

**Notice of Amended Agenda  
OREGON REAL ESTATE BOARD  
Regular Meeting Agenda  
Monday, February 4, 2008  
Oregon Real Estate Agency  
1177 Center Street NE  
Salem, OR 97301**

**NOTE:**        *The board plans to meet from 10 a.m. until 1:30 pm, including a “working lunch” period.*

**I. BOARD BUSINESS**

- A. Call to Order
- B. Roll Call
- C. Approval of the Agenda and Order of Business
- D. Approval of January 14, 2008, special meeting minutes
- E. Date of the Next Meeting: April 7, 2008, in Eugene

**II. PUBLIC COMMENT**

This time is set aside for persons wishing to address the Board on matters not on the agenda. Speakers will be limited to five minutes. The Board Chair reserves the right to further limit or exclude repetitious or irrelevant presentations. If written material is included, 12 copies of all information to be distributed to board members should be give to the Board Liaison prior to the meeting. Action will not be taken at this meeting on citizen comments. The Board, however, after hearing from interested citizens, may place items on a future agenda so proper notice may be given to all interested parties. If no one wishes to comment, the next scheduled agenda item will be considered.

**III. REQUESTS FOR WAIVERS**

- A. Waiver request log.
- B. Nick Krautter requests experience requirement waiver for a principal broker license.

**IV. BOARD ADVICE/ACTION. Commissioner Bentley.**

- A. Proposed structure for Property Managers and Brokers
- B. Possibility of Special Meeting in March to address legislative concepts
- C. Selina Barnes – Waiver Request Forms
- D. Lee Dunn – Joint Meeting of OAR Education Task Force & REA Board Work Group recommendations.

**V. NEW BUSINESS.** None.

**VI. COMMUNICATIONS**

Administrative Actions Summary

**VII. REPORTS**

- A. Vice Chair Costales
- B. Commissioner Gene Bentley
  - 1. Feedback on Education Sub Groups
- C. Deputy Commissioner Dean Owens
  - 1. Update on improved Information Systems
- D. Agency section/division reports
  - 1. Land Development Section – Laurie Skillman
  - 2. Licensing Section – Selina Barnes
  - 3. Education Section – Mesheal Heyman
  - 4. Regulation Division – Becky Osborne
  - 5. Administration/Information Systems Sections – Kate Nass
    - Quarterly Budget Report

**VIII. ANNOUNCEMENTS**

The April 7, 2008, Board meeting will be held in Eugene at the Eugene Association of Realtors located at 2139 Centennial Plaza from 10am to 1:30 pm.

**IX. ADJOURNMENT**

**Interpreter services or auxiliary aids for persons with disabilities are available upon advance request.**

**State of Oregon Real Estate Agency**

**REAL ESTATE BOARD**

**Special Meeting Minutes  
January 14, 2008**

- MEMBERS PRESENT:** Mike Graeper, Chair  
Troy Costales, Vice Chair  
Warren (Lee) Dunn  
Byron Hendricks  
Chris Hermanski  
Art Kegler  
Robert LeFeber  
Marianne Wood
- MEMBERS ABSENT:** Kim Medford, excused
- STAFF PRESENT:** Gene Bentley, Commissioner  
Dean Owens, Deputy Commissioner  
Laurie Skillman, Land Development Manager  
Selina Barnes, Licensing Section Manager  
Becky Osborne, Regulations Division Manager  
Louann Rahmig, Board Liaison  
Leandra Cooley, Administrative Specialist
- GUESTS PRESENT:** Tim McCabe, Policy Advisor  
Kelly Freels, Budget Analyst  
Andrea Bushnell, Oregon Association of Realtors  
Colleen Gordon, Keller Williams Realty Professionals  
Lane Mueller, KW Realty Portland Premiere  
Jana Jarvis, Oregon Association of Realtors  
Shaun Jillions, Oregon Association of Realtors

**I. BOARD BUSINESS**

- A. Call to Order.** Chair Mike Graeper called meeting to order at 10 a.m. at the Real Estate Agency, 1177 Center Street NE, Salem, Oregon.
- B. Roll Call.** All Board members are present with the exception of Kim Medford. Chair Graeper stated that Ms. Medford contacted the Agency via email and indicated that her presence would be dependent on road conditions.

**C. Approval of the Agenda and Order of Business.** Chair Graeper approved the agenda and order of business as submitted.

**D. Approval of the December 17, 2008, regular meeting minutes.** Mr. LeFeber asked about the confidentiality clause in statute. Chair Graeper responded. Commissioner Bentley responded. Chair Graeper pointed out the “fiduciary standard” language in statute and explained further. Robert LeFeber asked if qualification is contractually or statutorily. Becky Osborne responded by quoting from actual statute 810 (3f) 800 (3) and concluded that statute covered the confidentiality clause.

**E. Date of Next Meeting.** February 4, 2008, in Salem, Oregon. Chair Graeper asked to be excused from this meeting as he will be out of state. Vice Chair Costales will conduct the meeting in his absence. Mr. Hendricks also asked to be excused.

**II. PUBLIC COMMENT.** Chair Graeper opens meeting for public comment. No comments. Gene advises new policy advisor from Governor’s office, Tim McCabe has replaced Peter Cogswell and asked for public members to introduce themselves. Commissioner Bentley explains state government staff members and their role to/for Agency.

### **III. BOARD ADVICE/ACTION**

Chair Graeper referred to Draft Advertising Rule and asked Commissioner Bentley to explain legislative concepts process. No questions. Chair Graeper directed attention to handouts of legislative concepts provided in packet as Agenda Item No. III. A.

Art Kegler pointed out that one day mailing of Board packets does not allow sufficient time for Board members to receive the packets.

Byron Hendricks asked if Board is to make suggestions to/for concepts. Commissioner Bentley responded that Board’s input is welcome.

Laurie Skillman offered to go over concepts briefly in terms of organization. Commissioner Bentley gave a brief background. Laurie Skillman reviewed legislative concepts according to Agenda Item No. III. A.

Vice Chair Costales commented from a process point of view, the way these legislative concepts brought forward by a formal committee or individual legislator The Board may not see concepts again in formal language before 2009.

Chair Graeper indicated that now would be the time for Board to offer suggestions on concepts.

Deputy Commissioner Owens noted that the legislative concepts were born out of rule making committees.

Chair Graeper addressed the legislative concepts to be carried by the Real Estate Industry – Developed by the Brokerage Working Group as follows:

- LC – 1 - Increase education, experience and testing requirements for principal real estate broker. Education work group met with PSI (testing organization that runs the tests for State of Oregon). Robert Lefeber commented that he would like to see some alternative language other than a set ten sales transactions. Commissioner Bentley responded. Art Kegler commented further. Marianne Wood commented based on her notes regarding “raising the bar”. Laurie Skillman directed everyone’s attention to the written portion of the handout and made further comments from the handout. Chair Graeper responded that “responsibility” issue is duplicative. Chair Graeper responded that the Agency has nobody to point to currently. Vice Chair Costales suggested that these six concepts should have Board recognition and endorsement, potentially, as long as it’s not in conflict with the Governor’s directive. Andrea Bushnell clarified that OAR Board meeting will take place in October. Chair Graeper asked that industry report back to REA Board.

- LC – 5 - Require high school diploma or GED for real estate license. No comment
- LC – 11- Delete responsibility of records retention for “sole practitioner.” Chair Graeper asked Laurie Skillman to expand on this. Laurie Skillman responded.
- LC – 14 – Repeal all references to “sole practitioner”. Require principal broker status to operate sole real estate practice. Chair Graeper commented that majority of people felt that “sole practitioners” is not working.
- LC – 15 – Repeal ORS 696.028 relating to Licensed Personal Assistants. No comment
- LC – 18 –Allow principal broker doing business under one registered business name to take over another principal broker’s professional real estate activity in the absence of the principal broker for a period of time. Byron Hendricks commented that this may be repetitive. Selina Barnes clarified application. Commissioner Bentley responded further. Art Kegler commented further.

Chair Graeper directed meeting to the Legislative Concepts to be Carried by the Real Estate Agency – Developed by the Brokerage Working Group. Laurie Skillman addressed these concepts in the following order:

- Agency LC-101/LC-6 – Allow principal real estate broker to create business entity solely for the purpose of receiving commission payments. Currently real estate brokers have the capability. Vice Chair Costales asked if currently only real estate brokers have the capability, what’s the difference between principal real estate broker and real estate broker? Chair Graeper responded. Laurie Skillman expressed appreciation for Vice Chair Costales’s comments.
- Agency LC-102/LC-7 – Allow certain persons in “companies” and limited liability” companies to be exempt from licensing requiof corporation.” Vice Chair asked whether or not this body of statute is exclusive (things you can’t do) or inclusive (things you can do)?
- Agency LC-103/LC-8 – Authorize commissioner to issue a limited license to an applicant. Vice Chair Costales asked how the Board fit in this process under current delegation of authority relating to license waivers and approvals? Laurie Skillman responded that this particular statute is currently strictly an authority for the Commissioner to issue a license after a revocation. The Board’s authority is for waivers from certain requirements for licensees. Vice Chair Costales asked if 130(2) is going to be modified to say “limited license to previous licensee”? Chair Graeper asked Selina

Barnes to respond. Selina Barnes responded this is one of the requirements that an applicant must go through is a background check and this is an applicant to get a license, or a brand new license, or they could have been a former licensee. This allows the Agency to grant limited license rather denial based on the background check. Byron Hendricks asked if this is a temporary thing or permanent. Selina Barnes responded that it is for a period of time. Chair Graeper responded. Selina Barnes clarified that currently the Commissioner has the authority to issue a limited license to a licensee who has been revoked and the ability to include applicants is the proposed amendment. Vice Chair indicated that he will want to know more on this concept as he is not comfortable with the policy statement and what it opens up.

- Agency LC-104/LC-9 – Clarify that real estate brokers cannot establish branch offices or designate registered business names. Vice Chair Costales asked who can?
- Agency LC-105/LC-10 – Clarify that funds placed in a clients' trust account be placed in a "licensed" escrow depository. Lee Dunn asked about out of stated licenses. Vice Chair Costales suggested that term be defined and establish exactly what "licensed escrow depository" means. Becky Osborne commented that in escrow regulatory scheme there are discussions about this issue and will look into need for clarification and embellishment. Byron Hendricks asked if there is any restriction on the licensed principal broker and if this would have an affect? Commissioner Bentley responded that we are defining the license category for the escrow accounts. Lee Dunn asked why we can't say "licensed in Oregon"? Laurie Skillman asked for a brief recess so she could research further. Laurie Skillman clarified that the only proposed addition is the term "licensed".
- Agency LC-106/LC-13 – Delete requirement to publish names and addresses of applicants whose licenses were refused in OREN-J. Delete requirement to publish addresses of disciplined licensees and require only city and state.
- Agency LC-107/LC-19 – Clarify requirements for real estate brokers who provide limited real estate services to specify the services provided. Byron Hendricks asked if a category is going to be created for limited service and then create a new agency disclosure agreement to deal with all of that? Commissioner Bentley responded that this would be the next step after legislation is in place. Robert Lefeber asked if there is an outcry for this? Bryon Hendricks responded that his personal feeling is that while there is probably not a huge outcry there are those in the industry that assume this is intended to punish somebody that's not providing full service. The real issue that would come forward is if you are going to limit fiduciary duties that are statutorily defined someone needs to know what they are doing. Art Kegler responded that the Agency's responsibility is to protect the consumer. Lee Dunn commented that setting a standard is very important and the Agency disclosure pamphlet does that and disagrees with "limited license" language being used. Deputy Commissioner Owens asked if Agency's intent is covered? Commissioner Bentley and Laurie Skillman both agree that Agency's intent is covered.

Chair Graeper indicated that Board action was probably not necessary and invited Vice Chair to expand on his questions regarding the limited license issue. Vice Chair Costales asked for clarification on the Board's role/authority vs. the Agency's role/authority when issuing limited licenses. Commissioner Bentley responded. Vice Chair Costales responded that the back drop is

having legislators and legislature in general has said the Board should become more involved, more active in the advisory role now if not in the authority role in the future. We've got a concept going forward that appears to be administrative and not the Board's. Commissioner Bentley responded and clarified what the process is currently and what is being proposed.

Lee Dunn responded that he believed some objective standards needed to be tied in and more definition. Commissioner Bentley responded.

Chair Graeper asked Commissioner Bentley if it would be helpful to have the Board's approval of the legislative concepts. Commissioner Bentley responded that it would be helpful. Chair Graeper recommended an action from the Board.

**MOTION BY VICE CHAIR COSTALES TO, IN CONCEPT, ENDORSE AGENCY CONCEPTS 101, 102, 103, 104, 105, 106, AND 107 FOR CONSIDERATION FOR FILING WITH THE GOVERNOR'S OFFICE FOR THE 2009 LEGISLATIVE SESSION.** No discussion.

**MOTION CARRIED WITH UNANIMOUS VOTE.**

Chair Graeper directed meeting to the Legislative Concepts to be Discussed with Brokerage and Property manager Work Groups Combined. Laurie Skillman addressed these concepts in the following order:

- LC-20 – Allow individuals to hold broker license and property manager licenses and each license may be associated with different registered business names. Byron Hendricks asked if there would be a restriction if you had two licenses? Commissioner Bentley responded that more work need to be done on this concept as far as details. Byron Hendricks commented further. Robert LeFeber commented. Chris Hermanski commented.
- LC-PM1 – Allow commissioner to assess civil penalty up to \$1,000 per day against a property manager for failure to produce records. Group consensus. Art Kegler responded that he thought there needed to be some date specifics so that a property manager has proper knowledge ahead of time of process. Laurie Skillman responded that there would be very specific notification to property managers. Lee Dunn commented that a standardized response time should be in place. Commissioner Bentley responded. Vice Chair Costales gave additional information regarding the appeal side of the internal workings of the Agency, equality.
- LC- PM2-Real estate broker/principal real estate broker must have a specific “endorsement” to engage in property management. Group consensus. Byron Hendricks asked if licensed real estate brokers are being asked to get additional licensing? Commissioner Bentley responded that the key here is a newly admitted property manager will be required to be supervised. Discussion.
- LC-PM3-Consider supervision of newly licensed property managers. Consider use of experience for license rather than mentoring/apprenticeship by a supervisor. Group wants discussion. Vice Chair Costales asked if anybody had a sense of the supply is of those

who will be the overseers? Lee Dunn responded that compliance with the county is the issue and can be dealt with by policy within the Agency. Selina Barnes responded that since 3 audits are currently required it would have to be dealt with in statute and administrative rules. Becky Osborne responded that there would be a staffing issue to consider and due process requirements with the license. Lee Dunn responded. Commissioner Bentley responded. Byron Hendricks responded.

Chair Graeper directs meeting to the Legislative Concepts Deleted-Developed by the Brokerage Working Group. Laurie Skillman reviews these concepts in the following order:

- LC-2-Clarify the term “compensation” in ORS 696. Becky Osborne commented on the generality and goal is to tighten up on it.
- LC-3-Use of term “fiduciary” in ORS 696.015(1) is out-of-date. Becky Osborne commented that the term is very general and hope was to tighten it up but it was decided that it wasn’t a point to open up the Agency’s mission on.
- LC-4-Clarify “within this state” in ORS 696.020(2) applies to property located within the state.
- LC-16-Authorize licenses for real estate companies/firms.
- Discussion-Limit number of times applicant may take examinations. Board agreed that a limit should be set. Byron Hendricks commented further.

Chair Graeper directs meeting to Other Concepts to Consider. Laurie Skillman reviews these concepts in the following order:

- LC-17-Authorize commissioner to issue temporary license for non-licensed owner of real estate firm to take over principal real estate broker business and conduct professional real estate activity if principal real estate broker is terminated or leaves the company. Byron Hendricks commented. Robert LeFeber asked if it would be more appropriate to issue a temporary principal broker’s license to a broker who at least has experience in the business? Laurie Skillman clarified that these cases were strictly where there was a sole principal broker. Robert LeFeber responded. Chair Graeper responded. Commissioner Bentley responded.
- LC-12-Clarify that a grounds for discipline is failure of a principal real estate broker to supervise a real estate broker because 696.301(15) does not provide such authority.
- Errors and omissions insurance/surety bonds as a requirement for principal real estate brokers. Discussed as part of LC-1. Tabled for further information from Oregon Association of Realtors.

Chair Graeper asked Commissioner Bentley if action was required from the Board. Commissioner Bentley replied that Board should give their input. Chair Graeper asked for further comments. Byron Hendricks commented.

**B. Board review and recommendations on proposed temporary advertising rule OAR 863-015-0125. Board action required.** Commissioner Bentley gave a brief background of draft rule and asked Board members for feedback.

Byron Hendricks commented regarding team leaders and that consumers may not understand level of authority. He also commented regarding the language “immediately noticeable and conspicuous in all advertising” that there should be more definition. Art Kegler responded. Bryon Hendricks further commented on the meaning of principal broker. Lee Dunn responded. Byron Hendricks commented further. Commissioner Bentley responded with clarification points. Byron Hendricks responded. Commissioner Bentley responded that the issue is who is the subordinate? Vice Chair Costales asked what is the definition of “imply?” He suggested that “state” should be used instead. Laurie Skillman clarified that this rule is two years old and some language has been in place for that length of time. Commissioner Bentley commented that being broad covers intent with advertising. Lee Dunn commented that language in D could be used to clarify C. Commissioner Bentley responded. Further discussion. Laurie Skillman commented that whole concept of rule comes from statute. Robert LeFeber asked if board members could get a copy of all the rules and laws. Commissioner Bentley responded that Agency will provide these to Mr. LeFeber. Further discussion. Laurie Skillman responded that (4) covers the issue of what name is to be used in advertising. Chair Graeper responded.

Byron Hendricks asked for more clarification on 9(a), internet advertising. Commissioner Bentley responded. Bryon Hendricks asked for further clarification. Art Kegler responded. Robert LeFeber asked if in (3), does it have to say State of Oregon? Commissioner Bentley responded. Further discussion.

Laurie Skillman addressed (9) as it deals with electronic communication and specifies that “in addition” is the key phrase. Commissioner Bentley responded that the public needs to understand who they are dealing with and the brokers are being put in the position to be responsible for this. Chair Graeper responded. Byron Hendricks commented

Deputy Commissioner Owens pointed out that rule #4 does have the words necessary for clarification. Lee Dunn suggested language. Laurie Skillman responded with suggested revisions. Bryon Hendricks responded and recited his last concern with item 11-D being that it is unclear if every licensed persons name is required to be listed. Laurie Skillman clarified that ALL team members must be listed. Byron Hendricks asked for more clarification. Marianne Wood asked how this would affect those who don’t want to list names. Lee Dunn expressed concern with number 8. Laurie Skillman responded to Mr. Dunn Lee Dunn commented further. Laurie Skillman responded. Further discussion. Robert LeFeber and Vice Chair Costales both asked if rule applied to strictly Oregon licensees? Commissioner Bentley responded that discussions are ongoing regarding this issue. Marianne Wood asked if item number 5 is referring to written documentation? Selina Barnes responded that broker must have proof of form of notification. Lee Dunn responded. Further discussion. Robert LeFeber addressed definition of advertising and suggested that clarification be implemented. Commissioner Bentley responded. Laurie Skillman responded with further clarification. Byron Hendricks responded that C should be removed. Commissioner Bentley responded. Vice Chair Costales addressed changes suggested for C, D, and 9. Laurie Skillman clarifies suggested revisions.

**MOTION BY VICE CHAIR COSTALES TO ADOPT DRAFT RULE 2C, D, AND SECTION 9.**

**MOTION CARRIED BY UNANIMOUS VOTE.**

**IV. REPORTS Discussion of the board's recommendations and proposals for legislative concepts for education.** Chair Graeper reported that work group will be meeting on 1/28/08. Chair Graeper also reported that additional information was obtained from Psychological Services, Inc. (P.S.I). Commissioner Bentley requested that the Board find a representative for the Escrow Work Group. Byron Hendricks indicated that he would volunteer in the event that no one else is available.

**V. NEW BUSINESS.** None.

**VI. COMMUNICATIONS** - None

**VII. ANNOUNCEMENTS.**

**A.** Governor's Food Drive the month of February. Deputy Commissioner Owens explained the process and asked Board for support and their participation.

**B.** Next regular Board meeting February 4, 2008, in Salem, Oregon.

**VIII. ADJOURNMENT**

Respectfully submitted:

GENE BENTLEY  
COMMISSIONER

Respectfully submitted:

MICHAEL GRAEPER  
BOARD CHAIR

Exhibits distributed:

- A. Legislative Concepts Developed by Working Groups – January 10, 2008, *Agenda Item No. III.A.*
- B. Draft Temporary Advertising Rule to Become Effective In January 2008-Date of Draft-January 9, 2008, *Agenda Item No. III.B.*
- C. Education Requirements Table, *Real Estate Board Exhibit 1*

Waiver Request Log is an Excel Document



# Oregon

Theodore R. Kulongoski, Governor

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## Joint Meeting of OAR Education Task Force And Real Estate Board Education Work Group

January 28, 2008

### NOTES

**PRESENT:** Mike Graeper                      Joyce Beach  
Rick Harris                                  Diane Peterson  
Joyce Beach                                  Lee Dunn  
Gene Bentley                                Dave Koch  
Louann Rahmig                              Lee Dunn

**GUEST:**            Trey McWilliams, Go2CEU  
Heather McMackin, American College of Real Estate(for Katie Cox)

**ABSENT:**          Mesheal Heyman                      Marianne Wood  
John Zupan                                Paul Gold  
Katie Cox                                    Steve Lucas  
Art Kegler

The meeting was held at the Oregon Real Estate Agency office, 1177 Center Street NE, Salem, Oregon, and conducted by Mike Graeper, Chair of the Real Estate Board's Education Work Group. The Chair asked the guests to introduce themselves.

**Review December 10, 2007, joint meeting.** No changes were made to the notes of the December 10, 2007 meeting

**Discuss educational requirements in other states.** Statistics on all states' education requirements were provided by PSI and included in the meeting packets. Mike reported on the January 8 PSI presentation on testing. Oregon is one of the top states in education hours required. Discussion. Remove approval of continuing education credit by principal brokers and return the responsibility to the agency, and place responsibility on the provider to provide proof of education. Rick Harris reported that other states specify the required continuing education classes and provide a list of the courses that meet the optional category.

**Discuss potential legislative concepts presented to the Real Estate Board.** Mike pointed to the spread sheet in the packet that was provided to the board January 14. Rick advised that there will probably be legislative concepts from the industry as a result of his report. Gene added

information about the new licensing scheme to add “principal” property managers proposed by the licensing/property management subgroup that would affect the education requirements. A broker doing property management would need a property manager license. Gene described the proposed two “tracks” for brokers and property managers resulting from the subgroup.

**Discuss continuing education approval process by other entities.** Mike distributed the distance learning information requirements of other professions (a revision of the document provided in the packet)(**EXHIBIT A**). Either the association or the governmental entity oversees the continuing education for the Oregon State Bar, Oregon Medical Association and Oregon Dental Association. Mike feels that ARELLO certification should be required for distance learning. Rick added that ARELLO-approved classes are general in nature (more global) rather than state-specific.

**Review recommendations from subcommittees.** Joyce Beach distributed the report from the Pre-License Education Subcommittee chaired by Carol Dozois (**EXHIBIT B**). They recommend reducing continuing education by 30 hours. Gene was concerned about “lowering the bar” and asked why that was being suggested. He feels we need to keep the total number of hours at 150 and improve quality. Discussion. Diane Peterson feels that the 8-hour requirement for property management should not be reduced. Heather McMackin feels we need to beef up post-license training. Joyce indicated that there was discussion about having the advanced practices course earlier in the renewal period. However, because of the renewal period being less than 24 months for some licensees, it would be difficult administration-wise. Gene pointed out that reducing education to 120 hours would have to be a legislative concept and probably couldn’t be implemented prior to 2010. A question was asked if there is enough time to cover financing. It was generally felt that there is. Rick feels a reallocation of hours is appropriate but doesn’t feel there should be a reduction in hours. The proposed changes are:

**Real Estate Law** – 40 hours (previously 30)

**Contracts & Agency** – 30 hours (previously 30)

**Real Estate Finance & Closings** – 20 hours (previously 30)

**Oregon Real Estate Practice & Property Management** – 30 hours (previously 30)

**MOTION BY DAVE KOCH TO KEEP TOTAL HOURS AT 150 AND EXPAND CATEGORIES TO INCLUDE STANDARDS OF PRACTICE, ETHICS, ECONOMICS, CONSUMER PROTECTION, AND RISK MANAGEMENT.** Gene asked if new people can prepare sales documents. Response: The larger firms provide additional training. Rick commented that the real estate finance and closing category is residential and contains no commercial. Why is “CMA” (market analysis) in finance? Should be moved to standards of practice. Appraisals should be in finance. Buyer representation should be added in real estate practice category. Diane suggested that the board should provide the input on where the hours should be. We are in a changing world and so some of the actual topics need to be changed. Rick commented that statute would need to be changed to provide that authority to the board. Move civil rights/ADA to standards of practice.

**MOTION WAS AMENDED TO MAKE THE FOLLOWING CHANGES:**

**Real Estate Finance** - Replace “CMA” with “Appraisal” and add “RESPA” and lending approval process.

**Real Estate Practice** - Add in “Market Data (CMA/BPO)” and “Buyer Representation.” Add “Standards of Practice,” “Consumer Protection,” “Ethics,” “Risk Management,” Civil Rights/ADA,” and “Dispute Resolution.”

**MOTION AS AMENDED CARRIED.**

Lee Dunn suggested that “compensation” needs to be covered (commissions, advance fees, retainers, etc.) **ADD UNDER CONTRACTS. WHAT IS LEGAL COMPENSATION IN OREGON?**

**MOTION TO ACCEPT THE PRE-LICENSE SUBCOMMITTEE RECOMMENDATION ON TESTING CARRIED.** (Note: The recommendation is to develop a pre-license test that includes both multiple choice and critical decision-making. Refer to **EXHIBIT B** for more details.)

The Advanced Real Estate Practices Subcommittee report was discussed (part of **EXHIBIT B**). Rick agreed with the recommendation to move economics and ethics to pre-license education, but not administrative actions. Administrative actions should stay with Advanced Practices. What is economics of business? How a business works? Response: It is a mini-economics course and is appropriate for new licensees.

Subcommittee recommendations:

1. Rick not sure why brokerage management is separate from residential brokerage and suggested eliminating it and just having three categories. **MOTION TO ACCEPT RECOMMENDATION NO. 1 BUT AMEND TO ELIMINATE “BROKERAGE MANAGEMENT.”** Dave Koch offered that brokers need to be taught that they are more responsible. **MOTION CARRIED.** (Note: Change “commercial real estate” to “commercial brokerage.”)

2. **MOTION TO APPROVE RECOMMENDATION NO. 2 WITH BUSINESS ETHICS AT 3 HOURS; INCLUDE REVIEW OF ADMINISTRATIVE ACTIONS AND RULE AND LAW UPDATE (FORMERLY CURRENT EVENTS); ADD ECONOMICS OF BUSINESS AS IT RELATES TO REAL ESTATE. MOTION CARRIED.**

3. **RECOMMENDATION NO. 3 ELIMINATED (ITEMS MOVED TO OTHER CATEGORIES).**

4. Dave asked if Advanced Practices should include commercial property management. Gene expressed a concern that it may not be sufficiently large enough for a provider to offer. **MOTION TO APPROVE RECOMMENDATION NO. 4.** Discussion. Gene pointed out that these are the basic structures, so more details will need to be worked out. **MOTION CARRIED.** Anyone teaching Pre-Licensing and Advanced Practices should have the same requirements.

Rick referred to his handout (**EXHIBIT C**). The subcommittee recommendations were based on the guidelines developed at the December 10 meeting. They looked at adjacent states with

whom we may be interested in reciprocity. The proposal is a big change. Changes to the continuing education system will take a lot of education. They felt that any proposed legislation should come from the industry. They propose striking the 15-hour requirement in ORS 696.174. Dave asked whether the license number should be required on a certificate of attendance form. Response: It helps prevent abuse of the form. Many companies provide courses and it would be a new requirement for them to require the number. The subcommittee also proposes a new section (3) in ORS 696.174 that allows the commissioner to prescribe by rule the continuing education course certification process. The entire rule (863-015-0055) would need massive amendment.

**Continuing education topics.** The 30 hours each renewal period to be continued, but would include rule and law for 3 hours, which would be specifically required. The remaining 27 hours would come from the list on page 4 of the recommendation. There was a question about use of “marketing.” It was suggested to replace with “advertising.” A concern has been raised about removal of the elective hours. More specifics on what should be in each subject will be needed. Discussion of a maximum number of hours in any one category. Proposing redefining “one clock hour.” Responsibility to report is placed on the licensee.

Proposed changes to ORS 696.174 will be sent to the board, but the industry will carry the concept. **MOTION TO APPROVE PROPOSED STATUTORY CHANGE CARRIED.**

**MOTION TO CHANGE 6 YEAR RETENTION OF RECORDS TO 3 YEARS CARRIED.**

**MOTION TO ACCEPT OREGON CONTINUING EDUCATION REQUIREMENTS, DELETING “PROVIDE WRITTEN EVIDENCE OF”.** There was a question about the board “presenting” the rule and law update. It was decided to change to “develop and certify.” **MOTION CARRIED.**

**Certification of Instructors.** An individual must meet one of the eight criteria (page 6 of **EXHIBIT C**) to become certified. Need to add that the criteria would also be used to approve an instructor of the advanced practices course. **MOTION TO APPROVE AS AMENDED CARRIED.**

**Continuing Education Provider Certification.** Providers must be able to show how they meet the standard to be approved by the board. The provider becomes the record keeper. Many states require some willingness to be audited. **MOTION TO ACCEPT WITH MODIFICATION FROM SIX YEARS RECORDS RETENTION TO THREE YEARS AND INCREASE THE PROCESS FEE FROM A MAXIMUM OF \$50 TO \$100 CARRIED.**

**Course Content and Learning Objectives.** It is important to have clear and objective guidelines for certification and establish specific content and learning objectives. Change in language as follows (page 9 of **EXHIBIT C**):

First paragraph, correct sentence to read: “While our proposed system is different from that of our neighboring states, it is instructive to look at their general programs for course content approval as well as those of ARELLO and Utah, all of which are attached as Appendix E.”

Fifth paragraph, change sentence to read: “The specific content should focus on what the Board considers the most important changes to statute and administrative rules, and the Board should actually ~~write the course~~, develop the teaching materials and handouts, and provide the instructors ~~and venues~~ all as part of a licensee’s renewal fee.”

**MOTION TO APPROVE CONCEPT AS MODIFIED CARRIED.**

There was further discussion regarding the status of the property management rule review and the budget impact on the agency as a result of the upgrade of software.

Gene indicated that he will be researching adjoining state real estate commissions. Mr. Harris indicated that Arizona and Idaho are excellent models.

**Real Estate Agency  
Education Section Report**

*Web Site Statistics for December 2007:*

# of visits to site	Average # of visits per day	Number of Hits on site	Average hits per day on site	Most active day based on # of hits	Number of hits on most active day	# of visits to OREN-J page
22,793	735	113,430	3,699	12/11/2007	5,883	496

- See attachment A for ten most-viewed web pages for December 2007

*Exam Statistics:*

- 3664 license exams administer from January 2007 to December 2007
- 209 license exams proctored in December 2007
- 3,664 license exams administered in 2007. Compared to 4,343 exams for 2006, there was more than a 15% drop.
- See attachments B and C for additional exam data.

*Approved Pre-license Schools/Course Providers:*

- 61 total approved schools/course providers
- 58 approved schools offering broker pre-license education
- 14 approved schools offering property manager pre-license education
- 43 approved course providers offering Advanced Real Estate Practices
- 15 approved course providers offering Brokerage Administration and Sales Supervision
- 33 course providers offering courses online
- 26 course providers offering self study at home
- 7 course providers offering live lecture courses

*Education Section Report*  
*Attachment A*

**Top Ten Most-Viewed Web Pages (December 2007):**

1. State of Oregon: Real Estate Agency  
<http://www.oregon.gov/REA/>  
5,283 visits, 7,233 views
2. Real Estate Agency Licensee Search  
<http://www.oregon.gov/REA/licensedata.shtml>  
4,338 visits, 5,711 views
3. Licensing Section Real Estate License & Exam Information  
<http://www.oregon.gov/REA/LIC/examinations.shtml>  
2,339 visits, 2,865 views
4. Real Estate Agency Publications, Brochures & Online Forms  
<http://www.oregon.gov/REA/publications.shtml>  
1,829 visits, 2,394 views
5. Real Estate Agency Frequently Asked Questions  
<http://www.oregon.gov/REA/faq.shtml>  
1,575 visits, 1,960 views
6. Real Estate Agency Statutes & Rules  
<http://www.oregon.gov/REA/adminrules.shtml>  
1,327 visits, 1,697 views
7. Real Estate Agency Contact Us  
[http://www.oregon.gov/REA/contact\\_us.shtml](http://www.oregon.gov/REA/contact_us.shtml)  
1,322 visits, 1,517 views
8. Real Estate Agency Renew Your Oregon Real Estate License Online  
[http://www.oregon.gov/REA/online\\_renewals\\_frontpage.shtml](http://www.oregon.gov/REA/online_renewals_frontpage.shtml)  
1,181 visits, 1,535 views
9. Education Section Exam Eligibility Letter and Exam Pass Reports  
[http://www.oregon.gov/REA/EDU/exam\\_lists.shtml](http://www.oregon.gov/REA/EDU/exam_lists.shtml)  
953 visits, 1,431 views
10. Real Estate Agency About Us  
[http://www.oregon.gov/REA/about\\_us.shtml](http://www.oregon.gov/REA/about_us.shtml)  
919 visits, 1,079 views

*Education Section Report  
Attachment B*

**# of Exams Administered: Salespersons, Brokers, Property Manager and Competency Exams by Month**

**By Month**

	January	February	March	April	May	June	July	August	September	October	November	December	Total
<b>2000</b>	176	205	234	256	236	194	216	213	188	181	189	162	2,450
<b>2001</b>	203	212	282	295	262	266	275	240	296	226	221	200	2,978
<b>2002</b>	251	384	456	617	1,297	1,202	11	51	97	81	127	160	4,734
<b>2003</b>	150	193	217	221	253	275	261	284	325	302	372	378	3,231
<b>2004</b>	283	299	342	365	395	392	378	314	348	299	385	407	4,207
<b>2005</b>	402	403	420	556	607	445	227	335	340	309	295	313	4,652
<b>2006</b>	328	319	392	485	437	430	376	384	350	288	251	303	4,343
<b>2007</b>	246	296	395	378	389	389	313	337	270	263	179	209	3,664
Average for month	255	289	342	397	485	449	257	270	277	244	252	267	
Median for month	249	298	367	372	392	391	268	299	311	276	236	256	

*Education Section Report  
Attachment C*

**2007 Broker License Exam - Performance Measures by Month**

<u>Month/Year</u>		<u>Broker State</u>	<u>Percent</u>	<u>Broker National</u>	<u>Percent</u>
January-07	First time passes	139	81%	135	80%
	First time fails	32	19%	33	20%
	Repeat passes	21	55%	29	47%
	Repeat fails	17	45%	33	53%
Feb-07	First time passes	164	80%	156	76%
	First time fails	42	20%	48	24%
	Repeat passes	29	56%	29	46%
	Repeat fails	23	44%	34	54%
Mar-07	First time passes	228	83%	223	82%
	First time fails	47	17%	48	18%
	Repeat passes	35	59%	37	43%
	Repeat fails	24	41%	50	57%
Apr-07	First time passes	211	84%	204	83%
	First time fails	41	16%	42	17%
	Repeat passes	35	55%	34	37%
	Repeat fails	29	45%	58	63%
May-07	First time passes	210	78%	202	77%
	First time fails	59	22%	59	23%
	Repeat passes	37	54%	31	33%
	Repeat fails	31	46%	62	67%
Jun-07	First time passes	201	80%	199	81%
	First time fails	49	20%	48	19%
	Repeat passes	40	56%	30	33%
	Repeat fails	32	44%	62	67%
Jul-07	First time passes	167	82%	161	80%
	First time fails	36	18%	41	20%
	Repeat passes	30	60%	32	36%
	Repeat fails	20	40%	56	64%
Aug-07	First time passes	162	75%	161	75%
	First time fails	54	25%	54	25%
	Repeat passes	35	58%	32	36%
	Repeat fails	25	42%	58	64%
Sep-07	First time passes	140	81%	133	79%
	First time fails	32	19%	35	21%
	Repeat passes	30	67%	30	45%
	Repeat fails	15	33%	37	55%
Oct-07	First time passes	136	82%	129	80%
	First time fails	29	18%	33	20%
	Repeat passes	27	53%	28	42%
	Repeat fails	24	47%	39	58%
Nov-07	First time passes	80	81%	73	76%
	First time fails	19	19%	23	24%
	Repeat passes	16	53%	20	45%
	Repeat fails	14	47%	24	55%
Dec-07	First time passes	119	86%	114	83%
	First time fails	20	14%	24	17%
	Repeat passes	17	55%	22	47%
	Repeat fails	14	45%	25	53%
2007 Total	First time passes	1957	81%	1890	79%
	First time fails	460	19%	488	21%
	Repeat passes	352	57%	354	40%
	Repeat fails	268	43%	538	60%

**REAL ESTATE BOARD  
LICENSING SECTION REPORT  
FEBRUARY 4, 2008**

1. Section Overview:
  - a. 4 PSR4s (Public Service Representatives)
  - b. 1 CS1 (Compliance Specialist)
  - c. No vacancies
2. Online Renewals - In 2007, 2835 licensees renewed online, which is 34% of those who were eligible to utilize the online renewal system.
3. Currently have 16 open background check investigations.
4. Licensing staff continues to work on cross-training to allow for better coverage during vacations & staff absences, as well as to provide timelier processing of all transactions.
5. Continue to work on rule review and legislative concepts related to real estate, property management, escrow and background checks.

**Licensing Statistics as of the beginning of January 2008:**

<b><u>Individuals (Persons)</u></b>	<b><u>Active</u></b>	<b><u>Inactive</u></b>	<b><u>TOTAL</u></b>
Broker	15588	2693	18281
Broker - Sole Practitioner	1960	261	2221
Principal Broker	3176	74	3250
<b>TOTAL BROKERS</b>	<b>20724</b>	<b>3028</b>	<b>23752</b>
Property Manager	564	72	636
MCC Salesperson	54		54
MCC Broker	2		2
<b>TOTAL INDIVIDUALS</b>	<b>21344</b>	<b>3100</b>	<b>24444</b>
<b><u>Facilities (Companies)</u></b>			
REMO	5		5
Registered Business Name (RBN)	3492		3492
Registered Branch Office (RBO)	749		749
Escrow Organization	58		58
Escrow Branch	240		240
MCC Operator	24		24
<b>TOTAL FACILITIES</b>	<b>4568</b>		<b>4568</b>
<b>TOTAL INDIVIDUALS &amp; FACILITIES</b>	<b>25912</b>	<b>3100</b>	<b>29012</b>