



Are you getting email from KREC?

We're doing more electronically. Staff is using email as our primary

communication tool. So if you aren't getting email renewal reminders, newsletter updates, etc., update your email with us!

If you don't want email, KREC will still send snail mail and use the telephone, but you will miss out on newsletters, reminders, and other notices sent to licensees by email.

If you don't have email, there are dozens of free providers out there. Ask your supervising broker or a friend to help you set one up.

If we already have your email but you aren't receiving KREC emails, send us an update, as we may have incorrectly transcribed your handwritten notifications.

Don't wait! Complete the Licensee Contact Info Change Form ([REL-120](#)) and send it in today!

Online Forms

KREC recently updated several forms and the Renewal Application, available on the KREC website!

Forms are available as fillable PDFs and must be typed. Incomplete or old KREC forms will not be accepted and will be returned unprocessed.



Make sure you have the most **CURRENT** version of a KREC form by checking the website regularly for changes. Form revision dates can be found on the bottom right corner of each form. Please do not store copies of KREC forms on your computer.



Admitting mistakes can be difficult, but KREC requires the disclosure and reporting of criminal offenses, including misdemeanors, on original and renewal applications. The Commission regularly receives applications that overlook the disclosure of past offenses or discovers a licensee's failure to self-report. Criminal records are public and often available online. Be sure to include copies of the ticket/complaint, diversion agreement, judgment and sentencing order, proof of release from any probation or parole, a letter from the applicant explaining the offense, and a letter from the supervising/branch broker indicating he/she has reviewed the court records and is willing to supervise the applicant. Failing to disclose or report often means the discovery occurs by a Commission investigation. Failure to comply with the disclosure/reporting requirements may result in disciplinary action, including warning letters, fines, actions against the licensee, or application denials.

Commission Staff

Sherry C. Diel, Executive Director

Wendy Alkire	Compliance Supervisor
Lynn Comfort*	Auditor
David Pierce*	Director of Enforcement
Kelly White*	Director Licensing, Education
Brooke Daniels	New Licensing, Fingerprints
Michaela McGinnis	Renewals and CE
Janet Pierce	HR and Accounting
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Sam Blasi	Law Clerk

*Kansas Real Estate Licensee

Commission Members

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Joseph Vaught, 3rd District
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Mission Statement

The mission of the Kansas Real Estate Commission is to protect the public interest, which embraces both the interests of the regulated real estate licensees and the interests of consumers who use their services and products.

Crime and Punishment

What Everyone Needs to Know About

Felony and Misdemeanor Charges and Convictions:

The Felony Bar Rule:

- ◇ An applicant who has pled “guilty” or “no contest” to, or who has been convicted of any crime requiring the applicant to register under the Kansas Offender Registration Act may not be granted a license until 15 years after the date of discharge from any release, post-release supervision or non-prison sanction, whichever is latest.
- ◇ An applicant who has pled “guilty” or “no contest” to, or who has been convicted of any other felony may not be granted a license until 5 years after the date of discharge from any release, post-release supervision or non-prison sanction, whichever is latest.

After the waiting period, the applicant has to prove and demonstrate to the Commission that he/she has a good reputation for honesty, integrity, trustworthiness and competence to transact the business of real estate in a manner to safeguard the public interest.

Sending in an application before the waiting period has elapsed only results in denial of the application and a lot of wasted time and money. The Commission cannot hold an application until the waiting period has elapsed, which means the applicant will have to start all over again.

Misdemeanors are offenses other than minor traffic violations. Thinking a ticket or citation is minor without doing a little homework is a recipe for trouble. The Commission has provided a list of minor violations on its [website](#) to help applicants and licensees decide if reporting is required.

Educators can help by discouraging students with felonies from enrolling in courses until the waiting period has elapsed.

Supervising and Branch Brokers can help by asking candidates about charges and convictions during the interview, or reviewing the complaint, judgment/order, and proof of completion of any sentence prior to signing a license application. The broker is responsible for supervising the licensee and certifying to the Commission that the applicant possesses the requisite honesty, integrity, trustworthiness and competence to transact the business of real estate. Brokers are also responsible for notifying the Commission if one of their licensees is arrested, charged, or convicted of any felony or real-estate related misdemeanor using the Licensee Offense Reporting Form (REL-700).

Current Licensees must remember to report any felony or real-estate related misdemeanor arrest, charge or conviction to the Commission within 10 days using the Licensee Offense Reporting Form (REL-700).

Kansas Real Estate Commission



Complaints & Catastrophes

Living in the digital world has its advantages, but sometimes it can have unforeseen consequences. For instance, have you ever received an offer from a co-op company by email that includes earnest money? You have an offer to present to your seller that provides there is earnest money, but you do not have the money in hand. What should you do?

Recently, KREC has received complaints from consumers and learned that many licensees believe that since the earnest money is not required to be deposited for 5 business days that it is okay to move forward without either securing the earnest money or including an agreement in the contract that provides how the earnest money will be handled.

Here is an example of what can happen:

A co-op licensee emails an offer to the listing agent. The selling agent tells the listing agent that the earnest money will be delivered to the title company within 5 business days if the parties reached an agreement. The listing agent presents the offer to the seller, which provides for \$1,000 earnest money. The seller accepts the offer and starts preparing to move out of state. After a week, the buyer decides to back out of the deal.

The seller is told that the buyer backed out of the deal. The seller feels he is entitled to the earnest money, but the earnest money was never deposited. Now, the seller is furious because the contract led him to believe that the earnest money had been secured! The listing licensee is upset with the selling licensee because he should have taken care of the deposit!

The license law provides that licensees are responsible for delivery of the earnest money to the 3rd party escrow agent, and all licensees are required to have the exact agreement of the parties in writing. The licensees involved above may be in violation of several statutes, including misrepresentation, not depositing earnest money timely, not having the exact agreement of the parties in writing, not protecting their client, not using reasonable skill and care, and others. Not to mention the loss of business from a dissatisfied seller and all the people the seller tells.

Several Kansas licensees that have learned this lesson the hard way. Always be sure earnest money is handled properly and that the purchase contract accurately reflects the exact agreement of the parties.

RENEWAL REMINDERS

	Renewal Due	Expiration Date	Six-Month Deadline
NOP*	1/31/14	2/28/14	8/31/14
QR*	3/31/14	4/30/14	10/31/14
S*	5/31/14	6/30/14	12/31/14
TUV	7/31/14	8/31/14	2/28/15

*Cannot perform licensed activities after expiration date

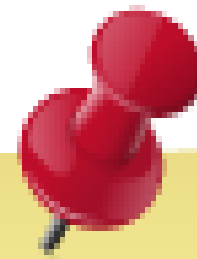


EDUCATION CORNER

LIVE

Recently, the Commission considered approval standards for "classroom" courses presented in a live-streaming format. The Commission determined that a classroom course must meet the following criteria:

- Students are able to interact with an instructor live and in real time
- A proctor is present in the classroom to monitor students and facilitate questions
- All students are physically present
- There is a sign-in/sign-out sheet for students that is monitored by a proctor
- Connectivity requirements for the live-streaming program are met and tested in advance to minimize technical difficulties



Did you call and leave a message?

Your call will be returned by the KREC Staff within 48 business hours. If you haven't heard from us by then, we didn't get the message!

In the meantime, try using your smartphone or computer to visit the KREC website, where we have tons of information, and frequently asked questions and answers.



Instead of procrastinating, why not complete the 12-hour continuing education requirement at the **beginning** of the renewal period instead? You may start taking CE hours as early as the day after your renewal date! You and KREC staff benefit by avoiding the stress of that last-minute renewal rush. As an added incentive, you'll avoid a \$50 late fee if your CE and renewal requirements are met by the renewal date. Why not put a reminder on your calendar to complete your CE early and a reminder to renew your license 45 days prior to the renewal date? Don't forget... you are responsible for timely renewing your license whether or not you receive notice from the Commission!

Sales Contract EXTENSIONS

The closing does not occur as scheduled. Should you get a contract extension signed or not? In an audit situation, the transaction ultimately closed resulting in the licensees being cited for failing to obtain the agreement of the parties in writing in the contract, if the contract is not extended by amendment. The Commission has reviewed complaints involving significant disputes arising from improvements or damages to the property when the buyer or persons working on inspection items mentioned in the expired contract are allowed access to the property. Some licensees express concern that a party may realize they can walk away from the transaction if they notify the client or customer that a contract extension is required. However, a licensee may be failing to provide required statutory duties to the client or customer if the contract is allowed to expire and the property is damaged or the buyer performs improvements during the time the parties are out of contract. Although the Commission does not provide legal advice and licensees should consult with attorneys when these situations arise, licensees may be found in violation of their statutory duties to their client or customer if they fail to explain that it does not appear that the closing is going to occur on time and an extension should be obtained to make sure that the parties are on the same page. By having this conversation with the client or customer, the licensee has the opportunity to notify the client or customer to consult with an attorney if the other party won't sign the extension. Also, significant issues regarding access to the property and work being done on the property can be addressed before a dispute arises.



The District Court of Kansas examined a case involving the 2008 sale of a residential property in Hutchinson, upon which a dam had been constructed. The seller told his transaction broker there was a written, recorded agreement with the city requiring the owner to maintain the dam. However, the owner failed to mention a 1981 agreement requiring the owner to do additional work on the dam (which was not done) or the city's proposed consent order (which was never executed) requiring expensive and substantial modifications to the dam. The city never took any enforcement measure against the seller.

The buyers purchased the property for \$330,000 through their designated buyers' agent. The owner directly told the buyers about the dam maintenance agreement, but not that it was a written, recorded document or what "maintain" meant. And though the listing agent told the buyer's agent about the dam and agreement, no other information was given to the buyers and the title did not reflect the recorded agreement. Bids for the repair work on the dam ranged from \$300,000 to \$1 million.

The court found that the transaction broker is only required to disclose to the buyer adverse material facts that are known, including environmental hazards, the property's physical condition, and material defects, and is not required to conduct an independent inspection of the property or verify the seller's statements.

The court also found that the buyer's agent had no duty to investigate the details of the agreement, but he should have told the buyers what he learned from the transaction broker. Therefore, the court concluded that the buyer's agent breached his duty to disclose and he was held liable for \$202,500.

See *McGonigle v. Astle Realty*; ARELLO® Boundaries Article; Oct 2013.

Speaking of Email...

The Commission recently made changes to the courtesy renewal reminders sent by KREC staff:

- ⇒ Email Reminder 6 weeks prior to renewal date
- ⇒ Postcard 3 weeks prior to renewal date
- ⇒ Email Reminder 10 days prior to expiration date