

Arizona Real Estate Advisory Board Meeting Minutes

Thursday
May 25, 2017
10:00 a.m. - Noon
Arizona Department of Real Estate
Commissioner's Conference Room
2910 N. 44th 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
Kim Clifton
Carla Bowen
Charlie Bowles
Nedra Halley
Nicole LaSlavic
D. Christopher Ward

Absent:
Bruce Jacobs
Justin Rollins

ADRE Representatives present:
Judy Lowe, Commissioner
Carla Randolph, Assistant Commissioner Licensing Services/CIO LEAN
Robin King, Investigations/Auditing Manager
Abby Hansen, Customer Service Representative

Public Present:
Scott Drucker, Arizona Association of Realtors[®] (AAR)
Jake Hinman, Capitol Consulting, LLC

II. Commissioner Lowe welcomed new Member Ward.

III. Approval of February 23, 2017 Meeting Minutes

Chair Gray asked for a Motion to approve the February 23, 2016 Meeting Minutes. Upon a motion by Member Bowles, seconded by Member Clifton, the Minutes of the February 23, 2016 meeting were unanimously approved.

IV. Advisory Board Member Facilitator Reports

- Member Bowles advised that he had been contacted regarding inappropriate behavior from a homebuilder in Tucson.
- Member Halley stated that there is concern regarding out of state property management companies that work directly for the owner not requiring a license. The owner is a corporation and exempt under 32-2121 (A)(6). Member Halley asked, "would Commissioner Lowe make a public service announcement on free air time channel 11 noting the importance of renting from a licensed individual"?
- Member Bowen stated that she has received calls from licensees complaining about other licensee's ads on cars, signs and Facebook. One individual is sending out postcards with their boyfriend's picture offering estate planning. It was understood that unlicensed assistants cannot be pictured on advertising without indicating "unlicensed" status on information. Member Bowen instructed the complainant to call the Broker and file a complaint. Member Bowen asked what is the ADRE's stance on Zillow and Opendoor accepting offers on their website? Commissioner Lowe stated that Opendoor is licensed. Zillow is a lead generator. Member Clifton stated that Zillow is currently not accepting offers in Arizona. Commissioner Lowe stated other states require licensing for lead generation and that 32-2101 (48) (i) requires a license and states "assists or directs in the procuring of prospects, calculated to result in the sale, exchange, leasing or rental of real estate, business and business opportunities or timeshare interests".

Mr. Drucker asked if a complaint is public record. Commissioner Lowe stated yes, when in writing and after it is closed.

- Chair Gray asked if Offerpad and Zillow were licensed or affiliated with licensees. Commissioner does not believe they are licensed under the entity name "Offerpad". Chair Gray had a question regarding notice of bedbugs, specifically if it is just for multi-family and not required for single owner? Public attendee Mr. Hinman stated it is only required for multi-family housing.
- Vice-Chair Bohler stated that she had a call regarding the AAR purchase contract. The caller's designated broker had distributed a proprietary form

and requiring all their associates to use and provide to their sellers.
Commissioner Lowe stated they should be directed to get a legal opinion.

V. Action Items Impacting the Real Estate Industry

- Chair Gray suggested a website be implemented to gather questions for the Advisory Board – asking the Board if this could be something to pursue. Everyone agreed – “not now”. The ADRE website provides contact information for all Board members.
- Chair Gray brought up renewal hours and noted that they haven’t changed in 20 years. Member LaSlavic stated any changes to the rules would not pass the legislature per the Governor’s directive. Member Bowles stated that we are two clicks away from our industry being obsolete. Commissioner Lowe noted the number of hours in rule may be able to be modified if it removes restrictions or barriers to obtaining and/or retaining a license.
- Member Clifton put forward a motion to restructure classes, Member Bowles seconded. After comments by Member LaSlavic Member Clifton then retracted the motion. Member Bowen stated it should go to the educators to provide relevant curriculum. Public attendee Mr. Drucker commented about ADRE working with Paula Monthofer, President of the Arizona Association of Realtors (AAR), noting that public safety had been integrated into an application outline which was approved by ADRE.
- Member Gray asked about Teams. Commissioner Lowe stated that nine states have put in place new statutes around teams or emphasized within existing statutes that teams must abide by all statutes in place. Public attendee Mr. Drucker stated AAR has created a Team Toolkit. Member Bowen stated teams should be a part of the Broker Management Clinic, and that the topic should to be more specific. Asst. Commissioner Randolph suggested that it be added to the Broker Policy Manual. Chair Gray suggested revising the Broker Audit Declaration (BAD) to include teams. Commissioner Lowe stated it be added to the next agenda and provide some dynamics and numbers. Member LaSlavic stated “team” is not legally defined. Member Clifton motioned to add to the next agenda; a discussion regarding sending a survey to brokers that would address possible changes to the Broker Audit Declaration, Broker Manual and Broker Management Clinics. Member Halley seconded the motion.

VII. Discussion – Additional Board Meetings

Not addressed, time ran short.

VIII. Commissioners’ Report -

- Assistant Commissioner Randolph announced one long time employee, Bob Cates is retiring from licensing. Licensing currently has four employees (two part time).

- Professional Corporation/Professional Limited Liability Corporation (PC/PLLC) application submittal and approval has been added to the online application process, allowing for a savings of approximately 85 staff hours a month. The Department has seen an increase in PC/PLLC applications, possibly due to the President's proposed tax plan.
- New licensees – approximately 566 individuals a month. Many brokers are coming to Arizona from California.
- Education- Arizona State University is now in partnership with ADRE offering a Real Estate minor program which includes pre-licensing.
- The Education Advisory Committee's next meeting is June 14th with a focus on distance learning and the qualifications for teaching those courses.
- Development Services public report applications have increased substantially.
- Manager Auditing and Investigations Ms. King reported a decrease in the number of complaints received.
- The Department has seen an increase in audit issues, with residential property management brokers not maintaining records. Member Halley asked that when the next bulletin is issued that the department state single family property management, not multi-housing.
- In August, the department Auditors will have a presentation for "How to survive an audit".
- DC Dettorre is at an Arizona state emergency training event.
- The Governor signed 344 bills and vetoed 11. The Department had one bill for the HOA Dispute Petition Process. Member LaSlavic stated AAR had one bill regarding unlicensed assistants that was signed by the Governor.
- Commissioner Lowe stated the department would be updating substantive policies and has recently updated all Department brochures.
- Commissioner Lowe noted the Department recently received the "Good Government" award from Governor Ducey.

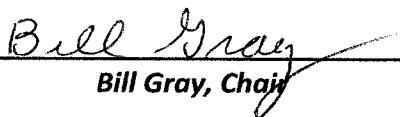
IX. Call to the Public- none

X. Next Real Estate Advisory Board Meeting: August 24, 2017

XI. Adjournment at 12:10 p.m.

Respectfully submitted this 24th day of August, 2017

Real Estate Advisory Board



Bill Gray, Chair