



Montana Department of LABOR & INDUSTRY

MONTANA BOARD OF REALTY REGULATION

MONTANA BOARD OF REALTY REGULATION
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Spring 2017 Edition

CURRENT BOARD MEMBERS

Ric Smith, Industry Member, Chair
Polson, MT Term 10/24/2013 to 5/1/2017
Dan Wagner, Industry Member
Billings, MT Term 7/24/2015 to 5/1/2019
Eric Ossorio, Industry Member
Big Sky, MT Term 7/24/2015 to 5/1/2019
Cindy Lanier, Industry Member
Lakeside, MT Term 7/24/2015 to 5/1/2019
Josh Peck, Public Member
Butte, MT Term 7/24/2015 to 5/1/2019
Vacant - Industry Member
Vacant - Public Member

DEPARTMENT STAFF

Rhonda Morgan – Executive Officer
Gene Allison – Board Counsel
Jennifer Stallkamp – Department Counsel
Rita Reichert – Compliance Specialist
Tiffany Huss – Auditor

BOARD MEETING DATES

MAY 11th - HELENA
AUGUST 24th - HELENA
OCTOBER 26th - HELENA

In this Issue:

- **Executive Officer Report**
- **Auditor's Corner**
- **Supervising Broker Best Practices**
- **Upcoming Courses**
-

Executive Officer Report

By Rhonda Morgan, Executive Officer

The Board of Realty Regulation is bringing back the newsletter! It will be published quarterly, provided to all current licensees and interested parties via the provided email, and posted on the Board website. The goal is to provide important dates and relevant information that is important to licensees.

Current active licenses:

- Broker - 2077
- Salesperson - 2822
- Property Manager - 614

New licenses issued for FY17 to date (since 7/1/16):

- Broker - 82
- Salesperson - 418
- Property Manager - 92

2017 Legislation & Administrative Rules Update:

- **HB 122:** The Board requested a bill to remove the pocket card requirement and clarify where and how a license should be displayed. The bill has been signed by the Governor.
- **SB 318:** This bill was requested and sponsored by past board members. It adds the word "consecutive" into the statute regarding Board of Realty Regulation board member appointments. Instead of allowing board members to serve only two terms ever, it now allows board members to be reappointed with a break between terms stating, "A member may not serve more than two consecutive terms or any portion of two consecutive terms." The bill has been signed by the Governor.
- The Board is proposing some Administrative Rules changes, and a hearing is being held on April 18th with public comment period expiring on April 21st. The Rules Notice can be found at <http://boards.bsd.dli.mt.gov/rre#8?3>



Auditor's Corner

By Tiffany Huss, Auditor

The phrase “you have been selected for an audit” is not what any licensee wants to see or hear, especially if they have a property management trust account. Let’s be honest... Trust accounts are tiresome, complicated, and time-consuming.

The Board requires trust accounts (both real estate and property management) to be maintained and presented in a specific manner. Why? Licensees collect and distribute funds that do not belong to them. These funds, known as trust funds, belong to tenants, property owners, or other third parties. Simply put, the Board wants to make sure these funds are being handled appropriately, ethically, transparently, and according to the lawful agreements with each individual and/or entity.

Based on past audits, we have found a number of helpful business practices that have assisted licensees to stay in compliance:

- Periodically review and familiarize yourself with the trust accounting requirements. Administrative Rules and statutes can be found on our website, www.realestate.mt.gov, under the “Regulations” tab. Trust account rules have not changed in a while, but the Board may soon be proposing changes.
- Set a schedule to self-audit your own trust accounts and related files. It is far less stressful to find and fix a mistake on your own, than to have an auditor find it for you.
- If you use software to maintain your trust accounts, know how to generate reports that meet the requirements. The Board expects you, not the auditor, to know how to use your software.
- If you have a bookkeeper or accountant assisting you, make sure your bookkeeper or accountant knows the requirements. You, the licensee, are held responsible for the accounts, not the unlicensed person assisting you.
- Maintain personal funds in the trust account for “just in case” instances. No one likes surprise fees.
- Pay property owners later in the month. If you pay the owner and a surprise bill shows up afterwards, you may have to request the owner return funds or risk paying the bill late. Please understand you will be penalized if you use the “rob Peter to pay Paul” method of business.
- Keep reserves for property owners. As above, it never hurts to have a cushion for those surprise bills.
- Make and take time to organize. In all instances, it is far less stressful to be audited when you know your “ducks are in a row”.
- When in doubt, do not throw out or delete written communications. If you correspond with a tenant or owner about something, keep a copy. It just might save you from a headache later on.

If you have any questions, please contact me. . If you have more questions after asking those questions, *please contact me*. You will not be audited if you ask questions – licensees are randomly selected for audits. The Board and I want you to be in compliance and we want to help you be in compliance. My phone number is (406) 841-2321 and my email address is THuss@mt.gov.

Supervising Broker – Best Practices

By Rhonda Morgan, Executive Officer

One of the items the Board would like to provide in the ongoing newsletter is information and education for supervising brokers.

ARELLO (Association of Real Estate License Law Officials) has produced an excellent reference document titled Supervising Broker Best Practices, and can be found under Services/Links, Helpful Documents on the Board website. (<http://boards.bsd.dli.mt.gov/rre#11>)

Since managing individuals, both licensed and unlicensed, can be challenging, the guide was prepared by real estate regulators to assist brokers with these challenges. It also assists with owning and/or operating a real estate brokerage, as this endeavor comes with much responsibility and liability. Assisting with prior planning and research and developing a policy and procedure manual can help the broker to be successful in their business.

The guide includes topics such as Employment or Work Contracts, Written Office Policies, Records Management, Trust Accounts, and Broker Relationships.

UPCOMING COURSES

June 9, 2017

Supervising Broker Pre-Endorsement Course
[Helena Association of Realtors](#)

July 19-20, 2017
Rookie Course

[Northwest Association of Realtors](#)

September 7, 2017
Rookie Course

[Missoula Organization of Realtors](#)

October 26-27, 2017
Rookie Course

[Helena Association of Realtors](#)

Scheduled upcoming courses can always be found on our website home page.

www.realestate.mt.gov

