

**Arizona Department of Real Estate (ADRE)  
Real Estate Advisory Board  
Minutes  
June 10, 2015**

The Real Estate Advisory Board met on Wednesday, June 10, 2015 at the Arizona Department of Real Estate (ADRE), 2910 N 44<sup>th</sup> Street, Commissioner's Conference Room, Phoenix, Arizona.

**I. Call to Order**

Chair Clifton called the meeting to order at 10:00am

**Members present:**

Kimberly Clifton, Chair  
Frank Dickens, Vice-Chair  
Charlie Bowles  
Carla Bowen  
Bill Gray  
Nedra Halley  
Kim Horn  
Scott Peterson

**Absent**

Dustin Jones  
JoAnn Sabbagh

**ADRE Representatives present:**

Judy Lowe, Commissioner  
Louis Dettorre, Assistant Commissioner Operations/Legislative Affairs  
Sarah Dobbins, Chief of Staff  
Carla Randolph, Assistant Commissioner Licensing/Education/Development Services

**Public present:**

Scott Drucker, Arizona Association of Realtors  
Nicole LaSlavic, Arizona Association of Realtors  
Eric Solheim, Commercial Real Estate Institute  
David Schmid  
Harry Eastlick  
Wes Waddle

**II. Introductions & Welcome**

### **III. Approval of April 8, 2015 Meeting Minutes**

Upon a motion by Member Bowles, seconded by Member Halley, the Minutes of the April 8, 2015 meeting were unanimously approved.

### **IV. Commissioner's Report – Judy Lowe, Commissioner**

#### **a.) Industry/ ADRE Update:**

Commissioner Lowe gave a verbal report of information received from ARELLO on current issues in the industry. The issues included foreclosures not making it to the market and investors utilizing crowd funding.

Assistant Commissioner Dettorre was asked to provide information on a piece of legislation regarding crowd funding.

Commissioner Lowe commented that in Arizona a new on-line company called 'Open Door' has opened. The company purchase homes and then lists and sells them. Since they own the properties, they may not be required to have a real estate license.

The other national issue mentioned had to do with Nation Star Mortgage targeting individual owners who have loans with Nation Star, offering to buy their home.

#### **b.) Budget:**

The Commissioner commented that the current fiscal year ends on June 30, 2015 and that ADRE is beginning to develop a budget request for the coming fiscal year '17. The budget request is due for submission by September 1, 2015. She also mentioned BREAZ, the change to the new statewide accounting system – New AFIS and that this new system will roll out on July 1, 2015.

#### **c.) Department Report:**

Commissioner Lowe provided information on the current licensing statistics and noted that ADRE is continuing to see a slow down in the attrition of licensees. The number of active licensees has increased month over month. The number of inactive licensees has decreased by.

She also commented that ADRE's most recent Quarterly Bulletin was released in May, 2015.

The Commissioner commented on the following items that ADRE is working on. Items include:

- IT Security Policy Development. It was noted that each agency has been mandated to develop and draft 17 policies regarding IT security.

- LEAN Transformation – this is a project the Governor’s Office has asked all agencies to participate in. The goal is to find efficiencies and reduce all processing times by 50%.

Assistant Commissioner of Licensing Services, Carla Randolph was asked to provide an update on what ADRE is doing with the LEAN project. She commented that ADRE’s Development Services Division is participating in the current round and also participated in the initial launch of the project which was February, 2015 through April, 2015. ADRE’s Development Services team is currently working on the Amended Timeshare application process. In the first round, the Expedited Public Report process was worked on and processing time was reduced by 50% . Assistant Commissioner Randolph showed the visual management board that staff developed as part of the LEAN transformation project and mentioned that it is now up and being utilized by Division staff.

- Commissioner Lowe noted that the Governor’s office has requested a report on electronic processing. ADRE is submitting this report.

Additionally, the Commissioner mentioned that the Governor’s office has also requested that every State agency review their Rules and provide the Governor’s office with a report. She commented that this is not a revision or an exception to rule making, it is just a report that has been requested by the Governor’s office. ADRE has put a call out to stakeholders to provide feedback.

She also noted that ADRE is working on an updated version of the law book that will reflect new legislation which is effective on July 3, 2015.

Additionally the Commissioner commented on a Ken Blanchard Situational Leadership class she recently attended for State Agency Director’s. She noted that eventually all State employees in a leadership role will attend these courses.

On a statewide level, Commissioner Lowe commented that the Department is seeing issues with subdivision violations. She also commented that the Department of Revenue (DOR) is in the process of implementing the Residential Rental Transaction Priviledge Tax. ADRE has placed a link on the website to DOR for all documents related to this.

## **V. Assistant Commissioner Updates**

### **a.) Assistant Commissioner (AC) Operations & Legislative Affairs – Louis Dettorre**

Assistant Commissioner (AC) Dettorre provided a verbal summary of the 2015 Legislative Session Overview. In his presentation he noted SB1469 General Appropriations and commented that ADRE received the same appropriation it has for the last several years and that the recovery fund was not swept.

AC Dettorre provided a verbal report on the Real Estate Recovery Fund. He commented that, in the current fiscal year, the Department received 11 complete applications, there were 5 payouts, FY15 total payouts equaled \$48,000 and at the end of May, 2015, there were five pending applications with a liability of \$63,000. He noted that due to the process with the Attorney General's office the 5 pending cases will likely carry past the end of June, 2015 and will go into FY16. At the end of May, 2015, the Real Estate Recovery Fund balance was \$935,000. Due to this, at the current time, payment into the fund is only being taken from original licensees.

Member Dickens asked how many payments were property management related. Member Halley asked what percentage were residential versus multi-family. AC Dettorre replied that all of the payouts were from residential property management related cases.

**b.) Assistant Commissioner (AC) Licensing Services – Carla Randolph**

**Development Services**

Assistant Commissioner (AC) Randolph commented that the Development Services Division held its first Learn & Lunch in April. The next event is scheduled for June 18<sup>th</sup>. Representatives from the Arizona Department of Water Resources will also be attending the June 18<sup>th</sup> lunch and will be providing a presentation.

AC Randolph mentioned that she has been invited by the Arizona Bar Association to speak on a panel regarding redevelopment and subdivision statutes.

She also noted the departure of the Administrative Assistant in the Development Services Division and announced that an existing ADRE employee was being transferred to the Division to fill the vacancy.

**Education**

AC Randolph announced that the June 9<sup>th</sup> Education Advisory Committee meeting had been canceled and was rescheduled to July 21<sup>st</sup> at 10am. She noted that the revised meeting schedule has been posted to ADRE's website.

She also noted that the Pre-licensure review committee met on April 21<sup>st</sup> and would be presenting recommendations to the Commissioner later this week. Recommendations include that the Department should establish a school final exam standard, establish detailed pre-licensure instructor standards and that the Department should not publish school performance reports until schools had a chance to improve based on the new recommendations.

AC Randolph commented that the candidate handbook was updated recently with Pearson Vue.

She noted that the Division is beginning to see more continuing education (CE) violations, where someone goes in and is taking a CE course for another individual.

**Licensing**

AC Randolph commented that DPS will be having an expedited process for finger print clearance card processing.

She also announced that there are new Customer Service Representatives in the Licensing Division and that the Division is beta-testing a new kiosk that will allow an individual to do their entire licensing process on-line at the front counter.

**VI. Advisory Board Member Facilitator Reports:**

Member Gray commented that he had two items. The first had to do with unlicensed timeshare companies doing re-sale in Arizona. The second item came up in an instructor workshop on teaching techniques. The question was - "if a class sponsor is a vendor (such as a title company) who provides a presentation during the class and the representative from that company is then given a copy of the class roster, without the knowledge of the students, is this a violation?" AC Randolph commented that there is not a statute regarding this but school administrators can have a policy stating that it should not occur.

Member Horn commented that she was contacted by Representative Gosar who suggested that she be aware of a federal act, the "Affirmatively Further Fair Housing Act". The act has to do with federal housing dollars and requires the housing to meet certain specific federal diversity guidelines. She noted that it appeared this would have an effect on federal government funding for small rural cities and municipalities.

**VII. Other Matters**

As several education related matters have come up with this body, Chair Clifton encouraged members of the Real Estate Advisory Board to attend the next Education Advisory Committee meeting which is being held on July 21, 2015.

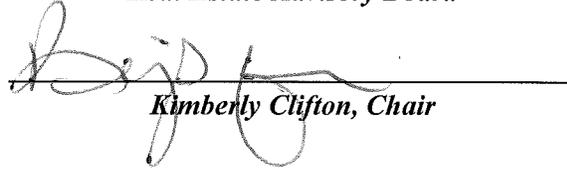
**VIII. Call to Public**

Chair Clifton asked the members of the public who were in attendance to introduce themselves.

**IX. Next Real Estate Advisory Board Meeting: August 12, 2015**

**X. Adjournment** – Chair Clifton adjourned the meeting at 11:50am

*Respectfully submitted this 12<sup>th</sup> day of August, 2015*  
*Real Estate Advisory Board*

  
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*Kimberly Clifton, Chair*