



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



- Katie Hobbs
Governor

- Louis Dettorre
Commissioner

- Arizona Real Estate
Advisory Board

- Bill Gray
2022 Chair

- Charlie Bowles
2022 Vice-Chair

- Carla Bowen
Member

- Kimberly Clifton
Member

- Luis Ramirez
Member

- Randy Rogers
Member

- Justin Rollins
Member

- Matias Rosales
Member

- Christine Shipley
Member

- D. Christopher Ward
Member

January 18, 2023

Dear Governor Hobbs,

It has been an honor for me to serve on the Department of Real Estate Advisory Board and as Chair in 2022. Please consider this the Advisory Board's formal evaluation, pursuant to A.R.S. § 32-2104 (F).

Those appointed to the Real Estate Advisory Board represent and come from diverse backgrounds, geographic areas within the state, and sectors of the profession. The Advisory Board encourages stakeholder engagement on relevant topics and those stakeholders, in turn, communicate the needs of their respective communities and members of the public attending Board meetings are welcomed and continue to provide valuable insight.

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.

Over the course of 2022, topics of discussion that the Advisory Board addressed include: significant issues and greatest challenges facing real estate regulators, unlicensed activity and activity by individuals licensed in other states but not Arizona, and continuing education renewal hours and categories.

Department leadership has continued to update the Advisory Board on successes and improvements, regulatory matters, licensee patterns, and concerns heard from the regulated community. As a Department, ADRE remains committed to providing excellent customer service with quality and timely delivery of services and is focused on enhancing and improving online services, reinforcement and updating real estate education, and protecting the public interest through licensure and regulation of the real estate profession in Arizona.

There were 92,250 total licensees at the 2022 calendar year end, an approximate 1.4 percent increase from the previous year, and a nearly 18 percent increase since January 2015. New license applications continue to be processed in one day, with nearly 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 52.3 percent from fiscal year 2015 through 2022.

The accomplishments provided in the following pages specifically reflect the work of the Department's dedicated staff and ADRE leadership team under Commissioner Louis Dettorre. From the achievements listed, you may note the focus placed on customer services to real estate professionals and consumer protection for those buying or selling in Arizona.

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 Dettorre in 2023.

Respectfully,

Bill Gray
2022 Chair ADRE Advisory Board

ARIZONA DEPARTMENT OF REAL ESTATE (ADRE)
Summary of Accomplishments
Calendar Year (CY) 2022

COMMISSIONER'S OFFICE

- The Arizona Department of Real Estate's number one strategic goal is to *"provide excellent customer service through technological advancement."* The ADRE Team remained focused on excellent customer service and responsiveness in 2022.
- The Department continued to offer remote work for some staff, while maintaining a focus on timeliness, professionalism, and customer service. ADRE remains open for business, operational, responsive, and timely in the processing of applications.
- Continued to identify, and implement processes which can be further streamlined, generating cost savings where applicable and continues to revert unexpended funds to the State's General Fund as the conclusion of each Fiscal Year.
- 88 percent of all ADRE eligible staff "Meeting Expectations" or "Exceeding Expectations" in FY2022.
- Implemented legislation that was enacted during the 2022 legislative session. A Legislative Summary can be viewed on www.azre.gov, or by [clicking here](#).
- Commissioner Dettorre was appointed by the Association of Real Estate License Law Officials (ARELLO) to serve on their Board of Directors and selected to serve as Chair of the IT/Communication Committee. Additionally, Commissioner Dettorre continues to serve on the Finance Committee and Law and Regulation Committee.
- Commissioner traveled throughout Arizona, holding over 160 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.
- Published three ADRE Real Estate Bulletins, available on www.azre.gov, or by [clicking here](#).
- Published [videos](#) to inform the public on Topics To Research Before Purchasing Real Estate in Arizona, aid new licensees on navigating the Department's online system and to better train licensees on how to become a Volunteer Course Monitor.
- Published frequent real estate updates and monthly 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.
- Completed implementation of all recommendations from the Auditor General's Office as part of the Department's Sunset and Performance Audit.

Advisory Board - Commissioner's Office

- Topics of discussion the Advisory Board addressed, included:
 - Significant issues and greatest challenges facing real estate regulators
 - Unlicensed activity and activity by individuals licensed in other states but not Arizona
 - Continuing education renewal hours and categories
 - Violence and threats of violence against licensees and staff of licensees
- Worked with Arizona Board and Commissions to install three new Advisory Board Members
 - Judy Jackson, of Flagstaff and CEO of the Flagstaff Association of Realtors®, to serve as a Public Member
 - Christine Shipley, a licensed Broker of Phoenix, to serve as the Multifamily Residential Rental Property Management Member
 - Matias Rosales, of San Luis and current President of the Yuma Association of Realtors®, to serve as a Member working in Residential Real Estate

Arizona-Mexico Commission - Commissioner's Office

- Department initiated communication and collaborative efforts to engage with its Sonoran and Mexican counterparts at el Instituto Catastral y Registral del Estado de Sonora (ICRESON).
- Department completed a rewrite of its [web pages](#) created to educate consumers on buying or leasing property in Mexico and updated the [Public Disclosure Report Brochures](#) used by developers to advertise Mexican properties to Arizona consumers. The brochures were then translated into [Spanish](#).
- Commissioner Dettorre participated in two cross border real estate summits to inform buyers and sellers of the legal obligations and consumer protections designed to educate and protect Arizonans buying property in Mexico.
- Commissioner Dettorre participated in ADRE's first delegation trip to Mexico since COVID-19 to discuss cooperation and opportunities for cross-border interactions to support residents on both sides of the border.

Education Advisory Committee - Commissioner's Office

- Topics of discussion the Advisory Committee addressed, included:
 - Appropriateness and effectiveness of current continuing education renewal categories
 - Form revisions and legislative updates impacting real estate educators
- Department hosted Pearson VUE, its examination vendor, for an Industry Day where educators and school administrators received an update from the vendor, could meet directly with company executives, and receive answers to their specific questions.

Development Services - Commissioner's Office

- Department coordinated a public and private, multi agency meeting with the Tucson Association of Realtors to include the Arizona Commerce Authority and Central Arizona Project to discuss updates on water and development in the state.
- Department staff attended briefings, met with, and hosted over ten meetings with the Central Arizona Project, Maricopa County Planning and Development, Central Arizona Groundwater Replenishment District (CAGR), Arizona Department of Water Resources, Arizona Department of Environmental Quality, and the Arizona Department of Land.
- Quarterly met with Maricopa County Planning and Development and as needed met with other Arizona Counties' Planning and Development Department to foster information sharing and promote open discussions around Wildcat and Illegal Subdivisions potentially operating without a Public Disclosure Report.

BUSINESS SERVICES

The Business Services Division provides all administrative, financial, technological, legislative, and managerial support for the Commissioner, Department, and Advisory Boards.

As of January 1, 2023, the Business Services Division is staffed by the Deputy Commissioner, Chief of Staff/Chief Financial Officer, Legislative Liaison/Ombudsman, and a Senior Application Developer (IT).

- Developed and implemented an automated system from a manual process for certified license histories to be generated by a licensee through the online public database.
- 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 with a completion of 5 days or less.
- 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 1.0 day a month for FY2022.
- Department wide forms review and update that clarified form language and refined processes.

- ADRE processed over 40,274 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.
- Instituted the Quarterly Staff “Coffee with the Commissioner” to listen to the ADRE team and provide timely updates.
- Introduced new opportunities for staff training, Linked in Learning, onsite training with the Assistant Attorney’s General, including a focus on cross training and Predictive Index Leadership Team Training and Management Development.
- Continuous improvement through customer feedback by surveys. The average percentage of overall service is over 80% of positive and satisfied customers.

INFORMATION TECHNOLOGY

- Completed development of new Public Database with enhancements and additional functionality to:
 - Support downloading certified license history.
 - Support mobile devices and modern web browsers.
- Enhanced the Online License Renewal System to:
 - Eliminate the requirement for brokers to approve continued employment for employee renewals.
 - Provide the ability to opt in and out of notifications the department sends for various system functions and employee activity.
- AWS Server Migration
 - Upgrade the department’s server infrastructure from near end of life operating systems and database platforms to current generation technologies.
 - Extends the vendor support window for another 8 years while providing enhanced security and capabilities of current generation systems.
- Begin employee Message Center and Online Support System integration project.
 - Migrate the department’s aging employee message center and online support system to its current generation license management system platform.
 - Enhances security and improves efficiencies through seamless integration between license records, message center and online support functions.

LICENSING, DEVELOPMENT SERVICES AND EDUCATION DIVISION

The Licensing, Development Services and Education Division consists of customer service centric staff who assist real estate licensees, building developers and real estate educators and administrators process and maintain various applications and public report disclosures.

As of January 1, 2023, the Licensing, Development Services and Education Division is staffed by a Division Manager and six (6) team members who are at varying degrees cross trained but maintain focus on one of the three areas within the Division.

Licensing

- Processed over 4,244 new real estate license applications in FY2022.

- 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 15,331 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.
- On average it took less than one business day for a new real estate license application to be approved, if the application did not have deficiencies.
- Developed and implemented an automated system from a manual process for certified license histories to be generated by a licensee through the online public database.
- Reviewed and clarified Licensing Division forms (Broker Renewal Form, LI-212, LI-213, LI-216, LI-220, LI-214/244, and the Fee Waiver Form

Development Services

- Development Services staff issued approximately 451 subdivision public reports in FY2022.
- 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 1.53 days in FY2022. Amended Public Reports were issued in an average of just under 2.9 days, where the target number of days was 15.
- ADRE updated the brochure on foreign developments in Mexico and updated the listed of developments in Mexico
- ADRE cross trained Licensing Division staff in some Development Services processes to ensure applications are processed timely and efficiently

Education

- The Education Advisory Committee held four public meetings at ADRE or virtually.
- Education staff worked diligently to ensure efficient processing of applications.
- Continued to post Real Estate school exam pass/fail rates to the ADRE Website monthly.
- Updated the Volunteer Course Monitor Training from a three hour video to a 20 minute video
- Held the first Pearson Vue Industry Day since 2017

- Subject Matter Expert Meetings - Broker Examination Questions Review and Update
- Added Pearson Vue Examination Sites (Fort Huachuca, Luke Air Force Base, Show Low, Holbrook, Kingman and Lake Havasu City.
- Reviewed and clarified Education Division forms (ED-102, ED-110, ED-112, ED-100, ED-101, Out of State Courses, Education Online portal)
- IT update to streamline process to allow courses to be host remote and live classroom since there is no longer a distinction
- Implemented statutory changes expanding definition of live classroom to include online live streaming course delivery method for pre licensing and continuing education.

AUDITING & INVESTIGATIONS DIVISION

The Auditing and Investigations Division consists of auditors who proactively work with brokerages and investigators responding to complaints submitted largely by the public to assess and determine compliance with Arizona’s statutory and regulatory requirements. Violations resulting in Disciplinary Action are referred to the Enforcement and Compliance Division for further processing.

As of January 1, 2023, the Auditing and Investigation Division is staffed by a Division Manager, three (3) Investigators, four (4) Auditors, and an Administrative Assistant.

- During CY 2022, the Division’s Auditors and Investigators continued to process files while meeting Department Objectives:
 - With a goal to close Investigations in 30 days, Investigators closed cases in an average of 28 days in CY 2022.
 - With a goal to close Audits Referred to Enforcement and Compliance in 52 days, the Auditors closed all referred files in 52 days and met the goal.
 - The overall average number of days to close audits found to be In Compliance or closed with a Letter of Concern to the Broker was 43 days
- The majority of the Investigations conducted by the Department’s Investigators involved 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 12/31/2022
Open Pending Cases	17
New Cases Received During Year	407
Cases Closed During Year	440
Average Age of Open Cases (Calendar Days)	22
Average Case Closure (Calendar Days) for Cases Requiring Full Investigation (Goal: Sustain 30 calendar days)	28

- During CY 2022, the Auditing staff returned to conducting Onsite Audits for the majority of the Audits conducted, as well as continuing with electronic remote audits of brokers with offices outside of the driving range from the Department's office during the course of a business day. The Auditors conducted a total of 188 audits, including 26 electronic (remote) audits and 162 Onsite audits during the calendar year.

Brokerage Audits	As of 12/31/2022
Open Pending Cases	24
New Cases Received During Year	163
Cases Closed During Year	188
Average Age of Open Cases (Calendar Days)	54
Average Case Closure (Calendar Days) (All Files)	45
Average Case Closure (Calendar Days) for Cases Referred to Enforcement and Compliance (Goal: Sustain 52 calendar days)	46 Cases - 52 days

- The Department's Investigators also investigate Subdivision complaints concerning Subdivisions, Cemeteries and Timeshares classified as "Investigate Further Files." 36 such Subdivision related complaints were received in CY2022. In CY2022, the average timeframe for closing subdivision "Investigate Further" file was 32 days.

Subdivision Investigations	As of 12/31/2022
Open Pending Cases	1
New Cases Received During Year (All Subdivision Related Cases)	35
Subdivision Cases Closed During Year	35
Average Age of Open Cases (Calendar Days)	36
Average Case Closure (Calendar Days)	32

ENFORCEMENT & COMPLIANCE (E&C) DIVISION

The Enforcement and Compliance Division processes audit and investigatory referrals for citation, negotiates Consent Orders, Accelerated Settlement Agreements, and issues Citations destined for the Office of Administrative Hearings. The Division monitors and works with

brokerages and provisional licensees subject to compliance orders. The Division also administers the HomeOwner’s Association Dispute Process¹ and the Arizona Department of Real Estate’s Recovery Fund.

As of January 1, 2023, the Enforcement and Compliance Division is staffed by a Division Manager and two compliance officers.

- New cases opened in E&C increased by 10.9 percent which is primarily attributable to the increase of new applications with a disclosure requiring review. The number of cases closed increased 8 percent to 497. Improvements in case management procedures resulted in a decrease in the average number of days to close cases from 42 to 32 days, an improvement of 23.8 percent over 2021.

Enforcement	As of 12/31/2022
Open Cases on 12/31	33
Cases In House on 12/31	22
Cases at AGO on 12/.31	11
Cases received during 2022	489
Closed Cases during 2022	497
- Respondents (Individuals) closed	562
Average Age Open Cases (Days) as of 12/31 (includes litigated cases)	174
Average Case Closure (Days) CY 22	32

2022 Enforcement Actions by type	CY2022
Accelerated Settlement Agreement	110
Consent Order	136
Commissioner’s Final Order	26
Cease & Desist Order	8
Summary Suspension	5
Advisory Letter of Concern	24

¹ ADRE processes petitions submitted as part of the HOA Dispute Process but possesses no statutory jurisdiction over the matters submitted.

License Granted after Review	156
Case Dismissed/Closed after Review	17
Case return additional investigation	11
Surrender of License in lieu of hearing	7
Revocation-after default	4
Orders not appealed	8

- The number of new cases referred from Enforcement to Compliance decreased 32 percent during 2022 resulting in a decrease of 10.7 % in the number of pending compliance cases at year end. Continued efficiency in the use of database management tools resulted in a noticeable reduction in late case closures. Depending on the requirements placed on the licensee, compliance cases can remain open for 30 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. 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 2022

Compliance	
Open Cases as 12/31/22	367
New Cases received CY 2022	272
Closed Cases CY 2022	295
Included: Closed non-compliant or Referred for Further Action CY 2022	35
Average days open for closed compliance files	490