FALL 2018

Division of Real Estate & Professional Licensing

Ohio Department of Commerce

NEWSLETTER

Superintendent's Article

by Anne M. Petit

Where, oh where has 2018 gone? So much has happened already, that it's difficult to imagine topping that activity in the final months of this year. Yet, incredibly, here at the division, we're already immersed in the process of developing and implementing two new programs, preparing our state fiscal year 2020 and 2021 budgets, as well as transitioning to the administration of Ohio's next governor.

The one thing that does not – has not – changed is that I continue to learn something new every single day that I'm privileged to serve as your superintendent. I know from speaking with many of you that it's the "continual learning" aspect of your respective professions that keeps you energized and on top of your own game. Some of you I'd even categorize as insatiable learners! I recall from Stephen Covey's 7 Habits of Highly Effective People that we all need to "sharpen the saw" periodically, and learning more about the world of real estate and its regulation, and our responsibilities as licensees is always a great place to accomplish that.

To that end, there are two areas of learning I want to share with all our credential holders:

- From July 1, 2016, through June 30, 2017, a total of 16,579 reports of abuse, neglect and exploitation were received by county departments of job and family services for adults 18 years of age and older. Of the 16,579 reports, 16,241 were reports for adults age 60 and older.

  You're probably thinking, "Whoa. Superintendent, THAT was outta left field!" But did you know that as of September, under Ohio Revised Code section 5101.63, real estate brokers, salespeople and appraisers will be "mandatory reporters" of potential adult abuse, exploitation and neglect situations? We are currently working with the Ohio Department of Job and Family Services (ODJFS) to develop ways for our credential holders to access necessary education regarding Adult Protective Services (APS) mandated reporters' training. The director of the program joined us at the September Ohio Real Estate Commission (OREC) and November Ohio Real Estate Appraiser Board (OREAB) meetings to give a brief introduction of the program curriculum. We'll be working with ODJFS afterwards to develop ways for the training to be offered to our credential holders who are mandatory reporters, we anticipate for continuing education credit.

Table of Contents

Superintendent's Article.....1
Manufactured Homes Program.....2
Appraisal Management Companies...3
Suspected Elder Abuse.....4
OREAB.....5
Advertising Series 6
Disciplinary Actions.....7

continued

Superintendent's Article *continued*

- Last year, we began offering credit for the three-hour core law continuing education requirement for attendance at an OREC meeting. Since then, word has spread (thanks to all those who were the first to sit in and share their experience!) and dozens of licensees have earned CE while getting an in-depth, real-time look inside the work of the division and commission. Recently, principal brokers have begun to bring groups of their affiliated licensees; the July session even wrapped up with a brief Q&A between 14 attendees and the commissioners. Don't tell them I said this, but I get the impression the commissioners really enjoy this new instructional part of their day!

Speaking of CE and professional instruction, there is one more thought I want to leave with you this quarter. I firmly believe the clear majority of CE providers in Ohio strive to provide the best continuing education experience, with the most timely, relevant topics and material available. As a licensee, you deserve no less. Unfortunately, division staff cannot possibly audit every CE course; we DO routinely review online offerings and visit in-class courses to ensure the quality and veracity of the information being taught. If you hear or see something in a class you believe to be inaccurate, outdated or otherwise inappropriate, please let us know. Everything may be fine, or there may be an opportunity for a dose of quality control. Either way, you help monitor the system and make it the best it can be for everyone coming behind you.

Finally, among our articles in this edition of the newsletter is an article from the Association of Real Estate License Law Officials (ARELLO) newsletter, Boundaries, revealing that the future is upon us. Cryptocurrencies in real estate – and other – transactions aren't just limited to bitcoin, to be sure. Some in the Ohio General Assembly are exploring what this development, along with those in the blockchain environment, means for our state. Other pieces this quarter look at social media advertising, manufactured homes dealer inspections, and the always-sought-after disciplinary orders for the prior months.

Enjoy the rest of your summer and we'll chat again this fall!

Manufactured Homes New Dealership Inspections

The Division of Real Estate & Professional Licensing's investigators have added another skill set to their already broad repertoire—inspecting new manufactured home dealerships. Authority for licensing and enforcement over manufactured home dealers, brokers and salespersons transferred to the division in January 2018 and, since then, all sections of our team have become involved in the program. Under the Ohio Revised Code, new manufactured home dealerships are required to undergo a physical inspection; the division is endeavoring to complete the inspection in a timeframe and manner that does not impede business.

The inspection checklist has items ensuring the dealership office is permanent in nature and is used exclusively as a retail office. While many dealership offices are in a model home, the statute prohibits the unit being used as a residential space or a shared space with any other retailers. Additionally, the office must be staffed by a licensed salesperson and open to the public at least 30 hours per week.

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Manufactured Homes Program *continued*

Investigators take a similar approach to the dealership audits as they do real estate brokerage audits: they assess business compliance and work with the dealer to bring any outstanding issues into compliance. Existing dealers may also request a compliance audit to ensure their dealership is run in accordance with the statute. These inspections have given the division new insight into the manufactured home industry and have provided valuable opportunities to meet with and get to know our new licensees.

New Requirements for Appraisers

In response to the Appraiser Qualification Board (AQB) changes, effective May 1, 2018, the Ohio Real Estate Appraiser Board adopted by policy the following changes to Ohio appraiser license and certificate requirements:

- Eliminated college-level education requirements for licensed residential real estate appraiser applicants
- Added more options to satisfy college-level education requirements for certified residential real estate appraiser applicants, including "testing out" of some courses
- Provided a new alternative for licensed residential real estate appraisers to upgrade to certified residential real estate appraisers
- Reduced experience hours and experience time frames for licensed and certified residential real estate appraiser applicants
- Reduced the experience time frame for certified general applicants

The policy will remain in effect until administrative rules are finalized.

Appraisal Management Companies *Highlights*

In response to the Appraiser Qualification Board (AQB) changes, effective May 1, 2018, the Ohio Real Estate Appraiser Board adopted by policy the following changes to Ohio appraiser license and certificate requirements:

Here are some highlights from Sub. HB 213

- Prohibits a person from performing appraisal management services, or otherwise engaging in business as an appraisal management company, without an AMC license
- Establishes procedures and criteria for obtaining an AMC license
- Prohibits specific acts by a licensed or unlicensed AMC
- Changes the circumstances under which a lender can be excused from the requirement that a person performing a real estate appraisal for a mortgage loan be licensed or certified as an appraiser

The division has drafted rules in furtherance of the AMC chapter, Ohio Revised Code Chapter 4768, and those draft rules are proceeding through the rule-making process. The division is also in the process of preparing all applications and other forms necessary for the implementation of the AMC program. The division anticipates being ready to receive applications from interested AMC applicants late fall 2018.

Please sign up to receive future updates.

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Real Estate Professionals Required to Report Suspected Elder Abuse

As a real estate professional, you may be the first person to come into contact with an older adult who is being abused, neglected or exploited. If so, starting on Sept. 29, Ohio law requires you to act on their behalf by calling 1-855-OHIO-APS or reporting it to your county department of job and family services. The Ohio Revised Code now lists individuals licensed as real estate brokers or salespersons as mandatory reporters of suspected elder abuse. Additionally, the statute includes "any other individual who is a senior service provider," which the division interprets as including real estate appraisers.

Ohio law states a report must be made if you have a reasonable cause to believe an adult is being abused, neglected or exploited, or is in a condition that is the result of abuse, neglect or exploitation. Physical proof or other evidence is not required.

Ohio law allows no exceptions to the reporting requirement for professional relationships – for example, doctor/patient relationships or attorney/client relationships. The statutory penalties for failing to report known or suspected elder abuse, neglect or exploitation are outlined in O.R.C. § 5101.99 and apply to all individuals and professions listed in O.R.C. § 5101.63. Elder abuse reports are confidential and not a public record.

As Superintendent Petit mentioned in her column, the division is working with ODJFS to offer the training now required by statute to the division's mandatory reporters as part of your continuing education. We will keep you apprised of course offerings as they become available.

In the meantime, for more information, you can download a copy of the publication "Understanding Elder Abuse: A Guide for Financial Services Professionals" (JFS 08095) at http://www.odjfs.state.oh.us/forms/. Printed copies can be ordered here.

Ohio Realtors Convention to Present at Ohio Realtors Convention

On Sept. 18, Superintendent Anne Petit, Division Counsel Kimberley Wells, members of the Ohio Real Estate Commission and staff presented at the Ohio Realtors Convention & Expo.

The presentation, entitled "The Anatomy of a Real Estate Complaint," took place during the Legal Forum session and covered the entire process, from when a complaint is filed, to the investigation, to legal review and the adjudicatory process. The team covered what matters go before the commission, possible disciplinary actions, the settlement process, mediation, and the top 12 enforcement issues the division and commission see.

Additionally, a mock disciplinary hearing covering a multi-faceted case took place. The presentation ran from 8:30-10:30 a.m. at the Columbus Hyatt Regency, and was available for continuing education credit.

Thanks to the Ohio Realtors for the opportunity to participate again this year!

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Incoming and Outgoing Members of the Ohio Real Estate Appraiser Board

Pictured left to right: Mcintyre and Hoffman

Superintendent Petit and the Division of Real Estate & Professional Licensing offer their sincere thanks and warm welcome to members of the Ohio Real Estate Appraiser Board. Two exiting members of the board are Richard Hoffman and John D. McIntyre. Hoffman was first appointed to the board in 1998, and since then has served two other times – his most recent in 2011 by Governor John R. Kasich being his third "tour of duty." McIntyre was appointed to the board in 2012, where he has served two terms, and has been an active participant and contributor to the Association of Appraiser Regulatory Officials. Both gentlemen have served as board chair. The division bids them a very warm farewell and best wishes in their future endeavors.

Susie L. Hahn was appointed to the appraiser board as the public member on March 22, 2018. Hahn earned her law degree from the Washington University School of Law in 1998. Since then, Hahn has worked as an associate attorney at Columbus-based law firm Leeseberg and Valentine and as general counsel for Ohio Mulch Supply, Inc. Hahn belongs to the National Asian Pacific American Bar Association and serves as a director of the Upper Arlington Civic Association and Meals on Wheels.

John J. Lynch was appointed to the board as the real estate broker/certified appraiser member on Feb. 2, 2018. Lynch has held numerous prestigious positions in his 46-year career in the real estate and appraisal professions. Since becoming a real estate licensee in 1972, Lynch has held executive offices in the Akron Cleveland Association of Realtors, Ohio Association of Realtors and National Association of Realtors where he served 16 years as national director. His experience also extends to the Appraisal Foundation Advisory Council, Ohio Housing Finance Agency, Affordable Housing Task Force, Greater Cleveland Real Estate Organization, Northern Ohio MLS and Cleveland City Council. Lynch is currently the principal broker and owner of Lynch & Company Realtors & Appraisers.

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Advertising Series:
Social Media Advertising

The Division of Real Estate and Professional Licensing continues its series on real estate advertising issues commonly addressed by the division's enforcement section. This edition's topic is Social Media Advertising. The last decade has given rise to an explosion of opportunities for widening audiences at lightning speed via social media, and real estate professionals have certainly been at the forefront of social media advancements and opportunities.

Once again, real estate licensees are cautioned to comply with Ohio laws and rules for advertising when utilizing the vast array of marketing opportunities available, including those available via personal and/or business social media accounts. Almost daily, the division receives inquiries and addresses concerns regarding social media posts. Common examples of non-compliance on social media include:

- **identifying a franchise name without including the affiliated brokerage by name;**
- **posting a property for sale on a personal/business account without properly obtaining consent from an authorized party and/or properly identifying the listing brokerage;**
- **posts with improper name identification – as the name appears on a license;**
- **failure to include in the post that a property is agent-owned; and,**
- **failure to remove/update outdated posts.**

Notice in each instance we refer to a "post," not an "advertisement." One of the biggest misconceptions licensees have is that just posting a photo of a property and talking about the fact it will be "coming soon" does not constitute advertising. If in doubt, check before you post.

Additionally, the division thanks those of you who have called or emailed asking about social media posts you question. Through your inquiries, the division has encountered social media accounts for individuals/entities appearing to be engaged in unlicensed real estate activity, often resulting in an investigation.

Resources:

Ohio Revised Code 4735.18 (A) (21) (Disciplinary Actions)

Ohio Revised Code 4735.16 (B) (3) (5) (Sign on business premises; advertising)

Ohio Administrative Code 1301:5-1-02 (Advertising)

Tech Notes: The Latest Real Estate Cryptocurrencies

When the subject of cryptocurrency comes up, many people think of bitcoin; in part because it was the first decentralized digital currency system, and also because its valuation fluctuations have garnered a lot of media attention.

Real estate purchase and sale transactions involving bitcoins are reportedly on the rise, and some real estate brokerages are offering to accept their commissions in bitcoins. But there are now hundreds of other cryptocurrencies, an increasing number of which are seeking to "tokenize" real estate transactions and investments in various ways. Here are two recent examples:

Property Coin

Aperture Real Estate Ventures, the parent company of Property Coin, says that its new blockchain-based cryptocurrency is the first to open the "fix and flip" market to investors. The Los Angeles-based real estate technology and investment company focuses on residential property flipping and making loans to other property investors. The company claims that, since its launch in 2016, it has successfully systematized the fix-and-flip process with its proprietary technology platform and methods "by making real world property investments with personal capital of its founders and management team." The company seeks to raise $50 million (or the equivalent in bitcoin or ethereum) through an ICO (initial coin offering) of its Property Coin (PCX). According to Co-CEO Andrew Jewett, "Unlike many cryptocurrency offerings, Property Coin's proposition is straightforward. 100% of the net proceeds from sales of Property Coins will be used to invest in properties and loans identified by our proprietary software and our experienced team. Accordingly, Property Coin is designed to be 100% backed by real estate assets, giving each coin holder a fractional economic interest in the investments made by Aperture or its affiliates with the net proceeds realized from the sale of Property Coins." A Whitepaper explaining Property Coin states, "Each coin holder will own a fractional percentage of all assets owned by Property Coin. Coin holders will also be entitled to 50 percent of the net profits from these property and loan investments. Aperture will re-invest those profits in new real estate related investments, with the intent of creating a natural price appreciation effect for coin holders."

[Source: https://propertycoin.re/en]

Deedcoin

This startup company is selling cryptocurrency that it says can be used to reduce real estate commissions when buying or selling a home. According to the company's website, "Deedcoin's patent pending … platform is already live at DeedcoinHQ.com and simply replaces the way customers find their next real estate agent. Instead of choosing a random 6% commission agent, customers access our platform, input their property information, and link up with their local Deedcoin agent for 1% commission." The company explains that, "DEED [Deedcoin tokens] replace commission[s] at a ratio of 10 DEED to 1% of a property's price. … Each ten DEED are used for 1% of a property's total cost, regardless of the property's price, because DEED functions as a percentage." According to the Deedcoin website, "property sellers can pay 1% instead of 6% commissions" and buyers can be "[r]eimbursed up to 2% of the value of your new home as a credit or closing cost check." The company also claims that, "Deedcoin integrates fully with the existing real estate infrastructure. All discounts are reflected on the standard HUD forms during a property closing and all homes are listed, or purchased, through standard MLS's [sic]. Customers have access to a groundbreaking technology dashboard allowing 24/7 access to an agent or licensed transaction assistant." The company also asserts that participating agents accepting lower commissions will benefit because, "The culmination is that Deedcoin provides the marketing, transaction support, and customers" at no cost to brokers. The company also says that DEED tokens "will access a better real estate network that is already useable in 130+ cities and in all 50 States."

[Source: www.deedcoinlaunch.com]

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Disciplinary Actions through June 2018—Appraiser

Listed below are the Appraiser Disciplinary Actions through June 2018.
Summaries are also available online.

REVOCATIONS/SURRENDERS

There were no revocations or surrenders during this period.

SUSPENSIONS/FINES/ADDITIONAL EDUCATION & REPRIMANDS

Charlotte Barcey-Fishback	Certified General Appraiser	Salem
Tracy Barnett	Certified Residential Appraiser	Solon
Daniel Cordts	Certified Residential Appraiser	Williamsburg
Rachel Curtis	Certified Residential Appraiser	Powell
Joseph Delahunt	Licensed Residential Appraiser	Huron
Randall Gaspar	Licensed Residential Appraiser	Lockland
Brian Grancha	Certified Residential Appraiser	Cleveland
Jason Hardcastle	Certified Residential Appraiser	Zanesville
Jerry Iammarino	Licensed Residential Appraiser	Cleveland
Mary Lane	Certified General Appraiser	Columbus
Ann Lathey	Licensed Residential Appraiser	Hilliard
Linda LaTorre	Licensed Residential Appraiser	Reynoldsburg
Teresa Madden	Certified Residential Appraiser	Northfield
Sue Moore	Licensed Residential Appraiser	Akron
Zilber Plair III	Licensed Residential Appraiser	Cincinnati
Rodney Rust	Certified Residential Appraiser	Miamisburg
Charles Snyder	Certified General Appraiser	New Philadelphia

continued

Disciplinary Actions through June 2018—Real Estate

Listed below are the Real Estate Disciplinary Actions through June 2018.
Summaries are also available online.

REVOCATIONS/SURRENDERS

Vivian E. Ridley	Principal Broker	Euclid
William A. Lewis	Associate Broker	Sandusky
Jennifer Marie Fisher	Salesperson	Toledo

SUPSPENSIONS, FINES, EDUCATION

Mark H. Ebner	Principal Broker	Columbus
Helen W. Fate-Campbell	Salesperson	Akron
Jill M. Perry-Smith	Salesperson	Perrysburg
Robert Ryan Lara	Salesperson	Fairfield
Debra J. White	Principal Broker	Springfield
Dustin A. Hurst	Salesperson	Mechanicsburg
Ellen Marie Chaney	Salesperson	Medina
Arturas Bandza	Salesperson	Rocky River
Michael F. Addessi	Salesperson	Canton
Alba Atonelli	Salesperson	Broadview Heights
Collen M. Cahill	Salesperson	Struthers
Robert L. Bailey	Salesperson	Dublin
Ruth H. Porteus	Salesperson	Columbus
Kimberly A. Price	Salesperson	Cincinnati
King Merritt	Salesperson	Dayton
Alicia M. Kosec	Management-Level Broker	Mayfield Heights
Scott H. Chase	Principal Broker	Pataskala

continued

Rosilyn Michelle McKnight	Salesperson	Canal Winchester
Ian Patrick Sheehy	Salesperson	Cincinnati
Ankur Gupta	Salesperson	Dublin
May Xuemei Wu	Salesperson	West Chester
Roger J. Donnamiller	Salesperson	Willard
Amy L. Tarle	Salesperson	Akron
Gay E. Smith	Principal Broker	Sidney
Edward V. Hazners	Principal Broker	Westlake
Angela Renee Thompson	Salesperson	Broadview Heights
Saroj B. Singh	Salesperson	Poland
Melinda A. Kesler	Salesperson	Pataskala
Richard A. Baldini	Principal Broker	South Euclid

PUBLIC REPRIMAND

Beth Z. LaRue	Salesperson	Shaker Heights

UNLICENSED ACTIVITY

Jason Owens	Hilliard
Greg Bullock	Cincinnati
D & G Property Management	Cincinnati