

Summary of Real Estate License Education Enhancement Act
(Effective 10/01/28)

1. Definitions

Under existing law, there is no definition of accredited school (p.3 line 70), continuing education (p.4 line 90) ce-only school (p.4 line 93), distance education (p.4 line 99), and prelicense school (p.4 line 111). This bill would define those terms.

2. CE-Only School

Under existing law ce-only schools are approved and do not pay approval fees for registration. Under this bill, they would pay an initial one-time fee of \$100 and a renewal fee of \$100 every 2 years. (p.7 line 171). This parallels the cost of a prelicense school and reflects the significant administrative costs involved.

3. Increased Fines

Under existing law, fines for schools and/or instructors violating real estate license law range from \$100-\$2,500. Under this bill, it would increase the maximum amount the Commissioners can fine a violator to \$5,000 per count. (p.7 line 196). These have not been increased since 11/1/2005.

4. Activation Fee for Instructors, Administrators, and Schools

Currently if an instructor, administrator, or school's status is inactive, there is no fee to activate it. This bill would create a fee of \$50 to activate a status. This parallels the cost of a non-educational licensee to activate their license which incurs administrative costs. The Commission does not charge any licensee for moving their status from active to inactive. (p.9 line 246).

5. Certification of Distance Education Courses

Under existing law, the commission does not certify synchronous distance education courses. The certification is done by ARELLO (Association of Real Estate License Law Officials) at an

initial cost of \$500. Under this bill the Commission would be able to certify synchronous distance education courses (p.10 line 280). The Commission would be able to charge up to \$400 per application. Synchronous distance education is a course with defined attendance time allowing an instructor to offer live instruction virtually while students are in different locations.

6. Company Office

Currently, licensees may only meet clients at the office location at which they are licensed with the Commission. If the company has a branch office licensed with the Commission in another location, the licensee may not meet a client at that location because they are not licensed under that location. This bill would allow a licensee to meet a client at any branch office for which their company is licensed with the Commission. (p.18 line 490).

7. Notification

Under existing law, there is no notification requirement by the Commission to notify licensees upon certain events. This bill would require the Commission, two weeks prior to inactivating the license, to notify a company and all licensees under that company if the company has a temporary qualifying broker in place due to death or incapacity of its qualifying broker that their licenses are about to inactivate because a qualifying broker has not been put in place. (p.19 line 506). This bill also would require a qualifying broker who wishes to terminate their status as the qualifying broker to notify officers of company, in addition to the parent company and Commission (who they already must notify) that they are terminating their status. (p.26 line 721).

8. Requirements for Salesperson and Broker Licenses

Under existing law, a person seeking a real estate license must complete a 60-hour pre-license course and take the state exam. Upon passing the exam, salespersons are given a temporary

salesperson license. Salespersons must then take a post-license course before receiving their original salesperson license. There is no professional development course required for applicants for a broker license or temporary salesperson license and there is no requirement for a person to complete a specialty course prior to obtaining an original salesperson license. Before obtaining a temporary salesperson license, this bill would require applicants to take a professional development course (p.16 line 427). This professional development course will replace the current post-license course so the applicant will have more knowledge prior to practicing with their license. This bill would also require a similar course for a broker license (p.23 line 631). It would require a person to complete a 15-hour specialty orientation course in residential sales, commercial sales, property management, new build, or land prior to obtaining an original license (p.21 line 570). This enhanced education will offer more protection for brokers, licensees, and consumers, likely resulting in less license law violations.

9. Transfer of License to New Company

Under current law, the original qualifying broker of a licensee only attests to the character of the licensee upon initial acceptance of their license. Once the licensee moves to a new company, the new broker does not have to attest to this. This bill will require the new qualifying broker to acknowledge to the Commission that in their opinion the applicant is still honest, trustworthy, of good reputation, and the broker accepts responsibility for the actions of the licensee. (p.25 line 677).

10. Requirements for Serving as Qualifying Broker

Under existing law, a person can serve as a qualifying broker as soon as they are licensed as a broker. This bill would require brokers to complete a qualifying broker training provided by the commission, or, if the commission is unable to provide it, to approve other providers to teach it,

and to be actively licensed as a broker for 24 of the last 36 months prior to serving as a qualifying broker (p.24 line 645). A person seeking to serve as a qualifying broker must also satisfy minimum experience requirements that the Commission may adopt by administrative rule. This additional experience will offer more protection for brokers, licensees, and consumers, while increasing the quality of broker supervision, likely resulting in less license law violations.

11. Timeframes

Under existing law, there is not a timeframe specified for notifying the Commission of the change of qualifying broker. Under this bill, they would notify the Commission within 30 days. (p.25 line 695).

12. Bad Checks

Under existing law, it is a disciplinary violation for a real estate licensee to present to the commission, as payment for a fee or fine, a check that is returned unpaid. This bill would remove that violation from the list of disciplinary violations (p.36 line 1008). This bill would cause the license of any real estate licensee, who presents a form of payment to the commission that is declined or rejected by a financial institution or merchant service company, to become inactive, if payment is not made within thirty days, and lapsed, if payment is not made within six months (p.33 line 897). Historically, many well-meaning licensees have violated license law by incorrectly inputting checking account numbers or not recognizing the vendor on their bill and stopping payment. This section will remove that violation while still providing protection for the Commission.