



Oregon

Theodore R. Kulongoski, Governor

Real Estate Agency

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State of Oregon Real Estate Agency

REAL ESTATE BOARD

Regular Meeting Minutes

April 5, 2010

MEMBERS PRESENT:

Art Kegler, Chair
Byron Hendricks, Vice-Chair
Warren (Lee) Dunn
George Slape
Marcia Edwards
Robert LeFeber
Joann Hansen
Chris Hermanski

MEMBERS ABSENT:

Kim Medford, excused

STAFF PRESENT:

Gene Bentley, Commissioner
Dean Owens, Deputy Commissioner
Selina Barnes, Regulations Division Manager
Stacey Harrison, Education Division Manager
Laurie Hall, Licensing Division Manager
Erica Kleiner, Administrative Services Division Manager
Leandra Soto, Board Liaison

GUESTS PRESENT:

Loyd Hastings, Prudential
Bertha Egbert, Prudential
Mary Gilbert, Prudential
Susan Neukaemper, Prudential
Roger Snyder, Prudential
Jana Jarvis, Oregon Association of Realtors
Kay Wissman, Ticor Title
Ollie Cerbone, Century 21
Tim Jones, Prudential
Virginia Lee Rice, G. Stites Realty
Kathryn Tape, Prudential
Carl Mansdorf, Norwest R.E.
Linda Swift, Prudential
Jeanne Meador, Prudential
Dave Meador, Prudential



INTRODUCTION OF NEW BOARD MEMBERS-Commissioner Bentley. Commissioner Bentley formally introduced new board members, Joann Hansen and Marcia Edwards.

I. BOARD BUSINESS

- A. **Called to Order.** Chair Kegler called meeting to order at 10 am.
- B. **Self introduction of board members.** Mr. Kegler asked each of the board members to introduce themselves.
- C. **Roll Call.** All members were present with the exception of Kim Medford, who was excused.
- D. **Approval of the Agenda and Order of Business.** The Agenda and Order of Business approved as submitted.
- E. **Approval of February 1, 2010, regular meeting minutes.** The minutes were approved as submitted.
- F. **Date of Next Meeting:** June 7, 2010 in Bend, Oregon.

II. PUBLIC COMMENT. None.

III. REQUEST FOR WAIVERS-Waiver request log. Chair Kegler gave a brief summary of the waiver request process.

IV. BOARD ADVICE/ACTION-Commissioner Bentley

- A. **Make recommendations to the Agency for filing on proposed rule. (memo and draft rule included in packet).** Mr. Bentley explained that these rules will implement new continuing education requirements. The Agency's goal is to have the rules become effective July 2010. Although the new rules will not be effective until January 1, 2011, implementing the rules sooner will give continuing education providers the opportunity to prepare for changes and also establish the transition for those renewing licenses in 2011.

**MOTION TO MAKE RECOMMENDATION TO THE AGENCY FOR FILING ON PROPOSED RULE BY CHRIS HERMANSKI
MOTION CARRIED BY UNANIMOUS VOTE**

- B. **Legislative Concepts (handout included in packet).** Over the last three to four months the Agency has been facilitating work groups to determine if any rule changes are needed. As an Agency, we need to provide legislative concepts to the Governor's Office in the next few days.
 - 1. **Brokerage.** The term "sole practitioner" was eliminated from statute and there are changes in license renewal. A person applying for a new license must now provide evidence of a high school diploma or equivalent.
 - 2. **Property Management.** It is planned to develop a series of affirmative duties similar to what is currently in statute for brokers.

**MOTION RECOMMENDING PROPOSED LEGISLATIVE CONCEPTS BECOME FINAL BY GEORGE SLAPE
MOTION CARRIED BY UNANIMOUS VOTE**

V. NEW BUSINESS-Commissioner Bentley

- A. **Updated Agency Phone List and Organization Chart (included in packet).** Agency is at full staff at this time

- B. Lead worker assignment in Regulations Division.** Gae Lynne Cooper has been appointed as the lead worker to assist the division manager with training investigators. Ms. Cooper has an extensive industry background.

VI. COMMUNICATIONS-Administrative Actions Summary.

- VII. OREGON REAL ESTATE NEWS JOURNAL –Chair Kegler (Bob LeFeber to submit article for June Issue and Kim Medford to submit article for September issue).** Mr. Kegler explained that a board member submits an article for each issue of the *OREN-J*.

VIII. REPORTS

- A. Chair Kegler.** Mr. Kegler indicated he was involved in a “test” self-study compliance review. He was told to plan for three hours to complete the process; however, it only took one- and one-half hours. He felt the audit/process was very well done. Robert LeFeber reported that he also participated in the test process which took two and one-half hours. He felt the process was very beneficial and served as a reminder that brokers must make sure they are being consistent and following procedures. Mr. Bentley clarified that the review is being conducted by the Education Division, not the Regulations Division. It is an opportunity to assess whether brokers are doing what needs to be done.

B. Commissioner Gene Bentley

- 1. Education work group for property management Advanced Practices course.** Brokers are currently required to take an advanced practices course after two years. Property managers are not required to do this, so an advanced practices course is being developed for property managers. Chris Hermanski has volunteered to assist in the development of this class/course.
- 2. Property management rule revision financial terminology.** Another work group will be convening shortly. An initial property management review showed that banking practices have changed and terminology in rule is archaic; i.e., deposit slip. Electronic banking eliminates the deposit slip. People actively involved in this process will be on the work group to make appropriate changes.
- 3. Budget Kick-Off Meeting Report.** The State of Oregon has started the budget process for 2011-2013. As of the end of February, we are down 2,677 licensees or about 10.9 percent, about 6 percent for the year. There are now 21,930 current licensees. There was an increase in principal brokers as a result of moving sole practitioners into the principal broker category. Byron Hendricks feels that by next biennium the market will peak. Lee Dunn commented that the election cycle will create distractions and the market will remain flat. Robert LeFeber indicated that the commercial side of the industry will not be affected as much as the residential side. Mr. Bentley reported that the Agency met with the Department of Justice and the Department of Consumer and Business Services in a fraud symposium. Mr. Hendricks stated there are some real challenges with licensees receiving compensation for short sales and foreclosure advice. Some are not licensed and unlicensed activity may be an issue. The Agency is hoping to provide more

guidelines regarding this activity. Chris Hermanski said that the property management industry mirrors the sale industry. Non-sales become rentals. He predicts more interest in property management. Mr. Kegler indicated that transactions are down and he sees remaining flat for at least the next 15 months. Mr. Bentley reported that the Governor stated that the next biennium we will be faced with a \$2.5 billion short-fall. What does this mean to OREA? The Agency is "other funded" so will likely not have a 25 percent reduction. The office is being closed for mandatory furlough days at the Governor's direction. Byron Hendricks asked how reductions would impact licensees in general. How can the industry help the Agency cut back without cutting or limiting services to the public? Mr. Bentley pointed out that OREA is a small Agency and a large part of our expenditures are people-oriented. Most furloughs are mid-month and any last-minute transactions won't necessarily be impacted by furlough days. Mr. Kegler asked about the percentage savings that furloughs represent and if the dates are published in the *OREN-J* and the website. Mr. Bentley reported that there will be a four to five percent savings on furloughs and the dates are published in the *OREN-J* and on OREA website.

Mr. Hendricks suggested that the board grant continuing education credit to licensees for attendance at board meetings and made a motion to that effect. Mr. Owens clarified that the local associations and principal brokers are in charge of issuing credit/certificates for board meeting attendance rather than the board. Mr. Hermanski pointed out that the agenda could be used for documentation of content. Following discussion, Mr. Hendricks withdrew the motion.

4. **Electronic distribution of *OREN-J* in September, 2010.** The *OREN-J* has been published for a long time. Our last budget contained a note suggesting OREA investigate alternative distribution of publications. Electronic distribution of the *OREN-J* will begin in September. Interested parties will be required to subscribe. Byron Hendricks asked if previous issues could be archived and put into a searchable database as a resource for brokers. Mr. Bentley stated that issues back to 2002 are available but not searchable yet. He also reported that the Agency is planning to implement a new licensing system/database that will allow more online transactions.

C. Agency division reports-Deputy Commissioner Owens (Division reports included in packet)

1. **Regulation Division-Selina Barnes.** Ms. Barnes summarized the new lead worker duties and reviewed the statistics provided in her handout. Mr. Hendricks asked Ms. Barnes to explain the investigative process to the attendees. Ms. Barnes responded that when a complaint is received by the Agency, it first goes to a manager who reviews it to determine if the complaint falls within our jurisdiction. If it does, we send a request to the licensee and the principal broker asking for their response on what occurred to give us a chance to look at both sides. If it is determined that an investigation is warranted, an investigator is assigned who collects documents and interviews the parties connected to the

complaint. Once they have all the facts, they write an investigation report. They do not determine whether or not there is a violation. That report comes to me along with the file and all is reviewed to determine if there is a violation and the appropriate action. A hearing can be requested and they can have representation.

Mr. Bentley talked a little about the short sales meeting the Agency had with the Department of Justice and the Department of Consumer and Business Services. We are putting together some FAQs to help an individual understand who is responsible for what and how that plays into the licensing scheme, what is or is not allowed under a license. We plan to have some website links on each Agency's website so that licensees can easily obtain the answers they need. We have been doing a lot of outreach recently. One of our investigators met with the Oregon Bankers Association and provided information about client trust account requirements. We also met with the Portland Metro Association of Realtors and participated on a panel. We met with the Department of Justice Consumer Hotline volunteers to inform them of our Agency responsibilities. We find our number of investigations is down. We tend to have about 100 cases open at any one time but this was 150 to 200 in the past. Our goal is to be responsive to consumers and licensees.

2. **Licensing Division-Laurie Hall.** Ms. Hall reviewed the statistics provided in the handout. Normal processing time for transactions is seven to ten days. The new database should provide a shorter processing time as licensees will be able to process transactions themselves. Mr. Hendricks asked if an *OREN-J* article would be appropriate to explain to licensees that adequate time should be allowed for staff to process transactions. Mr. Kegler found it interesting that only 35 went inactive. Ms. Hall reported that 200 licensees have lost all right to licenses.
3. **Education Division-Stacey Harrison.** Ms. Harrison reviewed the statistics in the handout provided. The June issue of the *OREN-J* will be the last paper version and the electronic version will begin with the September issue.
 - a. **Changes resulting from SB 640 (new rules, implementation, Board responsibilities etc.)** Ms. Harrison provided a power point presentation.
 - b. **Feedback on status of compliance reviews.** We are trying to reduce resources and try to find a more efficient way to conduct reviews without traveling. Several principal brokers were "tested" with the average time to complete three hours. The questions appeared to be clear and understandable with only a few areas needing to be modified.
4. **Land Development Division-Deputy Commissioner Owens.** A new assistant (Colleen Stutzman) has been hired to assist Ms. Skillman. The ARELLO Timeshare Registry has come on board with this Division, along with 15 to 20 other states so far. Five Agency staff members will be traveling to Colorado Springs to attend the ARELLO mid-year conference.

5. **Administrative Services Division-Erica Kleiner.** Commissioner Bentley asked Ms. Kleiner to give a history of her background. She then reviewed the information provided in the handout. There are two ongoing procurement projects, the licensing software and the audio/visual system scheduled to be installed next week. Ms. Kleiner asked the board members to contact her with any additional information that they feel would be beneficial in the calculation of the next budget.
6. **Information Systems Division-Deputy Commissioner Owens.** Mr. Owens pointed out that there are frequent attempts to breach our security and our IT dept does an admirable job in circumventing those attempts.

IX. ANNOUNCEMENTS

X. ADJOURNMENT

Respectfully submitted:



GENE BENTLEY
COMMISSIONER

Respectfully submitted:



ART KEGLER
BOARD CHAIR