

Dear Rules Review Commission Members and Staff,

Thank you for your consideration of the following comments. We appreciate that the final proposed permanent rules submitted by the NCREC are available on your website. Amber May did a very thorough review of the rules. Amber's attention to detail encouraged us to take the time to submit the following comments.

NCREC permanent rules proposed for July 1, 2020 comments:

Rule references appear in bold type.

Fiscal impact

The North Carolina Real Estate Commission staff failed to provide a fiscal note which requires an estimate of costs to the "greatest extent possible". The NCREC staff has only addressed the cost of seeking approval for one course from an out-of-state agency without calculating the total cost that must be paid to obtain course approval.

Should the ARELLO or IDECC requirement in rule **21 NCAC 58H .0401 (d) (6)** pass as written the cost to approximately 55 currently approved Pre and Postlicensing providers who may choose to offer Distance Prelicensing and Postlicensing courses is estimated to be \$2,091,100. See the attached NCREC – Rule Change Cost Projection.

When you add the cost of ARELLO or IDECC approval for the Distance Continuing Education providers the Fiscal impact more than doubles.

While it is true providers are not required to offer distance education as defined, the cost of ARELLO or IDECC approval will make it financially impossible for most small local providers to compete with the large national providers. Small schools local to North Carolina will lose a significant market share as a direct result of not providing Distance education as defined in **21 NCAC 58H. 0101**.

Please consider removing ARELLO or IDECC approval from **21 NCAC 58H.0401 (d) (6)**.

21 NCAC 58H .0401 (d) Approval of a Real Estate Education Course

.0401 (d) "In person" classroom instruction is left out here.

1. Does an "in person" course not need approval?
2. If this rule does not apply to an "in person course", why is Synchronous distance-learning included?
3. **.0401 (d) (1)** What is "a full copy of the course on the medium to be utilized for instruction" required for a Synchronous distance course via Zoom?
4. What procedures are in place for evaluating the material submitted?
5. Will an education provider be required to obtain additional approval to offer Prelicense, Postlicense, GENUP and BICUP as synchronous distance learning?
6. **.0401 (d) (1) (3) (4) and (7)** are geared to asynchronous Distance education, so what do these requirements mean for Synchronous distance course approval?

Under current emergency rules North Carolina approved schools and CE sponsors are offering Synchronous distance – learning for Pre, Post, BICUP, GENUP and approved elective continuing education

courses. Synchronous distance is comparable to in person instruction. Instructors monitor students in real time. Schools and Instructors are going to great lengths to comply with current rules regarding attendance and participation.

Please consider removing Synchronous distance – learning from **21 NCAC 58H .0401 (d)**.

The NCREC members have directed staff to draft new rules, so the ARELLO or IDECC approval will not be the only path to Distance education approval in the future. Rules are difficult to change, and rules that stifle or limit competition are unreasonable and ultimately harmful to consumers.

In the event the changes requested cannot be made, we request the Rules Review Commission ask the Office of State Budget and Management to determine if rule **21 NCAC 58H .0401 (d)** has a substantial economic impact.

Thank you for your time and consideration.

Respectfully,

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NCREC - Rule Change Cost Projection

Pre / Postlicense

	Quantity	Unit Cost	Projected Fee
CDEI	2	\$ 420.00	\$ 840 *1
Learning Mgt System			\$ 9,600 *2

PRELICENSE

ARELLO		\$ 865	(Page 5 ARELLO Standards)
Review		\$ 11,250 *3	(Page 9 and 10 ARELLO Standards)
Development Costs		\$ 22,500 *4	

POST 301

ARELLO		\$ 655	
Review		\$ 4,500 *5	
Development Costs		\$ 9,000 *6	

POST 302

ARELLO		\$ 655	
Review		\$ 4,500 *5	
Development Costs		\$ 9,000 *6	

POST 303

ARELLO		\$ 655	
Review		\$ 4,500 *5	
Development Costs		\$ 9,000 *6	

SCHOOL TOTALS (Pre/Post)

Without Content Development		\$ 87,520	
		\$ 38,020	

Ed Providers	Estimated
55	\$ 4,813,600
55	\$ 2,091,100

Number of providers estimate does not include new schools. This number is higher.

Continuing Education

	Quantity	Unit Cost	Projected Fee	Providers		
CDEI	2	\$ 420.00	\$ 840 *1	162	\$ 136,080	
Learning Mgt System			\$ 9,600 *2	162	\$ 1,555,200	(212 Sponsors less 50 NC)

ARELLO		\$ 655	279	\$ 182,745	
Review		\$ 600 *7	279	\$ 167,400	
Development Costs		\$ 1,200 *8	279	\$ 334,800	

This may be understated as I need the figure for CE only

SCHOOL TOTALS (CE)	One Class	\$ 12,895		\$ 2,376,225	
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Without Content Development	\$	2,041,425
Combined PRE, POST, CE	\$	7,189,825
Without Content Development	\$	4,132,525

*** Impact to consumers that require a repeat course when online is not sufficient

*** Estimate to customize the platform

*** Left off estimate - approval of a hybrid synchronous and asynchronous as this would require the payment of additional fees.

*1 - An education provider will likely hire 2 to ensure continuity of a program in the event that a CDEI leaves.

*2 - Fee to provide the online course - Learning Management System/Hosting. \$800 per month X 12 months.

*3 - An education provider has 2 choices. 1) Hire 10 reviewers that sign an affidavit about testing the course [10 people X \$15 per hour X 75 hours = \$11,250], or 2) Hire 2 professionals [2 people X \$75 per hour X 75 hours = \$11,250]

*4 - Development cost for online content. Estimated cost of \$100 per hour. Content creation takes 2-3X longer than the actual class for creation. [\$100 per hour X 75 hour class X 3 = \$22,500]. This may be an understatement as CE course development average \$833 per credit hour.

*5 - An education provider has 2 choices. 1) Hire 10 reviewers that sign an affidavit about testing the course [10 people X \$15 per hour X 30 hours = \$4,500], or 2) Hire 2 professionals [2 people X \$75 per hour X 30 hours = \$4,500]

*6 - Development cost for online content. Estimated cost of \$100 per hour. Content creation takes 2-3X longer than the actual class for creation. [\$100 per hour X 30 hour class X 3 = \$9,000]. This may be an understatement as CE course development average \$833 per hour.

*7 - An education provider has 2 choices. 1) Hire 10 reviewers that sign an affidavit about testing the course [10 people X \$15 per hour X 4 hours = \$600], or 2) Hire 2 professionals [2 people X \$75 per hour X 4 hours = \$600]

*8 - Development cost for online content. Estimated cost of \$100 per hour. Content creation takes 2-3X longer than the actual class for creation. [\$100 per hour X 4 hour class X 3 = \$1,200]. This may be an understatement as CE course development average \$833 per credit hour.