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## **Law and Rule Required Course “LARRC” 2016-2017**

### **A Required Continuing Education Course for Real Estate Licensees Course Outline for Courses Offered January 1, 2016 to December 31, 2017**

#### **Overview**

All real estate licensees who want to renew an active license are required to take a three-hour continuing education course on recent changes in real estate rule and law approved by the Oregon Real Estate Board. (ORS 696.174 and OAR 863-022-0055) The course covers important real estate statutes in ORS chapter 696 and the Real Estate Agency administrative rules in OAR chapter 863 along with changes to real estate related laws. The course is called the Law and Rule Required Course or “LARRC.” The Board-approved course content and learning objectives begins on page 3.

The following information is provided in this document:

- Information for licensees
- Information for continuing education providers, including requirements for instructors
- Board-approved course content and learning objectives for LARRC

The Board-approved course content and learning objectives must be used by certified continuing education providers who offer the LARRC course from January 1, 2016 through December 31, 2017. The course content and learning objectives are posted on the Agency’s website, [www.oregon.gov/rea](http://www.oregon.gov/rea).

#### **Information for Licensees**

All active real estate licensees must take the three-hour LARRC course from a certified continuing education provider prior to the licensee’s renewal date. The LARRC course is part of the required minimum 30 hours of continuing education for license renewal (ORS 696.174 and OAR 863-020-0010). During the license renewal process, all real estate licensees must certify that they have taken this course and met all other continuing education requirements (OAR 863-014-0050 and OAR 863-024-0050).

A real estate licensee must maintain the licensee’s own continuing education records through eLicense. The licensee must list this course as “Law and Rule Required Course 2016-2017” (OAR 863-020-0015).

#### **Important:**

- A real estate broker renewing a real estate license for the first time must take the 27-hour Broker Advanced Practices course in addition to the required three-hour LARRC course.
- A property manager renewing a real estate license for the first time must take the 27-hour Property Manager Advanced Practices in addition to the required three-hour LARRC course.

#### **Information for Certified Continuing Education Providers**

Only certified continuing education providers who have notified the Real Estate Agency through eLicense that they offer the LARRC course may offer LARRC. Only the Board-approved course content and learning objectives may be used for a LARRC course offered from January 1, 2016 through December 31, 2017. The course content, subjects and learning objectives are posted on the Agency’s website.

LARRC requirements for certified continuing education providers:

- As part of the initial certification application or updates to certification information, the course

provider must inform the Real Estate Agency through eLicense that it will offer the LARRC course. The provider must update their account in eLicense before offering or advertising the LARRC course. The Agency will post this information on its website under the certified continuing education provider information. (OAR 863-020-0030)

- Certified continuing education providers must use the attached course outline and learning objectives to develop their 2016-2017 LARRC course.
- On all documents relating to the course, including course offerings and certificates of attendance, the name of the course must be: “Law and Rule Required Course 2016-2017.”
- The course must be a minimum of three hours in length. A continuing education provider or course instructor may allow a break of no more than 10 minutes as part of each hour of instruction.
- The course may be offered in any format, including classroom or on the internet.
- A qualified course instructor must teach the course. Certified continuing education providers must ensure the instructor is qualified to teach the course. A provider must also ensure that the instructor completes and signs a form that includes the instructor’s qualifications. The “Continuing Education Instructor Qualifications Form” is found on the Agency’s website. The Agency does not certify instructors.

Although it is not required, certified continuing education providers should consider asking participants to submit a course and instructor evaluation.

### **Required Course Subjects**

The LARRC course has four required course subjects:

- Clients’ Trust Accounts
- Advertising under OAR 863-015-0125
- Common areas of non-compliance by licensees
- Initial Agency Disclosure Pamphlet under OAR 863-015-0215

Learning objectives are provided for the required topics. The required topics have been selected based on input from the Oregon Real Estate Agency staff and stakeholders. Topics covered under this section are areas of new law that the Agency has jurisdiction over or areas where the Agency finds that licensees commonly make errors. The overall goal of the course is to inform licensees of new requirements and avoid non-compliance issues that can jeopardize their license.

### **Board-Approved LARRC Additional Course Subjects**

In addition to the required course subjects, a certified continuing education provider may include as part of the three-hour course:

- Specific Board-approved 2015 Oregon legislation
- One or more Board-approved additional course topics.

The provider must develop learning objectives for Board-approved LARRC additional course subjects. The details on these course subjects are listed below under “Board-Approved LARRC Additional Course Subjects.”

**2016-2017**  
**Law and Rule Required Course (“LARRC”)**  
**Course Subjects and Learning Objectives**  
**Effective January 1, 2016 through December 31, 2017**

**LARRC Required Course Subjects**

**Course Subject: Clients’ Trust Accounts**

**General:**

- Overview of ORS 696.241, ORS 696.245, OAR 863-015-0250 through 863-015-0275, OAR 863-025-0025 through 863-025-0065 and OAR 863-025-0080.
- Instructor must review at least one recent administrative action relating to clients’ trust accounts. Recent administrative actions can be found in issues of the *Oregon Real Estate News-Journal*.
- Instructor must spend at least 20 minutes on this topic. (Note to instructor: See the February 2015 issue of the *Oregon Real Estate News-Journal* for more information.)

**Learning Objectives:** Upon completion of this course subject the licensee will be able to:

- Define “trust funds” under ORS 696.241 as money belonging to others that is received or handled by a licensed real estate property manager or principal real estate broker in the course of conducting professional real estate activity and in the real estate licensee’s fiduciary capacity.
- Describe who can open a clients’ trust account and who must open a clients’ trust account.
- Explain that clients’ trust accounts must be opened and maintained in the state of Oregon.
- Explain that a licensed real estate property manager or a principal real estate broker who engages in the management of rental real estate must open and maintain at least one clients’ trust account.
- Explain that a principal broker or licensed real estate property manager must notify the Agency using eLicense within 10 business days if a clients’ trust account is opened, closed or transferred.
- Describe the process for opening and closing a clients’ trust account through eLicense.
- Describe how to correctly name a CTA.
- Explain the requirements of the Notice of Clients’ Trust Account form, including who must sign it and record keeping requirements.
- Explain who may be a signer on a clients’ trust account.
- Describe record keeping requirements for clients’ trust account records.
- Describe the type of funds that may be held in a clients’ trust account.
- Describe what is required in order to disburse funds from a clients’ trust account.
- Describe the requirements to transfer funds from an owners’ ledger account to one or more different owners’ ledger accounts.
- Describe the components of a 3-way reconciliation and how often a reconciliation must be performed.
- Explain that the Agency conducts random audits of clients’ trust account reconciliations and violations may result in administrative action including license revocation.

## **Course Subject: Advertising**

Advertising requirements under OAR 863-015-0125.

**Learning Objectives:** Upon completion of this course subject the licensee will be able to:

- Explain the terms "advertising" and "advertisement" includes all forms of representation, promotion and solicitation disseminated in any manner and by any means for any purpose related to professional real estate activity, including, without limitation, advertising by mail; telephone, cellular telephone, and telephonic advertising; the Internet, E-mail, electronic bulletin board and other similar electronic systems; and business cards, signs, lawn signs, and billboards.
- Explain the use of a "common derivative" of a licensee's first name and the licensee's licensed last name when advertising and describe how this relates to nick names (Note: All licensees must be licensed using their legal name.)
- Explain that the licensed name or registered business name of the principal real estate broker or property manager must be prominently displayed, immediately noticeable, and conspicuous in all advertising including social media and internet advertising.
- Explain the review and approval requirements for all forms of advertising and when the approval must be obtained.
- Explain the record keeping requirements of all advertising.
- Explain the requirements for advertising in electronic media and by electronic communication, including but not limited to Internet, web pages, e-mail, e-mail discussion groups, blogs, and electronic bulletin boards.
- Explain that a licensee may use the term "team" or "group" to advertising if:
  - The use of the term does not constitute the unlawful use of a trade name and is not deceptively similar to a name under which any other person is lawfully doing business;
  - The team or group includes at least one real estate licensee;
  - The licensee members of the team or group are associated with the same principal broker or property manager;
  - The licensee members of the team or group use each licensee's licensed name (Note: Use either the licensee's licensed name or a common derivative of the licensee's first name and the licensee's licensed last name.);
  - If any non-licensed individuals are named in the advertising, the advertising must clearly state which individuals are real estate licensees and which ones are not; and
  - The advertising complies with all other applicable provisions of ORS chapter 696 and its implementing rules, including review and approval requirements.

## **Course Subject: Common areas of non-compliance with laws and rules regarding licensing and continuing education**

The learning objectives in this course subject list the most common areas of non-compliance on licensing and continuing education issues under ORS 696 and OAR 863, by real estate licensees.

**Learning Objectives:** Upon completion of this course subject the licensee will be able to:

- Explain that to renew an active license, a real estate licensee must complete a minimum of 30 hours of real estate continuing education courses that are eligible for credit during the two years preceding the renewal, and that the 30 hours must include:
  - At least three hours in a course on recent changes in real estate rule and law (LARRC) approved by the Real Estate Board; and
  - If a broker licensee is renewing an active license for the first time, an advanced course in real estate practices approved by the Agency must be completed. The 27-hour course is titled "Broker Advanced Practices."

- If a property manager licensee is renewing an active license for the first time, an advanced course in property management approved by the Agency must be completed. The 27-hour course is titled “Property Manger Advanced Practices.”
- Explain that a licensee must maintain the licensee’s own records of continuing education through eLicense on the Real Estate Agency’s website. Information the licensee must provide includes:
  - The date, name and length of time of each course attended;
  - The name of the real estate continuing education provider that offered the course;
  - The name of the instructor who taught the course; and
  - Any other information that the agency requires by rule.
- Explain that active licensees may record continuing education hours in eLicense any time during their renewal period or input continuing education hours at time of renewal.
- Explain that a licensee must maintain all certificates of completion that the licensee received from a continuing education provider.
- Explain that a licensee may only take continuing education from a certified continuing education provider.
- Explain that a list of continuing education providers is available on the Real Estate Agency’s website. (Note to instructor: The Agency is launching a new website soon, so verify how to access the list to ensure proper instructions are given to licensees.)
- Explain that the Agency does not have an exception process for accepting a CE course that may be approved for license renewal in another state (e.g. California) or for another license type (e.g. Oregon appraiser license). (Note: The licensee must contact the other state or licensing entity to see if they have an exception process.)
- Explain that a licensee may only renew a license online. A licensee must complete a license renewal application and pay the fee using an online application process, which is available on the Agency’s website.
- Explain that a real estate licensee’s license expires if a licensee fails to renew the license on or before the license expiration date and that a real estate licensee may not engage in any professional real estate activity after a license expires. An expired license retains the status of expired during the expiration period.
- Explain that if an active license expires, and then is renewed late, the license becomes unassociated from the principal broker, property manager or registered business name. The principal broker or property manager must transfer the license back to the principal broker or property manager in eLicense for the license to be active. An expired license renewed by completing the renewal procedures expires two years from the date of the original expiration date.
- Explain that under OAR 863-014-0062, each licensee must maintain on file with the Agency a current mailing address and email address. The licensee must notify the Agency within 10 calendar days of a change to a mailing or email address. Non-compliance with this rule may result in an administrative action.
- Explain that the Real Estate Agency sends renewal and most other notifications to licensees by e-mail only. Licensees are responsible for managing their email address changes and other information using eLicense.
- Demonstrate how to stay current on law changes that affect their license. It is imperative that licensees stay current on law changes that may affect their license, such as record keeping requirements for continuing education. A licensee is responsible for being informed on changes to laws, rules and licensing procedures. The Real Estate Agency offers e-mail subscription services for the Oregon Real Estate News-Journal and the Administrative Rules Updates which keeps licensees and interested members of the public informed by the Real Estate Agency. A person may subscribe to these services at <http://state.us1.list-manage.com/subscribe?u=44efea44af612e9b6da74375&id=617c10f40d> and <http://state.list-manage.com/subscribe?u=44efea44af612e9b6da74375&id=72af498317>.

**Course Subject: Initial Agency Disclosure Pamphlet Rule under OAR 863-015-0215**

[Sample Initial Agency Disclosure Pamphlet](#)

**Learning Objectives:** Upon completion of this course subject the licensee will be able to:

- Define that “first contact” means at the time the agent has sufficient contact information about a person to be able to provide an initial agency disclosure pamphlet to that person. Contact with a person includes, but is not limited to contacts in person, by telephone, over the Internet, by electronic mail, or by similar methods.
- Explain the ways the Initial Agency Disclosure Pamphlet can be provided to a potential client.
- Explain that the licensee may either use the Agency’s sample pamphlet or create their own that meets the requirements of the rule.

## Board-Approved LARRC Additional Course Subjects

### Optional Course Subjects

In addition to the required course subjects listed above, a certified continuing education provider may include the following subjects:

- Specific 2015 Oregon legislation as part of the three-hour course
- One or more Board-approved additional course subjects as part of the three-hour course.

### 2015 Oregon Legislation

These course subjects are optional. A certified continuing education provider may choose to cover any of the following subjects. The continuing education provider must develop learning objectives for each subject offered.

- [Senate Bill 252](#). Exempts Department of Veteran's Affairs from the requirement to hold a resolution conference prior to foreclosure.
- [Senate Bill 367](#). Makes purchaser at execution sale of real property in planned community or condominium community solely liable for assessments imposed against real property during redemption period. Requires claimant who redeems real property sold at execution sale to repay assessments, with interest, that are imposed during redemption period and paid by purchaser.
- [Senate Bill 368](#). Requires sheriff to deliver proceeds of execution sale to court administrator. Permits judgment creditor in foreclosure suit to bid for foreclosed property at foreclosure sale by paying, among other fees and costs, amount that exceeds full amount of money award if judgment includes money award, or amount declared in judgment for judgment that does not include money award. Specifies that judgment creditor's bid for foreclosed property may not exceed full amount owing on money award in judgment that includes money award or amount declared in judgment for judgment that does not include money award. Provides that judgment to foreclose residential trust deed may not include money award for amount of debt against grantor, successor in interest or another person obligated on note, bond or other obligation in specified circumstances. Requires judgment in suit to foreclose lien to include declaration of amount of debt lien secures and, if plaintiff requests in complaint, money award against lien debtor. Declares emergency, effective on passage.
- [Senate Bill 390](#). Modifies provisions affecting landlord and tenant relations. Allows fees to be charged for service and companion animal clean up.
- [Senate Bill 402](#). Permits Affiant in Small Estate to open an account to pay bills.
- [Senate Bill 879](#). Exempts individual from requirement to obtain mortgage loan originator's license if individual as seller during any 12-month period offers or negotiates terms for not more than three residential mortgage loans that are secured by dwelling unit that individual owns or that limited liability company of which individual is member owns and that did not serve as individual's residence if membership in limited liability company consists only of individual and individual's relatives, if individual and limited liability company do not advertise that limited liability company engages in business of making residential mortgage loans and if individual complies with other requirements. Exempts from requirement to obtain mortgage loan originator's license to perform activities of mortgage loan originator attorney who negotiates terms of residential mortgage loan in attorney's representation of client that buys or sells dwelling unit from requirement to obtain mortgage loan originator's license in order to perform activities of mortgage loan originator.
- [House Bill 2083](#). Affects 5 year time from purposes of establishing homestead.
- [House Bill 2127](#). Requires filing of certificate of taxes paid when exempt property conveyed to non-exempt status.
- [House Bill 2463](#). Authorizes State Lands to seize abandoned/derelict structures on state owned submerged and submersible land.
- [House Bill 2532](#). Requires lender, or agent or affiliate of lender, in any advertisement or communication intended as inducement to apply for or enter into reverse mortgage to include summary of certain provisions of reverse mortgage contract. Specifies persons that are exempt

- from requirement. Becomes operative January 1, 2016. Declares emergency, effective on passage.
- [House Bill 2585](#). Modifies authority granted to owner of lot in planned community or unit in condominium to install and use electric vehicle charging station for personal, noncommercial use. Declares charging station to be personal property of owner of lot or unit unless different result is negotiated between parties. Declares emergency, effective on passage.
- [House Bill 2599](#). Prohibits public utility from terminating electric or natural gas service to certain customers under certain circumstances.
- [House Bill 2629](#). Requires owners of rental property subject to federal rural rental housing loans to provide at least one year's notice of date of maturity of loans to tenants, Housing and Community Services Department, housing authorities and local governments. Requires owners of rental property subject to federal rural rental housing loans to provide at least one year's notice of date of maturity of loans to tenants, Housing and Community Services Department, housing authorities and local governments. Provides that owners' failure to provide notice entitles tenants to continue residing on rental properties for up to one year after date of maturity of loans without increase in rent.
- [House Bill 3244](#). Provides that borrower or borrower's agent may rely on lender's payoff statement and, if paid in accordance with statement prevents lien from continuing to attach to property.
- [House Bill 3488](#). Exempts specified instruments that condition transfer of fee simple interest in real property from prohibition on fee, commission or other payment to declarant or other person upon transfer of interest in real property. Requires for exemption that proceeds of fee, commission or payment directly benefit property subject to instrument or support activities that directly benefit residents of property subject to instrument and that certain entities execute instrument. Requires for exemption that proceeds of fee, commission or payment directly benefit property subject to instrument or support activities that directly benefit residents of property subject to instrument and that certain entities execute instrument.

### **Additional Course Subjects Approved by the Real Estate Board**

These course subjects are optional. A certified continuing education provider may choose to cover any of the following subjects. The continuing education provider must develop learning objectives for each subject offered.

- Measure 91: Marijuana in Oregon and how it affects real estate
- TRID (TILA/RESPA Integrated Disclosures)
- eLicense (the Agency's online electronic licensing program)
  - [Adding or removing clients trust accounts](#)
  - [Inactivating your license](#)
  - [Changing your address and phone number](#)
  - [Changing your legal name](#)
  - [Transferring in and inactivating a licensee](#)
  - [Renewing your license](#)
- Review of recent administrative actions taken against licensees found in the [Oregon Real Estate News Journal](#).
- Any division of Oregon Administrative Rules, chapter 863.
- Difference between statutes and rules.
- Handling funds on behalf of others, such as promissory notes, requirements to send earnest money to escrow, and refunds of earnest money from escrow.
- Role of the Oregon Real Estate Agency, including 1) education and examination for brokers, principal brokers and property managers; 2) licensing and regulation of real estate principal brokers, brokers, property managers and escrow and escrow agents; 3) regulation of condominiums, timeshare and campground registrations, real estate marketing organizations, out

of state subdivisions, certain manufactured dwelling subdivisions; and 4) investigation of complaints against licensees and escrow agents, and unlicensed professional real estate.

**Instructions for Continuing Education Providers:** Continuing education providers are required to present the required course subjects and learning objectives to students. A provider may also present the Board-approved LARRC additional course subjects to create a course that provides the required subjects and has additional course subjects that focus on a particular interest of certain licensees.

For example, a certified continuing education provider could create a LARRC course for property managers that might include:

- The required CTA topics (including more detailed information on CTA's pertaining to property managers)
- The required advertising topics
- The required common areas of non-compliance by licensees
- The required initial agency disclosure pamphlet topic
- The Board-approved additional course subject covering 2015 legislation that impacts landlord-tenant laws
- The Board-approved additional course subject covering a review of OAR Chapter 863, Division 25 for property managers

Or a certified continuing education provider could develop a LARRC course for principal brokers that might include:

- The required CTA topics (including a more detailed information on CTA's pertaining to principal brokers)
- The required advertising topics
- The required common areas of non-compliance by licensees
- The required initial agency disclosure pamphlet topic
- Detailed information on registered business names (RBNs)
- Information on subsidiary and affiliate registered business names under ORS 696 and OAR 863
- Supervision of licensees, including CE requirements for licensees renewing active for the first time.
- eLicense (the Agency's online electronic licensing program)
  - [Adding or removing clients trust accounts](#)
  - [Inactivating your license](#)
  - [Changing your address and phone number](#)
  - [Changing your legal name](#)
  - [Transferring in and inactivating a licensee](#)
  - [Renewing your license](#)

**IMPORTANT:** If a provider chooses to create a course tailored to a specific licensee or professional real estate activity, the certificate issued to the licensee *must* follow requirements under OAR Chapter 863, Division 20 by listing the title of the course and the eligible course topic as "Law and Rule Required Course 2016-2017."