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**RE: Proposed Amendment to § 12-10-203, C.R.S. — Requiring ARELLO or IDEC Certification for Real Estate Pre-License Courses**

To Members of the Colorado General Assembly:

This briefing is submitted to inform the current Sunset review of the Colorado Real Estate Commission and to support an amendment to § 12-10-203, C.R.S. requiring that real estate pre-license courses be certified by the Association of Real Estate License Law Officials (ARELLO) or the International Distance Education Certification Center (IDEC). The basis for this request is a structural gap in Colorado's current oversight framework — one that has gone unaddressed and is producing measurable harm to students and the public.

Under current law, real estate education providers must be approved by the Division of Private Occupational Schools (DPOS). However, DPOS does not employ subject-matter staff with the expertise to evaluate instructional design, contact hour validity, or alignment with licensing requirements. DPOS approval is an administrative function — it confirms that a provider can offer and instruct the programs stated and is financially stable, not that the courses it offers meet state requirements. Critically, once a provider has been approved, there is no mechanism requiring periodic re-review of courses. A provider approved years ago may continue offering courses that have never been examined for compliance with current educational or legal standards.

The Division of Real Estate (DRE), which administers the licensing examination and publishes candidate pass-rate data, has no statutory authority over education providers. The DRE can observe the outcome — declining first-time pass rates — but cannot investigate the educational causes or compel course improvements. The result is that DPOS approves providers without ensuring the required hours of education have been met and the DRE tracks outcomes without authority over providers, and no agency is responsible for the space in between. Students bear the cost of this gap through failed examinations, retesting fees, and delayed entry into the profession. Delayed entry has an opportunity cost that is individual to the Colorado consumers.

The data bears this out. Colorado's first-time broker examination pass rate has fallen from 74 percent in fiscal year 2010–11 to 53 percent in fiscal year 2023–24 — a 21-point decline over thirteen years. This means that today, nearly half of all candidates fail the licensing examination on their first attempt despite completing the 168 hours of pre-license education the state requires. This briefing details this trend and presents the proposed statutory remedy.

The proposed amendment is narrow and practical. It does not increase required education hours, create a new state agency, or impose costs on taxpayers. It requires only that online and correspondence pre-license course providers obtain and maintain certification from an established national quality-assurance body — ARELLO or IDEC — by January 1, 2027. These organizations conduct independent course reviews, validate instructional design, contact hours and learning outcomes, and require ongoing compliance. They bring to Colorado the oversight function that no current state agency is equipped to provide.

The supporting documentation that follows includes the historical pass-rate data, a side-by-side comparison of current and proposed standards, the exact proposed statutory language, and suggested legislative findings. Respectfully, the General Assembly should consider this amendment during the current Sunset review process.

# Colorado's Real Estate Education Quality Crisis

Why Colorado Must Require ARELLO or IDEC Certification for Pre-License Courses

<p><b>74% → 53%</b> First-time pass rate decline since 2010–11</p>	<p><b>21 Points</b> Drop in exam pass rate over 13 years</p>	<p><b>~47%</b> Of candidates fail on the first attempt</p>
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## BACKGROUND: THE CURRENT APPROVAL GAP

Colorado currently requires real estate education providers to obtain approval from the Division of Private Occupational Schools (DPOS). However, DPOS does not review online or correspondence courses for instructional design, contact hours, or alignment with license law requirements.

Meanwhile, the Division of Real Estate (DRE) publishes first-time exam pass rate data but has no authority to evaluate or act upon the educational quality of individual course providers. The result is a structural gap: online and correspondence providers are administratively approved but never substantively reviewed.

Both Mortgage and Appraisal licensing education have standards for online and correspondence education that they are required to meet which is then overseen by DPOS and the DRE. Real Estate has this option available, and it should be engaged in the same manner as the other programs utilizing the appropriate agency.

DPOS Approval (Current)	ARELLO / IDEC Certification (Proposed)
<ul style="list-style-type: none"> <li>Administrative &amp; Financial review</li> <li>No review of course content</li> <li>No contact hour validation</li> <li>No curriculum or exam alignment check</li> <li>One-time course approval; no ongoing monitoring outside of financial stability</li> </ul>	<ul style="list-style-type: none"> <li>Independent curriculum review</li> <li>Instructional design &amp; outcome assessment</li> <li>Contact hour verification</li> <li>Alignment with licensing requirements</li> <li>Ongoing compliance and renewal requirements</li> </ul>

## EXAM PASS RATE DATA: A 13-YEAR DECLINE

Colorado statute requires DRE to publish first-time broker examination pass rates. This data, drawn from the 2016 & 2025 Sunset Reports and the current DRE website, reveals a sustained and troubling decline:

Fiscal Year	Exams Given	Colorado Pass Rate
2010–11	1,770	74%
2011–12	1,780	71%
2012–13	2,563	72%
2013–14	3,705	70%
2014–15	4,228	70%
2019–20	6,238	62%
2020–21	13,301	58%
2021–22	10,917	56%
2022–23	8,922	53%
2023–24 ★	8,281	<b>53% ← Most Recent</b>

Sources: Colorado Division of Real Estate quarterly pass-rate reports; 2016 \* 2025 Sunset Review Reports. ★ Most recent available data.

**PROPOSED STATUTORY AMENDMENT**

This decline in pass rate brings multiple questions, and only a few possible answers. First, the exam did change during this time. If that was the only issue, then the pass rates would have either leveled or declined all at once. Second, more classroom providers moved to online and correspondence courses, especially during the pandemic. This continued move to more online & correspondence courses being used by Colorado consumers matches the exam pass rate declines, giving a strong indication that either contact hours are missing or online and correspondence courses are not meeting the course outline requirements set out in law which mirror the state licensing exam. This has the effect of costing Colorado consumers over \$40,000 in exam fees.

The following language is proposed as an amendment to § 12-10-203, C.R.S. during the current Sunset review process that would close the online and correspondence course review gap:

§ 12-10-203, C.R.S. (5)(d) — Proposed Amendment

**All courses and programs found in parts (4) and (5) which are offered either online or by correspondence, where the teacher and student are separated by time and/or distance, must be ARELLO or IDEC certified as of January 1st, 2027. Certification shall be maintained in order to qualify for credit and licensure under this act.**

*Effective Date: January 1, 2027 | Scope: Online and correspondence pre-license courses*

**WHY THIS AMENDMENT WORKS**

**No New Bureaucracy**

ARELLO and IDEC are already-established national frameworks used and authored by state real estate regulators. No new state agency or staff is required.

**No New State Budget Impact**

Certification costs are borne by course providers, not taxpayers. Implementation requires no new appropriation. Costs would be born by providers, not citizens or students.

**Protects Consumers & Students**

Students paying for 168 hours of required education deserve assurance that courses actually prepare them for the licensing exam and responsibilities of real estate brokers. Consumers could save on exam fees as pass rates improve.

**Reasonable Lead Time**

The January 1, 2027 effective date provides adequate time for all existing providers to obtain certification before the requirement takes effect. Approval times run appx. 45 days. All providers have the same opportunity.

**TALKING POINTS**

- Colorado's broker exam pass rate has dropped from 74% to 53% over thirteen years — a 21-point decline.
- The state approves providers, but it does not review the courses themselves for instructional design or instructional time. Certification would do both.
- This amendment does not increase required education hours, create new bureaucracy, or add to the state budget. It does certify that the legally mandated instructional hours are met by providers.
- ARELLO and IDEC already certify programs across the country and are recommended by 23 states.
- 47% of test takers failing the exam amounts to over \$40,000 per year in lost fees to Colorado Consumers.
- This amendment protects consumers by ensuring licensees are properly prepared before entering the marketplace and the examination center, saving time and money for future real estate brokers.
- It is possible that Licensees would have greater opportunity to move to other jurisdictions that recognize ARELLO/IDEC certification as well, possibly increasing license portability for current and future real estate brokers.
- The general public will benefit from a more educated real estate broker population with no increased liability.

## RATIONALE

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- The policy would apply equally to all providers and does not advantage any specific business model ensuring all schools have the opportunity to meet new requirements.
- Colorado already boasts many schools and instructors who work with these organizations and are familiar with the requirements of certification, making this an easy adjustment.
- Classroom only schools show a significantly higher pass rate during this time than online and correspondence schools when broken out, further indicating the problem lies in the online and correspondence providers, not those offering classroom programs.
- Since schools are not incentivized to perform, no market forces will aid consumers in this area. This makes course certification the least burdensome regulatory option and would have the greatest potential impact on the marketplace without costing taxpayers' money.
- ARELLO and IDEC already certify programs across the country and many states have higher pass rates.
- The cost per student of certification would be between \$2 - \$4 per student based on the total number of exams delivered last year. The cost per student is extremely small relative to tuition, and the transition period allows providers to adapt.
- This amendment protects consumers by ensuring licensees are properly prepared before entering the marketplace and the examination center, saving time and money specifically for Colorado consumers.
- *\* Note that the first quarter 2026 pass rate is 50%. The schools continue to fail.*

## LEGISLATIVE DECLARATION (SUGGESTED FINDINGS)

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The General Assembly hereby finds and declares that:

- The Division of Real Estate publishes first-time broker examination pass rates, which have declined from 74 percent in fiscal year 2010–11 to 53 percent in fiscal year 2023–24, representing a 21-point decline over thirteen years.
  - Current approval of real estate education providers by DPOS does not include review of instructional time, curriculum rigor, learning outcomes, or alignment with licensing examination competency standards.
  - Colorado does not currently require independent third-party instructional certification for online or correspondence pre-licensure education programs. There is also no ongoing course review requirement.
  - National certification bodies such as ARELLO and IDEC provide curriculum review, instructional quality standards, assessment validation, and ongoing compliance monitoring specifically for real estate programs.
  - Requiring nationally recognized certification will improve educational consistency, increase candidate preparedness, and enhance consumer protection.
  - There is a gap between oversight agencies that should be closed.
  - As online and correspondence real estate programs have increased in Colorado consumer usage, pass rates have gone down and continued a downward trend with the Colorado broker exam pass rate in Q4 of 2025 at 50.3% (even lower than the reporting period).
  - This solution presents no cost to taxpayers and no new regulatory burden outside of requesting documentation of certification.
  - 23 States already require and recommend ARELLO/IDEC certification. Colorado should catch up to those states already working towards solutions that help consumers without taxpayer funding.
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**Senate State, Veterans, & Military Affairs**

**05/05/2026**

**HB26-1287 Sunset Division of Real Estate**

**Typed Text of Testimony Submitted**

<b>Name, Position, Representing</b>	<b>Typed Text of Testimony</b>
Curtis Hilty Amend themselves	<p>In the House they amended the Division of Real Estate Sunset bill to remove authority for the Division to audit certain trust accounts. This is a bad revision. This would mean that associated comingling of funds might not be discoverable by the state, such as escrow deposits by certain subdivision developers.</p> <p>The amendment, L.003: <a href="https://leg.colorado.gov/bill_amendments/18543/download">https://leg.colorado.gov/bill_amendments/18543/download</a> would mean that a Broker could, in theory, steal funds from others that the DRE would not be allowed to search for.</p> <p>This should be reverted to the pre-amended version of the bill. The Colorado Association of REALTORS was the supporting organization of this amendment and it serves only to shield ALL brokers from oversight of other peoples money. They described a fundraising scenario where a Broker would have funds for cookies that might need to be deposited into a trust account. Nobody has ever been hurt by this.</p> <p>However, a developer who uses escrow accounts for personal gain would fall into that same exemption. This has happened and millions have been hidden. Please consider reverting this language back to the PA version.</p>