



WEST VIRGINIA SECRETARY OF STATE

MAC WARNER

ADMINISTRATIVE LAW DIVISION

eFILED

6/6/2024 11:50:17 AM

Office of West Virginia
Secretary Of State

NOTICE OF PUBLIC COMMENT PERIOD

AGENCY: Real Estate Commission TITLE-SERIES: 174-01
RULE TYPE: Legislative Amendment to Existing Rule: Yes Repeal of existing rule: Yes
RULE NAME: Licensing Real Estate Brokers, Associate Brokers,
and Salespersons and the Conduct of Brokerage
Business

CITE STATUTORY AUTHORITY: §30-40-8

COMMENTS LIMITED TO:

Written

DATE OF PUBLIC HEARING:

LOCATION OF PUBLIC HEARING:

DATE WRITTEN COMMENT PERIOD ENDS: 07/10/2024 11:59 PM

COMMENTS MAY BE MAILED OR EMAILED TO:

NAME: Keri Ferro
ADDRESS: 300 Capitol Street
300 Capitol Street
EMAIL: keri.l.ferro@wv.gov

PLEASE INDICATE IF THIS FILING INCLUDES:

RELEVANT FEDERAL STATUTES OR REGULATIONS: No

(IF YES, PLEASE UPLOAD IN THE SUPPORTING DOCUMENTS FIELD)

INCORPORATED BY REFERENCE: No

(IF YES, PLEASE UPLOAD IN THE SUPPORTING DOCUMENTS FIELD)

PROVIDE A BRIEF SUMMARY OF THE CONTENT OF THE RULE:

Requirements for licensure.

SUMMARIZE IN A CLEAR AND CONCISE MANNER CONTENTS OF CHANGES IN THE RULE AND A STATEMENT OF CIRCUMSTANCES REQUIRING THE RULE:

Changes are being made due to the passage of HB 5632. Update to the requirements to be a broker, addition of property management definition, and provisions to not have a WV physical address for brokerage if state to state written reciprocity agreement is established.

SUMMARIZE IN A CLEAR AND CONCISE MANNER THE OVERALL ECONOMIC IMPACT OF THE PROPOSED RULE:

A. ECONOMIC IMPACT ON REVENUES OF STATE GOVERNMENT:

None

B. ECONOMIC IMPACT ON SPECIAL REVENUE ACCOUNTS:

None

C. ECONOMIC IMPACT OF THE RULE ON THE STATE OR ITS RESIDENTS:

None

D. FISCAL NOTE DETAIL:

Effect of Proposal	Fiscal Year		
	2024 Increase/Decrease (use "-")	2025 Increase/Decrease (use "-")	Fiscal Year (Upon Full Implementation)
1. Estimated Total Cost			
Personal Services			
Current Expenses			
Repairs and Alterations			
Assets			
Other			
2. Estimated Total Revenues			

E. EXPLANATION OF ABOVE ESTIMATES (INCLUDING LONG-RANGE EFFECT):

BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENT IS TRUE AND CORRECT.

Yes

Keri Ferro -- By my signature, I certify that I am the person authorized to file legislative rules, in accordance with West Virginia Code §29A-3-11 and §39A-3-2.

TITLE 174
LEGISLATIVE RULE
REAL ESTATE COMMISSION

SERIES 1
LICENSING REAL ESTATE BROKERS, ASSOCIATE BROKERS, AND
SALESPERSONS AND THE CONDUCT OF BROKERAGE BUSINESS

§174-1-1. General.

1.1. Scope. -- This legislative rule establishes general rules for the filing of applications for real estate licenses and the requirements necessary to renew licenses and for the enforcement and administration of the provisions of W. Va. Code §§30-40-1 *et seq.*

1.2. Authority. -- W. Va. Code §30-40-8.

1.3. Filing Date. – ~~April 10, 2024~~

1.4. Effective Date. -- ~~April 10, 2024~~

1.5. Sunset Provision. – This rule shall terminate and have no further force or effect upon August 1, ~~2029~~ 2030.

§174-1-2. Definitions.

2.1. “Advertise, advertisement, advertising” or similar means print media, yard signs, billboards, radio, television, internet, social media, or any other advertising medium utilized by anyone engaged or employed by a brokerage;

2.2. “Applicant” means any person who is making application to the Commission for a license.

2.3. “Commingling,” “commingle,” or similar means the mixing of trust funds with non-trust funds by a fiduciary or other person entrusted with the management of another’s funds.

2.4. “Commission” means the West Virginia Real Estate Commission as authorized by W. Va. Code §30-40-6.

2.5. “Responsible broker” means the designated broker as defined in W. Va. Code §30-40-4 or the broker doing business as a sole proprietor who employs or engages and supervises other licensees.

2.6. “Employing broker” means the responsible broker regardless of whether the licensees are working as independent contractors or employees.

2.7. “Licensee” means a broker, an associate broker, or a salesperson as defined in W. Va. Code §30-40-4.

2.8. “Usual place of business” means the physical location from which a broker carries on his or her business and which the broker holds forth to the public as his or her usual place of business.

2.9. "Team" includes any group of two or more associate brokers and/or salespersons, and other non-licensed professionals, affiliated with the same broker or company acting as one agent or representative for the principal.

§174-1-3. License Year and Fees.

3.1. License year. -- The license year begins on July 1 and ends June 30. The Commission may issue licenses on an annual or biannual basis. Fees are not prorated.

3.2. Proper fee. -- Each application for a license shall be accompanied by a separate check or money order for the proper fee for that particular application as set forth in Series 2 of the Commission's rules. When a licensed salesperson desires to be licensed as a broker, his or her responsible broker shall surrender his or her salesperson's license certificate to the Commission before a broker's certificate is issued. He or she shall pay the fee for the broker's license as set forth in Series 2 of these rules. The Commission shall not give credit for the fee paid for the salesperson's license.

§174-1-4. Licensure; Examination Required; Application and Licensure Fees.

4.1. Application. -- To apply for a real estate license, an applicant shall utilize forms prescribed by the Commission and comply with the following:

4.1.1. The commission shall only issue an original license to an applicant if he or she:

4.1.1.a. Submits an application in writing, on a form prescribed by the commission which shall contain, but is not limited to:

4.1.1.a.1. The applicant's Social Security number;

4.1.1.a.2. A clear record indicating all jurisdictions where the applicant holds or has held any professional license;

4.1.1.a.3. A clear record indicating if the applicant has been convicted of any criminal offense or if there is any criminal charge pending against the applicant, or a member or officer of the brokerage business, at the time of application;

4.1.1.b. Is at least 18 years of age;

4.1.1.c. Is a high school graduate or the holder of an equivalency diploma;

4.1.1.d. Is trustworthy, of good moral character, and competent to transact the business of a broker, associate broker, or salesperson;

4.1.1.e. Has paid the appropriate fee, if any, which shall accompany all applications for original license or renewal;

4.1.1.f. Has submitted to a state and national criminal history record check, as set forth in this subsection: *Provided*, That an applicant for a license who is an attorney at law may submit a letter of good standing from the West Virginia State Bar in lieu of submitting to a state and national criminal history record check;

4.1.1.f.1. This requirement is found not to be against public policy.

4.1.1.f.2. The criminal history record check shall be based on fingerprints submitted to the West Virginia State Police or its assigned agent for forwarding to the Federal Bureau of Investigation.

4.1.1.f.3. The applicant shall meet all requirements necessary to complete the state and national criminal history record check, including:

4.1.1.f.3.A. Submitting fingerprints for the purposes set forth in this subsection; and

4.1.1.f.3.B. Authorizing the commission, the West Virginia State Police, and the Federal Bureau of Investigation to use all records submitted and produced for the purpose of screening the applicant for a license.

4.1.1.f.4. The results of the state and national criminal history record check may not be released to or by a private entity except:

4.1.1.f.4.A. To the individual who is the subject of the criminal history record check;

4.1.1.f.4.B. With the written authorization of the individual who is the subject of the criminal history record check; or

4.1.1.f.4.C. Pursuant to a court order.

4.1.1.f.5. The criminal history record check and related records are not public records for the purposes of chapter 29B of this code.

4.1.1.f.6. The applicant shall pay the actual costs of the fingerprinting and criminal history record check.

4.1.1.f.7. Before implementing the provisions of this subsection, the commission shall propose rules for legislative approval in accordance with §29A-3-1 *et seq.* of this code. The rules shall set forth the requirements and procedures for the criminal history record check and must be consistent with standards established by the Federal Bureau of Investigation and the National Crime Prevention and Privacy Compact as authorized by 42 U. S. C. A. §14611, *et seq.*

4.2. Third-party provider. -- The Commission may contract with an independent testing service provider to develop and/or administer any required examination(s), in which case the examination fee shall be paid directly to the provider.

4.3. Valid duration of approval; re-application. -- An approval for taking the examination shall only be valid for three (3) months from the date of approval and for no more than two (2) attempts at passing the examination. Upon the expiration of three (3) months or the examinee's second unsuccessful attempt at passing the examination, whichever comes first, the examinee will be required to submit a new application which shall be valid for three (3) months and for two (2) more examinations.

4.4. Examination Rules. -- The following rules apply to all examinations, and violation of any rule is grounds for disqualification of the applicant from taking the test and may be grounds for further disqualification:

4.4.1 a. Examinees may not refer to any notes, books or memoranda.

4.4.2 b. The examinee must show all computations on paper provided at the examination site.

4.4.3 c. The copying of questions or the making of notes is prohibited.

4.4.4 d. All examinees must present identification which contains a current recognizable photograph and their signature. Any examinee who does not present the required identification will be prohibited from taking the examination.

4.4.5 e. All examinees must pay the required examination fee at the time of registering for the examination.

4.5. Reexamination. -- An examinee who fails to attain a passing grade on the examination will receive a notice of failure and a score report containing diagnostic scoring information. Reexamination is available in accordance with this section.

4.6. Review of examination. -- An examinee who fails the examination(s) after two (2) attempts may request a review to verify that everything was properly handled, by making written request to the testing service provider.

4.7. Payment of license fee. -- An applicant for a real estate license, upon successfully passing the required examination(s) must pay the required license fee and submit all completed supporting documents within three (3) months from the date of passing the exam(s). The Commission will cancel the application of any applicant who does not pay the required license fee within three (3) months. Any applicant that fails to comply with this rule, will be required to reapply and successfully pass the examination(s). The Commission may grant a one-time extension up to three (3) months to pay the license fee if good cause to do so is demonstrated by the applicant. Each request for an extension will be considered on a case by case basis and shall be granted if extenuating facts or circumstances warrant.

4.8. Multiple concurrent licenses. -- Licensees who choose to be affiliated with more than one brokerage must have a license and license certificate for each brokerage. These additional licenses have no additional requirements other than the payment of the appropriate license fee.

§174-1-5. Background Checks.

5.1. Applicants for a broker, associate broker or salesperson license shall furnish fingerprints to the State Police, or its assigned agent, for the purpose of performing a national criminal history records checks by the Criminal Identification Bureau of the West Virginia State Police and the Federal Bureau of Investigation.

5.1.1 a. The fingerprints shall be accompanied by a signed authorization for the release of information to the West Virginia Real Estate Commission by the Criminal Investigation Bureau and the Federal Bureau of Investigation.

5.1.2 b. The applicant shall furnish any additional information required to complete the criminal history records checks.

5.2. The Applicant shall pay the associated fees for the fingerprinting and criminal history records check.

5.3. The criminal history records required by this section shall have been requested no more than three (3) months prior to the application for license being filed with the Commission. The records expire three (3) months after the date the application is received by the Commission.

5.4. Applicants are solely responsible for reconciling with any reporting agency a challenge to the accuracy or completeness of information provided by the West Virginia State Police, the Federal Bureau of Investigation or other agencies reporting information to the Commission. The applicant is solely responsible for providing the Commission with proof of any error and correction thereof by any reporting agency.

5.5. If the applicant provides adequate proof of any error and correction thereof by any reporting agency, the Commission shall reconsider the application of that applicant.

5.6. An applicant whose background check reveals a criminal history must provide additional information, which history and information will be reviewed by the Commission. Such applicants must be approved by the Commission in order to be eligible for the examination.

5.7. The Commission may deny licensure to an applicant who fails or refuses to submit to the criminal history records check.

5.8. The Commission shall maintain confidential records and reports pertaining to criminal record checks in a separate file which is only accessible to personnel authorized by the State Police to receive such records and reports.

5.9. Records received as part of the criminal history record check shall be maintained by the Commission for a period of two (2) years subsequent to the Commission's final action on the application and then disposed of by shredding.

§174-1-6. Qualifications for Broker's License.

6.1 An applicant for a broker's license Submit evidence satisfactory to the commission of either: (i) Real estate experience as a licensed real estate salesperson during the two years prior to the date of application showing the applicant's representation of a buyer or seller in a minimum of 20 closed transactions; if the applicant is engaged solely in the leasing or renting of real estate, representation of the landlord or tenant in a minimum of 20 closed transactions of at least one year in duration; or if the applicant is engaged solely in the management of a real estate brokerage company, active involvement in a minimum of 20 closed transactions; or (ii) regardless of the number of years as a licensed salesperson: a minimum of 40 closed transactions; if the applicant is engaged solely in the leasing or renting of real estate, representation of the landlord or tenant in a minimum of 40 closed transactions of at least one year duration; or if the applicant is engaged solely in the management of a real estate brokerage company, active involvement in a minimum of 40 closed transactions. For the purposes of this section, a "closed transaction" means a transaction that resulted in the real estate being conveyed from seller to buyer in which the applicant represented the seller, buyer, or both, or a transaction that resulted in the consummation of a lease of no less than one year in duration in which the applicant represented either the landlord or tenant of the real estate;

6.2. Written documentation of experience. -- In order for the Commission to determine the experience of an applicant for a broker's license, the applicant shall submit, on forms prescribed by the Commission, a complete list of all the real estate transactions in which the applicant has been involved. The information submitted must, at a minimum, cover a two-year period prior to the date of application.

6.3. Broker Recommendation. -- Each and every responsible broker who has engaged or employed a salesperson applying for a broker's license shall furnish the Commission with an affidavit attesting to the applicant's experience and qualifications. Each such broker shall submit the affidavit on a form prescribed by the Commission. If a former responsible broker is deceased or for other good cause cannot submit the affidavit, the broker applicant may apply for a waiver of this requirement on the form prescribed by the Commission.

6.4. Education. An applicant for a broker's license shall submit satisfactory evidence of having completed the following:

6.4.1 Applicants for a broker's license shall provide evidence satisfactory to the commission that he or she has completed at least 180 clock-hours, equivalent to 12 college semester credit hours, in a course or courses approved by the commission: *Provided*, That an applicant for a broker's license who holds a salesperson's license in this state shall be required to provide evidence that he or she has completed an additional 90 clock-hours, equivalent to six college semester hours, in a course or courses approved by the commission.

6.4.2. Applicants for a salesperson's license shall provide evidence satisfactory to the commission that he or she has completed 90 clock-hours, equivalent to six college semester credit hours, in a course or courses approved by the commission.

6.4.3. Any course required by subsection (a) or (b) of this section shall have been completed during the three-year period preceding the date of application in order to be accepted by the commission.

6.5. Examination. An applicant for a broker's license shall pass the examination or examinations provided by the commission.

§174-1-7. Licensing based on licensure in another jurisdiction.

7.1. The commission may recognize a valid license issued by another jurisdiction as satisfactorily qualifying an applicant who is licensed to practice real estate brokerage in another jurisdiction to obtain a comparable license in this state: *Provided*, That the applicant has qualified for license in another jurisdiction by examination and by complying with all the provisions for obtaining a license in that jurisdiction and the jurisdiction affords the same privilege to licensees of this state.

7.2. In order to obtain a license based on licensure in another jurisdiction, the applicant shall:

7.2.1. a. Submit the application on a form prescribed by the commission and fee, if any;

7.2.2. b. Pass the West Virginia state law portion of the licensure examination approved by the commission;

7.2.3. c. Submit a certification of licensure showing that the applicant possesses an active license to practice real estate brokerage in another jurisdiction;

7.2.4. ~~d.~~ Submit record(s) showing all disciplinary actions imposed against the applicant by any jurisdiction in which the applicant holds or held a license, if any; and

7.2.5. ~~e.~~ For non-resident applicants, submit an irrevocable written designation that appoints the executive director of the commission to act as the non-resident licensee's agent, upon whom all judicial and other process or legal notices directed to the licensee may be served. The designation shall stipulate and agree that service upon the executive director is equivalent to personal service upon the licensee. A copy of the designation of appointment, certified by the seal of the commission, may be admitted into evidence with the same force and affect as the original. The executive director shall mail a copy of any process or legal notice immediately upon receipt, by certified mail, to the last known business address of the licensee. No judgment by default may be taken in any action or proceeding until after 30 days of mailing and then only upon certification by the executive director that a copy of the judicial, other process or legal notice was mailed as required.

7.3. The license status for every state in which the non-resident applicant was licensed or is currently licensed shall be evidenced by a certification of licensure obtained from the regulatory body of each state of licensure within 60 days prior to submitting an application for a license in West Virginia.

7.4. Applicants seeking a salesperson or broker license based on licensure in another jurisdiction, at a minimum the certification of licensure from each state shall show:

7.4.1. ~~a.~~ Name and address of the licensee;

7.4.2. ~~b.~~ Status of license (current, active, inactive, renewed, expired, etc.);

7.4.3. ~~c.~~ Type of license (salesperson, broker, associate broker);

7.4.4. ~~d.~~ Date of initial license and expiration date;

7.4.5. ~~e.~~ Period of time the license has been active and inactive;

7.4.6. ~~f.~~ The way the license was obtained (by examination or by reciprocity);

7.4.7. ~~g.~~ Type of examination(s) -- national and state or only state; 7.4.h. Record of any disciplinary actions against the licensee; and

7.4.8. ~~h.~~ Any additional information the Commission may require.

7.5. Applicants may apply only for the same level of license as the one they obtained by examination in their state of initial licensure.

7.6. West Virginia-specific examination.

7.6.1. ~~a.~~ Applicants are required to pass the state-specific portion of the licensing examinations for salesperson or broker.

7.6.2. ~~b.~~ An examination fee shall be paid for each scheduled examination unless the applicant reschedules in accordance with the policies of the examiner provider.

7.6.3. ε. Applicants who fail the state-specific examination may retake it by following the procedures set forth in Section 4.3 of this rule.

7.7. Applicants under this section must submit a complete application and pay the required license fee within three (3) months of passing the exam(s).

§174-1-8. Renewal of License; Continuing Education Requirement; Late Fees; Failure to Renew; Cancellation.

8.1. Expiration; duty to renew. -- All licenses expire on June 30 regardless of the date the license was issued. It is the duty of all licensees to renew their licenses by paying the renewal fee for a license as set forth in Series 2 of these rules.

8.2. Late fees. -- Upon payment of the appropriate renewal and late fees set forth in Series 2 of the Commission's rules, an expired license may be renewed on or before December 31 of the year in which the license expired. In addition to payment of a late fee, licensees who continue to practice while his or her license is expired, and brokers who accept the services of a licensee while that licensee's license is expired, may also be subject to disciplinary action by the commission.

8.3. Failure to renew; cancellation; examination required. -- The license of any licensee who does not renew his or her license on or before December 31 of the year in which the license expired shall be cancelled and the licensee shall be required to comply with all the requirements for obtaining a new license, including the examination requirement.

8.4. Continuing education. -- Each licensee applying for the renewal of his or her license on active status shall complete seven (7) hours of instruction in an approved real estate course for each year covered by the term of the previous license. It is the responsibility of the broker to confirm that all licensees under his or her supervision comply with this requirement prior to the submission of their license renewal application.

8.5. Exemptions.

8.5.1. a. Recent Examinees. -- A licensee who qualified for licensure by passing both the national and state licensing examinations is exempt from the continuing education requirement for their first renewal if the licensee renews on or before June 30 of that fiscal year.

8.5.2. b. Inactive status. -- A licensee on an inactive status is not required to comply with the continuing education requirement. A licensee on an inactive status who desires to be placed on active status must furnish satisfactory evidence to the Commission that he or she has completed the approved continuing professional education that would have been required for active status at the time the license was renewed. The licensee must comply with this requirement prior to being placed on active status.

8.5.3. ε. Non-resident licensees. -- Non-resident licensees must comply with the continuing education requirement. However, if the non-resident's jurisdiction has a comparable continuing education requirement and recognizes West Virginia continuing education credits as fulfilling that jurisdiction's continuing education requirement, the Commission will accept continuing education credits earned in the other jurisdiction.

8.6. The courses taken to satisfy the then-current continuing education requirement shall not be the same as courses taken for the previous license renewal.

8.7. The Commission may audit the continuing education of any licensee, at which time the licensee must provide proof of the continuing education completed for renewal.

§174-1-9. License Certificates: Issuance, Cancellation and Transfer.

9.1 License certificate. -- The Commission shall issue to each licensee a license certificate in such form and size as shall be prescribed by the Commission. Each license certificate shall include the name of the brokerage for which the licensee is authorized to conduct real estate transactions and such additional information as may be deemed necessary by the Commission or required by law.

9.2. Inactive status. -- License certificates shall reflect when a license had been placed on inactive status, and all licenses on inactive status shall be maintained in the custody and control of the Commission.

9.3. Custody and return of inactive license certificates. -- The responsible broker shall maintain in his or her custody and control the active license certificates of each salesperson and associate broker. Upon the separation of a licensee from the current responsible broker, the responsible broker shall immediately return the license certificate to the Commission for appropriate action and notify the salesperson or associate broker of same.

9.4. Change of responsible broker by salesperson or associate. -- In the event a salesperson or associate broker seeks to transfer from his or her current responsible broker to another responsible broker, he or she must first notify his or her current responsible broker in writing, submit a properly executed application for change of responsible broker on the form prescribed by the Commission, and pay the fee set forth in Series 2 of the Commission's rules.

9.5. Sworn statement by new broker. -- In the event a salesperson or associate broker makes an application for change of responsible broker, the application shall include a sworn statement by the new responsible broker confirming the transfer.

9.6. Change of licensee contact information. -- Each licensee shall notify the Commission in writing of any change in name, personal address, and phone and email address of record within thirty (30) days of the change or prior to June 30, whichever comes first. A change of name must be submitted on the form prescribed by the Commission and accompanied with the fee set forth in Series 2 of the Commission's rules.

§174-1-10. Special Provisions for Brokers.

10.1. Designated broker. -- To be designated as a broker for a partnership, association, corporation, or other form of business organization, the governing body of the business organization must execute a subordination resolution which grants full authority to the partner/member/officer acting as the broker for the business organization. The subordination resolution must be submitted on a form prescribed by the Commission and be sworn to and notarized.

10.2. Broker becoming licensed salesperson. -- The holder of a broker's license may, during the term of that license, request inactivation of the broker's license and upon filing the appropriate application and payment of the proper fee, be issued a salesperson's license. Under this procedure he

or she need not qualify by taking the salesperson's examination. The former broker may reinstate the broker's license at any future date without taking the broker's examination upon filing the appropriate application and fee, as long as the broker applicant is the holder of an active salesperson's license.

10.3. Records. -- Every broker shall maintain all records required by the Commission for a minimum of five (5) years. Required records include but are not limited to books, contracts, closing documents, trust account records, and other documents necessary for the Commission to conduct its audits and investigations. These records may be kept in any electronic format that is accessible to the Commission. The records shall be provided to the Commission upon request and shall also be open to inspection by the Commission through its duly authorized representative(s) at the broker's usual place of business and at all times during regular business hours. The broker shall provide sufficient space to permit the Commission's inspection of the records without interference by other users of the property.

10.4. Change of address. -- Each broker shall notify the Commission in writing of any change of company address within ten (10) days after the change. The notice shall be made on a form prescribed by the Commission and accompanied by the license certificate and the fee set forth in Section 2 of the Commission's rules. The Commission shall issue a new certificate with the new address.

10.5. Notice of payment to co-brokers. -- A broker shall provide written notice to all parties prior to paying a portion of his or her compensation to a broker representing another party to the transaction.

10.6. Broker's right to earnest money. -- When for any reason a seller fails, refuses, neglects or is unable to consummate the transaction as provided for in the contract and, through no fault or neglect of the purchaser, the real estate transaction cannot be completed, the broker has no right to any portion of the earnest money paid by the purchaser except by agreement of the parties or by court order.

§174-1-11. Deceased or Incapacitated Responsible Broker.

11.1. In the event of death or other incapacity of the responsible broker:

11.1.1. a. Sole proprietor broker. -- The Commission may, in its discretion based upon the specific circumstances, permit an associate broker or a designated salesperson licensed with the sole proprietor broker to complete and close the then-existing business of that broker, including taking contracts then signed to closing, for a temporary period not to exceed six (6) months from the date of Commission approval of a non-broker licensee to serve in that capacity. The sole proprietor's licensees may also transfer to a new broker.

11.1.2. b. Designated broker. -- The partnership, association, corporation, or other form of business organization, the governing body of the business organization must execute a new subordination resolution which names a successor broker for the business organization. The subordination resolution must be submitted on a form prescribed by the Commission and be sworn to and notarized prior to the transaction of any real estate business.

§174-1-12. Trade and Franchise Names.

12.1. Use of trade or franchise name. -- An individual broker may use a trade name which is the name of the brokerage and not the name of the broker's business organization. Any broker who operates under a trade name must include the trade name in the broker license application and, upon

approval by the Commission, the trade name will be placed upon the broker's license certificate in addition to the business organization's name. The trade name shall not be the same as that currently being used by another broker in the same locality unless such restriction is prohibited by law. A broker shall not use any trade name not set forth on the license certificate. The Commission does not require brokers who choose to operate under a franchise agreement to register the name of the franchise organization.

12.2. In the event a broker uses a licensed trade name, the company name required on all advertising must be the trade name which appears on the broker's license.

12.3. Change of trade name. -- Each broker shall notify the Commission in writing of any change in the name of the broker's business organization name or trade name within thirty (30) days of such change. The notice shall be made on a form prescribed by the Commission and accompanied by the license certificate and the fee set forth in Section 2 of the Commission's rules. The Commission shall issue a new certificate with the new tradename.

§174-1-13. Office Signs.

13.1. Sign requirement. -- All brokers holding an active license shall erect and maintain a sign on or about the entrance of their principal office and each branch office, which shall be easily observed and read by persons about to enter any of the offices. Every sign shall prominently display the name of the broker, the term "Broker" and the company name, ~~if any, all in letters~~ with all lettering not less than 1 inch in height. If the broker so desires, the names of the salespersons or associate brokers may be placed below the name of the broker.

13.2. Brokers who rent desk space in an office. -- A broker who rents desk space within an office and whose own brokerage business is conducted separate from whom the desk space is rented shall maintain a sign on the main entrance door or on a wall or window immediately adjacent to the door, and comply with all other requirements of holding a broker's license.

§174-1-14. Branch Offices.

14.1. License required; exception. -- Every licensed broker who desires to conduct brokerage transactions at any location other than his or her principal place of business under the same brokerage name must make application for a branch office license and pay the required fee in order to receive a license certificate for each branch office. A temporary shelter in a subdivision being sold by the broker, for the convenience and protection of licensees, clients and customers and at which transactions are not closed and licensees are not permanently assigned, is not considered to be a branch office. The permanence, use and character of activities conducted at the office or shelter shall determine whether it must be registered.

14.2. Manager of branch office. -- Every broker who obtains a license for a branch office must designate one associate broker or salesperson as manager of each branch office. A broker may act as the manager of a branch office if the broker is capable of adequately supervising all associate brokers and salespersons assigned to that branch office. If the broker chooses to appoint a manager of a branch office, the licensee must be an active licensee and have at least two (2) years actual experience.

§174-1-15. Trust Funds and Accounts.

15.1. Commingling Prohibited. -- In order to prevent the commingling of trust funds with other funds, brokers are required to deposit all trust funds into one or more trust accounts established in accordance with W. Va. Code §30-40-18, which accounts may be audited by the Commission through its authorized representative.

15.2. Funds received by salesperson or associate broker. -- Every salesperson and associate broker who receives any trust funds shall immediately or by the next business day following receipt pay over or deliver the trust funds to the responsible broker. No salesperson or associate broker shall collect any money in connection with any real estate transaction, whether as a commission, deposit, payment, rental, or otherwise, except in the name of and with the consent of the responsible broker.

15.3. Deposit of trust funds. -- Unless otherwise directed or allowed in the signed purchase agreement, every broker who receives any trust funds shall immediately or by the next business day following receipt deposit the trust funds in the broker's trust account.

15.4. Interest bearing trust account. -- Trust funds may be transferred from a non-interest-bearing trust account into an interest-bearing trust account only under the following conditions:

15.4.1. ~~a.~~ The broker must obtain, from all parties to the transaction, a written agreement which must contain, at a minimum:

15.4.1.a. ~~a-1.~~ Authorization to remove the funds from the trust fund account for the express purpose of depositing the funds into an interest-bearing trust fund account;

15.4.1.b. ~~a-2.~~ Identification of the financial institution and the type of account to be opened;

15.4.1.c. ~~a-3.~~ Identification of who will earn the interest on the funds; and

15.4.1.d. ~~a-4.~~ How and when the interest will be disbursed.

15.4.2. ~~b.~~ No interest, privilege, or other compensation received or obtained by virtue of establishing or maintaining any interest-bearing trust account shall benefit the broker or any other licensee.

15.4.3. ~~c.~~ Upon closing any interest-bearing trust account established in compliance with this sub-section, the total proceeds of the account must be deposited in the broker's trust fund account prior to any disbursements being made.

15.5. Sweep accounts. -- For brokers with excess funds, which means trust account funds in excess of the amount that is insured against loss by the broker's financial institution, the federal insurance requirement set forth in West Virginia Code §30-40-18(c) may be complied with either through the use of multiple trust accounts at various financial institutions or the use of a cash sweep account established at a financial institution for which a Trust Fund Account Statement and Consent to Examine is on file with this Commission in accordance with the following requirements:

15.5.1. ~~a.~~ Addendum required.

15.5.1.a. ~~a-1~~. An addendum in the form prescribed by the Commission must be signed by the broker and the financial institution and made a part of the Trust Fund Account Statement and Consent to Examine; and

15.5.1.b. ~~a-2~~. A copy of the Addendum must be submitted to the Commission within ten (10) business days of entering into the agreement to establish the cash sweep account.

15.5.2. ~~b~~. Ability to advance funds required. The broker's relationship institutions, which are (1) the financial institution where the broker has both a trust fund account and a cash sweep account and (2) the financial institution serving as the custodian of the cash sweep account, must agree to advance funds on any check drawn against the broker's trust fund account for which there are sufficient funds in the cash sweep account unless prohibited by applicable law or court order or they cannot by reason of force majeure or circumstances beyond the relationship banks' control.

Inasmuch as the advanced payment is not a loan and the funds in the cash sweep account are not collateral for a loan, the anticipated debit of the funds in the cash sweep account does not breach the broker's fiduciary obligations in relation to the broker's trust fund account and does not violate West Virginia Code §30-40-18(f) and this rule.

§174-1-16. Agency Consent and Disclosure.

16.1. Agency form required. -- The notice of agency relationship and consent form prescribed by the Commission discloses the party or parties the licensee is representing to all parties to the real estate transaction. A notice of agency relationship and consent form shall be signed by the licensee and the client at the time the agency relationship is created.—Prior to the initiation of negotiations, each licensee's agency form shall be signed by all parties. The broker shall provide a copy to each person executing an agency form and shall maintain a copy of each signed form in the transaction file. All members of a team must be listed on or attached to any Notice of Agency Relationship form signed by a team member.

16.2. Dual agency. -- A licensee may not be the agent for both the buyer and the seller without first obtaining the written consent of both the buyer and the seller.

16.3. Corrected form. -- If change in a licensee's agency status makes an earlier disclosure inaccurate, incomplete or misleading, the licensee shall prepare a corrected form and immediately present it to all parties to the transaction. The corrected form must be dated and must be acknowledged in writing by all parties.

§174-1-17. Advertising.

17.1. Advertising of property or specific services. -- Each advertisement shall include the following information: the company name, the name of the responsible broker and the term "Broker," the physical address of a licensed office location, and a phone number. The company name, the name of the responsible broker, and the term "Broker" shall be displayed in equal prominence with no less than half the size of the names of the associate broker(s), salesperson(s), or team name in the advertisement. The names of associate brokers and salespersons shall not be included in the advertising unless the associate brokers and salespersons are clearly identified as such. An advertisement for specific property or service by a team is not required to include the name of each team member, or the name of each team member whose photograph may be included in the advertisement, but shall include all the following information:

17.1.1. The name of at least one associate broker or salesperson who is a team member, and the term "Associate Broker" or "Salesperson" to identify each associate broker or salesperson whose name is included in the advertisement, as such information appears on his or her license and;

17.1.2. The term "Non-Licensed" to identify each team member who does not hold a current valid license and whose name is included in the advertisement.

17.2. Broker supervision. – No salesperson, associate broker, or team shall advertise any property under his, her, or their own name without the name of the responsible broker. All advertising by an associate broker, salesperson, or team must be under the direct supervision of and in the name of the responsible broker. ~~An advertisement for specific property or service by a team is not required to include the name of each team member, or the name of each team member whose photograph may be included in the advertisement, but shall include all of the following information:~~

~~17.2.a. The company name, the name of the responsible broker, and the term "Broker" displayed in equal prominence with the team name and with the name of the associate broker or salesperson in the advertisement;~~

~~17.2.b. The name of at least one associate broker or salesperson who is a team member, and the term "Associate Broker" or "Salesperson" to identify each associate broker or salesperson whose name is included in the advertisement, as such information appears on his or her license;~~

~~17.2.c. The term "Non-Licensed" to identify each team member who does not hold a current valid license and whose name is included in the advertisement; and~~

~~17.2.d. Phone number.~~

17.3. Business cards and other promotional items. – Advertising which is not for a specific property or service must include the licensee name, company name, and contact information.

17.4. Internet advertising. -- The information required in section 17.1 and 17.2 of this rule must appear on the home page or the screen that is first seen by the viewer. This information must be accessible with no more than two mouse clicks when advertising on social media.

17.5. Exemption for property owner. -- A licensee who is the owner of the property has all the rights of an unlicensed person with regard to that property.

§174-1-18. Offer of Consumer Rebates, Inducements and Other Discounts.

18.1. A licensee may offer, directly or indirectly, to clients or customers rebates, inducements, or other discounts, if such licensee:

18.1.1. ~~a.~~ Discloses to the client or customer, in a clear and conspicuous manner and in writing, the terms of any rebate, inducement or other discount offered;

18.1.2. ~~b.~~ Discloses to the client or customer, in a clear and conspicuous manner, and in writing, the fair market value of any rebate, inducement or other discount offered; and

18.1.3. ~~ε.~~ Offers the rebates, inducements, or other discounts only with written permission, under direct supervision, and in the name of the responsible broker.

18.2. No licensee may accept, give, or charge any form of undisclosed compensation, consideration, rebate, inducement, or other discount to a client or customer.

18.3. Advertisements of lotteries, contests, prizes, certificates, gifts, and lots. -- An advertisement by a licensee that employs lotteries or contests or that offers prizes, certificates, gifts, or free lots shall be approved in writing by the responsible broker, under the direct supervision, and in the name of the responsible broker and shall contain:

~~18.3.a. An advertisement by a licensee that employs lotteries or contests or that offers prizes, certificates, gifts, or free lots shall be under the direct supervision and in the name of the responsible broker and shall contain:~~

18.3.1. ~~a.1.~~ A description of each prize, certificate, gift, lot or other valuable consideration offered;

18.3.2. ~~a.2.~~ The prerequisites for receiving each prize, certificate, gift, lot or other valuable consideration offered;

18.3.3. ~~a.3.~~ Limitation on the number of prizes, certificates, gifts, lots or other valuable consideration offered;

18.3.4. ~~d.a.4.~~ The fair market value of each prize, certificate, gift or lot offered. If advertised, the statement of fair market value shall be in the same size type as the description of the prize, certificate, gift or lot offered. For purposes of this paragraph, "fair market value" is the price or value that a prospective buyer would expect to pay, or be charged for, if he/she were to acquire a similar item of like quality and quantity in a retail outlet that offers the item for sale to the general public; and

~~18.3.a.5. The odds of winning or receiving each prize, certificate, gift or lot offered. If advertised, the statement of odds shall be the same size type as the description of the prize, certificate, gift or lot and shall appear immediately adjacent to the description.~~

18.4.3. ~~b.~~ A licensee who offers prizes, certificates, gifts, or lots shall provide their responsible broker who will maintain records on each offering for five (5) years, ~~and t.~~ The records shall contain:

18.4.1. ~~3.b.1.~~ The number and description of each prize, certificate, gift, or lot distributed or awarded;

18.4.2. ~~3.b.2.~~ The name and address of each person who received a prize, certificate, gift, or lot; and

18.4.3. ~~3.b.3.~~ The written permission from the broker and the advertisement seen by the public, and the types of media used for the advertisement. ~~The name and address of each person who responded to the advertisement or solicitation but did not receive a prize, certificate, gift, or lot.~~

18.5.3. ~~ε.~~ The Commission will regard the following as unlawful conduct within the meaning of West Virginia Code §30-40-19(a)(37):

18.5.1. ~~3.e.1.~~ Failure to comply with subsection (a) or (b);

18.5.2. ~~3.e.2.~~ Failure to disclose the possibility that a particular prize, certificate, gift or lot may not be distributed or awarded;

18.5.3. ~~3.e.3.~~ Advertising the availability of a prize, certificate, gift, or lot when it is not available for distribution or awarding; and

18.5.4. ~~3.e.4.~~ Giving a misleading description of a prize, certificate, gift, or lot.

18.6. Nothing contained in this section shall be construed to prohibit a licensee from:

18.6.1. ~~4.a.~~ Providing a closing gift of nominal value to a party to the transaction, which may be done without the approval of the licensee's responsible broker;

18.6.2. ~~4.b.~~ Discussing or negotiating the compensation the licensee agrees to charge for his or her services; or

18.6.3. ~~4.c.~~ Disseminating information about special terms, conditions or other offers which are bona fide offers made by a principal to a real estate transaction.

§174-1-19. Investigations and Complaints.

19.1. W. Va. Code §30-40-20 and Series 4 of the Commission's rules, as well as other provisions of West Virginia law relating to licensing boards and administrative agencies, set forth various procedures for investigations by the Commission and the filing, processing and resolution of complaints. Complaints may be initiated upon motion by the Commission or filed by licensees or the public.

19.2. Filing of complaints by licensees or the public. -- Complaints filed by licensees or the public must be submitted in writing on forms prescribed by the Commission and must sufficiently provide the information requested on the form.

§174-1-20. Licensee's Duty to Report Other Actions.

20.1 Licensee to inform Commission of disciplinary action by other licensing jurisdiction. -- When any licensee who holds a license in another jurisdiction is found to be in violation of that jurisdiction's license law, it is the duty of the licensee to supply the Commission with a copy of the complaint, any answer(s) filed, and all documents which show the disposition of the matter, including the judgment, findings and sanctions imposed against the licensee. This information must be submitted within thirty (30) days of the disposition.

20.2. Licensee to inform Commission of civil action. -- When any licensee is a party to any civil suit or proceeding arising out of any transaction involving real property other than actions for eviction or for the collection of back rent, it is the duty of the licensee to supply the Commission with a copy of the judgment or final disposition of the case prior to the date of the licensee's next renewal.

20.3. Licensee to inform Commission of criminal action. -- When any licensee is a defendant in any criminal proceeding, it is the duty of the licensee to supply the Commission, within thirty (30) days of the notice of the criminal offense, with a copy of the petition, complaint, warrant, indictment, or information, and the answer filed, if any. The licensee shall also advise the Commission of the

174CSR1

disposition of the case and the nature and amount of any judgment, verdict, finding or sentence made, entered or imposed within thirty (30) days of such disposition.