

**Arizona Department of Real Estate (ADRE)  
Education Advisory Committee (EAC)  
Meeting Minutes**

Tuesday  
March 12, 2019  
10:00 a.m. – 12:00 p.m.  
Arizona Department of Real Estate  
Commissioner's Conference room  
100 North 15<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85007

I. Call to Order -  
Commissioner Lowe called the meeting to order at 10:00 a.m.

II. Introductions & Welcome

**Members present:**

Marti Barnewolt  
Holly Eslinger- telephonically  
Barb Freestone  
Evan Fuchs- telephonically  
Jim Hogan- telephonically  
Jon Kichen- telephonically  
Laura Kovacs  
Debra Prevost  
Mary Sand- telephonically  
Debbie Shields  
Kelly Zitlow

**Absent:**

Marc Blonstein  
Sherry Olsen  
Patrick Sheahan

**ADRE Representatives present:**

Judy Lowe, Commissioner

Louis Detorre, Deputy Commissioner (DC)

Carla Randolph, Asst. Commissioner Licensing Services/ CIO (AC)

Abby Hansen, Chief of Staff

**Public:**

Jamie Ciocchetti- Basicgold Seminars

- III. Approval of December 12, 2018 Meeting Minutes  
Commissioner Lowe asked for an approval of the December 12, 2018 Meeting Minutes. Upon a motion by Member Shields, the minutes were unanimously approved.
- IV. Volunteer Monitor Program Update – AC Randolph  
AC Randolph provided an update on the Volunteer Monitor Program.
- AC Randolph stated one additional staff person has been trained for processing education applications.
  - ADRE staff has been encouraged to go out and take classes as trained volunteer monitors.
  - Goal is a total of 20 volunteer monitor participations a month.
- V. Review Education/Licensing Division Monthly Reports – AC Carla Randolph
- AC Randolph reviewed the Education and Licensing statistics handout. Member Kichen inquired about handout V (a) and the number for the “other” category. AC Randolph noted it was an error and would be corrected.
  - AC Randolph noted that the customer service group in licensing and the “HUB” are meeting monthly to discuss issues and opportunities, and noted the outcome has been very positive.
- Member Zitlow inquired about the number of active licensees. DC Detorre stated as of February 28<sup>th</sup>, 2019 there were 58,905 active individuals, and 7,439 active entities. Member Zitlow asked if the number of online entities could be identified. DC Detorre stated it could not.
- VI. New Classroom Standard – Implementation- AC Randolph  
AC Randolph provided handout #6, the new classroom standard, that became effective today March 12, 2019, based on the approval of the December 12, 2018 EAC meeting minutes.

AC Randolph read the new standard.

- The new classroom standard will be published in the upcoming ADRE Bulletin.
- Posted on all education applications.
- Posted on the online 14 day course notice landing page.
- Provided to school administrators to encourage adherence to the standard.
- Will be added to the School Audit Declaration form.

Member Fuch's asked what classroom format this standard applies to.

Commissioner Lowe stated it applies to both continuing education and prelicensing live courses. It was also emphasized that a "live instructor" must be present.

Member Kichen asked what the difference was between a rule, substantive policy statement or standard. DC Detorre stated that the Department has listened to the Committee's discussion on this issue, and provided clarity in the form of the agreed upon standard. Commissioner Lowe stated the Department is not intending on creating a new regulation. Member Kichen reiterated that he supported the standard, and continues to believe that it is good guidance for educators.

AC Randolph read A.R.S § 32-2135 "Each school is responsible for the content of any course it offers and for the professional administration and teaching of the course. Live classroom prelicensure education courses, live classroom continuing education courses, online courses and distance learning continuing education courses are subject to approval pursuant to this section".

Member Freestone stated that she thought it would be treated like a substantive policy statement (SPS). Commissioner Lowe stated it has not gone through the SPS process.

VII. Industry/Legislative/ADRE Update- Commissioner Lowe/DC Detorre

- Commissioner Lowe was re-elected to the Association of Real Estate License Law Officials (ARELLO) 2019 Board of Directors.
- ARELLO has created workgroups regarding virtual offices and portability of licenses.
- Some of the hot topics at ARELLO included;
  - Reciprocity of licenses
  - Is there an economic shift on the horizon?
  - Many states are running under a legislature to reduce regulation

Commissioner Lowe mentioned some of the items of note occurring internally at ADRE.

- Development Services had record months in January and February.
- Investigations had 45 new cases in January with 10 going to Enforcement and Compliance, and 55 new cases in February with 12 going to Enforcement and Compliance.

Commissioner Lowe noted that she believes that education from the Department over the last two years has helped Audits to be more compliant. Member Barneholt inquired to the number of consumer complaints.

Commissioner Lowe stated that most complaints received are from consumers.

Member Barneholt asked about the number of claims made to the Recovery Fund. DC Dettorre stated there have been none thus far this fiscal year.

Member Hogan asked how many payments were made out of the fund for an issue in Tucson. Commissioner Lowe stated very few claims. Member Hogan stated he did not need an exact number, and there was no need for follow up.

- Commissioner Lowe noted that the number of criminal convictions submitted with new license applications is high.
- Commissioner Lowe stated that there are two open positions in the Department; one in Auditing and the other in Development Services.

DC Dettorre gave a brief legislative update.

1289 bills have been introduced. Six bills may be of interest to the EAC;

- HB2451 Real Estate Licensure; exceptions; rentals
- HB2485 Real property disclosure; solar; disposal

Member Fuchs asked if there has been any testing relating to rescission.

Member Hogan referenced appellate case Verma vs. Stuhr, and noted the right to rescind applies if you do it before closing.

- HB2639 Timeshares; disclosures
- HB2569 occupational licensing; reciprocity

Member Hogan asked if there is a definition for “established residency”. DC Dettorre stated the Department would have to conduct some research.

Member Hogan asked Member Freestone if the Arizona Association of REALTORS® (AAR) has a position on this bill. She was unaware of their position. Member Eslinger said she is on the AAR Legislative committee and noted that AAR is opposing the bill unless the individual lives in the state.

- HB2371 Real Estate; licenses; applications
- HB2673 Property; products; services; sandbox

VIII. ADRE Pre licensure Education, including Review Committee Update- Commissioner Lowe

Member Barneholt asked how the new test was performing. Commissioner Lowe noted that an average of 1200 individuals are taking the test every month. AC Randolph mentioned that number does include retakes.

- AC Randolph stated the first time takers new exam pass rate for the month of February was 64% and the old exam pass rate for February was 65%.
- The Department is hearing from new salesperson licensees that they like having only one state exam.
- Member Kichen stated he would like to see the prelicensing exam be harder, and suggested bumping up the pass rate to as high as 85%.
- The workgroup for broker curriculum changes is ongoing. The goal is to roll it out by late summer, then in October begin writing new questions for the new exam. Roll out January 1, 2020.

Member Freestone inquired about the proctor requirement for the online school exam. Commissioner confirmed that the proctor must be “live in person” in the facility and adhere to the requirements in the substantive policy statement for the online pre licensing education. Member Freestone suggested the “in person” need to be re-emphasized.

IX. Upcoming

Member Kovacs asked about the upcoming broker curriculum changes, specifically can they be incorporated into the Broker Management Clinics. Member Hogan mentioned that the workgroup is trying to include significant case law and believes the changes can be incorporated into the Broker Management Clinics.

Commissioner Lowe noted that it could be a way to educate current brokers about the content of the new curriculum.

AC Randolph reminded all about the Volunteer Monitor Training to be held at ADRE 3<sup>rd</sup> Floor Conference room on March 13<sup>th</sup> from 1:00-4:00.

X. Next EAC Meeting date: June 11, 2019 from 10:00 a.m. to Noon

XI. Other matters –

None

XII. Call to the public;

None

XIII. Meeting adjourned at noon.

*Respectfully submitted this \_\_\_\_\_ day of June, 2019*  
*Education Advisory Committee*

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*Commissioner Judy Lowe*

*Members of the Education Advisory Committee will attend either in person or by telephone conferencing.*

DRAFT