

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), which requires registration of those wishing to market timeshares and out-of-state subdivisions to Idaho residents.

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 four departments, each with its own supervisor: Administration, Education, Enforcement, and Licensing. 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 brokers and sales associates. 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

Licensing Department – 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.

Education 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; evaluates education equivalency for sales and broker license requirements; audits licensee compliance with Continuing Education requirements; oversees license examination content and administration; support staff for the Education Council.

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; oversees the registrations required under the Idaho Subdivided Lands Disposition Act.

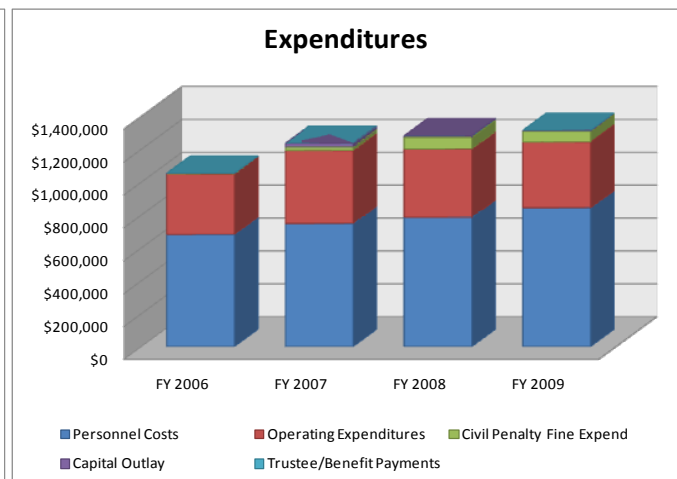
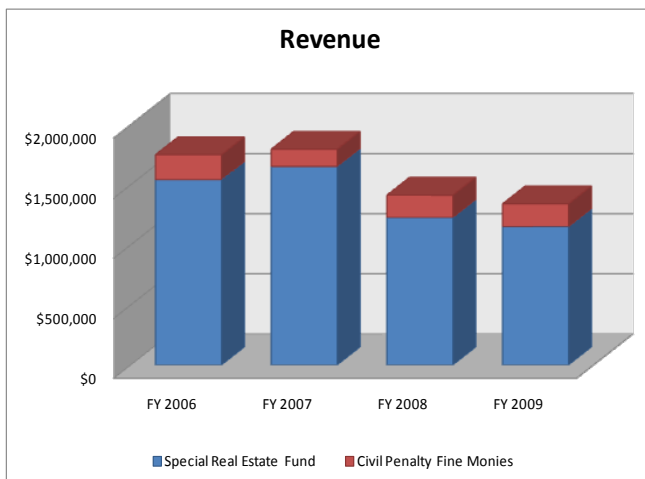
Administration Department – Maintains the Commission website and online services and internal licensing database application; publishes and distributes the bi-annual licensee newsletter (the *Real Estatement*), annual license law book, and Commission-approved agency disclosure brochure; liaison with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

Revenue and Expenditures

Revenue	FY 2006	FY 2007	FY 2008	FY 2009
Special Real Estate Fund	\$1,543,056	\$1,652,440	\$1,227,981	\$1,151,805
Civil Penalty Fine Monies**	\$206,944	\$143,645	\$185,444	\$189,592
Total	\$1,750,000	\$1,763,084	\$1,413,425	\$1,341,397
Expenditure	FY 2006	FY 2007	FY 2008	FY 2009
Personnel Costs	\$682,000	\$748,666	\$786,358	\$844,050
Operating Expenditures	\$368,200	\$443,765	\$415,272	++\$400,105
Civil Penalty Fine Expend.**		\$22,112	\$70,287	\$66,677
Capital Outlay	\$3,700	\$21,527	\$9,934	\$3,946
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
Total	\$1,053,900	\$1,236,070	\$1,281,851	\$1,314,778

**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 somewhat since its all time peak in 2007, Idaho regulated 11,581 brokers and sales associates at the end of FY09. The Commission has been able to maintain license fees at the same level for the last three years through creativity, flexibility, and incorporating technology solutions whenever possible. In April 2008, the Commission launched its own new online services application, including an enhanced licensee search, an updated license renewal function, and additional features for registered users. In October 2008, the Commission received a prestigious Communications award from the Association of Real Estate License Law Officials (ARELLO) for its new online services application. Additional efficiencies include:

- Eliminated licensee requirement to display paper license certificates
- Discontinued charging incidental fees for records changes
- Shifted from first class letters to postcard mailings for many licensee notices
- Developed online forms and publications to eliminate printing costs for these items
- Upgraded online services to allow licensees to view and manage their own records and renewals
- Implemented an electronic document management system for Commission files and records
- Developed a new online searchable education database and provider registered user interface

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.

In 2004, legislation was passed requiring that all civil penalty fine monies must 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 or reduced cost continuing education courses to licensees throughout the State of Idaho. Nearly 2700 licensees obtained CE credit and benefited from this use of the fine money. The Commission also utilized fine money for the development of one new course and enhancements to several existing courses, as well as an online Business Conduct and Office Operations course (a required course for all new designated brokers).

In conjunction with the Department of Finance and several industry groups, the Commission developed a loan fraud training DVD with the use of the fine money in 2008, and contracted for the preparation of 8 four-hour interactive education modules for new licensees. The Commission was recognized in October 2008 with awards from the Association of Real Estate License Law Officials for both of these efforts.

The Commission began using the ARELLO Timeshare Registry in the summer of 2008. This new service is an ARELLO member benefit, available to the Commission at no charge, which allows timeshare registrants to upload applications and supporting documentation one time to a main server. Commission staff can access the documents at any time and approve applications online. Use of the ARELLO Timeshare Registry has reduced the volume of paperwork coming into the Commission office that must be maintained and stored and has significantly streamlined the registration approval process.

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 proud of the fact that it has demonstrated good stewardship of licensee funds and has been able to efficiently accommodate the growth in license numbers while maintaining acceptable customer service levels.

Profile of Key Services Provided

Key Services Provided	FY 2006	FY 2007	FY 2008	FY 2009
LICENSING DEPARTMENT				
New Licenses Issued	2,727/41.00%	2,620/-3.02%	1,245/-52.5%	833/-33.1%
Total License Count (And % Changes from Previous Year)	11,458/23.90%	12,887/12.47%	12,730/-1.22%	11,581/-9.02%
ENFORCEMENT DEPARTMENT				
Total Office Audits Completed		164	150	138
Total New Complaints Opened	584	552	1081	1010
Total Complaints Dismissed	110	106	64	71
Total Disciplinary Actions	474	446	1017	934
CE Disciplinary Actions	171	86	67	136
E&O Disciplinary Actions		202	742	495
Other Disciplinary Actions	303	158	208	303
EDUCATION DEPARTMENT				
Certification of New				
Courses	136	157	204	193
Instructors	12	11	7	12
Providers	27	34	26	14
Curriculum Evaluation				
Sales Pre-License	Ongoing	Ongoing	06/2008	--
Broker Pre-License	Ongoing	Ongoing	Ongoing	#
Education Council Course Audits	16	16	16	15
License Exam Statistics				
Idaho exams administered	5381	4637	2272	1201

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.

Part II – Performance Measures

Performance Measure	2006	2007	2008	2009	Benchmark
Establish online searchable education database and online services for educators			NEW	X	December 31, 2008
Number of investigations completed within 6 months from opening of case	X	X	X	X	100%
100% of IREC files, including back files maintained electronically			NEW	Ongoing	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	100%
Number of license renewals processed through the online system by June 30, 2010			NEW	X	80%
Number of sales associate and broker prelicense courses reviewed and updated each year for relevance and current laws			NEW	X	25%
100% of fingerprints for mandatory background checks submitted electronically			NEW	X	June 30, 2012

Performance Measure Explanatory Note:

The Commission has identified a number of new objectives to meet its goals and consequently there are a number of new performance measurements and benchmarks this year. 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. Although the Commission has already met its goal of 80% online renewals in June and July 2009 (one year early), it is too soon to tell whether this is a trend that will continue over a longer period of time.

For More Information Contact

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