

**REAL ESTATE COMMISSION MEETING**

Heber M. Wells Building  
Room 210  
9:00 a.m.  
November 20, 2013  
TELEPHONE MEETING

**MINUTES**

DIVISION STAFF PRESENT:

Jonathan Stewart, Division Director  
Mark Fagergren, Education and Licensing Director  
Jeffery Nielsen, Chief Investigator  
Justin Barney, Hearing Officer  
Renda Christensen, Board Secretary  
Mykah Travis, Real Estate Education Coordinator  
John Bickmore, Investigator  
Kadee Wright, Investigator  
Van Kagie, Investigator

COMMISSION MEMBERS PRESENT:

Kay R. Ashton, Chair  
Russell K. Booth, Vice Chair  
Gary R. Hancock, Commissioner  
Lerron E. Little, Commissioner  
Lori Chapman, Commissioner

GUESTS:

Peter Stevens	Peter Christensen
Dan Naylor	Shane Norris
Kevin Swenson	Tammy Lund

The November 20, 2013 meeting of the Utah Real Estate Commission began at 9:00 a.m. with Chair Ashton conducting.

**PLANNING AND ADMINISTRATIVE MATTERS**

Approval of Minutes

The minutes from the October 16, 2013 were found to have two errors. A motion was made to approve the amended minutes from the October 16, 2013 meeting. Vote: Chair Ashton, yes; Vice Chair Booth, yes; Commissioner Hancock, yes; Commissioner Little, yes; Commissioner Chapman, yes. The motion carries.

**DIVISION REPORTS**

**DIRECTOR'S REPORT –Jonathan Stewart**

Director Stewart said last month we discussed the legislative changes the Division

was proposing. Something new has come up that he would like to present to the Commission. Recently there was a case where a broker's license expired, which in turn, inactivated all of his agents. The broker failed to notify his agents for three months that he was expired and they were all inactive. The agents were all doing unlicensed activity all this time. Currently, in 61-2f-406-(2)(a) and (b) it references that associate brokers and sales agents affiliated with a revoked or suspended broker will become inactivated.

"61-2f-406-(2)(a) The revocation or suspension of a principal broker license automatically inactivates an associate broker or sales agent license granted to an individual by reason of that individual's affiliation with the principal broker whose license is revoked or suspended, pending a change of principal broker affiliation.

(b) A principal broker shall, before the effective date of a suspension or revocation of the principal broker's license, notify in writing every licensee affiliated with the principal broker of the revocation or suspension of the principal broker license."

The Division is proposing in addition to "revocation or suspension" adding in "expired." If a broker's license expired they would be required to notify their agents so they can affiliate with another broker.

Currently, the Division sends three separate notices out to each individual before their expiration date: 45 days; 30 days; and 15 days. A notice is also sent out two days after the license has expired. After discussion on this topic, the Commission recommended that Mr. Fagergren look into the possibility of sending an additional notice at three days before expiration with the notice that the Division will notify the agents that the broker hasn't renewed yet, so the agents will not be in violation of the rule.

Director Stewart mentioned that he met with the Utah Association of Realtors yesterday. Four separate issues were discussed, two of them will require statutory changes, one will require a rule change, and one would require another type of change. Director Stewart would like time to discuss the proposed changes with his staff, so these will be on the agenda for the meeting next month.

Commissioner Hancock asked Director Stewart about the appraisal industry. He recently spoke with an appraiser who has been in the business for a long time and had just attended a USPAP course. He said that out of the 17 appraisers with 20 or more years in the industry, all 17 said they are on their way out of the industry, and the other two in the class wondered what they had gotten themselves into. Commissioner Hancock asked if the regulations were so severe in the appraisal industry that we will lose our appraisers?

Director Stewart said that he and Mr. Fagergren just came back from an AARO conference. Appraisers are getting older, fewer people are coming into the industry, and the qualifications keep getting raised, so this is a constant concern for

the industry. Appraisers don't want to take on trainees because they are concerned trainees are competition for the work. Director Stewart said the industry is trying to get universities to get AQB approved programs. This would mean that someone attending an AQB approved program would have all of their education done, except for USPAP, and they would graduate with a degree. The student would then have to pick up their experience.

A comment from the public was there is no financial incentive for anyone young to get into the appraisal business. Beyond the burdensome requirements and the cost, the appraisers are getting squeezed by the financial institutions.

### **ENFORCEMENT REPORT – Jeffery Nielsen**

Mr. Nielsen reported in the month of October the Division received 42 complaints; opened 21 cases; had no cases referred to the AG's office; closed 13 cases; leaving the total number of open cases at 291.

The Division has hired two new Real Estate investigators: John Bickmore and Kadee Wright. Ms. Wright said she has been a sales agent for ten years and has paralegal training. Mr. Bickmore has a background of law enforcement investigation, and has almost a decade with the Salt Lake County Sheriff's Office. Mr. Nielsen said the Division is in the process of hiring new investigator, and he and Director Stewart will spend most of this afternoon interviewing possible applicants.

As mentioned last month, Mr. Nielsen handed out a Blind Ad and ½ Size Violations Proposal for the Commission's review:

- First blind ad or ½ size violation: \$150 fine, copy of letter sent to agent's broker along with another violation by agents could entail. Explain what a violation by another agent could entail if broker does not meet R162-2f-401c(2);
- Second blind ad or ½ size violation: \$500 fine; attempt to stipulate to \$150 fine with broker (as this would have occurred after warning made to broker);
- Third blind ad or ½ size violation: Mandatory hearing before the Commission for the agent, \$500 fine for the broker;

The accepted guidelines would become effective as of January 15, 2014. This would allow the Division to put something in the upcoming newsletter (January 1, 2014). Any violations before this date would be handled as we already have been doing. After this discussion, each Commissioner approved these guidelines.

Commissioner Little asked the question of an agent adding his name to a builder's sign. If the agent attaches his name to the builder's sign, he must add in the brokerage information, and must abide by the ½ sign rule.

**LICENSING/EDUCATION REPORT - Mark Fagergren**

Mr. Fagergren said at this time there are 100 appraiser trainees, and approximately 1300 licensed appraisers. There was a time when there were as many as 600 trainees registered. It takes approximately two years to go through the trainee program.

Mr. Fagergren mentioned at the AARO conference, currently four percent of appraisers are leaving the industry annually, while 1% is entering. These speakers were more pessimistic about this, saying there are 1,000,000 plus/minus realtors. Realtors are doing BPOs now, and if the market ever rebounds, the industry would simply not tolerate huge appraisal delays because we can't get trainees through the pipe-line. In 2012, there was \$41.5 million spent for lobbying by realtors. There was \$8.97 million spent by bankers. Good residential appraisers are becoming less relevant.

Mr. Fagergren said there is an increase of 47 new agents from last month.

Interviewing is going on now for a new licensing position. Hopefully by next month there will be another person in training in a licensing capacity.

The IDW went very well. Commissioners Booth, Chapman, and Ashton attended the meeting, and it was appreciated for their interactions.

Mr. Fagergren presented an application that does not have a high school or GED certificate. This individual has written a letter explaining their background and attached a copy of their resume. The application will be reviewed during the Executive Session.

**COMMISSION AND INDUSTRY ISSUES**

**Discussion of Proposed Rules – Justin Barney**

Mr. Barney reported there are no changes to rules for review this month.

There is one stipulation to review today. This individual was given the opportunity to address the Commission but has chosen not to appear.

Review of Stipulation

Adis Alagic

William Bustos has requested time on the agenda today, but has not appeared.

**CLOSED TO PUBLIC**

A motion was made to close the meeting for the sole purpose of discussing the character, professional competence or physical or mental health of an individual. Vote: Chair Ashton, yes; Vice Chair Booth, yes; Commissioner Hancock, yes; Commissioner Little, yes; Commissioner Chapman, yes. The motion has passed. The Executive Session was held from 10:03 a.m. to 10:30 a.m.

**OPEN TO THE PUBLIC**

RESULT OF STIPULATION

Adis Alagic – Approved

The application reviewed without a high school diploma/GED was approved.

**OPEN TO PUBLIC**

A motion was made to adjourn the meeting. Vote: Chair Ashton, yes; Vice Chair Booth, yes; Commissioner Hancock, yes; Commissioner Little, yes; Commissioner Chapman, yes. The meeting was adjourned at 10:33 a.m.