



Georgia

Real Estate
Commission

Fiscal Year 2010

Annual Report



**GEORGIA
REAL ESTATE
COMMISSION**

Suite 1000
International Tower
229 Peachtree Street, N.E.
Atlanta, Georgia 30303-1605
404-656-3916 Voice
404-656-6650 Fax
Internet www.grec.state.ga.us
E-mail jledford@grec.state.ga.us

MEMBERS

ROBERT T. LOVE
Chair

GEORGE W. HOLTZMAN
Vice Chair

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JEFFREY T. LEDFORD
Real Estate Commissioner

December 15, 2010

The Honorable Sonny Perdue
Governor State of Georgia
State Capital
Atlanta, GA 30334

Dear Governor Perdue:

Pursuant to the Official Code of Georgia Annotated § 43-40-2(g), I submit the Annual Report of the Georgia Real Estate Commission for the fiscal year (FY) July 1, 2009, through June 30, 2010. This report includes a summary of all the Agency's actions, a statement of income and appropriations, the Agency's organizational chart, the numbers of persons licensed, steps taken in education and research, the Agency's Strategic Plan, and the Agency's Results Based Budgeting Program Results and Measures. Since the Commission also provides administrative support for the Georgia Real Estate Appraisers Board, I have included a summary of their activities.

FY 2010 ended with a licensee population of 96,461. FY 2010's decrease of 4, 814 licensees is in contrast with an average increase of 5,000 licensees per year between FY 2000 and FY 2007.

Our Information Services and Information Systems section has continued to implement significant changes to the Commission's website and communications infrastructure. These improvements allow licensees and members of the public to access more resources and receive greater service through the Commission's website and telephone systems.

No general tax revenues may be used to support our Agency's operations. All funding comes entirely from user fees from licensees. For the previous ten years, despite several fee reductions implemented by the Commission and the Board, the revenue generated by the Agency significantly exceeded its budget. Since FY 2000 the Agency has generated a surplus to the state of over \$12 million.

Despite the decrease in the licensee population in FY 2010, the Agency returned a \$500,000.00 surplus to the state.

With the departure of two investigators, and a record number of brokerage cases (891), FY 2009 ended with a 957 cases pending. After restructuring the process, FY 2010 ended with a pending total of 783; the lowest that number has been since FY2005.

Please do not hesitate to call on me if you need further information regarding this report.

For the Commission

A handwritten signature in black ink, appearing to read "Robert T. Love". The signature is stylized and cursive, with a large initial "R" and "L".

Robert T. Love

GEORGIA REAL ESTATE COMMISSION

GEORGIA REAL ESTATE APPRAISERS BOARD

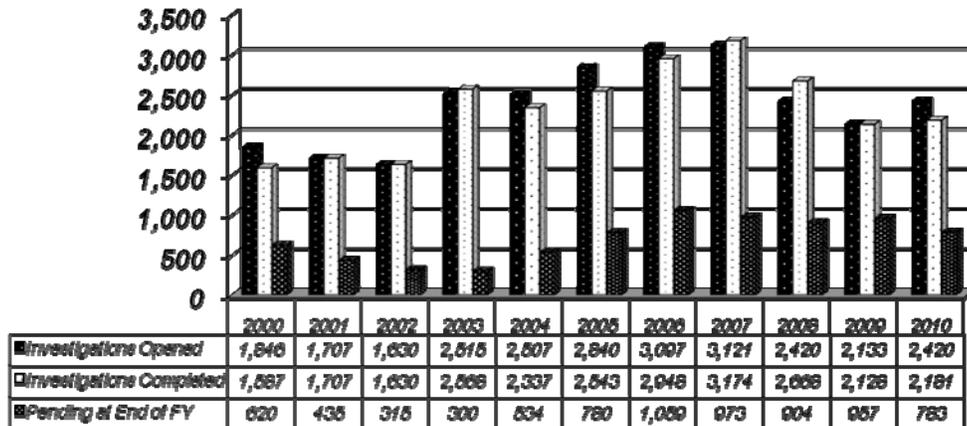
FISCAL YEAR 2010 ANNUAL REPORT

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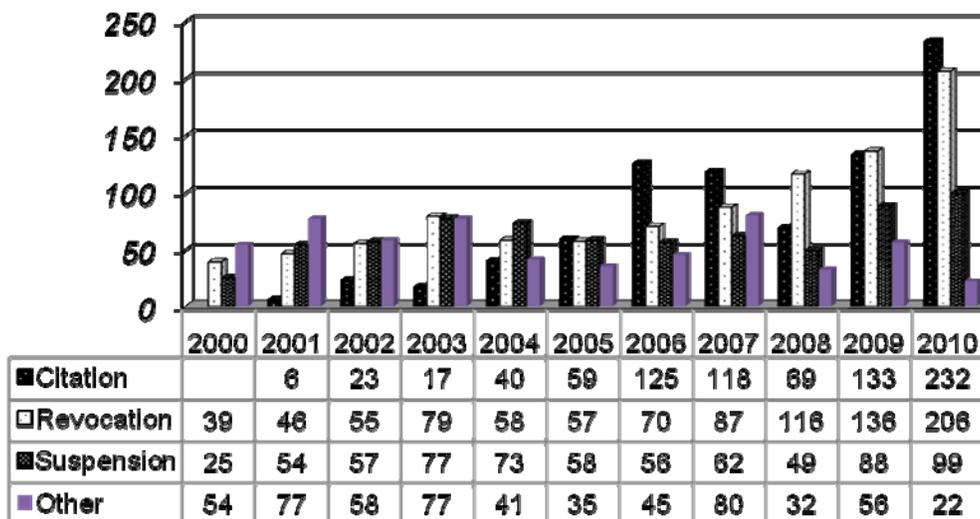
Investigations

Agency Investigative Statistics by Fiscal Year



In addition to written complaints, the Commission’s staff processes daily a number of informal complaints, grievances, and inquiries received from telephone or walk-in customers. The staff resolves most of these informal matters rapidly to the satisfaction of the public. Many complaints involve contract disputes and require legal assistance. The staff recommends that the complaining party seek legal counsel or consider pursuing the matter in small claims court for appropriate action. The staff makes the same referral when the complaint does not involve a licensee, which is the case with many complaints the Agency receives, both written and oral, concerning individuals, builders, and developers selling their own properties.

Agency Disciplinary Actions Imposed by Fiscal Year



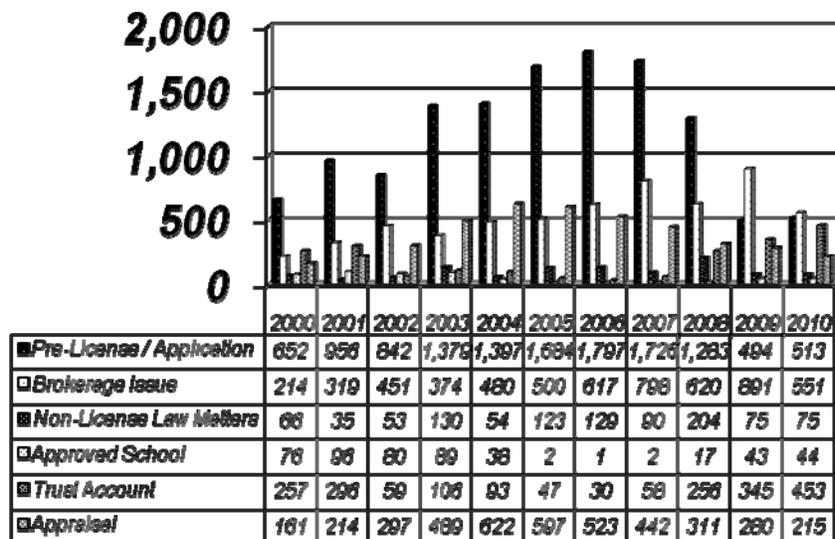
Formal Disciplinary Actions are either citations (generally, for minor technical violations - 232 in FY2010) or sanctions (for more serious violations - 327 in FY2010). The Commission sends letters of findings to licensees when an investigation reveals only technical license law violations that involve no harm to the public.

For several years the Commission has made extensive use of consent decrees to resolve contested cases. Where there is little dispute regarding the facts in a case brought against a licensee and both parties agree on the sanction to be imposed, the Commission uses the consent decree to save all parties the time and expense of a full, formal hearing. Most cases are resolved without the Commission's holding a formal hearing.

Fines and Disciplinary Costs Collected

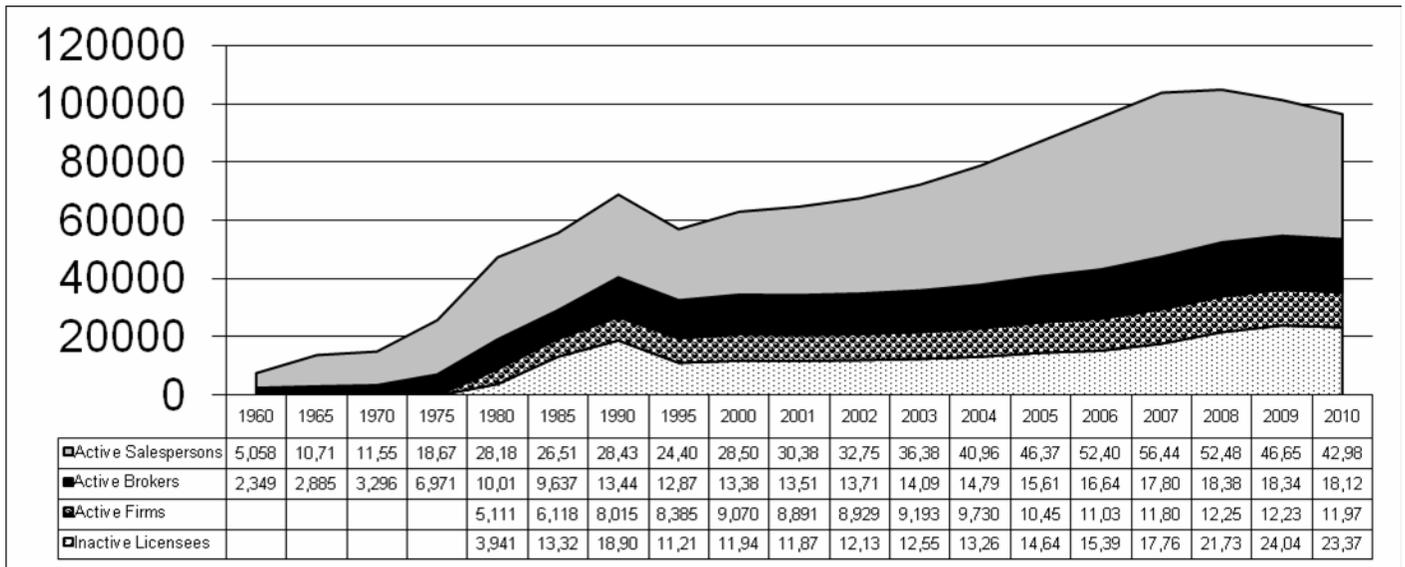
GEORGIA REAL ESTATE COMMISSION			
	GREC	GREAB	AGENCY
FINES	\$12,200	\$1,200	\$13,400
DISCIPLINARY COSTS	\$170,850	\$97,200	\$268,050

Agency Investigations Completed by Fiscal Year and Type

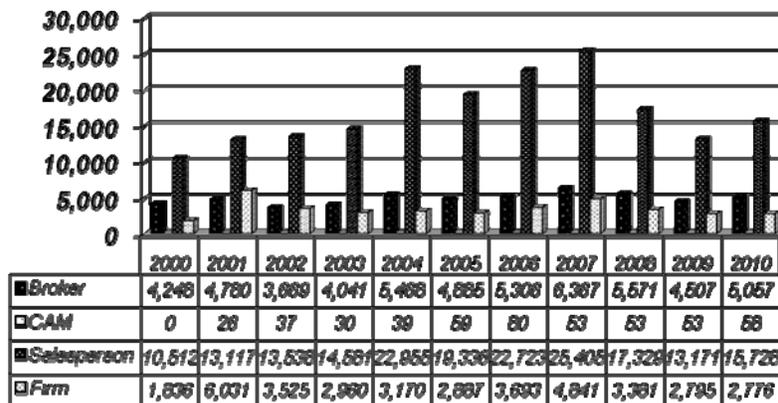


Licensing

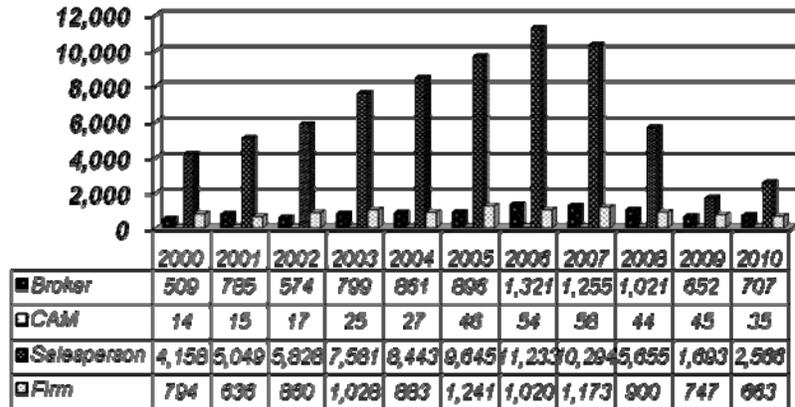
Real Estate Licensees by Fiscal Year and License Type



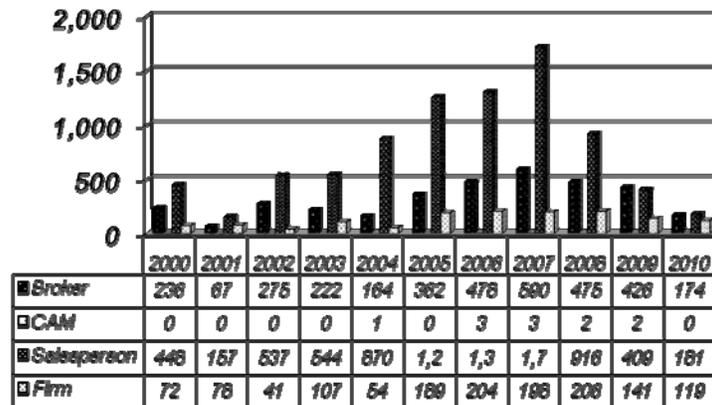
Real Estate License Renewals



New Resident Real Estate Licenses Issued¹

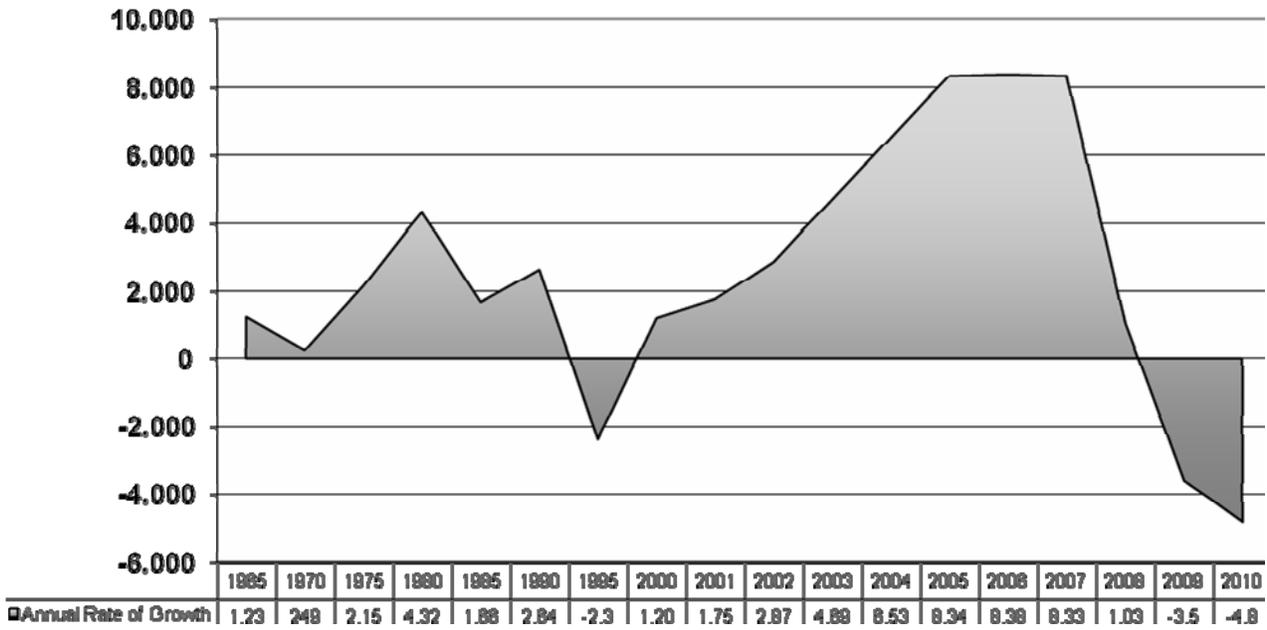


New Non-Resident Real Estate Licenses Issued



¹ 2001 was the first year sole proprietors were required to pay fees as firms.

Annual Growth Rate of Real Estate Licensee Population



Financial

Agency's Separate Budget Unit Status

A 1977 court ruling and subsequently adopted state statutes require that the Real Estate Commission's budget for direct and indirect costs must approximately equal its revenue collections. Revenue collections include fees paid for license transactions such as original applications and renewals. These revenue calculations do not include Recovery Fund income. Direct costs include expenses for which the Commission directly pays; for example, employees' salaries, rent, telephone, and computer charges. Indirect costs represent services to the Commission provided by other state agencies and paid out of other state budgeted funds; for example, legal services from the Attorney General's Office and bookkeeping and personnel record keeping by the Secretary of State's Office. These indirect costs for the Commission have varied from 15% to 20% of its direct legislative appropriation. The Governor's Office of Planning and Budget (OPB) and the Legislative Budget Office (LBO) instructed the Commission to base its proposed budgets on its estimated income for the year for which it is submitting a budget proposal and that it attempt to set fees at a level so that its direct appropriation equals roughly 85% of income.

If the Commission's income significantly exceeds legislative appropriations for direct and indirect costs, it must reduce fees charged to licensees. Throughout the 1980s and the 1990s, the Commission received 90%+ of the revenue its fees generated to fund its cost of operations. During those two decades the Commission made one reduction when appropriations in earlier years had fallen below fee income. Conversely, if income falls significantly below legislative appropriations for direct and indirect costs, the Commission must increase fees charged to licensees. It has had to increase fees only once since 1980.

In 1990, the Commission began providing administrative support to the Real Estate Appraisers Board. By 2000, the Appraisers Board was generating more income than it needed to support its operations while the Commission was generating less. In 2000 and 2002 the Appraisers Board reduced the fees that it charged to appraisers. In FY2007, the Board revised its fee structure so that all activation and renewal fees for individual appraiser, approved schools, and approved instructors are the same and increased renewal fees by \$15.

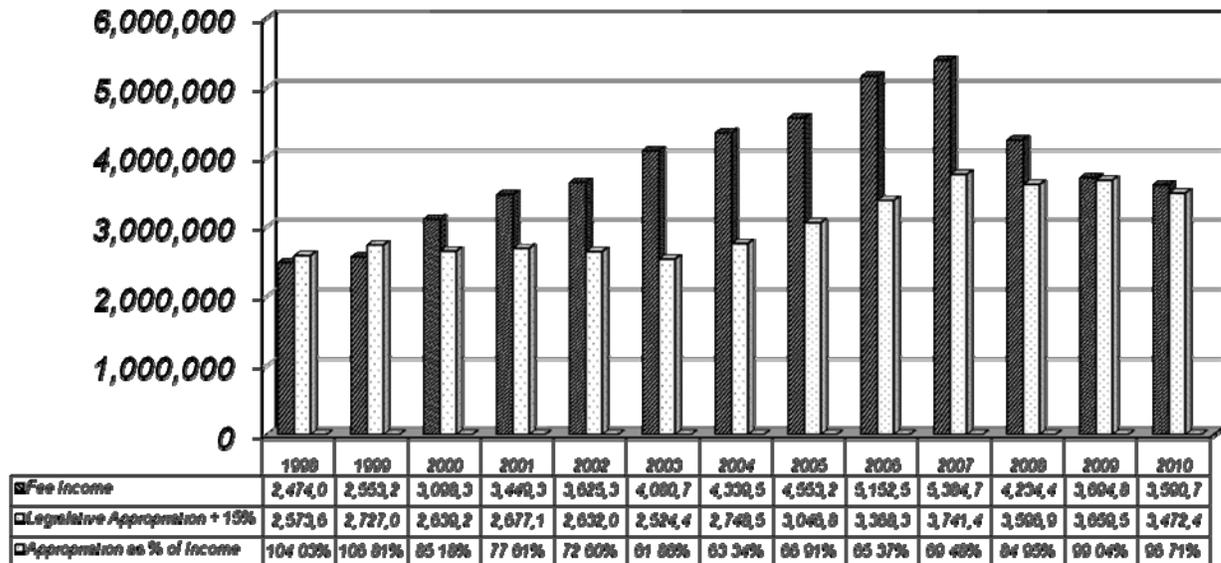
In order to keep its revenues equal with its costs, the Commission had to adjust its fees in 2000, 2001, and 2002. As a part of that adjustment process, based on advice from an industry task force, the Commission simplified its renewal fee schedule (the major fee it charges) to two major categories, individuals and firms. The revised schedule will make any future adjustments that may be needed easier to accomplish and more equitable among classes of licensees. In FY 2007, the Commission reduced firm and school renewal fees by \$100 per renewal period.

Since 2000 the Commission's income has exceeded its costs of operation. The increased income had resulted largely from the fact that the Commission had seen a steady, significant increase in the number of new licensees until FY 2008 (FY1998 - 4,943; FY1999 - 5,082; FY2000 - 5,365; FY2001 - 6,073; FY2002 - 7,231; FY2003 - 9,171; FY2004 - 10,366; FY2005 - 12,203; FY2006 - 14,602; FY2007 - 13,916, FY2008 - 1,039). Recognizing that the Agency generates its own income (instead

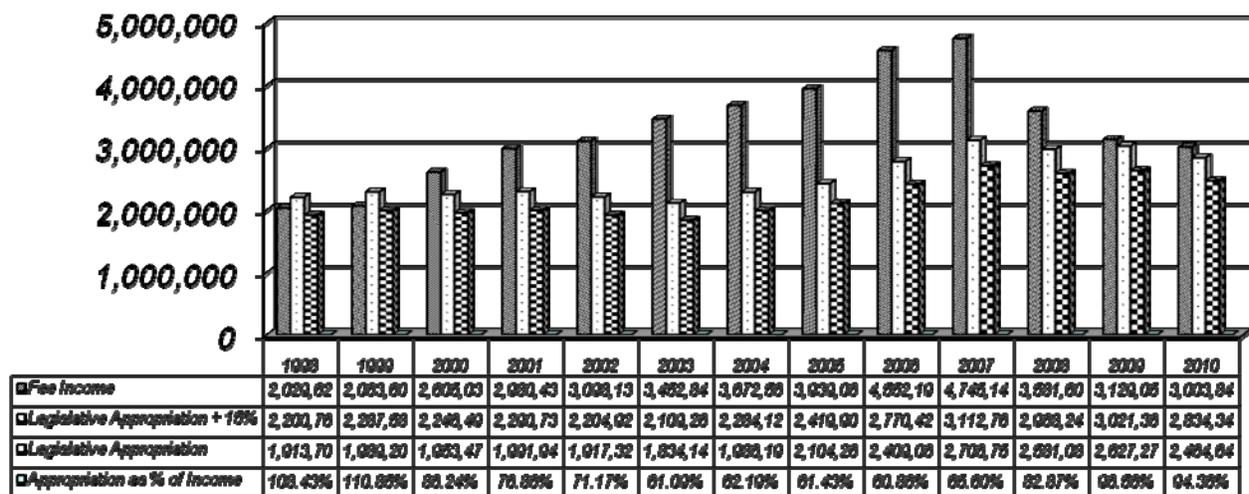
of being funded from general tax revenues), the Governor and the General Assembly increased the Agency's budget for FY2004, FY2005, FY2006, FY2007, and FY2008. The rate of increase in licensees in FY2008 was less than recent years. This reduced rate of increase brought the fee to income ratio closer to being in balance than the Agency has seen since FY2000.

Income and Appropriations

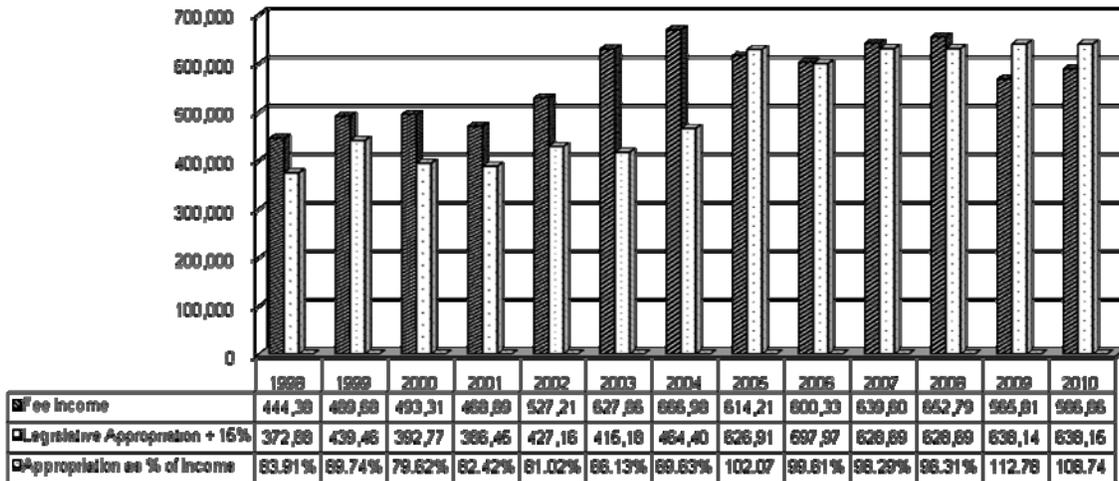
Agency Fee Income over Appropriation



GREC Fee Income over Appropriation



GREAB Fee Income over Appropriation

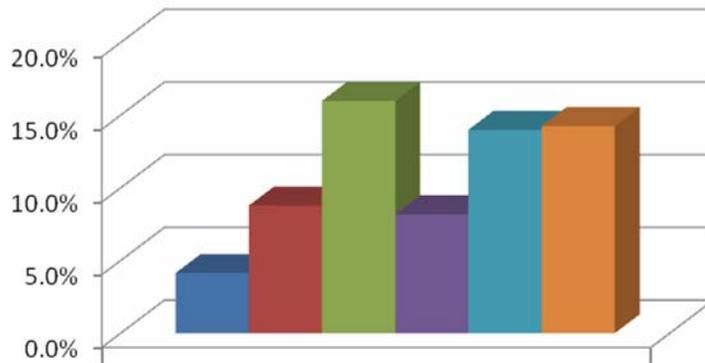


Education, Research and Recovery Fund

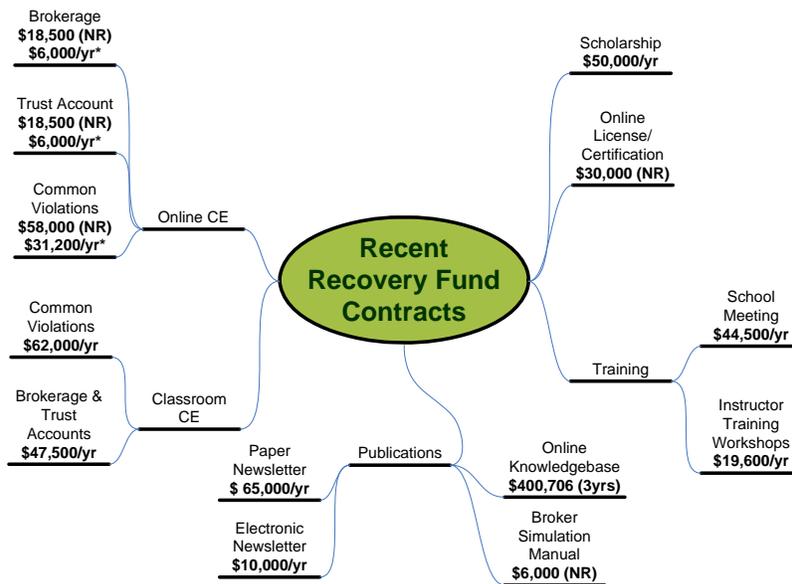
All fees from the Recovery Fund come from a \$20.00 payment with each new license issued and from the interest earned on such payments. Thus, most licensees make only one \$20.00 payment to the Fund. By law, the Commission cannot use funds collected for the Recovery Fund to pay the operating expenses of the Commission. The Commission may use these funds only to pay court ordered judgments and limited education grants. The law requires the Commission to maintain at least a \$1,000,000.00 balance to cover potential court ordered judgments.

Fiscal Year	Income		Disbursements				Balance
			Judgments Paid & Collection Costs		Education & Research Contracts		
	Licensee Payments & Judgment Collections	Interest Earned	Number of Judgments	Amount	Number of Contracts Awarded	Amount	
1974-2004	\$3,552,816	\$2,254,112	132	\$796,101	200	\$2,905,073	\$2,105,754
2005	\$276,563	\$36,013	0	\$0	7	\$96,134	\$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

Education, Research and Recovery Fund

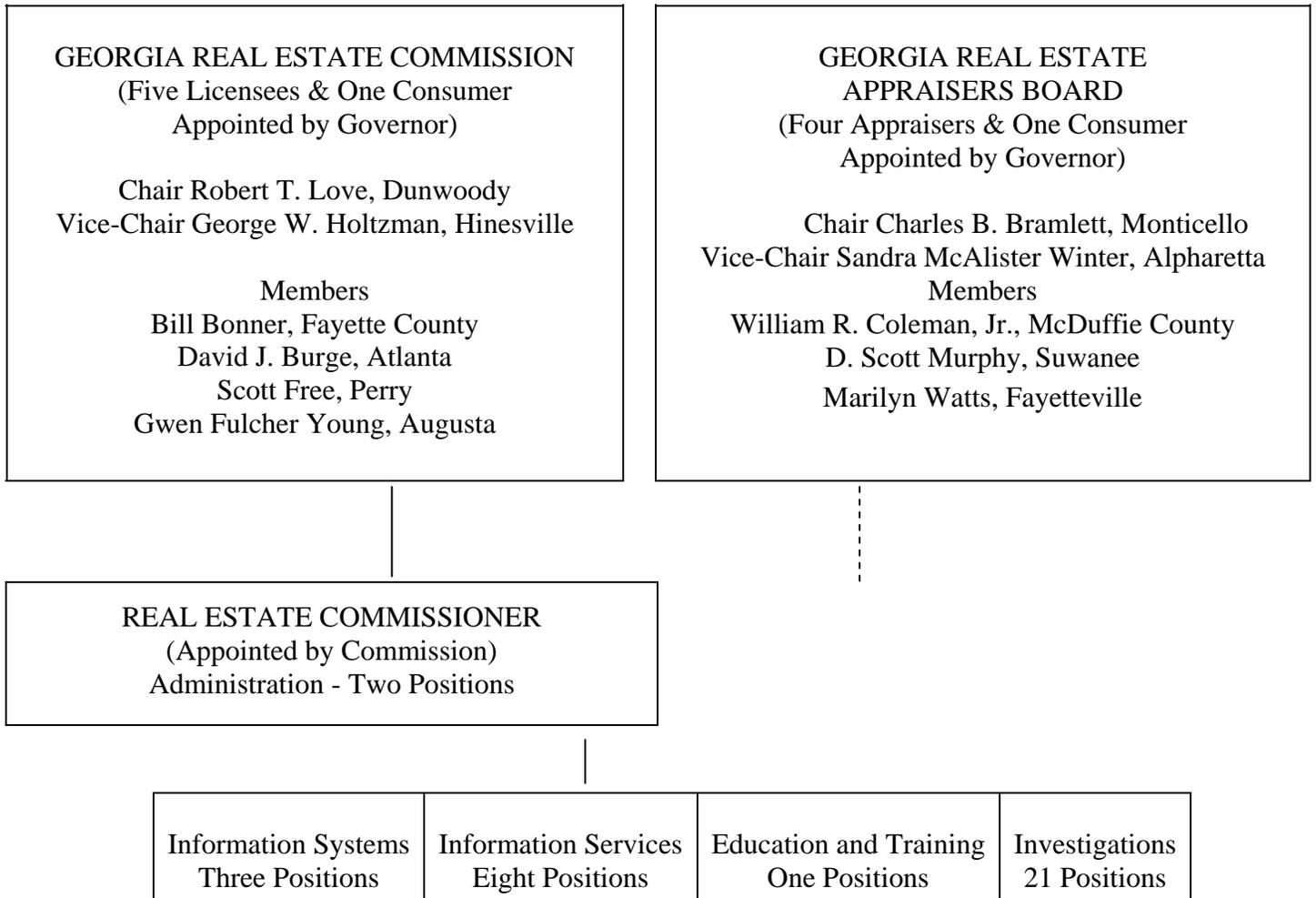


	% of Balance Awarded
■ 2005 (7 Contracts)	4.1%
■ 2006 (10 Contracts)	8.8%
■ 2007 (7 Contracts)	16.0%
■ 2008 (4 Contracts)	8.2%
■ 2009 (10 Contracts)	14.0%



NR = Non-recurring
* = Multiple Online Course Discount

Organizational Chart



Permanent Employees and Their Years of Service as of June 30, 2010

Jeffrey Ledford, Real Estate Commissioner
Craig Coffee, Deputy Real Estate Commissioner

Mattie Abbott (30), Data Transcriber I
Frank Ambio (4), Information Services Manager
Jeff Angel (12), Systems Programmer 2
Audrey Brown (15), Investigations Area Supervisor
Bess Buckley (15), Investigator
Vivian L. Chang (9), Investigative Specialist
Marshell Clark (4), Investigator
Deborah Dupree (24), Administrative Clerk
Charlotte Durant (13), Education Advisor
Delories Gibson (22), Compliance Manager
Alan Gloer (26), Investigations Area Supervisor
Tia Griffin-Barnes (4), Investigative Assistant
Teresa Holder (12), Director of Information Systems

Felicia Hubbard (17), Senior Information Specialist
Jennifer Jones (5), Administrative Clerk
Diane M. Keys (9), Investigator
Josephine Lee (4), Administrative Operations Coordinator
Shin Shin Liu (9), Network Specialist
Oil Mata (5), Investigator
Shonda Mason (11), Secretary II
Doug Milton (31), Investigative Specialist
Joanne Newton (5), Investigator
Rosa Scott (14), Investigator
Wanda J. Sorrells (30), Investigations Area Supervisor
Margaret Snow (3), Investigator
Kimberley Wimby (11), Information Specialist

Strategic Plan

Introduction

In 1926 the Georgia General Assembly created the Real Estate License Law (License Law) and established the Georgia Real Estate Commission (Commission) to regulate licensees. Through the License Law the Legislature sought to protect the public in real estate transactions from either intentional or unintentional harm that could arise in their relationships with real estate brokers. Initially, the License Law required only a simple registration process for all persons engaged in real estate brokerage in five of the state's largest counties. Modifications of the License Law in 1956 sought to assure minimum competency levels of new licensees by requiring pre-license education and the passing of an examination and made licensing of real estate practitioners applicable statewide. In 1977 lawmakers made the Agency a separate budget unit and added provisions that require that fees it charges must be set by the Agency so that they are reasonably calculated to generate only sufficient revenue to fund its direct and indirect costs of operations. In 1980 lawmakers added post-license and continuing education requirements of licensees.

From inception, the License Law allowed the Commission to discipline licensees found guilty of violating its provisions by reprimanding, suspending, or revoking a license. Later new provisions gave the Commission the flexibility to require education and accountant's reports for trust accounts violations in lieu of, or in addition to, the traditional sanctions. Other additions to the License Law authorized the Commission to impose fines when the Commission deemed them appropriate; revoke the license of a broker found incompetent to exercise those duties and simultaneously issue a salesperson's license if the broker otherwise demonstrated honesty and trustworthiness; and to impose fines or educational requirements for relatively minor violations by issuing citations.

Federal legislation adopted in 1989 required appraisers to be state licensed or certified in order to appraise real property used as security for certain loan transactions involving agencies of the federal government. In 1990 in response to that law, the General Assembly created the Georgia Real Estate Appraisers Board (Board) by adopting the Real Estate Appraiser Licensing and Certification Act (Appraiser Act). The Board began its formal operations on July 1, 1990, with staff support to be supplied by the Commission. The Appraiser Act requires that anyone conducting real estate appraisals in Georgia must obtain state registration, licensure, or certification before undertaking appraisal work. It grants to the Board final authority within federal and state guidelines (1) to establish standards for real estate appraisals, (2) to set qualifications for real estate appraisers, and (3) to discipline real estate appraisers.

The Planning Process

Since the mid-1990's the Commission and the Board (the Agency) have been developing and refining the Agency's mission and goals and objectives. In 1997 the Agency produced its first strategic plan that also included an Information Technology Strategic Plan element. The Agency's Strategic Plan evolved out of meetings and discussions with the members of the Commission and the Board, representatives of the regulated real estate brokerage and appraisal industries (including both practitioners and educators), and all staff members of the Agency. Based on the views of those groups, supervisory personnel representing all five major work divisions of the Agency wrote and edited the Plan. The members of the Commission and Board reviewed and approved drafts and the final version of the plan. Using a similar methodology, the Commission and Board refined the strategic plan and adopted those revisions in 1998, 1999, 2000, and 2001.

The 2002 and 2003 planning process built upon those efforts. The Real Estate Commissioner appointed a Strategic Planning Team consisting of the agency’s management team. That group, in meetings and individually, reviewed, rewrote, and refined the Mission and Vision Statements, the Goals, and the Strategic Objectives; identified the Business Functions and Information Subject Areas; and either produced or reviewed and approved every aspect of the new draft strategic plan. The Revised Strategic Plan was reviewed and further refined by the Real Estate Commissioner. The Commission and the Board then reviewed the Revised Strategic Plan and adopted it in its final form.

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 practitioners and their customers and clients in real estate transactions in Georgia.

The Agency’s Vision

Georgians who use the services of real estate brokers and appraisers to facilitate real estate transactions will encounter responsive, knowledgeable, and ethical professionals.

Agency Strategic Goal	Desired Long-term Outcomes
Assure that real estate licensees and appraisers meet standards of at least minimum competency and adhere to regulatory requirements in the conduct of business.	Real estate licensees and appraisers will deliver their services competently and within the law.
Resolve timely complaints about real estate brokerage and appraisal activity under the License Law and the Appraisal Act, and assure due process rights under those laws to real estate licensees, appraisers, and members of the public.	Real estate licensees, appraisers, and consumers of their services will see their complaints involving real estate and appraisal activities handled thoroughly and timely.
Develop solutions to minimize or eliminate problems that real estate licensees, appraisers, and members of the public encounter in complying with the License Law and the Appraisal Act.	Enforcement of the License Law and the Appraisal Act will effectively protect the public interest in real estate transactions without being unduly burdensome or unnecessarily inhibiting those transactions.

<p>Maintain effective communication between the Agency and real estate licensees, appraisers, and consumers of their services.</p>	<p>Real estate licenses, appraisers, and members of the public will realize effective access to the resources of the Commission and the Board.</p>
<p>Enhance the efficient and cost effective operation of the agency.</p>	<p>The Agency will effectively protect the public interest and provide services to licensees, appraisers, and the public while maintaining reasonable licensing and classification fees.</p>

Actions Taken to Implement the Agency’s Strategic Plan

The Agency has taken a number of steps to implement its Strategic Plan. Among those and the fiscal year in which they began are:

General

- Entered into reciprocal agreements with all adjoining states in order to provide increased economic opportunity for Georgia licensees. FY 1990 and following.
- Created a variety of task forces to advise the Agency on a variety of regulatory matters. FY1994, FY1996, FY1997, FY 1998, FY1999, FY 2000, FY 2003, FY 2006, FY2007.

Licensing and Administrative Services

- Contracted with a private vendor to develop and administer examinations and to issue initial licenses to qualified real estate applicants. FY1997
- Contracted with a private vendor to issue initial classifications to appraiser applicants who qualify by examination. FY2002
- Implemented technological programs to allow quicker responses to inquiries regarding regulated activities and quicker processing of applications from regulated entities. FY1997, FY2000, FY2001, FY2004, FY2005, FY2006, FY2007, FY2008 and FY 2009
- Streamlined application processing to meet maximum five day processing goal. FY1998
- Implemented programs to permit licensees to renew licenses and transfer between firms via the Internet with the use of a credit card. FY2000, FY2003, FY2004, FY2005, FY2006, FY2007, FY2008 and FY 2009

- Developed additional features of the Core Licensing System to provide resolution of incomplete and incorrect applications on same day received, to trace returned applications, and to ensure proper collection of and accounting for fees. FY1999, FY2000
- Implemented web technologies to allow development of on-line applications and database search capabilities while maintaining database integrity. FY2000, FY2001, FY2002, FY2003, FY2004, FY2005, FY2006, FY2007, FY2008, FY2009, and FY2010
- Converted school and instructor records to electronic format integrated into the Core Licensing System. FY2000, FY2001
- Developed and implemented electronic programs to eliminate the need for approved schools to issue education certificates by allowing them direct up-loading into the agency's database. FY2000, FY2001, FY2002 and FY2003
- Revised filing system to eliminate the need for paper storage. FY1999, FY2000, FY2001, FY2008, FY2009, and FY2010

Education

- Revised regulations of approved schools to allow those schools greater flexibility in the offering of courses desired by licensees thereby creating more time for Agency personnel to evaluate educational performance on-site. FY1997
- Encouraged the use of computer technology to provide for independent study courses throughout the state and the development of a distance learning program using television technology in southwest Georgia. FY1998
- Provided information via interactive media networks FY2009 - FY2010
- Provided newsletters to licensees on the Internet. FY1999 - FY2010
- Developed and made available on-line exercises for use in agent training that simulate real brokerage experiences and provide virtual opportunities for decision making in ethics, handling trust funds, and interaction with customers and clients. FY2002 - FY2010
- Implemented program enabling all real estate and appraisal schools to enter course completions for individual students directly into the Agency's database, thus eliminating the requirement that schools issue paper certificates of course completion and significantly reducing staff time spent on processing paper applications. FY2004
- Implemented increased qualifying requirements for licensed and certified appraisers and revised criteria for all courses that qualify for classification to ensure that appraisers meet national standards of minimum competency. FY2005 – FY2010

- Instituted a new simulations broker qualifying examination that tests both abilities to gather relevant data and make reliable judgments using real world scenarios and requiring examinees to gather necessary information and make appropriate decisions rather than answer multiple choice questions testing text book knowledge. FY2006

Investigations

- Developed a new program of providing preliminary approval/denial decisions to applicants with criminal convictions prior to their incurring the expense of education and examination cost. This program also reduces the number of formal hearings required and their related costs. FY1997
- Assigned additional personnel to investigative activities and revised its program for the selection of firms for detailed trust account audits. FY1998, FY2005, FY 2007, FY2009, and FY2010
- Created complaints analyst position to expedite investigative services. FY 2000
- Implemented program to require all applicants to submit criminal activity reports for the Georgia Crime Information Center (and if needed from the National Crime Information Center). FY2003
- Reduced time for obtaining National Crime Information Center reports from three months to two weeks. FY2005

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 of practitioners, of real estate brokers and real estate appraisers.
- 1.3. Program Purpose:** To protect individuals involved in real estate transactions by regulating real estate brokers and real estate appraisers.

SECTION 2: PROGRAM GOALS DESIRED RESULTS AND RESULTS MEASURES

- 2.1 Goal 1:** Real estate brokers and real estate appraisers will be qualified and provide competent service.
- 2.2 Desired Result 1.a:** Findings of negligence (does not include findings of dishonesty) will occur in no more than 33% of all completed investigations.

Actual Results 1.a Real Estate Broker and Appraiser negligence found in investigative cases *								
FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
23.1% (414)	18.2% (469)	17.3% (405)	13.7% (348)	29.6% (433)	24.7% (390)	15.5% (214)	24.2% (529)	18.6% (483)

* Formula revised in FY2006 to assure more accurate results.

Desired Result 1.b: Georgia’s passing rates on the qualifying examinations will be within 5 points of the average passing rates of other states giving the same examinations; thereby ensuring that persons successfully passing them are minimally qualified.

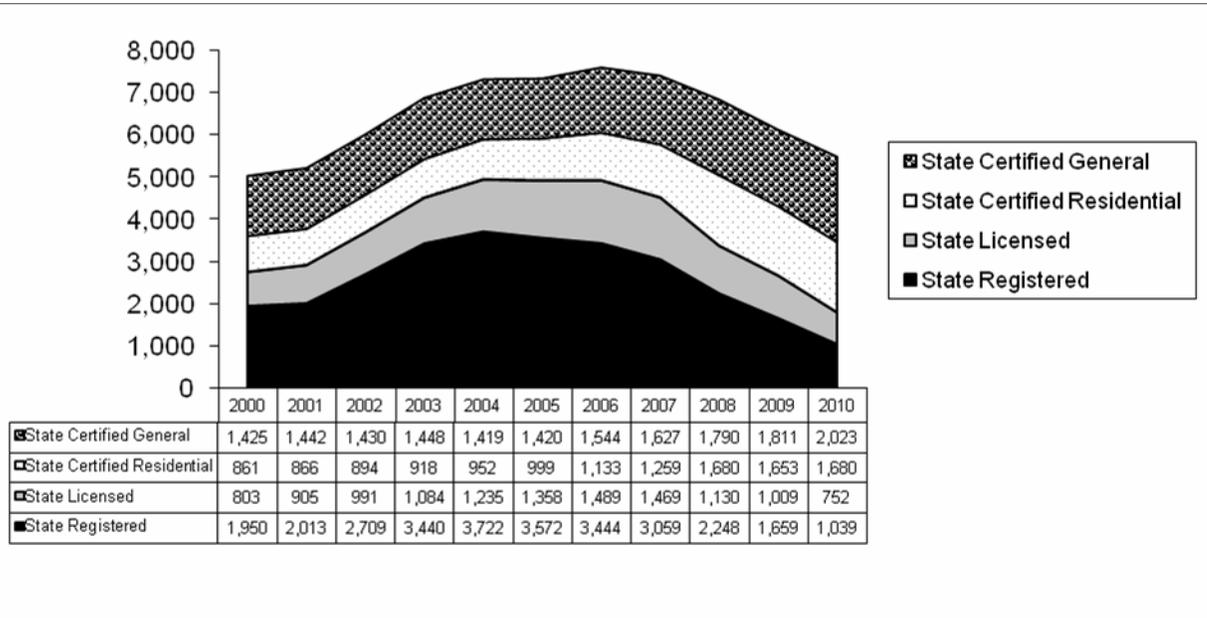
Actual Results 1.b Examination Passing Rates								
FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
8.1 % above	11.1% above	10.5% above	11.2% above	8.4% above	9.7% above	4.5% above	7.6% above	7.3% above

Goal 2: Staff will respond to all applicants, licensees, and the public’s requests for information within agency guidelines.

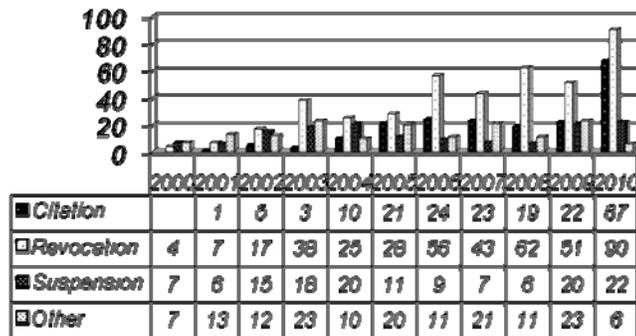
Actual Results 2 Service Provided	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
95% of requests for applications and materials will be filled within one business day.	99%	99%	99%	99%	99%	99%	99%	99%	99%
95% of requests for written responses to questions will be responded to within 2 business days.	99%	99%	99%	99%	99%	99%	99%	99%	98%
95% of all completed applications will be processed within 5 business days of receipt.	95%	96%	94%	90%	96%	96%	96%	97%	98%

Georgia Real Estate Appraisers Board

Appraisers by Fiscal Year and Classification



GREAB Disciplinary Actions Imposed by Fiscal Year



GREAB Fee Income over Appropriation

