping and topography technology.

Things to look for:

1. Eight county municipalities are included in one FEMA map set. Previously, each town had its own mapping. The incorporated towns in the county are also moving to adopt the county's ordinance.
2. The revised ordinance will designate a flood plain manager for the county and describe their duties and responsibilities. This individual coordinates with FEMA and in flood emergencies with a variety of agencies. One job of the administrator will be to coordinate the flood plain buyout program.
3. The county ordinance redraft was reviewed and approved on the state level.
4. The overall acreage in a flood plain (county-wide) has been reduced. This means that many properties may see relief from lender requirements to obtain flood insurance because the flood plain does not project as much into many parcels. Property owners can petition lenders for a redetermination of the requirement for national flood insurance.

Meanwhile, NAR is following changes in the National Flood Insurance Program (NFIP) See attached fact sheet from NAR.

NAR has implemented a number of internal and external educational outreach efforts to address looming concerns raised by proposed implementation of the National Flood Insurance Program Reform legislation (NFIP).

Efforts include outreach to Members of Congress, federal agencies (FEMA, GAO) and NAR's membership. Additional educational materials have been developed by NAR's Legal and are

available via NAR's realtor.org NFIP page and upcoming webinars; also, a pending symposium for Members of Congress and staff is scheduled

WORN CONCRETE WALL ALONG US 219 AT DEEP CREEK LAKE
SCHEDULED FOR REPAIRS (note schedule in red font below):



(INFO FROM SHA INFORMATIONAL FLYER) – As the summer tourist season winds down at Deep Creek Lake, the Maryland State Highway Administration (SHA) is looking ahead to next year with a \$1.6 million project to repair a deteriorated concrete wall along US 219 (Garrett Highway).

“The wall is structurally sound, but the worn concrete and exposed rebar detract from the attractiveness of the scenic Deep Creek Lake area,” SHA District Engineer Tony Crawford said. “These repairs will spruce it up in time to help put the area’s best face forward for the International Canoe Federation’s Canoe Slalom World Championships that will be held at Deep Creek Lake in September 2014.”

The project includes major repairs to the 1,356-foot-long wall which runs along the southbound shoulder of US 219 at Fox Den Road. Work will begin in mid-September and proceed through the fall months until weather necessitates a closure, **then will resume in spring 2014 with completion expected in early summer 2014, weather permitting.**

Motorists on US 219 should expect shoulder closures throughout the duration of the project. During most of the work, both traffic lanes will be maintained and work will take place behind barriers on the southbound shoulder. However, at times, short-term lane closures with flagging will be necessary to allow crews to set up barrier wall, receive deliveries or complete concrete pours. Whenever possible, these flagging operations will be scheduled for times with the least impact to the public. Access to residences along Fox Den Road will be maintained at all times.

Advance warning signs, cones, drums, variable message signs, barricades and flaggers will guide motorists through the construction zone.

<http://garrettcounty.org/resources/commissioners/pdf/DNR---County---Comp.-Watershed-Management-Plan.pdf>

Maryland MDE and DNR seek public comment on BMP practices for Marcellus Shale natural gas drilling:

(From the MDE website)

The Maryland Department of the Environment has extended the comment period by 30 days to September 10, 2013.

[Draft Report on Best Practices PowerPoint Presentation](#)

No decision has been made about whether hydraulic fracturing should be allowed in Maryland. MDE is proceeding methodically and cautiously to develop stringent regulations that will protect public health and safety, natural resources and the environment in the event hydraulic fracturing is allowed. The draft Best Practices report has been widely recognized as setting an extremely high bar for industry and for being tougher than standards in any other state.

We encourage everyone to read and carefully consider the draft report. Any comments you submit will be considered, and the final report will include a response to those comments. Comments may be submitted to Marcellus.Advisory@Maryland.gov or by mail to: Brigid E. Kenney, Senior Policy Advisor, Maryland Department of the Environment, 1800 Washington Blvd., Baltimore, MD 21230.

Comments must be received by **September 10, 2013**.

=====

NAR Activity Update

National Flood Insurance Program (NFIP)

NAR has drafted this update to help keep you informed regarding the National Flood Insurance Program (NFIP). There are number of internal and external steps that NAR has taken to address the serious concerns raised by the scheduled implementation of the NFIP reform legislation.

INTERNAL NAR ACTION STEPS

- **ENHANCED REALTOR.ORG FLOOD PAGE:** Extensive information including legislative and regulatory summaries, reports, analyses, fact sheets and an informational video on the NFIP. Helpful links to FEMA and other resources are also available to the membership at the Realtor.org Flood Page: <http://www.realtor.org/topics/national-flood-insurance-program-nfip>
- **NAR's LEGAL AFFAIRS DEPARTMENT:** Has developed information and guidance on how members should address disclosure concerns and issues related to flood insurance and the possibility of increased flood insurance premiums. This information also includes a sample flood insurance disclosure statement for use

by members and state and local association.

<http://www.ksefocus.com/billdatabase/clientfiles/172/4/1816.pdf>

- **CONDUCTED OUTREACH TO MEMBERS:** NAR staff has briefed numerous state associations and local boards including New Jersey, South Carolina, the Outer Banks (NC), as well as the entire state of North Carolina. Here is the recording of NAR staff's NC briefing:
<http://realtors.webex.com/realtors/lsr.php?AT=EC&rID=67067207&rKey=b528ab8d3024cc9a>
- **DISTRIBUTED NFIP RATE SURVEY:** NAR is polling state associations to pinpoint the cause and impact of rate increases experienced. We have posted the survey online and invited Realtor participation. Also, at NAR's request, several states – including FL, NC, LA, SC, NY, and NJ – have issued NAR's survey. They were recently circulated and staff is compiling the results as they are received.
- **NAR WEBINAR WITH FEMA OFFICIALS:** In conjunction with the National Association of Home Builders over 700 members (the majority being REALTORS) from both organizations participated.
- **FUTURE INFORMATIONAL WEBINARS AND PANELS:** are under development for the Louisiana, Florida, New Hersey and New York state associations.

EXTERNAL NAR ACTION STEPS

- **WORKING WITH US HOUSE OF REPRESENTATIVES:** With NAR's support, Reps. Bill Cassidy (R-LA) and Maxine Waters (D-CA) have successfully passed out of the House an amendment to the Homeland Security Appropriations Bill to delay removal of "grandfathered" flood insurance rates for one year. This will provide FEMA with additional time to complete the "Biggert-Waters" affordability study and report to Congress on the impact of this and other rate reforms.
- **WORKING WITH US SENATE:** United States Senators Mary Landrieu (D-LA) and David Vitter (R-LA) are working with NAR to include the delay in the Senate version of the Homeland Security Appropriations Bill, and also expand it to include the other rate provisions effective October 1st which will start impacting home purchases later this year.
- **US SENATE BANKING COMMITTEE:** Will conduct a hearing on the affordability of the NFIP rate provisions. The hearing is expected to be conducted in late July.
- **CONGRESSIONAL STAFF SYMPOSIUM:** NAR, in cooperation with the American Bankers Association and the National Association of Home Builders, is planning a flood insurance forum for Members of Congress and congressional staff. The purpose of the forum is to educate Congress on the coming changes required under the Biggert-Waters legislation and discuss legislative and regulatory options currently under discussion.

- **WORKING WITH FEDERAL AGENCIES:** NAR has been working with several federal agencies that are involved in flood insurance and related insurance issues:
 1. **FEMA** is developing an affordability study in a report to Congress. NAR is working with FEMA to provide the data we receive from our survey. NAR successfully advocated for the study's inclusion in the five year bill.
 2. **FEDERAL INSURANCE OFFICE:** NAR drafted extensive comments to a formal Request for Comments from the U.S. Department of the Treasury's Federal Insurance Office for a report to Congress on the current state of the market for national catastrophe insurance in the United States. This report to Congress was mandated under Biggert-Waters. NAR commented that, in summary, the private insurance market has failed to ensure access to affordable property insurance for hurricanes, earthquakes and other major catastrophes, including floods. As a result, federal post-disaster assistance has become the default method for financing community and home rebuilding.
 3. **GOVERNMENT ACCOUNTABILITY OFFICE:** NAR staff has communicated with officials from the Government Accountability Office (GAO) on increasing private sector involvement in the flood insurance market. This report from GAO to Congress was also mandated under Biggert-Waters. NAR's primary comment to GAO on this issue was to emphasize the obstacles to the creation of a viable market for private flood insurance products, previous private flood insurance market failures and the fact that the insurance industry has a difficult time accurately pricing and managing flooding risks.

National Association of REALTORS® 500 New Jersey Avenue, NW, Washington, DC 20001-2020 – 800-874-6500 – www.REALTOR.org

2013 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. Sept. 18, 2013 9:00 – 12:00 “MREC Agency – Residential” (H)

Wed. Oct. 23, 2013 10:00-11:30 “Maryland Property Management” (F) NEW

Wed. Nov. 13, 2013 9:00 – 12:00 “Legislative/Legal Update” (A)

Wed. Nov. 20, 2013 9:00 – 12:00 “MREC Agency – Residential” (H)

Wed. Dec. 11, 2013 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 A – Federal, state or local legislative issues – 3 clock hours
2. Topic C – Fair Housing Law – 1.5 clock hours
3. Topic D – Ethics and Predatory Lending – 3 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

MRIS

MRIS will be holding a FREE Lunch & Learn at Garrett College for GCBR members on Wednesday, September 25, 2013. Several department heads will be present including Michelle Yam, Director of MRIS Compliance Department to answer questions and/or concerns from subscribers. ***This will be your opportunity to speak directly with MRIS Staff of discuss any issue, concerns, complaints, etc. you may have and get the answers you need.*** An invitation will be forthcoming via email this week.

Side Note – The MRIS Liaison position (Carol Wills) will be eliminated this year so I am asking that all of you to please register to attend this session MRIS is offering so you can get your questions and concerns out there to those who head these departments as Carol will not be able to be the voice for GCBR in the future.

MD Real Estate Commission News

MREC MAINTAINS LIST OF DISCIPLINARY ACTIONS

Did you know that the MREC maintains an extensive list of past disciplinary actions? Information on cases the Commission has adjudicated as far back as 1997 are updated regularly on the website. All actions up through the first half of 2013 are currently posted, and cases are searchable by licensee name. Click [here](#) to access the site.

Maryland Association of REALTORS®

MAR Legal Hotline

Frequently Asked Legal Questions:

Start here first. Check our library of frequently asked legal questions before calling to see if your question has already been answered.

[Click Here For The FAQ's](#)

Free, authoritative legal information is available by calling the MAR Legal Hotline. Questions on all aspects of real estate law are answered, including license law, agency, contracts, deposits and disclosures. An appropriate written response may be provided to the caller and the identified broker or office manager.

Call 1-800-888-1272

Open: Monday, Wednesday, and Friday (Friday Hotline hours resume February 1, 2013)

Hours of operation:

10:00 a.m. - 12 Noon

& 2:00 p.m. - 4:00 p.m. **OR,**

You may choose to submit Legal Hotline questions via the [Web-Question Form](#).

Simply click on the link to the left, fill out the form and submit.

We will respond within 48 business hours.

 ■■■■■

National Association of REALTORS®

The NAR Board of Directors recently recommended several fundamental changes for [realtor.com](https://www.realtor.com)®, including adding content to the site and its mobile apps in order to enrich the consumer experience and make [realtor.com](https://www.realtor.com)® more competitive in the online listing space. [Click here for more information.](#)

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# 1-15: Obligation to Advise Client on Market Value (Originally Case #2-1. Revised and transferred to Article 7 as Case #7-19 May, 1988. Transferred to Article 1 November, 1994)

Client A went from his hotel to REALTOR® B’s office and advised that he formerly lived in the community, and had kept his home as an income property after he moved away. The house had been vacant for several months and he had decided to sell it. He asked if REALTOR® B could drive him to look at it. As they inspected it, Client A stated that he would be happy to get \$80,000 for it. REALTOR® B listed it at that price and after a few days it was sold to Buyer C.

Six months later, Client A was in town again. Hoping to recover a box of old photographs he had left in the attic, he called on Buyer C, whom he had met at settlement. When he arrived he found that Buyer D then lived in the house. He expressed some surprise that Buyer C had sold it so soon, and learned that Buyer D paid \$140,000 for it. Astonished, Client A then made some inquiries as to market values and learned that he had grossly under priced his house when listing it with REALTOR® B. He went to the Board of REALTORS® office and filed a complaint against REALTOR® B charging him with unethical conduct in not having advised him as to the property’s fair market value.

At the hearing, REALTOR® B’s defense was that he had not been asked to put a price on the house, but had accepted agency on the basis of a price set by the client; that the client had stated he “would be happy” to get \$80,000 for it; that he was glad to get a listing that would move quickly in the market; that he had done nothing unethical since he had not bought it himself; and that while he had honestly pointed out to the buyer that the house was a bargain, he had made no effort to induce relatives or business associates to buy it.

On questions, he conceded that after looking at the house with Client A, he realized the property was being listed at about half its fair market value, but insisted that was his client’s business; that different owners have different reasons for selling and pricing their property, but acknowledge that Client A had not indicated that he needed a quick sale or that he would make any price concession.

The Hearing Panel pointed out that brokers have no hesitation in advising clients that properties are overpriced when this is the case, and they are obligated to be equally candid in providing their best judgment to clients when properties being offered for sale are obviously underpriced.

The panel concluded that in view of the wide discrepancy between the owner’s asking price and the property’s market value, which REALTOR® B conceded was apparent to

him, it was REALTOR® B's obligation as an agent to advise his client that the house was worth considerably more, especially since it was apparent that Client A had been away from the community for years and was out of touch with local values. The Hearing Panel found REALTOR® B in violation of Article 1.

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, 2013

Membership Update

New REALTOR® Members:

New Affiliate Members:

Drops:

Transfers:

Robin Moreau to Coldwell Banker Deep Creek Realty

Reinstated:

Mike Wallace to Long & Foster Real Estate

Changes:

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

GCBR Questions DPU About County Grinder Pump Policies:

In late August a question arose as to what the County's DPU policies were with regard to replacing and upgrading sewer grinder pumps at the time of the sale of a property. Several members contacted our GAD Paul Durham for some "rumor control" on the matter. At issue was some earlier correspondence from DPU staff where they stated that a property could not be sold unless the grinder pump was changed from a 2' model to the larger 3' one.

DPU has since confirmed that this is not the policy of DPU. However, they are working on updating a number of policies and this might be included in the mix of changes.

Please contact Paul Durham if you encounter or have encountered any issues dealing with the mandatory replacement of grinder pumps at the time of the sale of a property. We feel that we still need to get a better understanding of what DPU has been requiring, especially in light of previous statements from their staff.

DNR Deep Creek Lake Policy and Review Board to Meet - October 28, 2013 at 6 p.m. at the Discovery Center :

These meetings are also open to the public. One item will be a discussion of the role of the PRB with regard to the Watershed Planning Committee.

County Commissioners Seeking Membership for Revived Marcellus Shale NG Advisory Committee:

PRESS RELEASE

Contact Person: Monty Pagenhardt, County Administrator
Date: September 10, 2013

The Board of Garrett County Commissioners is soliciting names of persons who would be interested in providing their time to serve on the Garrett County Marcellus Shale Natural Gas Advisory Committee. At this time the Committee has been suspended by the Board and the appointment term of current members on the Committee will end on October 14. The Board plans to reconstitute the Committee after members have been appointed. It is planned to reconvene public informational meetings in November.

Interested persons should submit a letter of interest and resume to Monty Pagenhardt, County Administrator no later than October 4. Organizations are encouraged to submit the name of one person for consideration who would represent that group's interest. After that date Board of County Commissioners will review these names and confirm a consensus for appointment. An announcement of official appointment will be made at the Board of County Commissioners Public Meeting on October 15.

**IMPORTANT PUBLIC MEETINGS
SCHEDULED IN OCTOBER:**

**Joint DNR-County Watershed Planning Committee – OCT 5 10:00 at the
Garrett College Gymnasium:**

Mark Your Calendars!
October 5, 10:00 am to 1:00 pm
Garrett College - The Old Gymnasium

687 Mosser Rd, McHenry MD 21541

Your Input is Needed!

The Garrett County Commissioners and MD Department of Natural Resources have appointed a Steering Committee that will be developing a management plan for the Deep Creek Lake watershed.

Come and discuss your

- ☒ issues
- ☒ concerns
- ☒ solutions
- ☒ priorities

to help us develop a blueprint for maintaining a healthy watershed and a healthy lake while being responsive to all those that depend on these.

Please Spread the Word!

Sponsored by:
Garrett County Government &
Maryland Department of Natural Resources

Check our website <http://www.dnr.state.md.us/deepcreekwatershedplan/> for details

This committee was formed by the county and DNR to function to create a Deep Creek Lake Watershed Plan that among other things will “*address the quality of Deep Creek Lake’s environment and its use for swimming, fishing, boating, scenic viewing and other recreational activities. The Plan should recommend and prioritize policy changes, restoration actions and education activities needed to achieve the most immediate and long term beneficial benefits.*”

Because there is a potential for policy changes dealing with zoning, land use, planning and other issues that affect GCBR’s interests and work, we will be closely monitoring this committee. We have also developed outreach and contact relationships with committee members to provide us with access to the work and deliberations of the committee.

State Marcellus Shale Commission to Meet on OCT 5 to Review Public Health Issues – Public Comments Requested:

DHMH Press Releases ▶ Comments Requested on the Marcellus Shale Project

9/17/2013

Comments Requested on the Marcellus Shale Project

Two meetings scheduled

Baltimore, MD (September 18, 2013) - The Maryland Department of Health and Mental Hygiene (DHMH) announces two public meetings to receive public input regarding the study of potential public health impacts associated with the possible development of the Marcellus Shale in Western Maryland. DHMH is overseeing the study, which will be performed by the University of Maryland School of Public Health's Maryland Institute for Applied Environmental Health.

The first meeting will be held **Tuesday, September 24, 2013 from 7:00 p.m. – 10:00 p.m.** in Room 226 of the Compton Science Building at Frostburg State University in Frostburg, Maryland. The second meeting will be held on **Saturday, October 5, 2013, from 1:00 p.m. to 4:00 p.m.** in the Auditorium of Garrett College in McHenry, Maryland. At each meeting, members of the public are invited to present their views and suggestions for the project.

Using money from the State that became available in April 2013, the Maryland Department of the Environment (MDE) asked DHMH to engage experts to prepare a public health report and oversee the work. University of Maryland Institute for Applied Environmental Health (UMIAEH) agreed to prepare the report. This effort is part of the study that MDE and the Department of Natural Resources (DNR), in consultation with an Advisory Commission, are conducting as part of the Governor's Marcellus Shale Safe Drilling Initiative.

In preparation for the report, the UMIAEH project team is asking for a wide variety of stakeholders and interested parties to share their questions, suggestions, comments, and concerns with the team. They intend to ask for this input at the two meetings.

The UMIAEH is directed by Dr. Donald Milton, MD, DrPH, who will also lead the project. Dr. Milton is an internationally recognized expert in occupational and environmental medicine, and has extensive experience leading large collaborative research projects. The project team also includes experts in toxicology, public health, epidemiology, anthropology, and environmental justice.

The report is scheduled to be presented in its final version to the state in Summer, 2014.

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Total Hour Requirements – 15 clock hours

Maryland Association of REALTORS®

The Maryland Association of REALTORS® (MAR) presents its most prestigious award, *MAR Life Achievement* to GCBR Past President, Patrick Kane at the MAR Conference in Ocean City, MD.

This award recognizes extraordinary contributions to the real estate profession and to the REALTOR® organization. The recipient must have at least 25 years of full-time service in real estate, still active in this profession, has demonstrated throughout his/her career extraordinary and outstanding leadership and contributions to the real estate profession, and to the REALTOR® organization at the state and local level. He/she must be widely acknowledged by professional colleagues for the highest level of professional competence and personal and professional ethics and general reputation. He/she must have made outstanding contributions to the business community, generating recognition, respect and enhanced regard for the real estate profession among business and civic leaders.

Pat has served Maryland Real Estate for over 37 years with a extensive list of awards and recognitions. His serve includes a member of the MAR Board of Directors, MAR

Executive Committee, MRIS Board of Directors, National Association of REALTORS® Board of Directors, Greater Baltimore Alliance Board of Directors, Past President of GCBR, Greater Baltimore Board of REALTORS®, Montgomery County Association of REALTORS®, and numerous committee assignments on the local, state and national levels.

Congratulations Pat Kane as you are so deserving of this award!



GCBR ROCKS AT MAR CONFERENCE!

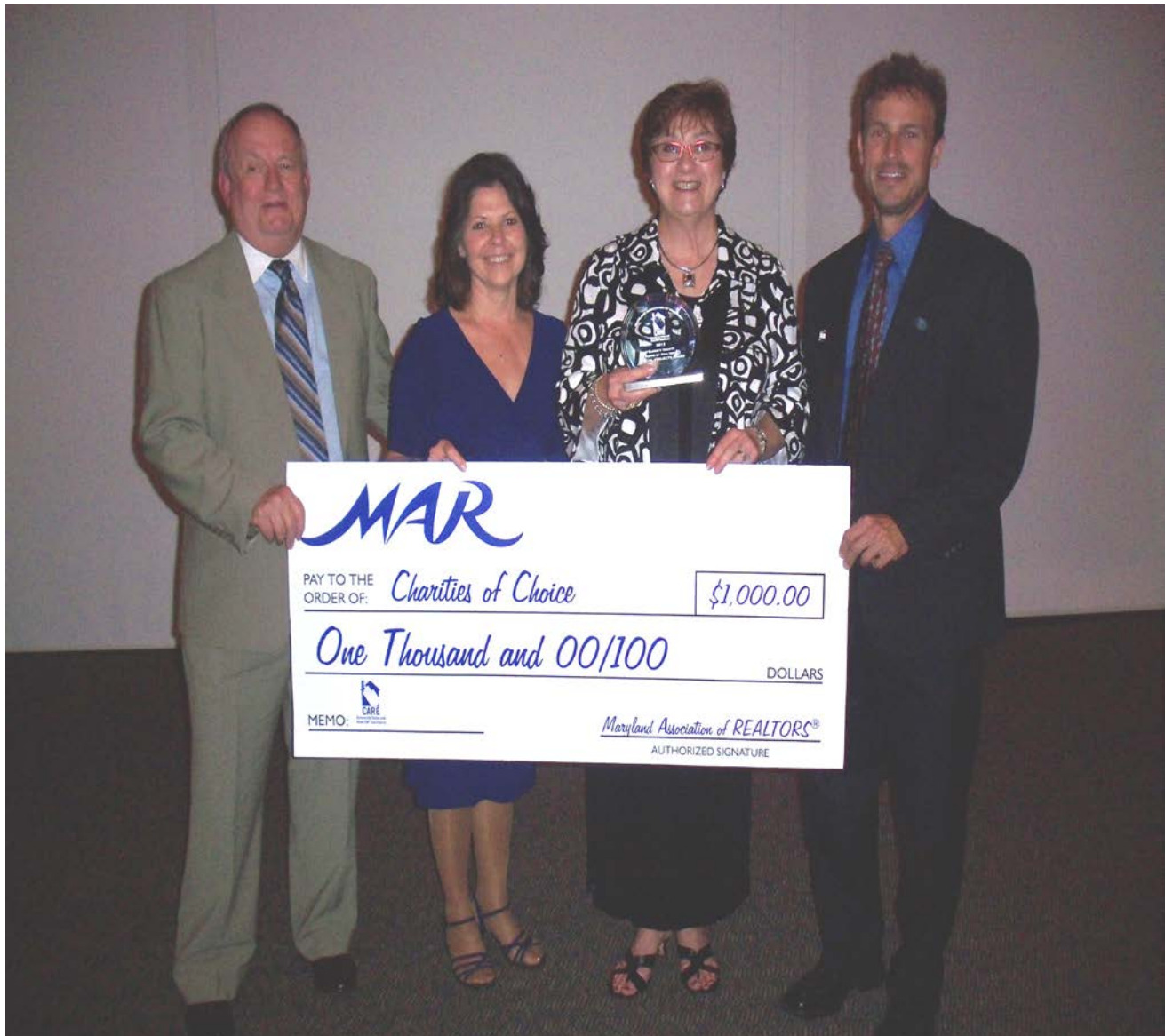
2013 MAR CARE AWARD FOR SPECIAL PROJECTS

**PRESENTED TO GCBR FOR ITS “Helping Heat the Heads & Hands
of the Children of Garrett County”**



The MAR CARE Award (Community Action and REALTOR® Excellence) is presented to an association recognizing achievements in community service and charitable actions. The award is designed to raise the profile of REALTORS® and the REALTOR® organization by focusing on Associations that have demonstrated an extraordinary record through direct local Association community service involvement and to include endeavors by REALTOR® members.

Thank you to all members who have gone out and purchased hats and gloves that enabled us to make this project such a great success! The Board of Directors has voted to donate the \$1,000 award money to the Dove Center in Oakland, MD.



**GCBR 2013 REALTOR® of the Year represents GCBR at the MAR
Conference in Ocean City, MD**



National Association of REALTORS®

Health Reform Notice Deadline Nears

Employers with at least one employee and at least \$500,000 in business volume have until Oct. 1 to let their employees know about coverage options available on the online healthcare exchanges that are launching under the Affordable Care Act, the major health reform law enacted three years ago. The U.S. Department of Labor has model forms that employers can use. One form is for employers that offer a plan for their employees, and the other is for employers that don't. [More about the notice requirement and links to the forms.](#)

Do-Not-Call Database Fee Increases

The fee for companies subscribing to the Federal Trade Commissions Do-Not-Call registry has been increased for federal fiscal year 2014, which starts next month. As before, companies can

access Do-Not-Call data for five area codes for free; the cost for data in one additional area code is \$59, an increase of \$1. The maximum charge for access to all area codes is \$16,228, up from \$15,962. Companies pay an additional fee for subscribing to the registry for the second half of the fiscal year. [FTC price-change announcement](#). For more info contact [Melanie Wyne](#), 202/383-1234

Case Studies Interpretation of the Code of Ethics

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

Case#1-14: Conditioning Submission of Purchase Offer on Execution of a Prelisting Agreement (Adopted May, 1988 as Case #7-18. Transferred to Article 1 November, 1994. Revised November, 20012.)

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

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

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

Mr. and Mrs. C objected to committing to a future listing, but REALTOR® D insisted he would not prepare or submit their offer to REALTOR® B and Owner A unless the C’s signed the prelisting agreement. The next morning they called REALTOR® D stating that if the property was still available they would enter into the prelisting agreement since they still wanted to purchase the house. The prelisting agreement and the purchase offer were signed, their offer was accepted by Owner A, and the sale subsequently closed. After the closing, Mr. and Mrs. C filed an ethics complaint with the local Board of REALTORS®, alleging a violation of Article 1 on the part of REALTOR® D.

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

After hearing the evidence and testimony, the Hearing Panel concluded that REALTOR® D had violated Article 1. By entering into a principal/client relationship, REALTOR® D was obligated to protect and promote his clients’ interests. The Hearing Panel concluded

that by conditioning submission of his clients' offer on their signing a prelisting agreement, REALTOR® D had placed his financial gain ahead of his client's interests, which is prohibited under Article 1.

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, 2013

Membership Update

New REALTOR® Members:

New Affiliate Members:

Kim Parker
Huntington Mortgage Group
201 High Street
Morgantown, WV 26505
Office/Cell: 304-680-5626
Fax: 877-205-0182
Email: kim.parker@huntington.com

Kelli Palamar
Susquehanna Bank – Mortgage
24541 Garrett Highway
McHenry, MD 21541
Office: 301-387-9034
Cell: 301-991-8488
Fax: 301-387-3443
Email: kelli.palamar@susquehanna.net

Drops:

Transfers:

Changes:

Affiliate Contact Change

Amy Hiltabidel
Stoner Quality Water
Email: ahiltabidel@stonerqualitywater.com
Cell: 814-445-7694

Affiliate Address Change

Property Management Services (PMS)
22491 Garrett Highway
McHenry, MD 21541

Affiliate Email Address Change

Dennis Murray Home Inspections, LLC

Email: info@dmhionline.com

Affiliate Phone Number Change

Deep Creek Title Company

Jonathan Robeson – 301-334-1001

Newly Installed 2013-14 GCBR Officers & Directors

President	Larry Smith
Vice President	Mike Kennedy
Secretary	Nancy Jo Fratz
Treasurer	Doug McClive
Immediate Past President	Beverly Everett
Director	Andrew Eiswert
Director	Tommy Thayer
Director	Ruth Seib
Director	Bob Carney

Your 2013-14 REALTOR® Dues Are Due Now

Amount due - \$717.00

As per the GCBR Bylaws, you annual dues are due on or before the first day of November.

If you wish to make dues payment via credit card (MasterCard, VISA or Discover) you may do so on the NAR website at www.realtor.org in the upper right of home page click on Pay Dues.

A 10% compounding late fee goes into effect December 1, 2013.

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

News from NAR - NAR Urges Delay of NFIP (Flood) Premiums, Seeks Emergency Summit:

The Biggert Waters 2012 law is a big issue. While very well intended the confluence of the October 1 effective date along with new flood maps (separate from the law) has provided a

"perfect storm" raising havoc in local housing markets. As you know our economic recovery has been tepid at best and the force of the law and the flood maps are not helping. 22 US Senators are on record for a delay and three states are pursuing legal action. NAR is asking FEMA to delay implementation of premium increases until the Affordability Study mandated by BW12 is completed and reviewed by Congress. We are also calling for a National Implementation Summit.

On Friday morning, [NAR sent a letter to the Administrator of FEMA](#), Craig Fugate, urging the agency to use its authority to delay the rate increases while work is done to study their impact on consumers. NAR is also calling on FEMA to hold a Biggert Waters Implementation Summit to further assess the impact of the increases, outline a plan for delaying the requirements, and discuss ways to help property owners and communities lower their rates.

NAR's decision to target FEMA is significant because until now advocates have only been calling on Congress for action. Realtors are on the ground fielding calls from homeowners who are feeling the pain of these increases and we know the need for action is urgent. Whether Congress delays the rate increases or FEMA does it directly, the way HHS delayed parts of the healthcare law, it is the right thing to do until more data is collected about their impact.

NAR is the first to call on Fugate for action, but others are likely to follow.

Realtor Magazine: Flood Insurance Rates Could Kill Property Values :

From the October 15, 2013 article | Realtor Mag

Flood Insurance Rates Could Kill Property Values

Federal flood insurance rates are on the rise, and the sharp increases from New England to Hawaii are hurting property values, residents and legislators say.

The law, known as the Biggert-Waters Flood Insurance Reform Act, is rolling out in stages. A part of the law that went into effect Oct. 1 removed flood-insurance subsidies for more than a million home owners nationwide. The subsidies applied to properties that existed before the [drawing of flood insurance rate maps](#), The New York Times reports.

The rising insurance rates have sparked rallies and petitions across the country. Mississippi has sued the federal government to try to stop the discontinuing of subsidies.

"Some property owners, including business owners and those who bought property after July 6, 2012, are shocked to be facing potential tenfold premium increases or, in some cases, significant losses to the value of their homes," the Times reports.

Flooding disasters in recent years — including Hurricane Sandy — have left the National Flood Insurance Program with a \$25 billion deficit. The program must make up for the losses, but home owners are concerned about how they will cover their insurance increases and how the law will effect resale of their homes.

An estimated 600,000 home owners across the country will see their rates increase if they buy a new policy or let their current policy lapse, according to the Times. Some home owners are growing concerned that the higher premiums will deter home buyers from purchasing their homes. Depending on the home's cost and its flood risk, the premiums could range from \$3,000 to \$33,000 more, the Times reports.

Source: ["Cost of Flood Insurance Rises, Along With Worries,"](#) The New York Times (Oct. 12, 2013)

Revived Marcellus Shale NG Advisory Committee Members Announced:

The county commissioners had previously discontinued the local Marcellus Shale Advisory Committee. Following an appeal from a number of local citizens, the commissioners elected to revive the committee and appoint new members.

There were 21 applicants for the committee and the commissioners narrowed it down to the following 11 people.

John Quilty – chairman
Marshall Stacy
James “Smokey” Stanton
Paul Shogren
Joyce Bishoff
Nadine Grabania.

Shawn Bender
Nicole Christian
Dawn Beitzel
Kevin Dodge
Eric Robison

County Issues Report on the Economic Importance of Deep Creek Lake:

The county's economic development office recently released a report on the economic importance of Deep Creek Lake. Much of the information revolves around real estate and real property tax revenue. The report confirms the importance of the real estate industry to the county, both from the standpoint of the real property tax base and revenue, but also from a broader economic development perspective.

Copies of the report can be obtained from Govt. Affairs Director Paul Durham.

2013 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. 13, 2013 9:00 – 12:00 “Legislative/Legal Update” (A)

Wed. Nov. 20, 2013 9:00 – 12:00 “MREC Agency – Residential” (H)

Wed. Dec. 11, 2013 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 A – Federal, state or local legislative issues – 3 clock hours
2. Topic C – Fair Housing Law – 1.5 clock hours
3. Topic D – Ethics and Predatory Lending – 3 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

Maryland Real Estate Commission

Article from the 2013 Summer/Fall Issue of the Maryland Real Estate Commission,
“The Commission Check” newsletter.

MREC FOCUSES ON ADVERTISING AT CONFERENCE

Members of the Commission and MREC staff took part in an effective outreach effort to licensees at the 2013 annual MAR[®] Conference & Expo in Ocean City this September. This year, the MREC chose a theme of real estate advertising for its conference booth, with special attention paid to advertising used by teams and groups. As in previous years, our booth was well-received and provided us with an opportunity to demonstrate how to design signs, email blasts, and business cards to be compliant with Maryland law.

A simple rule of thumb to remember about real estate advertising is that if your name and telephone number appear in an ad, then your broker's full company name and number must also appear in the ad. Also, your broker or branch office manager's name and number must be displayed in a "meaningful and conspicuous way" (See

Md. Code Ann., Bus. Occ. And Prof. [§17-547\(b\)](#)). In other words, your target audience shouldn't have to use a magnifying glass in order to read the name of your affiliated brokerage. Section §17-547 also mandates that the name of at least one licensee belonging to the team or group must appear in the ad, if it has a name other than the licensee's name. The licensee is free to include his or her cell phone number, but the office number must appear just as prominently as the cell phone number.

Finally, Section §17-547 dictates certain guidelines for the use of team and group names in real estate advertising. The team or group may not advertise using a name that contains the terms "real estate," "real estate brokerage," or any other term that may be construed as offering brokerage services by the team independent of the team's broker. The team name must also be "directly connected" to the name of the brokerage, meaning it must appear next to the broker's name, using "of" or "with" to establish the connection.

Take a look at the following fictitious half-page advertisement for a luxury high-rise condominium for sale in Baltimore. Can you tell why the MREC marked it "non-compliant"? We'll give you the answers at the end of this newsletter:



NON-COMPLIANT

K. F. CONNELLY & ASSOCIATES
WWW.KFGRUP.COM

KNOWLEDGABLE
TALENTED
GROUP
TO EFFECTIVELY
MANAGE YOUR
TRANSACTIONS

**CALL
TODAY!**

EXPERIENCED WITH
SHORT SALES
LUXURY PROPERTIES
COMMERCIAL
LAND & FARMS
DISTRESSED

OPEN HOUSES & NEW LISTINGS

K & S REAL ESTATE, LLC

KATHIE (410) 555-1212
 STEVE (410) 555-1234
 MARK (410) 555-1215
 BROKER (410) 555-9595

KS@KSRealtor.com

NEW LISTING
HARBOR EAST
WWW.123ORCHARDRD.COM
\$895,000

OPEN SATURDAY 2-4PM * 123 ORCHARD ROAD, HARBOR EAST * 2,500 SQFT, Twenty-second floor newly remodeled condo, 3BR, 2Baths, Jacuzzi tub in Master Suite, His/Her Vanity in Master Bath, Hardwood floors throughout, Stainless Steel Appliances Included, Granite Countertops, Breakfast Nook Overlooking Harbor, On-Premises Gym, Walking Distance to Shops and Restaurants, Charm City Circulator Stops just 2 blocks away. A MUST SEE!! Call today for an appointment.

ADVERTISING: DID YOU GUESS CORRECTLY?

Did you read the article about the MREC's booth at the MAR[®] Conference & Expo? Why was the example advertisement of the Baltimore condo non-compliant? There were two errors that violated the Maryland Real Estate Brokers Act:

- The advertisement does not contain the name of the affiliated brokerage attached to the group name of K. F. Connelly & Associates.
- The group's name itself is misleading because it appears to be a brokerage. In order for K. F. Connelly to be able to use "& Associates" as part of its group name, every member of the group must be a licensed associate broker.

Here is how we revised the advertisement to bring it into compliance:

COMPLIANT

K. F. CONNELLY GROUP of K & S REAL ESTATE, LLC
WWW.KFGRUP.COM

KNOWLEDGABLE
TALENTED
GROUP
TO EFFECTIVELY
MANAGE YOUR
TRANSACTIONS

**CALL
TODAY!**

EXPERIENCED WITH
SHORT SALES
LUXURY PROPERTIES
COMMERCIAL
LAND & FARMS
DISTRESSED

OPEN HOUSES & NEW LISTINGS

**K & S REAL
ESTATE, LLC**

KATHIE (410) 555-1212
STEVE (410) 555-1234
MARK (410) 555-1215
BROKER (410) 555-9595

KS@KSRealtor.com



NEW LISTING

HARBOR EAST

WWW.123ORCHARDRD.COM

\$895,000



OPEN SATURDAY 2-4PM * 123 ORCHARD ROAD, HARBOR EAST * 2,500 SQFT, Twenty-second floor newly remodeled condo, 3BR, 2Baths, Jacuzzi tub in Master Suite, His/Her Vanity in Master Bath, Hardwood floors throughout, Stainless Steel Appliances Included, Granite Countertops, Breakfast Nook Overlooking Harbor, On-Premises Gym, Walking Distance to Shops and Restaurants, Charm City Circulator Stops just 2 Blocks away. A MUST SEE!! Call today for an appointment.

Maryland Association of REALTORS®

FREE MAR THURSDAY WEBINAR SERIES – “Tech Tools” with Beth Ziesenis – November 14- 10AM. Beth will take the mystery out of online tools and smart searching to increase productivity and make working with others easier. [Click here to register.](#)

REALTORS® Insurance Marketplace



[REALTORS® Insurance Marketplace](#) is an exclusive 'one-stop' insurance shopping site. It provides NAR members with a roster of health and wellness insurance plans and products, including a major medical health insurance exchange.

- Obtain quotes, compare plans and purchase directly online.
- All plans are from top-rated insurance carriers, including (but not limited to) Aetna, Anthem, Blue Cross Blue Shield, Celtic, Coventry, Kaiser Permanente, Markel, and United Health.
- Site is powered by SASid, a trusted NAR partner who specializes in helping NAR members find the best insurance plans and products for themselves and their families.

Benefits & Highlights

The Marketplace features a wide variety of individual health insurance products, including:

- A [Major Medical Health Insurance Exchange](#) – featuring HMOs, PPOs, High Deductible (Catastrophic) Plans and plans that qualify for Health Savings Accounts through nationally recognized insurance carriers.
- [Temporary \(Short Term\) Insurance](#) – designed to be an affordable temporary medical policy which can last from 30 days to 6 months to provide coverage in the event of a gap between longer-term policies.
- Existing programs such as [REALTORS® Core Health Insurance](#) (a limited indemnity health insurance plan), [REALTORS® Dental Insurance](#) (providing coverage for preventive, basic, and major dental expenses with the dentist of your choice), and [Drug Card America](#) (a free discount pharmacy drug card offering savings on select generic and name brand prescription drugs at pharmacies nationwide).
- In accordance with the federal **Affordable Care Act** (ACA), as of 2014 almost all Americans who do not qualify for one of the existing government supported plans (such as Medicare or Medicaid) must have health insurance that meets a "minimum essential coverage" requirement, or potentially pay a penalty for non-compliance. SASid is here to provide guidance on selecting plans that meet the requirements of the ACA.
- **Consultative advice and assistance.** SASid representatives are available to personally consult and advise you on your individual insurance needs. They can help you navigate the healthcare insurance landscape and identify the products and plans that best suit the financial considerations and healthcare needs of yourself and your family. SASid representatives can also verify if the insurance you are considering, or currently possess, meets the Affordable Care Act threshold for minimum essential coverage.

Eligibility

Eligibility varies by product and by plan.

NAR Members with a valid [NRDS ID](#) can view full plan information and obtain a quote. Where applicable, family members may be added to plans. See site for product availability.

Terms, conditions, and limitations apply, based on state insurance laws*, individual eligibility, and age requirements.

How to Obtain This Offer

Please have your NRDS ID number handy in order to view rates.

- **Visit the Marketplace online** – www.RealtorsInsuranceMarketplace.com
- **To learn more about your options via phone** – please call 1-877-267-3752. SASid understand the unique needs of REALTORS® and is pleased to provide a consultation service. Phone agents are available to answer all health insurance questions, and to help members choose the best insurance options for their needs.
- REALTORS® Insurance Marketplace requires a **NRDS ID**. If you do not know your NRDS number, you may [look it up here](#).

About SASid

REALTORS® Insurance Marketplace is powered by SASid (Smart and Simple Insurance Development), the long-term and trusted NAR partner responsible for creating and managing NAR's other insurance and wellness products:

- REALTORS® Core Health
- REALTORS® Dental
- Drug Card America

SASid develops technologies and online insurance products for top insurance carriers and nationwide distribution networks. Founded in 1999 by insurance professionals who have a passion to make insurance programs more simple and smart, SASid has been a leader and innovator in developing and marketing insurance on the web. SASid is located in Janesville, Wisconsin.



To Learn More

Visit www.RealtorsInsuranceMarketplace.com or call a licensed benefits specialist at 877-267-3752.

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#1-19: Knowledge of Proposed Legislation (Originally Case #2-5. Revised and transferred to Article 7 as Case #7-23 May, 1988. Transferred to Article 1 November 1994.)

REALTOR® A received a letter from the ABC College in another city stating that one of its old graduates in REALTOR® A's city had willed a vacant property in that community to the college. The letter explained that the college had no use for the property, and wanted REALTOR® A to sell it at its fair market value. The proceeds would go to the endowment fund of the college. REALTOR® A suggested a price for the property, an exclusive listing contract was executed, and in less than a month the lot was sold and settlement made with the college. Two weeks later, a trustee of the college, who handled its investments, filed a complaint against REALTOR® A charging negligence in knowledge of proposed local legislation which had resulted in sale of the property at approximately one-eighth of its fair market value. The Grievance Committee referred it for hearing before a panel of the Professional Standards Committee..

The Professional Standards Committee scheduled a hearing and notified REALTOR® A and the college trustee to be present. The hearing developed these facts:

- (1) The client's property was in an area which had been approved for rezoning from residential to commercial use in a general revision of the local zoning map and ordinance that was in preparation. (2) Although specific sections of the revisions, including the section involving the lot in question, had been tentatively approved, final approval had not been given to the complete revision at the time of the sale, but this action had been taken a few days following the sale. For several months prior to the sale there had been a public notice of the proposal to rezone affixed to a sign near one corner of the property. (3) In his one inspection of the property, REALTOR® A had not noticed the sign. (4) Other sales in the rezoned area substantiated the client's belief that the shift to commercial zoning supported a value at approximately eight times the price received for the lot.

REALTOR® A's defense was that the ordinance putting the rezoning into effect had not been enacted at the date of his sale of the client's property, and that he had no knowledge at the time of the rezoning proposal.

The Hearing Panel's conclusion was the REALTOR® A had violated Article 1 and was definitely deficient in his professional obligations in this instance; that before suggesting a price to his client he should have checked the property carefully enough to have seen the notice concerning a proposal for rezoning; and that as a REALTOR® active in the area he should have been aware of the extensive changes that were being proposed in his city's zoning ordinance. Such knowledge was within his obligation under Article 1 to protect the best interests of his client.

Become a Fan of GCBR 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, 2013

Membership Update

New REALTOR® Members:

Anne Davidson, Long & Foster Real Estate (Secondary Member)

Cell: 240-481-9114

Email: anne.davidson@longandfoster.com

Melissa Gittins, Long & Foster Real Estate (Secondary Member)

Cell: 703-344-4366

Email: Melissa.gittins@lnf.com

New Affiliate Members:

John Simson

Service Master of Garrett County

27 Knoll Crest Heights Dr.

Oakland, MD 21550

Office: 301-387-4864 Fax: 301-533-2957

Email: smcleangc@gmail.com

Website: www.servicemasterofgarrettcountry.com

Drops:

Eleanor Robinson, Railey Realty

Emmitt Robinson, Railey Realty

Mike Goodfellow, Goodfellow Real Estate Services

Marnie Rohrbaugh, Ari's Pizza (Affiliate)

Leigh Miller, Railey Mountain Vacations (Affiliate)

Transfers:

Changes:

Kim Parker – Prime Lending

1100 9th Street #H

Vienna, WV 26105

Phone: 304-680-5626

Fax: 877-299-4602

Email: kparker@primelending.com

Affiliate Contact Change

Maryland Department of Housing

New contact – Cecilia Weller

Email: weller@mdhousing.org

Your 2013-14 REALTOR® Dues Are Past Due

Amount due - \$751.70

If you wish to make dues payment via credit card (MasterCard, VISA or Discover) you may do so on the NAR website at www.realtor.org in the upper right of home page click on Pay Dues.

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

School Funding Issue in Garrett County – Will We See Real Property Tax Increases?

A combination of factors has created a \$2+ million shortfall in the next Board of Education budget. The Board of Ed and our County Commissioners point to a variety of factors, including the state's "wealth formula" and declining student population. The shortfall has prompted the Board of ED to possibly start the school closing process for several local schools and the consolidation of student populations.

Our Commissioner form of local government limits the county's tax and revenue options. Historically, raising the real property tax rate has been the typical response when additional revenues are needed. Alternatively, the question remains of how efficient the Board of Ed and other county agencies are using available funds. Our Board and Govt Affairs Committee are following this issue closely and we have been initiating a dialogue with other interest groups in the county to develop a potential response.

Federal ALERT: Don't Let Proposed Flood Insurance Reform Sink Your Real Estate Transactions:

[Please take action and urge your Member of Congress TODAY \(link\)](#) to support the Homeowner Flood Insurance Affordability Act: Legislation that ALLOWS for the deferral, targeted relief, and appeal of flood insurance rate increases

Important Upcoming Meetings:

Garrett County Gas Advisory Committee
DEC 3 4:00 PM – Garrett County Health Department building

Deep Creek Lake Watershed Plan Steering Committee
DEC 2 12:00 PM – Garrett County Health department building

Garrett County Planning Commission
DEC 4 1:30 PM – Commissioners meeting room, county courthouse building

Mountain Maryland Energy Advisory Committee
DEC 11 3:00 PM – Emergency management center, county airport, McHenry

Update on the DCL Watershed Plan Steering Committee:

The Watershed Plan Steering Committee began meeting in September and was formed through an MOU between the county and DNR for the purpose of developing a comprehensive approach to watershed management around Deep Creek Lake.

The first few meetings of the committee have been devoted to logistic and organizational issues with several presentations given dealing with agriculture and growth and development in the watershed. The committee has formed subcommittees where the majority of their work will be accomplished.

GCBR is monitoring the meetings of the committee and has stressed the need for open communication and transparency during its work.



Fannie, Freddie Retain Higher-Priced Mortgage Limits

Daily Real Estate News | Monday, November 04, 2013

Mortgage giants Fannie Mae and Freddie Mac will continue to fund higher-priced mortgages at current limits at least through the middle of next year, federal regulators announced.

The Federal Housing Finance Agency, which oversees Fannie and Freddie, was planning to lower limits by the end of the year in a move designed to decrease its role in the market and bring more private capital to the mortgage business. But Ed DeMarco, FHFA acting director, says: "We are not making a change there in the immediate term."

In 2008, government-backed mortgage limits were increased from \$417,000 to up to \$729,750 in some high-cost areas. In 2011, limits were reduced to \$625,500 in high-cost areas, but FHA's limits remain at \$729,750. The limits were scheduled to decrease at the end of this year.

The housing industry has been lobbying against any drop in the loan limits, concerned it could hamper the housing recovery.

The National Association of REALTORS®, along with other housing industry associations, recently wrote to Congress, urging the FHFA to delay reducing the loan limits.

"While high-cost loans make up a low percentage of all loans, it is simply a matter of equity for those living in high-cost markets where many millions of families live," NAR wrote. "Without higher loan limits in these areas, many hard-working, middle-income families will be denied homeownership just because they happen to reside in an area of high home prices. Lowering loan limits also would ... create confusion and uncertainty for potential borrowers and lenders,

especially in the months leading up to any reduction. There is already turbulence enough in the regulatory environment for mortgage lending."

DeMarco said that FHFA would provide at least a six-month warning of any changes to the limits in the future.

2013 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. 11, 2013	9:00 – 12:00	“MD Code of Ethics/Predatory Lending” (D)
Wed. Jan. 15, 2014	10:00 – 11:30	“MD Fair Housing” (C)
Wed. Feb. 12, 2014	9:00 – 12:00	“Contracts” (F)
Wed. Feb. 26, 2014	9:00 – 12:00	“MREC – Agency Residential” (H)
Wed. Mar. 19, 2014	10:00 – 11:30	“Risk Management” (F)
Wed. Apr. 9, 2014	9:00 – 12:00	“MD Code of Ethics/Predatory Lending” (D)
Wed, Apr. 23, 2014	10:00 – 11:30	“Garrett County Real Estate, Zoning, Ordinances, And Beyond” (F)

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

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

Maryland Real Estate Commission

MREC Fall 2013 Newsletter

MREC ISSUES GUIDELINES FOR LICENSEES IN SHORT SALE TRANSACTIONS

If you missed the email we sent to all licensees in July regarding short sale transactions, you can download a copy of the MREC guidelines [here](#). During the 2013 legislative session, the Maryland Mortgage Assistance Relief Services Act (MD MARS Act) was passed. Since real estate licensees are not specifically exempted from the Act, the MREC developed guidelines to help licensees act within the scope of their license during the short sale process. It is very important for licensees to know where the lines are drawn between the types of services covered by a real estate license and those requiring compliance with the MD MARS Act or a credit services business license.

Maryland Association of REALTORS®

MAR Benefits

Office Depot – With the partnership, MAR members will qualify for an instant savings on office supplies, copy and printing services, and promotional products. For Assistance or questions Contact: Jill A. Johnson; jill.johnson@officedepot.com or 443-643-6832

UPS – MAR members can now save up to 30% on their express air shipping through UPS. In addition, the enhanced MAR program now offers member's savings on UPS ground services! To enroll for the UPS Savings Program log onto www.savewithups.com/mar or call 800-325-7000

Maryland REALTOR® Rx Program – This program is being provided to you and your family & friends to help lower your prescription drug costs. Simply create and print your FREE Prescription Drug Card at the website below and receive savings up to 75% (discounts average roughly 30%) at more than 54,000 national and regional pharmacies. This card can be used as your primary plan and/or it can be used on prescriptions not covered by your insurance plan. Visit <http://tinyurl.com/mqpgp8a>

National Association of REALTORS®

up to 25% on PCs and More From Lenovo

Just in time for the holidays, Lenovo, a REALTOR Benefits® Program partner, is extending its employee pricing to NAR members, for up to 25 percent savings on tablets, notebooks, PCs, and accessories. Free ground shipping on all Web orders. [Offer ends December 13.](#)

Members Can Compare E&O Insurance

Victor O. Schinnerer & Company, a REALTOR Benefits® Program partner, has a new online tutorial to help members learn more about their expanded E&O policy, as well as premium credits and risk management resources for NAR members. The new policy increases the essential protection that real estate E&O insurance offers REALTORS®, brokers, and commercial professionals. Members can visit REALTOR.org/RealtorBenefits or call 888-429-6638.

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#1-22: REALTOR®’s Offer to Buy Property He has Listed (Adopted May, 1989 as Case #7-26. Transferred to Article 1 November, 1994. Revised November, 2001.)

Doctor A, a surgeon in a major city, inherited a summer house and several wooded acres on the shores of a lake over a thousand miles from Doctor A’s home. Being an extremely busy individual, Doctor A paid little attention to his inheritance for almost two years. The, planning a vacation trip, Doctor A and his wife decided to visit their property since it was located in the same part of the country that they had never seen. Doctor A and his wife spent a week in the house during which they concluded that it was too far from their home town to use on any regular basis. Consequently, Doctor A decided to sell the property and made an appointment with REALTOR® B whose office was located in a town nearby.

Doctor A explained that he had inherited the summer house two years earlier and wanted to sell it since it was impractical to keep for his own personal use. Doctor A mentioned that he had no idea what the property was worth since it had not previously changed hands in forty years and that he was not familiar with local property values.

REALTOR® B explained that sales of vacation homes had been slow for a number of months and recommended a listing price of \$75,000. When Doctor A commented that the price seemed low given the house was located on a lake and included several wooded acres, REALTOR® B responded by asking Doctor A what he thought the property was worth. Doctor A repeated that he really had no idea what it was worth since he was completely unfamiliar with the area and concluded that he would have to rely on REALTOR® B’s judgment. Doctor A and REALTOR® B executed an exclusive listing on the property and two days later Doctor A and his wife returned home.

Three weeks later, Doctor A received a letter from REALTOR® B to which was attached a purchase contract for \$75,000 less the amount of the listing commission signed by

REALTOR® B as the purchaser. REALTOR® B's letter indicated his belief that Doctor A should not expect any offers on the property due to the slow market and that REALTOR® B's "full price" offer was made to "take the property off Doctor A's hands."

Doctor A immediately called REALTOR® B and advised him that while he might agree to sell the vacation house to REALTOR® B, he would not do so until he could have the property appraised by an independent appraiser. Under no circumstances, continued Doctor A, would he recognize REALTOR® B as his agent and pay a commission if REALTOR® B purchased the house.

REALTOR® B responded that there was no reason to obtain an independent appraisal since Doctor A had little choice in the matter. In REALTOR® B's opinion Doctor A could either sell the property to REALTOR® B for \$75,000 less the amount of the commission or, should Doctor A refuse REALTOR® B's offer, REALTOR® B would be entitled to a commission pursuant to the listing agreement.

Believing that he had no choice, Doctor A signed the purchase agreement and returned it to REALTOR® B. Shortly thereafter, the transaction closed.

Several weeks later, reading a local news article, Doctor A learned that Boards of REALTORS® had Professional Standards Committees that considered charges of unethical conduct by REALTORS® and REALTOR-ASSOCIATES®. He wrote a detailed letter to REALTOR® B's Board spelling out all of the details of the sale of his summer house. In his letter, Doctor A indicated that he had no problem with REALTOR® B offering to purchase the property but rather his unhappiness resulted from REALTOR® B's insistence on being compensated as Doctor A's agent even though he had become a principle in the transaction. Doctor A quoted Article 1 questioning how REALTOR® B's duty to promote Doctor A's interests could have been served when REALTOR® B had taken an essentially adversarial role in the transaction. Finally, Doctor A commented, REALTOR® B's "take it or leave it" attitude had certainly seemed less than honest.

The Board's Secretary referred Doctor A's letter to the Grievance Committee which concluded that a hearing should be held. At the hearing before a panel of the Board's Professional Standards Committee, both Doctor A and REALTOR® B told their sides of the story. After all of the evidence and testimony was heard, the Hearing Panel went into executive session and concluded that while the Code of Ethics did not prohibit REALTOR® B's offering to purchase the property listed by him, REALTOR® B had stepped out of his role as agent and had become a principle in the transaction. Article 1 of the Code of Ethics requires the REALTOR® to "protect and promote the interests of the client." Once REALTOR® B expressed his interest in purchasing the property, he could no longer act as Doctor A's agent except with Doctor A's knowledgeable consent. This consent had not been granted by Doctor A. Further, REALTOR® B's advice that Doctor A had no choice but to view REALTOR® B as his agent and to compensate him accordingly had been incorrect and had been a decisive factor in Doctor A's decision to

sell to REALTOR® B. The Hearing Panel also found that REALTOR® B had significantly influenced Doctor A's decision as to the listing price, perhaps with knowledge that he (REALTOR® B) would like to purchase the property for himself. Consequently, the Hearing Panel found REALTOR® B in violation of Article 1.

Wishing you all the best of the holiday season!

Merry Christmas