

Indiana Real Estate Commission's Licensure & Education Task Force

License Law Rewrite/Legislative Proposal

December 7, 2011

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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

Enter profession

Become a Broker/Earn a license

- Have a high school diploma or GED – neither required today
- Be 18 years of age – required today
- Take and pass 90 hours of pre-licensing education – 54 hours 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 a combination of current Salesperson and Broker pre-licensing curriculums
- Take state exam
 - With passage, license is assigned to a Managing Broker for a minimum of 2 years
- Once Broker's license is granted, take and pass 30 hours of post-licensing education during first license renewal period – not required today
 - Post-licensing education would be in lieu of CE
 - Education would be focused on the practical matters of real estate transactions
 - First proposal recommended 12-30 hours within the first 12-18 months of licensure in addition to the required CE
 - With adoption of this proposal, Indiana becomes the 25th state with a similar requirement
- After first 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
 - All CE to be tested
 - Task force has suggested curriculum and flexibility for the IREC in keeping topics current and relevant (for Maggie and/or Stacey, not on PPT)

Advance within profession

Become a Managing Broker/Earn a license

- The obligations and duties of a Managing Broker are as follows, requiring this license of sole practitioners and those wishing to be the broker of record
 - Maintain trust accounts and trust account records
 - Maintain company transaction records
 - Supervise all licensees, or Brokers, under your license
 - Facilitate Brokerage relationships – cooperation and communication for the benefit of clients
 - Be knowledgeable and fulfill duties of agency and license laws
 - Be aware of and involved with IREC happenings
 - Stay current on risk management techniques and legal developments
 - Comply with fiduciary responsibilities of business ownership – accounting, P&L, corporate records, minutes, taxes, etc.
 - Supervise all advertising of the firm and independent contractors
- 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 (for Maggie and/or Stacey, not on PPT)
- Fulfill an experience-based requirement – yet to be defined (ex: years in business, number of transactions completed, etc.) (for Maggie and/or Stacey, not on PPT)
- 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 – 4 hours per year will be dedicated to the necessary business/management skills and legal knowledge of a Managing Broker
 - All CE to be tested

- Task force has suggested curriculum and flexibility for the IREC in keeping topics current and relevant (for Maggie and/or Stacey, not on PPT)

Practice commercial real estate

Earn the Non-residential/Commercial endorsement

- Definition: existing non-residential use of property excluding lots and land, and multi-family structures with 4 units or less
- Take and pass the new 16-hour Commercial pre-endorsement course
 - Task force has suggested curriculum (for Maggie and/or Stacey, not on PPT)
- Once pre-endorsement course is complete, take 36 hours of CE over a 3-year license renewal period with a minimum of 12 specific hours per year
 - This proposal recommends the same amount of CE for all real estate practitioners, but focused for relevancy
 - 4 of the 12 hours per year will be devoted to commercial real estate topics
 - If practitioner is also a Managing Broker, then 4 CE hours per year will be dedicated to the necessary business/management skills and legal knowledge of a Managing Broker
 - All CE to be tested

Transition

Current Salesperson to Broker

- Complete and pass all 24 hours of the current mandatory Broker curriculum over a 2-year period after the current license renewal deadline of June 30, 2012
 - Upgrade will satisfy the CE requirements of the first license renewal period
 - First proposal recommended the current mandatory Broker curriculum in addition to CE
- License will become inactive if upgrade is not pursued by June 30, 2014
- License will expire as of July 1, 2014; completion and passage of the 24-hour current mandatory Broker curriculum will be necessary to reinstate
- Once a 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
 - 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
 - All CE to be tested
 - Task force has suggested curriculum and flexibility for the IREC in keeping topics current and relevant (for Maggie and/or Stacey, not on PPT)

Current Broker to Broker

- Current Brokers will automatically become Brokers under this proposal
- After current license renewal deadline of June 30, 2013, 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
 - 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
 - All CE to be tested

- Task force has suggested curriculum and flexibility for the IREC in keeping topics current and relevant (for Maggie and/or Stacey, not on PPT)

Current Managing or Principal Broker to Managing Broker

- The obligations and duties of a Managing Broker are as follows, requiring this license of sole practitioners and those wishing to be the broker of record
 - Maintain trust accounts and trust account records
 - Maintain company transaction records
 - Supervise all licensees, or Brokers, under your license
 - Facilitate Brokerage relationships – cooperation and communication for the benefit of clients
 - Be knowledgeable and fulfill duties of agency and license laws
 - Be aware of and involved with IREC happenings
 - Stay current on risk management techniques and legal developments
 - Comply with fiduciary responsibilities of business ownership – accounting, P&L, corporate records, minutes, taxes, etc.
 - Supervise all advertising of the firm and independent contractors
- Satisfy current CE requirements by license renewal deadline of June 30, 2013
- Current registered Principal Brokers automatically become Managing Brokers under this proposal
- Current Brokers acting as Managers may either take and pass or test out of the new 24-hour Broker Management course to become a Managing Broker – this must be done by June 30, 2014
 - If current Brokers acting as Managers elect to take the course, those hours may be applied to the CE requirements of the June 30, 2013, license renewal deadline
- Once a current Principal Broker or Broker acting as a Manager has transitioned to a Managing Broker, a new 3-year license renewal period begins July 1, 2014, with the same CE requirement as a Managing Broker who entered the profession under this proposal: take 36 hours 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 – 4 hours per year will be dedicated to the necessary business/management skills and legal knowledge of a Managing Broker
- All CE to be tested
- Task force has suggested curriculum and flexibility for the IREC in keeping topics current and relevant (for Maggie and/or Stacey, not on PPT)

Commercial Practitioner to Commercial Practitioner/Earn the Non-residential/Commercial endorsement

- Definition: existing non-residential use of property excluding lots and land, and multi-family structures with 4 units or less
- Take and pass the new 8-hour Commercial pre-endorsement course
 - 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, or if they hold a CCIM or SIOR designation
 - Task force has suggested curriculum (for Maggie and/or Stacey, not on PPT)
- Once pre-endorsement course is complete, take 36 hours of CE over a 3-year license renewal period with a minimum of 12 specific hours per year
 - This proposal recommends the same amount of CE for all real estate practitioners, but focused for relevancy
 - 4 of the 12 hours per year will be devoted to commercial real estate topics
 - If practitioner is also a Managing Broker, then 4 CE hours per year will be dedicated to the necessary business/management skills and legal knowledge of a Managing Broker
- All CE to be tested

BPO endorsement:

Amended proposal deletes BPO endorsement