

Surviving the Real Estate CE Audit

Welcome back to another deep dive and before we get into any of the heavy stuff, before we tackle any regulations, I have to start today with just some massive energy. We need to send a huge happy birthday shout out to Vann Hilty. Happy birthday Vann, that's a big one.

It really is. He just celebrated this past weekend and honestly this isn't just a standard birthday shout out. We're not just celebrating another trip around the sun, we are celebrating endurance.

Vann is a realtor emeritus. Which for those who don't know is a huge distinction. I mean you don't get that title for just showing up.

That means he has been serving the industry and you know the community for a very long time. Exactly, I mean we were joking before we hit record, he has been involved in real estate since the 19 something. The 19 something, I like that.

Yeah, let's just leave it there, keeps the mystery alive. Right, but seriously think about that. The scope of that career, all the changes he's seen, the contracts, the laws, the shift from fax machines to docuSign, to stick around that long, to stay licensed for decades, that takes some serious discipline and that longevity is actually the perfect segue into our discussion today.

It really is because you don't get to be a realtor emeritus by ignoring the rules, you get there by keeping your license clean, your education current. Precisely, so today we are tackling the one word that I think strikes fear into the heart of every real estate broker, it's the monster under the bed. The audit.

The continuing education audit. It sounds terrifying, it sounds like the IRS is coming for your filing cabinets and your soul, but we've got a stack of documents here from the Division of Real Estate, the DRE, and some really practical insights from the Apex Real Estate School that suggest it doesn't have to be a nightmare. It really doesn't, if you've done the work it's just a procedural step, it's just paperwork.

So let's unpack this. We're pulling facts directly from the DRE's own guidelines and combining that with the street smarts from Apex. And speaking of Apex, just to give some context on why we're using them as a source, the school itself is five years old, but the team behind it, they have over 50 years of combined experience in real estate education.

Which is, that's crucial context for this. It means they haven't just read the manual, they've seen these audit cycles come and go for decades, they've seen the rules tweak and shift, they know exactly where brokers usually trip up. Okay, so let's start at the very beginning.

The DRE sends out these notices, but what are they? What are they actually looking for? When we say compliance, what does that look like? Right, so at a high level, the Division of Real Estate is asking one simple question. Did you do your homework before the bell rang? The audit is checking to see if you completed your required continuing education during the three-year license cycle that just finished. Okay, so it's a look back.

They aren't asking what you're doing right now, they're asking what you did like up to three years ago. Exactly. It's retrospective.

And there are a few different paths to get there. The DRE outlines what we can call the normal route, which is what the vast majority of brokers do. And this is that standard 24 hours everyone talks about.

Correct. Colorado requires 24 hours of continuing education every three-year cycle. But, and this is where people get into trouble, you can't just take a 24-hour course on how to bake cookies for open houses and call it a day.

It's structured. I would absolutely take that course, by the way. I feel like that would be a high ROI class.

It sounds delicious, but no, it won't keep your license active. The structure is pretty strictly split. You need 12 hours of ACU, that's the annual commission update, and 12 hours of electives.

Let's break that down, because the ACU part seems to be the stumbling block. 12 hours of ACU, that's not one big course, right? No, and this is a critical distinction. The ACU is a four-hour course that's released every single year.

The division writes it, and it covers the legal updates, compliance issues, contract changes for that year. So to get your 12 hours, you need to take the four-hour update in year one, the four-hour update in year two, and the four-hour update in year three of your cycle. So you can't just binge watch them at the end.

You can't treat it like a TV show where you wait for the whole season to drop. You really shouldn't, and well, technically you can't, because the 2024 update is only good in 2024. Once the year rolls over, that specific course is gone.

If you missed it, you missed it. Okay, so that's half the battle. Then you have the other bucket, 12 hours of electives.

Right, which gives you a little more freedom. That's where you can study property management, commercial real estate, negotiation tactics. Exactly.

As long as it's an approved course, it counts toward that remaining 12 hours to hit the magic number of 24. Okay, so that's the standard path, 12 ACU plus 12 electives. But digging into the APEX material, I see there are alternative routes.

So what if I messed up? What if I had a crazy year, family issues, business was insane, and I forgot to take the annual commission update in year two? Am I doomed? You're not doomed, but you have to take a different path. You can't use that normal 12 plus 12 route anymore because you missed that yearly window. This is where the broker reactivation course comes into play.

Broker reactivation. That sounds intense, like something from a sci-fi movie. It's definitely a heavy lift.

It's a comprehensive 24-hour course, one single course. Wait, 24 hours in one shot? Well, you don't have to do it in one sitting. That would be brutal, but it is one single curriculum.

It's often used by brokers who maybe went inactive for a bit and want to come back, hence the name. But, and this is the key, it is also the fix-it tool for active brokers who realize, oh no, I missed my annual update. So if I missed my ACUs, I can just take this one massive course and it wipes the slate clean? That's it.

If you take and pass the 24-hour broker reactivation course, that satisfies the entire requirement for the cycle. It replaces the ACUs and the electives. So it's a one and done, but it sounds like a lot of work.

It covers a lot of ground. Trust accounts, closings, record keeping. It's a boot camp.

Now, I saw another option in the DRE rules that actually made me laugh out loud. You can satisfy the requirement by passing the state exam again. Yes.

The test option. That just sounds like punishment. Why would anyone choose to go back and sit for the state licensing exam voluntarily? I feel like most brokers have PTSD from that test.

I call that the hard mode option, but technically the logic holds up, right? If you can pass the state portion of the Colorado broker exam today, the division sees that as proof that you are current on all the laws and rules. So it counts. I think I'll stick to the classes.

Thank you very much. I don't ever want to see a Pearson VUE center again, if I can help it. Most people agree with you on that one.

There's also the broker recovery program, but that's for more specific disciplinary situations. Generally, people are sticking to the 12 plus 12 or the reactivation course. Okay.

So we know what we need. We've got our menu of options. Now let's talk about the stakes.

How does the audit actually happen? Is the division just watching us? Thankfully, no. The selection process is impartial. The Colorado Real Estate Commission randomly selects a percentage of licensees every single quarter.

So it's a lottery, but it's the worst lottery in the world, because the prize is just a bunch of paperwork. Precisely. And if your number comes up, you get the notification.

Now here's where it gets really interesting and where brokers get into trouble. It's all about the timeline. The when.

The when is everything. The DRE is extremely clear on this. All education has to be completed within the license period that's being audited.

Okay. Let's role play this for a second, because I think this is where people get confused. I get an email today.

It says, I'm being audited for my cycle that ended last month. I look at my records and realize, I only have 20 hours. I'm four hours short.

Can I just hop online to Apex, take a quick class tonight and send that in? Absolutely not. That is the single most common misconception. You cannot fix the past once that audit letter arrives.

But why not? I'm taking the education. Because the certificate will be dated today. The audit is asking if you were compliant last month.

If the dates on your certificates are outside the license cycle they are asking about, they just, they don't count. It's like trying to after you've already crashed your car. Wow.

Okay. That is a crucial detail. The date on the certificate matters more than anything else in that moment.

It matters immensely. And the consequences are real. We aren't just talking about a slap on the wrist.

The DRE states that failure to complete the 24 hours results in disciplinary action. Which means what exactly? Are we talking jail time? No, no jail time for missing a class, thankfully. But it usually means a fine and the fines have been going up.

Plus, and here's the kicker, you'll have to take additional coursework anyway to make up for it. So you pay the money, you get a mark on your record, and you still have to do the work. You might as well just do the work on time.

Exactly. And I have to mention one other thing because it was bolded in the source material. Fraud.

Oh boy. Zero tolerance. If you panic because you missed your hours, do not try to Photoshop a certificate.

Do not alter a date. If you submit a false document, that is immediate formal disciplinary action. You go from disorganized to dishonest, and that is how you lose a license.

The cover-up is always worse than the crime. Always. Just pay the fine if you messed up.

Don't lie. Okay, scare tactics aside. Let's say I'm a good broker.

I'm organized. I did my ACU, I did my electives, I opened my email, and there it is. You have been selected.

What is step one? Step one is breathe. Step two is read the email. The modern audit process is entirely digital.

So I'm not mailing a box of papers to Denver. I don't need to find a fax machine from 1998. No.

Please don't do that. You just replied to the notification email. That is the official channel.

The DRE wants you to submit copies of your course completers and certificates for all 24 hours. Just email them back. Just email them back.

Attach the PDFs. But, and this is the big but that the division really emphasizes, there is a specific instruction on what not to do. Which is? Do not call the division.

Don't call. Do not call the division to ask, hey, did you get my email? Or is everything okay with my submission? But I'm anxious. I want to know they have it.

I want a human to tell me I passed. I know it's human nature, but just imagine the scale of it. If every single broker who got audited called to check in, the fine lines would be jammed 2004-7.

They wouldn't have time to actually review the audits. The division says, we will be in contact with you if we have questions. So silence is actually good news.

In this case, yes. He sent it. Trust the technology.

No news is good news. And how long does this limbo last? How long do I have to sweat it out? The processing time is generally five to seven business days. So, you know, send it off, give it a week and just keep an eye on your inbox, but don't pick up the phone.

And there was one other practical tip from the DRE website about what not to put in the email. Right. Data security.

They have a specific warning. Do not include personal or financial information. They don't need your social security number.

They don't need your credit card info, just the course certificates. That makes sense. Now, this brings us back to record keeping, because three years is a long time.

I lose receipts from last week. If I took a class in 2023 and I get audited in 2026, finding the PDF might be a struggle. And this is where your choice of school becomes a strategic advantage.

We were looking at the Apex Real Estate School site and they highlight their student login. The records retention aspect. Exactly.

A good school acts like a backup hard drive for your career. If you take your courses through them, that data just sits in your student profile. So when the audit letter comes, you don't have to tear your office apart.

You just log in, go to your history and download the certificates. That is a lifesaver. It turns a three-hour panic attack into a five-minute task.

It really is. And it speaks to the support system. We mentioned earlier that the team behind Apex has over 50 years of combined experience.

That really matters when you're confused. Because it is confusing sometimes. You might look at your records and think, wait, did I take the 2024 ACU or was that the 2023 one? Right.

Or does the selective even count? And if you are confused, like, do I need the reactivation course? Am I okay? Apex is set up for those questions. They list their contact info right there, info at apexreschool.com, or you can call or text them at 720-927-7774. I love that you can text them.

That feels very modern. It is. And the key is that there are actual industry experts on the other end, not bots.

When your license is on the line, you want a human answer, not a chatbot saying, I didn't understand that. Absolutely. So let's try to summarize the golden rules here for the listener.

If they take nothing else away from this discussion, what should they remember? Okay. First, know your pathway. For most of you, that's 12 hours of annual commission updates.

So four hours per year, every year, plus 12 hours of electives. If you've fallen behind, just pivot immediately to the 24-hour broker reactivation course. Second, the audit golden rule.

Compliance happens during the cycle. You cannot fix it after the fact. Check your dates now before the letter arrives.

Got it. Be proactive, not reactive. And third, follow the process.

When you get the email, reply with your certificates. Do not call the DRE. Give them their five to seven days.

Simple, actionable steps. But I want to zoom out for a second as we wrap up. We've talked a lot about compliance and rules and avoiding fines.

It feels very bureaucratic. Sure. But why? Why do we do this? That's the so what question, isn't it? It's not just red tape.

It's about professional relevancy. Think about it. You are helping people with the largest financial transaction of their lives.

If you're operating on knowledge from 20 years ago, you're doing a disservice to your client. The market changes so fast. And the laws change even faster.

The contracts change. This whole process, this audit, it ensures that the person holding that license is actually equipped to protect the public today. It protects the consumer.

Which ultimately protects the reputation of the whole industry. It does. It raises the bar.

Well, here is where I want to leave our listeners with a bit of a provocative thought. We've been talking about certificates, the pieces of paper that prove you sat in the chair. Right.

The proof of attendance. But let's be real. If you were audited today, not on your certificates, but on the content of those annual commission updates from the last three

years, would you pass? Do you actually remember the changes to the contract from 2024? Or did you just click next until the video ended? That is a terrifying question.

A very good one. Something to mull over as you organize your files. Are we just compliant or are we actually competent? Indeed.

Competence is the real goal. Well, once again, a huge happy birthday to Van Hilty. Here's to many more years of setting the standard.

Happy birthday, Vann. Keep those certificates organized, everyone. And thanks for joining our discussion.

Stay compliant. We'll catch you on the next Deep Dive.