

**Arizona Department of Real Estate (ADRE)  
Real Estate Advisory Board  
Minutes  
April 8, 2015**

The Real Estate Advisory Board met on Wednesday, April 8, 2015 at the Arizona Department of Real Estate (ADRE), 2910 N 44<sup>th</sup> Street, Commissioner's Conference Room, Phoenix, Arizona.

**I. Call to Order**

Chair Clifton called the meeting to order at 10:00am

**Members present:**

Kimberly Clifton, Chair  
Frank Dickens, Vice-Chair  
Charlie Bowles  
Carla Bowen  
Bill Gray  
Nedra Halley  
Kim Horn  
Scott Peterson  
JoAnn Sabbagh – via teleconference

**Absent**

Dustin Jones

**ADRE Representatives present:**

Judy Lowe, Commissioner  
Louis Dettorre, Assistant Commissioner Operations/Legislative Affairs  
Sarah Dobbins, Chief of Staff  
Carla Randolph, Assistant Commissioner Licensing/Education/Development Services

**Public present:**

Scott Drucker, Arizona Association of Realtors  
Eric Solheim, Commercial Real Estate Institute  
Jake Hinman, Capitol Consulting  
Fletcher Montzingo, Governor's Office of Strategic Planning and Budget

**II. Introductions & Welcome**

Since this was the first RE Advisory Board meeting of the new year and for the benefit of Member Sabbagh, who attended via teleconference, Chair Clifton asked that each person in attendance introduce themselves verbally.

**a.) Review of Purpose/ Charge of the Real Estate Advisory Board:**

As this was the first meeting of the 2015 calendar year and with Chair Clifton leading, a reminder of the purpose and charge of the RE Advisory Board was provided. Chair Clifton read aloud the purpose of the Advisory Board as prescribed by statute. She also read aloud an overview of the Department of Real Estate.

**b.) Mission & Purpose of the Advisory Board for 2015:**

As a reminder for Advisory Board Members, Chair Clifton read aloud the RE Advisory Board member roles and responsibilities as well as the attendance policy and meeting schedule.

**III. Overview of Public Meeting Law – Assistant Attorney General, Roberto Pulver**

Assistant Attorney General, Roberto Pulver, who represents ADRE, provided an overview of Arizona Open Meeting Law.

Some of the items he noted included the following:

- Quorum – as this is a 10 member Advisory Board, he commented that 6 in attendance is what is needed to constitute a quorum in attendance.
- Agenda’s should be brief, but include key information so that the public can see the items that will be discussed in the meeting; an agenda can change, but must be posted within 24 hours of the meeting.
- Per statute, draft minutes are to be available for public viewing within 3 business days of the meeting.

It was asked if minutes are to be detailed and specific or general. Per AAG Pulver, minutes are to be general, but include sufficient information to cover what occurred at the meeting.

The use of electronic personal devices was also asked about. AAG Pulver commented that best practice is to not use or have any personal devices in use during the meeting.

The Real Estate Advisory Board asks that members not use their personal devices during a meeting.

It was asked if the RE Advisory Board has the ability to appoint a stakeholder group and convene the group or are they to advise/ recommend that the Department do so. Per AAG Pulver, the RE Advisory Board can have a sub-group or a working group, but any meetings they hold are subject to the same open meeting law as a RE Advisory Board meeting.

Member Sabbagh, who was participating via teleconference, submitted a question via email regarding the recording of meetings. The question will be responded to by AAG Pulver.

**IV. Approval of December 10, 2014 Meeting Minutes**

Upon a motion by Member Bowles, seconded by Member Horn, the Minutes of the December 10, 2014 meeting were unanimously approved.

## **V. Commissioner's Report – Judy Lowe, Commissioner**

### **a.) Industry/ ADRE Update:**

-The Commissioner provided an update on the State Regulatory Board item that was mentioned in the items learned at the fall ARELLO Conference and presented during the December 10, 2014 meeting. The regulatory board item had to do with the Dental Board in North Carolina. In the State of North Carolina this Board has the ability to approve licensing, make policy and prescribe and issue disciplinary action. In the case mentioned, the NC Dental Board had denied license to a tooth whitening kiosk in a shopping mall. Commissioner Lowe commented, as an update, that the Board was found guilty and that the action was taken in the case against the tooth whitening business, and this was considered an anti-trust violation. The Arizona RE Advisory Board does not make policy decisions, approve licensing nor have the ability to decide upon or issue disciplinary action from the Department.

### **b.) Budget:**

Commissioner Lowe mentioned that one of the items that came with the Governor's final budget is that the Appraisal Board may be merged into the Department of Financial Institutions.

### **C.) Division Reports: See Assistant Commissioner Reports**

### **D.) Department Report:**

The Commissioner provided an update on the statistics for licensed individuals and entities. She noted the current total number of individual licensees (Salespersons & Brokers), including those in the grace period, is 68,769. This is slightly down from the same time period last year when the total was 69,838. She also noted entity numbers. The current total for entities is currently 8,975. At this same time last year it was 9,573.

She noted that it appears that the number of agents leaving the business has slowed down.

Commissioner Lowe provided a follow up to the ADRE Overview provided by Chair Clifton. She mentioned that ADRE reports to the Governor's Office and that ADRE communicates regularly with the Governor's staff. A team from ADRE recently participated in the Governor's LEAN transformation initiative. The charge from the Governor with this initiative was that the agency streamline a process and reduce the turn-around time back to the customer by 50%. ADRE's team worked on the Expedited Public Report Application. Commissioner Lowe mentioned that she would

like to take all of the agency processes through the LEAN process to reduce overall completion time by 50%.

The Commissioner noted that there is currently a hiring freeze in place for all state agencies. She mentioned that there are allowances for filling critical positions when needed and that this is done through a Justification to Fill process. ADRE currently has justification to fill for an Auditor position and two Customer Service Representative positions. She also commented that, to comply with the Governor's request that agencies decrease spending by 10%, ADRE will not hire to more than 34 of the 37 positions the agency is approved for.

The Commissioner also noted that ADRE staff has begun to plan for the FY17 – FY20 ADRE Strategic Plan.

She also mentioned two other charges from Governor Ducey to agencies are to perform a review of agency policy and rule. ADRE is in the process of reviewing all Substantive Policy Statements (SPS) and making a determination as to whether an SPS needs to be repealed, modified or if a new SPS is needed. Information and results of this review will be brought to the RE Advisory Board.

With regard to Rule, the Commissioner noted that the Moratorium on Rule Making remains in place.

With regard to ADRE staff, Commissioner Lowe mentioned that Assistant Commissioner of Regulatory Affairs, Mike Wheeler has retired from State service and taken a position in the private sector. She commented that, at this time, the Department is not hiring back to the Assistant Commissioner position. Instead, Dan Jones, who has been an ADRE Auditor was promoted to the position of Enforcement & Compliance Manager. Robin King remains the Manager of the Auditing and Investigations Division.

## **VI. Assistant Commissioner Updates**

### **a.) Assistant Commissioner (AC) Licensing Services – Carla Randolph**

#### **Education:**

Assistant Commissioner Randolph commented on a Substantive Policy Statement regarding 'Instructor Professional Development Requirements' that was issued on March 20, 2015. The purpose of the SPS was to clarify instructor requirements for continuing education. AC Randolph provided a verbal overview of the changes and items covered in the SPS. RE Advisory Board members were provided with a copy of the SPS (See attached).

AC Randolph announced that the Pre-licensure Review Committee would be meeting on April 21<sup>st</sup> to study exam performance. She noted that RE Advisory Board Member Gray serves on this committee.

She also mentioned that Pearson Vue, the testing vendor, is proposing to review the national exam content outline for Broker and Salesperson. The pre-licensure review committee will also meet to review this item.

With regard to other Licensing Services Divisions, AC Randolph mentioned the following:

**Licensing Division:** currently has 3 employees; had 589 walk-ins during the month of March and received approximately 700 messages in the Message Center. She also noted that a change was made to the online update/ change of personal information form. She verbally reviewed division stats and commented that the Department is working to promote the use of the On-line Original Sales Application. The use of this application remains at about 50%. There was a brief discussion on ways that Real Estate Schools could help promote the use of this online tool and provide means for their students to access the on-line application at their facilities.

**Development Services:** AC Randolph mentioned that Development Services staff participated in the Governor's LEAN Transformation Initiative to reduce the turn-around time for the Expedited Public Report Application by 50%.

She also mentioned that the division held its first Learn & Lunch with the industry in March. These will continue on a quarterly basis.

**b.) Assistant Commissioner (AC) Operations & Legislative Affairs – Louis Dettorre**

AC Dettorre commented that the Legislative Session ended, sine die on Friday, April 3, 2015. The session concluded in 81 days. He commented that the Department is putting together a Legislative Summary which will be completed within a week to a week and a half. Once completed it will be posted to the website and Real Estate Advisory Board members will receive notice that it has been posted.

AC Dettorre mentioned that approximately 1,163 bills were introduced during session; 345 passed; 226 were signed by the Governor with 6 vetoes.

Commissioner Lowe commented on a bill relating to tax lien investors and public reports that did not move forward.

AC Dettorre noted that the Real Estate Recovery Fund was not effected during the 2015 session.

With regard to Operations, AC Dettorre commented that he and ADRE's Accountant are working with the General Accounting Office and the Governor's Office of Strategic Planning & Budgeting on fiscal year end close-out.

He also provided an update on the file room project. He noted that, when the project began there were over 100,000 licensing files; currently there are 29,000 remaining to be scanned.

Chair Clifton commented that the RE Advisory Board would have a walk-thru of the file room at the June, 2015 meeting.

## **VII. Advisory Board Member Facilitator Reports:**

Member Gray commented on two items that came to him. The first was regarding Teams and concerns regarding who is signing contracts; often times it is the team leader, who may not have worked with the client. Member Gray requested that an article regarding Teams and signing of documents be placed in ADRE's next Quarterly Bulletin. Member Bowen commented that the issue created by a team leader, who has not worked with the client, signing the document, is that the member of public does not know who is representing them.

The second issue that came to Member Gray had to do with a question that was presented to him as to whether or not an "Update Class on New Legislation & Law" could be required. He commented that many times, the licensee working in the trenches may not be aware there has been a change, the currently required on-line continuing education courses are very basic and do not necessarily cover the latest information. AC Randolph mentioned this would require a legislative change.

Member Dickens expressed concerns about on-line licensing courses.

Member Halley commented that there is a need for more in-classroom property management courses.

Chair Clifton commented that the Department would review these course concerns and information would be brought back from the Department at the June, 2015 meeting.

Member Dickens commented that he had 3 items come to him which he would be discussing with Commissioner Lowe.

Member Bowen commented that she had two items which came to her. The first was regarding property management. She commented there was an issue with people who thought that because they were not taking money, they could perform property management activity. She commented this is an ongoing issue that needs to be addressed.

Member Horn commented that at two recent property management classes she took at an industry conference, there were multiple requests for a definition of property management. She commented that this is a dialogue which should be brought back up and thoroughly addressed by this Advisory Board.

The second question Member Bowen mentioned that came to her had to do with a merger of company – when a company merges with another and the name changes,

what happens with contacts and listing agreements. She suggested that this is an item that be discussed in the upcoming ADRE Bulletin.

Chair Clifton commented that she had one facilitator item that came to her and it was referred to the Department of Housing.

**VIII. Other Matters**

Member Dickens requested to discuss a prior issue of concern around computer based pre-licensing courses. Per Chair Clifton, this item will be placed on a future meeting agenda.

**IX. Call to Public**

Scott Drucker thanked AC Randolph for the changes to the personal information form.

Eric Solheim asked if there was any central clearing house for information on the August 1<sup>st</sup> CFPB changes coming due to federal legislation regarding the real estate transaction. Mr. Drucker mentioned that AAR is working on revisions to their forms to comply with the new requirements.

**X. Next Real Estate Advisory Board Meeting: June 10, 2015**

**XI. Adjournment** – Chair Clifton adjourned the meeting at 12:05pm

*Respectfully submitted this \_\_\_\_\_ day of June, 2015*  
*Real Estate Advisory Board*

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*Kimberly Clifton, Chair*