

South Carolina Real Estate Commission
Finance Taskforce Meeting Minutes
Tuesday, March 14, 2023 at 10 a.m., Room 107

Public notice of this meeting was properly posted at the S.C. Real Estate Commission Office, Synergy Business Park, Kingstree Building, Commission website, and provided to all requesting persons, organizations, and news media in compliance with Section 30-4-80 of the South Carolina Freedom of Information Act. The telephone number and access code were provided on the posted agenda for members of the public wishing to join.

Taskforce Members Present:

Gary A. Pickren, Esq.– Commissioner, Taskforce Chair
David Burnett – Commissioner
John Rinehart- Commissioner
Carol Pyfrom
Cindy Creamer
Nick Kremydas, SCR

SCLLR STAFF PRESENT:

Kyle Tennis, Esq., Office of Advice Counsel
Meredith Buttler, Administrator
Ashlynn Kirk, Administrative Coordinator

PRESENT:

Sean Cary, Court Reporter

CALLED TO ORDER: Mr. Pickren, Chair, called the meeting to order at 10:02 a.m.

INTRODUCTION OF TASKFORCE MEMBERS AND STAFF

Taskforce members and staff introduced themselves.

APPROVAL OF AGENDA

Motion: To approve the agenda.

Moved by Mr. Rinehart and seconded by Mr. Kremydas, the motion carried by unanimous vote.

Review and Finalization of Finance Proposal

Mr. Pickren stated the purpose and intent of today’s Taskforce meeting is to finalize funding amounts for proposed subject areas in Education, Research, IT Development, and Communication. The proposed amounts will be presented to the Commission for approval.

Mrs. Buttler advised members that LLR and the Commission must adhere to the South Carolina Consolidated Procurement Code with respect to spending and detailed the various applicable requirements depending on the amounts being spent. Mrs. Buttler recommended a proposal to spend no more than \$4 million. This will leave \$3 million in

the Commission operating account. Due to the newly reinstated \$10.00 renewal fund allocation per S.C. Code Ann. § 40-57-70(C)(1), commencing with the upcoming renewal, leaving \$3 million in the operating account will allow the Commission to continue operations as normal and gain understanding of the impact the reallocation will have.

The Taskforce was reminded of the agreed areas and topics for funding:

- Education: Core Courses, Agent Safety, Best Practices Guide, Remediation Courses, Pre-Licensing Courses, and Continuing Education Courses;
- Research: Wholesaling, BIC Supervision, Examination Shortfalls, and Converting Forms to Spanish;
- IT Development: Enhanced Licensee Portal, Integration with MLS system, and Enhancing the website; and
- Communications: Enhancing Travel for Realtor Association Presentations and creation of Newsletters/E-blasts/Social Media/Video Messaging.

Mr. Pickren recommended starting with topics under Communication and working up to Education which will be the majority of the financial allocations. Regarding the travel line item, Mr. Pickren stated there are currently 15 Real Estate Associations within the State and that funds would be used to cover the increase in travel reimbursement for the Administrator and a Commissioner to attend and present. Mr. Rinehart inquired as to whether the travel would also cover holding Commission meetings in multiple areas of the state. Mr. Tennis explained that the budget proviso, specifically 81.9 of Section 80-R360-Department of Labor, Licensing and Regulation, limits travel reimbursement for Commission meetings to within state-owned facilities in Richland and Lexington Counties. If the Commission holds a meeting elsewhere, Commissioners and staff would not receive reimbursement.

Motion: To allocate up to \$14,000 to cover travel for various real estate presentations. Moved by Mr. Rinehart and seconded by Mr. Kremydas, the motion carried by unanimous vote.

The Taskforce next reviewed Newsletter, E-blasts, Social Media, and video messaging. The Taskforce was reminded that rather than pursuing the route of petitioning the legislation for additional FTEs, the Taskforce agreed to look into contracting a vendor to develop the enhanced communication systems.

Motion: To allocate up to \$75,000 to enhance communications through newsletters, E-blast, social media, and video messaging through a contract vendor. Moved by Mr. Kremydas and seconded by Ms. Creamer, the motion carried by unanimous vote.

Moving to IT Development, the Taskforce next address enhancing the REC website. As with prior discussion, the Taskforce is recommend contracting a vendor for development.

Motion: To allocate \$250,000 for enhancement of the website.

Moved by Mr. Kremydas and seconded by Mr. Rinehart, the motion carried by unanimous vote.

Regarding enhancements to the licensee portal and development of reporting system to MLS, Mrs. Buttler stated this is being handled by LLR IT department and does not need to be included in the fund allocations.

The Taskforce next reviewed the proposed items in the research section. For the Wholesaling item, Mr. Pickren stated the focus of the research will be on the impact the practice of wholesaling has on the citizens of SC. This research will assist the Commission understand the risk posed to the citizens and identify if legislation needs to be promulgated. Mr. Rinehart recommended \$100,000 for research funding.

Motion: To allocate \$100,000 for wholesaling research

Moved by Mr. Rinehart and seconded by Mr. Kremydas, the motion carried by unanimous vote.

With the addition of a summer law clerk at LLR and utilizing ARELLO resources, the Taskforce agreed the research into broker-in-charge supervision can be conducted in-house and does not require additional funding. The examination shortfalls research will also be determined to not require funding due to Commission staff's ability to conduct the research in-house.

In review of the Forms to Spanish item, Mr. Pickren stipulated this is limited to forms for consumer-facing documents such as the state contract, seller disclosure and agency agreements, agency brochure, and the offer rejection form. The forms are to be only for the consumer and not legal forms for transactions. Mr. Kremydas shared that SCR is currently translating several forms and should have finished by the end of the quarter. The SCR documents include agency disclosure form, residential agreement, notice of termination, residential release, and earnest money disclosure, and seller disclosure form. The Taskforce, guided by Mr. Tennis, discussed the legal pathways in which the Commission could leverage SCR translation work. Mr. Tennis suggested a Memorandum of Understanding between LLR and SCR could possibly be developed. It will need to be discussed at a later time if LLR is able to use the SCR forms or if it will need to translate the forms otherwise.

Motion: To allocate up to \$5,000 for translating forms to Spanish.

Moved by Mr. Burnett and seconded by Ms. Pyfrom, the motion carried by unanimous vote.

Completing the research category, the Taskforce began discussion on the education category, beginning with the development of a core course geared towards commercial real estate. Mrs. Buttler shared the current cost to develop a core course is between \$7,000 and \$9,000 and thus recommends a funding amount up to \$10,000. Mr. Pickren

pointed out that this would be a continuous budget item in which funding would be provided by the Education and Research fund.

Motion: To allocate up to \$10,000 to the creation of commercial core class.

Moved by Mr. Rinehart and seconded by Mr. Kremydas, the motion carried by unanimous vote.

The next topic, Agent Safety, was previously discussed by the Taskforce with the determination to either to create a course or find resources on Agent safety. Mr. Rinehart stated that there may be helpful information and classes through ARELLO. Mr. Kremydas shared the North Carolina Commission's agent safety plan that is based off the Washington Real Estate Commission's Safety Council's personal safety guide. Mrs. Buttler will reach out to that entity to see if something similar can be developed for South Carolina.

Motion: To allocate up to \$5,000 towards agent safety.

Moved by Mr. Rinehart and seconded by Mr. Kremydas, the motion carried by unanimous vote.

Mrs. Buttler stated that the development of a best practice guide can be taken care of in-house. Mr. Tennis raised jurisdictional concerns and reminded members that the Commission's purpose is to protect the public by ensuring minimum standards of competency as compared to providing a best practices guide on how to practice the profession. Mrs. Buttler stated something similar to the trust account guidelines for licenses would be beneficial, as it helps provide a clearer understanding of existing laws and regulations. The Taskforce agreed funding allocation was not required for this item.

Mrs. Buttler provided an overview on the structure and intent of the remediation courses. As current course development is between \$7,000 and \$9,000, Ms. Buttler recommends increasing this amount due to the enhanced nature of the courses. At present Mrs. Buttler estimated at least ten categories have been identified as being frequent violations and thus serve as the basis for remediation course development. Mr. Pickren suggested allocating money for up to 20 classes just in case more topics are identified that would be useful remediation courses. Mr. Tennis asked if there was a preference for synchronous vs. asynchronous courses and if the Commission would require the respondent to pass the course in order to meet sanctions. The Taskforce agreed the courses should be offered asynchronous but must be proctored and the respondents would need to pass the course in order to fulfill sanctions.

Motion: To allocate up to \$300,000 for up to 20 remediation courses.

Moved by Mr. Burnett and seconded by Mr. Kremydas, the motion carried by unanimous vote.

The Taskforce next reviewed the Pre-licensing Courses item. The recommendation is for the development of a bank of courses to assist in preparing applicants for national and state examinations and development of instructor enhancements. At the previous

Education Taskforce meeting, Mr. Burnett shared that the members agreed to contracting a vendor to enhance the pre-licensing syllabus and requested the funding of this project be included in this funding line item. Mrs. Buttler also stated that the Instructor Development subcommittee is developing a proposal for two separate workshops, one for newer instructors and another for seasoned instructors. Mrs. Buttler advised members that Director Farr encourages the Commission to continue supporting education and working on enhancing education for licensees and applicants.

Motion: To allocate up to \$1 Million for Pre-Licensing classes and enhancement and up to \$1 Million for Continuing Education classes and enhancements.

Moved by Mr. Burnett and seconded by Mr. Rinehart, the motion carried by unanimous vote.

PUBLIC COMMENTS

Mr. Kremydas brought up concerns regarding Statutes 40-57-60(c) office inspections and inquired as to whether or not there are enough resources dedicated to the inspections department. Mrs. Buttler stated the Commission has previously approved an Inspection Taskforce which will be meeting to review current inspection forms, processes and resource allocations.

Mr. Kremydas also brought up the best practice manual Blue Book published by the Commission in the 1990s, per S.C. Code Ann. § 40-1-70 which provided the authority to adopt a code of professional ethics. Mr. Kremydas suggested the development of a revised manual based upon the prior publication in which best practices and ethics could be outlined. Mr. Rinehart referred to ARELLO white papers on best practices as a resource the Commission could utilize. Mr. Tennis shared that if the Commission would like to adopt a code of ethics published by ARELLO or another third-party entity, it could be done similar to the Veterinary Board in which the Veterinary Board's regulations refer to AAVSB for its code of ethics. Additionally, the Commission could promulgate its own ethics regulations without reference to a third-party entity. The Taskforce agreed to have Commission staff review the previous published manual and investigate whether this could be developed in-house or if contracting a vendor would be the most effective route.

Motion: To allocate up to \$241,000 to the development of a best practices manual and enhanced resources.

Moved by Ms. Pyfrom and seconded by Ms. Creamer, the motion carried by unanimous vote.

Mrs. Creamer asked if there has been any updates regarding additional investigators. Mrs. Buttler explained investigators would not be contract work and staff is working with Director Farr to identify the need for additional positions. All requests for additional full time positions must be submitted to the legislature who reviews and approves all additional state positions through the state budget process. Mr. Burnett requested a list of how many investigators and inspectors work with specifically with real estate, and he raised concerns with follow-up after an investigation.

ADJOURNMENT

Motion: To adjourn.

Moved by Ms. Creamer and seconded by Ms. Pyfrom, the motion carried by unanimous vote.

The meeting adjourned at 11:34 a.m.