

**Arizona Department of Real Estate (ADRE)
Real Estate Advisory Board
Minutes
December 10, 2014**

The Real Estate Advisory Board met on Wednesday, December 10, 2014 at the Arizona Department of Real Estate (ADRE), 2910 N 44th Street, Commissioner's Conference Room, Phoenix, Arizona.

I. Call to Order

Since Chair Horn was delayed due to traffic, Vice-Chair Clifton called the meeting to order at 10:05 a.m.

Members present:

Kim Horn, Chair
Kimberly Clifton, Vice-Chair
Charlie Bowles
Carla Bowen
Frank Dickens
Nedra Halley
Dustin Jones, via phone
Scott Peterson

Absent

Bill Gray

ADRE Representatives present:

Judy Lowe, Commissioner
Louis Dettorre, Assistant Commissioner Operations/Legislative Affairs
Sarah Dobbins, Chief of Staff
Mike Wheeler, Assistant Commissioner Regulatory Affairs
Carla Randolph, Assistant Commissioner Licensing/Education/Development Services
Kim Ellis, CSR

Public present:

Scott Drucker, Arizona Association of Realtors
Harry Eastlick, Renewal Education Corporation
Eric Solheim, Commercial Real Estate Institute

II. Introductions & Welcome

For the benefit of Member Jones, attending by phone, and the new member, Nedra Halley, Vice-Chair Clifton had everyone introduce themselves.

III. Approval of October 22, 2014 Meeting Minutes

Upon a motion by Member Bowles, seconded by Member Dickens, the Minutes of the October 22, 2014 meeting were unanimously approved.

IV. Approval of 2015 Real Estate Advisory Board Meeting Schedule

Upon a motion by Member Bowles, seconded by Member Dickens, the 2015 meeting schedule was unanimously approved.

V. 2014 Advisory Board Report to the Governor – Cover Letter

Chair Horn read aloud her Advisory Board letter, which is sent to the Governor annually, highlighting the accomplishments of the Advisory Board and ADRE during 2014.

VI. Commissioner's Report – Judy Lowe, Commissioner

a. Industry/ADRE Update

Commissioner Lowe announced the Adopt-A-Family program in which ADRE is sponsoring a family for the holidays. The Commissioner provided details for any member who would like to participate.

Commissioner Lowe reported on attending ARELLO meetings which were held at the National Association of REALTORS® (NAR) conference. The Commissioner highlighted some of the national key issues which were discussed.

1. Property Management. Property management continues to be the #1 issue nationwide. Problems with property management include deficient trust accounts and no reconciliation of trust accounts.
2. International Licensing – Singapore is a new member to ARELLO. In some countries, no license is required to sell real estate.
3. Independent Contractor versus Employee. Issues arise when an independent contractor assistant, usually unlicensed, leaves a team and claims they were treated as an employee, not as an independent contractor. IRS has a system to determine if someone is an independent contractor vs. employee.
4. Teams. New York, Louisiana, and North Carolina are amongst states bringing about statutory changes concerning teams.
5. Drones. The FAA maintains that drones used for commercial purposes, including real estate, are illegal.

6. Coming soon. REO companies commonly require pre-listing marketing. ADRE's position is that there must be written consent from the owner for the "coming soon" sign to be placed.
 7. Minimum professional standard laws. These are included in some state's statutes.
 8. State Regulatory Board. These boards, whose members are industry representatives, oversee and regulate licensees, unlike our Real Estate Advisory Board, which makes suggestions, but does not regulate. Currently, there is a lawsuit involving a Dentistry Board which did not approve a license for a teeth-whitening business. In Arizona, the Department and the Attorney General can make determinations, but not the Real Estate Advisory Board.
- b. Budget**
See AC Dettorre's report (VII.a.)
- c. Division Reports**
See Assistant Commissioner Reports.
- d. Department Report**
The Commissioner reviewed licensing stats. In the interest of saving paper, the Division statistics were displayed on a screen and the Commissioner reviewed these statistics verbally.

VII. Assistant Commissioner Updates

- a. Assistant Commissioner Operations Legislative Affairs – Louis Dettorre**
With the new legislature coming into session, AC Dettorre commented that the Department has feelers out to determine potential legislative issues for the real estate industry. ADRE submitted their budget request in September which included funding for IT needs in the building and staffing needs. AC Dettorre mentioned that the Strategic Plan will be posted to the website in January. AC Dettorre updated the Advisory Board on the file room scanning project.
- b. Assistant Commissioner Regulatory Affairs – Mike Wheeler**
AC Wheeler commented that his staff are doing audits in the field and working on electronic broker audit declarations. AC Wheeler reported there has been an influx in the number of Enforcement and Compliance cases. AC Wheeler mentioned that the department is looking to hire two more auditors and an investigator.
- c. Assistant Commissioner Licensing Services – Carla Randolph**
For Education, AC Randolph announced that the School Supervision Audit Declaration is required bi-annually and is currently due between December 15, 2014 and January 31, 2015. AC Randolph stated that the annual SME (subject matter expert) meeting will be held on January 5, 2015. She also mentioned that the pre-licensure review committee will meet on January 20th and will look at school performance, as well as adding 10 additional sales questions to the state-specific exam.

For Licensing, AC Randolph mentioned that forms were updated in order to handle issues that arose from nickname abuse.

For Development Services, AC Randolph discussed the administrative assistant position that has been posted for Development Services. She stated that Development Services is currently working on implementing SB1487, which affects Central Arizona Groundwater Replenishment District (CAGRDR). AC Randolph has met with CAP members several times and is in the process of updating developmental services forms.

AC Randolph highlighted the 2014 accomplishments of her licensing, education, and developmental services staff.

VIII. Advisory Board Member Facilitator Reports

Member Dickens stated that two subdivision issues were brought to his attention.

Member Bowen reported receiving a call from Navajo Planning and Development with a question concerning whether Navajo County can refuse to record splits. Member Bowen advised the caller from Navajo County to contact ADRE with any questions. Member Bowen also stated that she was contacted about an advertising violation which she will forward to AC Wheeler.

Vice-Chair Clifton was contacted regarding a potential licensee who had already created a real estate website, but had not actually hung their license with a broker. Vice-Chair Clifton contacted ADRE and the matter was resolved in a timely matter. Vice-Chair Clifton stated she was very pleased with how quickly the matter was resolved. Vice-Chair Clifton also notified ADRE of an advertising concern that arose when a broker received a letter of concern regarding one of their licensees. ADRE met with the broker. Commissioner Lowe commented that most advertising complaints come from licensees and the Department will only open investigations for signed advertising complaints. Anonymous or unsigned complaints, and complaints which are not in writing, will be opened to memorialize that the complaint was received, but then will be closed due to the complaint not being signed.

Chair Horn received a couple of calls related to advertising, as well. One of the calls was related to a Craigslist posting from an unlicensed individual. Chair Horn contacted the owner of the posting and the posting was removed.

IX. Nomination and Election of 2015 Officers

After nominating Member Clifton and Member Gray for the Chair position, a written vote was held; the board elected Kim Clifton as the new Real Estate Advisory Board Chair for 2015. After nominating Members Dickens, Member Gray and Member Clifton for the Vice-Chair position, a written vote was taken; the board elected Member Dickens as the 2015 Real Estate Advisory Board Vice-Chair.

VII. Call to the Public

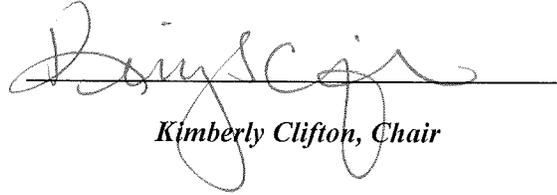
NONE

VIII. Next Real Estate Advisory Board meeting: February 11, 2015

IX. Adjournment – Chair Horn called the meeting adjourned at 12:10 p.m.

Respectfully submitted this 8th day of April, 2015

Real Estate Advisory Board

A handwritten signature in cursive script, appearing to read "Kimberly Clifton", is written over a solid horizontal line. The signature is fluid and extends slightly above and below the line.

Kimberly Clifton, Chair