

Indiana Real Estate Commission's Licensure & Education Task Force
Meeting to consider feedback on the License Law Rewrite/Legislative Proposal
November 3, 2011 (updated November 16th)

Task Force Members in Attendance

Mike Lunsford, Chair <i>Muncie, Indiana</i>	Sue Applegate-Harting <i>Indianapolis, Indiana</i>	Charlie Shook <i>Lafayette, Indiana</i>
Susan Daniel <i>New Albany, Indiana</i>	DJ Hines <i>New Albany, Indiana</i>	Ken Steury <i>Fort Wayne, Indiana</i>
Kevin Eastridge <i>Evansville, Indiana</i>	H. James Litten <i>Indianapolis, Indiana</i>	Cheryl Stuckwish <i>Columbus, Indiana</i>
Stan Evans <i>Indianapolis, Indiana</i>	Debbie Morris <i>Indianapolis, Indiana</i>	

Task Force Members Not in Attendance

Tracee Lutes <i>Bloomington, Indiana</i>	Mark Ratterman <i>Indianapolis, Indiana</i>	Joseph Traynor <i>Indianapolis, Indiana</i>
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Others in Attendance

Marty Allain <i>General Counsel & Co-Legislative Director IN Professional Licensing Agency</i>	Pat Williams <i>2011 President Indiana Assn of REALTORS®</i>	Kathy Harbaugh <i>VP of Professional Development Indiana Assn of REALTORS®</i>
Lisa Bentley <i>Deputy Director & Co-Legislative Agency Liaison IN Professional Licensing Agency</i>	Karl Berron <i>CEO Indiana Assn of REALTORS®</i>	Stacey Hartman <i>VP of Communications Indiana Assn of REALTORS®</i>
Jeannette Roberts <i>Director, Indiana Real Estate Commission</i>	Mark Brown <i>Senior VP of Finance & Research Indiana Assn of REALTORS®</i>	Maggie McShane <i>Senior VP of Government Affairs Indiana Assn of REALTORS®</i>

Summary of Feedback to Date

Four main areas of concern:

- Definition of commercial property within the Non-Residential/Commercial endorsement and necessity of endorsement versus pre-licensing education or CE
- CE burden for those with multiple endorsements - **Principal** Broker, Non-Residential/Commercial, BPO
- Unfairness to rural and/or sole practitioners
- Requirement of current Managing or Principal Brokers to take and pass the new Broker Management course in order to become a **Principal** Broker under the proposal

Other salient points:

- How to insure quality of education and instructors
- Lack of details on –
 - Pre-licensing education and CE topics
 - Experience-based education program to transition from a Broker to a **Principal** Broker
 - Testing
 - Transition in general
- Necessity of BPO endorsement versus pre-licensing education or CE
- Possible financial burden

New Proposed Structure in Response to Feedback

Entry to the profession:

Broker license –

- Have a high school diploma or GED – neither of which are required today
- Be 18 years of age – required today
- Take 90 hours of pre-licensing education – 54 hours are required today
 - First proposal recommended 60-90 hours
 - At 90 hours, Indiana remains in the bottom tier of state pre-licensing requirements
 - Task force has suggested curriculum, which is a combination of the current salesperson and broker pre-licensing curriculums
- Pass a state-administered exam; with passage, license is assigned to a **Principal** Broker for a minimum of 2 years – both are required today
- Take 30 hours of post-licensing education during the first license renewal period (3 years)
 - First proposal recommended 12-30 hours within the first 12-18 months of licensure in addition to the required CE
 - This proposal recommends the post-licensing education in lieu of CE during the first renewal period
 - With adoption of this proposal, Indiana would become the 25th state with a post-licensing education requirement
 - Task force has suggested curriculum, which is rooted in the practical matters of real estate transactions
- After the first 3-year license renewal period, take 36 hours of CE over a 3-year renewal period with a minimum of 12 specific hours per year
 - First proposal recommended 24 hours with a minimum of 8 specific hours per year plus additional CE for additional endorsements – this proposal recommends the same amount of CE for all real estate practitioners, but focused for relevancy
 - CE to be tested as in first proposal
 - Task force has suggested curriculum and flexibility for the IREC in keeping topics current and relevant

Principal Broker license –

- The obligations and duties of a **Principal** Broker are as such, so this license would be required of sole practitioners and those wishing to be the broker of record
 - Maintain trust accounts and trust account records
 - Maintain company transaction records
 - Develop an office policy manual and ensure compliance
 - Supervise all licensees, or Brokers, under your license/endorsement
- Must first hold a Broker's license for a minimum of 2 years
- Take and pass the new 24-hour Broker Management course – task force has suggested curriculum
- Complete an experience-based education program – task force has suggested curriculum, but still needs to define experience (years, # of transactions, etc.)
- Take 36 hours of CE over a 3-year license renewal period with a minimum of 12 specific hours per year
 - First proposal recommended 24 hours with a minimum of 8 specific hours per year in addition to the required CE of a Broker licensee - this proposal recommends the same amount of CE for all real estate practitioners, but focused for relevancy
 - For example, 4 CE hours per year will be dedicated to the necessary business/management skills and legal knowledge of a **Principal** Broker
 - CE to be tested as in first proposal
 - Task force has suggested curriculum

Transitioning:

Current Salesperson to Broker –

- Complete all 24 hours of the current mandatory Broker curriculum over a 2-year period after the current license renewal deadline of June 30, 2012, and be tested
- Upgrade will satisfy the CE requirements for the first license renewal period if this proposal is enacted into law (June 30, 2014)
 - First proposal recommended the current mandatory Broker curriculum in addition to the new proposed CE requirements
- License will become inactive if upgrade is not pursued by June 30, 2014
- License will expire as of July 1, 2014; an examination plus the completion of the 24-hour Broker curriculum will be necessary to reinstate
- Once a current Salesperson has transitioned to a Broker, the CE requirement will be the same as a Broker who entered the profession under this proposal: take 36 hours of CE over a 3-year license renewal period with a minimum of 12 specific hours per year
 - CE to be tested as in first proposal
 - Task force has suggested curriculum

Current Broker to Broker –

- Current Brokers will automatically become Brokers under this proposal
- CE requirement is the same as a Broker who entered the profession under this proposal: take 36 hours of CE over a 3-year license renewal period with a minimum of 12 specific hours per year
 - First proposal recommended 24 hours with a minimum of 8 specific hours per year plus additional CE for additional endorsements – this proposal recommends the same amount of CE for all real estate practitioners, but focused for relevancy
 - 3-year renewal period for this group would begin July 1, 2014 (current Broker licensees' renewal deadline is June 30, 2013; the year reprieve recognizes that this group has already achieved the extra education this proposal asks of current Salespersons and those entering the profession)
 - CE to be tested as in first proposal
 - Task force has suggested curriculum

Current Managing or Principal Broker to **Principal** Broker –

- The obligations and duties of a **Principal** Broker are as such, so this license would be required of sole practitioners and those wishing to be the broker of record – otherwise, see above section on transitioning from Broker to Broker
 - Maintain trust accounts and trust account records
 - Maintain company transaction records
 - Develop an office policy manual and ensure compliance
 - Supervise all licensees, or Brokers, under your license/endorsement
- Take and pass the new 24-hour Broker Management course by June 30, 2014 – task force has suggested curriculum
 - Current registered Principal Brokers are exempt from this course
- Once a current Managing or Principal Broker has transitioned to a **Principal** Broker, the CE requirement will be the same as a **Principal** Broker who entered the profession under this proposal: take 36 hours of CE over a 3-year license renewal period with a minimum of 12 specific hours per year
 - First proposal recommended 24 hours with a minimum of 8 specific hours per year in addition to the required CE of a Broker – this proposal recommends the same amount of CE for all real estate practitioners, but focused for relevancy
 - For example, 4 CE hours per year will be dedicated to the necessary business/management skills and legal knowledge of a **Principal** Broker
 - 3-year renewal period for this group would begin July 1, 2014
 - CE to be tested as in first proposal
 - Task force has suggested curriculum

Non-Residential/Commercial endorsement:

First proposal –

- Non-Residential/Commercial is defined as more than four units and property not zoned for residential use – lots and land included
- Complete a pre-endorsement course and pass test - no details
 - Opportunity will be given to test out of course
- Once you have the Non-Residential/Commercial endorsement: 20 hours of specific CE over a three-year renewal period
- This is in addition to the CE required to renew your Broker's license and/or other endorsements

Amended proposal in response to feedback –

- Non-Residential/Commercial is defined as existing non-residential use of property excluding lots & land, and multi-family structures with 4 or more units
- Earn a Broker's license
- Take and pass the new 8-hour Commercial pre-endorsement course – task force suggested curriculum
 - Exempt current commercial practitioners if they can certify to the Indiana Real Estate Commission that they have closed 6 transactions within the past 3 years – use addresses and/or parcel numbers
- Once both of those items are complete, the CE requirement will be the same as a Broker who entered the profession under this proposal: take 36 hours of CE over a 3-year license renewal period with a minimum of 12 specific hours per year
 - 4 of the 12 hours per year will be devoted to commercial real estate topics
 - If practitioner is also a **Principal** Broker, then 4 CE hours per year will be dedicated to the necessary business/management skills and legal knowledge of a **Principal** Broker
 - CE to be tested as in first proposal
 - Task force has suggested curriculum

BPO endorsement:

Amended proposal deletes BPO endorsement