



# Oregon

Theodore R. Kulongoski, Governor

## Real Estate Agency

1177 Center Street NE

Salem, OR 97301-2505

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Regulations Fax: (503) 373-7153

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[www.rea.state.or.us](http://www.rea.state.or.us)

**Notice of Agenda**  
**OREGON REAL ESTATE BOARD**  
**Regular Meeting Agenda**  
**Monday, October 15, 2007, 10 a.m.**  
**Rogue Regency Inn and Suites**  
**2300 Biddle Road**  
**Medford OR 97504**

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

### **I. BOARD BUSINESS**

- A. Call to Order
- B. Welcome to new board member Kim Medford
- C. Roll Call
- D. Approval of the Agenda and Order of Business
- E. Approval of the August 20, 2007, regular meeting minutes
- F. Approval of the 2008 board meeting calendar
- G. Date of the Next Meeting: December 17, 2007, in Salem
- H. Announce new board appointees

### **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 given 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**

Waiver request log.

### **IV. BOARD ADVICE/ACTION**

Board action on recommendations from the Property Management Education/Exam Work Group.

### **V. NEW BUSINESS - None**

## **VI. COMMUNICATIONS**

Administrative Actions Summary

## **VII. REPORTS**

- A. Commissioner Gene Bentley
  - 1. Introduction of new Deputy Commissioner
  - 2. Status report on Agency rule review
  - 3. ARELLO conference in New York
  - 4. 2008 Legislative session and beyond
  - 5. Q&A book status
- B. Deputy Commissioner Dean Owens
  - 1. Report on licensing rules hearing
  - 2. Customer Service Survey
- C. Agency section/division reports
  - 1. Land Development Section
  - 2. Licensing Section
  - 3. Education Section
  - 4. Regulation Division
  - 5. Administration/Information Systems Sections
- D. Formal farewell to outgoing board members

## **VIII. ANNOUNCEMENTS**

- A. The December 17, 2007, board meeting will be in Salem, Oregon.
- B. Board officer elections at the December 17, 2007 meeting
- C. Possible special board meeting January 14, 2008

## **IX. ADJOURNMENT**

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



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## State of Oregon Real Estate Agency

### REAL ESTATE BOARD

#### Regular Meeting Minutes

August 20, 2007

#### MEMBERS PRESENT:

Michael Graeper, Chair  
Troy Costales, Vice-Chair  
Victor Kee  
Arthur Kegler  
Robert LaDu  
Maxine Ribera-Card  
John Zupan

#### MEMBERS ABSENT:

Marianne Wood (Excused)

#### STAFF PRESENT:

Gene Bentley, Commissioner  
Katie Cannon, Deputy Commissioner  
Dean Owens, Administrative Services Manager  
Leandra Cooley, Administrative Specialist  
Louann Rahmig, Board Liaison

#### GUESTS PRESENT:

Laura Rummell, Area Properties  
Richard Morrow, John L. Scott-Columbia Gorge  
Doris Strumme, North Coast Realty  
Nancy Newhall, Windermere  
Bill Fornas, President, Clatsop Association of Realtors  
Emily Smith, ReMax River & Sea  
Tommy Huntington, Windermere  
Robin Risley, Windermere  
Patty McGhan, Pete Anderson Realty Inc.  
Jeannean Hibbitts, Clatsop Association of Realtors  
Gail Moren, Windermere  
Pam Ackley, Coldwell Banker  
Jeff Parker, Wauna Federal Credit Union  
Cindy Hawkins Colley, Windermere/CCRGI  
Mary Ann Yupecto, Area Properties

## **I. BOARD BUSINESS**

- A. Call to Order.** Chair Graeper called the meeting to order at 10 a.m. at the Holiday Inn Express, 204 West Marine Drive, Astoria, Oregon.
- B. Roll Call.** Marianne Wood was excused.
- C. Approval of the Agenda and Order of Business.** The agenda was approved as submitted.
- D. Approval of the June 18, 2007, regular meeting minutes.** The minutes were approved as submitted.
- E. Date of the Next Meeting.** October 15, 2007, in Medford, Oregon. The Chair announced that he will be out of the country and that Vice-Chair Troy Costales will conduct the meeting in his absence.

## **II. PUBLIC COMMENT.** No one wished to address the board.

## **III. REQUESTS FOR WAIVERS**

- A. Waiver request log.** The board requested that the log be included in each packet whether or not there has been a change, to assist in any waiver requests before them.
- B. Richard Morrow requests experience requirement waiver for a principal real estate broker license.** Mr. Morrow was present. He reported that he has been a broker for nearly two years and is a branch manager in the John L. Scott office in The Dalles, Oregon. Based on this, he felt he had the necessary background, including 20 years of experience in related fields.

Board member Victor Kee asked how many units Mr. Morrow has closed and how many listings he has had. Mr. Morrow responded that he closed 11 transactions in the first year and currently has 14 listings.

Board member Art Kegler asked Mr. Morrow how many brokers are in his office. Mr. Morrow responded that there are nine fulltime and several others who serve both Washington and Oregon. Mr. Kegler requested confirmation that he is not now initialing and whether the principal broker is absentee or local. Mr. Morrow confirmed that he is not initialing any paperwork and that the principal broker is local.

Board member John Zupan asked Mr. Morrow to elaborate on the associate degree he received through a two-year community college program, specifically if the degree is an actual real estate degree. Mr. Morrow responded that he did not think he had included any information about his degree. Mr. Zupan recognized that he was looking at the wrong column and asked the question in error.

Board member Robert LaDu stated that the board places a great deal of importance on the full three years of experience. Referring to ORS chapter 696 and the code of ethics, he asked Mr. Morrow to compare and contrast them. Mr. Morrow responded that ORS chapter 696 is the state law that governs what brokers do in this state. The code of ethics outlines the duty that brokers have to clients and people they work with, being diligent in doing right by the clients. Mr. LaDu asked which takes precedence if there is a conflict. Mr. Morrow responded that state statutes take

precedence. Mr. LaDu offered that the standard for the code of ethics sets for all real estate transactions is “the Golden Rule.”

Board member Maxine Ribera-Card asked Mr. Morrow why he could not wait the additional full three years. Mr. Morrow responded that the principal broker is responsible for a large, spread out geographical area.

Mr. Zupan requested confirmation that the owner of the company will not be retiring and will still be involved and continue to oversee Mr. Morrow, and that the issue is geographical. Mr. Morrow indicated that is the case.

Mr. Kegler asked Mr. Morrow how many offices he expects to supervise. Mr. Morrow indicated that currently he would only be supervising The Dalles office.

Mr. Kee asked if Mr. Morrow had pursued any of the designation classes. Mr. Morrow indicated that he has taken two of the CRV classes but has only finished GRI 100 and is waiting for the next class.

Chair Graeper asked the amount of oversight he will receive from his current principal broker. Mr. Morrow responded there will be continuous contact and, in addition, they have monthly management meetings.

**MOTION BY BOB LADU TO APPROVE THE WAIVER REQUEST.** No discussion.

**MOTION CARRIED WITH ONE NAY VOTE BY TROY COSTALES.**

Chair Graeper offered Vice-Chair Costales the opportunity to explain his position.

Mr. Costales stated the following:

1. The board has typically allowed a one-year waiver for someone with a degree, not necessarily in the area of real estate but in law or property. This has been the guideline. Mr. Morrow’s request was for more than one year without any degree.
2. Mr. Morrow did not explain the background. His resume addressed issues other than forms, the law or the review of such. Board members asked questions and there was an opportunity for explanation.
3. He had concern for the precedence that this waiver sets.

Mr. Costales requested that all board packets include the waiver log of past decisions.

#### **IV. BOARD ADVICE/ACTION**

- A. Approve final version of licensing rules for permanent filing by September 15, 2007.** No discussion.

**MOTION BY JOHN ZUPAN TO APPROVE THE RULES.** No discussion.

**MOTION CARRIED UNANIMOUSLY.**

**B. Discuss format for administrative actions for the OREN-J.** Commissioner Bentley explained the various versions. Mr. Kegler offered that information should be thorough enough so that concept and violation are defined for educational purposes.

**C. Discuss invitations from Eugene Association of Realtors and Central Oregon Coast Board of Realtors for 2008 board meetings.** Chair Graeper suggested that the April meeting be held in Eugene and the June meeting in Florence. Mr. Kee asked about the effects of out-of-Salem meetings on the rulemaking schedule. Deputy Commissioner Cannon indicated there will be several meetings and the location of the meetings does not make any difference because information will be provided to the board to discuss at board meetings. Ms. Cannon suggested that board meetings be moved to the first or second Monday of each meeting month.

**MOTION BY ART KEGLER TO SCHEDULE THE 2008 BOARD MEETINGS THE FIRST MONDAY OF THE MONTH BEGINNING WITH THE FEBRUARY 2008 MEETING.**

**MOTION CARRIED UNANIMOUSLY.**

**MOTION BY TROY COSTALES TO HAVE THE APRIL MEETING IN EUGENE AND THE JUNE MEETING IN FLORENCE.**

**MOTION CARRIED UNANIMOUSLY.**

**D. Discuss guiding principles and request input for Agency rule review.** These were distributed to board members by e-mail on August 17, 2007. Commissioner Bentley addressed the guiding principle draft and explained the process, indicating that the Agency has reached out to brokers throughout the state to participate in working groups.

Mr. Costales suggested expanding the principles to include the rule “does not exceed statute authority” and adding that a rule can be written in a progressive manner with “stair-stepping” progression of standards.

Commissioner Bentley reported that during the working group participant selection process, the following was considered:

1. Members are either principal brokers or sole practitioners to ensure that they had day to day activity and interaction with the rules.
2. Use of people who are intimately familiar with the rules so that they would be knowledgeable.
3. Use of people who had enough vision of the industry so these rules would have some perpetuity to them.

Mr. Zupan addressed the issue of possible statute changes being needed. Commissioner Bentley responded that he fully expects there will be some statute changes. Mr. Kegler asked Mr. Bentley how wide he has reached out and how many people he has in place for the various rule making committees. Commissioner

Bentley stated that there will be 11 people from the industry on the licensing work group and 60 on the advisory group. An effort was made to reach out throughout the entire state and that there are very few boards not represented.

**E. Agency rule review schedule.** The latest revision was distributed (**Exhibit A**). Ms. Cannon explained the schedule. Mr. Costales voiced concern about needed statute changes in relation to the schedule. Ms. Cannon indicated that by the end of November the concept phase should be completed and an update will be given at the December 17 board meeting on legislative needs.

**V. NEW BUSINESS.** Mr. LaDu wanted to recognize Land Development Manager/Rules Coordinator Laurie Skillman for her good advice and legal expertise in facilitating many of the rule making meetings. He added that he felt Ms. Skillman provided an admirable presence for the committees.

**MOTION BY BOB LADU TO PRESENT LAURIE SKILLMAN WITH A COMMENDATION.** No discussion.

**MOTION CARRIED UNANIMOUSLY.**

## **VI. COMMUNICATIONS**

**A. Administrative Actions Summary.** No discussion.

**B. Letter from Robert Burness regarding ADA accommodations to take exam.**

Deputy Commissioner Cannon reported that she spoke with Mr. Burness and he has a visual condition that hampers his ability to read full sentences. Mr. Burness requested additional time, which was granted. He took a pencil and paper exam that was proctored so he did not have use a computer. Test results have not been received.

## **VII. REPORTS**

**A. Commissioner Gene Bentley.**

**1. Deputy Commissioner recruitment status.** Ms. Cannon will be retiring the end of November and the Agency is interviewing. There were nine candidates initially who were narrowed down to four in the second round of interviews. Commissioner Bentley anticipates the new Deputy Commissioner will be announced within the next week.

**2. Board member appointment status.** Commissioner Bentley reported that the Governor's office is doing background checks on new/replacement board members. The new board members should be in place by the first of November. Additionally, the new board members and existing members are being offered a training session on September 11, 2007. Mr. Bentley requested that current board members assist the incoming members in their transition.

**3. 2007 Legislative Summary.** The first three on the list are agency bills. The remainder are from other sources that impacted real estate. The summary indicates when the bills go into effect.

Vice-Chair Costales suggested that the *OREN-J* and Commissioner's Bulletin advise when the 2007 statutes will be available online. This will probably not occur until after the special session in February 2008. Commissioner Bentley pointed out that the special session will be very focused and not involve a lot of statutory changes.

Mr. Kegler asked about the lengthy process for fingerprinting. Ms. Cannon explained the process including electronic fingerprinting capability. Mr. Kegler asked that the Agency circulate information regarding locations that provide electronic fingerprinting. Chair Graeper suggested putting this information in the *OREN-J* and the Commissioner's Bulletin.

**B. Deputy Commissioner Katie Cannon**

**1. Customer Service Survey.** Deputy Commissioner Cannon distributed the latest customer service survey (**Exhibit B**). She explained the survey process. Chair Graeper requested a question be added to the survey regarding the pleasantness of Agency staff toward customers. Ms. Cannon agreed to add this question.

**2. Agency and section standards of customer service.** Deputy Commissioner Cannon reminded the board that about a year ago the agency set standards of service, and pleasantness was one of the things that was added. Each section within the agency developed standards but when the legislative session began, the project was set aside. The division/section reports need to be finalized. We anticipate the report will be done by the October board meeting.

**C. Agency section/division reports.** Ms. Cannon asked the board if they wanted a short report from each section at every board meeting. Board members agreed that this would be helpful.

**D. Chair Graeper report on the July 12, 2007, joint meeting with OAR on education.** Chair Graeper reported that approximately 20 people were present at the July 12, 2007, meeting held at the Real Estate Agency. The attendees discussed critical decision testing, the need for assurance that brokers can perform their tasks, that critical path thinking is a must and how to train and test for that. Instructor certification was another issue addressed and how more emphasis will be in this area. Possible certification of distance learning through ARELLO was discussed. Mr. Zupan and Mr. Kegler agreed to take another look at the advanced practices course and broker administration, sales, and supervision. The Oregon Association of Realtors invited participation on the subcommittees that were formed. The next joint meeting of the OAR Education Task Force and Board Education Work Group will probably be in late September or early October.

Mr. Kegler commented on the Nebraska bulletin and their examination curriculum. He suggested asking the Nebraska Real Estate Agency about their process for testing and licensing. Commissioner Bentley responded with the agency's future plans for improvement in these areas.

**E. Chair Graeper report on PSI examination question review July 25, 2007.** Chair Graeper reported that the review consisted of determining the difficulty of the questions, based on the percentage of correct answers versus incorrect answers. The Chair requested that Carol Ann Mormosa from PSI speak to the education work group at their next meeting. Commissioner Bentley addressed the issue of the number of retakes. Mr. Graeper suggested that the issue of limiting the number of times the test can be taken be addressed at the next education joint meeting.

The Commissioner also pointed out that brokers are not required to have a high school diploma or GED.

**F. Board Member Ribera-Card report on the Property Management Education/Exam Work Group meeting July 10, 2007.** Ms. Ribera-Card presented an oral report on the work group's meetings and the recommendations that will be formally presented to the board in October for action.

**VIII. ANNOUNCEMENTS**

The October 15, 2007, board meeting will be in Medford, Oregon.

Following the meeting, there will be an informal question and answer period between the guests and the commissioner and the board.

**IX. ADJOURNMENT**

Chair Graeper adjourned the meeting at noon.

Respectfully submitted:

GENE BENTLEY  
COMMISSIONER

Respectfully submitted:

MICHAEL R. GRAEPER  
BOARD CHAIR

Exhibits distributed:

- A. Revised Rule Review Schedule dated 8-20-07, *Agenda Item IV.E.*
- B. Customer Service Survey, *Agenda Item VII.B.1.*

**2008**

**REAL ESTATE BOARD MEETING SCHEDULE**

<b><u>Date</u></b>	<b><u>Location</u></b>
February 4, 2008	Real Estate Agency, Salem
April 7, 2008	Eugene, Oregon, Location TBA
June 2, 2008	Florence, Oregon, Location TBA
August 4, 2008	Real Estate Agency, Salem
October 6, 2008	Real Estate Agency, Salem
December 1, 2008	Real Estate Agency, Salem

***Note: All meetings are scheduled for the first Monday every other month, as approved by the Board August 20, 2007.***

Date	Name	Appear?	Time Requested to be Waived		Type of License Sought		Decision		Discussion
			< 3 years	3 whole years	PB	SP	Approve	Deny	
2/12/07	Oldham, Emily	Y	X		X			X	Active, 1 yr 7+ mos. Needs to submit original BASS course certificate. Submitted: request letter & copy of BASS certficate. Reason: need more experience.
2/12/07	Briscoe, Joe Trap	Y	X		X			X	Active, 7 mos. Needs to submit original BASS course certificate. Submitted: reference letters; copies of BASS & pre-licensing course certificates; copies of broker exam scores. Reason: need more experience.
2/12/07	Tomson, Melpo Melina	Y	X			X	X		Active, 2 yrs 9+ mos. Submitted: copies of: affidavit of required transactions; letter of ABR designation; E-PRO certification; University of Portland transcript. Reason: less than 3 months to be waived & experience.
4/16/07	Clarke, Michaelle L	Y	X			X	X		Active, 1 yr 2+ mos. Submitted: resume; copies of advertising, continuing education, ABR Designation award, reference letters and transaction. Reason: number of transactions.
4/16/07	Planchon, Stephen Clifford	Y		X		X	X		Applicant only. Submitted: resume; copies of exam score reports, pre-licensing education, background check clearance, and educational coursework; information on employment with City of Portland, Alaska Land Trust Office, The Nature Conservancy of Alaska, and CIRI. Reason: type of work (consulting on land and natural resources).

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4/16/07	White, Theresa Diane	Y		X		X	X		Applicant only. Submitted: recommendation letter, including sales history; copy of Washington Certified License History, Letter from Utah managing broker regarding licensed experience in Utah. Reason: Utah experience documented by supervising broker only. Confirm WA and UT experience.
8/20/07	Morrow, Richard Clare		X		X		X		Active, 1 yr 10+mos. Submitted: recommendation letter, copy of WA real estate salesperson license, resume, list of references. Reason: will have continuous contact & monthly meetings with current PB.

**Agenda  
Item  
IV.**

**State of Oregon**

**Board Memo**

**Real Estate Agency**

**October 15, 2007**

**To:** Real Estate Board

**From:** Property Management Education/Exam Work Group

**Subject:** Recommendations for Change

**HISTORY:** The board chair established two work groups to study education requirements for real estate licensees: (1) Education Work Group and (2) Property Management Education/Exam Work Group. The groups were asked to make recommendations to the board on changes to the present requirements.

**DISCUSSION:** Maxine Ribera-Card chaired the Property Management Work Group which met on February 14, March 5 and July 10. Oregon is the only state that has a property manager license. All the other states operate under a broker's license. Now, a total of 60 hours of education are required with 15 percent (about 9 hours) on client trust accounts and reconciliation. There was agreement among the work group members that more education, training and supervision are needed. Ms. Ribera-Card presented an oral report at the August 20 board meeting, which is summarized in the board minutes. The following recommendations are offered:

**RECOMMENDATIONS:**

1. Have the agency perform a compliance review of new property managers with a client trust account 6-12 months of becoming licensed.
2. Require an "apprenticeship" period for new property managers similar to that of brokers. Have the principal broker or another property manager provide mentorship and if not available, establish an additional education requirement for accounting practices and client trust account reconciliation.

3. Include reconciliation as part of the state examination. Inability to pass this portion would result in exam failure even if other portions of the exam are passed.
4. Phase out the property manager license. Provide a transition period and “grandfather” in current property managers. Start the new requirements with new licensees.

**BOARD ACTION:** Approve the work group’s recommendations.

**REA Board**  
**Administrative Actions**  
August, 2007 through September 18, 2007

**REVOCATIONS**

<b>Name</b>	<b>Violations</b>	<b>Facts</b>	<b>Order Date &amp; Type Sanction</b>
Piacentini, Susan M.	OAR 863-015-0255(2); ORS 696.805(3)(a)(c), 696.810(2)(b),(3)(a)(c), 696.301(7), (12), (14), (15)	<p>This order related to four transactions involving Piacentini. In the first transaction Tonya Shirk, a former licensee whose license was revoked by OREA on May 9, 2006, introduced buyers to Piacentini. Piacentini allowed Shirk to show the property to the buyers and prepare the transaction documents. In this transaction, Piacentini: (1) failed to transmit transaction documents to her principal broker; (2) failed to deliver to seller two addenda; (3) failed to deliver seller's property disclosure to the buyer; and (4) allowed Shirk to conduct professional real estate activity in a transaction that Piacentini was ultimately shown as the broker representing the buyer and seller.</p> <p>In the second transaction, Piacentini listed a property in Estacada had been listed by Tonya Shirk when Shirk was licensed. The listing for the Estacada property was still in effect with Shirk's prior principal broker when Piacentini listed the property. At least three transaction documents that were signed when the property was listed with Shirk, had been altered to show Piacentini's name and brokerage. The cancellation form submitted to MLS had signatures that appeared to be cut and pasted from another document. In this transaction, Piacentini: (1) failed to transmit the listing agreement to her principal broker; (2) listed the subject property when it was already listed with another brokerage; (3) allowed the transaction to proceed when she knew or should have known that three of the documents had been altered; and (4) allowed the use of the cancellation addenda when she knew or should have known that the documents had been altered.</p> <p>In the third transaction, a property in Oregon City had been listed by Tonya Shirk when Shirk was licensed. After the Shirk listing expired, Piacentini listed the Oregon City property</p>	8-23-07 Default Revocation

		<p>with her brokerage using Shirk's listing that was altered to show Piacentini and Piacentini's brokerage as the listing brokerage. Three other transaction documents were altered in the same manner. In this transaction, Piacentini: (1) failed to transmit the listing agreement to her principal broker; and (2) allowed the transaction to proceed by using document that that she knew or should have known had been altered.</p> <p>In the fourth transaction, Piacentini wrote an offer for buyer to purchase a property in Portland. Buyer had been a client of Tonya Shirk when Shirk was licensed. Shirk showed buyer the Portland property and discussed "flipping" the property. Shirk explained to buyer that she was showing the property on Piacentini's behalf. Shirk conducted all the professional real estate activity in this transaction on Piacentini's behalf. The listing agent gave Piacentini a written disclosure for buyer, but Piacentini did not provide it to the buyer. The transaction was terminated and the buyer's signature on the termination was affixed by cutting and pasting his signature from another document. In this transaction, Piacentini: (1) failed to transmit transaction documents to her principal broker; (2) allowed the use of a termination agreement that she knew or should have known had been altered; and (3) allowed Shirk to conduct professional real estate activity in Piacentini's name.</p>	
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**SUSPENSIONS**

<b>Name</b>	<b>Violations</b>	<b>Facts</b>	<b>Order Date &amp; Type Sanction</b>
Driggers, Betty L.	ORS 696.241(8), 696.301(4)(20); OAR 863-015-0275; OAR 863-025-0020(2abcdeg)(4), 025-0025(1)(3defg)(5)(6)(7)(10), 025-0040(1abcdeg)(2abcdeg)(3)(4), 025-0045(4), 025-0055(4), 025-0060, 025-0065(4)(5), 025-0070	In July 2005, OREA received a complaint from a former bookkeeper alleging that Driggers failed to reconcile her CTA and maintained a separate set of books. On August 15, 2005, OREA began an audit, which noted multiple violations involving CTAs (real estate and property management), receipts, property management agreements, deposits, and property management activity in general.	9-11-07 Stipulated 90 day susp, eff 11-1-07, followed by a limited license
Guyer, Rebecca	OAR 863-015-0145(1) and ORS 696.301(31) (2003 Edition)	Default order dated August 23, 2007, issuing a 6 month suspension effective September 10, 1007. In the subject transaction, Guyer was purchasing a home from the complainants. Guyer failed to disclose her license status, in writing, on the first written document of agreement. Buyer wrote an NSF check for earnest money. Guyer advised sellers that she was terminating the transaction within the inspection period when she knew or should have known that no inspections had been done. Guyer refused to sign a termination agreement until the sellers released claim on the earnest money.	8-23-07 Default 6 month susp, eff 9-10-07

**REPRIMANDS**

None

**CIVIL PENALTIES – REAL ESTATE**

<b>Name</b>	<b>Violations</b>	<b>Facts</b>	<b>Civil Penalty Amount</b>
Irving, William Allen	OAR 863-015-0050(2)	42 days	\$100

**Agenda  
Item**

**VII.B.1**

**State of Oregon**

**Board Memo**

**Real Estate Agency**

**October 15, 2007**

**To:** Real Estate Board

**From:** Louann Rahmig, Board Liaison

**Subject:** Report of Public Hearing on Permanent Licensing Rules

**HISTORY:** House Bill (HB) 2096 passed in the 2005 Legislative Session repealed ORS 696.221 and ORS 696.226 on the return of a broker license to the commissioner and ORS 696.235 on renewing an active license and reactivating an inactive license. A new subsection (e) was added to ORS 696.022(1) requiring the agency to establish at a minimum the “terms and conditions under which the license of a real estate licensee must be returned or transferred to the Real Estate Commissioner for purposes including, but not limited to, inactivation, suspension or termination of the license.”

**DISCUSSION:** The administrative rule provisions relating to license termination, license transfers and inactive licenses were found in OAR 863-015-0065. To amend the rules based on HB 2096, provide consistency and streamline the rules, the agency placed the concepts of license transfers in a new rule (863-015-0064) and left the language on inactive licenses in OAR 863-015-0065. As a result of these changes, several other rules with relating or redundant concepts were amended for housekeeping purposes (863-015-0020 on examinations, 863-015-0030 on license issuance, terms, form and display and 863-015-0050 on renewals).


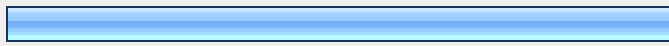

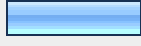

Temporary rules were filed and effective March 21, 2007. A collaborative work group was formed consisting of Gail Fisher, Dannie Walker, Steve Lucas, Alan Mehrwein, Dave Koch, Lee Dunn, Byron Hendricks and Bob LaDu to review and the rules. The group met July 24, 2007, and provided input on the rules. The board approved the revised rules for hearing at their meeting August 20, 2007. A notice of rulemaking hearing was published September 1 and a hearing was held September 21, 2007. No one attended the hearing to testify and no written comments were received from the public.

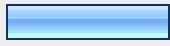

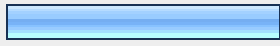
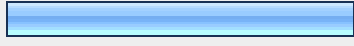

Since rule numbers cannot be reused, temporary rule 863-015-0064 was renumbered to 863-015-0063. Staff identified that an additional subsection was needed in OAR 863-015-0063(7) and (8) and 863-015-0065(3): “(c) An Agency-approved form submitted by the licensee terminating the relationship with the principal real estate broker under OAR 863-015-0065.” In addition, an “and” linking the requirements of 863-015-0065(7) and (8) was deleted.

Attached is a copy of the permanent rules filed and effective September 26, 2007, showing the changes in bold.





**BOARD ACTION:** None needed.

# 2007 Oregon Real Estate Agency Customer Service Survey





1. What was your MOST RECENT interaction with the Oregon Real Estate Agency?			Response Percent	Response Count
Applied for and/or obtained a new license			5.9%	20
<b>Renewed my Oregon Real Estate License</b>			<b>71.6%</b>	245
Registered a business name or branch office			1.8%	6
Transferred my license from one principal broker to another principal broker at different firm			14.3%	49
Called the Oregon Real Estate Agency for information			6.4%	22
		Other (please specify)		30
		<b>answered question</b>		<b>342</b>
		<b>skipped question</b>		<b>25</b>

2. Was your contact with the Oregon Real Estate Agency by:			Response Percent	Response Count
Phone			17.5%	64
In-person			9.6%	35
Mail			29.5%	108
<b>Electronic - through the Internet/agency's web page</b>			<b>37.7%</b>	138
Other (please specify)			5.7%	21
		<b>answered question</b>		<b>366</b>
		<b>skipped question</b>		<b>1</b>

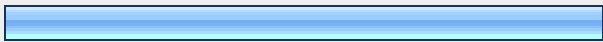
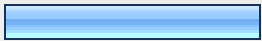


3. If "renewed my real estate license" was your answer in #1, which method did you use to complete the renewal process? If that was not your answer in question #1, do not answer this question.

		Response Percent	Response Count
Online using the Oregon Real Estate Agency's website online renewal program		49.6%	134
Delivered the renewal form and fee in-person at the Oregon Real Estate Agency		4.4%	12
Mailed the renewal form and the fee via the US mail or another type of mail delivery service		40.7%	110
Other (please specify)		5.2%	14
		<b>answered question</b>	<b>270</b>
		<b>skipped question</b>	<b>97</b>

4. How do you rate the TIMELINESS of the services provided by the Oregon Real Estate Agency?

		Response Percent	Response Count
Excellent		65.1%	235
Good		31.0%	112
Fair		3.3%	12
Poor		0.6%	2
		<b>answered question</b>	<b>361</b>
		<b>skipped question</b>	<b>6</b>

5. How do you rate the ABILITY of the Oregon Real Estate Agency to PROVIDE THE SERVICES CORRECTLY THE FIRST TIME?

		Response Percent	Response Count
Excellent		64.9%	233
Good		27.3%	98
Fair		4.7%	17
Poor		3.1%	11
		<b>answered question</b>	<b>359</b>
		<b>skipped question</b>	<b>8</b>

6. How do you rate the HELPFULNESS of the Oregon Real Estate Agency's employees?

		Response Percent	Response Count
Excellent		56.1%	185
Good		34.2%	113
Fair		7.6%	25
Poor		2.1%	7
		<b>answered question</b>	<b>330</b>
		<b>skipped question</b>	<b>37</b>

7. How do you rate the KNOWLEDGE and EXPERTISE of the Oregon Real Estate Agency's employees?

		Response Percent	Response Count
Excellent		53.9%	174
Good		37.8%	122
Fair		7.1%	23
Poor		1.2%	4
		<b>answered question</b>	<b>323</b>
		<b>skipped question</b>	<b>44</b>

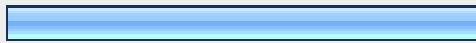
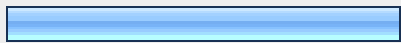


8. How do you rate the AVAILABILITY of the INFORMATION at the Oregon Real Estate Agency?

		Response Percent	Response Count
Excellent		53.9%	187
Good		36.6%	127
Fair		8.1%	28
Poor		1.4%	5
		<b>answered question</b>	<b>347</b>
		<b>skipped question</b>	<b>20</b>

**9. Answer this question if you had direct contact with OREA staff. If not, skip to question #10. How would you rate the staff's direct interaction with you when you contacted the agency?**

	Excellent	Good	Fair	Poor	Response Count
Professional	<b>60.0% (99)</b>	33.3% (55)	3.6% (6)	3.0% (5)	165
Pleasant	<b>58.5% (93)</b>	29.6% (47)	7.5% (12)	4.4% (7)	159
Informative	<b>56.3% (90)</b>	30.0% (48)	10.0% (16)	3.8% (6)	160
Cooperative	<b>58.5% (93)</b>	28.3% (45)	8.8% (14)	4.4% (7)	159
	<b><i>answered question</i></b>				<b>165</b>
	<b><i>skipped question</i></b>				<b>202</b>

**10. How do you rate the OVERALL QUALITY OF SERVICE PROVIDED by the Oregon Real Estate Agency?**

		Response Percent	Response Count
Excellent		51.0%	181
Good		42.3%	150
Fair		4.8%	17
Poor		2.0%	7
	<b><i>answered question</i></b>		<b>355</b>
	<b><i>skipped question</i></b>		<b>12</b>

**11. Please provide any additional feedback, particularly if you rated any of the previous questions as "fair" or "poor."**

	Response Count
	83
	<b><i>answered question</i></b>
	<b>83</b>
	<b><i>skipped question</i></b>
	<b>284</b>

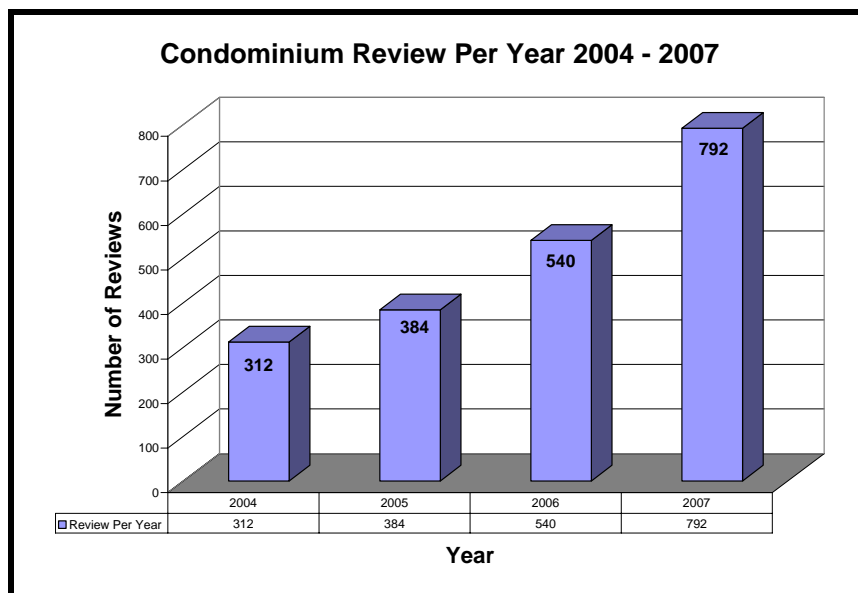
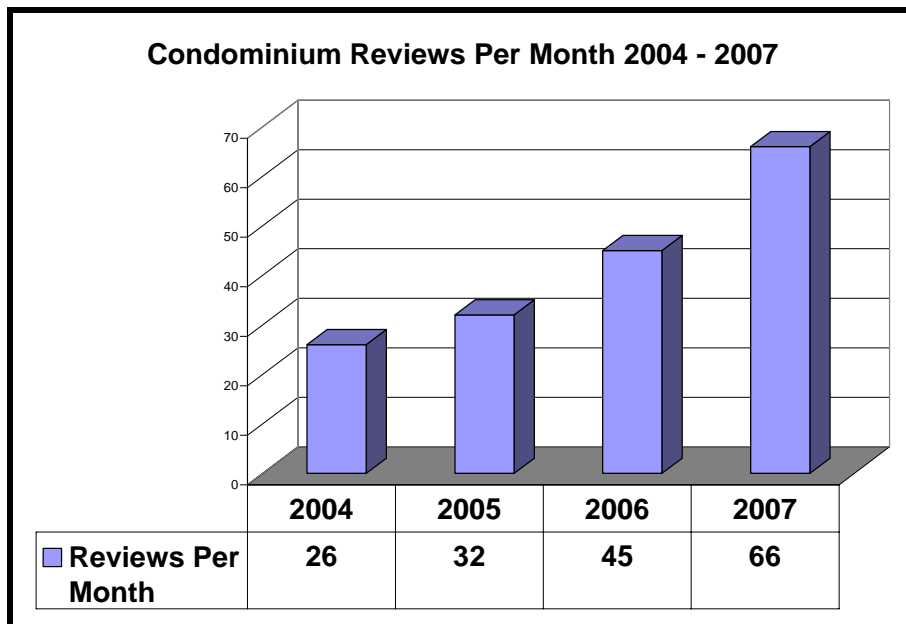
**12. Please provide suggestions on how the Oregon Real Estate Agency can improve services to licensees.**

	Response Count
	77
	<b><i>answered question</i></b>
	<b>77</b>
	<b><i>skipped question</i></b>
	<b>290</b>

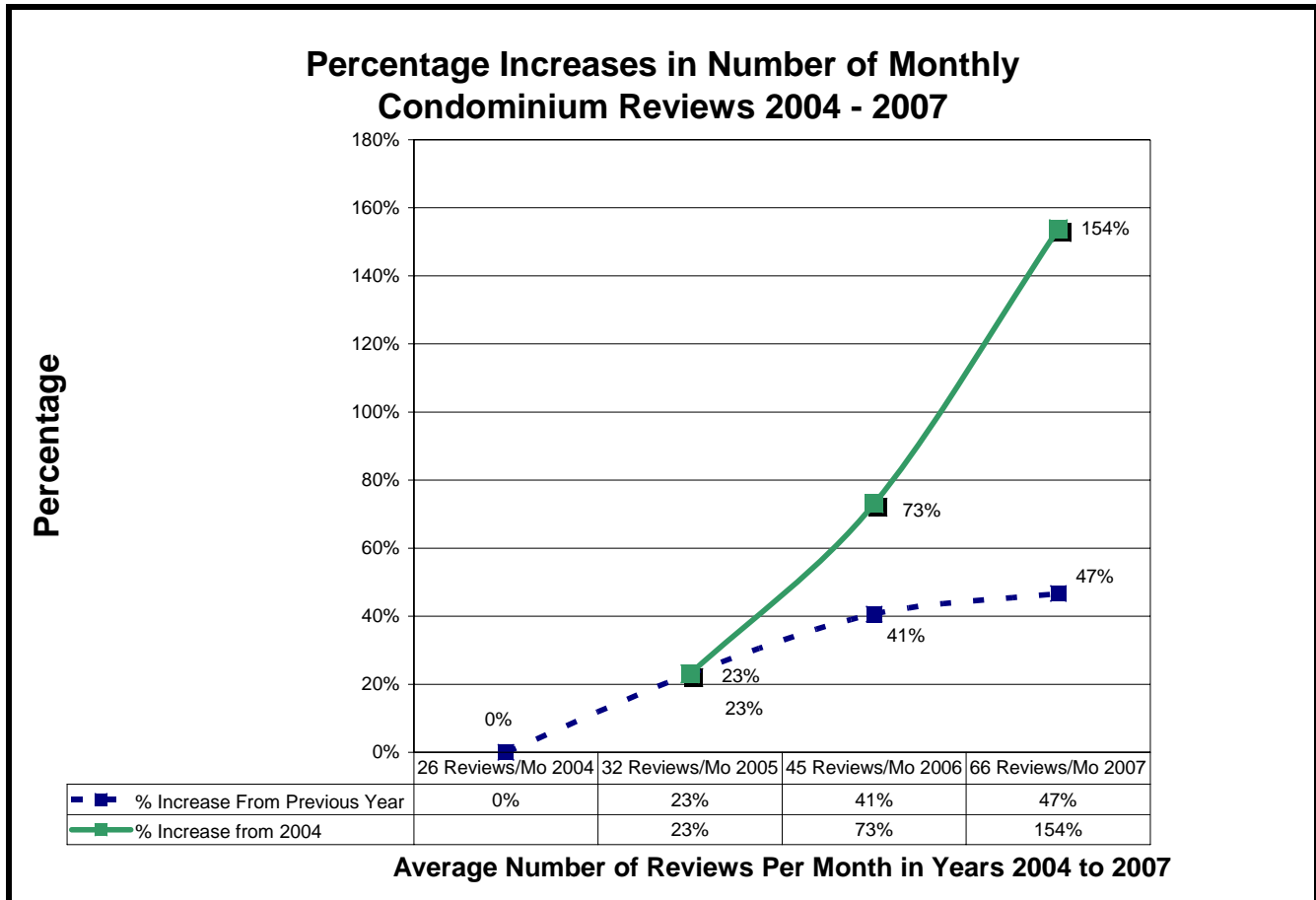
**Report for OREA Board  
Land Development Section  
September 2007**

**Land Development Workload**

The primary update for Land Development is the continuing increase in workload. The land development workload for the review and approval of filings has increased steadily and dramatically over the past four years. This workload is measured tangibly in the average number of reviews per month, as shown in the chart below.



The increased workload may also be illustrated by the percentage increase in condominium reviews for 2004-2007, as shown in the chart below. The chart shows a 41% increase in reviews per month from 2005 to 2006. *There was a 154% increase in reviews over the three-year period from 2004 to 2006.*



There is also an “intangible” workload measure. In the past, almost all attorneys who filed condominium filings were experienced and knowledgeable about the condominium laws; however, in the past two years, a significant number of condominium filings have been filed by inexperienced attorneys. A review of condominium filing from an inexperienced attorney takes three to four times longer than a review of a filing from an experienced attorney. Therefore, a truer measure of the overall workload increase is greater than simply the number of filings.

**Report for OREA Board  
Licensing Section  
September 2007**

**Background Check Investigations move to Licensing Section**

- Formerly, when a background check application for a person seeking a license required further investigation, the investigation was completed by the Regulations Division. In an effort to streamline and more effectively process background checks, these investigations have been moved to Licensing. As of mid-August, the entire background check process is now handled by the Licensing Section.

**Online Renewals**

- The online renewal system was opened on 3/21/07, with flyers being sent to licensees for renewal beginning in April 2007. Since the implementation, over 1600 licensees have used the online process to renew their license. The goal for the first year was for 20% of eligible licensees to utilize the online renewal system rather than mailing the paper renewal to the Agency. This goal was exceeded within the first full month as over 32% of licensees renewed online.

**Licensing Statistics**

- Below is the total number of active and inactive license/registrations as of 8/31/2007:

<b><u>Individuals (Persons)</u></b>	<b><u>Active</u></b>	<b><u>Inactive</u></b>	<b><u>TOTAL</u></b>
Broker	16116	2383	18499
Broker - Sole Practitioner	1964	259	2223
Principal Broker	3123	72	3195
<b>TOTAL BROKERS</b>	<b>21203</b>	<b>2714</b>	<b>23917</b>
Property Manager	559	70	629
MCC Salesperson	58		58
MCC Broker	3		3
<b>TOTAL INDIVIDUALS</b>	<b>21823</b>	<b>2784</b>	<b>24607</b>
<b><u>Facilities (Companies)</u></b>			
REMO	5		5
Registered Business Name (RBN)	3450		3450
Registered Branch Office (RBO)	738		738
Escrow Organization	58		58
Escrow Branch	244		244
MCC Operator	24		24
<b>TOTAL FACILITIES</b>	<b>4519</b>		<b>4519</b>
<b>TOTAL INDIVIDUALS &amp; FACILITIES</b>	<b>26342</b>	<b>2784</b>	<b>29126</b>

**Report for OREA Board  
Education Section  
September 2007**

**Exam Data:**

Number of licensing exams administered this year through August 2007: 2,743

Number of licensing exams (broker and property manager) administered August 2002 through August 2007:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2002</b>								51	97	81	127	160
<b>2003</b>	150	193	217	221	253	275	261	284	325	302	372	378
<b>2004</b>	283	299	342	365	395	392	378	314	348	299	385	407
<b>2005</b>	402	403	420	556	607	445	227	335	340	309	295	313
<b>2006</b>	328	319	392	485	437	430	376	384	350	288	251	303
<b>2007</b>	246	296	395	378	389	389	313	337				

**Publications:**

*Questions and Answers in Real Estate:* The Real Estate Agency will stop selling the 2003 publication *Questions and Answers in Real Estate, Ninth Edition*. Orders will be filled from the remaining inventory until December 31, 2007, or until supplies are sold out. The 2003 edition is no longer current and there are no plans to update the book.

*OREN-J:* September issue published late.

*Brokers' Records Brochure:* Updated

**Website Data – August 2007:**

# of visits: 28,071

Avg. visits per day: 905

Top 5 most visited pages:

1. Home page <a href="http://www.oregon.gov/REA/">http://www.oregon.gov/REA/</a> 6,370 visits
2. Licensee Search <a href="http://www.oregon.gov/REA/licensedata.shtml">http://www.oregon.gov/REA/licensedata.shtml</a> 5,032 6,580 00:03:55
3. License & Exam Information <a href="http://www.oregon.gov/REA/LIC/examinations.shtml">http://www.oregon.gov/REA/LIC/examinations.shtml</a> 2,898 visits
4. Statutes & Rules <a href="http://www.oregon.gov/REA/adminrules.shtml">http://www.oregon.gov/REA/adminrules.shtml</a> 2,273 visits
5. Publications, Brochures & Online Forms <a href="http://www.oregon.gov/REA/publications.shtml">http://www.oregon.gov/REA/publications.shtml</a> 2,211 visits

**Report for OREA Board  
Regulations Division  
September 2007**

**WHO WE ARE:**

- Manager
- 11 Investigators (1 position vacant)
- 2 Public Service Representative 4
- 1 Compliance Specialist 3

**WHAT WE DO:**

- Processing complaints filed by public, licensees, other governmental agencies, or upon its own motion, into the activities of
  - Real estate brokers
  - Property managers
  - Escrow agencies
  - Subdivision
  - Condominium
  - Timeshare
  - Campground Developments, telemarketing organizations
  - Other governmental agency real estate-related investigations

**HOW WE DO IT:**

- Compliance Specialist 3
  - Reviews and determines whether there is an allegation of a violation of our law; upon determination of allegation of violation of our law, establishes investigation file and assigns
  - Investigator
    - Always acting with impartiality
    - Gather facts
    - Interview witnesses
    - Generates a report
    - Provide report, with all associated evidence
    - Assist Agency's Assistant Attorney General in the preparation of contested cases for hearing and if necessary, assist other criminal justice agencies in investigations, court testimony, and case preparation.
  - Manager
    - reviews report to determine what action is appropriate
    - Conduct stipulation processing (dispute resolution) to resolve matters without a contested case hearing.
    - Action can range from closure of the case to revocation of a license
- ESCROW
  - Monitor financial solvency of escrow companies by annual review of financial statements
  - Process and maintain escrow licensing and security/bonding files
  - Educational and Compliance Review Program

- Conduct financial/trust account reviews of real estate, escrow, property management offices
- Provide educational information and assistance to licensees and new businesses
- Review financial materials to determine whether agencies meet financial tests to be or remain licensed
- Educational Letter of Advice (as a result of complaint and investigation)
  - Those investigations that reveal a violation of the law, but from which no damage occurred, may cause the issuance of an Educational Letter of Advice that simply brings the error to the attention of the licensee, but which results in no administrative action
- Mail in Audits
  - Each quarter, we issue 100 requests for reconciliation (with related support documentation) to licensees for client trust account records. From these submissions, we determine if the licensee is performing this function adequately, or if education is needed. In most cases, we are able to resolve these matters by instruction to the licensee, usually in person. If this is not successful or if there is suggestion that money may be missing from the account, we may opt to open an investigation file.
- Technical Advice: Phone Room/Email/Walk In
  - Administration
  - Assist with Legal Analysis of Proposed Legislation and Administrative Rules
  - Participate in agency workgroups regarding rulemaking and proposed legislation
  - Assist with other division support staff workload, as needed
  - Supplement IT staff in generating reports, etc. for Regulation Management purposes
  -

### **Working to Improve Services**

- Education
  - Property management statute and rule compliance, especially as it relates to the accounting rules
  - Mail in audit frequently exposes that many property managers don't understand that a 3-way reconciliation is needed and are not even aware of how to locate the applicable rules
  - Develop an efficient way to deliver a wide-spread training program to the licensees who are geographically spread over the entire state
  - Distribution method of technical, detailed material to those who could perhaps learn best by one-on-one training afforded in our compliance reviews (time and economics are causing us to consider other delivery tactics)