

# Chapter 2: Real Estate Licensing

## Statutes and Rules

The real estate licensing statutes are under ORS chapter 696. (Appendix A) The real estate licensing administrative rules are under OAR chapter 863, Division 5 for Criminal Background Checks, Division 14 for Real Estate Broker Licensing and Division 24 for Property Manager Licensing. (Appendix A)

The Real Estate Agency produces a free publication entitled *Real Estate License and Examination Information*. This booklet is continually revised and updated to reflect current information. A copy may be obtained on the website or by contacting the Agency. Statutes, rules, licensing forms and other licensing information are available on the Agency's website at [www.rea.state.or.us](http://www.rea.state.or.us).

## Introduction

In Oregon, individuals engaged in “professional real estate activity” as defined in ORS 696.010(15) are required to be licensed, except for certain individuals who are exempt under 696.030. This chapter contains sections about each licensing category and the requirements to obtain and renew a real estate license. This chapter also contains sections about other registrations and types of licenses regulated by the Real Estate Agency.

## Exemptions from Licensing under ORS 696.030

Generally, an individual who engages in professional real estate activity (ORS 696.010(15)) for another and for compensation must be licensed. However, a number of individuals are exempt from licensing requirements. The statute lists 26 exemptions from licensing for individuals in ORS 696.030.

## Summary of Licensing

- Statutes: ORS 696.010, 696.020 and 696.022
- Rules: OAR chapter 863, Division 5, Division 14 and Division 24

The Agency issues three real estate licenses: a real estate broker license (including a sole practitioner license), a principal broker license and a property manager license. Typically, an applicant for a real estate license must be at least 18 years old, submit a criminal background check application and fingerprint card, pass a fitness determination, successfully complete a course of study, pass an examination and pay the required fees.

The definitions for all real estate licenses are in ORS 696.010. The statutory qualifications for all real estate licenses are in ORS 696.022. Administrative rules on

licensing requirements and processes for brokers are in OAR chapter 863, Division 14 and in OAR chapter 863, Division 24 for property managers. The rules on criminal background checks and fitness determination are in OAR chapter 863, Division 5.

Applicants should also read and understand the *Real Estate License and Examination Information*.

## Real Estate Broker License

A real estate broker is a licensed individual authorized to engage in “professional real estate activity.” A real estate broker may only engage in professional real estate activity only under the supervision of a real estate principal broker unless the real estate broker is licensed as a sole practitioner.

An applicant for a real estate broker license must be at least 18 years old, submit a criminal background check application and fingerprint card, successfully complete a course of study, pass an examination and pay the required fees.

A sole practitioner license is a type of real estate broker license and authorizes the licensee to conduct professional real estate activity “not in conjunction with other real estate brokers or principal real estate brokers.” This license has the same requirements as a real estate broker; however, an applicant must have held an active real estate broker license for three years. In addition, an applicant licensed as an Oregon real estate broker does not need to complete a background check or pass an examination. An applicant may submit real estate experience in another state if the experience is verified by the other state. An applicant without three years of experience but who has other real estate-related education or experience may petition the Oregon Real Estate Board to waive all or part of the experience requirement.

## Real Estate Principal Broker License

A principal real estate broker is a licensed individual who may engage in professional real estate activity and who employs, engages or supervises the professional real estate activity of another real estate licensee.

An applicant for a principal real estate broker license must be at least 18 years old, have held an active real estate license for three years, submit a criminal background check application and fingerprint card, successfully complete a course of study, pass an examination and pay the required fees. An applicant licensed as an Oregon real estate broker does not need to complete a background check or pass an examination. An applicant may submit real estate experience in another state if this experience is verified. An applicant without three years of experience but who has other real estate-related education or experience may petition the Oregon Real Estate Board to waive all or part of the experience requirement.

## Real Estate Property Manager

A real estate property manager is a licensed individual who is authorized to engage in the “management of rental real estate” as defined in ORS 696.101(12). A property manager may not engage in other professional real estate activity, including the sale, exchange, lease option or purchase of real estate.

An applicant for a real estate property manager license must be at least 18 years old, submit a criminal background check application and fingerprint card, successfully complete a course of study, pass an examination and pay the required fees.

## Background Check

Real estate licenses are only granted to individuals who are trustworthy and competent to conduct professional real estate activity in order to protect the interests of the public. An applicant for a license is required to submit information the Agency will use to conduct a formal background check on the applicant. The background check includes a criminal records review. The background check application requires the applicant to consent to the release to the Commissioner of any pertinent background information. Each license applicant will be required to submit a background check application, fingerprints and a processing fee.

The applicant’s first step in the licensing process is to submit a background check application, fingerprint card and fee to the Agency. A license will not be issued until the Agency has conducted a background check and made a fitness determination. (ORS 696.790 and OAR chapter 863, Division 5)

## Examination Requirements

All applicants for a real estate license must apply for and pass an examination. Licensing examinations are administered by PSI, Inc. on behalf of the Agency. License applicants must submit a license examination application to the Agency with the appropriate fee. After the Agency processes the application, the Agency will mail an eligibility letter to the applicant with instructions on how to contact PSI to schedule an examination time and place.

Applicants take license examinations on computers at specified test sites. When the applicant completes the examination, the applicant receives a score report from the proctor at the testing site. A passing score on an examination is 75%. To pass the broker examination, an individual must score at least 75% on both the Oregon section and the national section. The score report shows the score received on each part of each section of the examination, the total percentage score for each section and whether the applicant has passed or failed. A passing score is valid for one year from the date the examination is passed.

After an applicant passes the examination, the Agency sends the applicant a license application form if the applicant's background check has been completed and a fitness determination has been made.

Applicants who fail an examination will be provided a new examination application form with their score report. If an applicant passes only one section of the real estate broker examination, the applicant is required to retake only the failed section. The score for the section passed is valid for one year from the exact date the section was passed. If the applicant does not pass the other section of the exam within the one-year period, the applicant must retake both sections of the examination.

### Broker Examinations

The real estate broker examination has two sections, a national real estate section containing 150 questions, and an Oregon section containing 50 questions. The national section includes questions on law, finance, property management, taxation, mathematics, and other areas that are common to all states. The Oregon section includes questions on Oregon laws, Oregon rules and regulations, and real estate practices in Oregon.

### Property Manager Examination

The property manager examination consists of 150 multiple-choice questions covering problems and matters relating to the management of rental real estate. Subject matter includes the Real Estate License Law (ORS 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870, 696.990 and 696.995) and Oregon Administrative Rules (OAR chapter 863), the Residential Landlord and Tenant Act (ORS chapter 90), agency relationships, real estate contract laws, clients' trust accounts, property management record keeping and housing discrimination laws.

### Reactivation Examination

If a real estate license has been inactive for two or more years, a licensee must successfully pass a reactivation examination and satisfy continuing education requirements. The examination consists of 48 multiple-choice questions on real estate subject matter. To take a reactivation examination, licensees submit a reactivation examination application and a fee to the Agency. Once processed, the Agency will mail an eligibility letter to the licensee with instructions on how to contact PSI. (ORS 696.022 and OAR 863-014-0020)

## **Request for Board Waiver of Experience Requirements**

If an applicant for a sole practitioner of principal broker license has met all license requirements except the three-year experience requirement, the applicant may petition the Real Estate Board for a waiver of part of the experience requirement. The applicant must file a petition on an agency-approved form no later than 21 days prior to the Board

meeting. The schedule for Board meetings is available on the Agency's website. (ORS 696.022 and OAR 863-014-0042)

## Term of License, Form of License and Inspection

A real estate license expires on the last day of the month of a licensee's birth month. The license term is not more than 24 months plus the number of days between the date the license is issued or renewed and the last day of the month of the licensee's birth month.

A real estate license includes: the licensee's legal name; license number, effective date, and expiration date; the name under which the licensee conducts real estate business or the registered business name; the licensee's business address; and the seal of the Real Estate Agency.

Each license must be available for inspection in the licensee's principal place of business. If a licensee is associated with a principal real estate broker, the principal broker must make the license available for inspection in the licensee's principal place of business, which is the principal broker's principal place of business or a branch office. (OAR 863-014-0030 and OAR 863-024-0030)

## Licensed Name

Individuals are licensed to engage in professional real estate activity in their legal name. The individual must conduct licensed activity in the name appearing on the real estate license. (ORS 696.026 and OAR 863-014-0030, 863-014-0095, 863-015-0125, 863-024-0030 and 863-024-0095)

## License Renewal

To renew a license, a licensee must submit a renewal application, including certification that the licensee has met continuing education requirements, and pay a fee. Licensees who are inactive do not need to meet continuing education requirements. (ORS 696.174, OAR 863-014-0050, 863-024-0050)

## Continuing Education

- Statutes: ORS 696.174
- Rules: OAR 863-014-0055 (brokers); OAR 863-024-0055 (property managers)

To renew an active license, a licensee must certify that the licensee has completed at least 30 clock-hours of real estate oriented continuing education during the preceding two license years. A minimum of 15 clock-hours shall of continuing education be in required course topics.

The Oregon Real Estate Agency does not approve continuing education courses or instructors; instead, continuing education courses are approved by the certifying licensee. A “certifying licensee” is a principal broker who certifies the continuing education of associated real estate brokers. A “certifying licensee” is also a principal broker, sole practitioner or property manager who self-certifies that they have completed the required continuing education.

A real estate broker first licensed on or after July 1, 2002 must complete a commissioner-approved course entitled "Advanced Real Estate Practices" before the first active renewal of the real estate broker's license or before the first license reactivation following an inactive first renewal. This requirement does not apply to sole practitioners or principal brokers. An approved Advanced Real Estate Practices course satisfies the continuing education requirements for a licensee's renewal.

Licensees renewing an inactive license are exempt from the continuing education requirements. To reactivate an inactive license, the licensee must complete 30 hours of continuing education within the two years prior to reactivation.

## Failure to Renew License

If a real estate licensee fails to renew a real estate license before its expiration date, the license expires and the licensee may not engage in professional real estate activity. For a period of twelve months after the expiration date, the licensee may renew the license with the payment of a late fee in addition to other renewal requirements. If the licensee fails to renew the expired license within the 12-month period, the individual must reapply for a license including application, examination, background check, fingerprints and all other new applicant requirements. (ORS 696.022 and OAR 863-014-0050)

## Reporting Litigation

A real estate licensee must notify the agency of criminal convictions, civil actions and arbitration proceedings within 20 calendar days after the licensee receives written notification of an adverse judgment, award, or decision. Notification must be made whether or not the decision is appealed. Arbitration proceedings between licensees concerning only a commission payment dispute are not subject to notification requirements. (ORS 696.301 and OAR 863-014-0175)

## State-Ordered License Suspensions

State and federal laws require the Real Estate Agency, upon written notice by a governmental agency, to suspend or not issue or not renew a license if the applicant or licensee has failed to make child support payments.

## Active Military Duty

ORS 408.450 provides certain protections for real estate licensees during the period of military duty.

## Other Agency Licenses or Registrations

### Registered Business Names (RBNs)

Professional real estate activity may be conducted in the name of an organization or under an assumed business name if that name is registered with the Real Estate Agency. Only a principal broker, sole practitioner or property manager may register a business name. Before a business name may be registered with the Real Estate Agency, the name must be filed and active with the Secretary of State Corporation Division's Business Registry. (ORS 696.026 and OAR 863-014-0095)

### Reciprocal Licenses

Oregon may have a reciprocal licensing agreement with another state. A reciprocal licensee in Oregon must be licensed in the same license category the reciprocal licensee holds in the licensee's state of residence. A reciprocal licensee may not have an office or place of business in Oregon. A reciprocal licensee must comply with all application processes and renewal requirements, except the licensee is not required to complete continuing education requirements for their Oregon license. Reciprocal licensees must comply with Oregon licensing laws and rules when engaging in professional real estate activity in this state. (ORS 696.255, 696.265 and OAR 863-014-0080)

### Temporary License for a Personal Representative of a Deceased or Incapacitated Broker

ORS 696.205 allows the Commissioner to issue a temporary license to certain individuals in the event of death or incapacity of a broker who is a sole practitioner or the sole principal real estate broker of a real estate business. This temporary license is issued for the sole purpose of winding up the affairs of the deceased or incapacitated broker for a term not to exceed one year unless extended by the Commissioner. (ORS 696.205 and OAR 863-014-0160)

### Real Estate Marketing Organizations

A real estate marketing organization is a person, including a partnership, association, corporation, limited liability company or other organization, other than a real estate marketing employee, that engages in real estate marketing activity and is licensed under ORS 696.606. Real estate marketing activity means procuring or offering to

procure prospects to purchase, sell, lease or rent real estate by telemarketing, mail or otherwise. (ORS 696.600 to 696.627 and OAR chapter 863, Division 10)

### Membership Camping Contract Salespersons and Brokers

Individuals registered with the Real Estate Agency to engage in the sale of membership camping contracts are exempt from real estate licensing for the sale of membership camping contracts. These camping contract brokers and salespersons must be registered under the membership campground law. (ORS 94.953 to 94.989 and OAR chapter 863, Division 40)

### Limited Licenses

The Real Estate Commissioner may issue a limited license to a licensee following revocation of an existing license. (ORS 696.532 and OAR 863-014-0060)