

Oregon Real Estate Agency *Strategic Plan*



2021-2023



Acknowledgements

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This Plan's Purpose: from the Oregon Real Estate Commissioner

Since joining the Agency in 2019 my primary directive as Commissioner has been to ensure that Oregon consumers of professional real estate are engaging in an equitable, well-protected and trusted market environment. To achieve this mandate, the Agency must reflect these standards and operate with transparency, accountability and stewardship. I am committed to delivering on these promises with excellence in operational performance and fairness in assessing regulatory outcomes.

These expectations reach across the Agency, from investigative practices and education to customer service and information systems. Our vision is to provide regulatory excellence while being highly efficient and continually adaptable in our work.



Steve Strode, Commissioner

In practical terms, this plan will set the Agency's near-term direction, establish goals, prioritize work, measure progress toward these efforts, and communicate priorities to our stakeholders. The foundation of this document is built from the priorities and strategies identified in the Agency's Affirmative Action and Diversity, Equity and Inclusion plan as well as the long-term goals from the 2021-2023 Legislative Adopted Budget. This plan has been coordinated by the Real Estate Commissioner's office, developed between October 2021 and February 2022, by the Agency management team in consultation with lead workers and with input by all Agency staff.

I am personally excited about the goals set forth in this document and am confident that the Agency will successfully carry forward commitments made to Oregon's state Legislature, our Governor, more than 25,000 real estate licensees and all Oregon stakeholders of professional real estate activity. The Agency expects the groundwork laid in this process to set the path for continued success, in the years to come.

I am grateful to OREA staff as well as our Board and stakeholder partners, who have continually provided feedback and ongoing input as we developed the core elements of this work. The Oregon Real Estate Agency Strategic Plan is available on the Real Estate Agency's website at www.oregon.gov/rea.

Sincerely,

A handwritten signature in blue ink that reads "Steve Strode". The signature is written in a cursive, flowing style.

Description of the Oregon Real Estate Agency (OREA)

Agency Origins

Oregon passed the first effective real estate license law in the United States on February 14, 1919, under the then Insurance Department of Oregon. The Real Estate Department was later organized within the Insurance Department. In 1939, the Real Estate Department was given independent status by the Legislature. In 1963, it became the Real Estate Division within the Department of Commerce. In 1987, the Department of Commerce was dissolved, and the Real Estate Division was renamed the Oregon Real Estate Agency, and remains so today.

The Oregon Real Estate Agency now licenses and regulates over 31,000 real estate professionals and business organizations, including principal brokers, brokers, property managers and escrow agents.

Agency Mission

The mission of the Oregon Real Estate Agency is to provide quality protection for Oregon consumers of real estate, escrow, and land development services, balanced with a professional environment conducive to a healthy market atmosphere.

Who we are

OREA is a stand-alone Executive Branch Agency of the State of Oregon, comprised of 29-FTE, charged with administering professional real estate licensing and regulating Oregon real estate license law ([ORS Chapter 696](#)). The Commissioner, who is appointed by the Governor and an employee of the state, directs the Agency. The Commissioner oversees the administration of the Agency and is responsible for assessing sanctions for license law violations.

The Agency has a nine-member advisory board, which has authority to waive some application requirements for real estate license and continuing education provider applicants, as well as advise the Governor, Commissioner and Agency on law, rule and policy.

We value

This Agency operates with the following principles at the forefront of our daily decision-making as well as long-range strategic planning:

- Equity
- Respect
- Transparency
- Adaptability & Innovation
- Stewardship & Customer Service
- Accountability

Agency Division Purpose Statements & Descriptions

Commissioner's Office – 3 FTE

The Commissioner's office directs the Agency through policy and sanction administration while ensuring transparency and accountability.

The Commissioner is appointed by the Governor and is responsible for the policy and direction of the Agency. The Commissioner works directly with the real estate industry and legislature to determine appropriate statutory authority, including new or revised statutes and rules. The Commissioner holds open participation and discussions with key parties when determining changes

to the Agency's authority.

The Deputy Commissioner is appointed by the Commissioner and is responsible for the daily operations of the Agency, including the organizational structure of the Agency to meet the needs of consumers and licensees. The Deputy Commissioner employs the direction of the Commissioner and manages the Agency through division managers that supervise represented employees.

The Executive Assistant to the Commissioner acts as a conduit to the Commissioner's Office, tracking and coordinating communication, coordinating board meetings and scheduling critical functions.

Licensing & Education – 8 FTE

The Licensing and Education Division offers solution-based support to Oregon consumers, educators and real estate professionals, evaluates candidates for licensure, and facilitates compliance activities.

Education

The purpose of this program is to oversee the administration of license examinations and education services provided to applicants and real estate licensees. The program collects and analyzes information about the educational needs of the real estate industry and reviews certain educational courses. The program collaborates with the Commissioner and the Board to improve the OREA's external educational efforts.

The Education program carries out the Agency's mission by increasing the quality, format, and number of educational opportunities for licensees that will, in turn, increase the professionalism among licensees. This program strives to provide excellence in education-related services for the Agency, including: creating educational opportunities that meet the needs of the industry and the consumer; researching and utilizing technology and other tools to effectively deliver information; developing and implementing effective licensing examinations.

Functions include:

- Coordinating the development and maintenance of examinations and test items;
- Coordinating the development and periodic review of real estate educational guidelines;
- Approving pre-license courses and instructors;
- Reviewing and approves post-license education courses; and
- Maintaining and promoting escrow education requirements.

Licensing

The purpose of this program is to administer the licensing of real estate brokers, principal brokers, property managers, and escrow agents, the registration of business names, pre-license education providers, and unit owners associations, the submissions of condominium filings, and the certification of continuing education providers.

Functions include:

- Assisting real estate brokers, principal brokers, property managers, and escrow agencies as they use the Agency's online licensing system (eLicense) to manage their licenses;

- Assisting customers as they process registered business names and branch office registrations in eLicense;
- Registering membership campground contract brokers;
- Completing license applicant criminal background checks investigations;
- Processing escrow licensing and security/bonding files;
- Maintaining all licensing history records and the electronic processing of fees;
- Certifying continuing education providers;
- Providing general reception, licensing, and compliance information to the public; and
- Processing complaint intake.

Regulation – 10 FTE

The Regulation Division conducts fact-based, unbiased investigations and, if warranted, proposes disciplinary action through the administrative process.

The division investigates complaints made by the public, licensees, other governmental agencies, or upon its own motion, into the activities of real estate brokers, property managers, escrow agencies, subdivision, condominium, timeshare, campground developments, real estate marketing organizations, and other real estate-related investigations. Division staff acts as impartial investigators and gather facts surrounding an open complaint file. Division staff conduct stipulation processing (dispute resolution) to resolve matters without a contested case hearing.

Compliance – 2 FTE

The Compliance & Audits Division ensures that licensees meet their fiduciary and administrative responsibilities through review of financial and administrative records.

The purpose of this program is to conduct compliance-related activities. This work includes providing technical assistance and sharing knowledge on the interpretation and application of laws and rules administered by the Agency (excluding legal advice) to licensees, the public, and other governmental agencies.

Functions include:

- Compliance reviews: Evaluate compliance surveys and assist licensees in coming into compliance within target of 45 days, where possible; and
- Clients' trust account reconciliation reviews: Assess compliance and identify cases for investigation.

Land Development – 1 FTE

The Land Development Division performs regulatory review and approval of condominium, timeshare, membership campground and subdivision projects created in Oregon or marketed to Oregonians.

The division is responsible for administering the Land Development Programs, which include: subdivision, condominium, timeshare, and campground registrations. The Land Development manager is responsible for drafting legislation and administrative rules.

Administrative Services – 5 FTE

The Administrative Services Division provides quality business services to the Agency and the public in a data-driven, people-centric manner.

This Division serves as central service hub of the Agency, carrying responsibility for the general operations and adherence to governing compliance statewide policies.

Functions include:

- Fiscal services, including inventory control, remittance processing of revenue, accounts payable and receivable, payroll, and travel coordination;
- Human resources coordination;
- Purchasing and contracting;
- Oversight of the Agency's Information Systems staff, who provide word, data processing, LAN administration, project management and telecommunications services; and
- Agency communications, including the development and publishing of educational information such as website content, the Oregon Real Estate News-Journal, brochures, and publications.

Agency Budget

The Agency's revenue is sourced by 'other funds'. These funds are collectively derived from licensing, registration, examination, and other related Agency services. The Agency does not receive federal, grant, general, or lottery funds. Civil penalties assessed and collected by the Agency through sanctions are transferred to the General Fund and do not contribute to the Agency reserve.

The [2021-2023 Legislatively Adopted Budget](#) is \$9,834,697.

Agency Stakeholders

General Public:

Oregonians are consumers of licensed real estate activity through the purchase, sale and rental of real property. Sales transactions are most frequently brokered through a real estate licensee and under the coordination of a registered escrow organization. While some owners directly rent their properties to tenants, most rentals are administered by licensed property managers. The professional activities of these services largely fall within the Agency's regulatory oversight. The impact our work has on Oregonians is meaningful.

Oregon Real Estate Board:

Oregon Real Estate Board consists of seven professional members and two public members, acting as an import conduit to industry practice. Outside of their board duties, members serve on Agency organized committees for education, examination content review, rule making and policy considerations.

Applicants:

In 2021 an average of 475 individuals made application to the Agency monthly. These new entrants into the real estate profession interfaced with our approved educational material, examination, licensing systems and customer support staff.

Licensees & Registrants:

40,000 Licensees and registrants conduct licensed professional real estate activity in Oregon, including real estate brokers, property managers, real estate businesses, escrow agents, escrow branch offices, campground contract brokers, and telemarketing organizations.

Educators:

350 active public and private career schools, post license educators and continuing education providers deliver thousands of professional education courses to applicants and real estate licensees each year.

Developers:

Real estate developers establish hundreds of subdivisions, condominiums, and timeshare estates in Oregon annually, seeking Agency plan approvals to establish and build new real estate projects in the state.

Attorneys:

Legal counsel representing members of the public, licensees, and developers with questions on application of law or in matters of complaint and/or administrative sanction continually engage with Agency management and staff.

Professional Organizations:

Industry groups representing real estate, escrow, property management, residential and commercial development, land development, timeshares, campground marketing, and educational interests, interface with the Agency routinely on policy matters and for educational opportunities.

Tribal, Local, State and Federal Government:

The Agency collaborates and relies upon the expertise of many partners in tribal, local, state and federal government to effectively conduct our regulatory charge. The Agency conducts business operations under the Governor of Oregon's statewide policy including: finance, accounting, risk, procurement, fleet, human resources, and information security. The Agency executes records management under the authority of the Oregon Secretary of State, in accordance with the policy set forth by the State Archivist and in collaboration with Oregon Tribal leaders. The Oregon Department of Justice serves as the Agency's legal counsel. The Agency coordinates with the Oregon Bureau of Labor and Industries, at the direction of the Labor Commissioner of Oregon, on matters related to Fair Housing violations involving Oregon real estate licensees.

Strategic Plan Fundamentals

Holistic Approach

Many targets of the OREA strategic plan reach beyond a single division and outside of the control of a single Agency program manager. These efforts will require ongoing input from staff as well as expansive planning and coordinated implementation with external partners, within state government and in the industry. The Agency values input from our stakeholders, internal and external, recognizing that the efforts laid out in this plan cannot be realized effectively without a holistic, inclusive approach.

As each division, and manager responsible, implements the strategies and goals identified in this plan, they will operate under this philosophy.

Guiding Principles

- **Regulatory Effectiveness (Appropriateness & Adaptability to Change)**
We regulate from a perspective of consumer and licensee impact. We are dedicated to adaptability as the practice evolves. In collaboration with our stakeholders, we continually evaluate our governing regulatory framework, within the context of the current market atmosphere.
- **Operational Excellence (Innovation & Stewardship)**
As stewards of licensing fees, to fund Agency operations, we are responsible for conducting business efficiently and effectively. We implement innovative, cost effective tools that deliver a measurable return on the investment.
- **Service Driven (Customer Service Excellence, Equity & Transparency)**
We believe that equity is foundational to excellent customer service. We aim to provide all who engage with the Agency an opportunity to be heard and understood, providing transparency, resources and assistance in a timely manner; and
- **Professionalism (Accountability & Respect)**
In all aspects of our work we are accountable to the public, licensees and all of our stakeholders. We maintain an environment of inclusion, showing respect for all parties we engage with. We provide accurate information, consistently and reliably.

Accomplishments 2019-2021

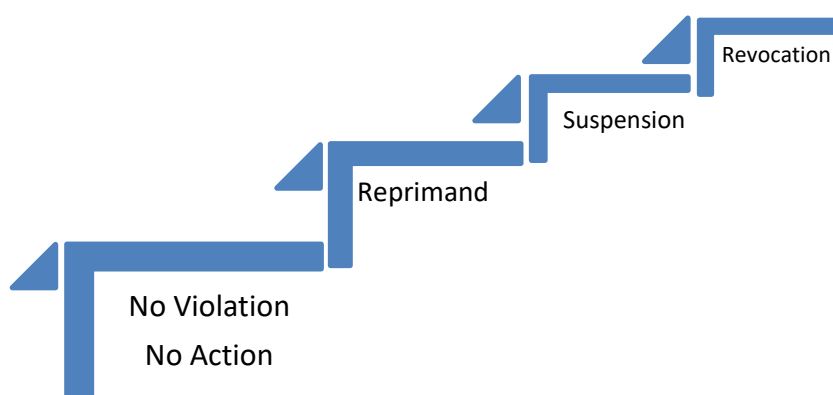
- Conduct Preliminary Research to Support Development of Regulatory Framework
- Completed Examination Reviews with Industry Workgroups
- Modernized Advertising Rules with Industry Workgroup
- Instituted Remote Proctoring of License Examinations
- Maintained or Increased Performance in All Legislative KPMs
- Hired a New Regulation Division Manager
- Increased Commissioner Role in Sanction Assessment
- Reshaping Regulatory Lead Worker Roles
- Initiated the eLicense Replacement System Project
- Hired a Dedicated Project Manager for eLicense Replacement
- Established Spanish Speaking Positions
- Delivered Bilingual Educational Content on Property Management
- Increased Collaboration with Industry Partners
- Eliminated Case Backlog
- Reduced Number of Days to Complete Investigation
- Increased Customer Service Performance
- Navigated to a Paperless Office
- Separated Complaint Intake from Regulation Division
- Established New Compliance Division
- Streamlined Investigative Practices
- Office Reconfiguration to Accommodate Mobile/Hybrid Workforce and Save on Archives Storage
- Maintained 100% Success at Contested Case Hearings
- Increased Stakeholder Engagement through Presentation Series on Engaging with the Agency
- Commissioner Accepted Role on Fair Housing Committee at Association of Real Estate Licensed Law Officials
- Agency Implemented Updated Information Sharing Procedures Directly with Oregon Bureau of Labor & Industries for Fair Housing Violations

Goal 1: Fortify Equitable Application of Regulatory Actions

With new leadership in 2019, the Agency prioritized significant operational reform, specifically focusing on the complaint and investigation processes. It was recognized, that under the former structure, the Agency had governance vulnerabilities in case management with insufficient oversight built into the regulatory process.

Without proper controls in place, the Agency was in a more susceptible position, posing frailties in case completion timeliness and investigative scope. These procedural modifications were motivated by the goal to ensure equitable application of regulatory actions; guarding against imbalance in complaint review and assessment, investigation, case management, and case outcomes.

As a foundation, with clear checks and balances has now been laid, under a reformed organizational structure, the Agency will seek to further refine the case completion process. This work will be established to fortify the Agency’s decision-making in assessing sanctions, securing proposed sanctions are consistently applied and appropriately considered against mitigating and aggravating circumstances uniformly, reducing opportunities for implicit bias.



Core Work

Using a ten-year data set collected on Oregon Real Estate Agency historical sanctions, along with the Commissioner’s priorities on consumer protection and licensing violations, the Agency will develop a clear regulatory framework model. This tool will operate as an assessment device to ensure continuity in application of sanctions for violation of law and rule. With the guiding principle of adaptability in mind, this document will contain the flexibility to apply nuance and changing regulatory issues. We expect this instrument to operate as a further control to quality control that our work is equitably applied in an effective and logical manner.

Projects to Support Goal & Strategies

- Clearly Identify Mitigating and Aggravating Circumstances
- Assess Suitable Balance of Violation to Impact
- Consider Appropriate Conditions for Progressive Discipline Pathways
- Isolate Characteristics for Consumer Threat and Immediate Revocation
- Document Where Rule and Law Address Regulatory Approach and Where Gray Areas Require Further Definition

Goal 2: Ensure Staff Execute their Work Uniformly

Meeting our Agency mission and division purpose statements requires each role within the Agency be performed consistently and in line with the policies and procedures outlined by management. Currently each Agency division operates with differing levels of process documentation. Overall, the long administered approach generally has been to employ institutional knowledge, ad-hoc trainings and documented procedural references, with management oversight of work product to ensure quality and consistency.

While effective generally in the outcome, this is an inefficient manner of doing business and leads to correcting issues after the fact, rather than training against before issues happen. This is especially cumbersome in a remote or hybrid environment where staff are working most of the time out of the office without a peer at the next workstation to check in with.

Recognizing a major opportunity for improvement, the Agency seeks a more streamlined, dedicated approach to ensuring that staff are effectively trained. From the outset of onboarding, in addition to being trained for their roles, they will be provided with comprehensive reference material and routinely retrained on existing processes. The Agency will establish an employee acknowledgement process and conduct an annual review between managers and staff.

Core Work

Each Agency division has already begun establishing or updating their respective division centered Policies and Procedures document. The culmination of this work will produce a complete Internal Operating Procedures Manual for the Agency at large.

Projects to Support Goal & Strategies

- Update Policies & Procedures Manuals by Division
- Establish Job Aides and Process Manuals
- Establish an Onboarding checklist for New Hires

Goal 3: Reduce Barriers to Licensure & Public Engagement

As part of the 2019 Agency Report to the Legislature [Path to Licensure](#) the Agency researched existing barriers to real estate licensing for immigrants and refugees and committed to develop an action plan to reduce obstacles to entry.

Within the Agency's 2021-2023 [Legislative Budget Presentation](#) the Commissioner expanded on these efforts, establishing the clear goal, under a series of tasks, to expand the reach of Agency services and dismantle institutional barriers.

We continue to further these efforts through the goal to Reduce Barriers to Licensure. To date, the Agency has established a Spanish speaking position, published educational content in Spanish, engaged with our examination vendor to begin the steps necessary to implement prelicense examination in languages other than English, and started conversations with our prelicense education providers, assessing where opportunities and needs may intersect.

As the Agency's mission is narrowly focused on consumer protection through occupational licensing and regulation of that license, mentorship programs and promoting license application would be out of scope for the Agency. However to support organizations that are mission aligned with the professional development of licensees, at the request of the Oregon Realtors Diversity Committee, the Agency intends to implement demographic race and ethnicity data collection, on a volunteer basis, in license application and renewal. This information will be shared with industry partners, in the aggregate, as an aid to further the reduction of barriers to the profession.

Core Work

Each Agency division has already begun establishing or updating their respective division centered Policies and Procedures document. The culmination of this work will produce a complete Internal Operating Procedures Manual for the Agency at large.

Projects to Support Goal & Strategies

- Publish Advertising Guide in Spanish
- Identify Additional Priority Languages for Educational Content
- Establish Project Plan for Examination in Spanish
- Establish Educator Partners for PreLicense Education in Spanish
- Identify Accessibility in Languages Other than English as a Requirement of Licensing Replacement System
- Identify and Enroll Public Facing Staff in Cultural Competency Training

Goal 4: Security & Efficiency (eLicense & existing system upgrades)

The eLicense system acts as the primary, though not exclusive, information system of the Oregon Real Estate Agency. The current system was deployed in 2012 with a planned lifecycle of 10-12 years, with replacement scheduled for 2024. The Agency recognizes that to be on track to meet this target and maintain timely and secure systems, the effort for replacement begins now in 2022.

eLicense

Over 40,000 licensees, business registrants and stakeholder partners engage with the system in a user facing capacity. 25,000 licensees, actively utilize the system for their biennial licensee renewal, by updating contact information, background information and continuing education. Business operators are responsible for maintaining their organizations online, transferring applicants and existing licenses into their business, maintaining client trust account information, responding to an audit, and renewing their business registration annually. All of this, including associated payment when applicable, is conducted exclusively through the eLicense system. The Agency has not accepted paper applications since 2012.

On the internal, Agency-facing component of the system, operates as a licensing database and case management software, integrating license application and maintenance information with the complaint and investigation module. The system administers email communication to licensees for notification purposes, revenue intake and bank reconciliation processes, statistical license and investigative process reporting, examination data imports and several work flow processes to process a variety of applications. While this systems performs the functions it was designed for and allowed the Agency to navigate to a paperless environment, the Agency's primary stakeholders (real estate licensees) are cutting edge users of technology, that conduct their work in a highly efficient, mostly digital manner. There are many known efficiencies required to modernize the system to meet stakeholder needs as well as several opportunities to improve the internal security and operations of the Agency's internal work.

The Agency expects a new system will be launched in the spring of 2024 and anticipates the upgraded product will vastly improve all end users' experience as well as save licensees and the Agency substantial time.

Cyber Security

In the fall of 2021 the Department of Administrative Services-Enterprise Information Services conducted a cyber security review of the Agency's information systems. While the Agency was rated above average statewide, many opportunities to improvement systems and advance to a higher standard of best practices were found. This biennium the Agency will establish granular tasks to improve overall cyber security score.

Core Work

Update Agency systems in a timely manner that promotes security of customer data and increases efficiency for end-users.

Projects to Support Goal & Strategies

- Complete Business Case and Project Plan to Replace eLicense.
- Policy Option Package for Funding for the eLicense Replacement System Project
- Implement Cybersecurity Updates from 2021 Cybersecurity Assessment
- Exploit Opportunities for Automation in Accounts Receivable/Payable

Goal 5: Compliance Program

In January 2022, the Agency established a new division, Compliance & Audits. This division is responsible for analyzing the existing clients' trust account review and Escrow audit programs, identifying opportunities to increase the impact of these programs while simultaneously scaling the effectiveness of Agency actions.

Currently this division has two dedicated positions, one Compliance Specialist III-Lead Worker (Liz Hayes) and one Financial Investigator (vacant). The Financial Investigator position will be rewritten by the Agency and reviewed by State of Oregon DAS Human Resources for placement in a new position classification. The Agency envisions this division to grow to three to five FTE, responsible for review all real estate firms holding client trust funds on a periodic basis, and conducting routine Escrow audits.

The Agency recognizes that client funds held in trust by licensees is among the greatest threats to consumer protection in Oregon and is compelled to increase dedicated resources to address this risk exposure gap.

Core Work

Near term, work involves making practical adjustments to existing practices, measuring balance performance and evaluating the success of such changes. The Agency is currently undergoing a rule revision workgroup to shorten the days licensees have to respond to reconciliation reviews, in an efficient to create greater process efficiency.

The Agency will also be creating production goals, evaluating workload and assessing staffing needs. Using this data the Agency will be making a request to the Legislature to increase Agency FTE count and associated expenditure limitation.

Projects to Support Goal & Strategies

- Update Reconciliation Review Educational Material and Review Communications
- Update Position Description and Recruit for Second Division Staff Member
- Document Baseline Production Statistics
- Model Increased Production Based on Additional Staff
- Policy Option Package for Increased Resources
- Identify Opportunities for Improvements in an Updated System