

**REAL ESTATE AGENCY**

**Annual Performance Progress Report (APPR) for Fiscal Year (2007-2008)**

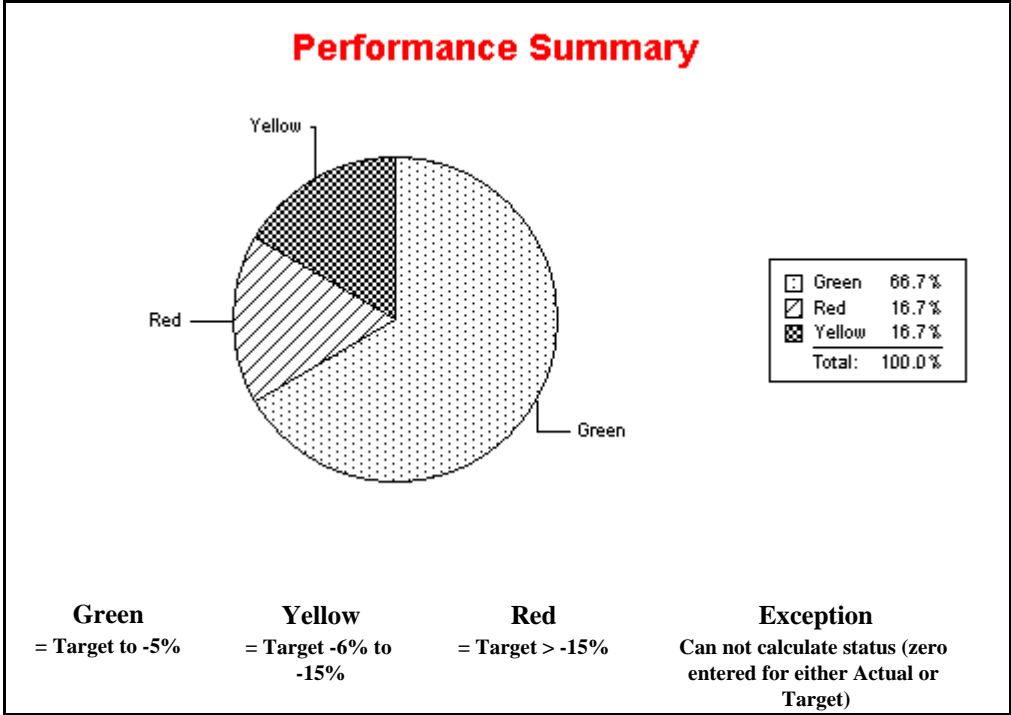
**Proposed KPM's for Biennium (2009-2011)**

Original Submission Date: 2008

2007-2008 KPM #	2007-2008 Approved Key Performance Measures (KPMs)
1	Audits Completed – ratio of audits completed to the number of offices
2	Days to Complete Investigation File Processing – average number of days to complete investigation file processing.
3	Contested Case Actions resolved through settlement – percent of contested case actions that are resolved through informal settlement resolution and prior to a formal hearing before the Office of Administrative Hearings.
4	Successful Exam applicants – percentage of applicants who pass the qualifying examination on the first attempt.
5	Online License Renewals – percentage of online renewals compared to total renewal processed by agency.
6	CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.

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	<b>Title:</b>  <b>Rationale:</b>

<b>REAL ESTATE AGENCY</b>	<b>I. EXECUTIVE SUMMARY</b>
<b>Agency Mission:</b> To provide quality protection for Oregon consumers of real estate, escrow and land development services, balanced with a professional environment conducive to a healthy real estate market.	
<b>Contact:</b> Kate Nass	<b>Contact Phone:</b> 503-378-4170
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**1. SCOPE OF REPORT**

The Real Estate Agency is responsible for the licensing, education and enforcement of Oregon's real estate laws applicable to brokers, property managers, real estate marketing organizations, registration and regulation of escrow businesses, subdivisions, condominiums, timeshares, campgrounds, registration, and public report issuance. The performance measures are used as management tools in directing resources and responding to the needs of the industry and the Oregon consumer. Key Performance Measures capture agency responsiveness to the industry's needs, as well as our ability to provide customer service to both the real estate industry and the Oregon consumer.

## **2. THE OREGON CONTEXT**

The Oregon Real Estate Agency licenses and regulates the Oregon Real Estate Industry. The Agency's performance measures are linked to the Agency mission, not to benchmarks.

## **3. PERFORMANCE SUMMARY**

Agency is making progress on two of the six KPMs. Although the Agency is not making progress on KPM #1 (Audits Completed), the Agency is hitting the target. Of the KPMs that the Agency is not making progress, this allows the Agency to focus efforts to address these measures.

## **4. CHALLENGES**

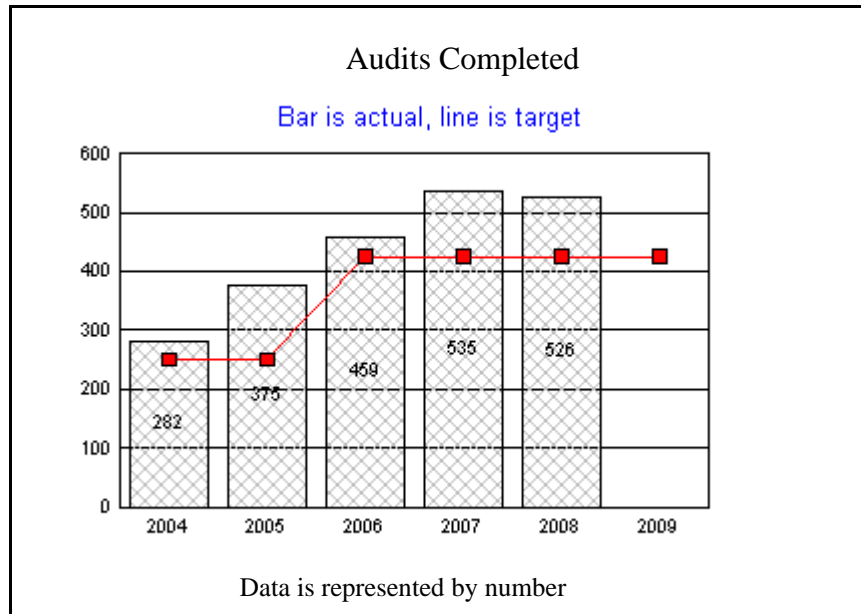
Adequate staffing levels present challenges in most of the measures. The Agency licenses and registers over 29,000 individuals and registered businesses. The Agency fields about 28,500 calls annually through the licensing section and approximately 6,800 public inquiries through the regulations division. The ability to respond to customers needs in a responsive and knowledgeable manner is key to the agency's success. This challenge can be met with adequate staff that is trained in how to deliver high quality service and receive education that ensures they are technically competent to communicate licensing laws and rules.

## **5. RESOURCES AND EFFICIENCY**

The agency Legislatively Adopted Budget for 2007-2009 is \$7,779,616. It included two limited duration positions to assist in providing necessary customer service in licensing, administration and land development. The approved budget improves internet technology for information available, improving the web site and online services.

<b>REAL ESTATE AGENCY</b>	<b>II. KEY MEASURE ANALYSIS</b>
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<b>KPM #1</b>	Audits Completed – ratio of audits completed to the number of offices	2004
<b>Goal</b>	Consumer Protection – Provide quality protection for Oregon consumers of real estate related service	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	Oregon Real Estate Agency Regulation Division records of the number of audits completed each quarter	
<b>Owner</b>	OREA; Regulation Division; Selina Barnes, Manager; 503-378-4170	



### 1. OUR STRATEGY

Mail-in audits make up the majority of the count in the performance measure. Staff members pull a random sample from the licensing database on a quarterly basis. They request licensee's records be mailed into the agency for audit. The records are then audited and usually fall into one of three categories: 1) all records are in compliance, 2) some education is needed to correct minor areas of non-compliance, and 3) records indicate

non-compliance that warrants further investigation. The results of the audit are communicated to the licensee. On-site compliance reviews are more in-depth and designed to educate and assist the Real Estate or Property Management offices and are much more thorough in nature. These on-site reviews work off a check list, involve sampling files in various areas, and cover more technical matters related to the conduct of professional real estate or property management. This is a very “hands on” form of auditing and education.

## 2. ABOUT THE TARGETS

The target has increased since becoming a measure in 2004 to include mail-in audits. Currently, the number of offices (4,563) doesn't have an affect on the number of audits as workload only permits so many audits being processed efficiently. The target includes 100 mail-in audits quarterly and 150 on-site compliance reviews annually. The agency has committed 1.0 FTE to spend full time performing compliance reviews which increases the number of reviews that can be completed in a year.

## 3. HOW WE ARE DOING

In 2008, OREA did pull a random sampling of 100 individual licensees that handle client trust accounts per quarter. The agency also completed 121 on-site compliance reviews with one full time investigator and complimented with the other investigators conducting reviews time permitting.

## 4. HOW WE COMPARE

ARELLO's Digest of Real Estate License Laws provides comparative complaint data for all states and other real estate licensing jurisdictions, but does not include data regarding ratio of audits to offices.

## 5. FACTORS AFFECTING RESULTS

The Regulations Division of OREA has experienced some difficulty in finding qualified persons to fill vacant positions, at times causing a workload issue that is distributed to a staff that is already stretched thin. The mail-in audits remain consistent. However, investigator availability for on-site visits can fluctuate depending on the staffing levels and the amount of time investigators can dedicate to compliance reviews. Because of this investigator uncertainty, the agency decided to dedicate 1.0 FTE for on-site compliance reviews so we can at least maintain a minimum level of educational compliance reviews.

## 6. WHAT NEEDS TO BE DONE

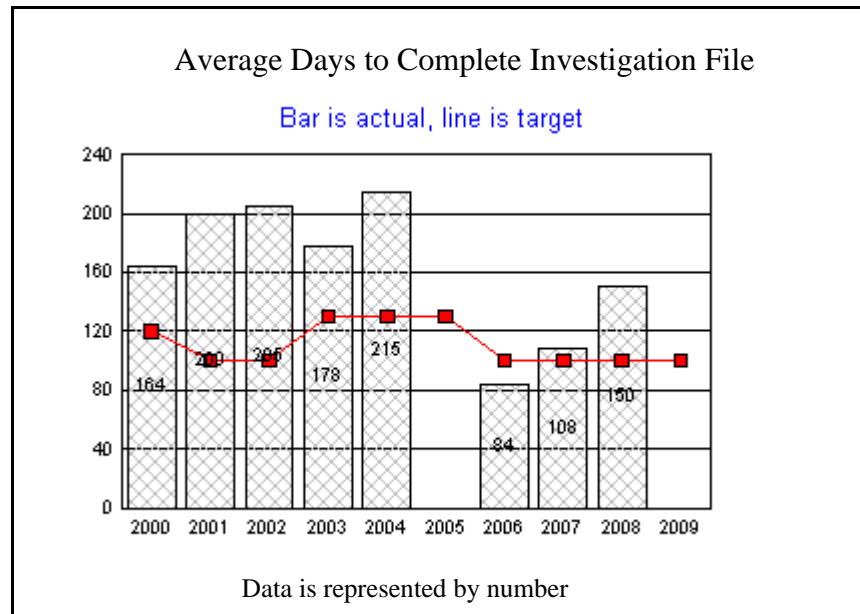
The Agency recently created an Education Division that will be reviewing the measure and the last year of data, the division

may propose to change the measurement to monitor the percentage of mail-in audits that are out of compliance with current procedures. This would establish a baseline of compliant audits and allow the agency to set goals and strategies for licensee improvement rather than just count. This review will also reveal the specific areas of common deficiencies that could be the target of more broad-based education and training for a larger licensee audience. The educational approach would be moved from a tutorial, one-on-one methodology to a more wide-spread (and therefore more efficient) approach. The proposal will be included as part of the agency's budget process.

**7. ABOUT THE DATA**

This data is being reported on the Oregon Fiscal Year basis.

<b>KPM #2</b>	Days to Complete Investigation File Processing – average number of days to complete investigation file processing.	2000
<b>Goal</b>	Consumer Protection – Provide quality protection for Oregon consumers of real estate related service	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	Oregon Real Estate Agency, Regulation Division records of the number of days to complete an investigation, average for the reporting period.	
<b>Owner</b>	OREA, Regulation Division; Selina Barnes, Manager; 503-378-4170	



**1. OUR STRATEGY**

Regulations Division staff have been redistributed to focus on investigations. The agency will continue to hire, train and retain investigation staff.

## 2. ABOUT THE TARGETS

The measure changed in the 2005-07 Biennium from 2003-05 Biennium – Average number of days to close a formal complaint. Processing of a formal complaint involved several stages, including investigation of the complaint by agency’s investigator/auditor staff, a potential settlement process, and legal procedures outside the agency’s control (e.g., contested case hearing request/referral to the Hearing Officer Panel, appeal to courts, etc.). The modification more accurately measures the time the agency takes to complete the complaint procedures it controls. The modified measure tracks the intra agency processing time exclusively.

## 3. HOW WE ARE DOING

In 2006, the KPM goal was changed to 100 days. The Agency data indicated that the actual average number of days was 84. However, in 2006 the database was migrated to a new system. This system increased the number of data points so the agency can more accurately reflect the time for investigation. The old system only recorded the date the file was opened and the most recent action. Hence, the Agency’s ability to measure investigation time accurately is limited to the data entered since 2006. The averages were taken from the new database system, L2K, and therefore only show a portion of 2006 rather than an entire twelve month period. In 2007, the agency completed a full twelve month tracking period. The new measurements resulted in investigation time of 108 days in 2007. In 2008, the Agency had an average of 150 days and a median of 118 days.

## 4. HOW WE COMPARE

ARELLO’s Digest of Real Estate License Laws provides comparative complaint data for all states and other real estate licensing jurisdictions, but does not include data regarding the length of investigations.

## 5. FACTORS AFFECTING RESULTS

Retaining adequate staffing for investigations is an ongoing issue. Staff with the knowledge and expertise to investigate cases with the content of financial and real estate transaction complexity is vital to continuing to meet the performance measure. There are also factors beyond our control, such as unavailable witnesses or information. In June 2008, the Agency created an Education Division by reallocating resources from the Regulations Division to handle all post-license education. This move will allow the Regulation Division to focus solely on investigations and will allow the Agency to measure the length of time it takes to conduct an investigation more accurately.

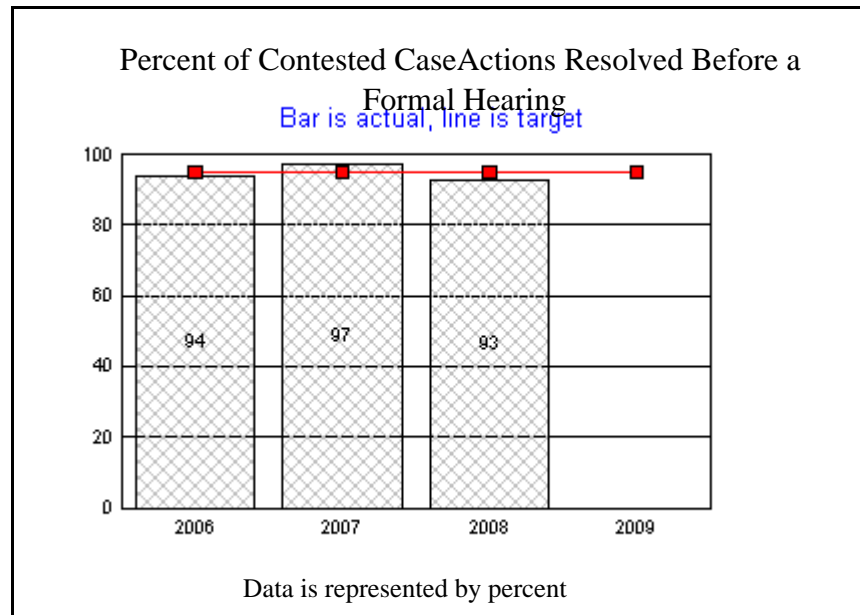
## 6. WHAT NEEDS TO BE DONE

This measure helps guide workload distribution. Certain types of investigations may require a longer period of time to complete. There may also be cases that have been in process for a longer period of time due to unavailability of information or witnesses. The manager cannot necessarily assume that all cases take close to the same amount of time. However, tracking the time to close could more closely align the types of investigations with the expertise of the investigators. It can also highlight the areas that cause a stall in the process and help with an effective resolution.

#### **7. ABOUT THE DATA**

This data is being reported on the Oregon Fiscal Year basis. The wording change from “average days to close a formal complaint” to “average number of days to complete investigation file processing” more accurately measure the workload that the agency can control.

<b>KPM #3</b>	Contested Case Actions resolved through settlement – percent of contested case actions that are resolved through informal settlement resolution and prior to a formal hearing before the Office of Administrative Hearings.	2006
<b>Goal</b>	Excellent Customer Service	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	License 2000 Database - total settled contested case actions to total contested case actions	
<b>Owner</b>	OREA, Regulation Division Selina Barnes, Manager 503-378-4170 ext 228	



**1. OUR STRATEGY**

Continue promoting mediation through stipulation process and achieve compliance through improved training and communication.

**2. ABOUT THE TARGETS**

The measure was added in 2005 and a target of 95% was set for FY 2006 through 2009. The administrative hearing process is expensive and lengthy and overall impacts other regulatory services. Efficient resolution of disciplinary actions saves both sides of the regulatory action the time and enormous expense of attorney representation in preparation for and attendance at a hearing. The agency realizes that a prudent measure leaves room for those cases where a hearing is strongly desired by the respondent.

### 3. HOW WE ARE DOING

During 2006-07, the agency settled 97% of contested cases without a formal hearing.

### 4. HOW WE COMPARE

The Board of Accountancy has a similar performance measure (CONTESTED CASES RESOLVED BY CONSENT - Percentage of contested cases resolved by consent agreement prior to formal hearing). Their goal for 2007 was to achieve 60%, and the actual was 60%. The Oregon Health Licensing Agency's measure (Contested Case Actions - Percentage of contested case actions that are resolved through informal settlement resolution and prior to a formal hearing before the Central Hearing Officer Panel.) sites the same target issues. OHLA sets a goal of 100%, achieving 100% in 2007. The Oregon Board of Nursing had a similar measure (MINIMAL CONTESTED CASE HEARINGS - Percentage of complaints that were resolved via stipulated agreement or default on notices in lieu of contested case hearing) however it has been proposed to be deleted due to this is not outcome based and the Board has not control over the results. Their target was 97%, which they achieved in 2003 & 2004, and dropped to 96% in 2005 & 2006.

### 5. FACTORS AFFECTING RESULTS

A higher number of cases that are taken to the formal hearing process would require training additional staff in the preparation and administrative functions necessary to represent the agency. This would also increase costs to the Agency significantly for each hearing as well as increased workload for the Office of Administrative Hearings.

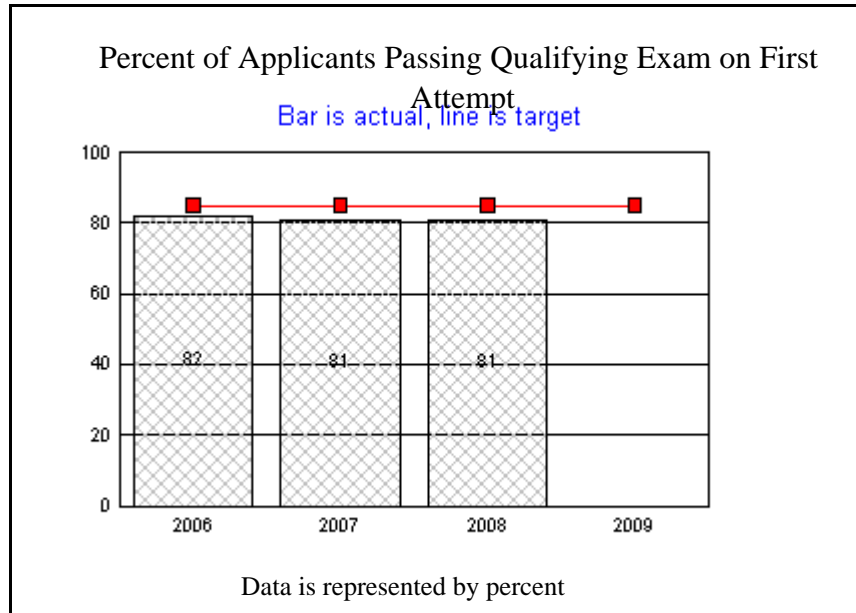
### 6. WHAT NEEDS TO BE DONE

The Agency needs to maintain efforts to propose disciplinary actions that are an appropriate resolution for the regulation of the Statutes and Administrative Rules that OREA is responsible for, whether the resolution is by consent or through an administrative hearing.

### 7. ABOUT THE DATA

This data is being reported on the Oregon Fiscal Year basis.

<b>KPM #4</b>	Successful Exam applicants – percentage of applicants who pass the qualifying examination on the first attempt.	2005
<b>Goal</b>	Excellent Customer Service	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	Psychological Services, Inc (PSI) monthly exam numbers supplied from database	
<b>Owner</b>	Education Section; Mesheal Heyman; Manager; 503-378-4170	



**1. OUR STRATEGY**

Education and information – Agency will work with vendor and review test questions for clarity. Will periodically review educational material with the OREA Board and licensees for content.

**2. ABOUT THE TARGETS**

The target of 85% was set using prior year data as a baseline. With the exams being administered by a contracted vendor, the agency is monitoring the target for appropriateness.

**3. HOW WE ARE DOING**

For 2008, OREA shows a passing rate for first time applicants at 81%.

**4. HOW WE COMPARE**

The Oregon Board of Nursing had a similar measure, however; it is proposed to be deleted due to the results are out of the Board's control. Their measure (RN EXAM PASS RATE - Percentage of RN programs with a passing rate above 85% on the national exam) sets a goal of 100% of applicants taking exam pass on the first attempt.

**5. FACTORS AFFECTING RESULTS**

Ability of educators to remain up to date on pertinent topics and educational material for instructing students when preparing for the exams.

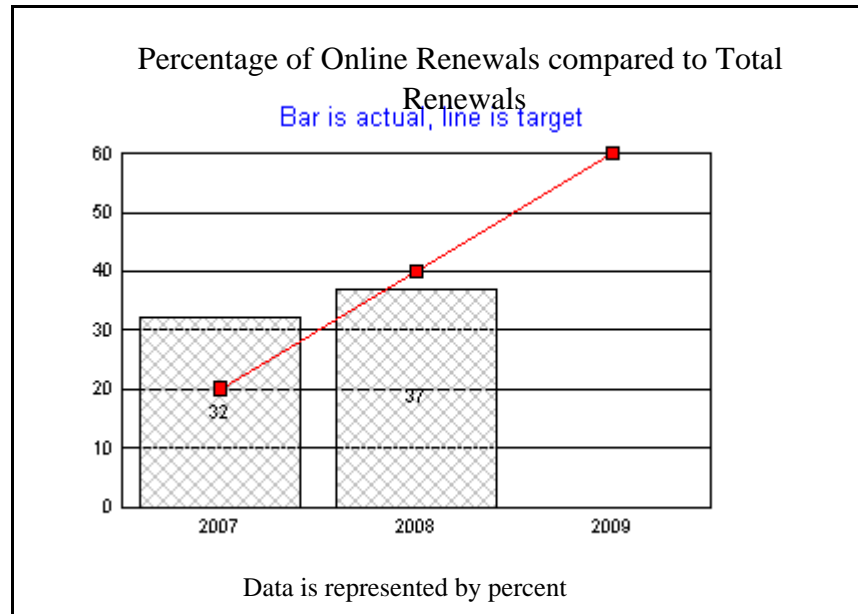
**6. WHAT NEEDS TO BE DONE**

There are many topics outside the authority of OREA that are needed to adequately prepare a licensee for conducting real estate business such as ethics, Landlord Tenant Law, and mortgage lending. The agency and the OREA Board have joined with the real estate industry in evaluating the educational requirements and delivery of pertinent education under the agency's authority. They will evaluate not only the content of the educational materials but ways to improve testing performance.

**7. ABOUT THE DATA**

This data is being reported on the Oregon Fiscal Year basis

<b>KPM #5</b>	Online License Renewals – percentage of online renewals compared to total renewal processed by agency.	2007
<b>Goal</b>	Excellent Customer Service	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	License 2000 Database; total number of renewals – total number of online renewals	
<b>Owner</b>	OREA; Licensing Division; Laurie Hall, Manager; 503-378-4170	



**1. OUR STRATEGY**

To develop and follow a strategic marketing plan, including surveys, advertisement and possible incentives.

**2. ABOUT THE TARGETS**

The first year measurement of 20% with 20% increase annually comes from other agencies that have offered online license renewals. The growth rate can be gradual.

### 3. HOW WE ARE DOING

The Agency launched the online license renewal system in spring, 2007. In the first three complete months of renewal, April through June, the agency averaged 32% online renewal of all eligible timely renewals. Since the Agency has seen a leveling of of the number licensees that renew online;

### 4. HOW WE COMPARE

Although there is no collective data for on-line licensing published in the Real Estate License Laws, it took Idaho four years to achieve a 44% license renewal rate and Utah achieved 66% in two years. Utah is known for their governmental licensing efforts. For Oregon agencies, achievement varies by service. Oregon Health Licensing Agency launched their online license renewals in 2006. Goals were set at 50% in 2006 and increasing to 65% in 2007. OHLA's actual online renewal rate for 2007 was 21%, citing lack of computer use among OHLA-regulated professions as a primary factor. The Oregon Board of Nursing began measuring results of online license renewals in 2005, with a target of 50% and an actual participation of 30%. In 2006, the target was 80% while participation climbed to over 80%. OREA has been in contact with the Board of Nursing to study lessons learned, marketing strategies and implementation schedules, hoping to avoid mistakes while utilizing the expertise of a successful agency.

### 5. FACTORS AFFECTING RESULTS

Developing the application to fit the agency's complex licensing structure has proved challenging. The "Off the Shelf" product License 2000 (the database implemented to prepare for online license renewals) has required many development fixes and work arounds in order to fit the agency's business practices. Even with those challenges, the agency's goal is to make the process seamless for the licensee and promote the program based on the benefits to the customer. Since implementing online renewals, feedback from the industry, this has reflected concerns regarding limitations to the licensing database, particularly the inability for a principal broker to monitor the licensee's renewal and continuing education requirements.

### 6. WHAT NEEDS TO BE DONE

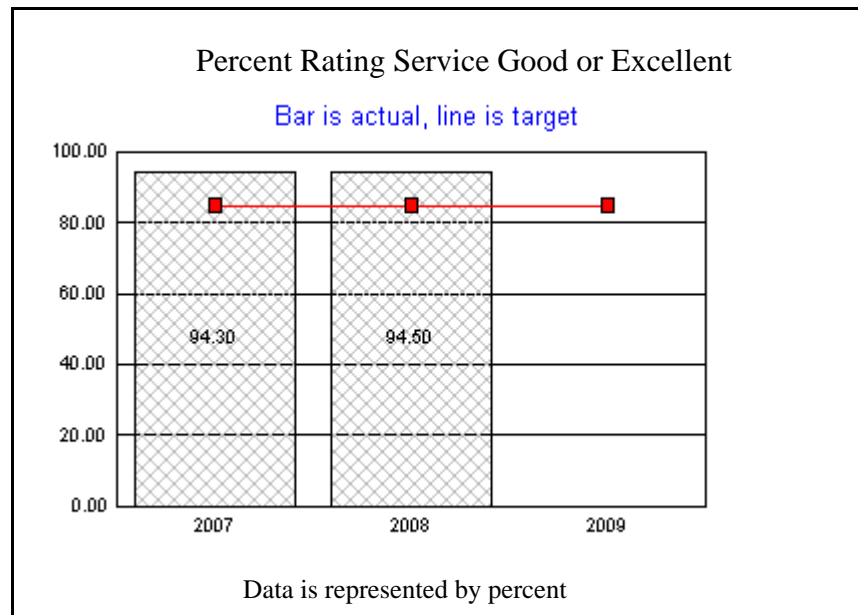
Continue to monitor the readiness and improvements to the application so the customer experiences a streamlined process. The agency will continue

to market the on-line renewal program based on the benefits to the licensee.

**7. ABOUT THE DATA**

This data is being reported on the Oregon Fiscal Year basis.

<b>KPM #6</b>	CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	2006
<b>Goal</b>	To improve customer satisfaction through excellent customer service.	
<b>Oregon Context</b>		
<b>Data Source</b>	Oregon Progress Board Final Report, 2005 Oregon Real Estate Agency Customer Satisfaction Study (administered by Clearwater Research)	
<b>Owner</b>	OREA, Commissioner's Office; Dean Owens, Deputy Commissioner; 503-378-4170	



**1. OUR STRATEGY**

OREA is committed to providing high-quality, low-cost customer service. The goal is to deliver effective and efficient service to OREA members and stakeholders.

The customer satisfaction surveys will help to determine areas of strength and needed improvement. OREA management will make strategic decisions based on the results to place resources and effort where improvement is needed.

## **2. ABOUT THE TARGETS**

Since this is the first year of customer satisfaction measurement in this manner, no targets were previously established. Based on initial results, future targets will be set at 85%, with the exception of Accuracy, where the expectations will continue to be 90%.

## **3. HOW WE ARE DOING**

The agency examined and carefully analyzed the findings of Clearwater Research, the company used to conduct the survey. There are several key data points that assist the agency in making management and budget decisions. One is the breakdown of the overall rating, which separates the actual ratings by question. For example, overall satisfaction for 2008 has a rating above average or excellent of 94.5%. Of that, the rating for above average was 57.4% excellent and 37.1% good. The agency's goal is excellence in customer service, so the fastest way to achieve the goal is to focus on the areas that resulted in an "above average" rating, turning them into "excellent" ratings. In 2006, the "excellent" ratings for customer service ranged from 32% to 46%. In 2007, the "excellent" ratings ranged from 54% to 68% for the six area of customer service measured. And in 2008, the "excellent" ratings ranged from 52.3% to 67%.

## **4. HOW WE COMPARE**

OREA used the Oregon Progress Board Final Report based on the information presented by Clearwater Research, Inc. Comparisons to other agencies were not included in the report from Clearwater Research. However, the agency reviewed data reported by six agencies that conduct licensing or board duties and completed the Annual Performance Report for 2006. The averages for these agencies were: Overall: 89%; Timeliness: 90%; Accuracy: 89%; Helpfulness: 87%; Expertise: 85%; Availability of Information: 86%.

## **5. FACTORS AFFECTING RESULTS**

Real estate licensees are, in general, mindful of regulatory requirements and seek information both on the website and from office staff. Office policies and procedures encourage staff members to provide excellent customer service in the performance of their duties.

## **6. WHAT NEEDS TO BE DONE**

The survey asked respondents to provide feedback to the agency so we could better evaluate the areas that need improvement. Although the comments concentrated on areas of improvement, many respondents also gave praise where they felt it was justified. The areas of improvement concentrated in the following areas:

- Customer Service: Basic customer service skills and training that is guided by a standard for the agency.
- Information Provided: Accuracy and consistency of information delivered in person, over the phone and in writing by staff.
- Expedite the Processes: Expedite the licensing and renewal processes. It takes too long.
- Improve the Agency Web and Online Renewal: Web-site improvements that display accurate, informative and is easily accessed. Respondents indicated that it would be beneficial to have a confirmation page at the end of the online renewal. Respondents also indicated that it would helpful to offer more services online.

These are the areas the agency will focus on to make improvements to move the customer service ratings from “good” to “excellent”. In order to better evaluate the progress, the agency will conduct customer service surveys at least twice a year rather than once per biennium.

## 7. ABOUT THE DATA

**REAL ESTATE AGENCY****III. USING PERFORMANCE DATA**

**Agency Mission:** To provide quality protection for Oregon consumers of real estate, escrow and land development services, balanced with a professional environment conducive to a healthy real estate market.

**Contact:** Kate Nass

**Contact Phone:** 503-378-4170

**Alternate:**

**Alternate Phone:**

**The following questions indicate how performance measures and data are used for management and accountability purposes.**

<p><b>1. INCLUSIVITY</b></p>	<p>* <b>Staff :</b> Assists with regular review of performance measure results and development of meaningful measures.</p> <p>* <b>Elected Officials:</b> Provide input and approve agency performance measures through DAS and Legislative members.</p> <p>* <b>Stakeholders:</b> Assists the agency in setting realistic goals and directing the content of the performance measures by providing feedback through general discussions</p> <p>Monthly customer service surveys direct agency responsiveness to licensees.</p> <p>* <b>Citizens:</b> The agency also provides opportunity for feedback through phone contact and via email, analyzing the information provided to determine the agency's performance achievements.</p>
<p><b>2 MANAGING FOR RESULTS</b></p>	<p>Agency management track performance measures at a minimum quarterly and some are tracked monthly. Results are communicated to agency staff through the agency's intranet and topic discussions at agency and section meetings. Management accredits input from all staff on performance goal achievement, and takes into account the feedback from staff that will help strengthen the performance of the agency. Managers make decisions to allocate resources, both staff time and funding, based on quarterly results. The Agency will closely examine performance measures to determine if they are accurately measuring the impact of the agency's business practices with the interest of government and key stakeholders. If any changes need to be made, these will be recommended during the 2011-2013 budget process.</p>
<p><b>3 STAFF TRAINING</b></p>	<p>In the past year, staff have continued to be trained to use the new data base application (License 2000) to input</p>

	<p>and extract critical performance data. The Public Service Representatives have had several in-house trainings on providing excellent customer services, and employee position descriptions have been updated to include customer service as a primary function and responsibility. The Agency and each section and division within the Agency have set Standards for Customer Service Delivery. These standards have been presented to every employee in the agency.</p>
<p><b>4 COMMUNICATING RESULTS</b></p>	<p>* <b>Staff :</b> Performance measurements are a frequent topic of discussion, both directly and indirectly, during management, division, section, and agency-wide staff meeting to assure Agency compliance with the initiatives.</p> <p>Quarterly reports of the performance measure results are provided at the division and section levels. The Regulation Division Manager discusses the division workload at the division staff meetings, and process improvement suggestions are continuously encouraged. The Division manager also works with individual staff in achievement of goals.</p> <p>Customer satisfaction survey results are provided to the Education and Licensing sections in order to analyze and improve areas of measurement. Section staff meet as needed to discuss workload and process improvement.</p> <p>* <b>Elected Officials:</b></p> <p>* <b>Stakeholders:</b></p> <p>The Agency will include the annual progress report each year in the quarterly publication, the Oregon Real Estate News Journal and on the agency website in order to solicit feedback from the industry and the consumer.</p> <p>* <b>Citizens:</b> The Agency’s performance measures and annual report are posted on the Agency’s website: <a href="http://www.rea.state.or.us">www.rea.state.or.us</a>.</p>