



Oregon

Theodore R. Kulongoski, Governor

Real Estate Agency

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State of Oregon Real Estate Agency

REAL ESTATE BOARD

Regular Meeting Minutes

August 20, 2007

MEMBERS PRESENT:

Michael Graeper, Chair
Troy Costales, Vice-Chair
Victor Kee
Arthur Kegler
Robert LaDu
Maxine Ribera-Card
John Zupan

MEMBERS ABSENT:

Marianne Wood (Excused)

STAFF PRESENT:

Gene Bentley, Commissioner
Katie Cannon, Deputy Commissioner
Dean Owens, Administrative Services Manager
Leandra Cooley, Administrative Specialist
Louann Rahmig, Board Liaison

GUESTS PRESENT:

Laura Rummell, Area Properties
Richard Morrow, John L. Scott-Columbia Gorge
Doris Strumme, North Coast Realty
Nancy Newhall, Windermere
Bill Fornas, President, Clatsop Association of Realtors
Emily Smith, ReMax River & Sea
Tommy Huntington, Windermere
Robin Risley, Windermere
Patty McGhan, Pete Anderson Realty Inc.
Jeannean Hibbitts, Clatsop Association of Realtors
Gail Moren, Windermere
Pam Ackley, Coldwell Banker
Jeff Parker, Wauna Federal Credit Union
Cindy Hawkins Colley, Windermere/CCRGI
Mary Ann Yupecto, Area Properties

I. BOARD BUSINESS

- A. **Call to Order.** Chair Graeper called the meeting to order at 10 a.m. at the Holiday Inn Express, 204 West Marine Drive, Astoria, Oregon.
- B. **Roll Call.** Marianne Wood was excused.
- C. **Approval of the Agenda and Order of Business.** The agenda was approved as submitted.
- D. **Approval of the June 18, 2007, regular meeting minutes.** The minutes were approved as submitted.
- E. **Date of the Next Meeting.** October 15, 2007, in Medford, Oregon. The Chair announced that he will be out of the country and that Vice-Chair Troy Costales will conduct the meeting in his absence.

II. **PUBLIC COMMENT.** No one wished to address the board.

III. REQUESTS FOR WAIVERS

- A. **Waiver request log.** The board requested that the log be included in each packet whether or not there has been a change, to assist in any waiver requests before them.
- B. **Richard Morrow requests experience requirement waiver for a principal real estate broker license.** Mr. Morrow was present. He reported that he has been a broker for nearly two years and is a branch manager in the John L. Scott office in The Dalles, Oregon. Based on this, he felt he had the necessary background, including 20 years of experience in related fields.

Board member Victor Kee asked how many units Mr. Morrow has closed and how many listings he has had. Mr. Morrow responded that he closed 11 transactions in the first year and currently has 14 listings.

Board member Art Kegler asked Mr. Morrow how many brokers are in his office. Mr. Morrow responded that there are nine fulltime and several others who serve both Washington and Oregon. Mr. Kegler requested confirmation that he is not now initialing and whether the principal broker is absentee or local. Mr. Morrow confirmed that he is not initialing any paperwork and that the principal broker is local.

Board member John Zupan asked Mr. Morrow to elaborate on the associate degree he received through a two-year community college program, specifically if the degree is an actual real estate degree. Mr. Morrow responded that he did not think he had included any information about his degree. Mr. Zupan recognized that he was looking at the wrong column and asked the question in error.

Board member Robert LaDu stated that the board places a great deal of importance on the full three years of experience. Referring to ORS chapter 696 and the code of ethics, he asked Mr. Morrow to compare and contrast them. Mr. Morrow responded that ORS chapter 696 is the state law that governs what brokers do in this state. The code of ethics outlines the duty that brokers have to clients and people they work with, being diligent in doing right by the clients. Mr. LaDu asked which takes

precedence if there is a conflict. Mr. Morrow responded that state statutes take precedence. Mr. LaDu offered that the standard for the code of ethics sets for all real estate transactions is “the Golden Rule.”

Board member Maxine Ribera-Card asked Mr. Morrow why he could not wait the additional full three years. Mr. Morrow responded that the principal broker is responsible for a large, spread out geographical area.

Mr. Zupan requested confirmation that the owner of the company will not be retiring and will still be involved and continue to oversee Mr. Morrow, and that the issue is geographical. Mr. Morrow indicated that is the case.

Mr. Kegler asked Mr. Morrow how many offices he expects to supervise. Mr. Morrow indicated that currently he would only be supervising The Dalles office.

Mr. Kee asked if Mr. Morrow had pursued any of the designation classes. Mr. Morrow indicated that he has taken two of the CRV classes but has only finished GRI 100 and is waiting for the next class.

Chair Graeper asked the amount of oversight he will receive from his current principal broker. Mr. Morrow responded there will be continuous contact and, in addition, they have monthly management meetings.

MOTION BY BOB LADU TO APPROVE THE WAIVER REQUEST. No discussion.

MOTION CARRIED WITH ONE NAY VOTE BY TROY COSTALES.

Chair Graeper offered Vice-Chair Costales the opportunity to explain his position.

Mr. Costales stated the following:

1. The board has typically allowed a one-year waiver for someone with a degree, not necessarily in the area of real estate but in law or property. This has been the guideline. Mr. Morrow’s request was for more than one year without any degree.
2. Mr. Morrow did not explain the background. His resume addressed issues other than forms, the law or the review of such. Board members asked questions and there was an opportunity for explanation.
3. He had concern for the precedence that this waiver sets.

IV. BOARD ADVICE/ACTION

- A. Approve final version of licensing rules for permanent filing by September 15, 2007.** The rules were provided in the board packet. No discussion.

MOTION BY JOHN ZUPAN TO APPROVE THE RULES. No discussion.

MOTION CARRIED UNANIMOUSLY.

B. Discuss format for administrative actions for the *OREN-J*. Commissioner Bentley explained the various versions. Mr. Kegler offered that information should be thorough enough so that concept and violation are defined for educational purposes.

C. Discuss invitations from Eugene Association of Realtors and Central Oregon Coast Board of Realtors for 2008 board meetings. Chair Graeper suggested that the April meeting be held in Eugene and the June meeting in Florence. Mr. Kee asked about the effects of out-of-Salem meetings on the rulemaking schedule. Deputy Commissioner Cannon indicated there will be several meetings and the location of the meetings does not make any difference because information will be provided to the board to discuss at board meetings. Ms. Cannon suggested that board meetings be moved to the first or second Monday of each meeting month.

MOTION BY ART KEGLER TO SCHEDULE THE 2008 BOARD MEETINGS THE FIRST MONDAY OF THE MONTH BEGINNING WITH THE FEBRUARY 2008 MEETING.

MOTION CARRIED UNANIMOUSLY.

MOTION BY TROY COSTALES TO HAVE THE APRIL MEETING IN EUGENE AND THE JUNE MEETING IN FLORENCE.

MOTION CARRIED UNANIMOUSLY.

D. Discuss guiding principles and request input for Agency rule review. These were distributed to board members by e-mail on August 17, 2007. Commissioner Bentley addressed the guiding principle draft and explained the process, indicating that the Agency has reached out to brokers throughout the state to participate in working groups.

Mr. Costales suggested expanding the principles to include the rule “does not exceed statute authority” and adding that a rule can be written in a progressive manner with “stair-stepping” progression of standards.

Commissioner Bentley reported that during the working group participant selection process, the following was considered:

1. Members are either principal brokers or sole practitioners to ensure that they had day to day activity and interaction with the rules.
2. Use of people who are intimately familiar with the rules so that they would be knowledgeable.
3. Use of people who had enough vision of the industry so these rules would have some perpetuity to them.

Mr. Zupan addressed the issue of possible statute changes being needed. Commissioner Bentley responded that he fully expects there will be some statute changes. Mr. Kegler asked Mr. Bentley how wide he has reached out and how many

people he has in place for the various rule making committees. Commissioner Bentley stated that there will be 11 people from the industry on the licensing work group and 60 on the advisory group. An effort was made to reach out throughout the entire state and that there are very few boards not represented.

E. Agency rule review schedule. The latest revision was distributed (**Exhibit A**). Ms. Cannon explained the schedule. Mr. Costales voiced concern about needed statute changes in relation to the schedule. Ms. Cannon indicated that by the end of November the concept phase should be completed and an update will be given at the December 17 board meeting on legislative needs.

V. NEW BUSINESS. Mr. LaDu wanted to recognize Land Development Manager/Rules Coordinator Laurie Skillman for her good advice and legal expertise in facilitating many of the rule making meetings. He added that he felt Ms. Skillman provided an admirable presence for the committees.

MOTION BY BOB LADU TO PRESENT LAURIE SKILLMAN WITH A COMMENDATION. No discussion.

MOTION CARRIED UNANIMOUSLY.

VI. COMMUNICATIONS

A. Administrative Actions Summary. No discussion.

B. Letter from Robert Burness regarding ADA accommodations to take exam.

Deputy Commissioner Cannon reported that she spoke with Mr. Burness and he has a visual condition that hampers his ability to read full sentences. Mr. Burness requested additional time, which was granted. He took a pencil and paper exam that was proctored so he did not have use a computer. Test results have not been received.

VII. REPORTS

A. Commissioner Gene Bentley.

1. Deputy Commissioner recruitment status. Ms. Cannon will be retiring the end of November and the Agency is interviewing. There were nine candidates initially who were narrowed down to four in the second round of interviews.

Commissioner Bentley anticipates the new Deputy Commissioner will be announced within the next week.

2. Board member appointment status. Commissioner Bentley reported that the Governor's office is doing background checks on new/replacement board members. The new board members should be in place by the first of November. Additionally, the new board members and existing members are being offered a training session on September 11, 2007. Mr. Bentley requested that current board members assist the incoming members in their transition.

3. **2007 Legislative Summary.** The first three on the list are agency bills. The remainder are from other sources that impacted real estate. The summary indicates when the bills go into effect.

Vice-Chair Costales suggested that the *OREN-J* and Commissioner's Bulletin advise when the 2007 statutes will be available online. This will probably not occur until after the special session in February 2008. Commissioner Bentley pointed out that the special session will be very focused and not involve a lot of statutory changes.

Mr. Kegler asked about the lengthy process for fingerprinting. Ms. Cannon explained the process including electronic fingerprinting capability. Mr. Kegler asked that the Agency circulate information regarding locations that provide electronic fingerprinting. Chair Graeper suggested putting this information in the *OREN-J* and the Commissioner's Bulletin.

B. Deputy Commissioner Katie Cannon

1. **Customer Service Survey.** Deputy Commissioner Cannon distributed the latest customer service survey (**Exhibit B**). She explained the survey process. Chair Graeper requested a question be added to the survey regarding the pleasantness of Agency staff toward customers. Ms. Cannon agreed to add this question.
2. **Agency and section standards of customer service.** Deputy Commissioner Cannon reminded the board that about a year ago the agency set standards of service, and pleasantness was one of the things that was added. Each section within the agency developed standards but when the legislative session began, the project was set aside. The division/section reports need to be finalized. We anticipate the report will be done by the October board meeting.

- C. **Agency section/division reports.** Ms. Cannon asked the board if they wanted a short report from each section at every board meeting. Board members agreed that this would be helpful.

- D. **Chair Graeper report on the July 12, 2007, joint meeting with OAR on education.** Chair Graeper reported that approximately 20 people were present at the July 12, 2007, meeting held at the Real Estate Agency. The attendees discussed critical decision testing, the need for assurance that brokers can perform their tasks, that critical path thinking is a must and how to train and test for that. Instructor certification was another issue addressed and how more emphasis will be in this area. Possible certification of distance learning through ARELLO was discussed. Mr. Zupan and Mr. Kegler agreed to take another look at the advanced practices course and broker administration, sales, and supervision. The Oregon Association of Realtors invited participation on the subcommittees that were formed. The next joint meeting of the OAR Education Task Force and Board Education Work Group will probably be in late September or early October.

Mr. Kegler commented on the Nebraska bulletin and their examination curriculum. He suggested asking the Nebraska Real Estate Agency about their process for testing and licensing. Commissioner Bentley responded with the agency's future plans for improvement in these areas.

- E. Chair Graeper report on PSI examination question review July 25, 2007.** Chair Graeper reported that the review consisted of determining the difficulty of the questions, based on the percentage of correct answers versus incorrect answers. The Chair requested that Carol Ann Mormosa from PSI speak to the education work group at their next meeting. Commissioner Bentley addressed the issue of the number of retakes. Mr. Graeper suggested that the issue of limiting the number of times the test can be taken be addressed at the next education joint meeting.

The Commissioner also pointed out that brokers are not required to have a high school diploma or GED.

- F. Board Member Ribera-Card report on the Property Management Education/Exam Work Group meeting July 10, 2007.** Ms. Ribera-Card presented an oral report on the work group's meetings and the recommendations that will be formally presented to the board in October for action.

VIII. ANNOUNCEMENTS

The October 15, 2007, board meeting will be in Medford, Oregon.

Following the meeting, there will be an informal question and answer period between the guests and the commissioner and the board.

IX. ADJOURNMENT

Chair Graeper adjourned the meeting at noon.

Respectfully submitted:

Respectfully submitted:

GENE BENTLEY
COMMISSIONER

MICHAEL R. GRAEPER
BOARD CHAIR

Exhibits distributed:

- A. Revised Rule Review Schedule dated 8-20-07, *Agenda Item IV.E.*
- B. Customer Service Survey, *Agenda Item VII.B.1.*