

Arizona Real Estate Advisory Board Meeting Minutes

Wednesday
January 23, 2019
10:00 a.m. - Noon
Arizona Department of Real Estate
Training Conference Room
100 North 15th Avenue Suite 201
Phoenix, Arizona 85007

- I. Call to Order – Karen Bohler, Chair
Chair Bohler called the meeting to order at 10:05 am.

- II. Introductions & Welcome

Members present:

Karen Bohler, Chair
Kim Clifton, Vice-Chair - telephonically
Carla Bowen
Charlie Bowles
Bill Gray
Nedra Halley
Nicole LaSlavic
Justin Rollins
D. Christopher Ward - telephonically

Absent:

Bruce Jacobs

ADRE Representatives present:

Judy Lowe, Commissioner
Louis Dettorre, Deputy Commissioner (DC)
Carla Randolph, Assistant Commissioner Licensing Services/CIO LEAN (AC)
Abby Hansen, Executive Assistant

Public Present:

Martie Barnewolt, Hallmark Properties

Scott Drucker, Arizona Association of Realtors® (AAR)

Jake Hinman, Capitol Consulting LLC

III. Approval of October 24, 2018 Meeting Minutes

Chair Bohler asked for a Motion to approve the October 24, 2018 Meeting Minutes. Upon a motion by Vice Chair Clifton, seconded by Member Gray, the Minutes of the October 24, 2018 meeting were unanimously approved.

IV. Advisory Board Member Facilitator Reports;

- Member Bowen received an email from a licensee stating that an inactive licensee still had for sale signs on a property. She suggested they file a complaint.
- Member Rollins was notified by a couple of individuals that they have concerns regarding the new Vacation Rental By Owner (VRBO) bill introduced by Senator Kavanagh that addresses the classification of investor owned property.
Member LaSlavic stated there is opposition to the bill.
- Member LaSlavic has been receiving questions regarding reciprocity that was mentioned in the Governor's State of the State address. She mentioned that a bill was coming, but did not have firm details.
- Member Gray received a call inquiring about a new policy requiring real estate schools to have all students sign a form stating "no solicitation in the classroom". He asked if that was direction from ADRE. AC Randolph stated it was likely confusion with the content of the pre license course evaluation now required by the Department.
In addition, he has received questions regarding property management and what is acceptable in place of actual checks when payments are made electronically in property management. Robin King will review and determine an acceptable form of proof for a nonexistent paper check during a Department audit.
- Chair Bohler received a question about what happens to a renter regarding VRBO rentals that are under contract with VRBO when the property is sold and closed. She told the individual that it is a contract issue. She then asked

Member of the Public Scott Drucker if there is a limit to the number of times the AAR legal hotline may be contacted. Mr. Drucker stated that there is no daily limit, but only one question is allowed per call. The call must be made by the designated broker or their designee.

- Vice Chair Clifton received a call regarding someone wanting to get out of a contract. Another call was regarding an advertising violation that she referred to the Department.

V. Election of 2019 Advisory Board Chair & Vice Chair

Member Bowen nominated Member Halley as Chair, Member Gray nominated Member Bowles as Chair.

A vote was conducted with six votes for Member Halley and three votes for Member Bowles. Member Halley will be Chair, and Member Bowles will be Vice-Chair. All were in favor of the results.

Member Bowen has been reappointed to the Advisory Board by Governor Ducey.

Chair Bohler read the 2018 ADRE evaluation letter that is submitted to Governor Ducey.

VI. Commissioner Lowe presented a few online licensing statistics for the Department.

A brief discussion occurred regarding licensing waiver requests. Commissioner Lowe stated that she reviews each waiver request based on how much education and experience the individual has. Only two waivers were granted for the 2018 year, one cemetery broker license, and one military spouse. Member LaSlavic confirmed that there is no hard and fast rule for determinations of waiver requests.

Member Halley asked how many cemetery licensees there are. AC Randolph stated she would find out, and let all know.

Commissioner Lowe provided a few Department updates;

- Commissioner Lowe has been re-elected to the Association of Real Estate License Law Officials (ARELLO) Board of Directors.
- The Department has reduced the number of non-jurisdictional complaints as a result of an Arizona Management System (AMS) breakthrough project.
- The Department is seeing an increase in applications with criminal disclosures, both felony and misdemeanors.

- The Audit department is averaging 14 on site audits a month, plus Electronic Broker Audit Review (EBAR) audits done in the ADRE office.
- The Department remains focused on education for 2019.
- The Department successfully met the legislative deadline, and rolled out the new online pre-license course approval application for online pre-license schools. The Department has 90 days to review applications when they are received. Within this process the Substantive Policy Statement (SPS) and approval application were established. New applicants will be required to have 90 hours of pre license education, and pass an in person school exam. The Department created a proctor opportunity for students in Arizona and out of state for the in person exam. New applicants will be required to take the Pearson Vue state exam which is based on the new curriculum modifications.

The exam will consist of 180 questions, and will now be one exam comprised of both state and national questions. The questions will be very relevant to the practice of real estate in Arizona.

- The Department aims to move forward with more technology improvements in 2019.
- A few of the “hot topics” noted at the most recent ARELLO Leadership meeting held in Tucson;
 1. Affordable housing
 2. Virtual offices
 3. Cyber security, noting that Title Companies and Brokerages are having their personal data hacked, both for licensees and clients
 4. Americans with Disabilities Act (ADA) compliance around websites for brokerages
 5. Commissioner Lowe is serving on a reciprocity workgroup that will prepare a white paper in the next few months.
 6. Dual agency
 7. Changing business models

DC Dettorre noted a few of the business services accomplishments for the year;

- The digitization of Department documentation is still a focus.
- The number of Homeowners Dispute Petition Process petitions received has increased from last year.
- The Department has implemented improvements to the internal licensing system (REALM II).
- Cyber Security has remained a focus.

- The new 2019 Real Estate and Homeowners Association (HOA) law books are now available.
- The third meeting of the Teams Substantive Policy Statement (SPS) workgroup will occur later this afternoon (1/23), and the group is on track to complete the SPS by the end of March.
- DC Dettorre provided a brief legislative update. The Department proposed two agency clarification bills;
 - HB2450 Real Estate Trust Accounts. This clears up the language and would remove a requirement for a Department of Financial Institutions waiver for the ADRE account name requirement.
 - Commissioner Lowe noted that if a licensee takes a copy of the ADRE statute into the bank, the bank is usually able to accommodate the request.
 - HB2451 Real Estate licensure; exemptions; would provide clarification by removing the undefined term “common interest development”. Currently there is no definition for common interest developments in statute. This is a request to remove undefined language that is causing confusion.

AC Randolph gave a brief recap of notable items in licensing, education and development services.

- Presented the licensing, education and development services statistics.
- The Department will host Volunteer Monitor orientation on March 15th.
- Conviction disclosures are up as a percentage of all new license applications.

VII. Chair Bohler asked the Board if they thought that a work group should be formed to go through the statutes, as an ongoing process, to address any statutes that could use a “simple” one sentence change that would have a “simple” rationale to justify the change.

Member LaSlavic stated rather than a work group, these should be brought to DC Dettorre’s attention as they are found. Member Bowen agreed that emailing DC Dettorre would be the appropriate action. DC Dettorre reminded all; he does not lobby at the Capitol on behalf of the Advisory Board, but rather presents information based on facts, most often from a neutral position. It was decided that the best avenue was to bring issues to the attention of an industry group or your own elected official.

VIII. Member Gray gave a presentation on “Block Chain” in Real Estate. Member Clifton noted that Title Security is using Block Chain to eliminate wire fraud.

Member Gray asked if there should be a group to keep ADRE informed of new technology.

Chair Bohler stated the conversation needs to be continued at the next meeting.

IX. Call to the public

Member of the public Barnewolt stated there is a need for more technology education for the licensee, her students constantly ask her about it.

Commissioner Lowe stated it was the first time she had seen the presentation, but it is certainly a hot topic... Chair Bohler stopped the meeting and stated it would need to be an agenda item for the next meeting.

X. Next scheduled meeting – April 24, 2019.

XI. Adjournment – 12:00 pm

Respectfully submitted this 24th day of April, 2019

Real Estate Advisory Board



Nedra Halley, Chair