

## Arizona Real Estate Advisory Board Meeting Minutes

Wednesday

July 25, 2018

10:00 a.m. - Noon

Arizona Department of Real Estate

Commissioner's Conference Room

100 North 15<sup>th</sup> Avenue Suite 201

Phoenix, Arizona 85007

I. Call to Order – Karen Bohler, Chair

Chair Bohler called the meeting to order at 10:00am.

II. Introductions & Welcome

**Members present:**

Karen Bohler, Chair

Kim Clifton, Vice-Chair

Bill Gray

Carla Bowen

Charlie Bowles

Bruce Jacobs, telephonically

Nicole LaSlavic, telephonically

**Absent:**

Nedra Halley

Justin Rollins

D. Christopher Ward

**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:**

Lenna Bien, Designated Broker, The Agency

Scott Drucker, Arizona Association of Realtors® (AAR)

Jake Hinman, Capitol Consulting LLC

Tina Lapp, Hondros

Nate Hoelzen, Arizona School of Real Estate and Business

III. Approval of April 25, 2018 Meeting Minutes

Chair Bohler questioned the class of the felony noted in section V. of the minutes. Upon a motion by Vice-Chair Clifton and seconded by Member Bowles, it was agreed to approve the minutes with the class 5 removed. Chair Bohler asked for a Motion to approve the April 25, 2018 Meeting Minutes. Upon a motion by Member Bowen, seconded by Vice-Chair Clifton, the Minutes of the April 25, 2018 meeting were unanimously approved.

IV. Advisory Board Member Facilitator Reports;

- Member Gray was contacted regarding an increase in cases by attorneys getting involved in the use of unlicensed contractors doing fix and flips. Buyers are unaware that the remodel has not been properly permitted or completed by an unlicensed contractor. Licensees may be aware of these issues however, are not disclosing.

Member of the Public, Scott Drucker stated A.R.S. § 32-1121 (A) (5) allows for non-licensed work by owners to be completed if the property is not intended to be placed for sale or rent. If the property is sold or offered for sale within one year of completion of the repairs, it would be presumed that the work was performed for that purpose and must be disclosed.

Member Gray was contacted about a bill being discussed in California that would address the meaning of contract employee, and independent contractor.

Member of the Public, Scott Drucker stated he will share an email from the California Department of Real Estate regarding the issue.

- Member Bowen has received calls from three offices that stated they had called the Department and were told that they could have unlicensed individuals review and interpret contracts but still require the Designated Brokers signature.

Commissioner Lowe stated the Department will address the issue in the upcoming bulletin, and with Department personnel to understand what had

occurred. The Designated Broker must be the reviewer and sign within the required timeframe.

Vice –Chair Clifton noted that having three individuals call from the same area is a concern and maybe the Department should reach out to the offices.

- Chair Bohler stated she receives many questions regarding the nine hours in a day rule for continuing education. She noted that because it states “day” there is some confusion of what constitutes a “day”. She asked if the Department could issue a Substantive Policy Statement or something less formal to provide clarification.

V. Commissioner Lowe noted that the Real Estate Pre-licensing curriculum meeting held on July 24, 2018 was a great success.

- There will be an advisory in the upcoming Bulletin.
- School administrators and school owners will receive an advisory.
- Implementation of the Continuing Education Distance Learning Course Quality workgroup recommendations are still in progress.
- The Real Estate Pre-Licensing Curriculum workgroup suggestions have been submitted to the Department. There will be an upcoming Instructor Development Workshop to be led by the workgroup.

Member Gray spoke briefly about the suggestions received from the meeting held on July 24, 2018.

Vice-Chair Clifton asked about changing the national test questions, and if moving to one test eliminates the need for National test development.

Commissioner Lowe stated the test will be much more specific to Arizona while maintaining National content.

Chair Bohler discussed the testing vendor’s testing sites. She stated there is a lack of locations in the Northeast and Northwest portion of the state and it is an inconvenience for individuals to take a day to travel to a testing site.

Commissioner Lowe stated that per the current contract there are three locations in Phoenix, two in Tucson, one in Flagstaff and one in Yuma.

Commissioner Lowe noted there are strict guidelines in place for testing sites and also noted that per the contract with the current vendor a new site would require more than 650 individual tests in the last twelve months to warrant a new testing location.

VI. Teams

Chair Bohler asked a group of designated brokers in her area if they felt that Team leaders should be required to have additional education or requirements. She

stated that all brokers unanimously stated they do not need it, and noted that they feel the 2<sup>nd</sup> level is already covered under the broker office policy manual.

VII. Commissioner Lowe stated the Department is closing out FY18 and working on the budget for Fiscal Year 2020.

- The Department has one of the lowest fee structures in the Western United states.
- The Department's strategic plan is being finalized, with a focus on education for licensees, the public and staff.
- The State Employee Engagement survey was conducted and the Department had very good results.
- Commissioner Lowe participated in a June 5<sup>th</sup> webinar with the Department of Justice that discussed competition within the real estate industry. Commissioner Lowe read the Association of Real Estate License Law Officials (ARELLO) statement regarding the issue. Commissioner Lowe briefly discussed portability of a license in other states.
- Commissioner Lowe gave a brief recap of the Arizona Mexico Committee meeting held in Tucson.

DC Dettorre stated that the general effective date of newly passed bills is approaching.

- The 2018 Legislative overview is on the Department's website.
- HB2065 – public meetings. DC Dettorre reminded the board to be mindful of communication between the board members, and to review the bill as it relates to the Advisory Board.
- The meeting to discuss the Substantive Policy Statement on Teams should be scheduled around the third week of August.
- The Bulletin has been published twice this year with an upcoming issue anticipated for September, and then again in December. If anyone has suggestions for topics, please submit them to DC Dettorre.
- Commissioner Lowe and DC Dettorre attended the Arizona Mexico Commission Summit held in Tucson in June. It was a very successful meeting. The next Summit will be held in December in Mexico.
- Member LaSlavic asked if there was a desire by the Department to change the 95/110 budgeting issue legislatively. DC Dettorre stated that the Department is not currently planning to move forward legislation regarding the 95/110 budget, others may do this.

- DC Dettorre asked for a moment of silence for past board member Frank Dickens who has recently passed away.

AC Randolph reviewed the number of new applications under the new curriculum for Pre-License and Continuing Education.

- Presented the licensing, education and development services statistics.
- Education Advisory Committee met in June and noted they are concerned about live course “learning environment” and stated the Education Advisory Committee may issue a guidance or recommendation regarding proper “learning environment” (classroom definition).
- Seven Education Advisory members are up for re-appointment.

Member Bowen asked if the rule making moratorium is still in place. DC Dettorre stated yes, however there is a process in place for rulemaking.

VIII. Call to the Public

Tina Lapp complimented the ADRE team on the recent Real Estate Pre-licensing Curriculum Meeting.

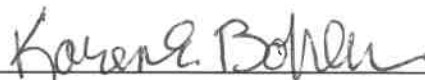
Lenna Bien stated she likes the Bulletin and makes it a mandatory read for all her employees.

IX. Next scheduled meeting Wednesday, October 24, 2018 10:00am

X. Adjournment at 11:45 am.

*Respectfully submitted this 24<sup>th</sup> day of October, 2018*

*Real Estate Advisory Board*



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*Karen Bohler, Chair*