



# Oregon

John A. Kitzhaber, MD, Governor

## Real Estate Agency

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## State of Oregon Real Estate Agency

### REAL ESTATE BOARD

#### Regular Meeting Minutes August 2, 2010

- MEMBERS PRESENT:** Art Kegler, Chair  
Byron Hendricks, Vice-Chair  
Warren (Lee) Dunn  
George Slape  
Marcia Edwards  
Chris Hermanski
- MEMBERS ABSENT:** Kimberly Medford, excused  
Robert LeFeber, excused  
Joann Hansen, excused
- STAFF PRESENT:** Gene Bentley, Commissioner  
Dean Owens, Deputy Commissioner  
Selina Barnes, Regulations Division Manager  
Stacey Harrison, Education Division Manager  
Laurie Skillman, Land Development Manager  
Leandra Hagedorn, Board Liaison
- STAFF ABSENT:** Laurie Hall, Licensing Division Manager, excused
- GUESTS PRESENT:** William Barlow, Christina Hartzell-Behrndt, D.J. Vogt, DAS/BAM, S. Diane Peterson, A. Paul Peterson, Kathy Mahon, Jim Soares, WMPI, Judy Willis, Real Estate Associates, Bob Kersi, Wallowa Mtn. Properties, Bill Bushlew, General Land Office, Rhonda Fleenor, WMPI, Jayne Warrener, Wallowa Mtn. Properties, Margie Shaw, Wallowa Mtn. Properties, Jan Boucher, Wallowa Mtn. Properties, Ken Wick, Real Estate Association, Michele Baird, Wallowa Mtn. Properties, Claresse O'Connor, Timberline Realty, Kirk Makin, Wallowa Co. Brokers, Kent Sands, Real Estate Association, Jan Jarvis, OAR



**I. BOARD BUSINESS**

- A. Called to Order.** Chair Kegler called meeting to order at 10:00 a.m. and asked the board liaison to conduct roll call.
- B. Roll Call.** All members present except for the following members who were excused: Kimberly Medford, Robert LeFeber and Joann Hansen.
- C. Self-introduction of board members.** Chair Kegler asked each board member to introduce themselves. Commissioner Bentley introduced D. J. Vogt, the Agency's new Budget and Management Analyst from the Department of Administrative Services.
- D. Approval of the Agenda and Order of Business.** Agenda approved as submitted.
- E. Approval of June 7, 2010, regular meeting minutes.** Regular meeting minutes approved as submitted.
- F. Date of the Next Meeting: October 4, 2010 at 10 a.m. at the Florence Events Center, 715 Quince Street, Florence, Oregon 97439.**

**II. PUBLIC COMMENT.** No comment.

**III. REQUESTS FOR WAIVERS**

- A. Waiver request log**
- B. Christina Hartzell-Behrndt requests experience requirements waiver for a principal broker license. (provided in packet).** Chair Kegler invited Ms. Hartzell-Behrndt to address the board and explain the basis for her request. Ms. Hartzell-Behrndt indicated that she has managed her own properties over the years and recently became a principal broker in Washington. She has taken the required hours in Oregon and passed the exam. She owns her own company, just actively started to sell with her own company and is going to hire a few agents for her company in Washington. She would like to open her own company here in Oregon. She has 394 hours of education and is open more if needed. Mr. Hendricks asked what the investment club entailed. Ms. Hartzell-Behrndt explained she helped organize the meetings and helped with finding good investment areas, to teach people to invest in real estate. Mr. Hendricks referred to her reference letters and asked how she helped these people. She responded that real estate was her hobby, with friend and family through investment clubs, so she had a check list for good investment property. She did not partner with these people or manage anything through the investment club, but only managed her own properties. Hendricks asked why she wanted to be a principal broker. Hartzell-Behrndt believes that other property managers have a lot of experience, but no training as a new agent. Ms. Edwards asked if the first company did not provide what she needed and asked if she would better served in another company to gain more knowledge and training. She has leads in Oregon and would have to work under someone as a principal broker and she feels she can do it more effectively on her own. She can manage her own properties without working for someone else. Mr. Slape asked her to

describe her experience in property management. She responded that she was involved in opening three dental offices, putting all policies and procedures in place. She runs all the clinics and had 35 employees she managed. Mr. Dunn asked for more information about her investment history. She was a member of a club and brought friends and family into the club looking for investment properties. Mr. Hermanski commented on her lack of transaction experience. She responded that she has had different agents work with her and to date has 14 transactions and quite a few listings.

**MOTION TO DENY THE WAIVER REQUEST BY BYRON HENDRICKS. HENDRICKS SUPPORTS MOTION IN THAT BEHRNDT NEEDS MORE TRAINING/EXPERIENCE IN THE LEGAL ASPECT OF REAL ESTATE ACTIVITY AND SUGGESTS SHE GET ANOTHER YEAR.**

Discussion: Ms. Edwards was impressed with her willingness to learn more.

**MOTION CARRIED BY UNANIMOUS VOTE.**

Chair Kegler agreed that she needed more experience and suggested returning to the board in one year.

**IV. PETITION TO QUALIFY AS A CONTINUING EDUCATION PROVIDER**

- A. William Barlow petition to qualify as a continuing education provider (provided in packet).** Chair Kegler invited Mr. Barlow to explain his petition. He is a practicing civil engineer and wants to make a career change and believes he has much knowledge and skills as a provider. He has instructor experience, can deliver instruction in real estate, and wants to hire well-qualified instructors in the BASS requirement. Ms. Edwards asked where he feels his qualifications lie and where he got his training. Mr. Barlow completed a course with Portland Community College. Mr. Hendricks asked what his responsibilities are as an education provider. He replied that he can deliver the knowledge of the rules and regulations and theory that real estate practitioners need to perform their duties in a confident manner. Chair Kegler asked about his teaching experience. He responded that it is not directly related to real estate. His real estate experience is due to being licensed.

**HENDRICKS MOTION TO APPROVE PETITION TO QUALIFY AS A CONTINUING EDUCATION PROVIDER**

**MOTION CARRIED BY UNANIMOUS VOTE**

- B. Diane Peterson petitions to qualify as a continuing education provider (provided in packet).** Chair Kegler invited Ms. Peterson to explain her request. She has been a licensee in Oregon since 1978, has extensive instructional training/background and is currently an instructor for OAR in GRI and CCIM certification.

**MOTION TO APPROVE PETITION TO QUALIFY AS A CONTINUING EDUCATION PROVIDER BY DUNN**

**MOTION CARRIED BY UNANIMOUS VOTE**

**V. BOARD ADVICE/ACTION**

**A. Investigation update.** Regarding the situation with an unlicensed property manager, the Agency issued a civil penalty in excess of \$21,000 for unlicensed activity. The unlicensed activity continued and another civil penalty was issued for approx. \$40,000. There were some complaints that the Agency should force law enforcement to recover funds; however, the Agency does not have the authority to be involved in fund recovery. Mr. Slape asked if the owner of the property management company was involved in unlicensed activity. Mr. Bentley responded yes. The property managers are licensed but not the firms. Mr. Slape commented that there was some feeling that the Agency could do more and that law enforcement could have also done more. The Agency did all it was empowered to do. Commissioner Bentley explained that the Agency is regulatory and the worst we can do is revoke a license or issue a civil penalty.

**VI. COMMUNICATIONS – Administrative Actions Summary**

**VII. OREGON REAL ESTATE NEWS JOURNAL – Commissioner Gene Bentley. Robert LeFeber submitted article for June issue and Kim Medford to submit article for September issue.** The September issue will be distributed electronically. Mr. Bentley reminded members to subscribe to receive the OREN-J online by going to the OREA web site.

**VIII. REPORTS**

**A. Chair Keller.** OAR may want to remind members to subscribe to the OREN-J.

**B. Commissioner Gene Bentley**

- 1. Education Council.** The Board has responsibility to set standards. Stacey Harrison, Education Division Manager, needs a resource from which to obtain input. Currently we have a list of 38 people with a variety of educational backgrounds who will be part of the education advisory council. The Agency will be submitting a request for proposal for a new exam provider. We want to change the pool of test questions as the last review of the pool was a couple of years ago. The Education Division is reviewing guidelines currently in place and the education advisory council will assist in this process. Chair Kegler asked that any member wanting to participate in any of the projects should contact the Agency.
- 2. Precedent receivership.** In order to make sure remaining funds were in trust accounts, we issued a court-approved receivership and took a company into receivership to take over operations of

the company. There was a loss of several thousand dollars. We obtained advice from the DOJ to use someone experienced as a receiver and not an industry member. Chair Kegler asked if this surfaced from a random audit. Commissioner Bentley responded yes.

**C. Agency division reports-Deputy Commissioner.** Mr. Owens asked to rearrange order of division reports, Education Division will move to VIII.  
C. 6.

1. **Regulation Division- Selina Barnes.** Ms. Barnes expanded on Commissioner Bentley's report of receivership and that the company self-reported the embezzlement. She also stated that the process for the Client Trust Account process has been modified due to repetitious information. All licensees who have trust accounts are selected 100 at a time, and if an audit was recently completed another is selected. Mr. Hendricks commented that someone with 1,300 trust accounts could only have one audited. Mr. Bentley reported that the Agency is looking at the client trust account issue. Procedures are in place for checks and balances for reconciliation. The Agency is reviewing the process for improvements, if necessary. Chair Kegler asked if non-responses could lead to an investigation. Ms. Barnes responded yes. The division currently has one vacant position which will remain vacant at this time.
2. **Licensing Division – Deputy Commissioner Dean Owens for Laurie Hall.** Mr. Owens reviewed the statistical information provided in the packet and stated that a new position has been added to the Licensing Division which is for public inquiries. Mr. Bentley reported that as of June 30, 2010, there were 21,648 licensees of which 18,251 are active. This is a slight decrease over May and we are down now by some 12 percent over August of 2007, which was our peak. We lost 2,959 licensees last year and another 1,266. We are starting to bottom out.
3. **Education Division – Stacey Harrison.** Ms. Harrison reviewed the statistical information provided in the packet. Three applicants for certification will be addressed at the October 4 board meeting. Advanced Practices course providers will have the opportunity to submit an application to be a provider. The breakdown of CE providers is available on the OREA web site. Compliance reviews are different from CTA audits. Compliance reviews are optional at this point, and we are trying to come up with ways to motivate people to return them. We mailed 20 to Malheur County and only nine were returned. A cursory review shows the same type of noncompliance. Mr. Owens reported that we had a compliance specialist who would conduct compliance reviews once a week. The compliance review is educational in nature, to find out what information the Agency


can provide to assist licensees to be in compliance with the requirements. Due to a budget note, we found it has been more cost effective for the Agency to conduct compliance reviews by mail.

1. **PowerPoint presentation.** Ms. Harrison was not able to Present the PowerPoint due to technical difficulties.
4. **Land Development Division – Laurie Skillman.** Ms. Skillman reviewed statistical information provided in the packet. She reported that more banks are taking over condominiums and entire projects. When banks take the property from the declarant, they become successor developers or successor declarants and take on all those responsibilities. In the 2009 session there were major changes to condo statutes. Chair Kegler asked if banks are doing things in a different manner, if they are doing real estate.
5. **Administrative Services Division – Erica Kleiner.** Ms. Kleiner stated that the Agency submitted the 2011-13 budget last week. The Agency requested 8.25 million dollars, compared to 8.37 million dollars, a slight decrease. Included were standard inflation factors. Two policy option packages do result in savings to the Agency. The next stage is the Governor's recommended budget. We are still on target this biennium with expenditures.
6. **Information Technology Division – Dean Owens for Greg DeMaderios.** Mr. Owens reviewed information provided in the packet and stated that IT staff watches how things transfer through electronically and make sure that if breach were to ever occur all confidential information will be secure. We are getting ready to undertake the implementation of a new data base system.

**IX. ANNOUNCEMENTS – Date of Next meeting: October 4, 2010 at 10 a.m. at the Florence Events Center, 715 Quince Street, Florence, Oregon 97439**

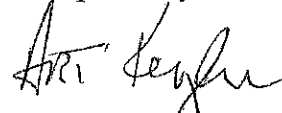
**X. ADJOURNMENT**

Respectfully submitted:



**GENE BENTLEY  
COMMISSIONER**

Respectfully submitted:



**ART KEGLER  
BOARD CHAIR**