

Arizona Real Estate Advisory Board Meeting Minutes

Wednesday
January 17, 2024
1:00 p.m. – 3:00 p.m.
Arizona Department of Real Estate
Telephonically- Google Meet and In
Person
100 North 15th Avenue Suite 201
Phoenix, Arizona 85007

I. Call to Order – Charlie Bowles, Chair
Chair Bowles called the meeting to order at 1:00 p.m.

II. Introductions & Welcome

Charlie Bowles, Chair

Bill Gray

Judy Jackson

Luis Ramirez Thomas

Matias Rosales

Christine Shipley – Telephonically

Absent:

Carla Bowen

ADRE Representatives present:

Susan Nicolson, Commissioner

Jim Knupp, Deputy Commissioner (DC)

Mandy Neat, Deputy Commissioner (DC)

Abby Hansen, Chief of Staff (COS)

Marlee McCormick, Assistant Commissioner Licensing (AC)

Members of the Public present:

Katie Fear

Joe Fear

III. Approval of October 18, 2023 Meeting Minutes.

Chair Bowles asked for a Motion to approve the October 18, 2023 Meeting Minutes. Upon a motion by Member Ramirez Thomas, seconded by Member Gray, the Minutes of October 18, 2023 meeting were unanimously approved.

IV. Advisory Board Member Respective Expertise and Facilitator Reports

Member Gray stated that at his year-end meetings at Arizona State University there were discussions with respect to instructor's concerns regarding the real estate industry;

- The National Association of Real Estate lawsuit. Chair Gray indicated that there is much change going on in the real estate industry, stating that new students are not interested in joining Associations and noted a reduction in the number of licensees.
- Rumors are that the Governor's office will be sweeping the Department Recovery Fund. DC Knupp indicated that as of today, nothing supports this statement and legislative transfers, known sometimes as sweeps, are done legislatively and then signed by the Governor as a completed budget.
- Governor Newsom of California signed a bill that banned predatory listing agreements lasting longer than 24 months. DC Knupp stated that a bill is being introduced under Senator Kavanagh addressing exclusive listing agreements lasting up to 40 years.
- Continuing Education (CE) renewal course categories are obsolete and haven't changed in 25 years, stating they must be upgraded to contemporary subjects. Advisory Board members had a brief discussion on the quality and status of CE's.

V. Approval of the Advisory Board's letter to the Governor.

Member Jackson motioned to approve. Member Gray seconded.

All members in favor and Chair signed the letter.

VI. Arizona Department of Real Estate Reports

Commissioner Nicolson thanked Kim Clifton for her years of service on the Advisory Board.

Commissioner Nicolson provided a few highlights of activity at the Department;

- The ADRE budget has been approved and is the same as FY24. Commissioner Nicolson noted that there may be a possible \$60k cut. The Department needs extra funds for the Business Analyst.
- Currently there are bids under review for the Business Analyst.
- The Department will straddle FY24 and FY25 to fund the Business Analyst.
- The Department has noted an eight percent decrease in the number of licensees.

- The Department is currently in a comprehensive rule review, which will include addressing Social Media in advertising and fractional ownership.
- Commissioner Nicolson stated she would like to work with Arizona State University on tokenization and artificial intelligence.

Member Jackson asked how tokenization works. Member Gray stated an individual may have fractional interest in an LLC and receive monthly payments in a digital wallet. That individual may then transfer tokens from one property to another property. Member Gray stated this is popular for those just starting out purchasing real estate.

- It has come to the Department's attention that an email was sent to licensees offering to complete CE's on their behalf for a nominal fee.

Commissioner Nicolson stated in reaction to that email the Department is now requiring at the time of course renewal, schools must prove that they verify the student is the actual licensee.

Member Ramirez Thomas asked if there are consequences if it is found not to be the licensee. Commissioner Nicolson stated that she would pursue suspension and additional educational requirements.

Commissioner Nicolson indicated that one of the rule review changes would modify the type of quiz provided upon completion of a CE.

- The Governor's office has handed down goals for all agencies. This was recently received by the Department but it has been decided that some of the ways to meet these goals will be requiring CEs on water issues, the National Fire Protection Association's "Firewise USA" and Fair Housing when the new salesperson curriculum is pushed out and giving the schools six months to comply.

Member Gray suggested having more CE's designed for Commercial Real Estate licensees.

Member Ramirez Thomas inquired if the Department was involved in the unsheltered. Commissioner Nicolson stated "no".

Member Ramirez Thomas asked if conversion of office to residential becomes a specialty area for a licensee. DC Knupp stated "no" and indicated that the Arizona Multi-Housing Association is running a bill regarding the issue.

New homeowner information will be on the Department's website.

Member Ramirez Thomas noted that listings by out of state brokers was occurring more frequently and asked how it was enforced. Commissioner Nicolson indicated she issued a cease and desist and notified the state agency that the individual was licensed in.

Member Ramirez Thomas also inquired about wildcat developments. DC Knupp stated he would address this in his presentation.

Member Ramirez Thomas noted that with water being such a hot topic the conversation needs to be very different in the smaller counties.

DC Neat stated that she and AC McCormick have been working with the education division and the Department's testing provider Pearson Vue to update the salesperson pre-license course outline which will enable the Department to provide the Association of Real Estate License Law Officials (ARELLO) national salesperson exam, the broker exam will follow.

DC Neat stated "We are doing fantastic work holding licensees accountable" but indicated that the designated brokers were not always happy as they had not been notified at the onset of an investigation.

Member Jackson asked if there is a timeline to notify the broker. DC Neat then indicated that they do notify the designated brokers the same day or the following. Member Jackson inquired how the various state associations and Arizona Regional Multiple Listing Service (ARMLS). DC Neat stated that was a great question and will add that to the process.

DC Knupp gave a brief overview and handout of the omnibus, IT fund, and water bills.

Discussion by all members regarding the IT fund.

VII. Nomination and Elections of 2024 Advisory Board Chair and Vice Chair

Member Jackson nominated Member Rosales for Chair

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Chair Bowles confirmed with all that as previously done, the most votes becomes Chair and then the other becomes Vice-Chair.

All members submitted their votes in writing.

Member Rosales received three (3) votes Member Jackson received two (2) votes.

Motion to approve Member Gray and Chair Bowles and unanimously approved by all members.

VIII. Call to the public

Elly Whyte inquired if the affiliated business agreement can be a required CE.

- IX. Next meeting is scheduled for April 24, 2024
- X. Adjournment at 2:50
Member Ramirez Thomas recognized Chair Clifton and Vice-Chair Bowles for their contribution in 2023

Respectfully submitted this 24th day of April 2024
Real Estate Advisory Board

Matias Rosales, Chair