



Arizona Real Estate Advisory Board
100 N. 15th Avenue, Suite 201
Phoenix, Arizona 85007



- Douglas A. Ducey
Governor

- Arizona Real Estate
Advisory Board

- Kimberly Clifton
2021 Chair

- Carla Bowen
2021 Vice-Chair

- Charles Bowles
Member

- Karen Bohler
Member

- Bill Gray
Member

- Nedra Halley
Member

- Luis Ramirez
Member

- Randy Rogers
Member

- Justin Rollins
Member

- D. Christopher Ward
Member

- Louis Dettorre
Commissioner

January 19, 2022

Dear Governor Ducey,

It has been an honor for me to serve as the Department of Real Estate Advisory Board Chairman in 2021. Please consider this my formal evaluation pursuant to A.R.S. § 32-2104 (F).

The Real Estate Advisory Board’s statutory purpose is to provide the Real Estate Commissioner with such recommendations as it deems necessary and beneficial to the best interests of the public, as well as recommendations on specific questions or proposals as requested by the Commissioner.

Your appointees to the Real Estate Advisory Board represent many diverse Arizona Real Estate professionals; and the public members who attend the meetings always provide valuable insight.

There were 90,980 total licensees at 2021 calendar year end, a one percent increase from the previous year, and approximately 14 percent increase since January 2015. New license applications continue to be processed on average in one day, with 99 percent completed online through the Online Licensing System. Approval and issuance of Public Disclosure Reports to builders/developers for marketing subdivision property increased by 32 percent from fiscal year 2015 through 2021.

ADRE has remained focused on excellent customer service and responsiveness. The Department continued to see a high volume of applications for licensure, education courses, and development services in 2021, and maintained timeliness throughout.

Pursuant to A.R.S. § 32-2124 (K) the Department did not grant licensure to anyone in 2021 who met licensing educational requirements by an equivalent alternative. Topics of discussion that the Advisory Board has addressed include but is not limited to: new real estate brokerage models, subdivision report requirements and development services, challenges and opportunities from the hot Arizona housing market, real estate teams, real estate education standards and content quality for preclicensing courses, and changes in real estate laws. The Advisory Board has continued to encourage stakeholder engagement on relevant topics and communicate the needs of their respective communities. Department leadership has continued to share their respective agency accomplishments, successes and updated the Advisory Board each meeting on the agency’s performance and utilization of the Arizona Management System.

The accomplishments provided in the following pages reflects the leadership of former Commissioner Judy Lowe, and newly appointed Commissioner Louis Dettorre on focusing to drive continuous improvement and deliver services to real estate professionals, while protecting the public. In conclusion, the Arizona Department of Real Estate continues to be one of the best in the nation and continues to perform the Arizona way. I look forward to the continued success of the Advisory Board and Commissioner Louis Dettorre in 2022.

Respectfully, 
 Kimberly S. Clifton
 2021 Chairman ADRE Advisory Board

Cc: Daniel Ruiz, Chief of Staff
 Sarah Webber, Chief Operating Officer

ARIZONA DEPARTMENT OF REAL ESTATE (ADRE)
Summary of Accomplishments
Calendar Year (CY) 2021

COMMISSIONER'S OFFICE

- The Arizona Department of Real Estate's number one strategic goal is to "provide excellent customer service". The ADRE Team remained focused on excellent customer service and responsiveness in 2021.
- ADRE has remained open for business, operational, responsive, and timely in the processing of applications. The Department has implemented remote work for some staff, while maintaining a focus on timeliness, professionalism, and customer service.
- Permanently implemented the Host Remote Live Streaming course delivery method for pre licensing and continuing education.
- Continued implementation and performance to the standards of the Arizona Management System (AMS).
- AMS is a professional, results-driven management system that has transformed the way our State government thinks and does business as one enterprise. State agencies are doing more good for Arizona by tracking and improving their performance each and every day.
- Continued to identify, and implement processes which can be further streamlined, generating cost savings where applicable.
- At least 95 percent of all ADRE eligible staff "Meeting Expectations" or "Exceeding Expectations" in FY2021.
- Implemented legislation that was enacted during the 2021 legislative session. A Legislative Summary can be viewed on www.azre.gov, or by [clicking here](#).
- Submitted *Success Stories* to the Governor's Office relating to agency process improvements.
- Commissioner Dettorre was appointed to the 2022 Association of Real Estate License Law Officials (ARELLO) Board of Directors. Additionally, Commissioner Dettorre will serve on the Finance Committee, Law and Regulation Committee, and IT/Communication Committee. Former Commissioner Lowe served on the Board of Directors from 2015 - 2021.
- Held customer stakeholder meetings with real estate professionals ranging from residential, multi-family, development services/builders, real estate, escrow/title and lender Partners, Education Advisory Committee, HOA stakeholders, and more.
- Commissioner and Deputy Commissioner presentations and community outreach to stakeholder and real estate professional groups throughout the state. Nearly 100 outreach meetings were held.
- Held four quarterly Real Estate Advisory Board meetings.
- Held four quarterly Education Advisory Committee meetings.
- Published three ADRE Real Estate Bulletins, available on www.azre.gov.
- Published frequent real estate updates and Educator Updates/Newsletters through Late Breaking News emails to keep all Arizona real estate licensees and the public aware of updates to ADRE programs and any applicable changes.
- Published updated consumer and licensee brochures on the following topics: All About ADRE, Obtaining an Arizona Real Estate License, Real Estate Licensees Duties to the Client, Recovery Fund, and Arizona Real Estate Investigation Process.
- Worked with the Auditor General's Office for the Department's Sunset and

- Performance Audit.
- Held Arizona Mexico Commission Real Estate Committee virtual meetings discussing committee updates and looking at things ahead.

BUSINESS SERVICES

- The Department implemented a call center to more efficiently respond to over 18,600 calls received in CY2021. It allows for recorded responses to the most frequent questions providing the caller with an immediate response and allowing for our customer service staff to better respond to the online Message Center.
- Continued Focus on Document Digitization.
- Continued reduction in Records Management Center (RMC) costs through digitization, and creating a streamlined workflow.
- Faster retrieval time and better access to records for agency operations and public records delivery - reduced cost in staff time to search and process physical records.
- HOA Dispute Petition Process: Received and processed 65 petitions.
- Complaint Review Process: This process continues to provide a response to non-jurisdictional complaint filers in an average of one day, with focus on providing up-to-date information to the public on where complainants can seek assistance to non-jurisdictional matters, and issues that fall within ADRE's jurisdiction, thus additional time is provided for Investigators to focus on complaints within the Department's authority.
- Consistently meeting the State requirement of days to pay bills with a target of three days, the Department averaged 1.54 days a month for FY2021.
- Department wide forms review and update that clarified form language and refined processes.
- ADRE processed over 57,700 total incoming messages to all division categories in the Online Message Center. The Message Center allows customers to submit a question, application, or complaint, directly to the ADRE division that can assist. Usage of the Message Center increased seven percent from CY2020.

INFORMATION TECHNOLOGY

- **Began development of the new Public Database:** Enhancements and additional functionality include:
 - Support for downloading certified license history.
 - Support for mobile devices and modern web browsers.
- **Completed development of Online Licensing System phase 2 functions**
 - Migrate remaining functions supporting continuing education, license printing and more to the new ADRE web platform.
 - Support for mobile devices and modern web browsers.
- **Completed online submission of continuing education for compliance purposes**

- Enhance the Online Licensing System to enable user upload of continuing education certificates for meeting compliance requirements.
- **Completed development of the new Online Education System:** Enhancements and additional functionality include:
 - Support for Host Remote Live Streaming 14 day notices.
 - Support for mobile devices and modern web browsers.
- **Online Services:** A majority of customer services are available online. The established and highly utilized Online License System (Licensee Login and Personal Page) and Online Message Center have been critical components of the successful continuity of operations and meeting timeframe metrics during the COVID-19 pandemic. ADRE application processing timeframes continued to be far below the timeframes established by statute.
 - **Online Message Center:** Public and industry professional submissions increased again from the previous fiscal year. The Message Center allows the public and industry to submit questions and applications online, without calling or visiting the office.
 - **Online License System:** Real estate licensee transactions through the Online License System increased again from the previous fiscal year.
- **Focus on Cybersecurity:** Exceeded, once again, the statewide cyber security metric goal at calendar year end.

LICENSING

- Processed over 6,900 new real estate license applications in FY2021.
- Usage of the Online Licensure System, known to real estate licensees as their personal page or “licensee login” was over 90 percent.
- Usage of the online original license application remained steady, allowing a new license applicant to be licensed within 24 hours, or less, of passing the real estate licensing exam.
- Processed over 17,906 incoming messages to the Licensing Services Division in the Online Message Center, where the majority of the messages consist of all licensing application types, including processing of online payments.
- With the COVID-19 challenges, ADRE assisted customers with the robust online services available through the Online Message Center and real estate online license services. The ADRE remained open for business through appointment only through June 30, 2021, however, the office reopened beginning July 1, 2021.

DEVELOPMENT SERVICES

- Development Services staff issued approximately 828 subdivision public reports in FY2021.
- ADRE continued to hold virtual stakeholder Learn and Lunch events for the Builder/Developer community, and title representatives, which encourages the sharing of information and identification of opportunities for improvement and collaboration

around ADRE development services, and includes guest speakers from other organizations and government entities including Pinal County, Yavapai County, and Maricopa County.

- ADRE surpassed its target metric to issue an expedited Public Report Filing of 4.5 days, issuing expedited public reports in an average of 1.2 days in FY2021. Amended Public Reports were issued in an average of just under 2.9 days, where the target number of days was 15.
- ADRE received a record number of applications in FY2021 from homebuilders seeking approval for a Subdivision Public Report or other approval indicating home development within a subdivision. Applying Arizona Management System (AMS) principles, the Department processed over 1,128 applications, surpassing the previous ten-year high of 1,108 in FY2020.
- ADRE conducts subdivision inspections to verify that elements of an approved Public Disclosure Report are complete, such as roads, utilities, community or recreational facilities, and other improvements included in the offering. Using the ADRE process adopted in February 2020, completing inspections virtually through the use of available technology tools to identify elements in an approved Public Disclosure Report, 962 inspections were completed in FY2021.
- Continued to promote the online application system for all development/builder applications; which reduced paper check payments and saved staff time in scanning large documents.

EDUCATION DIVISION

- In CY2021, oversaw the delivery of over 2,200 active real estate courses.
- ADRE staff has acted as volunteer monitors for real estate courses, primarily Host Remote Live Streaming virtual courses. The Volunteer Monitors assist ADRE in monitoring the many pre licensure and continuing education courses, as well as add to staff development.
- The Education Advisory Committee held four public meetings at ADRE or virtually.
- Education staff worked diligently to ensure efficient processing of applications.
- ADRE's examination vendor, Pearson Vue administered over 10,800 license examinations.
- ADRE, Pearson Vue, and Arizona Broker subject matter experts came together in January to review/update the content questions of the Arizona Salesperson exam, and again in October to review/update the content questions of the Arizona Broker exam.
- Hosted an in-person Instructor Development Workshop (IDW) for the ADRE 90-hour Real Estate Salesperson Pre License Curriculum outline.
- Held virtual training for licensees requesting to become Volunteer Monitors in December. With more classroom courses being offered, these volunteers will expand ADRE's ability to monitor in-person courses.
- Continued to post Real Estate school exam pass/fail rates to the ADRE Website monthly.

AUDITING & INVESTIGATIONS

During CY 2021, the Division’s Auditors and Investigators continued to process files with the goal of meeting the AMS Sustainment Objectives: an average of 30 days for “Investigate Further Files” and 52 days for Audits referred to the Enforcement and Compliance Division. While the Investigators were slightly over their objective, the Auditors once again fell short of their goal. As of December 31, 2021, the Auditing and Investigation Division is staffed by three (3) Investigators, three (3) Auditors, an Administrative Assistant and a Division Manager.

The majority of the Investigations conducted by the Department’s Investigators involve consumer complaints regarding violations of the Department’s statutes and rules as they relate to the performance of real estate activity by licensees.

Real Estate Investigations	As of 12/31/2021
Open Pending Cases	31
New Cases Received During Year	549
Cases Closed During Year	533
Average Age of Open Cases (Calendar Days)	27
Average Case Closure (Calendar Days) (All Files)	26
Average Case Closure (Calendar Days) for Cases Requiring Full Investigation (Goal: Sustain 30 calendar days)	32

In January 2021, the goal was to complete Audits referred to Enforcement and Compliance in an average of 52 days. The average for CY2021 was 91 days.

During 2021, the Auditing staff continued to conduct audits remotely but were able to return to field audits in Brokers’ offices in mid-July. The Auditors conducted a total of 144 audits, including 77 onsite audits and 67 electronic (remote) audits during the calendar year. COVID continued to have an impact on the Auditing staff’s completion of assigned audits, as some scheduled onsite audits had to be converted to electronic audits based on an individual broker’s concern or delayed for a period of time due to an illness. In addition, with many brokers’ offices not being open or fully staffed, the timeliness of some of the electronic audits was negatively impacted. Unfortunately, a small number of Brokers simply failed or refused to cooperate with the auditing process. All Auditing files were closed within an average of 57 days.

Brokerage Audits	As of 12/31/2021
Open Pending Cases	20
New Cases Received During Year	147

Cases Closed During Year	126
Average Age of Open Cases (Calendar Days)	54
Average Case Closure (Calendar Days) (All Files)	57
Average Case Closure (Calendar Days) for Cases Referred to Enforcement and Compliance (Goal: Sustain 52 calendar days)	91

The Department's Investigators also investigate Subdivision complaints concerning Subdivisions, Cemeteries and Timeshares classified as "Investigate Further Files." 34 such Subdivision related complaints were received in CY2021. In CY2021, the average timeframe for closing subdivision "Investigate Further" file was 43 days.

Subdivision Investigations	As of 12/31/2021
Open Pending Cases	2
New Cases Received During Year (All Subdivision Related Cases)	61
Cases Closed During Year) Investigate Further Files vs. (Complaint Review Files / CR)	Subdivisions - 31 Inv. Further / 0 CR Timeshares - 0 Inv. Further / 22 CR Cemetery - 3 Inv. Further / 4 CR
Average Age of Open Cases (Calendar Days)	14
Average Case Closure (Calendar Days) For Calendar Year for Investigate Further Files	26

ENFORCEMENT & COMPLIANCE (E&C)

New cases referred to E&C increased by 19.5 percent which is primarily attributable to the increase of new applications with disclosure requiring review. This has also increased the number of new compliance cases. Proactive case management resulted in a decrease of case closure days of 32 percent in 2021.

Enforcement	As of 12/31/2021
Open Cases on 12/31	38
In House on 12/31	22
At AGO on 12/.31	21

Cases received during 2021	441
Closed Cases during 2021	460
Average Age Open Cases (Days) as of 12/31	183
Average Case Closure (Days)	42

2019 Enforcement Actions	CY2021
Accelerated Settlement Agreement	158
Consent Order	194
Commissioner's Final Order	42
Cease & Desist Order	8
Summary Suspension	7
Advisory Letter of Concern	9
License Granted after Review	38
Case Dismissed/Closed after Review	6
Case return additional investigation	6
Surrender of License in lieu of hearing	7

The number of new cases referred from Enforcement to Compliance increased 40 percent during 2021, while the number pending open cases decreased by 12.5 percent. Compliance closed 43.9 percent more cases year over year. The near record case closure was attributable, in part, to the increased use of database management tools. Compliance cases may remain open for 30-60 days to more than two years. Brokers on trust account review status, and original and renewing applicants that disclose criminal convictions may be issued a 2-year provisional license during which time they are monitored by Compliance. During 2021, the Compliance division continued its AMS "breakthrough" procedures to make the financial review of trust account records faster and more responsive. Compliance conducts monthly reviews of each Property Management Trust Accounts to ensure they are fully funded, and all required reconciliations are performed. The trust account reviews were completed, on average, in 8.0 days. Additionally, Compliance monitors the time required to receive and process required submissions which averaged less than two days in CY 2021

Compliance	As of 12/31/2021
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Open Cases	411
New Cases	400
Closed Cases	351
Included: Closed non-compliant or Referred for Further Action	40