

VIRGINIA REAL ESTATE BOARD
ADVISORY COUNCIL REPORT

December 8, 2008

The Virginia Real Estate Board Advisory Council held its annual meeting on Monday, December 8, 2008, at the Department of Professional and Occupational Regulation, Richmond, Virginia. The following Advisory Council Members were present:

Joseph Funkhouser, II, Chairman
S. Ronald Owens, Vice Chairman
Sharon Johnson
R. Schaefer Oglesby
Brenda Puckett
Ned Massie
Ann Palmateer
Earl Jackson
Sandra Wilkinson
Michael Fox

DPOR Staff Members present for all or part of the meeting included:

Jay DeBoer, Director
Mark Courtney, Deputy Director of Licensing and Regulation
Mary Broz-Vaughan, Director of Communications and Legislation
Kevin Hoeft, Education Administrator

- I. Call to Order - 10:05 a.m.
- II. Approval of Agenda
Motion by Mr. Oglesby, seconded by Ms. Palmateer, approved unanimously.
- III. Introduction of Advisory Council Members and Guests
Guests included Board members Judith Childress and Scott Gaeser, John Broadway, Blake Hegeman, Lili Paulk, Curtis Mummau, Conrad Koneczny and Carole Umbel of the Virginia Association of Realtors and Billy Reid of Moseley-Flint Schools of Real Estate.

- IV. Education Administrator Report (See Attachment #1)
- V. Proposed Statutory Change to “Practice Tracks” Update
Mary Broz-Vaughan informed the Advisory Council that its 2007 meeting recommendation to remove the three practice tracks from §54.1-2105.01 of the *Code of Virginia* will not be included in the DPOR legislative agenda for the 2009 General Assembly session due to the Governor’s legislative priorities for DPOR.
- VI. Presentation on Commercial Real Estate (See Attachment #2)
Curtis Mummau and Conrad Koneczny, 2008 and 2009 Chairmen of the Virginia Association of Realtors Commercial Alliance, conducted a power-point presentation on “Commercial Designation for Real Estate Licenses.” They indicated there are many real estate licensees who are practicing commercial real estate in Virginia without having achieved a minimal level of competency in commercial real estate transactions. They recommended: 1) The Board explore requiring additional hours of one-time training for any Board licensee who performs commercial real estate; and 2) Establishing a separate certification for licensees practicing commercial real estate.
- VII. Public Comment
There was no public comment.
- VIII. Advisory Council Discussion and Actions
After discussion, Mr. Jackson made a motion, seconded by Mr. Oglesby, that the Advisory Council reaffirm to the Board its 2007 recommendation to remove the three practice tracks from §54.1-2105.01 of the *Code of Virginia*. The motion was approved by all Advisory Council members except Ms. Johnson who opposed the motion.
After discussion, the Advisory Council agreed unanimously to forward the information received by Mr. Mummau and Mr. Koneczny to the Board for its consideration at its next meeting.
- IX. Other Business
There was no other business.
- X. Adjourn
There being no further business or public comment, the meeting adjourned at 11:55 a.m.

**ATTACHMENT #1
EDUCATION ADMINISTRATOR REPORT**

**VIRGINIA REAL ESTATE BOARD
ADVISORY COUNCIL MEETING
DECEMBER 8, 2008**

IV. Education Administrator Report

- A. Statutory Purpose of Advisory Council Meeting - §54.1-2105.01.B (*Code of VA*)
1. The Industry Advisory Group shall meet at least annually to update the guidelines in each of the three educational practice tracks (Residential Real Estate; Commercial Real Estate; and Property Management)
- B. Overview of Post License Education Program – Current Status (The History of the Post License Education Program is outlined in Points 1-7 of Attachment #1 of the October 29, 2007 Advisory Council Report, which is included in today’s meeting materials packet).
1. The number of New Real Estate Salesperson Licenses issued annually since the Post License Education Program was established: 1) 2004 – 9438; 2) 2005 – 11,410; 3) 2006 – 8304; 4) 2007 – 6218; and 5) 2008 – 3692 (through November 30, 2008).
 2. The number of New Real Estate Salespersons initially licensed in 2004 that selected the following Practice Tracks: 1) Residential – 7212; 2) Commercial – 166; and, 3) Property Management – 15.
*Those licensed in 2005 selected: 1) Residential – 8661; 2) Commercial – 190; and, 3) Property Management – 13.
*Those licensed in 2006 selected: 1) Residential - 4563; 2) Commercial – 43; and 3) Property Management – 2.
Those licensed in 2007 selected: 1) Residential – 3235; 2) Commercial – 44; and 3) Property Management – 2.
Those licensed in 2008 selected: 1) Residential – 1386; 2) Commercial – 11; and 3) Property Management – 0.
 3. The number of New Real Estate Salespersons initially licensed in 2004 that have renewed their licenses – 6277. *Those initially licensed in 2005 that have renewed their licenses – 7547. Those initially licensed in 2006 that have renewed their licenses – 4509.
 4. The number of Board-approved: 1) Residential Real Estate Mandatory Post License Courses – 922; 2) Residential Real Estate Elective Post License Courses – 2301; 3) Commercial Real Estate Mandatory Post

License Education Courses – 64; 4) Commercial Real Estate Elective Post License Courses – 398; 5) Property Management Mandatory Post License Courses – 72; and 6) Property Management Elective Post License Courses – 202.

5. Number of Licensed Salespersons as of September 30, 2008 – 52,431
Number of Licensed Salespersons as of September 30, 2007 – 55,973
Number of Licensed Salespersons as of September 30, 2006 – 57,517
Reduction of 6.3% in Number of Licensed Salespersons in past year.
Reduction of 2.7% in Number of Licensed Salespersons between September 2006 and September 2007.

C. Program Changes

1. §54.1-2105.01.A (*Code of VA*)
Effective July 1, 2008, all New Salesperson licensees must complete the 30-hour Post License Education curriculum within one year of licensure. Failure to do so will cause the Salesperson's license to be placed on Inactive status by the Board until the curriculum is completed.

D. Disciplinary Information

1. Number of Board complaints received: 1) FY 2007 – 723; 2) FY 2008 – 861; 3) FY 2009 – 252 (July 1 – November 30, 2008).
2. Number of Board Disciplinary Actions in CY 2007 – 57; 2) CY 2008 – 83.
3. Top Nine Disciplinary Violations for FY 2007 and FY 2008 cases:
 - a. Unworthiness and Incompetence – Criminal conviction (26).
 - b. Unworthiness and Incompetence – Failure to safeguard the interests of the public (25).
 - c. Improper Delivery of Instruments – Failure to provide timely, written notice of any material changes to a transaction (23).
 - d. Unworthiness and Incompetence – Failure to inform the Board within 30 days of a criminal conviction (19).
 - e. Maintenance and Management of Escrow Accounts – Failure to comply when disbursing funds from escrow accounts in purchase transactions (18).
 - f. Unworthiness and Incompetence – Engaging in improper, fraudulent or dishonest conduct (17).
 - g. Failure to exercise ordinary care by a licensee engaged by a landlord to lease property (15).
 - h. Unworthiness and Incompetence – Obtaining a license by false or fraudulent representation (11).
 - i. Conflict of Interest – Acting as a standard agent or independent contractor for any client outside the licensee's brokerage firm(s) or sole proprietorship(s) (8).

*Actual figures higher or slightly higher.

Virginia Real Estate Licensing Commercial Certification

“Distinction not Restriction”



Commercial Designation for Real Estate Licensees

December 8th, 2008 10am
Perimeter Center, Suite 400
9960 Mayland Drive
Richmond, VA 23233



AGENDA

Commercial Designation for Real Estate Licensees

December 8th, 2008 10am
Perimeter Center, Suite 400
9960 Mayland Drive
Richmond, VA 23233

Introductions

- Curtis M. Mummau, CPM, CAM, CAM-T
(2008 Chairman Commercial Alliance)
- Conrad E. Koneczny, CCIM
(2009 Chairman Commercial Alliance)
- Carole Umbel, RCE
(Director Member Services, VAR)

Commercial Designation for Real Estate Licensees

Discussion



Overview

- Background
- Definition of Commercial
- Current Status
- Need
- Process
 - Certification for New Agent
 - Certification for Existing Agent
- Summary
- Recommendation

Background

- Real estate pre-licensing education and exams are focused primarily on residential
- Commercial and Residential real estate require entirely different skill sets, for inherently different types of transactions and significantly different results

Definition “Commercial”

- Facilitating leasing and/or sales of shopping centers or retail space, land, office buildings or office space, industrial or distribution or flex space, hotel properties or restaurants or country clubs, commercial development transactions for town centers or planned urban developments, investment real estate sales or the relocation of business facilities or the support of economic development. In addition, investment sale of any single family properties having more than four units.

Current Status

- Individuals engaged in the practice of real estate brokerage services are required to be licensed according to Commonwealth regulations
- Virginia has established its licensing process as a two tiered system which includes basic sales agents and real estate Brokers
- No distinction between residential and commercial agents which helps increase or reinforce competency in respective field of real estate
- Code of Ethics-Require competency in respective field or practice

Need

- Recognition of base education and licensing for residential real estate, and then levels of certification for more advanced or complex commercial transactions, all under the supervision of a Broker also with advanced education and qualifications in those levels of commercial real estate practice.

Process

- New licensees would need to pass a certification process.
- Existing licensees, who have practiced commercial transactions over the years or work for a recognized commercial firm, may be certified after validation.
- Those holding commercial certification, such as CCIM or SIOR, sanctioned by NAR, would qualify for certification.
- Continuing education would be required similar to current licensing requirements to cover the base requirements of certification, and then further hours required to expand the knowledge of commercial transactions.

Certification for New Agent

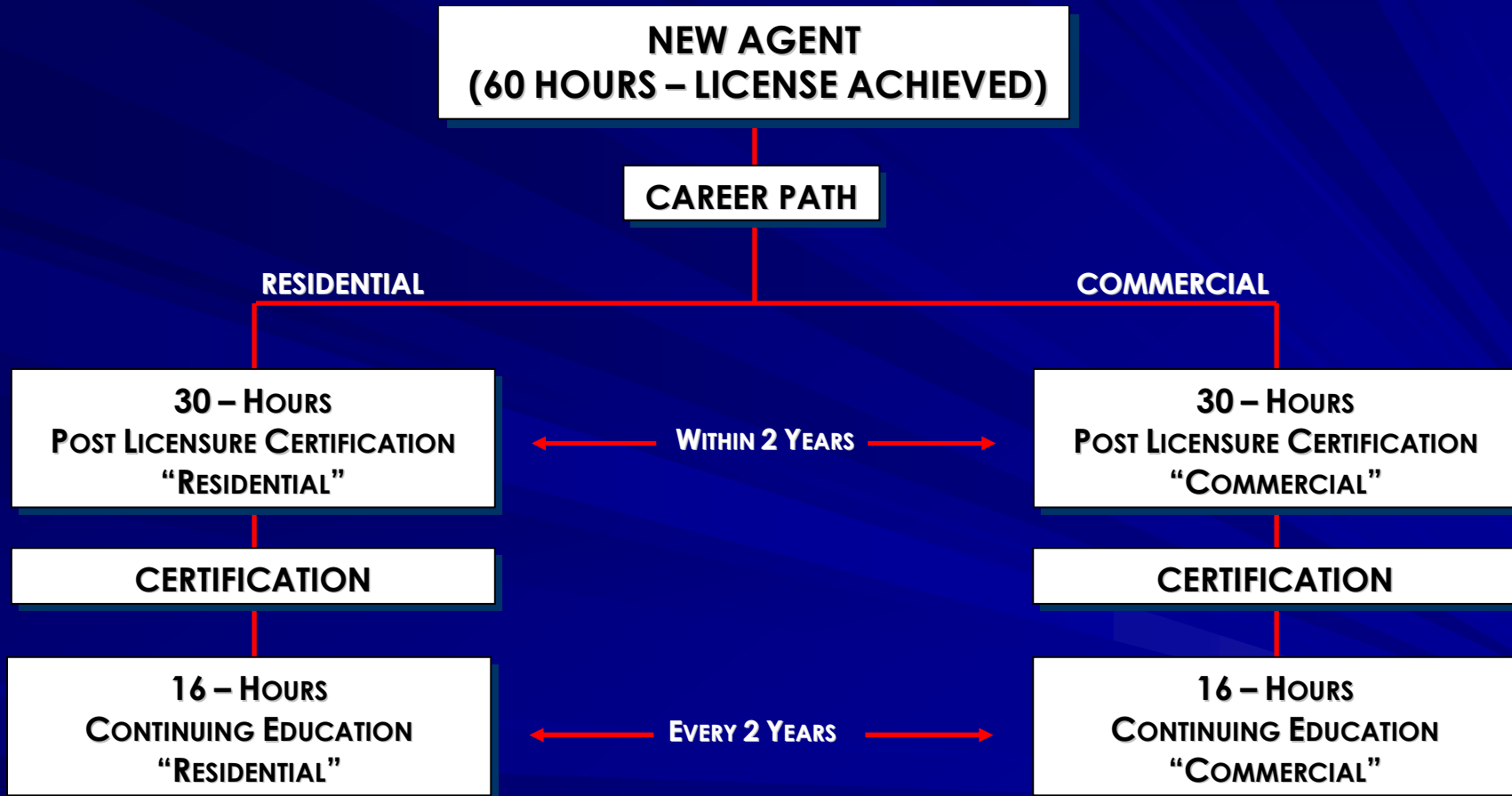
Within first two years

- 30 Hours of “Commercial-related” courses

Continuing Education (Every 2 years)

- 16 hours approved “Commercial-related” courses

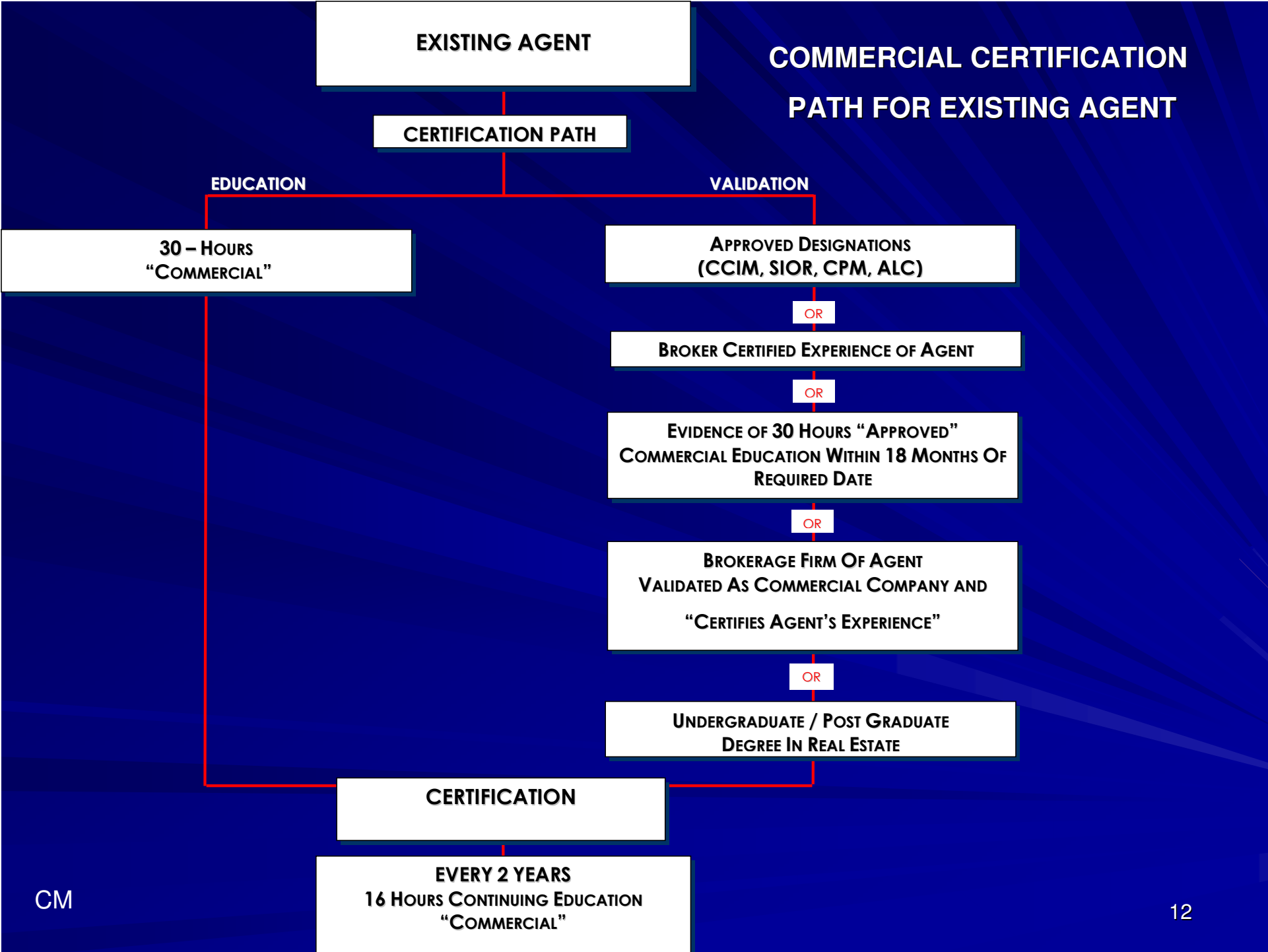
COMMERCIAL CERTIFICATION PATH FOR NEW AGENT



Certification for Existing Agent

- Approved Designations (CCIM, SIOR, CPM, ALC)
- Broker Certified Experience of Agent
- Evidence of 30 hours approved “Commercial-related” education within 18 months of required date
- Brokerage firm recognized/identified as “Commercial” and certifies Agent’s experience
- Undergraduate/Post Graduate Degree in Real Estate

COMMERCIAL CERTIFICATION PATH FOR EXISTING AGENT



Summary

- The Commonwealth of Virginia issues real estate licenses
- The public is relying on Virginia regulatory agencies to issue licenses which have at least a basic credibility of accreditation
- There are many real estate agents and brokers entering the field of Commercial Real Estate without the basic education and training to have reached a minimal level of competency in the field of Commercial Real Estate
- Virginia has recognized these differences and has set a precedent with the licensing scheme for real estate appraisers
- A certification of appropriate competency is necessary for those practicing Commercial Real Estate

Recommendation

- VREB explore the idea of requiring an additional number of hours of one-time training for any Virginia licensee who performs Commercial Real Estate
- Establish a separate certification process for those practicing Commercial Real Estate