

2007 ANNUAL REPORT
Department of Revenue and Regulation

Commission of Real Estate 0291

MSA Coding: 0291

MISSION:

To protect the interest of the public when engaged in a real estate transaction; to enforce standards for education, licensing, and practice of real estate brokers, salespersons, auctioneers, property managers, residential rental agents, home inspectors and timeshare agents; and, for the registration of condominium, timeshare and subdivision projects.

PROGRAM MISSIONS, PERFORMANCE I

Department of Revenue and Regulation MSA Coding 0291

Commission/Board of Real Estate

| PERFORMANCE INDICATORS | FY 2006 (Actual) | FY 2007 (Actual) | FY 2008 (Estimate) | FY 2009 (Estimate) |
|---|---------------------|---------------------|-----------------------|-----------------------|
| 1. Total Licenses Renewed | 2,341 | 1,510 | 2,330 | 1,920 |
| 2. Total New Licenses | 540 | 499 | 350 | 350 |
| 3. Total Practitioners | 4,515 | 4,865 | 4,600 | 4,600 |
| 4. Examinations | | | | |
| Nationally prepared (times given) | 567 | 812 | 350 | 350 |
| Total Applicants Examined | 346 | 322 | 250 | 250 |
| Total Applicants Passed (include re-exams) | 284 | 261 | 200 | 200 |
| Percentage Required for Passing | 75% | 75% | 75% | 75% |
| State Prepared (times given) | 66 | 50 | 50 | 50 |
| Total Applicants Examined | 59 | 39 | 40 | 40 |
| Total Applicants Passed (include re-exams) | 53 | 35 | 35 | 35 |
| Percentage Required for Passing | 75% | 75% | 75% | 75% |
| Total Applicants Re-examined | 136 | 181 | 150 | 150 |
| Total Applicants Passing Re-exam | 98 | 147 | 125 | 125 |
| 5. Complaints | | | | |
| Total Received | 21 | 28 | 40 | 40 |
| Total Investigated | 24 | 24 | 34 | 34 |
| Total Resolved | 24 | 27 | 31 | 31 |
| Total Hearings Held | 12 | 13 | 17 | 17 |
| Total Pending | 10 | 13 | 16 | 16 |
| Total Licensees Reprimanded/Probationed | 2 | 2 | 10 | 10 |
| Total Licenses Suspended/Revoked | 4 | 8 | 3 | 3 |
| No Action Taken Against Licensee | 17 | 15 | 20 | 20 |
| Total Prosecutions | <u>0</u> | <u>0</u> | <u>1</u> | <u>1</u> |
| 6. Miscellaneous | | | | |
| Total Inspections | 21 | 21 | 10 | 10 |
| Total Audits | 329 | 256 | 275 | 275 |
| Total Inquiries Rec'd & Answered | 50,547 | 42,351 | 45,000 | 45,000 |
| Total Applicants Denied S.D. Licensure | 2 | 0 | 1 | 1 |
| Number of Board Meetings Held | 8 | 7 | 8 | 8 |

7. Are licenses _____ annually biennially?
8. Does your board use validated Yes _____ No
9. Does your board administer state nat'l exams
 oral practicums
10. Effective July 1, 2007 does your board require _____ Yes _____ No
 If yes, how many hours? 24
11. Does your board publish a directory of licensees? Yes _____ No
12. Does your board have any other performance indicators? If so,

13. Did the board have any fee increases/decreases in FY 2007? _____ Yes No

13. If yes, explain

13. _____

REVENUES

| | <u>Actual FY 2006</u> | <u>Actual FY 2007</u> | <u>Estimated FY 2008</u> | <u>Estimated FY 2009</u> |
|--|---------------------------|---------------------------|------------------------------|------------------------------|
| Application Fees (if not included in examination or new license fee) | 107,031 | 109,137 | 92,580 | 92,580 |
| Examination Fees | | | | |
| Re-Examination Fees | | | | |
| Registration/Certification/ Additional License Fees Fees | 29,648 | 26,944 | 16,200 | 16,200 |
| Renewal Fees | 279,208 | 181,720 | 300,750 | 180,000 |
| Materials Sold | 16,220 | 13,198 | 8,100 | 8,100 |
| Interest Income | 17,616 | 22,864 | 18,000 | 18,000 |
| Other (Explain): | | | | |
| Change of Address | 8,070 | 9,765 | 7,500 | 7,500 |
| Certificates of Licensure | 2,595 | 2,925 | 2,200 | 2,200 |
| Late Renewal Fees | 6,235 | 5,230 | 6,500 | 5,000 |
| Intrastate Sales and Service | 720 | 720 | 720 | 720 |
| Penalties/Reimbursement of Investigations | 36,874 | 10,814 | 9,000 | 9,000 |
| Seminar Income | 77,830 | 82,170 | 70,000 | 70,000 |
| Miscellaneous | 42 | 117 | 100 | 100 |
| Refund of Prior Year | | | | |
| TOTAL REVENUES | 582,089 | 465,604 | 531,650 | 409,400 |

REVENUE SUMMARY
(July 1, 2006 - June 30, 2007)

Renewal is: ___ Annual X Biennial

| | <u>INDIVIDUAL FEE</u> | | <u>NUMBER ISSUED</u> | | <u>TOTAL AMOUNT</u> |
|--|---------------------------|---|--------------------------|---|-------------------------|
| 1. Renewals: Licenses. | | | | | |
| <u>(kind)</u> _____ (renewal) | | | | | |
| <u>Additional</u> | \$ 30.00 | X | 54 | = | \$ 1,620.00 |
| <u>Auctioneers</u> | \$ 125.00 | X | 23 | = | \$ 2,875.00 |
| <u>Property</u> | \$ 125.00 | X | 38 | = | \$ 4,750.00 |
| <u>Timeshare</u> | \$ 125.00 | X | 8 | = | \$ 1,000.00 |
| <u>Brokers</u> | \$ 125.00 | X | 989 | = | \$ 123,575.00 |
| <u>Home</u> | \$ 100.00 | X | 54 | = | \$ 5,400.00 |
| <u>Residential</u> | \$ 50.00 | X | 38 | = | \$ 1,900.00 |
| <u>Sales Agents</u> | \$ 125.00 | X | 130 | = | \$ 16,250.00 |
| <u>Firms</u> | \$ 125.00 | X | 151 | = | \$ 18,000.00 |
| <u>Subdivisions</u> | \$ 100.00 | X | 0 | = | \$ - |
| <u>Timeshare</u> | \$ 250.00 | X | 25 | = | \$ 6,350.00 |
| TO | | | 1,510 | | \$ 181,720.00 |
| 2 New Licensures: Application | | | | | |
| Application Fee (if not included (kind of license) (month)) | | | | | |
| <u>Brokers/Broke</u> | \$ 225.00 | X | 267 | = | \$ 60,075.00 |
| <u>Reciprocal</u> | \$ 225.00 | X | 44 | = | \$ 9,900.00 |
| <u>Auctioneers</u> | \$ 225.00 | X | 7 | = | \$ 1,575.00 |
| <u>Property</u> | \$ 225.00 | X | 9 | = | \$ 2,025.00 |
| <u>Timeshare</u> | \$ 225.00 | X | 7 | = | \$ 1,575.00 |
| <u>Firms</u> | \$ 100.00 | X | 72 | = | \$ 7,200.00 |
| <u>Reciprocal</u> | \$ 225.00 | X | 42 | = | \$ 9,450.00 |
| <u>Residential</u> | \$ 60.00 | X | 34 | = | \$ 2,040.00 |
| <u>Home</u> | \$ 200.00 | X | 17 | = | \$ 3,400.00 |
| TO | | | 499 | | \$ 97,240.00 |
| 3. Temporary Licensures | | | | | |
| _____ | | X | | = | \$ - |
| 4. Other Licensures: | | | | | |
| <u>Additional</u> | \$ 30.00 | X | 51 | = | \$ 1,530.00 |
| <u>Changes of</u> | \$ 15.00 | X | 651 | = | \$ 9,765.00 |
| <u>Continuing</u> | varies | X | 158 | = | \$ 11,897.00 |
| <u>Condo</u> | varies | X | 33 | = | \$ 23,864.00 |
| <u>Timeshare</u> | varies | X | 11 | = | \$ 1,550.00 |
| <u>Subdivisions</u> | varies | X | 0 | = | \$ - |
| 5. Other Audits or Inspections (Investigations) | | | | | |
| _____ | varies | X | | = | \$ 7,314.00 |
| 6. Penalties, Violations, or Fines Collected | | | | | |
| _____ | varies | X | | = | \$ 3,500.00 |
| 7. Code Books or Other Literature Sold | | | | | |
| _____ | varies | X | | = | \$ 11,348.00 |
| 8. Other Revenue: | | | | | |
| <u>Certificates of</u> | \$ 15.00 | X | 195 | = | \$ 2,925.00 |
| <u>Late Renewal</u> | varies | X | | = | \$ 5,230.00 |
| <u>Mailing Labels</u> | varies | X | | = | \$ 1,850.00 |
| <u>Intrastate Sales</u> | | X | | = | \$ 720.00 |
| <u>Miscellaneous</u> | | X | | = | |
| <u>Seminar Income</u> | \$ 50.00 | X | 1,643 | = | \$ 82,170.00 |
| <u>Refund of</u> | | | | = | \$ - |
| 9. Miscellaneous: | | | | | |
| _____ | | X | | = | \$ 117.00 |
| 10. Investment Earnings | | | | | |
| _____ | | X | | = | \$ 22,864.00 |
| G | | | | | \$ 465,604.00 |

CASH BALANCES /INVESTMENTS AS OF JUNE 30, 2006

| | Dollar Amount | @ | Percent |
|---|---------------------------------|---|------------------------------|
| State Treasury | \$ 602,613.73 | @ | not available (unrestricted) |
| as of 06-30-2007 | \$ 100,000.00 | @ | not available (restricted) |
| | | @ | |
| | | @ | |
| | | @ | |
| Certificates of Deposit | | @ | |
| as of 06-30-2007 | | @ | |
| | | @ | |
| | | @ | |
| | | @ | |
| Savings Accounts | | @ | |
| as of 06-30-2007 | | @ | |
| | | @ | |
| | | @ | |
| | | @ | |
| Other Investments | | @ | |
| as of 06-30-2007 | | @ | |
| | | @ | |
| | | @ | |
| | | @ | |
| Checking Accounts (include petty cash. | | @ | |
| as of 06-30-2007 interest earning | | @ | *Location |
| checking accounts and | | @ | *Location |
| uninvested funds) | | @ | *Location |
| TOTAL BALANCE ON HAND 06-30-2007 | <u>\$ 702,613.73</u> | | |

EXPENDITURES
(July 1, 2006 - June 30, 2007)

(These totals should equal actual expenditure totals for FY 2007 on Page 9.)

PERSONAL SERVICES & EMPLOYEE BENEFITS

Salaries (full-time, part-time, temporary):

| | | |
|--|--------------|---------------|
| 1. Administrative (executive director or secretary) | \$ 45,419.00 | |
| 2. Clerical (bookkeepers, clerks, secretaries) | | |
| 3. Field Personnel (auditors, inspectors, investigators) | \$ 64,138.00 | |
| 4. Other (please specify: Education/Licensing) | \$ 58,086.00 | |
| 5. TOTAL Employee Salaries (add lines 1-4) | | \$ 167,643.00 |
| 6. Total Commission Members' Per Diem (as authorized by SDCL 4-7-10.4) | | \$ 7,560.00 |
| (This figure is what the Commission members receive for attending meetings.) | | |
| 7. TOTAL Personal Services (add lines 5 and 6) | | \$ 175,203.00 |

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| | | |
|---|--------------|---------------|
| 8. FICA (Social Security) Commission Members | \$ 578.00 | |
| 9. FICA (Social Security) Employees | \$ 12,062.00 | |
| 10. Retirement | \$ 10,019.00 | |
| 11. Insurance | \$ 26,975.00 | |
| 12. Workmen's Compensation (medical & lost time) | \$ 240.00 | |
| 13. Unemployment Compensation, other benefits | \$ 109.00 | |
| 14. TOTAL Benefits (add lines 8-13) | | \$ 49,983.00 |
| 15. TOTAL Personal Services and Benefits (add lines 7 & 14) | | \$ 225,186.00 |

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| | | |
|---|--------------|--------------|
| 16. In-state Employee Travel | \$ 11,700.00 | |
| 17. In-state Commission Member travel | \$ 4,705.00 | |
| 18. | \$ 666.00 | |
| 19. TOTAL In-state Travel (Add lines 16, 17 & 18) | | \$ 17,071.00 |
| 20. Out-of-state Employee Travel | \$ 10,707.00 | |
| 21. Out-of-state Commission Member Travel | \$ 13,817.00 | |
| 22. TOTAL Out-of-state Travel (add lines 20 & 21) | | \$ 24,524.00 |
| 23. TOTAL Travel (add lines 19 and 22) | | \$ 41,595.00 |

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CONTRACTUAL SERVICES

| | | |
|---|---------------|---------------|
| 24. Professional Consulting (incl. fees & expenses for attorneys, accounting, management, etc.) | \$ 121,331.00 | |
| 25. Biennial Audit Costs | \$ 2,495.00 | |
| 26. PEPL Fund Liability Insurance | \$ 950.00 | |
| 27. Subscriptions, Dues, Registration Fees (incl. membership fees in professional societies & organizations) | \$ 7,549.00 | |
| 28. Equipment Service & Maintenance (service contracts) | \$ - | |
| 29. Advertising (incl. "notice of hearing" ads in papers) | \$ - | |
| 30. Rent | \$ 18,190.00 | |
| 31. Equipment Rental (typewriters, copiers, calculators, computers, etc.) | \$ - | |
| 32. Telephone | \$ 4,900.00 | |
| 33. Electricity/Gas | \$ 282.00 | |
| 34. Examinations (if contracted & not listed on line 41) | \$ - | |
| 35. Other Contractual Services (incl. bank service charges, costs for state personnel and financial services) | \$ 39,268.00 | |
| 36. TOTAL Contractual Services (add lines 24-35) | | \$ 194,965.00 |

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| | | |
|---|--------------|--------------|
| 37. Postage | \$ 10,079.00 | |
| 38. Office Supplies | \$ 1,685.00 | |
| 39. Printing (reproduction of rules & regulations, licenses, duplicating, xeroxing, etc.) | \$ 7,372.00 | |
| 40. Publications & Reference Materials (SDCL supplements, etc.) | \$ - | |
| 41. Examinations (if not listed as contractual services on line 33) | \$ - | |
| 42. Repair Parts and Accessories | \$ - | |
| 43. Gasoline and Oil | \$ 42.00 | |
| 44. Other Supplies and Materials | \$ - | |
| 45. TOTAL Supplies and Materials (add lines 37-44) | | \$ 19,178.00 |

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| | | |
|---|-----------|-------------|
| 46. Office Furniture & Fixtures (chairs, desks, files, etc.) | \$ 654.00 | |
| 47. Office Machines (calculators, copiers, typewriters, etc.) | \$ - | |
| 48. Computers & Computer Equipment | \$ 916.00 | |
| 49. Motor Vehicles (automobiles, pickups, etc.) | \$ - | |
| 50. Equipment (photographic, laboratory, shop, etc.) | \$ - | |
| 51. Other Capital Assets (Please specify): | \$ - | |
| 52. TOTAL Capital Assets (add lines 46-51) | | \$ 1,570.00 |

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| | | |
|--|-------|------|
| 53. Gifts (please specify: _____) | _____ | |
| 54. Other (please specify: _____) | _____ | |
| 55. Other (please specify: _____) | _____ | |
| 56. TOTAL Other Expenditures (add lines 53-55) | | \$ - |

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\$ 482,494.00

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EXPENDITURE SUMMARY

| Fiscal Year (July 1-June 30) | July 2004-June 2005 | July 2005-June 2006 | July 2006-June 2007 |
|--|---------------------|---------------------|---------------------|
| Beginning Balance, July 1 | | | |
| Incl. all investments | \$ 541,580.00 | \$ 581,178.00 | \$ 719,504.00 |
| Total revenues or income in FY | \$ 473,514.00 | \$ 582,089.00 | \$ 465,604.00 |
| Total expenditures in FY | \$ 433,916.00 | \$ 443,763.00 | \$ 482,494.00 |
| Ending balance on hand June (incl. all investments) | \$ 581,178.00 | \$ 719,504.00 | \$ 702,614.00 |
| Beginning Balance, July 1 | | | |
| State Treasury | \$ 541,580.00 | \$ 581,178.00 | \$ 719,504.00 |
| Beginning Balance, July 1 | | | |
| Local Bank Accounts | 0.00 | 0.00 | 0.00 |

PERSONAL SERVICES - FY 2007

1. How many employees were issued I.R.S. forms for calendar year 2007 by your board? 10
 How many board members does your board have? 5

2. Number of employees:

| Type of Employee | How many | FTE * |
|------------------------------------|-----------------|-----------------|
| a. Executive Secretary or Director | <u>1</u> | <u>1.0</u> |
| b. Administrative Assistant | <u></u> | <u></u> |
| c. Compliance Officers | <u>2</u> | <u>2.0</u> |
| d. Inspector(s) | <u></u> | <u></u> |
| e. Clerical Staff | <u>0</u> | <u>0.0</u> |
| f. Other: Program Administrators | <u>2</u> | <u>2.0</u> |
| TOTAL EMPLOYEES | <u><u>5</u></u> | <u><u>5</u></u> |

3. Number of FTE's currently authorized by the Legislature: 5.0

4. Requested increase/decrease in FTE's:
 Please explain increase/decrease if anticipated:

NOTE: You will still require Department of Revenue review and Bureau of Personnel approval prior to expanding or hiring any new staff members.

* FTE means full time equivalent. A full-time employee works 2,080 hours/year. Divide the actual numbers each of your employees works to determine the FTE percentage. For example, an employee who works 50 hours a year (50 divided by 2,080 = .024 FTE)--this employee counts as .024
 20 hours/week X 52 weeks = 1,040 hours divided by 2,080 = .5 FTE.