



COMMONWEALTH of VIRGINIA
Department of Professional and Occupational Regulation

Robert F. McDonnell
Governor

James S. Cheng
Secretary of
Commerce and Trade

Gordon N. Dixon
Director

VIRGINIA REAL ESTATE BOARD

EDUCATION COMMITTEE MEETING REPORT

The Real Estate Board Education Committee met on Monday, November 18, 2013, at 10:00 a.m. at the Department of Professional & Occupational Regulation in Richmond.

Committee Members present: Steve Hoover, Chair
Sandee Ferebee
Lee Odems

Board Member present: Joe Funkhouser

Staff Members present: Gordon Dixon, Director
Christine Martine, Executive Director
Kevin Hoeft, Education Administrator

Regulated Education Providers present: Deana Wilson, Alpha College of Real Estate
Billy Reid, Moseley-Flint Schools of Real Estate
Peggy Lynch, Richmond Association of Realtors
Teresa Neff, Richmond Association of Realtors
Tracey Florida, Virginia Association of Realtors
Lili Paulk, Virginia Association of Realtors
Terrie Suit, Virginia Association of Realtors

The meeting was called to order by Chairman Hoover at 10:35 a.m.

A motion was made and approved unanimously to approve the agenda at 10:36 a.m.

The following subjects were discussed:

Association of Real Estate License Law Officials (ARELLO) Distance Education Certification (DEC)

Background

At its July 25, 2013, meeting, the Board requested its Education Committee (Committee) meet with representatives of Board regulated education providers to discuss the Board's requirement for ARELLO Distance Education Certification (DEC) as a condition of Board approval for all non-correspondence distance education course applications. At the Education Committee's May 8, 2013, meeting, Alpha College of Real Estate Director Deana Wilson requested the Board eliminate the ARELLO DEC requirement for all non-correspondence distance education course applications for the following reasons: 1) It is costly and burdensome for schools; 2) The Board sometimes reduces the number of hours it

approves for distance education course applications with ARELLO DEC; and 3) The Board's required timing mechanism for and periodic audits of online courses has improved the quality of its approved online courses. Ms. Wilson suggested the Board establish its own set of distance education course standards in place of requiring ARELLO DEC, and indicated that the North Carolina Real Estate Commission has done this.

The Committee met with representatives of Board regulated education providers on September 18, 2013, and, after discussion of the Board's ARELLO DEC requirement, the Committee requested that the education providers meet on their own during the next two months to come up with a viable proposal to replace the Board's ARELLO DEC requirement for distance education courses to then share with the Committee at the November 18, 2013, meeting.

Discussion

Mr. Hoover asked the education providers if they had come up with a viable proposal to replace the Board's ARELLO DEC requirement for distance education courses. The response was negative.

Mr. Hoover expressed concern with the Board's current ARELLO DEC requirement and inquired whether the Board could follow the North Carolina Real Estate Commission's process of having their staff review distance learning courses to ensure the courses are compliant with Board standards and protect the public interest.

Mr. Dixon stated that, since current Board staff are not real estate subject matter experts, a possible option is to hire an hourly employee or vendor with real estate subject matter expertise to review distance learning courses to ensure the courses are compliant with Board standards and protect the public interest.

Ms. Suit brought up the issue of receiving General Assembly approval through the Appropriations Act as a possible obstacle to hiring staff for this purpose.

Mr. Hoover then asked what benefits the Board was receiving from requiring ARELLO DEC approval. Is the public interest being served by requiring ARELLO DEC?

Mr. Funkhouser stated he does not believe the public interest is being served by requiring ARELLO DEC. He stated that the Board could replace the ARELLO DEC requirement with its own process for distance learning course approval.

Mr. Hoover agreed that ARELLO DEC is not meeting the Board's need for how distance learning courses should be approved and asked for input from the meeting participants.

Ms. Wilson stated that Alpha College of Real Estate has had a number of courses receive ARELLO DEC, and she explained some of the criteria ARELLO uses in its review of distance learning courses.

Ms. Neff stated that the Richmond Association of Realtors (RAR) is a secondary provider of distance learning courses so RAR does not seek ARELLO DEC for any of its courses.

Mr. Reid stated that Moseley-Flint Schools of Real Estate has sought ARELLO DEC only for a couple of vital courses, such as the eight-hour mandatory CE course and the Residential Standard Agency (RSA) course.

Ms. Suit stated that VAR's official position is that it supports the ARELLO DEC requirement for distance learning courses, and she is not authorized to speak otherwise on this issue on behalf of the Virginia

Association of Realtors (VAR) as all policy matters must first go through the VAR Public Policy Committee process. She expressed VAR's concern with the Board reducing the number of hours it grants for ARELLO-approved courses.

Mr. Hoover stated that the Board may consider the ARELLO DEC requirement at its November 19, 2013, meeting and asked if there was any additional comment from the meeting participants or audience on this matter.

The second subject on the meeting agenda was:

Input from Regulated Education Providers on Improving the Board's Education Program

At 11:05 am, Mr. Hoover stated that concerns have been expressed about the quality of the Board's overall education program and asked meeting participants and the audience to provide their recommendations for improving the Board's education program.

Kit Hale, Principal Broker of MKB Realtors in Roanoke, commented on the number of courses approved by the Board, questioned whether the content of some approved courses is appropriate for real estate education, and questioned whether the course content could better be reviewed by a team of licensed brokers and salesperson.

Mr. Odems inquired how the line is drawn between protecting the public interest and promoting competitive benefits in approving real estate education.

Mr. Hoover then asked for input on the quality of the Board's pre-license education program.

Ms. Suit stated that VAR is looking at the current pre-license education requirement, but has made no specific proposal to change it. She hopes that VAR and the Board can work together to put together a proposal to improve pre-license education that would benefit licensees and protect the public.

Ms. Wilson stated that she does not believe the proposals she has heard about changing pre-license education will improve the quality of the program. She generally is in favor of the current pre-license program. She stated the Board's 180-hour broker pre-license education requirement is a higher standard than most other states require.

Mr. Hoover then asked for input on whether the national section of the real estate licensing exam tests actual knowledge for practicing real estate in Virginia.

Ms. Wilson stated that the licensing exam adds to the knowledge base and terminology level of those entering the real estate profession, but adds little practical skills, which come when the licensee actually begins to practice real estate.

Mr. Hoover expressed concerns with errors and trick questions in the current national licensing exam and that the goal of both pre-license education and the licensing examination should be to produce competent licensees who can practice real estate in Virginia.

Mr. Hale inquired as to who is better able to review real estate education content – real estate practitioners or education providers? Perhaps the Board should consider establishing a team of practitioners to review course content.

Ms. Suit asked if the Board has the authority to establish a group of real estate practitioners to review real estate course content.

Ms. Martine stated that she would look into this.

The group then discussed in depth the real estate licensing examination competitive bidding and approval process.

At 12:00 noon, Mr. Hoover adjourned the meeting for lunch and requested the meeting reconvene at 12:45 p.m. to continue the discussion

Mr. Hoover reconvened the meeting at 12:45 p.m.

Mr. Hoover than asked if there were any non-Realtors in the audience who wanted to comment about the quality of the Board's education program.

Jarrett Shaffer of Shaffer Realty, LLC in Virginia Beach, applauded the Board for its schools, pre-license courses, exams, and post license education (PLE) program. Mr. Shaffer added that it is primarily the responsibility of the broker and firm to educate its licensees.

Delores Raigs, Education Director of the Realtors Association of Prince William, then encouraged the Board to look into establishing some type of a mentoring program for new salesperson licensees as many of these new licensees are not prepared to practice real estate. She stated that the PLE program should focus on teaching the basics and that not all firms do a good job of training their new licensees.

Ms. Suit stated that legislation could be enacted to establish a Board-approved 30-hour apprenticeship program as an alternative to meet the 30-hour current PLE requirement. This would not add an additional burden to new licensees.

Mr. Hoover then asked for input on the Board's current PLE program and mentioned that three hours for Escrow Requirements is too much time for this course.

Ms. Wilson suggested the PLE program focus more on practical application, such as contract writing, rather than academic subjects, such as Ethics, Fair Housing and Board Laws and Regulations, which repeat much of what is learned in Principles and Practices of Real Estate.

Ms. Lynch of RAR suggested that some PLE courses, such as the eight-hour Board Laws and Regulations course, should be divided into smaller segments and that some of the mandatory subjects in this course be eliminated.

Mr. Hoover then asked for input on the Board's current CE program and mentioned that every two years it seems he repeats the same mandatory course content. He stated that course and instructor quality are most important and appealing to students.

Lori Waring, Principal Broker of Shaffer Realty, LLC, stated that she is in favor of increasing the number of CE hours. She believes it her responsibility as broker to teach her licensees how to best practice real estate, and she attempts to make education something her licensees look forward to.

Ms. Ferebee stated that the quality of the student is a big factor in education. The Board's charge is to protect the public interest through CE, not to ensure that licensees become high-producing agents.

Ms. Wilson inquired why is there a set number of specific mandatory and elective CE hours licensees must complete. Education providers meet this need for licensees, but why shouldn't the Board require x number of CE hours in what truly needs to be learned?

Mr. Hoover stated that just requiring more CE hours does not lead to a higher quality real estate professional.

Mr. Hoover then asked for input on the subject of possibly "testing out" instead of completing the mandatory CE hours.

Ms. Wilson stated that "testing out" is not a bad idea, but how would the test criteria be established and who would administer the test.

Ms. Suit brought up security issues with being able to verify licensees who "test out."

Mr. Odems brought up the possibility of developing different levels of CE courses – similar to how colleges and universities set different levels for their courses.

Mr. Funkhouser stated that the Board would not be having this conversation if brokers were doing their job. He estimated that only 20% of brokers are providing education within their offices. The burden for education should be placed on brokers to properly educate and train their licensees. Is it possible to require that brokers provide education to train their licensees?

Mr. Shaffer stated that Board's required broker self-audit process caused his office to increase its educational offerings to the licensees in the firm.

Mr. Hoover then stated that he is pleased that VAR has offered to work with the Board to improve its education program.

Ms. Suit stated that VAR looks forward to working with the Board in this effort.

The meeting adjourned at 1:25 pm.