

Arizona Department of Real Estate (ADRE)
Real Estate Advisory Board
Minutes
August 14, 2013

The Real Estate Advisory Board met on Wednesday, August 14, 2013 at the Arizona Department of Real Estate (ADRE), 2910 N 44th Street, Commissioner's Conference Room, Phoenix, Arizona.

I. Call to Order

Chair Kim Horn called the meeting to order at 10:00 a.m.

Members present:

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

Via phone:

Jo Ann Sabbagh, Member

ADRE Representatives present:

Judy Lowe, Commissioner
Mike Wheeler, Assistant Commissioner – Real Estate Services
Sarah Dobbins, Chief of Staff
Louis Dettorre, Legislative Liaison

II. Introductions & Welcome

Chair Horn welcomed members and guests to the meeting. Guests were Scott Drucker and Courtney Gilstrap LeVinus.

III. Minutes

Upon a motion by Member Clifton; seconded by Member Bowles, the Minutes of the June 27, 2013 meeting were unanimously approved.

IV. Commissioner's Report

- a.) **Budget** – Commissioner Lowe commented that the Department is currently working on the FY2015 Budget. She noted that ADRE’s request would be approximately \$3.5Million.

While working on the budget, the Department is also working on an update to the 2013-2017 ADRE Strategic Plan. The Strategic Plan is posted to ADRE’s website. Revisions for this coming year will be turned in to the Governor’s office in early September.

Commissioner Lowe provided a brief update on personnel reform implementation. She noted that ADRE now has 100% uncovered employees. This means all ADRE employees are ‘At-will’. Commissioner Lowe asked ADRE Chief of Staff, Sarah Dobbins to provide an update on the state-wide performance appraisal system. Ms. Dobbins mentioned that, as part of personnel reform, a state-wide performance appraisal system called MAP was implemented for All state employees . This annual appraisal involves employees being rated on 3 statewide competencies, 3 agency specific competencies and 2 SMART goals that are specific to the individual employee. The appraisal year for ADRE will be the same as the FY calendar, July 1 – June 30. With this, since the system was implemented January, 2013, ADRE had an initial 6 month appraisal period which ended June 30, 2013. ADRE Managers and employees are currently in the process of closing out the first 6 month appraisal period and updating goals for the first full year appraisal. The agency specific and individual goals are driven by ADRE’s Strategic plan. ADRE Managers will continue to do monthly performance measures on employees throughout the year. With this piece of personnel reform in place, potential raises or bonuses will now be tied to performance. For example, at the end of FY13, Managers were able to submit employee accomplishments to ADRE Leadership for consideration of a one-time bonus.

Commissioner Lowe read aloud an example of a SMART goal for the Education Division and one for the Auditing Division.

Commissioner Lowe noted that the On-line Original Application is now available.

b.) **Division Reports**

Auditing – the Commissioner noted that in the first 6 months of 2013, 28 field audits were completed. For the month of July 2013 – 65 new investigation cases were received; average age of pending cases was 66 (days); the Department received 299 Broker Audit Declarations.

Development Services – Commissioner Lowe commented that the number of new Public Report applications being received by the Department is increasing. In June, 2013, the Department received approximately 25 applications. In July, 2013, 95 applications were received. For the month of July, 2013, there were 11 new Development Investigations opened and 11 closed.

Member Wilenchik inquired, from a staffing perspective, how ADRE would account for growth of the market. Commissioner Lowe provided an overview of the factors that are taken into account when the Department builds the budget and makes a budget request. She commented that an increase in applications is one of the factors considered.

Member Bowen commented that with regard to sub-divisions, members of the public who are landowners should also be considered. She commented that many landowners are not aware of State Statutes regarding dividing land. She suggested an article be written for local newspapers. Discussion ensued. Chair Horn suggested having an article in the next ADRE Bulletin regarding public reports. Commissioner Lowe commented that ADRE has a brochure regarding this topic. It will be updated so it can be re-distributed.

Member Bowen commented that she would volunteer to write an editorial for the newspaper.

Education - For July, 2013, there were 28 total pending education applications at the end of the month; 245 applications were processed by 2 staff persons and 830 exams were administered.

Enforcement & Compliance (E&C) – Assistant Commissioner Wheeler commented that the number of cases pending at the Attorney General’s office is down from last year. For July, 2013, there were 32 new cases received by E&C, 63 total cases pending and 43 cases assigned to the Attorney General’s office.

Licensing – For July, 2013, there was a total of 450 original licenses and 2,436 license renewals. Approximately 33% of the new original applications were done with the new on-line system. For renewal cycles, it is the last year for those that had 4yr renewals and we are now in the first year for the 2yr renewals.

C.) Pending Issues

Recovery Fund – Commissioner Lowe commented that ADRE Legislative Liaison, Louis Dettorre, is now overseeing the Recovery Fund. Mr. Dettorre provided a verbal report. He commented that during FY13 payouts from the recovery fund totaled approximately \$89,000. The current balance is approximately \$500,000. There were 6 payouts for FY13. To date in calendar year 2013, there have been 3 applications to the fund (1 pending; 1 closed and paid; 1 denied).

V. Voluntary Survey Update

ADRE Legislative Liaison, Louis Dettorre, provided Board members with a hard copy of the Broker Audit Survey report that is posted to ADRE’s website. He noted that, at the time the survey was closed, there was 73% participation and that no confidential information was provided.

VI. Rules Update

ADRE Legislative Liaison, Dettorre provided a verbal report. He commented that the Department’s 5 year Rule Review is due February, 2014 and that ADRE is also in discussions with the Governor’s Office on how a general review of rules that govern the Department can be accomplished. The goal would be to update rules to insure they are in-line with legislative changes as well as to insure that the rules do not create an undue burden for the industry. Since

there is currently a moratorium on rule revisions, the Department is submitting a request for an exemption from the moratorium to the Governor's Office. If granted an exemption, the Department is targeting the end of 2013 to open a docket. If this is allowed, public meetings will be held.

VII. Real Estate Services Update

Assistant Commissioner Regulatory Affairs, Mike Wheeler commented that 2 new Investigators have been hired and begun work at ADRE. The Department is currently in the process of hiring an Auditor.

VIII. Facilitator Reports

Member Gray commented on an issue regarding loan officers , teaching classes under the appearance of real estate education, but then during the class the loan officers will sit next to students and attempt to promote their companies services. Member Gray mentioned that he learned of this from a student who inquired with him about monitors and whether or not monitors are still used. He suggested this could be picked up by a classroom Volunteer Monitor. It was a consensus of the Board that the ADRE Volunteer Monitor Program was a benefit to the industry and this program should increase its assignments.

Member Gray also commented that in the 1990's ADRE had grants that allowed the Department to put on educational programs regarding various issues. He mentioned there having been a grant from APS and one from ARELLO. He commented he has not heard about this again and inquired if it would be something the Department could explore again.

Commissioner Lowe commented that the Department now has an Education Fund that is used for things like the Law Book and informational brochures. She also noted that a statute was in place that prevents ADRE from offering education that would compete with the private sector.

There were no other facilitator reports.

IX. Other Matters

Member Bowen commented that she was following up on a conversation from a past advisory board meeting about contacting various County Attorney offices regarding unlicensed activity. She mentioned that she has made contacts and will keep the group informed of any response she receives.

X. Call to the Public

None of the members of the public present wished to speak.

XI. Special Advisory board Meeting, August 21, 2013

Chair Horn announced the Special Advisory Board meeting is Wednesday, August 21st, 9am – 12noon, 3rd floor conference room. She noted the purpose of the meeting is information gathering. After discussion, it was determined that the meeting time would be changed from 9am – 12noon to 9am – 11:30am. ADRE Chief of Staff, Sarah Dobbins will re-post the meeting with the new time. The meeting will be conducted just as any other RE Advisory Board meeting.

XII. Next Real Estate Advisory Board Meeting: October 9, 2013

XIII. Adjournment

Chair Horn adjourned the meeting at 12noon.

Respectfully submitted this 9 *day of October, 2013*

Real Estate Advisory Board

A handwritten signature in black ink, appearing to read "Kim Horn", is written over a horizontal line.

Kim Horn, Chair