

Arizona Real Estate Advisory Board Meeting Minutes

Wednesday
April 20, 2022
10:00 a.m. - Noon
Arizona Department of Real Estate
Telephonically- Google Meet and In
Person
100 North 15th Avenue Suite 201
Phoenix, Arizona 85007

I. Call to Order – Bill Gray, Chair

Chair Gray called the meeting to order at 10:05 am.

II. Introductions & Welcome

Bill Gray, Chair

Kim Clifton

Carla Bowen

Karen Bohler - Telephonically

Nedra Halley

Luis Ramirez - Telephonically

D. Christopher Ward

Absent:

Charlie Bowles, Vice Chair

Justin Rollins

ADRE Representatives present:

Louis Dettorre, Commissioner

James Knupp, Deputy Commissioner (DC)

Abby Hansen, Chief of Staff (COS)

Liz Hill, Assistant Commissioner (AC)

Chandni Bhakta, Legislative Liaison

III. Approval of January 19, 2022 Meeting Minutes.

Chair Gray asked for a Motion to approve the January 19, 2022 Meeting Minutes. Upon a motion by Member Ramirez, seconded by Member Clifton, the Minutes of January 19, 2022 meeting were unanimously approved.

IV. Advisory Board Member Facilitator Reports

Member Clifton had two Public Report issues that she sent forward to the Department and they were taken care of.

Chair Gray has received calls regarding transactions in the current market and indicated some of the concerns were; appraisals and inspections not being required or conducted, and claims of not being able to purchase a home.

V. Real Estate Renewal Class Categories – PowerPoint Presentation Bill Gray

Chair Gray provided a presentation on renewal class categories from the 1980's to present. Upon completion of the presentation, he asked if the Advisory Board should recommend that the Commissioner appoint a workgroup to develop a "scope of work" by September 15th to capture suggested changes for license renewal education to better protect the consumer. Member Bohler stated "yes", real estate has changed more over the last ten years and education needs to be more useful and relevant.

Member Bowen noted that a recent report by Inman stated that by 2030 they project at least 50% of transactions will be completed via crypto currency.

Member Clifton asked if the Education Advisory Committee (EAC) still exists. Commissioner Dettorre confirmed that the EAC still exists and meets once per quarter. Commissioner Dettorre asked for clarification if Chair Gray was proposing additional categories, or to change existing categories.

Chair Gray stated he did not know, he was asking if the Advisory Board should start with a whole new scope as some agents are running at a very high level and others are just existing at the basic knowledge from 25 years ago.

Member Clifton asked if it is typical for the Advisory Board to send directives to the EAC. Commissioner Dettorre stated the Advisory Board's charge by statute is to provide the Commissioner and the Department with recommendations.

Chair Gray stated identifying what a real estate licensee needs to know to do his job today requires a scope of work.

Member Clifton stated she was unclear of the request and asked if this was the proper venue for this discussion.

Member Bowen stated that it is similar to when the Broker Management Clinics were updated, a “request” was submitted to the Department.

Member Bohler asked Commissioner Dettorre if he was asked to develop a scope of work for a licensee, could he do it, would this feedback be helpful?

Commissioner Dettorre stated the process to change any rule, which is what would be needed to make changes to course categories, whether it be a recommendation from the Advisory Board or legislative request would require stakeholder feedback, from his perspective. Any recommendation or feedback regarding this would be well received. Member Bohler further asked “what would it hurt to come up with a scope of work.” Based on the discussion, Commissioner Dettorre sought clarification if “scope of work” was meant to be a report to the Department on suggested changes to education categories, or a report defining a real estate licensee’s professional duties.

Chair Gray stated it is a very high-level request and “scope of work” may not be the proper wording.

DC Knupp stated that this was an item set on the agenda for a presentation and it cannot become a motion or suggestion. It must be an agenda item that may be added to the next meeting.

Commissioner Dettorre stated that Chair Gray could call additional meetings to be scheduled and posted as public meetings.

VI. Arizona Department of Real Estate Reports

Commissioner Dettorre provided the Advisory Board with a brief presentation of ADRE accomplishments and activities since the last meeting.

Some of the hot topics from his recent attendance at the Association of Real Estate License Law Officials (ARELLO) mid-year conference were;

- Brokers Fiduciary and Supervisory Responsibility
- Licensees also acting as appraisers and loan originators
- Some states reported that they do not require fingerprinting
- Out of State license recognition
- Unlicensed activity

Including wholesaling. Some states now require a license for this activity. In Arizona, a bill is currently on the Governor’s desk which would require the wholesaler to disclose in writing, in the contract, that they are a wholesaler. Commercial unlicensed activity is on the rise in many states. The Department receives many complaints regarding unlicensed commercial activity.

- Illinois is considering legislatively authorizing a program like the HOA Dispute Petition process
- Electronic signature forgery has been increasing. Some states have found unlicensed assistants signing on behalf of a party in the transaction.
- Texas discussed their education requirements. They require 180 hours of pre license education (AZ- 90 hours). Some real estate professionals in Texas feel that additional education is required. The question asked was, what is the appropriate number of hours and how much education is enough?

Commissioner Dettorre shared the Department last attempted to revise and update rules in 2014, and rules were last updated in 2006. The Department plans to review our rules by breaking them up by topic and holding meetings with stakeholders. Commissioner Dettorre stated that he strongly believes and supports stakeholder engagement, but all parties need to be invited and at the table.

Commissioner Dettorre stated he had spent some time over the weekend researching the “metaverse” as it was also a topic at ARELLO. During the ARELLO conference, Alabama inquired whether any state was regulating the “metaverse”.

DC Knupp provided an overview of the process of Advisory Board Appointments. He noted the earlier an interested party submits their application the better in order to get it into the pipeline, with the transition of the Governor there will be more activity than usual.

Ms. Bhakta, the Department’s legislative liaison, will be recording with every county recorder the “restricted unlawful disclosure” notice.

DC Knupp reviewed some of the Department’s recent success stories;

- Certified License Histories are now online and may be requested 24/7.
- The Department has completed processing a backlog of compliance reviews that occurred during the pandemic.
- Designated brokers are no longer required to approve their renewing licensees rehire in the online system, as it is no longer necessary in the system.
- Brokers now have the ability to opt into or out of email notifications for several functions including pending hires, severals, etc.

DC Knupp spoke briefly about some of the highlights of the 2022 Legislative session.

COS Hansen gave a brief overview of current complaints received and the status of staffing.

AC Hill gave a brief overview of education, licensing and development services statistics.

VII. July’s Meeting Topic – Guest Speaker: Jon Rosenberg, Designated Broker, LevRose Commercial Real Estate, “Licensed in Another State, but Unlicensed and Working in Arizona”

Chair Gray has invited Mr. Rosenberg to provide insight to the Advisory Board what is happening in the industry, “so the Board may know first hand”. Chair Gray asked if this was an appropriate agenda item as there has not been a guest presentation to the Advisory Board before. Commissioner Dettorre asked if this was approved by legal. DC Knupp stated “it is ok to present, but would be limited and only to the topic.” DC Knupp noted further, questions may be asked during the Call to the Public time slot and it may be more appropriate to schedule Mr. Rosenberg’s time within the call to the public time slot so that it does not appear that select individuals/entities are being invited.

Chair Gray agreed to move the presentation to the Call to the Public slot. He stated he would then be aware of how many speakers may want to present to allow for equal time allotted to each individual.

VIII. Call to the Public.

Member of the Public Nikki Salgat, Esq. stated that Scott Drucker, Esq. is now the Chief Executive Officer of the Arizona Association of REALTORS®.

Commissioner Dettorre stated “Congratulations to Scott, and Congratulations to Nikki who is now General Counsel of the Arizona Association of REALTORS®.”

IX. Next Scheduled Meeting – July 20, 2022

X. Adjournment at 11:40

Motion to adjourn by Member Ward, seconded by Member Clifton.

Respectfully submitted this 20th day of July, 2022
Real Estate Advisory Board

Bill Gray, Chair