



Oregon

Theodore R. Kolongoski, Governor

Real Estate Agency

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State of Oregon Real Estate Agency

REAL ESTATE BOARD

Regular Meeting Minutes

October 6, 2008

MEMBERS PRESENT:

Michael Graeper, Chair
Troy Costales, Vice Chair
Warren (Lee) Dunn
Art Kegler
Kimberly Medford
Chris Hermanski
Marianne Wood
Byron Hendricks
Robert LeFeber (by phone)

STAFF PRESENT:

Gene Bentley, Commissioner
Dean Owens, Deputy Commissioner
Mesheal Heyman, Education Division Manager
Kate Nass, Administrative Services Division Manager
Laurie Skillman, Land Development Division Manager
Selina Barnes, Regulation Division Manager
Laurie Hall, Licensing Division Manager
Rcid Haataja, REA Intern
Leandra Cooley, Board Liaison

GUESTS PRESENT:

Lorraine Abney, CB Morris Real Estate
Brandy Clark, All Star Realty
Terrance Dunnivant
Denis Cornforth
Harlow Spaan, Online Education
Jeff Song, Online Education
Lane Mueller, KWRPC
Andrea Bushnell, OAR

I. BOARD BUSINESS

- A. Call to Order**
- B. Roll Call**
- C. Approval of the Agenda and Order of Business.** The agenda was approved as submitted.
- D. Approval of August 4, 2008, regular meeting minutes.** The August 4, 2008 regular meeting minutes were approved as submitted with one correction.
- E. Approval of September 8, 2008, special meeting minutes.** The September 8, 2008 special meeting minutes were approved as submitted.
- F. Date of the Next Meeting:** December 1, 2008 in Salem, Oregon.

II. PUBLIC COMMENT. None.

III. REQUESTS FOR WAIVERS

- A. Waiver request log.** Chair Graeper inquired about having a column to indicate if person requesting waiver appeared personally at the board meeting. Upon further discussion it was determined that historically this column has been present and will continue to be.
- B. Y. Lorraine Abney requests experience requirements waiver for a principal broker license.** Chair Graeper invited Ms. Abney to explain the purpose of her waiver request. Ms. Abney indicated that she is pursuing a principal broker position with another office and has been involved in many transactions. Marianne Wood referred to the letter of recommendation from Wendy Adkisson as carrying quite of a bit of weight. Troy Costales asked Ms. Abney to expand on her lack of hands on transaction experience. Ms. Abney explained that the company philosophy is that brokers not be in competition with agents, however, her involvement in all activities in the office has been extensive. Ms. Abney indicated that she would be supervised and mentored for at least one year and her duties would be strictly administrative rather than transactional.

MOTION TO APPROVE WAIVER REQUEST BY BYRON HENDRICKS ON THE CONDITION THAT MS. ABNEY CONTINUE TO BE SUPERVISED BY A QUALIFIED PRINCIPAL BROKER FOR THE REMAINING EIGHT MONTHS OF HER REQUIRED TERM OF EXPERIENCE.

MOTION CARRIED BY UNANIMOUS VOTE. Troy Costales inquired as to whether is would be appropriate to have the supervising principal broker submit a letter of confirmation regarding the supervision. Ms. Abney responded that she would have the principal broker submit such a letter.

- C. Brandy Clark requests experience requirements waiver for a principal broker license.** Art Kegler disclosed that he possibly had a conflict of interest in this matter due to current transactions between himself and Ms. Clark. Chair Graeper recused Mr. Kegler from taking any action in the matter. Chair Graeper asked Ms. Clark to explain why she is requesting a waiver. Ms. Clark explained that she has purchased a realty business and a principal broker's license will allow her to be more involved in the all around operations of the business. Byron Hendricks asked Ms. Clark if the reason for the wavier request was based on a change that occurred. Ms. Clark indicated there was not a change that occurred

and she restated that being able to handle the transaction side of the business would benefit her in making her business more successful.

MOTION TO APPROVE WAIVER REQUEST BY BYRON HENDRICKS ON THE CONDITION THAT MS. CLARK CONTINUE TO BE SUPERVISED BY A QUALIFIED PRINCIPAL BROKER FOR THE REMAINING SIXTEEN MONTHS OF HER REQUIRED TERM OF EXPERIENCE AND REQUIRE THAT A WRITTEN LETTER OF CONFIRMATION BE SUBMITTED BY SUPERVISING PRINCIPAL BROKER.

MOTION CARRIED BY UNANIMOUS VOTE WITH ONE ABSTENTION (KEGLER)

- D. Denis Cornforth requests experience requirements waiver for a principal broker license.** Chair Graeper recused from any action in this matter due to personal conflict. Mr. Cornforth explained his firm intends to expand and he will need to be more involved in order to be successful. Chair Graeper asked Mr. Cornforth to confirm number of transactions he has been involved in and Mr. Cornforth indicated he had completed 37 transactions.

MOTION TO APPROVE WAIVER BY BYRON HENDRICKS ON CONDITION THAT MR. CORNFORTH CONTINUE TO BE SUPERVISED BY A PRINCIPAL BROKER FOR REMAINING SIX MONTHS OF REQUIRED TERM OF EXPERIENCE AND REQUIRE THAT A WRITTEN LETTER OF CONFIRMATION BE SUBMITTED BY SUPERVISING PRINCIPAL BROKER.

MOTION CARRIED BY UNANIMOUS VOTE WITH ONE ABSTENTION.

- E. Terrance Dunnivant requests experience requirements waiver for a sole practitioner license.** Mr. Dunnivant explained he is interested in a sole practitioner's license so that he can take advantage of the opportunity to take over his family's business. The family business purchases and sells multi family housing and property management responsibilities are also involved. Art Kegler asked Mr. Dunnivant the number of transactions he has been involved in. Mr. Dunnivant stated that he has handled 13 multi family transactions. Byron Hendricks asked Mr. Dunnivant to summarize his experience while in Washington. Mr. Dunnivant responded that he handled various property management issues. He has a 2000 unit portfolio and has worked closely with a principal broker as an assistant as well as dealing with day to day leasing operations. Mr. Dunnivant also set up escrows with title. Chris Hermanski asked for Mr. Dunnivant to specify his involvement with client trust accounts. Mr. Dunnivant responded that he handled monthly statements, money coming in and out, prepared documents for principal broker's final review and he also provided **Exhibit A**,

MOTION TO APPROVE WAIVER BY TROY COSTALES ON CONDITION THAT MR. DUNNAVANT CONTINUE TO BE SUPERVISED BY A PRINCIPAL BROKER FOR REMAINING FIVE MONTHS OF REQUIRED TERM OF EXPERIENCE AND REQUIRE THAT A WRITTEN LETTER OF CONFIRMATION BE SUBMITTED BY SUPERVISING PRINCIPAL BROKER.

AYES, 8; NAYS 1. MOTION CARRIED.

MOTION TO REVISE WAIVER REQUEST APPLICATION TO REFLECT TRANSACTION COUNT AS REQUIRED DOCUMENTS RATHER THAN HELPFUL DOCUMENTS

MOTION TO REVISE WORDING ON WAIVER REQUEST APPLICATION TO OMIT "HELPFUL DOCUMENTS"

MOTION WITHDRAWN BY ART KEGLER. Kimberly Medford asked that discussion regarding revision of waiver request application be delayed.

IV. BOARD ADVICE/ACTION. Commissioner Bentley/Deputy Commissioner Owens

- A. Discuss the "within the State" issues.** Commissioner Bentley provided Exhibit B, and clarified the purpose of this discussion regarding "within the state" is to define what this term means and under what sets of circumstances an individual is operating within the state would require them to have a license. He also explained the specific circumstance that the matrix refers to as within the state meaning an individual who is conducting professional real estate activity as it is defined in statute for a third party and for compensation. Commissioner Bentley stated what he thought the consensus was after the issue was discussed as being a license should be required for an out of state buyer and no license required for an in state buyer.
- B. Discuss ways to recruit/train investigators for industry knowledge (handout included in packet).** Commissioner Bentley explained that the Agency currently has nine investigators employed by the Regulation Division and two out of those nine investigators have previous real estate brokerage experience. Deputy Commissioner Owens reiterated that the Agency has specific guidelines to follow regarding classifying personnel and hiring practices. Commissioner Bentley and Deputy Commissioner Owens both explained that the investigators role is to gather facts and the regulations division manager is responsible for determining if a violation has occurred.
 - 1. Financial Investigator 1 Position Description (handout included in packet)**
 - 2. Financial Investigator 1 Job Announcement (handout included in packet)**
- C. Review proposed update to board member biographies (handout included in packet).** Chair Graeper directed board members to submit changes to board liaison.
- D. Agency licensing software update.** Commissioner Bentley indicated that the Agency is hopeful to obtain software that will allow more functionality than the software currently in place. He also reported that the Agency will be hiring a consultant to evaluate the Agency's needs.

V. NEW BUSINESS

- A. Principal Brokers transition to another firm (Byron Hendricks).** Mr. Hendricks proposed that the Agency have an administrative rule put in place to allow a broker transitioning to a new firm to close any pending transactions with firm they are leaving. Commissioner Bentley responded that this issue should be

handled by a specialized working group and go through the administrative review process.

- B. License requirement for LLC members/employees conducting professional real estate activities (Chair Graeper).** Chair Graeper inquired as to whether ORS 696.030 (g) includes limited liability companies. Selina Barnes responded that the Agency's Assistant Attorney General advised that as long as the exemption includes corporations and partnerships, limited liability companies are included.
- C. Overview of Agency strategic plan (Deputy Commissioner Owens).** Deputy Commissioner Owens provided **Exhibit C**, The Oregon Real Estate Agency Strategic and Business Plan, which outlines the goals the Agency hopes to accomplish within the next five years. The Board will be asked to review the plan prior to finalization and publishing.
- D. Board member handbook (Deputy Commissioner Owens).** Deputy Commissioner Owens directed the Board to the member handbooks provided to them prior to the meeting. He explained that the handbooks are a resource for them to use.

VI. COMMUNICATIONS

Administrative Actions Summary (handout provided in packet). Commissioner Bentley indicated that the summary would be published in OREN-J issue which will be published at the end of October.

VII. REPORTS

A. Chair Graeper. Chair Graeper did not have anything to report.

B. Commissioner Gene Bentley

1. **Rule Review Update.** Commissioner Bentley reported that the Agency is in the final stages of the rule review.

- **Public Hearing, October 23, 2008 @ 10 a.m.** The public hearing will be held at the OREA office in the hearings room. The hearing will cover all three sections of review:

- Property Management
- Licensing
- Escrow

Commissioner Bentley reported that the implementation target date for the rules to be in place is January, 2009 and the review regarding the agency employee background check rule has been delayed.

C. Presentation by Reid Haataja, "Real Estate: Shaping Oregon for 200

Years". Commissioner Bentley explained that Mr. Haataja assisted the Agency, as an intern, with extensive research regarding the Agency's history in preparation for Oregon's Sesquicentennial Celebration. Mr. Haataja presented a power point presentation regarding the Agency's history.

D. Agency division reports

1. **Regulation Division (Selina Barnes-handout included in packet)**

- Selina Barnes reviewed the division's statistics and highlighted some of the projects currently under way. Ms. Barnes reported that she and two other investigators attended the ARELLO

Investigator Training Workshop recently and two new investigators have been hired on with the division.

2. **Licensing Division – Laurie Hall (handout included in packet).**
 - Ms. Hall reviewed the division's statistics and reported that currently there is a Compliance Specialist 1 position that is vacant and interviews were conducted last week, with the intention of filling the position soon. Ms. Hall reported that on Wednesday, October 1, 2008, the division began excepting transactions by fax on a trial basis. She indicated that the trial period would be until December and then the goal is to except the majority of transactions via fax.
3. **Education Division – Mesheal Heyman (handout included in packet).**
 - Ms. Heyman reviewed the division's statistics and reported that the division has taken over phone intake room duties as well as dealing with continuing transition. Ms. Heyman also reported that two members of the division staff traveled to Grants Pass to conduct compliance reviews. She also indicated that public inquiry data tracking is being explored to research more efficient ways to conduct compliance reviews. Ms. Heyman stated that the next issue of the OREN-J will be published at the end of October.
4. **Land Development Division – Laurie Skillman (handout included in packet).**
 - Ms. Skillman reviewed handout the division's statistics and reported that due to difficulties in obtaining financing, there is a decrease in residential filings have decreased, however, commercial development continues to move at a steady pace.
5. **Administration/Information Division-Kate Nass (handout included in packet).**
 - Ms. Nass indicated that the Agency will be hiring an information technology consultant to evaluate the current licensing data base and explore ways to improve and streamline the process. The consultant should be on board end of this month or beginning of next.
 - **Division Stats Overview (handout included in packet)**
 - **2007-2009 Budget – Biennium to Date (handout included in packet)**

VIII. ANNOUNCEMENTS

The December 1, 2008, board meeting will be in Salem, Oregon at the Oregon Real Estate Agency office.

IX. ADJOURNMENT.

Respectfully submitted:


GENE BENTLEY
COMMISSIONER

Respectfully submitted:


MICHAEL R. GRAEPER
BOARD CHAIR

Exhibits distributed:

- A. Letter of employment verification for Terrance Dumnavant, *Agenda Item No. III. E.*
- B. Investigation Statutes & Rules, *Agenda Item No. IV. B.*
- C. Oregon Real Estate Agency Strategic and Business Plan 2008-2013, *Agenda Item No. V. C.*