2019 Oregon Real Estate Agency Report to the Oregon Legislature: SB 855 – *Path to Licensure for Immigrants and Refugees and the Barriers to Entry.*

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Oregon Real Estate Agency

Steve Strode
Oregon Real Estate Agency, Commissioner

Anna Higley
Oregon Real Estate Agency, Deputy Commissioner

Selina Barnes
Oregon Real Estate Agency, Deputy Commissioner

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Executive Summary

The 2019 Oregon Real Estate Agency Report to the Oregon Legislature: SB 855 – Path to Licensure for Immigrants and Refugees and the Barriers to Entry is intended to provide the Oregon State Legislature with summary level information on the manner in which persons who are immigrants or refugees become licensed. This report also considers methods to reduce barriers to licensure.

The analysis examines applicant data and comparative census information to assess potential barriers to entry in the real estate profession.

The Report
- Part I outlines the licensing process for all applicants, explains the licensing requirements in detail, and illustrates the failure points for those identified in the immigrant and refugee category.
- Part II considers barriers to the industry beyond the licensing process.
- Part III presents the Agency's action plan.

A complete copy of this report can be found at:
https://www.oregon.gov/rea/about_us/Documents/2019-Oregon-Real-Estate-Agency-Report-Path-to-Licensure-Immigrants-Refugees-Barriers.pdf

Key Findings
- Overall, foreign born applicants complete the licensure process at the same rate as U.S. born applicants. No substantial barriers were observed for foreign-born applicants in completing the licensing requirements. This points to barriers being upstream of the licensing process.

- Our data suggests that certain immigrant populations face a greater barrier to entry prior to application. *Limited English fluency is not the corollary factor*.

  o Latin American migrants are seeking licensure at exceptionally low rates. According to the U.S. Census Bureau American Community Survey of 2017, 42% of Oregon's immigrant population were born in Latin America, yet only 9% of the foreign-born applicants for licensure are from a Latin American country.

  o While Latin American-born applicants seek licensure at lower rates than their population would suggest, they complete the process at much higher rates than the overall population. 76% of Latin American-born applicants complete the licensure process. This is a significantly higher licensure rate than the 52% completion rate for the overall aggregate of all applicants (inclusive of those born in the United States) and 51% for Asian-born applicants.

  o Asian-born applicants are seeking licensure at a higher rate compared to Oregon's overall immigrant population. Those born in Asia make up 33% of

Oregon's immigrants, but comprise 61% of immigrants seeking a real estate license.

- o Language may pose some barrier to licensure. 21.5% of Oregon immigrants reside in limited English speaking households, and only 35% report that they speak English "very well." However, when comparing Spanish-speaking immigrants to Chinese-, Korean-, and Vietnamese-speaking immigrants, Spanish speakers have a lower rate of limited English proficiency (in other words, substantially higher rates of English fluency), yet enter the industry at far lower rates.

% of Foreign-born with Limited English Proficiency (LEP)	
Language Spoken at Home	LEP Share (%)
Spanish	41%
Chinese	56%
Vietnamese	59%
Korean	53%

- The analysis within this study points to external economic factors and the environment of the real estate industry as the greatest barrier to licensure for Oregon's immigrants and refugees.
    - o Earnings and wealth are lower for migrants, with 14.9% of foreign-born residents living in poverty, compared to 8% for U.S.-born individuals. Those born in Latin America having the highest rate of poverty among immigrants at 18.6%.
    - o The cost of entry into the real estate industry is high because of delayed earnings. Industry standards suggest the need for 6 to 12 months of capacity for deferred income is required for a commission-based business model.
    - o The owner-occupied housing rate for Oregon's foreign-born immigrant population is 10% lower than native-born residents, 53% to 63% comparatively.
    - o There is a lack of real estate associations or business organizations that provide direct support for Latin American immigrants.

- The Agency has identified an action plan to reduce barriers to real estate licensure for immigrants and refugees, which takes into consideration both internal and external factors. Internally, the practice of accepting ITINs from applicants and recognizing foreign education equivalency will be maintained. Changes to statute or rules are not considered necessary at this time. The Agency will also seek to add additional language resources within the application and pre-license education process. Externally, as a part of its Affirmative Action plan, the Agency will engage with industry professional groups and economic development partners which share similar diversity and inclusion objectives.

About this Report

The *Oregon Real Estate Agency Report to the Oregon Legislature: SB 855 – Path to Licensure for Immigrants and Refugees and the Barriers to Entry* is required by [session law](#). This report estimates the immigrant and refugee population among all real estate license applicants and licensees, compares that to the relative immigrant population data in Oregon, and considers the potential barriers within the existing licensing process as well as obstacles to entry to the profession.

This report primarily takes a data-driven approach to the inquiry on the barriers to immigrants and refugees into the real estate profession in Oregon. However, as observations within the data were made the Agency sought context from industry partners with relevant experience. The Agency does not make conclusions with the anecdotal information gathered, but does share some of the most relevant findings in the [Political Factors](#) section of this report.

Definitions

For the purposes of this study the Agency defines *immigrant* and *refugee* synonymously as a person who comes to live permanently in the United States at any point in their life after being born in another country.

The Agency adopts the U.S. Census American Bureau American Community Survey of 2017 birth region definitions which are grouped as follows:

- Born in Africa
- Born in Asia
- Born in Europe
- Born in Latin America (South America, Central America, Mexico, and the Caribbean)
- Born in Northern America (Canada, Bermuda, Greenland, and St. Pierre and Miquelon)

This report observes the distinction between a Broker and a Realtor®, although the two terms are often used interchangeably by consumers. A Broker is a licensee. A Realtor® is a member of the National Association of Realtors® (NAR). A licensed Broker does not have to be a Realtor®, but a Realtor® must be a licensed Broker. The term Realtor® is used in this report when the data is sourced from NAR.

Data Limitations

In addition to U.S. Census data, this study relies on data gathered during the real estate license application process. The license application does not inquire as to an individual's immigration or refugee status. In the review of Agency-held data, there is no way to separately categorize immigrants and refugees despite the different paths taken to reside in the United States. The Agency recognizes that there may be an inherent discrepancy in outcomes between the two groups that this report will not have the capacity to evaluate.

While the Agency has accepted the Individual Tax Identification Number (ITIN) within the application as a replacement for a Social Security Number (SSN) for several years, the ITIN designation is not a clear indicator of an applicant's immigration status or history. An individual with a permanent resident status is issued a SSN and is still considered an immigrant for the purposes of this study.

The data collection methodology assumes that all license applicants born outside of the United States are immigrants unless an American Military Base (AMB) is identified as the place of birth. The Agency recognizes that a certain population of those within that criteria may have been born to American parents outside of the country and not on a military base but the Agency lacks a resource to assess a reasonable factor by birth place and apply a resultant exclusionary factor. Overall we believe this to be relatively uncommon and expect this inclusion to have a minimal impact in the contamination of this data.

The application data set period is from March 2012 to October 2019. Applications prior to this date were submitted to the Agency in a paper format and birthplace was not consistently entered into the database. In addition the former database failed to capture the requirements of the application and did not observe the steps within, allowing for the identification of the steps leading to an unsuccessful application. This is explored within this report as a *failure point*. Given that this study is intended to identify the barriers to entry, the Agency decided it was more informative to exclude old and incomplete data in favor of a current and complete dataset.

This data includes Broker and Property Manager applicants exclusively as these license types are professional entry categories. The Property Manager license is only held by 1% of applicants observed in this report. Given that the application process mirrors that of the Broker license, the Agency refers exclusively to the Broker licensing process through the remainder of this report. The Principal Broker license requires three years of active licensed real estate experience and thus would not be a good measure regarding the barriers to occupational entry.

Some figures require in-depth manual data collection and were concluded through sampling a significant random subset (5-10%) of the overall dataset. These estimates are unlikely to be exact but are directionally correct. All calculations based on data samples are identified within the report.

Data Censorship

In order to maintain privacy, names, license numbers, and other personally identifying information has been excluded from this analysis. The Agency does not consider personalized data to be relevant to these findings.

Data Summarization

This report summarizes data collected in charts and accompanying narrative descriptions. The Agency has highlighted areas of interest within the narrow scope of the Oregon real estate license application process.

Data Sources

- Oregon Real Estate Agency Licensing System: eLicense Database
- PSI Testing Services Online Client Portal – Examination Results
- US Census: https://www.census.gov/newsroom/pdf/cspan_fb_slides.pdf
- https://www.migrationpolicy.org/data/state-profiles/state/language/OR
- "State Economic Data for Engaging in International Real Estate 2019," National Association of Realtors® Research Group
- https://www.migrationpolicy.org/article/language-diversity-and-english-proficiency-united-states

Part I: The Licensing Process – Requirements & Failure Points

High School Education

To obtain a license, an applicant must have received a General Education Diploma (GED), a High School Diploma, or an international equivalent of education at the high school level. This requirement is met by applicant attestation within the license application process. The Agency neither requests the applicant to identify which type of education is used to meet this requirement nor asks for verifying documentation. Therefore, the Agency does not consider secondary school education requirements a barrier to entry into the real estate profession.

Pre-license Education

The professional education required to become a Broker in Oregon is comprised of 150 hours of course work and includes seven required sections:

- Real Estate Law (30 hours and a 60 question examination)
- Oregon Real Estate Practices (30 hours and a 60 question examination)

- Real Estate Finance (30 hours and a 60 question examination)
- Contracts (15 hours and a 30 question examination)
- Agency Law (15 hours and a 30 question examination)
- Property Management (10 hours and a 20 question examination)
- Real Estate Brokerage (20 hours and a 40 question examination)

Courses are offered both online and in person by 27 providers across the state. Providers include both licensed private career schools and Oregon Community Colleges. The Agency approves the courses developed by providers but does not offer this education directly.

Currently, there are no education providers offering pre-license education in a language other than English, although nothing in law or rule prevents this. Providers have not inquired with the Agency on the potential of foreign language course approval, but if there is student demand, the Agency would be receptive to additional language options.

From a consumer protection standpoint, the Agency needs to be certain that anyone who passes the course is fluent in English. Contracts, disclosures, inspections, local ordinance, title reports, and many other documents are not under the Agency's regulatory authority. However, a licensee's affirmative duties require they understand them.

The Agency sees an opportunity to support English language learners in the pre-license education process. For example, the Agency could encourage providers to offer additional training resources in students' primary languages. This is similar to an approach taken by Oregon Real Estate Forms, LLC (OREF), the major provider of forms to real estate licensees. While all contracts are in English, OREF has developed a line-by-line translation of the residential transaction forms in Spanish. Licensees who serve the Spanish-speaking community have shared that this a very effective tool for their clients.

Online coursework is self-paced but must be include a minimum 150 clock hours of education. In a class environment, courses are completed in 12-week college quarters.

The Agency does not offer waivers of education to any applicants, even those with an out-of-state or foreign jurisdiction license, given the need to understand and operate within the specifics of Oregon law.

The Agency does offer reciprocity with the following states/provinces: Alabama, Alberta, Georgia, Nebraska, and South Dakota.

Agency Application
The license application is exclusively online and is only available in English. The content of the application is centered on establishing the record of the applicant in our licensing database, identifying the license sought to activate the appropriate requirements workflow, collecting information regarding the applicant's criminal, civil, financial, and regulatory background, and outlining the remaining steps to obtain the license.

The Agency supports the application process by providing an in-office computer available to those without alternate access to the internet, as well as making customer service available by telephone and email during business hours. However, the Agency recognizes that some applicants may resist contacting the Agency if they are not comfortable using English.

The Agency does not track customer service inquiry types, but a recent review of email inquiries and anecdotal consultation with licensing staff does not demonstrate recent requests for applications or other pre-license requirements in a language other than English or questions related to the use of the ITIN.

While the Agency's website does support the option to convert text to another language, the current licensing system does not provide this feature. The Agency intends to begin the project to replace the current licensing system in the next biennium and will inquire with vendors on the capability to make language accommodations.

Examination

Upon completion of the pre-license education and license application, the pre-license educator will authorize eligibility for the applicant to sit for the Real Estate Broker examination. The 2019 Broker examination first time pass rate is 57% for all test takers. In a random sampling of data from the immigrant applicant pool, the first time pass rate for the data collection period was 60%.

Passing the examination does not present a barrier to foreign-born applicants over native-born applicants.

Fingerprint & Agency Background Review

Applicants have their fingerprints scanned at one of the seven examination testing centers across the state. Locations are throughout the Willamette Valley and in Baker City, Bend, and Medford. This scan is sent electronically to the Oregon State Police and is then processed through the Law Enforcement Data System (LEDS) which searches for records both in Oregon and nationally through the FBI database.

The Agency conducts a background review of all applicants with a hit on their record. The initial application is also reviewed at this stage to identify if any background questions are answered in the affirmative. Compliance Specialists elevate records with a history of regulatory issues in another professional license or jurisdiction, a criminal background hit with a a conviction related to the applicant's trustworthiness and competence to conduct professional real estate activity in a manner that protects the public interest to the Regulations Division for a formal investigation to make a fitness determination.

10% of all applicants have a hit on their record. In a random sampling of data from the Oregon immigrant real estate license applicant pool, 7% of foreign-born applicants have a hit on their record. Birth country is not a factor considered in these evaluations.

Passing a background check does not appear to be a barrier to licensure.

Supervision

Obtaining supervision is the final step of the Broker license application. All Brokers, regardless of experience or education, must be supervised by an active Principal Broker. Once the applicant passes the examination and receives a cleared background, the Principal Broker for whom the new applicant intends to work will associate the new licensee to their business organization. Once all prior steps are complete, new Brokers usually obtain supervision and activate their license within a few days.

In consideration of supervision being a potential failure point, the Agency compared foreign- to U.S.-born applicants from 2018 that have not yet been associated to a Principal Broker; most of these applicants are a year or more beyond initial application. Approximately 4.7% of the 2018 U.S.-born applicants have completed all steps of the application process but have not yet obtained a supervisor. 5.8% of the 2018 foreign-born applicants have completed all steps of the application but have not yet obtained a supervisor.

Supervision does not appear to be a significant barrier to entry into the profession, but does pose a slightly greater obstacle for foreign-born applicants.

Application Process Barrier Summary

The Oregon Real Estate Agency has reviewed the process of the application, and potential barriers to progress within, and does not observe that a statistically significant population of immigrant and refugee applicants are reaching a failure point and exiting the process to become a real estate Broker. However, in a review of a 10% sampling of 2018 applicants, 8.3% were born outside of the United States. The 2017 U.S. Census Bureau American Community Survey identifies 9.9% of Oregon's population as foreign-born.

While not a dramatic underrepresentation on the whole, the underrepresentation of those born in a Latin American country comparative to the population (9% of foreign-born real estate applicants and 42% of the immigrant population) is high. The Agency recognizes that more may be possible to encourage and support those entering this industry, though changes within the licensing process are unlikely to stimulate increased entry for immigrants.

Part II: External Factors

Economic Barriers

Most licensees are non-salaried, independent contractors operating on a 100% commission-based income. A new entrant will require financial support as they are building their business. This is often through established savings or a spouse's or partner's income in the first year of licensed activity. According to NAR, most Realtors® are homeowners as well, and the profession may not be on the radar for recently arrived immigrants. Moreover, the average Realtor® earned less than $40,000 per year in 2017.

Prelicense Education - $350 - $700	Application - $300	Exam: State & National Sections - $75 p/sitting	Fingerprinting - $56	Association & MLS Dues- $1,359	Start-up Costs (Desk Fees, Advertising, etc) - $600

The total cost of entry for professional real estate ranges from $2,740 to $3,000; requiring up to three or more months of dedicated time to complete the education and prepare for the examination. Unlike some other occupational educational programs, the Broker pre-license course is not eligible for Federal Student Aid, even when offered through an Oregon Community College, as it is non-credited coursework.

Based on 2017 data collected from the Bureau of Labor Statistics, foreign-born workers earn approximately 80% of what native-born workers do at all education levels nationwide. The U.S. Census Bureau American Community Survey of 2018 reports income for foreign-born households at 93 cents on the dollar in Oregon.

While the overall cost to enter the industry is rather low as compared to other professional industries and trades, the discrepancy in earnings and time commitments may come at too high a burden for some immigrants to overcome or to even perceive as an attractive opportunity.

Support in the Industry

In 2018, the Oregon Association of Realtors® (OAR) Board of Directors formed a standing Diversity Committee. OAR understood the need to reach Oregon's increasingly diverse population, both its Realtor® members and the communities they serve. The Agency has begun a conversation with OAR about where the two may partner in order to better meet shared goals.

In addition to statewide Realtor® associations, multi-cultural real estate organizations have formed nationally over the years, with chapters in various markets across the country. They provide networking, education, mentoring, and outreach to their respective members, and engage with the communities they serve. Two leading groups are the Asian Real Estate Association of America (AREAA) and the National Association of Hispanic Real Estate Professionals (NAHREP).

The Agency notes a comparably high application rate among those born in Asia (61% of all foreign-born applicants while comprising only 33% of Oregon's immigrants). AREAA has an active chapter in Oregon; part of its mission is to increase business opportunities for those in

real estate professions in order to serve the growing Asian community. They also offer continuing education and several annual networking events. Real estate is an industry that tends to be relationship-driven. Such relationships are not only between buyers and sellers, but among mentors and supervisors. The Agency does not have enough data to support whether or not the presence of an active AREAA chapter helps increase licensee counts among Asian-born applicants. Since NAR's member profile data also identified the typical Realtor® as being a homeowner as well, homeownership rate data may be equally as relevant.

In the reverse, the NAHREP does not have a chapter in Oregon. NAHREP is a strong and established national organization, but does not hold an office or conduct events in Oregon. Those born in Latin American countries may not have the strong network of practicing licensees available as a resource that other groups do when considering the real estate profession. However, as noted in the previous paragraph, market-based factors may also affect the rate at which Latin American-born immigrants seek entry into the profession.

Political Factors

Conversations with industry leaders who serve the Hispanic community lead the Agency to believe there may be cultural and political considerations which can be viewed as barriers as well.

As outlined in Part I, the process to obtain an occupational license requires an applicant to supply personal information to governmental agencies. During our research, a principal broker from Marion County shared that he is often approached by potential licensees born in Latin America. He described that, in his experience, a major concern in many immigrant communities is a fear of voluntarily sharing personal information with any government agency. He said this is especially so for those born in Latin American countries.

The principal broker went on to add that there is a perception that information is shared with other agencies and would be reported to immigration-related federal agencies such as Immigration and Customs Enforcement (ICE) and Homeland Security.

An additional concern is people believe they may be breaking the law when they use an ITIN instead of a SSN. Agency data shows that less than half of 1% of applications of all foreign-born individuals use an ITIN, but we do not have external baselines to compare this to.

External Environment Summary

The cost to enter the industry is lower in dollar value than many other professions. As discussed earlier, the nature of the occupation itself may create significant barriers for recent immigrants.

Fortunately, the licensure process can be taken in stages over a self-paced timeline with the initial entry costs being as low as $300 for an online course.

The Agency assesses the lack of an existing network being a greater barrier especially for Latin American-born applicants in Oregon. Because there are too few (or too geographically

dispersed) Brokers established in this community to mentor and engage new entrants into the profession, there is a lack of demand for a dedicated association in Oregon such as NAHREP. The Agency's initial conversations with the Oregon Association of Realtors lead us to believe there is a desire to fill that need within their membership, however.

The data evaluated, as well as conversations with licensees who serve various immigrant populations, have led the Agency to believe that some barriers relate to the nature of the business itself and the housing market as it exists in Oregon and are, therefore, beyond regulatory control.

Part III: Action Plan to Reduce Barriers

As part of this study, opportunities have been identified where the Agency can make an impact.

- Within the application process, we will continue to accept the ITIN as a replacement for a SSN as well as accept a foreign equivalent for high school education.
- We will seek to improve language access within the application itself as we replace our existing licensing system in the next biennium.
- We plan to begin working with our educator partners to encourage supplementary tools for those taking the pre-license courses, such as foreign language study guides and translatable course content. This opportunity will aid those that have fluency in English but may have difficulty understanding the nuance of the legal terms, which is appropriate in the learning environment.
- We will maintain the use of the English-based testing, as it is crucial for consumer protection with most auxiliary documents (title report, contracts, law and rule) being produced externally, exclusively in English.
- As part of the Agency's developing Affirmative Action plan, we will begin outreach to AREAA, OAR's Diversity Committee, and other organizations established to further the economic development of immigrants, especially those in the Latino community. Core to that communication will be overcoming misconceptions about the use of ITINs in the application process and education equivalencies for foreign high school education.