

Arizona Department of Real Estate (ADRE)
Real Estate Advisory Board
Minutes
December 11, 2013

The Real Estate Advisory Board met on Wednesday, December 11, 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
Bill Gray, Member
Scott Peterson, Member
Dennis Wilenchik, Member

Absent

Frank Dickens, Member
Jo Ann Sabbagh, Member

ADRE Representatives present:

Commissioner Judy Lowe, Assistant Commissioner Regulatory Affairs - Mike Wheeler, Chief of Staff - Sarah Dobbins, Assistant Commissioner Operations/ Legislative Affairs- Louis Dettorre, Assistant Commissioner Licensing/ Education/ Development Services -Carla Randolph, Joni Smith, Administration.

Public present:

Jake Hinman, Josh Lethbridge, Nicole LaSlavic, Elly Johnson, Scott Drucker, Edith Poggi, Daniel Anderson, Jolene Bart, Luana Patterson

II. Introductions & Welcome

Chair Horn welcomed members and guests to the meeting and asked the Advisory Board members and ADRE staff to introduce themselves to the public presented.

III. Minutes

Upon a motion by Member Bowles; seconded by Member Clifton, the Minutes of the October 9, 2013 meeting were unanimously approved.

Upon a motion by Member Bowles; seconded by Member Bowen, the Minutes of the October 29, 2013 meeting were unanimously approved.

IV. Approval of 2014 Real Estate Advisory Board meeting schedule

Upon a motion by Member Bowles; seconded by Member Clifton the 2014 meeting schedule was approved.

V. Property Management – Discussion and Recommendation

Chair Horn reviewed discussions on property management as follows:

1. ADRE to develop a legal definition for Property Management and Property Manager. Work with the Attorney General's Office as a resource.
2. ADRE Staff will post the Property Management Audit package to the ADRE website and will also distribute it to Brokers when they are scheduled for an Audit.

Commissioner Lowe commented that the package was presented at a previous meeting and that it is now posted to the ADRE website, was included in ADRE's latest Bulletin and is being distributed to Broker's when they are scheduled for Audits. She explained how a person can subscribe to Late Breaking News through ADRE's homepage to receive the Bulletin.

3. Create a method of identifying real estate licensees who practice Property Management with an emphasis on Brokers.
4. Education: Property Management- practitioners to take required education within the existing continuing education (CE) hours. Classes should include pre-licensing contract writing as well as classes in Auditing and Property Management Accounting. Classes can be in the area of Commissioner's Rules, contract writing. The area the classes fall under will be left open so the Department can work with and implement.
5. Course and instructor applications should be reviewed to determine if they qualify for approval, need to be revised or enhanced.

After a discussion on the concern of insuring the quality and content of courses, Commissioner Lowe commented that, per statute, schools are responsible for insuring course and instructors are credible and qualified. She also commented that, if someone sees or experiences a problem with a course, they should notify the Department so a monitor can be sent out.

After this review, Chair Horn opened discussion to "call to the public". Comments were as follows:

- A full-time property manager commented that he gets his continuing education best from property management trade groups, not ADRE required CE's. He suggested having a pool of subject matter experts, from the industry, who could teach courses.
- Nicole LaSlavic inquired about a sub-work group for legal definition. Discussion ensued around creating a definition with members of the industry potentially moving legislation forward.

The current and incoming President's of NARPM commented that their group could work on this definition. After discussion, they agreed they would work with other industry groups on the Definition of Property Manager and Property Management and would initiate moving a bill forward. The Department will act as a resource as they navigate the process. NARPM will coordinate meetings or activity around developing the definitions.

Commissioner Lowe commented that there is a definition for Property Management in statute A.R.S.§§ 32-2171. This provides a firm basis to build from.

After further Advisory Board discussion, Member Bowles made a motion that "the department will act as a resource to the industry as they address the definition of property manager and property management by January 13, 2014"; motion was seconded by Vice Chair Clifton, motion carried unanimously.

6. In light of the above motion, Vice Chair Clifton motioned that the previously mentioned suggested motions: #2 ADRE Staff will post the Property Management Audit package to the ADRE website and will distribute it to Brokers when they are scheduled for an Audit; #3 Create a method of identifying real estate licensees who practice Property Management; #4 Education: Property Management- practitioners will take required education within the existing continuing education (CE) hours. Classes should include pre-licensing contract writing as well as classes in Auditing and Property Management Accounting; and #5 Course and instructor applications should be reviewed to determine if they qualify for approval, need to be revised or enhanced; should be moved forward as a recommendation in one motion to ADRE. This was seconded by Member Bowles, motion carried unanimously.

VI. Commissioner's Report, Commissioner Judy Lowe

a) Industry/ADRE Update

Commissioner Lowe Reviewed licensing statistics as of December 3, 2013 (also posted to website).

b) Budget

ADRE's FY2015 Budget request has been submitted to the Governor's Office for review. The FY15 request is for \$3.5M. This would allow ADRE to hire back to vacancies and would allow for dollars for contract labor for Auditors and Development Services Inspectors in outlying areas.

c) Department Report:

- The updated law book has been ordered and is scheduled for delivery to ADRE January, 2014.
- Commissioner Lowe provided an update on the ARELLO conference she attended. Some of the topics discussed at ARELLO included - more Federal interest in involvement in State's real estate business, pocket listings, unlicensed activity and online auctions.

VII. Assistant Commissioner Operations/Legislative Affairs Update, Louis Dettorre

Assistant Commissioner Dettorre reported the first day of the Legislative session is January 13, 2014. He also noted that ADRE's budget request is pending in the Governor's Office and that the department will soon complete the update to the 5-year strategic plan. Once completed, the Strategic Plan will be posted to the ADRE website.

Mr. Dettorre also commented that the Department is currently undergoing a process to review all forms and communications that go to the public.

VIII. Assistant Commissioner Regulatory Affairs Update, Mike Wheeler

Assistant Commissioner Wheeler reported that the department has hired staff for the investigations and auditing divisions.

- The Investigation division new cases: 48; pending cases (end of November): 59
- The Auditing division new cases: 37; pending cases: 70

IX. Assistant Commissioner Licensing/Education/Development Services Update, Carla Randolph

Assistant Commissioner Randolph provided the following updates:

- The Licensing Division has seen a 50% increase in the use of the new online application system and the number of walk-in's is down by 100 in November.
- The Education Division had a Volunteer Monitor Orientation facilitated by Bill Gray. As a result 5 new monitors were identified for a current total of 45 monitors.
- Commissioner Lowe adopted one of the recommendations from the stakeholder group that worked on the definition of classroom and live or remote classroom. That recommendation will allow for live remote video conferencing for continuing education courses.
- Development Services Division – For the month of November, 44 applications received, 23 amendments, 20 exemption requests.

X. Facilitator Reports

Member Bowen received calls from lenders which she provided to Commissioner Lowe.

Member Gray reported on listings that say "Coming Soon" and asked the Commissioner to write an article on the obstacles and ramification that come from doing a listing with a rider that says "coming soon" . Commissioner Lowe agreed to write an article.

Member Bowles received a call from Cochise County regarding land and subdivision split issues. He will meet with the individual caller and then follow up with the Department as appropriate.

Member Wilenchik would like to revisit, at a future meeting, the discussion around unlicensed activity and licensing fees.

There were no other facilitator reports.

XI. Other Matters

Election of 2014 Real Estate Advisory Board Chair and Vice Chair will occur at the February, 2014 meeting.

XII. Call to the Public

Scott Drucker commented that AAR has found prevalent concerns with pocket listing in private listing clubs and is available to the industry and public regarding this issue.

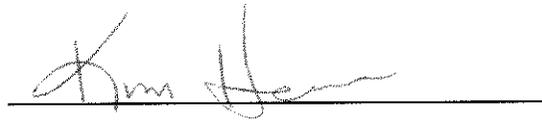
XIII. Next Real Estate Advisory Board Meeting: February 19, 2014

XIV. Adjournment

Chair Horn adjourned the meeting at 12:05pm.

Respectfully submitted this 19 day of February, 2014

Real Estate Advisory Board

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

Kim Horn, Chair