

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

January 23, 1985

The seventh meeting of the Business & Industry Committee was called to order by Chairman Mike Halligan at 10:05 a.m. in Room 410 of the Capitol Building.

ROLL CALL: All committee members were present.

CONSIDERATION OF SENATE BILL 146: Senator Dave Fuller, Senate District 22, Helena, presented this bill. He was requested by the association of realtors who felt this would be a means of upgrading their industry to present this bill. It does three things; (1) requires a high school diploma or GED equivalency to become a licensed salesperson, (2) requires obtaining 60 hours of classroom study in addition to those required to obtain a salesperson's licensure and (3) requires an additional 60 hours of real estate classroom instruction prior to obtaining a brokerage license.

PROPOSERS: Mr. Terry Carmody, with the Montana Association of Realtors, introduced several people from his organization who are here to support the bill. (EXHIBIT 1) Mr. Ken Hoovestol from the Great Falls Board of Realtors explained the difference between a licensee and a realtor. A realtor means that the licensee is a member of the local board and state and national association and adheres to a strict code of ethics and professional standards. They are mainly interested in the education of their people to protect the consumer and to protect the private property rights. Peg Potter, a realtor from Bozeman and chairman of the pre-licensing task force presented the committee with a survey report on the Montana real estate licensee that shows how they feel about continuing education. (EXHIBIT 3) She also submitted an updated report from the National Association of Realtors with further statistics. (EXHIBIT 4) Mr. Dan Schulte a Helena realtor and chairman of the State Legislative Committee for the Association gave the committee a breakdown of just what the 60 hours of classroom study would consist of. Then to become a broker, a person would be required to do an additional 60 hours to be taken within 2 years of the request for licensing and would require two years of work in the field. The study would cover real estate brokerage, contracts, pricing and evaluation, financing and investments, real estate law and ethics and elective studies in order to obtain a brokers license. (EXHIBIT 5) Mr. Ken Stone, President of the Great Falls Realtors, feels this bill is the key to providing knowledgeable salespeople by having the continuing education. Mr. Joe Merrill, a Helena realtor gave statistics he had concerning occupations in the state that require licenses and how much education they require. (See EXHIBIT 6) Helenne Brogan, a realtor from Bridger, and Director at Large of Montana Board of Realtors stated she felt this was a very important piece of legislation and that in order to be certain that all realtors are capable and knowledgeable people this bill should be passed. Mr. Bob Keller, Helena,

representing the HUD property division, showed the committee a buying and selling guide for HUD homes. (EXHIBIT 7) He feels this education would help eliminate some of the problems that are now occurring concerning foreclosures that might be alleviated if people were more knowledgeable. Carrol Krause, from the University system, stated they are very willing to work with the realtors and to offer the type of courses that would be helpful for this education. Lon Mitchell, Attorney for the Board of Realtors, stated they are very much in favor of this bill because knowledgeable people handling real estate dealings might eliminate some of the complaints they now have to deal with. Mr. Vern Houen, a Missoula CPA and a national director of designated real estate instructors, supports both pre and post licensing education and feels it is a step in the right direction. Mr. Jack Morton, a Missoula teacher of realty courses feels further education in practical information is a very good idea. He would recommend however, that these educational hours come after passing the pre-licensing exam and not before as stated in the bill.

OPPONENTS: There were no opponents to Senate Bill 146.

Questions from the committee were then called for. Senator Christiaens asked how the educational courses for the small realtors is now working and Mr. Hoovestol stated there was a real need for providing these courses in a variety of methods for added convenience. Mr. Keller explained some of the resources they have for expert advice. It was stated that it would probably cost between \$100 to \$150 to take these courses at a university for 60 hours. Senator Neuman was told there were approximately 1700 to 2000 applications per year for licensure. He was concerned whether or not this was a continuing education bill or just a requirement for licensure and was told it was specifically a pre-licensure education bill. Senator Halligan asked just how specific this education would be, whether or not it was graded for example, and was told it would be graded. Senator Gage wondered why a high school diploma is required. Senator Halligan asked about the content of the course of study and was told by Mr. Houen it would have to be set up by the board. He would like to see the education required after the pre-licensing test is taken or for a period of two years prior to licensure.

The hearing was closed on Senate Bill 146.

The meeting was adjourned at 11 a.m.


Mike Halligan, Chairman

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 1/23/85

SENATE
SEAT
#

| NAME | PRESENT | ABSENT | EXCUSED |
|---------------------|---------|--------|---------|
| Chairman Halligan | X | | |
| V-chrm. Christiaens | X | | |
| Senator Boylan | X | | |
| Senator Fuller | X | | |
| Senator Gage | X | | |
| Senator Goodover | X | | |
| Senator Kolstad | X | | |
| Senator Neuman | X | | |
| Senator Thayer | X | | |
| Senator Williams | X | | |
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Each day attach to minutes.

(This sheet to be used by those testifying on a bill.)

NAME: Ferry Perms Ly DATE: 1/23/85

ADDRESS: 910 Helong Ave

PHONE: 443-4032

REPRESENTING WHOM? Ind. Assoc of REALTOR

APPEARING ON WHICH PROPOSAL: SB-146

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENT:

EXHIBIT 1
BUSINESS & INDUSTRY
January 23, 1985

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Code of Ethics

of the
NATIONAL ASSOCIATION
OF REALTORS®

REVISED AND APPROVED BY THE DELEGATE BODY
OF THE ASSOCIATION AT ITS 75TH ANNUAL CONVENTION
NOVEMBER 15, 1982

Preamble...

Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. The REALTOR® should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

Such interests impose obligations beyond those of ordinary commerce. They impose grave social responsibility and a patriotic duty to which the REALTOR® should dedicate himself, and for which he should be diligent in preparing himself. The REALTOR®, therefore, is zealous to maintain and improve the standards of his calling and shares with his fellow REALTORS® a common responsibility for its integrity and honor. The term REALTOR® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. No inducement of profit and no instruction from clients ever can justify departure from this ideal.

In the interpretation of this obligation, a REALTOR® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule, "Whatsoever ye would that men should do to you, do ye even so to them."

Accepting this standard as his own, every REALTOR® pledges himself to observe its spirit in all of his activities and to conduct his business in accordance with the tenets set forth below.

Article 1

The REALTOR® should keep himself informed on matters affecting real estate in his community, the state, and nation so that he may be able to contribute responsibly to public thinking on such matters.

Article 2

In justice to those who place their interests in his care, the REALTOR® should endeavor always to be informed regarding laws, proposed legislation, governmental regulations, public policies, and current market conditions in order to be in a position to advise his clients properly.

Article 3

It is the duty of the REALTOR® to protect the public against fraud, misrepresentation, and unethical practices in real estate transactions. He should endeavor to eliminate in his community any practices which could be damaging to the public or bring discredit to the real estate profession. The REALTOR® should assist the governmental agency charged with regulating the practices of brokers and salesmen in his state.

Article 4

The REALTOR® should seek no unfair advantage over other REALTORS® and should conduct his business so as to avoid controversies with other REALTORS®.

Article 5

In the best interests of society, of his associates, and his own business, the REALTOR® should willingly share with other REALTORS® the lessons of his experience and study for the benefit of the public, and should be loyal to the Board of REALTORS® of his community and active in its work.

Article 6

To prevent dissension and misunderstanding and to assure better service to the owner, the REALTOR® should urge the exclusive listing of property unless contrary to the best interest of the owner.

Article 7

In accepting employment as an agent, the REALTOR® pledges himself to protect and promote the interests of the client. This obligation of absolute fidelity to the client's interests is primary, but it does not relieve the REALTOR® of the obligation to treat fairly all parties to the transaction.

Article 8

The REALTOR® shall not accept compensation from more than one party, even if permitted by law, without the full knowledge of all parties to the transaction.

Article 9

The REALTOR® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts. He has an affirmative obligation to discover adverse factors that a reasonably competent and diligent investigation would disclose.

Article 10

The REALTOR® shall not deny equal professional services to any person for reasons of race, creed, sex, or country of national origin. The REALTOR® shall not be party to any plan or agreement to discriminate against a person or persons on the basis of race, creed, sex, or country of national origin.

Article 11

A REALTOR® is expected to provide a level of competent service in keeping with the standards of practice in those fields in which the REALTOR® customarily engages.

The REALTOR® shall not undertake to provide specialized professional services concerning a type of property or service that is outside his field of competence unless he engages the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any person engaged to provide such assistance shall be so identified to the client and his contribution to the assignment should be set forth.

The REALTOR® shall refer to the Standards of Practice of the National Association as to the degree of competence that a client has a right to expect the REALTOR® to possess, taking into consideration the complexity of the problem, the availability of expert assistance, and the opportunities for experience available to the REALTOR®.

Article 12

The REALTOR® shall not undertake to provide professional services concerning a property or its value where he has a present or contemplated interest unless such interest is specifically disclosed to all affected parties.

Article 13

The REALTOR® shall not acquire an interest in or buy for himself, any member of his immediate family, his firm or any member

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Article 13

The REALTOR® shall not acquire an interest in or buy for himself, any member of his immediate family, his firm or any member

thereof, or any entity in which he has a substantial ownership interest, property listed with him, without making the true position known to the listing owner. In selling property owned by himself, or in which he has any interest, the REALTOR® shall reveal the facts of his ownership or interest to the purchaser.

Article 14

In the event of a controversy between REALTORS® associated with different firms, arising out of their relationship as REALTORS®, the REALTORS® shall submit the dispute to arbitration in accordance with the regulations of their board or boards rather than litigate the matter.

Article 15

If a REALTOR® is charged with unethical practice or is asked to present evidence in any disciplinary proceeding or investigation, he shall place all pertinent facts before the proper tribunal of the member board or affiliated institute, society, or council of which he is a member.

Article 16

When acting as agent, the REALTOR® shall not accept any commission, rebate, or profit on expenditures made for his principal-owner, without the principal's knowledge and consent.

Article 17

The REALTOR® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.

Article 18

The REALTOR® shall keep in a special account in an appropriate financial institution, separated from his own funds, monies coming into his possession in trust for other persons, such as escrows, trust funds, clients' monies, and other like items.

Article 19

The REALTOR® shall be careful at all times to present a true picture in his advertising and representations to the public. He shall neither advertise without disclosing his name nor permit any person associated with him to use individual names or telephone numbers, unless such person's connection with the REALTOR® is obvious in the advertisement.

Article 20

The REALTOR®, for the protection of all parties, shall see that financial obligations and commitments regarding real estate transactions are in writing, expressing the exact agreement of the parties. A copy of each agreement shall be furnished to each party upon his signing such agreement.

Article 21

The REALTOR® shall not engage in any practice or take any action inconsistent with the agency of another REALTOR®.

Article 22

In the sale of property which is exclusively listed with a REALTOR®, the REALTOR® shall utilize the services of other brokers upon mutually agreed upon terms when it is in the best interests of the client.

Negotiations concerning property which is listed exclusively shall be carried on with the listing broker, not with the owner, except with the consent of the listing broker.

Article 23

The REALTOR® shall not publicly disparage the business practice of a competitor nor volunteer an opinion of a competitor's transaction. If his opinion is sought and if the REALTOR® deems it appropriate to respond, such opinion shall be rendered with strict professional integrity and courtesy.

Where the word REALTOR® is used in this Code and Preamble, it shall be deemed to include REALTOR-ASSOCIATE®. Pronouns shall be considered to include REALTORS® and REALTOR-ASSOCIATE®s of both genders.

The Code of Ethics was adopted in 1913. Amended at the Annual Convention in 1924, 1928, 1950, 1951, 1952, 1955, 1956, 1961, 1962, 1974, and 1982.

Standards of Practice

Relating to

Articles of the Code of Ethics

(Adopted through January 30, 1984)

The Standards of Practice relating to the Code of Ethics are "interpretations" of various Articles of the Code of Ethics and are not a part of the Code itself. The proper relationship between the Standards of Practice and the Code of Ethics is set forth in the following advisory opinion by the Professional Standards Committee, which was approved by the Board of Directors of the National Association:

"In filing a charge of an alleged violation of the Code of Ethics by a REALTOR®, the charge shall read as an alleged violation of one or more Articles of the Code. A Standard of Practice may only be cited in support of the charge."

The Standards of Practice are supplementary to, and do not replace, the "numbered cases" found in *Interpretations of the Code of Ethics*. A Standard of Practice is a statement of general principle related to an Article of the Code of Ethics to guide REALTORS® and REALTOR-ASSOCIATE®s as to the professional conduct required in the specific situation described by the Standard of Practice, whereas each of the "numbered cases" in *Interpretations of the Code of Ethics* presents a set of particular facts alleging a violation of the Code of Ethics, and describes the conclusion determined on merit by the Professional Standards Committee as related to the particular facts of the case.

As additional Standards of Practice are adopted, Member Boards and Board Members will be advised of their adoption.

Standard of Practice 4-1

"The REALTOR® shall not misrepresent the availability of access to show or inspect a listed property."

Standard of Practice 7-1

"The REALTOR® shall receive and shall transmit all offers on a specified property to the owner for his decision, whether such offers are received from a prospective purchaser or another broker."

Standard of Practice 7-2

"The REALTOR®, acting as listing broker, shall submit all offers to the seller as quickly as possible."

14. To what extent have you taken advantage of the training opportunities offered by the real estate firm with which you are currently affiliated?

AND

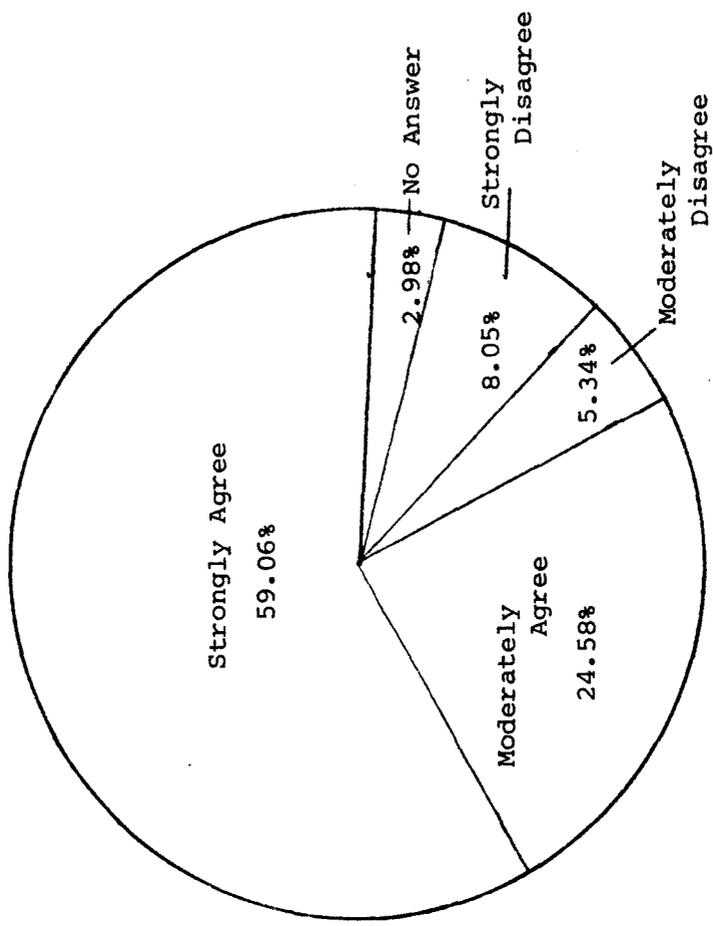
1. Which Montana real estate license do you currently hold?

OF ALL RESPONDENTS THAT HELD SALES ASSOCIATES LICENSES:

- 12.25% NOT AT ALL
- 14.63% TO A MINOR EXTENT
- 26.69% TO A MODERATE EXTENT
- 39.85% TO A GREAT EXTENT
- 6.58% NO ANSWER

18-1. Education requirements prior to sales licensure should be made mandatory.

- 83.64% AGREE
- 13.39% DISAGREE



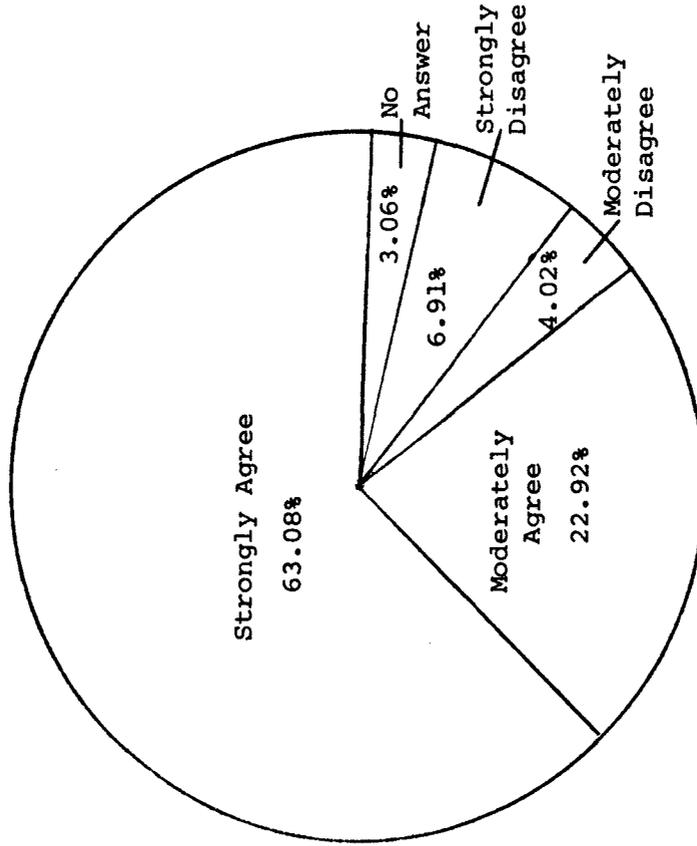
24. What do you think are the three most important educational courses for sales associates to complete?

THE AREAS MOST FREQUENTLY CITED WERE:

- 1) REAL ESTATE LAW
- 2) FINANCING
- 3) ETHICS
- 4) APPRAISING
- 5) LISTING PROCEDURES
- 6) SELLING PROCEDURES
- 7) CONTENTS OF GRI PROGRAM
- 8) FORM PREPARATION
- 9) TAXATION
- 10) BROKERAGE

18-2. Education requirements prior to broker licensure should be made mandatory?

86.00% AGREE
10.93% DISAGREE



13. How many hours of training does your company offer on an average monthly basis?

4.81% MORE THAN 20 HOURS
3.85% 15-20 HOURS
9.45% 10-14 HOURS
20.82% 4-9 HOURS
52.76% LESS THAN 4 HOURS
8.14% NO ANSWER

12. How extensive is the training program offered by the firm with which you are currently affiliated?

- 31.58% NO COMPANY PROGRAM
- 25.90% PROVIDES SOME BASIC TRAINING
- 19.69% ADEQUATELY TRAINS A SALES ASSOCIATE
- 19.77% GOES WELL BEYOND THE BASIC SKILLS NEEDED
- 3.06% NO ANSWER

20. Of the 81.1% of respondents that agreed that education requirements prior to both sales and brokers licensure should be made mandatory, the amount of required education should be:

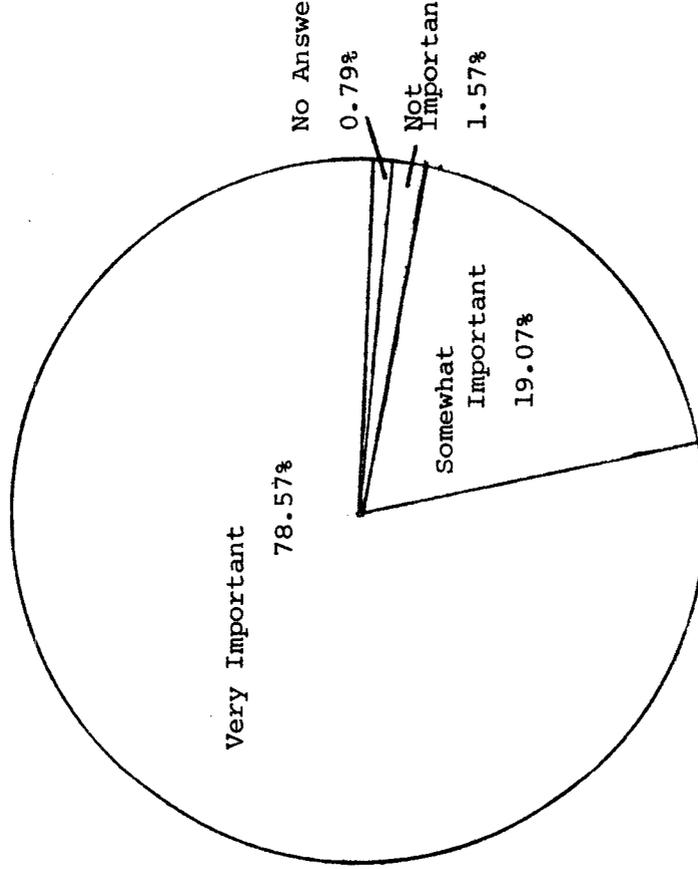
- 19.54% 24 CLASSROOM HOURS
- 24.67% 30 CLASSROOM HOURS
- 25.11% 60 CLASSROOM HOURS
- 14.52% 90 CLASSROOM HOURS
- 6.33% MORE THAN 90 CLASSROOM HOURS
- 9.83% NO ANSWER

19. Of the 81.1% respondents that education requirements prior to sales and brokers licensure should be made mandatory, the education should be completed over a:

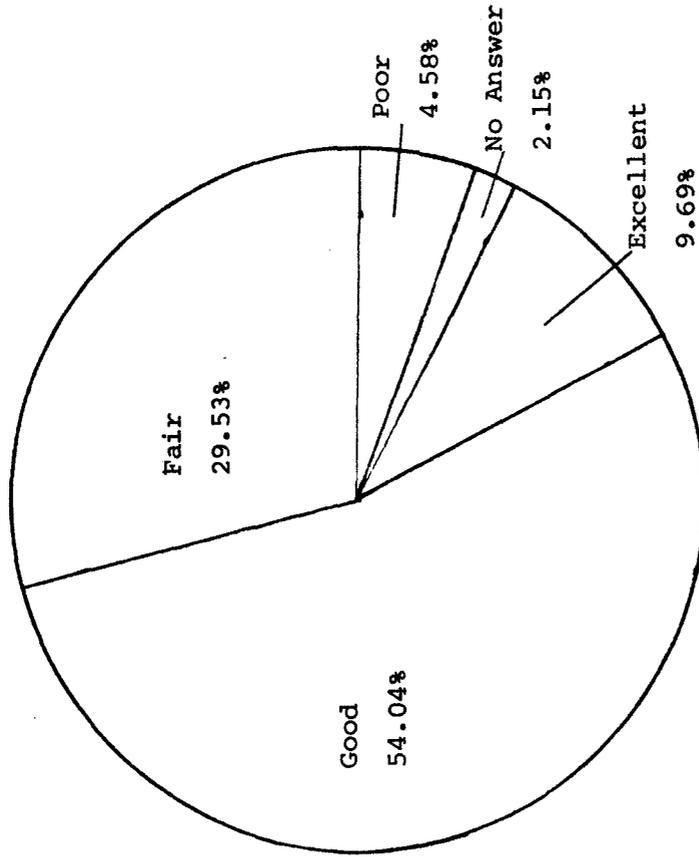
- 42.72% 1 YEAR PERIOD
- 24.92% 2 YEAR PERIOD
- 7.55% 3 YEAR PERIOD
- 5.29% 4 YEAR PERIOD
- 12.62% OTHER
- 6.90% NO ANSWER

10. How important is real estate education (beyond licensure) in making a successful real estate agent?.

97.64% EDUCATION IS IMPORTANT

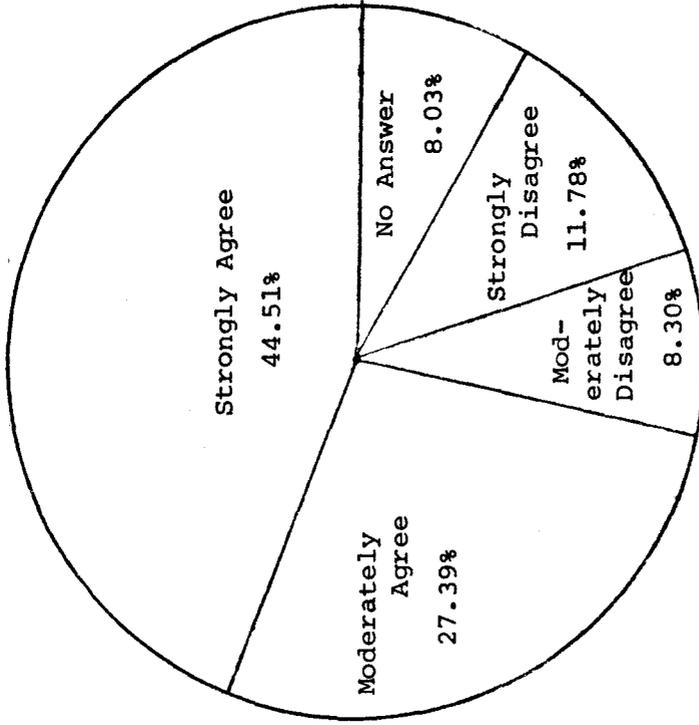


9. How would you evaluate the general level of real estate knowledge of the brokers in your area.



21. Continuing education to maintain a Broker's license should be required?

71.9% AGREE
20.08% DISAGREE

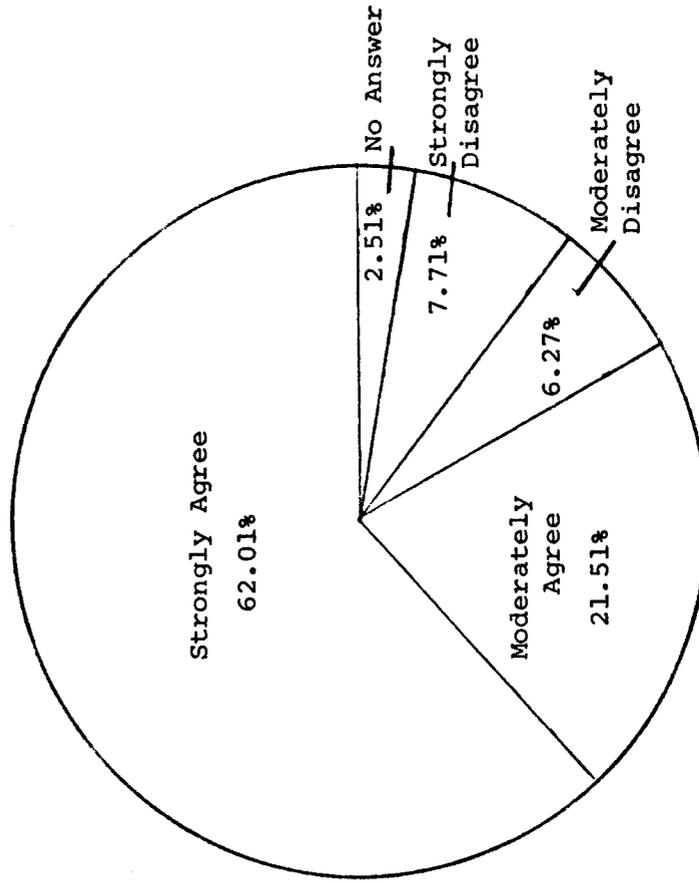


1. Which Montana real estate license do you currently hold?

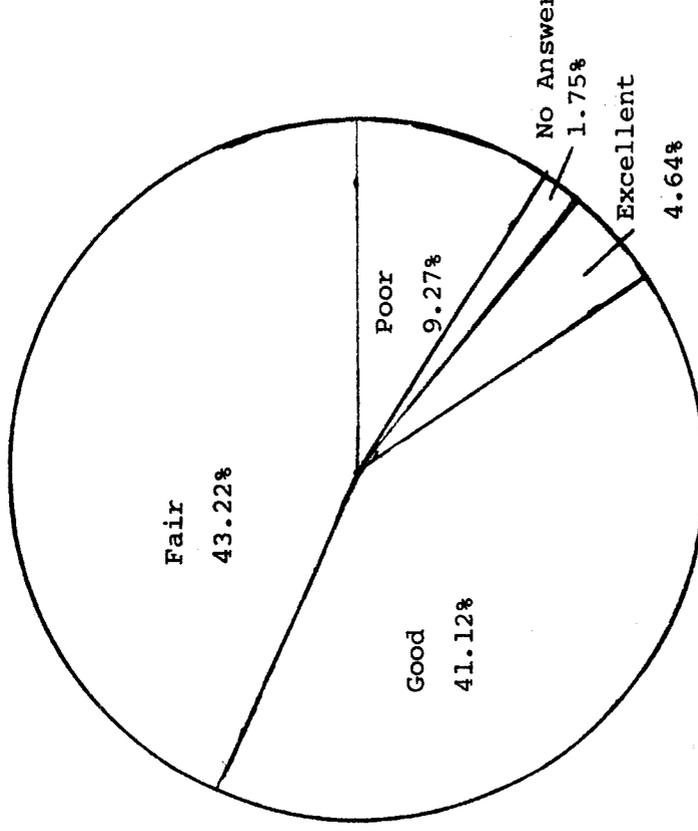
AND

18-1. To what extent do you agree or disagree with the statement: "Education requirements prior to sales licensure should be made mandatory."

OF ALL RESPONDENTS THAT HELD AN ACTIVE BROKER OR BROKER ASSOCIATE LICENSE, 83.52% AGREE.



8. How would you evaluate the general level of real estate knowledge of the sales associates in your area.



5. Please approximate your personal gross income from real estate during the last year.

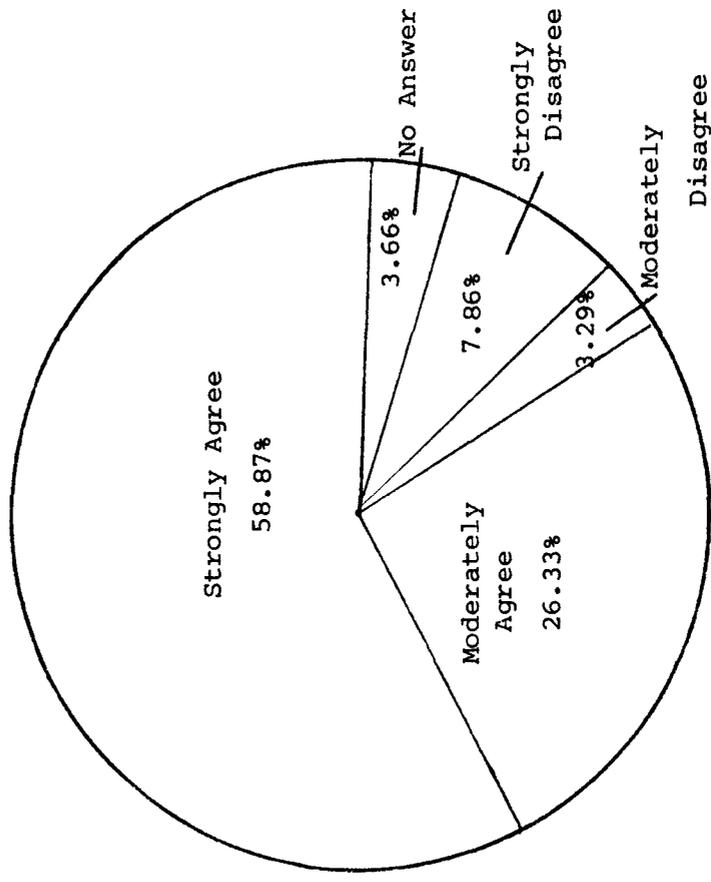
- 24.69% 0-\$4,999.00
- 13.05% \$5,000.00-\$9,999.00
- 12.52% \$10,000.00-\$14,999.00
- 9.28% \$15,000.00-\$19,999.00
- 13.05% \$20,000.00-\$29,999.00
- 9.63% \$30,000.00-\$39,999.00
- 5.08% \$40,000.00-\$49,999.00
- 5.43% \$50,000.00-\$75,000.00
- 4.29% OVER \$75,000.00
- 2.98% NO ANSWER

1. Which Montana real estate license do you currently hold?

AND

18-2. To what extent do you agree or disagree with the statement: "Education requirements prior to Broker licensure should be made mandatory."

OF ALL RESPONDENTS THAT HELD ACTIVE SALES ASSOCIATES LICENSES, 85.2% AGREE.



4. In which county is your principal place of business?

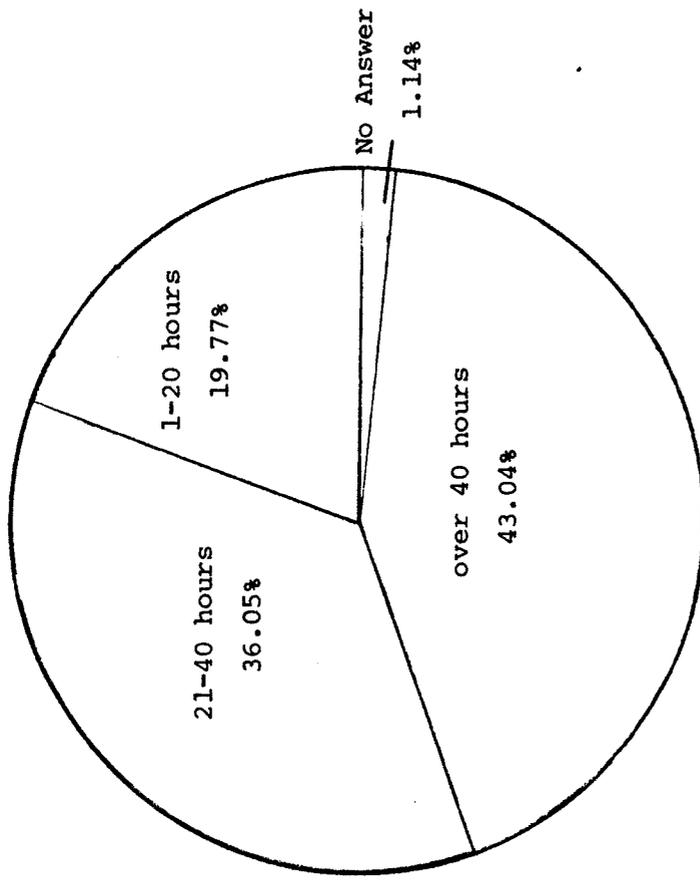
- 9.36% CASCADE (GREAT FALLS AREA)
- 1.66% CUSTER (MILES CITY AREA)
- 1.14% FERGUS (LEWISTOWN AREA)
- 8.57% FLATHEAD (KALISPELL AREA)
- 9.10% GALLATIN (BOZEMAN AREA)
- 1.49% HILL (HAVRE AREA)
- 2.36% LAKE (POLSON AREA)
- 4.29% LEWIS AND CLARK (HELENA AREA)
- 1.05% LINCOLN (LIBBY AREA)
- 10.42% MISSOULA (MISSOULA AREA)
- 1.75% PARK (LIVINGSTON AREA)
- 3.32% RAVALLI (HAMILTON AREA)
- 1.84% SILVERBOW (BUTTE AREA)
- 15.49% YELLOWSTONE (BILLINGS AREA)

LESS THAN 1%

- BEAVERHEAD
- BIGHORN
- BLAINE
- BROADWATER
- CARBON
- CHOTEAU
- DAWSON
- DEER LODGE
- GLACIER
- GRANITE
- JEFFERSON
- LIBERTY
- MADISON
- MINERAL
- PHILLIPS
- PONDERA
- POWELL
- RICHLAND
- ROOSEVELT
- ROSEBUD
- SANDERS
- STILLWATER
- SWEETGRASS
- TETON
- TOOLE
- WHEATLAND
- WIBAUX

7. In an average week, how many hours do you spend working in the real estate business?

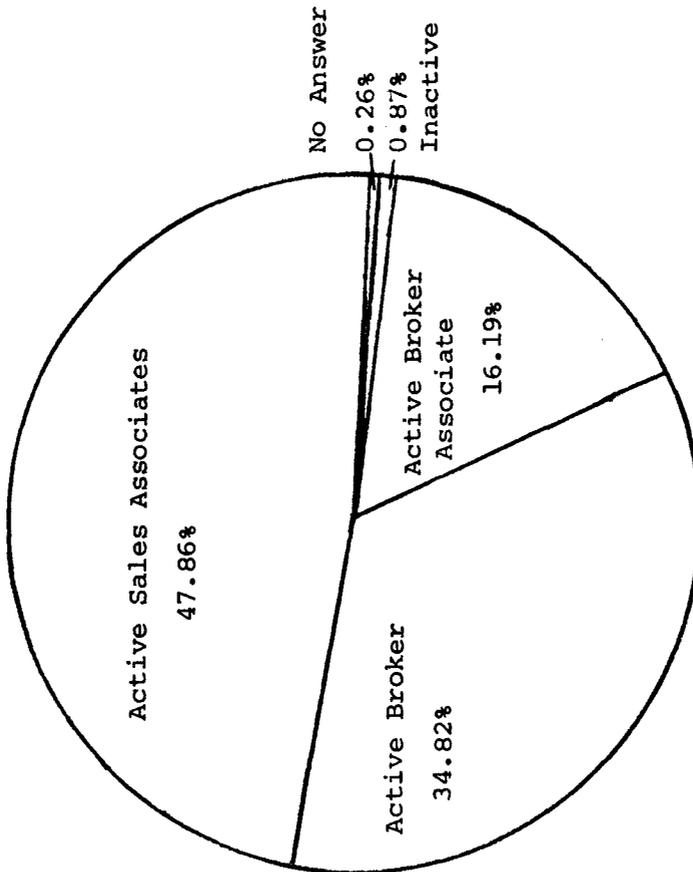
NEARLY ONE-HALF SAID THEY WORKED OVER 40 HOURS PER WEEK.



(PLEASE NOTE THAT 18.11% OF THE RESPONDENTS DID NOT ANSWER THE QUESTION.)

1. Which Montana real estate license do you currently hold?

47.86% ACTIVE SALES ASSOCIATES
51.01% ACTIVE BROKERS



25. Are you a member of the REALTOR[®] Association?

72.93% REALTOR[®]
14.21% NON REALTOR[®]
12.86% NO ANSWER

(Please note that 79.11% of the NON REALTOR[®]S agreed that education requirements prior to sales licensure should be made mandatory.)

29. Are you female or male?

32.21% FEMALE
56.13% MALE
11.60% NO ANSWER

INTRODUCTION

THIS REPORT REFLECTS THE RESULTS OF A 1984 EDUCATIONAL SURVEY CONDUCTED BY THE MONTANA ASSOCIATION OF REALTORS. IT PROVIDES A PROFILE OF THE MONTANA REAL ESTATE LICENSEE AND CORRELATES THEIR ATTITUDES REGARDING EDUCATION.

IN ACCUMULATING THE DATA IN THIS REPORT, A 30 QUESTION SURVEY WAS MAILED TO ALL LICENSEES IN MONTANA. THERE WAS A 25.2% RESPONSE RATIO. STATISTICALLY, THE ASSOCIATION BELIEVES THAT THIS REPRESENTS AN EXCELLENT SAMPLE.

THE SURVEY RESULTS ARE GIVEN ON THE FOLLOWING PAGES, WITH GRAPHS SHOWN FOR MANY OF THE TABULATIONS. PLEASE NOTE THAT THE RESULTS ARE NOT NECESSARILY GIVEN IN THE SAME ORDER AS THE QUESTIONS APPEARED ON THE SURVEY, AND NOT ALL QUESTIONS HAVE BEEN TABULATED.

EXHIBIT 3
BUSINESS & INDUSTRY
January 23, 1985

A SURVEY REPORT

ON THE

MONTANA REAL ESTATE LICENSEE

Conducted and Compiled by
The
MONTANA ASSOCIATION OF REALTORS

1984

| EDUCATION/ EXPERIENCE AND APPLICATION REQUIREMENTS | EDUCATION AND EXPERIENCE REQUIREMENTS | | | | LONG- RANGE PROFES- SIONAL- IZATION PLAN | APPLICATION REQUIREMENTS | | | | |
|--|---|---|---|--|---|--------------------------|-------|------------------|----------------------------|----------------|
| | SALESPERSONS PRELICENSING EDUCATION | CONTINUING EDUCATION | PRELICENSING EDUCATION (INCLUDING PRE- LICENSE SALES ED) | BROKERS EXPERIENCE AS SALESMAN | | CONTINUING EDUCATION | PHOTO | FINGER- PRINT | CREDIT REPORT AMOUNT | BOND AMOUNT |
| ALABAMA | 45 hrs | None | 45 hrs (or 15 sem hrs) if less than 2yrs exp. | 2 yrs | None | NO | YES | -- | 50M (or RF) | YES |
| ALASKA | None | None | None | 2 yrs | None | NO | -- | -- | SF 10/50M | -- |
| ALBERTA | None | None | None | None | None | NO | -- | -- | B:10M- 100M | -- |
| ARIZONA | 45 hrs | 12 hrs per 1 yr | 180 hrs | 3 yrs | 12 hrs per 1 yr | NO | YES | -- | -- | YES |
| ARKANSAS | 30 hrs w/in 1 yr | None | 90 hrs, or 2 yrs & 30 hrs, or 6 coll credits | 2 yrs & 30 hrs, or 90 hrs, or 6 coll credits | None | YES | -- | -- | -- | YES |
| BRITISH COL | 137 hrs | 36 hrs per 1 yr | 194 hrs | 2 yrs | None | NO | -- | YES | B:10 M+ 100M | -- |
| CALIFORNIA | None | 45 hrs per 4 yrs | 270 hrs | 2 yrs or coll graduate | 45 hrs per 4 yrs | NO | YES | -- | -- | -- |
| COLORADO | 48 hrs | None | 96 hrs | 2 yrs or equiv | None | NO | YES | -- | -- | -- |
| CONNECTICUT | 30 hrs | 12 hrs per 2 yrs or exam 15 hrs per 2 yrs | 90 hrs | 2 yrs | 12 hrs Per 2 yrs or exam 15 hrs per 2yr | NO | -- | -- | -- | -- |
| DELAWARE | 126 Hrs | 15 hrs per 2 yrs | 201 hrs | 5 yrs | 15 hrs per 2yr | NO | -- | YES-(B) | -- | -- |
| D. C. | 45 hrs | 12 hrs pr 2yrs | 135 hrs | 2 yrs or equiv | 12 hrs pr 2yrs | YES | -- | -- | -- | -- |
| FLORIDA | 63 hrs | 14 hrs per 2 yrs | 72 hrs | 1 yr | 14 hrs per 2 yrs | YES | YES | -- | -- | -- |

| EDUCATION/ EXPERIENCE AND APPLICATION REQUIREMENTS | EDUCATION AND EXPERIENCE REQUIREMENTS | | | | | | LONG- RANGE PROFES- SIONAL- IZATION PLAN | APPLICATION REQUIREMENTS | | | |
|--|--|---|---|--|-------------------------|-------------------------|---|--------------------------|------------------|----------------------------|---------------------------|
| | SALESPERSONS | | BROKERS | | CONTINUING EDUCATION | CONTINUING EDUCATION | | PHOTO | FINGER- PRINT | CREDIT REPORT AMOUNT | BOND ENDORSE- MENTS |
| | PRELICENSING EDUCATION | CONTINUING EDUCATION | PRELICENSING EDUCATION (INCLUDING PRE- LICENSE SALES ED) | EXPERIENCE AS SALESMAN | | | | | | | |
| GEORGIA | 24 hrs (or 5 qtr hrs in coll RE courses) | 80 hrs 1st 2 yrs; then 6 hrs per 2 yrs | 164 hrs (or 15 qtr hrs in coll RE courses) | 3 yrs | 6 hrs per 2 yrs | NO | -- | -- | -- | -- | |
| GUAM | None | None | None | 2 yrs | None | NO | YES | -- | -- | -- | |
| HAWAII | 40 hrs (or equiv ed) | None | 46 hrs (or equiv ed) | 2 yrs (partial waiver for equiv exp) | None | NO | YES | -- | -- | -- | |
| IDAHO | 45 hrs | None | 135 hrs RE Law Brokerage Adm. (2 electives) | 2 yrs or equiv educ/exp. | None | NO | -- | -- | -- | -- | |
| ILLINOIS | 30 hrs | None | 90 hrs (or 4 yr coll degree w/ minor in RE) | 1 yr | None | NO | YES | -- | -- | -- | |
| INDIANA | 40 hrs | None | 64 hrs | 1 yr | NO | YES | -- | -- | -- | -- | |
| IOWA | 30 hrs | 12 hrs per 1 yr | 30 hrs | 1 yr | 12 hrs per 1 yr | NO | -- | -- | -- | -- | |
| KANSAS | 30 hrs (may be taken in another jd) | 8 hrs per 2 yrs | None | 2 yrs | 8 hrs per 2 yrs | NO | -- | -- | -- | YES | |
| KENTUCKY | 96 hrs(6 cred hrs) | None | 336 hrs(21 cred hrs w/12 in RE) | 2 yrs, or 1 yr w/ degree in RE | None | YES | --- | -- | -- | -- | |
| LOUISIANA | 90 cred. or 15 sem. hrs | 15 hrs per 2 yrs | 150 hrs (or 15 sem hrs) | 2 yrs | 15 hrs per 2 yrs | YES | --- | YES (Bkr only) | -- | YES | |
| MAINE | None | 12 hrs per 2 yrs | 90 hrs (or 1 yr exp) | 1 yr or educ | 12 hrs per 2 yrs | NO | YES | -- | -- | YES | |
| MARYLAND | 45 hrs | 12 hrs per 2 yrs | 135 hrs | 3 yrs | 12 hrs per 2 yrs | YES | -- | YES | -- | -- | |

| EDUCATION/ EXPERIENCE AND APPLICATION REQUIREMENTS | EDUCATION AND EXPERIENCE REQUIREMENTS | | | | | LONG- RANGE PROFES- SIONAL- IZATION PLAN | APPLICATION REQUIREMENTS | | | |
|--|---|---|---|---|---|---|--------------------------|------------------|----------------------------|------|
| | SALESPERSONS | | PRELICENSING EDUCATION (INCLUDING PRE- LICENSE SALES ED) | BROKERS EXPERIENCE AS SALESMAN | CONTINUING EDUCATION | | PHOTO | FINGER- PRINT | CREDIT REPORT AMOUNT | BOND |
| MASSACHUSETTS | 24 hrs | None | 30 hrs | 1 yr | None | YES | -- | -- | B:1M | -- |
| MICHIGAN | 40 hrs (if appl falls 1st exam) | None | 90 hrs | 3 yrs | 6 hrs | NO | -- | -- | -- | -- |
| MINNESOTA | 60 hrs + 30 hrs w/in 1st yr of lic. 6 sem hrs | 45 hrs per 3 yrs | Sales current | 2 yrs | 45 hrs per 3 yrs | NO | -- | -- | -- | -- |
| MISSISSIPPI | None | None | 12 sem hrs (or 9 sem. hrs + 1yr exp.) 40 hrs | (1 yr w/9 sem. hrs) | None | NO | YES | -- | -- | -- |
| MISSOURI | 54 hrs | 12 hrs | None | None | 12 hrs | NO | YES | -- | -- | -- |
| MONTANA | None | None | None | 2 yrs | None | NO | YES | YES | 10M | -- |
| NEBRASKA | 60 hrs | None | 180 hrs (or 2yrs exp + 120 hrs) | (2 yrs with 120 hrs) | None | NO | YES | -- | -- | -- |
| NEVADA | 90 hrs | 20 hrs 1st 2yrs; then 10 hr per 2yrs None | 45 sem. units | 2 yrs | 20 hrs 1st 2 yrs; then 10 hrs per 2yrs inact None | YES | YES | YES-B | -- | -- |
| NEW BRUNSWICK | 40 hrs (if appl fails 2nd exam in 1 year) None | 3 hrs per 2yrs (eff. 1985) None | None | 1yr f/t or 2,000 hrs p/t 2 yrs | 3hrs per 2yrs (eff. 1985) None | NO | -- | -- | B:10M S:5M | -- |
| NEW HAMPSHIRE | None | None | 135 hrs | None | None | NO | YES | -- | -- | -- |
| NEW JERSEY | 45 hrs | None | 180 hrs (or 90 hrs + 2yrs exp) | None | None | NO | -- | -- | -- | -- |
| NEW MEXICO | 60 hrs | None | 180 hrs (or 90 hrs + 2yrs exp) | None | None | NO | YES | YES | -- | YES |

| EDUCATION/ EXPERIENCE AND APPLICATION REQUIREMENTS | EDUCATION AND EXPERIENCE REQUIREMENTS | | | | | | LONG- RANGE PROFES- SIONAL- IZATION PLAN | APPLICATION REQUIREMENTS | | | | |
|--|---|---|--|---|---|-------------------------|---|--------------------------|-------------------------|------------------|-------------------|-------------------|
| | SALESPERSONS EDUCATION | | CONTINUING EDUCATION | PRELICENSING EDUCATION (INCLUDING PRE- LICENSE SALES ED) | BROKERS EXPERIENCE AS SALESMAN | CONTINUING EDUCATION | | PHOTO | FINGER- PRINT | CREDIT REPORT | BOND AMOUNT | ENDORSE- MENTS |
| | PRELICENSING EDUCATION | CONTINUING EDUCATION | CONTINUING EDUCATION | EXPERIENCE AS SALESMAN | CONTINUING EDUCATION | PHOTO | | FINGER- PRINT | CREDIT REPORT | BOND AMOUNT | ENDORSE- MENTS | |
| NEW YORK (1980) | 45 hrs | 45 hrs | 90 hrs | YES | 45 hrs | YES | YES | -- | -- | -- | -- | |
| NORTH CAROLINA | 30 hrs | None | 120 hrs | 2 yrs or 120 hrs | None | NO | YES | -- | -- | -- | YES | |
| NORTH DAKOTA | 30 hrs w/n 1st yr of lic | 24 hrs per 3 yrs | 90 hrs | 2 yrs or equiv | 24 hrs per 3 yrs | NO | -- | -- | -- | -- | YES | |
| OHIO | 60 hrs + 60 hrs w/n 2yrs of lic | 30 hrs per 3 yrs (aft 2nd 60 hrs) | 180 hrs | 2 yrs | 30 hrs per 3 yrs | YES | YES | -- | -- | -- | -- | |
| OKLAHOMA | 45 hrs | 21 hrs per 3 yrs | 90 hrs | 1 yr | 21 hrs per 3 yrs | YES | YES | -- | -- | -- | -- | |
| ONTARIO | 100 hrs | None | 150 hrs | 2 yrs | None | YES | -- | -- | B:5M | -- | -- | |
| OREGON | 90 hrs | 24hrs/2yrs aft 3 renew | 150 hrs | 3 yrs w/in last 5 yrs | 24hrs/2yrs aft 3 renew 12hrs/2yrs (exceptions) | NO | -- | -- | -- | -- | -- | |
| PENNSYLVANIA | 60 hrs | None | 240 hrs | 3 yrs with 200 points | None | YES | -- | -- | -- | -- | YES | |
| QUEBEC | Secondary V diploma or equivalent | None | Secondary V or diploma or equivalent 90 hrs | 2 yrs w/in last 5yrs | None | NO | YES | YES-B | B:5M, S:4M (Pro ins) | -- | -- | |
| RHODE ISLAND | None | None | None | 1 yr | None | NO | -- | -- | -- | -- | -- | |
| SASKATCHEWAN | None | None | None | 2 yrs | None | NO | -- | -- | -- | -- | -- | |
| SOUTH CAROLINA | 30 hrs + 30 hrs w/n 1st yr of lic | None | 90 hrs | 3 yrs | None | NO | YES | YES | -- | -- | -- | |

| EDUCATION/ EXPERIENCE AND APPLICATION REQUIREMENTS | EDUCATION AND EXPERIENCE REQUIREMENTS | | | | | | LONG- RANGE PROFES- SIONAL- IZATION PLAN | APPLICATION REQUIREMENTS | | | | | |
|--|---------------------------------------|-------------------------------|---|---------------------------|--------------------------------------|-----|---|--------------------------|-------|------------------|------------------|----------------|-------------------|
| | SALESPERSONS | | PRELICENSING EDUCATION (INCLUDING PRE- LICENSE SALES ED) | | BROKERS EXPERIENCE AS SALESMAN | | | CONTINUING EDUCATION | PHOTO | FINGER- PRINT | CREDIT REPORT | BOND AMOUNT | ENDORSE- MENTS |
| | PRELICENSING EDUCATION | CONTINUING EDUCATION | PRELICENSING EDUCATION (INCLUDING PRE- LICENSE SALES ED) | EXPERIENCE AS SALESMAN | CONTINUING EDUCATION | | | | | | | | |
| SOUTH DAKOTA | 30 hrs | 24 hrs per 2 yrs | 90 hrs | 2 yrs | 24 hrs per 2 yrs | NO | YES | -- | YES | -- | -- | -- | |
| TENNESSEE | 30 hrs | 30 hrs w/n 2 yrs of lic | 90 hrs | 2 yrs | 60 hrs w/in 3 yrs | NO | YES | -- | -- | B:10M S:2M | YES | YES | |
| TEXAS | 180 hrs | 90 hrs w/n 3yrs of lic | 900 hrs (eff 1/1/85) | 2 yrs | None | YES | YES | -- | -- | -- | -- | -- | |
| UTAH | 90 hrs | 12 hrs (if inact 1+yr) | 120 hrs | 3 yrs | 12 hrs (if inact. 1+yr) | NO | YES | -- | -- | YES-B | -- | YES | |
| VERMONT | None | None | None | 1 yr | None | NO | YES | -- | -- | -- | -- | YES | |
| VIRGINIA | 45 hrs | None | 180 hrs (12 sem hrs) | 3 yrs | None | NO | NO | Exam only | -- | -- | -- | -- | |
| VIRGIN ISLAND | None | None | 45 hrs or 2yrs exp | 2 yrs | None | NO | -- | -- | -- | -- | -- | -- | |
| WASHINGTON | None | 30 hrs by 2nd rnl | 90 hrs | 2 yrs or equiv. | None | NO | -- | -- | YES+B | -- | -- | -- | |
| WEST VIRGINIA | 90 hrs | None | 180 hrs | 2 yrs | None | NO | -- | -- | -- | 2M | YES | YES | |
| WISCONSIN | 30 hrs | 10 hrs per 2 yrs | 60 hrs (or 20 sem. hrs) | None | 10 hrs per 2 yrs | NO | NO | -- | -- | -- | -- | -- | |
| WYOMING | 30 hrs. | 60 hrs per 3 yrs | 60 hrs | 2 yrs or RE degree | 60 hrs per 3 yrs | NO | YES | YES | YES | -- | -- | -- | |

(This sheet to be used by those testifying on a bill.)

NAME: DAN SCHULTE DATE: 1/23/85

ADDRESS: 2024 HIGHLAND - HELENA

PHONE: 443-2863

REPRESENTING WHOM? MONT. ASSOC. OF REALTORS

APPEARING ON WHICH PROPOSAL: REAL ESTATE PRELICENSIN

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENT: NEEDED!
STEP IN THE RIGHT DIRECTION

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT 5
BUSINESS & INDUSTRY
January 23, 1985

- *** Of the 41 occupations requiring licenses, only 2 require less education than a Real Estate Salesman, and these 2 require an apprenticeship period. Barbers - 3 months apprenticeship, Cosmetologists - 2000 hr. or 10 months.
- *** 9 occupations did not specifically state educational requirements, but had extensive examinations as proof of knowledge and 2 - 4 yr. apprenticeship period.
- *** 7 occupations required a High School Diploma or less.
- *** 28 occupations required beyond a High School education.
- *** 9 occupations have some provision for continuing education.



U.S. Department of Housing and Urban Development

Helena Office, Region VIII
Federal Office Building, Drawer 10095
301 S. Park, Room 340
Helena, Montana 59626

October 11, 1984

TO: All Real Estate Brokers and Sales Staff
Approved HUD/FHA Mortgagees
Title Companies

FROM: Chris Kafentzis, Acting Manager
Helena Office

SUBJECT: Addendum I - Buying and Selling HUD Owned Homes - August 1, 1984

REAL ESTATE CLOSING - PRORATED TAXES

Not Mentioned in "Buying and Selling of HUD Owned Homes", August 1, 1984

Lenders and or closing agents must contact the Assessor's Office before prorating taxes. HUD properties are tax exempt on the date of acquisition by HUD as stated on the Deed or Security Agreement which evidences ownership.

Once the property becomes exempt, it remains exempt for the remainder of that year. This holds true even if HUD sells the property to a private individual before the end of the year.

New owners are responsible for the taxes starting on January 1 of the next full tax year that the property is in private ownership. In other words if HUD acquires a house on March 20, 1983 and sells that house to a private individual on February 15, 1984, the house does not become taxable to the new owner until January 1, 1985. If the same house was sold to a private individual on December 15, 1983, it would have been taxable to that private individual on January 1, 1984.

S.I.D.'s are not exempt. We do not pay the total amount owed on the S.I.D.--only the prorated amount to the date of closing.

SECTION V. SALES CLOSING - Page 12

Paragraph C Shall Be Changed to Read as Follows:

Earnest Money Deposit Forfeiture. Earnest money forfeiture will not occur because of failure to obtain credit approval on Insured Sales. Once credit approval on these properties has been granted, forfeiture will occur if closing does not occur as scheduled. Failure to close an As-Is All Cash Sale will be a basis for forfeiture. All requests for earnest money refund must be transmitted by purchaser through the broker who originally submitted the offer. Earnest money deposits will be applied to the purchase price at closing.

We suggest all Brokers and Salespersons read Paragraph 3 concerning the Forfeiture of Earnest Money on the Offer to Purchase and Brokers' Tender, Form 9551.


Chris Kafentzis
Acting Manager



U.S. Department of Housing and Urban Development

Helena Office, Region VIII
Federal Office Building, Drawer 10095
301 S. Park, Room 340
Helena, Montana 59626

Buying and Selling HUD Owned Homes

8/1/84

About this notice

This notice is for real estate brokers who want to learn about HUD's single family sales program and how they can participate.

HUD acquires single family properties when FHA-insured mortgages are foreclosed. HUD pays off the mortgagee, gets the property and puts it up for sale. Although called single family properties, these houses may have up to four living units.

HUD relies heavily on private real estate brokers to sell its properties. Properties are marketed in open listings on a competitive bid basis. Any real estate broker who signs HUD's certification of non-discrimination and are placed on our mailing list, may submit offers to purchase HUD's property.

The following material is divided into seven sections:

| | |
|--|----|
| SECTION I. LISTING AND ADVERTISING | 2 |
| SECTION II. PRINCIPAL SALES PROGRAMS | 4 |
| SECTION III. COMPUTING DOWNPAYMENTS | 7 |
| SECTION IV. BIDDING PROCEDURES | 9 |
| SECTION V. SALES CLOSING | 12 |
| SECTION VI. VARIOUS FHA MORTGAGE INSURANCE PROGRAMS | 15 |
| SECTION VII. OTHER POLICY MATTERS | 17 |

SECTION I: LISTING AND ADVERTISING

A. Listings.

1. August 4, 1984, the Helena HUD Office will start listing properties currently available for sale in the (real estate section(s) of the following specified newspaper(s) and areas) every Sunday. In some areas the listings will continue to be mailed in a PIR. These areas are listed under Item "e" below. If a property is not listed in the specified newspaper(s) or PIR's, it is not available for sale. Although we may place supplementary advertisements, our official listings are published as indicated above. Every effort is made to list properties correctly, however, errors occasionally occur. Therefore, HUD reserves the right to refuse any offer, to reject any and all bids, or to waive any informality or irregularity in any bids.

2. Listings of specified newspapers and distribution and/or subscription areas are as follows:
 - a. Great Falls Tribune Great Falls, Shelby, Conrad, Fairfield, Choteau, Vaughn, Ft. Benton, Havre, Cascade

 - b. Billings Gazette Billings, Bridger, Laurel, Columbus, Hardin, Sidney, Glendive, Miles City, Forsyth, Colstrip

 - c. Missoulian Missoula, Clinton, Hamilton, Stevensville, Corvallis, Superior, Dixon, Thompson Falls, St. Ignatius, Ronan, Polson

 - d. Daily Inter Lake Kalispell, Whitefish, Columbia Falls, Big Fork

 - e. All other areas listings are mailed in a PIR

 Helena, Butte, Anaconda, Deer Lodge, Townsend, Three Forks, Dillon, Whitehall, Bozeman, Livingston, Big Timber, Glasgow, Wolf Point, Plentywood, Miles City, Glendive, Sidney.

B. Listing Prices.

1. A property's listing price is HUD's estimate of fair market value. HUD reserves the right, in its sole discretion to accept offers less than the listing price, but will only accept the offer which provides the greatest net return to HUD, after considering both the bid price and costs to HUD.

2. All HUD properties will be offered and sold without the one (1) year structural and systems warranty or other provisions for warranty contained in Item "11" on the reverse side of the Standard Retail Sales Contract, HUD Form-9548.
3. The prices shown in our listing include closing costs as shown in Section V except prorated taxes.

C. Broker Advertising.

1. Brokers are invited and encouraged to advertise HUD-acquired properties so long as it is done according to the following:
 - a. Properties may not be advertised until they are officially listed for sale.
 - b. Brokers may not word their advertisements to state or imply or have them placed in such position with regard to other advertisements or notices, including those placed by HUD, so as to give the appearance that they are the sole source of property information or that they have an exclusive or favored sales listing or sales advantage.
 - c. Brokers may not word their advertisements in such a manner as to indicate that the sale of HUD-acquired properties are distressed sales.
 - d. The advertisement must include the statement "HUD properties are offered for sale to qualified purchasers without regard to the purchaser's race, color, religion, or national origin."
 - e. The ad must comply with the Truth-in-Lending Act.

D. For Sale Signs.

No signs will be installed or placed in or about the property unless authorized by HUD. Only HUD's "For Sale" sign may be posted unless otherwise authorized by HUD. The selling broker may install a "sold" sign on the property only after the broker has been notified that an offer submitted by the broker has been accepted. The selling broker's "sold" sign may remain until closing or cancellation of the offer. The selling broker will remove HUD's "For Sale" signs and lock boxes after closing and return them to the Area Management Broker, where available, or to HUD if there is no area AMB.

SECTION II: PRINCIPAL SALES PROGRAMS

HUD sells properties under a number of different programs each of which have somewhat different terms and conditions. The list below is the principal sale programs used by this office and describes some of the key features of each program.

- A. Cash As-Is Sales. (Not eligible for insured mortgage financing.) As the name indicates, under this program properties are sold in an unrepaired condition for cash without any assistance in obtaining financing. The sales contract will not, therefore, be contingent upon the buyer's ability to obtain financing.
1. Property Condition. The property is unrepaired, does not in its present condition meet HUD's minimum standards for mortgage insurance, and may have local code violations.
 2. Warranty. HUD provides no warranty. Therefore, the warranty language contained in Item "11" of HUD's Standard Retail Sales Contract, HUD Form 9548, is deleted.
 3. Financing. HUD does not provide any assistance in obtaining financing and will not approve an FHA-insured mortgage.
 4. Earnest Money Deposit. An earnest money deposit is to be submitted along with the Standard Retail Sales Contract. The amount of the deposit shall be \$500.00.
 5. Downpayment. Since the sale is all cash to HUD without any HUD financing, we do not specify any downpayment requirement.
 6. Owner-Occupant Priority. Only in the event of a tie bid, will HUD give priority to an owner-occupant's bid over the bid of an investor.
 7. Time Allowed for Closing the Sale. The buyer will be given 30 (thirty) days to close the sale after signing the sales contract.
- B. Insured As-Is Sales. Properties offered under this program are eligible for FHA-insured mortgage financing. To obtain such financing, buyers must have acceptable mortgage credit and the sales contract is contingent upon the buyer being approved. Buyers, of course, are not obligated to obtain FHA-insured financing but may obtain conventional or other financing. HUD does not provide any assistance in obtaining financing.
1. Property Condition. Properties under this program meet HUD's minimum property standards for existing housing for mortgage insurance purposes in their present condition. If properties have to be repaired, only the minimum essential repairs will be required to be completed by the purchaser. Cosmetic repairs may be required and HUD does not guarantee that the property is without defect.

2. Warranty. HUD provides no warranty. Therefore, the warranty language contained in Item "11" of HUD's Standard Retail Sales Contract, HUD-9548, is deleted.
3. Financing. FHA-insured mortgage financing is available, provided the purchaser qualifies. Some of the principal FHA mortgage insurance programs are discussed in the last section of this notice. HUD does not provide any assistance in obtaining financing.
4. Earnest Money Deposit. The \$500.00 earnest money deposit shown on the Broker's Tender HUD-9551 will be retained in the Broker's trust account until the sales offer is accepted or rejected. On acceptance, the Standard Retail Sales Contract is sent out by this office. When signed by the purchaser and realtor and returned to this office, it will include the \$500.00 earnest money deposit in the form of a money order, bank draft, or cashier's check.
5. Downpayment. For owner-occupant purchasers the downpayment shall be three percent of the first \$25,000, and five percent of the balance of the sale price. Investors must pay more; they may finance only 85 percent of the sales price. Section III provides sample computations.
6. Owner-Occupant Priority. Only in the event of a tie bid will HUD give priority to an owner-occupant's bid over the bid of an investor.
7. Time Allowed for Closing the Sale. The buyer will be given 60 (sixty) days to close the sale after signing the Standard Retail Sales Contract for insured sales and 30 (thirty) days for Cash As-Is Sales.

SECTION III: COMPUTING DOWNPAYMENTS

Below are examples showing how to compute downpayments.

- A. Insured Sales to Owner-Occupants. Owner-occupants can finance 97 percent of the first \$25,000, 95 percent of the balance of the sales price.

EXAMPLE: Selling price of house \$52,000

| | |
|--|-----------------|
| <u>Downpayment</u> | |
| 3 % of \$25,000 | \$ 750 |
| 5 % of the rest up to the listing price; i.e., \$27,000 | <u>\$ 1,350</u> |
| Total Downpayment | \$ 2,100 |

- B. Insured Sales to Investors. Investors can finance 85 percent of the sales price, up to local maximums, and make a 15 percent downpayment.

EXAMPLE: Selling price \$52,000

| | |
|----------------------------|----------|
| <u>Downpayment</u> | |
| 15 % of \$52,000 | \$ 7,800 |

- C. MIP Factors. One hundred percent financed will increase downpayment slightly.

a. 25 year mortgage = .03600 per M (\$1,000)

b. 30 year mortgage = .03800 per M (\$1,000)

- D. MIP Factors Paid in Cash. The MIP factors will increase downpayments considering the tenure of the loan.

a. 25 year mortgage = .03475 per M (\$1,000)

b. 30 year mortgage = .03661 per M (\$1,000)

SECTION IV: BIDDING PROCEDURE

- A. Properties Offered for Sale. Properties are first offered for sale, under one of the two sales programs described in Section VI, on a competitive bid basis. If the property fails to generate an acceptable bid, the property will remain on the market on a first-come, first-served basis until the listing is changed. The property then must be relisted on a sealed bid competitive bid basis.
1. HUD Accepts Bid Giving Greatest Net Return. Priority in the acceptance of sales offers (bids) will be given to offers producing the greatest net return to HUD. For any offer to purchase, the net return to HUD is calculated by subtracting from the bid price those dollar amounts, at or below maximums authorized by HUD if any, for closing costs, sales commissions, loan origination fees, discount points and sales bonuses. So HUD can determine for each bid what the net return to HUD will be, selling brokers shall prepare an addendum to the HUD Form-9551, Offer to Purchase and Broker's Tender, showing what costs the buyer expects HUD to bear and subtracting these costs from the bid price. Any offer received in a bid opening without an addendum attached will be disqualified. Any offer received on a first-come, first-served basis will be returned with a request that it be returned including the addendum. This addendum will become a part of the closing packet.

EXAMPLES:

Suppose a property was listed at \$50,000 on an insured sale basis and the following two bids were received. Some of the costs deducted from each of the bids are based on the mortgage amount; how the mortgage amounts are calculated is discussed in connection with computing downpayments in Section 3.

- a. Bid #1; an owner-occupant buyer.

| | |
|--|------------------|
| (1) Bid Price | \$52,000 |
| (2) Closing Costs | \$ 50 |
| (3) Sales Commission (6%) | 3,120 |
| (4) Loan Origination Fee (1% of \$49,900 mortgage amount) | 499 |
| (5) Discount Points (Say 3 points for a 13¼ mortgage) | 1,497 (3 x 499) |
| (6) Sale Bonus | None |
| (7) Total Deductions | \$ 5,166 |
| (8) Net to HUD | \$46,834 |

- b. Bid #2; a selling broker buying for himself as an investor.

| | |
|------------------------------------|----------|
| (1) Bid Price | \$47,500 |
| (2) Closing Costs | \$ 50 |
| (3) Sales Commission | None |
| (4) Loan Origination Fee | None |
| (5) Discount Points | None |
| (6) Sales Bonus | None |
| (7) Total Deductions | \$ 50 |
| (8) Net to HUD | \$47,450 |

2. In this example, Bidder #1 is looking to HUD to pay 1/2 (half) the closing agents cost, commission, origination fee, and three (3) discount points (HUD did not offer a bonus in the listing). Bidder #2 is not asking HUD to pay the origination fee or any discount points and, as selling broker, waives the commission. Although Bidder #1 offered more than bidder #2, the latter's bid provides the greatest net return to HUD. Therefore, HUD would accept the offer of \$47,450 from Bidder #2. HUD will award the bid which provides the greatest net return to HUD, after considering both the bid price and cost to HUD. HUD may, at its sole discretion, accept a high bid that is less than the stated listing price.
- B. First-Come, First-Served Offer. If no acceptable bids are received in the 10-day period, properties will remain on the market on a first-come, first-served basis at that stated listing price. The first offer received on a property during this period may be accepted for consideration. Under HUD's Listing Price Procedure, prior to formal acceptance of an offer, HUD can also accept other offers for consideration. However, once an offer is formally accepted, HUD will not consider any other offer. First-come, first-served offers need not be submitted in sealed envelopes.
- C. Acceptance of an Offer (Bid). If the Helena Office accepts a bid, HUD will send a letter to the selling broker along with the following:
1. A signed HUD Form-9551 and copy of the addendum to the HUD Form-9551.
 2. Request for a signed sales contract and \$500.00 earnest money deposit in the form of a money order, bank draft, or cashiers check. Personal checks will not be accepted.
 3. Other forms, as appropriate, that are needed for the Insured Sales Program.
- The selling broker must return to the HUD Helena Office the completed sales contract and the earnest money deposit within five days of receipt of HUD's notice of acceptance.
- D. Late Bid Procedure. Individual property bids are selected and opened at random by this office. HUD will only accept late bids until the time the bids of that particular property are opened. If the other bids have already been opened, the late bid will be rejected.
- E. Bid Period. For a ten-calendar-day period, beginning the day after the property was listed and advertised or PIR's mailed, the Helena Office will accept sealed bids from prospective purchasers.
- F. Envelopes. The bids must be in sealed envelopes with the following information on the outside of the envelope.
1. Name and Address of the selling broker.

2. The statement "SEALED BID - DO NOT OPEN".
3. The address (and FHA case number) of the property on which the bid is made.
4. Date of bid opening.

A sample bid envelope is shown in Appendix A of this notice. Each envelope should contain one and only one bid.

- G. The Bid. The bid itself is on a completed HUD Form-9551, Offer to Purchase and Broker's Tender. Attached to the HUD Form-9551 must be an addendum* filled out by the selling broker. This addendum shall show (1) property address, (2) the amount of the bid, (3) selling costs to be borne by HUD and (4) the net to HUD after the deduction of these selling costs. The HUD Form-9551 and the addendum to the HUD Form-9551 must be signed in the appropriate places by the selling broker and the buyer(s). The bids must also indicate whether the buyer is an owner-occupant or an investor. Even if the envelope indicates that the buyer is an owner-occupant, if the HUD Form-9551 does not also indicate this, the bid will be treated as though from an investor. Bids in other than whole-dollar amounts shall be reduced to the nearest whole-dollar amount for establishing the highest bid received. However, for establishing the sales price, the winning bid shall be considered in its entirety. Identical whole-dollar bids shall be decided by drawing lots.
- H. Deadline for Bids. Bids must be in the Helena Office by 11 a.m. on Wednesday, the tenth day after the Sunday listing in local papers, previously noted appears, or as noted in PIR's in areas where PIR's are mailed to Independent Real Estate Brokers.
- I. Bid Opening. On the day of the deadline for submitting bids, the Helena Office will conduct the bid opening. The bid opening is public, and is at 11 a.m. at Room 340, Federal Building, 301 South Park Street, Helena, Montana.
- J. Multiple Offers.
1. By Brokers. Brokers can submit offers by different purchasers on the same property and more than one offer by one purchaser on a given property. In the latter case, only the highest offer from the purchaser will be considered.
 2. By Owner-Occupant Buyers. Brokers are not restricted from submitting bids by the same owner-occupant purchaser on several properties subject to the same ten-day waiting period. If one of the offers submitted by a owner-occupant purchaser submitting several is the only one received on a given property, that offer will be accepted and the rest eliminated from consideration. Finally, if the individual puts in more than one bid on the same property, only the bid providing the greatest net to HUD will be considered.

* A blank Addendum is attached.

3. By Investors. Brokers are not restricted from submitting offers by the same investor-purchaser on several properties subject to the same initial open bid period. If one of the offers submitted by an investor-purchaser submitting several is the only one received on a given property, its acceptance by HUD will not automatically eliminate the rest of the investor's offers from consideration. As with owner-occupants, if an investor puts in more than one bid on the same property, only the bid providing the greatest net to HUD will be considered.

ADDENDUM TO OFFER TO PURCHASE AND BROKER'S TENDER (HUD-9551)

Property Address _____

FHA Case No. _____

INSTRUCTIONS:

The deduction figure below shall contain the total sum HUD will pay towards financing and closing costs.

| <u>As-Is Insured Sales</u> | | <u>As-Is Cash Sales</u> | |
|--|----------|-------------------------|----------|
| 1. _____ listed discount points | \$ _____ | No discount points | |
| 2. 1% loan origination fee | \$ _____ | No loan origination fee | |
| 3. Realty fee | \$ _____ | Realty fee | \$ _____ |
| 4. Sales bonus of 2% if listed | \$ _____ | Same | \$ _____ |
| 5. 1/2 (half) of closign fee or \$50.00 whichever is less | \$ _____ | Same | \$ _____ |
| 6. Recording of Deed | \$ _____ | Same | \$ _____ |
| Total Deduction | \$ _____ | | \$ _____ |

HUD will not pay a sales related cost not identified above. HUD will only pay actual costs and reserves the right to decline to pay costs which in HUD's judgment are unreasonable or are not customary in this servicing area.

The sales commission and/or sales bonus sum total must be shown on the HUD Form 9551.

If, after paying the deduction total noted above, the amount remaining is not sufficient to pay all the discount points and sales related cost, the deduction monies will be applied and the purchaser will pay the balance.

Bid Price \$ _____

Deduction; HUD is being requested to pay this amount in connection with the sale of this property. \$ _____

Net to HUD (Bid price less total deduction) \$ _____

I understand that HUD will accept the offer which provides the best return to HUD after considering both the bid price and costs to HUD.

Purchaser

Broker

SECTION V: SALES CLOSING

Effective immediately all sales closings of Secretary-held properties will be completed by an approved Mortgagee or Title Company. You will be requested to designate either the proposed mortgagee or title company when the Standard Retail Sales Contract is signed and returned to this office. The warranty deed and closing packet will then be sent to the designated closing agent for closing. The complete closing packets then must be returned to this office by the closing agent along with the certified check. The closing forms do not go back through the realtor.

- A. Sales Closing Date. The sales closing shall be done within:
1. Thirty (30) days of signing an All Cash As-Is, Retail Sales Contract.
 2. Sixty (60) days of signing an Insured Sale As-Is, Retail Sales Contract.
 3. These terms will only be extended under special conditions and only by this office.

HUD will pay a Sales Closing Bonus of \$100 per week for early sales closings, to the Real Estate Broker. This Bonus is only paid in FULL week increments.

EXAMPLES:

Cash Sale Closed in 15 days would get \$200 Bonus.

Insured Sale Closed in 46 days would be \$200 Bonus.

- B. Obtaining Financing. For all sales, it is entirely the purchaser's responsibility to obtain financing.
- C. Earnest Money Deposit Forfeiture. Earnest money forfeiture will not occur because of failure to obtain credit approval on Insured Sales. Once credit approval on these properties has been granted, forfeiture will occur if closing does not occur as scheduled. Failure to close an As-Is All Cash Sale within thirty (30) days from HUD's acceptance of the purchaser's executed Retail Sales Contract will be a basis for forfeiture. All requests for earnest money refund must be transmitted by purchaser through the broker who originally submitted the offer. Earnest money deposits will be applied to the purchase price at closing.
- D. Closing Agent. Closing agent must be a Mortgagee or Title Company and be specified by the purchaser on return of the Retail Sales Contract.
- E. Closing Cost. The maximum fee we will approve were previously published in Housing Management Newsletter 83-1 effective October 1, 1983 and 84-9 effective May 1, 1984.

1. "As-Is" Insured Sales.
 - a. Loan Origination Fees of no more than 1%.
 - b. Discount Points established by HUD Central Office and published with each listing.
 - c. Realty Fee of 6%. A Special Sales incentive of an additional 2% will be paid on special listings. These will be shown on individual listings.
 - d. One-half of closing fee or \$50.00 whichever is less.
 - e. Recording of the Deed.
 - f. Delinquent and/or prorated taxes to date of closing.
 - g. HUD will furnish a seller's title policy. A charge for a seller's or buyer's title policy will not be accepted unless HUD cannot furnish the policy.
2. "Cash, As-Is" Sales.
 - a. Realty fee of 6%. A special sales incentive of an additional 2% will be paid on special listings. These will be shown on individual listings.
 - b. One-half of closing fee or \$50.00 whichever is less.
 - c. Recording of the Deed.
 - d. Delinquent and/or prorated taxes to date of closing.
 - e. HUD will furnish a seller's title policy. A charge for a seller's or buyer's title policy will not be accepted unless HUD cannot furnish a title policy.
3. HUD will not pay the following closing costs on Insured or "Cash, As-Is" Sales:
 - a. Credit Reports.
 - b. Service Charges.
 - c. Buyer's Title Policy.
 - d. Discount Points on Cash Sales.
4. In All Cases, HUD will not pay any sales related costs not identified on the addendum to the offer to Purchase and Broker's Tender (HUD-9551). See Paragraph F below.

F. Sales Commission. A sales commission of a full six percent will be paid to selling broker. There is no split of the commission with a listing broker since properties are open-listed. For certain hard-to-sell properties, HUD will pay an eight percent commission; such properties will be identified in the listing. NOTE: Brokers may waive all or part of their sales commission

and sales bonus (if available) to enhance the competitiveness of a bid; any such waiver would be reflected on both the HUD-9551, Offer to Purchase and Broker's Tender, and the addendum to the HUD-9551 showing the net to HUD.

- G. In a change to our long-standing policy, it has been determined that earnest money received in connection with the sale of acquired home properties will be deposited upon execution by HUD of the HUD-9548, Standard Retail Sales Contract. In the event the sales contract is later terminated, all or a portion of the deposit may be refunded, keeping in mind our current policy of forfeiture of earnest money deposit which is:

1. "Cash, As-Is Sales" - no refund.
2. "As-Is Insured Sales" - refund only when purchaser doesn't qualify for loan and we are notified of the reason by the lender.

- H. If there is a refund, a refund voucher will be promptly prepared by this office.

- I. HUD will insert in Item "H" of the Standard Retail Sales Contract the following:

This property is being offered for sale in its present condition. No further repairs are contemplated by this office. Warranty Item "11" on reverse does not apply. HUD will not pay any sales related cost not identified on the attached copy of addendum to Offer to Purchase and Broker's Tender (HUD-9551). Closing will be based on offer accepted net to HUD. HUD will pay prorated real estate taxes. Item "B" on the reverse of this contract is hereby deleted. HUD will deposit the earnest money deposit, tendered herewith, upon acceptance of this contract. The closing of this sale must be held by a closing agent designated prior to closing.

- J. If there is earnest money forfeiture, the selling broker will be paid an amount not to exceed half the earnest money forfeited. The selling broker must request this by letter and the money will be vouchered for by this office and payment made by the U. S. Treasury.
- K. Title Evidence. Seller's Title Policy will be furnished by HUD. See Items 1-g, 2-e, and 3-c under Closing Cost.
- L. Lead-Based Paint Hazard. Certification is sent with Standard Retail Sales Contract, and must be signed by purchaser and returned to HUD with the Standard Retail Sales Contract.

SECTION VI: VARIOUS FHA MORTGAGE INSURANCE PROGRAMS

- A. There are a number of FHA mortgage insurance programs that may be employed in financing the purchase of a property listed under the Insured Sale program.
- B. The purchaser obtains a FHA-mortgage loan from a mortgagee and uses the mortgage proceeds to buy the home from HUD. This can include FHA-insured financing under the following programs:

1. Section 203(b) Mortgage. The interest rate to be charged on the loan is negotiable between the purchaser and the lender. This is the standard thirty (30) year fixed rate mortgage. Section 203(b) loans are assumable, as are all FHA-insured mortgages.
2. Section 245, Graduated Payment Mortgage (GPM). The FHA Section 245 program has initial lower monthly payments that often permit households with future income growth to qualify at the lower levels of their current income. Downpayments are required on all 245 loans and are higher than Section 203(b) downpayment requirements. (See your lender for details.) The interest rate for these mortgages is negotiable between the lender and the purchaser.

There are five payment plans available under this program. They are:

- a. Plan I - Monthly mortgage payments increase two and one-half percent each year for five years.
- b. Plan II - Monthly mortgage payments increase five percent each year for five years.
- c. Plan III - Monthly monthly payments increase seven and one-half percent each year for five years. (This is the most commonly used plan because it has the lowest initial payments.)
- d. Plan IV - Monthly mortgage payments increase two percent each year for ten years.
- e. Plan V - Monthly mortgage payments increase three percent each year for ten years.

For specific information on how to apply for Section 245 Financing, contact Mr. Dale Creel at 449-5228 or Mr. Tom Martin at 449-5268 for assistance.

3. Section 245(a) Growing Equity Mortgage (GEM). Unlike a typical Graduated Payment Mortgage (GPM), there is no interest deferral or negative amortization associated with a GEM. Scheduled increases in monthly payments during the early years of the mortgage are applied directly to principal reduction. As a result, GEMs have substantially shorter mortgage terms than typical GPM or level payment mortgages. This shorter term dramatically reduces the total cost of the mortgage to the mortgagor. Only GPM Plans IV and V may be used for GEMs. The downpayment on GEMs is the same as Section 203(b) requirements. For specific information on how to submit

offers under the 245(a) GEM program, contact Mr. Dale Creel at 449-5228 or Mr. Tom Martin at 449-5268 for assistance.

4. Assumptions of FHA loans is unrelated to this handbook but a few items should be addressed for your information.
 - a. There are four basic types of mortgage assumptions:
 - (1) The simple assumption in which the original borrower is not released from liability.
 - (2) The Form FHA-2210 assumption in which the appropriate forms are processed.
 - (3) The Form FHA-2210 assumption in which the release agreement is recorded at a local courthouse or other place of record.
 - (4) The Section 235 assumption in which an application for assistance payments is made on behalf of the assumptors.
 - b. Simple Assumptions. In these cases, the Form FHA-2210 procedure is not followed and there is no intention of releasing the original mortgagor from liability. The fee for this service shall be minimal and HUD has established \$45 as the maximum fee permissible. However, the charge must be based upon the lender's actual cost of processing the assumption.
 - c. Form FHA-2210 Procedure. In these cases, the mortgagee prepares and submits Form FHA-2210, with its supporting documents, and received HUD consent to the release of the original mortgagor from liability. The lender's actions are limited to preparation of Forms FHA-2210 and FHA-92900 and securing a credit report and verifications of deposit and employment. These cases entail a great deal more than a simple record change and the Service Office Supervisor has established the maximum permissible fee of \$300.
 - d. Formal Release from Liability. In these cases, the Form FHA-2210 procedure is followed, and the original mortgagor is formally released from his/her liability under the mortgage, with the assumptor being substituted as the mortgagor. In those instances where the release from liability is recorded and the lender records the release as a service to the borrower, the lender may collect, in addition to the processing fee for a Form FHA-2210 procedure, any costs of recordation which it will pay on behalf of the borrower.
 - e. Not all FHA approved mortgages are assumable. There is a Due on Sale Clause in the trust indenture of HUD Purchase Money Mortgage's and certain State Board of Housing Loans.
 - f. Assumption of 235 Loans. Section 235 Loans endorsed after May 27, 1981 are subject to recapture provisions if sold to ineligible borrowers, refinanced or the loan paid off. Information concerning the recapture provision can be obtained by calling Mrs. Marsha Stock at 449-5237 or writing her at this office. The fee for a 235 assumption is \$200 or \$300 if a release of liability (HUD-2210) procedure is followed.

SECTION VII: OTHER POLICY MATTERS

- A. No Pre-Showing Before Listing. The showing of HUD properties before they are listed for sale is prohibited.
- B. No Occupancy Before Closing. Buyers are prohibited from occupying a property before the sale is closed.
- C. Lock Boxes. The use of lock boxes and keys is restricted to Real Estate Brokers and sales persons and must not be given to a prospective purchaser under any circumstances. After closing the Real Estate Agent is to return the lock box and HUD signs to the local AMB and/or mail to the HUD Helena Office.
- D. False Certifications of Intent to Occupy. Buyers certify their intent to occupy on the HUD-9551, the Sales Contract and, if FHA Mortgage Insurance is sought, on the "Mortgagee's Application for Mortgagee Approval and Commitment for Mortgage Insurance Under the National Housing Act", and later must certify on the "Firm Commitment for Mortgage Insurance Under the National Housing Act" (Item "c", Mortgagor's Certification) that he is the occupant. False certifications by mortgagors concerning occupancy of single family properties are violations of 18 U.S.C. 1601 and may result in prepayment on the mortgage in the amount of the difference between the downpayments made and the downpayment required if the loan had been processed as a non-owner-occupant loan or the violations may result in criminal prosecution. Selling brokers are cautioned against becoming involved in this type of subterfuge, either directly or through their salespersons. Upon discovery of such actions, this office will refer the matter to the Office of the Inspector General for investigation.
- E. Affirmative Fair Housing Marketing Policy (AFHM). Real estate brokers participating in the sales of HUD- or VA-owned properties must certify on HUD-9556 that they will comply with Affirmative Fair Housing Marketing Policy policy. The broker will be required to provide recertification on an annual basis.

The certificate states that neither the broker nor any of his employees or others authorized to act for him will decline to show or will discriminate in the sale or rental of any property now or in the future listed with him. The certificate further states that the broker will instruct his staff in policies of non-discrimination and applicable laws; prominently display the Fair Housing Poster in all offices in which sale or rental activity takes place; use the approved Equal Housing Opportunity logo, slogan, or statement in all advertising in conformance with the Advertising Guidelines for Fair Housing; when advertising HUD properties located in predominantly non-minority areas, utilize any available minority media (solely or in addition to other media); and maintain a non-discrimination hiring policy in affirmatively recruiting from both minority and majority groups for staff. By signing the certificate, the broker agrees that violation of non-discrimination policies or procedures is proper basis for barring the firm from participation in the sale, rental, or management of HUD- and VA-owned properties.

- F. Who May Buy a HUD-Owned Property? Anyone, regardless of race, color, religion, sex or national origin, meeting the downpayment, credit, and other requirements of HUD may offer to buy a HUD-owned property.

HUD policy is to market HUD properties on an "open" basis with offers to purchase being submitted through licensed real estate brokers except when the purchaser cannot or will not secure the services of a licensed broker. Local brokers will probably have information which the HUD office may not have and which will be of interest to prospective purchasers such as the location of schools and churches and the availability of transportation and shopping. No price discounts or favorable terms are available to purchasers who submit an offer directly. Gaining access and showing properties to prospective buyers, preparing the HUD Form-9551, Broker's Tender and Offer to Purchase, and following up on all paperwork required for closing a transaction are the primary responsibilities of the selling broker.

When making inquiry to the HUD office, please identify the property address and the advertisement, if any, where the property appears.

- G. Property Management. HUD had contracted with private firms to help maintain properties in areas where a substantial number of our properties exist. Our current contractors, called Area Management Brokers (AMB), and their jurisdictions are:

| <u>AMB</u> | <u>Telephone Number</u> | <u>Area</u> |
|--|-----------------------------|---|
| Ms. Lonnie S. Warner Professional Property Management 3700 Russell Street Washington Park One Missoula, MT 59801 | 542-2100 721-8990 | Missoula - 50 Mile Radius St. Ignatius Stevensville Lolo |
| Mr. Rob Swenson 30 Broadwater Billings, MT 59101 | 245-2144 | Billings Laurel |
| Mr. Dick Peterson Whitefish Property Management 128 Central Avenue Whitefish, MT 59937 | 862-2578 | Kalispell Columbia Falls Whitefish |
| Mr. Louis W. Flaherty Flaherty Agency 315 - 6th Street South Great Falls, MT 59401 | 727-2610 | Great Falls Black Eagle |

AMB List Continued.

| <u>AMB</u> | <u>Telephone Number</u> | <u>Area</u> |
|--|-----------------------------|-------------|
| Mr. John E. Hardesty Hardesty Real Estate P.O. Box 502 Miles City, MT 59301 | 232-2600 | Miles City |

Area Management Brokers are not exclusive selling agents for their jurisdictions. You can help us and our contractors maintain the condition of properties by letting us know if you find vandalism, broken lock boxes, or other property management problems. Please call our Property Disposition Staff if there is no Area Management Broker covering the area, or call directly to the Area Management Broker if the property is within their assigned area.

H. Where to Obtain Information and Forms. By calling between the hours of 8 a.m. and 4:30 p.m. - Monday thru Friday.

1. Mr. George Paul at 449-5283.
2. Helen Anderson at 449-5283.
3. Mr. Robert L. Keller at 449-5283.
4. Or by mailing your inquiry to:

HUD-FHA
301 South Park, Room 340
Federal Office Building, Drwr. 10095
Helena, MT 59626

ATTENTION: Loan Management Division

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PROPERTY DISPOSITION PROGRAM

OFFER TO PURCHASE AND BROKER'S TENDER

INSTRUCTIONS: Originator - Prepare original and six copies. Forward executed original and copies 1 thru 6 to the appropriate location as indicated on the bottom of each page.

| | | |
|----------------|---|---|
| SEND TO | U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Street, City, State, ZIP Code) of Local HUD Office) HUD/FHA | CASE NO. 311-000000-000 (From Listing) |
| | 301 South Park Street, Drawer 10095 Helena, MT 59626 | |

| | | | |
|---|--|--|---|
| LOCATION OF PROPERTY (Include Street, City, and ZIP Code) 123 Anywhere Street Anywhere, MT 59000 | SALES PRICE OFFER \$ 00,000 | DOWN PAYMENT Calculate \$ Include MIP | EARNEST MONEY (If Required) (ALL Cases) \$ 500.00 |
|---|--|--|---|

| | |
|---|---|
| NAME AND ADDRESS OF APPLICANT Jack and Jane Doe 1000 Cross Road Lane Anywhere, MT 59000 | NOTE: Attached Addendum which makes offer subject to best return to HUD by Formula. |
|---|---|

CERTIFICATION OF APPLICANT - If my offer to purchase the property described above is selected by HUD, I will promptly submit a completed sales contract, other necessary documents, and earnest money deposit in accordance with instructions from the local HUD Office. (I DO) (DO NOT) INTEND TO TAKE OCCUPANCY MYSELF. (I WILL) (WILL NOT) REQUIRE A MORTGAGE INSURED PURSUANT TO SECTION 203(b), SECTION VA/CONVENTIONAL. IN THE EVENT MY OFFER IS NOT SELECTED, HUD (MAY) (MAY NOT) HOLD IT AS A BACK-UP OFFER.

| | |
|---|----------------------------|
| SIGNATURE OF APPLICANT <i>Jack and Jane Doe</i> | DATE May 1, 1984 |
|---|----------------------------|

BROKER'S TENDER **IMPORTANT** - The original and the copy must be signed by the broker. The broker's name and address must be typed.

It is understood by and between the parties hereto that:

- no commission is payable in connection with this offer unless the offer is accepted and sale actually closed, except as provided for in (3) following;
- if the offer is accepted and the sale is closed, the full amount of the agreed commission shall be considered earned at closing;
- if the offer is accepted and the sale is not closed and the seller determines that the earnest money paid by the purchaser, or any portion thereof, shall be forfeited by the purchaser, a commission shall be paid in an amount not exceeding one-half of the earnest money forfeited by the purchaser or the full amount of the commission stated below, whichever is the lesser. The seller reserves the right to apply the earnest money or any portion thereof to any sums which may be owed by the purchaser to the seller for rent and funds thus applied shall be excluded from earnest money forfeited in determining said commission payment. It is a specific condition of this tender that the seller shall have the exclusive right to determine if said earnest money or any portion thereof is to be forfeited or applied and the decision of the seller shall be final and conclusive;
- payment hereunder is upon the representation that no fee has been or will be charged or collected from the above purchaser(s) or others by the undersigned for arranging the required financing of this sale.

PRIVACY ACT OF 1974 (PL 93-579) STATEMENT - Authority - Section 6041(a)(2) of the Internal Revenue Code. The information requested is to be used by the Department in reporting commission payments to you to the Internal Revenue Service. The information may not be disclosed outside the Department of Housing and Urban Development and the IRS without your consent, except as required or provided by law. Failure to provide this information shall result in a rejection of your claim for commission - **DISCLOSURE OF THIS INFORMATION IS VOLUNTARY.**

CERTIFICATION OF BROKER - The undersigned certifies that neither he nor anyone authorized to act for him has declined to sell the property described herein to or to make it available for inspection or consideration by a prospective purchaser because of his race, color, religion, sex, or nation origin. The undersigned further certifies that he has executed and filed with HUD, Form HUD-9556, Joint HUD-VA Nondiscrimination Certification (Sales Broker).

| | | |
|--|-------------------------------------|--|
| SIGNATURE OF BROKER <i>Jack W. Smith</i> | DATE OF SUBMISSION 5-1-84 | BROKER RACIAL/ETHNIC/SEX CATEGORY <input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> - White (not of Hispanic origin) <input type="checkbox"/> - Black (not of Hispanic origin) <input type="checkbox"/> - American Indian or Alaskan Native <input type="checkbox"/> - Asian or Pacific Islander <input type="checkbox"/> - Hispanic |
|--|-------------------------------------|--|

| | |
|---|---|
| TYPE NAME AND ADDRESS OF BROKER (Include ZIP Code) ABY Realty Co. 1000 Central Avenue Anywhere, MT 59000 (Please Locate Address Within Corner Marks) | AMOUNT OF COMMISSION 8% of offer if Noted 6% of offer if Regular |
| | BROKER SOCIAL SECURITY NO. OR EMPLOYER IDENTIFICATION NUMBER (Include Hyphens) 510-10-000 |
| | AREA CODE AND TELEPHONE NO. OF BROKER (406) 590-1000 |

| | |
|--|---|
| OFFER TO PURCHASE <input type="checkbox"/> Accepted <input type="checkbox"/> Not Accepted <input type="checkbox"/> Back-Up Offer No. _____ Held as back-up offer in event selected purchaser is not qualified for any reason. | To Be Completed by HUD Personnel Acceptance is subject to submission of required documents and final credit approval of purchaser, if appropriate. |
| | SIGNATURE By HUD Personnel |
| | TITLE By HUD Personnel |

DATE

Type of Loan

ADDENDUM TO OFFER TO PURCHASE AND BROKER'S TENDER (HUD-9551)

Property Address _____

FHA Case No. _____

INSTRUCTIONS:

The deduction figure below shall contain the total sum HUD will pay towards financing and closing costs.

As-Is Insured Sales

As-Is Cash Sales

| | | | |
|---|----------|-------------------------|----------|
| 1. _____ listed discount points | \$ _____ | No discount points | |
| 2. 1% loan origination fee | \$ _____ | No loan origination fee | |
| 3. Realty fee | \$ _____ | Realty fee | \$ _____ |
| 4. Sales bonus of 2% if listed | \$ _____ | Same | \$ _____ |
| 5. 1/2 (half) of closing ing fee or \$50.00 whichever is less | \$ _____ | Same | \$ _____ |
| 6. Recording of Deed | \$ _____ | Same | \$ _____ |
| Total Deduction | \$ _____ | | \$ _____ |

HUD will not pay a sales related cost not identified above. HUD will only pay actual costs and reserves the right to decline to pay costs which in HUD's judgment are unreasonable or are not customary in this servicing area.

The sales commission and/or sales bonus sum total must be shown on the HUD Form 9551.

If, after paying the deduction total noted above, the amount remaining is not sufficient to pay all the discount points and sales related cost, the deduction monies will be applied and the purchaser will pay the balance.

Bid Price \$ _____

Deduction; HUD is being requested to pay this amount in connection with the sale of this property. \$ _____

Net to HUD (bid price less total deduction) \$ _____

I understand that HUD will accept the offer which provides the best return to HUD after considering both the bid price and costs to HUD.

Purchaser

Broker

150,000

255,000
1700
85000
150
100000
100000

U.S. Department of Housing and Urban Development

Helena Service Office, Region VIII
Federal Building Drawer 10095
301 S. Park, Room 340
Helena, Montana 59626

Official Business
Penalty for Private Use, \$300



Postage and Fees Paid
U.S. Department of Housing
and Urban Development
HUD-401

(This sheet to be used by those testifying on a bill.)

NAME: VERW HOVEN DATE: 1/23/85

ADDRESS: 111 N. Higgins #401 in Missala, MISSISSAUGA

PHONE: 416-727-5950

REPRESENTING WHOM? Real Estate Education - Prelicensing Industry

APPEARING ON WHICH PROPOSAL: SB 146

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT 8
BUSINESS & INDUSTRY
January 23, 1985