

MINUTES OF THE MEETING
Kansas Real Estate Commission
December 19, 2016

The Kansas Real Estate Commission held its regular meeting on Monday, December 19, 2016 at 9:00 a.m. at Three Townsite Plaza, Suite 200, 120 SE 6th Avenue, Topeka, KS 66603.

Commissioners Present:

Joe Vaught, Chairperson
Bryon Schlosser, Vice-Chairperson
Errol Wuertz, Member
Sue Wenger, Member

Staff Present:

Erik Wisner, Executive Director
Kelly White, Deputy Director, Director of Licensing and Education
Stacey Serra, Legal Assistant
Amber Nutt, Education Specialist
Wendy Alkire, Compliance Director

Kansas Real Estate Commission Legal Counsel:

Athena Andaya, Deputy Attorney General
Rachael Longhofer, Assistant Attorney General
Kenny Titus, Assistant Attorney General

Members of the Public:

Patrick Vogelsberg, Kansas Association of Realtors

Call to Order

Mr. Vaught called the meeting to order at 9:01 a.m.

Approval of the Minutes of the November 21, 2016 Meeting

Motion was made by Mr. Schlosser, seconded by Mr. Wuertz, to approve the minutes from the November 21, 2016 meeting. Motion carried unanimously.

2016 I-Team Policy Review

Mr. Wisner presented a review of the general policy items discussed by I-Team in 2016. Most of these items have been previously presented to the Commission, the exception being items from the December 5, 2016 meeting. The I-Team reviews both specific compliance issues and policy items. The policy review group is made up of Sue Wenger, Bryon Schlosser, Wendy Alkire, Erik Wisner, Richard Ford, Stacey Serra, Rachael Longhofer, Wes Smith and Sarah Fertig. Mr. Schlosser and Ms. Fertig do not participate in discussions on specific compliance issues. Some

potential issues I-Team will address in 2017 include reviewing statutes and regulations that are obsolete or do not conform to current industry practices and determining if it is necessary to split the investigative team. One team would address audit issues and one team complaints.

Mr. Vaught recessed for a short break at 10:24 a.m.

Mr. Vaught reconvened the meeting at 10:33 a.m.

Review of Revised Violation Index Guidelines

Several revisions to the guidelines were proposed for regulatory and statutory accuracy. It was decided to raise \$50.00 fines to \$100.00. I-Team felt \$50.00 fines were not significant enough to generate compliance and if the time and effort were to be invested, the fine should be higher. References for violations of the new broker supervision regulation were also added.

Motion was made by Mr. Schlosser, seconded by Mr. Wuertz, to approve the changes to the guidelines. Motion carried unanimously.

Review of Draft Regulation on Rebates

The recent draft of the regulation defining a rebate was presented. The only change from the previous draft was removing language referencing a minimum monetary amount.

Motion was made by Mr. Wuertz, seconded by Mr. Schlosser to accept the draft of the regulation. Motion carried unanimously.

Mr. Wisner indicated he would informally disburse the draft regulation to industry members for comment.

Licensee, Education and Exam Report

Ms. White informed the Commission the number of licensees as of December 6, 2016 was 14,974. This is an increase of 171 from November 1, 2016.

In November there were 251 exams taken with an overall pass rate of 66%. There were 14 broker exams with a pass rate of 79% and 237 salesperson exams with a pass rate of 65%. In FY17, there have been 1,147 exams administered and an overall pass rate of 67%. Two brokers and 41 salespersons tested by waiver for equivalent requirements.

Staff has been working with KTWU to produce a video explaining the process to get a real estate license in Kansas. A rough draft running eight to nine minutes has been returned. Staff is working to edit the video down to five to seven minutes.

Mr. Vaught recessed for a short break at 9:58 a.m.

Mr. Vaught reconvened the meeting at 10:08 a.m.

Director's Report

FY2017 real estate fee fund receipts are \$479,832. This is 3% above estimates. FY2017 expenditures, excluding encumbrances are \$379,295. This is 5% or \$51,000 less than estimated.

There are some capital expenses that will be purchased later this fiscal year, but, expenditures should remain under estimates. Most of the capital expenses are for office furniture and fixtures for the new office.

The Commission fee fund balance was \$517,747; this is up \$69,000 from July 1. The carryover will drop over the next few months due to the System Automation project. Background investigation fee fund receipts were \$48,642, which is 2% over estimates. The rise in background checks tends to be an indicator of people getting into the industry. The Real Estate Recovery Fund receipts were \$15,185 and the balance of the fund was at \$256,655. The Commission has made the first installment for video production. The total estimated cost for the videos is \$1,500, but, there may be a reduction. \$2,000 had been budgeted for per video.

Work continues on the online licensing system. The vendor is currently working on the application of continuing education hours. The way the Commission applies continuing education hours is a little different from the out of the box functionality. In addition, the project management team is working on cleaning up the data in preparation for migration into the new database environment. The project is currently a bit behind schedule in one part, but ahead on another.

Mr. Wisner provided a draft of the previously approved lease agreement with Jayhawk Tower. The lease must still be approved by the Joint Building Committee. Mr. Wisner does not see any reason it will be denied.

Mr. Wisner provided a review of the current status of active legal files. There are currently 360 active files.

ARELLO released the agenda for the mid-year meeting in Louisville, Kentucky on April 26-29. If any Commission members are interested in attending, there are funds available.

Adjournment

Mr. Vaught adjourned the meeting at 10:46 a.m.

Upcoming Commission Meeting Dates

February 20, 2017