

## **REAL ESTATE COMMISSION MEETING**

Heber M. Wells Building

Room 210

9:00 a.m.

April 18, 2012

### **MINUTES**

#### DIVISION STAFF PRESENT:

Jonathan Stewart, Division Director  
Mark Fagergren, Education and Licensing Director  
Kent Nelson, Chief Investigator  
Jennie Jonsson, Hearing Officer  
Judith Jensen, Assistant Attorney General  
Renda Christensen, Board Secretary  
Tiffeni Wall, Real Estate Education Coordinator  
Van Kagie, Investigation

#### COMMISSION MEMBERS PRESENT:

Stefanie Tugaw-Madsen, Chair  
H. Thayne Houston, Vice Chair  
Gary Hancock, Commissioner  
H. Blaine Walker, Commissioner  
Kay Ashton, Commissioner

#### GUESTS:

|              |                |
|--------------|----------------|
| Tammy Lund   | Kevin Swenson  |
| Shane Norris | Sara Saylor    |
| Paul Naylor  | Romina Hancock |
| Doug Harris  | Victor Hancock |

The April 18, 2012 meeting of the Utah Real Estate Commission began at 9:00 a.m. with Vice Chair Houston conducting. Chair Tugaw-Madsen is running late and will be here shortly.

### **PLANNING AND ADMINISTRATIVE MATTERS**

#### Approval of Minutes

The minutes from March 21, 2012 were approved as written. Vote: Vice Chair Houston, yes; Commissioner Walker, yes; Commissioner Hancock, yes; Commissioner Ashton, yes. The vote was unanimous.

### **DIVISION REPORTS**

#### DIRECTOR'S REPORT – Jonathan Stewart

Director Stewart announced this will be the last meeting for Mr. Nelson. Mr. Nelson will be moving back to Consumer Protection. The new Chief Investigator will be

Jeffery Neilsen from the Division of Securities and he will start on April 30, 2012.

The Obama administration released the March housing scorecard. Data in the March housing scorecard show some promising signs of stability, though the overall outlook remains mixed. Mortgage delinquencies continued a downward trend and were substantially below last year's levels, while sales of existing homes in January and February marked the strongest start to a year since 2007. One in five Americans still owes more than their home is worth. Director Stewart said the full text of the report can be found at the HUD (hud.gov) website, and has encouraged those in attendance to read the full report.

Director Stewart said ARELLO has held their mid-year conference. He was unable to attend, but Commissioner Walker did and he shared the following information with the Commission and Division. California has \$1.7 million in trust account deficiencies, and in their audits, has closed ten companies. Many of the states are seeing the same issues as Utah with property management companies. ARELLO is tightening up some of their management requirements. Another issue is short sales. Some states have proposed legislation to address fraud issues that are arising.

#### ENFORCEMENT REPORT – Kent Nelson

Mr. Nelson reported in March the Division received 31 complaints; opened 30 cases; closed 15 cases; leaving the total number of real estate cases at 207.

#### Stipulations for Review

Sherri O. Hubbard  
Karin Wadsworth

Each of the respondents was offered the opportunity to appear today, but each has declined.

#### LICENSING/EDUCATION REPORT - Mark Fagergren

Mr. Fagergren said the statistics show that, over the last 11 months, 1,671 licensees have left the business. This number was split equally between active licensees and inactive licensees.

Commissioner Hancock said they are starting to see multiple offers on houses. There is a shortage of houses in certain price ranges in some areas. Contractors are starting to respond and have started additional construction. A starter home now is approximately \$200,000. Vice Chair Houston said the same issues are in the southern part of the State. He said that construction is going up and there are no building lots available.

The Division held its first Caravan meeting yesterday in Provo, and there are two more scheduled for next week.

The Division newsletter went out at the end of March, and there were some good articles on appraiser issues. Mr. Fagergren encouraged everyone to keep their e-mail addresses current so they will receive the newsletters. He is encouraging more educators to teach a class on the RELMS system. The top five issues that the Division receives on our Live Chat feature come from not understanding the RELMS system.

#### Stipulations for Review

Maureen Keitz  
Roderic D. Fife

Each of the respondents was offered the opportunity to appear today, but each has declined.

#### COMMISSION AND INDUSTRY ISSUES

##### Discussion of Proposed Rules – Jennie Jonsson

The draft of R162-2f was handed out for review. This draft addresses the comments made from last month's meeting regarding the proposed rule amendments. The following is a brief list of those changes:

1. R162-2f-201 has new language regarding information that must be provided by an applicant whose criminal history includes a violent crime.
2. R162-2f-207 includes a of ten-business-day deadline for businesses to report specific changes.
3. In this same section, new language clarifies when a change in ownership will require a registered real estate company or property management company to obtain a new registration with the Division.
4. R162-2f-401c deals with record keeping and trust accounts. In a real estate transaction a principal broker is required to assign a transaction number, and a unique identification must be assigned to each property management client.
5. Under this same section extensive discussion regarding a requirement to identify each agent who works on a transaction yielded no consensus.
6. R162-2f-401k clarifies what records a principal broker must maintain for each real estate transaction.
7. R162-2f-403 (d) outlines reporting requirements that relate to out-of-balance trust accounts.

Chair Tugaw-Madsen suggested an article in the Division newsletter on keeping records, particularly those related to rejected offers.

#### **OPEN TO PUBLIC**

##### INFORMAL HEARINGS:

10:45 Romina Hancock – Application for License  
Victor Hancock, Husband

**CLOSED TO PUBLIC**

A motion was made to enter Executive Session for the sole purpose of discussing the character, professional competence, or physical and mental health of an individual. Vote: Chair Tugaw-Madsen, yes; Vice Chair Houston, yes; Commissioner Walker, yes; Commissioner Hancock, yes; Commissioner Ashton, yes. An Executive Session was held from 12:30 p.m. to 12:37 p.m.

**OPEN TO PUBLIC**

Results of Stipulations

Sherri O. Hubbard - Approved  
Karin Wadsworth - Approved  
Maureen Keitz - Approved  
Roderic D. Fife – Approved

The Commission resumed discussion of the proposed rule amendments and determined to remove the provision that would require a principal broker to identify each agent who works on a transaction. With that change, the Commission voted to move forward with the rule-making process and publish the amendments for comment. Vote: Chair Tugaw-Madsen, yes; Vice Chair Houston, yes; Commissioner Walker, yes; Commissioner Hancock, yes; Commissioner Ashton, yes.

A motion was made to adjourn the meeting. Vote: Chair Tugaw-Madsen, yes; Vice Chair Houston, yes; Commissioner Walker, yes; Commissioner Hancock, yes; Commissioner Ashton, yes. The meeting was adjourned at 1:04 p.m.