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REAL ESTATE COMMISSION

March 26, 2007

Dear Designated Broker:

You are receiving this letter as a Designated Broker for one or more licensed real estate offices. Our Enforcement Department has advised the Commissioners that they are seeing an increase in the number of complaints against sales licensees, and many of these situations seem to be related to insufficient broker supervision. We want to make you aware of some of the concerns to help you avoid disciplinary actions in your own office.

Idaho Code section 54-2038 sets forth duties of a designated broker. You are required to do the following:

- ✓ Supervise and control all office locations and the activities of any agents or unlicensed staff associated with your office(s), even if they work from their homes or at a separate office location and even if the unlicensed employee was hired by one of your agents.
- ✓ Be reasonably available to manage and supervise the company during regular business hours and to answer your agents' questions.
- ✓ Monitor what your agents are offering to do in their advertisements and on their websites, and ensure that your business name is associated with each of those advertisements and websites.
- ✓ Review and approve all real estate agreements.
- ✓ Know that you are responsible if your agent is told by a lender to complete a double contract, and the agent goes along with the lender's request.
- ✓ Make sure your agents have adequate training on turning in all offers, even those that failed, and ensure that they collect and turn in all earnest money in a timely manner.
- ✓ Not allow any unlicensed person, including clerical staff, to perform duties requiring a real estate license. If an agent's license is inactivated or suspended for any reason, then that person may not practice at all, including placing advertisements, until the license has been reactivated.

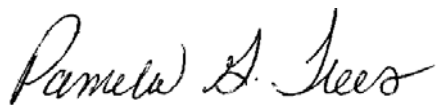
In addition, we have noticed that some of the new licensees may not know the continuing education requirements for license renewal. The Commission reviews all license renewals and reactivations to verify compliance with Idaho's CE requirements, which are 16 hours of electives plus a Commission CORE course to renew on active status. It is the licensee's obligation to maintain proof of course completion.

Attached is a copy of the Commission's Continuing Education Audit policy. As the designated broker, you will also receive a notification letter for any of your agents who are being audited for CE compliance. We need your help to see that your agent responds to the letter in a timely manner in order to avoid inactivation of his/her license.

Finally, we strongly encourage you, your agents, and your office manager and clerical staff to attend a Business Conduct and Office Operations (BCOO) course.

We understand that many demands are placed on you in your business, and that your responsibilities as a designated broker are extensive. Please do not hesitate to contact the Real Estate Commission office if you have any questions or if we may be of assistance to you. Thank you for your attention to our concerns and for your cooperation in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Pamela A. Trees".

Pam Trees, Chair
Idaho Real Estate Commission

Enclosure: IREC *Continuing Education Audit Policy*

IREC Continuing Education Audit Policy

In accordance with Idaho Code sections 54-2018 and 54-2023, the following CE audit procedure will be utilized:

1. Each month, the Education Director will review the list of license renewals and those changing from inactive to active status for the previous month and will identify those licensees who do not have sufficient continuing education hours on file with the Commission.
2. The Education Director will cause to be mailed by regular mail a Notice of CE Audit letter to the licensee at both the licensee's home and business addresses as on file with the Commission. A separate notice letter will be sent to the licensee's designated broker, if any.
3. The notice letter(s) will be in the form(s) attached hereto.
4. Licensees who include an e-mail address with their course certificates will receive a confirmation of receipt of their materials via e-mail within three (3) business days.
5. Failure of the licensee to respond at all to the CE audit letter by the deadline specified will result in the Education Director notifying the Licensing Department that the license should be made inactive immediately pursuant to Idaho Code section 54-2018(8) and the file turned over to the Enforcement Department for disciplinary action.
6. If the licensee timely responds to the audit letter and provides proof of sufficient CE, then the Education Director shall notify the licensee of fulfillment of the audit requirements and the file will be closed.
7. If the licensee timely responds to the audit letter but cannot provide proof of sufficient CE, then the Education Director shall first work with the licensee to get the licensee into compliance with the CE requirements as soon as possible. After the licensee has come into compliance, the file will be turned over to the Enforcement Department for possible disciplinary action pursuant to Idaho Code section 54-2018(5). If the licensee fails or refuses to timely come into compliance with the CE requirements, the Education Director will turn over the file to the Enforcement Department for disciplinary action.