



# Oregon

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## Real Estate Agency

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## Law and Rule Required Course 2018-2019

For courses offered January 1, 2018 to December 31, 2019

### OVERVIEW

This document provides the course content for the 3-hour Law and Rule Required Course (LARRC) approved by the Oregon Real Estate Board. All real estate licensees must take and complete LARRC from a certified continuing education provider to meet the requirement to take a 3-hour continuing education course on recent changes in real estate rule and law found in ORS 696.174.

This document will be posted on the Oregon Real Estate Agency's website at [www.oregon.gov/rea](http://www.oregon.gov/rea).

### HOW TO OFFER LARRC

A Certified Continuing Education Provider must meet all the [requirements and responsibilities of a LARRC provider](#), including:

- Notifying the Oregon Real Estate Agency by logging in to your eLicense account if you have not done so before.
- Developing your LARRC course using this document.
  - Use the written learning objectives for the required course topics.
  - Write your own learning objectives for the optional topics that you may choose to include in your LARRC course.
- Ensuring that your LARRC course will take each licensee a minimum of 3 hours to complete. A break of no more than 10 minutes per hour of instruction may be allowed.
- Making sure your advertising and certificates of attendance indicate name of the course as the "Law and Rule Required Course 2018-2019." You may also use the abbreviation "LARRC" in addition to the full name of the course.
- Confirming that you have a completed and signed [Continuing Education Instructor Qualification Form](#) for each instructor teaching the course.
- Maintaining records as required in [OAR 863-020-0055](#).

### COURSE CONTENT

The LARRC course content approved by the Oregon Real Estate Board has required course topics and optional course topics.

#### Required topics

The required topics were developed from changes made to Oregon Revised Statute 696 and Oregon Administrative Rule 863, as well as input from Board, the Oregon Real Estate Agency staff, and other stakeholders. Learning objectives have been provided.

## Optional topics

The optional topics were compiled from legislation passed in the 2017 session that the Board determined may have an effect on real estate licensees in Oregon. Additionally, other topics were added that the Board feels may benefit real estate licensees. The topics were developed with input from the Board, the Oregon Real Estate Agency staff, and other stakeholders.

Each continuing education provider is responsible for making sure that learning objectives are developed for each of the optional topics that the provider chooses to include in the LARRC offered by the provider.

### *Special Interest LARRC Classes*

Certified continuing education providers may offer LARRC classes aimed at a specific type of licensee. Such classes must contain the required course topics, but may focus on optional topics approved by the Board that have a particular interest to licensees who manage rental real estate or are responsible for Registered Business Names.

There is no requirement to offer such a course; the decision to offer a special interest LARRC course would be a business decision made by the provider.

A provider who chooses to create such a class must still name it on advertising and the certificates of attendance as "Law and Rule Required Course 2018-2019."

# Law and Rule Required Course (LARRC)

## Required Topics

Effective January 1, 2018 through December 31, 2019

### CHAPTER 234, OREGON LAWS 2017 (SENATE BILL 67)

<https://olis.leg.state.or.us/liz/2017R1/Downloads/MeasureDocument/SB67>

#### Overview:

Senate Bill 67, filed by the Governor on behalf of the Oregon Real Estate Agency, amended Oregon Revised Statute 696. This resulted in a review of and revisions to the administrative rules administered by the Agency. If the law implemented a change to rule, the resulting course content will be addressed in the “Oregon Administrative Rules Chapter 863” section.

The required content will only address items in this law that are pertinent to a real estate licensee conducting professional real estate activity or maintaining a real estate license.

#### Learning Objectives:

Upon completion of this course section the licensee will be able to:

Overall:

- Explain that the law is effective on January 1, 2018.

Section 2:

- Understand that the suspension or revocation of a principal broker or property manager’s license does not cause the suspension or revocation of any of the principal broker or property manager’s associated licensees unless it is determined by the Commissioner that an associated licensee had knowledge of the violation.

Section 3 (Amends ORS 696.010):

- Define “Business day.”
- Define “Commingling” and explain how commingling can place clients’ funds at risk.
- Explain that the definition of “Management of Rental Real Estate” has changed so that a licensed real estate property manager is limited to representing of a tenant or prospective tenant only when the property manager has a property management agreement with the owner of the property for lease or rent.

Section 5 (Amends ORS 696.026):

- Understand that Registered Business Names must be renewed annually.
- Explain the consequences if a Registered Business Name is not renewed, and the fee not paid, by the expiration date.
- Explain that each Registered Business Name must have an identified responsible principal broker or licensed property manager.
- Describe the responsibilities of the licensee responsible for a Registered Business Name per subsection (1)(d).

Section 7:

- Explain that an individual listed in ORS 696.030 may not make a demand for the compensation of a real estate licensee under ORS 696.290.

Section 15 (Amends 696.241)

- Understand that the clients' trust account information previously required to be provided to the Agency under ORS 696.241(4) has been moved to ORS 696.245.
- Explain under what circumstances earned compensation may be held in a clients' trust account.

Section 17 (Amends 696.245)

- Explain that the new combined Notice of Clients' Trust Account and Authorization to Examine form requires that the principal broker or property manager is used to notify the bank that:
  - The account is a clients' trust account.
  - The Commissioner is authorized to obtain information concerning the clients' trust account upon request.

Section 19:

- Explain that an individual listed in ORS 696.030 may not make a demand for the compensation of a real estate licensee under ORS 696.290. Explain that a real estate licensee who shares compensation with an individual listed in ORS 696.030 risks administrative action by the Agency.

Section 21 (Amends ORS 696.310)

- Explain the contents of a written supervisory agreement that must be executed when two or more principal brokers, or two or more licensed property managers, work together under the same Registered Business Name.

## CHAPTER 193, OREGON LAWS 2017 (SENATE BILL 68)

<https://olis.leg.state.or.us/liz/2017R1/Downloads/MeasureDocument/SB68>

### Overview:

Senate Bill 68, also filed by the Governor on behalf of the Oregon Real Estate Agency, updates the Agency's fee schedule significantly for the first time in 20 years.

The required content will only address items in this law that are pertinent to a real estate licensee conducting professional real estate activity or maintaining a real estate license.

### Learning Objectives:

Upon completion of this course section the licensee will be able to:

Overall:

- Explain that the law is effective January 1, 2018.

Section 1 (Amends ORS 696.270):

- Explain that the renewal fee for an active broker, principal broker, or property manager licenses is \$300.
- Explain that the renewal fee for an inactive broker, principal broker, or property manager license is \$150.

- Explain that the fee to renew a real estate license late, which is in addition to the increased renewal fee, is \$150.
- Explain that the Registered Business Name fee is \$300.
- Explain that the new annual fee to renew a Registered Business Name is \$50.

## OREGON ADMINISTRATIVE RULE CHAPTER 863

### Overview:

The Oregon Real Estate Agency, with the assistance of the Oregon Real Estate Board and other stakeholder, reviewed and revised OAR 863.

The required content will only address changes to the rules that are pertinent to a real estate licensee conducting professional real estate activity or maintaining a real estate license.

To access a copy of the redline version of the Agency's 2017 Proposed Rules, please visit the following link:

<http://www.oregon.gov/rea/Documents/Rulemaking-Redline.pdf>

### Learning Objectives:

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

Overall

- Explain the rule is effective January 1, 2018.

OAR 863-014-0063

- Explain the condition under which a broker or principal broker who transfers to a new Registered Business Name may continue to work on a real estate transaction started under the old Registered Business Name.

OAR 863-014-0075 & OAR 863-024-0075

- Explain what happens if an individual with a suspended license exceeds the expiration date or requests that the license be reissued.

OAR 863-014-0095 & OAR 863-024-0095

- Explain Registered Business Name expiration term.
- Understand that Principal Broker Licensed Names and Property Manager Licensed Names no longer exist and that all professional real estate activity must be conducted under Registered Business Names.

OAR 863-014-0097 & OAR 863-024-0097

- Explain the Registered Business Name renewal requirements.
- Explain what happens to real estate licensees working for a Registered Business Name if the Registered Business Name is not renewed on or before the expiration date.

OAR 863-015-0092

- Understand that the content of this new rule came from the previous rule OAR 863-015-0081.
- Explain that the clients' trust account "mail-in audits" were renamed to "reconciliation mail-in review."

- Understand the current process for a reconciliation mail-in review as reflected in the updated rule.

OAR 863-015-0135

- Explain that administrative rule requires that addendums and amendments be in writing.

OAR 863-015-0145

- Explain that the requirement to disclose the real estate licensee's licensed status during a personal real estate transaction is limited to transactions in this state.

OAR 863-015-0150

- Explain that, in the case where a broker is handling the closing of a real estate transaction, the required written authorization from the principal broker must now be maintained in the transaction file.

OAR 863-015-0186

- Understand that section (8) was deleted because:
  - This rule does not deal with the management of rental real estate.
  - Residential Landlord and Tenant Laws in ORS 90, as well as contract law, is outside the scope and authority of the Agency.

OAR 863-015-0188

- Understand that this rule was deleted because it conflicted with ORS 696.582

OAR 863-015-0200

- Explain the changes made to the Final Agency Acknowledgement form.

OAR 863-015-0250

- State the timeframe in which a broker must turn in the documents to the broker's principal broker.

OAR 863-015-0255

- Understand that the original rule was separated into 3 rules to make it easier to read.
- Explain a principal broker's requirements for notifying the Agency when opening a clients' trust account, including:
  - Timeframe
  - Form needed
  - Process
- Explain the principal broker's requirements for notifying the Agency when closing a clients' trust account, including:
  - Timeframe
  - Process
- Explain that principal brokers now have the option of using the shorter phrase "Client Trust Account" on checks used to disburse funds from a clients' trust account.

OAR 863-015-0257

- Understand that this new rule came from previous OAR 863-015-0255.

- Explain the conditions under which a check that is made payable to a seller may be delivered directly to seller without needing to be deposited into a clients' trust account first.
- Explain when a check made payable to a seller must be delivered to the seller.

OAR 863-015-0259

- Understand that this new rule came from previous OAR 863-015-0255.
- Explain, per section (2), the required recordkeeping needed for checks made out to the seller and delivered directly to the seller.

OAR 863-015-0265

- Understand that the provision in the old rule that said it allowed a principal broker to put funds into a clients' trust account to keep it open was deleted because it conflicted with statute. Such a practice would be commingling, which is not allowed.

OAR 863-020-0007

- Explain that the continuing education credit hours issued by a certified continuing education provider must be based on the time it takes the licensee to complete the course.
- Explain that a certified continuing education provider must notify a licensee the length of time it will take to complete the course before the course begins.

OAR 863-020-0035

- Explain that continuing education can only be taken online or in a classroom.

OAR 863-025-0015

- Explain that delegation of a property manager's authority found in the new section (5) must include the signature of the individual receiving the authority.

OAR 863-025-0025

- Understand that the original rule was separated into 3 rules to make it easier to read.
- Explain a property manager's requirements for notifying the Agency when opening a clients' trust account, including:
  - Timeframe
  - Form needed
  - Online process
- Explain the property manager's requirements for notifying the Agency when closing a clients' trust account, including:
  - Timeframe
  - Online process
- Explain that property managers now have the option of using the shorter phrase "Client Trust Account" or "Client Trust Account SD" on checks used to disburse funds from a clients' trust account or clients' trust account security deposit account respectively.

OAR 863-025-0027

- Understand that this new rule came from the previous OAR 863-025-0025.

OAR 863-025-0028

- Understand that this new rule came from the previous OAR 863-025-0025.

OAR 863-025-0045

- Explain the required components of a tenant or lease agreement.
- Explain that the property manager must deliver a legible copy of the tenant agreement, with any addenda or amendments, to the tenant.

OAR 863-025-0065

- Explain how a check made out to the property owner can be transmitted directly to the property owner.
- Explain when such a check made payable to a property owner must be delivered to the property owner.
- Explain, per section (3), the required information needed for checks made out to the property owner and delivered directly to the property owner.

OAR 863-025-0090

- Understand that the content of this new rule came from the previous rule OAR 863-025-0080.
- Explain that the clients' trust account "mail-in audits" were renamed to "reconciliation mail-in review."
- Understand the current process for a reconciliation mail-in review as reflected in the updated rule.

# Law and Rule Required Course (LARRC)

## Optional Topics

Effective January 1, 2018 through December 31, 2019

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

### 2017 OREGON LEGISLATION

#### [HB 2140](#)

Requires seller of real property to disclose seismic risk in seller's property disclosure statement.

#### [HB 2510](#)

Authorizes commercial tenant to install on premises and use electric vehicle charging station.

#### [HB 2511](#)

Authorizes residential tenant to install on premises and use electric vehicle charging station for personal, noncommercial use.

#### [HB 2737](#)

Requires Director of Department of Consumer and Business Services to adopt construction standards for homes that have floor area of not more than 600 square feet.

#### [HB 2111](#)

Prohibits inclusion of provisions banning the installation of solar panels in declaration or by laws of a planned community.

#### [HB 2189](#)

Establishes statute of repose for actions arising out of real estate appraisal activity.

#### [HB 2855](#)

Creates a procedure for purchaser of real property to enforce contractual requirement for delivery of deed without instituting suit or action.

#### [HB 2920](#)

Requires judgment creditor to file satisfaction document on receipt of proceeds of execution sale of real property.

#### [SB 277](#)

Increases notice period for termination of rental agreement and removal of manufactured dwelling or floating home.

## ADDITIONAL OPTIONAL TOPICS

- eLicense (the Agency's online electronic licensing management system)
  - [Adding or removing clients trust accounts](#)
  - [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](#).
- Advertising requirements (OAR 863-015-0125) including social media, internet advertising, and the use of a "common derivative" of a licensee's first name and the licensee's licensed last name when advertising. (Note: all licensees must be licensed using their legal name.)
- Any division of Oregon Administrative Rules, chapter 863.
- Difference between statutes and rules.
- 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.
- [Issues concerning radon](#), including information to alert potential buyers of one and two family dwellings.