

Arizona Department of Real Estate (ADRE)  
Real Estate Advisory Board  
Special Meeting  
Minutes  
October 29, 2013

The Real Estate Advisory Board met on Tuesday, October 29, 2013 at the Arizona Department of Real Estate (ADRE), 2910 N 44<sup>th</sup> Street, 3<sup>rd</sup> Floor Conference Room, Phoenix, Arizona.

**I. Call to Order**

Vice-Chair Kimberly Clifton called the meeting to order at 9:00 a.m.

**Members present**

Kimberly Clifton, Vice Chair  
Carla Bowen, Member  
Frank Dickens, Member  
Bill Gray, Member  
Scott Peterson, Member  
Charlie Bowles, Member

**Absent**

Kim Horn, Chair  
Jo Ann Sabbagh, Member  
Dennis Wilenchik, Member

**ADRE Representatives present**

Judy Lowe, Commissioner  
Mike Wheeler, Assistant Commissioner – Regulatory Affairs  
Sarah Dobbins, Chief of Staff  
Louis Dettorre, Assistant Commissioner Operations/ Legislative Affairs  
Robin King, Auditing & Investigations Manager  
Carla Randolph, Assistant Commissioner Licensing/ Education/ Development Services

**Attorney General's Office Representative**

Shelby Cuevas, Assistant Attorney General

**II. Introductions & Welcome**

Vice-Chair Clifton welcomed members and guests to the meeting. Due to the large number of guests in attendance, Vice Chair Clifton asked Advisory Board Members, ADRE staff and members of the public to go around the room and introduce themselves.

She then re-read the charge of the Advisory Board and commented that the purpose of this Special Meeting was to address two specific items – Recovery Fund and Education as it relates to

property management. This special meeting was called for by the Advisory Board at the October 9, 2013 Real Estate Advisory Board meeting.

### **III. ADRE Update**

Commissioner Lowe provided an ADRE update based on motions from the October 9, 2013 Real Estate Advisory Board meeting as follows:

- Regarding the Audit process motion – that the “Property Management Audit Package” be posted on ADRE’s website and also be provided to any Broker who has been scheduled for an audit – Commissioner Lowe reviewed the contents of the package and noted that it had been posted to ADRE’s website and is being given to Brokers scheduled for Audit. She noted that there will also be a link to it in the ADRE Bulletin scheduled to come out on November 1, 2013. As timelines had also been suggested, Commissioner Lowe commented that while Assistant Commissioner Wheeler and Investigations/ Auditing Manager King are reviewing timelines, it is important to note that there are a number of items, internal and external, that can effect the timeline of an Audit. The goal for audit timeline is 90 days.
- Collecting necessary data – the motion was “on the 2-year Broker Audit Declaration, there be sections allowing the employing Broker to provide (name, license number) information to ADRE of the individuals within their company (including themselves, if applicable) who are involved in Property management” – Commissioner Lowe commented that the Department is working on this item, it has been referred to IT, additionally research is being conducted to determine if legislation would be needed.
- Bonding – motion was, “ that the information provided by Member Gray to the group on the idea of bonding through title companies be given to Commissioner Lowe for her consideration with regard to statutory changes that may need to be reviewed with regards to property management,” – She commented that the Department is reviewing this item and that, as this is not a regularly scheduled meeting, there has not been sufficient time since the October 9<sup>th</sup> meeting to be able to provide a full presentation on findings; however, the Commissioner commented that she had spoken with representatives from a couple of title companies who have suggested the possibility of offering a service that could handle trust account monies. With this approach, it may be that it could be a service offered by title companies rather than a regulatory issue. At this time, it could not be determined what/ if the Department’s recommendation would be, however the Department will continue to review the proposal.

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- Definition of Property Management – motion was, “to charge the Department to develop a definition for Property Management,”. Commissioner Lowe commented that the Department is researching and will report on this item at a future meeting.

#### **IV. Board Action Discussion – Recovery Fund**

Vice Chair Clifton introduced the item and commented that through the discussion/ action the Advisory Board could consider actions ranging from, taking none at this time to making a recommendation of changes to the fund.

After Advisory Board Discussion, it was determined that the recovery fund would not be included in any recommendation at this time.

#### **V. Board Action Discussion – Education as it relates to Property Management**

Vice Chair Clifton opened discussion to the Advisory Board. Member Bowles commented that, in the Broker Management Clinic course he teaches in Tucson, he asked his students for their opinion and that the feedback he received indicated the students would be in favor of education being added specifically for property management.

Member Dickens commented that his recommendation would be for a 6 hour course, that fits within existing statute, consisting of 3 hours with an Auditor or representative from ADRE and 3 hours with an Accountant or someone who runs an accounting system.

After Advisory Board discussion, Member Gray made a motion to, “Appoint a taskforce, including stakeholders from all areas of the property management industry (commercial, multi-family, single-home, etc.), to develop courses, preferably within the 24 hours, that would improve property management. Member Bowles seconded the motion; motion passed unanimously.

Commissioner Lowe asked who would be responsible for appointing the taskforce. The Department will develop the list for Advisory Board review.

#### **VI. Other Matters**

NONE

#### **VII. Call to Public**

The following comments were made during the call to the public:

- Additional education, specific to property management, should be developed, and required.

- Those who acquire property management education should be rewarded with a designation/ certification.
- Scott Drucker commented that, when the term 'bad apples' is used, it should be considered that some people are making honest mistakes, these people are not deliberately violating statutes. These are the people who would most likely attend and benefit from a class that ADRE participates in.
- Sue Flucke commented on the need for Brokers to understand better, the basic set-up of a company when property management is involved.

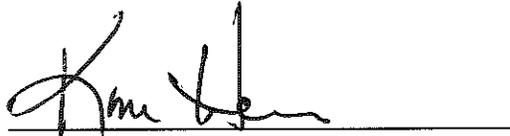
**VIII.** Next Real Estate Advisory Board Meeting December 11, 2013

**IX.** Adjournment

Meeting was adjourned at 10:50am.

*Respectfully submitted this \_\_\_\_\_ day of December, 2013*

*Real Estate Advisory Board*

A handwritten signature in cursive script, appearing to read 'Kim Horn', is written over a solid horizontal line.

*Kim Horn, Chair*