

**Real Estate License Renewal  
Continuing Education Analysis**  
by  
**Washington Center for Real Estate Research (WCRER)**  
**Washington State University**  
**Final Report**

During the summer of 2003 a WSU student, Noah Banning, developed an electronic database from the continuing education affidavits filed in support of real estate license renewals. This project was designed as an expansion and update of a similar study of real estate license renewals during 2000. Noah managed to input information on 6,013 licenses renewed during 2002, 53.6 percent of the 11,228 renewals processed by the Department of Licensing (DOL) that year. All licenses that had been converted to all-numeric license numbers were input first, then input of old-style license numbers was begun. To ensure a substantially different sample of licenses was used (compared to the original study), data input began in the middle of the alphabet since the 2000 study had begun at the beginning. The licenses examined reported enrolling in over 24,000 continuing education classes. An oral presentation of these findings was made to the Real Estate Commission in March 2004.

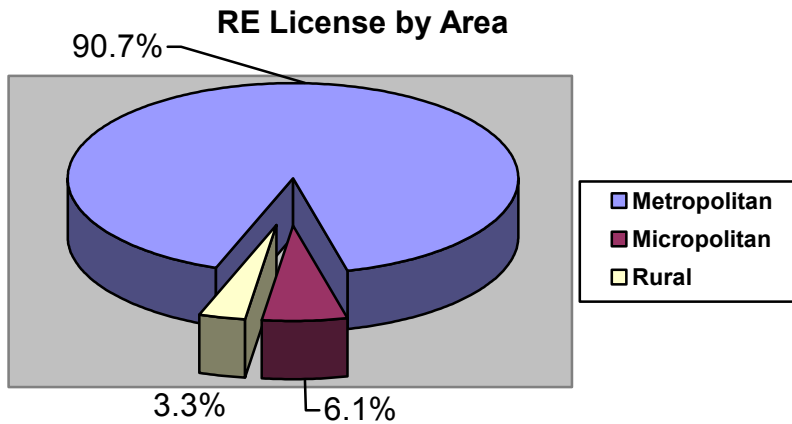
Real estate licensees are required to keep track of the continuing education courses in which they enroll, and to report their clock hours on the affidavits, which are filed as they renew their licenses. The staff of the DOL, to ensure compliance with the legal requirements before renewals are processed, reviews each affidavit. It is, therefore not surprising that the vast majority of affidavits indicated sufficient hours. However, 145 of the 6,013 affidavits reviewed in the course of the study reported fewer than the required hours – anywhere from 3.0 to 29.5 hours of continuing education. Accordingly, it appears that up to two percent of real estate licensees report fewer than 30 hours on their initial affidavits. It is believed this error rate is caused by two factors: 1) some affidavits with too few hours were reported, but not discovered during the review process and 2) a larger number of affidavits where the insufficient hours were identified, the licensee submitted evidence of additional hours not shown on the face of the affidavit (certificate of completion was stapled to the affidavit), but the course information was not entered into the WCRER database. In either case, the compliance with the continuing education requirements is very high.

On average, real estate salesperson licensees claimed 32.6 hours of continuing education, associate brokers claimed 32.6 hours of education, and designated/individual brokers claimed 32.4 hours. These numbers compared to the 40.2, 33.1, and 31.8 hours respectively from the last study, showing a decrease in hours between salespersons, and associate brokers, and an increase in hours for designated/individual brokers. These values are remarkably consistent across types of licenses and reflect the generally strong real estate market. Licensees simply were too busy to take many extra hours.

The 6,013 licenses examined represented all 39 of Washington's counties, and included at least nine out of state licensees as well. Location data was not captured for 28 licenses. Slightly over 42 percent of the licenses evaluated were from King County. In addition, more than 100 licenses were studied in Benton, Clark, Kitsap, Pierce, Snohomish, Spokane, Thurston and Whatcom counties. Collectively these nine urban counties represented 85.2 percent of licensees studied and 77.6 percent of the state's population. Although Yakima County has a population greater than Kitsap, Whatcom, and Benton counties, there were fewer than 100 licenses from Yakima in the database.

Since it is less statistically reliable to analyze data where there are fewer than 100 observations in the sample, WCRER decided to analyze the results by the degree of urbanization in the area rather than by county. Subsequent to the release of Census 2000 data, Federal statistics have begun categorizing communities as metropolitan, micropolitan, or rural, the definitions used here. Washington currently has 17 counties in 13 federally-designated metropolitan areas. Metropolitan areas are larger communities with at least 50,000 people in the urban core. Those areas labeled metropolitan accounted for 90.7 percent of the license renewals studied. Micropolitan areas (a new concept) are smaller cities, with 10,000-50,000 people in the urban core. Nine Washington counties are in the new micropolitan areas. Those communities accounted for 6.1 percent of the licenses studied. The remaining 3.3 percent of licenses came from the 13 rural counties or out of state. These distributions are remarkably consistent with the statewide population distribution.

<b>Metropolitan and Micropolitan areas</b>	
<b>Metropolitan:</b>	
Bellingham	Whatcom County
Bremerton -Silverdale	Kitsap County
Kennewick-Richland-Pasco	Benton/Franklin Counties
Lewiston, ID-WA (part)	Asotin County
Longview-Kelso	Cowlitz County
Mt. Vernon-Anacortes	Skagit County
Olympia	Thurston County
Portland-Vancouver-Beaverton, OR-WA (part)	Clark/Skamania Counties
Seattle-Bellevue-Everett	King/Snohomish Counties
Spokane	Spokane County
Tacoma	Pierce County
Wenatchee	Chelan/Douglas Counties
Yakima	Yakima County
<b>Micropolitan</b>	
Aberdeen	Grays Harbor County
Centralia	Lewis County
Ellensburg	Kittitas County
Moses Lake	Grant County
Oak Harbor	Island County
Port Angeles	Clallam County
Pullman	Whitman County
Shelton	Mason County
Walla Walla	Walla Walla County



These affidavits submitted by licensees identified courses offered by a little over 190 separately identified education providers. Since there are currently 147 approved schools and 37 higher education providers identified by the Department of Licensing, virtually all providers and a few out of state entities were identified. The courses listed represented 195,252 clock hours and 24,287 courses of continuing real estate education. The following schools represent the top five in terms of the number of identified courses they presented and the number of clock hours those schools provided to the 6,013 license renewals studied. Collectively this group of five schools represents 2.6 percent of identified schools, 46.4 percent of reported courses, and 47.7 percent of reported hours. While many education providers are approved by the State, the delivery of continuing real estate education is really concentrated in the hands of a small number of providers.

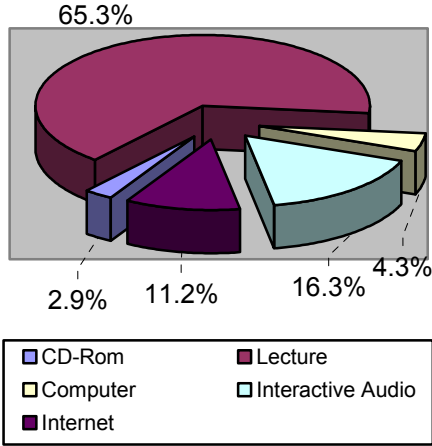
**Top Five Providers of Continuing Real Estate Education in Washington**

<b>Rank</b>	<b>School</b>	<b>Hours</b>	<b>Rank</b>	<b>School</b>	<b>Count</b>
1	Washington Association of Realtors®	39,559	1	Washington Association of Realtors®	6,374
2	Windermere Education	14,088	2	Windermere Education	2,184
3	Washington's Best Real Estate Education	13,810	3	Washington's Best Real Estate Education	1,095
4	Rockwell Institute	12,788	4	Pro Schools	870
5	Tape Ed	12,450	5	Professional Direction	735

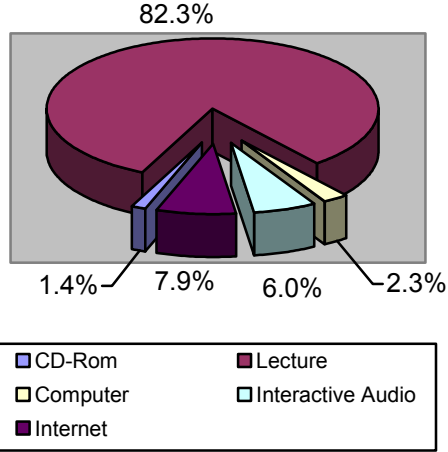
The Washington Association of REALTORS® is the largest provider of continuing education by a wide margin. This is true, regardless of whether courses or hours are used as the measuring stick. Washington's largest real estate firm with a comprehensive internal education program was second, followed by a Washington-based, nationwide provider of distance real estate education. The role of distance education providers as indicated in the table above provides a segue to a discussion of course delivery methods.

As observed in the previous study of CE affidavits, Washington's Best Real Estate Education and Tape Ed still prove to be providing distance education to a significant number of licensees. In the last report it was stated that none of the licensees reported using a personal computer or the Internet for their continued education. However, in 2002 9.4 percent of the 6,013 licensees reported using computer-based training and 15.8 percent of licensees took courses that may have been offered via the Internet (some courses are approved for multiple delivery methods using the same code). Times change, tastes change. A victim of these changes is the traditional correspondence course. Although this type of education remains available from Pierce College and Washington State University, neither school is committed to using correspondence courses in the long term. Fewer than one percent of licensees took one or more correspondence courses during this renewal cycle. CD-Rom technology dropped from 3.6 percent to 1.4 percent of classes although it still represents 2.9 percent of continued education hours. However, the CD-Rom courses may have been categorized as computer-based training this time. For licenses renewed in 2000 the personal computers and CD-Rom delivery would have been primarily in the school's location. Revised education guidelines provided licensees with increased opportunity to take those types of courses in the comfort of their homes, at times of their choosing. Like correspondence course, use of interactive audio has decreased compared to the earlier study, but still remains a significant delivery method. Part of the reason for these shifts in delivery methods could be the rapid increase in the use of the Internet. The Internet has become a popular choice of delivery. Eight percent of all courses taken came via the Internet, compared with the six percent from Interactive Audio, although audio still exceeds the Internet in terms of hours delivered. Two years ago the Internet was not an identifiable delivery method, and now it ranks second to lecture in terms of numbers of courses actually claimed.

**Delivery Method Based on Hours**



**Delivery Method Based on Courses**



The illustration above compares the distribution of clock hours by delivery method to the number of courses taken by delivery method. The significant development costs associated with distance delivery technologies (especially computer-based training and on-line technologies) make it difficult to present short courses in alternative formats. This information shows that distance methods prevail for many longer courses while day-long (7.5 clock hour) and shorter classes remain primarily lecture based. However, an increasing number of courses are now being offered via the Internet and through computer deliveries. In the prior study it was reported that none of the licensees used a personal computer for their continuing education. Computers accounted for 2.3 percent of the courses taken and 4.3 percent of the hours this time.

One final comparative note about delivery method compares the proportion of licensees, courses and hours in tabular form.

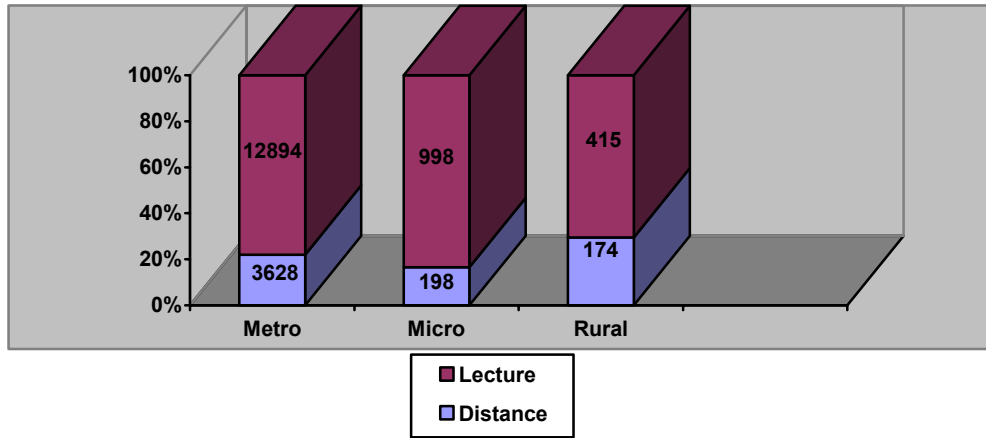
**Continuing Real Estate Education Delivery Methods (Percentages)**

	<b>Licensees</b>	<b>Courses</b>	<b>Hours</b>
Lecture	71.5	82.3	65.3
Internet	18.8	7.9	11.2
Interactive Audio	16.1	6.0	16.3
Computer/CD-Rom*	11.2	3.7	7.2

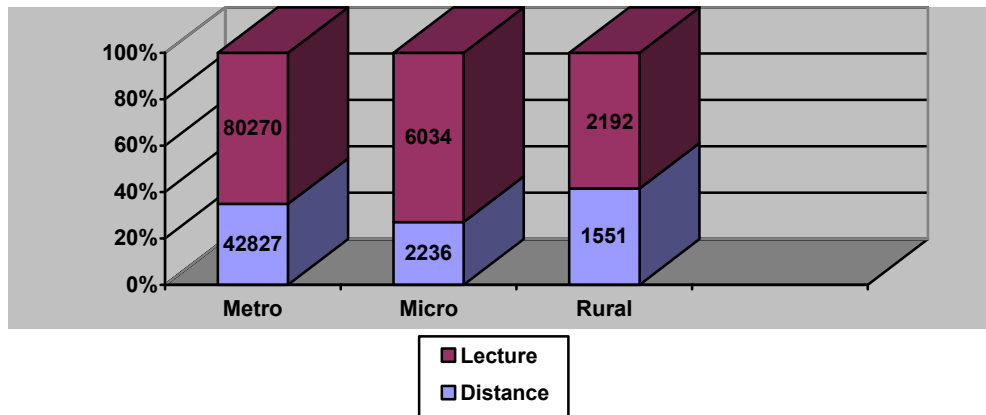
\* combines computer and CD-Rom which are reported separately in the text

There were still a significant number of courses identified where it was impossible to assign a delivery method identifier, but given the consistency of results with the study two years ago, and the emergence of computer-based distance education, especially the Internet, it is believed these results are representative. Knowing the statewide profile of continuing real estate education is helpful, but it is also important to know how the delivery of this education is achieved across the differing markets.

### Distance Delivery Based on Location



### Distance Delivery by Hours Based on Location



The illustrations above break down the distance delivery based on location. WCRER has long suggested that distance education alternatives were expected to be especially important outside the urban core areas, where students have far fewer options in terms of locally presented live-lecture courses. This study indicates that 17.7 percent of the total courses taken were delivered by distance education. Furthermore, 33.2 percent of the classes taken by licensees from rural areas were delivered by distance education. Licensees in rural counties are using distance delivery more extensively than their counterparts from urbanized counties. This is a noteworthy change from the last study where there was no significant difference based on where the licensee lived. It is still somewhat surprising that licensees from the micropolitan areas were least likely to obtain their continuing education via distance delivery. The relative importance of distance delivery is expected to grow as real estate licenses (and the remainder of the population) are more comfortable with the new technology.

As the Washington Real Estate Commission continues to refine the appropriate “core curriculum” under recent rule making which sets aside three hours of the 30-hour continuing education requirement to focus on a certain topic, it is important to understand the nature of courses which licensees are selecting in the absence of rule making.

WCRER was able to study, in general terms, the topics for 14,836 courses providing nearly 145,000 clock hours of instruction. The combination of courses that are no longer on the active lists of approved courses, courses taken at community colleges or universities, and courses taken out of state results in the reduction in the number of courses or hours which can be analyzed by topic. The largest group of licensees (33.9 percent of all licenses examined) took at least one course in sales techniques. Courses in ethics were taken by 22.0 percent of individuals renewing their licenses. Sales techniques was also the source of the largest number of hours (17.4%) followed by real estate law, real estate practices, and business management. Although roughly seven percent of licensees took courses in each of those topic areas, some licensees took courses in both topics, and others took the mandated-curriculum real estate law course, which is required to qualify for a real estate broker’s license. The basic real estate law course does not cover a current topic as envisioned by the Real Estate Commission. The fact that courses characterized, as issues/trends do not make the most used lists reinforces the value of issues/trends as the subject of “core” classes. Even “law topics,” which may be similar to the core course, was taken by no more than 8.9 percent of licensees, further emphasizing the important of a core curriculum if the Commission believes it is important to ensure all licensees receive certain information during each renewal cycle.

To assist in developing an understanding of the topics chosen for continuing real estate education, WCRER prepared a list of 37 topics for the courses, ranging from agency to feng shui. Each of the mandated curriculum areas (fundamental, practices, brokerage management, business management and real estate law) was separately identified. In fact, those topics collectively represented 1,296 or 8.7 percent of the reported courses, but still trailed sales techniques and ethics in terms of the number of courses taken. It is striking how different the two lists become. Of the top ten topics, ranked by number of courses, only half are in the top ten when ranked by hours. The of the top ten courses are mandated-curriculum courses leading to the broker’s license, and two more (finance and appraisal) are popular 30-hour electives. Previous national studies have demonstrated that the advent of continuing education requirements has increased the proportion of licensees obtaining associate broker status. These statistics on course choices by Washington real estate licensees suggests the same phenomenon is at work here. The 30-hour real estate practices course, intended to help new licensees get successfully started in the business, remains a top-rated topic for all licensees. This issue will be addressed again, later.

**Top Ten Course Topics  
Ranked by Hours or Number of Courses**

<b>Rank</b>	<b>Course Topic</b>	<b>Hours</b>	<b>Rank</b>	<b>Course Topic</b>	<b>Count</b>
1	Sales Techniques	25,017	1	Sales Techniques	2,842
2	RE Law	13,788	2	Ethics	1,400
3	RE Practices	12,143	3	Finance	646
4	Business Mgmt.	7,502	4	Marketing	612
5	Finance	7,450	5	Listings	569
6	Ethics	6,839	6	Law Topics	534
7	GRI	6,220	7	Exchanging	491
8	Appraisal	4,964	8	RE Law	463
9	Brokerage Management	4,851	9	RE Practices	412
10	Escrow	4,270	10	Title	376

Looking exclusively at the difference between metropolitan, micropolitan, and rural communities, the top three choices for course topic are sales techniques, ethics, and real estate finance. The top three topics are identical for all groups but marketing is popular choice in metropolitan areas, while licensees in smaller communities favor law topic presentations. Of course, they may need to travel to the city to take advantage of that course.

**CE Course Topic by Location  
Top Four Topics (number of courses)**

<b>Choice</b>	<b>Metropolitan</b>	<b>Micropolitan</b>	<b>Rural</b>
1	Sales Techniques	Sales Techniques	Sales Techniques
2	Ethics	Ethics	Ethics
3	Finance	Law Topics	Finance
4	Marketing	Marketing	RE Practices

One would expect that as a real estate career advances – whether through years in the business or license held – the educational needs and courses selected to satisfy continuing education requirements would change. Based on the topic of courses identified on the affidavits, there is little evidence that licensees adapt their educational choices to their changing circumstances.

**CE Course Topic by License  
Top Four Topics (number of courses)**

	<b>Salesperson</b>	<b>Associate Broker</b>	<b>Designated/Individual Broker</b>
<b>Top Choice</b>	Sales Techniques (2,107)	Sales Techniques (370)	Sales Techniques (94)
<b>2<sup>nd</sup> Choice</b>	Ethics (1,099)	Ethics (230)	Ethics (57)
<b>3<sup>rd</sup> Choice</b>	Finance (500)	Marketing (110)	RE Law (53)
<b>4<sup>th</sup> Choice</b>	Listings (488)	Law Topics (105)	Finance (46)

Finally course choices for continuing education by experience in the industry were tabulated. The results are strikingly similar to the preceding tables. Sales Techniques and Ethics remain at the top of every category. One change from the last review is the number of Real Estate Practices courses taken by licensees past their first renewal period has declined. The proportion of licensees with over ten years experience taking the Real Estate Practices course has gone down, but there are still some experienced agents taking this introductory course.

**Top Four Course Topics by Real Estate Experience  
(number of courses)**

	<b>First Renewal</b>	<b>3-5 Years</b>	<b>6-10 Years</b>	<b>10+ Years</b>
<b>Top Choice</b>	Sales Techniques (891)	Sales Techniques (530)	Sales Techniques (1182)	Sales Techniques (199)
<b>2<sup>nd</sup> Choice</b>	Ethics (392)	Ethics (237)	Ethics (628)	Ethics (119)
<b>3<sup>rd</sup> Choice</b>	Finance (180)	Finance (134)	Marketing (289)	RE Law (68)
<b>4<sup>th</sup> Choice</b>	Listings (177)	Exchange (124)	Finance (270)	Marketing (58)

**Top Four Course Topics by Real Estate Experience  
(weighted by number of hours)**

	<b>First Renewal</b>	<b>3-5 Years</b>	<b>6-10 Years</b>	<b>10+ Years</b>
<b>Top Choice</b>	Sales Techniques (11,724)	Sales Techniques (3,876)	Sales Techniques (7,713)	RE Law (2,029)
<b>2<sup>nd</sup> Choice</b>	RE Law (3,000)	RE Law (2,645)	RE Law (5,667)	Sales Techniques (1,298)
<b>3<sup>rd</sup> Choice</b>	RE Practices (2,949)	RE Practices (2,615)	RE Practices (5,079)	RE Practices (1,122)
<b>4<sup>th</sup> Choice</b>	Finance (2,392)	GRI (1,645)	Business Mgmt. (3,332)	Brokerage Mgmt (720)

When examining the choices for continuing education by experience in the industry weighted by the number of clock hours in each course, there are a few noteworthy observations. First, ethics drops completely out of the table. Since the National Association of Realtors® has just instituted a policy making an ethics course mandatory every four years for continued association membership, many licensees have taken a 3-hour ethics course, but the total hours do not make as significant an impact on course topics weighted by hours. It is likely ethics will become a cyclically popular course offering. The other primary distinction is the relative importance of Real Estate Law and Real Estate Practices courses. Since all Practices and most law courses carry 30 clock hours their relative importance is magnified in the weighted data. It must be noted that for a Real Estate Practices course to appear as a continuing education selection during the first renewal cycle, the licensee needed to take two different Practices courses (to secure different course numbers). WAC 308-124A-600 (5) specifies that the same course may be taken in subsequent renewal periods, but does not specify whether a course may be taken twice during a single renewal period or whether the same mandated-curriculum course may be taken from different providers. It may be appropriate to ask whether Practices should be approved for CE credit, especially during the first license renewal when a Practices course is already required.

The final significant issue that can be addressed by the study of continuing education affidavits is the timing of courses taken by real estate licensees. Ideally a licensee would evaluate course offerings throughout the renewal period, endeavoring to choose the best course or courses for his or her specific real estate practice. Based on the phone calls received by WCRER for real estate licensees as they approach license renewal (typically after they have received renewal paperwork from the DOL), courses are put off until the last minute. While the database of continuing education courses maintained by WCRER attempts to help direct licensees to the most relevant courses, immediate timing and local access trumps content in most cases. This finding will be the subject of additional research by WCRER in the weeks ahead.

Over 60 percent of licensees take at least some of their classes within one year of their renewal date, with over 34 percent of the licensees taking some portion of their CE requirement within the last 60 days before the renewal. If licensees took a single course to satisfy their CE requirement, 75 percent of those classes were held in the 60 days preceding renewal. One might question whether CE is achieving its objective of a better-trained workforce under this scenario.

This database may continue to be used by WCRER and the Department of Licensing/Real Estate Commission in answering questions related to continuing real estate education for the next several months.