



Oregon

Theodore R. Kulongoski, Governor

Real Estate Agency

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State of Oregon Real Estate Agency

REAL ESTATE BOARD

Regular Meeting Minutes

October 15, 2007

- MEMBERS PRESENT:** Troy Costales, Vice-Chair
Victor Kee
Arthur Kegler
Robert LaDu
Kim Medford
Marianne Wood
John Zupan
- MEMBERS ABSENT:** Michael Graeper (Excused)
Maxine Ribera-Card (Excused)
- STAFF PRESENT:** Gene Bentley, Commissioner
Dean Owens, Deputy Commissioner
Louann Rahmig, Board Liaison
- GUESTS PRESENT:** Norm Blandel, Mahar Homes Real Estate
Sandra L. Malot, Tom Malot Real Estate
Stan Alexander, Dream House Realty
Judy Livingood, Windermere/Investors
Nenette Hall, Re/Max Equity Group
Chris Hermanski, Mainlander Property Management
Clare Stevens, Ramsay Realty
Lee Dunn, Prudential NW
Krista Bolf, Coldwell Banker Pro West
Debbie Croose, Croose & Associates Real Estate
Bernard Young, C.B. Commercial Pro West
Gloria Young, C.B. Commercial Pro West
Daryl Vance Smith, Exit Realty Group
Stacey Boals, First Charter Realty (RVAR)
Rachel Whitley, Lithia Realty
Adam Boyle, Coldwell Banker Pro West
Byron Hendricks, Prudential Real Estate Professionals

Bob LeFeber, Commercial Realty Advisors NW
Sabrina Murphy, Agent/Broker
Andrea Bushnell, Oregon Association of Realtors
Cerise Stephens, President Rogue Valley Association of Realtors
Larry G. Frank, Re/Max Equity Group
Robert Rose
Patrick Iler, Patrick Iler Real Estate
Rick Harris, Coldwell Banker Pro West
Carlene Hester, Ashland Homes Real Estate
David Culbertson, Coldwell Banker Pro West
Gary Stine, Rogue Valley Association of Realtors

I. BOARD BUSINESS

- A. Call to Order.** Vice-Chair Troy Costales called the meeting to order at 10 a.m. at the Rogue Regency Inn and Suites, 2300 Biddle Road, Medford, Oregon.
- B. Welcome to new board member Kim Medford.** Mr. Costales asked Ms. Medford to introduce herself and give a brief description of her background.
- C. Roll Call.** Michael Graeper and Maxine Ribera-Card were excused.
- D. Approval of the Agenda and Order of Business.** The agenda was approved as submitted.
- E. Approval of the August 20, 2007, regular meeting minutes.** Corrections were offered. The last name in the list of guests should be spelled “Ylipelto.” The acronym “CRV” needs to be changed to “CRB” under the waiver request agenda item. **MOTION BY ART KEGLER TO APPROVE THE MINUTES AS CORRECTED CARRIED UNANIMOUSLY.**
- F. Approval of the 2008 board meeting calendar.** The calendar was approved as submitted.
- G. Date of the Next Meeting.** December 17, 2007, in Salem, Oregon.
- H. Announce new board appointees.** Commissioner Bentley announced and introduced new members Bob LeFeber, commercial member from Portland; Lee Dunn, residential broker from the Portland area; Byron Hendricks from Salem; and Chris Hermanski, Portland area.

II. PUBLIC COMMENT. None.

III. REQUESTS FOR WAIVERS

Waiver request log. The log was included in the board packet. Art Kegler commented that the board approved five and denied two during the period shown and that more waivers were granted than in years past. Marianne Wood commented on the rule review, and what a principal broker should be able to perform (concept being developed). Mr. Kegler offered that four of the five were for sole practitioner rather than principal broker.

IV. BOARD ADVICE/ACTION

Board action on recommendations from the Property Management Education/Exam Work Group. Commissioner Bentley referred to the item in the packet. He reported to the guests present on the board-appointed group that is working on education and the Oregon Association of Realtors groups for pre-licensing, post-licensing education and

continuing education. He covered the four recommendations in Agenda Item IV that was in the board packet:

1. Have agency perform compliance reviews of new property managers with client trust accounts within 6-12 months of becoming licensed.
2. Require an “apprenticeship” period for new property managers similar to that of brokers.
3. Include reconciliation as part of the state examination.
4. Phase out the property manager license.

Art Kegler requested that public input be taken into consideration as to the licensing of property managers and/or brokers as he felt it would be helpful.

Vice-chair Costales pointed out that work will need to be done beyond the adoption of the recommendations. He thought that two of the recommendations would need administrative rules which involves a public process. Commissioner Bentley indicated that recommendations 2 and 4 will require legislative change.

MOTION BY JOHN ZUPAN TO ACCEPT THE FOUR RECOMMENDATIONS FROM THE PROPERTY MANAGEMENT WORK GROUP. Discussion. John Zupan commented on recommendation number 4. He felt that most principal brokers are not capable of doing property management without further education. He also stated for the record that perhaps property management should be a separate license. Kim Medford asked about the number of property manager licenses and the financial or administrative burden if the property management license was phased out. Commissioner Bentley responded that there would not be a large economic impact. He indicated that the most common problem is improper trust accounting, in some cases reconciliations have not been done in four or five years.

MOTION CARRIED UNANIMOUSLY.

V. NEW BUSINESS. None.

VI. COMMUNICATIONS

Administrative Actions Summary. Provided in the board packet. No discussion.

VII. REPORTS

A. Commissioner Gene Bentley.

1. Introduction of new Deputy Commissioner.

Dean Owens is the new Deputy Commissioner for OREA. Mr. Owens has been with state government since 1976 and with OREA since 2006. He previously was at the Department of Energy, the Department of Consumer and Business Services, and Department of Justice. He was the Administrative Services Manager for the agency prior to accepting the deputy commissioner position.

2. Status report on Agency rule review. Mr. Bentley reported that the agency has begun a full review of all the agency rules. Three working groups have been formed – brokerage/licensing; property management; and escrow. He introduced

the board members who are involved and explained the work group and advisory committee processes.

- 3. The Association of Real Estate License Law Officials (ARELLO) conference in New York.** Commissioner Bentley explained the agency's membership to ARELLO. Both he and Deputy Commissioner Owens attended the annual meeting in New York in September. The ARELLO conference was a great opportunity to meet counterparts from other states. The agency wants to be as harmonic as possible with our adjoining states wherever possible, with the idea that sometime real estate licensing will have portability from state to state.

Mr. Bentley reported on the education work groups and how continuing education is handled. If one of the recommendations is for the agency to start certifying continuing education classes and/or schools and instructors, we may need more people to do that, and we would need a resource, perhaps through ARELLO, to do some certification.

- 4. 2008 Legislative session and beyond.** Commissioner Bentley stated that the Oregon Constitution does not allow annual sessions so a special session has been scheduled for February 2008. During off-session there has generally been Emergency Board meetings but it is uncertain if any will occur this time. The agency had asked for three additional positions in Education, which were denied. The denial was to allow the commissioner time to decide what he wants to do, as he was newly appointed at the time the request was made.

Commissioner Bentley announced that the agency reports to policy advisor Peter Cogswell, who is the link to the Governor. Mr. Cogswell will be leaving state government this month and the new policy advisor has not been named.

- 5. Q&A book status.** About 2,000 questions are used for the real estate examination. This book has not been updated since 2003. At present, the agency has about 680 on hand. Approximately 100 per month are sold; however, when we announced that it would be discontinued, the orders increased.

B. Deputy Commissioner Dean Owens

- 1. Report on licensing rules hearing.** The report was provided in the board packet. Deputy Commissioner Owens indicated that we are on schedule for adoption. No discussion.
- 2. Customer Service Survey.** The survey was provided in the board packet. Mr. Owens explained the purpose and process of the survey. This survey assists the agency in gauging customer service satisfaction and where improvements can be made. He discussed each question on the survey. There were three major questions:
 - No. 6 "How do you rate the helpfulness of your Real Estate Agency's employees?"
 - No. 7 "How do you rate the knowledge and expertise of the OREA's employees?"

- No. 8 “How do you rate the availability of the information at the OREA?”
Reponses to all three questions rated the agency in the good to excellent range and well above the range for the State, which is 87 percent.

Mr. Costales asked which survey questions are parts of the legislative budget process. Mr. Owens responded that timeliness, availability, helpfulness and knowledge are all issues that are part of the legislative budget process and are directly related to our performance measures. Mr. Costales explained that state agencies are required to include a roster of performance measure expectations. The last couple of sessions, the Legislature has been very clear that a performance measure on availability and timeliness ought to be included in that discussion.

Commissioner Bentley added that the agency would like to provide better online services. Currently, the only service available is a “straight across” license renewal. Other changes cannot be made because of current software limitations. The agency is meeting with a provider later this month for a demonstration of new/improved licensing software. Along the lines of improved customer service, the agency now has customer parking spots conveniently located in front of the OREA building.

Bob LaDu expressed concern about the time frame for which 367 respondents were selected. He is curious if increased staffing since last fall has helped make a difference. Deputy Commissioner Owens indicated that he didn’t have any information readily available but believes that the numbers are from July 2006. Mr. LaDu commented that the two percent unsatisfied customers could have been from early in the period.

C. Agency section/division reports/Deputy Commissioner Dean Owens.

- 1. Land Development Section** (report provided in packet). The primary responsibility of the Land Development Section is to review the filings of condominium developments in the state. In 2004, the average was 26 reviews per month. In 2006, the agency averaged 66 reviews per month. The agency does not have additional staff to review the increased number of filings. From 2005 to 2006, the number of reviews per month went up 41 percent. During the three-year period from 2004 to 2006 the increase was 154 percent.

Victor Kee asked how the reviews are funded. Mr. Owens responded that the filing fees pay for the reviews. The agency charges a \$100 minimum fee for a two-hour review and anything above that is charged \$45 to \$50 per hour.

- 2. Licensing Section** (report provided in packet). The agency currently has a total of 21,823 active individual licenses and 2,784 inactive. There has been a 10-15 percent decline in licensing from this time last year. This could be directly correlated to the slow period in the market. Online renewals are offered through the agency website. About 32 percent of those eligible to renew are doing so online.

3. **Education Section** (report provided in packet). The Education Section is primarily responsible for monitoring the administration of the real estate examinations. They work with Psychological Services, Inc. (PSI), who administers the agency's examinations. August 2007 website data showed there were 21,000 visits to the agency's site, which averages 905 visits per day. Most of these were hits to the licensee search; 2,898 to license and exam information; 2,273 to the statutes and rules page; and about 2,211 hits to the publications, brochures and online forms page.
4. **Regulation Division** (report provided in packet). Over the last three months the Regulations Division has received 203 complaints, opened 150 investigations, closed 134 complaint and investigation files, issued 26 final orders and held five hearings. 1,834 calls were received by the phone room over a three-month period. The average length of time to complete an investigation is 115 days.
5. **Administration/Information Systems Sections.** Mr. Owens reported that the agency is currently recruiting for an Administrative Services Manager. The agency is close to making a decision on a new phone system as the call distribution software currently in use has been discontinued. The agency hearing room has new media equipment that will eventually allow for off-site media streaming. The University of Oregon is working on a data base to track the number of phone calls into the regulations phone intake room and to capture the nature of the inquiry and status of resolution of the inquiry.

An audience member asked if there were more complaints this year than last year. Commissioner Bentley responded that there is not enough data to be sure. His intuition told him that there was probably a small increase. Probably 55 to 60 percent of the complaints the agency receives come from industry members. The balance come from either other agencies or from the public.

Mr. Zupan requested the commissioner to explain the advertising rule that goes into effect March 1, 2008. Mr. Bentley responded that it says, in effect, that in individual broker advertising, their name cannot be larger than the name of the firm with whom they are associated.

- D. **Formal farewell to outgoing board members.** Commissioner Bentley recognized outgoing board members, Bob LaDu, Victor Kee and John Zupan for the excellent service that they have provided to the agency during their terms of service. Mr. Bentley presented them with plaques and letters from the Governor. Vice-chair Costales also thanked them for their excellent service.

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.

Following the meeting, there was an informal question and answer period between the guests, Commissioner Bentley and the board.

IX. ADJOURNMENT

Vice-Chair Costales asked the three departing members to adjourn the meeting at 11:37 a.m.

Respectfully submitted:

Respectfully submitted:

GENE BENTLEY
COMMISSIONER

TROY E. COSTALES
BOARD VICE-CHAIR

Exhibits distributed: None