

Proposed New Alabama Real Estate Salesperson's Licensing Process

Summary

A task force composed of licensees from different areas of Alabama and different areas of real estate licensing (i.e., Qualifying Brokers, Associate Brokers, Prelicense Instructors, CE Instructors, School Administrators) discussed proposed changes to the current licensing process for salespersons and recommended changes that will ensure new licensees are better prepared to use a real estate license and assist members of the public in buying and selling real estate.

Task Force Members

Anne Powell

Jim Lawrence

Tonya Smitherman

Janie Wood

Amanda Adams

Mike Sandoval

Bill Mackey

David Skinner

Phillip Horton

Terrelle Major

Current Licensing Process

A potential licensee is required to:

- Complete a 60-hour Salesperson Prelicense Course designed to prepare the license applicant for the license examination.
- Pass the license examination within six months of Salesperson Prelicense Course completion.
- Submit the proper license application for a Temporary Salesperson License within 90 days of passing the license examination *without knowing how to actually use the license*.
- Complete a 30-hour Post License Course designed to teach the new licensee how to use the license. This course must be completed within six months for the license to remain on active status. If the course is not completed within 12 months, the license will expire.
- Submit the proper application for an Original Salesperson License.

Proposed Licensing Process

- Complete the 60-hour Salesperson Prelicense I course designed to prepare the license applicant for the license examination.
- Pass the license examination within six months of Salesperson Prelicense I Course completion.
- Complete the 45-hour Salesperson Prelicense II Course within six months of passing the license examination. This course teaches the applicant how to use the real estate license before actual issuance.
- Submit the proper application for an active Temporary Salesperson License and begin practicing real estate within 90 days after completing the Salesperson Prelicense II Course.
- Complete a Commission-developed specialized training within three months of the issuance of an active Temporary Salesperson License in the area of real estate in which the licensee is practicing (residential, commercial, or property management). This training may include lesson plans, role plays, video clips, and discussion topics. The training will

also include a Core Competencies Checklist which must be completed by the new licensee with assistance from the company's qualifying broker. A final checklist requires the initials/signature of the qualifying broker of the company where the individual's license is held.

- Qualifying Broker submits the Core Competencies Checklist to the Commission and the Temporary Salesperson Licensee can apply for the Original Salesperson License within this three-month period.

The Alabama Real Estate Commission is proposing this licensing process change in an effort to have all real estate licensees better prepared to serve the public in real estate transactions. This will assist in the Commission's mission and vision of serving the public and ensuring excellence in the real estate profession.

Below is a detailed step-by-step explanation of the proposed changes in the licensing process:

Step 1: 60-Hour Salesperson Prelicense I Course

The current 60-hour Salesperson Prelicense Course is designed to prepare license applicants for the license examination. No changes need to be made to this course. Once completed, the applicant can schedule the license examination.

Step 2: License Examination

The current license examination provides license applicants with testing on general real estate terminology and practices as well as specific areas of Alabama Real Estate License Law. This examination is offered by a contracted examination provider offering psychometric experts in the science of measuring knowledge and application. No changes need to be made to the license examination. Once the applicant passes the license examination, the 45-Hour Salesperson Prelicense II Course must be taken.

Step 3: 45-Hour Salesperson Prelicense II Course

This new prelicense course will offer the same information that is currently taught in the 30-hour Post License Course regarding how to use a real estate license and include additional important topics such as safety, protecting privacy (i.e., cyberattacks), proper use of technology, and good communications (i.e., non-verbal, email, etc.). This new outline will be developed with the assistance of current post license instructors. Once the Salesperson Prelicense II Course is completed and course credit has been submitted to the Commission, a license applicant can apply for a Temporary Salesperson License.

Step 4: Temporary Salesperson Requirements and Deadline

Applicant applies for an active Temporary Salesperson License and begins practicing real estate with a licensed company under the oversight of a Qualifying Broker. The newly licensed Temporary Salesperson must satisfy two additional requirements within a period of three months from license issuance before applying for an Original Salesperson License. If this deadline is not satisfied, the Temporary Salesperson is placed on inactive status and must pay a \$150 fee

for 30 days of additional access to the requirements. An additional 30 days can continue to be purchased for the same fee if needed. The two additional requirements include the following:

- A Commission-developed training addressing the specific area of real estate in which the new licensee is practicing must be completed. The licensee can choose from the areas of residential, commercial, or property management. This will provide training in that specific area of real estate while the new licensee is actually practicing real estate. This Commission-developed training may be approximately 15 hours.
- A *Core Competencies Checklist* must be completed as part of the Commission-developed training and signed by the qualifying broker of the company where the license is held. This checklist will include core competencies that will be expected from the new licensee in his/her specific area of real estate. Examples of these checklists are included in the Appendix. As each competency is successfully demonstrated and completed, the qualifying broker can initial it on the list and include the date when it was completed. When all core competencies have been completed and noted on the checklist, the qualifying broker can submit the completely executed document to the Commission for evaluation and approval.

Step 5: Apply for the Original Salesperson License

Once both requirements including the Commission-developed training and the Core Competencies Checklist have been completed and approved, the Temporary Salesperson can apply for the Original Salesperson License. This license will need to be renewed every two-year license period and will require continuing education coursework completion to remain active.

Inactive Licenses

New licensees choose whether their license is issued on active or inactive status. If a licensee chooses to have their license initially issued on inactive status and it remains inactive for a period exceeding three years, license activation will require completion of the 45-hour Salesperson Prelicense II course as opposed to 15 hours of continuing education courses.

A new licensee who has the license issued on active status but fails to complete the 15-hour specialty course within 90 days will be forced inactive. A \$150 fee can provide an additional 30 days of specialty course access. Once completed, the Original Salesperson License can be issued on active status.

Any licensee who has an inactive license for more than three years must retake the 45-Hour Salesperson Prelicense II Course prior to license activation. Any licensee who has an inactive license for less than three years must take the proper CE courses prior to license activation.

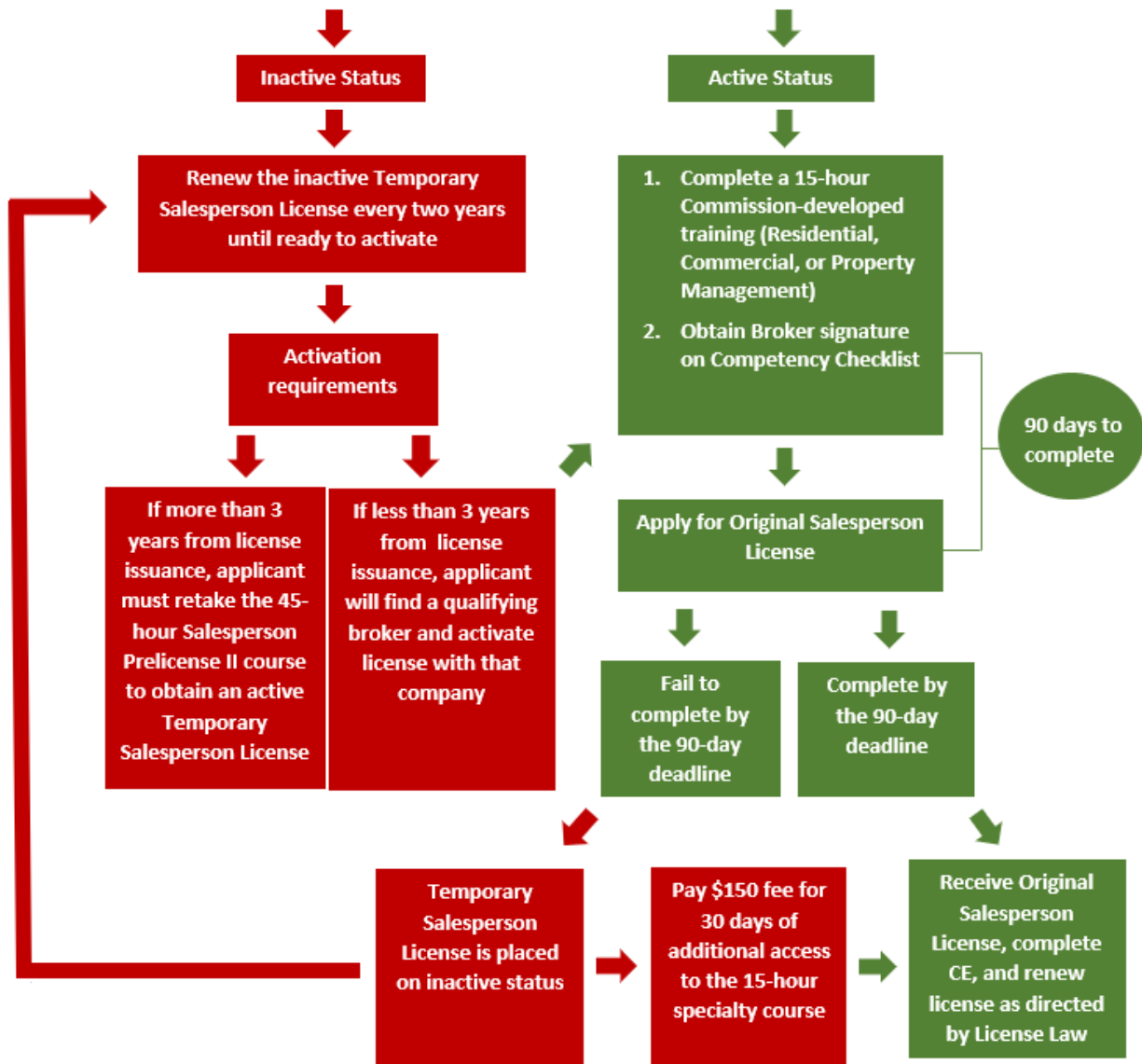
Appendix

- Proposed New Alabama Licensing Process
- Core Competencies Checklist for Residential Licensees
- Core Competencies Checklist for Commercial Licensees
- Core Competencies Checklist for Residential Property Management Licensees
- Core Competencies Checklist for Commercial Property Management Licensees

Alabama Real Estate Licensing Process

1. Complete the 60-hour Salesperson Prelicense I course
2. Pass the state license examination
3. Complete the 45-hour Salesperson Prelicense II course

Submit application and receive a Temporary Salesperson License



Residential Core Competencies Checklist

Residential Core Competencies	Acknowledgments	QB Initials	Date
Alabama License Law	I confirm the candidate can access Alabama License Law, and can explain violations of License Law, the proper handling of earnest money, and acceptable advertising practices, etc.		
Fair Housing, ADA	I confirm the candidate can identify the protected classes, the violations of fair housing in sales and rental transactions, and the requirements of ADA.		
Anti-Trust	I confirm the candidate can identify and explain the federal anti-trust laws and anti-trust violations.		
Other regulations	I confirm the candidate can explain how to remain compliant with the "Do Not Call Act, "CAN-SPAM", and the importance of cyber-security.		
Broker Policies and Procedures	I confirm the candidate can explain brokerage office policies for cyber-security, risk reduction, and appropriate advertising.		
Listing Appointments	I confirm the candidate has completed a role play presenting a listing agreement to the seller and has demonstrated competency in completing all required documents.		
Listing Agreements	I confirm the candidate can identify the elements of the company's listing agreement and listing documents as well as thoroughly explain them to a client/customer.		
CMA (Comparative Market Analysis)	I confirm the candidate can create an accurate CMA and thoroughly explain the CMA to a seller in a role play.		
RECAD and Agency Agreements	I confirm the candidate can explain RECAD, agency agreements and our company policy on agency.		
Buyer Interview Session	I confirm the candidate has completed a role play for a buyer interview appointment and demonstrates competency in all areas of showing properties and completing necessary forms.		
Parts and Completion of Purchase Agreements	I confirm the candidate can accurately complete the purchase agreement used by our company and thoroughly explain said document to their client/customer.		
Purchase Agreements/Counter Offers/Addendas	I confirm the candidate can competently complete all required forms and demonstrate competency in explaining the required documents.		
Trust Funds	I confirm the candidate can identify appropriate handling of trust funds including depositing requirements per License Law.		
Estimate of Closing Costs (Net Sheets)	I confirm the candidate can explain and accurately complete the Estimated Cost of Closing including seller's net proceeds and buyer's required cash to close.		
Financing	I confirm the candidate can explain the different types of residential loans and the impact of each loan on the buyer and the seller.		
Due Diligence and Contingencies	I confirm the candidate can identify items of due diligence and explain their importance including, but not limited to, home inspections, pest control requirements, selling current home, and other items of due diligence.		
Contract to Closing Cycle	I confirm the candidate can explain the basic steps of a real estate transaction from being "under contract" to "closing," including property inspections, appraisals, underwriting and financial disclosures.		
	Disclaimer: Any qualifying broker has the option to require a repeat demonstration of any competency by other brokers. This checklist is a qualifying broker's opportunity to ensure the new licensee can demonstrate competency in learned subjects.		

Commercial Core Competencies Checklist

Commercial Core Competencies	Acknowledgements	QB Initials	Date
Alabama License Law	I confirm the candidate can access Alabama License Law and can explain violations of law, proper handling of earnest money, and acceptable advertising practices, etc.		
Brokerage Policies and Procedures	I confirm the candidate can explain office policies for cyber-security, risk reduction, E&O insurance, appropriate advertising guidelines, and other company policies.		
Agency Agreements*?	I confirm the candidate can access agency agreements.		
Commercial Brokerage Forms and Contracts	I confirm the candidate can accurately complete commercial brokerage forms and commercial contracts.		
Commercial Asset Types	I confirm the candidate can identify and explain the most common commercial asset types including Office, Retail, Multifamily, Industrial and Land, as well as other assets types including Hospitality, Healthcare, Automotive, and Specialty.		
Commercial Building Classifications	I confirm the candidate can distinguish and explain Class A, Class B, and Class C commercial building classifications.		
Commercial Real Estate Roles in a Transaction	I confirm the candidate can explain the different job roles in commercial real estate including sales, leasing, and others.		
Tenant and Landlord Representation	I confirm the candidate can identify and explain the duties of representation for a tenant or landlord and how to handle these transactions.		
Types of Commercial Leases	I confirm the candidate can explain types of commercial leases: Single Net, Double Net, Triple Net, Modified Gross, and Gross.		
Financial Analysis	I confirm the candidate can explain financial analysis terminology in commercial real estate including Net Operating Income (NOI), Net Cash Flow, Cap Rate, Rent Roll, Effective Rent and Effective Rate, Yield (IRR), etc.		
Due Diligence	I confirm the candidate can identify and explain the items of consideration in the due diligence process.		
Listing a Commercial Asset	I confirm the candidate can explain the commercial listing process.		
Closing a Commercial Asset	I confirm the candidate can explain the commercial closing process.		
Commercial Real Estate Commissions	I confirm the candidate can calculate commercial real estate commissions.		
Anti-Trust	I confirm the candidate can explain the current anti-trust laws and behaviors required for compliance.		
Trust Funds	I confirm the candidate can identify which party will hold transaction deposits.		
ADA	I confirm the candidate can explain the Americans with Disabilities Act (ADA) and the behaviors required for compliance.		
Resources	I confirm the candidate can access commercial real estate resources such as: <ul style="list-style-type: none"> • NAIOP Commercial Real Estate Terms and Definitions Glossary • National Association of REALTORS® Commercial • Realtors Property Resource® (RPR®) 		
Certifications and Designations	I confirm the candidate can explain the various commercial certifications and designations. <ul style="list-style-type: none"> • SOIR • CCIM • LandU • CRE 		
Professional Organizations	I confirm the candidate can identify and explain the various commercial professional organizations. <ul style="list-style-type: none"> • CREW • NAIOP • BOMA • Alabama CCIM Chapter • ICSC 		
Commercial Real Estate Technology Apps	I confirm the candidate has downloaded commercial real estate Apps including: <ul style="list-style-type: none"> • Crexi, Brevitas, Biproxi, etc. • AREC License Law App 		
Disclaimer: Any qualifying broker has the option to require a repeat demonstration of any competency by other brokers. This checklist is a qualifying broker's opportunity to ensure the new licensee can demonstrate competency in learned subjects.			

Residential Property Management Core Competencies Checklist

Residential Property Management Core Competencies	Acknowledgements	QB Initials	Date
Alabama License Law	I confirm the candidate can access Alabama License Law and can explain violations of law, the proper handling of earnest money, acceptable advertising practices, etc.		
Brokerage Policies and Procedures	I confirm the candidate can explain office policies for cyber-security, risk reduction, E&O insurance, appropriate advertising guidelines, and other company policies.		
Property Management Agreements	I confirm the candidate can explain owner and tenant relationships.		
Special Listings Situations	I confirm the candidate can explain the procedure for listing an occupied property under a management agreement.		
Pre-Leasing Process	I confirm the candidate can explain the occupancy process.		
Handling of Funds	I confirm the candidate can explain, and has demonstrated, the proper handling of funds of the property owner including security deposits and repair reserve funds.		
Tenanting and Managing	I confirm the candidate can explain the lifecycle of the property management process (including renters' insurance and pet policies).		
Prohibited Conduct	I confirm the candidate can explain the laws governing the landlord-tenant relationship and the behaviors required for compliance.		
Fair Housing, ADA	I confirm the candidate can identify the protected classes, the violations of fair housing in rental transactions, and the requirements of the ADA.		
Anti-Trust	I confirm the candidate can identify and explain the current anti-trust laws through a role play.		
Facilities Management	I confirm the candidate can explain the responsibilities regarding plumbing, HVAC, etc.		
Financial Management	I confirm the candidate can identify and explain the requirements of rent payments and vendor payments.		
Post-Leasing Process	I confirm the candidate can explain the exiting process.		
Surrender/Eviction Process	I confirm the candidate can explain the surrender/eviction laws within the state of Alabama and the behaviors required for compliance.		
Disclaimer: Any qualifying broker has the option to require a repeat demonstration of any competency by other brokers. This checklist is a qualifying broker's opportunity to ensure the new licensee can demonstrate competency in learned subjects.			

Commercial Property Management Core Competencies Checklist

Commercial Property Management Core Competencies	Acknowledgements	QB Initials	Date
Alabama License Law	I confirm the candidate can access Alabama License Law and can explain violations of law, the proper handling of earnest money, acceptable advertising practices, etc.		
Prohibited Conduct	I confirm the candidate can identify and explain the laws governing the landlord-tenant relationship.		
Anti-Trust	I confirm the candidate can identify and explain the current anti-trust laws and violations through a role play.		
ADA	I confirm the candidate can explain the Americans with Disabilities Act and the behaviors required for compliance through a role play.		
Brokerage Policies and Procedures	I confirm the candidate can explain office policies for cyber-security, risk reduction, E&O insurance, appropriate advertising guidelines, and other company policies.		
Pre-Leasing Process	I confirm the candidate can explain the occupancy process.		
Leases	I confirm the candidate can identify and explain the different types of commercial leases.		
Handling of Funds	I confirm the candidate can explain, and has demonstrated, the proper handling of funds of the property owner according to the lease, including security deposits and repair reserve funds.		
Tenancing	I confirm the candidate can explain the lifecycle of the property management process (including renters' insurance).		
Facilities Management	I confirm the candidate can explain the responsibilities regarding plumbing, HVAC, etc.		
Financial Management	I confirm the candidate can identify and explain the requirements of rent payments and vendor payments.		
Surrendering/Evicting	I confirm the candidate can explain the end of the lifecycle of the property management process.		
Post-Leasing Process	I confirm the candidate can explain the exiting process.		
	Disclaimer: Any qualifying broker has the option to require a repeat demonstration of any competency by other brokers. This checklist is a qualifying broker's opportunity to ensure the new licensee can demonstrate competency in learned subjects.		