



Arizona Department of Real Estate

Bulletin

Volume 2014 • Issue 3



Judy Lowe
Commissioner

COMMISSIONER'S
CORNER

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ADRE UPDATE...

Summer and Fall are busy times at ADRE as we ended FY14 on June 30th, and now roll into the FY15 agenda/budget and begin preparation for FY16, which will be here before we know it. Here are a few highlights:

- **RULE MAKING MORATORIUM EXCEPTION REQUEST** – Most of July was spent in preparation to request an exception to the Rule Making Moratorium. The 2008 ADRE Rules Package, which had been submitted to the Governor’s Regulatory Review Council (GRRC) in 2008 before the moratorium occurred in early 2009, was used as the basis for feedback. Many stakeholders had submitted feedback over the past five years, and were asked for their current input. After feedback was gathered, it has been determined that an exception will not be requested. We will plan on this being a major project, collaborating with the real estate industry, to prepare a 2015 rule package. Thanks so much to those who participated by contributing feedback.
- **CLOSING FY2014** – We are compiling our FY14 successes and will share the performance stats in the next ADRE Bulletin. It is so exciting to see the accomplishments that have been achieved here at the Department in the past five years. The ADRE TEAM, even though we’re smaller in numbers and operate with limited funds have developed a “can get it done better” attitude.
- **FY2015** – The performance statistics mentioned above will give us a baseline to move forward in achieving our goals per the ADRE Strategic Plan 2014-2018 (available at www.azre.gov). We will also begin our planning for ADRE Legislative issues that may be addressed in the coming 2015 Legislative session which begin in January.
- **FY2016** – Planning is already underway, with new strategic goals to be stated, and the determination of the new FY16 Budget Funding Issues that need to be requested in order for the Department to continue improving the delivery of service to the real estate industry, and to carry forward in delivering on the ADRE mission of “protecting the public”. It is my personal goal to remain the leader of the ADRE TEAM, and to continue working with the industry partners in “raising the bar” of Arizona’s real estate profession. We have come so far, and have so much more to achieve.

10 DAY RULE REQUIREMENTS INCLUDE....

ALL LICENSEES:

- ◆ **Criminal Convictions (Not arrests)- Includes Misdemeanors and Felonies – DUI, Reckless Driving, etc.**
- ◆ **Adverse judgments; denial or restriction of or disciplinary action against a professional license; Recovery Fund payment on licensees’ behalf.**
- ◆ **Any changes in Personal Information**
- ◆ **Personal Name – w/supporting documentation (Use “Change Personal Information Form LI-235)**
- ◆ **Residence (home) address –required & must be licensee’s place of residence (not PO Box or UPS store)**
- ◆ **Telephone # and Email Address**

DESIGNATED BROKERS (DB)- In addition to above

- ◆ **Any change in Employing Broker qualifications under R4-28-301 and R4-28-303 (E)**
- ◆ **Any proposed change in Employing Brokers Business information per R4-28-301 and R4-28-303. (Change must have ADRE approval)**
- ◆ **Changes in structure or membership of Employing Broker per ARS 32-2125 (G), w/supporting documentation**
- ◆ **Opening/Closing an Office or a Branch Office (doing so w/out ADRE notice could result in the DB license cancellation).**
- ◆ **Changes in Branch Managers or Delegation of Authority per R4-28-304- Use “Delegation of Authority Form LI-204”**
- ◆ **Severance of a Licensee**
- ◆ **Opening or closing a Broker Trust Account-Scanned notice- Use “Trust Account Activity Notification Form AUD-100”.**

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THE BROKER'S BUSINESS LOCATION

The Arizona Revised Statute, A.R.S. § 32-2126, requires the employing broker to have a definite place of business, as well as signage containing specific information.

A.R.S. § 32-2126(A) states in part, "Each employing broker shall have and maintain a definite place of business."

In order to comply with this statute, the employing broker (entity) must have a specific physical location where a client may visit during normal business hours to ask questions, sign documents or pay rent and where the transaction and employment records are maintained. This is the employing broker's business location on file with the Department.

The following scenarios do not meet the statutory requirement for a "definite place of business." The employing broker's business location listed with the Department is:

- ◆ A UPS or Mail Boxes, Etc. or other similar mail drop box location.
- ◆ An executive suite location with a conference room used by the licensees to meet clients, as needed; however, the employing broker maintains no permanent presence at the location and has no designated office space within the executive suite.
- ◆ A "virtual office" location. The Department licenses only "brick and mortar" office locations.

A.R.S. § 32-2126(B) states, in part, "Each designated broker and, if applicable, each employing broker shall cause a sign to be affixed at the entrance to the broker's place of business, in a place and position clearly visible to all entering the place of business, with the name of the broker, the name under which the broker is doing business if other than the broker's given name, and sufficient wording to establish that the person is a real estate broker"

- ◆ In addition to the above signage requirements, pursuant to A.R.S. § 32-2127(B), signage for a Branch Office location shall include the words "Branch Office" and at the Broker's discretion, may include the name of the Branch Manager.
- ◆ A Broker with a home office is not required to have signage in accordance with the Department's Substantive Policy Statement No. 2005.15 IF the Broker
 - * Maintains a home office in the broker's PRIMARY RESIDENCE,
 - * Handles FEWER THAN 3 transactions a year (0, 1 or 2), and
 - * Has no real estate related employees, licensed or unlicensed.

All other Brokers with a home office must fully comply with the requirements of A.R.S. § 32-2126(B).



WHAT'S HAPPENING AT ADRE? PLANNING A MEETING AND LOOKING FOR AN UPDATE?

Are you planning a quarterly office meeting or event? Remember, if you'd like to stay up-to-date and hear 'What's Making the Phone Ring at ADRE,' you can invite Commissioner Lowe to come and speak to your group. If you would like Commissioner Lowe to speak at your group meeting, association or special event please contact ADRE Chief of Staff, Sarah Dobbins at sdobbins@azre.gov



500,000 REASONS WHY RESPA-COMPLIANT AFBA DISCLOSURES ARE A GOOD IDEA

Real estate brokerage firms across the U.S. have likely taken note of the well-publicized Consent Order issued recently by the Consumer Financial Protection Bureau (CFPB), which requires Alabama's largest real estate brokerage company to pay a \$500,000 civil penalty for failing to meet federal affiliated business arrangement standards.

According to the Consent Order, brokerage company RealtySouth, Inc. is affiliated with TitleSouth, LLC, which provides title examination and insurance services. A division of TitleSouth, TitleSouth Closing Center, provides transaction closing services. TitleSouth and RealtySouth are owned by the same parent holding company and their earnings are consolidated such that whenever TitleSouth is profitable, the parent company also profits.

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Section 8(a) of the Real Estate Settlement Procedures Act (RESPA) prohibits giving or accepting a "fee, kickback, or thing of value" pursuant to an agreement or understanding to refer business related to real estate settlement services for a federally related mortgage loan [12 U.S.C. section 2607 (a)]. Implementing federal regulations ("Regulation X" define a "thing of value" to include, "without limitation...increased equity in a parent or subsidiary entity" [12 C.F.R. section 1024.14(d)]. However, RESPA contains a "safe harbor" exception that permits certain "affiliated business arrangements" (AfBAs) if the person making the referral has either an affiliate relationship with or a direct or beneficial ownership interest of more than 1 percent in the settlement service provider receiving the referral, but only if: (1) The referrer discloses the arrangement in writing; (2) the consumer remains free to reject the referral; and (3) the referrer does not receive any "...thing of value from the arrangement..." other than "...a return on the ownership interest..." [12 U.S.C.S. section 2607 (c)(4)]. Under the federal regulations, the written disclosure must, among other things, describe the affiliated business relationship (s) and the potential financial benefit of the referral(s) to the referring party, list an estimated charge or range of charges for the referred service, and contain specifically formatted language advising consumers that they are not required to use the listed providers and that they should "shop around" to determine that they are receiving the best services at the best rates. [12 C.F.R. 1024, Appendix D].

According to the administrative Consent Order, the CFPB determined that RealtySouth "strongly encouraged" and, in some instances, required its agents to use RealtySouth affiliates, in particular TitleSouth. Also, from March 2011 until May 2012, the brokerage company's preprinted real estate purchase contracts explicitly directed title and closing services to its affiliates. In 2012, RealtySouth changed the contract forms to include a "check-off" item that allowed consumers to select either RealtySouth affiliates or "other" providers. RealtySouth also provided consumers with a separate AfBA disclosure form that was not formatted in accordance with the regulations. In addition, the required disclosure language informing consumers that they can "shop around" was not set apart, but rather incorporated into the end of a list of descriptions of seven affiliated businesses, and was hidden in what appeared to be a second description of RealtySouth.

Editor Note: Guest column articles do not reflect the policies or interpretations of law by the Arizona Department of Real Estate. They are meant to inform the public and provide variety to ADRE's Bulletin.

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DID YOU KNOW?

In May, Commissioner Lowe was interviewed by the Phoenix Business Journal for an article about property management trust account issues. Please cut and paste link below to find out more.

<http://www.bizjournals.com/phoenix/print-edition/2014/05/23/trust-issues-arizona-property-managers-are-under.html?page=all>

ADRE LEGISLATIVE UPDATE

Although the Legislature does not resume its work in session until January 2015, the Capitol community and business interests around the state are likely planning their agendas for consideration by the new Legislature and Governor. State agencies, like the Department of Real Estate may be considering to propose bills to ensure compliance with federal laws, regulatory clean up, and/or to clarify previously enacted legislation. During the summer months, your ADRE remains active with stakeholders on these issues and works diligently to resolve inquiries without legislation whenever possible. If you have a question or concern with



an enacted law, or have an issue that you feel warrants conversation for future legislation please send your message through the Legislative Affairs section of the Message Center located on the homepage of azre.gov.

In addition to laws that are introduced at the Legislature, agencies enforce Administrative Rules that govern their statutes. These rules for the ADRE clarify real estate laws in Title 32, Chapter 20. These rules are intended to provide guidance to the industry.

The Commissioner's Rules have not been revised or updated to reflect enacted laws since 2006. The Department will continue to work with stakeholders to discuss and gather proposed ideas. If you have a question or concern please send your message through the Legislative Affairs section of the Message Center located on the homepage of azre.gov.

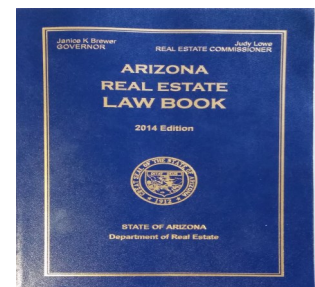
Finally, the online version of the law book is updated on the website to reflect legislation enacted during the 51st Legislature, Second Regular Session. If you have not purchased the 2014 Real Estate Law Book in hardcopy, you can do so through the Message Center > Law Book.

ORDER YOUR ARIZONA REAL ESTATE LAW BOOK TODAY!

You can now order your soft bound Arizona Real Estate Law Book through the Message Center on the ADRE website. The ADRE now accepts credit card payments for Law Books through the Message Center.

6 Easy Steps:

- 1) Visit the ADRE website;
- 2) Click the Message Center button;
- 3) Under "General Info/Lawbook", click "Order Law Book";
- 4) Download the Law Book order form that is linked at the top of the page;
- 5) Enter your information in the fields, attach your order form, and click send message;
- 6) The online system will email you back a link to submit payment.



As before, you can continue to order by mail (enclose check or money order), and by cash or credit card at the ADRE Licensing counter.

[Click here](#) for the 2014 Law Book order form.

FANNIE MAE RAMPS UP SHORT SALE PORTAL

Government-sponsored enterprise (GSE) Fannie Mae recently launched enhancements to its online tool that helps real estate professionals to navigate and close notoriously slow, cumbersome, and complicated short sale transactions.

Along with its counterpart, GSE Freddie Mac, Fannie Mae supports secondary U.S. mortgage markets by acquiring and securitizing mortgage loans. The GSEs own or guarantee about half of all U.S. mortgages and currently back the vast majority of new mortgage loans. Short sales, of course, involve homes that are sold for less than the amount owned on the existing mortgage. For loans owned or guaranteed by Fannie Mae, the GSE must approve the transaction since it will incur any resulting loss.

Fannie Mae's www.homepathforshortsales.com portal is a resource for listing agents who are working with clients considering or pursuing a short sale on a property whose first lien is held by the GSE. Over the last few years, the system has been upgraded several times. A recent enhancement allows real estate professionals to "escalate" short sale problems such as valuation disputes, servicer delays and uncooperative subordinate lien holders. Upon submission of an "inquiry," a Fannie Mae representative responds and gets directly involved in an attempt to resolve the problem. With the latest round of system upgrades, the portal now allows listing agents to determine if Fannie Mae owns the mortgage, understand Fannie Mae home owner short sale eligibility requirements, request list price guidance, submit an accepted contract offer and take steps to close the transaction. One of the primary new features will soon allow listing brokers to negotiate and receive first lien approval on a short sale directly from Fannie Mae, which allows earlier contact with Fannie Mae representatives and the ability to preempt some of the problems that continue to plague short sale transactions. Fannie Mae says that allowing real estate professionals to directly negotiate short sales is an important step in continuing efforts to streamline the short sale process.



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Arizona Department of Real Estate Licensed Individuals & Entities August 1, 2014					
	Active	Inactive	Total Current	In Grace Period	Current + Grace Period
Individuals					
Broker	12,271	1,049	13,320	816	14,136
Salesperson	38,001	11,542	49,543	5,528	55,071
Total Individuals	50,272	12,591	62,863	6,344	69,207
Last month	49,967	12,848	62,815	5,992	68,807
% change from last month	0.61%	-2.00%	0.08%	5.87%	0.58%
Same month last year	48,308	14,558	62,866	11,042	73,908
% change from last year	4.07%	-13.51%	0.00%	-42.55%	-6.36%
Entities					
Branch, corp	261	76	337	32	369
Branch, liability	335	83	418	82	500
Branch, Partnership	3	2	5		5
Branch, Self-Employed	24	5	29	9	38
Corporation	1,579	89	1,668	159	1,827
Limited Liability	3,202	218	3,420	218	3,638
Partnership	35	1	36	1	37
Self-Employed Broker	2,375	52	2,427	52	2,479
Total Entities	7,814	526	8,340	553	8,893
Last month	7,822	533	8,355	891	9,246
% change from last month	-0.10%	-1.31%	-0.18%	-37.93%	-3.82%
Same month last year	8,007	671	8,678	1,722	10,400
% change from last year	-2.41%	-21.61%	-3.89%	-67.89%	-14.49%
Individuals & Entities					
Total - this month	58,086	13,117	71,203	6,897	78,100
Total - previous month	57,789	13,381	71,170	6,883	78,053
% change from last month	0.5%	-2.0%	0.0%	0.2%	0.1%
Total - this month	58,086	13,117	71,203	6,897	78,100
Total - same month last year	56,315	15,229	71,544	12,764	84,308
% change from last year	3.1%	-13.9%	-0.5%	-46.0%	-7.4%

HONOR AUDIT ROLL (BROKER IN SUBSTANTIVE COMPLIANCE APRIL 2014-JUNE 2014)

Ainslie, Irvin "Irv" E. Jr., BR538489000 API Realty	Jones, Larry D., BR042591000 ERA - Young Realty & Investment
Appel, Martha L., BR018832000 Coldwell Banker Residential Brokerage	Kevern, Jodi L., BR578714000 Arizona Focus Realty
Averitte, Monica L., BR539251000 PRM Pinnacle	Kichen, Jonathan "Jon," BR007614000 Delex Realty
Bass, Robert "Bob" P., BR536744000 Bob Bass Realty & Associates, LLC	Kiley, Jennifer, BR029924000 Rim Country Real Estate, LLC
Bramley, Robert A., BR011727000 Southwest Interstate Realty	Kline, Robert "Bob" C, BR117344000 Arizona Elite Properties
Buus, Nathanael Z., BR531995000 Homelink Professional Realty Network, LLC	Kludy, Kevin S., BR526245000 Wealth Builder Real Estate Services
Calvert, Walter "Dean," BR040998000 Burkett Co. Realtors	Kuhn, Kori L., BR584312000 Peace Properties
Camp, Christina M. "Tina," BR014026000 Advantage Realty Professionals	Lamb, Kenneth E., BR105896000 Ken Lamb & Assoc
Clark, Sylvia M., BR047549000 Brooks-Clark & Associates, LLC	Lawson, Cheryl J., BR115754000 Lawson Realty
Cory, Anna May, BR517392000 Cory Realty	Lemelson, Leopold H. III, BR014097000 Gold Seal Realty of Sierra Vista
Desmarchais, Ron W., BR110438000 Brokers Group of Arizona	Liberty, Cathy L., BR563570000 Parkway Place Real Estate
Dorris, Bonnie J. "Bonnie Jo," BR551602000 Payson Realty	Matzdorff, Lenny C., BR008853000 1st Continental Realty & Investment
Double, Steven P., BR007042000, Southwest Preferred Properties, Inc.	McCawley, Anne B., BR039877000 Bennett Property Management, Inc.
Fowler, G. Jack, BR038760000 Fowler Commercial, LLC	Merten, Paula, BR008568000 Tri-Com Real Estate & Investment, Inc.
Gallaher, George T., BR020506000 BMG Property Management, Inc.	Mitchell, Dianne, BR043108000 Sunny Mountain Realty, LLC
Gharbiah, Ginger L., BR526899000 MHC - Metropolitan Housing	Moyer, James W., BR021479000 Bella Investment Group, LLC
Gory, Robert D., BR003443000 Robert Gory Realty, Inc.	Olson, Dorman E., BR558507000 Arizona Legends Realty
Happ, James D., BR573298000 Desert West Realty, LLC	Paielli, Gregory, BR506493000 Simply Property Management
Heckel, Joseph H., BR543641000 Property Management Real Estate Services, Inc.	Pearson, Robert C., BR524963000 Re/Max Homes & Land
Hendricks, Harley W., BR010883000 Harley Hendricks Realty	Pettit, Ann L., BR007248000 US Southwest
Hess, Steven V., BR512444000 Steven Hess and Associates	Port, Sandra L., BR541870000 S Port Investments LLC
Hillard, C. Dale, BR005171000 West USA Realty, Inc.	Potts, Clifford E., BR012322000 Prudential Arizona Realty
Horkey, Gregory P, BR514158000 Acacia Partners	Prest, J. Leslie "Les," BR034257000 Prest Realty
Hulverson, DeeDee, BR537449000 Integrity Plus Property Management, LLC	Reber, Dee Ann, BR552747000 Simply Rentals, LLC
Johnson, Julie L., BR027756000 SRJ Real Estate	Rhind, Gabrielle U., BR090083000 KGC Properties

HONOR AUDIT ROLL (BROKER IN SUBSTANTIVE COMPLIANCE APRIL 2014-JUNE 2014)

Rucker, Richard J., BR557240000 Gila Bend Realty, LLC	Valentine, Dan L., BR005998000 Valentine Sales & Management
Russell, Gerald S., BR029988000 Realty Executives	Yost, Deborah Ann "Debbie," BR006144000 RE/MAX Casa Grande
Russo, Robert F. "Bob," BR536241000 Ace Mulligan Homes	Zirbes, James "Jim," BR041199000 Hyder Property Management Professionals
Sharma, Gajendra, BR009061000 Desert Resort Properties, Inc.	Zurek, William B., BR008693000 Transwestern

EDUCATION/LICENSING STATISTICS JULY 2014

Average Passing Percentages for "First Time Exam Takers"			
EXAM TYPE	Apr-2014	May-2014	Jun-2014
REAL ESTATE BROKER	80%	73%	80%
REAL ESTATE SALES- PERSON	64%	63%	64%
CEMETERY BROKER	100%	N/A	N/A
CEMETERY SALESPERSON	67%	67%	79%
MEMBERSHIP CAMPING BROKER	N/A	N/A	N/A
Total Number of Licensees (Individual and Entity) as of July 10, 2014			
77,300			
Active Continuing Education (CE) Courses as of July 10, 2014			
Live CE (Approximately)	2172		
Distance Learning CE (Approximately)	273		
ADRE Licensee Online CE Course Submissions April 21, 2014 through July 9, 2014			
Total courses entered	42399		
Distance Learning	21996		
Percentages Distance Learning	52		

HORNE FILES JOINT FEDERAL-STATE MORTGAGE RESCUE FRAUD SWEEP

July 24, 2014 ADI News Services

On Wednesday, Arizona Attorney General Tom Horne, filed a lawsuit against, an Arizona– licensed attorney, Brent Randall and Phillips and Phillips Law Center, a California-based law firm, for allegedly participating in a deceptive mortgage rescue or loan modification scheme.

“State and federal law ban almost all types of up-front fees for foreclosure assistance,” Horne said.



The lawsuit is part of a joint federal-state sweep by the Consumer Financial Protection Bureau, the Federal Trade Commission and 15 states targeting operations that prey on delinquent homeowners or those facing foreclosure. Mortgage rescue scams target struggling homeowners and, for an upfront fee, promise to save their homes by negotiating lower mortgage payments with the homeowners’ lenders. But after collecting upfront fees, these scam operations often fail to negotiate or perform any services on behalf of the homeowners, placing their victims at even greater risk of foreclosure.

The Complaint, filed in Maricopa County Superior Court, alleges, among other things, that the Defendants violated the Arizona Consumer Fraud Act by using deceptive means to lure financially distressed homeowners into paying upfront fees with promises that the company would prevent foreclosure and save the consumers’ homes by negotiating modifications of mortgage loans. The State alleges that the Defendants engaged in the following deceptive conduct:

- Defendants sent out written advertisements to approximately 20,000 Arizona consumers which created the misleading impression that the communication was from the consumer’s mortgage loan holder, and that the consumer’s mortgage payments could be reduced and the terms of their mortgage “can be restructured”;
- Defendants’ advertising and marketing materials represented that if a consumer’s case was selected by the firm, the consumer could “rest assured with certainty” that Defendants would obtain mortgage relief for them when the Defendants had no substantiation for such representation;

The complaint asks the court to enter an injunction prohibiting the Defendants from engaging in any further unlawful acts, require the defendants to restore money and property to consumers, order the payment of civil penalties of up to \$10,000 per violation, and to reimburse the State’s court costs and other related expenses. The case is being handled by Assistant Attorneys General Alyse Meislik and Brad Keogh in the Consumer Protection and Advocacy Division.

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EDUCATION ADVISORY COMMITTEE

ADRE's Education Advisory Committee (EAC) has been in existence for over a decade. The EAC has been an integral part of ADRE's relationship with the real estate educator industry as a continual conduit and deliberative body to foster the communication and facilitate the relationship between the ADRE and the real estate educators in Arizona.

The EAC's task is to assist the ADRE in fulfilling its mission of: "Protecting the public interest by raising the level of professionalism in the real estate sector without increasing barriers to entry into the sector." Membership of the EAC is comprised of 14 members from an array of diverse backgrounds in real estate. The EAC holds regular meetings on a quarterly basis or more often as needed that are open to the public.

ADRE welcomes Mary Frances Coleman as its newest member appointment! Commissioner Lowe recently reappointed Holly Eslinger, James Hogan, Andy Jaffe, Jon Kichen, Janette Waller, and Jim Zirbes. Commissioner Lowe appreciates John Crosby of Fox and Fin Financial Group, LC for his prior and latest term of service that recently ended. Members serve two-year terms, with half of the member terms coming due in July of each year.

EDUCATION ADVISORY COMMITTEE MEMBERS

Marti Barnewolt	Realty Executives
Mary Frances Coleman, Esq.	Academy for Continuing Education
J. Robert Eckley, Esq.	Eckley and Associates
Holly Eslinger	Exclusive Homes and Land
Barb Freestone	Arizona Association of Realtors®
Evan Fuchs	Bullhead Laughlin Realty
James Hogan	Hogan School of Real Estate
Andrew Jaffe	Commercial Properties, Inc.
Jon Kichen	Desert Sage Seminars
Becky Ryan	Arizona Course Providers/Online Course Providers
Mary Sand	Arizona Diversified Real Estate School
Amy Swaney	Citywide Home Loans
Janette Waller	First American Title Insurance Company
Jim Zirbes	Quantum Performance Academy



Commissioner Lowe, Carla Randolph, Assistant Commissioner of Licensing Services and ADRE appreciate the invaluable time and dedication the EAC committee members provide to ADRE as participants.

Visit the ADRE website www.azre.gov to view the EAC Calendar of meeting dates, Minutes and Agendas to follow the EAC. The EAC's next meeting is scheduled for September 9, 2014 at the ADRE, 2910 N. 44th Street, Phoenix, AZ from 10 a.m. to Noon.

DISCIPLINARY ACTIONS (4-1-2014 to 6-30-2014)

ABBREVIATIONS USED IN DISCIPLINARY ACTIONS

CP = Civil Penalty	CE = Continuing Ed	PL = Provisional License
J&S = Joint & Severally	PM = Practice Monitor	BA = Broker Acknowledgement

Name	Brokerage at time of violation	Location	Summary	Order
William Barker	Farnsworth Realty & Management Company	Gilbert	Failed to timely disclose a July 2013 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted.
Curtis Geoffrey Baumgarth	Century 21 All Star Realtors	Glendale	Disclosed a December 2013 felony conviction to Criminal Copyright Infringement.	Summary Suspension of license.
Parvaneh Brumand-Far		Mesa	Disclosed multiple misdemeanor and felony convictions when applying for license.	License granted, 2 yr PL/PM, 6 hr CE in Commissioner Standards
Ronald Dwayne Butler	Quality Tucson Properties	Tucson	Audit violations; failed to respond to Department requests for documentation; failed to maintain records; failed to maintain Owner and Tenant monies in a Property Management Trust Account; failed to appear as ordered by subpoena.	Cease and Desist .
Thomas V Caldwell	Brewer-Caldwell Property Management	Gilbert	Audit violations; shortage in property management trust account.	\$6,000.00 CP, 2 yr PL, 12 hr CE in Commissioner Standards (trust account administration and recordkeeping), 90K Surety Bond, Make Trust Accounts Whole, Monthly Trust Account Reconciliations, Quarterly Review of Records.
Cynthia Cardona	Original Applicant	Vail	Disclosed an April 1995 nursing license revocation by the State of California and a July 2009 nursing license revocation by the State of Arizona.	License granted, 2 yr PL/PM
Century 21 All Star, Realtors		Glendale	Audit violations; shortage in property management trust account.	Cease and Desist
Tamala L Daniels	HomeSmart	Phoenix	Failed to make written disclosure of material facts during a real estate transaction.	\$2,000.00 CP, 2 yr PL/PM, 6 hr CE in Commissioner Standards
Kamille Dean	DPR Realty LLC	Phoenix	Failed to timely disclose a November 2011 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted.
DiscountFineLiving.com		Scottsdale	Unlicensed real estate activity.	Cease and Desist affirmed

DISCIPLINARY ACTIONS (4-1-2014 to 6-30-2014)

Name	Brokerage at time of violation	Location	Summary	Order
Wendy M Douglas	Lake Ridge Realty	Bullhead City	Audit violations; shortage in property management trust account.	Cease and Desist
Marcia Lynn Fox-Embrey	Property Source Realty	Avondale	Audit violations; shortage in property management trust account.	Cease and Desist
G&I Management LLC		Queen Creek	Conducting unlicensed real estate activities (Property Management).	Cease and Desist
Condosmart LLC		Huachuca City	Conducting unlicensed real estate activities (Property Management).	Cease and Desist
Paul Galloway	Galloway Realty LLC	Scottsdale	Failed to timely disclose a November 2013 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted.
Sugee Gammon		Queen Creek	Conducting unlicensed real estate activities (Property Management).	Cease and Desist
Chris Good	Self Employed	Sedona	Audit violations; shortage in property management trust account.	\$3,000.00 CP, 2 yr PL, 12 hr CE in Commissioner Standards (trust account administration and recordkeeping), 30K Surety Bond, Monthly Trust Account Reconciliations, Quarterly Review of Records.
Jesse Lee Gunderson	Century 21 All Star, Realtors	Glendale	Audit violations; shortage in property management trust account.	Cease and Desist
Daniel Haney		Mesa	Disclosed multiple misdemeanor and felony convictions when applying for license.	License granted, 2 yr PL/PM, 6 hr CE in Commissioner Standards
Hope Hollamon	Hollamon Management LLC	Williams	Failed to timely disclose a June 2013 a adverse civil judgment. License renewal denied.	\$750.00 CP, license renewal granted

DISCIPLINARY ACTIONS (4-1-2014 to 6-30-2014)

Name	Brokerage at time of violation	Location	Summary	Order
Homelovers II LLC		Glendale	Audit violations; shortage in property management trust account.	\$2,000.00 CP, 2 yr PL (current DB), 6 hr CE in Commissioner Standards (trust account administration and record-keeping), 30K Surety Bond, Make Trust Accounts Whole, Monthly Trust Account Reconciliations, Quarterly Review of Records
Homes Staged Free		Scottsdale	Unlicensed real estate activity.	Cease and Desist affirmed
Jessica Jay-Maleski	Inactive	Gilbert	Failed to timely disclose a March 2012 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted
Businge Katenta	Professional Marketing Realty	Phoenix	Incorrectly signed transaction documents as the Designated Broker, collected compensation from other than employing broker.	\$2,000.00 CP, 2 yr PL/PM, 6 hr CE in Commissioner Standards
Lake Ridge Realty		Bullhead City	Audit violations; shortage in property management trust account.	Cease and Desist
Michael Logan	Original Applicant	Lake Havasu City	Disclosed a September 1999 felony Theft conviction and a March 2014 denial of license as an Arizona Certified Legal Document Preparer. License application denied.	License granted, 2 yr PL/PM
Rosita Lopez	Century 21 All Star, Realtors	Glendale	Audit violations; shortage in property management trust account.	Cease and Desist
Gregory Lotempio	Inactive	Pinetop	Failed to timely disclose an August 2013 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted
Georgia Martin	License Applicant	Peoria	Disclosed a 2014 adverse action by the Idaho Real Estate Commission. License application denied.	License granted, 2 yr PL/PM
Mario Munguia	Dominion Real Estate Partners LLC	Glendale	Failed to timely disclose a March 2011 misdemeanor conviction.	\$750.00 CP

DISCIPLINARY ACTIONS (4-1-2014 to 6-30-2014)

Name	Brokerage at time of violation	Location	Summary	Order
Abraham M Olivas II	Real Living S.J. Fowler Real Estate	Mesa	February 2014 class 6 felony conviction for Endangerment and misdemeanor conviction for DUI.	Summary Suspension of license.
Nick Owens	Inactive	Scottsdale	Conducted unlicensed real estate activity through unlicensed entities.	\$3,000.00 CP, License suspended for 120 days, eligible for reinstatement by reapplication, 2 yr PL/PM, 12 hr CE in Commissioner Standards, Contract Law and Real Estate Legal Issues
Patricia Paral	Richard LTD	Buckeye	Failed to timely disclose a February 2013 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted.
Jaime M Parker	Inactive	Mesa,	Conducted real estate activity for 3+ months while license was Inactive. License renewal denied.	\$750.00 CP, license renewal granted.
Mari Payne	Mari Payne & Associates	Yuma	Failed to provide written disclosure of a material fact involving a real estate transaction; failed to provide written disclosure regarding dual representation	\$3,000.00 CP, 2 yr PL, 6 hr CE in Commissioner Standards
Julie Pham	Sol Realty LLC	Phoenix	Failed to provide documents when requested and failed to disclose acting as a principal in a real estate transaction.	\$1,000.00 CP, 2 yr PL/PM, 6 hr CE in Commissioner Standards
Michael Edward Phillips	Associated Properties LLC	Gilbert	April 2013 Class D felony conviction for Structuring a Financial Transaction Through a Domestic Financial Institution, failed to timely disclose the conviction.	Revocation of license, \$5,000.00 CP
Property Source Realty		Avondale	Audit violations; shortage in property management trust account.	Cease and Desist Property Management activities.
Noel J Pulanco	Homelovers II LLC	Glendale	Audit violations; shortage in property management trust account.	\$3,000.00 CP, 2 yr PL, 6 hr CE in Commissioner Standards (trust account administration and recordkeeping), 30K Surety Bond, Make Trust Accounts Whole, Monthly Trust Account Reconciliations, Quarterly Review of Records.

DISCIPLINARY ACTIONS (4-1-2014 to 6-30-2014)

Name	Brokerage at time of violation	Location	Summary	Order
Ritiek Rafi	Absolute Realty LLC	Tucson	Conducted real estate activity for 3+ months while license was Inactive.	\$400.00 CP
Zachariah Samorano	Tierra Antigua Realty	Tucson	Failed to timely disclose a November 2013 misdemeanor conviction. License renewal denied.	\$400.00 CP, license renewal granted.
Adam Brye Sayer		Phoenix	Disclosed an October 2003 felony conviction for Attempted Possession of a precursor chemical and Possession of equipment and chemicals to manufacture dangerous drugs. License application denied.	License granted, 2 yr PL/PM
Sorletta Shead	Original Applicant	Phoenix	Disclosed a 2007 adverse action by the Georgia Real Estate Commission. Original license application denied.	License application approved, 2 yr PL/PM
Patricia Eileen Solo	Solo Properties	Chandler	Audit violations; trust account shortage.	Revocation of license, \$6,000 CP J&S
Solo Properties LLC	Solo Properties	Chandler	Audit violations; trust account shortage.	Revocation of license, \$6,000 CP J&S
Strategic Marketing Systems LLC		Scottsdale	Unlicensed real estate activity.	Cease and Desist affirmed
Diane Strehlow	License Applicant	Tempe	Disclosed a November 2012 conviction for Conspiracy to Impede and Impair the Functions of the Internal Revenue Service. License application denied.	License granted, 2 yr PL/PM
Roy J Swartz		Huachuca City	Conducting unlicensed real estate activities (Property Management).	Cease and Desist
Zoltan Vincze	Inactive	Phoenix	Failed to timely disclose a November 2013 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted.
Suzanne M Watts	HomeSmart	Phoenix	Failed to timely disclose an April 2013 adverse action by the Arizona State Bar. License renewal denied.	\$1,500.00 CP, license renewal granted.

DISCIPLINARY ACTIONS (4-1-2014 to 6-30-2014)

Name	Brokerage at time of violation	Location	Summary	Order
Zachary Wiss	My Home Group Real Estate LLC	Paradise Valley	Failed to timely disclose an August 2012 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted.
Brian Yelder	HomeSmart	Phoenix,	Conducted real estate activity through an unlicensed entity and for other than his employing broker.	\$2,000.00 CP, 6 hr CE in Commissioner Standards

LICENSE SURRENDER REPORT (4-1-2014 to 6-30-2014)

ARS §32-2137(A) - Surrender License

If the Department has commenced a disciplinary proceeding **against** a licensee, the licensee may request in writing for approval to voluntarily surrender their license to the Department, only, if the surrender of the license occurs not less than 10 days prior to a hearing. After acceptance of the voluntary surrender, **“the Department shall not thereafter issue a license under this chapter to the licensee.”**

Choosing to surrender a license would forego a licensee’s ability to ever apply for a license through the Arizona Department of Real Estate in the future.

LAST NAME	FIRST NAME	LIC NUMBER	E & C FILE	SURRENDER DATE
WALDROP	MARK	BR043424000	14F-DI-212	5/23/2014

ARIZONA DEPARTMENT OF REAL ESTATE- PAST & PRESENT 2014

Background

The Arizona Department of Real Estate came into being in 1947. Previously, there was a Real Estate Commission which was a part of the Arizona State Lands Department. Commissioner J .Fred Talley was the first Commissioner/ Director of the Arizona Real Estate Department. Originally, the Commissioner was the State Real Estate Commissioner and Chair of the Commission. Now, the Commissioner is appointed by the Governor and serves on the Governor's Cabinet.

Upon review of prior Real Estate Commission Meetings Minutes, progression is evident, from being a Commission to being a State Department with an increase in responsibilities and tasks. As the Commission evolved into a State agency, the Commission evolved into becoming the Real Estate Advisory Board, pursuant to A.R.S § 32-2104 which defines members, terms, qualifications; compensation, chairman and duties. The board shall provide the Commissioner with such recommendations as it deems necessary and beneficial to the best interests of the public.

Name	Appointed	Term Completed
D.C. Williams	1947	1950
William Cox	1950	1959
J. Fred Talley	1960	1974
Victor M. David (Acting)	1974	1975
William Penn	1975	1978
Richard B. Nichols	1978	1986
Joe Sotelo	1986	1991
Patricia E. Cooper (Acting)	1991	1991
Jerry Holt	1991	2002
Richard Simmonds (Interim)	2002	2003
Elaine Richardson	2003	2007
Sam Wercinski	2007	2009
JUDY LOWE	2009	PRESENT

ADVISORY BOARD MEETING

The next Real Estate Advisory Board Meeting will be August 13, 2014 in the Commissioner's Conference Room at the Arizona Department of Real Estate, 2910 N. 44th Street, Phoenix, AZ 85018. All members of the public are welcome to attend.



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WELCOME TO THE DEPARTMENT



**Marc Flamm
Administration**

Marc joined ADRE in January of 2014. He is a recent graduate of ASU's Graduate Public Administration program and is looking forward to using his education for the betterment of Arizona. When not working, Marc can be found hiking in the mountains around Phoenix or lounging with a good book.



**Paul Barry
System Administrator**

Please help us in extending a warm welcome to our newest employee, Paul Barry. Paul has joined ADRE as our System Administrator.

UPCOMING HOLIDAYS

**ADRE will be closed Labor Day, September 1, 2014 and Columbus Day,
October 13th, 2014**



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Real Estate

*An official publication of the
State of Arizona*

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Governor

Judy Lowe
Commissioner

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Charles Bowles
Carla Bowen
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