

**Arizona Department of Real Estate (ADRE)  
Education Advisory Committee (EAC) Minutes  
Meeting of June 14, 2016**

The Real Estate Education Advisory Committee met on Tuesday, June 14, 2016 at the Arizona Department of Real Estate (ADRE), 2910 N 44<sup>th</sup> Street, Commissioner's Conference Room, Phoenix, Arizona.

**I. Call to Order**

Commissioner Judy Lowe called the meeting to order at 10:00am

**Members present:**

Marti Barnewolt  
J. Robert Eckley  
Holly Eslinger  
Scott Goddard  
Andrew Jaffe  
Jon Kichen  
Mary Sand

**Members Attending via Teleconference**

Evan Fuchs  
Becky Ryan

**Absent**

Mary Frances Coleman  
Barb Freestone  
Jim Hogan  
Amy Swaney  
Jim Zirbes

**ADRE Representatives present:**

Judy Lowe, Commissioner  
Louis Dettorre, Deputy Commissioner  
Carla Randolph, Assistant Commissioner Licensing/Education/Development Services/CIO  
Jim Williams, Education Auditor/Property Inspector  
Abby Hansen, Customer Service Representative

**Public Present**

Lynn Sperry, West USA Realty

**II. Introductions & Welcome**

**III. Approval of March 8, 2016 Meeting Minutes**

Commissioner Lowe asked for a Motion to approve the March 8, 2016 minutes. Upon a motion by Member Eslinger, seconded by Member Jaffe, the Minutes of the March 8, 2016 meeting were unanimously approved

**IV. EAC Charge/Member – Appointments/Reappointments**

Assistant Commissioner Randolph stated 7 members are coming up for reappointment and noted that the charge of the committee was to meet quarterly and provide recommendations to the Commissioner. Furthermore that it is a non-compensated appointment.

Commissioner Lowe stated how important the input received from the EAC is to ADRE.

If interested provide a statement of interest and resume by July 15<sup>th</sup>, 2016 to Assistant Commissioner Randolph.

**V. Industry/Legislative/ADRE Update – Judy Lowe, Commissioner, and Deputy Commissioner/Legislative Liaison, Louis Dettorre**

Commissioner Lowe provided an update on personnel changes within the Department; Louis Dettorre was promoted to Deputy Commissioner (DC) and Carla Randolph, Assistant Commissioner Licensing has added to her duties those of the ADRE Continuous Improvement Officer (CIO) on the Governor's Lean project.

Commissioner Lowe stated that a group of industry partners involving lenders, escrow and real estate have met quarterly to discuss issues occurring in the industry. They have identified that all segments have a different language and the goal is to put together a common language. She stated that communication among all parties is necessary to make the transaction a success for all those involved.

DC Dettorre noted that there have been several Consumer Financial Protection Bureau (CFPB) TILA-RESPA Integrated Disclosure (TRID) meetings which continue to incorporate more individuals each meeting. Most meetings extend past the scheduled two hours. He stated that it is creating a benefit to the consumer by assisting everyone in understanding how things may have occurred during a transaction (with issues) and how they may be resolved. They plan on looking at a complete transaction, working back from the end result to the beginning of the transaction to identify the breakdowns in the process.

Member Sand asked for a list of topics from the CFPB/TRID meetings. DC Dettorre stated that the Department may formalize notes from the meeting going forward. DC Dettorre will send out notification of the next Real Estate Partners Summit, all are invited; the room can likely accommodate 70 to 80 individuals.

Member Eslinger stated that communication from the lender and title companies are lacking and there needs to be more accountability with the broker. The Brokers need to train salespeople to communicate more effectively.

Member Barnewolt stated that all of the timing considerations must be recognized including the current 12 day appraisal time.

Member Sand stated it's challenging to communicate all these pieces to individuals who only transact once every ten years.

Member Sand stated communication is a huge issue in our industry, including title, inspectors, lenders and other agents and questioned if a class may be taught under a continuing education category. Member Kichen stated with the advent of TRID there is increased fear; he has taught that it really has nothing more to do with better communication. He also stated that he has questions from instructors as to what course communication could be taught under. Commissioner Lowe stated the Commissioner Rules category may be used.

Commissioner Lowe stated Member Eslinger and DC Dettorre are working with a Broker stakeholder group on updating the new model Brokers Policy Manual.

Member Eslinger noted that the Commissioner wanted input from commercial, land and property managers in addition to residential. Anyone who would like to provide input regarding the manual should do so by July 11, 2016. The manual will then be given to the Commissioner for review and subsequently to the Attorney General for final review.

The Commissioner spoke about the weekly meeting that all agency directors are attending in response to the Governor's mission to have all agencies run at the speed of business. John Bernard is leading agency directors to develop the management style for Arizona, including but not limited to the mission and core values. Identifying problems and cost needs to achieve the Governor's five top priorities; Ensuring World Class Education, Driving Economic Opportunity, Championing the Health of People and Resources, Protecting Life and Prosperity and Supporting Agency Performance.

ADRE serves the Real Estate industry and partners with the Real Estate industry to protect the taxpayers, so ADRE is on a team focused on driving Economic Opportunity. They are looking at agencies as drivers of economic growth and creating better and more efficient methods of operating.

The Department of Fire, Building, and Life Safety (DFBLS) will be consolidated with other agencies effective July 1, 2016. HOA Conflict Resolution will be transferred to ADRE. ADRE will accept the application of complaint and will ensure that all required documents are received. In most cases, ADRE will then package and send to the Office of Administrative Hearing (OAH).

Member Kichen asked if the filing fees would be reduced. Commissioner Lowe stated that has not been determined.

Member Barnewolt asked if ADRE will oversee the resolution. Commissioner Lowe stated the matter will go to OAH for the recommendation. DC Dettorre stated that the decision will come back to ADRE for the Commissioner to finalize. Commissioner Lowe stated there are laws for HOA's in A.R.S. Title 33 and Title 10.

Commissioner Lowe stated a “property manager” requires a license but currently a “community manager” does not. The Real Estate industry is encouraged to ensure that buyers read the covenants, conditions and restrictions (CC&R’s) prior to purchasing so that they understand that community.

### **Legislative Affairs:**

Deputy Commissioner Dettorre stated the Arizona Legislature adjourned Sine Die Fifty-Second Legislature, Second Regular Session: May 7<sup>th</sup>, 2016 5:45 a.m.

He gave a brief overview of legislative bills and informed all that the ADRE 2016 Legislative Update would be posted on the ADRE website soon.

- SB1193 – Modifies ADRE’s requirement for licensed Brokers to maintain hard copy license certificates for Salespersons and Associate Brokers. The law clarifies that licensed Brokers can use the Online Public Database for these records.

AC Dettorre stated-

- The ADRE bulletin should go out this month.
- The Department has remodeled the file room by installing 2 offices and cubicles allowing ADRE to downsize space rented and create a more cohesive environment for the Enforcement & Compliance, Auditing and Investigations Divisions.
- ADRE will migrate data to the State cloud by June 30, 2016.

AC Dettorre informed all about the upcoming 2016 Arizona Mexico Commission (AMC) Summit to be held June 23-24 in Scottsdale. He stated that the AMC is a cross-border collaboration between the Mexico state of Sonora and Arizona. Commissioner Lowe is a Co-Chair of the real estate committee, along with Gary Brasher. The summit qualifies for three hours of legal issues towards real estate continuing education requirements.

### **VI. Volunteer Monitor Program Update – Jim Williams**

- Asking for School Audit Declarations, due by the end of the year.
- The department receives many questions regarding the Code of Ethic’s requirement.
- Seeing advertising of CE courses done incorrectly. Advertising should include the schools name, address and phone number. It’s the schools responsibility to ensure advertising is accurate.
- There has been a 30% increase in education applications.

### **VII. Update on Pearson VUE (Pre-licensure Testing Vendor) – Assistant Commissioner Licensing/Education/Development Services/CIO, Carla Randolph**

AC Randolph stated that the duplicate score report issue has been resolved and we have very few complaints from our licensee's regarding testing. ADRE is working on an industry day with Pearson Vue by end of year.

AC Randolph reviewed the exam performance for March, April and May.

Member Sand asked why the failure rate is so high. AC Randolph stated the exam is minimum competency. The national exam has higher pass rates because it has more exposure and that the exam performance is a reflection of the schools. Commissioner Lowe stated California has a 43% pass rate, with six weeks to get a result.

Commissioner Lowe mentioned that at her recent Association of Real Estate License Law Officials (ARELLO) conference reciprocity was discussed. ARELLO will research this issue by appointing a work group to determine what reciprocity should look like. The Commissioner noted that Arizona has a co-broker agreement in place that has worked well for the state.

**VIII. Review Education/Licensing Division Monthly Reports – Assistant Commissioner Licensing/Education/Development Services/CIO, Carla Randolph- Handout**

AC Randolph provided a verbal update for the Licensing, Education and Development Services Divisions.

With regard to licensing services she noted an increase in new licenses. Currently 80% of original applications are now submitted via the Online Processing System.

AC Randolph stated that on June 10<sup>th</sup> the Arizona Real Estate Educator's Association (AZREEA) luncheon meeting was held and she, the Commissioner, DC Dettorre and Jim Williams attended.

Education is seeing an increase in course and instructor applications as mentioned earlier and identified a need for property management classes.

ADRE will be doing more customer feedback surveys as part of the lean transformation.

AC Randolph commented that Development Services has a new hire, then discussed some of the positive LEAN results that have occurred.

The Lunch and Learn quarterly events continue to be very positive, with guest speakers. All EAC members are invited.

**IX. Upcoming**

None

**X. Next EAC Meeting: September 13, 2016**

**XI. Other Matters**

None

**XII. Call to the Public**

Commissioner Lowe called to the public for comments, etc.

None

**XIII. Adjournment**

Commissioner Lowe called for a Motion to Adjourn at 12:00 p.m. The Motion to Adjourn was seconded by Member Sand.

*Respectfully submitted this 28 day of September, 2016  
Education Advisory Committee*

  
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*Commissioner Judy Lowe*