



Georgia

Real Estate
Commission

Fiscal Year 2011

Annual Report



**GEORGIA
REAL ESTATE
COMMISSION**

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MEMBERS

GEORGE W. HOLTZMAN
Chair

BILL BONNER
Vice Chair

PAUL G. BROWER
DAVID J. BURGE
SCOTT FREE
GWEN FULCHER YOUNG

STAFF

WILLIAM L. ROGERS, JR.
Real Estate Commissioner

CRAIG COFFEE
Deputy Real Estate Commissioner

December 29, 2011

The Honorable Governor Nathan Deal
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, 2010, through June 30, 2011 ("FY 2011"). This report includes: (1) a summary of all 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 some separate information concerning it though the budgets are combined.

FY 2011 ended with a real estate licensee population of 90,853. This is a decrease of 5,608 licensees from FY 2010. FY 2011 ended with an appraiser population of 5,175. This is a decrease of 319 licensees from FY 2010. Because of the economy, the licensee population is falling.

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 2011, the Agency returned a \$675,000.00 surplus to the state.

Sincerely

George W. Holtzman
Chair

GEORGIA REAL ESTATE COMMISSION

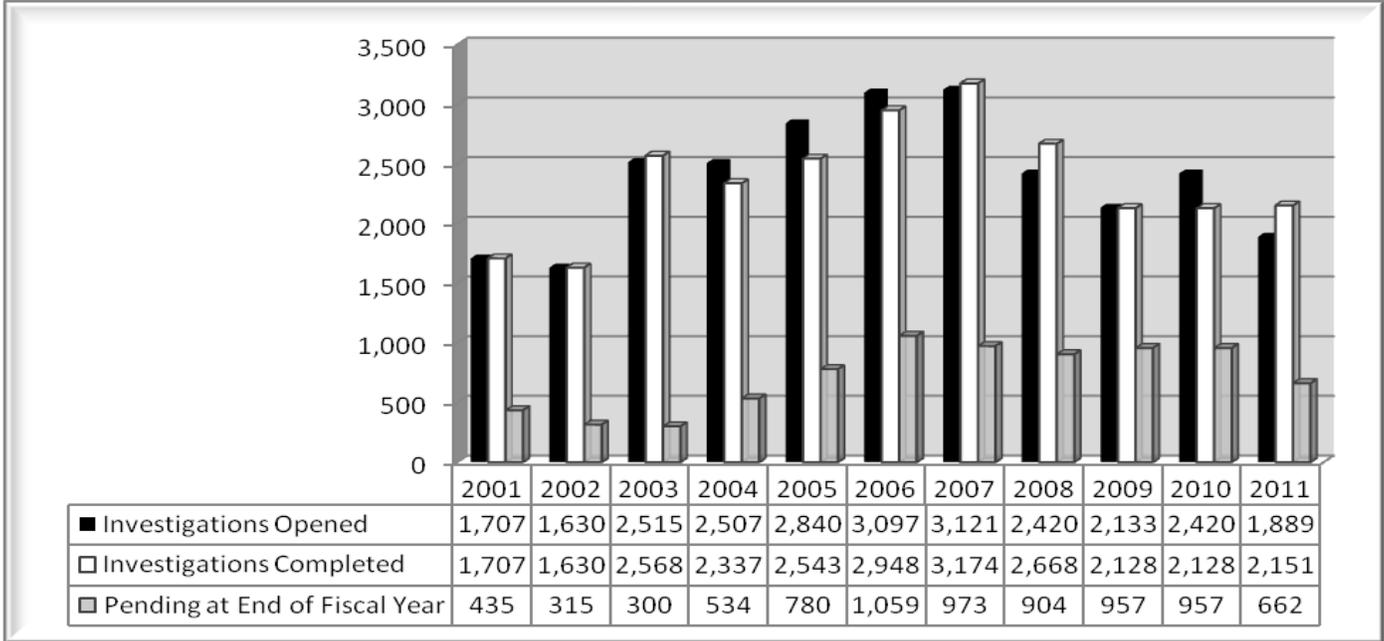
GEORGIA REAL ESTATE APPRAISERS BOARD

FISCAL YEAR 2011 ANNUAL REPORT

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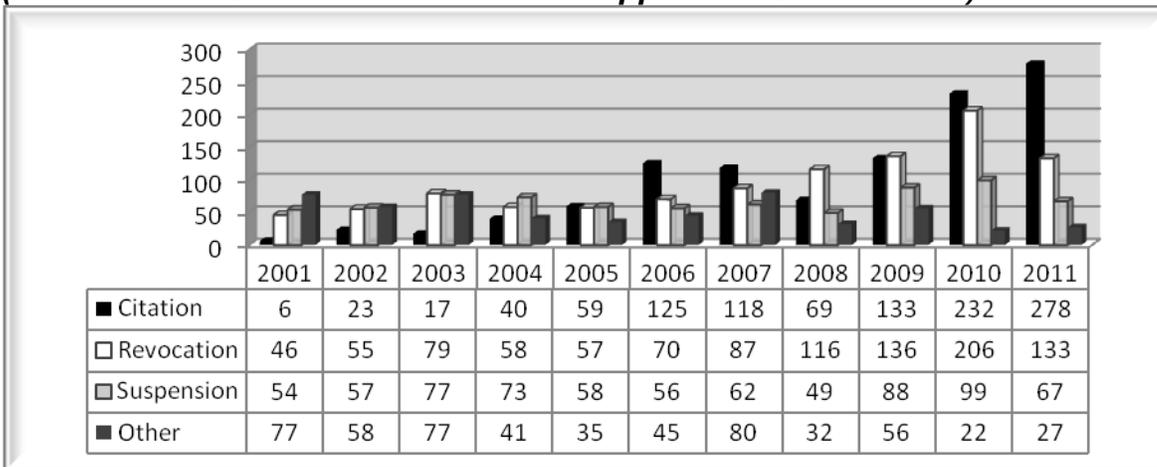
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Agency Investigative Statistics by Fiscal Year
(Includes Real Estate Commission and Appraisers Board Cases)



In addition to written complaints, the Commission’s staff processes a number of informal complaints daily, including 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.

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



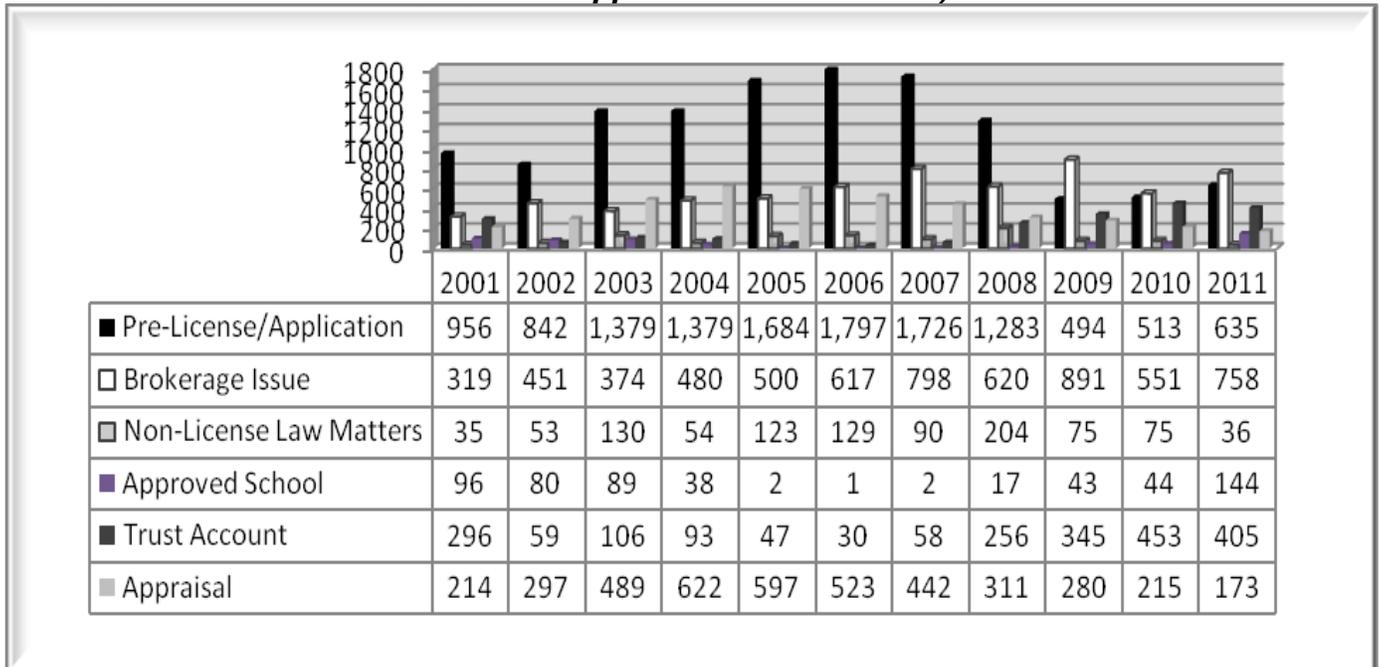
Disciplinary Actions include (generally, for minor violations - 278 in FY2011) or sanctions (for more serious violations - 227 in FY2011). The Commission has an option to send “letters of findings” to licensees when an investigation reveals only technical license law violations that involve no harm to the public.

The Commission makes extensive use of consent decrees 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 uses the consent decree 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.

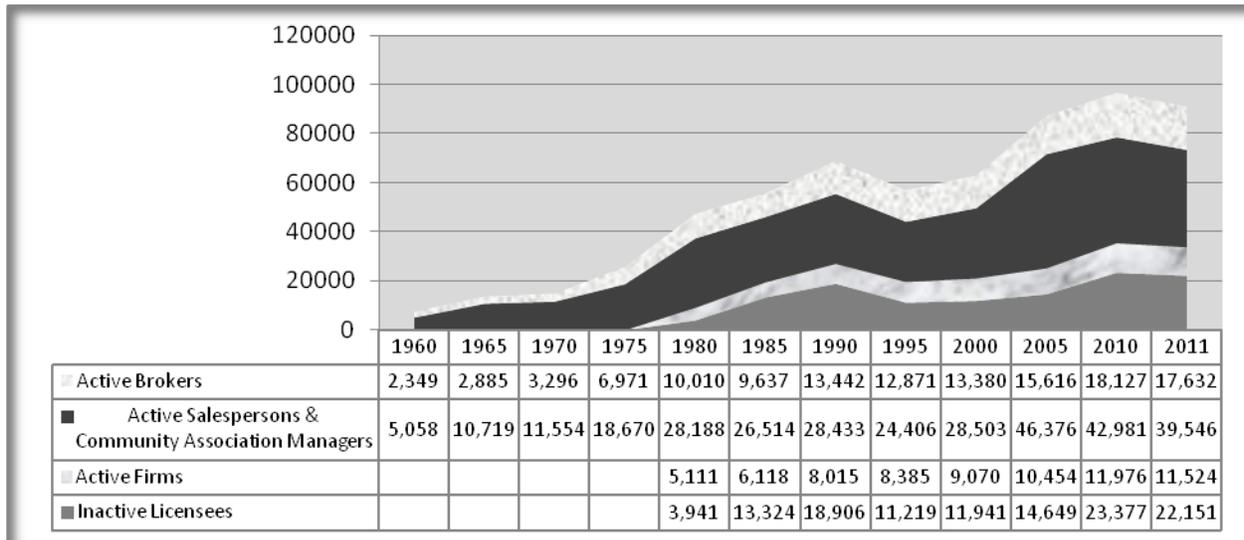
Fines and Disciplinary Costs Collected

GEORGIA REAL ESTATE COMMISSION & APPRAISERS BOARD			
	GREC	GREAB	AGENCY
FINES	\$30,900	\$8,700	\$39,600
DISCIPLINARY COSTS	\$160,950	\$94,900	\$255,850

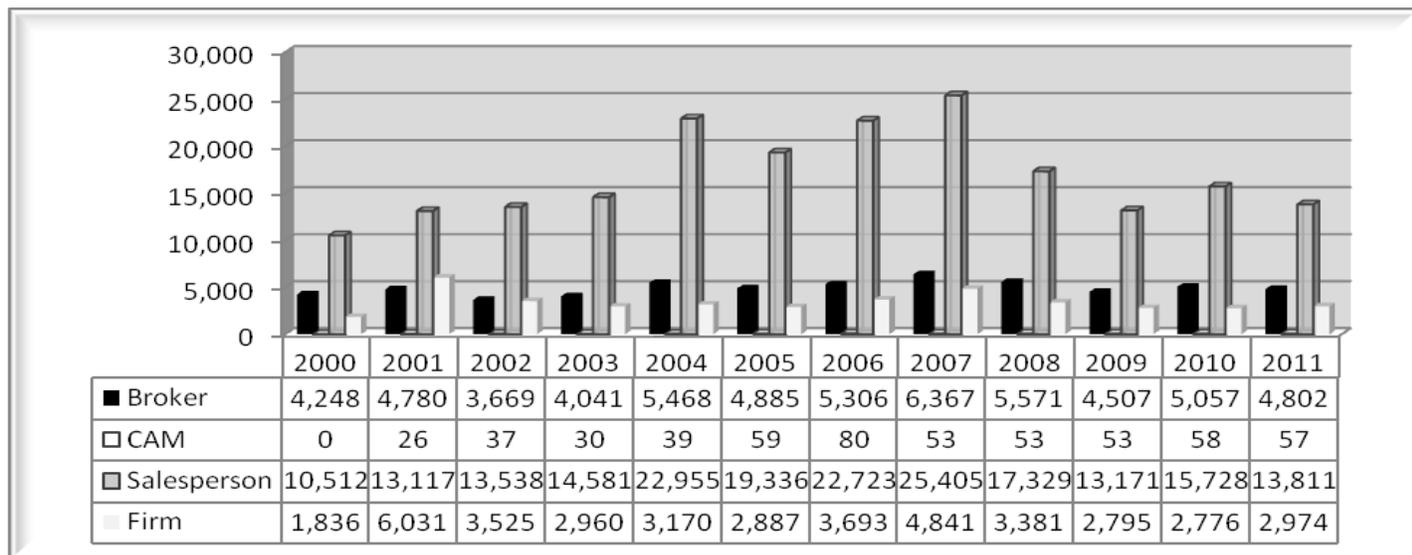
Agency Investigations Completed by Fiscal Year and Type (Includes Real Estate Commission and Appraisers Board Cases)



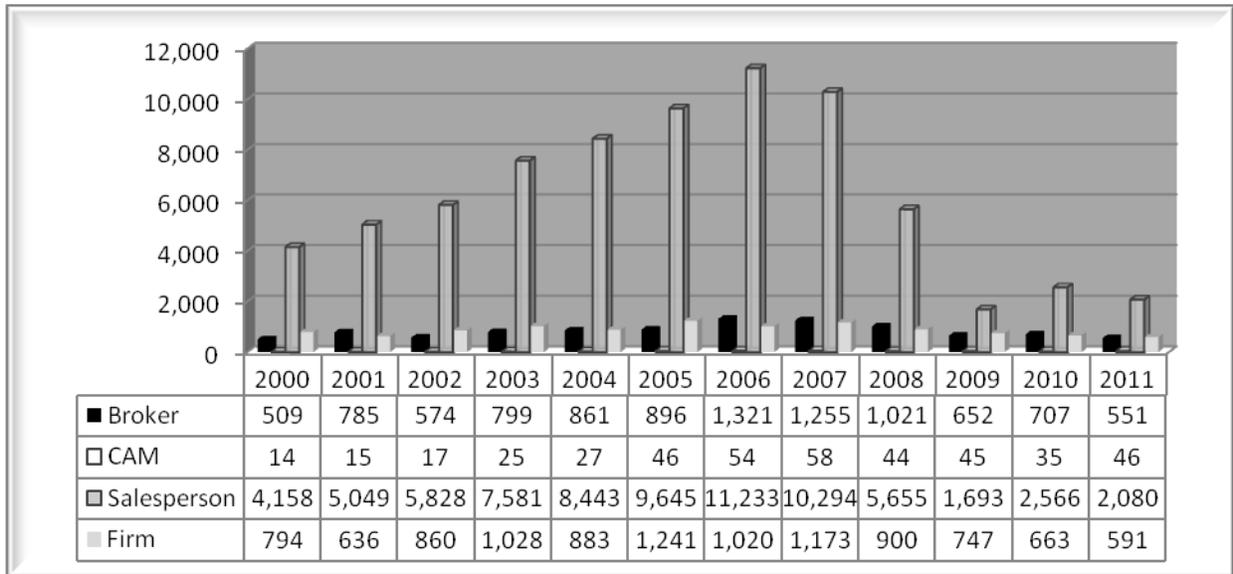
Real Estate Licensees by Fiscal Year and License Type



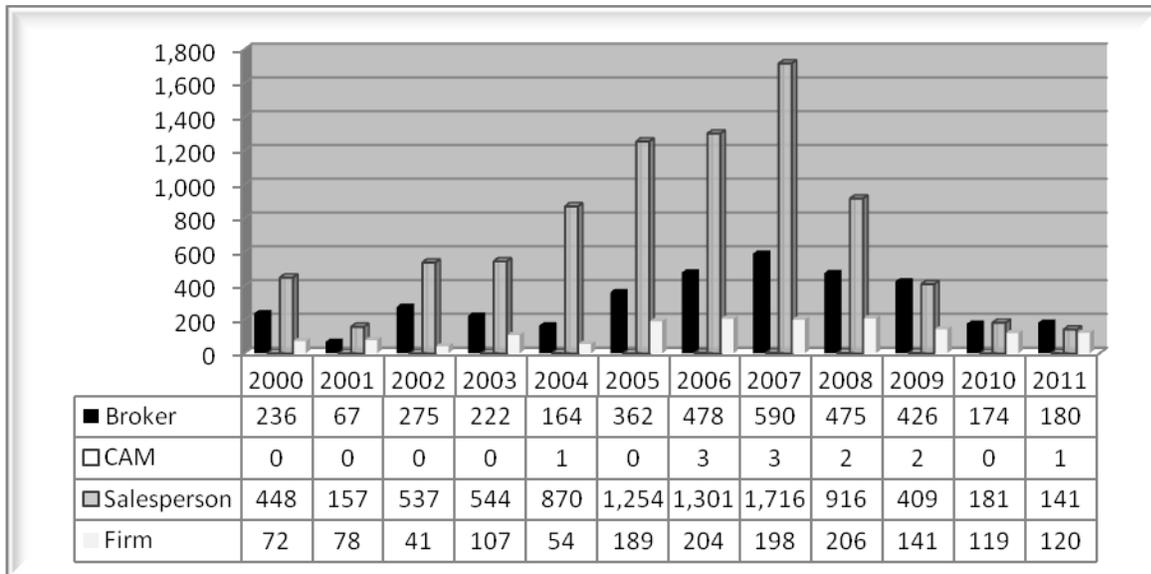
Real Estate License Renewals



New Resident Real Estate Licenses Issued¹

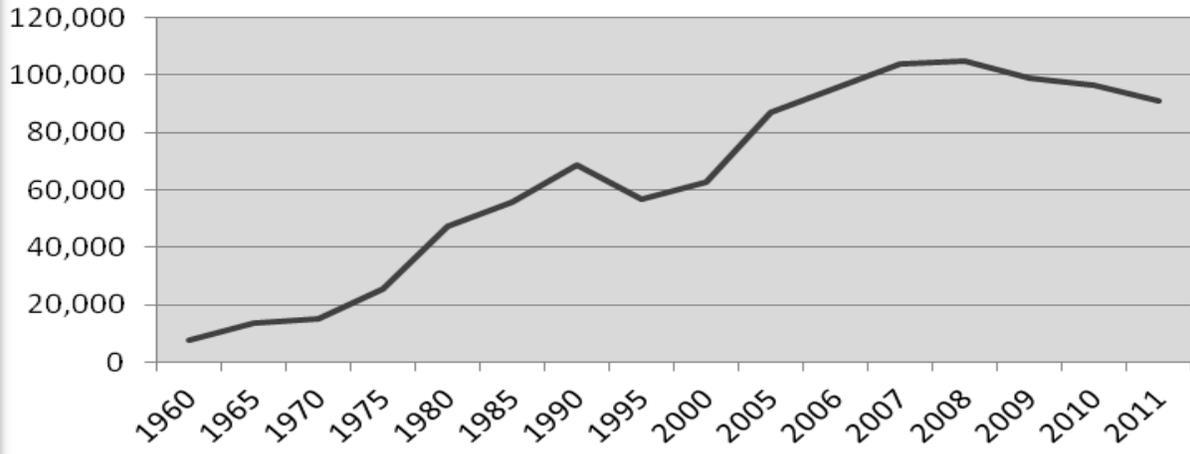


New Non-Resident Real Estate Licenses Issued



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

Real Estate Licensee Population 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 original and renewals of 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. 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 Income and Disbursements for FY 2011

Income

\$3,002,635	Income from Real Estate Licenses (New & Renewals)
(-\$ 75,000)	Paid into Recovery Fund
\$ 609,800	Income from Appraiser Classifications (New & Renewals)
<u>\$ 285,444</u>	Retained Revenues (Cost Reimbursement for Disciplinary Actions)
\$3,822,879	Total Income

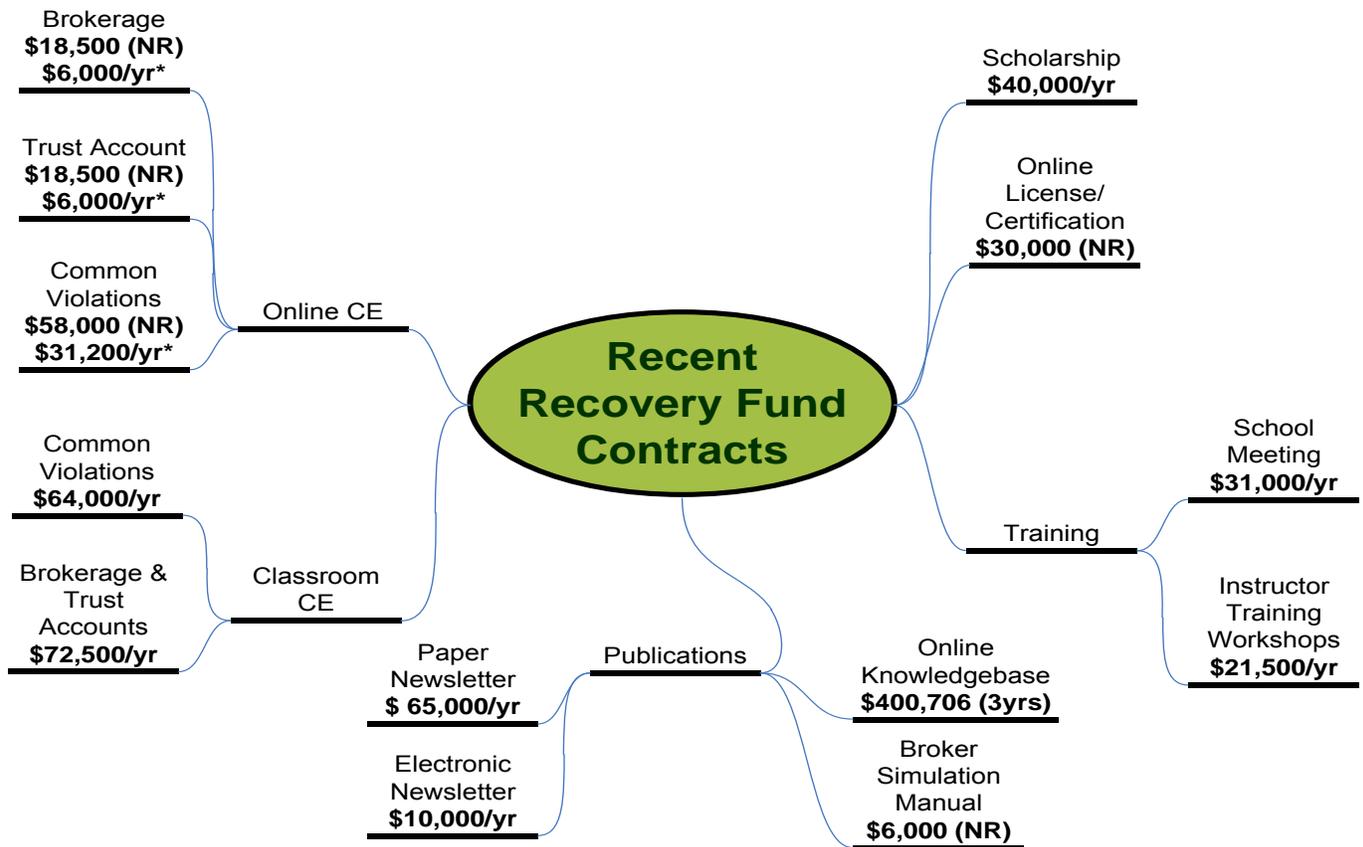
Disbursements (Note: Disbursements by the Commission are limited to budgeted funds by the State and Retained Revenues)

\$2,932,946	Amended FY 2011 State Budget
*- <u>\$2,911,180</u>	Disbursed from FY 2011 State Budget
\$ 21,766	Excess to State
\$ 285,444	Retained Revenues
*- <u>\$ 237,596</u>	Disbursed from Retained Revenues
\$ 47,848	Excess to State
\$3,822,879	Total Income
*- <u>\$3,148,776</u>	Total Disbursements
<u>\$ 674,103</u>	Net Funds to State of Georgia

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

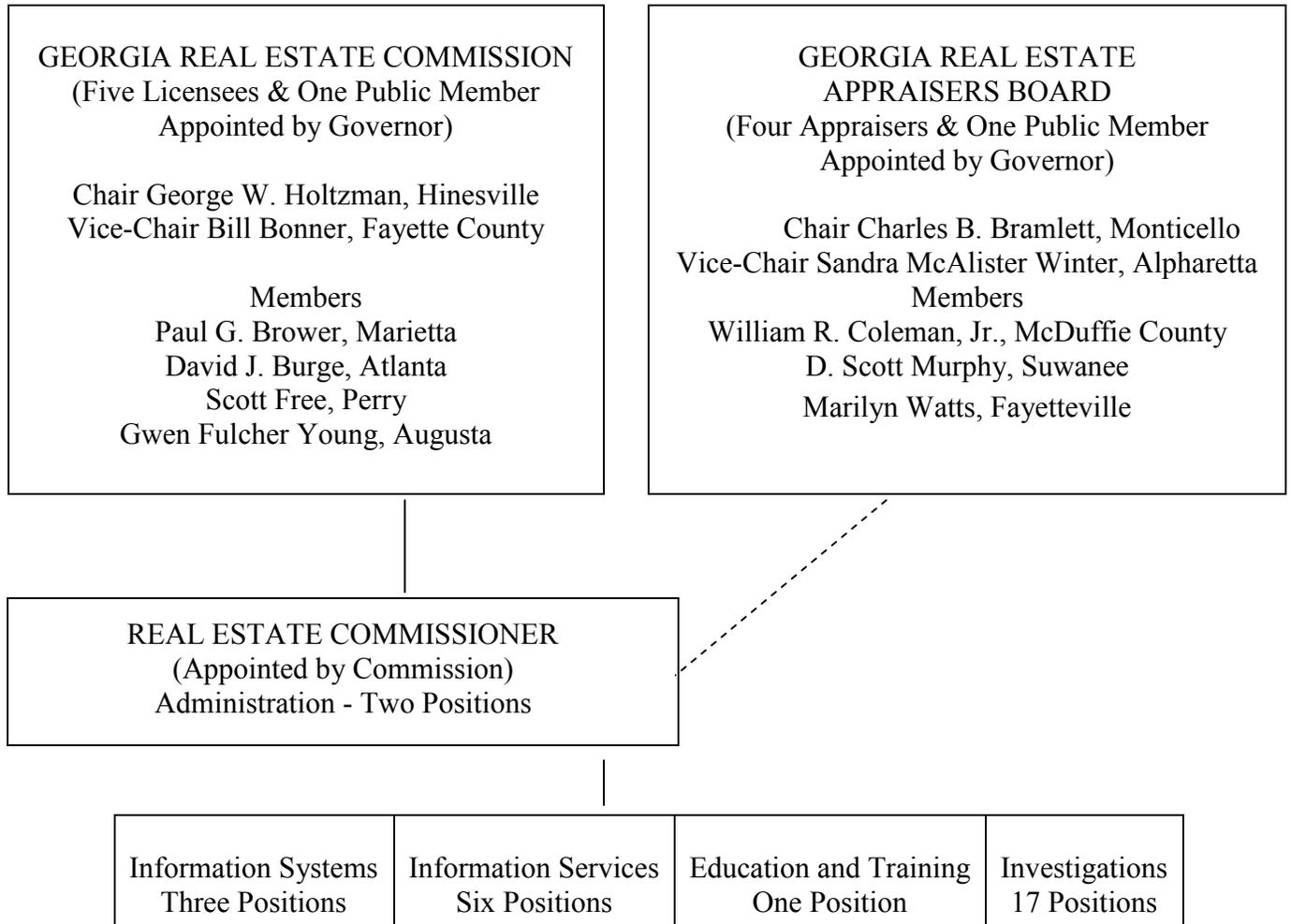
The Recovery Fund is funded from a one-time \$20.00 fee for each original real estate license issued and any interest earned. The Recovery Fund is used to reimburse non-licensees who have been harmed by a licensee but cannot recover from the licensee after obtaining a judgment against the licensee through 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 charged with insuring that a minimum balance of \$1,000,000.00 is maintained in the Recovery Fund. At the end of FY 2011, the Recovery Fund balance was \$2,029,721.

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	\$75,000	\$3,916	0	\$0	10	\$325,617	\$2,029,721



NR = Non-recurring
 * = Multiple Online Course Discount

Organizational Chart



Permanent Employees and Their Years of Service as of June 30, 2011

William L Rogers Jr., Real Estate Commissioner (Sworn in on 01/18/2011)
 Craig Coffee, Deputy Real Estate Commissioner (10)

Frank Ambio (5), Information Services Manager
 Jeff Angel (13), Systems Programmer 2
 Audrey Brown (16), Investigations Area Supervisor
 Bess Buckley (15), Investigative Specialist
 Vivian L. Chang (10), Investigator II
 Marshall Clark (5), Investigator
 Deborah Dupree (25), Administrative Clerk
 Charlotte Durant (14), Education Advisor
 Delories Gibson (23), Compliance Manager
 Alan Gloer (27), Investigations Area Supervisor
 Tia Griffin-Barnes (5), Investigative Assistant
 Teresa Holder (13), Director of Information Systems
 Felicia Hubbard (18), Senior Information Specialist
 Letitia Jackson (1), Information Specialist

Chuck Jonaitis (1), Investigator
 Jennifer Jones (6), Administrative Clerk
 Diane M. Keys (10), Investigator
 Josephine Lee (5), Administrative Operations Coordinator
 Shin Shin Liu (10), Network Specialist
 Oil Mata (6), Investigator
 Shonda Mason (12), Investigator
 Doug Milton (33), Investigative Specialist
 Joanne Newton (6), Investigative Specialist
 Rosa Scott (15), Investigative Specialist
 Wanda J. Sorrells (31), Investigations Area Supervisor
 Margaret Snow (4), Investigator
 Kimberley Wimby (11), Information Specialist

Strategic Plan

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 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 reasonably calculated to generate 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 for violating its provisions by reprimanding, suspending, or revoking a license. Later added 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 supplied by the Commission. The Appraiser Act requires that anyone conducting real estate appraisals in Georgia 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 developed and refined the Agency's mission, goals, and objectives. In 1997 the Agency produced its first strategic plan that 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 staff members of the Agency. Based on the views of those groups, supervisory personnel wrote and edited the Plan. The members of the Commission and Board reviewed and approved the final version of the plan. Using a similar methodology, the Commission and Board refined the strategic plan and adopted 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.
Maintain effective communication between the Agency and real estate licensees, appraisers, and consumers of their services.	Real estate licensees, appraisers, and members of the public will realize effective access to the resources of the Commission and the Board.
Enhance the efficient and cost effective operation of the agency.	The Agency will effectively protect the public interest and provide services to licensees, appraisers, and the public while maintaining reasonable licensing and classification fees.

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, FY2009, FY2010 and FY2011.
- 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
- 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, FY2010, and FY2011
- 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, FY2010, and FY2011.

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 - FY2011
- Provided newsletters to licensees on the Internet and a paper newsletter twice a year. FY1999 - FY2011
- 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 - FY2011
- 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 – FY2011
- 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, FY2010, and FY2011.
- 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 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 helps ensure that practitioners are qualified and competent

	Actual Results 1.a		
	Number of Agency Investigations completed in a Fiscal Year		
FY 2008	FY 2009	FY 2010	FY 2011
2,668	2,128	2,181	2,151

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 them are minimally qualified.

FY 2008	FY 2009	FY 2010	FY 2011
4.5% above	7.6% above	7.3% above	8.0% above

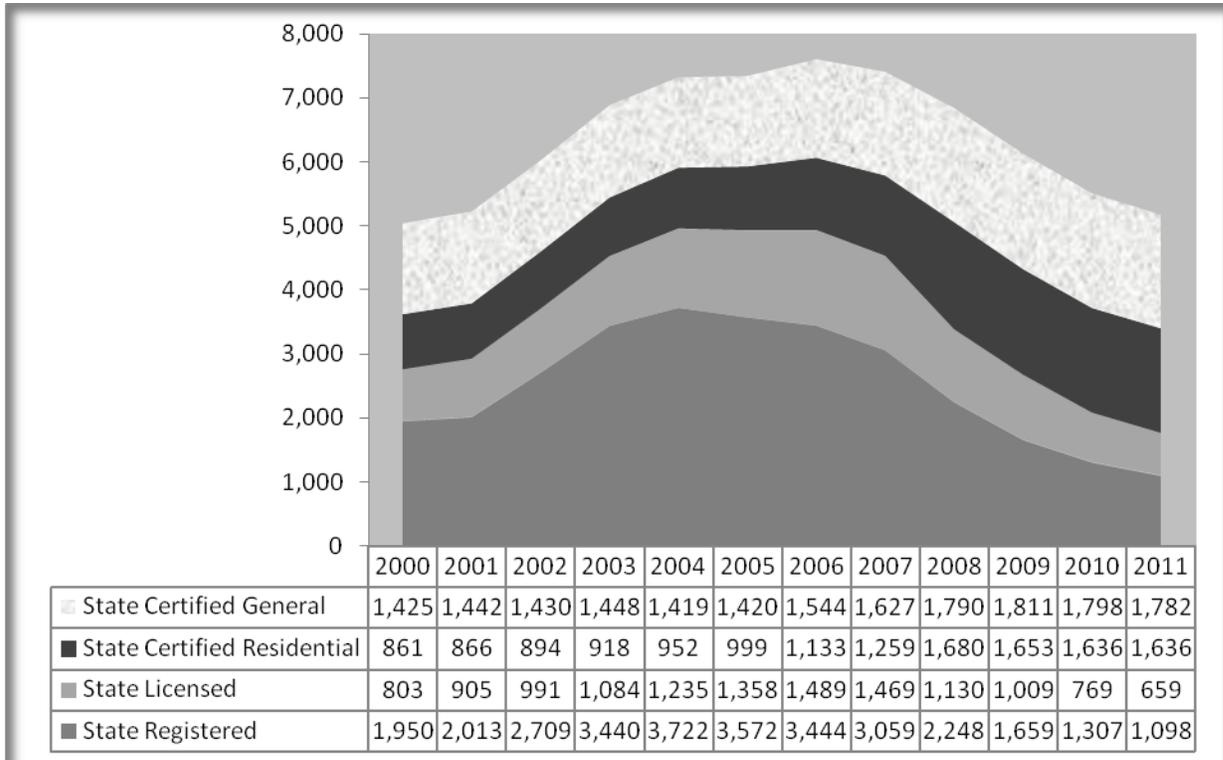
Goal 2:

Staff will respond to all applicants, licensees, and the public's requests for information within agency guidelines.

Actual Results 2 Service Provided	FY 2008	FY 2009	FY 2010	FY 2011
95% of requests for applications and materials will be filled within one business day.	99%	99%	99%	98%
95% of requests for written responses to questions will be responded to within 2 business days.	99%	99%	98%	97%
95% of all completed applications will be processed within 5 business days of receipt.	96%	97%	98%	98%

Georgia Real Estate Appraisers Board

Appraisers by Fiscal Year and Classification



GREAB Disciplinary Actions Imposed by Fiscal Year

