

Arizona Real Estate Advisory Board Meeting Minutes

Wednesday
July 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 10:00 am.

II. Introductions & Welcome

Bill Gray, Chair

Charlie Bowles, Vice Chair - Telephonically

Carla Bowen - Telephonically

Kim Clifton - Telephonically

Luis Ramirez - Telephonically

Justin Rollins - Telephonically

Matias Rosales - Telephonically

Christine Shipley - Telephonically

Absent:

Randy Rogers

D. Christopher Ward

ADRE Representatives present:

Louis Dettorre, Commissioner

Abby Hansen, Chief of Staff (COS)

Chadni Bhakta, Legislative Liaison

Dan Jones, Manager Enforcement and Compliance

Robin King, Manager Audit and Investigations

Marlee McCormick, Manager Licensing Services

III. Approval of April 20, 2022 Meeting Minutes.

Chair Gray asked for a Motion to approve the April 20, 2022 Meeting Minutes. Upon a motion by Vice Chair Bowles, seconded by Member Ramirez, the Minutes of April 20, 2022 meeting were unanimously approved.

IV. Approval of May 18, 2022 Meeting Minutes.

Chair Gray asked for a Motion to approve the May 18, 2022 Meeting Minutes. Upon a motion by Vice Chair Bowles, seconded by Member Ramirez, the Minutes of May 18, 2022 meeting were unanimously approved.

V. Advisory Board Member Facilitator Reports

Member Clifton had two inquiries that she directed to the Department. She also had a letter brought to her attention that licensees are going door to door offering compensation for future listings, up to many years in the future. Member Clifton was concerned that these individuals are placing liens on homes.

Member of the Public Nikki Salgat, Assistant General Counsel for the Arizona Association of REALTORS® noted that the Association's legal teams throughout the country are hearing this is becoming a wide spread new business model and licensees should be made aware to check for liens when preparing contracts. Commissioner Dettorre added that he is aware of this scenario and has also had conversation with regulators in other states that are also discussing it.

Member Bowen had calls from two brokers regarding licensees working outside their area of expertise.

Chair Gray asked for clarification. Member Bowen stated if an agent has never been to, or sold property in the White Mountains they are not prepared to sell in the White Mountains. Chair Gray referenced the REALTOR® Association's code of ethics. Member Bowen noted that the rule is very clear (R4-28-1101) and that they are required to disclose, in writing, the lack of expertise in that geographic area.

Member Ramirez had one inquiry that he directed to the Department and noted that it was taken care of very timely.

Member Shipley noted that some of the issues in the multi housing arena that are causing concern are the stacking of applicants to lease a property, where a fee is collected but no screening occurs. The other issue is a request for a "Rental Resume" where the potential renter provides details as to why they should be selected to rent the property.

Chair Gray received questions regarding out of state brokers and the affidavit of disclosure.

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.

- As Commissioner Dettorre travels the state, meeting with Association's and Brokerages, he provides updates on common violations and trends including that all should be aware of working outside one's area of expertise.
- Recognized the workgroup volunteerism on the Model Broker Policy and Procedures Manual update.
- At the June Education Advisory Committee meeting, he discussed with the Committee the need for relevant education, and shared the last Advisory Board meeting discussion. Commissioner Dettorre asked for feedback related to courses that may have been rejected in the past and that ADRE would bring forward examples from other states on what CE courses they may offer.
- An updated Informational Brochure and information regarding Cemetery complaints was added to the ADRE website and shared in the Bulletin and social media.
- Recorded the notice of Unlawful Deed Restrictions in all counties.
- The Military and Public Airport Maps have been updated on the ADRE website.
- Commissioner Dettorre reviewed the Department's FY23 Strategic Plan and noted a couple of the objective metrics; Maintaining and/or improve timeframes, Cross training and Rule review and updates.

Chair Gray asked if complaints are filed by licensees or consumers. Commissioner noted it is one of the metrics the Department tracks and he shares that with licensees in his presentations. Roughly 25% of the complaints received the prior month were from licensees. Chair Gray asked if the testing questions for the exam will address the new Homestead Act adjustment that has raised the limit. Member Bowen stated that when the questions were reviewed recently they tried not to be too specific to avoid the questions being inappropriate. Vice Chair Bowles asked how Chair Gray handled the matter as an instructor in his education venue at Arizona State University. Chair Gray noted that it is so complicated that they spend a whole class on the Homestead Act. Vice Chair Bowles asked if there was an update from Pearson Vue on the subject. Member Bowen stated that when questions are reviewed they have to have a high enough percentage rate for clarity. Commissioner Dettorre provided an update on his recent meeting with Pearson Vue. He also offered that whenever new questions are created they are entered into a test bank for a year to determine how those questions perform prior to becoming a "live" test question and noted that it is every approved schools responsibility to update curriculum to ensure its relevancy pursuant to Arizona law.

VII. Consideration/Discussion/Approval of recommendation to include Questions and Answers developed by the Advisory Board regarding unlicensed real estate activity in Arizona. Member Bowen mentioned that she is uncomfortable having these types of issues brought to the agenda.

Chair Gray noted that he brought this item forward to determine how best to get the information out to the individuals that need it, rather than the Bulletin, and used Broker Management Clinics as an example. Chair Gray noted that he does not believe the Bulletin is read, particularly by commercial licensees.

Chair Gray read the first two questions he posed on the agenda and asked for input from the Board. Member Bowen stated that the activity should go back to the broker and what they have in their broker policy manual. Member Bowles stated he felt this topic should be added to the Broker Management Clinics (BMC's). Member Clifton stated she thinks there are ways to get these requirements out to the public, but wondered of the Department's complaints received, how many are in relation to this topic and noted that she is glad to see that a representative from the Arizona Association of REALTORS® is attending the meeting. Commissioner Dettorre stated that the Department has well vetted standard responses to these questions and is open to share this information to any licensees and groups with questions, whenever/wherever needed. Commissioner Dettorre said that the broker workgroup updating the model manual can look at making this a more robust section in the Model Broker Policy Manual update. Member Bowen shared that many commercial real estate licensees do not want to be associated with the residential real estate industry. Member Clifton asked if Commissioner Dettorre attends Certified Commercial Investment Member (CCIM) meetings. Commissioner Dettorre replied that he is open to speak with any group and if anyone hears of a group that would like him to speak, they should be directed to the Department. He and the Department have been invited to CCIM events and attend many times.

Member Ramirez stated he understood that the role of the Board members was to facilitate between the individuals asking the question and the Department, and questioned whether Board members should be providing the answers.

Chair Gray asked if a motion was required. Member Bowen stated no, it would be direction. Chair Gray stated it should be added to the BMC's.

Member Clifton asked if Member Ramirez's question had been answered, "who should answer these questions when asked". Member Clifton further noted that she would not feel comfortable having a motion around this issue and believes that the Department has heard these discussions and concerns. Member Bowen agreed.

Commissioner Dettorre clarified that unless we are missing something, from the Department's perspective we are receptive. From this discussion the Department could do additional research about what schools will need to modify to include this type of information in their

courses and referred to a previous conversation brought forward by Member Ramirez about unlicensed activity and Cease and Desist orders. Based on that conversation, orders now include the verbiage that unlicensed activity is a Class 6 Felony, where appropriate. Commissioner Dettorre stated that any information brought forward by the Advisory Board is received as recommendations and is considered and acted on as appropriate and if possible. Chair Gray answered that he answers these questions; by referring them to the lawbook and statute and believes the role of the facilitator is to bring questions to the Department where groups may not feel comfortable to do so, and then the facilitator brings them the answer. Member Clifton stated it is the Department's job to answer these questions and asked Member Ramirez if it was clear to him. Member Ramirez stated it was, and has been, and he would continue to direct these questions to the Department. Chair Gray stated that when the content for the BMC's was revised everything within the outline refers to the specific statute. Commissioner Dettorre noted that statute speaks to these issues and as far as an official response from a regulatory authority it should come from the Department. Commissioner noted the agency works diligently to ensure standard messages are given by all appropriate staff to those that contact us. A Substantive Policy Statement may be created to update the Department's position for clarity, and for example, speak to issues of common concern. Chair Gray recommends an Instructor Development Workshop (IDW) be updated, referencing the pre licensing IDW that he provided in the past. Member Bowen stated the duty of the Advisory Board is to give feedback and information to the Department. Member Rosales agreed with Member Bowen and thanked her for clarifying the matter. Chair Gray stated the goal was to have a discussion and concluded that he believed this was a productive and robust discussion.

VIII. Call to the public
None

IX. Next scheduled meeting – October 19, 2022

X. The meeting Adjourned at 12:00 p.m.
Vice Chair motioned to Adjourn

Respectfully submitted this 19th day of October, 2022
Real Estate Advisory Board

Bill Gray, Chair