



# Montana Department of LABOR & INDUSTRY

## MONTANA BOARD OF REALTY REGULATION

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PO Box 200513  
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Fall 2018 Edition

### CURRENT BOARD MEMBERS

**Ric Smith, Industry Member, Chair**  
Polson, MT Term 5/12/2017 to 5/1/2021  
**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  
**Julie Gardner, Industry Member**  
Missoula, MT Term 5/12/2017 to 5/1/2020  
**Lindsey Hromadka, Public Member**  
Whitefish MT Term 6/15/2018 to 5/1/2021

### DEPARTMENT STAFF

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

### BOARD MEETING DATES

February 7<sup>th</sup>  
May 2<sup>nd</sup>  
August 8<sup>th</sup>  
November 7<sup>th</sup>

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### Executive Officer Report

By Rhonda Morgan, Executive Officer

Annual renewal ended on October 31<sup>st</sup>. There are still quite a few licensees who have not renewed with an expiration date of 10/31/18: 128 brokers, 312 salespersons, and 111 property managers. To date, 225 licensees have renewed late.

#### Current active licenses:

- Broker - 2344
- Salesperson – 3652
- Property Manager - 849

#### Current inactive licenses:

- Broker - 142
- Salesperson – 469
- Property Manager - 22

#### Total new licenses issued per license year:

- 2018 to date: B = 113; S = 617; PM = 153
- 2017: B = 138; S = 584; PM = 104
- 2016: B = 72; S = 502; PM = 116
- 2015: B = 73; S = 440; PM = 103

#### Administrative Rules Update:

- The Board will be submitting a rules package with proposed changes in the very near future. If you would like to receive emails regarding Rules Notices, and do not yet do so, you can request to be placed on the Interested Parties list. You can do that by sending an email to the Board email box asking to be added to the list.

As a reminder, please remember to update your ADDRESS and EMAIL address if it changes! It is the responsibility of the licensee to notify the Board within 10 days of a change, and it is in your best interest to do so in order to receive correspondence.



## Supervising Broker Tips

By Rhonda Morgan, Executive Officer

- When doing an online Supervising Broker Relationship Amendment/Change, the releasing supervising broker does NOT need to go into the system and put an end date, as the new supervising broker adding the salesperson and a start date will automatically put the same end date on the releasing supervisor relationship. This will help avoid any “timing” issues with the software and when the scripts run so there will be less errors due to overlapping changes. Of course, there could be instances where a supervising broker does not know a salesperson is transferring to another broker but wants to have that relationship documented as ending. In that situation, you do want to go into the system and put the appropriate end date to release the relationship.
- After completing an online relationship amendment/change, give it some time. The software only runs scripts every so often, so it could take even up to 24 hours to see the change in the system.
- If ever you see any issues with an online relationship amendment, such as two supervising broker names showing on the salesperson license or a change not going through, please feel free to call for staff to help get it resolved. The system seems to be working nicely, and I know my call volume is very minimal for these types of issues. The best number to call is (406) 841-2300.
- Here is a link to [37-51-308 – Broker’s office – display – notice to department of change of address](#) as a reminder for posting licenses and addresses required. Specifically (2)(b) The name of the broker and the designated address of the broker must be indicated on the salesperson’s license. The relationship amendment/change does not automatically change the address of the salesperson, so they will need to go online and change their address.
- Staff continues to receive numerous outdated change forms, especially for supervising broker relationship changes. You still can complete the changes on the paper form for a \$40 fee (versus \$0 of done online). PLEASE make sure you are using the most current form that can be found on the website. [CURRENT CHANGE FORM](#)
- When a brand new licensee wants to do anything with regard to their license on their online account, that brand new license first needs to be linked to their account. This has to be done by calling the office and having staff link the new licensee – (406) 841-2300. Please make your new licensees aware of this.
- Every time I send out the newsletter to the email addresses provided on license records, I get a HUGE number of failed messages. This is due to old or incorrect email addresses in our system. We also have a lot of licensees who have not provided us with any email address, and therefore, they do not get sent this correspondence. It would be very helpful if you could encourage your peers and supervised salespersons to keep their email addresses updated with us!

## Q&A

**Q:** *Where do I find the Montana Code Annotated statutes and Administrative Rules that pertain to the Board of Realty Regulation?*

**A:** On the Board website under the Regulations tab on the left, you will find links to the statutes and Administrative Rules that pertain to the Board. <http://boards.bsd.dli.mt.gov/rre#8>

**Q:** *What does it mean to be on an inactive status?*

**A:** During the renewal period, we had a lot of issues with licensees, especially salespersons, not understanding the inactive status. If a licensee wants to move to an inactive status, they can do so at any time by completing the Change Form and submitting the \$20 fee. While on an inactive status, the licensee cannot engage in real estate licensed activities or receive compensation (unless earned while still on active status). They do not have to complete continuing education until converting the license back to an active status. They DO, however, need to renew by October 31<sup>st</sup> each year in order to remain current and avoid a late fee. [Administrative Rule 24.210.624](#)





## Auditor's Corner

By Tiffany Huss, Auditor

As a licensee, it is your responsibility to know and understand the laws and rules regarding your license. Laws and rules do change and the Board is not required to provide notice to you. For example, an Administrative Rule proposal ([MAR 24-210-44](#)) was posted in December 2017 – **this proposal includes changes to the trust account rules.**

Please remember to periodically check the website ([www.realestate.mt.gov](http://www.realestate.mt.gov)) for updates.

Speaking of trust account requirements, let's review the personal funds dilemma...

**Q.** *What are personal funds?*

**A.** Personal funds are funds used for the maintenance of the trust account itself. These funds are not trust funds and belong to the licensee and/or the licensee's employer. Example uses may include, but are not limited to: financial institution fees, designated interest earnings, and purchasing checks and deposit slips. If there are personal funds and/or personal funds transactions in a trust account, licensees are required to maintain a personal funds ledger. FYI, if funds are spent for any purpose other than the maintenance of the trust account, it is called personal indebtedness. And no, personal indebtedness is not allowed.

**Q.** *What is commingling?*

**A.** Taking funds from one person/entity to pay another person/entity, aka "robbing from Peter to pay Paul." For clarification, that is also not allowed, with a single exception: if a financial institution indicated deposited funds were available to use and later dishonored said funds, the licensee(s) will not be penalized. However, institution fees associated with the dishonored deposit are **not** part of the exception.

**Q.** *Do I have to keep personal funds in a trust account?*

**A.** No. However, if a licensee does not have personal funds in the trust account and the financial institution withdraws a fee the licensee is responsible for, or other similar scenario, the licensee may be penalized for commingling trust funds and any other applicable violations.

*Suggestion:* if licensees would like to avoid the hassle of maintaining and documenting personal funds, licensees may wish to talk to their financial institution to find out if said institution is willing to debit any fees or credit any interest to a different (non-trust) account. \*Please note that not all financial institutions may offer this option.

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. We want you to be compliant with licensure laws and rules, and we want to help you comply as best as we can. My phone number is (406) 841-2321 and my email address is [THuss@mt.gov](mailto:THuss@mt.gov).

*P.S.* If you would like to receive notices about upcoming Board meetings, rule notices, etcetera, please email [dlibsdrre@mt.gov](mailto:dlibsdrre@mt.gov) or call (406) 841-2300 to request to be added to the Board's "Interested Party" list.

