



**Minutes of  
THE FLORIDA REAL ESTATE COMMISSION  
October 18, 2004  
Education Task Force Meeting**

Vice-Chairman Guy Sanchez called the Education Task Force meeting to order, at approximately 9:45 a.m., at the Division of Real Estate Headquarters, Orlando, Florida.

The following Commission members were in attendance: Guy Sanchez, Vice-Chairman, Matey H. Veissi, and Nancy B. Hogan. Cathy Lannon, Senior Assistant Attorney General, appeared as counsel for the Commission.

Division of Real Estate staff present at the meeting: Juana C. Watkins, Acting Director; Christopher DeCosta, Acting Chief Attorney; JoEllen Peacock, Education Coordinator; Dan Combs, Education Development Specialist; Lori Crawford, Regulatory Supervisor/Consultant; American Court Reporting Service (407-896-8313) provided court reporter services.

Vice-Chairman Sanchez led the Pledge of Allegiance. Vice-Chairman Sanchez turned the discussion over to Linda Crawford of Dearborn.

Ms. Crawford presented an outline of topics for discussion as follows:

**1. Number of Exam Forms**

The number of exam forms is limited. There should be a minimum of three forms of the real estate instructor exam, the Spanish language broker exam and the Spanish language sales associate exam.

There is only one real estate instructor exam, one Spanish language broker exam and only two Spanish language sales associate exam.

**Recommendation:** Develop a minimum of three new forms for each type of exam in use. The following new test form should be developed: two new forms of the real estate instructor exam, two new forms of the real estate Spanish language broker exam and one new form of the real estate Spanish language sales associates exam.

**2. Better Communication and Cooperation**

The recommendation is to provide a clear and direct follow-up to instructor inquiries regarding examination issues, without disclosing the contents of exam questions. Commissioner Veissi suggested that the Q & A be disseminated to the Division web site. It was also recommended that the Bureau of Testing & Education clarify the issue regarding documentary stamps on deeds.

### **3. Conflict Between DBPR Policy and Law Making as to What to Teach**

DBPR has been recognizing license applications for a two-year period. However, s. 475.181, F.S. states, "The application shall expire 1 year from the date received if the applicant fails to take the appropriate examination."

**Recommendation:** When the policy practiced by the DBPR is in apparent conflict with the language of the statute, the subject should not be tested on the license exam. Furthermore, an official statement should be made to clarify how schools are instructing their students regarding the conflict.

### **4. Communication of Policy Changes Affecting Real Estate Students and Instructors**

Ms. Crawford stated that historically, exam questions were grouped into three categories on the sales associates' exam: 45 questions based on real estate law, 45 questions based on real estate principles and practices, and 10 real estate math calculations, which were at the end of the exam allowing the students to perform all of the math calculations at one time.

**Recommendation:** When policies are changed that affect the examinations, as a professional courtesy, the change should be communicated to real estate schools and posted on the DRE education web page informing schools and license candidates of the policy change prior to the effective date of the change, i.e. effective the 1<sup>st</sup> of the following month.

### **5. Requirement of Waiting Period Before Retesting**

Ms. Crawford stated that since, presently, there are a very limited number of exam forms in use and the pass rate is so low, most licensee candidates must retest one or more times. Ms. Crawford stated that the educators would like to see the candidates study for a longer period of time before re-testing. The recommendation is that legislation require a 30-day waiting period before a real estate candidate could retake a license examination.

Ms. Cathy Lannon stated that this issue might possibly be addressed by changing the rule, pursuant to Section 455.217, *Florida Statutes*.

**Recommendation:** Draft legislation or an administrative rule that would require a 30-day waiting period before a real estate candidate could retake a license examination.

### **6. Eliminating Obsolete License Law Questions From Exams**

Occasionally, students are still tested regarding the size of letters on office entrance signs. SB 2238, which became law on July 1, 2003, deleted the requirement for minimum dimensions of sign letters. Furthermore, students are still being tested on the Florida Department of Agriculture's "no solicitation" list. The Federal Communications Commission issued regulations relating to the Telephone Consumer Protection Act, which supersede Florida's state law effective October 1, 2003.

**Recommendation:** License exams should be reviewed by at least one DBPR real estate attorney to verify that all obsolete real estate license law questions are purged from the examination banks. Further, if any students have received a failing grade as a result of an obsolete law question, they should be credited a point for the invalid questions.

## **7. Elimination of Topics to be Deleted from Test Banks as Approved by FREC in 1994**

The FREC authorized an Education Task Force in 1994, which recommended eliminating the following content from Course I for sales associates: tandem plan, internal rate of return, net present value, coinsurance calculations, net listing calculations, CPI calculations, Florida Uniform Commercial Code, interest paid to date calculations, floor area ratio calculations, 4-3-2-1 rule, and FHA minimum loan requirements. The Commission approved the recommendations of the Education Task Force in 1994.

Questions regarding the tandem plan were obsolete in 1994 and should be immediately purged from the test banks. The Tandem Plan, which has not existed for years, was a program between Fannie Mae and Ginnie Mae that ended when Fannie Mae became a publicly traded company. This has been confirmed by contacting both the Fannie Mae and Ginnie Mae. Furthermore, the topic is not in the Course I Syllabus.

The Education Task Force in 1994 recommended that net listing calculations be eliminated from the license exam. Net listings are illegal in some states and discouraged in others. Net listings are often not in the best interest of the consumer so requiring schools to teach prospective licensees how to structure a net listing is not appropriate. The Course I Syllabus covers the definition of a net listing but does not include how to calculate a net listing.

The Education Task Force in 1994 recommended that the topics internal rate of return and net present value be deleted from Course I and moved to Course II for Brokers. These topics are not in the Course I Syllabus.

In 1994 FREC approved removing FHA calculations from the license exam. The reason for recommending removal of the calculation was that the license exam tested obsolete FHA formulas. The FHA Simplification Act was signed into law in 1998. (Refer to HUD Mortgagee Letter 98-29.) FHA calculations should be purged from the test bank. The 1994 Commission approved to remove this content from the course and so it is no longer included in the course or the Syllabus.

**Recommendation:** The present Commission should reaffirm the 1994 Commission's approval to delete certain topics from the sales association license examination. The content items approved by the previous Commission for deletion should be deleted immediately from the test banks.

## **8. Replacement of Broker Closing Statement Problem with an Escrow Exercise**

Eliminating the composite closing statement problem on the broker license exam and replacing it with a comparable escrow account reconciliation problem was discussed by the 1994 Task Force. Real estate brokers do not prepare the closing statement for title closings. Broker students should, however, know how to review a HUD statement and calculate prorations. Real estate brokers who maintain escrow accounts are required to reconcile the escrow accounts on a monthly basis. Focusing more classroom time and examination points on escrow accounts would benefit the public.

**Recommendation:** A special task force should be developed to address this issue. The Bureau and real estate educators should work together to develop a framework for testing escrow reconciliation on the broker license examination.

## **9. Elimination of Math Calculations Relating to Numbers Exercises Only**

Sales associate examinees must perform 10 math calculations on the license exam. There are numerous types of math calculations that prospective licensees need to know how to calculate. For example, commissions, property taxes, special assessments, IRS depreciation allowance, appraisal calculations, square footage calculations, prorations, mortgage amortization, and so forth. However, the exams also contains such questions as, how many square yards are in an acre or how many yards long is a property boundary. The issue should not be based on whether students can convert feet into yards.

The broker exam also tests details such as asking for the OMB number of the HUD-1 Statement. However, there is more valuable information concerning the HUD-1 Statement that could be asked of broker examinees instead.

**Recommendation:** Examinees should be tested on their knowledge of practical math calculations that are listed in the FREC Course I Syllabus. Broker students should be tested on their knowledge of information contained in the FREC Course I Syllabus and the FREC Course II Syllabus.

## **10. Identify Reference Books Used for Education Questions**

This issue was withdrawn because the DBPR indicated that the real estate instructor exam no longer includes five test items regarding adult education.

## **11. Identify Reference Books Used for Real Estate License Exams**

The DBPR uses several real estate textbooks as reference sources for the real estate license exams. Some of the books used by the DBPR are national real estate prelicense textbooks that were not developed using the FREC course syllabus. The DBPR should make the titles available to real estate exam candidates and real estate instructors.

**Recommendation:** Provide real estate educators and examinee candidates with a list of titles to reference books used for developing real estate license exams. This information should be made available on request and included in the Candidate Handbook.

## **12. Exam Performance Summary Reports**

The FREC should receive on a monthly basis official Exam Performance Summary Reports developed by the test vendor, Promissor.

**Recommendation:** Performance statistics should be organized into categories including, (a) pass rate by testing center, (b) pass rate for classroom course and distance education course, (c) pass rate for English language and Spanish language real estate exams, and (d) pass rate by school. Scores ranges should also be developed and reported. For example, the number and percent of students, who scored between 70 and 74, provides much more information on how students perform as a group. Average score and mean score data should be reported by total group, classroom and distance education groups, and English language and Spanish language groups. The Exam Performance Summary Reports should be made available to the public on request. Furthermore, exam performance data should be posted on the DRE education web page.

### **13. Exam Performance Summary Statistics**

The FREC should receive on a monthly basis official exam statistics concerning reliability. The FREC should also receive item statistics including number of exam items that were answered correctly by less than 25% of the exam candidates, number of items with negative item correlations, and other exam statistics that indicate the soundness of the exam.

**Recommendation:** The exam performance statistics should be made available to the FREC on a monthly basis and to the public on request.

### **14. Regulation of Real Estate Schools**

There are reports that some real estate schools are teaching the 63-hour sales associate course in as few as 34 hours over two weekends. It is reported that some schools use instructors who are not permitted real estate instructors and provide the end-of-course examination for study purposes to students before taking the examination. If abuses such as these are allowed to occur the pass rates will continue to plummet. Furthermore, failure to aggressively investigate and prosecute such practices endangers the public and is unfair to students and law abiding real estate schools.

**Recommendation:** Investigators who are knowledgeable of the rules regarding real estate schools and pre-license education should promptly investigate reports of serious abuses.

### **15. Decrease of Cost to Review an Exam**

The cost to review a real estate license exam is \$75; therefore the cost to review an exam is several times the cost to retest which promotes re-testing in lieu of reviewing the failed exam. However, when candidates review the exam and challenge of what they believe to be faulty or invalid test questions promotes quality examinations.

**Recommendation:** Revise Rule 61-11.017(8)(g) to lower the cost to review a real estate license exam to a nominal fee that is no more than the cost of re-testing.

### **16. Reinstatement of the Validation Committee**

Historically until approximately 1997 or 1998, the DRE conducted monthly validation meetings to ensure that the exams were valid. The validation committee was composed of DRE personnel including the Education Coordinator, an Examination Specialist, and the DRE Director. Other members of the validation committee included one real estate member Commissioner, an attorney from the legal section, and an attorney from the Attorney General's office, Real Estate Bureau. The validation committee reviewed examination test items and revised them as changes to real estate license law and administrative rules made revision necessary. They also reviewed very difficult test items (items that less than 25% of the candidates answered correctly) to make sure the questions were keyed properly, clearly written, and appropriate for examination purposes. During the period prior to 1998 the pass rates of the real estate license examinations were consistently around 70%. Rule 61-11.017(8)(f) (see item 15) states that a candidate may request a review by the Validation Committee.

**Recommendation:** Re-institute the Validation Committee.

### **17. Revising the Grade Review Request Form**

Rule 61-11.017(a) states: "Each candidate who has taken a Division of Real Estate (DRE) examination for licensure or certification shall have the right to review the candidate's most recent examination within two years from the date of the examination."

The Grade Review Request Form posted on the Promissor Web site states: "This request must be postmarked within twenty-one (21) days from the mailing date of the grade notice, except for the Real Estate Profession." The form does not indicate when what period real estate candidates must review of their examinations and the form is unnecessarily vague.

**Recommendation:** Revise the Grade Review Request Form immediately to inform real estate examinees that they are allowed a 2-year period to review of their most recent license exam. It was also recommended that Rule 61-11.017 should be revised to clarify whether the request must be made within 21 days or two years.

### **18. Revision of the Formal Hearing Information Sheet**

The Formal Hearing Information Sheet is posted on the Promissor Web site at <http://www.asisvcs.com/publications/pdf/991097.pdf>. The Information Sheet concerns the procedure for filing a formal hearing to challenge a DBPR exam. The form states the petition must be filed with the Department within 21 days from the date on the Department's original grade notification. The form does not indicate that real estate examinees have a 2-year period to review their most recent real estate examination and that they have 21 days from the date of the letter notifying the student of the evaluation decision regarding a candidate's exam challenge.

*Rule 61-11.017 – Candidates' Post Exam Review of Examination Questions, Answers, Papers, Grades and Grading Key*

*This rule, in part, states ... (1) Subsections (1) through (7) shall apply to all examinations other than those given pursuant to Chapter 475, Florida Statutes, and the Division of Real Estate. ...*

It was stated that in June of 2004, the Department's response indicates that the plan is to revise the rule eliminating the 2-year review period rather than to correct the information that is currently provided to candidates taking real estate examinations under current rules. Real estate exam candidates have the right to know what rules exist today. Furthermore, the FREC and real estate educators have not had any input on revisions to the real estate examination review rule because it has been placed under the DBPR rule.

**Recommendation:** Revise the Formal Hearing Information Sheet to make clear to real estate exam candidates that the rules allow them a 2-year period to review their most recent exam. Furthermore, place on the FREC agenda discussion regarding relocating the real estate examination review rules under 61J2 to allow FREC oversight.

**19. Update the Course I Syllabus for Sales Associates and the Course II Syllabus for Brokers**

The Course I Syllabus has not been updated since January, 2001 and the Course II Syllabus since September, 1999 and there have been numerous changes to real estate license law, federal law, and rules have occurred since 1999 and 2001.

**Recommendation:** Revise the Course I and Course II Syllabi and provide an opportunity for real estate educators and the FREC to comment on proposed revisions to the syllabi before they are finalized. Thereafter, the syllabi should be updated at least biannually.

**20. Cross Referencing Examination Items to the Approved Syllabus**

Rule 61J2-3.008(h) requires that prelicense courses conform to the Course I Syllabus and the Course II syllabus. Rule 61J2-2.029 requires that the license examinations be based on the FREC Course I Syllabus and FREC Course II Syllabus. Therefore, test questions should test only content listed in the corresponding FREC-approved Syllabus.

**Recommendation:** The Bureau of Education and Testing should cross-reference examination test questions with the corresponding FREC approved Syllabus to assure the appropriateness of test questions.

Members of the audience participated in the discussion of the outlined topics.

The request was made to schedule representatives from Promissor and the Bureau of Education and Testing to attend the Commission meeting scheduled for November to address questions relating to these topics.

Vice-Chairman Sanchez inquired if any members of the audience had any additional issues that they wished to address.

Vice-Chairman Sanchez stated that he has concerns that some licensees are buying one 14-hour continuing education course and distributing it amongst a number of individuals. He added that he has received comments that the post-licensing course on-line is very difficult because it is not in the class. Vice-Chairman Sanchez received additional comments from the Commissioners Veissi, Commissioner Hogan and the audience members.

There being no further business and no objection, the Vice-Chairman adjourned the meeting at approximately 2:00 p.m.

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Guy Sanchez  
Vice-Chairman  
Florida Real Estate Commission

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Juana C. Watkins  
Acting Division Director  
Division of Real Estate

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