

MINUTES OF THE MEETING
Kansas Real Estate Commission
June 19, 2017

The Kansas Real Estate Commission held its regular meeting on Monday, June 19, 2017, at 9:00 a.m. at Three Townsite Plaza, Suite 200, 120 SE 6th Avenue, Topeka, Kansas 66603.

Commissioners Present:

Joe Vaught, Chairperson
Bryon Schlosser, Vice-Chairperson
Errol Wuertz, Member
Sue Wenger, Member
Connie O'Brien, 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
Kiereon Sisney, Real Estate Specialist

Kansas Real Estate Commission Legal Counsel:

Sarah Fertig, Assistant Attorney General
Tom Nanney, Assistant Attorney General

Members of the Public:

William Sneed
Fran Cashion
Steve Slabaugh
CB Starks
Karen Bergin
Kelly Adams
Greg Gaeger
Larry Lloyd
Bo Gilbert
Patrick Regan
Vern Jarboe
Mark Barker
Patrick Vogelsberg

Call to Order

Mr. Vaught called the meeting to order at 9:00 a.m.

Public Hearing on Proposed Regulations

Mr. Wisner summarized the proposed regulations, K.A.R. 86-3-7 and K.A.R. 86-3-32. Written comments received by the Commission in advance of the hearing were read. Mr. Wisner called for comments from the public. Several members of the public attending the meeting spoke regarding the proposed regulation K.A.R. 86-3-32.

Approval of the Minutes of the April 18, 2017 Meeting

Motion was made by Mr. Schlosser, seconded by Mr. Wuertz, to approve the minutes from the April 18, 2017 meeting. Motion carried unanimously.

Approval of the Minutes of the April 27, 2017 Meeting

Motion was made by Ms. Wenger, seconded by Mr. Wuertz, to approve the minutes from the April 27, 2017 meeting. Motion carried unanimously.

Mr. Vaught recessed the KOMA meeting at 10:02 a.m.
Mr. Vaught reconvened the KOMA meeting at 10:22 a.m.

Conference Hearing of Teresa Commerford, Docket No. 17-6158

Transaction Brokerage Addendum

Mr. Wisner presented a revised draft of the Transaction Brokerage Addendum incorporating comments offered at the March 20, 2017 and April 18, 2017 Commission meetings.

Motion was made by Mr. Schlosser and seconded by Mr. Wuertz to approve the revised form and accompanying regulation changes to K.A.R. 86-3-27. Motion carried unanimously.

Sellers Property Disclosure Form

Mr. Wisner presented a memo regarding a seller's property disclosure form. The memo provided information on disclosures in Iowa, Nebraska, Oklahoma and Texas. Kansas does not have a requirement that sellers of residential property complete a disclosure form. Ms. Fertig will work on a draft of a proposed statutory change to require a seller disclosure.

Conference Hearing of Jacob Forbes, Docket No. 17-6225

Mr. Vaught recessed the KOMA meeting at 12:04 p.m.
Mr. Vaught reconvened the KOMA meeting at 12:24 p.m.

Broker Experience Requirements

Mr. Wisner presented an overview of past discussions on two-tiered broker's licenses. Commissioners discussed the current experience requirements for broker applicants. Motion was made by Mr. Schlosser, seconded by Ms. Wenger, to remove the "Broker Point System" from the Commission website and replace it with information regarding what type of broker applications staff are authorized to approve without additional review by the Commission. Mr. Schlosser also

moved to appoint a task force to review the requirements for broker applications and continuing education requirements. Motion carried unanimously.

Licensee, Education and Exam Report

Ms. White informed the Commission there were 15,330 licensees for April, and 15,506 for May. There has been an increase of 836 since June of 2016.

Staff approved eight elective courses in April, and five elective courses in May.

In April, there were 271 exams taken with an overall pass rate of 69%. There were 19 broker exams with a pass rate of 95%, and 252 salespersons exams with a pass rate of 67%. Five brokers and 44 salespersons tested by waiver for equivalent requirements.

In May, there were 249 exams taken with an overall pass rate of 71%. There were 22 broker exams with a pass rate of 86%, and 227 salespersons exams with a pass rate of 70%. Seven brokers and 32 salespersons tested by waiver for equivalent requirements.

In FY2017, there were 2,752 exams administered with an overall pass rate of 68%. 44 brokers and 442 salespersons tested by equivalent requirements, brokers had a 100% pass rate, and salespersons had an 86% pass rate.

Ms. White presented an overview of the licensee transfer process. A licensee initiates the transfer by submitting the Licensee Transfer Form (REL-300) and a \$15.00 fee. The form is signed by the new and former supervising brokers. If the terminating broker does not sign the form, the licensee is advised to submit details of their attempts to have the broker sign, and staff will process the transfer without the signature. The terminating broker will be informed of the transfer by Commission staff. A licensee may change from active to inactive status by submitting the License Status Change Form (REL-310), no fee is required. This form is signed by the licensee and the broker. If the licensee does not have the broker's signature, the same process applies as for a transfer. If the broker cannot obtain the licensee's signature, they may attach a copy of the notice to the licensee at their last known street address or email indicating the license is being returned to the Commission for deactivation.

Pearson Vue has mailed invitations to review the standards for a passing grade on the licensing exams to subject matter experts recommended by the Commission. The meeting will be held via WebEx in August.

Amber Nutt has submitted the Commission newsletter to ARELLO for consideration for a communication award.

Director's Report

FY2017 real estate fee fund receipts are \$991,478. This is 2% above estimates. In May, total fiscal year fee fund receipts totaled over \$1 million. This means no more transfers will be made to the state general fund. The ending fee fund revenue should be well over 2% of estimates. FY2017 expenditures, excluding encumbrances, are \$879,876. This is 6% or \$61,000 less than estimated.

The original budget spread out the capital expenditures for the office relocation over FY2017 and 2018. Based on expenditures coming in below estimates, all capital expenditures will be made in FY2017. This will allow for additional flexibility for expenditures in FY2018.

The Commission fee fund balance was \$451,444; this is up \$2,700 from July 1, 2016. Background investigation fee fund receipts were \$113,774, which is 3% above estimates. The Real Estate Recovery Fund receipts were \$22,304 and the balance of the fund was at \$262,278.

Work continues on the online licensing system. The vendor is currently working on defining rules and steps in the process for individuals to renew and transfer online. The go-live date has been moved to August 25, 2017.

Mr. Wisner reviewed legislative issues. The budget bill includes the settlement from the fee fund sweep legislation. That will transfer \$167,000 into the fee fund next year.

Mr. Wisner provided a review of the status of active legal files. There are currently 375 active files. The number of files pending legal review have been reduced from 73 24 since April.

Mr. Wisner provided an update on ARELLO. They are doing a pilot program for a certification and disciplinary action databank.

Conference Hearing of Brad Voran, Docket No. 17-6219

Conference Hearing of Bryson Decker, Docket No. 17-6220

Mr. Vaught recessed the KOMA meeting at 2:21 p.m.
Mr. Vaught reconvened the KOMA meeting at 2:38 p.m.

Motion was made by Mr. Wuertz, seconded by Ms. Wenger, to table the vote on the proposed regulations to extend the period for public comment until the August meeting.

Reorganization of Commission Pursuant to K.S.A. 74-4202(a)

Motion was made by Ms. Wenger, seconded by Mr. Wuertz, to approve the reorganization of the Commission making Mr. Schlosser the Chairperson, and Mr. Vaught the Vice-Chairperson. Motion carried unanimously

Adjournment

Mr. Schlosser adjourned the meeting at 2:54 p.m.