

## Part 1 – Agency Profile

### Agency Overview

The Idaho Real Estate Commission is a self-governing regulatory agency authorized under Chapter 20, Title 54, Idaho Code to administer the Real Estate License Law regulating real estate brokerage in Idaho. The Commission is a dedicated fund agency, meaning the funding for all Commission operations comes primarily from license and application fees; the Real Estate Commission receives no general fund monies. The Commission issues licenses to real estate brokers and sales associates, develops and oversees education programs and licensing exams, and investigates complaints and takes disciplinary actions for violations of the license law. The Commission is also charged with administering the State's Subdivided Lands Disposition Act (Chapter 18, Title 55, Idaho Code). The Act requires sellers of timeshares and out-of-state subdivision lots to register their projects with the Commission as a prerequisite to marketing them in Idaho.

The Commission is composed of four Governor-appointed Commissioners from four geographic areas of the state. The Commissioners meet monthly to establish the policies by which the Commission operates and to hear and decide enforcement matters. Commissioners hire an Executive Director to oversee agency operations and implement Commission policies. The Commission's 15 additional full-time employees are divided into three departments, each with its own supervisor: Administration, Education/Licensing, and Enforcement. Staff carries out the day-to-day duties of the Commission with the guidance and assistance of a part-time contract attorney, who serves as the Commissioners' legal advisor. The Commission operates out of one main office in downtown Boise near the Capitol Mall.

In addition, the Real Estate Education Council is established by Idaho Code Section 54-2008 to serve as an advisory group to the Commission and to perform other duties related to planning, coordinating and directing education programs as authorized in the Council's bylaws. The Education Council consists of six members, four appointed by the Commission from the four geographic areas of the state, one Commissioner, and the Commission's Executive Director.

Approximately 90% of active Idaho licensees belong to the Idaho Association of REALTORS®, a prominent trade association for real estate licensees. Although the interests of the agency and the association may sometimes differ, the Commission works with the Association to develop consensus on issues affecting licensees.

### Core Functions/Idaho Code

**Education/Licensing Department** – Develops and reviews curriculum for pre-license education and the Commission's Business Conduct & Office Operations and annual Core courses; certifies courses, instructors and course providers and monitors their performance; audits licensee compliance with Continuing Education requirements; oversees license examination content and administration; support staff for the Education Council; issues and renews licenses for Idaho real estate brokers salespersons and companies, including verification of eligibility for licensure; oversees fingerprinting for background checks; oversees licensee Errors & Omissions insurance program and monitors licensee compliance with E&O requirement; processes records changes and certified license histories.

**Enforcement Department** – Inspects real estate brokerage trust accounts and office operations; investigates complaints of alleged license law violations; recommends discipline for licensees and others for violations of the license law and monitors compliance; provides training and assistance to licensees, brokerages, and trade associations; oversees the timeshare and land registrations required under the Idaho Subdivided Lands Disposition Act.

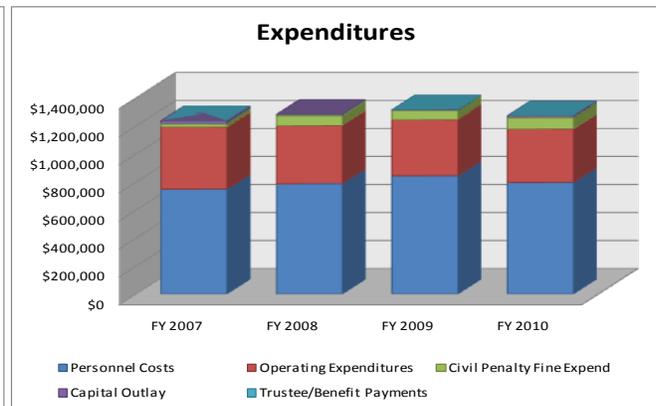
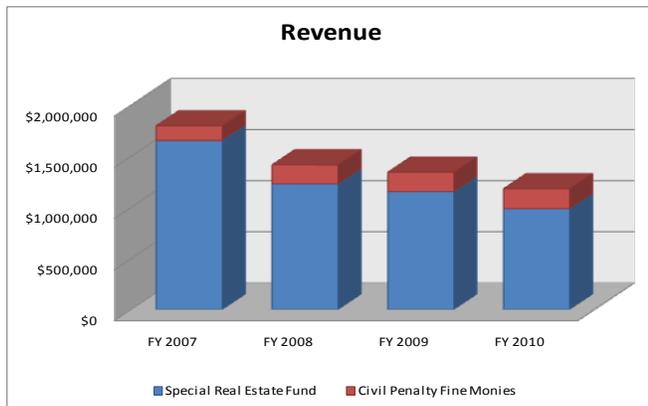
**Administration Department** – Maintains the Commission website and online services and internal licensing database application; publishes and distributes the bi-annual licensee newsletter (the *Real Estatement*), annual license law book, and Commission-approved agency disclosure brochure; liaison with legislature and trade association (Idaho Association of REALTORS®); fiscal, human resources and purchasing functions; and support staff for the Commissioners and legal counsel.

### Revenue and Expenditures

Revenue	FY 2007	FY 2008	FY 2009	FY 2010
Special Real Estate Fund	\$1,652,440	\$1,227,981	\$1,151,805	\$985,264
Civil Penalty Fine Monies**	\$143,645	\$185,444	\$189,592	\$195,273
<b>Total</b>	<b>\$1,763,084</b>	<b>\$1,413,425</b>	<b>\$1,341,397</b>	<b>\$1,180,537</b>
Expenditure	FY 2007	FY 2008	FY 2009	FY 2010
Personnel Costs	\$748,666	\$786,358	\$844,050	\$796,774
Operating Expenditures	\$443,765	\$415,272	++\$400,105	\$380,944
Civil Penalty Fine Expend.**	\$22,112	\$70,287	\$66,677	\$81,487
Capital Outlay	\$21,527	\$9,934	\$3,946	\$13,427
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$1,236,070</b>	<b>\$1,281,851</b>	<b>\$1,314,778</b>	<b>\$1,272,632</b>

\*\*Per Idaho Code, civil penalty fine money can only be spent on development and delivery of education to benefit Idaho real estate licensees. Fine money is deposited into the special real estate fund and is appropriated by the Legislature as part of the Commission's operating budget, but revenue and expenditures of fine money are accounted for separately by the Commission. \$95,000 of fine money per year is appropriated for educational purposes.

++In February 2009, the Governor directed all state agencies to defer spending of one-time appropriations and to minimize operating expenditures. The Commission deferred some approved spending and reverted back \$28,000 in one-time money in order to comply with this directive, which resulted in below normal operating expenditures for FY 2009.



### Performance Highlights

Although the license count has declined since its all time peak in 2007, Idaho now regulates more than 10,500 brokers and sales associates as of August 1, 2010. The Commission has maintained license fees at the same level for the last three years through identification of efficiencies in the office and utilization of technology solutions. In April 2008, the Commission launched a new online services application, including an enhanced licensee search, an updated license renewal function, and additional features for registered users. Since then, the Commission has seen its percentage of online renewals increase to well over 90% each month for the last year. Greater use of the online services allows the Commission to work more effectively and provides 24/7 access to the licensees for most Commission licensing functions.

In June 2009, the Commission achieved a longstanding goal of implementing electronic fingerprinting services for license applicants. The Commission no longer receives or handles paper fingerprint cards and related fees, which has resulted in a tremendous savings of staff time and a faster turnaround time for background check results. It has also eliminated "chain of custody" concerns raised by the FBI and ensures the Commission will remain in compliance with relevant laws and rules pertaining to protection of personal information. The electronic fingerprinting program is operated under contract with the Commission's license exam vendor, providing a "one stop shop" for new license applicants to complete these two licensing requirements at the same time in the same location.

Pursuant to a rule change, the Commission has implemented conditions for accepting late license renewals, and the online licensing application was updated to collect the necessary information and relevant fines from the

licensees at the time of the online renewals. This process formerly was handled by staff through the mail, and there has been a significant saving of staff time and expense as a result of the automation of this task.

In 2004, legislation was passed requiring all civil penalty fine monies to be expended exclusively for developing and delivering real estate education to benefit Idaho licensees. (Idaho Code Section 54-2059(4).) Spending authority for a portion of these funds has enabled the Commission to focus additional resources on priorities identified with guidance from the Education Council, education providers and instructors, and the Idaho Association of REALTORS®. Last year, the Commission contracted with Idaho real estate course providers to offer free Commission Core and reduced cost broker prelicense courses to licensees throughout the State of Idaho. The Commission also utilized fine money to take two Commission meetings "on the road" to other parts of the state (licensees may obtain free CE credit for attending a regularly-scheduled Commission meeting) as well as some staff travel to hold training sessions around the state on short sale and mortgage fraud and printing of the Commission's educational newsletter. Over 2000 licensees benefited from free or reduced cost CE credit through use of the fine money.

The Subdivided Lands Disposition Act underwent a significant legislative update in 2010. The new law allows for a fee discount for applicants who use the ARELLO Timeshare Registry for their filings. This online registry allows registrants to upload all supporting documentation to one server so member jurisdictions can review and approve the applications online. The registry is paid for by user fees and is available to the Commission at no cost. Its use has significantly improved turnaround time for application processing and has resulted in a huge savings of time and storage space for the Commission.

Unfortunately, the number of complaints of license law violations from members of the public and other licensees has increased. Many of these complaints involve more serious allegations and complicated investigations than the Commission has seen in the past. The Commission has been fortunate that it has been able to resolve most disciplinary actions by stipulation, keeping expensive formal hearings to a minimum. However, the Enforcement Department workload has continued to increase.

The Commission is participating in a mortgage fraud task force with other related state and federal agencies in an effort to combat mortgage and short sale fraud. There has also been a large increase in the number of complaints of unlicensed practice, particularly in the commercial real estate market.

This year, staff was reorganized to combine the Licensing and Education Departments under one supervisor to provide for more cross training opportunities and streamlining office operations, as well as improve customer service. The Commission is proud of the fact that it has demonstrated good stewardship of licensee funds and has been able to accommodate the ebb and tide of license numbers and complaints while maintaining a consistent level of customer service.

### Profile of Key Services Provided

Key Services Provided	FY 2007	FY 2008	FY 2009	FY 2010
<b>LICENSING DEPARTMENT</b>				
New Licenses Issued	2,620/-3.0%	1,245/-52.5%	833/-33.1%	837/+0.5%
Total License Count (And % Changes from Previous Year)	12,887/+12.5%	12,730/-1.2%	11,581/-9.0%	10,663/-7.9%
<b>ENFORCEMENT DEPARTMENT</b>				
Total Office Audits Completed	164	150	138	191
Total New Complaints Opened	552	1081	1010	833
Total Complaints Dismissed	106	64	71	59?
<b>Total Disciplinary Actions</b>	446	1017	934	726
CE Disciplinary Actions	86	67	136	117
E&O Disciplinary Actions	202	742	495	325
Other Disciplinary Actions	158	208	303	284
<b>EDUCATION DEPARTMENT</b>				
<b>Certification of New</b>				

Courses	157	204	193	69
Instructors	11	7	12	3
Providers	34	26	14	12
<b>Curriculum Evaluation</b>				
Sales Pre-License	Ongoing	06/2008	--	--
Broker Pre-License	Ongoing	Ongoing	#	**
<b>Education Council Course Audits</b>	16	16	15	16
<b>License Exam Statistics</b>				
Idaho exams administered	4637	2272	1201	1415

# The Commission rewrote the Business Conduct and Office Operations and Brokerage Management courses. The curricula for the Finance and Valuation & Analysis courses were reviewed, and new textbooks were adopted for these prelicense courses. Also, the Real Estate Law final course exam was revised.

\*\*The Commission revised the Business Conduct and Office Operations (BCOO) course and oversaw a major update to the online BCOO course.

## Part II – Performance Measures

Performance Measure	2007	2008	2009	2010	Benchmark
Establish online searchable education database and online services for educators		NEW	X	X	December 31, 2008
Number of investigations completed within 6 months from opening of case	X	X	X	90%*	100%
100% of IREC files, including back files maintained electronically		NEW	Ongoing	Not yet	June 30, 2010
Number of completed license applications and notice of change forms processed and approved within ten (10) business days from receipt	NEW	X	X	X	100%
Number of license renewals processed through the online system by June 30, 2010		NEW	X	X	80%
Number of sales associate and broker prelicense courses reviewed and updated each year for relevance and current laws		NEW	X	X	25%
100% of fingerprints for mandatory background checks submitted electronically		NEW	DONE EARLY	X	June 30, 2012

### Performance Measure Explanatory Notes:

\*Last year, some investigations have taken over a year to complete, while several more took between 6 months and 12 months. This is the result of more cases overall, as well as more complicated cases.

Of note is the significantly early accomplishment of the goal to implement electronic fingerprinting for mandatory background checks. This program has been fully operational since July 1, 2009. While the Commission has far exceeded its initial goal of 80% online renewals each month for more than one year, the process of converting the back files to electronic storage has lagged behind our target completion date.

**For More Information, Contact:**

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