



# Arizona Department of Real Estate FY2025 Budget & Strategic Plan

**Susan Nicolson**  
**Commissioner**

**31 August 2023**



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**STATE OF ARIZONA**  
**DEPARTMENT OF REAL ESTATE**

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Katie Hobbs  
Governor

Susan Nicolson  
Commissioner

August 31, 2023

The Honorable Katie Hobbs  
Governor  
State of Arizona  
1700 W. Washington Street  
Phoenix, Arizona 85007

Dear Governor Hobbs:

It is with great pride that I present to you the **Arizona Department of Real Estate (ADRE) Budget Request and Strategic Plan** for FY 2025.

ADRE continues to strive toward its mission to license and regulate the real estate industry and protect the interests of Arizona property owners in their real estate transactions. For many years, the Department has observed declining staff levels and increased workloads. This budget submission aims to ensure the success of the Department, its team members and the general public for the years to come.

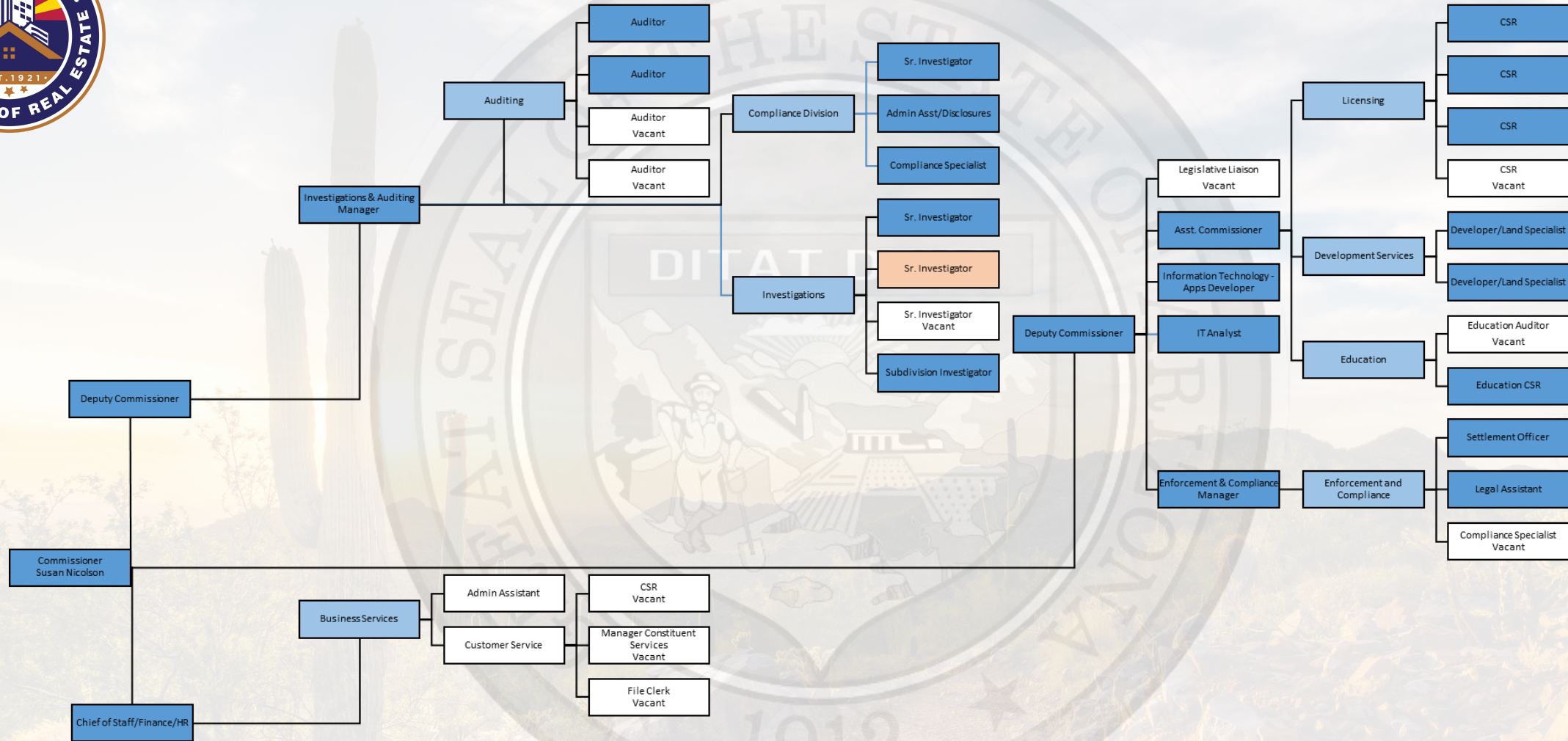
I am appreciative of the support you and your staff have provided for ADRE. We will continue to identify opportunities to become more efficient by streamlining services for our industry and the public customers we serve. With your continued support in FY 2025, I remain optimistic that the Department can continue to move the needle forward in the real estate industry with balanced regulation to support growth in the Arizona economy.

I thank you for your continued commitment and service to the citizens of the great State of Arizona.

Respectfully,

A handwritten signature in black ink, appearing to read "Susan", written over a horizontal line.

Susan Nicolson  
Commissioner



# Arizona Department of Real Estate



Rev. 08/2023

**Agency Description:** The Arizona Department of Real Estate oversees the administration of licensing examinations and issuance of licenses, as well as the activities of licensees to ensure compliance with the Arizona Revised Statutes and the Commissioner's Rules. Within the purview of the Department are builder/development regulation of the sale of subdivided and certain unsubdivided lands, timeshares, condominiums, membership campgrounds, and cemeteries, administration of the Homeowner's Association Dispute Process, and conducting investigations of consumer complaints, and audits of real estate brokerages.

The Department also regulates real estate schools and instructors, monitoring preclicensing and continuing education courses to ensure the quality of the content of courses and the competence of the instructors, as well as the quality and timeliness of materials being taught.

**Vision:** The Arizona Department of Real Estate will serve to educate and proactively work with the real estate profession to better protect Arizona consumers and hold accountable licensees failing to meet statutory requirements and standards.

**Agency Description:** The Department oversees the administration of licensing examinations and issuance of licenses, as well as the activities of licensees to ensure compliance with the Arizona Revised Statutes and the Commissioner's Rules. Within the purview of the Department are builder/development regulation of the sale of subdivided and certain unsubdivided lands, timeshares, condominiums, membership campgrounds, and cemeteries, administration of the Homeowner's Association Dispute Process, and conducting investigations of consumer complaints, and audits of real estate brokerages.

The Department also regulates real estate schools and instructors, monitoring prelicensing and continuing education courses to ensure the quality of the content of courses and the competence of the instructors, as well as the quality and timeliness of materials being taught.

**Executive Summary:** With proactive communication and education, the Arizona Department of Real Estate works to protect the public through a statutorily established licensing and regulatory scheme designed to encourage disclosure, high standards of client representation and a requirement for licensee's to provide reasonable skill and care.

### Strategic Issues

- Position the department to successfully transition to a new customer relationship management solution;
- Identify customers, their values and expectations;
- As practicable, practice data driven decision making and structured problem solving;
- Identify opportunities to streamline the delivery of services;
- Enhance online technology platform;
- Delivering results that provide greater benefits for all Arizonans in an equitable manner.

### Summary of Multi-Year Strategic Priorities

#	Five Year Strategy	Start Year	Progress / Successes
1	Improve Education	FY24	<ul style="list-style-type: none"> <li>• Renewing exam vendor scope of work with a return to an ARELLO compliant exam and providing for exams in Spanish included with the contract terms</li> </ul>
2	Housing and Human Services	FY24	<ul style="list-style-type: none"> <li>• Working with media to respond to real estate settlement procedures act violations and to discuss other kickback scenarios which raise the cost to obtain a mortgage</li> </ul>
3	Resilience, Water and the Environment	FY24	<ul style="list-style-type: none"> <li>• Worked with Department of Water Resources and Office of Resiliency to present on water assurance requirements and the subdivision public report</li> </ul>
4	Public Safety and Criminal Justice	FY24	<ul style="list-style-type: none"> <li>• Created a podcast and drafted language to be considered for better protecting Arizonans from deed fraud</li> <li>• Working with media to respond to deed fraud complaints</li> </ul>
5	Affordable and Thriving Economy	FY24	<ul style="list-style-type: none"> <li>• Working with Governor's Office to include budget appropriation requests that ensure ADRE's online system is migrated to a commercially-supported solution</li> </ul>



Strategy #	FY23 Annual Objectives	Objective Metrics	Annual Initiatives
1 - Improve Education	Collaborate with real estate school administrators and educators and implement changes to ensure real estate education is equitable, relevant and effective.	% increase in number of first time test takers passing real estate salesperson exam (46% in FY23Q4)  Binary - Offer exams in Spanish	<ul style="list-style-type: none"> <li>Return Arizona’s exam to the national standard offered by the Association of Real Estate License Law Officials.</li> <li>Amend vendor contract to offer the exam in multiple languages.</li> <li>Explore opportunities for engagement with high schools and Career Technical Education programming.</li> </ul>
2 - Housing and Human Services	Reinforce education and outreach and support enforcement related to opportunity to affordable housing.	Create and distribute a free pre-approved content outline for Continuing Education for real estate schools and educators on veteran loans; myths, benefits, and truth by the end of FY24Q2	<ul style="list-style-type: none"> <li>Increase training on and outreach to veterans and other populations negatively impacted by discrimination based on disability or sources of income.</li> <li>Train investigators to recognize and refer alleged violations of THE fair housing ACT and THE real estate settlement procedures act to appropriate federal and state partners.</li> <li>Better identify property management courses for those licensees engaged in it.</li> </ul>
3 - Resilience, Water, and the Environment	Ensure integrity and effectiveness of the subdivision public report and its requirements  Highlight education for and communication to licensees on available resources for water disclosure to best protect the public	Create and distribute a free pre-approved content outline for Continuing Education for real estate schools and educators on Water in Arizona; Questions you should ask before purchasing or renting property by end of FY24Q2 Quarterly work with associations to provide water updates and trainings.	<ul style="list-style-type: none"> <li>Serve as subject matter experts in resiliency discussions as it relates to requirements around the public report in the offering and sale of subdivision lots.</li> <li>Continue to ensure current requirements around public report applications are verified and met.</li> <li>Require water disclosure as part of Continuing Education for licensees</li> </ul>
4 - Border Security, Public Safety, and Criminal Justice	Improve access to the department, address legislative challenges to enforcement of deed fraud and educate and partner with law enforcement on potential fraudulent activity in real estate	Quarterly provide outreach on deed fraud and red flags of deed fraud.  Provide draft legislation to the Governor’s Office by Sept. 15, 2023 for consideration of the 2024 Legislative Session to better protect Arizona Property Owners.	<ul style="list-style-type: none"> <li>Partner with the Arizona Prosecuting Attorneys’ Advisory Council, Counties, and the Attorney General’s Office to create an inhospitable environment for fraud in Arizona.</li> <li>Close gaps in Arizona Statute that allow for ease of access to committing deed fraud.</li> </ul>
5 - Affordable and Thriving Economy	Eliminate unnecessary and outdated regulation while creating a level playing field and modernizing regulations to current business models  Increase accessibility into the real estate profession by offering licensing exams in Spanish and English.	Quarterly provide outreach on improved compliance with statutory requirements.  Create videos designed to assist prospective licensees on how to obtain a license, open a real estate entity and obtain a real estate broker license	<ul style="list-style-type: none"> <li>Draft and pass omnibus of Title 32, Chapter 20 to update statutes to current business models.</li> <li>Secure a business analyst to complete a Scope of Work designed to identify the best commercial software for the Department of Real Estate in supporting the regulated businesses and licensees.</li> <li>Translate complaint forms into Spanish and train staff on use of translation vendors.</li> </ul>





# State of Arizona Budget Request

State Agency

Department of Real Estate

A.R.S. Citation: A.R.S. §§ 32-2101 et seq.

## Governor Hobbs:

This and the accompanying budget schedules, statements and explanatory information constitute the operating budget request for this agency for Fiscal Year 2025.

To the best of my knowledge all statements and explanations contained in the estimates submitted are true and correct.

Agency Head: **Susan Nicolson**

Title: **Commissioner**

Susan Nicolson 9/1/2023  
(signature)

Phone: 6027717769

Prepared by: James Knupp

Email Address: jknupp@azre.gov

Date Prepared: September 1, 2023

### Appropriated Funds

	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
Total Amount Requested:	3,198.0	1,231.1	4,429.1
General Fund	3,198.0	1,231.1	4,429.1
Condo and Planned Community Hearing Office Fund	-	-	-

### Non-Appropriated Funds

	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
Total Amount Planned:	77.0	-	77.0
General Fund	-	-	-
Condo and Planned Community Hearing Office Fund	41.6	-	41.6
Real Estate Recovery Fund	6.2	-	6.2
Real Estate Education Revolving Fund	29.2	-	29.2

Department of Real Estate Total:	3,275.0	1,231.1	4,506.1
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## Revenue Schedule

**Agency:** Department of Real Estate

**Fund:** RE2537 Condo and Planned Community Hearing Office Fund

AFIS Code	Category of Receipt and Description	FY 2023 Actuals	FY 2024 Estimate	FY 2025 Request
4314	Filing Fees	-	-	-
4339	Other Fees & Charges for Services	41.5	41.5	41.5
<b>Condo and Planned Community Hearing Office Fund Total:</b>		<b>41.5</b>	<b>41.5</b>	<b>41.5</b>

Forecast Methodology

**Fund:** RE3119 Real Estate Recovery Fund

AFIS Code	Category of Receipt and Description	FY 2023 Actuals	FY 2024 Estimate	FY 2025 Request
4512	Restitution	8.3	8.0	8.0
4699	Miscellaneous Receipts	60.7	54.6	54.6
<b>Real Estate Recovery Fund Total:</b>		<b>69.0</b>	<b>62.6</b>	<b>62.6</b>

Forecast Methodology

**Fund:** RE4011 Real Estate Education Revolving Fund

AFIS Code	Category of Receipt and Description	FY 2023 Actuals	FY 2024 Estimate	FY 2025 Request
4372	Publications & Reproductions	4.9	15.5	15.5
4512	Restitution	-	-	-
4699	Miscellaneous Receipts	0.5	2.4	2.4
4901	Operating Transfers In	-	-	-
<b>Real Estate Education Revolving Fund Total:</b>		<b>5.4</b>	<b>17.9</b>	<b>17.9</b>

Forecast Methodology



Revenue Schedule

Agency:	Department of Real Estate
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## Sources and Uses

**Agency:** Department of Real Estate

**Fund:** RE2537 Condo and Planned Community Hearing Office Fund

Sources of revenue include filing fees and civil penalties arising from disputes between owners and condominium or planned community associations over violations of regulatory statutes. The Fund is used to reimburse the Office of Administrative Hearings f

### Cash Flow Summary

	FY 2023 Actuals	FY 2024 Estimate	FY 2025 Request
Beginning Balance	10.0	9.9	9.8
Revenue (from Revenue Schedule)	41.5	41.5	41.5
<b>Total Available</b>	<b>51.5</b>	<b>51.4</b>	<b>51.3</b>
Total Appropriated Disbursements	-	-	-
Total Non-Appropriated Disbursements	41.6	41.6	41.6
Balance Forward to Next Year	9.9	9.8	9.7

Explanation for Negative Ending Balance(s):

Department of Real Estate

### Appropriated Expenditure

#### Expenditure Categories

	FY 2023 Actuals	FY 2024 Estimate	FY 2025 Request
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	-	-	-
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	-	-	-
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	-	-	-
<b>Appropriated Expenditure Sub-Total:</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-Lapsing Authority from Prior Years (no entry for BY)	-	-	-
Administrative Adjustments (no entry for BY)	-	-	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-
IT Project Transfers	-	-	-



## Sources and Uses

<b>Agency:</b>	<b>Department of Real Estate</b>
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<b>Fund:</b>	<b>RE2537 Condo and Planned Community Hearing Office Fund</b>
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Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	-	-	-
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-
Non-Appropriated 27th Pay Roll	-	-	-
<b>Appropriated Expenditure Total:</b>	-	-	-
<b>Appropriated FTE</b>	-	-	-

<b>Non-Appropriated Expenditure</b>			
<b>Expenditure Categories</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	-	-	-
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	-	-	-
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	41.6	41.6	41.6
<b>Non-Appropriated Expenditure Sub-Total:</b>	<b>41.6</b>	<b>41.6</b>	<b>41.6</b>
Non-Lapsing Authority from Prior Years (no entry for BY)	-	-	-
Administrative Adjustments (no entry for BY)	-	-	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-
IT Project Transfers	-	-	-
Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	-	-	-
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-
Non-Appropriated 27th Pay Roll	-	-	-
<b>Non-Appropriated Expenditure Total:</b>	<b>41.6</b>	<b>41.6</b>	<b>41.6</b>

## Sources and Uses

<b>Agency:</b>	Department of Real Estate
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<b>Fund:</b>	RE2537	Condo and Planned Community Hearing Office Fund
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<b>Non-Appropriated FTE</b>	-	-	-
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## Sources and Uses

**Agency:** Department of Real Estate

**Fund:** RE3119 Real Estate Recovery Fund

Revenues from application fees for real estate or cemetery broker's or salesman's license are used to pay claims against real estate brokers or salesmen.

### Cash Flow Summary

	FY 2023 Actuals	FY 2024 Estimate	FY 2025 Request
Beginning Balance	1,075.3	1,138.1	1,194.5
Revenue (from Revenue Schedule)	69.0	62.6	62.6
<b>Total Available</b>	<b>1,144.3</b>	<b>1,200.7</b>	<b>1,257.1</b>
Total Appropriated Disbursements	-	-	-
Total Non-Appropriated Disbursements	6.2	6.2	6.2
Balance Forward to Next Year	1,138.1	1,194.5	1,250.9

Explanation for Negative Ending Balance(s):

Department of Real Estate

### Appropriated Expenditure

Expenditure Categories	FY 2023 Actuals	FY 2024 Estimate	FY 2025 Request
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	-	-	-
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	-	-	-
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	-	-	-
<b>Appropriated Expenditure Sub-Total:</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-Lapsing Authority from Prior Years (no entry for BY)	-	-	-
Administrative Adjustments (no entry for BY)	-	-	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-
IT Project Transfers	-	-	-

## Sources and Uses

<b>Agency:</b>	<b>Department of Real Estate</b>
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<b>Fund:</b>	<b>RE3119 Real Estate Recovery Fund</b>
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Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	-	-	-
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-
Non-Appropriated 27th Pay Roll	-	-	-
<b>Appropriated Expenditure Total:</b>	-	-	-
<b>Appropriated FTE</b>	-	-	-

<b>Non-Appropriated Expenditure</b>			
<b>Expenditure Categories</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	-	-	-
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	6.2	6.2	6.2
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	-	-	-
<b>Non-Appropriated Expenditure Sub-Total:</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>
Non-Lapsing Authority from Prior Years (no entry for BY)	-	-	-
Administrative Adjustments (no entry for BY)	-	-	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-
IT Project Transfers	-	-	-
Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	-	-	-
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-
Non-Appropriated 27th Pay Roll	-	-	-
<b>Non-Appropriated Expenditure Total:</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>

Sources and Uses

Agency: Department of Real Estate

Fund: RE3119 Real Estate Recovery Fund

Non-Appropriated FTE - - -



## Sources and Uses

**Agency:** Department of Real Estate

**Fund:** RE4011 Real Estate Education Revolving Fund

Revenues consist of monies received from the sale of educational matter and grants of monies to be used in the production of educational products. Funds are used for the printing of a compilation of real estate laws and rules and other educational publications and for such other educational efforts necessary for the guidance and assistance of licensees and the public. Any balance in excess of \$25,000 at the end of the fiscal year is transferred to the General Fund.

### Cash Flow Summary

	FY 2023 Actuals	FY 2024 Estimate	FY 2025 Request
Beginning Balance	25.5	26.1	14.8
Revenue (from Revenue Schedule)	5.4	17.9	17.9
<b>Total Available</b>	<b>30.9</b>	<b>44.0</b>	<b>32.7</b>
Total Appropriated Disbursements	-	-	-
Total Non-Appropriated Disbursements	4.9	29.2	29.2
Balance Forward to Next Year	26.1	14.8	3.5

Explanation for Negative Ending Balance(s):

Department of Real Estate

### Appropriated Expenditure

Expenditure Categories	FY 2023 Actuals	FY 2024 Estimate	FY 2025 Request
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	-	-	-
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	-	-	-
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	-	-	-
<b>Appropriated Expenditure Sub-Total:</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-Lapsing Authority from Prior Years (no entry for BY)	-	-	-
Administrative Adjustments (no entry for BY)	-	-	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-

## Sources and Uses

<b>Agency:</b>	<b>Department of Real Estate</b>
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<b>Fund:</b>	<b>RE4011 Real Estate Education Revolving Fund</b>
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IT Project Transfers	-	-	-
Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	-	-	-
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-
Non-Appropriated 27th Pay Roll	-	-	-
<b>Appropriated Expenditure Total:</b>	-	-	-
<b>Appropriated FTE</b>	-	-	-

<b>Non-Appropriated Expenditure</b>			
<b>Expenditure Categories</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>
Personal Services	-	-	-
Employee Related Expenditures	-	-	-
Professional & Outside Services	0.9	25.0	25.0
Travel In-State	-	-	-
Travel Out-Of-State	-	-	-
Food	-	-	-
Aid To Organizations & Individuals	-	-	-
Other Operating Expenditures	2.2	2.2	2.2
Equipment	-	-	-
Capital Outlay	-	-	-
Capital Equipment	-	-	-
Non-Capital Equipment	-	-	-
Debt Service	-	-	-
Cost Allocation & Indirect Costs	-	-	-
Transfers-Out	(0.5)	2.0	2.0
<b>Non-Appropriated Expenditure Sub-Total:</b>	<b>2.6</b>	<b>29.2</b>	<b>29.2</b>
Non-Lapsing Authority from Prior Years (no entry for BY)	-	-	-
Administrative Adjustments (no entry for BY)	-	-	-
Capital Projects (Land, Bldgs, Improv)	-	-	-
Appropriated 27th Pay Roll	-	-	-
Legislative Fund Transfers	-	-	-
IT Project Transfers	-	-	-
Residual Equity Transfer	-	-	-
Transfer Due to Fund Balance Cap	2.3	-	-
Prior Committed or Obligated Expenditures (no entry for AY)	-	-	-
Non-Appropriated 27th Pay Roll	-	-	-

## Sources and Uses

<b>Agency:</b>	<b>Department of Real Estate</b>
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<b>Fund:</b>	<b>RE4011</b>	<b>Real Estate Education Revolving Fund</b>
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<b>Non-Appropriated Expenditure Total:</b>	4.9	29.2	29.2
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<b>Non-Appropriated FTE</b>	-	-	-
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Funding Issue List

Agency:	Department of Real Estate
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FY 2023

Priority	Funding Issue Title	Total FTE	Total Amount	General Fund	Other Appropriated Funds	Non-Appropriated Funds
1	Appropriation for Additional Staffing	-	831.1	831.1	-	-
2	Business Analyst	-	400.0	400.0	-	-
Total:		-	1,231.1	1,231.1	-	-



Funding Issue Detail

Agency:	Department of Real Estate
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Issue:	1	Appropriation for Additional Staffing
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Calculated ERE: 276.08  
Uniform Allowance:

Program:	Licensing and Regulation
Fund:	AA1000 General Fund (Appropriated)

Expenditure Categories		FY 2025
6000	Personal Services	555.0
6100	Employee Related Expenditures	276.1
Subtotal Personal Services and ERE		831.1
Program/Fund Total:		831.1

Issue:	2	Business Analyst
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Calculated ERE:  
Uniform Allowance:

Program:	Licensing and Regulation
Fund:	AA1000 General Fund (Appropriated)

Expenditure Categories		FY 2025
6200	Professional & Outside Services	400.0
Program/Fund Total:		400.0

## Funding Issue Narrative

**Agency:** Department of Real Estate

**Issue:** 1 Appropriation for Additional Staffing

**Description of Issue:** On-going. The Arizona Department of Real Estate serves as the occupational licensing and regulatory body for salespersons and brokers who represent property buyers and sellers in transactions that represents for most the largest purchases and investments in Arizonans lives.

This funding request returns the Department to prior year staffing levels to ensure it meets its mission and Arizonans are best represented in real estate transactions.

Under prior administrations, the Department of Real Estate experienced severe budget cuts. Past Commissioner Lowe informed the current Commissioner that the Department's appropriation was cut from \$4 million to \$2 million and she had no choice other than to reduce staff. The staff reductions came during the housing crisis of 2008 and the business of the Department of Real Estate had significantly slowed. While the real estate market recovered, the Department of Real Estate's budget did not reflect the change however. Budget gains were nominal – largely reflecting insurance adjustments and the salary increase in 2021 - and the resulting impact was a perpetually understaffed agency with an inability to keep up with the inflow of investigations, routine audits and compliance tracking.

Processes and procedures were pulled back to create more efficiency at the expense of quality. The Department experienced attrition, without filling of vacancies causing employees to become exhausted from cross training and additional responsibilities being assigned to them outside of their normal scope. Backlogs in and superficiality of investigations and audits resulted.

**Proposal:** Currently, the Department of Real Estate employs 23 and regulates over 92,000 licensees. Current staffing is: 3 in licensing, 1 in education, 2 in development services (subdivision public reports), 3 in audits, 3 investigators, 1 in disclosures, 2 in enforcement and compliance, 1 in business services and 7 managers/executives.

At the end of fiscal year 2023, the Department of Real Estate reverted back over \$600,000 to the general fund. The Department was prepared and intended to hire a business analyst to aid in migrating our custom software solution (27 years old and written in C Sharp) to commercially-supported software. The estimated cost of the business analyst was anticipated to be near \$500,000.

Because the Department of Real Estate runs on a 95/110 budget any money unexpended at the end of the fiscal year is reverted to the General Fund. Decisions were made at the end of the last administration in order for the Department to possess the funds necessary for this critical business analyst but equally leaving the Department heavily understaffed to perform its duties. Unfortunately, the sacrifice in productivity in favor of the work of the business analyst could not be delivered in fiscal year 2023 and all the money held was reverted back to the General Fund and the Department now has a backlog of work due to being severely understaffed.

Since Commissioner Nicolson was appointed, additional staff have been added within current appropriation expenditure limits. However, it is clear that the Department of Real Estate will need additional, ongoing funding to tackle the backlog and proactively protect the public in the areas that had to be sacrificed (auditing activity and investigations) to achieve the savings necessary for the business analyst.

The current appropriation fails to provide for the funding necessary to bring on the additional staff listed below, in order of urgency.

Investigators – 2 FTEs @ \$50,000 each (cross trained in auditing)  
Complaints come in faster than the Department can timely investigate. At the end of FY2023, the Department employed three investigators; two senior investigators and a subdivision investigator, and no division manager. In prior and recent fiscal years, the Department employed approximately four FTEs in the investigator roles and a division manager.

The Department recently added one full time investigator and has the ability in this year's budget to add 1 more. It is posted and will be hired as soon as possible. However, at an average rate of 38 and 48 days for the completion of an investigation over the last quarters, the current backlog is already 20 days above the prior 2-year average and exists beyond one standard deviation of the last two years .

Figure 1.

Common complaints from consumers needing to be investigated are failure to disclose material facts, misrepresentation of facts or advertising, and violations of fiduciary duty, and in property management, failure to maintain trust account funds. These are serious allegations and can significantly impact consumers and complaints are required by statute to be investigated. The Department is encroaching on 2 months to complete investigations – two months the respondent and consumer need to wait for the Department to

## Funding Issue Narrative

**Agency:** Department of Real Estate

**Issue:** 1 **Appropriation for Additional Staffing**

complete investigations – two months the respondent and consumer need to wait for the Department to resolve issues.

Further and historically, as the Arizona real estate market becomes more competitive and tight, the Department typically observes an increase in the number of complaints. This market is no different and the Department is already tracking a slow but notable increase in the number and significance of complaints.

Figure 2.

Last quarter, the average rate of complaints coming into the Department was 10 per week with workloads being assigned to two investigators. Understanding the current backlog, average cases closed each week last quarter was just seven. This of course caused a backlog and with current staffing levels, the current backlog will not be cleared and timeframes to close investigations will only increase. With the exception of two quarters, this trend matches what has occurred over the last two fiscal years. This is the area where staffing is needed the most at the Department.

Figure 3.

Figures 4-7.

Figures 8-10.

Development Services – 1 FTE @ \$55,000 (+ (process public reports and investigate subdivision violations) Development Services receives, reviews, and approves applications for public reports, which permit developers to sell or lease properties in subdivisions. There are 25 statutory requirements for developers to meet when submitting an application for a public report with one representing assured water supply. If in an Active Management Area, a developer can meet the assured water requirements with either a certificate of assured water or having written commitment from a designated provider.

The Development Services team currently consists of two employees. These two have served as the reviewers and inspectors of all public reports for the state; meaning all of the state's development. During COVID, inspections were suspended. Now the Department relies on complaints and otherwise depends on municipal or county records to verify developer promises related to infrastructure improvements are completed.

These desktop audits are limited and insufficient when considering they are ensuring water and other vital health and safety requirements promised in those public reports.

Further, in fiscal year 2024, the Development Services team will be taking over Subdivision investigations looking for violations of evading Arizona's subdivision laws. These team members represent the Department's experts in subdivision laws and work with developers daily. It only makes sense for these individuals to be leading potential wildcat subdivision allegations.

Due to the vital role these individuals play in Arizona's continued development and the safety and welfare provided to property buyers related to water and other infrastructure requirements provided for in statute, the Department must ensure we are properly staffed in this division and look to increase the team by one additional person.

Auditors – 2 FTEs @ \$50,000 each (cross trained in investigations)

Figure 11.

Figures 12-13.

Figure 14.

Being down two members of the auditing team, the backlog in auditing increased so significantly that in June the Department temporarily stopped assigning new audits until the backlog is addressed.

Audits provide a proactive measure of compliance to ensure licensees are compliant with state requirements. Investigations are largely complaint driven; a member of the public has already likely been harmed. Audits represent a middle ground where correction may very well prevent future harm and bring brokerages into statutory alignment.

When a brokerage is selected for audit, the Department understands their life and business is impacted and it is unfair to our customers to hold them in audit for undue amounts of time because the Department lacks the necessary staffing to perform the audits recommended by the auditor general.

## Funding Issue Narrative

**Agency:** Department of Real Estate

**Issue:** 1 **Appropriation for Additional Staffing**

In 2021, the Auditor General recommended changes to the Department's randomized selection of brokerages and created a risk-based audit selection process. The randomized selection process was just that; it was random and by frequency, the majority of audits selected and completed were for residential sales only. These represent largely straightforward audits with few financial reviews. Risk-based selection on the other hand requires the Department to divide types of brokerages by risk posed to the public and to then audit equal numbers of those types of brokerages. This significantly impacts operations as auditors are now selecting many more complex financial reviews of trust accounts in property management companies - who may pose the highest risk to consumers.

The change in the selection process better protects consumers as a

**Alternatives Considered:**

The Department brought in interns for the first time to try to increase value added time for all divisions. However, interns are with the Department for such a short period of time that it was not a viable solution.

The Department also fully cross trained all staff to provide coverage in all areas to enable leave – both sick and annual. Unfortunately, each area is understaffed and pulling from one area to support another simply amplifies the backlog in another section of the Department. Day-to-day the Department also redirects staff resources into an area that is critically understaffed. This strategy has forestalled failures but has not furthered the Department in meeting its mission and protecting Arizonans.

**Impact of Not Funding This Year:**

Fully staffing the Department of Real Estate would enable the agency to increase its effectiveness of protecting the public in real estate transactions. It will create a state agency where the staff is not overwhelmed with responsibilities beyond reasonable expectations outside of their stated job duties, which will result in more job satisfaction and retention.

Our stakeholders will be pleased to have more timely audits that do not interrupt their business lives for months on end and consumers with complaints will see more thorough investigations and more timely outcomes.

Arizona and statute requires compliance with various disclosures and subdivision requirements to ensure the protection of Arizona and its natural resources. The Department of Real Estate exists as a key to ensuring those protections and requirements are met.

In every possible way, the quality output of this agency will benefit from funding the Department to hire the allowable full time employees the legislature intended it to have.

**Statutory Reference:**

**Equipment to be Purchased (if applicable):**

**Classification of New Positions:**

**Annualization(s):**

**Alignment with Agency's Strategic Plan or Statutory Responsibilities:**

**Impact on Historically Underserved, Marginalized, or Adversely Affected Groups:**

The importance of building and sustaining diverse teams cannot be overstated. The Department of Real Estate strives to offer customers an easy and accessible application process. Managers will use an ideal candidate profile to help mitigate implicit bias focusing on what a candidate can do rather than seeking out personality traits. Our job postings will use inclusive language with transparent and posted salary ranges. Finally, the Department will reach out and market our job postings with the National Association of Real Estate Brokers, the Women's Council of Realtors, the National Association of Hispanic Real Estate Professionals, Asian Real Estate Association, the LGBTQ+ Real Estate Alliance, Veterans Association of Real Estate Professionals and the Arizona Realtors in addition to all other options provided through the Arizona Department of Administration.



## Funding Issue Narrative

**Agency:** Department of Real Estate

**Issue:** 1 **Appropriation for Additional Staffing**

**How has feedback been incorporated from groups directly impacted by proposal?:**

When speaking with stakeholders and licensees, Commissioner Nicolson has discussed and continues to inform of the Department's need for more staffing to achieve the goals of outreach and education that will provide the knowledge licensees need to proactively run their business in compliance with the State's laws. The Commissioner also discussed and continues to explain how efficiency on audit timelines, investigative outcomes and licensing turnaround times all rely on adequate staffing. The response has been positive with licensees and stakeholders excited about the programs and projects the Department is undertaking.

**Description of how this furthers the Governor's priorities:**

Adequate staffing in audits and investigations helps support a thriving economy as small businesses will be held in limbo for far less time because audits and investigations will move along at a faster pace.

By allowing the funding for the Department to have the staff necessary to rework the pre-licensing education system and test as well as increase the opportunities for licensees to become brokerage business owners by providing the outreach needed to educate those interested in the steps necessary to become a real estate brokerage owner.

The staffing increase will ensure the Department is better able to protect the public with education and enforcement of statutes with a higher level of efficiency with regard to title and deed fraud as well as wire fraud and other crimes and violations of law that occur in real estate statutes.

Finally, adequate staffing in our Development Services team keeps cost of development down with expeditious and accurate processing of public reports – in support of affordable housing.

**Issue:** 2 **Business Analyst**

**Description of Issue:**

One-time. Funding this issue secures a contracted business analyst to improve processes, document business requirements, and draft a scope of work to solicit vendors for replacement of the Department's 27 year old, custom built customer relationship management software, online interface and communication tool. The current system was coded and built by one individual, who is now nearing the end of his state tenure; leaving the department, its 92,000 licensees, and customers vulnerable. The funding is a one-time expenditure targeted at positioning the Department to more quickly, effectively and successfully migrate to an externally, commercially supported technology solution.

**Proposal:**

The Department must move to commercially and externally supported technology. One senior coder in the Department – the sole IT team member – built, customized and maintains the Department's case management software, database, externally facing public platform, and communications tool. This individual presents an extreme vulnerability for the Department as a single point of catastrophic failure.

The Department began working with the State Procurement Office and its ADOA Assigned Engagement Manager in 2022 to develop a scope of work to secure a business analyst. The scope of work was provided to vendors on statewide contract and in early-2023, the Department received four proposals to perform the services required to move to a more stable system.

Due to the Department existing on a 95/110 budget model, all monies and funds unexpended return to the General Fund and of course, contracts and funding for services cannot easily bridge multiple fiscal years. Additionally, all proposals received from the scope of work expose the Department to potentially exceeding its FY2024 appropriation.

To mitigate the exposure caused by this single point of failure, the Department began cross training a technologically inclined team member from its licensing division to learn and become familiar with the coding.

Nonetheless, the Department holds that the only viable solution is to secure a professional business analyst to properly address process issues, document business requirements, and produce a scope of work capable of successfully executing an IT project of this significance to the Department and its licensees.

**Alternatives Considered:**

The Department was fully prepared to bridge two fiscal years to afford the services necessary. The proposals all came in with bids at levels too high to not jeopardize the Department exceeding its spending appropriation.

Dividing the scope of work over multiple fiscal years exceeds the potential timeframe for the Department's IT team member to remain with the Department and develop and deploy a new IT solution.

## Funding Issue Narrative

**Agency:** Department of Real Estate

**Issue:** 2 Business Analyst

**Impact of Not Funding This Year:**

Each of the proposals received provides for services being completed within three to six months. With a funding allocation to enable the Department to contract for these services, the Department can begin working on a FY2026 budget issue or begin planning an IT assessment to contract with an external vendor for development and replacement of its current IT solution. This works within the timeframe of the Department's team member's plans for retirement from State service. Enabling the Department to act with the next fiscal year's budget also provides for the documentation and recordation of business processes and current IT solution in case worst case scenarios occur within that individual's anticipated timeframe.

**Statutory Reference:**

**Equipment to be Purchased (if applicable):**

**Classification of New Positions:**

**Annualization(s):**

**Alignment with Agency's Strategic Plan or Statutory Responsibilities:**

**Impact on Historically Underserved, Marginalized, or Adversely Affected Groups:**

The current IT solution built and customized by the Department does not provide for assurances that it is ADA compliant and is not suited for use by underserved populations. It is not an intuitive system and if it were to fail, the Department would return to paper processing for its 92,000 licensees and the public filing complaints. The risks associated with the current system are significant; the risks of not replacing it or seeing it fail are catastrophic.

**How has feedback been incorporated from groups directly impacted by proposal?:**

Since Commissioner Nicolson was appointed in February 2023, the Department has collaborated extensively with the Arizona Association of Realtors, local associations and many of the small businesses regulated by Title 32, Chapter 20. The Department expressed concerns over the lack of planning with continuity of operations related to the IT system and customers are more than interested in seeing a solution put into place to ensure the risks associated with the current system and single point of failure are avoided. The alternative is simply too great a burden to Arizona's small business owners in real estate and they remain cognizant of the need.

**Description of how this furthers the Governor's priorities:**

Affordable and Thriving Economy.

As stated, the Department's current IT solution is supported by one individual who custom built and singly maintains it. That team member is nearing the end of his state service. If the system were not to be replaced prior to his departure, any failure to the system would be catastrophic to current operations and migration to a new system would be further complicated without his expertise and understanding of the current integrations of the system.

The Department would be forced to return to paper processing of applications, renewals, payments, complaints, and all other services currently handled online – 100% of the Department's services are currently offered online.

The burden placed on small businesses in real estate would be great and the Department has cut its workforce to 25 percent of its former FTEs when paper processing was required. Operations would grind to a halt.

The business analyst represents the first step in moving to a new commercially-supported IT solution and reduces the Department's risk of burden to its customers – thus ensuring continued operations and support of the real estate market and licensees.

## Summary of Expenditure and Budget Request for All Funds

**Agency:** Department of Real Estate

<b>Appropriated Funds</b>		<b>FY 2023 Actuals</b>	<b>FY 2024 Expenditure Plan</b>	<b>FY 2025 Funding Issue</b>	<b>FY 2025 Total Request</b>
<b>Program:</b>					
REA-1-0	Licensing and Regulation	2,563.4	3,198.0	1,231.1	4,429.1
<b>Appropriated Funds Total:</b>		<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>
<b>Expenditure Categories</b>					
FTE		25.0	37.0	-	37.0
Personal Services		1,540.0	1,782.2	555.0	2,337.2
Employee Related Expenditures		564.4	712.9	276.1	989.0
<b>Subtotal Personal Services and ERE</b>		<b>2,104.4</b>	<b>2,495.1</b>	<b>831.1</b>	<b>3,326.2</b>
Professional & Outside Services		91.9	210.0	400.0	610.0
Travel In-State		12.7	10.0	-	10.0
Travel Out-Of-State		2.2	30.0	-	30.0
Other Operating Expenditures		335.4	335.0	-	335.0
Non-Capital Equipment		15.8	75.0	-	75.0
Transfers-Out		1.2	42.9	-	42.9
<b>Expenditure Categories Total:</b>		<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>

## Summary of Expenditure and Budget Request for All Funds

<b>Agency:</b>		<b>Department of Real Estate</b>			
<b>Non-Appropriated</b>		<b>FY 2023 Actuals</b>	<b>FY 2024 Expenditure Plan</b>	<b>FY 2025 Funding Issue</b>	<b>FY 2025 Total Request</b>
<b>Program:</b>					
REA-1-0	Licensing and Regulation	50.4	77.0	-	77.0
<b>Non-Appropriated Total:</b>		<b>50.4</b>	<b>77.0</b>	<b>-</b>	<b>77.0</b>
<b>Expenditure Categories</b>					
	FTE	-	-	-	-
	Personal Services	-	-	-	-
	Employee Related Expenditures	(0.0)	-	-	-
	<b>Subtotal Personal Services and ERE</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Professional & Outside Services	0.9	25.0	-	25.0
	Travel In-State	(0.0)	-	-	-
	Travel Out-Of-State	-	-	-	-
	Other Operating Expenditures	8.4	8.4	-	8.4
	Non-Capital Equipment	-	-	-	-
	Transfers-Out	41.1	43.6	-	43.6
<b>Expenditure Categories Total:</b>		<b>50.4</b>	<b>77.0</b>	<b>-</b>	<b>77.0</b>
<b>Department of Real Estate Total for All Funds:</b>		<b>2,613.8</b>	<b>3,275.0</b>	<b>1,231.1</b>	<b>4,506.1</b>
<b>Appropriated and Non-Appropriated</b>		<b>FY 2023 Actuals</b>	<b>FY 2024 Expenditure Plan</b>	<b>FY 2024 Funding Issue</b>	<b>FY 2025 Total Request</b>
REA-1-0	Licensing and Regulation	2,613.8	3,275.0	1,231.1	4,506.1
<b>Department of Real Estate Total for All Funds:</b>		<b>2,613.8</b>	<b>3,275.0</b>	<b>1,231.1</b>	<b>4,506.1</b>



## Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
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<b>Fund:</b>	<b>AA1000 General Fund (Appropriated)</b>
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		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b>					
REA-1-0	Licensing and Regulation	2,563.4	3,198.0	1,231.1	4,429.1
<b>General Fund (Appropriated) Summary Total:</b>		<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>
<b>Expenditure Categories</b>					
	FTE	25.0	37.0	-	37.0
	Personal Services	1,540.0	1,782.2	555.0	2,337.2
	Employee Related Expenditures	564.4	712.9	276.1	989.0
	<b>Subtotal Personal Services and ERE</b>	<b>2,104.4</b>	<b>2,495.1</b>	<b>831.1</b>	<b>3,326.2</b>
	Professional & Outside Services	91.9	210.0	400.0	610.0
	Travel In-State	12.7	10.0	-	10.0
	Travel Out-Of-State	2.2	30.0	-	30.0
	Other Operating Expenditures	335.4	335.0	-	335.0
	Non-Capital Equipment	15.8	75.0	-	75.0
	Transfers-Out	1.2	42.9	-	42.9
	<b>Expenditure Categories Total:</b>	<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>

## Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
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<b>Fund:</b>	<b>AA1000 General Fund (Non-Appropriated)</b>
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		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b>					
REA-1-0	Licensing and Regulation	(0.0)	-	-	-
<b>General Fund (Non-Appropriated) Summary Total:</b>		<b>(0.0)</b>	-	-	-
<b>Expenditure Categories</b>					
	FTE	-	-	-	-
	Personal Services	-	-	-	-
	Employee Related Expenditures	(0.0)	-	-	-
	<b>Subtotal Personal Services and ERE</b>	<b>(0.0)</b>	-	-	-
	Professional & Outside Services	-	-	-	-
	Travel In-State	(0.0)	-	-	-
	Travel Out-Of-State	-	-	-	-
	Other Operating Expenditures	-	-	-	-
	Non-Capital Equipment	-	-	-	-
	Transfers-Out	-	-	-	-
	<b>Expenditure Categories Total:</b>	<b>(0.0)</b>	-	-	-

## Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
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<b>Fund:</b>	<b>RE2537 Condo and Planned Community Hearing Office Fund (Appropriated)</b>
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	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b>				
REA-1-0 Licensing and Regulation	-	-	-	-
<b>Condo and Planned Community Hearing Office Fund (Appropriated) Summary Total:</b>	-	-	-	-
<b>Expenditure Categories</b>				
FTE	-	-	-	-
Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
<b>Subtotal Personal Services and ERE</b>	-	-	-	-
Professional & Outside Services	-	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	-	-	-	-
Non-Capital Equipment	-	-	-	-
Transfers-Out	-	-	-	-
<b>Expenditure Categories Total:</b>	-	-	-	-

## Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
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<b>Fund:</b>	<b>RE2537 Condo and Planned Community Hearing Office Fund (Non-Appropriated)</b>
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		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b>					
REA-1-0	Licensing and Regulation	41.6	41.6	-	41.6
<b>Condo and Planned Community Hearing Office Fund (Non-Appropriated) Summary Total:</b>		<b>41.6</b>	<b>41.6</b>	<b>-</b>	<b>41.6</b>
<b>Expenditure Categories</b>					
	FTE	-	-	-	-
	Personal Services	-	-	-	-
	Employee Related Expenditures	-	-	-	-
	<b>Subtotal Personal Services and ERE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Professional & Outside Services	-	-	-	-
	Travel In-State	-	-	-	-
	Travel Out-Of-State	-	-	-	-
	Other Operating Expenditures	-	-	-	-
	Non-Capital Equipment	-	-	-	-
	Transfers-Out	41.6	41.6	-	41.6
	<b>Expenditure Categories Total:</b>	<b>41.6</b>	<b>41.6</b>	<b>-</b>	<b>41.6</b>

## Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
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<b>Fund:</b>	<b>RE3119 Real Estate Recovery Fund (Non-Appropriated)</b>
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		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b>					
REA-1-0	Licensing and Regulation	6.2	6.2	-	6.2
	<b>Real Estate Recovery Fund (Non-Appropriated)</b>	<b>6.2</b>	<b>6.2</b>	<b>-</b>	<b>6.2</b>
	<b>Summary Total:</b>				
<b>Expenditure Categories</b>					
	FTE	-	-	-	-
	Personal Services	-	-	-	-
	Employee Related Expenditures	-	-	-	-
	<b>Subtotal Personal Services and ERE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Professional & Outside Services	-	-	-	-
	Travel In-State	-	-	-	-
	Travel Out-Of-State	-	-	-	-
	Other Operating Expenditures	6.2	6.2	-	6.2
	Non-Capital Equipment	-	-	-	-
	Transfers-Out	-	-	-	-
	<b>Expenditure Categories Total:</b>	<b>6.2</b>	<b>6.2</b>	<b>-</b>	<b>6.2</b>



## Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
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<b>Fund:</b>	<b>RE4011 Real Estate Education Revolving Fund (Non-Appropriated)</b>
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		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b>					
REA-1-0	Licensing and Regulation	2.6	29.2	-	29.2
	<b>Real Estate Education Revolving Fund (Non-Appropriated) Summary Total:</b>	<b>2.6</b>	<b>29.2</b>	<b>-</b>	<b>29.2</b>
	<b>Expenditure Categories</b>				
	FTE	-	-	-	-
	Personal Services	-	-	-	-
	Employee Related Expenditures	-	-	-	-
	<b>Subtotal Personal Services and ERE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Professional & Outside Services	0.9	25.0	-	25.0
	Travel In-State	-	-	-	-
	Travel Out-Of-State	-	-	-	-
	Other Operating Expenditures	2.2	2.2	-	2.2
	Non-Capital Equipment	-	-	-	-
	Transfers-Out	(0.5)	2.0	-	2.0
	<b>Expenditure Categories Total:</b>	<b>2.6</b>	<b>29.2</b>	<b>-</b>	<b>29.2</b>

## Program Budget Unit Summary of Expenditure and Budget Request for All Funds

**Agency:** Department of Real Estate

	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b> REA-1-0 Licensing and Regulation				

### Expenditure Categories

FTE	25.0	37.0	-	37.0
Personal Services	1,540.0	1,782.2	555.0	2,337.2
Employee Related Expenditures	564.4	712.9	276.1	989.0
<b>Subtotal Personal Services and ERE</b>	<b>2,104.4</b>	<b>2,495.1</b>	<b>831.1</b>	<b>3,326.2</b>
Professional & Outside Services	92.8	235.0	400.0	635.0
Travel In-State	12.7	10.0	-	10.0
Travel Out-Of-State	2.2	30.0	-	30.0
Other Operating Expenditures	343.8	343.4	-	343.4
Non-Capital Equipment	15.8	75.0	-	75.0
Transfers-Out	42.2	86.5	-	86.5
<b>Expenditure Categories Total:</b>	<b>2,613.8</b>	<b>3,275.0</b>	<b>1,231.1</b>	<b>4,506.1</b>

### Fund Source

#### Appropriated Funds

General Fund (Appropriated)	2,563.4	3,198.0	1,231.1	4,429.1
Condo and Planned Community Hearing Office Fund (Appropriated)	-	-	-	-
<b>Appropriated Funds Total:</b>	<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>

#### Non-Appropriated Funds

General Fund (Non-Appropriated)	(0.0)	-	-	-
Condo and Planned Community Hearing Office Fund (Non-Appropriated)	41.6	41.6	-	41.6
Real Estate Recovery Fund (Non-Appropriated)	6.2	6.2	-	6.2
Real Estate Education Revolving Fund (Non-Appropriated)	2.6	29.2	-	29.2
<b>Non-Appropriated Funds Total:</b>	<b>50.4</b>	<b>77.0</b>	<b>-</b>	<b>77.0</b>
<b>Licensing and Regulation Total:</b>	<b>2,613.8</b>	<b>3,275.0</b>	<b>1,231.1</b>	<b>4,506.1</b>

**Sub Program:** REA-1-1 Licensing and Regulation

### Expenditure Categories

FTE	25.0	37.0	-	37.0
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## Program Budget Unit Summary of Expenditure and Budget Request for All Funds

**Agency:** Department of Real Estate

	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program: REA-1-0 Licensing and Regulation</b>				
<b>Sub Program: REA-1-1 Licensing and Regulation</b>				
Personal Services	1,540.0	1,782.2	555.0	2,337.2
Employee Related Expenditures	564.4	712.9	276.1	989.0
<b>Subtotal Personal Services and ERE</b>	<b>2,104.4</b>	<b>2,495.1</b>	<b>831.1</b>	<b>3,326.2</b>
Professional & Outside Services	92.8	235.0	400.0	635.0
Travel In-State	12.7	10.0	-	10.0
Travel Out-Of-State	2.2	30.0	-	30.0
Other Operating Expenditures	343.8	343.4	-	343.4
Non-Capital Equipment	15.8	75.0	-	75.0
Transfers-Out	42.2	86.5	-	86.5
<b>Expenditure Categories Total:</b>	<b>2,613.8</b>	<b>3,275.0</b>	<b>1,231.1</b>	<b>4,506.1</b>
<b>Fund Source</b>				
<b>Appropriated Funds</b>				
General Fund (Appropriated)	2,563.4	3,198.0	1,231.1	4,429.1
Condo and Planned Community Hearing Office Fund (Appropriated)	-	-	-	-
<b>Appropriated Funds Total:</b>	<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>
<b>Non-Appropriated Funds</b>				
General Fund (Non-Appropriated)	(0.0)	-	-	-
Condo and Planned Community Hearing Office Fund (Non-Appropriated)	41.6	41.6	-	41.6
Real Estate Recovery Fund (Non- Appropriated)	6.2	6.2	-	6.2
Real Estate Education Revolving Fund (Non- Appropriated)	2.6	29.2	-	29.2
<b>Non-Appropriated Funds Total:</b>	<b>50.4</b>	<b>77.0</b>	<b>-</b>	<b>77.0</b>
<b>Licensing and Regulation Total:</b>	<b>2,613.8</b>	<b>3,275.0</b>	<b>1,231.1</b>	<b>4,506.1</b>

## Program Budget Unit Summary of Expenditure and Budget Request for Selected Funds

**Agency:** Department of Real Estate

		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b>	<b>REA-1-0 Licensing and Regulation</b>				
<b>Fund:</b>	<b>AA1000 General Fund</b>				

### Appropriated

Personal Services	1,540.0	1,782.2	555.0	2,337.2
Employee Related Expenditures	564.4	712.9	276.1	989.0
<b>Subtotal Personal Services and ERE</b>	<b>2,104.4</b>	<b>2,495.1</b>	<b>831.1</b>	<b>3,326.2</b>
Professional & Outside Services	91.9	210.0	400.0	610.0
Travel In-State	12.7	10.0	-	10.0
Travel Out-Of-State	2.2	30.0	-	30.0
Other Operating Expenditures	335.4	335.0	-	335.0
Non-Capital Equipment	15.8	75.0	-	75.0
Transfers-Out	1.2	42.9	-	42.9
<b>Expenditure Categories Total:</b>	<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>

### Non-Appropriated

Personal Services	-	-	-	-
Employee Related Expenditures	(0.0)	-	-	-
<b>Subtotal Personal Services and ERE</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Professional & Outside Services	-	-	-	-
Travel In-State	(0.0)	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	-	-	-	-
Non-Capital Equipment	-	-	-	-
Transfers-Out	-	-	-	-
<b>Expenditure Categories Total:</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>General Fund Total:</b>	<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>

**Fund:** RE2537 Condo and Planned Community Hearing Office Fund

### Appropriated

Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
<b>Subtotal Personal Services and ERE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Program Budget Unit Summary of Expenditure and Budget Request for Selected Funds

**Agency:** Department of Real Estate

	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program: REA-1-0 Licensing and Regulation</b>				
<b>Fund: RE2537 Condo and Planned Community Hearing Office Fund</b>				
Professional & Outside Services	-	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	-	-	-	-
Non-Capital Equipment	-	-	-	-
Transfers-Out	-	-	-	-
<b>Expenditure Categories Total:</b>	-	-	-	-
<b>Non-Appropriated</b>				
Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
<b>Subtotal Personal Services and ERE</b>	-	-	-	-
Professional & Outside Services	-	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	-	-	-	-
Non-Capital Equipment	-	-	-	-
Transfers-Out	41.6	41.6	-	41.6
<b>Expenditure Categories Total:</b>	<b>41.6</b>	<b>41.6</b>	<b>-</b>	<b>41.6</b>
<b>Condo and Planned Community Hearing Office Fund Total:</b>	<b>41.6</b>	<b>41.6</b>	<b>-</b>	<b>41.6</b>

**Fund: RE3119 Real Estate Recovery Fund**

<b>Non-Appropriated</b>				
Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
<b>Subtotal Personal Services and ERE</b>	-	-	-	-
Professional & Outside Services	-	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	6.2	6.2	-	6.2

## Program Budget Unit Summary of Expenditure and Budget Request for Selected Funds

**Agency:** Department of Real Estate

	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b> REA-1-0 Licensing and Regulation				
<b>Fund:</b> RE3119 Real Estate Recovery Fund				
Non-Capital Equipment	-	-	-	-
Transfers-Out	-	-	-	-
<b>Expenditure Categories Total:</b>	<b>6.2</b>	<b>6.2</b>	<b>-</b>	<b>6.2</b>
<b>Real Estate Recovery Fund Total:</b>	<b>6.2</b>	<b>6.2</b>	<b>-</b>	<b>6.2</b>

**Fund:** RE4011 Real Estate Education Revolving Fund

### Non-Appropriated

Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
<b>Subtotal Personal Services and ERE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Professional & Outside Services	0.9	25.0	-	25.0
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	2.2	2.2	-	2.2
Non-Capital Equipment	-	-	-	-
Transfers-Out	(0.5)	2.0	-	2.0
<b>Expenditure Categories Total:</b>	<b>2.6</b>	<b>29.2</b>	<b>-</b>	<b>29.2</b>
<b>Real Estate Education Revolving Fund Total:</b>	<b>2.6</b>	<b>29.2</b>	<b>-</b>	<b>29.2</b>
<b>Program Total for Select Funds:</b>	<b>2,613.8</b>	<b>3,275.0</b>	<b>1,231.1</b>	<b>4,506.1</b>

**Sub Program:** REA-1-1 Licensing and Regulation

**Fund:** AA1000 General Fund

### Appropriated

Personal Services	1,540.0	1,782.2	555.0	2,337.2
Employee Related Expenditures	564.4	712.9	276.1	989.0
<b>Subtotal Personal Services and ERE</b>	<b>2,104.4</b>	<b>2,495.1</b>	<b>831.1</b>	<b>3,326.2</b>
Professional & Outside Services	91.9	210.0	400.0	610.0



## Program Budget Unit Summary of Expenditure and Budget Request for Selected Funds

**Agency:** Department of Real Estate

	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program: REA-1-0 Licensing and Regulation</b>				
<b>Sub Program: REA-1-1 Licensing and Regulation</b>				
<b>Fund: AA1000 General Fund</b>				
Travel In-State	12.7	10.0	-	10.0
Travel Out-Of-State	2.2	30.0	-	30.0
Other Operating Expenditures	335.4	335.0	-	335.0
Non-Capital Equipment	15.8	75.0	-	75.0
Transfers-Out	1.2	42.9	-	42.9
<b>Expenditure Categories Total:</b>	<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>
<b>Non-Appropriated</b>				
Personal Services	-	-	-	-
Employee Related Expenditures	(0.0)	-	-	-
<b>Subtotal Personal Services and ERE</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Professional & Outside Services	-	-	-	-
Travel In-State	(0.0)	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	-	-	-	-
Non-Capital Equipment	-	-	-	-
Transfers-Out	-	-	-	-
<b>Expenditure Categories Total:</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>General Fund Total:</b>	<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>

**Fund: RE2537 Condo and Planned Community Hearing Office Fund**

<b>Appropriated</b>				
Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
<b>Subtotal Personal Services and ERE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Professional & Outside Services	-	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	-	-	-	-

## Program Budget Unit Summary of Expenditure and Budget Request for Selected Funds

**Agency:** Department of Real Estate

	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b> REA-1-0 Licensing and Regulation				
<b>Sub Program:</b> REA-1-1 Licensing and Regulation				
<b>Fund:</b> RE2537 Condo and Planned Community Hearing Office Fund				
Non-Capital Equipment	-	-	-	-
Transfers-Out	-	-	-	-
<b>Expenditure Categories Total:</b>	-	-	-	-
<b>Non-Appropriated</b>				
Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
<b>Subtotal Personal Services and ERE</b>	-	-	-	-
Professional & Outside Services	-	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	-	-	-	-
Non-Capital Equipment	-	-	-	-
Transfers-Out	41.6	41.6	-	41.6
<b>Expenditure Categories Total:</b>	41.6	41.6	-	41.6
<b>Condo and Planned Community Hearing Office Fund Total:</b>	41.6	41.6	-	41.6

**Fund:** RE3119 Real Estate Recovery Fund

<b>Non-Appropriated</b>				
Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
<b>Subtotal Personal Services and ERE</b>	-	-	-	-
Professional & Outside Services	-	-	-	-
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	6.2	6.2	-	6.2
Non-Capital Equipment	-	-	-	-
Transfers-Out	-	-	-	-

## Program Budget Unit Summary of Expenditure and Budget Request for Selected Funds

**Agency:** Department of Real Estate

		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b>	REA-1-0 Licensing and Regulation				
<b>Sub Program:</b>	REA-1-1 Licensing and Regulation				
<b>Fund:</b>	RE3119 Real Estate Recovery Fund				

<b>Expenditure Categories Total:</b>	6.2	6.2	-	6.2
<b>Real Estate Recovery Fund Total:</b>	6.2	6.2	-	6.2

**Fund:** RE4011 Real Estate Education Revolving Fund

### Non-Appropriated

Personal Services	-	-	-	-
Employee Related Expenditures	-	-	-	-
<b>Subtotal Personal Services and ERE</b>	-	-	-	-
Professional & Outside Services	0.9	25.0	-	25.0
Travel In-State	-	-	-	-
Travel Out-Of-State	-	-	-	-
Other Operating Expenditures	2.2	2.2	-	2.2
Non-Capital Equipment	-	-	-	-
Transfers-Out	(0.5)	2.0	-	2.0
<b>Expenditure Categories Total:</b>	2.6	29.2	-	29.2
<b>Real Estate Education Revolving Fund Total:</b>	2.6	29.2	-	29.2
<b>Sub Program Total for Select Funds:</b>	2,613.8	3,275.0	1,231.1	4,506.1

## Program Summary of Expenditure and Budget Request

**Agency:** Department of Real Estate

**Program:** Licensing and Regulation

Program Summary		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
REA-1-1	Licensing and Regulation	2,613.8	3,275.0	1,231.1	4,506.1
<b>Licensing and Regulation Summary Total:</b>		<b>2,613.8</b>	<b>3,275.0</b>	<b>1,231.1</b>	<b>4,506.1</b>

Expenditure Categories		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
FTE	FTE	25.0	37.0	-	37.0
6000	Personal Services	1,540.0	1,782.2	555.0	2,337.2
6100	Employee Related Expenditures	564.4	712.9	276.1	989.0
<b>Subtotal Personal Services and ERE</b>		<b>2,104.4</b>	<b>2,495.1</b>	<b>831.1</b>	<b>3,326.2</b>
6200	Professional & Outside Services	92.8	235.0	400.0	635.0
6500	Travel In-State	12.7	10.0	-	10.0
6600	Travel Out-Of-State	2.2	30.0	-	30.0
7000	Other Operating Expenditures	343.8	343.4	-	343.4
8500	Non-Capital Equipment	15.8	75.0	-	75.0
9100	Transfers-Out	42.2	86.5	-	86.5
<b>Expenditure Categories Total:</b>		<b>2,613.8</b>	<b>3,275.0</b>	<b>1,231.1</b>	<b>4,506.1</b>

Fund Source		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Appropriated Funds</b>					
AA1000	General Fund (Appropriated)	2,563.4	3,198.0	1,231.1	4,429.1
	Condo and Planned Community Hearing	-	-	-	-
RE2537	Office Fund (Appropriated)				
<b>Appropriated Funds Total:</b>		<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>
<b>Non-Appropriated Funds</b>					
AA1000	General Fund (Non-Appropriated)	(0.0)	-	-	-
	Condo and Planned Community Hearing	41.6	41.6	-	41.6
RE2537	Office Fund (Non-Appropriated)				
	Real Estate Recovery Fund (Non-Appropriated)	6.2	6.2	-	6.2
RE3119					
	Real Estate Education Revolving Fund (Non-Appropriated)	2.6	29.2	-	29.2
RE4011					
<b>Non-Appropriated Funds Total:</b>		<b>50.4</b>	<b>77.0</b>	<b>-</b>	<b>77.0</b>
<b>Licensing and Regulation Summary Total:</b>		<b>2,613.8</b>	<b>3,275.0</b>	<b>1,231.1</b>	<b>4,506.1</b>

## Program Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
<b>Program:</b>	<b>Licensing and Regulation</b>
<b>Fund:</b>	<b>AA1000 General Fund (Appropriated)</b>

<b>Program Expenditures</b>		<b>FY 2023 Actuals</b>	<b>FY 2024 Expenditure Plan</b>	<b>FY 2025 Funding Issue</b>	<b>FY 2025 Total Request</b>
REA-1-1	Licensing and Regulation	2,563.4	3,198.0	1,231.1	4,429.1
<b>General Fund (Appropriated) Summary Total:</b>		<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>
<b>Appropriated Funding</b>					
6000	Personal Services	1,540.0	1,782.2	555.0	2,337.2
6100	Employee Related Expenditures	564.4	712.9	276.1	989.0
<b>Subtotal Personal Services and ERE</b>		<b>2,104.4</b>	<b>2,495.1</b>	<b>831.1</b>	<b>3,326.2</b>
6200	Professional & Outside Services	91.9	210.0	400.0	610.0
6500	Travel In-State	12.7	10.0	-	10.0
6600	Travel Out-Of-State	2.2	30.0	-	30.0
7000	Other Operating Expenditures	335.4	335.0	-	335.0
8500	Non-Capital Equipment	15.8	75.0	-	75.0
9100	Transfers-Out	1.2	42.9	-	42.9
<b>Expenditure Categories Total:</b>		<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>
<b>Fund AA1000 - A Total:</b>		<b>2,563.4</b>	<b>3,198.0</b>	<b>1,231.1</b>	<b>4,429.1</b>

## Program Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
<b>Program:</b>	<b>Licensing and Regulation</b>
<b>Fund:</b>	<b>AA1000 General Fund (Non-Appropriated)</b>

<b>Program Expenditures</b>		<b>FY 2023 Actuals</b>	<b>FY 2024 Expenditure Plan</b>	<b>FY 2025 Funding Issue</b>	<b>FY 2025 Total Request</b>
REA-1-1	Licensing and Regulation	(0.0)	-	-	-
<b>General Fund (Non-Appropriated) Summary Total:</b>		<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-Appropriated Funding</b>					
6000	Personal Services	-	-	-	-
6100	Employee Related Expenditures	(0.0)	-	-	-
<b>Subtotal Personal Services and ERE</b>		<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
6200	Professional & Outside Services	-	-	-	-
6500	Travel In-State	(0.0)	-	-	-
6600	Travel Out-Of-State	-	-	-	-
7000	Other Operating Expenditures	-	-	-	-
8500	Non-Capital Equipment	-	-	-	-
9100	Transfers-Out	-	-	-	-
<b>Expenditure Categories Total:</b>		<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund AA1000 - N Total:</b>		<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Program Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
<b>Program:</b>	<b>Licensing and Regulation</b>
<b>Fund:</b>	<b>RE2537 Condo and Planned Community Hearing Office Fund (Appropriated)</b>

<b>Program Expenditures</b>		<b>FY 2023 Actuals</b>	<b>FY 2024 Expenditure Plan</b>	<b>FY 2025 Funding Issue</b>	<b>FY 2025 Total Request</b>
REA-1-1	Licensing and Regulation	-	-	-	-
	<b>Condo and Planned Community Hearing Office Fund (Appropriated) Summary Total:</b>	-	-	-	-
<b>Appropriated Funding</b>					
6000	Personal Services	-	-	-	-
6100	Employee Related Expenditures	-	-	-	-
	<b>Subtotal Personal Services and ERE</b>	-	-	-	-
6200	Professional & Outside Services	-	-	-	-
6500	Travel In-State	-	-	-	-
6600	Travel Out-Of-State	-	-	-	-
7000	Other Operating Expenditures	-	-	-	-
8500	Non-Capital Equipment	-	-	-	-
9100	Transfers-Out	-	-	-	-
	<b>Expenditure Categories Total:</b>	-	-	-	-
	<b>Fund RE2537 - A Total:</b>	-	-	-	-

## Program Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
<b>Program:</b>	<b>Licensing and Regulation</b>
<b>Fund:</b>	<b>RE2537 Condo and Planned Community Hearing Office Fund (Non-Appropriated)</b>

<b>Program Expenditures</b>		<b>FY 2023 Actuals</b>	<b>FY 2024 Expenditure Plan</b>	<b>FY 2025 Funding Issue</b>	<b>FY 2025 Total Request</b>
REA-1-1	Licensing and Regulation	41.6	41.6	-	41.6
<b>Condo and Planned Community Hearing Office Fund (Non-Appropriated) Summary Total:</b>		<b>41.6</b>	<b>41.6</b>	<b>-</b>	<b>41.6</b>
<b>Non-Appropriated Funding</b>					
6000	Personal Services	-	-	-	-
6100	Employee Related Expenditures	-	-	-	-
<b>Subtotal Personal Services and ERE</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6200	Professional & Outside Services	-	-	-	-
6500	Travel In-State	-	-	-	-
6600	Travel Out-Of-State	-	-	-	-
7000	Other Operating Expenditures	-	-	-	-
8500	Non-Capital Equipment	-	-	-	-
9100	Transfers-Out	41.6	41.6	-	41.6
<b>Expenditure Categories Total:</b>		<b>41.6</b>	<b>41.6</b>	<b>-</b>	<b>41.6</b>
<b>Fund RE2537 - N Total:</b>		<b>41.6</b>	<b>41.6</b>	<b>-</b>	<b>41.6</b>

## Program Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
<b>Program:</b>	<b>Licensing and Regulation</b>
<b>Fund:</b>	<b>RE3119 Real Estate Recovery Fund (Non-Appropriated)</b>

<b>Program Expenditures</b>		<b>FY 2023 Actuals</b>	<b>FY 2024 Expenditure Plan</b>	<b>FY 2025 Funding Issue</b>	<b>FY 2025 Total Request</b>
REA-1-1	Licensing and Regulation	6.2	6.2	-	6.2
	<b>Real Estate Recovery Fund (Non-Appropriated)</b>	<b>6.2</b>	<b>6.2</b>	<b>-</b>	<b>6.2</b>
	<b>Summary Total:</b>				
<b>Non-Appropriated Funding</b>					
6000	Personal Services	-	-	-	-
6100	Employee Related Expenditures	-	-	-	-
	<b>Subtotal Personal Services and ERE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6200	Professional & Outside Services	-	-	-	-
6500	Travel In-State	-	-	-	-
6600	Travel Out-Of-State	-	-	-	-
7000	Other Operating Expenditures	6.2	6.2	-	6.2
8500	Non-Capital Equipment	-	-	-	-
9100	Transfers-Out	-	-	-	-
	<b>Expenditure Categories Total:</b>	<b>6.2</b>	<b>6.2</b>	<b>-</b>	<b>6.2</b>
	<b>Fund RE3119 - N Total:</b>	<b>6.2</b>	<b>6.2</b>	<b>-</b>	<b>6.2</b>

## Program Summary of Expenditure and Budget Request for Selected Funds

<b>Agency:</b>	<b>Department of Real Estate</b>
<b>Program:</b>	<b>Licensing and Regulation</b>
<b>Fund:</b>	<b>RE4011 Real Estate Education Revolving Fund (Non-Appropriated)</b>

<b>Program Expenditures</b>		<b>FY 2023 Actuals</b>	<b>FY 2024 Expenditure Plan</b>	<b>FY 2025 Funding Issue</b>	<b>FY 2025 Total Request</b>
REA-1-1	Licensing and Regulation	2.6	29.2	-	29.2
	<b>Real Estate Education Revolving Fund (Non-Appropriated) Summary Total:</b>	<b>2.6</b>	<b>29.2</b>	<b>-</b>	<b>29.2</b>
<b>Non-Appropriated Funding</b>					
6000	Personal Services	-	-	-	-
6100	Employee Related Expenditures	-	-	-	-
	<b>Subtotal Personal Services and ERE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6200	Professional & Outside Services	0.9	25.0	-	25.0
6500	Travel In-State	-	-	-	-
6600	Travel Out-Of-State	-	-	-	-
7000	Other Operating Expenditures	2.2	2.2	-	2.2
8500	Non-Capital Equipment	-	-	-	-
9100	Transfers-Out	(0.5)	2.0	-	2.0
	<b>Expenditure Categories Total:</b>	<b>2.6</b>	<b>29.2</b>	<b>-</b>	<b>29.2</b>
	<b>Fund RE4011 - N Total:</b>	<b>2.6</b>	<b>29.2</b>	<b>-</b>	<b>29.2</b>
	<b>Licensing and Regulation Total:</b>	<b>2,613.8</b>	<b>3,275.0</b>	<b>1,231.1</b>	<b>4,506.1</b>

## Program Expenditure Schedule

<b>Agency:</b>	<b>Department of Real Estate</b>
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		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program: REA-1-0 Licensing and Regulation</b>					
<b>FTE</b>					
FTE		25.0	37.0	-	37.0
<b>Expenditure Category Total:</b>		-	-	-	-
<b>Fund Source</b>					
<b>Appropriated Funds</b>					
AA1000	General Fund (Appropriated)	25.0	37.0	-	37.0
<b>Appropriated Funds Total:</b>		25.0	37.0	-	37.0
<b>Fund Source Total:</b>		25.0	37.0	-	37.0
<b>Personal Services</b>					
Personal Services		1,540.0	1,782.2	555.0	2,337.2
<b>Expenditure Category Total:</b>		1,540.0	1,782.2	555.0	2,337.2
<b>Fund Source</b>					
<b>Appropriated Funds</b>					
AA1000	General Fund (Appropriated)	1,540.0	1,782.2	555.0	2,337.2
<b>Appropriated Funds Total:</b>		1,540.0	1,782.2	555.0	2,337.2
<b>Fund Source Total:</b>		1,540.0	1,782.2	555.0	2,337.2
<b>Employee Related Expenditures</b>					
Employee Related Expenses		-	712.9	276.1	989.0
FICA Taxes		115.1	-	-	-
Medical Insurance		223.6	-	-	-
Basic Life		0.2	-	-	-
Long-Term Disability (ASRS)		1.9	-	-	-
Unemployment Compensation & Other State' Taxes		0.3	-	-	-
Dental Insurance		1.5	-	-	-
Workers' Compensation		29.4	-	-	-
Arizona State Retirement System		164.1	-	-	-
Personnel Board Pro-Rata Charges		13.2	-	-	-
Information Technology Pro Rata Charge		8.8	-	-	-
Accumulated Sick Leave Fund Charge		6.2	-	-	-
<b>Expenditure Category Total:</b>		564.4	712.9	276.1	989.0

## Program Expenditure Schedule

**Agency:** Department of Real Estate

		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program: REA-1-0 Licensing and Regulation</b>					
<b>Fund Source</b>					
<b>Appropriated Funds</b>					
AA1000	General Fund (Appropriated)	564.4	712.9	276.1	989.0
	<b>Appropriated Funds Total:</b>	<b>564.4</b>	<b>712.9</b>	<b>276.1</b>	<b>989.0</b>
<b>Non-Appropriated Funds</b>					
AA1000	General Fund (Non-Appropriated)	(0.0)	-	-	-
	<b>Non-Appropriated Funds Total:</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Fund Source Total:</b>	<b>564.4</b>	<b>712.9</b>	<b>276.1</b>	<b>989.0</b>
<b>Professional &amp; Outside Services</b>					
	Professional and Outside Services	-	235.0	400.0	635.0
	Attorney General Legal Services	91.7	-	-	-
	External Legal Services	0.1	-	-	-
	Education & Training	0.1	-	-	-
	Other Professional & Outside Services	0.9	-	-	-
	<b>Expenditure Category Total:</b>	<b>92.8</b>	<b>235.0</b>	<b>400.0</b>	<b>635.0</b>
<b>Fund Source</b>					
<b>Appropriated Funds</b>					
AA1000	General Fund (Appropriated)	91.9	210.0	400.0	610.0
	<b>Appropriated Funds Total:</b>	<b>91.9</b>	<b>210.0</b>	<b>400.0</b>	<b>610.0</b>
<b>Non-Appropriated Funds</b>					
RE4011	Real Estate Education Revolving Fund (Non-Appropriated)	0.9	25.0	-	25.0
	<b>Non-Appropriated Funds Total:</b>	<b>0.9</b>	<b>25.0</b>	<b>-</b>	<b>25.0</b>
	<b>Fund Source Total:</b>	<b>92.8</b>	<b>235.0</b>	<b>400.0</b>	<b>635.0</b>
<b>Travel In-State</b>					
	Travel In-State	-	10.0	-	10.0
	Mileage - Private Vehicle	0.1	-	-	-
	Motor Pool Charges	12.1	-	-	-
	Lodging	0.3	-	-	-
	Meals with Overnight Stay	0.1	-	-	-
	Meals without Overnight Stay	0.0	-	-	-
	Other Miscellaneous In- State Travel	0.0	-	-	-

## Program Expenditure Schedule

**Agency:** Department of Real Estate

		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program: REA-1-0 Licensing and Regulation</b>					
<b>Expenditure Category Total:</b>		<b>12.7</b>	<b>10.0</b>	<b>-</b>	<b>10.0</b>
<b>Fund Source</b>					
<b>Appropriated Funds</b>					
AA1000	General Fund (Appropriated)	12.7	10.0	-	10.0
<b>Appropriated Funds Total:</b>		<b>12.7</b>	<b>10.0</b>	<b>-</b>	<b>10.0</b>
<b>Non-Appropriated Funds</b>					
AA1000	General Fund (Non-Appropriated)	(0.0)	-	-	-
<b>Non-Appropriated Funds Total:</b>		<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Source Total:</b>		<b>12.7</b>	<b>10.0</b>	<b>-</b>	<b>10.0</b>
<b>Travel Out-Of-State</b>					
	Travel Out of State	-	30.0	-	30.0
	Airfare and Other Common Carrier Charges	1.0	-	-	-
	Car Rental Out-of-State	0.2	-	-	-
	Lodging Out-of-State	0.9	-	-	-
	Meals with Overnight Stay	0.1	-	-	-
	Meals without Overnight Stay	0.1	-	-	-
<b>Expenditure Category Total:</b>		<b>2.2</b>	<b>30.0</b>	<b>-</b>	<b>30.0</b>
<b>Fund Source</b>					
<b>Appropriated Funds</b>					
AA1000	General Fund (Appropriated)	2.2	30.0	-	30.0
<b>Appropriated Funds Total:</b>		<b>2.2</b>	<b>30.0</b>	<b>-</b>	<b>30.0</b>
<b>Fund Source Total:</b>		<b>2.2</b>	<b>30.0</b>	<b>-</b>	<b>30.0</b>
<b>Other Operating Expenditures</b>					
	Other Operating Expenses	-	343.4	-	343.4
	Risk Management Charges to State Agencies	15.1	-	-	-
	External Programming and System Development Costs	15.2	-	-	-
	Other External Computer Processing, Hosting, Maintenance and Support Costs	44.2	-	-	-
	Charges Imposed Related to AFIS.	3.4	-	-	-
	External Telecommunications Charges	36.7	-	-	-



## Program Expenditure Schedule

**Agency:** Department of Real Estate

		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program: REA-1-0 Licensing and Regulation</b>					
Certificate of Participation (COP) Building Rent Charges to State Agencies		195.4	-	-	-
Miscellaneous Rent		2.7	-	-	-
Other Internal Services		0.3	-	-	-
Repair & Maintenance - Other Equipment		3.3	-	-	-
Software Support, Maintenance Short-term Licensing		7.5	-	-	-
Office Supplies		2.0	-	-	-
Computer Supplies		0.0	-	-	-
Conference Registration / Attendance Fees		0.9	-	-	-
Internal Printing		3.0	-	-	-
Photography		0.5	-	-	-
Postage & Delivery		2.1	-	-	-
Document Shredding and Destruction Services		0.6	-	-	-
Translation and sign language services		0.2	-	-	-
Dues		2.8	-	-	-
Books, Subscriptions & Publications		1.5	-	-	-
Judgments – Damages		6.2	-	-	-
Other Miscellaneous Operating		0.1	-	-	-
<b>Expenditure Category Total:</b>		<b>343.8</b>	<b>343.4</b>	<b>-</b>	<b>343.4</b>
<b>Fund Source</b>					
<b>Appropriated Funds</b>					
AA1000 General Fund (Appropriated)		335.4	335.0	-	335.0
<b>Appropriated Funds Total:</b>		<b>335.4</b>	<b>335.0</b>	<b>-</b>	<b>335.0</b>
<b>Non-Appropriated Funds</b>					
RE3119 Real Estate Recovery Fund (Non- Appropriated)		6.2	6.2	-	6.2
RE4011 Real Estate Education Revolving Fund (Non-Appropriated)		2.2	2.2	-	2.2
<b>Non-Appropriated Funds Total:</b>		<b>8.4</b>	<b>8.4</b>	<b>-</b>	<b>8.4</b>
<b>Fund Source Total:</b>		<b>343.8</b>	<b>343.4</b>	<b>-</b>	<b>343.4</b>
<b>Non-Capital Equipment</b>					
Non-Capital Resources		-	75.0	-	75.0
Computer Equipment – Non- Capitalized Purchases		11.7	-	-	-

## Program Expenditure Schedule

<b>Agency:</b>	<b>Department of Real Estate</b>
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	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program: REA-1-0 Licensing and Regulation</b>				
Other Equipment - Non- Capital Purchase	4.0	-	-	-
<b>Expenditure Category Total:</b>	<b>15.8</b>	<b>75.0</b>	<b>-</b>	<b>75.0</b>

### Fund Source

#### Appropriated Funds

AA1000	General Fund (Appropriated)	15.8	75.0	-	75.0
	<b>Appropriated Funds Total:</b>	<b>15.8</b>	<b>75.0</b>	<b>-</b>	<b>75.0</b>
	<b>Fund Source Total:</b>	<b>15.8</b>	<b>75.0</b>	<b>-</b>	<b>75.0</b>

### Transfers-Out

Transfers	-	86.5	-	86.5
Transfers Out – Not Subject to Cost Allocation	42.2	-	-	-
<b>Expenditure Category Total:</b>	<b>42.2</b>	<b>86.5</b>	<b>-</b>	<b>86.5</b>

### Fund Source

#### Appropriated Funds

AA1000	General Fund (Appropriated)	1.2	42.9	-	42.9
RE2537	Condo and Planned Community Hearing Office Fund (Appropriated)	-	-	-	-
	<b>Appropriated Funds Total:</b>	<b>1.2</b>	<b>42.9</b>	<b>-</b>	<b>42.9</b>

#### Non-Appropriated Funds

RE2537	Condo and Planned Community Hearing Office Fund (Non-Appropriated)	41.6	41.6	-	41.6
RE4011	Real Estate Education Revolving Fund (Non-Appropriated)	(0.5)	2.0	-	2.0
	<b>Non-Appropriated Funds Total:</b>	<b>41.1</b>	<b>43.6</b>	<b>-</b>	<b>43.6</b>
	<b>Fund Source Total:</b>	<b>42.2</b>	<b>86.5</b>	<b>-</b>	<b>86.5</b>

### Sub Program: REA-1-1 Licensing and Regulation

### FTE

FTE	25.0	37.0	-	37.0
<b>Expenditure Category Total:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Fund Source

#### Appropriated Funds

AA1000	General Fund (Appropriated)	25.0	37.0	-	37.0
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## Program Expenditure Schedule

<b>Agency:</b>	<b>Department of Real Estate</b>
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	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b> <b>REA-1-0   Licensing and Regulation</b>				
<b>Sub Program:</b> REA-1-1   Licensing and Regulation				
Appropriated Funds Total:	25.0	37.0	-	37.0
<b>Fund Source Total:</b>	<b>25.0</b>	<b>37.0</b>	<b>-</b>	<b>37.0</b>

### Personal Services

Personal Services	1,540.0	1,782.2	555.0	2,337.2
<b>Expenditure Category Total:</b>	<b>1,540.0</b>	<b>1,782.2</b>	<b>555.0</b>	<b>2,337.2</b>

### Fund Source

#### Appropriated Funds

AA1000   General Fund (Appropriated)	1,540.0	1,782.2	555.0	2,337.2
Appropriated Funds Total:	1,540.0	1,782.2	555.0	2,337.2
<b>Fund Source Total:</b>	<b>1,540.0</b>	<b>1,782.2</b>	<b>555.0</b>	<b>2,337.2</b>

### Employee Related Expenditures

Employee Related Expenses	-	712.9	276.1	989.0
FICA Taxes	115.1	-	-	-
Medical Insurance	223.6	-	-	-
Basic Life	0.2	-	-	-
Long-Term Disability (ASRS)	1.9	-	-	-
Unemployment Compensation & Other State' Taxes	0.3	-	-	-
Dental Insurance	1.5	-	-	-
Workers' Compensation	29.4	-	-	-
Arizona State Retirement System	164.1	-	-	-
Personnel Board Pro-Rata Charges	13.2	-	-	-
Information Technology Pro Rata Charge	8.8	-	-	-
Accumulated Sick Leave Fund Charge	6.2	-	-	-
<b>Expenditure Category Total:</b>	<b>564.4</b>	<b>712.9</b>	<b>276.1</b>	<b>989.0</b>

### Fund Source

#### Appropriated Funds

AA1000   General Fund (Appropriated)	564.4	712.9	276.1	989.0
Appropriated Funds Total:	564.4	712.9	276.1	989.0

## Program Expenditure Schedule

<b>Agency:</b>	<b>Department of Real Estate</b>
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	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
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**Program: REA-1-0 Licensing and Regulation**

**Sub Program: REA-1-1 Licensing and Regulation**

**Non-Appropriated Funds**

AA1000	General Fund (Non-Appropriated)	(0.0)	-	-	-
	<b>Non-Appropriated Funds Total:</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Fund Source Total:</b>	<b>564.4</b>	<b>712.9</b>	<b>276.1</b>	<b>989.0</b>

**Professional & Outside Services**

Professional and Outside Services		-	235.0	400.0	635.0
Attorney General Legal Services		91.7	-	-	-
External Legal Services		0.1	-	-	-
Education & Training		0.1	-	-	-
Other Professional & Outside Services		0.9	-	-	-
	<b>Expenditure Category Total:</b>	<b>92.8</b>	<b>235.0</b>	<b>400.0</b>	<b>635.0</b>

**Fund Source**

**Appropriated Funds**

AA1000	General Fund (Appropriated)	91.9	210.0	400.0	610.0
	<b>Appropriated Funds Total:</b>	<b>91.9</b>	<b>210.0</b>	<b>400.0</b>	<b>610.0</b>

**Non-Appropriated Funds**

RE4011	Real Estate Education Revolving Fund (Non-Appropriated)	0.9	25.0	-	25.0
	<b>Non-Appropriated Funds Total:</b>	<b>0.9</b>	<b>25.0</b>	<b>-</b>	<b>25.0</b>
	<b>Fund Source Total:</b>	<b>92.8</b>	<b>235.0</b>	<b>400.0</b>	<b>635.0</b>

**Travel In-State**

Travel In-State		-	10.0	-	10.0
Mileage - Private Vehicle		0.1	-	-	-
Motor Pool Charges		12.1	-	-	-
Lodging		0.3	-	-	-
Meals with Overnight Stay		0.1	-	-	-
Meals without Overnight Stay		0.0	-	-	-
Other Miscellaneous In- State Travel		0.0	-	-	-
	<b>Expenditure Category Total:</b>	<b>12.7</b>	<b>10.0</b>	<b>-</b>	<b>10.0</b>

**Fund Source**

**Appropriated Funds**

## Program Expenditure Schedule

<b>Agency:</b>	<b>Department of Real Estate</b>
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		FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b>	<b>REA-1-0 Licensing and Regulation</b>				
<b>Sub Program:</b>	<b>REA-1-1 Licensing and Regulation</b>				
AA1000	General Fund (Appropriated)	12.7	10.0	-	10.0
	<b>Appropriated Funds Total:</b>	<b>12.7</b>	<b>10.0</b>	<b>-</b>	<b>10.0</b>
	<b>Non-Appropriated Funds</b>				
AA1000	General Fund (Non-Appropriated)	(0.0)	-	-	-
	<b>Non-Appropriated Funds Total:</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Fund Source Total:</b>	<b>12.7</b>	<b>10.0</b>	<b>-</b>	<b>10.0</b>

### Travel Out-Of-State

Travel Out of State	-	30.0	-	30.0
Airfare and Other Common Carrier Charges	1.0	-	-	-
Car Rental Out-of-State	0.2	-	-	-
Lodging Out-of-State	0.9	-	-	-
Meals with Overnight Stay	0.1	-	-	-
Meals without Overnight Stay	0.1	-	-	-
<b>Expenditure Category Total:</b>	<b>2.2</b>	<b>30.0</b>	<b>-</b>	<b>30.0</b>

### Fund Source

#### Appropriated Funds

AA1000	General Fund (Appropriated)	2.2	30.0	-	30.0
	<b>Appropriated Funds Total:</b>	<b>2.2</b>	<b>30.0</b>	<b>-</b>	<b>30.0</b>
	<b>Fund Source Total:</b>	<b>2.2</b>	<b>30.0</b>	<b>-</b>	<b>30.0</b>

### Other Operating Expenditures

Other Operating Expenses	-	343.4	-	343.4
Risk Management Charges to State Agencies	15.1	-	-	-
External Programming and System Development Costs	15.2	-	-	-
Other External Computer Processing, Hosting, Maintenance and Support Costs	44.2	-	-	-
Charges Imposed Related to AFIS.	3.4	-	-	-
External Telecommunications Charges	36.7	-	-	-
Certificate of Participation (COP) Building Rent Charges to State Agencies	195.4	-	-	-
Miscellaneous Rent	2.7	-	-	-

## Program Expenditure Schedule

<b>Agency:</b>	<b>Department of Real Estate</b>
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	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b> <b>REA-1-0   Licensing and Regulation</b>				
<b>Sub Program:</b> <b>REA-1-1   Licensing and Regulation</b>				

Other Internal Services	0.3	-	-	-
Repair & Maintenance - Other Equipment	3.3	-	-	-
Software Support, Maintenance Short-term Licensing	7.5	-	-	-
Office Supplies	2.0	-	-	-
Computer Supplies	0.0	-	-	-
Conference Registration / Attendance Fees	0.9	-	-	-
Internal Printing	3.0	-	-	-
Photography	0.5	-	-	-
Postage & Delivery	2.1	-	-	-
Document Shredding and Destruction Services	0.6	-	-	-
Translation and sign language services	0.2	-	-	-
Dues	2.8	-	-	-
Books, Subscriptions & Publications	1.5	-	-	-
Judgments – Damages	6.2	-	-	-
Other Miscellaneous Operating	0.1	-	-	-
<b>Expenditure Category Total:</b>	<b>343.8</b>	<b>343.4</b>	<b>-</b>	<b>343.4</b>

### Fund Source

#### Appropriated Funds

AA1000	General Fund (Appropriated)	335.4	335.0	-	335.0
	<b>Appropriated Funds Total:</b>	<b>335.4</b>	<b>335.0</b>	<b>-</b>	<b>335.0</b>

#### Non-Appropriated Funds

RE3119	Real Estate Recovery Fund (Non-Appropriated)	6.2	6.2	-	6.2
RE4011	Real Estate Education Revolving Fund (Non-Appropriated)	2.2	2.2	-	2.2
	<b>Non-Appropriated Funds Total:</b>	<b>8.4</b>	<b>8.4</b>	<b>-</b>	<b>8.4</b>
	<b>Fund Source Total:</b>	<b>343.8</b>	<b>343.4</b>	<b>-</b>	<b>343.4</b>

### Non-Capital Equipment

Non-Capital Resources	-	75.0	-	75.0
Computer Equipment – Non- Capitalized Purchases	11.7	-	-	-
Other Equipment - Non- Capital Purchase	4.0	-	-	-

## Program Expenditure Schedule

<b>Agency:</b>	<b>Department of Real Estate</b>
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	FY 2023 Actuals	FY 2024 Expenditure Plan	FY 2025 Funding Issue	FY 2025 Total Request
<b>Program:</b> <b>REA-1-0   Licensing and Regulation</b>				
<b>Sub Program:</b> <b>REA-1-1   Licensing and Regulation</b>				

<b>Expenditure Category Total:</b>	15.8	75.0	-	75.0
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### Fund Source

#### Appropriated Funds

AA1000	General Fund (Appropriated)	15.8	75.0	-	75.0
	<b>Appropriated Funds Total:</b>	15.8	75.0	-	75.0
	<b>Fund Source Total:</b>	15.8	75.0	-	75.0

### Transfers-Out

	Transfers	-	86.5	-	86.5
	Transfers Out – Not Subject to Cost Allocation	42.2	-	-	-
	<b>Expenditure Category Total:</b>	42.2	86.5	-	86.5

### Fund Source

#### Appropriated Funds

AA1000	General Fund (Appropriated)	1.2	42.9	-	42.9
RE2537	Condo and Planned Community Hearing Office Fund (Appropriated)	-	-	-	-
	<b>Appropriated Funds Total:</b>	1.2	42.9	-	42.9

#### Non-Appropriated Funds

RE2537	Condo and Planned Community Hearing Office Fund (Non-Appropriated)	41.6	41.6	-	41.6
RE4011	Real Estate Education Revolving Fund (Non-Appropriated)	(0.5)	2.0	-	2.0
	<b>Non-Appropriated Funds Total:</b>	41.1	43.6	-	43.6
	<b>Fund Source Total:</b>	42.2	86.5	-	86.5



## Program Expenditure Schedule

**Agency:** Department of Real Estate

### Administrative Costs Summary

#### FY 2025

Personal Services	479.9
ERE	192.0
All Other	-
<b>Administrative Costs Total:</b>	<b>671.9</b>

### Administrative Costs / Total Expenditure Ratio

#### Request

#### Admin %

FY 2025

4,506.1

14.9%

Issue 1 Title: **Additional Staff to Resolve Backlog, Meet Mission and Enforce Statutes**

Issue Number: #1

**Cost**

General Fund	<u>\$ 831,080</u>
<b>Total</b>	<b>\$ 831,080</b>

**Summary**

On-going. The Arizona Department of Real Estate serves as the occupational licensing and regulatory body for salespersons and brokers who represent property buyers and sellers in transactions that represents for most the largest purchases and investments in Arizonans lives.

This funding request returns the Department to prior year staffing levels to ensure it meets its mission and Arizonans are best represented in real estate transactions.

Under prior administrations, the Department of Real Estate experienced severe budget cuts. Past Commissioner Lowe informed the current Commissioner that the Department's appropriation was cut from \$4 million to \$2 million and she had no choice other than to reduce staff. The staff reductions came during the housing crisis of 2008 and the business of the Department of Real Estate had significantly slowed. While the real estate market recovered, the Department of Real Estate's budget did not reflect the change however. Budget gains were nominal – largely reflecting insurance adjustments and the salary increase in 2021 - and the resulting impact was a perpetually understaffed agency with an inability to keep up with the inflow of investigations, routine audits and compliance tracking.

Processes and procedures were pulled back to create more efficiency at the expense of quality. The Department experienced attrition, without filling of vacancies causing employees to become exhausted from cross training and additional responsibilities being assigned to them outside of their normal scope. Backlogs in and superficiality of investigations and audits resulted.

**Background**

Currently, the Department of Real Estate employs 23 and regulates over 92,000 licensees. Current staffing is: 3 in licensing, 1 in education, 2 in development services (subdivision public reports), 3 in audits, 3 investigators, 1 in disclosures, 2 in enforcement and compliance, 1 in business services and 7 managers/executives.

At the end of fiscal year 2023, the Department of Real Estate reverted back over \$600,000 to the general fund. The Department was prepared and intended to hire a business analyst to aid in migrating our

custom software solution (27 years old and written in C Sharp) to commercially-supported software. The estimated cost of the business analyst was anticipated to be near \$500,000.

Because the Department of Real Estate runs on a 95/110 budget any money unexpended at the end of the fiscal year is reverted to the General Fund. Decisions were made at the end of the last administration in order for the Department to possess the funds necessary for this critical business analyst but equally leaving the Department heavily understaffed to perform its duties. Unfortunately, the sacrifice in productivity in favor of the work of the business analyst could not be delivered in fiscal year 2023 and all the money held was reverted back to the General Fund and the Department now has a backlog of work due to being severely understaffed.

Since Commissioner Nicolson was appointed, additional staff have been added within current appropriation expenditure limits. However, it is clear that the Department of Real Estate will need additional, ongoing funding to tackle the backlog and proactively protect the public in the areas that had to be sacrificed (auditing activity and investigations) to achieve the savings necessary for the business analyst.

The current appropriation fails to provide for the funding necessary to bring on the additional staff listed below, in order of urgency.

**1. Investigators – 2 FTEs @ \$50,000 each (cross trained in auditing)**

Complaints come in faster than the Department can timely investigate. At the end of FY2023, the Department employed three investigators; two senior investigators and a subdivision investigator, and no division manager. In prior and recent fiscal years, the Department employed approximately four FTEs in the investigator roles and a division manager.

The Department recently added one full time investigator and has the ability in this year's budget to add 1 more. It is posted and will be hired as soon as possible. However, at an average rate of 38 and 48 days for the completion of an investigation over the last quarters, the current backlog is already 20 days above the prior 2-year average and exists beyond one standard deviation of the last two years .

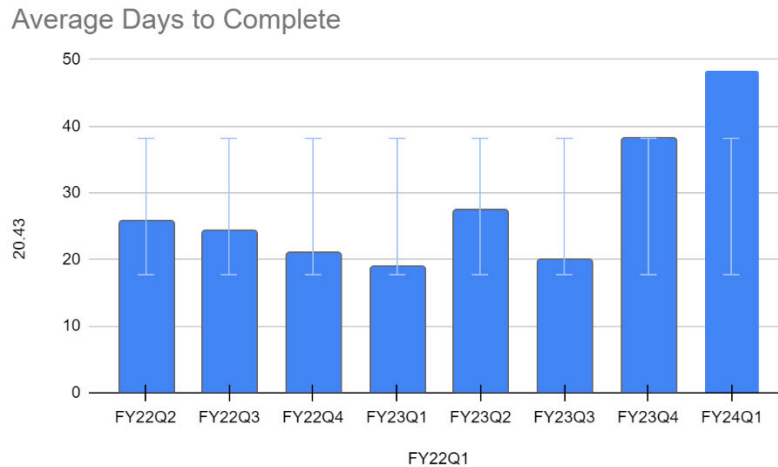


Figure 1.

Common complaints from consumers needing to be investigated are failure to disclose material facts, misrepresentation of facts or advertising, and violations of fiduciary duty, and in property management, failure to maintain trust account funds. These are serious allegations and can significantly impact consumers and complaints are required by statute to be investigated. The Department is encroaching on 2 months to complete investigations – two months the respondent and consumer need to wait for the Department to resolve issues.

Further and historically, as the Arizona real estate market becomes more competitive and tight, the Department typically observes an increase in the number of complaints. This market is no different and the Department is already tracking a slow but notable increase in the number and significance of complaints.

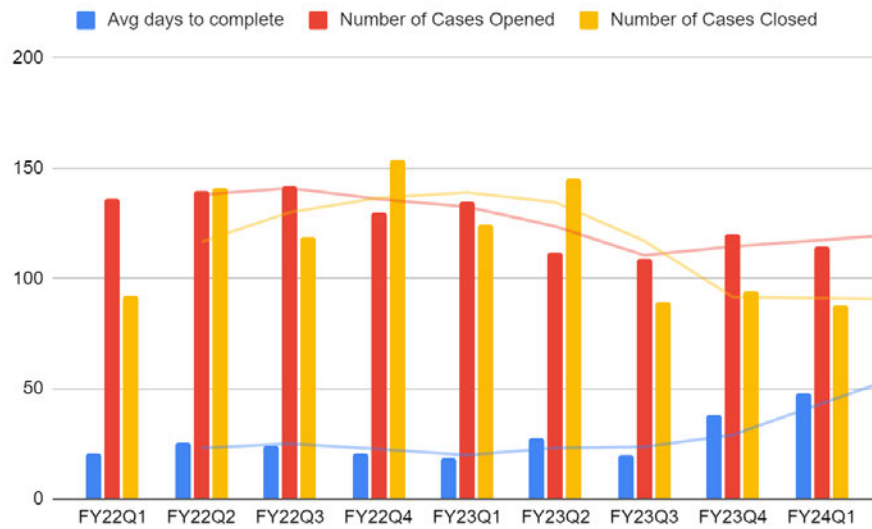


Figure 2.

Last quarter, the average rate of complaints coming into the Department was 10 per week with workloads being assigned to two investigators. Understanding the current backlog, average cases closed each week last quarter was just seven. This of course caused a backlog and with current staffing levels, the current backlog will not be cleared and timeframes to close investigations will only increase. With the exception of two quarters, this trend matches what has occurred over the last two fiscal years. This is the area where staffing is needed the most at the Department.

Current Open Investigations				
CaseNo	AssignedInvestigationsUser	CaseStatus	OpenCode	Days Since Opened ▾
<a href="#">C23-000061</a>	Biesenthal, Bret	Open	Failure to disclose judgement	195
<a href="#">C23-000090</a>	Hooper, Steven	Open	Violation of rules and regulations	179
<a href="#">C23-000138</a>	Biesenthal, Bret	Open	Subdivision, illegal	151
<a href="#">C23-000152</a>	Biesenthal, Bret	Open	Property management violation	144
<a href="#">C23-000154</a>	Hooper, Steven	Open	Breach of fiduciary duties	143
<a href="#">C23-000166</a>	Biesenthal, Bret	Open	Property management violation	136
<a href="#">C23-000202</a>	Biesenthal, Bret	Open	Advertising violation	117
<a href="#">C23-000204</a>	Biesenthal, Bret	Open	Failed to Disclose Criminal Conviction	115
<a href="#">C23-000225</a>	Biesenthal, Bret	Open	Property management violation	102
<a href="#">C23-000226</a>	Hooper, Steven	Open	Property management violation	97
<a href="#">C23-000227</a>	Biesenthal, Bret	Open	Failed to Disclose Criminal Conviction	97

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Figure 3.

CaseNo	AssignedInvestigationsUser	CaseStatus	OpenCode	Days Since Opened ▾
<a href="#">C23-000239</a>	Biesenthal, Bret	Open	Breach of fiduciary duties	91
<a href="#">C23-000250</a>	Hooper, Steven	Open	Breach of fiduciary duties	83
<a href="#">C23-000252</a>	Biesenthal, Bret	Open	Unlicensed - Licensee	82
<a href="#">C23-000257</a>	Hooper, Steven	Open	Subdivision, violation	80
<a href="#">C23-000261</a>	Biesenthal, Bret	Open	Property management violation	77
<a href="#">C23-000269</a>	Hooper, Steven	Open	Breach of fiduciary duties	75
<a href="#">C23-000268</a>	Biesenthal, Bret	Open	Failure to disclose material facts	75
<a href="#">C23-000277</a>	Biesenthal, Bret	Open	Breach of fiduciary duties	67
<a href="#">C23-000282</a>	Biesenthal, Bret	Open	Property management violation	61
<a href="#">C23-000281</a>	Hooper, Steven	Open	Unlicensed - Licensee	61
<a href="#">C23-000287</a>	Hooper, Steven	Open	Dishonest dealings	60

CaseNo	AssignedInvestigationsUser	CaseStatus	OpenCode	Days Since Opened ▾
<a href="#">C23-000285</a>	Hooper, Steven	Open	Breach of fiduciary duties	60
<a href="#">C23-000291</a>	Biesenthal, Bret	Open	Dishonest dealings	56
<a href="#">C23-000293</a>	Biesenthal, Bret	Open	Failure to disclose material facts	54
<a href="#">C23-000295</a>	Biesenthal, Bret	Open	Subdivision, violation	53
<a href="#">C23-000294</a>	Hooper, Steven	Open	Subdivision, violation	53
<a href="#">C23-000299</a>	Biesenthal, Bret	Open	Breach of fiduciary duties	49
<a href="#">C23-000302</a>	Biesenthal, Bret	Open	Violation of rules and regulations	46
<a href="#">C23-000308</a>	Hooper, Steven	Open	Failure to disclose material facts	42
<a href="#">C23-000310</a>	Hooper, Steven	Open	Property management violation	41
<a href="#">C23-000311</a>	Biesenthal, Bret	Open	Breach of fiduciary duties	40
<a href="#">C23-000312</a>	Van Fredenberg, Kathy	Open	Dishonest dealings	39

CaseNo	AssignedInvestigationsUser	CaseStatus	OpenCode	Days Since Opened ▾
C23-000316	Van Fredenberg, Kathy	Open	Breach of fiduciary duties	33
C23-000317	Van Fredenberg, Kathy	Open	Property management violation	33
C23-000318	Hooper, Steven	Open	Buyer representation	33
C23-000321	Hooper, Steven	Open	False promises	32
C23-000319	Neat, Mandy	Open	Dishonest dealings	32
C23-000323	Biesenthal, Bret	Open	Failed to Disclose Criminal Conviction	31
C23-000322	Van Fredenberg, Kathy	Open	Property management violation	31
C23-000325	King, Robin	Open	Unlicensed - Licensee	27
C23-000326	Hooper, Steven	Open	Unlicensed - Licensee	26
C23-000327	Hooper, Steven	Open	Failure to disclose material facts	26
C23-000329	Hooper, Steven	Open	Failure to disclose material facts	25

CaseNo	AssignedInvestigationsUser	CaseStatus	OpenCode	Days Since Opened ▾
C23-000330	Biesenthal, Bret	Open	Property management violation	25
C23-000331	Hooper, Steven	Open	Violation of rules and regulations	24
C23-000332	Biesenthal, Bret	Open	Violation of rules and regulations	24
C23-000333	Hooper, Steven	Open	Complaint review	24
C23-000335	Biesenthal, Bret	Open	Breach of fiduciary duties	24
C23-000339	Van Fredenberg, Kathy	Open	Breach of fiduciary duties	21
C23-000337	Van Fredenberg, Kathy	Open	Advertising violation	21
C23-000340	Van Fredenberg, Kathy	Open	Advertising violation	21
C23-000338	Van Fredenberg, Kathy	Open	Advertising violation	21
C23-000341	Van Fredenberg, Kathy	Open	Property management violation	21
C23-000336	King, Robin	Open	Violation of rules and regulations	21

Figures 4-7.

CaseNo	AssignedInvestigationsUser	CaseStatus	OpenCode	Days Since Opened ▾
C23-000343	Biesenthal, Bret	Open	Property management violation	20
C23-000342	Van Fredenberg, Kathy	Open	Advertising violation	20
C23-000344	Weekley, Catherine	Open	Unlicensed - Licensee	18
C23-000348	Biesenthal, Bret	Open	Failure to disclose material facts	14
C23-000349	Hooper, Steven	Open	Breach of fiduciary duties	14
C23-000346	Biesenthal, Bret	Open	Conviction, misdemeanor	14
C23-000347	Hooper, Steven	Open	Breach of fiduciary duties	14
C23-000353	Neat, Mandy	Open	Contract Dispute	12
C23-000356	Biesenthal, Bret	Open	Failure to disclose material facts	12
C23-000362	Van Fredenberg, Kathy	Open	Property management violation	11
C23-000358	Van Fredenberg, Kathy	Open	Breach of fiduciary duties	11

CaseNo	AssignedInvestigationsUser	CaseStatus	OpenCode	Days Since Opened ▾
C23-000357	Van Fredenberg, Kathy	Open	Advertising violation	11
C23-000361	Van Fredenberg, Kathy	Open	Property management violation	11
C23-000359	Hooper, Steven	Open	Breach of fiduciary duties	11
C23-000368	Van Fredenberg, Kathy	Open	Breach of fiduciary duties	7
C23-000365	Van Fredenberg, Kathy	Open	Landlord/Tenant Complaint	7
C23-000366	Van Fredenberg, Kathy	Open	Unethical practices	7
C23-000370	Biesenthal, Bret	Open	Failure to disclose material facts	6
C23-000369	Hooper, Steven	Open	Unlicensed Person-Entity	6
C23-000371	Van Fredenberg, Kathy	Open	Breach of fiduciary duties	6
C23-000373	Hooper, Steven	Open	Breach of fiduciary duties	5
C23-000372	King, Robin	Open	Unlicensed - Licensee	5
C23-000376	Hooper, Steven	Open	Property management violation	4
C23-000375	Van Fredenberg, Kathy	Open	Advertising violation	4
C23-000378	Van Fredenberg, Kathy	Open	Dishonest dealings	4
C23-000374	Van Fredenberg, Kathy	Open	Advertising violation	4

Figures 8-10.

**2. Development Services – 1 FTE @ \$55,000 (+ (process public reports and investigate subdivision violations))**

Development Services receives, reviews, and approves applications for public reports, which permit developers to sell or lease properties in subdivisions. There are 25 statutory requirements for developers to meet when submitting an application for a public report with one representing assured water supply. If in an Active Management Area, a developer can meet the assured water requirements with either a certificate of assured water or having written commitment from a designated provider.

The Development Services team currently consists of two employees. These two have served as the reviewers and inspectors of all public reports for the state; meaning all of the state's development. During COVID, inspections were suspended. Now the Department relies on complaints and otherwise depends on municipal or county records to verify developer promises related to infrastructure improvements are completed.

These desktop audits are limited and insufficient when considering they are ensuring water and other vital health and safety requirements promised in those public reports.

Further, in fiscal year 2024, the Development Services team will be taking over Subdivision investigations looking for violations of evading Arizona's subdivision laws. These team members represent the Department's experts in subdivision laws and work with developers daily. It only makes sense for these individuals to be leading potential wildcat subdivision allegations.

Due to the vital role these individuals play in Arizona's continued development and the safety and welfare provided to property buyers related to water and other infrastructure requirements provided for in statute, the Department must ensure we are properly staffed in this division and look to increase the team by one additional person.

**3. Auditors – 2 FTEs @ \$50,000 each (cross trained in investigations)**



Figure 11.

## Current Open Audits

CaseNo	AssignedIn...	CaseS...	OpenCode	Days Since Opene...	Audit Sch...
<a href="#">C22-000673</a>	Cohen, Alicia	Open	Audit - Onsite M...	249	0
<a href="#">C22-000717</a>	Cohen, Alicia	Open	Audit - Investig...	206	0
<a href="#">C23-000067</a>	King, Robin	Open	Audit - Onsite M...	196	0
<a href="#">C22-000718</a>	Cohen, Alicia	Open	Audit - Investig...	187	0
<a href="#">C23-000102</a>	King, Robin	Open	Audit - Onsite M...	171	0
<a href="#">C23-000072</a>	Cohen, Alicia	Open	Audit - Onsite M...	159	0
<a href="#">C23-000096</a>	Sherrill, Marcy	Open	Audit - Onsite M...	154	0
<a href="#">C23-000139</a>	Sherrill, Marcy	Open	Audit - Onsite M...	137	0
<a href="#">C23-000058</a>	Cohen, Alicia	Open	Audit - EBAR w/...	131	0
<a href="#">C23-000111</a>	Sherrill, Marcy	Open	Audit - Onsite M...	130	0
<a href="#">C23-000165</a>	Sherrill, Marcy	Open	Audit - Onsite M...	129	0

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CaseNo	AssignedIn...	CaseS...	OpenCode	Days Since Opene...	Audit Sch...
<a href="#">C23-000172</a>	Sherrill, Marcy	Open	Audit - Onsite M...	122	0
<a href="#">C23-000194</a>	King, Robin	Open	Audit - Onsite M...	122	0
<a href="#">C23-000198</a>	Sherrill, Marcy	Open	Audit - Investig...	119	0
<a href="#">C23-000170</a>	Sherrill, Marcy	Open	Audit - Onsite M...	118	0
<a href="#">C23-000171</a>	Sherrill, Marcy	Open	Audit - Onsite M...	117	0
<a href="#">C23-000173</a>	Cohen, Alicia	Open	Audit - Investig...	103	0
<a href="#">C23-000232</a>	King, Robin	Open	Audit - Onsite M...	97	0
<a href="#">C23-000231</a>	King, Robin	Open	Audit - EBAR w/...	97	0
<a href="#">C23-000190</a>	Cohen, Alicia	Open	Audit - Onsite M...	88	0
<a href="#">C23-000248</a>	King, Robin	Open	Audit - Onsite M...	83	0
<a href="#">C23-000249</a>	King, Robin	Open	Audit - Onsite M...	83	0



Figures 12-13.

<a href="#">C23-000267</a>	King, Robin	Open	Audit - Onsite M...	76	0
<a href="#">C23-000266</a>	King, Robin	Open	Audit - EBAR w/...	76	0
<a href="#">C23-000265</a>	King, Robin	Open	Audit - Onsite M...	76	0
<a href="#">C23-000210</a>	Cohen, Alicia	Open	Audit - Onsite M...	76	0
<a href="#">C23-000251</a>	Cohen, Alicia	Open	Audit - Onsite M...	62	0
<a href="#">C23-000273</a>	Cohen, Alicia	Open	Audit - Onsite M...	47	0

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Figure 14.

Being down two members of the auditing team, the backlog in auditing increased so significantly that in June the Department temporarily stopped assigning new audits until the backlog is addressed.

Audits provide a proactive measure of compliance to ensure licensees are compliant with state requirements. Investigations are largely complaint driven; a member of the public has already likely been harmed. Audits represent a middle ground where correction may very well prevent future harm and bring brokerages into statutory alignment.

When a brokerage is selected for audit, the Department understands their life and business is impacted and it is unfair to our customers to hold them in audit for undue amounts of time because the Department lacks the necessary staffing to perform the audits recommended by the auditor general.

In 2021, the Auditor General recommended changes to the Department's randomized selection of brokerages and created a risk-based audit selection process. The randomized selection process was just that; it was random and by frequency, the majority of audits selected and completed were for residential sales only. These represent largely straightforward audits with few financial reviews. Risk-based selection on the other hand requires the Department to divide types of brokerages by risk posed to the public and to then audit equal numbers of those types of brokerages. This significantly impacts operations as auditors are now selecting many more complex financial reviews of trust accounts in property management companies - who may pose the highest risk to consumers.

The change in the selection process better protects consumers as audits reveal as many harmful practices by licensees, but impacts business efficiency nonetheless and challenges hiring for those able to complete these highly complex financial audits.

The Department continues striving to improve its efficiency time in audits showing a marked improvement month-over-month in turnaround times due to process improvements. However, with an

average of 85 days to complete an audit and only 2.5 auditors performing the work at current staffing it will take us over 2 years just to complete the current backlog.

#### 4. Compliance Officers – 2 FTEs @ \$55,000 each (cross trained into HOA Mediations)

The Department's Enforcement and Compliance Officers draft consent orders and accelerated settlement agreements, review HomeOwners Association complaints for processing, write motions for the Office of Administrative Hearings, and perform compliance assurance, to include reviews of property management companies' trust accounts. These legal products are created when violations of statute or administrative code are found during investigations or audits and as a result, are directly, positively correlated to the number of audits, investigations and subdivision inspections completed.

All cases that result in violations to statutes or administrative code are forwarded to Enforcement and Compliance for review. Therefore, staffing needs in Enforcement and Compliance are directly impacted by the productivity of auditors and investigators.

This administration is dedicated to understanding processes and thinking systemically and holistically; to increase Audits and Investigations and not increase the number of compliance officers would simply result in a new backlog and failure of the process and systems at the Department.

The additional staffing in investigations, development services and auditing is necessary to protect Arizonans and Compliance Officers are the integral key to moving alleged violations of statute to the Office of Administrative Hearings.

#### 5. Education – 2 FTEs @ \$45,000 each (cross trained in education and public reports)

Conversation ID	Subject	Sender	Date Sent	Assigned To
263604	Auditing	[REDACTED]	7/26/2023 9:53:11 AM	
264830	Auditing		8/7/2023 11:49:31 AM	Alicia Cohen
264592	Auditing		8/7/2023 1:27:56 PM	Marcy Shumil
264861	Compliance Submissions		8/7/2023 1:54:05 PM	
260906	Disciplinary Actions Disclosure		8/7/2023 4:57:23 PM	Catherine Weasley
264619	Education Applications		8/7/2023 10:40:17 AM	
264197	Education Applications		8/7/2023 10:29:12 AM	Jacqueline Gunderson
264664	Education Applications		8/7/2023 2:08:22 PM	
264193	Education Applications		8/7/2023 5:19:08 AM	
264591	Education Applications		8/7/2023 5:03:31 AM	
264594	Education Applications		8/7/2023 5:38:48 AM	
264592	Education Applications		8/7/2023 5:11:27 AM	
264362	Education Applications		8/5/2023 6:53:02 AM	Jacqueline Gunderson
264484	Education Applications		8/5/2023 9:05:12 AM	
264426	Education Information		8/4/2023 1:44:01 PM	
264436	Education Information		8/7/2023 11:50:40 AM	
264679	Enforcement and Compliance		8/7/2023 1:38:06 PM	
264498	File a Complaint		8/5/2023 12:01:22 PM	
263914	File a Complaint		8/2/2023 7:01:34 AM	Kathy Van Fredenberg
264509	File a Complaint		8/5/2023 1:13:21 PM	
263940	File a Complaint		8/2/2023 5:03:50 PM	Kathy Van Fredenberg
264479	File a Complaint		8/5/2023 11:29:32 PM	
264558	File a Complaint		8/5/2023 2:04:42 PM	
257626	File a Complaint		8/1/2023 5:02:48 PM	Kathy Van Fredenberg
261730	File a Complaint		8/2/2023 1:26:53 PM	Kathy Van Fredenberg
264344	File a Complaint		8/3/2023 6:17:23 PM	
261877	Homeowner Association (HOA) Dispute Process		8/7/2023 10:01:10 AM	Don Jones
264883	Homeowner Association (HOA) Dispute Process		8/7/2023 1:55:37 PM	
264048	Investigations		8/1/2023 6:05:33 PM	Kathy Van Fredenberg
264693	Licensing Broker/Entity Applications		8/7/2023 4:43:57 PM	
264544	Licensing Broker/Entity Applications		8/6/2023 10:16:32 AM	Jacqueline Gunderson
264331	Licensing Broker/Entity Applications		8/7/2023 10:15:01 AM	Jacqueline Gunderson
264681	Licensing Broker/Entity Applications		8/7/2023 3:44:21 PM	
264675	Licensing Sales Applications		8/7/2023 3:02:57 PM	

Figure 15.

The picture above represents a typical snapshot of the Department's Message Center. To describe the figure, in Education, there are nine applications for new courses and two requests for information.

While the Department's one full time employee in the Education "division" can work through the applications received in a timely manner, this represents a single point of failure to continuity of operations and creates backlogs if there are absences due to leave.

Additionally, there is no ability to proactively monitor courses for appropriate content as provided for in statute and there exists no staffing capacity to audit continuing education certificates received for authenticity.

Adding staff in education will enable the Department to begin development and outreach of educational offerings that focus on water disclosure in real estate transactions, deed fraud and other prominent issues that arise in the real estate industry.

6. HOA Mediator – 1 FTE @ \$55,000 - cross trained as a compliance officer and dependent on results of pilot program.

The Arizona Department of Real Estate collects a fee for each petition item filed and processes these petitions to set them up for consideration by the Office of Administrative Hearings. The Department absorbs the administrative costs of this process and transmits the fee directly to OAH. Nonetheless OAH also operates at a deficit.

As a result, Interim Director Hanchet and Commissioner Nicolson collaborated to attempt to better resolve these matters before they are set for hearing; believing mediation may better serve all parties involved.

By creating an HOA Mediator position, the Department may be able to act as a neutral party to enable communication between HOAs and owners to settle disputes prior to the need for a hearing.

OAH agreed to provide training at no cost to the individual and the Department would be able to provide mediation services at a discounted rate versus the cost of hearing.

7. Admin Assist – 1 FTE @ \$45,000 to support the operation of the office, accounting and audits & investigations.

The Department currently has no administrative assistants. Any work typically performed by an administrative assistant is covered by specialists in various departments; meaning their value added time is dramatically reduced.

The Administrative Assistant would perform assumed tasks, including processing checks better meeting SAAM requirements, processing mail, and generally keeping the office organized and running smoothly.

### **Options Considered**

The Department brought in interns for the first time to try to increase value added time for all divisions. However, interns are with the Department for such a short period of time that it was not a viable solution.

The Department also fully cross trained all staff to provide coverage in all areas to enable leave – both sick and annual. Unfortunately, each area is understaffed and pulling from one area to support another simply amplifies the backlog in another section of the Department. Day-to-day the Department also redirects staff resources into an area that is critically understaffed. This strategy has forestalled failures but has not furthered the Department in meeting its mission and protecting Arizonans.

### **Why is the recommended option the best option?**

Fully staffing the Department of Real Estate would enable the agency to increase its effectiveness of protecting the public in real estate transactions. It will create a state agency where the staff is not overwhelmed with responsibilities beyond reasonable expectations outside of their stated job duties, which will result in more job satisfaction and retention.

Our stakeholders will be pleased to have more timely audits that do not interrupt their business lives for months on end and consumers with complaints will see more thorough investigations and more timely outcomes.

Arizona and statute requires compliance with various disclosures and subdivision requirements to ensure the protection of Arizona and its natural resources. The Department of Real Estate exists as a key to ensuring those protections and requirements are met.

In every possible way, the quality output of this agency will benefit from funding the Department to hire the allowable full time employees the legislature intended it to have.

### **Promoting Equitable Outcomes**

1. The importance of building and sustaining diverse teams cannot be overstated. The Department of Real Estate strives to offer customers an easy and accessible application process. Managers will use an ideal candidate profile to help mitigate implicit bias focusing on what a candidate can do rather than seeking out personality traits. Our job postings will use inclusive language with transparent and posted salary ranges. Finally, the Department will reach out and market our job postings with the National Association of Real Estate Brokers, the Women's Council of Realtors, the National Association of Hispanic Real Estate Professionals, Asian Real Estate Association, the LGBTQ+ Real Estate Alliance, Veterans Association of Real Estate Professionals and the Arizona

Realtors in addition to all other options provided through the Arizona Department of Administration.

2. When speaking with stakeholders and licensees, Commissioner Nicolson has discussed and continues to inform of the Department's need for more staffing to achieve the goals of outreach and education that will provide the knowledge licensees need to proactively run their business in compliance with the State's laws. The Commissioner also discussed and continues to explain how efficiency on audit timelines, investigative outcomes and licensing turnaround times all rely on adequate staffing. The response has been positive with licensees and stakeholders excited about the programs and projects the Department is undertaking.

### **Outcomes Supported**

Increasing the staff at the Department of Real Estate will result in more equitable post-secondary education in real estate and support a thriving economy.

Adequate staffing in audits, investigations and development services divisions helps support a thriving economy as small businesses will be held in limbo for far less time because audits, investigations, and inspections will move along at a faster pace.

By allowing the funding for the Department to have the staff necessary to rework the pre-licensing education system and test as well as increase the opportunities for licensees to become brokerage business owners by providing the outreach needed to educate those interested in the steps necessary to become a real estate brokerage owner.

The staffing increase helps us protect the public with education and enforcement of statutes with a higher level of efficiency with regard to title and deed fraud as well as wire fraud and other crimes and violations of law that occur in real estate statutes.

Finally, adequate staffing in our Development Services team keeps the cost of development down with expeditious and accurate processing of public reports – in support of affordable housing.

### **Performance Measures that will be used to evaluate the outcome**

As evidenced above or as attached, the Department's managers and executives utilize dashboard reports that tie to the efficiency of each division broken down by caseload and employees. The Department team members also use an online message center as one way members of the public and licensees can communicate with the Department. These metrics demonstrate the need for more staffing now and will also reflect the performance of these staffing gains.

## Issue 2 Title: Business Analyst for Process Improvement Engineering and Scope of Work Development for Customer Relationship Management and Online Public Platform Replacement Services

Issue Number: #2

### Cost

General Fund	<u>\$ 400,000</u>
<b>Total</b>	<b>\$ 400,000</b>

### Summary

*One-time. Funding this issue secures a contracted business analyst to improve processes, document business requirements, and draft a scope of work to solicit vendors for replacement of the Department's 27 year old, custom built customer relationship management software, online interface and communication tool. The current system was coded and built by one individual, who is now nearing the end of his state tenure; leaving the department, its 92,000 licensees, and customers vulnerable. The funding is a one-time expenditure targeted at positioning the Department to more quickly, effectively and successfully migrate to an externally, commercially supported technology solution.*

### Background

*The Department must move to commercially and externally supported technology. One senior coder in the Department – the sole IT team member – built, customized and maintains the Department's case management software, database, externally facing public platform, and communications tool. This individual presents an extreme vulnerability for the Department as a single point of catastrophic failure.*

*The Department began working with the State Procurement Office and its ADOA Assigned Engagement Manager in 2022 to develop a scope of work to secure a business analyst. The scope of work was provided to vendors on statewide contract and in early-2023, the Department received four proposals to perform the services required to move to a more stable system.*

*Due to the Department existing on a 95/110 budget model, all monies and funds unexpended return to the General Fund and of course, contracts and funding for services cannot easily bridge multiple fiscal years. Additionally, all proposals received from the scope of work expose the Department to potentially exceeding its FY2024 appropriation.*

*To mitigate the exposure caused by this single point of failure, the Department began cross training a technologically inclined team member from its licensing division to learn and become familiar with the coding.*

*Nonetheless, the Department holds that the only viable solution is to secure a professional business analyst to properly address process issues, document business requirements, and produce a scope of work capable of successfully executing an IT project of this significance to the Department and its licensees.*

### **Options Considered**

*The Department was fully prepared to bridge two fiscal years to afford the services necessary. The proposals all came in with bids at levels too high to not jeopardize the Department exceeding its spending appropriation.*

*Dividing the scope of work over multiple fiscal years exceeds the potential timeframe for the Department's IT team member to remain with the Department and develop and deploy a new IT solution.*

### **Why is the recommended option the best option?**

*Each of the proposals received provides for services being completed within three to six months. With a funding allocation to enable the Department to contract for these services, the Department can begin working on a FY2026 budget issue or begin planning an IT assessment to contract with an external vendor for development and replacement of its current IT solution. This works within the timeframe of the Department's team member's plans for retirement from State service. Enabling the Department to act with the next fiscal year's budget also provides for the documentation and recordation of business processes and current IT solution in case worst case scenarios occur within that individual's anticipated timeframe.*

### **Promoting Equitable Outcomes**

- 1. The current IT solution built and customized by the Department does not provide for assurances that it is ADA compliant and is not suited for use by underserved populations. It is not an intuitive system and if it were to fail, the Department would return to paper processing for its 92,000 licensees and the public filing complaints. The risks associated with the current system are significant; the risks of not replacing it or seeing it fail are catastrophic.*
- 2. Since Commissioner Nicolson was appointed in February 2023, the Department has collaborated extensively with the Arizona Association of Realtors, local associations and many of the small businesses regulated by Title 32, Chapter 20. The Department expressed concerns over the lack of planning with continuity of operations related to the IT system and customers are more than interested in seeing a solution put into place to ensure the risks associated with the current system and single point of failure are avoided. The alternative is simply too great a burden to Arizona's small business owners in real estate and they remain cognizant of the need.*

### **Outcomes Supported**

*Affordable and Thriving Economy.*

*As stated, the Department's current IT solution is supported by one individual who custom built and singly maintains it. That team member is nearing the end of his state service. If the system were not to be replaced prior to his departure, any failure to the system would be catastrophic to current operations and migration to a new system would be further complicated without his expertise and understanding of the current integrations of the system.*

*The Department would be forced to return to paper processing of applications, renewals, payments, complaints, and all other services currently handled online – 100% of the Department's services are currently offered online.*

*The burden placed on small businesses in real estate would be great and the Department has cut its workforce to 25 percent of its former FTEs when paper processing was required. Operations would grind to a halt.*

*The business analyst represents the first step in moving to a new commercially-supported IT solution and reduces the Department's risk of burden to its customers – thus ensuring continued operations and support of the real estate market and licensees.*

***Performance Measures that will be used to evaluate the outcome***

*The Department possesses a viable scope of work to contract-for a business analyst. With funding, the Department will put the existing scope of work out for bid, negotiate appropriate milestones and at completion of the contract receive a scope of work for its replacement customer relationship management and online public platform solution.*

**See, Proposal Offering Most Comprehensive Services - AZ DRE Process Improvement Engineering and SOW Development.pdf**





Worksheet: Cemetery Fee Schedule - FY2023											Projection Assumptions	
Fee Schedule Details												
New Licensees												Projection
Sales	5,189	5,694	6,503	6,486	6,394	4,573	6,230	5,903	5,069	5,172	5,314	Assumed 5% decrease of five year average.
Broker	408	424	460	512	570	425	441	468	498	444	449	Assumed 3% decrease of five year average.
Branch Ofc	333	369	363	378	369	309	272	303	106	248	232	Assumed five year average.
Fee Structure (Sales; Broker; Branch Office):												
In-Office Processing	\$50-\$125:\$60	\$50-\$125:\$60	\$50-\$125:\$60	\$50-\$125:\$60	\$50-\$125:\$60	\$50-\$125:\$60	\$50-\$125:\$60	\$50-\$125:\$60	\$50-\$125:\$60	\$50-\$125:\$60	\$50-\$125:\$61	
Renewals												
Sales	21,528	22,420	23,113	15,134	25,428	24,758	27,575	26,746	28,985	24,464	26,866	Assumed average of prior 2 biennial renewal at 5% decrease.
Broker	6,259	6,244	6,245	3,913	6,125	6,126	3,140	2,560	6,024	4,126	4,446	Assumed average of prior 2 biennial renewal at 3% decrease.
Branch Ofc	397	340	372	401	371	437	389	450	428	444	409	Assumed average of prior 2 biennial renewal.
Fee Structure (Sales; Broker; Branch Office):												
Online	\$75-\$175:\$50	\$75-\$175:\$60	\$75-\$175:\$60	\$75-\$175:\$60	\$65-\$150:\$60	\$65-\$150:\$60	\$60-\$125:\$60	\$60-\$125:\$60	\$60-\$125:\$60	\$60-\$125:\$60	\$60-\$125:\$60	
New Licensees												
Sales	\$ 259,450	\$ 284,727	\$ 325,150	\$ 324,300	\$ 319,700	\$ 228,650	\$ 311,500	\$ 295,150	\$ 253,450	\$ 258,578	\$ 265,686	
Broker	\$ 51,000	\$ 53,408	\$ 57,500	\$ 64,000	\$ 71,250	\$ 53,125	\$ 58,500	\$ 55,125	\$ 62,250	\$ 55,533	\$ 56,116	
Branch Ofc	\$ 19,980	\$ 22,140	\$ 21,780	\$ 22,680	\$ 22,140	\$ 18,540	\$ 16,320	\$ 18,180	\$ 6,360	\$ 14,850	\$ 13,928	
Subtotal	\$ 330,430	\$ 360,275	\$ 404,430	\$ 410,980	\$ 413,090	\$ 300,315	\$ 382,945	\$ 371,830	\$ 322,060	\$ 328,961	\$ 335,730	
Renewals												
Sales	\$ 1,625,364	\$ 1,692,710	\$ 1,744,649	\$ 1,675,365	\$ 1,668,077	\$ 1,650,698	\$ 1,672,424	\$ 1,622,145	\$ 1,757,940	\$ 1,467,864	\$ 1,611,960	
Broker	\$ 1,100,019	\$ 1,118,122	\$ 1,100,425	\$ 982,707	\$ 928,623	\$ 928,774	\$ 833,900	\$ 737,575	\$ 763,756	\$ 495,102	\$ 533,345	
Branch Ofc	\$ 19,850	\$ 20,400	\$ 22,320	\$ 24,060	\$ 22,260	\$ 26,220	\$ 23,340	\$ 27,000	\$ 25,680	\$ 26,610	\$ 24,510	
- Late Fees												
Temp Broker/Reinstatement/Cemetery License Fees												
Education Fees	\$ 35,250	\$ 37,676	\$ 15,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 670	\$ 657	\$ 643	
Development/Builder Filing Fees	\$ 215,760	\$ 221,578	\$ 229,750	\$ 242,550	\$ 253,600	\$ 255,800	\$ 282,200	\$ 294,700	\$ 267,850.00	\$ 267,850.00	\$ 267,850.00	
Development Inspection Fees	\$ 16,741	\$ 16,647	\$ 20,810	\$ 24,630	\$ 20,810	\$ 18,300	\$ -	\$ -	\$ -	\$ -	\$ -	
Vendor Examination Fees	\$ 216,474	\$ 239,160	\$ 255,972	\$ 260,560	\$ 337,500	\$ 254,000	\$ 395,500	\$ 371,900	\$ 356,231.00	\$ 371,900	\$ 371,900	
Subtotal	\$ 3,229,458	\$ 3,346,293	\$ 3,389,130	\$ 3,209,973	\$ 3,232,459	\$ 3,133,792	\$ 3,207,364	\$ 3,053,320	\$ 3,415,188	\$ 2,868,181	\$ 3,043,643	
Total License Revenue	\$ 3,559,888	\$ 3,706,568	\$ 3,793,560	\$ 3,620,853	\$ 3,645,549	\$ 3,434,107	\$ 3,590,309	\$ 3,425,150	\$ 3,737,248	\$ 3,197,142	\$ 3,379,373	Variance
% of Appropriation	119%	124%	126%	120%	125%	118%	120%	117%	117%	100%	106%	Ledger Actual 2023
Other Revenue												\$ 21,167.88
Civil Money Penalties	\$ 153,256	\$ 284,367	\$ 212,037	\$ 233,400	\$ 402,800	\$ 276,900	\$ 271,600	\$ 309,900	\$ 152,870	\$ 252,818	\$ 246,797	
Other Fees (Bank fees)	\$ -	\$ 128,725	\$ -	\$ -	\$ -	\$ -	\$ (66,500)	\$ (68,000)	\$ (60,859)	\$ (65,120)	\$ (64,659)	
Total Other Revenue	\$ 153,256	\$ 413,092	\$ 212,037	\$ 233,400	\$ 402,800	\$ 276,900	\$ 205,100	\$ 241,900	\$ 92,011	\$ 187,698	\$ 182,137	
Total Revenue	\$ 3,713,144	\$ 4,119,660	\$ 4,005,597	\$ 3,854,253	\$ 4,048,349	\$ 3,711,007	\$ 3,795,409	\$ 3,667,050	\$ 3,829,259	\$ 3,384,840	\$ 3,561,510	
Appropriation	2,988,700	2,965,200	3,004,000	3,028,000	2,911,700	2,909,500	2,997,600	2,922,100	3,198,000	3,198,000	3,198,000	
95%	2,839,265	2,835,940	2,853,800	2,876,600	2,766,115	2,764,025	2,847,720	2,775,955	3,059,950	3,059,950	3,059,950	
110%	3,287,570	3,283,720	3,304,400	3,330,800	3,202,870	3,200,450	3,297,360	3,214,310	3,543,100	3,543,100	3,543,100	
This worksheet is used to project and track fee revenue collected during the Fiscal Year pursuant to the 95/110 budget model, A.R.S. § 32-2103.												
Fees were decreased in November 2017												
Fees were decreased in September 2019												
Fees were decreased in January 2021												
Fees were decreased in February 2022												
Fees were decreased in February 2022 - Reduction for broker in office or mailed renewals and broker late online renewals												
Fees were decreased in Aug. 2023 - Renewal fees are now all the same regardless of method of renewal (in-person, mail or online)												
Fees not previously included (campground/cemetery licenses, reinstatements and temp broker license) are included (Aug. 2023)												

## Agency Summary

### Department of Real Estate

Susan Nicolson, Commissioner

Phone: 6027717769

A.R.S. §§ 32-2101 et seq.

#### Mission:

*To be the most customer service oriented, technologically innovative, and operationally efficient and effective state level real estate department in the United States.*

#### Description:

The Department oversees the administration of licensing examinations and issuance of licenses, as well as the activities of licensees to ensure compliance with the Arizona Revised Statutes and the Commissioner's Rules. Within the purview of the Department are builder/development regulation of the sale of subdivided and certain unsubdivided lands, timeshares, condominiums, membership campgrounds, and cemeteries, administration of the Homeowner's Association Dispute Process, and conducting investigations of consumer complaints, and audits of real estate brokerages.

The Department also regulates real estate schools and instructors, monitoring prelicensing and continuing education courses to ensure the quality of the content of courses and the competence of the instructors, as well as the quality and timeliness of materials being taught.

#### Agency Summary: (\$ Thousands)

Program	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
► Licensing and Regulation	2,613.8	3,275.0	4,506.1
<b>Agency Total:</b>	<b>2,613.8</b>	<b>3,275.0</b>	<b>4,506.1</b>

#### Funding:

	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
General Fund	2,563.4	3,198.0	4,429.1
Other Appropriated Funds	-	-	-
Other Non-Appropriated Funds	50.4	77.0	77.0
<b>Total Funding</b>	<b>2,613.8</b>	<b>3,275.0</b>	<b>4,506.1</b>

<b>FTE Positions</b>	<b>25.0</b>	<b>37.0</b>	<b>37.0</b>
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## 5 Year Plan

**Issue 1** Improve Education

**Description:** Collaborate with real estate school administrators and educators and implement changes to ensure real estate education is equitable, relevant and effective.

% increase in number of first time test takers passing real estate salesperson exam (46% in FY23Q4)

Binary - Offer exams in Spanish

#### Solutions:

Return Arizona's exam to the national standard offered by the Association of Real Estate License Law Officials.

Amend vendor contract to offer the exam in multiple languages.

Explore opportunities for engagement with high schools and Career Technical Education programming.

**Issue 2** Housing and Human Services

**Description:** Reinforce education and outreach and support enforcement related to opportunity to affordable housing.

Create and distribute a free pre-approved content outline for Continuing Education for real estate schools and educators on veteran loans; myths, benefits, and truth by the end of FY24Q2

**Solutions:**

Increase training on and outreach to veterans and other populations negatively impacted by discrimination based on disability or sources of income.

Train investigators to recognize and refer alleged violations of THE fair housing ACT and THE real estate settlement procedures act to appropriate federal and state partners.

Better identify property management courses for those licensees engaged in it.

**Issue 3** Resilience, Water, and the Environment

**Description:** Ensure integrity and effectiveness of the subdivision public report and its requirements

Highlight education for and communication to licensees on available resources for water disclosure to best protect the public

Create and distribute a free pre-approved content outline for Continuing Education for real estate schools and educators on Water in Arizona: Questions you should ask before purchasing or renting property by end of FY24Q2

Quarterly work with associations to provide water updates and trainings.

**Solutions:**

Serve as subject matter experts in resiliency discussions as it relates to requirements around the public report in the offering and sale of subdivision lots.

Continue to ensure current requirements around public report applications are verified and met.

Require water disclosure as part of Continuing Education for licensees

**Issue 4** Border Security, Public Safety, and Criminal Justice

**Description:** Improve access to the department, address legislative challenges to enforcement of deed fraud and educate and partner with law enforcement on potential fraudulent activity in real estate

Quarterly provide outreach on deed fraud and red flags of deed fraud.

Provide draft legislation to the Governor's Office by Sept. 15, 2023 for consideration of the 2024 Legislative Session to better protect Arizona Property Owners.

**Solutions:**

Partner with the Arizona Prosecuting Attorneys' Advisory Council, Counties, and the Attorney General's Office to create an inhospitable environment for fraud in Arizona.

Close gaps in Arizona Statute that allow for ease of access to committing deed fraud.

**Issue 5** Affordable and Thriving Economy

**Description:** Eliminate unnecessary and outdated regulation while creating a level playing field and modernizing regulations to current business models

Increase accessibility into the real estate profession by offering licensing exams in Spanish and English.

Quarterly provide outreach on improved compliance with statutory requirements.

Create videos designed to assist prospective licensees on how to obtain a license, open a real estate entity and obtain a real estate broker license

**Solutions:**

Draft and pass omnibus of Title 32, Chapter 20 to update statutes to current business models.

Secure a business analyst to complete a Scope of Work designed to identify the best commercial software for the Department of Real Estate in supporting the regulated businesses and licensees.

Translate complaint forms into Spanish and train staff on use of translation vendors.

**Resource Assumptions**

	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate
Full-Time Equivalent Positions	37.0	37.0	37.0
General Fund	4,430,000.0	4,430,000.0	4,430,000.0
Other Appropriated Funds	-	-	-
Non-Appropriated Funds	1,200,000.0	1,200,000.0	1,200,000.0
Federal Funds	-	-	-

◆ **Goal 1** Collaborate with real estate school administrators and educators and implement changes to ensure real estate education is equitable, relevant and effective.

Performance Measures	FY 2022 Actual	FY 2023 Estimate	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Increase % in number of first time test takers passing real estate salesperson exam	0%	0%	46%	48%	52%

◆ **Goal 2** Reinforce education and outreach and support enforcement related to opportunity to affordable housing.

Performance Measures	FY 2022 Actual	FY 2023 Estimate	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Create and distribute a free pre-approved content outline for Continuing Education for real estate schools and educators on veteran loans; myths, benefits, and truth by the end of FY24Q2	0	0	0	3	3

◆ **Goal 3** Ensure integrity and effectiveness of the subdivision public report and its requirements

Performance Measures	FY 2022 Actual	FY 2023 Estimate	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Create and distribute a free pre-approved content outline for Continuing Education for real estate schools and educators on Water in Arizona; Questions you should ask before purchasing or renting property by end of FY24Q2	0	0	0	3	3

- ◆ **Goal 4** Improve access to the department, address legislative challenges to enforcement of deed fraud and educate and partner with law enforcement on potential fraudulent activity in real estate

Performance Measures	FY 2022 Actual	FY 2023 Estimate	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Quarterly provide outreach on deed fraud and red flags of deed fraud.	0	0	0	4	4

- ◆ **Goal 5** Eliminate unnecessary and outdated regulation while creating a level playing field and modernizing regulations to current business models

Performance Measures	FY 2022 Actual	FY 2023 Estimate	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Quarterly provide outreach on improved compliance with statutory requirements.	0	0	0	4	4

# Agency 5 Year Plan

## REA Department of Real Estate

### Issue 1 Improve Education

**Description:** Collaborate with real estate school administrators and educators and implement changes to ensure real estate education is equitable, relevant and effective.

% increase in number of first time test takers passing real estate salesperson exam (46% in FY23Q4)

Binary - Offer exams in Spanish

#### Solutions:

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Amend vendor contract to offer the exam in multiple languages.

Explore opportunities for engagement with high schools and Career Technical Education programming.

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#### Solutions:

Increase training on and outreach to veterans and other populations negatively impacted by discrimination based on disability or sources of income.

Train investigators to recognize and refer alleged violations of THE fair housing ACT and THE real estate settlement procedures act to appropriate federal and state partners.

Better identify property management courses for those licensees engaged in it.

### Issue 3 Resilience, Water, and the Environment

**Description:** Ensure integrity and effectiveness of the subdivision public report and its requirements

Highlight education for and communication to licensees on available resources for water disclosure to best protect the public

Create and distribute a free pre-approved content outline for Continuing Education for real estate schools and educators on Water in Arizona: Questions you should ask before purchasing or renting property by end of FY24Q2

Quarterly work with associations to provide water updates and trainings.

#### Solutions:

Serve as subject matter experts in resiliency discussions as it relates to requirements around the public report in the offering and sale of subdivision lots.

Continue to ensure current requirements around public report applications are verified and met.

Require water disclosure as part of Continuing Education for licensees

### Issue 4 Border Security, Public Safety, and Criminal Justice

## Agency 5 Year Plan

**Description:** Improve access to the department, address legislative challenges to enforcement of deed fraud and educate and partner with law enforcement on potential fraudulent activity in real estate

Quarterly provide outreach on deed fraud and red flags of deed fraud.

Provide draft legislation to the Governor's Office by Sept. 15, 2023 for consideration of the 2024 Legislative Session to better protect Arizona Property Owners.

**Solutions:**

Partner with the Arizona Prosecuting Attorneys' Advisory Council, Counties, and the Attorney General's Office to create an inhospitable environment for fraud in Arizona.

Close gaps in Arizona Statute that allow for ease of access to committing deed fraud.

**Issue 5** Affordable and Thriving Economy

**Description:** Eliminate unnecessary and outdated regulation while creating a level playing field and modernizing regulations to current business models

Increase accessibility into the real estate profession by offering licensing exams in Spanish and English.

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Create videos designed to assist prospective licensees on how to obtain a license, open a real estate entity and obtain a real estate broker license

**Solutions:**

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Secure a business analyst to complete a Scope of Work designed to identify the best commercial software for the Department of Real Estate in supporting the regulated businesses and licensees.

Translate complaint forms into Spanish and train staff on use of translation vendors.

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<b>Full-Time Equivalent Positions</b>	37.0	37.0	37.0
<b>General Fund</b>	4,430,000.0	4,430,000.0	4,430,000.0
<b>Other Appropriated Funds</b>	-	-	-
<b>Non-Appropriated Funds</b>	1,200,000.0	1,200,000.0	1,200,000.0
<b>Federal Funds</b>	-	-	-