



**Jim Pillen**  
Governor

# STATE OF NEBRASKA

**NEBRASKA REAL ESTATE COMMISSION**  
**Greg Lemon**

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TO: Committee On Banking Commerce and Insurance

FROM: Greg Lemon,  Director, Nebraska Real Estate Commission

RE: Occupational Reform Act Survey, "Provide an explanation for why you believe or do not believe that the occupational regulations overseen by your board have been effective."

DATE: September 29, 2023

This is a very simple but broad question. Rather than starting by offering an opinion, I will relay story from last year regarding a licensee.

The Commission routinely conducts trust account examinations on all licensed brokers through the use of our compliance audit staff, who visit the independent brokers throughout the state approximately once every year. Trust accounts are used to handle client funds, sometimes the relatively simple task of handling the earnest deposit for a real estate purchase, sometimes the more complex task of handling client's funds when engaged in ongoing activities like farm or property management.

Last year, in the course of one of our audits, it was discovered that an older broker's property management records and documentation were in extreme disarray, with balances not matching and required documents missing.

A report was submitted to the Commission and a complaint was filed. In the process of investigating the complaint the licensee said they were winding up their business, and knew that they were not handling funds and records properly. They said that they were not going to renew their license for the next year. Rather than pursue disciplinary action further, the Commission, with a guarantee that the licensee was retiring, was given access through the licensee's attorney to the bank account records of the property management business. Commission staff reviewed the records, identified approximately \$40,000 dollars in funds that had not been properly accounted for or dispersed, oversaw the dispersal of the funds to renters (security deposits) and former clients (rent and maintenance monies) so that all parties were made whole to the best of our ability. The licensee ceased activity and did not renew her license, and the complaint was dismissed without prejudice. I would also note that this number would not be included in the disciplinary action summary request above, because no formal finding of violation or disciplinary action was taken.

## REAL ESTATE COMMISSION MEMBERS

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The above is only one instance of the Commission's work in protecting the public through pro-active efforts. Our unofficial motto is that we would rather educate than regulate. We educate through our compliance audit program, the review, approval and development of real estate pre-license and continuing education classes, license law minute videos, outreach meetings with the Realtor's Association and individual real estate agencies, updating laws and regulations to adopt to new industry practices, and updates to our website on not only regulatory matters but consumer scams and industry best practices.

The Commission, as noted in some of the earlier information provided, oversees about 7,700 active licensees, each of whom on average is responsible for a large number of transactions each year. We process somewhere around 40 formal complaints a year. I feel that the complaint number is low, and the number is low because of the education efforts as outlined above. We also answer countless phone calls and emails from licensees and the public on the conduct of licensees and the basics of real estate transactions, giving advice which in many cases stops trouble before it starts.

So, in short, I feel the regulations and program administered by the Nebraska Real Estate Commission has been effective in fulfilling our role and mission, which is "To protect the public interest of Nebraska citizens through the efficient and effective administration of the Nebraska Real Estate License Act."