DEPARTMENT OF BUSINESS AND INDUSTRY

REAL ESTATE DIVISION

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INFORMATIONAL BULLETIN #25

REGULATION AMENDMENT ADDRESSES EDUCATION REQUIREMENTS FOR THE EXTENDED LICENSE RENEWAL PERIOD

The regulation that lays out the education requirements for the doubled license renewal period, R093-10, was adopted by the Real Estate Commission in February and approved by the Legislative Commission on May 30, 2012. The regulation was filed and is now in effect.

The Commission established a Work Group in 2009 after a bill had been enacted which doubled licensing terms effective for licenses issued after July 1, 2011. The new education requirements are in effect for first-time licensees whose license expires on or after July 1, 2012, and for licensees whose second and subsequent license expires on or after July 1, 2013.

The effect of the new education regulation is that licensees will keep doing what they have been doing in a 2-year education period.

First Time Licensees

First-time licensees issued an initial license as defined in NAC 645.4442 must take the mandatory modules for 30-hours of post-licensing education within the first 12 months immediately after initial licensing. The first time licensee issued an initial license must also take an additional 12 hours of continuing education credits in the mandatory designations of Agency, Nevada Law, Contracts, and Ethics. The total of 42 hours must all be taken through live instruction. The additional 12 hours of designated courses may be taken anytime within the 24 month renewal period.

What this means is that a first time licensee who was issued an initial license during July 2011 must complete the 30-hours of post-licensing education and submit proof of completion to the Division by July 31, 2012. The same for each month following July: before the end of the first year (12 months) of the initial license, the licensee must submit proof to the Division of completion of the required 30 hours of post-licensing modules. In addition, the licensee must take 12 hours of continuing education in the designated courses by live instruction anytime during the license renewal period.

The regulation includes an exception to the mandatory live instruction for first-time licensees who live in a rural area, which is defined as, “any area which is more than 100 miles from a city in this State whose population is 40,000 or more.” Requests for exceptions to the live instruction requirement must be submitted **in advance in writing** to the Division Education Section for approval.

Second and Subsequent License Renewals

Licensees whose license expires for their second or subsequent license renewal on or **before June 30, 2013** are not affected by the new education requirements. They may re-apply for license renewal with proof of completion of 24 hours of continuing education, including the 12

hours in the mandatory areas plus any additional requirements for brokers and permit holders.

The new regulations impact those licensees whose license expires for the second or subsequent time on or **after** July 1, 2013. The regulation establishes two 2-year periods of education requirements within the 4-year license term. In each 2-year period, licensees must complete 24 hours of continuing education, which includes the designated course requirements for the type of license and any permits, and must provide the Division with proof of completion of that education before the end of the 2-year period. Additionally, at least 50% of the continuing education in each 2-year period must be taken through live instruction.

The first date for an impact to a second or subsequent license renewal is for a licensee who renewed during the month of July 2011 and whose next license renewal date is July 31, 2015. In this example, the subsequent renewing licensee must complete 24 hours of continuing education, pursuant to NAC 645.448, and submit proof of completion to the Division by July 31, 2013 to be in compliance with the first 2-year period requirement. The same applies to each month following July: A licensee must complete during each 2-year period of the license the required 24 hours of continuing education pursuant to NAC 645.448 and submit proof to the Division by the last day of the month of the 2-year period of the term of the license. For example, if the license expires October 31, 2015, the first 24 hours of continuing education must be submitted to the Division by October 31, 2013.

The determination for what education standards apply is when the license expires and whether the license issued was a first-time license, an initial license, or a subsequent license.

Scenarios

Scenario: A licensee who was not a first-time licensee renewed his license in July 2011. He was issued a license that expires July 31, 2015. Because the license expires after July 1, 2013, he falls under the new 2-year period education requirements. His first 2-year period of the license term concludes July 31, 2013. Therefore, on or before July 31, 2013, he must submit to the Division proof of completion of 24 hours of education, which includes the mandatory designated hours in agency relationships, Nevada law, contracts, and ethics – and education for any permits he holds. Nothing really has changed for this licensee. He had to do 24 hours of continuing education in a 2-year period, just like he did before. The difference is that he is not paying a fee and renewing his license with this mid-term proof of education submittal.

Scenario: The late renewal. A licensee was due to renew her license by May 31, 2012. She did not do it. The Division inactivated her license, and notified her broker. In September 2012, she decides that she wants to renew and reinstate her license to active status. Now she is subject to the late fee penalties for renewal and also must meet all of the reinstatement requirements. The education component of the reinstatement will require her to have completed all 24 hours of a 2-year period. She has, however, completed the first 2-year period education requirement and will only have to do an additional 24 hours during the second 2-year period of her license term.

The determination for what education standards apply is whether the license issued was a first-time license, an initial license, or a subsequent license and when the license expires.

Permit Holders
R093-10 did not specifically address the renewal requirements for permit holders. Licensees who hold a property management permit and/or a business broker permit should take the 3 hours of continuing education to renew each respective permit in each 2-year period. That is the Commission's intention, and the Commission will be clarifying that in a new regulation that is underway.

Reinstatement of Inactive License
Reinstatement requirements were simplified in Section 3 of the new regulation to correspond to the 2-year periods for education. The education component for reinstatement was reduced by the regulation. Now, the maximum hours a licensee other than a first time licensee must take to reinstate – regardless of how many years the license was inactive – is 48 hours, including the mandatory 24 hours of designated courses and any permit requirement. The determining factors for the education component to reinstate a license are whether the licensee was inactive during an initial license period, a first-time license period, or a subsequent license period and whether the license was inactive for more or less than two years.

Submitting Proof of Compliance
Licensees are going to be required to submit – by mail – before the end of the period – their education certificates as proof of meeting the requirements.

Once proposed regulation R157-08 is adopted and in effect, education sponsors will be required by law to electronically submit to the Division the rosters for education completed for all of their courses. The Division will perform random audits to verify the certificates submitted against the course rosters electronically submitted by education sponsors.

The Division's data system upgrades will include an education module that electronically uploads the electronic course roster submitted by the course sponsor into the licensee's data file. When the licensing processor goes into the licensee's data file to processes the renewal application and fee, the education component will either be "complete" or "deficient." A deficient education component will result in a license being renewed inactive. It is anticipated that this module will be completed sometime in Fiscal Year 2013.

Failure to Comply
An administrative fine was added by the regulation to NAC 645.695 for failure to comply with the education requirements of R093-10. Any licensee – first-time or subsequent – who is subject to the new provisions and who fails to comply with timely submission of proof of the required education, including requirements for live instruction, will have his or her license administratively placed in inactive status, with notification to the broker. An administrative fine of $100 will be assessed, which must be paid in addition to all of the other reinstatement requirements.

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