

**Arizona Department of Real Estate (ADRE)
Education Advisory Committee (EAC) Minutes
Meeting of September 26, 2016**

The Real Estate Education Advisory Committee met on Monday, September 26, 2016 at the Arizona Department of Real Estate (ADRE), 2910 N 44th Street, Commissioner's Conference Room, Phoenix, Arizona.

I. Call to Order

Commissioner Judy Lowe called the meeting to order at 10:00am

Members present:

Marti Barnewolt
J. Robert Eckley
Holly Eslinger
Barb Freestone
Jon Kichen
Laura Kovacs
Mary Sand
Patrick Sheahan
Amy Swaney
Kelly Zitlow

Members Attending via Teleconference

Jim Hogan
Becky Ryan

Absent

Evan Fuchs
Scott Goddard

ADRE Representatives present:

Judy Lowe, Commissioner
Louis Dettorre, Deputy Commissioner
Carla Randolph, Assistant Commissioner Licensing Services/CIO
Jim Williams, Education Auditor/Property Inspector
Abby Hansen, Customer Service Representative

Public Present

Tyler Lee, Eckley & Associates

Jill Schweitzer

Courtney LeVinus, Capitol Consulting

II. Introductions & Welcome

III. Approval of June 14, 2016 Meeting Minutes

Commissioner Lowe asked for a Motion to approve the June 14, 2016 minutes. Upon a motion by Member Eslinger, seconded by Member Sands, the Minutes of the June 14, 2016 meeting were unanimously approved.

IV. EAC Charge/Member – Appointments/Reappointments

Assistant Commissioner Randolph introduced the three new appointments to the Education Advisory Committee; Laura Kovacs, Patrick Sheahan and Kelly Zitlow, and thanked the departing members for their contributions. AC Randolph stated that the charge of the committee was to meet quarterly and provide recommendations to the Commissioner. Furthermore, that it is a volunteer, non-compensated appointment.

V. Industry/Legislative/ADRE Update – Judy Lowe, Commissioner, and Deputy Commissioner, Louis Dettorre

Commissioner Lowe stated that ADRE was given the Homeowner Association (HOA) Dispute Resolution program effective July 1, 2016.

Deputy Commissioner Dettorre touched on the HOA Dispute Process and explained how the petition process works. ADRE has reduced the fee from \$750.00 to \$500.00, and \$500.00 for every subsequent petition up to four. DC Dettorre mentioned that we moved the process to our Message Center and made it electronic with the ability to pay the fee online. ADRE has streamlined the process, validating that all requirements are met, and following State Statute's processing time. ADRE has added more content to the department's website, i.e. detailed process information, possible solutions prior to filing a petition such as mediation and other resources.

Commissioner Lowe reviewed the layout of the site and noted our objectives; minimize complaints that could be resolved and to educate buyers. Ensure that the licensees have made certain that the buyers have read and understand the Covenants, Conditions & Restrictions (CC&R's) and the Bylaws for the communities they are buying into. The Arizona Association of Realtors (AAR) has put together a HOA addendum.

Member Freestone asked if we will be creating an HOA FAQ. DC Dettorre stated we are in the process of finalizing a FAQ and that we have created a brochure and have already added it to the website.

Member Eckley stated the fee was set at a good rate so that petty complaints would be eliminated. He also asked if the order was reviewed by ADRE prior to sending out to the petitioner and if it is appealable.

Commissioner Lowe stated that the orders are reviewed and are appealable. DC Dettorre noted the fee's collected are used to pay for the Office of Administrative Hearings.

Commissioner Lowe asked Member Eslinger to provide an update on the new model Brokers Policy Manual.

Member Eslinger noted that the new model Brokers Policy Manual will be very different and will adhere to the statutory requirement. The manual will be ready to be submitted to the Commissioner for review within a couple of weeks and subsequently to the Attorney General for final review.

The Commissioner stated that one thing this process has brought forward is how important this manual is for the Broker. The Broker needs to ensure that by reading the Brokers manual the licensee understands what they are required to do and that updates to the manual are signed off on by all licensees. Every time there is a revision it needs to be signed off by the licensees.

Member Eslinger stated it will be typed next week and should be ready to go out to the Broker Policy Manual committee mid-October. It should be complete by end of year but reiterated that it needs to have final review by the Arizona Attorney General.

Member Eckley stated that these are critical changes needed for litigation.

Member Eslinger noted that many Brokers use the manual off the ADRE website completely unchanged as their manual.

Member Hogan stated he always found missing "buyer brokerage agreements". Member Eslinger noted they would be addressed only as a bullet point. Member Hogan pointed out that the "buyer brokerage agreement" is an employment agreement. Member Eckley stated that many think the ready form is the employment agreement. Member Eslinger stated that regarding the Broker agreement and ready form, this Broker Policy Manual is not an agency book and will not have the Arizona Association of Realtors specific material referenced.

Commissioner Lowe stated that this Broker Policy Manual is much more comprehensive but also much more broad to cover non Realtor members, as well as specialty areas of the real estate industry.

Member Ryan stated she would like the new material included by end of year to meet class submittal dates. Member Eslinger reiterated the Attorney General needs to review and approve prior to release.

DC Dettorre stated

- Going Digital- ADRE migrated department data to the cloud by June 30th, with no interruption in services to the Public and Industry.
- The Department will be launching a customer service survey on the website within a few weeks.

Commissioner Lowe stated ADRE is continuing to review what the department does and how to improve upon “who is our customer”. We partner with the industry to protect the public. She also noted that per the Association of Real Estate License Law Officials (ARELLO) it was found that one of the best places to place a survey is on the licensee’s personal home page.

The Commissioner gave a brief recap of her recent ARELLO meeting.

- Education certification – It was discussed that there may be a need for less stringent certification requirements at ARELLO. They have challenges with online certification. Licensees need to prove they actually sat for the three hours and took in the material presented. The decision was made to leave distance learning the way it is for ARELLO Certification.
- Many webinars being rolled out. The Commissioner touted AAR’s success with remote delivery of education.
- The need to make education relevant.
- Consumer education is huge right now especially in the Western states.
- Talked about the challenges to real estate licensing and the requirements for real estate licensing.
- Property Management is still a hot topic, especially, deficiency in trust accounts. Most transgressions are tied to residential property management, not commercial or multi housing.
- Teams - many states have put legislation in place regarding teams.

Member Hogan stated he sees teams advertising using just their first names and asked if that was an advertising violation. AC Randolph stated “yes, it is”, they must use their full licensed name.

Member Eslinger stated that The National Association of Realtors (NAR) has made ARELLO a seat on their risk management committee.

VI. August 10, 2016 Advisory Board Meeting Minutes (Draft)

Per the request of the Real Estate Advisory Board, Commissioner Lowe asked for recommendations from the educators on identifying what some of the current issues are. Member Sands stated earnest money will be addressed with the new purchase agreement, but stated it’s difficult to give guidance when everyone does not do it the same way. Commissioner Lowe stated that contracts are not developed by ADRE and ADRE does not approve standard contracts used by the industry.

Member Ryan commented that education on teams and contracts are lumped together in the request of the Real Estate Advisory Board minutes. Any request of the Advisory Board

should come to the EAC to determine how to educate. Commissioner Lowe stated the Advisory Board only makes recommendations to ADRE that protects the public. EAC can take some time to identify a few ideas for the Advisory board so a new stakeholder group does not need to be implemented.

Commissioner Lowe asked if there should be three small stakeholder groups. Member Eckley stated one stakeholder group. Member Freestone asked what the Advisory Board is looking for, regarding legislative, education, or more criteria required for classes? Commissioner Lowe asked if someone would like to come to the Advisory Board to identify what they are looking for.

Member Hogan asked about AAR forms not being available to anyone that is not a Realtor. Member Hogan asked if that can be changed and be available to non-members. Member Freestone stated “it has been long standing that forms are not available to non-members and that Scott Drucker may be contacted for specifics”. Member Barnewolt stated that in California the Association of Realtors was held liable for not protecting their forms by copywriting. Member Sheahan stated roughly 98% of commercial brokers do not use AAR forms. Member Eckley stated there should be a stakeholder meeting with AAR and educators. Member Freestone stated there currently are stakeholder meetings when new forms are issued.

Member Sands moved to ask the Advisory Board for clarification on what specifically they are looking for from the EAC. Member Eslinger seconded the motion. The Commissioner asked those in favor, all Members stated yes.

VII. Volunteer Monitor Program Update – Jim Williams

Mr. Williams stated that between now and the middle of October there are 500 courses scheduled. October 4, 2016 is the orientation for new monitors.

Mr. Williams explained that volunteer monitors go out and review a class to determine compliance to statutes/rules, not for course content. To be a volunteer monitor one must be a licensee, experienced and not affiliated with a school or instructor.

Member Kovacs asked how often volunteer monitors are sent out. Mr. Williams stated the goal is 50 assignments a month. Member Barnewolt asked if it was expected that each monitor complete that amount. Mr. Williams stated no, that is a total for all monitors. Mr. Williams stated that sometimes when a complaint is received regarding a school or instructor a monitor will be sent out.

VIII. Review Education/Licensing Division Monthly Reports – Assistant Commissioner Licensing Services/CIO, Carla Randolph- Handout

AC Randolph provided a verbal update for the Licensing, Education and Development Services Divisions.

AC Randolph discussed some of the positive LEAN results that have occurred and the ongoing processes that are being reviewed. The course database on ADRE's website is being modified to allow for an expanded search in the course name field.

Member Sheahan stated that it was not too many years ago that course approvals were running more than 60 days, and recognized Jim Williams for the great turn around.

IX. Upcoming

The next Lunch and Learn with the Development Services Division is October 20, 2016.

X. Next EAC Meeting: December 13, 2016

XI. Other Matters

Commissioner Lowe asked the EAC, with a show of hands/voice if they felt an Instructor for the Salesperson 90-hour pre-licensure course should be an Arizona licensed Real Estate Broker. All members stated/indicated "yes".

Then, Commissioner Lowe asked if they felt an Instructor for the Brokers 90-hour pre-licensure course should be an Arizona licensed Real Estate Broker. All members stated/indicated "yes".

XII. Call to the Public

Commissioner Lowe called to the public for comments, etc.

Jill Schweitzer provided a handout "HOA Industry Advisory" and asked the EAC if they would review the advisory and consider classes to educate licensees on the importance of having all buyers read and understand the CC&R and Bylaw's of the HOA that they are purchasing into.

Member Eckley stated this was much needed.

XIII. Adjournment

Commissioner Lowe called for a Motion to Adjourn at 12:15 p.m. The Motion to Adjourn was seconded by Member Sand.

*Respectfully submitted this _____ day of December, 2016
Education Advisory Committee*

Commissioner Judy Lowe