

NEWSLETTER

Spring 2013 Issue

John R. Kasich
Governor of Ohio

Andre T. Porter
Director of Commerce

Anne Petit
Superintendent

A Conversation With Ohio Housing Finance Agency's New Real Estate Relations Manager by Superintendent Anne Petit



Anne M. Petit

I had the opportunity, and pleasure, to sit down recently with Daphne Hawk who is the new Real Estate Relations Manager at the Ohio Housing Finance Agency (OHFA). This was a fantastic opportunity to introduce (or re-introduce, as the case may be) all of our readers to Daphne, as well as, the services and products available to first time home buyers through our sister agency and to celebrate OHFA's 30th anniversary.

To that end, I'm pleased to share my column this quarter!

Supt. Petit: What is the MOST important point you want to share about your role at OHFA?

Daphne Hawk: My role as Real Estate Relations Manager is to educate my fellow real estate licensees about the first-time homebuyer products we offer to buyers in Ohio.

SP: OHFA has been around a long time. Aren't our licensees already aware of these products?

DH: Yes, it's true, OHFA is celebrating its 30th anniversary this year, but unfortunately, there are many real estate professionals who aren't familiar with the agency or have misconceptions about the eligibility of their buyers.

SP: What kind of misconceptions?

DH: Many agents think their buyers have to be looking in a low income or particular area in order to qualify for down-payment assistance. Others think our products are like the old "bond money" where the competition to get it is a quick and furious race to get in line. Still more are under the impression that any lender can help them with OHFA products.

SP: And that's obviously not the case.

DH: No. In fact, the reason I feel strongly about my role at OHFA is because about four years ago, I asked a lender about OHFA's down-payment assistance product for a young couple I was working with and was told it was only for "targeted" areas. Keep in mind, I had been selling real estate for 13 years at that point, but I relied on this lender for this information. I later found out that not all lenders participate in the OHFA program, and many of them don't know our products themselves!

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A Conversation... by Superintendent Anne Petit con't

The reality was this couple qualified for various products if they used a participating lender. He was a firefighter (which would have been great for our Ohio Heroes product), and she was a recent graduate of The Ohio State University (which is perfect for our Grants for Grads product). Neither of these products required them buying in a particular area.

SP: So, how do you plan to spread this good news to Ohio's real estate licensees?

DH: I will be criss-crossing the state providing classes approved by the Division for continuing education credit to licensees. Our classes include a 3-hour elective course about OHFA's products, as well as a new 3-hour core course for Civil Rights, entitled "Removing Barriers to Homeownership." In it, we also include detailed information about our products that can help overcome one of the barriers ... lack of down payment money.

SP: Daphne, who qualifies for down payment assistance?

DH: We have two options available to help buyers with their down payment. There's down payment assistance for recent college graduates (within 2 years) and/or first-time homebuyers (or those who haven't had an ownership interest in their primary residence in the past 3 years).

SP: How much of the down payment might they receive?

DH: Two and one-half percent (2.5%) of the purchase price; income and purchase price limits apply and differ by area and family size.

SP: Any other OHFA products you want to share with our readers?

DH: Our Ohio Heroes Program is for our active and reserve military (after 90 days of active duty, not including bootcamp), honorably discharged veterans, firefighters, paramedics, EMTs, police officers, health care workers and teachers. These 30-year fixed loans are available in both targeted and non-targeted areas at a discounted rate of .25% off our regular 30-year fixed rate.

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Comments from Commerce Director Andre T. Porter:

Dear Real Estate Professionals,

As you may know, Governor John R. Kasich has appointed former Commerce Director David Goodman as Director of the Ohio Development Services Agency. David did an outstanding job in leading the Department of Commerce and serving the citizens of Ohio for the past two years.



I am honored that Governor Kasich has appointed me as the Director of the Department of Commerce. Please allow me to briefly introduce myself. Most recently, I served as a Commissioner at the Public Utilities Commission of Ohio and assisted in the regulation of Ohio's public utilities. Prior to that, I was an attorney in private practice focused on real estate taxation and public utilities law, in addition to providing general counsel for public agencies. I am enjoying putting my private and public sector experience to work at the Department of Commerce.

I'm especially enjoying my work with the real estate industry as we pursue common sense regulation to serve you and the public. Throughout the department, we are focused on providing extraordinary customer service by assisting businesses to create jobs while safeguarding Ohioans.

I'm pleased to see so many positive signs of recovery in the Ohio real estate industry as the market gains steam following the serious challenges of the past several years. In this newsletter, you will find important information on the Ohio Housing Finance Agency and how it can help your clients. You will also find information on issues to keep in mind in a short sale along with reminders on the significant changes relating to the qualifications for becoming a real estate appraiser.

As we work to serve you better, Superintendent Petit and I want to hear any thoughts and ideas you may have. Please feel free to call me or email me any time: 614-466-1286 or andre.porter@com.ohio.gov

Sincerely,

Andre T. Porter

A Conversation...by Superintendent Anne Petit con't

First time home buyers who wish to purchase a new build may utilize our New Home Sweet Home product which allows for an extended rate lock of up to 180 days while the home is being built. Eligible buyers can also combine this with the First Time Homebuyer's down-payment assistance.

We also have a Mortgage Credit Certificate Program for first-time home buyers that provides a dollar-for-dollar tax credit toward the borrower's yearly mortgage interest, thus reducing their federal tax liability and freeing up more available income to make mortgage payments.

SP: Does OHFA offer any help to people who are NOT first-time home buyers?

DH: Yes! For specific areas, income and purchase price limits are higher to encourage revitalization of distressed areas so buyers need not be first-timers, and because these properties generally need repairs, buyers can combine a 203KS (repair loan) up to \$35,000 with a long-term fixed-rate mortgage. Also in these targeted areas, buyers may build a new home on a purchased lot using our New Home Sweet Home product for new builds, which is normally restricted to first-time home buyers.

SP: Any last thoughts for our licensees?

DH: Well, there are many details and some restrictions, so I would love it if they would attend one of the classes when I am in their area, and I can show them how they can do a lot more business by utilizing these products.

SP: Well, it sounds like you will be busy! How may our readers reach you to schedule these CE classes?

DH: I may be reached at OHFA at 614-752-7049 or at dhawk@ohiohome.org. There's also more detailed information available on our website at www.ohiohome.org.

SP: Daphne, thank you for sharing this information and your time with us. Readers, the division also has a link to OHFA on our web page should you already have us bookmarked!

Ohio Housing Finance Agency general contact information:

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57 East Main Street
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Fax 614.644.5393
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Division News and Reminders

Reminder: Rule Revisions Effective January 1, 2013

On January 1, 2013, recent revisions to the Ohio Administrative Code ("Rules") became effective. The Division published a special newsletter in December outlining some of the most important changes affecting our licensees. This publication was disseminated via email to everyone who is subscribed to the Division's regular newsletter and all Ohio brokerages and sole proprietors received a notification postcard. This special newsletter is currently accessible at http://www.com.ohio.gov/documents/real_SpecialDec2012REPLNewsletter.pdf

Recent Personnel Changes at the Division of Real Estate

The Division welcomes Kimberly Wells as its Chief Legal Counsel. Kim earned her bachelor's degree in Political Science and Business Management as well as her law degree, from Capital University. While in law school, Kim worked at the office of the Ohio Attorney General, Policy Section, as a Legal Assistant. After passing the bar exam, Kim served as an Assistant Attorney General and later as the Principal Assistant Attorney General in the Crime Victim Compensation Section. She later served as the clinic director for a non-profit, victims' rights legal clinic and then opened her own private practice where she served victims of crime.

Steve Beers joined the Customer Service Section of the Division in January 2013. He transferred from the State Fire Marshal's Office, Fire Prevention Bureau where he worked for just over two and a half years. Prior to beginning his career with Commerce, he was a Senior Technical Editorial Assistant with The American Chemical Society/Chemical Abstract Service for 29 years.

Investigative Supervisor James Hodge has worked in the Division since 2012. James has 12 years of public service which includes 11 years in law enforcement as well as 10 years experience in investigations and management in the private sector. He holds a bachelor's degree in Justice Management from DePaul University and is a graduate of Northwestern University's School of Police Staff and Command executive program.

Kelly Joseph Neer joined the Division of Real Estate's Customer Service Section in July 2012 and moved to the Division's Registration and Resolution Section in February 2013. Before coming to the Department of Commerce, Kelly worked for 16 years with the Ohio Secretary of State in the Campaign Finance Section. He received a Bachelor of Arts degree in Political Science from Taylor University in Indiana.

Auction Alert

Recently, the Division has received inquiries about whether auctioning real property requires a real estate license in Ohio. Before a person or entity may auction or agree to auction real property, whether through a live or online auction, that person or entity must hold a real estate broker's license or a salesperson license. To obtain more information about obtaining a real estate license call the Division at 614-466-4100. For more information about obtaining an auctioneer's license call the Department of Agriculture at 614-728-6240.

For Your Information

Broker Assessment

You've got mail! Or at least you did during the first week of April if your brokerage has 11 or more salespeople and/or at least one branch office.

Yes, it's brokerage assessment season again, and they're all due to the Division by June 30, 2013. Failure to submit the brokerage assessment by that date will result in the suspension of the brokerage and all salespeople and branch offices associated with it. Brokerages with less than 11 salespeople and no branch offices are not responsible for paying a brokerage assessment; their expiration dates will automatically roll to June 30, 2014.

Below is an example of how we calculate the annual brokerage assessment:

A brokerage with at least 11 and up to 20 salespeople must pay \$64 plus an additional \$37 for each subsequent 10 salespeople. The fee for each branch office is \$15. A brokerage with 25 associated salespeople and one branch office, for example, would be assessed \$64 for its first 20 salespeople, \$37 for the additional five salespeople, and \$15 for the branch office. The assessment for that brokerage would total \$116.

PLEASE NOTE:

A brokerage that is planning to close is still responsible for paying the assessment fee. In this instance, the brokerage may return the company license, the brokerage addendum, and the licenses of all associated salespeople and branch offices when it submits its assessment fee to the Division.

A brokerage may return an original branch office license for inactivation along with the brokerage assessment fee, but the brokerage must pay the assessment fee in full. There will be no adjustments to the fee. If a brokerage does not have the original branch office license, the brokerage may remit a Business Change Application form and a \$25 fee to inactivate the branch office license.

Online Course Audit

Ohio Administrative Code 1301:5-7-04(H) states: *"The superintendent may deny an application for course approval for a distance education course that does not include institutional controls on the pace of instruction that are satisfactory to the superintendent."*

It was brought to the attention of the Division's Education Compliance Administrator, Thomas Moore, that there may be issues with the delivery of the approved distance (online) education. In an effort to enhance the quality of online education, the Division audited random courses from all online education providers to assess the institutional controls that are in place and set the pace of the courses. These controls may include:

- Pop-quizzes that halt the user from progressing until the question is answered
- Timers
- End unit assessments

Though mastery of courses is not a requirement for online education, pop-quizzes and end unit assessments must have the ability to display correct answers when answered incorrectly by users to satisfy this requirement in its entirety. The inability to convey the correct information would compromise the integrity of the overall course.

At this time, the audit has been completed and the findings will soon be communicated to the providers making them aware if there are any changes that need to be made to the delivery of their education courses.

Issues To Keep In Mind In A Short Sale

Over six years ago the real estate industry was experiencing a once in a lifetime phenomenon. Real estate was on fire; properties were receiving multiple offers within days if not hours of being listed. Buyers were coming from everywhere to make offers. Suddenly things came to a screeching halt. The real estate market slumped and home prices started to depreciate. Everyone in the real estate industry wondered what to do; the national economy was in a recession. Jump forward to today, the real estate industry is seeing a resurgence of sorts. Not the resurgence that was experienced during the glory years of 2004-2007, but one of a mixed market. Today's market includes the traditional standard sale, the REO and the previously ambiguous short sale.

The short sale seemed to come out of nowhere, even though they have been around for as long as mortgages have been available. Short sales have become the vehicle of choice when the banks have a default situation. There are various reasons for this, including the Attorneys General Settlement (Robo-Signing Agreement), greater return on investment for the investor(s) of the loan, lower legal and judicial fees, and generally a more expedient timeframe to turn the property than a foreclosure.

With the proliferation of short sales, licensees were scrambling trying to learn the intricacies of the short sale transaction. Some of the questions asked were:

- Who is my client, the homeowner or the bank?
- How long will it take to get bank approval?
- What about the second or even third-lien holder?
- What if my seller does not have the funds to close the sale?
- Can the buyer still ask for concessions from the seller?

These are just a few of the many questions we have seen asked. By now most real estate licensees know that the homeowner is the client and the contract is usually contingent on bank approval. The time to get bank approval varies between the servicers. There are numerous programs and/or guidelines that specify how much a second or third-lien holder can receive on a short sale.

It is expected that we will continue to see more and more changes on how short sales must be submitted and what will be allowable; this is why it is imperative that licensees who are engaged in this spectrum stay abreast of all the laws, rules and guidelines related to short sales.

As real estate licensees there are a few things you should always keep in mind:

- Your fiduciary duty is to your client, the seller or buyer.
- If you enter into a dual agency, you have an obligation to treat both parties fairly, ensuring that one party does not profit at the expense of the other.
- Understand that the homeowner may still have a deficiency or a taxable liability under a short sale, so getting the best and highest price is vital.
- Beware of schemes which allow a third party to receive all future offers and allow the third party to negotiate the short sale with the seller's servicer.
- If the seller is entitled to funds at closing through the Home Affordable Foreclosures Alternatives (HAFA) program or a similar servicer program, make sure that your seller receives those funds and they do not go to someone else.
- Finally, recall the old adage.....disclosure, disclosure, disclosure. When in doubt disclose to all parties any information which is not confidential.

If you have any questions contact the Ohio Division of Real Estate at (614) 466-4100.

A Word from Our Guest Columnist...

Lieutenant Christopher M. Lengefeld, Highland County Sheriff's Department

Working for a rural County Sheriff's office for almost 12 years, I've had opportunity to witness a transformation – in our community and in the criminals victimizing it. It seemed that this transformation is the direct result of drugs. While the reasons for this are many and varied, what I do know is that, hard drugs are trying to make a comeback in our communities.

From a law enforcement point of view, it seems that we find some type of illegal drug in every other house search and a syringe in every other traffic stop. The behavior and motivation of these hard drug addicts are completely different than what we were used to seeing. These individuals are desperate, paranoid, and the group of people that will cause a home owner – and you as a real estate professional – the most problems. They will bust the windshield out of a car for the \$0.50 in the ashtray. Their driving force is their next “fix,” and will resort to anything to get it.

Hard drug users commit thefts, breaking & entering, and vandalism in properties around our communities. The \$20 in copper they scrapped costs us thousands in repairs. Remember, their goal is their next drug fix and so most of them commit crimes from impulse. I've never investigated a drug case where the criminal told me that they “cased” a home before breaking in. The house appeared to be vacant, they needed money for drugs, so they broke in. The desperation is hard to battle, however their paranoia is a powerful tool we can use to protect real and personal property as well as ourselves. The following are some steps you as a real estate professional can suggest or take to protect your clients, yourselves and property:

Make the property appear occupied:

- Pick up mail on a regular basis
- Keep trash out of the yard
- Keep the grass cut
- Keep windows covered
- Put a radio on
- Have an oscillating fan blow a curtain around.
 - A house that is not maintained draws attention because it stands out.
 - Keeping it maintained will cause it to blend in with the other homes in the area.

Use appropriate lighting:

- Don't leave the porch light on in the day. That's a sign that no one is home, and won't return until dark.
- Put indoor lights on timers.

Especially in high crime areas, establish a group or groups that can check on these properties often.

- Give the perception that someone still lives there.
- In the event of an incident, such a group helps get law enforcement to a crime scene quickly.

In closing, the criminals have changed and we have to change to protect ourselves. We need to be creative, and think outside the box for different ways to deter these criminals.

Lieutenant Christopher M. Lengefeld
Highland County Sheriff's Department

Stay Informed

Reminder: Important Changes for Ohio Real Estate Appraisers

The Appraiser Qualifications Board (AQB) has made a number of significant changes related to the qualifications for becoming an Ohio certified or licensed real estate appraiser or a registered real estate appraiser assistant.

- **Effective July 1, 2013**, Ohio registered real estate appraiser assistants must be supervised by a state-certified appraiser in order for the appraisal experience to count toward their experience hours. Experience hours obtained under the supervision of an Ohio-licensed residential appraiser from July 1, 2013 and beyond will not count toward the appraiser applicant's experience hours. For licensed residential real estate appraisers seeking to become certified real estate appraisers, any experience that is outside the scope of their license must be obtained while under the supervision of a certified real estate appraiser in order for that experience to count toward their experience hours.
- **Effective January 1, 2015**, the (AQB) has made the following changes for all appraiser applicants:

CHANGES TO COLLEGE LEVEL EDUCATION REQUIREMENTS		
CREDENTIAL	CURRENT REQUIREMENTS	1/1/15 REQUIREMENTS
Registered Appraiser Assistant	None	None
Licensed Residential Appraiser	None	30 semester credit hours of college level education from an accredited college, junior college, community college, or university OR an Associate's degree or higher (in any field).
Certified Residential Appraiser	21 semester credit hours in specific collegiate subject matter courses from an accredited college or university OR an Associate's degree or higher (in any field).	Bachelor's degree or higher (in any field) from an accredited college or university.
Certified General Appraiser	30 semester credit hours in specific collegiate subject matter courses from an accredited college or university OR a Bachelor's degree or higher (in any field).	Bachelor's degree or higher (in any field) from an accredited college or university.

Attention: All Ohio licensed or certified real estate appraisers or registered real estate appraiser assistants who plan to upgrade their credential prior to the new requirements effective January 1, 2015 MUST submit a complete application with all required education, a complete experience log with samples submitted for review, have state and federal background check results received by the Division and take and pass the exam before January 1, 2015.

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Important Changes for Ohio Real Estate Appraisers continued ...

Supervisory Appraiser Requirements effective January 1, 2015:

Supervisory appraisers and registered appraiser assistants must complete a course related to the responsibilities and requirements of supervisory appraisers and trainee appraisers. This course must be completed prior to obtaining a registered appraiser assistant credential. This course does not count toward the 75 hours of qualifying education required for registered appraiser assistants. The supervisory appraiser is to complete this course prior to supervising a registered appraiser assistant. This course is required if the supervisory appraiser/trainee relationship begins on or after January 1, 2015.

Supervisory certified appraisers must be in good standing at all times during the supervisory period and not subject to any disciplinary action within the last three years that affects the supervisory appraiser's legal ability to engage in appraisal practice. Currently, Ohio requires that supervisory appraisers have no disciplinary action within two years prior to the supervisory period.

Supervisory appraisers must be state-certified for a minimum of three years prior to being eligible to become a supervisory appraiser.

New Supervisory Appraiser/Trainee Tracking Requirement

The Division is implementing a new process to track Ohio registered real estate appraiser assistants and their supervisory appraiser(s). Registered appraiser assistants must submit the name(s) of their supervisor(s) to the Division prior to July 1, 2013. Instructions for submission are being mailed to all Ohio registered appraiser assistants and Ohio certified real estate appraisers. Ohio registered real estate appraiser assistants must be supervised by a state certified real estate appraiser in order for the appraisal experience to count toward their experience hours.

After July 1, 2013, the Division must be notified of the registered appraiser assistant's supervisory appraiser prior to beginning supervision. According to the Ohio Administrative Code 1301:11-3-04, a state registered real estate appraiser assistant may have more than one supervising appraiser. An Ohio certified real estate appraiser may not supervise more than three state registered real estate appraiser assistants at any one time.

Real Estate Disciplinary Actions

Listed below are the Real Estate Disciplinary Actions for August 2012 to January 2013. Details of each action can be found on the website at: <http://www.com.ohio.gov/documents/Spring13REdiscipline.pdf>

REVOCATIONS/PERMANENT SURRENDER/RESIGNATIONS

Donald Lee Adams	Broker	Cincinnati
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SUSPENSIONS, FINES, EDUCATION and REPRIMANDS

Cynthia Bender	Broker	Akron
Noah Bloch	Salesperson	Lyndhurst
Rebekah Brown	Salesperson	Liberty Township
Tiffanie Burney	Salesperson	Carlisle
Akil Shakir Hameed	Salesperson	Shaker Heights
Susan Jordan	Salesperson	Poland
Leonard Koogler	Broker	Williamsburg
Bryan Lawson	Salesperson	Cincinnati
Judi Lint	Salesperson	Stow
Meg Michel	Broker	Marysville
Daniel Nichter	Broker	Hilliard
Harold E. Roberts	Broker	Dayton
Michele Rogers	Salesperson	Centerville
Gina Shutrump	Broker	Cleveland
Rick E. Starr	Salesperson	Columbus
Bob J. Tucker	Salesperson	Ashtabula
Joseph Vaccaro	Salesperson	Euclid
Lenny Vaccaro	Salesperson	Euclid

Unlicensed Activity

Vladimir Victor		Cleveland Heights
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Appraiser Disciplinary Actions

Listed below are the Appraiser Disciplinary Actions for August 2012 to January 2013. Details of each action can be found on the website at: <http://www.com.ohio.gov/documents/Spring13appraiserdiscipline.pdf>

REVOCATIONS/PERMANENT SURRENDERS

James Petitto	Certified General Appraiser	Medina
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SUSPENSIONS, FINES, ADDITIONAL EDUCATION AND REPRIMANDS

Bruce Bailey	Certified General Appraiser	St. Clairsville
Paul Carr	Certified Residential Appraiser	Powell
Michael Flesher	Certified Residential Appraiser	Canton
Timothy Gilchrist	Licensed Residential Appraiser	Gahanna
David Wilbur	Licensed Residential Appraiser	Ashland

REPL Staff Receive Service Pin Awards

During National Public Service Employees Recognition Week May 5-11, 2013, several Division employees were honored for their years of service:

5 years: Stacey Adams and Shannon Drawns

10 years: Kimberley Wells

15 years: Superintendent Anne Petit

25 years: Diane Hillman and Larry Rector

Congratulations!



From left to right: Kim Wells, Stacey Adams, Director Porter, Diane Hillman, Shannon Drawns, Superintendent Petit and Larry Rector.

It's almost that time! The Ohio State Fair is July 24 - August 4, 2013. Come say hi and visit us at the Ohio Department of Commerce booth.



Department of Commerce

Division of Real Estate & Professional Licensing

State of Ohio
Department of Commerce
Division of Real Estate and Professional Licensing
77 South High Street, 20th Floor
Columbus, OH 43215-6133

Commission Members

Gary Froelich, President
Diane Carnes
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David C. Paul
Ann Thompson

Appraiser Board Members

Don Leto, Chair
Richard Hoffman
John D. McIntyre
Ted McKinniss
Elizabeth Sigg

The Division of Real Estate and Professional Licensing Newsletter is published by The Ohio Department of Commerce, Division of Real Estate and Professional Licensing. Karen Bowman, Editor.

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