



Georgia
Real Estate
Commission

Fiscal Year 2013
Annual Report



**GEORGIA
REAL ESTATE
COMMISSION**

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CLAYTON FOSTER
Vice Chair

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DAVID J. BURGE
CLAYTON FOSTER
SCOTT FREE

STAFF

WILLIAM L. ROGERS, JR.
Real Estate Commissioner

CRAIG COFFEE
Deputy Real Estate Commissioner

January 6, 2014

The Honorable Nathan Deal
Governor, State of Georgia
Georgia State Capitol
Atlanta, Georgia 30334

Dear Governor Deal,

Pursuant to the Official Code of Georgia Annotated §43-40-2 (g), I submit the Annual Report of the Georgia Real Estate Commission, ("the Commission," or the "Agency") for the fiscal year July 1, 2012, through June 30, 2013 ("FY 2013"). This report includes: (1) a summary of actions taken by the Commission; (2) a financial report of Income and Disbursements; (3) staff personnel; (4) the number of persons licensed by the Commission; and (5) steps taken in education and research to disseminate information so all licensees can be better informed to protect the public.

Since the Commission also provides administrative support for the Georgia Real Estate Appraisers Board (GREAB), I have included separate information concerning it though the budgets are combined.

FY 2013 ended with a real estate licensee population of 83,665. This is a decrease of 2,679 licensees from FY 2012. FY 2013 ended with an appraiser population of 4,733. This is a decrease of 146 licensees from FY 2012. Because of the economy, the licensee population is falling, but doing so less dramatically than previous years.

By law, no general State tax revenues may be used to support our Agency's operations. All funding comes from fees paid by licensees. Despite a decrease in the licensee population in FY 2013, the Agency returned approximately \$255,037.00 surplus to the state.

Sincerely,

Paul G. Brower
Chair

GEORGIA REAL ESTATE COMMISSION

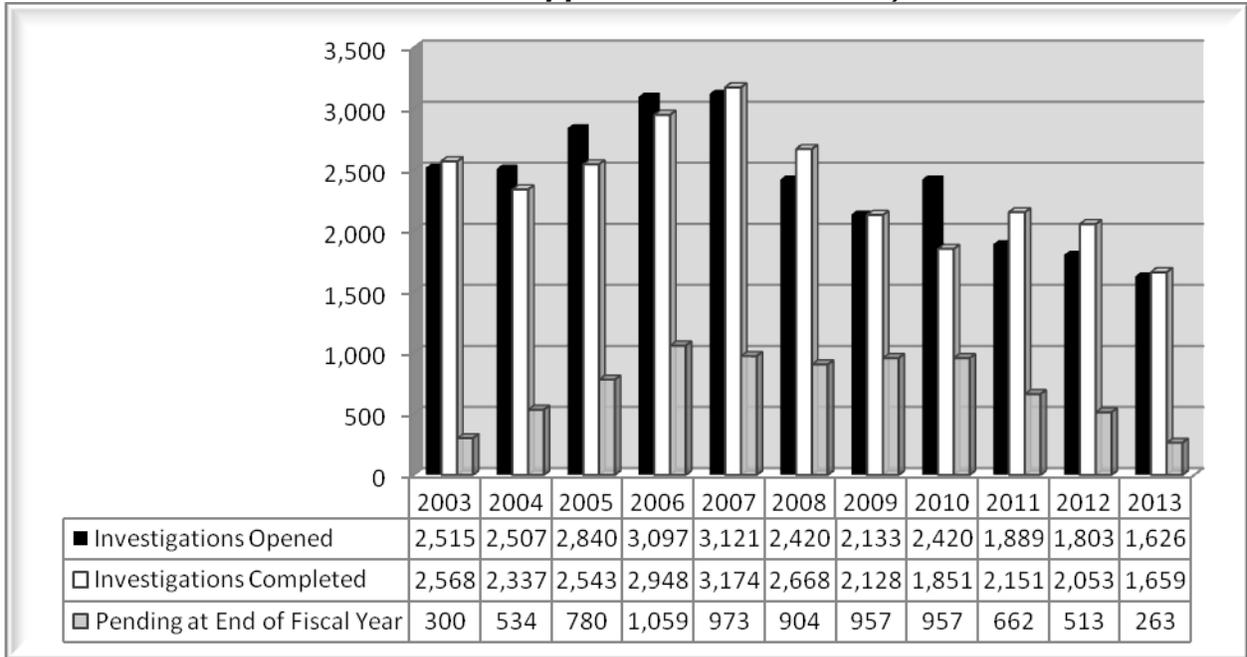
GEORGIA REAL ESTATE APPRAISERS BOARD

FISCAL YEAR 2013 ANNUAL REPORT

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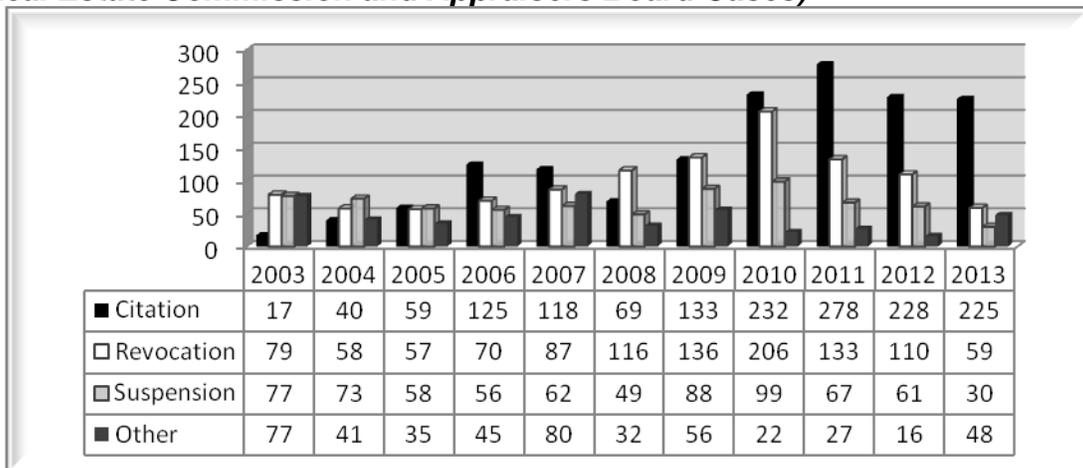
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Agency Investigative Statistics by Fiscal Year
(Includes Real Estate Commission and Appraisers Board Cases)



In addition to written Requests for Investigations, the Commission’s staff answers a number of questions daily, including complaints, and inquiries received from telephone or walk-in individuals. The staff resolves most of these informal matters rapidly to the satisfaction of the public. Many complaints involve contract disputes and require legal assistance. In those instances, the staff recommends that the complaining party seek legal counsel or consider pursuing the matter in court for appropriate action.

Agency Disciplinary Actions Imposed by Fiscal Year
(Includes Real Estate Commission and Appraisers Board Cases)



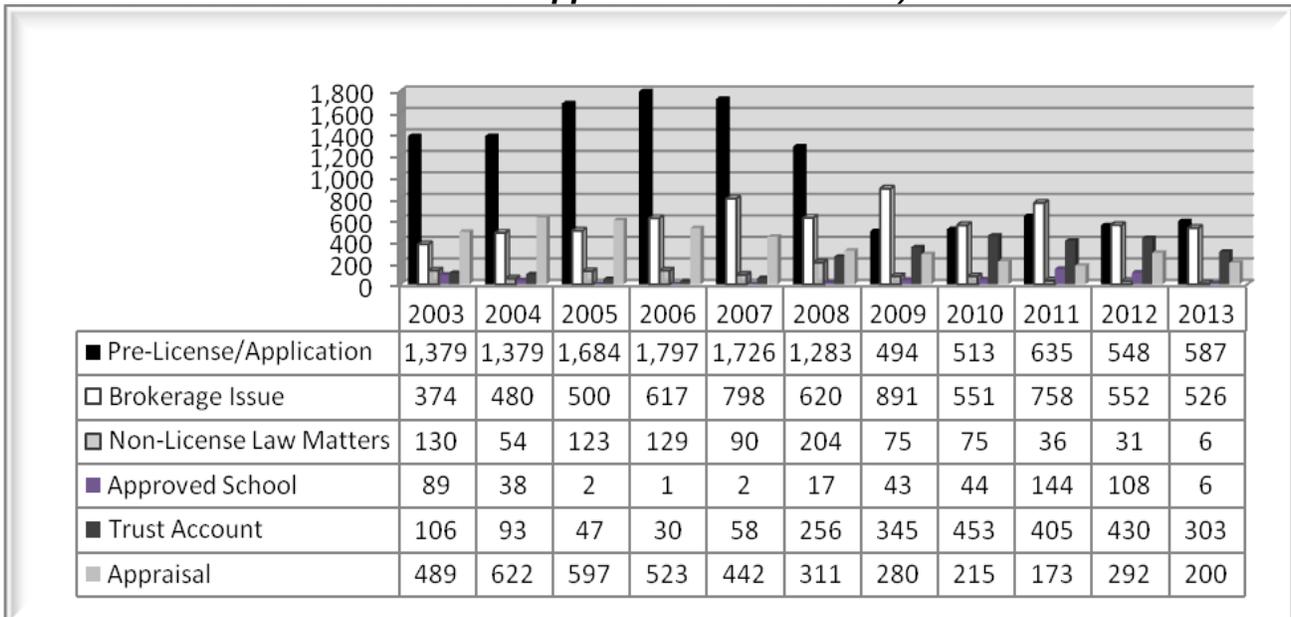
Disciplinary Actions include Citations (generally for less serious violations - 225 in FY2013) or Sanctions (for more serious violations - 137 in FY2013). The Commission also has an option to send “letters of findings” to licensees when an investigation reveals only technical license law violations that involve no harm to the public.

The Commission and Board make extensive use of Consent Orders to resolve contested cases. Where there is little dispute regarding the facts in a case and the parties agree on the sanction to be imposed, the Commission and Board use the Consent Order to save parties the time and the expense of a full, formal hearing before an Administrative Law Judge. Most cases are resolved without a formal hearing. Only 19 cases were heard before an Administrative Law Judge in FY2013.

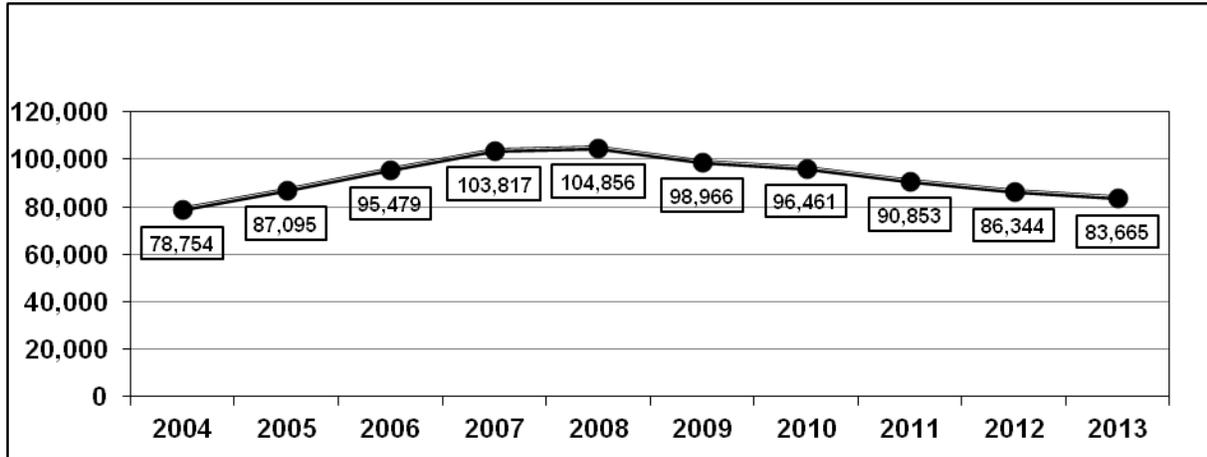
Fines and Disciplinary Costs Reimbursements Collected

GEORGIA REAL ESTATE COMMISSION & APPRAISERS BOARD			
	GREC	GREAB	AGENCY
FINES	\$23,100	\$15,700	\$38,800
DISCIPLINARY COSTS REIMBURSEMENTS	\$128,012	\$102,070	\$230,082

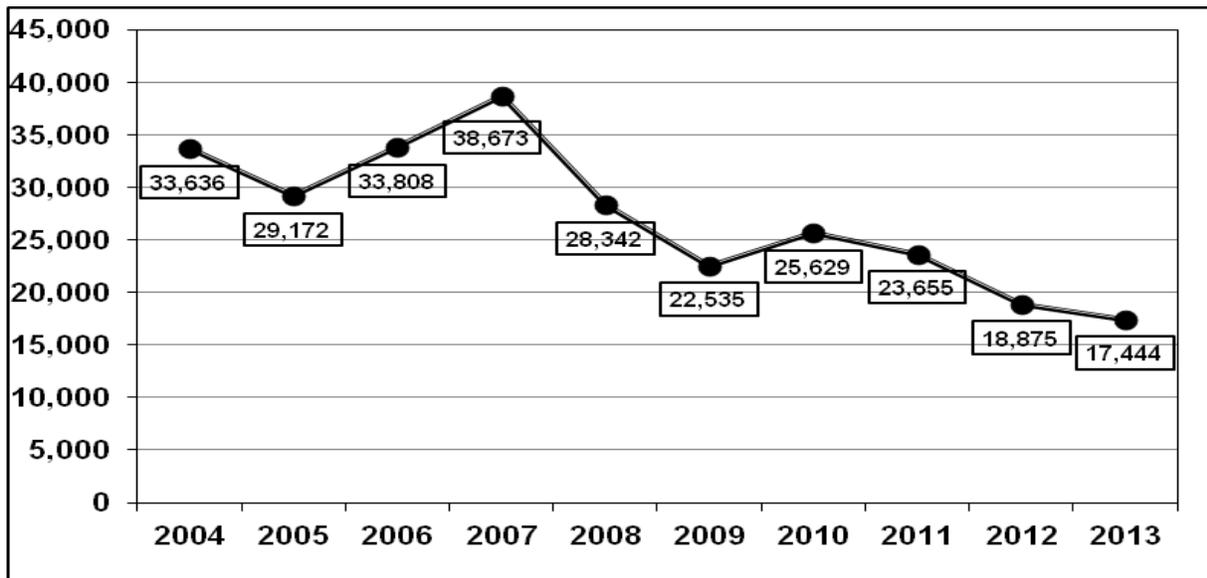
Agency Investigations Completed by Fiscal Year and Type (Includes Real Estate Commission and Appraisers Board Cases)



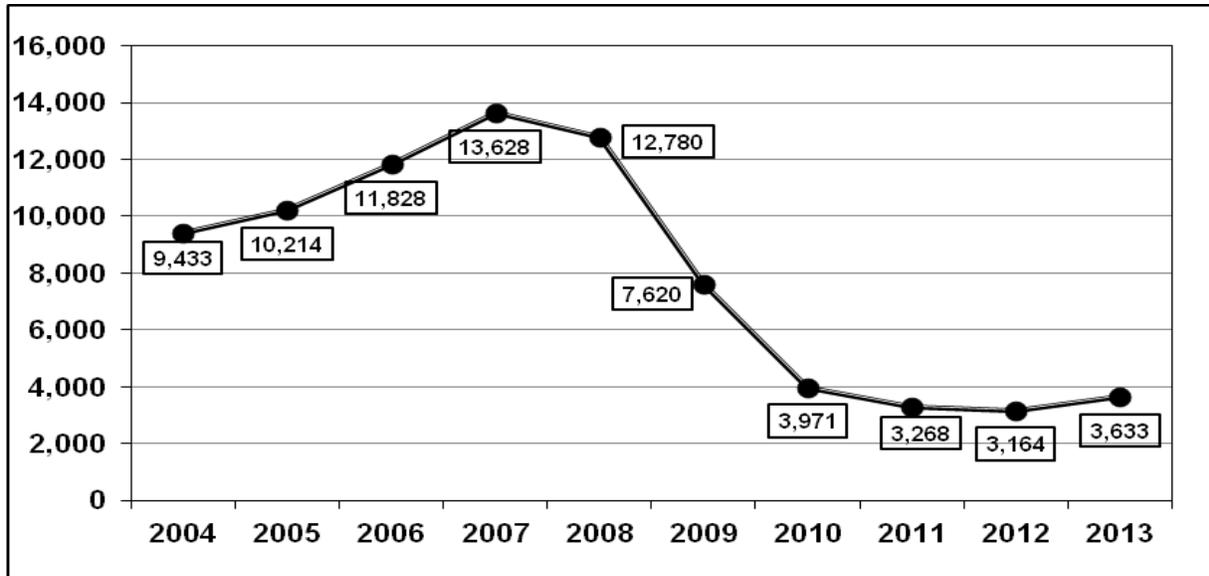
Real Estate Licensees by Fiscal Year



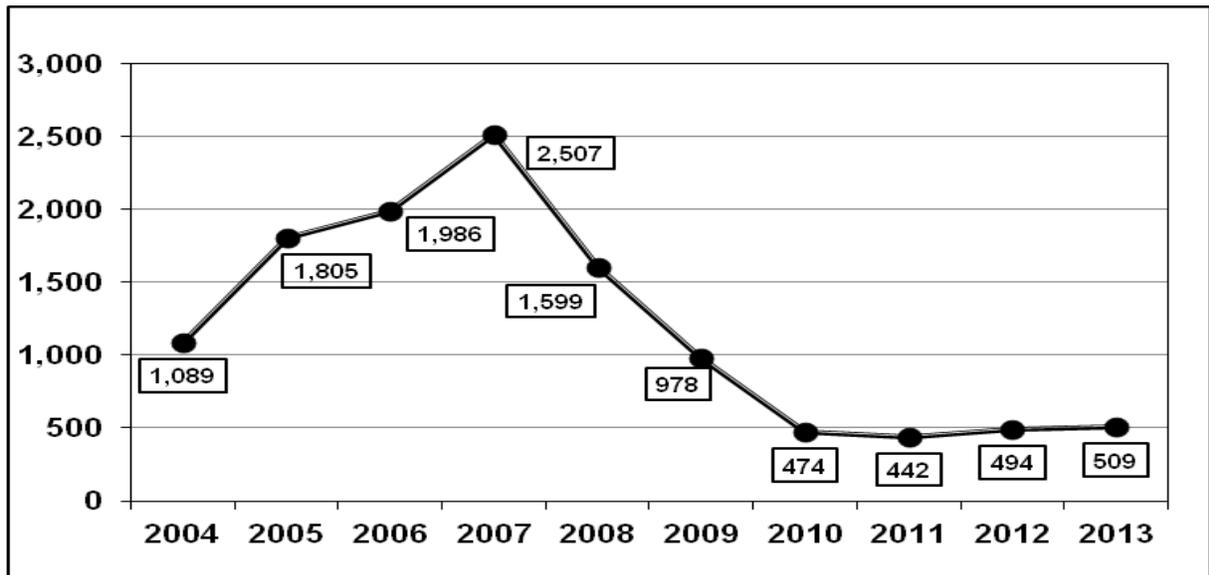
Real Estate License Renewals by Fiscal Year



New Resident Real Estate Licenses Issued by Fiscal Year



New Non-Resident Real Estate Licenses Issued by Fiscal Year



Agency's Separate Budget Unit Status

A 1977 court ruling and subsequently adopted state statutes require that the Commission's budget for direct and indirect costs approximately equal its revenue collections. Revenue collections are fees paid by licensees for both new licenses and the renewal of existing licenses. Direct costs include expenses for which the Commission directly pays; for example, salaries, rent, computer charges, administrative law courts and specially assigned Attorney General's (SAAG's) for legal work on disciplinary cases. Indirect costs include the Office of the Georgia Attorney General for additional legal work and the Georgia Secretary of State for Human Resources services. In past years, The Governor's Office of Planning and Budget (OPB) and the Legislative Budget Office (LBO) have instructed the Commission to base its proposed budget so that the State's appropriation to it equals approximately 85% of its income. The 15% difference retained by the State pays the indirect costs.

If the Commission's fee income significantly exceeds the State's appropriations to it, it must reduce fees charged to licensees. Conversely, if fee income falls significantly below the State's appropriations to it, the Commission must increase fees to licensees.

In 1990, the State of Georgia created the Georgia Real Estate Appraisers Board (GREAB). The Commission performs similar services for appraisers as it does for the real estate licensees. It regulates, educates and disciplines appraisers in the same manner as real estate licensees. The budget for the Commission includes the fee income and cost of the GREAB.

From the years 2000 through 2008 the fee income from real estate and appraiser licensees significantly exceeded the Agency's expenditures. This was due to a significant increase in new licensees. However, the licensee population started declining in 2008 and is continuing to do so. In addition to the amounts appropriated by the State each year to the Commission, the Commission is allowed by law to retain revenue collected from disciplined licensees to reimburse the Commission for its administrative, investigative, legal costs and expenses ("Retained Revenue").

Report of Revenues Collected and Amounts Expended by the GREC & GREAB for Amended FY 2013

Revenue

\$2,853,635	Revenue from Real Estate Licensees (New, Renewals, Reinstatements & Penalty Fees)
(-\$ 83,560)	Required Deposit into Recovery Fund from New Real Estate Licensees
\$ 517,715	Revenue from Appraiser Classifications and Appraisal Management Company's (New, Renewals, Reinstatements & Penalty Fees)
\$ 257,091	Retained Revenues (Cost Reimbursement from Real Estate and Appraiser Licensees for Disciplinary Actions)
<u>\$3,544,881</u>	Total Revenue Collected by the GREC & GREAB

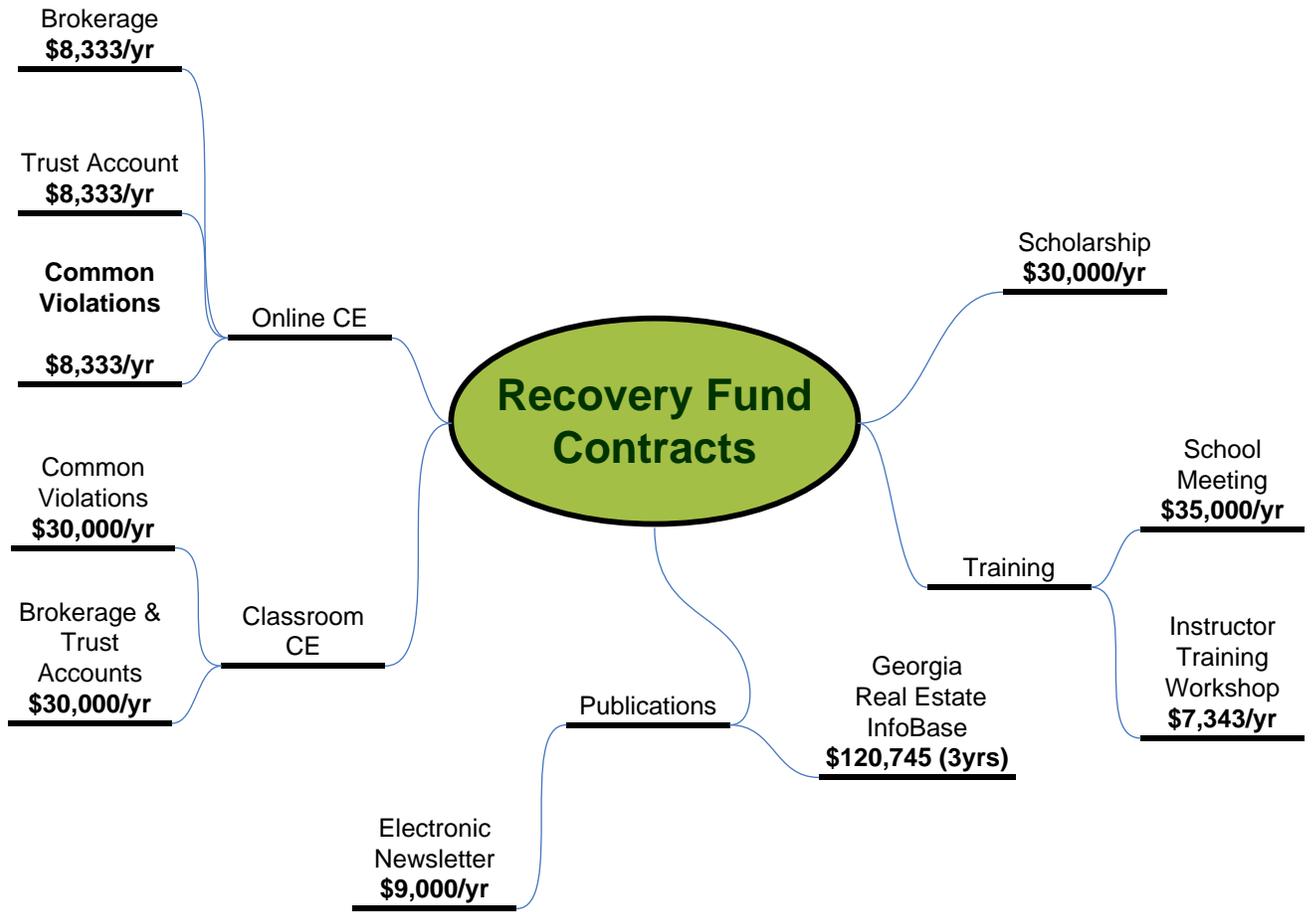
Expenditure (Note: Expenditures by the Commission are limited by law to appropriated funds from the State Legislature plus Retained Revenues)

\$2,839,603	Amended FY 2013 State Appropriation
<u>\$ 257,091</u>	Retained Revenues
\$3,096,694	Total Amount limited by law for spending by the GREC & GREAB
<u>(-\$2,954,371)</u>	Total Amount Expended by the GREC & GREAB
\$ 142,323	Unspent Funds from Appropriated Funds and Retained Revenue
	Note: \$69,838 Deposited into State Treasury \$72,623 Carried forward to FY2014 for benefit of GREC & GREAB
<u>\$3,544,881</u>	Total Revenue Collected by the GREC & GREAB
<u>(-\$3,096,694)</u>	Total Limited by Law for spending by the GREC & GREAB
\$ 448,187	Excess Revenue collected from Real Estate and Appraiser Licensees over amount Limited by Law for spending
\$ 142,323	Unspent Funds from amount Limited by Law for spending
<u>(-\$ 262,850)</u>	Estimated Cost of Human Resource services provided by the Secretary of State and of legal services provided by the Attorney General (Attorney General - \$177,850) (Secretary of State - \$85,000)
\$ 327,660	Estimated Excess Revenue from Real Estate and Appraiser Licensees
<u>(-\$ 72,623)</u>	Retained Revenue Carried Forward to FY2014 for benefit of GREC & GREAB
\$ 255,037	Estimated Excess Revenue deposited into the State Treasury collected from Real Estate and Appraiser Licensees

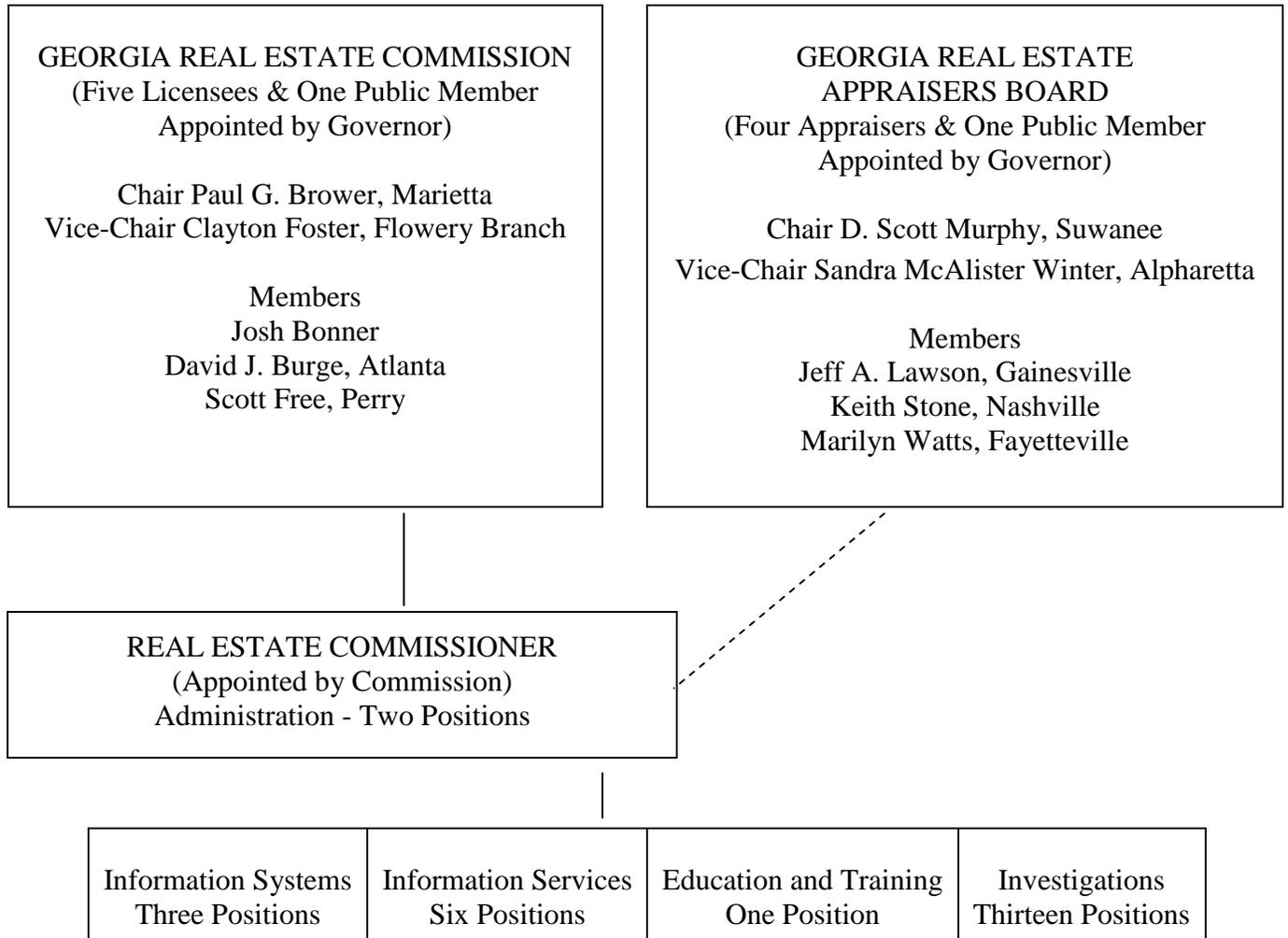
Education, Research and Recovery Fund ("Recovery Fund")

The Recovery Fund is funded from a one-time \$20.00 fee for each original real estate license issued and any interest earned. The Recovery Fund is used to reimburse non-licensees who have been harmed by a licensee but cannot recover from the licensee after obtaining a judgment against the licensee through the courts. The fund is also used to underwrite the cost of developing real estate courses, conducting real estate seminars, conducting real estate research projects, publishing and distributing real estate educational material, and for education research programs for the benefit of real estate licensees and the public. The Commission is required by law to keep a minimum balance of \$1,000,000.00 in the Recovery Fund. At the end of FY 2013, the Recovery Fund balance was \$1,525,096.

Fiscal Year	Income		Disbursements				Balance
			Judgments Paid & Collection Costs		Education & Research Contracts		
	Licensee Payments	Interest Earned	Number of Judgments	Amount	Number of Contracts Awarded	Amount	
1974-2005	\$3,829,379	\$2,290,125	132	\$796,101	207	\$3,001,207	\$2,322,196
2006	\$329,060	\$63,430	1	\$5,155	10	\$218,620	\$2,490,911
2007	\$326,550	\$128,801	0	\$32	7	\$406,033	\$2,540,197
2008	\$181,460	\$83,668	0	\$0	4	\$212,204	\$2,593,121
2009	\$95,200	\$29,720	0	\$0	10	\$348,900	\$2,493,271
2010	\$96,238	\$6,498	0	\$0	10	\$324,491	\$2,276,422
2011	\$74,940	\$3,916	0	\$0	10	\$325,617	\$2,029,661
2012	\$73,520	\$3,205	0	\$0	11	\$357,411	\$1,748,975
2013	\$83,560	\$3,374	0	\$0	10	\$310,813	\$1,525,096



Organizational Chart



Permanent Employees and Their Years of Service as of June 30, 2013

William L Rogers, Jr., Real Estate Commissioner (Sworn in on 01/18/2011) (2)
Craig Coffee, Deputy Real Estate Commissioner (12)

Frank Ambio (7), Information Services Manager
Jeff Angel (15), Systems Programmer 2
Audrey Brown (18), Investigations Area Supervisor
Bess Buckley (17), Investigative Specialist
Tiki Carter (1), Compliance Investigator
Vivian Chang (12), Investigator II
Deborah Dupree (27), Administrative Clerk
Alan Gloer (29), Investigations Area Supervisor
Tia Griffin-Barnes (6), Investigative Assistant
Teresa Holder (16), Director of Information Systems
Felicia Hubbard (19), Senior Information Specialist
Letitia Jackson (3), Education Advisor

Chuck Jonaitis (3), Investigator
Jennifer Jones (8), Administrative Clerk
Diane Keys (12), Compliance Supervisor
Josephine Lee (7), Administrative Operations Coordinator
Shin Shin Liu (12), Network Specialist
Shonda Mason (14), Investigator
Joanne Newton (8), Investigative Specialist
Jon Snelling (1), Investigator
Valerie Swails (1), Information Specialist
Margaret Wallace (6), Investigator
Kimberley Wimby (13), Information Specialist

Strategic Plan

The Agency’s Mission

The mission of the Georgia Real Estate Commission and the Georgia Real Estate Appraisers Board is to ensure professional competency among real estate licensees and appraisers and to promote a fair and honest market environment for them, their customers and clients, and the citizens of Georgia.

The Agency’s Vision

For the public to encounter educated, knowledgeable, and ethical professionals and for those professionals to be able to obtain license renewals in an expeditious manner.

Core Values

To protect the public in maintaining a fair and honest market for real estate transactions in Georgia.

Agency Strategic Plan - Goals and Strategies Report		
Goal	Measurable Objective (1)	State Goals
<p>Replace essential computer servers that are the foundation of the agency’s computer infrastructure. Current seven year old servers are out of warranty and experiencing memory problems and other malfunctions. The servers are crucial to the computer infrastructure that enables the agency’s day to day licensing operations. Approximate time to complete – 3 to 6 months Approximate cost to complete of \$100,000.</p>	<p>To replace the agency s computer servers during FY13 –FY14.</p>	<p>Responsible and Efficient Government Focus state resources on essential services and employ enterprise solutions.</p>
<p>The Agency’s Information Technology staff, in partnership with a private vendor, will complete the transition of the agency s licensing database from an Oracle based database to a SQL based database system.</p>	<p>To complete the transition of the agency s licensing database from an Oracle based database to a SQL based database system by 2016 -2017.</p>	<p>Responsible and Efficient Government Focus state resources on essential services and employ enterprise solutions.</p>
<p>Coordinate efforts with other state agencies and the Governor s legislative staff to amend the Illegal Immigration Reform and Enforcement Act of 2011 so that licensees are required to produce the documentation only once instead of at each license renewal</p>	<p>By July 1, 2013, a licensee will be required to provide the required documentation only once.</p>	<p>Build and maintain a quality state government workforce. Focus state resources on essential services and employ enterprise solutions.</p>

Results Based Budget Measures

SECTION 1: PROGRAM RESULTS AND MEASURES

- 1.1. Agency Name:** Georgia Real Estate Commission
Georgia Real Estate Appraisers Board
- 1.2. Program Name:** Regulation, through licensing, education, and disciplining of real estate licensees and real estate appraisers.
- 1.3. Program Purpose:** To protect the public and other licensees by regulating real estate licensees and real estate appraisers.

SECTION 2: PROGRAM GOALS DESIRED RESULTS AND RESULTS MEASURES

- 2.1 Goal 1:** Real estate licensees and real estate appraisers will be qualified and provide competent service.
- 2.2 Desired Result 1.a:** Conducting investigations of the activities of licensees ensures professional competence and promotes a fair and honest market environment

Actual Results 1.a Number of Agency Investigations Completed in a Fiscal Year				
FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
2,128	2,181	2,151	2,053	1,659

Desired Result 1.b:

Georgia's passing rates on the qualifying examinations to be within 5 points of the average passing rates of other states giving the same examinations; thereby ensuring that persons successfully passing the exam are minimally qualified to practice real estate brokerage activities.

FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
7.6% above	7.3% above	8.0% above	6.0% above	8.0% above

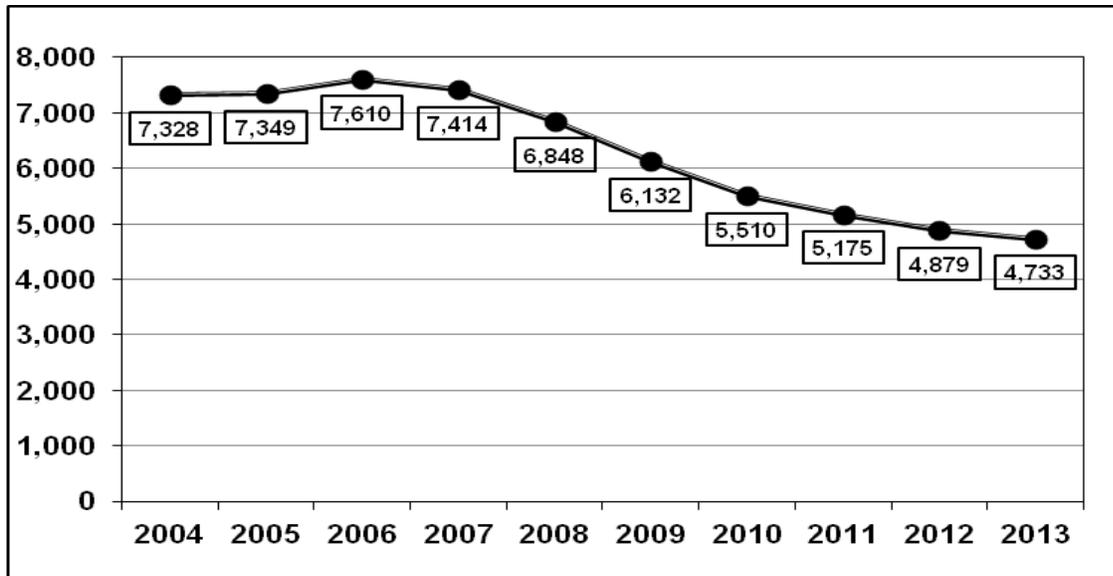
Goal 2:

Staff will process all applications submitted to the agency within five business days or less.

Actual Results 2 Service Provided	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
All completed applications will be processed by the staff within five business days of receipt.	98%	98%	98%	99%	98%

Georgia Real Estate Appraisers Board

Appraisers by Fiscal Year



GREAB Disciplinary Actions Imposed by Fiscal Year

