



COMMONWEALTH of VIRGINIA
Department of Professional and Occupational Regulation

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VIRGINIA REAL ESTATE BOARD

EDUCATION COMMITTEE MEETING REPORT

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

Committee Members present:

Steve Hoover, Chair
Lynn Grimsley
Santee Ferebee

Staff Members present:

Gordon Dixon, Director
Mark Courtney, Senior 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

The meeting was called to order by Chairman Hoover at 10:00 a.m.

A motion was made and approved unanimously to approve the agenda at 10:01 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 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.

Discussion

Mr. Hoover asked meeting attendees to share their thoughts on the Board's ARELLO DEC requirement. The following input was provided: 1) ARELLO DEC is burdensome for schools due to the fees; 2) ARELLO DEC protects the public to some degree by providing a recognized minimum quality standard for the design and delivery of distance education courses; 3) There is a concern that ARELLO DEC has no competition in the real estate education business; 4) The Board indicated it wants some type of standard to ensure the quality of its online courses. How much will it cost for the Board to establish its own review and approval process?; 5) ARELLO DEC rules are changing and the process takes too long; 6) The Education Committee has often reduced the number of approved hours of ARELLO DEC approved courses that have come before the Committee; 7) It would be helpful for the Board to approve courses for a certain number of hours before providers submit the courses for ARELLO DEC approval so providers can know with certainty the number of hours the Board will approve their ARELLO DEC approved courses; and 8) The ARELLO DEC approval process was discussed in some detail.

Ms. Wilson had previously mentioned that the North Carolina Real Estate Commission (NCREC) has established its own set of distance education course standards, and she provided the Committee with a copy of the NCREC's *Distance Education Guidelines for Continuing Education* (Guidelines) document. Mr. Hoover asked all participants to take 10 minutes to review this document.

At 11:10 am, Mr. Hoover asked the education provider representatives to meet for 30 minutes and come up with a proposal for the Board to replace the ARELLO DEC requirement. Mr. Hoover requested that an education provider spokesperson share their proposal with the Committee and to also share this with the Board at its September 19, 2013, meeting.

At 11:40 a.m., Ms. Lynch spoke on behalf of the education providers. She said that ARELLO DEC is a starting point for the Board ensuring the quality of its approved distance education courses. However, there are a number of other possible options to devise a new system for the Board to approve distance education courses. More time, thought and discussion is required for the education providers to produce a viable proposal to replace ARELLO DEC.

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. The Committee and providers will meet again on the morning of November 18, 2013 – the day of the next scheduled Committee meeting – when the providers can share their proposal with the Committee. This proposal can then be shared with the Board at its November 19, 2013, meeting. The Committee directed Board staff to assist the education providers in this task.

At 11:50 a.m., Mr. Hoover adjourned the meeting for lunch and requested the Committee and providers reconvene at 1:00 p.m. to discuss the second agenda item.

Mr. Hoover reconvened the meeting at 12:55 p.m.

The second subject on the meeting agenda was:

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

Mr. Hoover informed the group that it is likely there will be new proposals from various interested parties to improve or change the education required by the Real Estate Board (Board). Proposals could include anything from increasing the number of required pre-license education hours to eliminating the continuing education requirement. The Committee arranged this meeting with education provider

representatives to gather information on the current state of the Board's real estate education program and to arrive at a consensus on what needs to change. The Committee wants input from the providers and from the students they teach. Mr. Hoover then opened the floor for discussion.

Mr. Dixon stated that DPOR has been examining whether available data indicates if continuing education (CE) accomplishes its regulatory objective of protecting the public. He cited the example of the Board for Contractors (BOC) Tradesman Licensure CE program. Tradesman CE focusing on changes to the building code was established by the BOC in the early 2000s. The goal of requiring this CE was to reduce the number of building code violations committed by licensed tradesmen. Available data indicates requiring tradesman CE has not reduced the number of building code violations. BOC approved education providers admit the current CE system is not accomplishing its primary objective. Data also indicates the CE requirement (coupled with the down economy) has reduced the number of licensed tradesmen, who fail to renew their license, in part, because they can't afford to pay for CE every two years. The BOC is continuing its discussion of whether it should continue its Tradesman CE program. Mr. Dixon encouraged the Board to look closely at its education program, evaluate what is working, what is not working and make the necessary changes to the program to protect the public.

Mr. Hoover added that if the BOC is having this conversation about CE, then the Board will not be far behind. The Board needs to determine if its education program is broken or if it just needs to get back on track. This is a time of uncertainty and no one is sure how the Board's education program will change, so this is an opportunity for the Board and education providers to identify and pursue solutions.

Ms. Wilson suggested that education providers and professional real estate groups would benefit by having greater knowledge of the most common Board violations to better target their educational offerings. In the past, interested parties have sought more and various education requirements without being fully informed as to what needs to be done to reduce violations. Ms. Wilson added that she has concerns that the new single-track post license education (SPLE) program will accomplish its objective of providing better and essential training for new salespersons.

Ms. Neff added that mandating three hours of Escrow Requirements in the SPLE program is too much. There is not enough content to justify a three-hour course in this subject.

Ms. Grimsley agreed with Ms. Neff that three hours is too much, but added that a large percentage of the Board's disciplinary actions involve escrow violations. She added that it appears there are two types of real estate licensees: "people who get by," and "people with best practices."

Mr. Reid said his school receives complaints from students who are Realtors because they have to complete three hours of Ethics CE for the Board and 2.5 hours of Ethics to maintain their Realtor status.

Ms. Florida stated that raising the number of required education hours will not necessarily solve the problem. Often, new licensees are more motivated to do well and they are not usually the problem. It appears that there are some long-time licensees who are often falling short in meeting the Board's requirements. CE is necessary in real estate due to its dynamic nature and use of technology. "Raising the bar" for licensees is very important, but determining how to do this is difficult. What changes to the licensing exams, PLE program and classroom and online courses will raise the bar?

Mr. Hoover stated he understands that although we can't "make" people competent, he inquired as to how can the Board ensure a minimum level of competency for new licensees, because it appears the current system is not achieving this minimum level for its new licensees. Would it be helpful for the Board to work with the Virginia Association of Realtors to accomplish this goal?

Mr. Dixon stated the Board could best work with all interested parties by soliciting widespread input from them through public meetings. The goal would be to craft a strategic vision and to determine a specific course of action. Address the essential competency issues. Determine the best model for pre-license education and for post license educational and on-the-job training.

Ms. Grimsley brought up Colorado's transition to a broker-only state as a possible example. Colorado salespersons transitioning to brokers had two years to finish their required broker training, and this provided them with more time and exposure to determine whether they wanted to stay in the real estate profession.

Ms. Ferebee suggested the Board might think of its disciplinary actions in terms of misdemeanors and felonies. Escrow violations by salespersons are often oversights and are analogous to misdemeanors. However, violations involving competency and public protection are more like felonies and the Board needs to focus its attention on preventing these types of violations.

Ms. Ferebee also stated that real estate education providers have a number of conflicts and inducements. Exam prep courses are not required by the Board but they are money makers for some education providers. Real estate associations seek to increase membership and ensure licensees meet minimum standards through effective professional training.

Mr. Hoover expressed confidence that the problem can be solved. The Board can come up with an education program for both pre-licensure and post licensure that prepares and enables licensees to practice real estate in compliance with Virginia law. The key is to get all interested parties involved, including non-Realtor firms, and work together to accomplish the common goal.

Mr. Hoover suggested that all interested parties be invited to attend the morning meeting on November 18, 2013, to continue the discussion and determine specific ways to improve the Board's education program.

The meeting adjourned at 2:03 pm.