

Tuesday, January 14, 2024
10:00am to 12:00pm
Arizona Department of Real Estate
100 N. 15th Ave., Ste. 301A
Phoenix, AZ 85007

Arizona Real Estate Advisory Board Meeting Agenda

The Advisory Board Meeting will be conducted in accordance with Arizona law concerning the disclosure of conflicts of interest with regard to any matter before the Board for consideration.

- I. Call to Order – Matias Rosales, Chair
- II. Prior Meeting Minutes Available at ADRE’s YouTube Channel at:
<https://www.youtube.com/@AZDeptRE>
- III. Advisory Board Member Reports
- IV. Consideration and Approval of the Advisory Board’s Letter to the Governor, pursuant to A.R.S. § 32-2104 (F) (Addendum A)
- V. Nominations and Elections of 2024 Advisory Board Chair and Vice Chair
*Members are encouraged to attend in person in order to participate but may offer voice nominations and vote by email or verbally if unable to attend in person.
- VI. Update from the Department regarding the Advisory Board’s recommendation to have additional discussion and outreach with stakeholders, educators, and the 2018 review workgroup regarding the licensing exam.
- VII. Update on what has been done regarding the Advisory Board’s recommendation that the Department let educators know that AAR forms can be taught as long as it covers substantive terms.
- VIII. ADRE update on allegations that extension requests by licensees to respond to Department inquiries were denied or ignored.
- IX. Arizona Department of Real Estate Reports
- X. Call To The Public
- XI. Next meeting scheduled for April 30, 2024
- XII. Adjournment

Members of the Arizona Real Estate Advisory Board and members of the public may attend in person or by video or telephone conferencing. Physical access to the meeting space will be available starting at 9:30am. The following options will be available for members and public attendance. Details on the available options and associated instructions are included below:

Real Estate Advisory Board Q1

Tuesday, January 14 · 10:00am – 12:00pm
100 N. 15th Ave, Suite 301A (Third Floor), Phoenix, AZ 85007

Time zone: America/Phoenix

Google Meet joining info

Video call link: <https://meet.google.com/gnm-nqis-qyi>

****NOTE: If experiencing difficulty connecting through a virtual option if offered, please contact jknupp@azre.gov.** Members of the public do not need to have a Google account to participate in

this meeting. Members of the public that choose to use Google Meet must keep their microphone muted for the duration of the meeting. If a member of the public wishes to speak during the public comment period, they may unmute their microphone by clicking unmute or by pressing *6.

January 14, 2025

The Honorable Katie Hobbs
Governor of the State of Arizona
State of Arizona
1700 West Washington Street
Phoenix, AZ 85007

RE: Evaluation of the performance of the Real Estate Commissioner and the Real Estate Department, pursuant to A.R.S. § 32-2104 (F)

Governor Hobbs:

It is an honor to continue to serve on the Arizona Real Estate Advisory Board and in 2024, a privilege to serve as Chair of the Board. I am grateful for the opportunity you have given me and take my responsibilities in this role very seriously. Although I was provided with only one business day between when I was notified of the need to prepare this letter and the day upon which it was due, I will do my best to provide a thorough analysis.

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

Those appointed by the Real Estate Advisory Board represent and come from diverse backgrounds, geographic areas within the state, and sectors of the profession. The Advisory Board encourages stakeholder engagement on relevant topics and those stakeholders, in turn, communicate the needs of their respective communities. Members of the Advisory Board also relay public feedback and even encourage members of the public to attend Board meetings so that they can provide valuable insight from their perspective.

This has been a challenging year in which the Department of Real Estate has encountered disagreements with those individuals it is intended to serve. There is room for improvement in the Department's interaction with stakeholders and members of the public and, in 2025, I encourage the Department to prioritize improving upon these important relationships.

The Department and its stakeholders need not always agree as they have different purposes and goals. However, mutual respect is important and the current relationship seems to be one in which stakeholders feel as though they are not aligned with their regulatory body and at times even under attack. Licensees complain that the Department is not open to constructive criticism nor is it willing to listen in good faith to concerns raised by stakeholders and real estate licensees. There is concern within the industry that retaliatory actions are taken against those who speak out against the Department of Real Estate or even raise questions. The perception exists that this

is done through the initiation of audits, subpoenas, and investigations, and even includes the refusal to approve continuing education classes.

In times of economic and regulatory challenges, it is important for the Department to collaborate with key stakeholders such as the REALTORS®. However, an adversarial rapport with stakeholders currently exists and I encourage the Department to focus on improving these relationships. For example, pinned to the top of the Department of Real Estate's website is a Public Advisory that, in part, insults and defames REALTORS® and the forms they produce. The existence of this Advisory furthers the narrative that the Department is not a partner with stakeholders, but rather an intentional adversary.

One significant step that the Department can take in this regard is to ensure that it is not an obstacle in approving continuing education courses that educate real estate licensees on the various contract forms and clauses they use on a daily basis. Our last Advisory Board meeting on October 16, 2024, was attended by numerous educators who were there to express their dissatisfaction that the Department is refusing to approve their continuing education class submissions on REALTOR® forms. The Department was very defensive in its response and the divide between what the Department claims and what educators experience is significant. The Advisory Board recommended the Department reach out to educators to let them know that outlines using REALTOR® forms as illustration of substantive terms would be approved. I am not optimistic this has been done. Like other topics covered in the October meeting, the exchange between stakeholders and the Department was argumentative in nature and the Department chose to be defensive and disparaging, instead of willing to listen to the concerns that were raised. Stakeholders, members of the public, and members of the Advisory Board need to be able to speak freely and I encourage the Department of Real Estate to foster an environment that promotes open dialogue and conciliation.

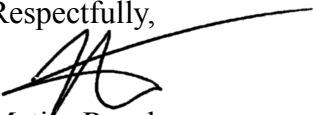
In 2024, the Department of Real Estate passed legislation that made some modernization changes to existing law to better reflect changes in technology as the previous language was out of date. The Department also completed and received approval for its Five-Year-Rule-Review. To its credit, the Department has shared their proposed rule revisions with industry stakeholders, and I hope that the Department is willing to listen to their input. Currently, there are a handful of proposed rule changes that have caused concern and are being viewed as an attack upon the industry. The language in these handful of areas proposes significant changes that goes beyond a typical Five-Year-Review. It is important for the Department to ensure that they possess appropriate authority to make their proposed rules and that they genuinely serve to benefit and protect the public, not undermine industry stakeholders. If completed, the Department's proposed amendments will be the most comprehensive updates to current rules since 2006, which again underscores the need for collaboration.

There were 83,671 total licensees at the 2024 calendar year end, an approximate 0.86 percent decrease from the previous year. New licensee applications continue to be processed in one day, with an all-time high of nearly 96 percent completed through the Online Licensing System.

The Arizona Department of Real Estate plays a critical role within our real estate industry and is charged with protecting the public interest through licensure and regulation of the real estate profession in Arizona. To accomplish this goal, the Department must be willing to listen to constructive criticism, focus on improved communication, curtail antagonistic dialog, prioritize greater transparency when dealing with licensees, and demonstrate an increased willingness to interact professionally with industry stakeholders as opposed to undermining them. Should it do so, I am hopeful that the Department of Real Estate can improve its reputation within the industry and reestablish the collaborative relationships that were enjoyed by previous Department of Real Estate Commissioners.

I applaud the work being performed by your administration and look forward to your continued success throughout 2025.

Respectfully,

A handwritten signature in black ink, appearing to be 'MR', with a long horizontal line extending to the right.

Matias Rosales
2024 Chair, Real Estate Advisory Board