



REAL ESTATE EXAMINING BOARD
Room 121A, 1400 East Washington Avenue, Madison
Contact: Brittany Lewin (608) 266-2112
October 16, 2014

The following agenda describes the issues that the Board plans to consider at the meeting. At the time of the meeting, items may be removed from the agenda. Please consult the meeting minutes for a record of the actions of the Board.

AGENDA
10:00 A.M.

OPEN SESSION – CALL TO ORDER – ROLL CALL

A. Adoption of Agenda (1-3)

B. Approval of the Minutes – August 21, 2014 (4-7)

C. Administrative Matters

1. Committee Updates
2. 2015 Meeting Dates

D. Legislation and Administrative Rules Matters – Discussion and Consideration (8)

1. Update on REEB 22, 26 Relating Apprentices and Inactive Licenses
2. Update on REEB 16.06(1)(b) Relating to Approved Forms **(9-11)**
3. Update on REEB 24 Relating to Unprofessional Conduct
4. Update on REEB 15 and 18 Relating to Maintaining Records
5. Draft of REEB 12 and 25 Relating to Applications and Education **(12-37)**
6. Pending and Possible Rulemaking Projects
 - a) Implementation of Act 259

E. Education and Examination Matters – Discussion and Consideration

F. Credentialing Matters – Discussion and Consideration

1. Forms Committee Update

G. Informational Item(s) – Discussion and Consideration

1. Timeshare Industry Information **(38-78)**

H. Discussion and Consideration of Items Received After Preparation of the Agenda:

1. Introductions, Announcements, and Recognition
2. Presentations of Petition(s) for Summary Suspension
3. Presentation of Proposed Stipulation(s), Final Decision(s) and Order(s)
4. Presentation of Final Decision and Order(s)
5. Informational Item(s)
6. DLSC Matters
7. Status of Statute and Administrative Rule Matters

8. Education and Examination Matters
9. Credentialing Matters
10. Practice Questions
11. Legislation / Administrative Rule Matters
12. Liaison Report(s)
13. Speaking Engagement(s), Travel, or Public Relations Request(s)
14. Consulting with Legal Counsel

I. Public Comments

CONVENE TO CLOSED SESSION to deliberate on cases following hearing (s. 19.85(1)(a), Stats.); to consider licensure or certification of individuals (s. 19.85(1)(b), Stats.); to consider closing disciplinary investigations with administrative warnings (ss. 19.85 (1)(b), and 440.205, Stats.); to consider individual histories or disciplinary data (s. 19.85 (1)(f), Stats.); and to confer with legal counsel (s. 19.85(1)(g), Stats.).

J. Presentation and Deliberation of Proposed Final Decisions and Orders:

1. 11 REB 107, 12 REB 008, 12 REB 029, 12 REB 077 and 12 REB 109 – Michael A. McKenzie and Mirror Lake Realty, Inc. **(79-87)**
2. 12 REB 029 – Ann M. Downing **(88-93)**
3. 12 REB 054 – Gathen C. Anderson **(94-99)**
4. 12 REB 109 – Phil K. Lovelace **(100-105)**
5. 13 REB 004 – JoAnn C.Sarow **(106-111)**

K. Presentation and Deliberation of Proposed Administrative Warning(s):

1. 13 REB 086 (M.T.R.) **(112-113)**
2. 13 REB 089 (S.A.R.) **(114-115)**

L. Case Closing(s)

1. 12 REB 008 (E.B.L.) **(116-120)**
2. 12 REB 029 (J.J.B.) **(121-126)**
3. 13 REB 029 (J.R.I., K.M.M., F.W.G., Inc., F.A.R., Inc and B.D.A.) **(127-131)**
4. 13 REB 068 (D.E.C., C.J.D., M.F.P., K.R.E., Inc. and M.K.K.) **(132-136)**
5. 13 REB 069 (D.H.P and M.H.Z.) **(137-140)**
6. 13 REB 086 (D.R.H. and H.& A., Inc) **(141-146)**
7. 13 REB 089 (F.C., Inc. and B.W.S) **(147-150)**
8. 13 REB 104 (D.A.B., C.R., LLC, P.A.B.S. and P.A.S.) **(151-154)**
9. 13 REB 134 (J.T.A.) **(155-158)**
10. 13 REB 137 (G.C.A.) **(159-161)**
11. 14 REB 048 (G.C.A.) **(162-164)**

M. Application Review(s)

N. Case Status Report (165-171)

O. Monitoring (172-173)

- 1) Brittany S. Church – Request for Full, Unlimited License **(174-180)**
- 2) Latanya Ghee – Request for Full, Unlimited License **(181-187)**
- 3) Harvey Goldsetein - Request for Full, Unlimited License **(188-198)**
- 4) Naomi Lightfoot - Request for Full, Unlimited License **(199-205)**

P. Deliberation of Items Received After Preparation of the Agenda

- 1) Professional Assistance Procedure (PAP)
- 2) Monitoring Matters
- 3) Administrative Warnings
- 4) Review of Administrative Warning
- 5) Proposed Stipulations, Final Decisions and Orders
- 6) Proposed Final Decisions and Orders
- 7) Orders Fixing Costs/Matters Related to Costs
- 8) Petitions for Summary Suspension
- 9) Petitions for Re-hearings
- 10) Complaints
- 11) Examination Issues
- 12) Credential Issues
- 13) Appearances from Requests Received or Renewed
- 14) Motions

Q. Consulting with Legal Counsel

REONVENE TO OPEN SESSION IMMEDIATELY FOLLOWING CLOSED SESSION

Vote on Items Considered or Deliberated Upon in Closed Session, if Voting is Appropriate

ADJOURNMENT

**REAL ESTATE EXAMINING BOARD
MEETING MINUTES
AUGUST 21, 2014**

PRESENT: Stephen Beers, Marie Hetzer, Brian McGrath, Michael Mulleady (via GoToMeeting, excused at 12:21 p.m.), Dennis Pierce, Randal Savaglio

EXCUSED: Tammy Wagner

STAFF: Brittany Lewin, Executive Director; Gretchen Mrozinski, Legal Counsel; Karen Rude-Evans, Bureau Assistant; Sharon Henes, Rules Coordinator

CALL TO ORDER

Stephen Beers, Chair, called the meeting to order at 10:03 a.m. A quorum of six (6) members was confirmed.

ADOPTION OF AGENDA

MOTION: Randy Savaglio moved, seconded by Dennis Pierce, to adopt the agenda as published. Motion carried unanimously.

APPROVAL OF MINUTES – JUNE 19, 2014

MOTION: Dennis Pierce moved, seconded by Randy Savaglio, to approve the minutes of June 19, 2014 as published. Motion carried unanimously.

APPROVAL OF MINUTES – JULY 16, 2014

MOTION: Dennis Pierce moved, seconded by Randy Savaglio, to approve the minutes of July 16, 2014 as published. Motion carried unanimously.

LEGISLATION AND ADMINISTRATIVE RULES MATTERS

Proposals for REEB 15 and 18 Relating to Electronic Records and REEB 12 and 25 Relating to Applications and Education

MOTION: Randy Savaglio moved, seconded by Marie Hetzer, to designate Mike Mulleady to serve as liaison to DSPS staff for drafting REEB 15 and 18 relating to electronic records. Motion carried unanimously.

MOTION: Randy Savaglio moved, seconded by Steve Beers, to designate Marie Hetzer to serve as liaison to DSPS staff for drafting REEB 12 and 25 relating to applications and education. Motion carried unanimously.

EDUCATION AND EXAMINATION MATTERS

Curriculum and Examinations Council Update

MOTION: Randy Savaglio moved, seconded by Dennis Pierce, to delegate final approval of the 2015 - 2016 Continuing Education Curriculum to Marie Hetzer once the changes discussed at today's meeting have been incorporated. Motion carried unanimously.

CONVENE TO CLOSED SESSION

MOTION: Randy Savaglio moved, seconded by Steve Beers, to convene to closed session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.); to consider licensure or certification of individuals (s. 19.85(1)(b), Stats.); to consider closing disciplinary investigations with administrative warnings (ss. 19.85 (1)(b), and 440.205, Stats.); to consider individual histories or disciplinary data (s. 19.85 (1)(f), Stats.); and to confer with legal counsel (s. 19.85(1)(g), Stats.). Randy Savaglio read the language of the motion. The vote of each member was ascertained by voice vote. Roll Call Vote: Stephen Beers - yes; Marie Hetzer - yes; Brian McGrath – yes; Dennis Pierce – yes; Randal Savaglio – yes. Motion carried unanimously.

The Board convened into closed session at 12:47 p.m.

PROPOSED FINAL DECISIONS AND ORDERS

MOTION: Dennis Pierce moved, seconded by Marie Hetzer, to accept the Findings of Fact, Conclusions of Law, Final Decision and Order in the matter of disciplinary proceedings against **Daniel J. Hansen, DLSC case number 11 REB 109**. Motion carried unanimously.

MOTION: Dennis Pierce moved, seconded by Marie Hetzer, to accept the Findings of Fact, Conclusions of Law, Final Decision and Order in the matter of disciplinary proceedings against **Bobbi L. Potter and Real Living Real Estate Professionals, Inc., DLSC case number 13 REB 007**. Motion carried unanimously.

MOTION: Dennis Pierce moved, seconded by Marie Hetzer, to accept the Findings of Fact, Conclusions of Law, Final Decision and Order in the matter of disciplinary proceedings against **Ryan C. Olson and River Valley Realty, Inc., DLSC case number 13 REB 023**. Motion carried unanimously.

MOTION: Dennis Pierce moved, seconded by Marie Hetzer, to accept the Findings of Fact, Conclusions of Law, Final Decision and Order in the matter of disciplinary proceedings against **Roberta Engstrom Germond, Steven R. Germond and E E G of Superior, Inc., DLSC case number 13 REB 060**. Motion carried unanimously.

MOTION: Dennis Pierce moved, seconded by Marie Hetzer, to accept the Findings of Fact, Conclusions of Law, Final Decision and Order in the matter of disciplinary proceedings against **Eulonda L. Martin, DLSC case number 14 REB 055**. Motion carried unanimously.

MOTION: Randy Savaglio moved, seconded by Dennis Pierce, to accept the Findings of Fact, Conclusions of Law, Final Decision and Order in the matter of disciplinary proceedings against **Darryl L. Norton, DLSC case number 14 REB 056**. Motion carried. Brian McGrath opposed.

MOTION: Dennis Pierce moved, seconded by Marie Hetzer, to accept the Findings of Fact, Conclusions of Law, Final Decision and Order in the matter of disciplinary proceedings against **Karen L. Reed, DLSC case number 14 REB 068**. Motion carried unanimously.

PROPOSED ADMINISTRATIVE WARNINGS

MOTION: Randy Savaglio moved, seconded by Marie Hetzer, to issue an Administrative Warning in the matter of DLSC case number **12 REB 040 (R.A.P.)**. Motion carried unanimously.

MOTION: Randy Savaglio moved, seconded by Marie Hetzer, to issue an Administrative Warning in the matter of DLSC case number **13 REB 019 (J.R.G.)**. Motion carried unanimously.

MOTION: Randy Savaglio moved, seconded by Marie Hetzer, to issue an Administrative Warning in the matter of DLSC case number **13 REB 019 (K.A.D.)**. Motion carried unanimously.

MOTION: Randy Savaglio moved, seconded by Marie Hetzer, to issue an Administrative Warning in the matter of DLSC case number **13 REB 019 (N.S.R.G., LLC)**. Motion carried unanimously.

MOTION: Randy Savaglio moved, seconded by Marie Hetzer, to issue an Administrative Warning in the matter of DLSC case number **13 REB 048 (J.J.T.)**. Motion carried unanimously.

CASE CLOSINGS

MOTION: Dennis Pierce moved, seconded by Brian McGrath, to close the following cases as recommended by the Division of Legal Service and Compliance:

13 REB 002:

- Against **I.G.B., Inc., for no violation (NV)**
- Against **D.A.S. for no violation (NV)**
- Against **C.A.F. for no violation (NV)**
- Against **S.E.H. for prosecutorial discretion (P1)**

13 REB 052:

- Against **M.R.R. for no violation (NV)**
- Against **T.R.R.A, Inc., for no violation (NV)**

13 REB 064:

- Against **K.L.E. for lack of jurisdiction (L2)**
- Against **L.C.M., LLC, for no violation (NV)**

13 REB 048:

- Against **T.N.T.R.G., Inc., for no violation (NV)**

13 REB 072:

- Against **L.C.L. for prosecutorial discretion (P3)**

Motion carried unanimously.

APPLICATION REVIEWS

MOTION: Randy Savaglio moved, seconded by Dennis Pierce, to approve the Real Estate Salesperson renewal application of **B.B.P.**, once all requirements are met. Motion carried unanimously.

MOTION: Randy Savaglio moved, seconded by Dennis Pierce, to deny the Broker License application of **P.L.A.**, based on the fact that he has not completed the terms and conditions of the limitations on his real estate salesperson license. Motion carried unanimously.

MONITORING

MOTION: Randy Savaglio moved, seconded by Marie Hetzer, to grant the request of **Bobby G. Grant** for full licensure. Motion carried unanimously.

RECONVENE TO OPEN SESSION

MOTION: Randy Savaglio moved, seconded by Marie Hetzer, to reconvene into open session. Motion carried unanimously.

The meeting reconvened into open session at 2:04 p.m.

VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION IF VOTING IS APPROPRIATE

MOTION: Randy Savaglio moved, seconded by Dennis Pierce, to affirm all votes made in closed session. Motion carried unanimously.

ADJOURNMENT

MOTION: Randy Savaglio moved, seconded by Steve Beers, to adjourn the meeting. Motion carried unanimously.

The meeting adjourned at 2:05 p.m.

**State of Wisconsin
Department of Safety & Professional Services**

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Sharon Henes Administrative Rules Coordinator		2) Date When Request Submitted: 6 October 2014 Items will be considered late if submitted after 12:00 p.m. on the deadline date: ▪ 8 business days before the meeting	
3) Name of Board, Committee, Council, Sections: Real Estate Examining Board			
4) Meeting Date: 16 October 2014	5) Attachments: <input type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? Legislation and Rule Matters – Discussion and Consideration 1. Update on REEB 22, 26 relating to apprentices and inactive licenses 2. Update on REEB 16.06(1)(b) relating to approved forms 3. Update on REEB 24 relating to unprofessional conduct 4. Update on REEB 15 and 18 relating to maintaining records 5. Draft of REEB 12 and 25 relating to applications and education 6. Pending and possible rulemaking projects a. Implementation of Act 259	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes (Fill out Board Appearance Request) <input type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed:			
11) Authorization			
<i>Sharon Henes</i>		<i>6 October 2014</i>	
Signature of person making this request		Date	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda)		Date	
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

STATE OF WISCONSIN
REAL ESTATE EXAMINING BOARD

IN THE MATTER OF RULE-MAKING	:	ORDER OF THE
PROCEEDINGS BEFORE THE	:	REAL ESTATE EXAMINING BOARD
REAL ESTATE EXAMINING BOARD	:	ADOPTING EMERGENCY RULES
	:	

ORDER

An order of the Real Estate Examining Board to amend REEB 16.06(1)(b) relating to use approved forms.

Analysis prepared by the Department of Safety and Professional Services.

FINDING OF EMERGENCY

The Real Estate Examining Board included the word “not” in the initial rule CR 13-073 filed with the legislative council clearinghouse but unintentionally omitted the word from the final draft submitted to the legislature.

Section REEB 16.06(1)(b) relates to a licensee’s use of board approved forms. This specific paragraph has been in this rule and in effect prior to July 1988. The omission of the word “not” would allow reproduction of any board approved form in such a manner that option provisions may be omitted and blank lines are filled in without any indication on the form that the form had been altered which may negatively affect protections to consumers entering into real estate transactions.

ANALYSIS

Statutes interpreted: s. 452.05(1)(b)

Statutory authority: ss. 15.08(5)(b) and 452.07(1)

Explanation of agency authority: The Board shall promulgate rules for the guidance of the profession not inconsistent with the laws relating to real estate.

Related statute or rule:

Plain language analysis:

Section 1 inserts the word “not” which was inadvertently omitted in CR 13-073.

Summary of, and comparison with, existing or proposed federal regulation: None

Comparison with rules in adjacent states:

Illinois: Illinois does not have rules related altering real estate forms.

Iowa: Iowa does not have rules related altering real estate forms.

Michigan: Michigan does not have rules related altering real estate forms.

Minnesota: Minnesota does not have rules related altering real estate forms.

Summary of factual data and analytical methodologies:

This rule simply reinserts a word which was part of the rule prior to CR-13-073 which inadvertently deleted it.

Analysis and supporting documents used to determine effect on small business or in preparation of economic impact analysis:

Fiscal Estimate and Economic Impact Analysis:

This rule will have no fiscal impact

Effect on small business:

These proposed rules do not have an economic impact on small businesses, as defined in s. 227.114 (1), Stats. The Department’s Regulatory Review Coordinator may be contacted by email at Tom.Engels@wisconsin.gov, or by calling (608) 266-8608.

Agency contact person:

Sharon Henes, Administrative Rules Coordinator, Department of Safety and Professional Services, Division of Board Services, 1400 East Washington Avenue, Room 151, P.O. Box 8935, Madison, Wisconsin 53708; telephone 608-261-2377; email at Sharon.Henes@wisconsin.gov.

TEXT OF RULE

SECTION 1. REEB 16.06(1)(b) is amended to read:

(b) Not reproduce the form in such a manner that optional provisions are omitted and blank lines are filled in without any indication of where the optional provisions and blank lines occur on the board-approved form.

SECTION 2. EFFECTIVE DATE. Pursuant to s. 227.24 (1) (c), Stats., these rules shall take effect upon publication in the official state newspaper.

(END OF TEXT OF RULE)

Dated _____

Agency _____
Member of the Board or Secretary
Real Estate Examining Board

REEB 12 and 25 Revisions

- Section 1 moves two items currently under “new applications” to the “general” section.
- Section 2 creates the salesperson application requirements.
- Section 4 create the broker application requirements.
- Sections 3, 5 repeal the education and examination requirements now set forth in the created sections.
- Sections 6 - 10 address general exam. There is a new title, clarification of the review, moves passing score to the general exam area instead of the requirement section and moves cheating into this general exam section.
- Section 11 repeals the time for completing licensure requirements. Exams can’t be tied to education so the time frame of 1 year after exam is problematic. If the Board would like a person to reapply and pay new fees 1 year after the exam, the requirement can’t include retaking of the exam.
- Sections 12 – 16 addresses renewal less than 5 years after expiration, renewal more than 5 years after expiration and reinstatement of license.
- Sections 17, 18 and 20 repeal definitions not used in rule.
- Section 19 amends a definition.
- Section 21 and 22 repeals broker pre-licensure education and creates new broker pre-licensure education. Education topics are placed in standard rule formatting rather than an outline list. Nonresident needs to be a subset of pre-licensure so some adjustments made to accommodate all of the nonresident education topics.
- Sections 23 and 24 repeal nonresident broker and creates new section. Education topics are placed in standard rule formatting rather than an outline list. Combines all topics required (business management f/k/a “broker” and salesperson)
- Sections 25 and 26 repeals salesperson pre-licensure and creates new salesperson education. Education topics are placed in standard rule formatting rather than an outline list. Nonresident needs to be a subset of pre-licensure so some adjustments made to accommodate all of the nonresident education topics.
- Sections 27 and 28 repeals nonresident salesperson and creates new section. Education topics are placed in standard rule formatting rather than an outline list.
- Sections 29-31 repeals the current two approval sections for pre-licensure programs and creates a new section of requirements for pre-licensure programs.
- Sections 32-37 amends continuing education to remove references to inactive licenses and the ce exam, changes ce to be required in original biennium for broker’s and salespersons except salespersons after October 1 in even year, cleans up section relating to instructors receiving ce and creates a requirement to maintain evidence of ce and to provide upon request to board or designee.
- Sections 38 and 39 repeals continuing education approval and creates new section for clarity.
- Section 40 repeals the ce exam and the investigation and review sections.
- Section 41 creates a section regarding denial or withdrawal of approval.

TEXT OF RULE

SECTION 1. REEB 12.01(2)(a) and (b) are renumbered to REEB 12.01(1)(g) and (h).

SECTION 2. REEB 12.013 is created to read:

REEB 12.013 Salesperson application requirements. (1) EDUCATIONAL REQUIREMENTS. Each applicant for a real estate salesperson's license shall submit satisfactory evidence of one of the following:

(a) Completion, within 4 years of licensure, of real estate salesperson's education under s. REEB 25.033 through an education program which has been approved by the board or nonresident salesperson education equivalency under s. REEB 25.038.

(b) Completion of 10 semester hour credits in real estate or real estate law courses at an accredited institution of higher education. A quarter hour credit equals 2/3 of a semester hour credit.

(2) EXAMINATION REQUIREMENTS. Each applicant shall read and write a comprehensive examination in English, testing the applicant's competency to transact the business of a real estate salesperson. The examination shall be in conformity with s. 452.09(3), Stats.

(3) RECIPROCITY. Applicants who are licensed as salespersons in a state or territory that has entered into a reciprocal agreement with this state, shall be licensed according to the terms of the reciprocal agreement.

SECTION 3. REEB 12.015 is repealed.

SECTION 4. REEB 12.017 is created to read:

REEB 12.017 Broker application requirements. (1) EDUCATIONAL REQUIREMENTS. Each applicant for a real estate broker's license shall submit satisfactory evidence of one of the following:

(a) Completion, within 4 years of broker's licensure, of real estate broker's education program in business management under REEB 25.033 through an education program which has been approved by the board and evidence of one of the following:

1. Licensure as a real estate salesperson.

2. Completion of a real estate salesperson's educational program under REEB 25.033 or completion of 10 semester hour credits in real estate or real estate related law courses at an accredited institution of higher education.

(b) Completion of nonresident broker equivalency under s. REEB 25.028.

(c) Completion of 20 semester hour credits in real estate or real estate law courses at an accredited institution of higher education. A quarter hour credit equals 2/3 of a semester hour credit.

(d) The applicant is licensed to practice law in this state.

(2) EXAMINATION REQUIREMENTS. Each applicant for a real estate broker's license shall read and write a comprehensive examination in English, testing the applicant's competency to transact the business of a real estate broker. The examination shall be in conformity with s. 452.09(3), Stats.

(3) EXPERIENCE REQUIREMENTS. (a) Each applicant for a real estate broker's license shall submit evidence satisfactory to the board that the applicant has practiced as a licensed salesperson under the direct supervision of a licensed broker for at least 2 years within the last 4 years preceding the date of application, excluding any time the applicant spent in an apprenticeship. The evidence, except as provided in par. (b) through (d), shall demonstrate that the applicant's experience as a licensed salesperson qualifies the applicant for a total of at least 40 points based on the following point system:

1. Each completed or closed residential transaction is worth 5 points.
2. Each completed or closed commercial transaction is worth 10 points.
3. Each property management contract is worth 0.5 points per month.
4. Each completed or closed time share is worth one point.

(b) An applicant who is licensed to practice law in this state may satisfy the requirement under par. (a) by submitting to the board one of the following:

1. Evidence satisfactory to the board that the applicant has experience related to real estate.
2. Evidence that the applicant has experience as a licensed salesperson which qualifies the applicant for a total of at least 20 points based upon the point system in par. (a) 1 through 4.

(c) An applicant who holds a current certificate of financial responsibility under s. 101.654, Stats. may satisfy the requirement under par. (a) by submitting to the board one of the following:

1. Evidence satisfactory to the board that the applicant has experience related to real estate sales.
2. Evidence that the applicant has experience as a licensed salesperson which qualifies the applicant for a total of at least 20 points based upon the point system in par. (a) 1 through 4.

(d) A nonresident applicant may satisfy the requirement under par.(a) by submitting to the board evidence satisfactory to the board that the applicant has been a licensed broker under the laws of another state for at least 2 years within the last 4 years preceding the date of the applicant's application.

(4) RECIPROCITY. Applicants who are licensed as brokers in a state or territory that has entered into a reciprocal agreement with this state, shall be licensed according to the terms of the reciprocal agreement.

SECTION 5. REEB 12.02 is repealed.

SECTION 6. REEB 12.025(title) is amended to read:

REEB 12.025 ~~Review of examinations and examination results~~ Examinations.

SECTION 7. REEB 12.025(1) is repealed.

SECTION 8. REEB 12.025(1m) is created to read:

REEB 12.025(1m) PASSING SCORE. The board shall determine the level of examination performance required for minimum acceptable competence after consultation with subject matter experts who have received a representative sample of the examination questions and available

candidate performance statistics. The board shall set the passing score at the point which represents minimum acceptable competence in the profession.

SECTION 9. REEB 12.025(2) is amended to read:

REEB 12.025(2) REPORTS REVIEW. All applicants who obtain a failing grade shall receive a report, ~~for facilitating further study,~~ detailing the results in the major content areas of the examination.

SECTION 10. REEB 12.026 is renumbered to REEB 12.025(3).

SECTION 11. REEB 12.03 is repealed.

SECTION 12. REEB 12.04 (title) is amended to read:

REEB 12.04 Renewal after license expiration and reinstatement.

SECTION 13. REEB 12.04(1)(intro) and (a) are consolidated, renumbered to REEB 12.04(1)(a) and amended to read:

REEB 12.04(1) RENEWAL LESS THAN 5 YEARS AFTER LICENSE EXPIRATION. (a) If an applicant files an application for renewal of the applicant's a licensee renews their real estate license with the department less than 5 years after the renewal date, as defined in s. 440.01 (1) (dm), Stats., and the applicant is not registered as an inactive licensee, the applicant licensee shall pay the applicable renewal fee and penalty late renewal fee specified in s. 440.08, Stats., and provide evidence of having satisfied the continuing education required by s. 452.12 (5), Stats., in one of the following manners:

~~(a) The applicant shall either provide proof of having successfully completed the classroom education which was required during the biennium preceding the date of renewal of the applicant's license, provide proof of having successfully passed the test-out examination which was administered during the biennium preceding the date of renewal of the applicant's license, or provide proof of having successfully completed any 8 of the 15 hours of education in s. REEB 25.03 (3) (h) and the 4 hours of education in s. REEB 25.03 (3) (m), or of having successfully completed the educational program in s. REEB 25.035 (2). In this paragraph "successfully completed" means passing an examination pursuant to s. REEB 25.066 (6) (d).~~

SECTION 14. REEB 12.04(1)(c) is amended to read:

(c) The applicant licensee shall also before the next renewal date satisfy the continuing education required of all licensees during the biennium in which the applicant licensee renews his or her the license.

SECTION 15. REEB 12.04(2) is repealed.

SECTION 16. REEB 12.04(2m) and (3) are created to read:

REEB 12.04(2m) RENEWAL OF LICENSE MORE THAN 5 YEARS AFTER LICENSE

EXPIRATION. A licensee who has failed to renew within 5 years after its renewal date may not reapply for their license by the initial credentialing process.

(a) *Salesperson license.* A licensee who renews a salesperson license more than 5 years after the license expiration shall submit evidence of all of the following:

1. 'Education'. Completion of one of the following:
 - a. Real estate salesperson education under s. REEB 25.033 within 5 years of renewal of license.
 - b. Ten semester hour credits in real estate or real estate law courses at an accredited institution of higher education.
 - c. Real estate salesperson education under REEB 25.038. This option only applies to a licensee who held an active license in another jurisdiction within 2 years of renewal of Wisconsin license.
2. 'Examination'. Passing the examination required under REEB 12.013(2).
3. 'Continuing education'. Completion of the continuing education required by s. 452.12, Stats. for the biennium preceding the date of renewal of the license. A licensee completing education under subds. 1.a. and c. meets the continuing education requirement.

(b) *Broker license.* A licensee who renews a broker license more than 5 years after the license expiration shall submit evidence of all of the following:

1. 'Education'. Completion of one of the following:
 - a. Real estate business management education under s. REEB 25.023 and real estate salesperson's education under REEB 25.033 within 5 years of renewal of license. The real estate salesperson education is not required if currently licensed in this state as a real estate salesperson.
 - b. Completion of 20 semester hours credits in real estate or real estate law at an accredited institution of higher education.
 - c. Education under s. REEB 25.028. This option only applies to a licensee who held an active license in another jurisdiction within 2 years of renewal of Wisconsin license.
 - d. A licensee who is also licensed to practice law in this state meets the education requirement.
2. 'Examination'. Passing the broker and salesperson examinations required under REEB 12.013(2) and 12.017(2).
3. 'Experience'. Practicing as a licensed salesperson under the direct supervision of a licensed broker for at least 2 years within the last 4 years preceding the date of renewal or has experience related to real estate by one of the following:
 - a. Accumulation of a total of at least 40 points based on the point system under s. REEB 12.017(3)(a).
 - b. Meeting the requirement under s. REEB 12.017(3)(b).
 - c. Meeting the requirement under s. REEB 12.017(3)(c).
 - d. A licensee who held an active broker license in another jurisdiction within 2 years of renewal of Wisconsin license meets the experience requirement.
4. 'Continuing education'. Completion of the continuing education required by s. 452.12, Stats. for the biennium preceding the date of renewal of the license. A licensee completing education under subds. 1.a. and c. meets the continuing education requirement.

(c) All licensees renewing under pars. (a) and (b) shall before the next renewal date satisfy the continuing education required during the biennium in which the license is renewed.

(3) LICENSE REINSTATEMENT. (a) A licensee whose license has been surrendered or revoked or has a license with unmet disciplinary requirements which has not been renewed within 5 years of the renewal date may submit an application for reinstatement with all the following:

1. Evidence of completion of requirements in sub. (2m)(a) or (b).
 2. Evidence of completion of disciplinary requirements, if applicable.
 3. Evidence of rehabilitation or change in circumstances warranting reinstatement of license.
- (b) A licensee may not practice real estate prior to being granted reinstatement of the license.

SECTION 17. REEB 25.01(2m) is repealed.

SECTION 18. REEB 25.01(5) and (5m) are repealed.

SECTION 19. REEB 25.01(6) is amended to read:

REEB 25.01(6) “Evidence of attendance completion” means an official transcript, student grade report or board-approved certificate showing satisfactory completion of educational programs or courses.

SECTION 20. REEB 25.01(8) is repealed.

SECTION 21. REEB 25.02 is repealed.

SECTION 22. REEB 25.023 is created to read:

REEB 25.023 Real estate broker’s pre-license business management program. An education program in business management for applicants for a real estate broker’s license shall be not less than 72 hours. The educational program in business management shall contain all of the following topics:

(1) CONTRACTS. Instruction relating to real estate contracts shall include all of the following:

(a) The definition of a contract including the difference between a contract and an agreement.

(b) Elements of a contract, including all of the following:

1. Offer.
2. Acceptance.
3. Consideration.
4. Competent parties.

(c) Parties to a contract, including all of the following:

1. Parties to an agency agreement.
2. Parties to a sales contract, option, or lease.
3. Multiple parties.

(d) Creating binding contracts, including all of the following:

1. Signatures.
2. Acceptance and binding acceptance.
3. Delivery.

- 4. Deadlines.
- 5. Time is of the essence.
- (e) Validity of contracts.
- (f) Drafting contracts and contingencies, including all of the following:
 - 1. Properly drafting.
 - 2. Pre-printed.
 - 3. Customized.
- (g) Ending the contractual relationship, including all of the following:
 - 1. Rescission.
 - 2. Termination.
 - 3. Modification.
 - 4. Death of a party.
 - 5. Default and breach.
- (h) Acceptance and counteroffers including the difference between acceptance and counteroffers.
- (i) The law of conveyances, including all of the following:
 - 1. Conveyance defined.
 - 2. Requirements for a valid conveyance.
- (j) Agreement to arbitrate real estate transaction disputes under s. 788.015, Stats.
- (k) Commercial real estate commission lien under s. 779.32, Stats.
- (2) APPROVED FORMS.** Instruction relating to real estate approved forms shall include all of the following:
 - (a) The forms approval process, including all of the following:
 - 1. Forms committee.
 - 2. Real estate examining board.
 - 3. Department of safety and professional services.
 - (b) The authorized practice of law, including all of the following:
 - 1. Reynolds v. Dinger, 14 Wis. 2d 193.
 - 2. Chapter REEB 16.
 - (c) Review of forms, including all of the following:
 - 1. Listing contract for sale.
 - 2. Offer.
 - 3. Counteroffer.
 - 4. Amendment.
 - 5. Buyer agency agreement.
 - 6. Listing contract for lease.
 - 7. Option.
 - 8. Bill of sale.
 - 9. Exchange.
 - 10. Cancellation agreement and mutual release.
 - 11. State bar forms under s. REEB 16.03(1).
 - 12. Uniform commercial code forms.
 - 13. Forms used in other states.
 - (d) Developing a form and contingency manual
 - (e) Supervising salesperson's use of approved forms.

(3) TRUST ACCOUNTS, ESCROW, CLOSING STATEMENT. Instruction relating to real estate trust accounts, escrow and closing statement shall include all of the following:

(a) Trust accounts under ch. REEB 18, including all of the following:

1. Trust account definition.
2. Trust funds definition.
3. When is a trust account required.
4. Registering a trust account.
5. Procedure to open a trust account.
6. Authorization to sign trust account checks.
7. Deposit of trust funds.
8. Disbursement of trust funds.
9. Bookkeeping system.
10. Closing a trust account.

(b) Escrow agreement procedures, including all of the following:

1. Escrows requiring separate escrow agreements.
2. Pre-closing earnest money escrows.
3. Post closing escrows.
4. Escrows not requiring separate escrow agreements.
5. Drafting escrow agreements.

(c) Closing procedures, including all of the following:

1. Licensees are not required by license law to perform closings.
2. Choosing a closing statement.
3. Closing preparation procedures.
4. Setting a closing date.
5. Preparing closing documentation.
6. Closing procedures.
7. Post closing procedures.

(4) BROKER MANAGEMENT AND MARKETING. Instruction relating to real estate broker management and marketing shall include all of the following:

(a) The legal environment, including all of the following:

1. Requirements for licensure.
2. Liability concerns and risk reduction.
3. Policy manual under s. REEB 17.08.

(b) The business plan, including all of the following:

1. Form of ownership.
2. Start up.
3. Capital budget.
4. Operation budget.
5. Marketing strategies.

(c) Professional services, including all of the following:

1. Attorneys.
2. Accountants.

(d) Operational policies, including all of the following:

1. Policy and procedures manual.
2. Independent contractors agreement.

(5) FINANCIAL AND OFFICE MANAGEMENT. Instruction relating to financial and office

management shall include all of the following:

(a) Financial management, including all of the following:

1. System of income and expense accounting.
2. Accounts used for handling funds.
3. Bank reconciliations.
4. Financial reports.

(b) Budgeting, including all of the following:

1. Definition of a budget.
2. Purpose of the budget.
3. Comparison of budget income and expenses.
4. Preparing the budget.

(c) Office management under ch. REEB 15 including retention of records.

(6) PERSONNEL. Instruction relating to personnel shall include all of the following:

(a) Hiring, including all of the following:

1. Agents.
2. Personal assistants.
3. Difference between employee and independent contractor.
4. Equal opportunity.
5. Workers' compensation.

(b) Policy manual, including all of the following:

1. Purpose.
2. Recommended content.
3. Maintenance.
4. Access.

(c) Training.

(d) Licensure and supervision of employees under ch. REEB 17.

(7) BUSINESS ETHICS. Instruction relating to real estate business ethics shall include all of the following:

(a) Dealing with the public, including all of the following:

1. Avoid discrimination under s. REEB 24.03(1).
2. Competence in area of service under s. REEB 24.03(2).
3. Legal counsel not to be discouraged under s. REEB 24.06.
4. Tie-ins under s. REEB 24.075.
5. Agreements in writing under s. REEB 24.08.
6. Misleading market values under s. REEB 24.09.
7. No net listings under s. REEB 24.10.

(b) Advertising, including all of the following:

1. False advertisements.
2. Disclosure to the public.
3. Obtain permission.
4. Advertised price.

(c) Offers under ss. REEB 24.12 and 24.13, including all of the following:

1. Confidentiality.
2. Draft and submit all offers.
3. Submit promptly.
4. Present fairly.

5. Prompt notification
- (d) Disclosure of compensation and interest under s. REEB 24.05, including all of the following:
 1. Disclosure of profits.
 2. Disclosure of intent.
 3. Property owned by licensee.
 4. Referral of service.
 5. Compensation from more than one party.
- (e) Disclosure under s. REEB 24.07, including all of the following:
 1. Material facts.
 2. Material adverse facts.
 3. Property inspection.
 4. Agency.
 5. "As-is" sales.
 6. Optional disclosure
- (f) Dealings with fellow licensees, including all of the following:
 1. Negotiations through listing broker under s. REEB 24.13(5).
 2. Obtain seller's permission for subagent under s. REEB 24.07(8)(b)2.
 3. Confidentiality of offer under s. REEB 24.12.
 4. Disclose material adverse facts under s. REEB 24.07(2).
 5. False information under s. REEB 24.07(3).
 6. Disclose buyer agent and seller subagent under s. REEB 24.07(8).
- (g) Dealings with licensee and salespeople, including all of the following:
 1. Licensee supervision under s. REEB 17.08.
 2. Office supervision under s. REEB 17.08.
- (h) Commercial real estate broker's commission under s. 779.32, Stats.
- (i) Agency relationships, including all of the following:
 1. Multiple representation with designated agency.
 2. Multiple representation without designated agency.
 3. Single agency.
- (8) CONSUMER PROTECTION.** Instruction relating to real estate consumer protection shall include all of the following:
 - (a) Disclosure, including all of the following:
 1. Property inspections under s. REEB 24.07(1)(a).
 2. Investigation of other facts under s. REEB 24.07(1)(b).
 3. Use of third party inspectors under s. REEB 24.07(2).
 4. Property condition under s. 452.23, Stats.
 5. Civil liability for misrepresentation.
 6. Seller's disclosure duties under ch. 709, Stats.
 7. Buyer's inspection obligation.
 - (b) Fair Housing, including all of the following:
 1. Federal law.
 2. State of Wisconsin law.
 3. Wisconsin and local fair housing law.
 4. Sanctions for violations.
 5. Testers and fair housing organizations.
 6. Conduct prohibited by fair housing law.

7. Responding to fair housing questions.
 8. Instituting equal professional service procedures.
- (c) Antitrust: conspiracy and group boycotts, including all of the following:
1. Section 1 of the Sherman Act.
 2. “Conspiracy” requirement.
 3. “Restraint of trade” requirement.
 4. Compensation and “prices” which have been fixed.
 5. Situations creating inferences of price fixing.
 6. How to respond to antitrust situations.
 7. Elements same as price fixing, including conspiracy and restraint of trade.
 8. Situations creating inference of boycott.
- (d) Complaint handling procedures, including all of the following:
1. Consumer satisfaction.
 2. Liability avoidance.
 3. Feedback on fair housing or other law violations.
 4. Prevent complaint through education.
 5. Document the complaint handling program in policy and procedures manual.
 6. Inform the parties of the complaint handling program.
 7. Dispute resolution systems.
- (e) Environmental factors, including all of the following:
1. Underground storage tanks, including registration and closure.
 2. Asbestos.
 3. Radon.
 4. Lead-based paint.
 5. Procedures for high risk properties.
 6. Wetlands and floodplain.
- (f) Education buyers and sellers, including all of the following:
1. Property inspection and disclosure of defects.
 2. Earnest money procedures.
 3. Licensees’ responsibilities and expertise.
 4. Utilizing third party experts.
- (9) SPECIALTY AREAS.** Instruction relating to real estate specialty areas shall include all of the following:
- (a) Property management, including all of the following:
1. Management contracts.
 2. Insurance liability.
 3. Security deposits.
 4. Breach of lease.
 5. Property inspections.
 6. Tenant and landlord rights and obligations under ch. ATCP 134.
 7. Rules regarding negotiating leases.
- (b) Business opportunities, including all of the following:
1. Special expertise and licensing requirements under s. REEB 24.03.
 2. Approved forms.
- (c) Selling specialized properties as a brokerage activity.
- (d) Alternative marketing methods, including all of the following:

1. Exchanges.
 2. Installment sales.
 3. Cooperatives.
- (e) Mortgage banking, including all of the following:
1. Definitions of mortgage banker, loan originator and loan solicitor.
 2. When separate registration is needed.
 3. Real Estate Settlement Procedures Act.
- (f) Real estate appraisal.
- (g) Farms.
- (h) Auctions.
- (i) Mobile homes.
- (j) Time-Share, including familiarity with ch. 707, Stats, when selling time-shares.
- (10) NOTIFYING THE DEPARTMENT.** Instruction relating to notifying the department shall include all of the following:
- (a) Change of name, address or trade name under ch. REEB 23
 - (b) Criminal conviction under s. 440.03(13)(am), Stats.

SECTION 23. REEB 25.025 is repealed

SECTION 24. REEB 25.028 is created to read:

REEB 25.028 Nonresident broker educational equivalency. An applicant who has held an active real estate broker's license in another licensing jurisdiction within the 2 year period prior to filing an application for a real estate broker's license in this state is deemed to have met the equivalency to the business management and salesperson program education based upon their education required to obtain a license in the other licensing jurisdiction and completion of a Wisconsin specific course consisting of 19 hours and containing all of the following content:

- (1) Business management education, including all of the following:
 - (a) Broker-only contracts and contract issues, including all of the following:
 1. Reynolds v. Dinger, 14 Wis. 2d 193.
 2. State bar forms under s. REEB 16.03(1).
 3. Uniform commercial code forms under s. REEB 16.03(1).
 4. Forms used in other states.
 5. Developing forms and contingency manual.
 6. Supervising salesperson's use of approved forms.
 7. Commercial real estate broker's commission under s. 779.32, Stats.
 - (b) Agency relationships, including all of the following:
 1. Multiple representation with designated agency.
 2. Multiple representation without designated agency.
 3. Single agency.
 - (c) Disclosure, including all of the following:
 1. Property inspections.
 2. "As-is" sales.
 3. Optional disclosure.
 - (d) Trust accounts under ch. REEB 18, including all of the following:
 1. When is a trust account required.

2. Registering a trust account.
 3. Procedure to open a trust account.
 4. Authorization to sign trust account checks.
 5. Deposit of trust funds.
 6. Disbursement of trust funds.
 7. Bookkeeping system.
 8. Closing a trust account.
- (e) Notifying the Department, including all of the following:
1. Change of name, address or trade name under ch. REEB 23.
 2. Criminal conviction under s. 440.03(13)(am), Stats.
- (f) Wisconsin fair housing law under s. REEB 24.03(1), ss. 66.1011 and 106.50, Stats.
- (g) Licensure and supervision of employees under ch. REEB 17, including all of the following:
1. Licensee supervision under s. REEB 17.08.
 2. Office supervision under s. REEB 17.08.
 3. Policy manual under s. REEB 17.08.
- (2) Salesperson education, including all of the following:
- (a) Contracts, including all of the following:
1. Law of conveyances, including all of the following:
 - a. Conveyance defined under s. 706.01, Stats.
 - b. Requirements for a valid conveyance under ss. 706.02, 706.03, Stats.
 2. Chapter REEB 16.
 3. Review of forms approved by the board, including all of the following:
 - a. Listing contracts.
 - b. Offers to purchase.
 - c. Addenda.
 - d. Buyer agency agreements.
 - e. Counter offers.
 - f. Multiple counter proposals.
 - g. Amendment.
 - h. Notices.
 - i. Option.
 - j. Bill of sale.
 - k. Exchange.
 - l. Cancellation agreement and mutual release.
- (b) Agency, including all of the following:
1. Duties owed to parties and clients under s. 452.133, Stats.
 2. Requirement for an agency agreement and disclosure of agency under s. 452.135, Stats.
 3. Revisions to common law duties and responsibilities under s. 452.139, Stats.
- (c) Business conduct.
1. Direct contact with the public, including all of the following:
 - a. Competence in area of service under s. REEB 24.03.
 - b. Tie-ins under s. REEB 24.075.
 - c. Agreements in writing under s. REEB 24.08.
 - d. Misleading market values under s. REEB 24.09.
 - e. Net listings under s. REEB 24.10.

2. Advertising under s. REEB 24.04.
 3. Completing and presenting written proposals under ss. REEB 24.12 and 24.13., including all of the following:
 - a. Confidentiality.
 - b. Drafting and submitting offers.
 - c. Prompt delivery to buyer.
 - d. Fair presentation of offers.
 - e. Prompt notification.
 4. Disclosure of compensation and interest under s. REEB 24.05
 - a. Disclosure of interest.
 - b. Referral services.
 - c. Disclosure of profits.
 - d. Disclosure of licensure.
- (d) Consumer Protection, including all of the following:
1. Property inspections under s. REEB 24.07(1)(a).
 2. Inquiry by listing broker under s. REEB 24.07(1)(b).
 3. Disclosure of material adverse facts under s. REEB 24.07(2).
 4. Disclosure of material suggesting adverse material facts under s. REEB 24.07(3).
 5. Disclosure of side agreements under s. REEB 24.07(4).
 6. Reliance upon third parties under s. REEB 24.07(5).
 7. Investigations and inspections under s. 452.23, Stats.
 8. Civil liability for misrepresentation.
 9. Seller's disclosure duties under ch. 709, Stats.
- (e) Environmental factors, including all of the following:
1. Underground storage tanks under ch. ATCP 93.
 2. Floodplains under s. 87.30, Stats., ss NR 116.01, 116.06.
 3. Wetlands under s. 23.32, Stats.
 4. Farmland preservation under ss. 91.60 to 91.70, Stats.
 5. Rental unit energy efficiency standards under ss. SPS 367.03 and 367.08.
- (g) Escrows agreement procedures, including all of the following:
1. Escrows requiring separate escrow agreements.
 2. Pre-closing earnest money escrows.
 3. Post-closing escrows.
 4. Escrows not requiring separate escrow agreement.
 5. Drafting escrow agreements.
- (h) Miscellaneous issues, including all of the following:
1. Condominiums under ss. 703.08, 703.21 and 703.33, Stats.
 2. Homestead under ss. 706.01(7), 766.605, Stats.
 3. Taxes under ss. 74.15, 74.47(1) and (2), Stats.
 4. Taxation and transfer fees under ss. 77.22, 77.27, Stats.
 5. Residential rental practices under ss. ATCP 134.02, 134.06, 134.09, Stats.
 6. Platting and subdivisions under ss. 236.01 to 236.03 and 236.31 to 236.35, Stats.
 7. Documents and records under ch. REEB 15.
 8. Licensure and supervision of employees under ch. REEB 17.
 9. Property rights of married persons under ss. 766.31, 766.51, 766.60 and 766.63, Stats.
 10. Mortgage banking under s. 224.71, Stats.

SECTION 25. REEB 25.03 is repealed.

SECTION 26. REEB 25.033 is created to read:

REEB 25.033 Salesperson's pre-license program. An education program for applicants for a real estate salesperson's license shall consist of 72 hours. The educational program shall contain all of the following topics:

(1) REAL PROPERTY. Instruction relating to real property shall include all of the following:

- (a) Land, real estate and real property.
- (b) The difference between real property and personal property.
- (c) Classification of fixtures.
- (d) Characteristics of real estate.
- (e) Types of home ownership.
- (f) Mobile homes under s. 70.043, Stats.
- (g) Ownership expenses.
- (h) Property features.
- (i) Investment considerations.
- (j) Tax benefits for home ownership.
- (k) Homeowner's insurance.

(2) THE REAL ESTATE BUSINESS. Instruction relating to the real estate business shall include all of the following:

- (a) Real estate specialties.
- (b) The real estate market.
- (c) Factors affecting supply and demand.
- (d) Business cycles.
- (e) Real estate practice under ch. 452, Stats.

(3) REAL ESTATE BROKERAGE. Instruction relating to real estate brokerage shall include all of the following:

- (a) Law of agency.
- (b) Creation and termination of agency.
- (c) Fiduciary duties.
- (d) Responsibilities to third parties.
- (e) Broker's and salesperson's compensation.
- (f) Antitrust laws.
- (g) The difference between independent contractor and employee.
- (h) Broker-to-broker relationships.
- (i) Sales associate-to-sales associate relationships.
- (j) Agency, including all of the following:
 - 1. Duties owed to parties and clients under s. 452.133, Stats.
 - 2. Requirement for an agency agreement and disclosure of agency under s. 452.135, Stats.
 - 3. Revisions to common law duties and responsibilities under s. 452.139, Stats.
- (k) Agency relationship, including all of the following:
 - 1. Multiple representation with designated agency.
 - 2. Multiple representation without designated agency.

3. Single agency.

(4) LISTING AGREEMENTS. Instruction relating to real estate listing agreements shall include all of the following:

- (a) Listing property.
- (b) Listing agreements under ch. REEB 16.
- (c) Special listing provisions.
- (d) Termination of listings.
- (e) Obtaining listings.
- (f) Pricing the property.
- (g) Disclosures.
- (h) Home warranties.

(5) INTERESTS IN REAL ESTATE. Instruction relating to interests in real estate shall include all of the following:

- (a) Government powers.
- (b) Estates in land.
- (c) Encumbrances.
- (d) Water rights.
- (e) Forms of ownership.
- (f) Trusts.
- (g) Ownership by business organizations.
- (h) Cooperatives.
- (i) Time-shares under ss. 70.095, 707.02, 707.05, 707.40, 707.47 and 707.49, Stats.
- (j) Condominiums under ss. 703.08, 703.21 and 703.33, Stats.
- (k) Homestead under ss. 706.01(7) and 766.605, Stats.

(6) LEGAL DESCRIPTIONS. Instruction relating to real estate legal descriptions shall include all of the following:

- (a) Methods of describing real estate.
- (b) Land units and measurements.

(7) TAXES AND OTHER LIENS. Instruction relating to taxes and other liens shall include all of the following:

- (a) Liens.
- (b) Tax liens.
- (c) General tax assessment, equalization, and tax bills.
- (d) Mortgage liens.
- (e) Construction liens.
- (f) Judgments.
- (g) Estate and inheritance tax liens.
- (h) Other liens.
- (i) Taxes under ss. 74.15 and 74.47(1) and (2), Stats.
- (j) Taxation and transfer fees under ss. 77.22 and 77.27, Stats.

(8) REAL ESTATE CONTRACTS. Instruction relating to real estate contracts shall include all of the following:

- (a) Contract law.
- (b) Elements of a valid contract.
- (c) Performance of contract.
- (d) Discharge of contract.

- (e) Default or breach of contract.
- (f) Forms used in real estate under ch. REEB 16, including all of the following:
 - 1. Listing agreements under s. 240.10, Stats.
 - 2. Offers to purchase.
 - 3. Addenda.
 - 4. Buyer agency agreements.
 - 5. Counteroffers.
 - 6. Multiple counter proposals.
 - 7. Amendments.
 - 8. Notices.
 - 9. Understanding closing statements.
 - 10. Disclosure forms, including all of the following:
 - a. Seller condition report.
 - b. Agency.
 - c. Buyer and seller disclosure.
 - 11. Cancellation agreement and mutual release agreements.
 - 12. Option.
 - 13. Bill of sale.
 - 14. Exchange.
- (g) Agreement to arbitrate real estate transaction disputes under s. 788.015, Stats.
- (9) TITLE RECORDS AND TRANSFERS OF TITLE.** Instruction relating to real estate title records and transfers of title shall include all of the following:
 - (a) Requirements of a valid conveyance under ss. 240.10, 706.02 and 706.03, Stats.
 - (b) Types of deeds.
 - (c) Involuntary alienation.
 - (d) Probate.
 - (e) Transfer of title by will.
 - (f) Public records and recording.
 - (g) Evidence of title.
 - (h) Conveyance defined under s. 706.01, Stats.
- (10) REAL ESTATE FINANCE AND BASIC MATH.** Instruction relating to real estate finance and basic math shall include all of the following:
 - (a) Buyer qualification.
 - (b) Mortgage instruments.
 - (c) Payment plans.
 - (d) Provisions for default; assignment; release and subject to.
 - (e) Land contracts.
 - (f) Secondary mortgage market.
- (11) APPRAISAL AND MARKET ANALYSIS.** Instruction relating to real estate appraisal and market analysis shall include all of the following:
 - (a) Basic principles of value.
 - (b) Direct market comparison approach.
 - (c) Cost approach.
 - (d) Income approach.
 - (e) Appraisal process.

(12) FAIR HOUSING LAWS. Instruction relating to real estate fair housing laws shall include all of the following:

- (a) Equal opportunity in housing.
- (b) Federal fair housing law.
- (c) Blockbusting, steering and redlining.
- (d) Equal rights under s. 106.50, Stats.
- (e) Organizations.

(13) ETHICAL REAL ESTATE PRACTICES. Instruction relating to ethical real estate practices shall include all of the following:

- (a) Chapter REEB 24.
- (b) Ethical business conduct, including all of the following:
 - 1. Direct contact with the public, including all of the following:
 - a. Competence in area of service under s. REEB 24.03.
 - b. Tie-ins under s. REEB 24.075.
 - c. Agreements in writing under s. REEB 24.08.
 - d. Misleading market values under s. REEB 24.09.
 - e. Net listings under s. REEB 24.10.
 - 2. Advertising under s. REEB 24.04.
 - 3. Completing and presenting written proposals under ss. REEB 24.12 and 24.13., including all of the following:
 - a. Confidentiality.
 - b. Drafting and submitting offers.
 - c. Prompt delivery to buyer.
 - d. Fair presentation of offers.
 - e. Prompt notification.
 - 4. Disclosure of compensation and interest under s. REEB 24.05
 - a. Disclosure of interest.
 - b. Referral services.
 - c. Disclosure of profits.
 - d. Disclosure of licensure.

(14) CONSUMER PROTECTION. Instruction relating to consumer protection shall include all of the following:

- (a) Property inspections under s. REEB 24.07(1)(a).
- (b) Inquiry by listing broker under s. REEB 24.07(1)(b).
- (c) Disclosure of material adverse facts under s. REEB 24.07(2).
- (d) Disclosure of material suggesting adverse material facts under s. REEB 24.07(3).
- (e) Disclosure of side agreements under s. REEB 24.07(4).
- (f) Reliance upon third parties under s. REEB 24.07(5).
- (g) Investigations and inspections under s. 452.23, Stats.
- (h) Civil liability for misrepresentation.
- (i) Seller's disclosure duties under ch. 709, Stats.

(15) LEASES. Instruction relating to real estate leases shall include all of the following:

- (a) Leasehold estates.
- (b) Standard lease provisions.
- (c) Lease documents.
- (d) Legal principles of leases.

- (e) Improvements.
- (f) Maintenance.
- (g) Breach.
- (h) Residential rental practices under ss. ATCP 134.02, 134.06, and 134.09.
- (16) PROPERTY MANAGEMENT.** Instruction relating to property management shall include all of the following:
 - (a) Functions of property manager.
 - (b) Management agreement.
 - (c) Management considerations.
 - (d) Renting and maintaining the property.
 - (e) Risk management.
- (17) LAND USE CONTROL AND DEVELOPMENT.** Instruction relating to land use control and development shall include all of the following:
 - (a) Public controls.
 - (b) The master plan.
 - (c) Zoning.
 - (d) Subdivision regulations.
 - (e) Private land-use controls.
 - (f) Building codes.
 - (g) Land development.
 - (h) Subdividing.
- (18) ENVIRONMENTAL CONCERNS.** Instruction relating to real estate environmental concerns shall include all of the following:
 - (a) Radon.
 - (b) Asbestos.
 - (c) Lead-based paint.
 - (d) Toxic waste.
 - (e) Underground storage tanks under ch. ATCP 93.
 - (f) Floodplains under s. 87.30, Stats and ss NR 116.01 and 116.06.
 - (g) Flood insurance.
 - (h) Wetlands under s. 23.32, Stats.
 - (i) Farmland preservation under ss. 91.01, 91.60 to 91.70, Stats.
 - (j) Rental unit energy efficiency standards under ss. SPS 367.03 and 367.08.
 - (k) Disclosure documents under s. 452.23 and ch. 709 Stats. and s. REEB 24.07.
- (19) MISCELLANEOUS WISCONSIN LICENSE LAWS.** Instruction relating to miscellaneous Wisconsin license laws shall include all of the following:
 - (a) Chapter REEB 15.
 - (b) Chapter REEB 16.
 - (c) Chapter REEB 17.
 - (d) Chapter REEB 18, including all of the following:
 1. Definition of trust account.
 2. Interest-bearing and non-interest bearing accounts.
 3. Definition of trust funds.
 4. When a trust account is required.
 5. Deposit of trust funds.
 - (e) Chapter REEB 23.

- (f) Property rights of married persons under ss. 766.31, 766.51, 766.60 and 766.63, Stats.
- (g) Mortgage banking under s. 224.71, Stats.
- (h) Escrow agreement procedures, including all of the following:
 1. Escrows requiring separate escrow agreements.
 2. Pre-closing earnest money escrows.
 3. Post-closing escrows.
 4. Escrows not requiring separate escrow agreement.
 5. Drafting escrow agreements.

SECTION 27. REEB 25.035 is repealed

SECTION 28. REEB 25.038 is created to read:

REEB 25.038 Nonresident salesperson educational equivalency. An applicant who has held an active real estate salesperson's license in another licensing jurisdiction within the 2 year period prior to filing an application for a real estate salesperson's license in this state is deemed to have met the equivalency to the salesperson program education based upon their education required to obtain a license in the other licensing jurisdiction and completion of a Wisconsin specific course consisting of 13 hours and containing the following content:

- (1) Contracts, including all of the following:
 - (a) Law of conveyances, including all of the following:
 - a. Conveyance defined under s. 706.01, Stats.
 - b. Requirements for a valid conveyance under ss. 706.02 and 706.03, Stats.
 - (b) Chapter REEB 16.
 - (c) Review of forms approved by the board, including all of the following:
 1. Listing contracts.
 2. Offers to purchase.
 3. Addenda.
 4. Buyer agency agreements.
 5. Counter offers.
 6. Multiple counter proposals.
 7. Amendment.
 8. Notices.
 9. Option.
 10. Bill of sale.
 11. Exchange.
 12. Cancellation agreement and mutual release.
- (2) Agency, including all of the following:
 - (a) Duties owed to parties and clients under s. 452.133, Stats.
 - (b) Requirement for an agency agreement and disclosure of agency under s. 452.135, Stats.
 - (c) Revisions to common law duties and responsibilities under s. 452.139, Stats.
- (3) Agency relationship, including all of the following:
 - (a) Multiple representation with designated agency.
 - (b) Multiple representation without designated agency.
 - (c) Single agency.

- (4) Business conduct.
 - (a) Direct contact with the public, including all of the following:
 - 1. Competence in area of service under s. REEB 24.03.
 - 2. Tie-ins under s. REEB 24.075.
 - 3. Agreements in writing under s. REEB 24.08.
 - 4. Misleading market values under s. REEB 24.09.
 - 5. Net listings under s. REEB 24.10.
 - (b) Advertising under s. REEB 24.04.
 - (c) Completing and presenting written proposals under ss. REEB 24.12 and 24.13., including all of the following:
 - a. Confidentiality.
 - b. Drafting and submitting offers.
 - c. Prompt delivery to buyer.
 - d. Fair presentation of offers.
 - e. Prompt notification.
 - (d) Disclosure of compensation and interest under s. REEB 24.05
 - a. Disclosure of interest.
 - b. Referral services.
 - c. Disclosure of profits.
 - d. Disclosure of licensure.
- (5) Consumer Protection, including all of the following:
 - (a) Property inspections under s. REEB 24.07(1)(a).
 - (b) Inquiry by listing broker under s. REEB 24.07(1)(b).
 - (c) Disclosure of material adverse facts under s. REEB 24.07(2).
 - (d) Disclosure of material suggesting adverse material facts under s. REEB 24.07(3).
 - (e) Disclosure of side agreements under s. REEB 24.07(4).
 - (f) Reliance upon third parties under s. REEB 24.07(5).
 - (g) Investigations and inspections under s. 452.23, Stats.
 - (h) Civil liability for misrepresentation.
 - (i) Seller's disclosure duties under ch. 709, Stats.
- (6) Wisconsin fair housing law under s. REEB 24.03(1), ss. 66.1011 and 106.50, Stats.
- (7) Environmental factors, including all of the following:
 - (a) Underground storage tanks under ch. ATCP 93.
 - (b) Floodplains under s. 87.30, Stats., ss NR 116.01, 116.06.
 - (c) Wetlands under s. 23.32, Stats.
 - (d) Farmland preservation under ss. 91.60 to 91.70, Stats.
 - (e) Rental unit energy efficiency standards under ss. SPS 367.03 and 367.08.
- (8) Trust accounts and escrows, including all of the following:
 - (a) Trust accounts under s. 452.13, Stats., ch. REEB 18, including all of the following:
 - 1. Definition of trust account.
 - 2. Interest-bearing and non-interest bearing accounts.
 - 3. Definition of trust funds.
 - 4. When a trust account is required.
 - 5. Deposit of trust funds.
 - (b) Escrow agreement procedures, including all of the following:
 - 1. Escrows requiring separate escrow agreements.

2. Pre-closing earnest money escrows.
 3. Post-closing escrows.
 4. Escrows not requiring separate escrow agreement.
 5. Drafting escrow agreements.
- (9) Miscellaneous issues, including all of the following:
- (a) Condominiums under ss. 703.08, 703.21 and 703.33, Stats.
 - (b) Homestead under ss. 706.01(7) and 766.605, Stats.
 - (c) Taxes under ss. 74.15, 74.47(1) and (2), Stats.
 - (d) Taxation and transfer fees under ss. 77.22 and 77.27, Stats.
 - (e) Residential rental practices under ss. ATCP 134.02, 134.06 and 134.09.
 - (f) Platting and subdivisions under ss. 236.01 to 236.03 and 236.31 to 236.35, Stats.
 - (g) Documents and records under ch. REEB 15.
 - (h) Licensure and supervision of employees under ch. REEB 17.
 - (i) Property rights of married persons under ss. 766.31, 766.51, 766.60 and 766.63, Stats.
 - (j) Mortgage banking under s. 224.71, Stats.

SECTION 29. REEB 25.05 is repealed.

SECTION 30. REEB 25.055 is created to read:

REEB 25.055 Approval for pre-licensure educational programs or courses.

- (1) GENERAL. (a) The board may approve a pre-licensure educational program if it covers all of the required content and hours in ss, REEB 25.023, 25.028, 25.033 or 25.038. The board may approve a pre-licensure educational course if it alone or in conjunction with one or more other courses covers the required content and hours ss, REEB 25.023, 25.028, 25.033 or 25.038.
- (b) Instructors shall be knowledgeable in the subject which they are teaching. An instructor whose real estate license has been limited, suspended or revoked may not instruct in a program or a course while the disciplinary action is in effect.
- (c) A school or organization may not discriminate against anyone on the basis of sex, race, color, sexual orientation as defined in s. 111.32(13m), Stats., handicap, religion, age, physical disability or national origin in their educational program or courses.
- (2) APPROVAL. A school or organization seeking approval of a pre-licensure educational program or course shall submit to the board at least 30 days prior to offering the program or course all of the following:
- (a) Application provided by the board.
 - (b) Organizational structure of the school or organization.
 - (c) Registration policies.
 - (d) Promotional materials.
 - (e) Detailed outline of each program or course with specific allocations of hours to each topic. Program or courses utilizing the board approved Wisconsin Realtors Association curriculum may provide verification of utilization of the curriculum to meet this requirement.
 - (f) Method of instruction.
 - (g) Method for ensuring the students who complete the course are the enrolled students.
 - (h) Method for evaluating instructors and program.
 - (i) Names of all instructors.
 - (j) Evidence that each instructor meets one of the following qualifications:

1. A person who is or has been engaged in the practice of teaching real estate courses at an accredited institution of higher education.
2. A properly licensed or certified person by the board or other governmental agency who, for at least 5 years continuously, has been engaged in the real estate aspects of one of the following:
 - a. Appraising.
 - b. Financing.
 - c. Marketing.
 - d. Brokerage management.
 - e. Real property management.
 - f. Real estate counseling.
 - g. Real property law.
3. A member of the Wisconsin state bar who is engaged in the field of real estate related law.
4. A person who, in the judgment of the board, is qualified by experience or education to teach a course of study.

(3) CHANGES TO PROGRAM OR COURSE. A school or organization shall inform the board of any change in the information submitted in par. (2)(a) through (j) within 10 days following the date of the change.

(4) EVIDENCE OF COMPLETION. (a) A school or organization shall provide all students with evidence of completion of the educational program or course.

(b) A certificate of completion may not be issued unless the student received all the required contents of the educational program and course. A certificate of completion shall include all of the following:

1. Name of the school or organization.
2. Name of the student.
3. Name of the program or course
4. Number of hours.
5. Date of completion.
6. Signature of authorized person at the school or organization.

(c) A school or organization shall maintain attendance and completion records for at least 5 years after a program or course has been conduct.

SECTION 31. REEB 25.06 is repealed.

SECTION 32. REEB 25.065(1), (1)(note) and (2), are amended to read:

REEB 25.065 Continuing education requirements for brokers and salespersons. (1) Each licensed broker and salesperson, ~~except an inactive licensee under s. 452.12 (6), Stats.,~~ shall satisfy the continuing education requirement specified in s. 452.12 (5) (c), Stats., during each licensing biennium.

Note: The contents of the continuing education programs and courses are not designated in the Wisconsin administrative code, pursuant to an exemption under s. 227.01 (13) (zj), Stats. ~~This information may be obtained from the Wisconsin Department of Safety and Professional Services, Division of Professional Credential Processing, 1400 East Washington Avenue, P.O. Box 8935, Madison, Wisconsin 53708.~~

(2) A licensee may only satisfy the continuing education requirement by successfully completing the continuing education program or courses which are approved by the board before the programs or courses are conducted, ~~except that pursuant to s. 452.12 (5) (c) 2., Stats., the licensee may take the continuing education examination conducted by the department in lieu of the education.~~

SECTION 33. REEB 25.065(2)(note) is repealed.

SECTION 34. REEB 25.065(5) is amended to read:

REEB 25.065 (5) A person who receives an original salesperson's or broker's license ~~during a licensing biennium~~ is ~~not~~ required to satisfy the continuing education requirement during the biennium in which the person receives that license, except a person who receives an original salesperson's license after October 1 in an even year is not required to satisfy the continuing education requirement during that biennium.

SECTION 35. REEB 25.065(6m) and (7) are repealed.

SECTION 36. REEB 25.065(8) is amended to read:

REEB 25.065(8) A licensee who acts as an instructor of an approved continuing education program or course may receive credit toward satisfaction of the licensee's continuing education requirement, ~~provided the licensee successfully completes the program or course examination, as specified in s. REEB 25.05.~~ The licensee may not receive credit for teaching a specific course more than one time.

SECTION 37. REEB 25.065(10) is created to read:

REEB 25.065(10) A licensee shall retain for a minimum period of 5 years and shall make available to the board, or its agent upon request, the evidence of completion issued by the program or course sponsor for all continuing education programs for which the licensee claims credit for purposes of renewal of the license.

SECTION 38. REEB 25.066 is repealed.

SECTION 39. REEB 25.068 is created to read:

REEB 25.068 Approval for continuing education programs or courses.

(1) GENERAL. (a) A school or organization shall conduct an examination at the end of each continuing education program or course consisting of at least 15 multiple-choice questions for each program or course. The passing score shall be no less than 70%, unless the school or organization provides substantial justification to the board for a lower score and the board approves the lower passing score. A school or organization may not count examination time as part of the number of hours of the program or course.

(b) Instructors of continuing education programs or courses shall be knowledgeable in the subject which they are teaching. An instructor whose real estate license has been limited,

suspended or revoked may not instruct in a program or a course while the disciplinary action is in effect.

(c) A school or organization may not discriminate against anyone on the basis of sex, race, color, sexual orientation as defined in s. 111.32(13m), Stats., handicap, religion, age, physical disability or national origin in their educational program or courses.

(2) APPROVAL. A school or organization seeking approval of a continuing education program or course shall submit to the board at least 30 days prior to offering the program or course all of the following:

(a) Application provided by the board.

(b) Organizational structure of the school or organization.

(c) Registration policies.

(d) Promotional materials.

(e) Detailed outline of each program or course with specific allocations of hours to each topic.

Program or courses utilizing the board approved Wisconsin Realtors Association curriculum may provide verification of utilization of the curriculum to meet this requirement.

(f) Method of instruction.

(g) Method for ensuring the students who complete the course are the enrolled students.

(h) Method for evaluating instructors and program.

(i) Names of all instructors.

(j) Evidence that each instructor meets one of the following qualifications:

1. A person who is or has been engaged in the practice of teaching real estate courses at an accredited institution of higher education.

2. A properly licensed or certified person by the board or other governmental agency who, for at least 5 years continuously, has been engaged in the real estate aspects of one of the following:

a. Appraising.

b. Financing.

c. Marketing.

d. Brokerage management.

e. Real property management.

f. Real estate counseling.

g. Real property law.

3. A member of the Wisconsin state bar who is engaged in the field of real estate related law.

4. A person who, in the judgment of the board, is qualified by experience or education to teach a course of study.

(k) A minimum of 15 multiple-choice questions for each program or course, the answer to each question, the portion of the course outline to which the question relates and the passing score for the examination. The questions shall comply with reasonable standards of test development and relate to the substantive contents of the continuing education program or course.

(3) CHANGES TO PROGRAM OR COURSE. A school or organization shall inform the board of any change in the information submitted in par. (2)(a) through (k) within 10 days following the date of the change.

(4) EVIDENCE OF COMPLETION. (a) A school or organization shall provide all students with evidence of completion of the continuing education program or course.

(b) A certification of completion may not be issued unless the student received all the required contents of the educational program and course. A certificate of completion shall include all of the following:

1. Name of the school or organization.
2. Name of the student.
3. Name of the program or course
4. Number of hours.
5. Date of completion.
6. Signature of authorized person at the school or organization.

(c) A school or organization shall maintain attendance and completion records for at least 5 years after a program or course has been conduct.

SECTION 40. REEB 25.075 and 25.08 are repealed.

SECTION 42. REEB 25.09 is created to read:

REEB 25.09 Denial or withdrawal of approval. The board may deny or withdraw approval of a program or course which had been approved pursuant to ss. REEB 25.055 or REEB 25.068.

Time Share Primer and Statutory Requirements

The Wisconsin Time-Share Ownership statutes are found in Chapter 707 of the Wisconsin Statutes (<http://docs.legis.wisconsin.gov/statutes/statutes/707>). Time shares can be thought of as a type of condominium used for vacation and recreational purposes. Instead of owning a condominium unit outright for residential purposes, time-share owners usually either own or simply have the right to use a time-share unit for one or more intervals or weeks each year.

Fixed or Floating Intervals

These weeks may be fixed – the time-share unit may available to the owner at the same times each year. In a fixed week arrangement, each owner generally owns one or more weeks of the time-share unit and receives a deed to that portion. The time-share common areas, such as the pool and grounds, normally are owned in common with all the other owners. Other time shares have floating time -- the time-share owners may, for example, have the right to select one week during each three-month calendar quarter with the specific week reserved on a first-come, first-served basis.

Deeded or Right-to Use Interests

A time-share owner may have a deeded ownership or simply a right to use a time-share unit for a certain time period or number of weeks each year. Under Wisconsin law, a deeded ownership time share is called a time-share estate. On the other hand, if the time-share owner simply has the right to use a time-share unit, the owner has a time-share easement or a time-share license under Wisconsin law. A time-share easement means an interest in property vesting in the purchaser and the purchaser's heirs, successors and assigns that gives a right to access and use a time-share unit or any of several units during at least 4 separated periods over at least 4 years.

BASIC TIME SHARE TERMINOLOGY

Unit means real property designated for separate occupancy and use.

Time-share unit means a unit in which time shares exist.

Time-share instrument means a document creating or regulating time shares.

Time share means a time-share estate, time-share easement or a time-share license.

Time-share estate means a right to occupy a unit during at least 4 separated periods over at least 4 years, together with a fee simple absolute interest or an interest for years in a time-share property.

Time-share easement means an interest in property vesting in the purchaser and the purchaser's heirs, successors and assigns and evidencing a right to access to and use of a unit or any of several units during at least 4 separated periods over at least 4 years, including renewal options.

Time-share license means a right to occupy a unit or any of several units under a license or lease agreement during at least 4 separated periods over at least 4 years, including renewal options, not coupled with an interest in property.

Time-share property means one or more time-share units subject to the same time-share instrument, together with any real estate or rights to real estate appurtenant to those units.

Project means real property which is subject to a project instrument and contains more than one unit, including real property which contains units that are not time-share units.

Project instrument means any document, recordable under s. 706.05, regulating the use, occupancy or disposition of units in an entire project, including any amendments to the document.

Purchaser means any person, other than the developer, who by means of a voluntary transfer acquires a legal or equitable interest in a time share, other than as security for an obligation.

Closing means:

- a) With respect to time-share estates, conveyance of legal or equitable title to the time share by delivery of a deed or contract to purchase to the purchaser.
- b) With respect to time-share easements, delivery by all parties of the documents necessary to vest in the purchaser the rights to access and use of the time-share unit.

Time-Share Salespersons

A time-share salesperson per Wis. Stat. § 452.01(9) is an individual, other than a person licensed as a real estate broker or salesperson, who is employed by a licensed broker to sell or offer or attempt to negotiate the **initial sale or purchase** of a time share or campground space. A time-share salesperson may not perform any other brokerage acts authorized by Wis. Stat. Chapter 452. A time-share salesperson registered under this section may act as a time-share salesperson only when employed by a licensed broker.

Under Wis. Stat. § 452.025(3), a registered time-share salesperson shall not draft or complete a purchase agreement, offer to purchase, or other contract or document related to the sale of a time share, except that a registered time-share salesperson may complete a form purchase agreement or offer to purchase that is approved by the REEB. Such form purchase agreement or offer to purchase may include only the name, address and telephone number of the purchaser; the name of the time-share project; identification and the price of the time share being purchased, the amount of the downpayment, and where it will be held; financing alternatives; disclosures required under the Wisconsin Consumer Act in Subchapter III of Wis. Stat. Chapter 422 and the federal Consumer Credit Protection Act in 15 USC 1601 to 1693r (<http://www.law.cornell.edu/uscode/text/15/chapter-41>); the date of closing; the signature of the time-share salesperson and the name of the employing broker; the actual date of execution; and any other information required under § 707.46 to be included in a contract for the purchase of a time share.

A registered time-share salesperson may only use purchase forms that have been approved by the REEB. Time-share salespersons do not use the WB-27 or the WB-8. Instead, they can only use the WB-26 or another comparable form prepared by the REEB that meets all of these requirements. Time-share salespersons are trapped in a box where they can only complete contracts for initial sales and must use the WB-26. Time-share salespersons with no required training or education are left with the task of completing arguably the most confusing and complicated approved real estate form of all. That is not to mention that initial sales also require a boatload of disclosures be made.

If there is no seller financing, or if there is a mortgage and the time share includes a real estate interest, can real estate salespersons complete offers more like the WB-27 even if it is the initial sale? Thought

should be given to amending the statutes regarding time-share salespersons in some manner: eliminate them (how many are there?), changing the description of the contracts that they must, etc. Should any real estate licensee be filling out the financing provisions like those in the WB-26 (probably outdated) at least without training?

The WB-8 and WB-27 would seem to be forms that could be modified and updated with careful consideration of the circumstances where each will be used. Can they be used for initial sales as long as the developer is not providing financing?

Consumer Credit Transactions

The existing WB-26 Timeshare Contract for Sale by Developer is assumed to be a consumer credit transaction under Wis. Stat. § 452.025(3). This seems to presume that all initial sales by a developer are financed by the developer and are under \$25,000 and thus are consumer act transactions. Generally, a consumer credit transaction is any loan, lease or sale under \$25,000 primarily made for a personal, family or household purpose on which a finance charge is or may be assessed, or is payable in more than four installments. Consumer credit transactions under the Wisconsin Consumer Act do not include first mortgages or transactions in which the amount financed exceeds \$25,000.

Wis. Stat. § 421.301(9) “Consumer credit sale” means a sale of goods, services or an interest in land to a customer on credit where the debt is payable in installments or a finance charge is imposed and includes any agreement in the form of a bailment of goods or lease of goods or real property if the bailee or lessee pays or agrees to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the goods or real property involved and it is agreed that the bailee or lessee will become, or for no other or a nominal consideration has the option to become, the owner of the goods or real property upon full compliance with the terms of the agreement.

Wis. Stat. § 421.301(10) “Consumer credit transaction” means a consumer transaction between a merchant and a customer in which real or personal property, services or money is acquired on credit and the customer's obligation is payable in installments or for which credit a finance charge is or may be imposed, whether such transaction is pursuant to an open-end credit plan or is a transaction involving other than open-end credit. The term includes consumer credit sales, consumer loans, consumer leases and transactions pursuant to open-end credit plans.

Wis. Stat. § 421.301(17) “Customer” means a person other than an organization (s. 421.301 (28)) who seeks or acquires real or personal property, services, money or credit for personal, family or household purposes or, for purposes of ch. 427 only, for agricultural purposes. A person other than a customer may agree to be governed by chs. 421 to 427 with respect to all aspects of a transaction and in such event such person shall be deemed a customer for all purposes of chs. 421 to 427 with respect to such transaction.

Wis. Stat. § 421.301(25) “Merchant” means a person who regularly advertises, distributes, offers, supplies or deals in real or personal property, services, money or credit in a manner which directly or indirectly results in or is intended or designed to result in, lead to or induce a consumer transaction. The term includes but is not limited to a seller, lessor, manufacturer, creditor, arranger of credit and any assignee of or successor to such person. The term also includes a person who by his or her occupation holds himself or herself out as having knowledge or skill peculiar to such practices or to whom such knowledge or skill may be attributed by his or her employment as an agent, broker or other intermediary.

Wis. Stat. § 421.301(30) “Payable in installments” means that payment is required or permitted by agreement to be made in:

- (a) Two or more installments, excluding the down payment in a consumer credit sale, with respect to an obligation arising from a consumer credit transaction for which a finance charge is or may be imposed;
- (b) More than 4 installments, excluding the down payment in a consumer credit sale, in any other consumer credit transaction; or
- (c) Two or more installments if any installment other than the down payment is more than twice the amount of any other installment, excluding the down payment.

See the information at <https://www.wdfi.org/wca/faq.htm#formsreview> regarding DFI review of contracts.

Statutory Time Share Requirements

Time Share Disclosure Statement

Wis. Stat. § 707.41 lists the requirements for the Time Share Disclosure Statement that developer must provide to the purchaser no later than the date of any contract for the purchase of a time share or before the transfer of a time share. The extensive list of elements in Wis. Stat. § 707.41 that must be included the developer's Time Share Disclosure Statement that must be used in the developer's initial sale of an interest in a time-share unit includes:

- ◆ A cover sheet bearing the title "Time-Share Disclosure Statement" and the name and principal business address of the developer and the developer's agent, if any, the name and location of the time-share property and the following 3 statements in boldface type or capital letters no smaller than the largest type on the page:
 1. THESE ARE THE LEGAL DOCUMENTS COVERING YOUR RIGHTS AND RESPONSIBILITIES AS A TIME-SHARE OWNER. IF YOU DO NOT UNDERSTAND ANY PROVISIONS CONTAINED IN THEM, YOU SHOULD OBTAIN PROFESSIONAL ADVICE.
 2. THESE DISCLOSURE MATERIALS GIVEN TO YOU AS REQUIRED BY LAW MAY BE RELIED UPON AS CORRECT AND BINDING. ORAL STATEMENTS MAY NOT BE LEGALLY BINDING.
 3. YOU MAY CANCEL IN WRITING ANY CONTRACT FOR THE PURCHASE OF A TIME SHARE, WITHOUT ANY PENALTY OR OBLIGATION, WITHIN 5 BUSINESS DAYS FROM THE DATE YOU SIGN THE CONTRACT OR UNTIL 5 BUSINESS DAYS AFTER YOU RECEIVE THE TIME-SHARE DISCLOSURE STATEMENT, WHICHEVER IS LATER. IF YOU SO CANCEL THE CONTRACT, YOU ARE ENTITLED TO RECEIVE A FULL REFUND OF ANY DEPOSITS MADE, EXCEPT, IF YOU HAVE USED OR OCCUPIED THE TIME-SHARE PROPERTY FOR MORE THAN 12 HOURS, THE MANAGING ENTITY OR CAMPGROUND OPERATOR MAY SUBTRACT FROM DEPOSITS MADE A REASONABLE CHARGE TO COVER THE LENGTH OF STAY PLUS THE COST FOR DAMAGES TO THE TIME-SHARE PROPERTY DIRECTLY ATTRIBUTABLE TO YOU OR ANY MEMBER OF YOUR PARTY.
- ◆ A general description of the time-share property and the time-share units, including the number of units in the time-share property and in any project of which it is a part, and the schedule of commencement and completion of all improvements promised in the time-share instrument, promotional materials, advertising and the time-share disclosure statements.
- ◆ As to all units owned or offered by the developer in the same project, all of the following:
 1. The types and number of units.
 2. Identification of units that are time-share units.
 3. The types and durations of the time shares.
 4. The maximum number of units that may become part of the time-share property.
 5. A statement of the maximum number of time shares that may be created or a statement that there is no maximum.

- ◆ Copies and a brief narrative description of the significant features of the time-share instrument and any documents, other than plats and plans, referred to in the time-share instrument, and copies of any contracts or leases to be signed by the purchaser at closing.
- ◆ The identity of the managing entity and the manner, if any, by which the developer may change the managing entity or its control.
- ◆ A current balance sheet and budget for the association. The budget shall include all of the following:
 1. A statement of who prepared the budget and the budgetary assumptions concerning occupancy and inflation factors.
 2. A statement of the amount, or a statement that there is no amount, included in the budget as a reserve for repairs and replacement.
 3. A statement of any other reserves.
 4. The projected time-share expenses by category of expenditure, for the time-share units.
 5. The projected time-share liability for each time share.
- ◆ A description of the nature and purposes of all charges, dues, maintenance fees and other expenses that may be assessed, the current amounts assessed and the method and formula for changes.

For a complete listing of all of the elements and details that must be included in a Time Share Disclosure Statement for the developer's initial sale of a time share, see Wis. Stat. § 707.41 at <http://docs.legis.wisconsin.gov/statutes/statutes/707/IV/41>.

Exchange Programs and Club Memberships

If time-share owners are permitted or required to become members of or to participate in an exchange program, the Time Share Disclosure Statement or a supplement delivered with the statement shall contain or fully and accurately disclose the following information:

- ◆ Whether membership or participation in the exchange program by a time-share owner is voluntary or mandatory.
- ◆ The name and address of the exchange company, whether the exchange company is an affiliate of the developer, and whether the exchange company or any of its officers or directors has any legal or beneficial interest in any developer or manager of any time-share property participating in the exchange program.
- ◆ The names of all officers, directors and shareholders owning 5% or more of the outstanding stock of the exchange company.
- ◆ The terms and conditions of the contractual relationship between the time-share owner and the exchange company.
- ◆ The procedures whereby the contractual relationship between the time-share owner and the exchange company may be changed or terminated, and whether it may be terminated or otherwise affected by action or inaction of the developer or the managing entity or by other factors beyond the control of the time-share owner.
- ◆ A complete and accurate description of all limitations, restrictions or priorities used in the operation of the exchange program, including limitations on exchanges based on the season, unit size or levels of occupancy, and if the limitations, restrictions or priorities are not uniformly applied by the exchange program, a clear description of the manner in which they are applied.
- ◆ The procedures to qualify for and make exchanges and the manner in which the exchange company arranges exchanges.
- ◆ Whether exchanges are arranged on a space-available basis and whether the exchange program guarantees fulfilling specific requests for exchanges.
- ◆ Whether and under what circumstances a time-share owner, in dealing with the exchange company, may lose the use and occupancy of the time share in an exchange which the time-share owner properly applied for without being provided with substitute accommodations by the exchange company.

- ◆ The fees or range of fees for participation by time-share owners in the exchange program, a statement of whether the fees may be altered by the exchange company and the circumstances under which changes in the fees may be made.
- ◆ The name and address of the site of each time-share property, accommodation or facility that is participating in the exchange program.
- ◆ The number of units in each time-share property participating in the exchange program that are available for occupancy and that qualify for participation in the program, expressed with the following numerical groupings: 1-5, 6-10, 11-20, 21-50, and 51 and over.
- ◆ The number of time-share owners with respect to each time-share property who are eligible to participate in the exchange program expressed within the following numerical groups: 1-100, 101-249, 250-499, 500-999, and 1,000 and over.
- ◆ The disposition made by the exchange company of time shares deposited with the exchange program by time-share owners eligible to participate in the exchange program and not used by the exchange company in effecting exchanges.
- ◆ All of the following information, which shall be independently audited by an independent, certified public accountant or accounting firm in accordance with generally accepted accounting principles:
 1. The number of time-share owners eligible to participate in the exchange program and a description of the relationship between the exchange company and time-share owners as either fee-paying or gratuitous.
 2. The number of time-share properties, accommodations or facilities eligible to participate in the exchange program, categorized by those having a contractual relationship between the developer or the managing entity and the exchange company and those having solely a contractual relationship between the exchange company and time-share owners directly.
 3. The percentage of confirmed exchanges, which shall be the number of exchanges confirmed by the exchange company divided by the number of exchanges properly applied for, together with a complete and accurate statement of the criteria used to determine whether an exchange request was properly applied for.
 4. The number of time shares for which the exchange company has an outstanding obligation to provide an exchange to a time-share owner who relinquished a time share during the year in exchange for a time share in any future year.
 5. The number of exchanges confirmed by the exchange company during the year.

Each exchange company offering an exchange program to purchasers in this state shall include the following statement in boldface type on all promotional brochures, pamphlets, advertisements or other materials disseminated by the exchange company which also contain the percentage of confirmed exchanges: **THE PERCENTAGE OF CONFIRMED EXCHANGES IS A SUMMARY OF THE EXCHANGE REQUESTS ENTERED WITH THE EXCHANGE COMPANY IN THE PERIOD REPORTED. THE PERCENTAGE OF CONFIRMED EXCHANGES DOES NOT INDICATE A PURCHASER'S PROBABILITIES OF BEING CONFIRMED TO ANY SPECIFIC CHOICE OR RANGE OF CHOICES, SINCE AVAILABILITY AT INDIVIDUAL LOCATIONS MAY VARY.**

Multilocation Developer

There also are additional disclosures to be made per Wis. Stat. § 707.43 if the developer is a multilocation developer creating or selling its own time shares in more than one time-share property under a program permitting time-share owners, by reservation or other similar procedure, to occupy time-share units in more than one time-share property

Conversion Building

There also are additional disclosures that the developer may need to make per Wis. Stat. § 707.44 if a conversion building contains time-share units.

Campgrounds

Chapter 707 includes several statutes pertaining to campgrounds where the camp sites, amenities, and privileges are available only to campground members. The law defines a campground contract as “an agreement entered into within this state evidencing a campground member’s ownership of a time-share easement in a campground.” In a campground, assessments for common elements are made just as they are for condominiums. There are limits on the percentage increases that may be made from year to year in the campground dues payments. The campground operator is also limited with respect to any modifications made to the campground rules or regulations.

The disclosure requirements for a sale of a time-share easement in a campground are similar to those for a time share. A contract for the purchase of a time-share easement in a campground must include any policy or other existing obligation to allow persons who are not campground members to use the campground or campground amenities, and the maximum ratio of campground contracts projected to be sold per campsite during the course of a campground contract.

A campground may include a reciprocal program -- an arrangement allowing a campground member to use one or more campgrounds, the owners of which are persons other than the campground operator who entered into the campground contract with the campground member. A campground operator shall maintain any reciprocal program that is represented in a campground contract as available to a campground member when the campground contract is signed, except that the campground operator may cancel a reciprocal program if either (a) the campground operator acquires the number of campgrounds specified in the campground contract as a replacement for the reciprocal program, (b) the term of the reciprocal program, as specified in the campground contract, expires or (c) the campground operator substitutes a comparable reciprocal program, as provided in the campground contract.

Disclosures in Time Share Resales

If the sale of the time share is a resale, not an initial sale by a developer, the disclosure requirements are reduced. Under Wis. Stat. § 707.48, a time share seller must give the purchaser the following information before the purchase executes any contract for the purchase of a time share, or otherwise before the transfer of title:

- ★ a copy of the time-share instruments, other than any plats or plans, and
- ★ a certificate containing statements disclosing all of the following information:
 - (a) The effect on the proposed transfer of any right of first refusal or other restraint on the transfer of all or any portion of the time share.
 - (b) The amount of time-share liability and any unpaid time-share expense, special assessment or other sums currently due and payable from the seller.
 - (c) Any other fees payable by time-share owners.
 - (d) Any judgments or other matters that are or may become liens against the time share or the time-share unit, and the status of any pending suits that may result in those liens.

The seller may request the information necessary to prepare this certificate from the managing entity, and the managing entity must comply within 10 days of receiving the request. However, if there is no managing entity, the time-share owner must provide the information. A purchaser is not liable for any unpaid time-share liability or fee greater than the amount set forth in the certificate. A purchaser may void a purchase contract until the certificate, whether prepared by the managing entity or time-share owner, is provided and for 5 business days after the certificate is provided or until transfer of the time share, whichever occurs first.

Recording the WB-27 in Standard Document Format

Wis. Stat. § 707.46(3) provides that a contract for the purchase of a time-share is valid only if it is recorded, except if it is a contract for or instrument evidencing the purchase of a time-share license. Since the WB-27 was not drafted in a recordable form, licensees must add a cover-sheet to contract to make it conform to the Wisconsin standard document format.

WB-26 Time Share Contract (Sale by Developer)

The WB-26 Time Share Contract (Sale by Developer) was not revised in 2002 because of the logistical difficulties in reconciling the requirements of time share law (Wis. Stat. Chapter 707), general real estate conveyance law (Wis. Stat. § 706.02), and the Wisconsin Consumer Act (WCA)(Wis. Stat. Chapters 421 to 427). If this drafting is done, these requirements plus the federal Truth in Lending and other related measures must be considered.

THE TIMESHARE INDUSTRY TODAY

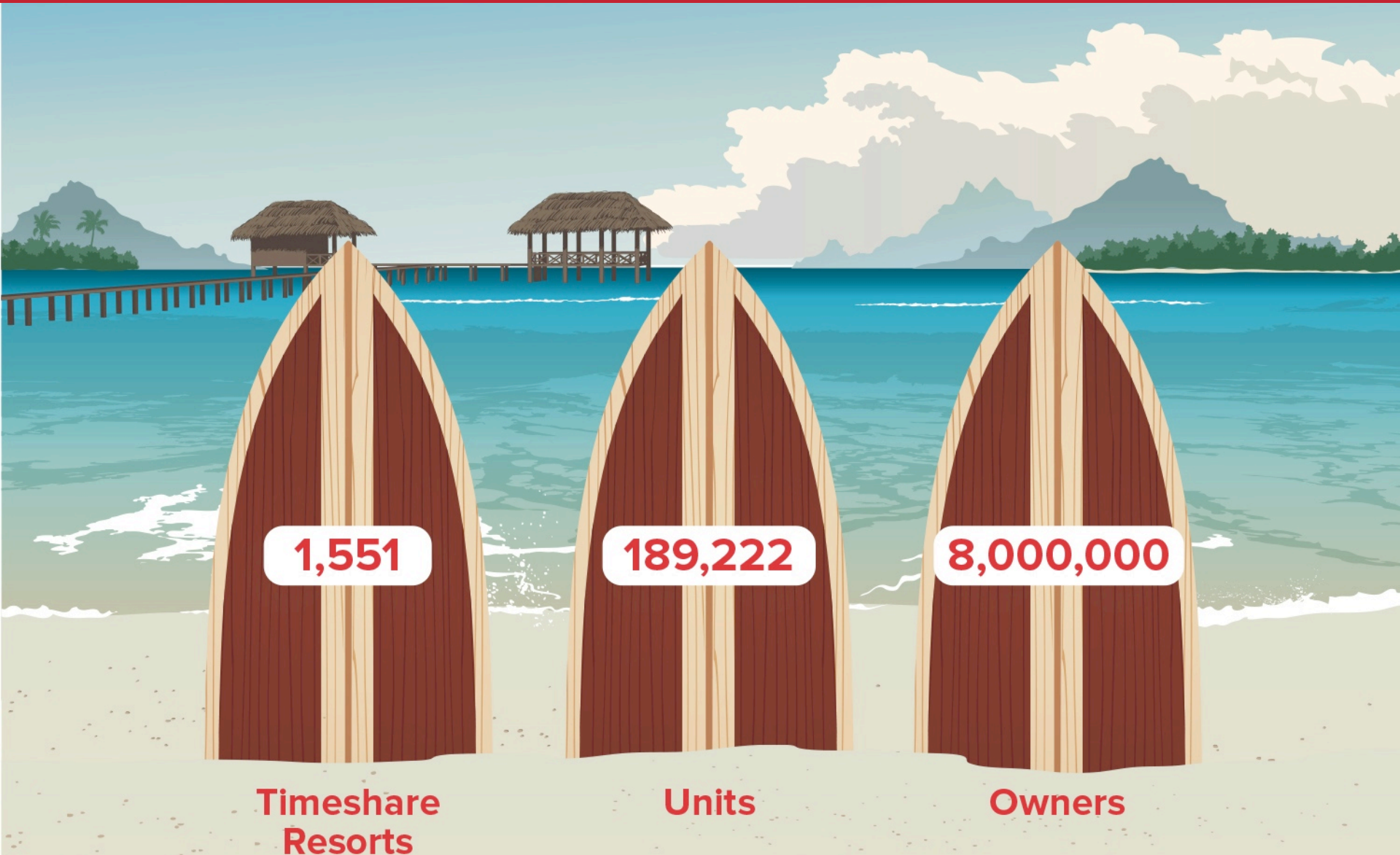
ARDA and the Evolution of
the Vacation Ownership Product



- American Resort Development Association
 - The vacation ownership industry trade association, founded in 1969 and headquartered in Washington, D.C. with state affairs offices in Orlando, Florida
 - About 1,000 corporate members: developers, vendors, managers and owners' associations
 - Principle purposes include legislative advocacy, education, research, public relations, and networking
 - Active in legislation in 15 US jurisdictions and 3 Caribbean jurisdictions in 2014
 - Supported and contributed to timeshare legislation in more than 29 jurisdictions during the past 14 years (with multi-state and multi-year actions)

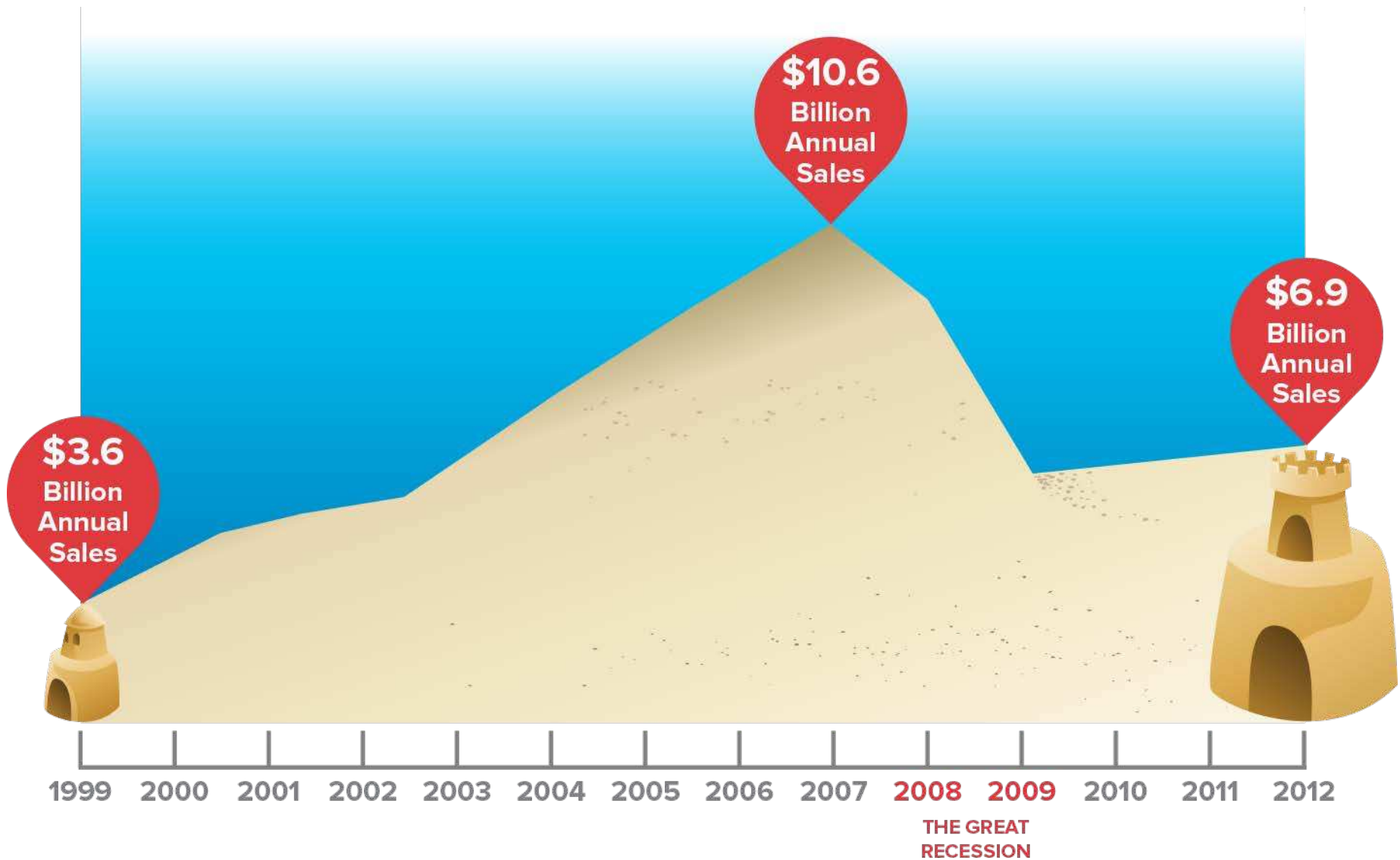
- ARDA Resort Owners Coalition (ROC) represents timeshare owners
 - www.arda-roc.org contains information on legislative activities for owners as well as other resources (resale issues; transfer companies)
 - ROC is comprised of one million-plus timeshare owners across the country who voluntarily contribute \$3-\$5 a year to advocate for local, state and federal policies that are beneficial to timeshare owners
 - ROC is a separately incorporated, non-profit program dedicated to preserving, protecting and enhancing vacation ownership for the consumer owner

- The ARDA International Foundation
 - Conducts industry and consumer research
 - Maintains relationships with and provides educational materials for university hospitality programs
 - Conducts educational programs on the vacation ownership industry
 - Data available at www.arda.org



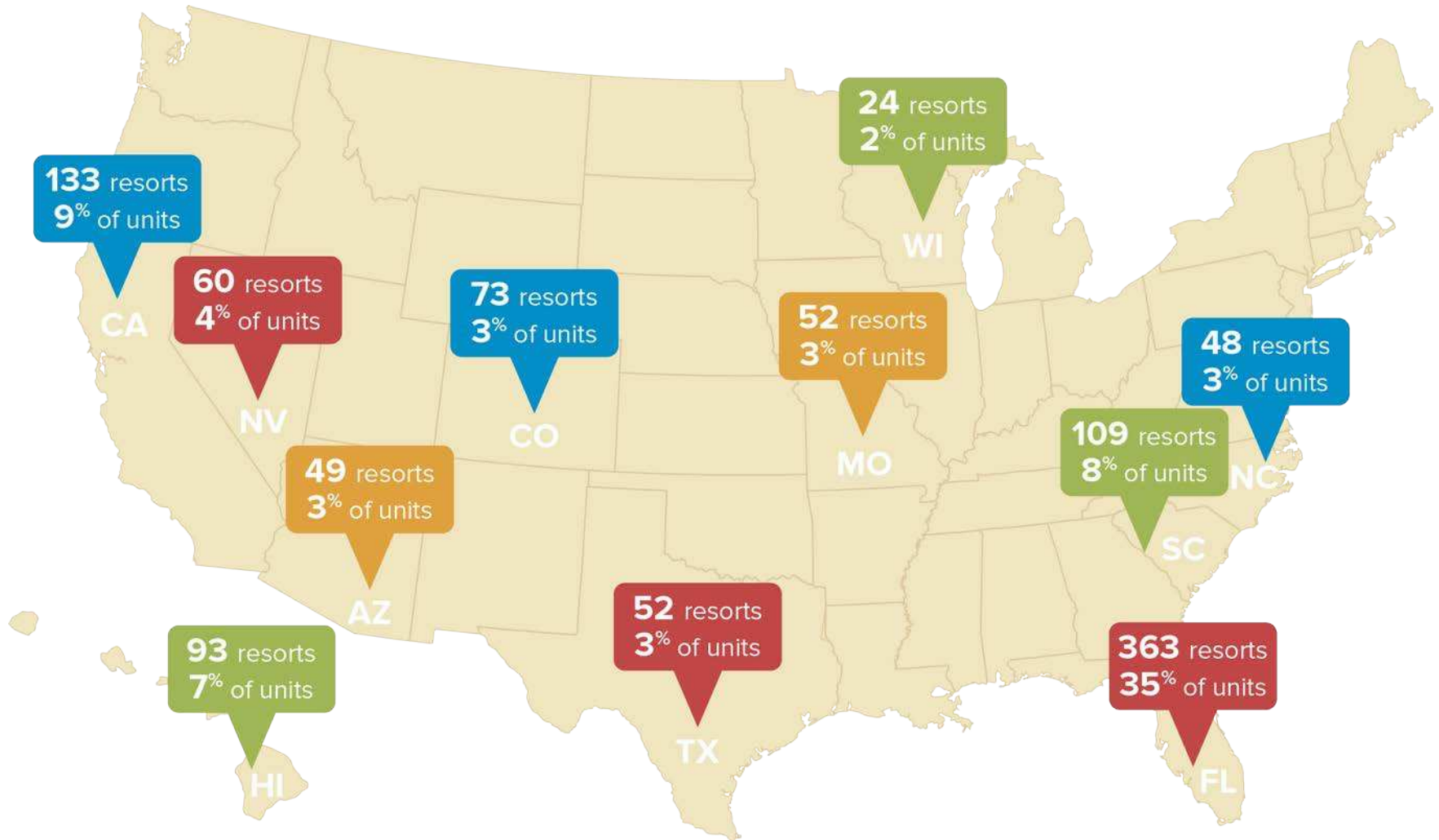
SOURCE: 2013 State of the Vacation Timeshare Industry: United States study, Ernst & Young for ARDA International Foundation

Timeshare Sales In The U.S.



SOURCE: 2013 State of the Vacation Timeshare Industry: United States study, Ernst & Young for ARDA International Foundation

Timeshare in the U.S.-Leading States



2013 State of the Vacation Timeshare Industry: United States study, Ernst & Young for ARDA International Foundation



89% Own Homes

67% Employed; **21%** Retired

74% Married/Partnership

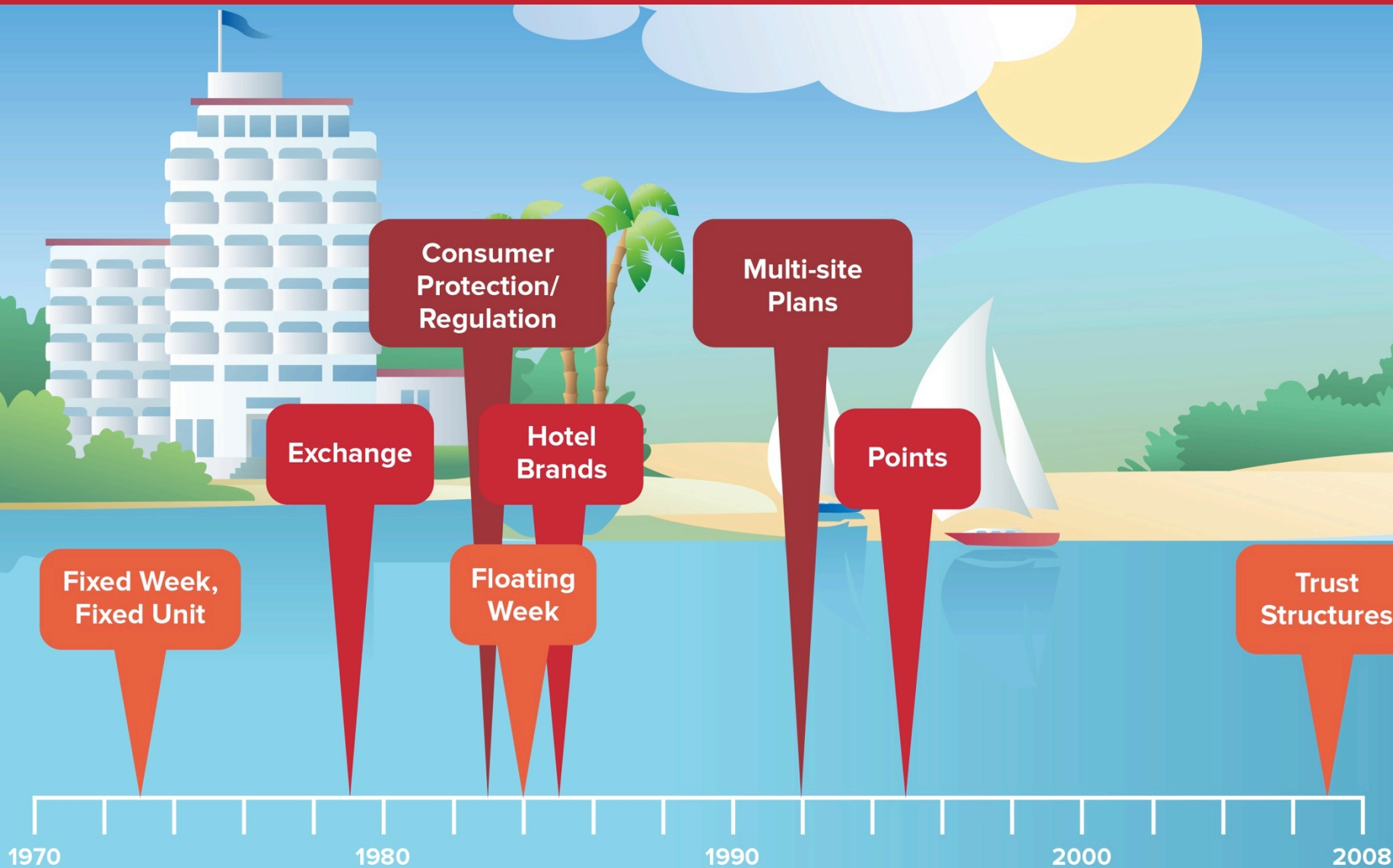
64% No Children at Home Under 18

\$74,000 Median Income

58% College Graduate/
Professional Degree

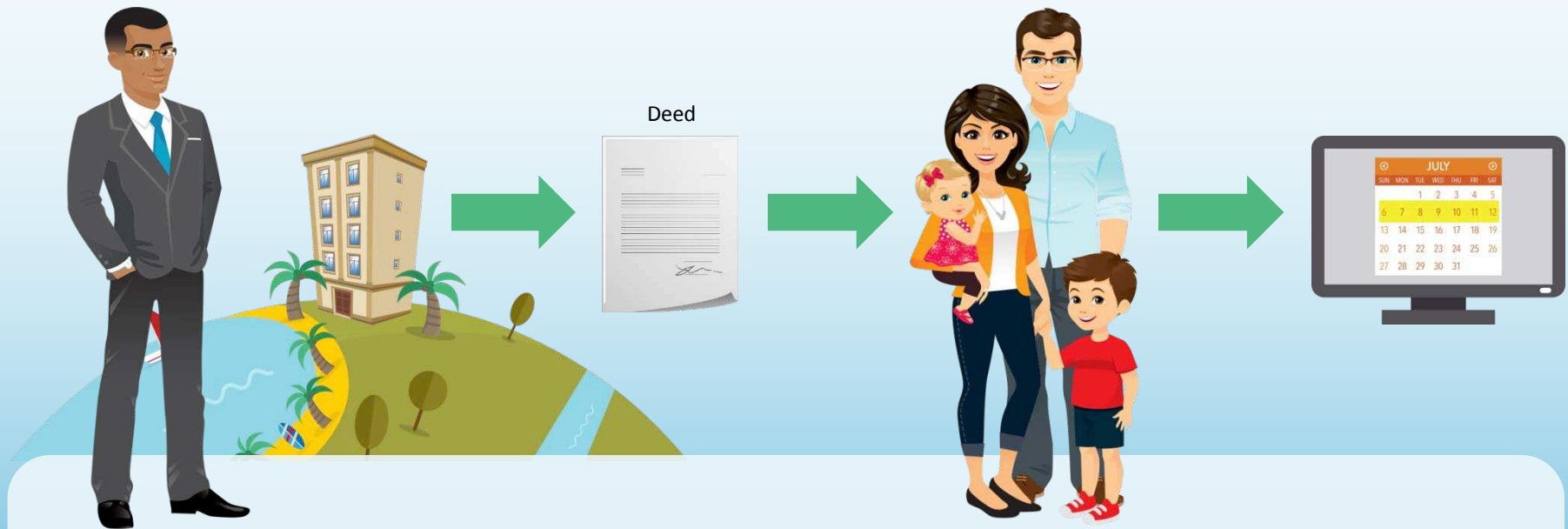
83% Satisfied

Evolution of Timeshare



- The recurring right to use vacation accommodations for a period of time less than a year
- Usage of accommodations in a timeshare plan can be by the day, week or by multiple weeks
- Use generally occurs annually or every other year (biennial)
- May include use of accommodations and facilities
- Timeshare owners are usually responsible for pro-rata annual assessment expenses related to the management, maintenance, and operation of the timeshare plan

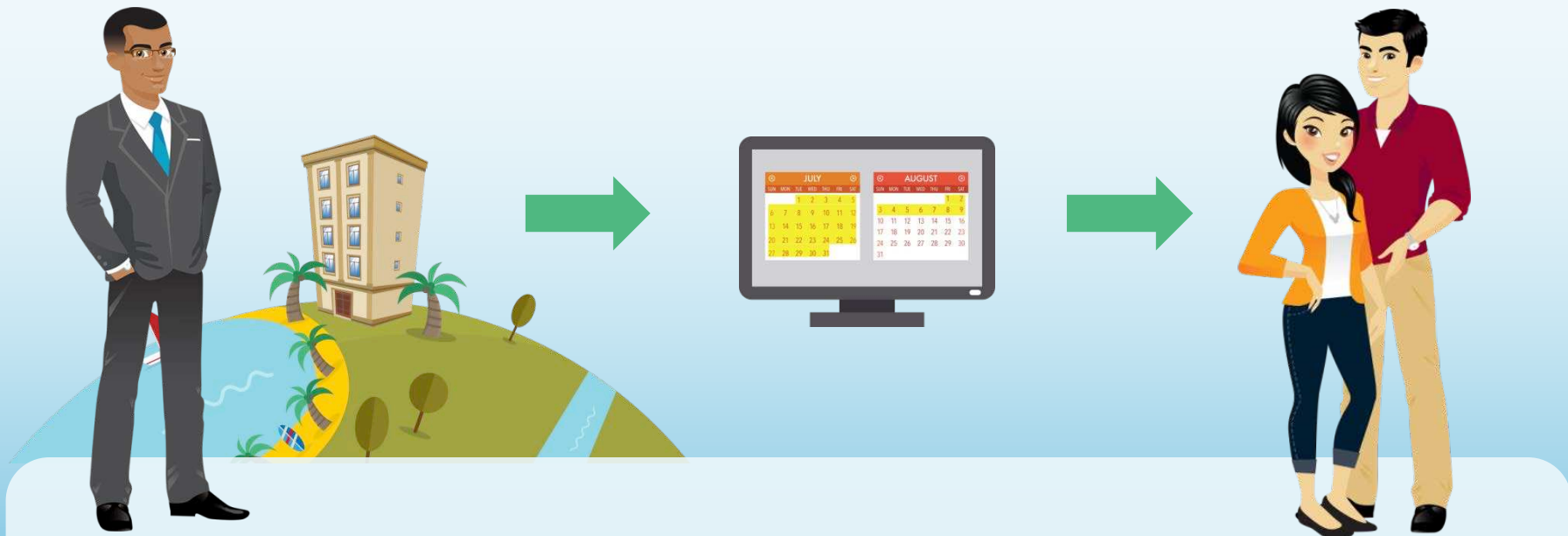
Product Legal Structure



Developer conveys title to individual purchasers

Buyer receives a deed for the Timeshare Interest in a specific unit or type of unit, an undivided interest or other real property interest.

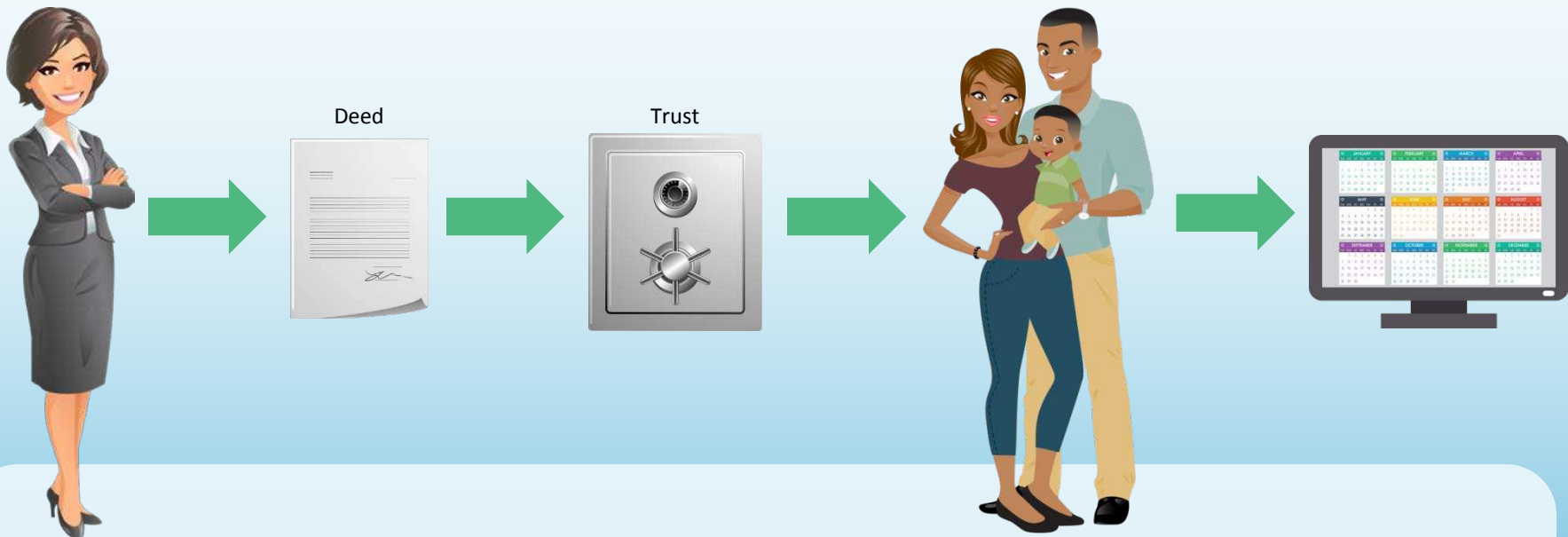
- Owner can sell, transfer, or bequeath the deeded timeshare ownership and certain tax benefits may be available.
- Usually involves a mandatory owners' association.
- Called a "timeshare estate" in most state laws.
- Developer no longer retains any interest in the timeshare property, but may manage the resort.



Developer retains title to the timeshare accommodations

Buyer receives the right to use timeshare accommodations for a period of time for a set number of years.

- Developer retains legal title to the property if the developer is the property owner.
- Occupancy rights revert to developer at end of the timeshare term.
- In some cases (where the property is leased from another entity, like an Indian tribe, for example), the title to the property may revert to a third party property owner at the end of the timeshare term.
- Usually no owners' association.
- Usually called a "timeshare use" or "timeshare license" in state laws.



Developer conveys title to a trustee (a third party holding the title for the protection of purchasers). Title can be a “timeshare estate” or a “timeshare use” depending on each state’s law.

Buyer receives a beneficial interest in the trust or membership in the owners’ association or shares in the coop corporation who are the trust beneficiaries.

- An independent trustee (owners’ association, coop, or title company) owns the title to the timeshare accommodations.
- Owners may be able sell, transfer, or bequeath the ownership and certain tax benefits may be available.
- Usually involves a mandatory owners’ association.
- Called a “timeshare estate” in most state laws.
- Developer no longer retains any interest in the timeshare property, but may manage the plan.

Product Use

- The use of the accommodations in the timeshare plan are identified by the week of the year (for example, the first week in January is week #1).
- Owners use a consecutive seven-day period that can be either:
 - Fixed, occurs the same week each year, or
 - Floating, occurs in a pre-determined floating plan or season (may require use of a reservation system)



- Purchasers use the type of unit purchased within a fixed system or floating system
- Usage is limited to a consecutive seven (7) day stay
- Weekly interval prices are based on the unit type and season



Seasons:

Blue
 White
 Red

- Accommodations in the timeshare plan are given a point value representing the occupancy available in the accommodations.
- A unit available for a full year equates to a maximum of 365 days of occupancy that can be sold.
 - Points are established based on factors such as resort location, quality, and accommodations available
 - Owners use points to acquire accommodations using a reservation system
 - Usage is flexible, allowing use of different unit types and times of year

Type	Week	Fri-Sat (per night)	Sun-Thurs (per night)	Weekly	Total Points
1 Bedroom	1-11, 44-52	200	100	900	76,000
	12-19, 36-43	300	200	1,600	76,000
	20-35	400	300	2,300	76,000
2 Bedroom	1-11, 44-52	300	200	1,600	120,000
	12-19, 36-43	400	300	2,300	120,000
	20-35	500	400	3,200	120,000
3 Bedroom	1-11, 44-52	400	300	2,300	153,000
	12-19, 36-43	500	400	3,200	153,000
	20-35	600	500	3,700	153,000

Seasons:  Blue  White  Red

- 350,000 total ownership points available for sale equates to 156 weeks or 1,092 days of occupancy
- Purchasers use ownership points to reserve any unit type during any season up to the total ownership points owned (see slide 21 for examples)

Ownership points give owners more control and flexibility in their vacation experience.

Following are three examples of reservation options available using 3,700 points:

-  1 week in May in a 3 bedroom unit
-  Friday and Saturday, January 3 & 4th in a 2 bedroom unit
- 1 week in September in a 2 bedroom unit
- 1 week in November in a 1 bedroom unit
-  10 days in March in a 1 bedroom unit
- 2 weeks in December in a 1 bedroom unit

JANUARY						
SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

MARCH						
SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

MAY						
SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

SEPTEMBER						
SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

DECEMBER						
SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

NOVEMBER						
SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					



Location: **Orlando**
Unit: **2 bedroom**
Week: **27**
(6/30/2014 –7/6/2014)

Resort A*	Resort B*	Resort C*
386 points	2,900 points	224,000 points

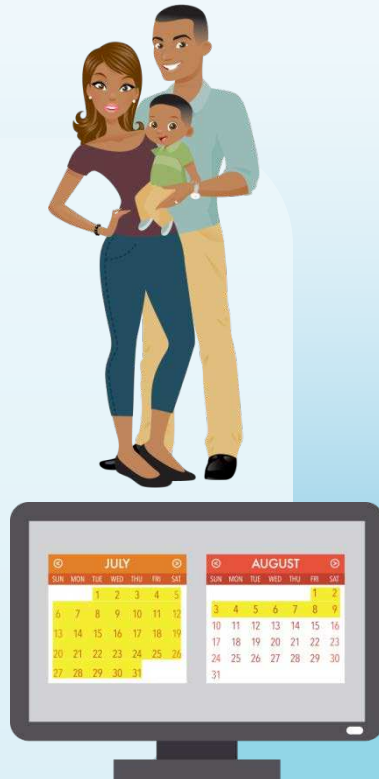
** Point valuations assigned to resort accommodations differ by timeshare plan and by developer.*

Owner has the right to use the same unit at the same resort for the same week each year.



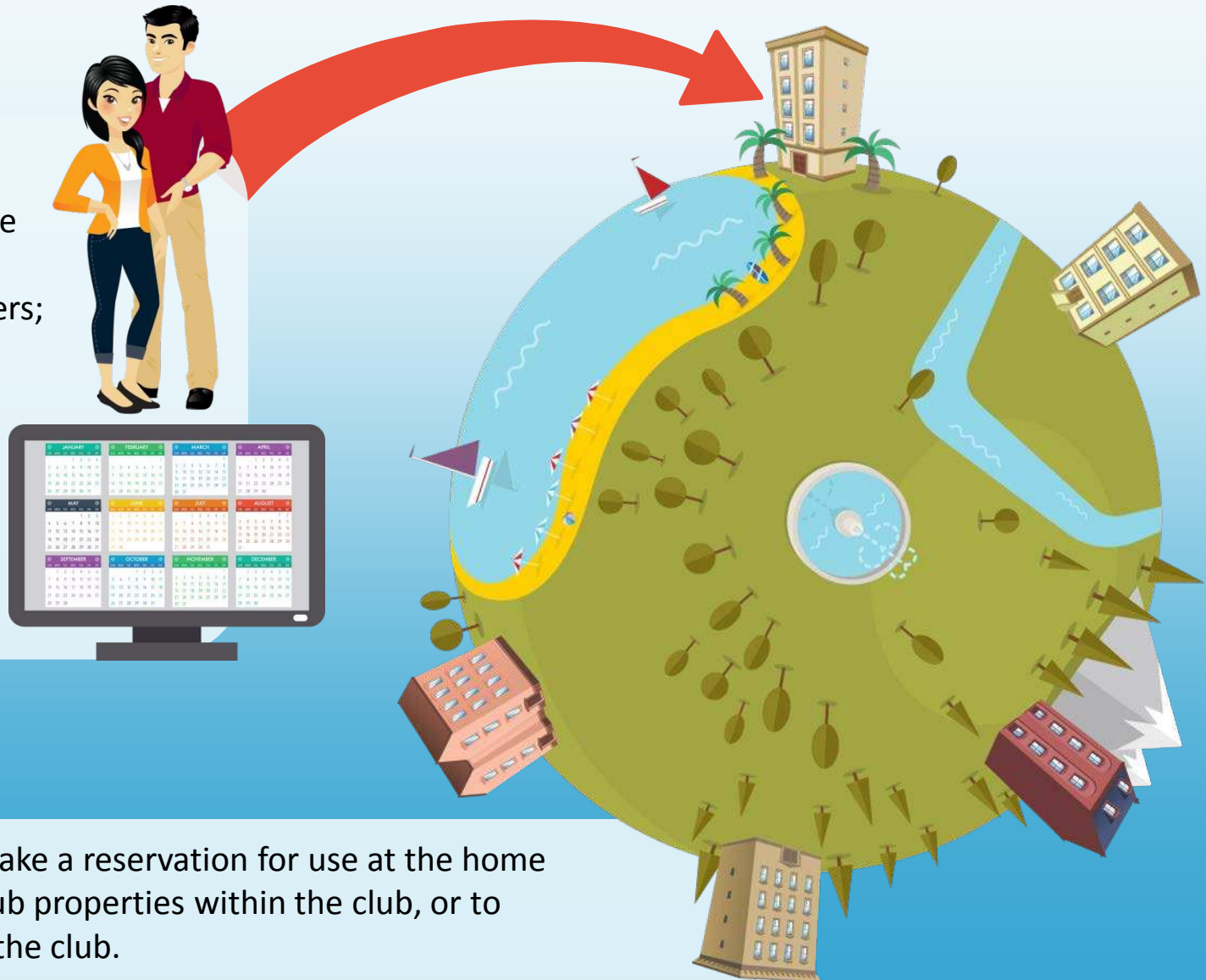
Consumer may exchange the timeshare interest if participating in an exchange program.

Owner has the right to use the same unit type at the same resort in different time periods by reservation.



Owner must make a reservation for use at their resort prior to exchanging if participating in an exchange program.

Owner receives use rights at “home resort” in advance of other club owners; use of other club properties with all other owners. Uses any unit type, any day, any week.



Consumer must make a reservation for use at the home resort, to other club properties within the club, or to exchange outside the club.

Owner uses any resort, any unit type, any day, any week based on points owned, subject to reservation among *all* other owners. There is no home resort.



Consumer must make a reservation for use within the club or to exchange outside the club.

- **What**
 - Any method, arrangement, or procedure for the voluntary exchange of the right to use and occupy accommodations
 - Allows a timeshare owner to exchange the use of their timeshare interest for time in another timeshare plan/resort
 - Exchange is separate from the timeshare interest purchased
- **Why**
 - Exchange creates additional flexibility
 - 83% of owners say the ability to exchange is a very appealing attribute to timeshare ownership
- **How**
 - Timeshare plans affiliate with an exchange company giving the plan owners access to the exchange company
 - Owners wishing to exchange, deposit the use right to their timeshare interest with exchange company



Location: **Orlando**

Unit: **2 bedroom**

Week: **27 (6/30/2014 – 7/6/2014)**

Exchange	Resort A*	Resort B*	Resort C*
Company A:	68,000 points	79,500 points	104,000 points
Exchange	Resort A*	Resort B*	Resort C*
Company B:	10,000 points	15,000 points	20,000 points

Exchange Point values for the same unit type, same location, same time of year will differ based on factors such as:

- Quality of resort & units
- Occupancy and demand
- Resort amenities

** Exchange point valuations for the same unit type, same location, same time of year will vary by exchange program. For illustrative purposes only*

Wisconsin Form Review

Summary of Complaints 10/1/12 – 10/30/13 (13 months)

- 90 total complaints to DATCP

Complaint	# of Complaints
Misleading sales reps	53
Reseller Issue	14
Misleading offer documents	11
Promotional documents	8
Can't get out of contract	5
Legal document complaints	3
Collection Tactics	2
Unlicensed sales agent	1

Note: Total in categories exceeds 90 because some complaints touched multiple categories.

- Complaints about sales practices
 - Secret shoppers, recording sales presentation, meaningful disclosures, training sales people.
- Fraudulent Resale and Transfer Companies
 - Introduced, passed, or supported resale and transfer company legislation in the following states: CO, FL, SC, NV, MA, TX, AR, WV.
- Privacy of customer information
 - Passing legislation and taking additional steps necessary to help protect timeshare owners' information.
- Aging Resorts
 - Looking at ways to wind down resorts that are aging and have renovation needs that exceed the ability to raise funds for payment.
- Alignment of product evolution and regulations
 - Keeping regulators informed how consumer vacation habits are changing the product so that you can better regulate.

The trend is no prescribed forms



- All other timeshare states list out in their statutes the requirements to be included in purchase contracts.
 - Allows contracts to be more specific and streamlined to only describe the product being purchased.
 - Gives regulatory agencies more power when determining compliance.
 - Ex. Description of the nature and duration of the timeshare interest being sold.

- Updating the section that describes the timeshare interest being purchased
 - Include some of the other product offerings discussed today
 - Make product sections separate and removable to only be inserted when working with a particular product.
- When working with a “points product” include a section that provides additional information about other uses for a purchasers points.
- A disclosure document that includes a signed acknowledgment by the purchaser to all of the notices being provided.
- A designated point-of-contact at developer companies to address consumer issues.

A photograph of a sunset over the ocean. The sun is low on the horizon, creating a bright, shimmering reflection on the water's surface. The sky is a mix of orange and yellow. In the distance, a sailboat is visible on the water. The foreground shows a sandy beach with several footprints. The overall mood is peaceful and serene.

Questions?