

Frank H Murkowski
Governor

Edgar Blatchford
Commissioner

Rick Urion
Director

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number 1

It's YOUR Continuing Education And YOU Have Less Than A Year to Get It.

20 Hours of CE in 24 months, seems easy . . . oh wait, it's now less than ten months, better get started.

You must complete 8 hours of Designated CE (DCE) and 12 hours of Elective CE (ECE), unless you were licensed after February 1, 2003. It is recommended that you attend more than the required 20 hours for both education reasons and so that courses rejected during the next audit can be replaced by other courses you took prior to renewal, January 31, 2004.

Don't lose valuable work time because your CE was not valid, double check all certificates and if you have doubts call your course provider or the AREC office (907-269-8168).

The current approved DCE topics are listed in the table below. To qualify, all courses must be taken under the same Area of Specialization. Since SALES is the only area currently having a full slate of approved course,, it is recommended you take this set. It is unlikely that Property Manage-

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Commission Meeting Highlights, March 2003

At the end of the most recent meeting, one of the Commission members commented on how gratifying it was to share the experience with industry representatives. For the third regular meeting in a row, observers outnumbered members, an event noted with pleasure by the Commission.

The meeting began with a visit by the new Director of Occupational Licensing, Rick Urion. Members were thanked for their work and in turn thanked the Director for his courtesy.

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Continuing Education: List of Designated 8 Hours of CE

20 hours of CE are required: 8 hours are designated (DCE); 12 hours are elective (ECE).

Area of Specialization	Designated Topics for Renewal 2002	Designated 8 Hours (DCE)
Sales	Ethics of Real Estate Decision Making	3 hours
	Real Estate Disclosures	3 hours
	Risk Management	2 hours
Property Management	Ethics of Real Estate Decision Making	3 hours
	Property Management Finance and Documents	5 hours
Community Association Management	Ethics of Real Estate Decision Making	3 hours
	Community Association Finance and Documents	5 hours
Commercial Sales	Real Estate Business Ethics	3 hours
	Commercial Real Estate Finance	5 hours



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Articles by guest authors express the writers' individual viewpoints. These opinions are not necessarily shared by the Commission, nor should they be mistaken for official policy.

The articles are included because we believe they will be of interest to our readers.

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Tony Marriage, Publication Specialist

Margo Mandel, Investigator

The Alaska Real Estate Commission
Department of Community and
Economic Development
Division of Occupational Licensing
550 West 7th Avenue, Suite 1500
Anchorage, Alaska 99501-3567
Telephone: (907) 269-8162
Fax: (907) 269-8156
dced.state.ak.us/occ/prec.htm

Usury, Your Client and You

By Gene DuVal, Associate Broker,
RE/MAX Associates of Fairbanks

When writing earnest money agreements that entail owner financing or second deeds of trust, many real estate practitioners advise their clients as to what interest rate to charge or to offer. If so, do you know the laws of the State of Alaska regarding interest rates and usury? You are likely to be surprised!

Usury is a nasty word. Webster's defines it as "robbery, stealing, exploitation, lending at high interest, (see also theft)." To avoid this word, know the law; Alaska defines the interest limits in statute AS.45.45.010, **Legal rate of interest**

- (a) The rate of interest in the state is 10.5 percent a year and no more on money after it is due except as provided in (b) of this section.
- (b) Interest may not be charged by express agreement of the parties in a contract or loan commitment that is more than five percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District on the day on which the contract or loan commitment is made. A contract or loan commitment in which the principal amount exceeds \$25,000 is exempt from the limitation of this subsection.

Pay close attention to paragraph (b). The \$25,000 cap applies to the amount of the actual loan, not to the total sales price and it is determined by "the day on which the contract or loan commitment

is made." This means the day the Deed of Trust is executed, not the day the earnest money agreement is entered into.

Your client is capped at charging no more than 5 points above the annual rate charged Member Banks For Advances By The 12th Federal Reserve District. That does not mean commercial prime rate or N.Y. prime, folks.

Go to "www.frbsb.org". You will get the Federal Reserve Bank of San Francisco. During December 2002 the rate was 0.75%. Wow, so our clients could only legally charge 5.75%!! The day I am writing this article, 1/15/03, it has moved to 2.25%. So today our clients can charge 7.25%.

Keep in mind this applies only to owner finance. Financial institutions are not limited by AS.45.010; they are exempted because of the "favored lender doctrine" granted under banking charters. So, if your friendly banker is charging 8.5% today for a land loan under \$25,000, do not assume that your client can charge the same when doing owner financing.

Penalties under AS.45.45.040 include forfeiture of the interest of the debt, and recovery of double the amount of usurious interest charge. You are going to have a very unhappy client.

In these days of incredibly low prime rates, we have one more thing to be wary of as we counsel our clients. It is our duty to know the laws that apply to what we do in our chosen profession. If in doubt, get legal counsel.

As always, your comments are welcome: e-mail me at duval@gci.net or fax (907) 452-1499

A Brief Guide To MOLD, MOISTURE, AND YOUR HOME

The world of real estate has moved from a fear of lawsuits to a proactive, educational stance on this past year's hottest, environmental topic: MOLD. Following this lead, it seemed appropriate to provide information that would assist brokers and salespersons with tips and information that are helpful to them as well as to their buyers and sellers. The data found here was taken from the EPA's web site (www.epa.gov); for additional information and a listing of mold publications, visit this site.

Indoor Air Regulations and Mold

Standards or Threshold Limit Values (TLVs) for airborne concentrations of mold, or mold spores, have not been set. Currently, there are no EPA regulations or standards for airborne mold contaminants.

Introduction to Molds

Molds produce tiny spores to reproduce. Mold spores waft through the indoor and outdoor air continually. When mold spores land on a damp spot indoors, they may begin growing and digesting whatever they are growing on in order to survive. There are molds that can grow on wood, paper, carpet, and foods. When excessive

moisture or water accumulates indoors, mold growth will often occur, particularly if the moisture problem remains undiscovered or un-addressed. There is no practical way to eliminate all mold and mold spores in the indoor environment; the way to control indoor mold growth is to control moisture.

Basic Mold Cleanup

The key to mold control is moisture control. It is important to dry water damaged areas and items within 24-48 hours to prevent mold growth. If mold is a problem in your home, clean up the mold and get rid of the excess water or moisture. Fix leaky plumbing or other sources of water. Wash mold off hard surfaces with detergent and water, and dry completely. Absorbent materials (such as ceiling tiles & carpet) that become moldy may have to be replaced.

The EPA publication, "A Brief Guide to Mold, Moisture, and Your Home," is available online (<http://www.epa.gov/iaq/molds/moldguide.html>) in HTML and PDF formats. This Guide provides information and guidance for homeowners and renters on how to clean up residential mold problems and how to prevent mold growth. A printed version will be available soon.

Biological Pollutants in Your Home - This document explains indoor biological pollution, health effects

of biological pollutants, and how to control their growth and build-up. One third to one half of all structures have damp conditions that may encourage development of pollutants such as molds and bacteria, which can cause allergic reactions—including asthma—and the spread of infectious diseases.

Homes and Molds

Describes corrective measures for achieving moisture control and cleanliness. This brochure was prepared by the American Lung Association and the U.S. Consumer Product Safety Commission. EPA Document Reference Number 402-F-90-102, January 1990. Moisture control is the key to mold control, the Moisture Control Section from Biological Pollutants in Your Home follows:

Moisture Control

Water in your home can come from many sources. Water can enter your home by leaking or by seeping through basement floors. Showers or even cooking can add moisture to the air in your home. The amount of moisture that the air in your home can hold depends on the temperature of the air. As the temperature goes down, the air is able to hold less moisture. This is why, in cold weather, moisture condenses on cold surfaces (for example, drops of water form on the inside of a window).

This moisture can encourage biological pollutants to grow.

There are many ways to control moisture in your home:

Fix leaks and seepage. If water is entering the house from the outside, your options range from simple landscaping to extensive excavation and waterproofing. (The ground should slope away from the house.) Water in the basement can result from the lack of gutters or a water flow toward the house. Water leaks in pipes or around tubs and sinks can provide a place for biological pollutants to grow.

Put a plastic cover over dirt in crawlspaces to prevent moisture from coming in from the ground. Be sure crawlspaces are well-ventilated.

Use exhaust fans in bathrooms and kitchens to remove moisture to the outside (not into the attic). Vent your clothes dryer to the outside.

Turn off certain appliances (such as humidifiers or kerosene heaters) if you notice moisture on windows and other surfaces.

Use dehumidifiers and air conditioners, especially in hot, humid climates, to reduce moisture in the air, but be sure that the appliances themselves don't become sources of biological pollutants.

Raise the temperature of cold surfaces where moisture condenses. Use insulation or storm windows. (A storm window installed on the inside works better than one installed on the outside.) Open doors between rooms (especially doors to closets which may be colder than the rooms) to increase circulation. Circulation carries heat to the cold surfaces. Increase air circulation

by using fans and by moving furniture from wall corners to promote air and heat circulation. Be sure that your house has a source of fresh air and can expel excessive moisture from the home.

Pay special attention to carpet on concrete floors. Carpet can absorb moisture and serve as a place for biological pollutants to grow. Use area rugs which can be taken up and washed often. In certain climates, if carpet is to be installed over a concrete floor, it may be necessary to use a vapor barrier (plastic sheeting) over the concrete and cover that with sub-flooring (insulation covered with plywood) to prevent a moisture problem.

Moisture problems and their solutions differ from one climate to another. The Northeast is cold and wet; the Southwest is hot and dry; the South is hot and wet; and the Western Mountain states are cold and dry. All of these regions can have moisture problems. For example, evaporative coolers used in the Southwest can encourage the growth of biological pollutants. In other hot regions, the use of air conditioners which cool the air too quickly may prevent the air conditioners from running long enough to remove excess moisture from the air. The types of construction and weatherization for the different climates can lead to different problems and solutions.

Should You Have the Air Ducts in Your Home Cleaned? - excerpt on duct cleaning and mold follows, please review the entire document for additional information on duct cleaning and mold.

You should consider having the air ducts in your home cleaned if:

There is substantial visible mold growth inside hard surface (e.g., sheet metal) ducts or on other components of your heating and cooling system. There are several important points to understand concerning mold detection in heating and cooling systems:

Many sections of your heating and cooling system may not be accessible for a visible inspection, so ask the service provider to show you any mold they say exists. You should be aware that although a substance may look like mold, a positive determination of whether it is mold or not can be made only by an expert and may require laboratory analysis for final confirmation. For about \$50, some microbiology laboratories can tell you whether a sample sent to them on a clear strip of sticky household tape is mold or simply a substance that resembles it. If you have insulated air ducts and the insulation gets wet or moldy it cannot be effectively cleaned and should be removed and replaced. If the conditions causing the mold growth in the first place are not corrected, mold growth will recur.

e-mail



delivery

Do You want to be the first to receive the newsletter --then send an email to:

tony_marriage@dced.state.ak.us

subject line: "e-mail delivery", no message necessary.

Alaska Real Estate Commission and Staff



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[Nancy Harris Staff, not pictured]	JEANNIE JOHNSON 1st Judicial Dist	LARRY SPENCER Member At Large	LOTTIE MICHAEL Member At Large, Chairperson		

...Highlights (continued from page 1)

A public hearing occupied the early portion of the meeting and attracted both written and oral comments from licensees whose reactions to the proposed agency disclosure regulation ranged from suggestions for simple changes in grammar and spelling to disagreements about definitions of key phrases.

Two Surety Fund claims were adjudicated during the course of the meeting. Once such a claim is filed, a hearing officer, acting as an administrative judge, presides over a hearing at which both the complainant and the licensee have an opportunity to give testimony. The hearing officer makes a recommendation to the Commission and the members render a final

decision. If the Commission decides, based on a preponderance of evidence, that the licensee has committed fraud, deceit, intentional misrepresentation or conversion of trust funds, payment can be made from the Surety Fund to reimburse the complainant's losses up to \$10,000 per transaction. The licensee will likely then be ordered to reimburse the Fund and to repay the costs of hearing. So far this fiscal year, the Commission has received 13 Surety Fund complaints.

The members adopted an adjustment to the Residential Real Property Transfer Disclosure Statement, commonly known as the "disclosure statement." The change results from legislative

amendment of AS 34.70.050, and involves the responsibility of the transferee (buyer) to discover agriculture operations existing in the vicinity of a property that is the subject of the transferee's real estate transaction. Licensees will need to begin using the new statement form in the coming months. Once it is effective, copies of the new form will appear on the Commission's website.

The next Alaska Real Estate Commission Meeting will be held on June 5th and 6th, 2003 in Fairbanks.



...Your CE

(continued from page 1)

ment, Community Association Management, or Commercial Sales will have a complete set of approved courses by January.

No ECE course may be substituted for DCE credit even though the topic area may be similar. Also be aware that CE credit hours may not be accrued by taking the same course, or a different course covering the same subject matter, more than once during a licensing period.

A list of Commission approved courses was included in the previous issue of this newsletter and is available on our web page (see address at the foot of this page). The online copy is updated month-

ly. The list identifies courses that will satisfy the January 2004 license renewal requirements. Additional courses will be added to the list as the year progresses. By starting now, however, you can choose topics more practical for you than might be available during the last two weeks of January 2004.

You may also earn elective credit if you complete a class that is a course required for a national designation, such as CCIM, CRB, MAI, or CPM. The course must be sponsored by the national organization awarding the designation, and taught by one of their approved instructors. These courses do not appear on the list; however, they are automatically ap-

proved for credit according to AS 08.88.091(f)(1). The Commission office maintains a list of the required courses for most professional real estate designations. You can increase your odds of having them approved if you confirm the designation requirements with the national organization or through visiting their website—be sure to keep this information for audit time.

You may also earn elective credit for a real estate related college course. The college must be accredited in real estate and provide a syllabus of the course, to determine allowable credit hours. You must provide an official transcript of the course you successfully completed.

A Real Estate Office is A Real Estate Office is A Real Estate Office

The Real Estate Commission does not make a distinction between a referral office and other real estate brokerage offices. An active licensee of a referral office is subject to the same statutes and regulations as any other person who holds an Alaska real estate license.

The confusion arises because referral status can modify the relationship a licensee enjoys with his/her broker. It is possible, too, that membership in various multiple listing services will be changed by attachment to a referral office. Licensees who wish to confine their activities to referral should check with both the broker and the MLS, not the Commission office, to determine how their working relationships with each will be affected.

Keep Current

CHANGE OF ADDRESS

You are responsible for notification in writing of any change in your address.

Send your changes to:

Fax: (907) 269-8196

Mail:

Alaska Real Estate Commission
550 West 7th Ave, Suite 1500
Anchorage, AK 99501-3567

Know Your Regs

INACTIVE STATUS

When an individual places his/her license in inactive status, that person may not engage in any activity that requires a Real Estate license.

Brokers are reminded that referral fees cannot be paid to licensees who are inactive. Be careful to check the status of those who refer prospects to you before you pay or otherwise reward them for their service.

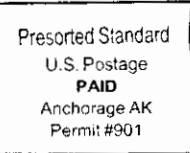
Be Prepared For The CE Audit

The Real Estate Commission web site www.dced.state.ak.us/occ/prec.htm includes current lists of both certified instructors and approved continuing education courses. These lists provide the information you need to verify that the certificate you received for Real Estate CE will be valid for your license renewal, due January 31, 2004. Be sure to confirm all your certificates—many times instructors or course sponsors assume a course is valid when it has not been reviewed and approved by the REC office. What you must remember is that YOU may be audited, not the instructor, not the course sponsor. Please verify all courses through the web site or by calling our office (269-8168).

The lists are on the web site, under the subheading "Education Applications and Documents."

Ten Things You Should Know About Mold

1. Potential health effects and symptoms associated with mold exposures include allergic reactions, asthma, and other respiratory complaints.
2. There is no practical way to eliminate all mold and mold spores in the indoor environment; the way to control indoor mold growth is to control moisture.
3. If mold is a problem in your home or school, you must clean up the mold and eliminate sources of moisture.
4. Fix the source of the water problem or leak to prevent mold growth.
5. Reduce indoor humidity (to 30-60%) to decrease mold growth by: venting bathrooms, dryers, and other moisture-generating sources to the outside; using air conditioners and de-humidifiers; increasing ventilation; and using exhaust fans whenever cooking, dishwashing, and cleaning.
6. Clean and dry any damp or wet building materials and furnishings within 24-48 hours to prevent mold growth.
7. Clean mold off hard surfaces with water and detergent, and dry completely. Absorbent materials such as ceiling tiles, that are moldy, may need to be replaced.
8. Prevent condensation: Reduce the potential for condensation on cold surfaces (i.e., windows, piping, exterior walls, roof, or floors) by adding insulation.
9. In areas where there is a perpetual moisture problem, do not install carpeting (i.e., by drinking fountains, by classroom sinks, or on concrete floors with leaks or frequent condensation).
10. Molds can be found almost anywhere; they can grow on virtually any substance, providing moisture is present. There are molds that can grow on wood, paper, carpet, and foods.



The next regular meeting of the Alaska Real Estate Commission will be in Fairbanks, June 5-6, 2003.

Observations Of A Licensing Examiner—by Nancy Harris

According to 12 ACC 64.075 and AS 08.88.251, all original license certificates need to be signed and dated when turned in to the Real Estate Commission. When a licensee is transferring or inactivating their license, their original license certificate needs to be signed and dated on the face of the license certificate by the terminating broker and turned in to the Real Estate Commission.

If a licensee cannot be located and their broker is terminating their license, the broker needs to sign and date the original license certificate, complete the Terminating Broker Notice to the Real Estate Commission and turn in both items to the Commission.

Anytime a change to a license certificate is required,

the terminating broker (or employing broker in the case of an office or name change) must sign and date the front of the certificate before returning it to the Commission.

Prior to a change of status for an active licensee, such as a licensee transfer, a change of broker, an office name change, or a change of legal name, the broker will make a photocopy of the signed and dated original license certificate and provide that copy to the licensee. The licensee can use this copy of the original license certificate as a valid license for up to 30 days or until they receive their updated license certificate, whichever comes first.

In the absence of the broker only the authorized associate broker can sign a licensee's certificate. All changes are

processed according to the date received of a broker's signed and dated license; therefore, if a license certificate is not signed or dated when received a delay in processing can occur, and that in turn may cause a break in service for the licensee(s).

Please be careful to read all instructions on applications before turning them in to our office. If you are not sure that you have the most current form or fees list, please check our Internet web page at:

www.dced.state.ak.us/occ/prec.htm.

Note: RENEWAL forms and fee information will not be available until sometime in NOVEMBER. Please be patient. As soon as we have that information we will let you know.