

## Legal Questions & Answers

August 2015

Question: Is there an official reciprocal arrangement with other states regarding real estate licensing? An out-of-state licensee has contacted our office, attempting to negotiate on behalf of a buyer located in Oregon. Are the actions of the licensee consistent with Oregon law?

Answer: Oregon law allows a licensee from another state to be compensated for professional real estate activities so long as the individual's own state allows the same, and so long as the licensee does not physically conduct licensed activity within the state of Oregon. You may wish to review ORS 696.290, which addresses payment of commissions to an individual licensed in another state.

Question: We have an offer on a residential property that is subject to conventional financing. We had a pre-approval letter from the lender, subject to the condition that "*no material changes to your financial condition or creditworthiness*" occur. Neither the offer nor the pre-approval letter indicated that the buyer's offer or financing would be contingent upon the sale of their personal residence. When the offer the buyers received fell through, the lender withdrew the pre-approval. Does Oregon real estate law require a buyer to disclose that their offer and loan are subject to the sale of their home?

Answer: As you indicated, the buyer did not condition purchase of this property on the sale of another. The buyer does not have a legitimate basis for terminating the transaction based solely on the fact that the other property does not sell. However, the pre-approval letter received from the lender appears to suggest that the approval is not conditioned upon the buyer's sale of the other property, in that the buyer may be able to qualify for the loan so long as no material changes occur after the date of the letter. If the buyer's inability to obtain financing is based solely on the lack of a sale on the other property, then the buyer may not be entitled to recover his or her earnest money.