

**ARIZONA DEPARTMENT OF REAL ESTATE  
REAL ESTATE ADVISORY BOARD  
MINUTES  
July 21, 2010**

The Arizona Real Estate Advisory Board met on Wednesday, July 21, 2010 at the Arizona Department of Real Estate (ADRE), 2910 N. 44<sup>th</sup> Street, First Floor Conference Room, in Phoenix, Arizona.

**I. CALL TO ORDER**

Chair Ann White called the meeting to order at approximately 10:10 a.m.  
Members present: Charles Bowles and Patti Shaw.

**Attending via phone:** Tom Pancrazi

**Unable to Attend:** Carla Bowen, Frank Dickens and Bruce Mosley.

**ADRE representatives** present: Commissioner Judy Lowe; Assistant Commissioner-Business Services Mary Utley; Business Services Manager Vicky Rokkos; Veronica Delatrinidad, Business Services; and, Gretchen Conger, intern.

**Public:** None

**II. MINUTES**

Upon the motion of Charlie Bowles, seconded by Patti Shaw, the Minutes of the May 26, 2010 meeting were unanimously approved.

**III. Facilitator Report from Advisory Board Members**

Vice-Chair Pancrazi stated that he did not have any facilitation calls. Member Shaw reported that she did have an email inquiry on the Builder Recovery Fund. She stated that she forwarded the email to the department's Investigations Division.

Chair White stated that she received an email from individual who started a storage and retrieval business. The individual asked if there was a need for such services in the real estate industry. Chair White stated to him that there is a great need for this type of service. Manager Rokkos stated that the department provides downloadable lists which are accessible to the public.

**IV. Proposed Rules Update**

Assistant Commissioner Utley reported that a meeting was held with the Governor's staff regarding a request for an exemption to the current Rules Moratorium. Some of the changes are reflective of the legislative changes that occurred this past legislative session. A handout was provided detailing the list of proposed rule changes. (See attached). A thorough review of the proposed changes was provided to the Board.

The Advisory Board reviewed the proposed rule changes and provided feedback as well as support. It was suggested that a standard support letter be provided to the Board member. The Board members in turn will send them to the department.

**V. Education Division Review**

Commissioner Lowe provided the division report for the Board. The first item of discussion was an overview of how the new testing vendor was selected. In the Request for Proposal

(RFP) one important criteria was that the vendor be ARELLO (Association of Real Estate License Law Officials) certified. The department received only three proposals; and of those three vendors, the one chosen was Pearson VUE. Pearson VUE oversees the mortgage originator licensing in Arizona; cosmetology board; and, a few others in Arizona. Nationally they provide real estate testing for many States.

Commissioner Lowe explained that prior to going out for bid, meetings were held with pre-licensure educators. The curriculum for new salespersons as well as brokers was vetted out to all pre-licensure educators. The result was a more comprehensive curriculum for salespersons as well as a more stringent one for brokers. The new curriculum was posted on the department website.

Commissioner Lowe stated that on-going communication with educators has been occurring regarding pre-licensure; continuing education; and, the need to enhance the quality of course content. Additionally, schools are being held accountable as to the quality of the course content and the qualifications of their instructors.

#### **VI. Commissioner's Report-Judy Lowe**

Commissioner Lowe provided a handout which reflected the number of salespersons, brokers and entities for the past four years. The handout illustrated that there has been a decrease in licensees; however, there has been an increase in the inactive and those in their "grace" period. Commissioner Lowe noted that there are 63,000 active salespersons, brokers and entities; and, there are 43,000 which are Realtors. This leaves a significant gap between Realtors and non-Realtors who frequently resist legislative and rule changes, especially in respect to education.

Commissioner Lowe provided an annual report of the various department divisions and their respective statistics. Efficiencies, reduction in staff and methods in addressing case loads were discussed. One particular area she discussed was document storage transaction management system which many brokers are using. Some brokers may use the Arizona Association of REALTORS® Transaction Management or they may have their own proprietary one. Granting the department permission to access their system provides for greater efficiency for both the investigations and auditing divisions. Commissioner Lowe stated that when she speaks at Brokers meetings, she encourages them to grant the department access. There remains some hesitancy among some brokers in doing so. Commissioner Lowe provided examples of brokers' fears in granting access.

Commissioner Lowe provided a report on Business Services division which had been responsible for processing fingerprint cards. With new legislation going into effect that requires new applicants to possess a Fingerprint Clearance Card, the HUB will be relieved of this time consuming function. Additionally, Commissioner Lowe reported on the changes being promoted in the area of certified mail, the distribution of mail; and, the file room.

Manager Rokkos provided a report on the department's ending fiscal budget and FY 2011 budget. She detailed the various line items for the board. The department has reduced the number of employees; from 53.6 to 31.5. Discussion occurred on allocation of funds, rent and other mandated costs.

As to the Recovery Fund, Manager Rokkos reported that the fund is currently at \$152,000; projected revenue of \$105,000 (based on renewals, new applications of salespersons and brokers); and, possible payouts and being swept \$157,300. Manager Rokkos explained that should there be no money in the Recovery Fund, the department is still responsible for the payouts and if unable to honor the payouts, there is a 4% interest charge on the balance due the applicant. She provided an overview of pending applications.

Referencing the Condo Fund, Manager Rokkos reported that there have not been any applications since the Condo Fund was established in 2008. The beginning balance is approximately \$17,000; with a projected \$5,500 in revenue; and, a closing balance of \$22,500. Ms. Rokkos stated that currently there is no statute that requires that any of this money be reverted to the General Fund. Commissioner Lowe stated the Condo Fund is funded by Public Report applicants for a condominium

community. Payouts can only be to those who have suffered from the non-completion of a condominium complex. There are no pending claims.

**V. Other Matters**

Assistant Commissioner Utley stated that as a result of HB 2209-Open Public Meeting, the agenda for the Real Estate Advisory Board will be posted on the department's website as well as the minutes. Agendas need to be posted 24 hour prior to the meeting.

**VI. Adjournment**

On a motion to adjourn by Patti Shaw; seconded by Tom Pancrazi and approved by the Board, Chair White adjourned the meeting at 12:10 p.m.

**DATED THIS 21<sup>st</sup> DAY OF JULY, 2010  
ARIZONA REAL ESTATE ADVISORY BOARD**

BY: \_\_\_\_\_  
**Ann White, Chair**