

## Arizona Real Estate Advisory Board Meeting Minutes

Thursday  
April 25, 2018  
10:00 a.m. - Noon  
Arizona Department of Real Estate  
Commissioner's Conference Room  
2910 N. 44<sup>th</sup> Street  
Phoenix, Arizona 85018

I. Call to Order – Bill Gray, Chair

Chair Gray called the meeting to order at 10:00am.

II. Introductions & Welcome

**Members present:**

Bill Gray, Chair

Karen Bohler, Vice-Chair - telephonically

Carla Bowen

Charlie Bowles

Nedra Halley

Bruce Jacobs

Nicole LaSlavic

Justin Rollins

D. Christopher Ward

**Absent:**

Kim Clifton

**ADRE Representatives present:**

Judy Lowe, Commissioner

Louis Dettorre, Deputy Commissioner (DC)

Carla Randolph, Assistant Commissioner Licensing Services/CIO LEAN (AC)

Abby Hansen, Executive Assistant

**Public Present:**

Mel Comstock - Broker

Scott Drucker, Arizona Association of Realtors® (AAR)

III. Approval of January 24, 2018 Meeting Minutes

Chair Gray asked for a Motion to approve the January 24, 2018 Meeting Minutes.

Upon a motion by Member Bowles, seconded by Member LaSlavic, the Minutes of the January 24, 2018 meeting were unanimously approved.

IV. Advisory Board Member Facilitator Reports;

- Chair Gray was contacted regarding an agent presenting an offer to seller for \$10k less than listing price to purchase for themselves – told Sellers to file a complaint. He was advised by members of the group it would be an ethics complaint not under the Department’s jurisdiction.

Chair Gray was contacted about a company called Cerberus that is acquiring 600 homes in the valley for cash. They are then turning the homes into rentals. Chair Gray informed them that nothing can be done it’s a free and open market. Commissioner Lowe and members discussed affordable housing issues and housing prices. Member Ward stated some homebuilders are building homes strictly as affordable rentals.

Chair Gray asked Member Ward about the status of the current water rights issues. Member Ward stated that it has gone from an Intra-State fight to an Inter-State fight.

- Member Bowen has received many calls regarding a general lack of ethics within the industry and specifically mentioned “pocket listings”. Member of the public, Scott Drucker stated it’s an issue of an agency presenting the listing only in their office and others are claiming it’s discriminatory since the listing is not made available to all agencies.
- Member LaSlavic received a call from a Legislator inquiring about the accuracy of precicensure testing. She forwarded the information to the Department.
- Member Bowles received a call regarding violations of an agent who has a buyer and the listing agent is pressuring the seller. Agreed by all members it would be an ethics issue outside the Department’s jurisdiction.
- Vice-Chair Bohler stated that Mohave Community College asked the testing vendor Pearson Vue if they could be a location that provides testing and were told no as Pearson Vue was not expanding to other areas. Vice-Chair

Bohler asked if the Department could expand testing sites so individuals in the Northeast portion of the state would not need to drive three hours to test. Commissioner Lowe stated that the contract with our testing provider would need to be modified.

V. Update Report on Distance Learning Continuing Education (CE) Course Content Quality Workgroup.

AC Randolph stated a notice will soon be issued to schools. She noted that the course content applications will be modified and one of the changes will include applications divided by online and in class room, as well as separating CE from Pre-Licensing. The Department will ask for process improvement suggestions.

Commissioner Lowe stated one of the attestations brought forward is that the person taking the exam must confirm that they are in fact the individual receiving course credit. It may also have an advisory that if they are an unlicensed person they could be committing a Felony.

VI. Update Real Estate Teams Workgroup

Commissioner Lowe stated the first meeting of the workgroup will not be until July. Jim Tsighis and ADRE DC Dettorre will chair the workgroup.

Members had a brief discussion regarding teams. It was agreed to table the need for additional education for the team leaders until the workgroup has completed their charge.

Chair Gray, at the request of Public Member Scott Drucker, asked about an opinion from the Attorney General regarding Unlicensed Assistants issued April 12<sup>th</sup>. DC Dettorre stated it was a response to a question posed by the Department two years ago regarding call centers and noted it will be reviewed with our Assistant Attorney General.

VII. Real Estate Pre-Licensing Curriculum Workgroup

Chair Gray provided a recap of what the workgroup has accomplished thus far.

Commissioner Lowe stated that the Department will begin posting the schools pre-license passing ratios in the ADRE Bulletin and ADRE website by the middle of May. Member LaSlavic asked if the passing score will be for both the National and State exam. Commissioner Lowe stated yes, both scores will be posted.

VIII. Technology Impact in the Real Estate Business and ADRE/New Brokerage Models  
Chair Gray stated that traditional brokerage models are going away. The industry is now peer to peer i.e. Instant offer with Zillow. All members had a brief discussion regarding the changes they see.  
Chair Gray asked if the Advisory Board needs to do anything regarding these changes. After a discussion by the members it was agreed that it is not under the Advisory Board's scope.

IX. See above

X. Commissioner Lowe recapped the recent ARELLO meeting that she attended. Some of the topics were;

- Brick and Mortar vs. virtual office environment statute requirements.
- Teams & Broker supervision.
- Licensees purchasing properties for their own to fix and flip in a resell. Commissioner Lowe noted Arizona Association of Realtors® has published an advisory regarding fix & flip.
- Education.
- Changing business models.

Commissioner Lowe reminded the Board that the Department will be re-locating the weekend before June 11th.

DC Dettorre gave a brief legislative review; HB2399 and HB2207 were vetoed. He noted that the Department has been preparing for the move, a notice has been sent out to all licensees, schools and anyone else registered for Late Breaking News.

AC Randolph provided an overview of licensing, education and development services statistics. The Department had a review meeting with its testing vendor last week.

Chair Gray asked if something can be added to the Bulletin regarding the handyman rule. Scott Drucker stated that he would provide an article to ADRE from the Arizona Association of REALTORS®.

XI. Election of 2018 Advisory Board Chair and Vice-Chair

Member LaSlavic nominated Vice-Chair Bohler, Member Bowen 2<sup>nd</sup> the motion. All members unanimously agreed to the appointment.

Member Bowles nominated Member Clifton as Vice-Chair, Member Jacobs 2<sup>nd</sup> the motion. All members unanimously agreed to the appointment.

XII. Call to the Public

Mel Comstock stated real estate is in for a major disruption and is interested in the future of the industry. He stated current pre-license education is teaching to pass the test not the business of real estate i.e. the relationships. Member Bowen stated a good book to read regarding the subject is "The New Retail".

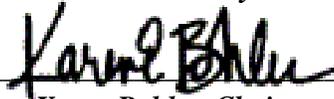
XIII. Next scheduled meeting Wednesday, July 25, 2018 10:00am

(\*Note that this meeting will be held in the Department's new space at 100 N. 15th Ave., Suite 201, Phoenix, AZ 85007)

XIV. Adjournment at 12:00 pm.

*Respectfully submitted this 27<sup>th</sup> day of July, 2018*

*Real Estate Advisory Board*

A handwritten signature in black ink, appearing to read "Karen Bohler", written over a horizontal line.

*Karen Bohler, Chair*