

Announcements:

The next Commission meeting is scheduled for October 12th in Wichita. This meeting is open to the public and held in concert with the **KAR Annual Conference** at the Wichita Marriott. However, if you plan to attend the meeting, please call the office to confirm the date and time. Click [here](#) for more information.

Did you know?

The Commission recently approved several updates to the guidelines on permissible gifts and gratuities, found at: <http://www.krec.ks.gov/compliance/informational-documents>.

Reminder!

KREC is on **Facebook** and **Twitter!** Follow us for reminders and updates.

Changes to the License Renewal Form

In an effort to simplify the reporting requirements on the **REL-200 Renewal Application** form, the Commission approved changes to the time frame in which an applicant must disclose a disciplinary action taken against a professional license held by the applicant or any criminal convictions, diversions or pending charges against the applicant. Instead of stating "In the last six years" the form now reads "Since the issuance of your license or your last renewal, whichever is most recent." KREC hopes this will address any misunderstandings.

As a reminder, **K.A.R. 86-3-15** requires a licensee to report to the Commission within 10 days certain information. This includes but is not limited to: litigation filed by or against a licensee or licensee's real estate company; any charge or arrest for any felony or a misdemeanor that relates to a licensee's honesty, trustworthiness, integrity, or competence; any denial or suspension of a professional license by another jurisdiction; and any change to a licensee's name or address. Licensees are encouraged to review the regulation in its entirety.

Guideline Reminders: HUD/VA Contracts

In an instance where a HUD or VA residential purchase contract does not contain disclosures for agency, radon gas, and registered criminal offenders, which is required under Kansas law, the Commission recommends the use of an addendum containing the required disclosures. This is to ensure all parties in the transaction acknowledge that all disclosures required by Kansas law have been provided. At a minimum, this addendum should include the brokerage relationship disclosure language required by K.S.A. 58-30,110(c), the required statutory language for radon gas found in K.S.A. 58-3078a, the registered criminal offender language found in K.S.A. 58-3078, and acknowledgment of receipt of the BRRETA brochure by the seller and buyer per K.S.A 58-30,110(a)(4). An **addendum** is available under forms on the KREC website.

Approved Draft Regulations

K.A.R. 86-3-19 amendments clarify that a licensee has to disclose the interest an immediate family member has in a real estate transaction if the family member is the party purchasing or leasing real estate in the transaction.

K.A.R. 86-3-26(a) amendments clarify that the brokerage relationship disclosure required in K.S.A. 58-30,110(c) has to be accurate and complete. The statute only addresses that this disclosure is included in an agency agreement.

K.A.R. 86-3-31 is a new regulation that defines specific requirements for brokers who supervise a primary or branch office. The regulation sets out defined standards and mitigating and aggravating factors the Commission would consider if they found the broker had failed to supervise their office.

K.A.R. 86-1-2, 86-1-4, K.A.R. 86-2-8, and 86-3-30 are proposed for repeal due to outdated or ambiguous language that is no longer required.

A public hearing will be conducted on October 12th during the Kansas Real Estate Commission meeting in Wichita. In addition, all interested parties may submit written comments prior to the hearing to KREC. Copies of the proposed regulations and the Economic Impact Statement for the proposed regulations can be viewed at the following website: <http://krec.ks.gov/legal-resources/legislative-regulatory-updates>

ARELLO Investigator Workshop

KREC Auditor Lynn Comfort and Investigator Richard Ford recently attended an ARELLO Investigator Workshop where they gained knowledge from and built relationships with other professionals in similar positions. This advanced training program is designed by and for investigators and auditors from real estate regulatory agencies and similar fields. Topics discussed at the multi-day workshop included financial profiling and money laundering, mining and organizing data, bank records leads, analyzing mortgage applications, electronic case files, and fraud indicators.

The Six Badges of Fraud

1. Diversion of Funds for Personal Use
2. Diversion of Funds for Unrelated Business Purposes
3. Falsification of Business or other Records
4. Pattern and Practice of Conduct
5. Breach of Known or Fiduciary Duty
6. Transactions Outside the Normal Course of Business

Training was provided by the National White Collar Crime Center (NW3C), a nationwide support system for the prevention, investigation, and prosecution of economic and high-tech crime. The NW3C tailored their content for the real estate-based audience and presented "Fraud Indicators – The Badges of Fraud," highlighted in the blue box. The *Diversion of Funds for Personal Use* is the most common indicator regarding fraud. This might occur when deposit money is received into a personal account as opposed to the business or trust account.

Renewal Reminders

First Letter of Last name	Renewal Due Date	Expiration Date
W-X-Y-Z-A	9/30/2016	10/31/2016
B	11/30/2016	12/31/2016
C	01/31/2017	02/28/2017

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.

Commission Members

Sue Wenger, Chair, 4th District | **Joseph Vaught**, Vice Chair, 3rd District

Errol Wuertz, 1st District | **Bryon Schlosser**, 2nd District | **Shirley Cook**, Member at Large