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Department of Banking and Insurance
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CHRISTINE TODD WHITMAN, Governor

ELIZABETH E. RANDALL, Commissioner of Banking and Insurance

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*The Commission Strongly Urges You
to Provide Copies of The REC News
to ALL licensees and Instructors..*



New Jersey Real Estate Commission News

Spring, 1997



FEE CHANGE ALERT

REMEMBER, with the exception of instructor and school licenses, effective July 1, 1997 all renewed, reinstated, and initial real estate licenses will be issued on the basis of a two year license term which will expire on June 30, 1999. Consequently, the license fees for all brokers, broker-salespersons, salespersons and branch offices will double on July 1, 1997. Listed below are the revised fee schedules which will be in effect as of that date.



INITIAL LICENSE FEES

(includes application, Criminal History record check and Real Estate Guaranty Fund fees, where applicable)

License Type	Initial Fee
Corporations, Partnerships and other entities	\$160
Broker	\$160
Broker-Salesperson	\$160
Salesperson	\$100
Branch Office	\$75

RENEWAL FEES

License Type	Renewal Fee
Corporations, Partnerships and other entities	\$100
Broker	\$100
Broker-Salesperson	\$100
Salesperson	\$50
Branch Office	\$50

TRANSFERS

License Type	Transfer Fee
Broker-salesperson	\$25
Salesperson	\$25

(No change from pre - July 1, 1997 amount)

REINSTATEMENTS OF UNRENEWED LICENSES

(Amounts include \$25.00 application fee)

License Type	Reinstatement Fee
Corporations, Partnerships and other entities	\$125

Broker	\$125
Broker-salesperson	\$125
Salesperson	\$75
Branch Office	\$75



REINSTATEMENT NOTICE

Each Spring the Commission processes a large volume of reinstatement applications. Many of these are submitted in late May and June by individuals seeking to avoid the requalification requirements imposed by **N.J.S.A. 45:15-9** upon persons who seek to reinstate a license which has been inactive for more than two years from the expiration date of the last license held. The Commission will no longer process reinstatement applications from such persons with an effective date of July 1. Rather, the applications need to reflect an effective date no later than June 30. The applications will be processed accordingly and the names of the reinstated persons will then appear on a supplemental renewal application provided by the Commission to the person's broker. If the individual wishes to remain actively licensed during the July 1, 1997 - June 30, 1999 license term, they will have to renew their license.

BROKERS SPONSORING REINSTATEMENT APPLICATIONS SUBMITTED BETWEEN NOW AND JUNE 30, 1997 MUST BE COGNIZANT OF THIS POLICY AND DATE THE APPLICATIONS ACCORDINGLY.



TEN MOST FREQUENTLY ASKED RENEWAL QUESTIONS



Every June the Commission's licensing section responds to hundreds of inquiries about renewals. The following are the "top ten" questions and answers. **BEFORE YOU CALL THE COMMISSION**, check this article to see if it contains the information you need.

1.) CAN A LICENSE BE TRANSFERRED IN JUNE?

Yes, as long as the employment date and termination date are prior to JUNE 30th, and the license and fee are submitted **PRIOR** to July 1st.

2.) IF I TRANSFERRED DURING THE RENEWAL PERIOD AND MY RENEWAL FEE WAS PAID BY MY FORMER EMPLOYING BROKER, WILL MY NEW EMPLOYING BROKER HAVE TO SUBMIT PAYMENT FOR RENEWAL AS WELL?

Yes. Payment for renewal will be requested on a Supplemental Renewal Form; however, your former broker may submit a written request to the Commission for a refund of the renewal fee previously submitted.

3. CAN NAMES BE ADDED TO A LICENSE RENEWAL FORM?

No. If a licensee joined an office after the printing of the Initial Renewal form, their name will be listed on the 1st or 2nd Supplemental Renewal forms.

4.) IF I CHOOSE NOT TO RENEW MY LICENSE WHICH WILL EXPIRE JUNE 30,1997, HOW LONG CAN THE LICENSE REMAIN INACTIVE?

A license can remain inactive for two years from the expiration date (June 30, 1997) of the last license held. Therefore, your license must be reinstated NO LATER THAN JUNE 30, 1999.

5.) IS THERE A CHARGE FOR A COMPANY/BROKER CHANGE OF BUSINESS ADDRESS IF IT'S SUBMITTED WITH THE RENEWAL FORM?

Yes, if the change in business location was or will be effective prior to July 1st. A \$25.00 fee is required for the entity or sole proprietor broker license. A \$5.00 fee is required for each additional license, (i.e. all broker-of-record, broker-salesperson, and salesperson licenses).

6.) IS THERE A CHARGE FOR ADDING A P.O. BOX NUMBER, OR A CHANGE IN SUITE OR ROOM NUMBER?

No. Corrections should be made on the renewal form.

7.) WHAT IS THE PROCEDURE FOR A NAME CHANGE ON THE RENEWAL FORM?

- **"NAME CHANGE" should be written at the top of page listing the licensees associated with the broker.**
- **An asterisk (*) should be placed in front of the licensee's reference number.**
- **Make necessary corrections to licensee's name on the renewal form.**
- **Submit legal proof of name change.**
- **Include \$25.00 name change fee with total renewal fee.**

8.) STATUS CHANGES - A LICENSEE RECENTLY RECEIVED THEIR BROKER-SALESPERSON LICENSE. HOWEVER, THEY ARE STILL LISTED ON THE RENEWAL FORM AS A SALESPERSON. WILL THEY RECEIVE A NEW RENEWAL FORM?

No, a correction should be made to the renewal form:

- **Write "STATUS CHANGE" at the top of page listing the licensees to be renewed.**
- **Change the individual's license type from SP to SB where their name appears on the renewal list.**
- **Change renewal fee from \$50.00 to \$100.00.**
- **Add difference to the total renewal fee.**

9.) HOW CAN A LICENSEE RENEW WITH THE SAME BROKER IF THEIR NAME WAS DELETED FROM THE RENEWAL FORM WHEN IT WAS RETURNED TO THE COMMISSION?

The licensee and the broker must complete either a Broker-salesperson or Salesperson Reinstatement Application and submit the appropriate reinstatement fee.

10.) WHAT IS THE PROCEDURE FOR REQUESTING A DUPLICATE RENEWAL FORM?

Contact the Renewal Processing Section at (609) 292-3706, or Fax a written request, ATTENTION: Mrs. Vargas to (609)984-5263.



COMMISSION ADOPTS NEW RULES ON TWO YEAR LICENSES AND COLLECTION OF SOCIAL SECURITY NUMBERS

IT'S OFFICIAL! On April 7, 1997 a formal Notice of the Commission's adoption of new rule N.J.A.C. 11:5-1.4A was published in the New Jersey Register. Real Estate licenses will be issued based on a two-year term commencing on July 1, 1997. There will be no renewal fees to pay in 1998! Its a small step, but a step nevertheless, toward realizing Governor Whitman's goals of making state government less intrusive and reducing the administrative burdens imposed upon individuals and small businesses.

The formal Notice of Adoption by the Commission of new rule 11:5-1.44 will also be published in the New Jersey Register on April 7, 1997. The new rule requires all applicants for real estate licenses to disclose their social security numbers to the Commission for child support enforcement purposes. It was recently reported that the collection rate on delinquent support payments has increased substantially since the passage of legislation providing for the revocation of any professional licenses held by persons who are more than six months in arrears on their support payments, or who are the subject of a child support enforcement warrant.

As this edition went to press, the Commission had dealt with one situation where the new law was applied. A court order was issued directing the Commission to revoke the salesperson's license of a woman for non-payment of child support. The revocation was to be effective 20 days after the licensee received notice of the issuance of the Court Order from the Commission. On the last day, the licensee paid the arrears and the court order directing revocation was rescinded.

Through the implementation of this system parents are being compelled to fulfill their support obligations and the number of children forced into public assistance programs due to non-payment of child support is being reduced.

The full text of the two new rules follows.

N.J.A.C. 11:5-1.4A - Terms of real estate licenses

Commencing July 1, 1997, broker, broker-salesperson, salesperson and branch office licenses shall be issued on the basis of two year license terms. All licenses issued during each biennial term shall run from the date of issuance to the end of the biennial term. All licenses shall expire on June 30 of the second year following the year in which the license term commenced.

N.J.A.C. 11:5-44 Collection of Social Security numbers of licensees

(a) The Commission may request that licensees and license applicants, including registrants for license examinations, submit their social security numbers to the Commission. All such requests shall either include or be accompanied by a notice stating:

- 1. The purpose or purposes for which the Commission intends to use the social security numbers;**
- 2. That disclosure made pursuant to the request is either voluntary or mandatory; and**
- 3. That the request is authorized by this section and by such other law as may be applicable.**



COMMISSION PROPOSES AMENDMENTS TO CLARIFY AGENCY DISCLOSURE RULE

Commission Rule N.J.A.C. 11:5-1.43 went into effect on July 1, 1995. The new rule required real estate licensees to provide to residential consumers information about the various brokerage business relationships in New Jersey, and to disclose in which of those relationships the licensee and their firm were operating in a particular transaction. During late 1995 and 1996 the Commission advised licensees that it intended to revisit the rule to address concerns which arose subsequent to its implementation and make necessary changes to clarify and improve the rule. After reviewing the suggestions and concerns of licensees, the Commission has proposed the following amendments to the rule.

The Commission is proposing to amend sub-section a.6. of the rule to delete the specific reference therein to short term rentals being any rental of a residential property for a period of not more than "90 consecutive days". This reference would be replaced by a reference to the standard for "seasonal use or rental" of real property which is specified in New Jersey's Security Deposit Law, N.J.S.A. 46:8-19. By making this change, the Commission will insure consistency between "short term rentals" as that phrase is used in this rule, and "seasonal rentals" as defined in the Security Deposit Law.

The proposal would also amend sub-section e.1.iii. The revised text will more clearly state the specific points in the chronology of a typical real estate transaction at which a written Consumer Information Statement (CIS) must be delivered to prospective purchasers, if the statement has not previously been provided. A similar change is being proposed to sub-section e.2.iii with respect to the delivery of a CIS to sellers of unlisted properties.

New sub-section e.2.iv. is being proposed to have the rule to state explicitly what had previously been implied by its text. That is, that a CIS must be delivered to sellers no later than the commencement of a listing or transaction brokerage agreement presentation. As the rule currently reads, the CIS is to be delivered at the commencement of the first discussion on a seller's motivation or desired selling price which occurs during a business meeting between the seller and the licensee. A listing presentation is considered a business meeting at which such discussions occur.

The Commission is also proposing to amend section h. of the rule. The amendment would add language to the optional text which brokers may include on a CIS to declare, at the time of its delivery to a consumer, the business relationship which the firm intends to operate in with respect to the recipient of the statement. The additional option enables firms to indicate on a CIS that they intend to work with the recipient as a "seller's agent on properties on which the firm is acting as the seller's agent and as a transaction broker on other properties." Adding this option will enable firms which do not offer buyer brokerage to work with buyers as customers on their in-house, seller agency listings and as transaction brokers on the listings of other firms where sub-agency either has not been offered or has been rejected. Since rule 1.43 went into effect in July, 1995 it has been reported to the Commission that there has been a substantial decrease in the frequency with which sub-agency is offered by listing firms. This development has exacerbated the need to revise the rule in this fashion.

A similar amendment is being proposed to section i. of the rule to add the same choice to the list of business relationships from which firms may select to indicate on brokerage agreements how they intend to operate.

The Commission is also proposing to amend sub-section j.3. of the rule to simplify the statement which must be included in licensee-prepared offers, contracts and leases which declares in what business relationship the licensee and their firm are operating in the transaction to which the document pertains.

Finally, the Commission has proposed adding new section m. to the rule. The Commission has been advised that confusion and uncertainty were created by the language in the CIS referring to brokers acting as the agents of the seller in cases where the brokerage firm was itself the owner of property being sold. This issue arose most frequently in transactions involving new residential construction. Proposed new section m. addresses

this uncertainty by providing for the use of a revised CIS in situations where the broker marketing the property is also the seller of the property. The proposed new section provides that in such cases, brokers can use a CIS which contains additional text immediately below the title of the statement, indicating that the employer of the licensee providing the statement is the owner of the property or properties in which the recipient has an expressed interest. The added text informs consumers that the statements contained in the CIS regarding licensees who act as seller's agents generally apply to the delivering licensee and other employees of the seller/broker, particularly those statements concerning the obligation of a seller's agent to pass on to the seller all material information they obtain with regard to the buyer's ability to pay.

Interested persons may obtain a copy of the complete text of the proposed amendments by sending a stamped, self-addressed envelope to New Jersey Real Estate Commission, CN 328, Trenton, New Jersey 08625-0328. Attention: Ms. Dawn Cowell. the words "CIS Rule Amendments" should also appear on the envelope.

The full text of the proposed amendments is also posted at the Commission's website at
<http://www.naic.org/nj/NJHOMEPEG.HTML>

Interested parties may submit written comments on the proposed amendments through May 21, 1997. Comments may be sent to:

**New Jersey Real Estate Commission
CN 328
Trenton, New Jersey 08625-0328
Attention: Gloria A. Decker
Executive Director**

Comments may also be faxed to the Commission at 609-292-0944 or E-mailed to:
<http://www.naic.org/nj/NJHOMEPEG.HTML>.



COMMISSION FORMS TASK FORCE TO STUDY USE BY SALESPERSONS OF NEW COMMUNICATIONS TECHNOLOGIES

Advertisements on the Internet. E-mail. Home voice mailboxes. Pagers and cellular phones. These are just a few of the modern miracles of hi-tech communications which salespersons and broker-salespersons are utilizing more and more frequently to transact business. The problem is, their use raises concerns about how several provisions in the License Law and the Commission's Rules apply to this brave new world of communications in cyber-space. The provisions in question are those which address advertising and home offices, and those which require brokers to supervise the brokerage activity of persons licensed under them.

To assist it in analyzing these issues, the Commission has convened a Task Force comprised of a small group of knowledgeable licensees, senior staff, and Commissioner Michael McKitish. The Task Force will review current rules and statutes and recommend revisions to update them. It is hoped that a new regulatory framework can be established which will accommodate the use of these new technologies by licensees, while retaining standards which will ensure an adequate level of supervision by brokers.

Stay tuned for further developments on these extremely significant issues.



NOTICE TO INSTRUCTORS AND BROKERS

The Commission is continuing to receive initial license applications from persons who have waited more than a year from their course completion date to seek the issuance of a salesperson's license. Commission Rule N.J.A.C. 11:15-1.2(c) provides that candidates **MUST** apply for and request the issuance of a salesperson's license within one year of having completed their precursure education course. **THE BROKERS WHO CO-SIGN THESE APPLICATIONS AS THE SPONSORING BROKER SHOULD KNOW THIS RULE.** Since May 1, 1996 the Commission has heard four appeals of staff decisions initially denying such applications. In each case, the Commission has affirmed the denials based upon the applicants' non-compliance with N.J.A.C. 11:15-1.2(c). Brokers should be cognizant of these decisions and inform candidates who have missed the one year deadline for applying for a license that this rule is observed and enforced. Similarly, upon completing a course every instructor should emphasize to students what the rule requires and that it is strictly construed and consistently applied by the Commission.



PROPERTY MANAGEMENT: IF IT INCLUDES BROKERAGE ACTIVITY, IT MUST BE DONE THROUGH A LICENSED BROKERAGE FIRM

Frequently, questions are directed to the Commission staff about whether property managers must hold real estate licenses. The answer depends upon the functions performed by the companies and individuals providing the management services.

Pursuant to N.J.S.A. 45:15-1 and 45:15-3, if a person or firm rents, or offers or attempts to negotiate the rental of real estate, or collects or offers or attempts to collect rent for the use of real estate, or assists or directs in the procuring of prospects or the negotiation of any transaction which does or is contemplated to result in the leasing or renting of any real estate, they must be licensed as a real estate broker if they do so for a fee, commission, or other valuable consideration, or by reason of a promise or expectation of such compensation. Thus, when property management firms provide any of these services for compensation, the statutory requirement for licensure as a broker does apply to them.

THIS REQUIREMENT ALSO APPLIES TO BROKER-SALESPERSONS AND SALESPERSONS! In recent months the Commission staff has investigated several cases involving salesperson and broker-salesperson licensees who provided the services mentioned above through their own property management businesses. However, these businesses have operated, and the functions have been performed independent of the brokers through whom these individuals were licensed.

THIS ACTIVITY CONSTITUTES SERIOUS VIOLATIONS OF THE LICENSE LAW! Under the law, salespersons and broker-salespersons are not empowered to engage in any of the activities specified in N.J.S.A. 45:15-3 for compensation unless they are acting under the authority, and as a representative of the broker with whom they are licensed. Salesperson and broker-salesperson licensees who run their own property management businesses "on the side" are subject to sanctions for engaging in the business of a real estate broker without being licensed to do so, contrary to N.J.S.A. 45:15-1. In addition, by accepting compensation for their activities as real estate licensees from parties other than the brokers through whom they are licensed, they may be sanctioned for violations of N.J.S.A. 45:15-17(m).

All licensees, including brokers, should be aware of how the license law applies to persons who, for compensation, provide property management services which include any of the activities specified in N.J.S.A. 45:15-3. Salespersons and broker-salespersons must be especially careful to conform their management activities to the requirements of the law.

CREDIT CARD CHARGES NOT AN ACCEPTABLE FORM OF PAYMENTS TO BE ESCROWED

In recent months the Commission staff has received reports that some licensees have been accepting payments, to be held by their firm in escrow or trust, in the nature of charges on a credit card of the party making the payment. This appears to be occurring primarily in short term rental transactions involving single unit owners and, in some cases, multi-unit owners for whom the brokers involved are also working as property managers. **THIS PRACTICE IS NOT PERMITTED BY THE LICENSING LAW.**

N.J.S.A. 45:15-12.8 clearly states that licensees shall only accept monies to be held by their broker in escrow or as the temporary custodian of the funds of others if the monies *"are in the form of cash or a negotiable instrument payable to the broker through whom the individual is licensed"*.

The Commission staff has, in consultation with several shore-area brokers, been reviewing the procedures utilized by major credit card issuers. These efforts have attempted to identify how those procedures might be revised to ensure that third-parties, i.e. credit card issuers, could not extract funds from the broker's account to which payments will be credited when a charged transaction is authorized by a card-holder. Presuming such revised procedures can be implemented, the Commission may support amendatory legislation to, in limited circumstances, allow the acceptance by brokers of payments via credit cards. However, unless and until the law is changed, brokers cannot accept such payments without: 1. jeopardizing their ability to be in sole control of the funds they are holding in escrow; and 2. committing serious violations of the license law.



1997 LICENSE RENEWAL INSTRUCTIONS

To assist licensees in preparing for the 1997 renewal process, reprinted below are the instructions which will accompany this year's renewal applications. Remember, because of a change in the law, commencing July 1, 1997 all licenses will be issued for two year terms. Consequently, the fees to renew the various types of licenses are double what they had been in previous years.

- 1. RENEWAL FEES FOR THE 1997-99 LICENSE TERM ARE \$50.00 FOR SALESPERSON; \$100.00 FOR BROKER; \$100.00 FOR BROKER-SALESPERSON; \$100.00 FOR CORPORATION OR PARTNERSHIP; AND \$50.00 FOR BRANCH OFFICE. SUBMIT ONLY ONE BROKER BUSINESS ACCOUNT CHECK MADE PAYABLE TO THE STATE TREASURER OF NEW JERSEY. RENEWED LICENSES WILL EXPIRE ON JUNE 30, 1999.**
- 2. BROKERS MUST VERIFY THAT THE RENEWAL APPLICATION CORRECTLY IDENTIFIES ALL PERSONS WHOSE LICENSES ARE TO BE RENEWED. INDIVIDUAL LICENSEES HAVE THE SAME OBLIGATION TO CONFIRM THAT THEIR LICENSE IS BEING RENEWED.**
- 3. BROKERS MUST NOTIFY IN WRITING ANY LICENSEE WHOSE LICENSE THEY HAVE NOT RENEWED. THE BROKER MUST ALSO DELETE THE LICENSEE'S NAME FROM THE RENEWAL LIST AS INSTRUCTED BELOW.**
- 4. TO EXPEDITE YOUR RENEWALS, PLEASE SUBMIT YOUR RENEWAL FORMS AND LICENSE RENEWAL FEES AS QUICKLY AS POSSIBLE.**
- 5. EACH EMPLOYING BROKER OR BROKER OF RECORD MUST ASK EVERY RENEWING LICENSEE ALL QUESTIONS IN PART II OF THIS FORM.**

- 6. RENEWAL FEES MUST BE PAID BY ONE BUSINESS ACCOUNT CHECK OF THE BROKER. PERSONAL CHECKS WILL NOT BE ACCEPTED AND WILL RESULT IN ALL SUBMISSIONS BEING RETURNED TO THE SENDER. PENALTIES ARE ASSESSED IF CHECKS ARE WRITTEN ON INSUFFICIENT FUNDS.**
- 7. DO NOT ADD THE NAME OF ANY LICENSEE TO THE RENEWAL LIST. COMMUNICATE WITH MARY VARGAS AT 609-292-3706 OR VIA MAIL TO THE COMMISSION FOR FURTHER INFORMATION.**

FOR PERSONS WHO PASSED THEIR EXAM IN APRIL THRU JUNE 1997 AND WHO DO NOT WANT THEIR ORIGINAL LICENSE TO BE EFFECTIVE PRIOR TO JULY 1, 1997, PLEASE DATE THEIR EXAMINATION PASS NOTICE AND LICENSE APPLICATION JULY 1. BY DOING SO, SUCH LICENSEES WILL SAVE A RENEWAL FEE OF \$50.00 FOR SALESPERSON OR \$100.00 FOR BROKER. HOWEVER, IN DECIDING WHETHER TO DELAY THE EFFECTIVE DATE OF ANY APPLICATION UNTIL JULY 1, 1997, CONSIDERATION MUST BE GIVEN TO N.J.A.C. 11:5-1.2 WHICH REQUIRES CANDIDATES TO APPLY FOR AND REQUEST THE ISSUANCE OF THEIR LICENSE WITHIN ONE YEAR OF THE DATE ON WHICH THEY COMPLETED THEIR PRELICENSURE EDUCATION COURSE(S). THE PASS NOTICES FOR NEW LICENSEES WHO WISH TO BE LICENSED PRIOR TO JULY 1, 1997 SHOULD BE SIGNED AND DATED BY THE BROKER AND IMMEDIATELY FORWARDED TO THE COMMISSION ALONG WITH THE CURRENT FEE FOR A NEW SALESPERSON'S OR BROKER-SALESPERSON'S LICENSE. SUCH PERSONS WILL BE CHARGED RENEWAL FEES AND INCLUDED ON A SUPPLEMENTAL RENEWAL FORM SUPPLIED BY THE COMMISSION AT A LATER DATE.

FAILURE TO COMPLY WITH THE ABOVE WILL CAUSE THE COMMISSION TO REJECT YOUR RENEWAL APPLICATION

PLEASE MARK "RENEWAL" ON FACE OF ENVELOPE

Renewal application forms with these instructions included will be mailed to all brokers on or about May 1, 1997.



ATTENTION BROKERS

When completing an EXPERIENCE REPORT FOR BROKER APPLICATION form, please review the form and VERIFY THAT YOU HAVE COMPLETED ALL QUESTIONS IN THE BROKER'S SECTION before signing and returning the form to the applicant for submission to the Commission.

By doing so you will avoid expending further time and effort on the application process. The Commission will under no circumstances process incomplete Experience Report forms. Rather, forms on which all questions in the Broker's Section have not been answered will be returned to the broker with a direction to provide the previously unsupplied information. It makes for a much smoother and more efficient process for everyone if the form is fully completed the first time by the broker.



LICENSEE SAFETY



A recent tragedy involving the abduction and murder of two Oregon licensees serves as a reminder of the potential danger inherent in the brokerage business.

Like lightning, one never knows where violence will strike. Real estate licensees have a high risk of having violence being done to them for two reasons. The first is licensees often work with strangers. At the risk of seeming sexist, the second is a large proportion of licensees are women.

While nothing can totally eliminate the danger, brokers should take steps to minimize the risk as much as possible. If all brokers adopted an office policy on agent safety the opportunity for violence to their licensees would be greatly reduced.

Here are several suggestions for essential components of any such policy:

- 1. Do not meet a stranger at any property, especially vacant ones.**
- 2. Take your car. You have far more control if you are driving.**
- 3. Avoid work after dark. It is difficult to see the outside anyway.**
- 4. Dress for safety. Avoid expensive jewelry, flashy clothes, etc.**
- 5. Set a showing itinerary. Make sure someone at your office knows your itinerary and when you expect to return. Call in if you are going to deviate from the itinerary.**
- 6. Use a prospect ID form. Get the prospects' driver's license information and other material data. A real buyer should not object.**
- 7. Use an agent ID form. How many brokers and receptionists have basic information about their licensees such as height, weight, age, eye color; car make, model, color, year, license number; cell phone number, next of kin, etc.?**
- 8. Establish a coded distress signal that your licensees can use in phoning the office so as not to alert the potential perpetrator if they feel they are in a threatening situation.**
- 9. If you feel something is not right, stop working immediately. Get away from the situation.**
- 10. Notify your broker immediately. This is not a time to be embarrassed or vain. Prompt action may prevent a serious situation from developing or, if an assault has already occurred, lead to a quick arrest.**

These simple procedures, while not a preventative for all acts of violence that might occur to licensees, should go a long way in reducing the opportunities for them to occur. Always be aware that real estate brokerage is a potentially dangerous profession. It's only common sense to take reasonable precautions.



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THIS PRACTICE IS NOT PERMITTED BY THE LICENSING LAW>



RECENT DISCIPLINARY ACTIONS



- 1. Howard Hirsch (salesperson) and International Travel Brokers, Inc. (unlicensed entity), Brigantine -- A Consent Order was entered into by the parties and was approved by the Commission in September, 1996 which imposed sanctions on Hirsch for violations of N.J.S.A. 45:15-17(a), (c) and (e). Mr. Hirsch agreed to a 6 month suspension of his salesperson's license, and agreed to pay a \$10,000 fine. Once his license is restored, Hirsch's salesperson's license will be held on a probationary basis for 10 years. A plan to make restitution of approximately \$50,000 was approved. The case involved a real estate salesperson conducting his own unlicensed business listing timeshare interests for sale and collecting fees for that activity directly from the owners of the listed units. The activities were not conducted through his employing broker. NOTE: At the time of the violations, the employing broker was Brigantine Inn Marketing, Inc. Mr. Hirsch subsequently transferred his license to Kayal Inc.**
- 2. Darryl Fiume, Pikco Construction Company, Fort Lee -- -- A Consent Order was entered in October, 1996, wherein Fiume and Pikco agreed to discontinue unlicensed sales and marketing activities in New Jersey of lots located in Pennsylvania in violation of N.J.S.A. 45:16.27 et seq. Mr. Fiume agreed to close the Fort Lee office of Pikco Construction and to a one year period of ineligibility to apply for registration, or an exemption from registration, pursuant to N.J.S.A. 45:15-16.30 et seq. Mr. Fiume agreed to a three year period of prohibition from any sales or marketing and agreed to make restitution to aggrieved parties who file meritorious complaints with the REC, in addition to those who were named in the Order to Show Cause. Mr. Fiume agreed to pay a \$20,000 fine.**
- 3. David Guzman, (salesperson), Jersey City, 10/96 -- After a full hearing, the Real Estate Commission revoked Mr. Guzman's salesperson's license for 7 years. He was also ordered to make restitution and a \$5,000 fine was imposed for violations of N.J.S.A. 45:15-17(d). Mr. Guzman had accepted a cash deposit on a real estate transaction and failed to turn it over to his employing broker.**
- 4. Anthony Iezzi, salesperson, Berlin, 11/96 -- After a full hearing, the Commission imposed a 5 year revocation of Mr. Iezzi's salesperson's license and a \$10,000 fine for violations of N.J.S.A. 45:15-17(d), (s), and 45:15-19.1. Iezzi was indicted and convicted of bank fraud in the United States District Court, and failed to report his indictment to the Commission. He also altered the payee (his broker) on a tenant's rent check and deposited same into his personal account, without turning the monies over to his employing broker.**
- 5. Aaron Forman, salesperson, Wayne, 11/96 -- After a full hearing pursuant to N.J.S.A. 45:15-19.1, the Commission revoked the salesperson's license of Mr. Forman until January 25, 2005. The Commission further ordered that before he will be eligible for relicensure, he must have paid his court-ordered restitution of \$17,700. Mr. Forman had been convicted in the United States District Court on one count of bank fraud.**
- 6. Alfonso Santoro, Pam An Agency, Inc., Maplewood, 11/96 -- The parties entered into a Consent Order in which Mr. Santoro agreed to surrender his broker's license with prejudice for 2 years and agreed to pay a \$1,000 fine for violations of N.J.A.C. 11:5-1.14. Mr. Santoro failed to properly supervise the office of the corporate broker licensee and the activities of his salesperson, Marion Miller. Mr. Miller had misappropriated escrow monies and used them for his own purposes.**
- 7. Marion R. Miller, salesperson with Pam An Agency, Maplewood, 11/96 -- After a full hearing, the Commission revoked permanently the salesperson's license of Marion Miller and imposed a \$5,000 fine for violations of N.J.S.A. 45:15-17(d), (e), (l) and (s), and 45:15-9. Mr. Miller had accepted cash escrow deposit monies on real estate transactions and misappropriated them to his own use. He was also convicted**

in the United States District Court on the charge of trafficking in a counterfeit device.

- 8. Robert Dragotta, broker, Real Estate Unlimited, Voorhees, 12/96 -- After a full hearing, the Commission revoked the broker's license of Robert Dragotta for 5 years, and held that he is ineligible to hold salesperson's license for 5 years for violations of N.J.S.A. 45:15-12, N.J.A.C. 11:5-1.14 and 1.18 and N.J.S.A. 45:15-17(o). The Commission determined Mr. Dragotta failed to have an office open to the public as required by law, failed to supervise the office and the activities of his salesperson John L. Mertz, and commingled the funds of others on real estate transactions which were to have been held by Real Estate Unlimited as an escrow agent. The corporate real estate broker was found to have operated in violation of the law which requires that the broker of record be an officer of the corporation.**
- 9. John L. Mertz, salesperson, Real Estate Unlimited, Voorhees, N.J., 12/96-- salesperson's license revoked for 5 years for violations of N.J.S.A. 45:15-17 (a), making substantial misrepresentations to a Real Estate Commission investigator.**
- 10. Sandra Woods, salesperson, River Bank Realty, Neptune, N.J., 12/96 -- After a full hearing, the Commission determined that Ms. Woods had violated N.J.S.A. 45:15-17(a), (c), (e) and (n) and her salesperson's license was revoked for 5 years. A \$5,000 fine was also imposed. Ms. Woods had submitted a broker experience report which contained substantial misrepresentations. In addition, she had previously been convicted of a theft offense, which fact was not disclosed to the Commission on several applications for licensure.**
- 11. Charles F. Booker, broker, River Bank Realty, Neptune, N.J., 12/96 -- After a full hearing, the Commission imposed on Mr. Booker a fine of \$500 for violations of N.J.A.C. 11:5-1.18 for failing to supervise the real estate office and the activities of the licensees employed there.**
- 12. Henry Brown, broker, River Bank Realty, Neptune, N.J., 12/96 -- \$500 fine imposed for violations of N.J.S.A. 45:15-17(a). Mr. Brown signed a broker experience report for Sandra Woods which contained substantial misrepresentations.**
- 13. J. Michael Hill, broker, J. Michael Hill, Inc., t/a Hill Associates, Harvey Cedars, 12/96 -- As broker of record of Hill Associates, Mr. Hill pleaded guilty to violations of N.J.S.A. 45:15-17(o) and (e), N.J.A.C. 11:5-1.8, 5-1.12 and 5-1.13. Mr. Hill admitted to commingling and misappropriating escrow deposit monies over a two year period, failing to maintain proper records, and failing to produce those records for inspection by a Commission investigator. After a hearing in mitigation of penalties, the Commission revoked Mr. Hill's broker's license for 10 years, deemed him ineligible to hold a salesperson's license for 6 months, and imposed a fine of \$10,000.**



COMMISSION ADOPTS AMENDMENTS TO RULES ON MARKETING OUT OF STATE PROPERTIES

On April 7, 1997 a formal Notice of the Commission's adoption of amendments to N.J.A.C. 11:5-6.5, 11:5-6.14 and 11:5-6.18 was published in the New Jersey Register. The amended rules require out-of-state developers who have registered non-New Jersey projects with the Commission pursuant to the Real Estate Sales Full Disclosure Act, N.J.S.A. 45:15-16.27, et seq., and who advertise those projects within New Jersey in languages other than English, to submit to the Commission and make available to prospective purchasers contracts and public offering statements translated into the foreign language(s) in which they have advertised their properties.

These rules only apply to non-New Jersey developers who are registered with the Commission's Bureau of Subdivided Land Sales Control to market their properties to new Jersey residents and the New Jersey brokers on record with the Commission as representing those registrants. They do not apply to New Jersey licensees marketing new construction or resale listings situated within New Jersey. To afford affected parties adequate time to prepare, file and duplicate the translated documents, the Commission determined to delay the effective date of the amendments until July 1, 1997.

The full text of the amended rules follows.

11:5-6.5 Public Offering Statements

(a) - (h) (No change)

(i) Prior to distributing a Public Offering Statement as required by N.J.A.C. 11:5-6.14(i) written in a language other than English, registrants who advertise in a language other than English shall file with the Commission copies of the Public Offering Statement approved by the Commission printed in both English and in the language in which the advertising appears. That filing shall be accompanied by a certification attesting to the accuracy of the translation of the text of the Public Offering Statement. The certification shall be in a form as specified by the Commission and signed by an authorized representative of the registrant and a qualified translator.

11:5-6.14 Advertising and sale promotions with respect to the sale or marketing of registered properties

(a)-(h) (No change)

(i) Registrants who advertise in a language other than English shall make available to prospective purchasers all disclosure documents, including, but not limited to, the Public Offering Statement, the sales contract written in the same language as that used in the registrant's advertisements.

N.J.A.C. 11:5-6.18 Contracts For The Purchase Of An Interest In A Registered Property

(a)-(d) (No Change)

(e) Prior to using a contract or an agreement for the disposition of a lot, parcel, unit or interest in a registered subdivision that is written in a language other than English, as required by N.J.A.C. 11:5-6.14(i), registrants who advertise in a language other than English shall file with the Commission copies of the contract accepted by the Commission that are printed in both English and in the language in which the advertising appears. The filing shall be accompanied by a certification attesting to the accuracy of the translation of the text of the contract. The certification shall be in a form as specified by the Commission and signed by an authorized representative of the Registrant and a qualified translator.



COMMISSION ENDORSES REPORT OF SHORT TERM RENTAL COMMITTEE

In the fall of 1996 the Commission considered a report addressing key concerns of licensees whose business activity primarily involves seasonal or short term rental transactions. The report was submitted by an Ad Hoc Committee formed at the direction of the Commission and co-chaired by current

Commission President Thomas H. White and former Commissioner Matthew Iannone. Mr. Iannone is the broker of record of Freda Real Estate in Sea Isle City, New Jersey. The other members of the committee included Senior Commission Staff and eight experienced practitioners from the shore area. The broker-members of the committee were: Mark E. Carrier, Broker-salesperson, Ned Carrier & Sons, Inc.; Christina Clemans, Broker, Chris Clemens and Co.; Richard L. Booth, Broker, Hager Real Estate, Inc.; Edward J. "Chip" Collins, Broker-salesperson, Berger Realty; Diane K. Disbrow, Broker-salesperson, Bay Shore Realty, Inc.; Norma J. Martin, Broker-salesperson, Prudential-Zachariae; Joan M. Parent, Broker, Joan Parent Realtors; and Robert S. Wood, Broker, Richard I. Wood Agency.

After reviewing the report, the Commission endorsed its conclusions and directed staff to prepare draft rule changes to implement those recommendations which can be most effectively realized through rulemaking. Those proposals will be set forth in detail in an upcoming edition of the New Jersey Real Estate Commission News. Other suggestions in the report address the need for licensees to utilize written rental listing agreements and leases and to carefully scrutinize the text of those documents to ensure that all parties to the transaction have a complete understanding of the nature of payments made prior to occupancy, how such payments will be maintained or disbursed, and how the firm(s) involved will be compensated.

Entered: 4/16/97

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