

Report Highlights

Why DLA Performed This Audit

The purpose of this audit was to determine if there is a need for the commission's continued existence and whether its termination date should be extended. The commission is set to sunset on June 30, 2016, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. The commission's chair and the Department of Commerce, Community, and Economic Development, Division of Administrative Services director should work together to procure a master errors and omissions insurance policy for real estate licensees.
2. The Division of Corporations, Business and Professional Licensing's chief investigator should take action to ensure cases are actively investigated and completed timely.

A Sunset Review of the Department of Commerce, Community, and Economic Development, Real Estate Commission

July 24, 2015

Audit Control Number 08-20091-15

REPORT CONCLUSIONS

Overall, the audit concluded that the Real Estate Commission is serving the public's interest by effectively licensing real estate brokers, associate brokers, and salespersons. The commission has worked to improve operations and industry practices by modifying and adopting regulations. We conditionally recommend the commission's termination date be extended six years to June 30, 2022. If the commission does not obtain a master errors and omissions insurance policy by January 2016, we recommend an extension of no more than four years. The lack of a master policy essentially removes the insurance requirement from all real estate licensees, thereby exposing consumers to financial losses suffered as a result of errors and omissions in real estate transactions.