

**Arizona Department of Real Estate (ADRE)
Education Advisory Committee (EAC) Minutes
Meeting of March 8, 2016**

The Real Estate Education Advisory Committee met on Tuesday, March 8, 2016 at the Arizona Department of Real Estate (ADRE), 2910 N 44th 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
Mary Frances Coleman
J. Robert Eckley
Holly Eslinger
Barb Freestone
Andrew Jaffe
Jim Hogan
Jon Kichen
Becky Ryan
Mary Sand
Amy Swaney
Jim Zirbes

Members Attending via Teleconference

Scott Goddard, abstained from all voting

Absent

Evan Fuchs

ADRE Representatives present:

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

Public Present

Lynn Sperry, West USA Realty

II. Introductions & Welcome

Commissioner Lowe introduced Roberto Pulver, Assistant Attorney General, and his replacement for ADRE Ryan Krench, Assistant Attorney General and Abby Hansen, taking minutes of the meeting.

III. Approval of December 8, 2015 Meeting Minutes

Commissioner Lowe asked for a Motion to approve the December 8, 2015 minutes. Upon a motion by Member Eslinger, seconded by Member Freestone, the Minutes of the December 8, 2015 meeting were unanimously approved

IV. Presentation from Roberto Pulver, Assistant Attorney General.

Open Meeting Law – A Brief Overview

Assistant Attorney General Pulver provided the group with a verbal overview of Open Meeting Law.

V. Industry/Legislative/Rules/ADRE Update – Judy Lowe, Commissioner, and Assistant Commissioner Operations/Legislative Affairs, Louis Dettorre

Commissioner Lowe addressed the changes that have occurred in the building. The Director of Insurance (DOI) resigned as did the Department of Financial Institutions (DFI) Director. As of February 8, 2016 there are new Interim Director's in DOI and DFI.

The Commissioner 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 has made CFPB/TRID successful; however, increased communication among all parties is necessary.

Chief of Staff Sarah Dobbins has taken on a new role as the Interagency Shared Services Human Resources Officer. She will be responsible for all hiring and recruiting for ADRE, DOI and DFI.

Other Consolidations; The Department of Fire, Building, and Life Safety (DFBLS) is proposed to be consolidated with other agencies. HOA Conflict Resolution is proposed to move to ADRE. This consolidation would carry statutory changes.

- Member Swaney commented that CFPB/TRID loans and transactions are taking longer. At the beginning all hands were on deck and involved in the process but as to be expected that has not continued as all level involvement has fallen off. One of the major setbacks is the lack of the ability to understand technology. The state has senior communities that may not be as tech savvy. The industry needs to help

consumers understand the importance of following the protocol. Those that embrace it close in record time.

She also stated that at street level because of TRID they are finding more fraud now prior to closing rather than after, i.e.; refiling taxes to qualify and fraudulent W2 transcripts.

- Member Hogan asked if falsified documents are coming from consumers. Member Swaney stated it was coming from the real estate industry side.

Commissioner Lowe commented that at a recent Broker meeting in Tucson very few challenges were mentioned regarding CFPB/TRID, other than technology and knowing the license number.

She also stated teams within a brokerage are a challenge and that Association of Real Estate License Law Officials) ARELLO is concerned with a lack of security in the documents that are being handled bringing challenges to real estate regulations. Some states are running legislation around the definition of property management definition.

Legislative Affairs:

Assistant Commissioner Dettorre gave a verbal overview of bills;

- The draft legislation discussed at the last EAC meeting from Senator David Farnsworth which would reduce continuing education hours was not introduced.

He stated that ADRE's agency legislation is moving forward.

- SB1193 – Real Estate Licenses; Broker Possession (Sen. Griffin)
It reduces three unnecessary regulations.
- HB2517 – Right to earn a living act
AC Dettorre read the details of the bill and stated as ADRE assessed the bill there may be increased requests for waivers of education as a result.
Commissioner Lowe stated she has received concerns regarding education. If challenged regarding requirements, ADRE would be required to go to court.
Member Eckley asked if the requirements could be challenged over and over.
AC Dettorre said he thought that this was possible.
- Member Hogan asked for a list of the bills currently affecting ADRE. AC Dettorre stated that he would Email the current bills of interest and status to the group.

Assistant Commissioner Dettorre commented on the DFBLS consolidation and realignment stating ADRE would receive the HOA resolution process.

- Commissioner Lowe stated that the main concern she is receiving is if ADRE can handle the additional workload and she is confident the department is fully capable. The bill does not include licensing of HOA's.
- Member Sand asked if there would be a charge for the dispute resolution. Commissioner Lowe responded fees are currently being reviewed.

- Member Barnewolt asked should the licensing bill move forward will the license be different than real estate. Commissioner Lowe responded that it would be a separate division in the department and independent of a real estate license.
- Member Zirbes asked what the numbers of disputes per month were. Commissioner Lowe responded 12 were received in a month and not all were acted on. She stated that ADRE receives many calls and that they tend to be relevant to the Arizona Residential Landlord and Tenant Act.

AC Dettorre stated-

- The ADRE bulletin will go out this week.
- The Department received over 10,000 calls in January a 50% increase but that the calls were back down to around 3,400 in February.
- The Recovery fund form will now be a fillable form.
- The monthly stats on the ADRE website now include additional trend statistics and graphs.

Member Hogan asked for a total number of active licensees and brokers year over year from 2004. AC Dettorre confirmed he will include that information.

Member Eckley asked if Appraisers were moving. AC Dettorre confirmed that they had been merged into DFI.

VI. Volunteer Monitor Program Update – Jim Williams

- 690 classes scheduled for the balance of March.
- The Commissioner and Assistant Commissioner Randolph acknowledged Jim's work.

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

- There will be an updated candidate handbook.

AC Randolph attended SME (Subject Matter Expert) meetings at the end of February. They were two full days of Pearson VUE covering the Brokers and sales exam, reviewing the performance statistics for both.

- Member Barnewolt asked if there was any discussion of categories. AC Randolph said that would occur in the future with the Prelicensure Review Committee
- Member Hogan asked if it was an open meeting. AC Randolph stated that the SME meetings were not a sub-committee, but as guests of Pearson VUE. A confidentiality agreement must be signed and it is made up of Brokers.

AC Randolph reviewed the exam performance for December, January and February.

- Member Hogan asked about exams for pre-licensing. Stated HUD One is still on the test and abbreviations are used but not clarified.
- AC Randolph stated that the review process at the state level is very credible. The national exam has more exposure and most candidates pass on the first attempt. Minimum competency has been documented.
- Commissioner Lowe stated that retakes tend to be from specific schools.
- Member Jaffe commented that students get out of education what they want.
- Member Hogan discussed the exam review process when candidates do not pass the AZ state specific exam on the 2nd attempt. He also suggested that the pre-licensing committee meet to define the category outline. AC Randolph stated a Pre-licensure Review Committee meeting would be held in 2016.

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

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

With regard to Licensing services she noted that in February 2016, walk-ins were up, numbering 558. She commented that the licensing Customer Service Representatives also review licensing applications that are submitted online and that 80% of original applications are now submitted via the Online Processing System. There is a new payment policy- no cash, only credit card and personal/cashier checks or money orders.

- Member Barnewolt asked if the licensing report could be provided, AC Randolph confirmed she would email it.

With regard to Development Services, AC Randolph commented that they have done 5 application processes through the LEAN process; now tracking not just days but hours the process takes. AC Randolph acknowledged AC Dettorre’s assistance in creating and providing reporting.

AC Randolph mentioned the online update requested at the December 2015 meeting to the 14 day course notice can be made and will be rolled out soon. This update will enable schools to change the time of a scheduled course event.

IX. Upcoming
None

X. Next EAC Meeting: June 14, 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 12:15 p.m. The Motion to Adjourn was seconded by Member Ryan

Respectfully submitted this _____ day of March, 2016
Education Advisory Committee

Commissioner Judy Lowe

DRAFT