

2019 HOUSE INDUSTRY, BUSINESS AND LABOR COMMITTEE

HB 1281

2019 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1281
1/16/2019
30938

- Subcommittee
 Conference Committee

Committee Clerk: Ellen LeTang

Explanation or reason for introduction of bill/resolution:

Required number of continuing education hours for a real estate sales person.

Minutes:

Attachment 1, 2, 3, 4, 5, 6, 7

Chairman Keiser: Opens the hearing on HB 12891.

Chairman Beadle~District 27: Introduces HB 1281. We were looking at our licensure procedure & we came up with some questions. This puts us closer with Minnesota where we deal with reciprocity. Increasing the hours will help with the reciprocity. It set at 90 hours to take the test.

3:40

Rep Laning: We received criticism from people coming into the state having worked in another state, continuing their profession. Do you feel this would encumber those people coming in?

Chairman Beadle: No, the adjustment isn't changing the goal post.

Rep Ruby: I have a problem & that is, the one size fits all. Isn't there a way for the people who wants the reciprocity could work towards a license that would qualify?

Chairman Beadle: I agree with you, but in this case dividing this up, makes it cumbersome. We are looking for consistency across the board.

Vice Chairman Lefor: Section 2, it's effective on January 1, 2021, why is that?

Chairman Beadle: We are currently having people going through the licensing now, we don't want to move goal post on them now. Also, we have people who have completed their 45 hours & in their 1 year active 16 hours. Going to 2121, all the people currently going through the process to be able to finish under the guideline & perimeters.

Rep Richter: Can you do on line for the courses.

Chairman Beadle: Certainly, some do it on line.

Rep Richter: It can take someone long or a short time to complete the extra hours.

Chairman Beadle: That is correct. You can speed through them online.

Rep Kasper: What is the Minnesota licensure hourly requirement?

Chairman Beadle: 90 hours.

Rep Kasper: This is a problem that you & brokers in the east side of ND & are trying bring everyone up to a higher standard. Wouldn't it be simpler, if you wanted to do business in Minnesota, do the 90 hours on your own & leave the current hourly standards alone?

Chairman Beadle: Some others can speak on this better.

Rep Kasper: The training begins with on the job, why can't we do the training on the job? There is so much book learning that you can do. The training begins when they are on the job. Why wouldn't we allow that type joint training with a broker as opposed to the book learning.

Chairman Beadle: The experience in the field certainly matters. The premium-licensing hours are for teaching the law. We need to make sure what they are doing in the front end.

Rep Kasper: So what you are saying, for the last 20 years, our brokers are not trained enough.

Chairman Beadle: That's not what I'm saying. The laws are continually changing & adding more responsibility under the agents. They can't get all the education in the time that they need. We are raising the bar for operating to carry out by law.

Rep Schauer: Veterans, do they have to go back.

Chairman Beadle: No, it's for the new licensee.

Rep Adams: I understand the point; the agents need to know the law.

Chairman Beadle: Your correct.

Rep Louser: This bill has nothing to do with continuing education.

Kristin Oban~Premium-Licensing Task Force Chair for ND Association of Realtors:
Attachment 1.

26:50

Rep M Nelson: What is the rate of people passing the licensing test?

Kristin Oban: About 29%. They can take it 3 times.

Rep Schauer: You said the number one danger is marginal agents & how is that dangerous?

Kristin Oban: They are untrained, unethical and/or incompetent due to the low barriers. This is about increasing the professional development.

Rep Schauer: Do you need the state to help you to mandate that?

Kristin Oban: That is the rule right now that we have to go before the legislature.

Chairman Keiser: You do not want to take a bill to the floor to increase hours unless you have good justification. Is this a national test that you take?

Kristin Oban: First you have to go through the premium-licensing course. Then pass the test at 70% in order to be able to take the state & national test.

Chairman Keiser: Is the 29%, federal, state or combination?

Kristin Oban: The combination.

Rep Richter: If they are licensed in Texas, comes to ND, do they automatically licensed or do they have to take a ND test?

Kristin Oban: They do not automatically get their license. Texas is the highest which is 240 hours is what they require.

Chairman Keiser: Reciprocity, why can't you take the 90 hours, drive across to Minnesota & get a license.

Kristin Oban: I don't know, there are somethings the same & some not. I have letter from different agents. Attachment 2.

Desri Neether~Board member of the ND Association of Realtors, President of the Bismarck/Mandan Board of Realtors & Sales manager at NextHome Legendary Properties in Bismarck: Attachment 3.

38:15

Rep Ruby: I like the testing. Twice that the danger report has brought to us in testimony. It more at the national lever. I haven't heard of any incidences of unethical or properly not doing their job. Why does it need to be so necessary?

Desri Neether: When they are doing their 1st contract, were they fully prepared & did they know what they were doing. Every single one of them said, I was scared out of my mind & I had no clue to what I was doing. They didn't have the skill or the training or the education to know what to do.

Rep Ruby: Did they do something or was that the incompetency is a problem.

Chairman Keiser: Did their actions result in law suits or they messed up.

Desri Neether: Can I defer that question.

Rep Louser: They would have to misrepresent. 45 hours are not enough.

Rep Bosch: What are the hiring requirements?

Desri Neether: It's up to each broker.

Rep Laning: Does your training go into the ethics in the pre-licensing?

Chairman Keiser: What are the hours for Minnesota?

Desri Neether: I don't know.

Judy Maslowski~Director on the Bismarck/Mandan Board of Realtors, Director on the ND Association of Realtors (NDAR) & Served on the Premium-Licensing Task Force for NDAR: Attachment 4.

50:55

Chairman Keiser: How much does it cost to take the course?

Judy Maslowski: About \$700

Nathan James Seifert~Newest practicing agent at Bianco Realty: Attachment 5.

53:00

Rep M Nelson: You have been through a lot of different licensing. Here we are talking about 45 versus 90. How much time it would take to adequately train someone?

Nathan Seifert: 90 hours is low.

Rep Adams: How many hours after you get your license, that you realized that you needed training on the job. What would be the cumulative hours for your training?

Nathan Seifert: I'm still training & can't put a number on that.

Heidi Hilzendeger~Member of the ND Association of REALTORS, Director on the Bismarck/Mandan Board of REALTORS & a licensed REALTOR with NexHome Legendary Properties: Attachment 6.

56:30

Jeanne Prom~Executive Director of the ND Real Estate Commission: Attachment 7.

1:01:45

Rep Laning: Is ethics part of the training?

Jeanne Prom: Yes, it's definitely in the book.

Rep M Nelson: Are there any providers that have taken the task that they really can't support people on 45 hours or do they offer a suggested course that has more training than the minimum?

Jeanne Prom: To my knowledge that hasn't occurred.

Rep M Nelson: The danger report, you're saying that ND should rise up to the other level of the inadequate states. They didn't write that report of ND. Is this adequately helping in our training in agents?

Jeanne Prom: This is one piece that is needed & it's very important. It's on going education.

Rep Richter: Someone who is licensed in another state & they come to ND, are they subject to the 90 hours?

Jeanne Prom: If they are licensed in another state, they can petition to be licensed. There are options. There are three states that we have reciprocity, Minnesota, Georgia & Iowa. It has to be agreed mutually between the two states.

Chairman Keiser: If we do not have reciprocity, do they have to take the state test?

Jeanne Prom: Usually that's the case.

Chairman Keiser: If we go to the double the hours, what will be the price for the course?

Jeanne Prom: At the time, it was not talked about with the providers

Kristin Oban: No, dollar was put on it & every provider has the opportunity to set their own price.

Chairman Keiser: We understand that this will be competitive. This is what I fear with fence building.

Kristin Oban: I don't think that will be an issue, it's not been talked about.

????: The course cost \$695 right not. We are talking about a large amount of money, even if the double it. Passing rate, if we have two years in a row & our passage rate was less than 85%, we would be put on probation. To be fair to the people who are taking these exams, shouldn't we give them the education that they need to be able to pass better than 29%?

Chairman Keiser: I couldn't agree more with you. The 29% passing rate is not positive number.

Chairman Keiser: Anyone else here to testify in support, opposition, neutral? Closes the hearing. What are the wishes of the committee?

Vice Chairman Lefor: Moves a Do Pass.

Rep O'Brien: Second

Rep Ruby: I'm not going to support the do pass. There wasn't any information about the danger of 6th from the bottom in actual issues & problems. As we heard about the continuing education tests. Some are completing those in less times. Maybe it should be adjusted where they spend their amount of time, that is currently in law.

Chairman Keiser: You are all for it, do we have anybody who's not for it? Not one realtor.

Kristin Oben: When the national danger report comes out, our local & state association, take that information & do what we can to make sure that we are bettering our association & agents. Why should we wait until we a problem to make a positive impact & change on our profession?

Chairman Keiser: This is going to be a heavy load, if it goes into the direction, I'm thinking. We've been looking over the boards the pass 6 year. Especially, continuing education hours. One sensitive area is that we are having pushback from the military personal where they are licensed here but can't get reciprocity.

Chairman Keiser: Further discussion?

Roll call was taken on HB 1281 for a Do Pass with 11 yes, 1 no, 2 absent & Rep O'Brien is the carrier.

Date: Jan 16, 2019

Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1281

House _____ Industry, Business and Labor _____ Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar

Other Actions Reconsider _____

Motion Made by Rep Lefor Seconded By Rep O'Brien

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep O'Brien	X	
Vice Chairman Lefor	X		Rep Richter	X	
Rep Bosch	X		Rep Ruby		X
Rep C Johnson	X		Rep Schauer	X	
Rep Kasper	Ab		Rep Adams	X	
Rep Laning	X		Rep P Anderson	X	
Rep Louser	Ab		Rep M Nelson	X	

Total (Yes) 11 No 1

Absent 2

Floor Assignment Rep O'Brien

REPORT OF STANDING COMMITTEE

HB 1281: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (11 YEAS, 1 NAYS, 2 ABSENT AND NOT VOTING).
HB 1281 was placed on the Eleventh order on the calendar.

2019 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1281

2019 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

HB 1281
3/5/2019
Job #33197

- Subcommittee
 Conference Committee

Committee Clerk: Amy Crane and Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

Relating to the required number of continuing education hours for a real estate salesperson; and to provide an effective date.

Minutes:

Attachments: 6

Chairman Klein: Opened the hearing on HB 1281. All members were present.

Representative Louser, District 5: The real estate commission has provided the ability to be pre-licensed and a continuing education instructor. I taught the pre-license course at Minot State. Current law in North Dakota states that pre-license education requirements are 45 hours. After getting licensed, it is an additional 15 hours within your first 365 days of being licensed. This bill proposes to strike the additional 15 hours and just increase the pre-license hours. I think we are one of the lowest pre license requirements in the country. It's very difficult to get through sections of ND Code, and ethics. Being a part of the national association of realtors is a subscription to a code of ethics. It's impossible to get through the entire textbook in 45 hours. You cannot cover everything in the textbook and the North Dakota handbook in 45 hours. They have to pass the national test of 110 questions and another 40 at the state level. It's a coalition of license law officials across the country that meet about once a year to write test questions. I was asked to go do that. The person that ran the meeting had a PhD in test writing. It took two days before they agreed that one of my questions was solid enough to put on the test. The pass – fail rate is pretty poor. If you're fortunate enough to pass and you get the background check successfully completed, the state gives you a license and now you are an expert.

Chairman Klein: How many hours did they have to have?

Representative Louser: They did a 30 hour course to get through the textbook and then they did five, three hour segments to get the additional 15 hours. That amounted to their 45 hours. Within the first year, they take another 15 hours worth of classes.

Chairman Klein: Then you need an additional 60 hours in courses of study?

Representative Louser: This is just for the licensee. You cannot get your broker's license until you have had a sales person license for a minimum of 2 years. I mentioned before that 1250 took over an hour in committee. This bill also took over an hour. If it takes 1 hour to determine if we should change 45 minutes to 90 minutes, how can anyone possible get through 400 pages in 45 hours plus 75 pages of rules, regulations, and laws?

Kristin Oban, Pre/Post Licensing Task Force Chair for the North Dakota Association of Realtors: See attachment #1 for testimony in support of the bill. Kristin also submitted testimony on behalf of individuals who were unable to attend the hearing. See attachment #2.

(13:15) Senator Piepkorn: How much does it cost?

Kristin Oban: The price for each class is up to the instructor. It is anywhere from 450 to 750. The expectation would be to double the price and the amount of hours.

Senator Piepkorn: How is this education received?

Kristin Oban: There are online classes that you can take at your own pace but you have a time frame you have to get it finished in. You can also attend the in classroom classes which are typically two weekends in a row.

Senator Piepkorn: You would need more than 2 weekends if you had 90 hours.

Kristin Oban: It is actually two weekends currently so yes it would need to be changed to 4 weekends.

Senator Piepkorn: People who are getting their license would have that choice of in class or out?

Kristin Oban: Yes. We have a lot of people in rural ND. When I started, there was accredited course and you had to go to Fargo to get that education. Over the years, they implemented the online classes to fit some of those rural people.

Vice Chairman Vedaa: When you get licensed is there a lot of on the job training?

Kristin Oban: You choose a broker. It's up to each brokerage with how they conduct their training.

Senator Piepkorn: Is this an open book test?

Kristin Oban: No.

Chairman Klein: This would start when?

Kristin Oban: When we conducted the services, we asked how much time they would need to implement that change. We had responses anywhere from 3 months to 2 years. The start date would be implemented on January 1, 2021. That would allow the people going through

the education as of now to continue, as well as allow the instructors to increase the number of hours in their curriculum.

Vice Chairman Vedaa: If somebody is coming from another state, are they able to start fairly quickly when they get here?

Kristin Oban: It wouldn't matter where they came from because they would generally be more educated than us. They still have to go through the state test through the real estate commission and it is within a month that they would be able to take that test.

Chairman Klein: I've listened to you folks come in here every session with different continuing ed. requirements. It's good to know we've made a lot of efforts to provide this information through the internet. As I recall there is usually somebody who is unhappy with the way things are moving along. I am glad we have been able to provide that education through the internet.

Senator Kreun: We didn't see a lot of support on 1251 by this group. Is there an issue there?

Chairman Klein: It is just different groups, representing different issues.

Senator Kreun: I was just wondering why there wasn't much comment on the previous bill.

Nathan Seifert, Bianco Realty: Testified in support. See attachment #3 for testimony in support of the bill.

Shane Cullen, Pre-Licensing Instructor, North Dakota Association of Realtors, Vice President of the Fargo-Moorhead Association of Realtors: Testified in favor of the bill. See attachment #4.

Chairman Klein: Could you bring your Minnesota license to North Dakota?

Shane Cullen: Yes. I had to take the ND exams as well. They were able to transfer the national portion of it which is the 30 hours. I then took the 15 additional state specific one.

Judy Maslowski, Director Bismarck Mandan Board of Realtors, Pre-Licensing Task Force for NDAR: Testified in favor of the bill. See attachment #5.

(32:00) Senator Burckhard: Why did it take you so long to get into real estate?

Judy Maslowski: I was a nurse and then I ended up teaching nursing students.

Jeanne Prom, Executive Director North Dakota Real Estate Commission: Testified in support of the bill. See attachment #6.

Vice Chairman Vedaa: Are there quite a few continuing hours to be a real estate agent?

Jeanne Prom: It is 9 hours per year.

Senate Industry, Business and Labor Committee

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March 5, 2019

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Chairman Klein: I know there has been in discussion in other professions that they do reduce continuing hours, but you aren't talking about it are you?

Jeanne Prom: No.

Chairman Klein: Closed the hearing on HB 1281.

2019 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

HB 1281
3/5/2019
Job #33209

- Subcommittee
 Conference Committee

Committee Clerk: Amy Crane and Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

Relating to the required number of continuing education hours for a real estate salesperson; and to provide an effective date.

Minutes:

Attachments: 0

Chairman Klein: Called the committee to order on HB 1281.

Senator Piepkorn: Moved a Do Pass.

Senator Roers: Seconded.

Chairman Klein: Any Discussion?

A Roll Call Vote Was Taken. 6 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Piepkorn will carry the bill.

REPORT OF STANDING COMMITTEE

HB 1281: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1281 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

HB 1281

Chairman Keiser and Members of the Committee, for the record, my name is Kristin Oban and I am currently the Pre-Licensing Task Force Chair for the North Dakota Association of Realtors.

Professionalism and pre-licensing education continue to be topics of conversation in the real estate industry nationwide. The North Dakota Association of Realtors implemented a task force to study pre-licensing and continuing education for Realtors in February of 2017. The goal of the task force was to increase professionalism in Realtors and to ensure that Realtors are considered professionals in the eyes of the consumer. Initially, we aimed to answer four questions: The first question was, "Should the number of pre-licensure hours be increased and why?" That was an easy question to answer: To raise the bar of professionalism in our industry.

A large part of being a professional is being adequately equipped with knowledge and a deep understanding of the fundamentals of real estate including laws, fiduciary duties, contracts, financing, ethics, business, and more. Right now, North Dakota is requiring real estate professionals to have only 45 hours to cover all of these in-depth subjects. I stand before you today because 45 hours is not enough time for a person, regardless of background or former education, to adequately learn about such a broad and encompassing topic as real estate. At minimum, 90 hours should be required in order to afford prospective licensees more instruction to increase understanding of the real estate industry.

The biggest concern when increasing the number of pre-licensing hours is that it may be considered "fence building, gate keeping, or turf building." In other words, the fear is that the industry is trying to keep out prospective licensees or inadvertently limit the number of licensees. This is not true. Ninety hours is still a minimum number of hours when learning an entire new career that involves a consumer's largest purchase. When discussing this perceived obstacle with current agents and asking if 45 versus 90 hours would have kept them from getting licensed, the answer is consistently "No, it would not have stopped me." Increasing the understanding and knowledge of an entry level agent will raise the bar of professionalism and increase knowledge and professionalism in our agents.

The National Association of Realtors issues an annual DANGER report or a "Definitive Analysis of Negative Game Changers Emerging in Real Estate." The #1 danger on their list continues to be "marginal agents." According to this report, there is a knowledge gap due to the unacceptably low barriers of entry [education level] and low continuing education requirements. Most licensed professions such as nurses, teachers and financial advisors require hundreds or thousands of hours of study. But to become a licensed real estate agent in North Dakota, one only needs 45 hours. That is an equivalent to "one week of work" to assist people with perhaps the most intricate and most expensive contractual investment of their lives.

The other three questions that our task force aimed to answer were: What is the right number of hours required for pre-licensure? What would be included in the content of the increased number of hours? and Would the education providers be able to accommodate those hours? To help answer those questions, we developed surveys that were sent to all five pre-licensure education providers that are accredited in the state of North Dakota, as well as all licensees who obtained their license in the previous year (2016).

The task force asked the providers if the current hours are enough to adequately teach the material? If increased, how many hours would you recommend? How long would be needed to prepare for increased hours? Would the current curriculum be expanded or other subjects added?

Responses to these questions included:

"Spending more time on the current material would be a key idea."

"The 30 hour segment to cover 20 chapters is too brisk."

"We have both MN and ND licensees here. There is a difference in business knowledge between the new agents. Not just length of time, but the MN folks have a better knowledge of running a business as well."

"It should be increased...Students want more time. They often express this on our comments."

"45 hours is not enough time."

"The current course requirements can easily be expanded to 90 hours."

"Our owners/brokers/instructors are in favor of the increase in hours. No hesitation at all."

The providers also responded that it could take anywhere from three months to two years to make changes to their current curriculum if the number of hours was changed. They felt that they could add or expand on subjects such as professionalism, marketing, ethics, agency, financing, personal safety, modern means of communication, disclosure, contracts, risk management and representation. One of the current course curriculums outlines 42 subjects. Forty-five hours is just not enough time to adequately cover that material.

For the licensee survey, we asked nine questions, including: 1) Did you feel that the course adequately prepared you to enter the real estate profession? 2) Are there any topics that you feel could have been expanded on? 3) Are there any topics that were not covered that should have been? and 4) Do you think hours should be increased to adequately accommodate the course material?

The new licensees' answers included the following:

"I did realize quickly that 90% of what I actually needed to know was not covered."

"There is so much more that could have helped prepare me."

"So much information in such a short time."

"So much to cover that some of it was skimmed."

"Crammed us with information."

They asked for more education on legalities, contracts, objections, financing, ethics, real life real estate, title processes, advertising regulations, communication, technology, appraisals, commercial, negotiations and practical application. Suggestions from the new licensees for increased hours ranged in general from 50-90 hours, stating that "I would have liked to have had another weekend" and "North Dakota being 45 hours is definitely insufficient."

I have been a Realtor for 17 years. When I obtained my license in 2002, the pre-licensing education requirement was 45 hours. Since then, I have experienced countless changes in our industry – market trends, contracts, federal regulations, community growth, financing, building, technology, increased risk management issues, fair housing and the list goes on and on. All of these and more

have affected our business and the way we conduct it. But the pre-licensure education requirement has stayed the same and it is not enough.

North Dakota is currently the 5th lowest state in the Union for pre-licensing required hours. Our surrounding states require a higher number of hours: Minnesota requires 90 hours, South Dakota requires 116 hours and only broker/broker associate licenses, and Montana requires 60 pre-licensing hours plus what they call a 'Rookie Course' after being licensed. Many states have increased their requirements and it is time North Dakota did the same. If our standards stay too low, we may risk losing reciprocity with our border states. That would negatively impact many of the licensees who hold multiple state licenses because they work around the borders of North Dakota.

Chairman Keiser and Members of the Committee, this is not something that was brought up at the water cooler last week. This bill to increase hours has been years in the making. It is the result of an enormous amount of time invested by many people through meetings, surveys, information gathering and analyzing, and discussion. It is important that potential licensees are being educated thoroughly about the complicated industry of real estate in order to better serve consumers and our North Dakota communities. The first point of contact and opportunity to assist them with that is with the pre-licensing education.

This bill is also a result of our state and local Realtor associations working closely with the North Dakota Real Estate Commission in order to make sure it is in line with their ultimate purpose of protecting the public. After endless hours of research and discussion, the support of an increase in pre-licensure hours was passed unanimously by the ND Association of Realtors Professional Standards Committee, then it passed unanimously by the ND Association of Realtors Board of Directors, and finally, the motion to support this bill was passed unanimously by the ND Real Estate Commission.

Today, I ask this Committee to recommend a DO PASS on HB 1281. Thank you. I would be happy to answer any questions.

January 15, 2019

Mr./Madame Chairman and Committee members,

I first became a licensed real estate agent in North Dakota in February of 2017. In order to fulfill the state requirement of 45 hours of pre-licensing education, I took 2 weekend-long courses in late 2016. I began working as an agent immediately upon receiving my license, and instantly felt unprepared to begin helping people buy and sell real estate. I strongly feel that 45 hours is NOT an adequate amount of time to learn enough to develop a strong foundation to assist individuals with their real estate transactions.

There were many times during our classroom training that other students and I asked for clarification, further explanation, and real-life examples. Although the instructor was kind and informative and tried their best to explain situations more clearly, they often had to hurry along and remind us that we had a lot of material to cover so we couldn't spend too long on one topic. There were many other students that expressed feeling confused and wishing there could have been more time to cover some of the more complicated topics.

When I began to work with my first clients, I felt completely overwhelmed by how much I still had to learn. Besides learning how to use the MLS, Transaction Desk, Supra/eKey, and other pieces of technology essential to our business as agents, I also had to learn more about the lending process, the title work involved, and how appraisals work. A good agent needs to have knowledge of all the various resources available to buyers and sellers and know where to look for zoning, specials, taxes, and flood plain information. The contracts and forms may have been the most overwhelming subject, as I had to learn them well enough to not only fill them out correctly, but also be able to explain them to my clients so they fully understood what they were signing.

I met several other newer agents in my first year. As I got to know them, we began to open up with each other about our experiences. I discovered that I was not alone in feeling our training was not enough; nearly every other agent I spoke with also mentioned that they, too, felt overwhelmed and unprepared to begin working in the real estate industry. Perhaps it is the expectation that we complete the rest of

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Attachment 2
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our training in our brokerages. Unfortunately, the training I received in my previous brokerage was extremely limited and did not fill in the gaps left by my pre-licensing education.

Now that I'm heading in to my third year, I have seen how this lack of knowledge also translates into a lack of professionalism: as new agents are scrambling to learn, they are not leaving showing feedback, connecting clients with all the right resources, following-up with other agents, and filling out documents correctly or in a timely manner. This lack of knowledge and professionalism are a detriment to our industry and have negatively impacted the public perception of Realtors. The simple remedy: increase North Dakota's pre-licensing education requirements.

Sincerely,

A handwritten signature in cursive script that reads 'Jeanne Wurzbacher'.

Jeanne Wurzbacher



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BERKSHIRE HATHAWAY | Premier Properties
HomeServices

January 15th, 2019

To whom it may concern,

On behalf of the North Dakota Association of Realtors. I fully support HB 1281 increasing pre-licensing hours to become a real estate salesperson in North Dakota.

I obtained my real estate license in Colorado where the pre-licensing requirement are 168 hours. In Minnesota the pre-licensing requirement is 90 hours. North Dakota currently is one of the lowest for pre-licensing hours nationally. As a director on the board of directors for NDAR, we want to improve professionalism in our industry and we believe this is a great step in the right direction. Education is always at the forefront of being better at your profession. Our brokerages are in charge of training new licensees but not all brokerages are created equal. With that being said it is crucial that we educate our new licensees further before sending them into the workforce. It is time to take our industry to the next level, we truly believe this starts with our pre-licensing education requirements.

We hope you will see this need and approve this bill. Thank you so much for your time.

Sincerely,

 1.15.2019



**BERKSHIRE
HATHAWAY**
HomeServices
Premier Properties

Amber Carlton, REALTOR® | NDAR Director

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January 16, 2019

HB 1281

Attachment 2

To the House Industry, Business and Labor Committee
Representative George Keiser, Chair

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I am writing this letter in full support of passing HB 1281.

I have been an instructor for pre-licensing education in North Dakota since 2015. Almost immediately after I started teaching, I realized that the students are getting far less out of their education than one would expect a real estate salesperson should. This based on what the many duties of an agent are, the most important of which is that Real Estate Salesperson's facilitate and advise their clients on what is likely to be the biggest financial investment of their lives. It isn't that the course material is insufficient in merit, but that it is insufficient in content. Where there ideally would be more courses geared toward ethics, professionalism, common transaction occurrences, etc., there is a void that has the potential to be detrimental to a new agent entering into a career in real estate.

Prior to obtaining my salesperson's license in North Dakota, I completed 90 hours of pre-licensing courses in Minnesota, and also 15 hours of state specific courses in North Dakota. Having the additional time allowed for many engaging discussions during the courses which were above and beyond what the curriculum required. When I think back on my education, I don't remember learning about the laws and regulations that I was able to study on my own from the course material, but I do remember the "real world" and situational education that was passed down to me by Real Estate Practitioners with years of experience and wisdom to share. There were ample case studies and open discussions that allowed for aspiring agents to be inquisitive and generate further discussion. This led to questions being asked and answered that were not part of a text book or power point slide.

Adding the additional 45 hours not only brings us closer to the national average requirements, but also allows those who write the curriculum to expand on their lessons as well as to broaden the scope of real estate knowledge being passed down to future generations of agents.

Real Estate Salesperson's facilitate and advise their clients on what is likely to be the biggest financial investment of their lives. Allowing these agents to be better prepared by providing more education can only help the homeowners of North Dakota moving forward.

Thank you for your consideration.

Best regards,

Shane Cullen

2018 FM Realtor of the Year

Vice President, FM Realtors

Senior Sales Associate, ABR, BPOR
Park Co. Realtors
28 N 10th St Fargo, ND 58102
Cell: 218.686.5607 - Anytime
www.ShaneCullen.com



HB 1281

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January 15, 2019

Mr./Madam Chairman and Committee Members,

I am writing in support of the ND House Bill NO. 1281 to increase the required prelicensure hours for a real estate applicant from forty-five hours to ninety hours.

As a broker/owner of a real estate company I do not believe newly licensed agents in the state of North Dakota receive a thorough education in the current 45-hour pre-licensure courses. I complete extensive training at our brokerage for newly licensed agents for a period of six months after they receive their license with an estimated 70-75 hours. The training includes real estate forms, MLS rules and regulations, systems, NAR Code of Ethics, marketing, ND & MN license law, and transaction-based training.

As a brokerage serving a border city, I train both Minnesota and North Dakota residents. Minnesota residents receive 90 hours of education and North Dakota residents receive 45 hours. It is my experience that Minnesota agents come in with a better understanding of contract forms and the legalities of a real estate transaction. Most newly licensed North Dakota agents I have trained feel ill-equipped to start listing and selling real estate at the completion of their pre-licensure courses and are eager for additional real-world training. It is my understanding that most brokerages do not complete as extensive training as we do once an agent is licensed. I believe it is the responsibility of the state to protect the consumer and ensure licensees within the state are qualified and well-educated.

I developed a current ND 45-hour pre-licensure course and worked with a small team to develop an approved Professionalism Course for the Fargo-Moorhead Area Association of Realtors. I fully understand the need for additional real estate training and support House Bill NO 1281.

Sincerely,

GLORIA PALM CONNOR | PRESIDENT

OFFICE: 701.540.5161 | CELL: 701.261.5972

Home address: 733 Ryan Road, Mapleton, ND 58059

Office address: 4725 Amber Valley Parkway, Fargo, ND 58104

January 16, 2019

HB 1281

Attachment 2

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To the House Industry, Business and Labor Committee
Representative George Keiser, Chair

I am writing this letter in full support of passing HB 1281.

I have been an instructor for pre-licensing education in North Dakota since 2015. Almost immediately after I started teaching, I realized that the students are getting far less out of their education than one would expect a real estate salesperson should. This based on what the many duties of an agent are, the most important of which is that Real Estate Salesperson's facilitate and advise their clients on what is likely to be the biggest financial investment of their lives. It isn't that the course material is insufficient in merit, but that it is insufficient in content. Where there ideally would be more courses geared toward ethics, professionalism, common transaction occurrences, etc., there is a void that has the potential to be detrimental to a new agent entering into a career in real estate.

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Real Estate Salesperson's facilitate and advise their clients on what is likely to be the biggest financial investment of their lives. Allowing these agents to be better prepared by providing more education can only help the homeowners of North Dakota moving forward.

Thank you for your consideration.

Best regards,

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TESTIMONY IN FAVOR OF HB 1281
JANUARY 16, 2019
INDUSTRY, BUSINESS & LABOR COMMITTEE

Chairman Keiser and Members of the Industry, Business & Labor Committee, for the record, my name is Desri Neether. I am currently a board member of the North Dakota Association of REALTORS®, President of the Bismarck/Mandan Board of REALTORS® and to fully disclose, I am the sales manager at NextHome Legendary Properties in Bismarck for Representative Scott Louser.

I have been a full-time REALTOR® for 5 1/2 years. I have a Doctorate of Pharmacy degree from North Dakota State University and have been a licensed pharmacist for 14yrs. I am passionate about education and through my pharmacy background understand the need for education & experience when preparing for licensing of any profession, and specifically today as a real estate agent.

Currently, North Dakota has one of the lowest pre-licensing requirements in the nation at 45 pre-licensing hrs. As a comparison, Minnesota's prerequisite hours for pre-licensure are 90hrs, SD is 116hrs, and MT is 60hrs with an additional required "Rookie Class". On a separate note, licensed appraisers, who are in our industry, require 150hrs of board approved real estate qualifying education AND an additional 2000hrs of applicable experience. In ND, the pass rate average on both state & national tests is 29.5%. To me, this percentage is very concerning and alarming. It tells me that those taking the test are ill-prepared.

The National Association of Realtors stated in its DANGER report, the real estate industry is saddled with a large number of misguided and/or ill-prepared agents. To a large degree, these agents are deficient in the following areas and difficult situations often times sprout from these areas of deficiencies:

- Exhibiting ethical behavior in their practices
- Conveying product knowledge to other people
- Communicating effectively with other people

As a sales manager at NextHome, I train the agents who start at our office. Because it is impossible to provide enough content within 45 hr of education I will spend months training our new & experienced agents on proper practices. Agents need to be better educated starting from the beginning of the process.

I am in favor of House Bill 1281 as it is designed to provide licensees the knowledge & skills essential to the practice of real estate and produce successful real estate agents with the professional competencies necessary to enter into the practice.

Thank You!

Testimony in Support of HB 1281
House Industry, Business and Labor Committee

Chairman Keiser and Members of the Industry, Business & Labor Committee, for the record, my name is Judy Maslowski, and I have been a licensed Realtor for almost 12 years. I was a Director on the Bismarck Mandan Board of Realtors for 3 years and a Director on the ND Association of Realtors (NDAR) for 3 years and also served on the Pre-Licensing Task Force for NDAR. Prior to being a Realtor, I was a Nursing Professor for almost 30 years. I am here to testify in support of HB 1281.

I have many reasons I support the increase of pre-licensing requirements:

ND has one of the lowest amounts of hours required for licensure, not something to be proud of. All the surrounding states require at least 90 hours, with Minnesota requiring 90 hours, SD requires 116, and Montana has 60 plus another course required for new licensees. Many of our Realtors live in border cities and have dual licensure in those border states as well. Reciprocity may become a concern.

Real estate is one of the largest purchases people make and it involves many legal ramifications and knowledge of contract law. As an educator for most of my life, I value education and preparation for a career. A 45 hour course, whether in a classroom or online, barely scratches the surface with the knowledge needed for this profession. I have been asked if just increasing the continuing education hours after licensure would suffice. I don't believe it will. I taught Nursing students from their 1st year up to their Sr. year. I know that laying a foundation is one of the most important steps to build on. Throwing an inexperienced person into the workplace, no matter what profession is always ill advised. I believe that by increasing the hours, we would be able to incorporate some practicum and real life experiences. Marginal agents and lack of Professionalism have been identified as the biggest threat to the Real Estate Profession. Professionalism is learned through observation and modeling much more than through a textbook.

I am going to share the requirements for some other professions that require licensure for practice. By no means do I want to imply these are not important professions, but they don't require knowledge of legal contracts and involve all the education Realtors should be providing to clients:

Cosmetologists in ND are required to have 1800 hrs, Barbers and hairstylists need 1500 hrs., estheticians need 600 hours, and nail technicians 350 hours.

Massage therapists require a minimum of 750 didactic hours with a minimum of 300 hours of practicum. In their curriculum they require 12-30 hours of professional ethics and 30 hours of business practice.

Appraisers are required to have 3,000 hours of appraisal experience in less than 2 ½ years and are required to complete 42 hours of continuing ed every 3 years; so 14 hours per year.

Other professionals who may be involved with writing real estate contracts include paralegals and attorneys. Paralegals need a minimum of an associate degree with at least 60 semester hours; 1 semester hour equals about 15 actual hours, so this equates to 900 actual hours. Of course to be an attorney requires a doctorate, so at least 7-8 years of college.

I could go on with numerous other careers but hopefully these illustrations show that to increase our required hours to 90 is not out of line with other careers. When one considers the responsibility that Realtors have, the knowledge we need to educate clients and handle all the legal contracts, I believe this is common sense. I recommend a "Do Pass" on HB 1281. Thank you for your consideration.

Judy Maslowski
Bianco Realty
701-224-1100
701-400-7516

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TESTIMONY IN FAVOR OF HB 1281
JANUARY 16, 2019
INDUSTRY, BUSINESS, & LABOR COMMITTEE

Chairman Keiser and Members of the Industry, Business & Labor Committee, for the record my name is Nathan James Seifert. I am originally from Bismarck and am one of the newest practicing agents at Bianco Realty.

To give a little background on myself, my Real Estate Salesperson License was granted to me by the North Dakota Real Estate Commission on October 26th 2018, I've been a REALTOR® for 2 ½ months, but I do have some prior experience in the industry. I had spent several years in banking and finance; also I own an income property currently. Real Estate is my passion and I knew it was going to be my career when I enrolled in required training course. Real Estate is currently the only profession I'm involved in, but I do have a Bachelor of Science degree in Finance and previously worked in that industry for over 10 years. My role in the finance industry evolved and changed a lot throughout my career, often times requiring new training and more formal education. I currently hold 3 different securities licenses and 1 insurance license of which required countless hours of studying with over 12 hours of actual test taking.

I have realized that training and education are extremely important in a lot of industries. Through my background in the finance and securities industry I have learned that it is absolutely vital in others. I believe Real Estate is one of those industries, because the impact we can have on a client's life and the life of their families is monumental. The amount of power given to new agents can certainly affect their client's livelihood. I believe we owe it to our customers and our clients, to be better trained and educated to be great at what we do. Thank you.

Nathan James Seifert
Bianco Realty Inc.
nate@biancorealty.com
701-527-0813

HB 1281

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Page 1

Chairman Keiser and Members of the Industry, Business & Labor Committee, for the record, my name is Heidi Hilzendeger. I am currently a member of the North Dakota Association of REALTORS, Director on the Bismarck Mandan Board of REALTORS, and a licensed REALTOR with NextHome Legendary Properties under Representative Scott Louser.

I have been licensed by the state of North Dakota since August 2012. When I was first licensed I couldn't believe that I was advising the public how to spend hundreds of thousands of dollars on what is their biggest purchase of their lives! I felt that I was unprepared for the responsibility that I was given.

I am very passionate about seeking additional education and have attended seminars, watched webinars and listened to hundreds of hours of additional continuing education hours these past 6 and a half years.

I recently completed course work to obtain a Real Estate Broker's License in the state of Arizona. Pre-Licensure in Arizona is 90 classroom hours and Brokers License is also 90 classroom hours. The state of Arizona allows a licensed real estate agent from another state who has practiced real estate full time 3 out of the last 5 years to take the Broker's classes without taking the state pre-licensure courses.

Starting the Broker's Classes in Arizona was eye opening. The course work was quite challenging and even though was presented in class very thoroughly, I spent many hours outside of the classroom studying so that I wasn't behind. Often it was frustrating, as I really should already know most of what I was studying, other than the local state portion of the materials.

For my North Dakota license, I completed the online 45 hour course through University of North Dakota. I had to retake the test a second time to pass. For the Arizona license I completed 90 hours of classroom work along with 9 hours of Broker Management Clinic and passed my exam on the first try!

For the future of this industry I urge a do pass on House Bill 1281.



North Dakota Real Estate Commission
1110 College Dr Ste 207
Bismarck ND 58501-1207
ndrec@nd.gov

Page 1

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HB 1281

Testimony in support of House Bill 1281 – 90 hours for real estate pre-licensure education

House Industry, Business and Labor Committee
Representative George Keiser, Chair
2 p.m., January 16, 2019

Good afternoon, Mr. Chairman and members of the House Industry, Business and Labor Committee. I am Jeanne Prom, executive director of the North Dakota Real Estate Commission.

The N.D. Real Estate Commission:

- **urges a Do Pass on House Bill 1281 as written.**
- is the regulatory commission that licenses and disciplines real estate practitioners in North Dakota in order to protect the public.
- reviews and approves all education provided to real estate licensees or real estate license applicants – pre-licensure, post-licensure, and continuing education.
- participated in the task force to review and recommend changes to the current pre-licensure education requirements (NDCC § 43-23-08.4).
- will be ready to implement the changes to provide this level of education beginning January 1, 2021.

Thank you for your thoughtful consideration of this important change. I am available for your questions and comments.

Members of the North Dakota Real Estate Commission are: Roger Cymbaluk, Chair; Scott Breidenbach, Vice Chair; members: Sandra Meyer, Steven Bitz, Diane Louser. Staff: Jeanne Prom, executive director.

NATIONAL SALESPERSON PORTION

The National Salesperson Examination is based upon seven major content areas. Each of the content areas is briefly described below. The National Salesperson Examination is composed of 100 questions that are used to compute your score. In addition to the questions used to compute your score, the examination may include five questions that are being "pretested" for use in future versions of these examinations. These pretest questions are not identified, and your answers to them do not affect your score.

National Salesperson Portion	
Topic	Number of Questions
1. Agency Relationships and Contracts	28
2. Real Property Ownership/Interest	13
3. Finance	14
4. Real Property	14
5. Marketing Regulations (purchase and rental)	10
6. Property Management	8
7. Real Estate Calculations	13

STATE SALESPERSON PORTION

The examination content outline for the state portion of the examination has been approved by the North Dakota Real Estate Commission. This portion tests knowledge areas that are required specifically for the North Dakota real estate professional, as described by the current version of the North Dakota Real Estate Commission Real Estate License Law and Rules and Regulations booklet. There are 40 questions in this portion of the examination that are used to compute your score. In addition to the questions used to compute your score, the examination may include five questions that are being "pretested" for use in future versions of these examinations. These pretest questions are not identified, and your answers to them do not affect your score.

State Salesperson Portion

- I. Duties and Powers of the Real Estate Commission
 - A. General Powers
 - B. Investigations, Hearings, and Appeals
 - C. Sanctions; License Suspension and Revocation, Misdemeanor
 - D. Examination of Records
- II. Licensing Requirements
 - A. Types of Licensing: Real Estate Salesperson, Real Estate Broker, Broker Associate
 - B. Activities Requiring a License; Reciprocity
 - C. License Renewal
 - D. Change in License
 - E. Education: Continuing Education, Broker Prelicensing, Salesperson Prelicensing
- III. Statutory Requirements Governing the Activities of Licensees
 - A. Advertising
 - B. Broker/Salesperson Relationship; Broker Supervision of Salespersons
 - C. Commissions
 - D. Disclosure/Conflict of Interest
 - E. Preparation and Handling of Offers and Other Documents
 - F. Listings
 - G. Licensee/Public Responsibility
 - H. Cooperative Transactions
 - I. Code of Ethics
- IV. Additional Topics
 - A. Statutory Requirements Governing Subdivided or Out-of-State Land Sales (Registration Requirements, Disclosure Requirements)
 - B. Real Estate Education, Research, and Recovery Fund

Taking the Salesperson Examination

The computer monitors the time you spend on the examination. The examination will terminate if you exceed the time allowed. You may click on the Time box in the lower right portion of the screen to monitor your time. A digital clock indicates the time remaining for you to complete the examination. The Time feature may be turned off during the examination.

Only one examination question is presented at a time. The question number appears in the lower right portion of the screen. Choices of answers to the examination questions are identified as A, B, C or D. You must indicate your choice by either typing in the letter in the response box in the lower left portion of the computer screen or clicking in the option using the mouse. To change your answer, enter a different option by typing in the letter in the box or by clicking on the

Chairman Klein and Members of the Committee, for the record, my name is Kristin Oban. I have been a licensed Realtor in the State of ND and a member of the National, State and Bismarck/Mandan Associations for 17 years. I have held many positions throughout the years at the local and state association levels, including President of the Bismarck/Mandan Board of Realtors and I am currently a board member and the Pre/Post Licensing Task Force Chair for the North Dakota Association of Realtors.

Every year, our local and state leadership meet to develop a strategic plan for the coming year during which time, we talk about strengths and challenges, opportunities and threats to our industry and communities. Professionalism and education continue to be topics of conversation in our association and in the real estate industry nationwide. As a result, the North Dakota Association of Realtors implemented a task force in February of 2017. The goal of the task force was to increase professionalism in Realtors and to ensure that Realtors are considered professionals in the eyes of the consumer. With regard to the pre-licensing education, we aimed to answer four questions: The first was, "Should the number of pre-licensure hours be increased and why?" The easy answer was, "Yes- to raise the bar of professionalism in our industry."

A large part of being professional is being adequately equipped with knowledge and a deep understanding of the fundamentals of real estate including laws, fiduciary duties, contracts, financing, ethics, business, and more. Currently, North Dakota is requiring real estate professionals to have only 45 hours to cover all of these in-depth subjects. I stand before you today because 45 hours is just not enough time for a person, regardless of background or former education, to adequately learn about such a broad and encompassing topic as real estate. At minimum, 90 hours should be required in order to afford prospective licensees more instruction to increase understanding of the real estate industry.

The biggest concern when increasing the number of pre-licensing hours is that it may be considered as "fence building, gate keeping, or turf building." In other words, the fear is that the industry is trying to keep out prospective licensees or inadvertently limit the number of licensees. This is simply not true. Ninety hours is still a minimum number of hours when learning an entire new career that potentially involves a consumer's largest purchase. When discussing this perceived obstacle with current agents and asking if 45 versus 90 hours would have kept them from getting licensed, the answer is consistently, "No, it would not have stopped me." Increasing the understanding and knowledge of an entry level agent will raise the bar of professionalism and increase knowledge and professionalism in our agents. Most licensed professions such as nurses, teachers and financial advisors require hundreds or thousands of hours of study. But to become a licensed real estate agent in North Dakota, one

only needs 45 hours. That is an equivalent to 'one week of work' to assist people with perhaps the most intricate and most expensive contractual investment of their lives.

The other three questions that our task force aimed to answer were: What is the right number of hours required for pre-licensure? What would be included in the content of the increased number of hours? And would the education providers be able to accommodate those hours? To help answer those questions, we developed surveys that were sent to all five pre-licensure education providers that are accredited in the state of North Dakota, as well as all licensees who obtained their license in the previous year (2016).

Rather than go through those during this time, I have provided you with some of the questions that were asked each group as well as many of the responses that were given. You can find those at the end of my testimony for your review. The overwhelming response from both groups was that there is too much information that needs to be covered in such a short amount of time and that the course requirements can easily be expanded to 90 hours.

When I obtained my license in 2002, the pre-licensing education requirement was 45 hours. Since then, we have experienced countless changes in our industry – market trends, contracts, federal regulations, community growth, financing, building, technology, increased risk management issues, fair housing and the list goes on and on. All of these and more have affected our business and the way we conduct it. But the pre-licensure education requirement has stayed the same.

North Dakota is currently the 5th lowest state in the Union for pre-licensing required hours. Our surrounding states require a higher number of hours: Minnesota requires 90 hours, South Dakota requires 116 hours and only broker/broker associate licenses, and Montana requires 60 pre-licensing hours plus what they call a "Rookie Course" after being licensed. Many states have increased their requirements and it is time that North Dakota does the same. If our standards stay too low, we may risk losing reciprocity with other states. That would negatively impact many of the licensees who hold multiple state licenses- not only with our border states, but with many states across the country. In ND, the pass rate average for state and national tests is 29.5%. That percentage is concerning and tells me that those taking the test are ill-prepared. We were asked previously about the pass rate of our border states. I don't believe we ever received a response from Montana or Minnesota, however, we did learn that the pass rate for SD is 60%. Again, SD requires 116 hours and only broker/broker associate licenses.

Chairman Klein and Members of the Committee, this is not something that was brought up at the water cooler last week. This bill to increase hours has been years in the making. It is a result of an enormous amount of time invested by many people through meetings, surveys, information gathering and analyzing, and discussion. It is important that potential licensees are

being educated thoroughly about the complicated industry of real estate in order to better serve consumers and our North Dakota communities. The first point of contact and opportunity to assist them with that is with the pre-licensing education.

This bill is also a result of our state and local Realtor associations working closely with the North Dakota Real Estate Commission, which is our governing body, in order to make sure it is line with their ultimate purpose of protecting the public. After endless hours of research and discussion, the support of an increase in pre-licensure hours was passed unanimously by the ND Association of Realtors Professional Standards Committee, then it passed unanimously by the ND Association of Realtors Board of Directors, and finally, the motion to support this bill was passed unanimously by the ND Real Estate Commission.

Today, I ask this Committee to recommend a DO PASS on HB 1281. Thank you. I would be happy to answer any questions that you have.

Survey Questions and Responses

The task force asked the providers if the current hours are enough to adequately teach the material? If increased, how many hours would you recommend? How long would be needed to prepare for increased hours? Would the current curriculum be expanded or other subjects added?

Responses to these questions included:

"Spending more time on the current material would be a key idea."

"The 30 hour segment to cover 20 chapters is too brisk."

"We have both MN and ND licensees here. There is a difference in business knowledge between the new agents. Not just length of time, but the MN folks have a better knowledge of running a business as well."

"It should be increased...Students want more time. They often express this on our comments."

"45 hours is not enough time."

"The current course requirements can easily be expanded to 90 hours."

"Our owners/brokers/instructors are in favor of the increase in hours. No hesitation at all."

The providers also responded that it could take anywhere from three months to two years to make changes to their current curriculum if the number of hours was changed. They felt that they could add or expand on subjects such as professionalism, marketing, ethics, agency, financing, personal safety, modern means of communication, disclosure, contracts, risk management, and representation. One of the current course curriculums outlines 42 subjects. Forty-five hours is just not enough time to adequately cover that material.

For the licensee survey, we asked nine questions, including: 1) Did you feel that the course adequately prepared you to enter the real estate profession? 2) Are there any topics that you feel could have been expanded on? 3) Are there any topics that were not covered that should have been? And 4) Do you think hours should be increased to adequately accommodate the course material?

The new licensees' answers included the following:

"I did realize quickly that 90% of what I actually needed to know was not covered."

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"There is so much more that could have helped prepare me."

"So much information in such a short time."

"So much to cover that some of it was skimmed."

"Crammed us with information."

They asked for more education on legalities, contracts, objections, financing, ethics, real life real estate, title processes, advertising regulations, communication, technology, appraisals, commercial, negotiations and practical application. Suggestions from the new licensees for increased hours ranged in general from 50-90 hours, stating that "I would have like to have had another weekend" and "North Dakota being 45 hours is definitely insufficient."

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Jill Beck <jill@ndrealtors.net>



Pre-licensing Course

message

Theresa Halvorson <thalvo2814@aol.com>
To: jill@ndrealtors.com

Mon, Feb 4, 2019 at 8:01 AM

Hi Jill,
I thought I would reach out to you in case my comments and thoughts will have any impact on the discussions taking place in regards to increasing the hours for pre-licensing. I have been teaching for over 8 years now, and it is a common theme with each class that the many students would appreciate more hours. For a student that does not have any real estate background the fundamentals (such as ownership, estates, deeds, liens, and agency) are complex terms that are difficult to understand. I do have evaluations that are completed after each class and I often get feedback that says it is too much information in a short time.

I would advocate for any amount of increased hours so that we can go more in depth with the materials. I believe that many students memorize the terms in order to pass the test without an understanding on how the terms apply to real world.

In order to serve the public, which I feel includes the students as well as future clients, increasing the hours to provide a more solid educational base only makes sense.

Please feel free to reach out to me if you have any thoughts or questions.

Have a great day!!

Theresa Halvorson, Owner and Instructor
On Going Education

HB 1281 – Prelicensure Hours

Chairman Klein and Members of the Industry, Business and Labor Committee, for the record, my name is Gloria Palm Connor. I am currently a member of the North Dakota Association of REALTORS® serving on the Government Affairs and Professional Development Committees for NDAR. I also serve on the Fargo-Moorhead Area Association of REALTORS® as Director in charge of the Government Affairs committee. I am the Broker and co-owner of Beyond Realty in Fargo.

I am testifying in support of the ND House Bill NO. 1281 to increase the required pre-licensure hours for a real estate applicant from forty-five hours to ninety hours. I believe it is the responsibility of the state to protect the consumer and ensure licensees within the state are qualified and well-educated.

As a broker/owner of a real estate company I do not believe newly licensed agents in the state of North Dakota receive a thorough education in the current 45-hour pre-licensure courses. I complete extensive training at our brokerage for newly licensed agents for a period of six months after they receive their license with an estimated 70-75 hours. The training includes real estate contract forms, MLS rules and regulations, systems, NAR Code of Ethics, marketing, ND & MN license law, and transaction-based training.

As a brokerage serving a border city, I train both Minnesota and North Dakota residents. Minnesota residents currently require 90 hours of pre-licensure education, while North Dakota residents only require 45 hours. It is my experience that newly licensed Minnesota agents have a better understanding of contract forms and the legalities of a real estate transaction. Most newly licensed North Dakota agents I have trained feel ill-equipped to start listing and selling real estate at the

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completion of their pre-licensure courses and are eager for additional real-world training. The reality is, most brokerages do not require or provide additional training beyond the pre-licensure courses.

I developed a current ND 45-hour pre-licensure course and worked with a group of Brokers to develop an approved Professionalism Course for the Fargo-Moorhead Area Association of REALTORS®. I fully understand the need for additional real estate education, and I recommend a “Do Pass” on HB 1281.

GLORIA PALM CONNOR | PRESIDENT | Broker

Beyond Realty, Inc.

4725 Amber Valley Pkwy. STE A

Fargo, ND 58104

OFFICE: 701.540.5161 | CELL: 701.261.5972

Chairman Klein and Members of the Industry, Business and Labor Committee, for the record, my name is Jeanne Wurzbacher. I have been a licensed Realtor since February of 2017. I am testifying in support of the ND House Bill 1281 to increase the required prelicensure education hours from 45 to 90.

My perspective on this matter may be different than the others here to testify. As a relatively new agent, I remember the process of getting licensed very well. There were many times during classroom training that other students and I asked for clarification, further explanation, and real-life examples. Although the instructors were kind and informative and tried their best to explain situations more clearly, they often had to hurry along and remind us that we had a lot of material to cover, so we couldn't spend too long on one topic. There were many other students that expressed feeling confused and wishing there could have been more time to cover the more complicated topics.

When I began to work with my first clients, I felt completely overwhelmed by how much I still had to learn. Besides learning how to use the MLS, Transaction Desk, Supra/eKey, and other pieces of technology essential to our business as agents, I also had to gain more in-depth knowledge of title work, appraisals, and lending. I had to find where to access various resources available to buyers and sellers and information on zoning, specials, taxes, and flood plain maps. The contracts and forms may have been the most overwhelming subject, as I had to learn them well enough to not only fill them out correctly, but also, to explain them thoroughly to my clients so they were able to fully understand what exactly they were signing.

I met several other newer agents in my first year. As I got to know them better, I discovered that I was not alone in feeling our training was not enough; they, too, felt overwhelmed and unprepared to begin working in the real estate industry. Perhaps it is the expectation that we complete the rest of our training in our brokerages. Unfortunately, the training I received in my previous brokerage was limited and did not fill the gaps left by my pre-licensing education. Not all brokerages have the same standards and systems for training new agents.

Now that I'm heading into my third year, I have seen how this lack of knowledge also translates into a lack of professionalism: as new agents are scrambling to learn and juggle their responsibilities as an agent, they are not able to provide their clients with the level of service they deserve. Agents without proper training run the risk of not connecting clients with the necessary resources, not filling documents out correctly or in a timely manner, not following up with clients, agents, lenders, appraisers, inspectors, etc., with the necessary urgency, or worst of all, misinforming their clients altogether. This lack of knowledge and professionalism are a detriment to our industry and have negatively impacted the public perception of Realtors.

Increasing our pre-licensing education requirements will help ensure that all agents licensed in North Dakota will have the training necessary to protect and promote our clients' best interests and maintain the high level of integrity and professionalism we wish to be known for.

Today, I ask this Committee to recommend a DO PASS on HB 1281. Thank you.

HB 1281 3/5/19 Att # 3

TESTIMONY IN FAVOR OF HB 1281

March 5, 2019

INDUSTRY, BUSINESS, & LABOR COMMITTEE

Chairman Klein and Members of the Industry, Business & Labor Committee, for the record my name is Nathan Seifert. I am here in favor of Bill 1281. I am one of the newest practicing agents at Bianco Realty here in Bismarck.

To give a little background on myself, my Real Estate Salesperson License was granted to me by the North Dakota Real Estate Commission on October 26th 2018, I've been a REALTOR® for 4 months, but I do have some prior experience in the industry. I had spent several years in banking and finance; also I currently own rental property. Real Estate is my passion and I knew it was going to be my career when I enrolled in required training course. Real Estate is currently the only profession I'm involved in, but I do have a Bachelor's degree in Finance and previously worked in that industry for over 10 years. My role in the finance industry evolved and changed a lot throughout my career, often times requiring new training and more formal education. I currently hold 3 different securities licenses and 1 insurance license of which required countless hours of studying with over 12 hours of actual test taking.

I have realized that training and education are extremely important in a lot of industries. Through my background in the finance and securities industry I have learned that it is absolutely vital in others. I believe Real Estate is one of those industries, because the impact we can have on a client's life and the life of their families is monumental. The amount of power given to new agents can certainly affect their client's livelihood. I believe we owe it to our customers and our clients, to be better trained and educated to be great at what we do. Thank you.

Nathan James Seifert
Bianco Realty Inc.
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701-527-0813

HB 1281 3/5/19 AH#4

Chairman Klein and Members of the Industry, Business & Labor Committee,

For the record, my name is Shane Cullen. I have been a licensed Realtor for 6 years and have been an instructor for pre-licensing education in North Dakota since 2015. I am currently a board member of the North Dakota Association of REALTORS® and Vice President of the Fargo-Moorhead Association of REALTORS®.

Teaching and mentoring new agents has caused me to realize that students are not getting enough out of their pre-license education. It isn't that the course material is insufficient in merit, but that it is insufficient in content. This bill will require more time be allocated, thus expanding on subjects such as ethics, professionalism, and common transaction occurrences. As it stands, there is a steep learning curve upon entering a career in real estate.

I completed 90 hours of pre-licensing in Minnesota and 15 hours of state specific courses in North Dakota prior to obtaining my license. This additional time allowed for many engaging discussions during the courses which were above and beyond what the curriculum required. When I think back on my time spent in the classroom, I don't remember learning about the laws and regulations as I studied this content on my own from the course material. I remember the "real world" and situation-based education that was passed down by experienced Real Estate Practitioners. There were ample case studies and open discussions that allowed aspiring agents to be inquisitive and generate further discussion. This provided an interactive learning environment that complimented the written portion of our learning experience.

The additional 45 hours proposed will not only bring us closer to the national average requirements, but also allows those who write the curriculum to expand on their lessons and broaden the scope of real estate knowledge for future agents.

I was involved in the discussions pertaining to increasing pre-license requirements at the NDAR Board meetings. It never occurred to me that any of the supporting comments were geared in any way toward making it more difficult for aspiring agents to become licensed. The intent, in my opinion, has always been to promote consumer protection through professionalism and well-trained licensees. It is our hope that the exam's pass-rate improves, thereby saving money that would be spent by individuals to retake the exams.

Real Estate Salesperson's facilitate and advise their clients on what is likely to be the biggest financial investment of their lives. I urge a "do pass" on HB 1281 as this will ensure agents will be better prepared from the start and will benefit homeowners of North Dakota.

Thank you for your consideration.

Shane Cullen, Vice President FM REALTORS®,
Senior Sales Associate, ABR, BPOR

Judy Maslowski Testimony

Chairman Klein and Members of the Industry, Business & Labor Committee, for the record, my name is Judy Maslowski, and I have been a licensed Realtor for almost 12 years. I was a Director on the Bismarck Mandan Board of Realtors for 3 years and a Director on the ND State Board of Realtors 3 years and also served on the Pre-Licensing Task Force for NDAR. Prior to being a Realtor, I was a Nursing Professor for almost 30 years. I am here to testify in support of HB 1281.

I have many reasons I support the increase of pre-licensing requirements:

As stated by my colleagues, ND has one of the lowest amount of hours required for licensure, not something to be proud of.

Real estate is one of the largest purchases people make and it involves many legal ramifications and knowledge of contract law. As an educator for most of my life, I value education and preparation for a career. A 45 hour course whether in a classroom or online barely scratches the surface with the knowledge needed for this profession. I have been asked if increasing the continuing education hours after licensure would suffice. I don't believe it will. I taught Nursing students from their 1st year up to their Sr. year. I know that laying a foundation is one of the most important steps to build on. Throwing an inexperienced person into the workplace, no matter what profession is always ill advised. I believe that by increasing the hours, we would be able to incorporate some practicum and real life experiences. Marginal agents and lack of Professionalism have been identified as the biggest threat to the Real Estate Profession. Professionalism is learned through observation and modeling much more than through a textbook.

I am going to share the requirements for some other professions that require licensure for practice. By no means do I want to imply these are not important professions, but they don't require knowledge of legal contracts and involve all the education Realtors should be providing to clients:

Cosmetologists in ND are required to have 1800 hrs, Barbers and hairstylists need 1500 hrs., estheticians and electrologists need 600 hours, and nail technicians 350 hours.

Massage therapists require a minimum of 750 didactic hours with a minimum of 300 hours of practicum. In their curriculum they require 12-30 hours of professional ethics and 30 hours of business practice.

Appraisers are required to have 3,000 hours of appraisal experience in less than 2 ½ years and are required to complete 42 hours of continuing ed every 3 years; so 14 hours per year.

Other professionals who may be involved with writing real estate contracts include paralegals and attorneys. Paralegals need a minimum of an associate degree with at least 60 semester hours; 1 semester hour equals about 15 actual hours, so this equates to 900 actual hours. Of course to be an attorney requires a doctorate, so at least 7-8 years of college. I could go on with numerous other careers but hopefully these illustrations show that to increase our required hours to 90 is not out of line with other careers. You may have a concern regarding the cost incurred with this change. Currently the course cost is approximately \$700. The licensure exam cost is \$130. I know of agents who have had to take the exam 6-7 times to pass. Research has shown that every time a person fails an exam they are much more likely to fail on repeated attempts as self-confidence decreases with each failure. So increasing their chance of passing in 1 or 2 attempts will be more cost effective as well as building the foundation for success.

When one considers the responsibility that REALTORS® have, the knowledge we need to educate clients and handle all the legal contracts, I believe this is common sense. I recommend a "Do Pass" on HB 1281. Thank you for your consideration.

Judy Maslowski, REALTOR®, CRS, ABR, SRES

HB 1281 3/5/19 ATT #6



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Testimony in support of House Bill 1281 – 90 hours for real estate pre-licensure education

Senate Industry, Business and Labor Committee
Senator Jerry Klein, Chair
10 a.m., March 5, 2019

Good morning, Chairman Klein and members of the Senate Industry, Business and Labor Committee. I am Jeanne Prom, executive director of the North Dakota Real Estate Commission.

The N.D. Real Estate Commission:

- **urges a “Do Pass” recommendation on House Bill 1281 as written.**
- is the regulatory commission that licenses and disciplines real estate practitioners in North Dakota in order to protect the public.
- reviews and approves all education provided to real estate licensees or real estate license applicants – pre-licensure, post-licensure, and continuing education.
- participated in the task force to review and recommend changes to the current pre-licensure education requirements (NDCC § 43-23-08.4).
- will be ready to implement the changes to provide this level of education beginning January 1, 2021.

Thank you for your thoughtful consideration of this important change. Again, the N.D. Real Estate Commission urges a “Do Pass” recommendation on House Bill 1281 as written. I am available for your questions and comments.

Members of the North Dakota Real Estate Commission are: Roger Cymbaluk, Chair; Scott Breidenbach, Vice Chair; members: Sandra Meyer, Steven Bitz, Diane Louser. Staff: Jeanne Prom, executive director.