

**Arizona Department of Real Estate (ADRE)
Education Advisory Committee (EAC)
Meeting Minutes**

Wednesday
September 7, 2022
10:00 a.m. – 12:00 p.m.
Arizona Department of Real Estate
Google Meet
100 North 15th Avenue, Room 307
Phoenix, Arizona 85007

Call to Order –

Commissioner Dettorre called the meeting to order at 10:05 a.m.

I. Introductions & Welcome

Members present:

- Theresa Barnabei – virtual
- Tonya Deskins
- Holly Eslinger - virtual
- Jenny Hogan-Lizarraga - virtual
- Kim Horn
- Jon Kichen
- Rachael Kish - virtual
- Brittni Matt
- Annalisa Moreno
- BethAnn Neynaber
- Patrick Sheahan- virtual
- Cheryl Terpening
- Fletcher Wilcox
- Kurt Wildermuth- virtual

Absent:

- Jeff Raskin

ADRE Representatives present:

Louis Dettorre, Commissioner
James Knupp, Deputy Commissioner (DC)
Abby Hansen, Chief of Staff (COS)
Marlee McCormick, Licensing Division Manager (LDM)
Chandni Bhakta, Legislative Liaison
Jackie Gunderson, Education Services
James Williams, Education Services

II. Commissioner Dettorre welcomed all new and returning EAC Committee members. He stated the purpose of the EAC is to provide education recommendations to the Department.

III. June 8, 2022 Meeting Minutes
Commissioner Dettorre asked for a Motion to approve the June 8, 2022 Meeting Minutes. Upon a motion by Member Horn, seconded by Member Moreno, the Minutes of the June 8, 2022 meeting were unanimously approved.

IV. ADRE Reports
Commissioner Dettorre provided a brief presentation on Department statistics and then noted a few of the most recent highlights at the Department;

- Current staff count is 25 with the recent addition of a new auditor.
- Audit issues that have been addressed recently;
 1. Office signage fails to identify the name of the broker or brokerage as licensed with the Department.
 2. Use of virtual offices – not a “definite place of business.”
 3. Licenses either not displayed or outdated.
 4. Employee records not produced or maintained.
 5. Compensation to licensees using other than their name as licensed.
 6. Broker Policies and Procedures have not been developed or are incomplete.
 7. Failure to identify the name of the employing broker in a clear and prominent manner in all advertising.
- The update to the Model Broker Policy and Procedures Manual is almost complete.

- Legislative Implementation
 1. Wholesaling
 2. Teams SPS – compensation
 3. Education forms addressing “live classroom”
- Commissioner Dettorre has completed 146 outreach events in his first year, meeting throughout the valley, White Mountains, Kingman, Prescott, Lake Havasu, Tucson, Yuma and Flagstaff, to name some.
- Commissioner Dettorre has been re-appointed to the Board of Directors of the Association of Real Estate License Law Officials (ARELLO) for 2023.
- Commissioner Dettorre recently attended the ARELLO annual conference and noted the following items that were discussed;
 1. Fair Housing- the National Association of REALTORS® (NAR) and many states are focused on Fair Housing.
 2. Virtual Offices- Illinois has removed the requirement for a real estate brokerage to maintain a physical office.
 3. FEMA Flood Insurance – There has been Federal legislation to reauthorize it.
 4. Timeshare Exit Companies – The Attorney General in North Carolina brought legislation forward to regulate timeshare exit companies.
 5. New business models – Several states mentioned that they are seeing a company offer listing agreements for 40 years. Alabama, South Carolina, and others are looking at possible legislative action to prohibit such a contract. In Saskatchewan, Canada, a listing agreement can only be for 364 days.
 6. Wholesaling- South Carolina, Oklahoma and Arizona have taken action on this topic.
 7. Commercial Real Estate – companies doing real estate activity in states where they are not licensed. Commissioner Dettorre will be attending a meeting in November with the Tucson Certified Commercial Investment Member (CCIM) Chapter to discuss the topic specifically as it relates to commercial work in Arizona.
 8. Teams – concerns regarding team names, broker supervision and members of teams working for multiple employing brokers. ADRE will be updating the Teams Substantive Policy Statement No. 2020.01 and will republish with addressing the law change.

9. Temporary Broker's license – In Arizona, it's for the purpose of winding down a business. Many states are like Arizona in that the law requires a designated broker to be in place with zero day's leeway.
10. Property Management – some states are looking at bonding and insurance requirements and additional licensing.
11. Nicknames – Nevada passed a law that allows nicknames to be used in lieu of the licensee's full name and now requires the license number to be included in advertising.
12. Administrator's roundtable –
 - Many states focused on the timeliness of complaint handling.
 - Discussion of how to work through the volume of work – calls, emails, applications etc.
 - Cryptocurrency and the Metaverse were discussed.
 - Staffing and resources concerns.
 - SMS Text message reminders used to notify licensees.
13. Awards – Arizona received the Investigator of the Year Award for an investigation completed by Bret Biesenthal.

DC Knupp gave a brief overview of bills recently passed and that will be enacted on September 24, 2022. He addressed some of the current items being addressed in the Department to reflect these changes.

- The Fee Waiver policy will be updated and communicated.
- HB2694 – an amendment inserted a definition for “live classroom course” for A.R.S. §32.2101.
- Updating forms, including;
- ED100 – Student records need to be kept for five years and the school needs to account for whether the course is online or in person.

Member Sheahan asked if it is clear on the form that this requirement is for pre licensure education. Commissioner Dettorre stated it just reiterates what the requirement is, and the form previously referenced this.

- ED101- Section 1C has been eliminated. The host remote live streaming delivery instructor development workshop (IDW) is now an elective for one of the six hour requirements within the last 24 months.

Member Kichen asked what a new instructor is required to take. DC Knupp stated they need two IDW courses in within the last 24 months. Member Hogan-Lizarraga stated she was confused, she understood the IDW continuing education (CE) renewal requirement to be 1

three hour course within each 24 month period. Member of the Public Liz Hill noted she understood the change to allow for the host remote live streaming delivery IDW is now allowed to be an elective for one of the two required three hour IDW's in an instructors four year renewal period. DC Knupp stated yes, that was correct.

Member Barnabei stated that she understood the requirement was an instructor only needed six hours (two IDW's) if teaching an IDW. Commissioner noted, related to the form changes that change can be difficult but that the change is hard and the Department is not rushing through changes, when these forms are rolled out there will be time for feedback to address concerns, and that ADRE was not adding requirements, only clarifying existing or streamlining to be consistent with statute.

- ED102- Collapsing the addendum C into addendum A.

Member Kichen stated that smart phone usage for a class is challenging as an instructor. He noted that you observe someone taking a course on a smartphone and it's very distracting as you watch them drive, wander around a store etc. DC Knupp noted that it's the Department's stance to strongly recommend following the school's direction. Commissioner Dettorre stated with the form, as presented, the school is very strongly encouraged to, and, has the ability to institute their own policy regarding what device is used to access the course.

Member Hogan-Lizarraga asked if schools would be required to resubmit all courses on the new form. Commissioner Dettorre stated only a new course submission would require the new form. Member Kichen asked if the pre licensing could be removed from this form. DC Knupp confirmed that it will be removed.

LDM McCormick provided some of the noteworthy items within the Education Division;

- September 15, 2022 Pre Licensing IDW
- Three new testing sites have opened in Show Low, Kingman and Lake Havasu City.
- Pearson Vue Industry Day will be held on November 1st.
- The School Audit Declaration will be sent out toward the end of the year.
- Follow-up to a question from the previous meeting regarding adding the ability to upload an IDW certificate. At this time the system cannot accommodate this.
- Follow-up to a question from the previous meeting regarding the need to provide hard copies of CE certificates when renewing. As this was put in place by the previous Commissioner it will need to be reviewed to determine if it will be an ongoing requirement or may be discontinued.

V. Follow-up on June 8,2022 EAC meeting discussion on CE categories

Commissioner Dettorre addressed the comprehensive list of state CE requirements created by LDM McCormick and asked if this could be discussed at the next EAC meeting once all have had an opportunity to review.

Member Kichen asked if the rulemaking moratorium was still in place. Commissioner Dettorre stated the moratorium is now permanent and in statute. Member Kichen noted that there is

confusion about what an elective/general category is and suggest eight core curriculum types and asked why the Department does not require a code of ethics course.

Member Horn asked what is required for a rule change. DC Knupp stated the Department would need to work with the Governor's office with our package of recommendations, then it would go to the Governor's Regulatory Review Council (GRRC). Member Kish asked to have the document resent as she had not received it and noted from a multifamily perspective she is very excited about this opportunity. LDM McCormick noted she would send a copy.

VI. Call to the Public

- LDM McCormick and Member Matt were both wished a Happy Birthday!
- Member of the Public Liz Hill inquired what hybrid meant on page one of Addendum A. DC Knupp noted it meant both in person and synchronous live streaming, some in the room and some online stating both may be taught at the same time. Commissioner Dettorre stated the "live classroom" definition amendment defines "live classroom" as both in person and synchronous live streaming.

VII. Next EAC Meeting Date: December 7, 2022

VIII. Adjournment 12:00

Respectfully submitted this _____ day of December 7, 2022
Education Advisory Committee

Commissioner Louis Dettorre

Members of the Education Advisory Committee will attend either in person or by telephone conferencing.