



**Arizona Real Estate Advisory Board
2910 N. 44th Street, Suite 100
Phoenix, Arizona 85018**

May 18, 2011

Janice K. Brewer
Governor

The Honorable Janice Brewer,
Governor of Arizona
1700 West Washington Street, 9th Floor
Phoenix, Arizona 85007

Arizona Real Estate
Advisory board

Dear Governor Brewer:

Your Arizona Real Estate Advisory Board this past year, of which I was honored to be the Chair, witnessed a great example of a well organized and very professionally managed Department, of which, Commissioner Lowe's contribution is unmatched.

Ann White
2010 Chair

The mantra "Raising the Bar" for the Department of Real Estate in partnership with the real estate industry in Arizona became the challenge. The Department has continued operating effectively, and much more efficiently, even with decreased resources in staffing. Reorganization and redistribution of staff have made this possible, while continuing dedication and service to the public and licensees.

Tom Pancrazi
2010 Vice-Chair

Carla Bowen
Member

The Commissioner's leadership, along with a great and dedicated staff, has been proactive in finding solutions to issues that needed to be addressed by the Department. The achievements that support "Raising the Bar" were identified early, and thoroughly. Goals were made and plans activated to accomplish the objectives.

Charles Bowles
Member

Bruce D. Mosby
Member

Mid-year, the Advisory Board decided to meet-semi monthly, rather than 4 times a year, in order to keep us better informed of the processes and changes necessary to "Raise the Bar". The Advisory Board is now able to review and take any necessary actions by being informed of the activities of the department in meeting challenges and making the necessary changes in a much timelier manner.

Jo Ann Sabbagh
Member

Patti Shaw
Member

Judy Lowe
Commissioner

The real estate industry in Arizona and nationally, has never before seen the type of current challenges, which create a greater necessity to enforce rules, and assure the public, licensees, and the State of Arizona the best of representation. The achievements of the Commissioner and Arizona Department of Real Estate staff this past year, through open communication between the Department, the public and licensees have accomplished this. The Advisory Board supports what has been accomplished.

It is with knowledge of achievements to meet the challenges by the Department of Real Estate, that the Advisory Board and I submit the 2010 Annual Report to you.

Respectfully,

Ann White, Chairman 2010

Arizona Department of Real Estate (ADRE)
Summary of Accomplishments
2010

“Raising the Bar” became the mantra for the Arizona Department of Real Estate in partnership with the real estate industry in Arizona. *“Raising the Bar”* became the challenge and results were achieved. The ADRE 2010 Achievements supporting *“Raising of The Bar”* include:

Pre License Education-

- A stakeholders group was convened to:
 - Create a more comprehensive curriculum, making the Brokers’ course much more relevant to the Brokers responsibilities.
 - The real estate licensing exam was reviewed with an increase in the number and more relevant question.
- The test question bank has been revised to include additional and new questions, thus, *“Raising the bar”*, with more knowledge for salespersons and broker licensees. This was done under the direction of ADRE’s new testing vendor Pearson VUE and Arizona Subject Matter Experts (SME), which were chosen from the Arizona Real Estate Community.

Continuing Education

- Many continuing education change improvements have been implemented and more will be in the future.
- The continuing education course approved application, with qualifying criteria based on established Rule.
- Renewal courses which do not meet the specifications of the ADRE rules are no longer approved.
- Distance Learning approval guidelines have been clarified, with the *“50 minute”* rule being enforced.
- The first Educator Audit Declaration was completed by all Schools and submitted to ADRE by January 31, 2011. This will be necessary every two years.
- There have been necessary changes to Instructor approval criteria, as well as, clarification of the approval guidelines for Schools and their Administrators.

Online Licensing

- An increase in the number of online licensing services has added to the online license renewal capability.
- Licensing staff now accepts and processes scanned documents for many services.

Investigations

- Pending investigation numbers decreased dramatically through streamlining the investigation processes.

- ADRE is now better prepared to expedite the thorough investigation of new complaints by restructuring the process for review.
- The Electronic Audit Review is producing “red flags” in Broker Trust Accounts, , identifying violations needing investigating. Followed-up on through an on site field investigation.
- In 2011, ADRE will implement a schedule of in-field audits throughout the state. Auditors will include a review for short sale violations, property management violations and licensees operating LLC’s separate from the Broker (unlicensed activity).

Enforcement and Compliance (E&C)

- The Compliance Division decreased the number of open files even though there was an increase in of Continuing Education non-compliance cases.
- The E&C Division took a tougher position, with increased penalties, on proven violations; including the suspending/revocation of licenses.

HUB-

- An actual person answers most calls to ADRE, with a genuine effort made to answer the questions for the caller.
- All messages receive a call back by close of business that day.

2010 Legislative Successes – Include:

- **4 yr. license to a 2 yr. license –**
 - All new licenses issued and all licenses renewed after July 29, 2010, will be for a two (2) year period. Those licensees holding a license issued prior to July 29, will renew on the expiration date showing on their license.
 - Continuing Education hours of 24 hours every 24 months is still required.
 - Those holding a 4 year license must still upload 24 hours of CE at the end of the first two years of their 4 year license, and then upload an additional 24 hours of CE at time of renewal.
 - Designated Brokers must complete the Broker Audit Declaration at time of renewal.
- **Fingerprint Clearance Card –**
 - New salesperson and broker license applicants must present a Fingerprint Clearance Card, issued by DPS at time of application.
 - All licensees disclosing a criminal conviction or disciplinary action within 10 days of the conviction/action must still disclose and deliver a new Fingerprint Clearance Card within 60 days of the conviction.

- **Cancelling a License –**
 - Any licensee, holding an active license, with no disciplinary actions or investigations pending against them, may cancel their license with written agreement with the ADRE. The license may be reinstated per terms of the Statutes and/or rules.

- **Surrendering a License –**
 - Any licensees, with an ADRE investigation pending, may surrender their license, at least 10 days prior to the hearing of their case. This surrender is with the understanding that the licensee can never hold an Arizona real estate license again.

- **Public Report Disclosure on Advertising –**
 - Any Developers and Sub dividers, when advertising a subdivision and/or development, must disclose on said advertising that a public report is available from the Arizona Dept. of Real Estate.

Substantive Policy Statement- SPS No. 2010.01-Guidance for using Electronic Real Estate Transaction Management and/or Document Storage Program-

Provides guidance and outlines the responsibilities of brokers who are using or intend to use any electronic record program, and who have signed or intend to sign the Department’s User Agreement, which provides the Department access to their electronic storage systems.
Effective Date: March 8, 2010.

Substantive Policy Statement-SPS No. 2010.02-Distance Learning Guidelines-

Created to inform the regulated real estate education industry of the Department’s current approach to and opinion of the requirements of education statutes and rules under the Department’s original jurisdiction, by establishing sensible distance learning standards, guidelines and parameters. Effective Date: November 1, 2010; Revised November 2, 2010.

Substantive Policy Statement-SPS No. 2010.03-Real Estate School Audit Declaration-

Intended to inform the regulated real estate education industry of the Department’s current enforcement approach to, and opinion of, the requirements of education statutes and rules under the Department’s original jurisdiction, by establishing a bi-annual reporting requirement by schools, to assist the Department in the regulation of real estate schools. Effective Date: November 1, 2010.

Real Estate Licensee Count. The number of active real estate licensees June 2010 was 89,443 as compared to January 2009 at 93,029, a 3.9% reduction. Although the number of active licensees decreased, many agents are choosing to keep their license, even if remaining inactive.