

# OREGON REAL ESTATE AGENCY



2025-2027 Budget Presentation Reference Document

[2025 - 2027 Governor's Budget](#)

## Agency Mission, Goals & Historical Perspective

### Mission

The Oregon Real Estate Agency's mission 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 real estate market atmosphere.*

### Jurisdiction

The Agency's authority is prescribed in Oregon Revised Statute Chapter 696, where real estate, property management, escrow and real estate telemarketing licensing and associated regulated practice are defined and outlined. The Agency also oversees the approval of Subdivisions dictated in Chapter 92, Membership Campgrounds and Timeshares in Chapter 94, and Condominium filings in Chapter 100. Oregon Administrative Rule Division 863 details the application of the Agency's governing law. While real estate practice under the Agency's authority often intersects Residential Landlord and Tenant Law, Oregon Revised Statute - Chapter 90, and Fair Housing Law, Oregon Revised Statute – Chapter 659a, the National Association of Realtors Code of Ethics, these are outside of the Agency's direct jurisdiction for consumer recovery or advocacy, though discipline may be taken against a license for overlapping issues when conditions of the Agency's grounds for discipline in ORS 696.301 are met.

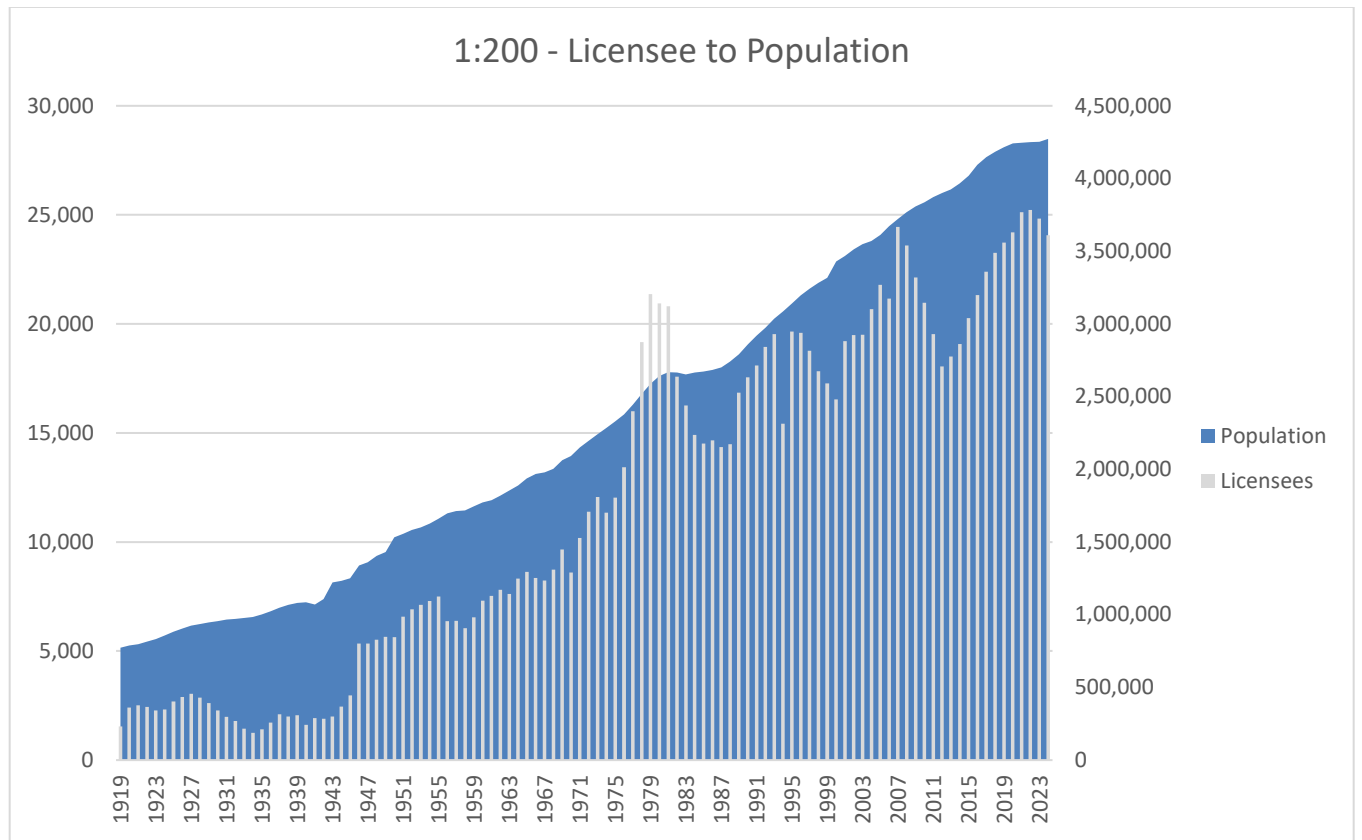
### Historical Context

The Agency was established in 1919 as the Real Estate Department, making Oregon the first occupational licensing and regulatory agency for real estate nationwide, followed soon after by California. At that point the Agency's authority was limited to issuing a Broker license for an annual \$5.00 fee, with a \$1,000 bond and a set of ten recommendation letters. Shaped by societal, economic and technological changes over the last century, the practice of real estate has undergone significant transformation, driving the evolution of Oregon's real estate licensing law and rule as well as Agency operations.

Noteworthy chapters in this period that inform today's practice in Oregon include: the introduction of the entry level 'Salesman' real estate license (later changed to Salesperson in the 1970s) to operate under the supervision of an experienced Broker in the 1920s; the Great Depression of the 1920s and 30s which saw 50% mortgage default rates and the formation of the Federal Housing Administration and Fannie Mae in response to address funding issues during this lengthy period of economic turmoil; the federal GI Bill in the 1940s, creating a pathway to ownership accessibility for veterans and the expansion of the suburbs; the passing of several Fair Housing laws in Oregon starting in the 1950s and the Federal Fair Housing Act passing in 1968, prohibiting the pernicious act of redlining and other discrimination which excluded minorities from access to housing and especially targeted Black and Hispanic Oregonians, the economic impact and resultant consequences of which are still felt today; the widening of the Agency's authority to include the oversight of Escrow and Subdivisions in the 1960s and 1970s; the establishment of the Property

Manager license in the 1980s; the widespread use of subprime loans from the 1990s through mid-2000s, leading to the market bubble and then igniting the Great Recession starting in 2009, where equity loss, foreclosures and unemployment rates had not been seen at such high rates for decades, and Congress responding with the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010, tightening standards and prohibiting predatory lending practices; followed by the successive long economic recovery period extending through the 2010s leading us to the most recent historical event impacting real estate, the COVID era housing rush from 2020 to 2023. Licensing counts in Oregon reached an all-time high in 2022 and have decreased by approximately 5% since, as the market has frozen under the lock in effect of today’s limited supply and high mortgage interest rates. Buyers and sellers are sitting on the sidelines waiting for conditions to improve, proving once again the iron clad law of supply and demand but leaving many to wonder...does what which goes up, indeed come down?

The historic real estate and economic periods outlined above are reflected below in the graph of cyclical expanding and contracting license counts, year over year through the Agency’s history. These license counts are then laid against Oregon’s population over that same period. Of every 200 Oregonians, one is a real estate licensee, with this ratio being reflected relatively consistently through the years.



## Agency Programs, Services, Organizational Structure & Key Partners

### Real Estate Board

The Real Estate Board is appointed by the Governor and serves in an advisory role. It has several statutory responsibilities. It advises the Commissioner and the governor regarding real estate matters. It approves requests from license applicants to waive the experience requirement to obtain a principal broker license. It reviews and approves the qualifications of continuing education provider applicants who don't meet the criteria in statute. It reviews proposed administrative rules. And finally, when the three-hour Law and Rule Required Course is updated each biennium, the Board approves the mandatory and optional topics of the required curriculum.

The Real Estate Board meets six times a year, with two to three meetings in person, in various locations throughout the state. The Agency makes a good faith effort to coordinate with the local real estate association where the meeting is held and offers attendees continuing education credits for their attendance. The remaining board meetings are held online in a video conference environment accessible to all interested attendees remotely. The meeting recording is posted to the Agency's website.

### Real Estate Commissioner & Commissioner's Office

The Real Estate Commissioner stays informed on the needs and issues within the regulated community through ongoing partner engagement with interested and impacted parties. This work is done by connecting and collaborating with public officials, occupational licensing and regulatory associations, trade associations, industry related affinity groups, and the brokerage and property management industry. Also, the Commissioner is responsible for the application of discipline and independently sets an appropriate sanction, when administrative action is administered.

At the direction of the Commissioner, the Deputy Commissioner oversees the operations of the Agency by leading the management team, sponsoring highly critical projects and executing the strategic plan. The Communications, DEI and Policy Director operates from the Commissioner's office, responsible for Agency communications through publications and media responses, acts as a liaison between the Agency and the Agency's expansive DEI partner network, in collaboration with the HR Manager executes the Agency's Affirmative Action and DEI Plans, and maintains current policies on behalf of the Agency.

### Administrative Services

Manager Reba Dunnington leads the Administrative Services Division as the Business & HR Manager. This Division provides quality business services to the Agency and the public in a data driven, people centric manner. The scope of this division includes human resources, payroll, accounting, IT, procurement, and facilities management.

## Licensing

Led by Manager Nenah Darville, the Licensing Division offers solution-based support to Oregon consumers, educators, and real estate professionals, evaluates candidates for licensure, and facilitates complaint intake. The division responds to public inquiries and conducts the initial processing and review of complaints, to determine if there are reasonable grounds to open an investigation. This division provides customer service support to new licensee applicants and current licensees of all types, including real estate brokers, principal brokers, property managers, and escrow agents. Staff process registered business name, pre-license real estate school, and continuing education provider applications. They also provide support to real estate developers in submitting condominium filings online. In total this team was responsible for handling more than 17,000 incoming calls to the Agency and supporting over 50,000 licensing transactions last year. This Division offers internal customer service through mail handling, scanning, and invoicing for Agency services.

## Land Development

The Land Development Division, led by Manager Michael Hanifin, performs regulatory review and approval of condominium, timeshare, membership campground, and subdivision projects created in Oregon or marketed to Oregonians. The section reviews and approves the foundational documents creating these types of properties, as well as later amendments to those documents, to verify compliance with statutory requirements. The Division issues Disclosure Statements required for sales of these interests to Oregonians. manufactured home subdivisions, and membership campgrounds.

Land Development works closely with attorneys representing members of the public, licensees, and developers with questions on the application of the law and the Land Development Manager supports the Agency in Legislative and Rules Coordination.

## Regulation

Led by Manager Elli Kataura, the Regulation Division conducts fact-based, unbiased investigations from complaints received by the Agency regarding the licensed activity of real estate brokers, property managers, and escrow agents and the potential real estate activity of individuals engaged in unlicensed practice. This program serves Oregon consumers of real estate, including both sales and property management, by offering a thorough investigation process for alleged license violations.

Following an investigation, cases will resolve through one of three potential paths (2024 data shown): 1. closed with no violations found, 43%, 2. closed with an education letter of advice issued to the respondent, 31% or 3. Proceed forth with discipline through the administrative process, 26%. For the minority of cases where a settlement isn't reached, the respondent can present their case before an Administrative Law Judge from the Office of Administrative Hearings. When an agreement is not made the case may be taken to a contested case hearing. Investigators work with the Agency's Assistant Attorney General to

prepare contested cases for hearing and, if necessary, assist other criminal justice agencies in investigations, court testimony, and case preparation.

## Compliance

The Compliance Division, led by Manager Liz Hayes, was established in 2021. This Division ensures that licensees meet their fiduciary and administrative responsibilities through review of financial and administrative records.

This team conducts compliance reviews, clients' trust account reconciliation reviews and is responsible for escrow audits and education. They identify if a licensee meets compliance with the laws related to trust accounts. A major staffing investment of three FTE was granted in the 2023-2025 Legislative Session, and the Division is now fully staffed.

The Education program was added to the Division in the 2023-2025 biennium to better align educational expectations of licensees to compliance outcomes. This program is responsible for developing pre- and post-license course outlines and approving provider content for compliance with those guidelines. In collaboration with the Oregon Real Estate Board, this team develops the course outlines for the Law & Rule Required Course, updated following each legislative session.

## Key Partners

Key partners include:

- The Oregon State Legislature
- The Real Estate Board
- Industry organizations such as the National Association of Realtors, Oregon Realtors, local associations, and local chapters of affinity partner network groups.
- Real Estate Educators
- Multiple Listings Services
- The Association of Real Estate Licensed Law Officials
- And the Council on Licensure, Enforcement & Regulation.

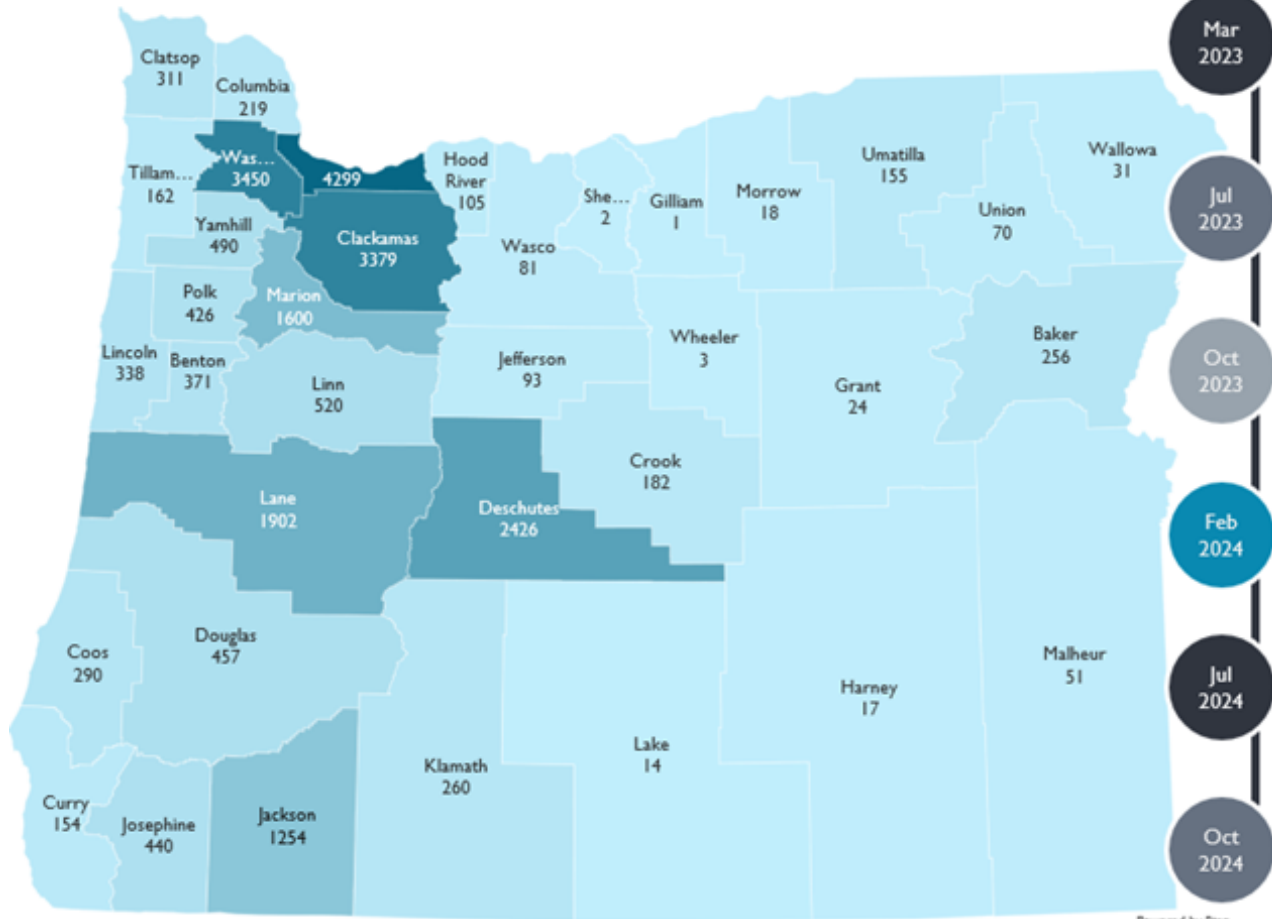
We engage with these partners for:

- rule writing work groups;
- participation in exam development in Oregon; and
- feedback for policy and project initiatives impacting licensees.

These relationships are vital to our effectiveness as the licensing and regulatory body for real estate in Oregon.

Stakeholder engagements in the current biennium are identified in this graphic against a heat map of licensees by Oregon counties. This visual tool provides useful analysis as the Agency initiates travel and schedules in person board meetings next biennium. The Agency expects to be making appearances in eastern and southern Oregon in the upcoming 2025-2027 biennium.

# LICENSEES & COMMUNITIES SERVED



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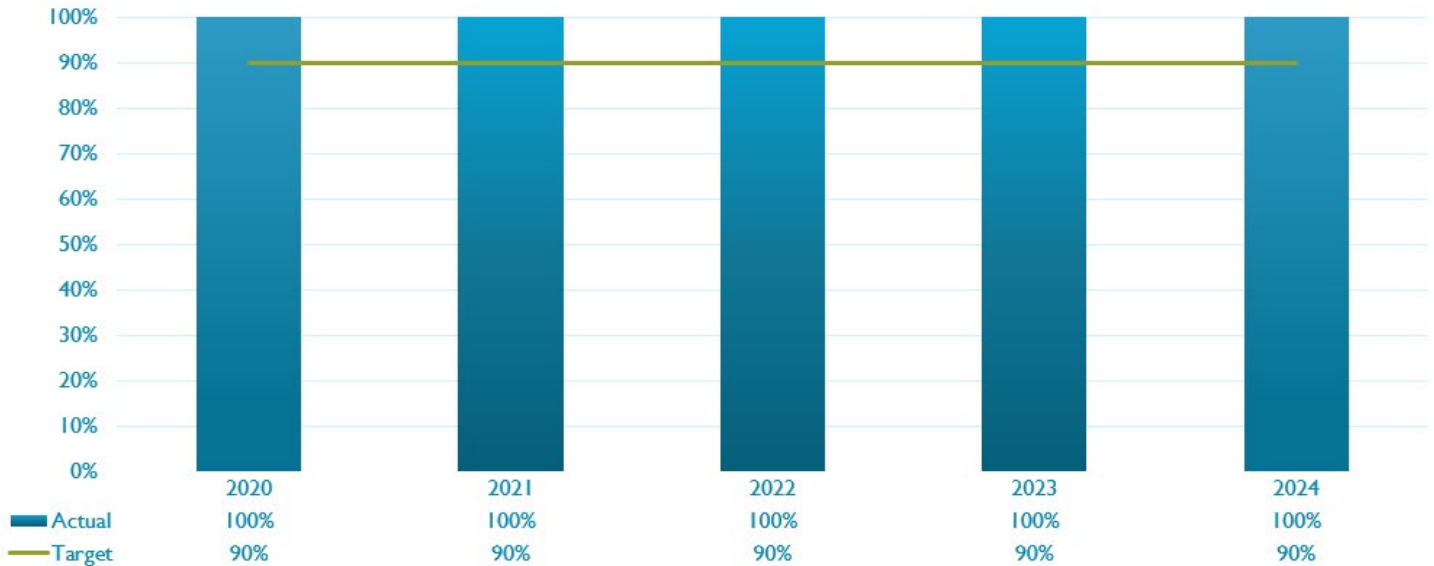
- Mar 2023
- Jul 2023
- Oct 2023
- Feb 2024
- Jul 2024
- Oct 2024

- Oregon Realtors
- Mid Columbia Association of Realtors
- Springfield Board of Realtors
- Oregon Realtors Fall Governance, Business Issues Key Committee
- Salem Rental Housing Association
- Tigor Title
- OREA Board Meeting - Salem
- Yamhill County Association of Realtors
- Oregon Realtor Conference, Business Issues Committee - Salem
- OREA Board Meeting - Bend
- Central Oregon Association of Realtors - Bend
- Tigor Title
- Klamath County Association of Realtors – Klamath Falls
- Oregon Realtors, Principal Broker Academy – Salem
- Rogue Valley Association of Realtors – Medford
- Central Oregon Association of Realtors – Bend
- National Association of Realtors - Portland
- Fair Housing Summit
- OREA Board Meeting – Salem
- Oregon Realtors Conference, Business Issues Committee - Salem
- Oregon Realtors Spring Governance, Business Issues Key Committee
- National Association of Real Estate Brokers(Realtists)
- Oregon Realtors Diversity Committee
- Cascade Sotheby’s – Lake Oswego
- Fratzke Commercial – Bend
- OREA Board Meeting – Gleneden Beach
- Willamette Valley Association of Realtors – Woodburn
- Housing & Economic Summit - Salem
- Oregon Rental Housing Association
- Oregon Realtors Conference, Business Issues Committee – Eugene
- East Metro Association of Realtors – Gresham
- Portland Metropolitan Assoc. of Realtors Risk Management Committee
- Deschutes Title Central Oregon
- Windermere Country Roads – Prineville
- Professional Land Surveyors of Oregon
- Oregon Realtors



## Overview of Agency Performance and Outcome Measures, How Measures Are Used by the Agency, and Progress toward Achieving Performance Goals

KPM #1 is “Percent of property managers and principal brokers reviewed who met compliance within 45 days of a compliance review.”



The target for this KPM is 90%. In the most recent reporting period, the result is 100%. This KPM evaluates the effectiveness of the Agency’s efforts in the compliance review process. While the Agency is meeting the target at 100% and has been for several years, there remains opportunity for improvement by increasing the number of participants and targeting participation for licensees that have the greatest potential for benefit.

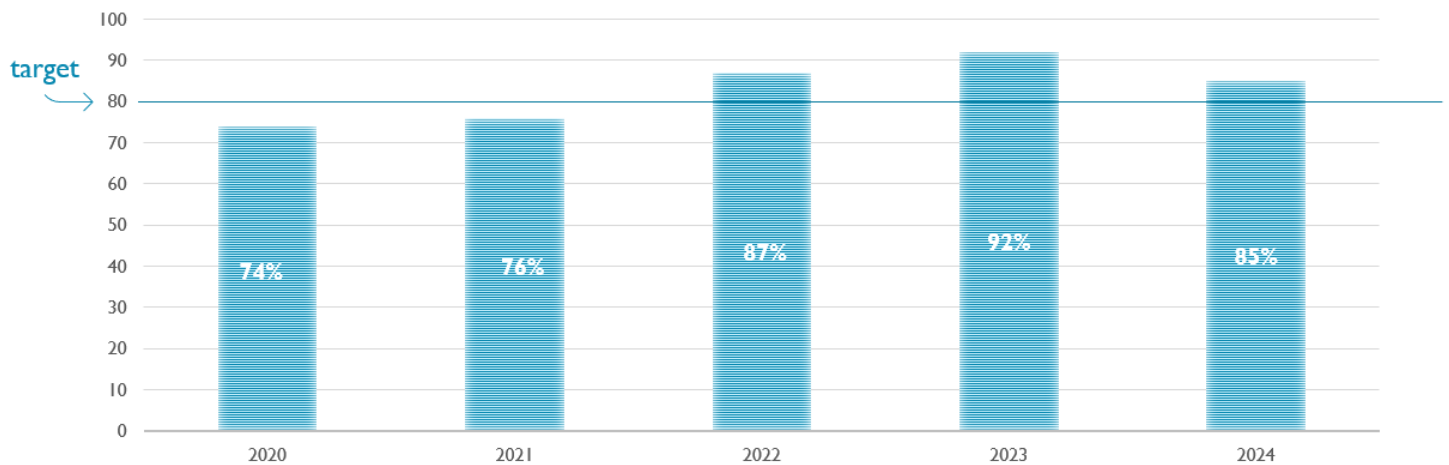
This compliance review is currently self-administered and available to licensees in their online license account. The review operates as an assessment for licensees to grade their practices against law and rule requirements. Due to the voluntary nature, this review typically attracts few participants. Those that do engage with the compliance review tend to be among the most highly compliant, and benefit little from the Agency feedback. There is an opportunity to conduct a mandatory compliance review at a targeted point in their career, for example earlier in their licensure period and/or upon establishing a property management business. The concept here is to develop a supportive compliance pipeline for license entrants conducting property management, ensuring that they are well equipped for the obligations of their license, are prepared for regular clients’ trust account reconciliation reviews, and to minimize opportunities for noncompliance.

In the 2023 Legislative Session the Agency was granted limitation for new staffing in the Compliance Division. The initial priority for the Compliance with additional resources has been to improve clients’

trust account review effectiveness and increase the overall number of reviews conducted by the Agency annually. As those efforts are realized, the Agency will be introducing a reformed compliance review process in 2025-2027 which will be mandatory for licensees selected.

Upon implementation, we anticipate the performance of this KPM will fall below target in the next biennium. But by reaching more licensees with compliance assistance, we believe this will better align with the intent of this KPM and bring us closer to effectively executing our mission. We will expect the Agency to reach target again in the longer-range term of 2 to 3 biennia.

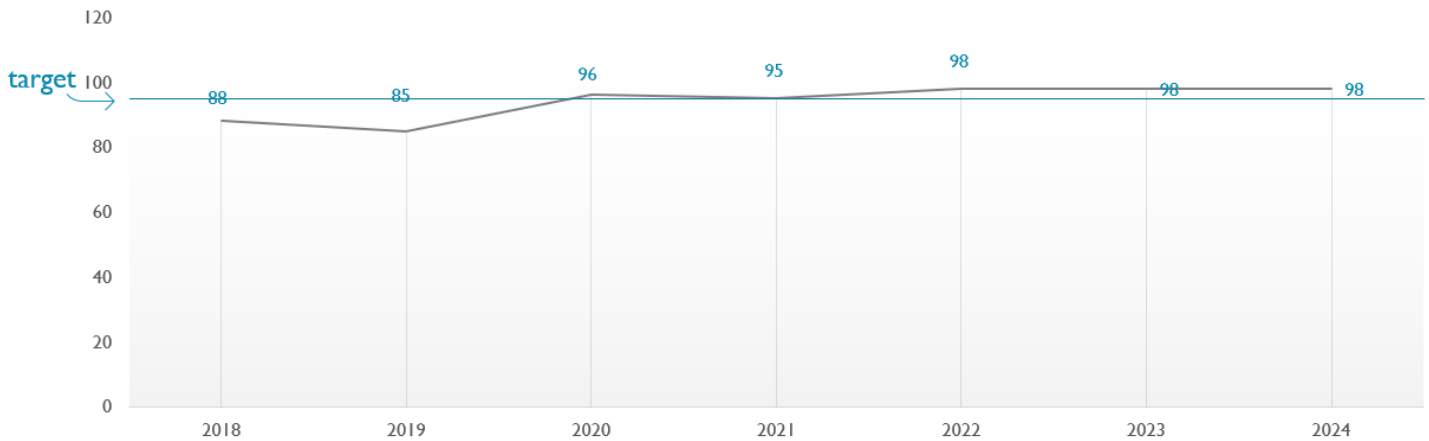
KPM #2 is the “Percent of investigations completed within 150 days of receipt of complaint.”



During the 2019-2021 and 2021-2023 biennia, the Agency implemented a series of new processes and methodologies within the Regulation Division, to ensure consistent and quality management of case investigations. These initiatives included the introduction of targeted internal processing metrics, bimonthly team and investigator caseload production reports, strategic planning tasks with dedicated oversight, prioritization of cases based on impact rather than date of receipt, and mandatory management touchpoints for cases exceeding maximum benchmark timeframes. These measures were designed to ensure cases are handled uniformly, effectively, and with the appropriate level of attention.

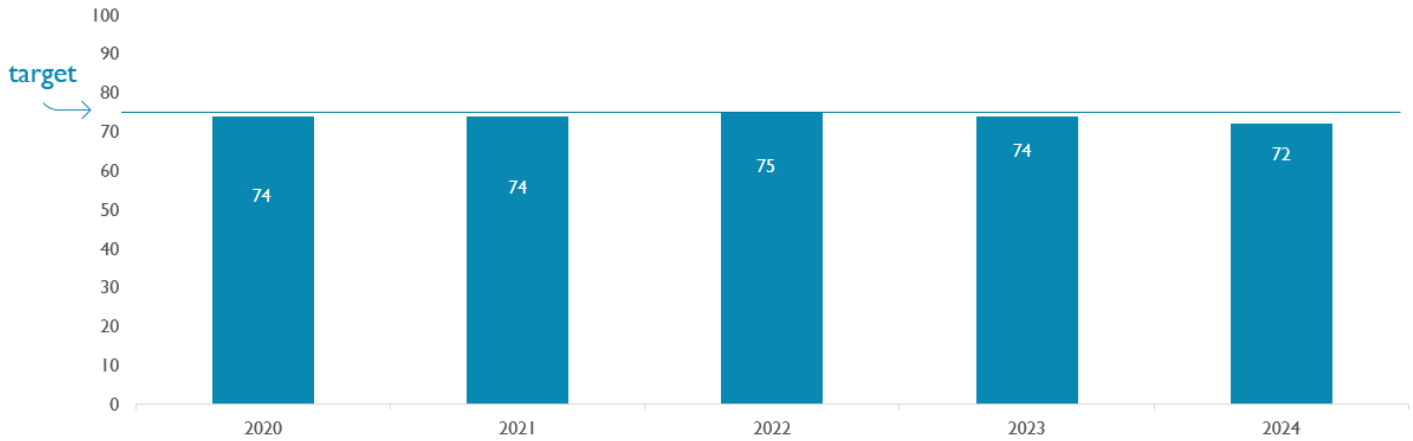
While these increased accountability measures overlapped with some turnover, it brought about a much needed cultural and operational shift within the team. Within this period, the Division has welcomed three new investigators. As new team members continue to gain experience, the Agency anticipates continued performance improvement.

KPM #3 is the “Percent of contested case actions that are resolved through informal settlement resolution and prior to a formal hearing before the office of Administrative Hearings.”



The target is 95% and the Agency has exceeded that target, reaching 98% for the current period. Since 2020, we’ve taken a new approach to the case settlement process where we state the proposed sanction in the settlement letter, provide the case investigation for the respondent’s review, and invite them to a settlement conference. We are using the settlement conference as an opportunity for the respondent to bring new mitigating information not otherwise captured in the investigation process. We are no longer using the settlement conference as a place to inform them of the intended sanction, without warning or preparation. We believe that this offers much clearer communication from the Agency and better prepares the respondent for the settlement conference. Most importantly, we see this as an opportunity for more equitable outcomes, avoiding individual bias in the settlement process. Overall, respondent’s rights are emboldened; in fact, the option to decline a settlement agreement and take the case to a hearing remains unchanged.

KPM #4 is the “percent of licensees who rate the board-administered exam as ‘good’ or ‘excellent’ as an effective screen for competent and ethical professionals.”



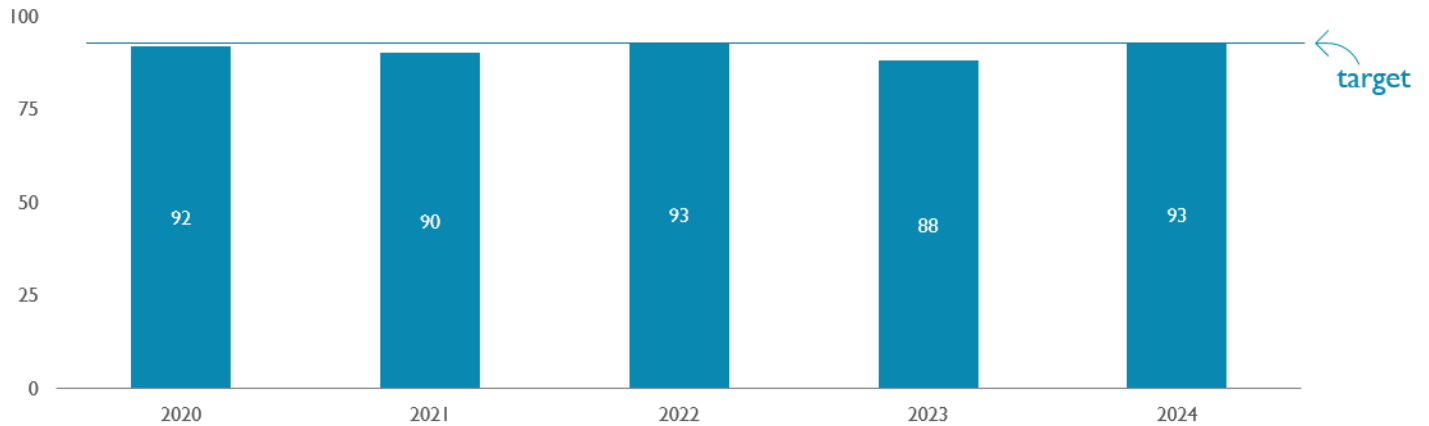
The Agency is currently below the 75% target at 72%, the lowest rating in several years. In 2020, we hosted two workgroups comprised of Agency staff and external stakeholders to update the examination content. The exam vendor began testing of the new exam questions October 2020.

Most of the critical feedback within the survey responses to this KPM relate to factors not related to the exam content but, instead, about the education or exam’s effectiveness for preparing new licensees for success in the industry. Other feedback is centralized on issues with the testing provider location or setting.

The Agency will be going through an RFP process in the upcoming biennium for exam services. There are only two vendors in this space but the Agency will be utilizing licensee feedback where appropriate to overcome identified issues with the testing process.

Current pass rates conform to industry standards for occupational licensing examinations.

KPM #5 is the “percent of customers who rate service as ‘good’ or ‘excellent’ in Overall, Availability of Information, Timeliness, Accuracy, Expertise, and Helpfulness.”



The Oregon Real Estate Agency strives to provide outstanding customer service to licensees and the public. Agency staff are available by telephone and email, Monday through Friday, 8:00 a.m. to 5:00 p.m. The Agency’s physical office is open to the public during business hours. All applications are available through the Agency's eLicense system and conducted online. License applications are processed through automated workflows, based on business rules, in real-time as requirements are met and do not require staff intervention outside of the background review. Business applications are completed within three business days.

The Agency receives approximately 1,500 phone calls per month, maintaining an average hold time of less than one minute. Emails are addressed promptly, with responses typically provided within a business day. Monthly reviews of customer service feedback consistently highlight overwhelmingly positive comments, commending the professionalism and dedication of front-line customer service staff. With an overall customer service rating of 93%, the Agency is sustaining high performance in this area.

## Goals

The Agency set forth three major long-range goals beginning in the 2023 – 2025 biennium, now currently underway and carrying forward into 2025 – 2027. The background, progress to date and outstanding targets are identified as follows:

### #1 Improve Customer Service & User Experience

The Agency continues to maintain our commitment to delivering exceptional customer service. Our efforts have been reliably recognized through public and licensee feedback in customer satisfaction surveys, with ratings reaching their highest levels for the past few years. At present, 93% of customers report that they have received either good or exceptional service, reflecting our dedication to meeting the public's expectations.

We take a people-centered approach to resolving issues promptly. The Agency does not employ an automated telephone tree. Our skilled licensing team provides live telephone support, with minimal hold-times. Customers are greeted by knowledgeable staff who efficiently address their questions, rarely having to transfer a call or send someone to voicemail. Agency staff aim to respond to general email inquiries on the same business day. Licensing staff are cross trained on a wide range of public and licensee inquiry areas, avoiding information silos, with all licensing staff able to resolve most customer issues in a single exchange, on the customer's first attempt.

While the Agency has excelled in providing licensees and the public with support in phone calls and emails, there remains significant work to do to enhance customer service. The key opportunity was outlined in the Agency's 2023-2025 budget in Policy Option Package 101 – the eLicense Replacement System, now in the execution phase and set to launch in 2026.

Among the thousands of emails and phone calls that the Agency receives monthly, most customers are contacting the Agency to request licensing-related or complaint submission support. These functions are all conducted through the Agency's online licensing and regulatory system.

The Agency adopted this system in 2012 which took all licensing and associated processes from paper forms mailed in to being available and submitted online in the eLicense environment. This effort proved to be an enormous efficiency for Agency operations. The effects of which reached each corner of the business, Accounting eliminated redundancy in reconciliations through automated banking imports and electronic funds receipting and Licensing experienced drastically reduced staff time and error rates associated with data entry. In the land development, regulatory and compliance related work of the Agency, we were able to abandon paper case files, along with their associated physical storage costs, and introduce electronic case management, formalizing investigation procedures and providing greater transparency and standardization for management oversight. The licensees also achieved tremendous benefit by reduced wait-times in application and license change processing, through automation and streamlining, and the public gained direct any time access to data through online license and disciplinary records searches and roster downloads.

However, a decade beyond the release of that system, user expectations have modernized while the system has, in large part, remained a snapshot in time. There lingers an immense

opportunity to improve the customer experience *before* the telephone call is made to the Agency. The processes are available to the user online now though they aren't as intuitive for all users as they should be and require support for some as they confront uncertainty. The Agency seeks to take the same people-centered approach we adhere to in our telephone and email support to the online environment; by optimizing the online user experience and making the system accessible for mobile users, we estimate a potential 30% reduction in contacts by email and phone. This would alleviate the administrative burden for customers, eliminating the need for contacting the Agency in many cases. While they give us high marks, we recognize the smoothest experience for them is not having to place the phone call to the Agency in the first place.

This goal is to elevate the customer experience by enabling users to efficiently manage their licensing related and complaint submission tasks independently online in a frictionless environment. This improvement would not only benefit customers but also allow staff to dedicate more of their time to compliance and regulatory responsibilities, ultimately achieving a greater impact in our consumer protection mission.

In the 2023 Legislative Session the Agency was granted limitation for \$2,307,803 to fund project management services and the data processing software for the upgrade of the eLicense system to Tyler Technologies' latest product, State Regulatory Platform Suite. Following funding, the Agency onboarded a Project Manager, began to navigate through the Enterprise Information Systems IT Project Oversight Project Portfolio Performance (P3) Stage Gate process and initiated procurement activities. Following unanticipated delays in contract drafting related resource availability from DAS Procurement Services, the Agency received the P3 Endorsement and executed an amendment to upgrade to the latest platform, in late spring of 2024.

Project activities commenced with the vendor in the summer of 2024. A Tyler Technologies project manager was assigned and introduced to the Agency followed by initial system requirements discussions. By fall, the project formally kicked off with the Agency project team and the vendor project team beginning regular weekly status meetings to track progress. The vendor delivered and the Agency approved the final project plan and schedule by the end of the calendar year with the first development sprint started in January 2025.

The project remains on track and is anticipated to go live to the public in fall of 2026. This effort has been largely managed within the resources of the project team to date, however as the Agency moves into system data conversion, configuration and new development work, many line staff-subject matter experts and management-business owner resources will be utilized. The Agency believes that we are currently adequately staff to absorb these additional duties while managing this change process, but we recognize that this is the chief priority for the Agency and that other competing efforts may be delayed ensuring both success in the launch of the new system as well as to be able to offer suitable attention to any new initiatives.

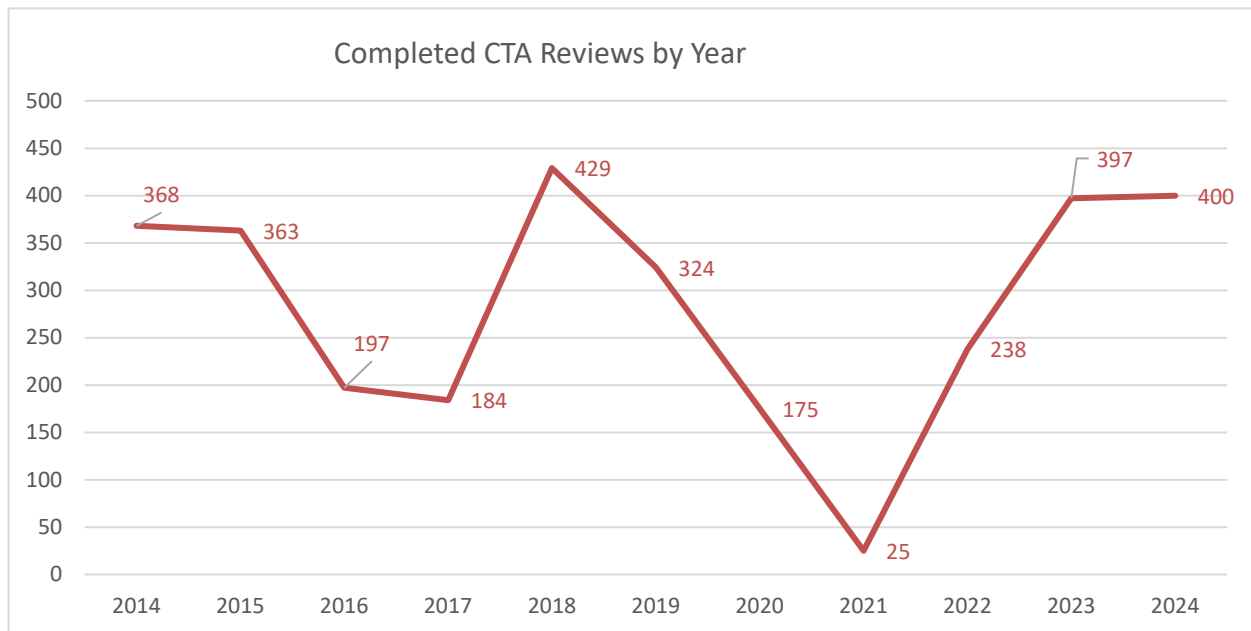
## #2 Enhance Consumer Protection through Compliance Efforts

The second goal is to strengthen consumer protection efforts in the Compliance program through increased audit and review production and refinement of regulatory oversight program activities in property management and escrow.

### CTA Review Program

The Compliance Division was created in 2021 to ensure that licensees meet their fiduciary and administrative responsibilities through the review of financial and administrative records. A key function in the Division is to oversee the Mandatory Clients' Trust Account Review (CTA Review) program. These CTA Reviews are of records associated with bank accounts managed by licensees engaged in property management. These accounts hold security deposits and rent funds entrusted to property managers and principal brokers on behalf of owners and tenants. With over 10,000 such accounts under the Agency's oversight in Oregon, the risk to consumer funds is present, with exposure to fraud or dishonest conduct by licensees.

Over the past 15 years, CTA Review work has been housed in various Agency divisions: Education (2007-13), Regulation (2014-2017) and Licensing (2018-2021). In each period it was a secondary activity to the core work of those sections. As a result, the program was vulnerable to de-prioritization when primary workload increased, as shown in the year over year variance in the volume of completed reviews in the graph below.



To support this goal, in the 2023 Legislative Session, the Agency requested and was granted three FTE as part of Policy Option Package 102, building the Compliance team to six FTE in total. This investment included two additional Compliance Specialist staff to conduct CTA Reviews full-time. These positions were filled in the fall of 2023, with staff fully trained and operating at the beginning of the new year in 2024.



The target for the Division has been to stabilize production by performing reviews consistently year over year at a rate at which Registered Businesses conducting property management will have their account records examined on a two to three-year cycle. Since the Division's inception, over 1,000 CTA Reviews have been conducted and the Agency is on track to meet production goals with the recently added staffing resources.

A critical element in establishing the Compliance Division has been not only to increase the number of reviews completed but also to evaluate the effectiveness of how the Agency conducts the CTA Reviews. As increasing production alone will not be valuable unless the review influences compliance outcomes. Typically, CTA Reviews do not involve fraud. The majority have merely been out of compliance due to the property manager failing to follow their reconciliation and accounting obligations. Many property managers have demonstrated a lack of understanding of their statutory and rule requirements.

Recognizing this gap, the Compliance Division revised the approach in overall communication and the administration of the CTA Review. The Agency now communicates requirements of the review in a manner that is more easily understood and thus readily applied. From the outset of a CTA review, property managers are provided with direction in areas of compliance that they can easily correct in advance of submitting their records. As staff work with licensees through their CTA Review, they guide the participant into compliance as issues are discovered. At the conclusion of the CTA Review, property managers are directed to apply the compliance issues detected to all accounts right away, understanding that they will be evaluated in the future.

To further address the distance between requirements and compliance, the Agency has introduced specialized continuing education for licensees conducting property management, delivered by Agency management. This course details the importance of reconciling clients' trust accounts monthly and provides clear direction on requirements and Agency expectations. To date, over 120 individuals have attended this course, and the feedback has been overwhelmingly positive, with 100% of survey respondents stating that the presentation improved their understanding. This course is well received and self-assessed by attendees as highly effective.

As the Division completed its third year, companies are now beginning to undergo their second review on this new regular cycle. As we proceed into the 2025-2027 biennium, the Agency will be capitalizing on the opportunity to both evaluate the effectiveness of the CTA Review as a compliance tool and apply appropriate corrective action for property managers failing to address Agency concerns identified in their previous review. The Agency may experience an increase in administrative actions over the next two biennia as licensees who have failed to make Agency directed corrective actions, could face progressive discipline.

#### Escrow Audit Program

In addition to the increase in production, and improvement, of CTA Reviews, this goal addresses the need for development in the Agency's escrow compliance activities. In the 2023 Legislative Session the Agency was granted position authority for one Fiscal Auditor, responsible for analyzing and improving fraud detection for financial audits and

recommending program related changes to both escrow financial reviews and audits. The number of Escrow organizations has nearly doubled in Oregon over the last several years and this line of business has played a key role as a neutral third-party holding assets during a significant volume of real estate transactions. This new position was filled in September of 2024 and the new Fiscal Auditor has delivered the first set of recommendations. This has included changes in Agency communication, financial record and associated documentation collection procedures, and financial record evaluation techniques. The team is currently in the process of developing a second phase of recommendations, more deeply evaluating escrow audit work being conducted by regulatory agencies nationwide, to baseline existing Agency practices and address areas of refinement to increase the Agency's effectiveness within its existing jurisdictional authority.

The second set of recommendations are expected this spring for implementation in the summer of 2025. The Agency anticipates resuming escrow audit work shortly thereafter following a long period of dormancy in this program, deprioritized under previous executive leadership. Unlike property management, there have not been notable cases of fraud in regulated escrow activities, however an increased regulatory oversight presence is appropriate given the high transaction volume of escrow in the state, marked at \$46 billion in 2023.

### #3 Expand Diversity, Equity and Inclusion Efforts

Policy Option Package 103 in the Agency's 2023-2025 Budget requested position authority for an HR Consultant Advisory/DEI Director for the Agency. This effort brings the Human Resources functions within the Agency in a dedicated position with DEI related duties. Following the passing of the budget, the Agency began a recruitment process for this position. However, given the wide scope of duties in the role, the Agency was not able to make a successful placement initially. Though by reassigning some related duties, we have since reorganized and assigned the DEI leadership duties to the now titled Communications, DEI, and Policy Director, working from the Commissioner's office.

The Agency has made progress in our DEI efforts by developing educational materials in Spanish and designating select positions as Spanish speaking. In the coming biennium the Agency will deepen our engagement with our industry affinity partners, ensuring the widest possible reach of interested parties. The long-term goal is to form strong connections with the regulated community and provide a channel for concerns and impacts to be shared with the Agency and work as key partners through important policy discussions.

To support the Agency's and the Governor's priority to create a culture of inclusion, our Communications, DEI and Policy Director is responsible to ensure that our DEI goals are firmly and uniformly rooted in all our service delivery programs and throughout our internal operations.

## Significant issues that remain unresolved for 2023-2025

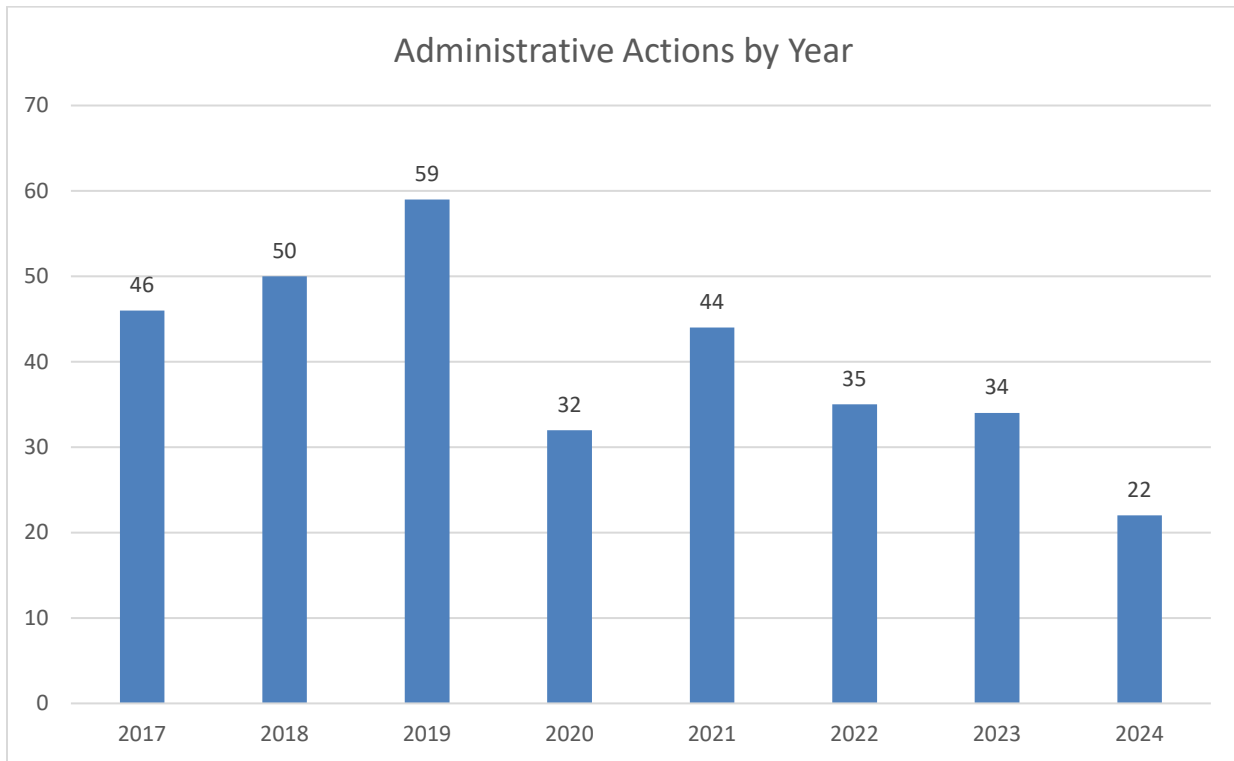
None

## Major Agency changes, Budget Drivers, Risks and Information Technology projects affecting 2023-2025 budget, such as caseloads, feeds revenue changes, cost per case issues, new investment, etc.

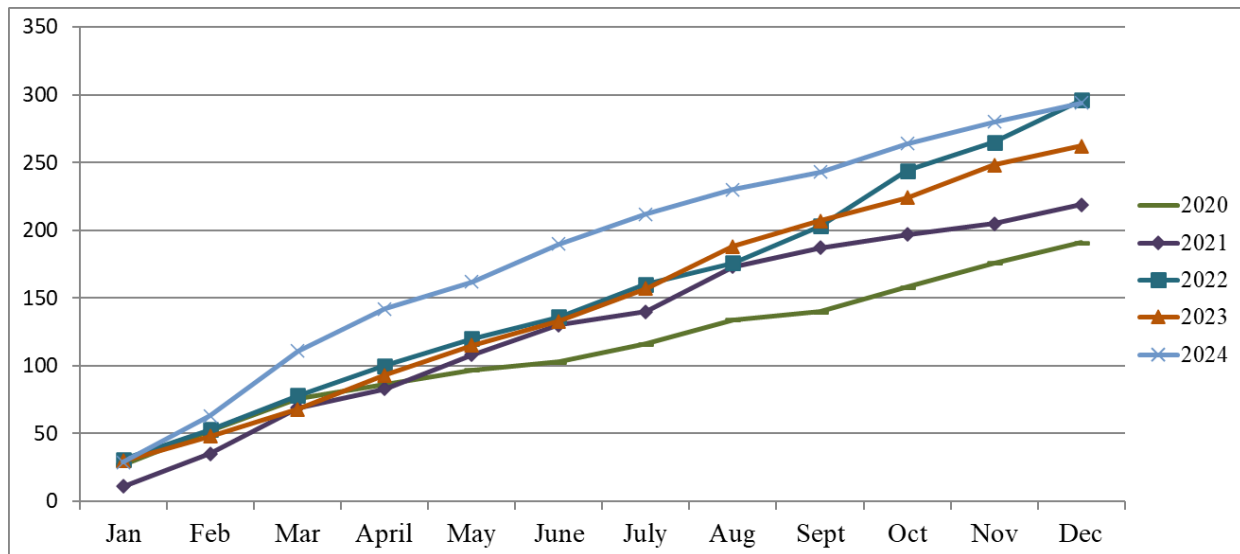
The following data reflects licensing related activity and applications processed in 2024.

Application Type	Count
Address	2,414
Application	4,726
Client Trust	1,437
License Status Change	717
Online Invoice	396
Reinstatement	467
Renewal	15,391
Transfer of License Supervision	7,335

The following data outlines sanctions administered by year between 2018 and 2024. Cases reaching administrative action require the greatest investment of investigative time, administrative review resources and often consultation with the Oregon Department of Justice.



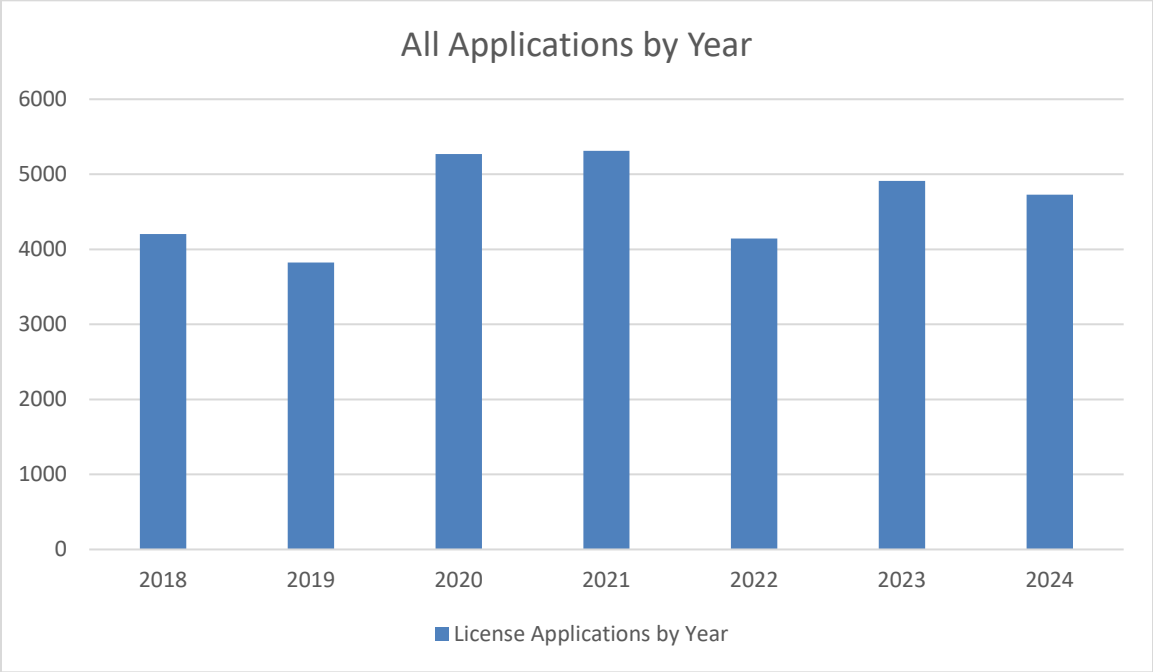
Land Development services represent a small share of the Agency’s work overall. As this section primarily processes condominium filings, the pandemic and subsequent market changes affected the volume of workload significantly in 2020 and 2021, having yet to fully recover. The condominium market, centralized mostly in the Portland metro area, suffered in those years as home buyers sought single-family homes outside of urban centers. Given those factors, developers delayed new projects until mid-year 2022 where an increased pace in development was observed. Then over years 2023 and 2024 production volume increased but remains down by approximately 25% from pre-pandemic levels. Expectations are for an increase in 2025-2027 but uncertainty remains on if the Agency can expect volume to return to production seen prior to 2020.



### Summary of Revenues

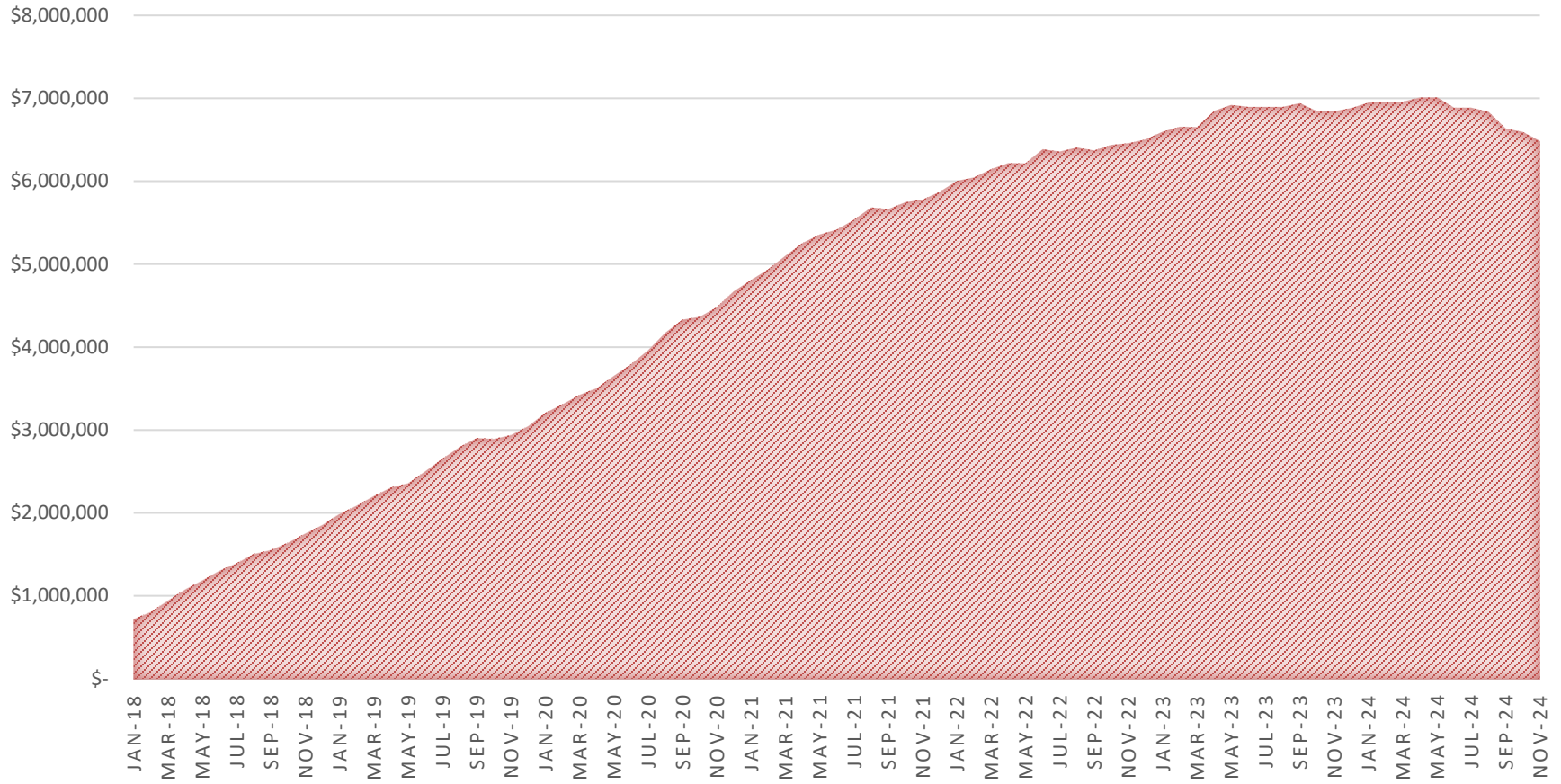
The Agency is wholly other funded by licensing and filing related fees. The real estate market and the perceived attractiveness of the industry as a profession remain the primary revenue driver. In recent years, the increased activity of the real estate market has attracted many new entrants to the profession. The market flourished from 2020 through 2022. With especially attractive interest rates and dramatic increases in price, urgency set in amongst buyers. The already supply-constrained market added to the frenzy. Total licensee counts climbed to new heights in 2021 and topped out midyear in 2022.

Since however, that heat has cooled in the real estate market, and the Agency expects a continued downward trend for revenues in 2025-2027.



The Agency experienced relatively flat revenue over the 2023-25 biennium but does anticipate declines in revenue in 2025-2027. Data is trending downward for new applications and active renewals, with an increase in the number of lapsed licenses. We expect this decline to potentially impact the following budget period and are likely to be seeking a fee increase in the 2027-2029 biennium.

# CASH RESERVES JANUARY 2018 - NOVEMBER 2024



Summary of 10% reduction options and impact of any reductions included in the Governor’s budget.

Oregon Real Estate Agency (OREA)										
2025-27 Biennium										
Detail of Reductions to 2025-27 Current Service Level Budget										
1	2	3	4	5	8	12	13	14	15	16
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	OF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes	
Dept	Prgm/Div									
	Adm	91900	91900-050-01-00-00000	Agencywide - Travel Reduction	48,192	\$ 48,192			Yes	Reduced number of in person board meetings and trainings offered by Agency throughout state. Will impact Agency's stakeholder engagement and ability to reach public in an in person setting.
	Adm	91900	91900-050-01-00-00000	Publicity & Publications	24,280	\$ 24,280			Yes	Minimal, Agency is adopting digital services and uses print materials less frequently than in the past.
	Adm	91900	91900-050-01-00-00000	Professional Services	24,120	\$ 24,120			Yes	Defer professional services for all activities outside of Licensing system replacement. May cause delay in some initiatives.
	Adm	91900	91900-050-01-00-00000	IT Professional Services	70,880	\$ 70,880			Yes	Defer consultation and technical services related to Agency IT systems. May impact customer service, licensing, complaint, investigation and compliance related processing times.
	Adm	91900	91900-050-01-00-00000	IT Expendable Property	46,416	\$ 46,416			Yes	Defer IT systems and hardware replacement, software license purchase and extension. May impact customer service, licensing, complaint, investigation and compliance related processing.
	Regs	91900	91900-050-01-00-00000	(1) Compliance Specialist 1 Position	285,087	\$ 285,087	1	1.00	Yes	Increased case review times, overflow absorbed by Management. KPM#2 could be impacted in the long term.
	Regs	91900	91900-050-01-00-00000	(2) Financial Investigator 1 Positions	482,260	\$ 482,260	2	2.00	No	Would significantly impact case completion rates, could impact investigation quality due to lengthy delays as a resulting of cases pending in waiting queues. KPM #2 would certainly be impacted and would likely not reach target. Could impact KPM#3 if case quality is compromised due to aging.
	Lic	91900	91900-050-01-00-00000	(2) Compliance Specialist 1 Positions	447,993	\$ 447,993	2	2.00	No	Would significantly impact complaint intake processing, could impact days to complete an investigation due to significant delays in intake. May result in impacts due to case quality. Would impact customer service performance due to reduced number of available staff to respond to public inquiry. KPMs #2,3, & 5 are likely to result in performance decline, most significantly in KPMs 2,3, & 5.
	Lic	91901	91900-050-01-00-00001	(1) Administrative Specialist 1 Position	175,650	\$ 175,650	1	1.00	No	Would significantly impact Agency customer service performance. This position handles the highest call volume, is responsible for receiving customers at the front desk and supports all mailing and other on site coordination on behalf of the Agency. KPM #5 would certainly be impacted.





Summary of the Governor’s budget by fund source, policy option package, reductions, and other major changes.

<b>Governor’s Budget – Other Funds</b>	<b>2025-27</b>	<b>FTE</b>
2023-2025 Leg Approved Budget Base	\$ 14,691,991	34.00
Base Adjustments	\$1,003,357	(1.00)
Packages:		
- 010 Non-PICS Svc/Vacancy Factor	\$54,069	
- 030 Inflation & Price List Adj.	\$642,101	
- 070 Reduction Options	(\$719,280)	(1.00)
- 090 Analyst Adj.	\$207,976	
- 092 Statewide AG Adj.	(\$33,671)	
- 093 Statewide DAS Chgs Adj.	(\$112,290)	
<b>2025-2027 Governor’s Budget</b>	<b>\$15,734,253</b>	<b>32.00</b>

Requested changes to KPMs or any KPM that the agency is not achieving.

The Agency seeks to make a minor verbiage change to key performance measure #3, from “Percent of contested case actions that are resolved through informal settlement resolution and prior to a formal hearing before the office of Administrative Hearings” to “Percent of case actions that are resolved through informal settlement resolution and prior to a formal hearing before the office of Administrative Hearings. This change in language clarifies the method of the data collected. All cases settled as compared cases taken to hearing before the Office of Administrative Hearings. n

The Agency is meeting or exceeding target for all key performance measures except for KPM #4, “percent of licensees who rate the board-administered exam as ‘good’ or ‘excellent’ as an effective screen for competent and ethical professionals.” This measure is 3% below target at 72%. The Agency will be conducting an RFP for examination services

in the next biennium and seeking to improve the results of this measure following the launch of a new examination in 2027-2029.

## Governor's Budget

[https://www.oregon.gov/rea/about-us/Documents/2025-2027\\_OREA\\_Governor%e2%80%99s\\_Budget.pdf](https://www.oregon.gov/rea/about-us/Documents/2025-2027_OREA_Governor%e2%80%99s_Budget.pdf)

Results of, and agency responses to, all audits on the agency conducted by the Secretary of State under ORS 297.070 during the current biennium and/or an external audit firm.

There have been no recent audits conducted by the Oregon Secretary of State or an external audit firm.

Description of how recent changes to agency budget and/or management flexibility affected agency operations.

There have been no recent changes to agency budget or management flexibility affecting agency operations.

Program prioritization for 2023-25 (form 107BF23).

## Program Prioritization for 2025-27

Agency Name: OREGON REAL ESTATE AGENCY														
2025-27 Biennium													Agency Number: 91900	
Program/Division Priorities for 2023-25 Biennium														
1	2	3	5	6	7	10	14	15	16	17	18	19	20	
Priority (ranked with highest priority first)	Agency Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program Activity Code	OF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation		
Agcy	Prgm/ Div													
91900	Compliance	OREA	Compliance & Audits (Clients' Trust Account Reconciliation Reviews, Compliance Reviews, Escrow Audits)	1, 4	3	2,950,172	\$ 2,950,172		6.00	Y	Y	S	Chapter 696	
91900	Licensing	OREA	Customer Service (Complaint intake, Background Investigations, Licensing: Applications, Renewals, Business and Branch Office Registrations.) Education Licensee Outreach (Pre/Post License Education and Exam Development.) Education (Prelicense Education Course Approval, Exam Development & Maintenance, Continuing Education Provider Applications & Renewals)	5	3	3,933,563	\$ 3,933,563		8.00	N	Y	S	Chapters 100, 94, 92	
91900	Regulation	OREA	Regulation and Enforcement (Complaints, Investigations, Administrative Actions, Civil Penalty Enforcement)	2, 3	3	4,425,259	\$ 4,425,259		9.00	N	Y	S	Chapter 696	
91900	Administrative Services	OREA	Budget, Accounting, Information Technology, Personnel & Payroll, Contracts & Procurement	None	4	2,458,477	\$ 2,458,477		5.00	Y	N	S	Chapter 696	
91900	Land Development	OREA	Condominium, timeshare, membership campgrounds registrations, and Real Estate Marketing Organization licensing & regulation	None	3	491,695	\$ 491,695		1.00	N	N	S	Chapters 100, 94, 92	
91900	Commissioner's Office	OREA	Commissioner and Deputy Commissioner's office, Real Estate Board and Advisory Group Support, Administrative Rule Reviews and Legislative Concept Development	All	3	1,475,086	\$ 1,475,086		3.00	Y	N	S	Chapter 696	
						15,734,253	\$ 15,734,253	0	32.00					

