



DIVISION OF REAL ESTATE NEWSLETTER

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GOVERNOR, STATE OF OHIO

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Superintendent's Column

Appraiser Certification Bill To Become Law

By Margaret J. Ritenour, Superintendent

Legislation passed in the Ohio General Assembly will soon give Ohio's real estate appraisers the opportunity to become voluntarily certified by the Ohio Division of Real Estate.

Identical appraiser certification bills—Senate Bill 202 and House Bill 535—were introduced in their respective chambers on May 24. On June 13, S.B. 202 was passed by the Senate and on June 29 was passed by the House of Representatives. Governor Celeste is expected to sign this bill. This legislation received the support of the Department of Commerce, the Ohio Association of Realtors, and the recently formed Ohio Appraisers for Certification.

Under the legislation, the Division of Real Estate must begin accepting applications for certification no later than September 1, 1990. The Division must begin administering examinations no later than January 1, 1991. Appraisers will be required to renew their certification every two years.

The Ohio bill was drafted in response to federal legislation sponsored by Rep. Doug Barnard of Georgia. The federal bill would create a national appraiser certification process. The Ohio legislation was designed under the assumption that state certification would be handled more quickly and efficiently.

Currently, real estate appraisers are not regulated at all. Consequently, consumers have no set of guidelines to use in selecting a qualified appraiser. The legislation provides several standards for appraisers such as:

- determining qualifications to appraise residential and other forms of real estate
- establishing minimal educational standards
- testing applicants on their knowledge of appraisal practices
- providing for standards to be followed in appraising property

A five-member Real Estate Appraiser Board—with at least one member being a real estate broker and one representing the public—will govern the appraiser certification process. The Board's functions are similar to the Ohio Real Estate Commission with members being appointed by the Governor.

Under the legislation, two classes of appraisers will be established. A **residential** certified appraiser can appraise residential properties up to and including 12 units where a net income capitalization analysis is not required under the appraisal assignment's terms. A **general** certified appraiser can appraise all types of real property.

To be eligible to take the certification exam, applicants for residential and general certification will need to have at least two years experience in real estate appraising or equivalent experience as defined by the Appraiser Board. Applicants for these two classes will also need to complete 15 classroom hours relating to the standards of professional practice. Additionally, the following requirements must be met:

- Residential certification will require completion of a bachelor's degree from an institution of higher education or completion of at least 60 classroom hours of coursework relating to real estate appraisal taught by a nationally recognized appraisal organization or an institution of higher education.
- General certification will require completion of a bachelor's degree from an institution of higher education or completion of at least 150 classroom hours of coursework relating to real estate appraisal taught by a nationally recognized appraisal organization or an institution of higher education.

To become certified, all applicants for appraiser certification must successfully complete an examination. In

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ATTENTION BROKERS!

Are you forwarding
copies of this newsletter
to your salespersons?

Broker And Sales Exams To Be Changed

The Division of Real Estate has entered into a contract with the Educational Testing Service (ETS) of Princeton, New Jersey to purchase a bank of test questions for the real estate sales and broker examinations. This follows the 1988 report of a committee appointed by the Ohio Real Estate Commission that found a need for a large bank of questions that could be scrambled to produce different examinations on a regular basis. In accepting this suggestion, the Commission decided to request proposals from national testing services.

Under the agreement with ETS, they will design a bank of 1300 questions each for the sales exam and for the broker's exam. Each of these banks will include approximately 200 questions covering laws applicable to Ohio and real estate license law.

The Division has already received 1400 questions from ETS and will receive the remaining 1200 questions by October. The first group of questions is being reviewed by the Division and many of these will begin appearing on exams in early Fall.

In addition, the Division is developing the computer software to store and scramble the questions on its secure and safeguarded computer system. Through this system, the Division will be able to produce new examinations on a regular basis.

All questions on the new exams will be multiple choice. The tests will have general real estate questions as well as questions specific to practices and laws applicable to Ohio. The new format of the sales and broker exams are listed below:

SALES EXAM

General portion: 90 questions
(25 will require math computations)
State specific portion: 30 questions
Total number of questions: 120

BROKER'S EXAM

General portion: 100 questions
(30 will require math computations)
State specific portion: 40
Total number of questions: 140

In addition, the Division has ordered new equipment for speedier grading of examinations. This electronic grading machine is similar to the one already used by the Division. However, the machine will be able to grade the answer sheets at a much higher rate of speed and can be linked to the Division's computer system. This will allow the automatic generation of the letter to applicants notifying them of their test results and the automatic issuance of licenses to successful candidates.

Again, it is anticipated that the new tests will be administered this fall. The sales examination will continue to be given once a month in Cleveland and once a month in Columbus. The broker's exam will be offered at least once a month in Columbus. Extra test dates, of course, are added as needed to accommodate the number of applicants.

The new system for grading the tests and issuing results will improve the Division's service to applicants and allow them to enter the real estate industry more quickly. More importantly, however, the new bank of test questions will improve the quality of the tests that are given and will give the Division the ability to change the examinations frequently. This will accomplish a goal that is important to the Division, the industry, and the public: to assure the competency and qualifications of those persons entering the real estate profession.

Superintendent's Column (continued from page 1)

order to be eligible for renewal, at least 20 hours of continuing education must be completed every two years.

The legislation provides for no blanket "grandfathering" of any person currently acting as an appraiser. How-

ever, the educational requirements can be waived for an applicant's initial two year term of certification for persons who apply within the first year in which the Division accepts applications. The examination is not waived; however, in order to renew a certification, the applicant must demonstrate that he/she has completed the educational requirements.

The application fee for certification will be set by the Real Estate Appraiser Board, but it cannot exceed \$125. An examination fee of no more than \$12 will also be charged. The renewal fee will also be set by the Board with a ceiling of \$125. Again, this is for a two-year renewal period.

The bill grants the Division authority to investigate the conduct of certified appraisers and provides for disciplinary action in the event of violations. A Real Estate Appraiser Recovery Fund will also be established. This Fund will be similar to the Real Estate Recovery Fund.

It should be stressed that this legislation does not provide for mandatory licensing of all persons performing appraisals. Instead, it provides for a voluntary certification program. It should also be pointed out that this certification is not required of real estate licensees to perform a market analysis.

Again, it is expected that Governor Celeste will sign the legislation into law in the near future. Anyone who would like to receive a copy of the legislation can contact the Legislative Information Office at 1-800-282-0253

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Disciplinary Actions

Here is a summary of recent Commission activities and decisions pursuant to Section 4735.03(E) of the Ohio Revised Code.

The Commission has taken the following action with regard to these licensees:

REVOCATIONS

DIXIE GRAVES, sales associate, Mansfield, Ohio, had her sales license revoked for violating Section 4735.18(A) (6) of the Ohio Revised Code. This revocation became effective April 25, 1989. Ms. Graves prepared an offer to purchase on behalf of the buyers of a property. In connection with this offer, the buyers provided Ms. Graves with a deposit which she failed to acknowledge on the purchase agreement. Ms. Graves also failed to remit this money to her broker for deposit into the brokerage trust account. Rather, she converted these funds for her own personal use.

MICHAEL C. WEBB, sales associate, Kettering, Ohio, had his sales license revoked for violating Section 4735.18(A) (1) of the Ohio Revised Code. This revocation became effective April 25, 1989. Mr. Webb represented to the purchasers of a property that construction would begin on their house during a specific month. When Mr. Webb made that representation, he knew or should have known that construction on the house would not begin at that time.

SUSPENSIONS

GARY A. HAGAN, broker, Cincinnati, Ohio, had his broker's license suspended for 30 days for violating Section 4735.18(A) (26) of the Ohio Revised Code. Due to mitigating circumstances, however, imposition of this suspension was waived by the Ohio Real Estate Commission. Mr. Hagan collected a security deposit from a buyer in connection with a lease/purchase of a property. For nearly 10 months, Mr. Hagan failed to maintain these funds in his corporate trust account.

HAGAN REAL ESTATE, INC., corporate broker, Cincinnati, Ohio, had its broker's license suspended for 30 days for violating Section 4735.18(A) (26) of the Ohio Revised Code. However, due to mitigating circumstances, imposition of this suspension was waived by the Commission. Hagan Real Estate Inc., collected money which it received in a fiduciary capacity from the buyer of a property. For nearly 10 months, Hagan Real Estate, Inc. failed to maintain these funds in its trust account.

WILLIAM F. HUWEL, broker, had his broker's license suspended for 30 days for violating Section 4735.18(A) (6) and (A) (26) of the Ohio Revised Code. Due to mitigating circumstances, however, imposition of this suspension was waived by the Commission. Mr. Huwel received a security deposit from a lessee in connection with an agreement to lease a property. However, Mr. Huwel failed to maintain these funds in the Management Plus Realty Service, Inc. trust account.

MANAGEMENT PLUS REALTY SERVICE, INC., corporate broker, Cincinnati, Ohio, had its broker's license suspended for 30 days for violating Section 4735.18(A) (6) and (A) (26) of the Ohio Revised Code. However, due to mitigating circumstances, imposition of this suspension was waived by the Commission. Management Plus Realty Service, Inc., received a security deposit from a lessee in connection with an agreement to lease a property. However, Management Plus Realty Service, Inc.

failed to maintain these funds in its trust account.

FAYE E. THOMPSON, sales associate, had her sales license suspended for 30 days for violating Section 4735.18(A) (6) of the Ohio Revised Code. This suspension shall commence upon reinstatement of her real estate license. Ms. Thompson collected rental proceeds on behalf of the owner of a property. According to her agreement with the owner, Ms. Thompson was to apply a portion of the rental proceeds to the owner's mortgage payment on the subject property. Ms. Thompson continually and habitually made these mortgage payments in an untimely manner resulting in late charges being assessed against the owner.

RECOVERY FUND ACTION

NICK SOSS, JR., Akron, Ohio, had his real estate license automatically suspended pursuant to Section 4735.12 (E) of the Ohio Revised Code. This suspension was a result of a payment of \$2,036.00 made from the Real Estate Recovery Fund on May 8, 1989.

Test Results

To keep you up to date on the number of new licensees joining the real estate profession, here are the statistics for the first half of 1989:

BROKERS

TEST DATE	TOTAL TESTED	TOTAL PASSED	PASS RATE
January, 1989	33	29	88%
February	33	31	94%
March*	44	40	91%
April*	49	41	84%
May*	48	38	80%
June*	88	79	90%

SALES

January, 1989	664	515	78%
February*	955	688	72%
March	636	461	72%
April*	1,097	833	76%
May*	1,057	808	76%
June*	1,045	759	73%

*NOTE: Additional examinations were given in these months due to an increased number of applicants.

FOREIGN REAL ESTATE SALES

January, 1989	28	18	64%
February	27	16	59%
March	37	22	59%
April	29	12	41%
May	41	19	46%
June	26	16	62%

Educational Requirements To Change January 1st

Several changes in real estate educational requirements take effect on January 1, 1990. These changes mark the final adjustments made by House Bill 470 which became law in 1987.

REQUIREMENTS FOR A SALES LICENSE

(Ohio Revised Code Section 4735.09)

On January 1, 1990, the following educational requirements will be upgraded as follows:

- The 30 hours of real estate appraisal and 30 hours of real estate finance will change from post-licensure to *pre-licensure* requirements for all persons applying for a sales license after January 1, 1990.
- All of the pre-licensing courses (principles and practices, real estate law, finance, and appraisal) must be taken at **degree-granting** institutions of higher education.
- Within one year after the issuance of a sales license, the licensee must complete a 10-hour post-licensure course on current issues relating to consumers, real estate practice, ethics and real estate law. This course can be taken at either degree granting institutions of higher education or at other entities approved by the Ohio Real Estate Commission. If this 10-hour course is not completed within one year, the licensee will be automatically suspended. The non-active licensee will then have one year to complete this instruction and reinstate the license.

REQUIREMENTS FOR A BROKER'S LICENSE

(Ohio Revised Code Section 4735.07)

On January 1, 1990, brokerage and special topics will be eliminated from the pre-licensing courses for a broker's license. For applicants licensed as a salesperson on or after January 3, 1984, they will be required instead to complete three-quarter hours (or the equivalent in semester hours) in each of the following four courses: financial management, human resources or personal management, applied business economics and business law.

These four courses are in addition to the four courses of principles and practices, law, appraisal, and finance already required of these applicants. Moreover, applicants licensed as a salesperson after January 3, 1984 will also still be required to have satisfactorily completed a minimum of two years of post-secondary education or its equivalent in semester or quarter hours at a college or

university. The courses mentioned above can be included in the two years of college.

In addition, the following requirements must be met:

- Effective January 1, 1990, all pre-licensing courses for a broker's license must be taken at a degree-granting institution of higher education.
- Within *one year* from the issuance of a broker's license issued after January 1, 1990, the broker must complete a 10-hour post-licensure course in *real estate brokerage*. This can be taken at either institutions of higher education or schools approved by the Ohio Real Estate Commission. If this course is not completed, the licensee will be suspended. The non-active broker will then have one year to complete the instruction and reinstate the license.

It is important to note that these new educational requirements for both a sales and broker's license will apply to any application post-marked on or after January 1, 1990. Applications postmarked on or before December 31, 1989 will be considered to fall under the "old" requirements.

Upcoming Test Dates

The following are the tentatively scheduled dates for the real estate sales, brokers and foreign real estate sales examinations for the upcoming months:

	SALES COLUMBUS/CLEVELAND		BROKERS COLUMBUS
August	2	10, 17	14, 21, 28
September	6	21	18
October	4	19	23
November	1	16	20

(Additional exams will be added if warranted)

FOREIGN REAL ESTATE SALES

August	8	22
September	5	19
October	3, 17, 31	
November	14	28

The foreign real estate sales examination is given *only* in Columbus. Because of the small number of applicants for the foreign real estate dealer examination, these exams are scheduled on an individual basis as the applications are received.

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