



ARIZONA DEPARTMENT OF REAL ESTATE BULLETIN

Volume 2014 • Issue 4



**Judy Lowe
Commissioner**

COMMISSIONER'S CORNER

T E A M

PARTNERS...WORKING TOGETHER FOR THE MIRACLE of REAL ESTATE OWNERSHIP.....

Early in September I participated with other Arizona real estate industry partners at the Arizona Industry Partners Conference. Other partners included, the Mortgage Action Alliance; the Land Title Association of Arizona; Consumer Financial Protection Bureau; Arizona Association of Realtors; Arizona Mortgage Lending Association; Arizona State Escrow Association; Arizona State Woman's Council of Realtors; American Escrow Association; Arizona Department of Housing; and the Arizona Department of Financial Institutions.

As I prepared my presentation for the group, I thought of the Standards of each of these organizations, and the outstanding professional qualities of their membership and staff. The enforcement of these Standards provides guidance in maintaining the professional actions that serve and protect the Arizona constituents in their real estate transactions.

Some of the protections provided by several of the partners include:

- Realtors – The National Association's Standard of Practice and Ethics; standard forms;
- Escrow – The "neutral representation" in protecting the earnest money and documents;
- Title Insurance – The protection of a researched title to provide the insurance for the transaction;
- Lender – The qualification criteria that guarantees that the borrower is qualified to assume the purchase debt;
- Appraiser – The research and opinion that provides proof of the value of the purchase;
- Consumer Financial Protection Bureau – Borrower protections through financing disclosure requirements; as well as the RESPA standards to provide the public with protection against unfair relationships among real estate service providers; and of course the,
- Department of Real Estate – providing a real estate licensing standard and the enforcement of licensing laws/rules for real estate licensees.

We all know that these Standards do not feel "good" to the real estate licensee all the time, yet we also realize that the "Miracle of Real Estate Ownership" requires each protection offered here.

When these protections are added to the individual high standards and values of most of the professionals in the transaction the result is a very satisfied consumer, and a positive relationship that can last a lifetime.

THE ARIZONA DEPARTMENT OF REAL ESTATE SAYS "THANK YOU" TO ALL OUR INDUSTRY PARTNERS.

HOMEOWNER'S ASSOCIATION (HOA) CONCERNS... WHERE TO GO???

Arizona Laws provide a process for an owner to follow if the owner wishes to contest a notice of violation, or file a complaint against a Homeowner's Association. The laws provide specific requirements the HOA must include in any notice of violation to a homeowner.

Homeowners should contact the Department of Fire, Building and Life Safety (DFBLS), who is responsible for assisting owners in obtaining a hearing in front of an Administrative Law Judge to adjudicate any disputes within the jurisdiction of the law. The DFBLs is not responsible for conducting investigation or regulating HOAs. However, it will assist in the process for actions by the Homeowner. **The DFBLs may be reached at 602-364-1003 and Home Owners Association Petition Questions at hoa@dfbls.az.gov.**



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WHO MAY BE A SIGNER ON A BROKER'S PROPERTY MANAGEMENT TRUST ACCOUNT?

A.R.S. § 32-2174.C states in part:

“The designated broker for a property management firm may authorize either a licensee or an unlicensed natural person in the direct employ of the broker to transfer monies or to be a signatory on the property management firm’s trust accounts. If the person who is designated to sign on behalf of the designated property management broker is an unlicensed person, that person shall be a bona fide officer, member, principal or employee of the property management firm. ... “



Scenario:

Broker A is the designated broker for Brokerage 1.
 Licensee B is the designated broker or a licensed agent with Brokerage 2.
 Licensee B is also the owner of Brokerage 1.
 Licensee B is a signer on the broker trust account for Brokerage 1.

Question:

Based on the above referenced statute, can Licensee B be a signer on the trust account for the brokerage he owns but with whom he is not licensed?

Answer:

NO. Licensee B CANNOT act as a signer on the Brokerage 1 trust account because he is (1) not in the direct employ of Brokerage 1, and, (2) he is not an unlicensed person.

Who may be a signer on the Brokerage 1 Trust Accounts?

<u>ACTIVE LICENSEES</u>	<u>UNLICENSED PERSONS</u>
<p>The Designated Broker for the brokerage An Associate Broker licensed with the brokerage A Salesperson licensed with the brokerage</p>	<p>An unlicensed bookkeeper or other party employed by the brokerage An unlicensed officer, member, or principal of the entity.</p>

REAL ESTATE SCHOOL AUDIT DECLARATION

The Real Estate School Audit Declaration (Declaration) is **due between December 15, 2014 and January 31, 2015** pursuant to Substantive Policy Statement No. 2010.03 – Real Estate School Audit Declaration. To get a head start in preparation for the above filing timeframe, the current Declaration form may be downloaded from the ADRE website by clicking [here](#). Be sure to initial the bottom right corner of each page.



EFFICIENCIES FOUND BY DIGITIZING LICENSING RECORDS – 30% COMPLETE

Over the past six month the Department (ADRE), with the authority given to the ADRE has ramped up its efforts to digitize its hard copy records and files to increase internal availability and to speed up processes to better serve the industry and public. The ADRE has an electronic system to maintain licensing files and ensure they are available internally with a click of a button. This ease of access makes serving the industry at the licensing counter or through the Message Center faster and more efficient.

That is now, but until 2010 the ADRE relied on filing hard copy license files in the agency's file room. Beginning in May of this year, ADRE began replacing the hard copy files by scanning the original into this electronic system. There were nearly 81,000 hard copy licensing files, plus many boxes of other files in the file room at the start of this project. To date the ADRE has scanned nearly 25,000 files, which is almost 30% of the total. This has truly been a "TEAM" effort as staff in licensing and at the HUB, and exceptional temporary help has worked to deconstruct files by removing staples, organizing documents, making clear and legible scans and attaching to the electronic license file, and then of course shredding the paper. The ADRE is pleased with its progress thus far, but looks forward to completing this huge project in the coming months.



WHAT ARE THE MOST COMMON VIOLATIONS FOUND BY THE AUDITING AND INVESTIGATIONS STAFF?

In general:

- Failure to perform documented broker review of transaction documents within ten (10) business days.
- Failure to maintain required transaction documents in the broker's file or failing to back-up electronic records.
- Advertising Violations – failure to clearly and prominently display the name of the employing broker and/or the name of the listing broker when advertising another broker's listing.
- Failure to account for and/or timely deposit earnest money in a broker trust account or with escrow. This includes misrepresenting to the seller in a purchase contract that earnest money has been collected and will be timely deposited when such is not the case.
- Failure to make appropriate disclosures regarding owner/agent status, including being a member / manager of an entity buying or selling a property.
- Breach of fiduciary duty or being unfair to all parties to a transaction.
- Acting as a dual agent, as well as part of the buying entity and placing the interests of the buyer over that of the seller.
- Licensees conducting real estate activities outside of their employment with their broker and/or on behalf of an unlicensed entity.



For property management:

- Trust account deficiencies.
- Trust accounts not in balance, i.e., unexplained overages.
- Failure to perform and/or maintain monthly trust account reconciliations in which the adjusted trust account bank balance is reconciled with the owner/tenant liabilities.
- Negative owner balances being used to offset broker liabilities.
- Trust accounts that are not clearly designated as such.
- Online banking websites inappropriately being used as "offsite storage" for banking information (monthly statements, canceled checks, etc.).
- Property Management Agreements that fail to contain all required clauses, most often disposition of interest and non-assignment clause.
- Automatic PMA renewal without written 30-day notice to property owners.
- General lack of understanding of accounting basics, the property management software being used and the requirements for a property management broker.
- Changing property management accounting software programs and failing to maintain a copy of the data.



CONNECTING WITH COMMISSIONER LOWE AND ADRE!

Planning a quarterly office/company meeting or event?? Invite Commissioner Lowe to present. She can give an update on The Arizona Dept. of Real Estate (ADRE), and/or “What’s Making the Phone Ring at ADRE,” or many other topics. During the past year she has averaged 8 to 10 events/meetings a month around the State. Contact ADRE Chief of Staff, Sarah Dobbins at sdobbins@azre.gov to schedule.



Governor Brewer Appoints a New Member to the Real Estate Advisory Board

Nedra M. Halley, CPM® is the Owner/Broker of Dunlap & Magee Property Management Inc. She has been with the company since its inception in 1976 when Charlie Dunlap and Gary Magee formed the apartment development company. In 1985 she became a partner with them in a fee management company, and sole owner in 1990. Dunlap & Magee has been an Accredited Management Organization (AMO®) since 1983, and currently manages over 7,000 apartment units at approximately 60 sites. Nedra has been an Arizona Real Estate Broker since 1985.



Her honors include:

Past Chairman, Arizona Multihousing Association

Honored as the 1991 Phoenix Chamber of Commerce Business Woman of the Year – Athena Award

Certified Commercial Investment Manager (CCIM®)

Past President, Institute of Real Estate Management, Greater Phoenix Chapter

In addition to her responsibilities at Dunlap & Magee, she serves on the Maricopa County Board of Health, and the Government Affairs Committee for the Arizona Multihousing Association.

ARIZONA TRANSITION



With the election of a new Governor just around the corner, state agencies, including the ADRE, were asked to submit to the Governor's office a "Transition Document" that summarizes the agency and highlights the accomplishments, as well as ongoing initiatives/projects for the new administration to be elected on November 4th.

Mission Statement: "To serve and protect the public interest through efficient and timely licensure, balanced regulation and proactive education oversight of the real estate profession in the State of Arizona."

Vision Statement: The ADRE shall be:

- Technologically – The most up to date;
- Procedurally – The most efficient;
- Regulatory – The fairest and most effective;
- Relationally – The most customer services oriented; and
- Organizationally – The most proficient State-level Department of Real Estate in the United States.

FY 2015 Budget Appropriation: \$2,989,700

Accomplishment #1: Partnering to Enhance the Public and Real Estate Industry's Knowledge of the Laws Pertaining to the Arizona Real Estate Transaction.

- "Raising the Bar" Outreach - Commissioner Lowe and the ADRE TEAM traveled across the State, sharing the ADRE updates with associations, industry related groups and local community organizations, including recent Rules Revision Stakeholder Groups meetings.
- Collaboration with the Arizona Association of Realtors to produce and distribute a real estate industry advisory, "Real Estate Advertising Rules & Guidance" brochure.
- Cross Border - Working together with the Arizona Mexico Commission Real Estate Committee and the Financial Business Services & Legal Committee produced a video "Invest Now in Arizona and Sonora", available at www.azre.gov and www.azmc.org.
- Website Education – Utilized the ADRE website to encourage education to the public, as well as the real estate industry, regarding Property Management Audit Processes, and Licensee violator disciplinary actions.
- Collaboration with the newly formed Attorney General Criminal Division to pursue indictments and decisions against real estate brokerage violators, including Property Management Trust Funds violations.

Accomplishment #2: Promoting the Protection of the Public

- Collaborated with the Government Transition Office (GTO) to streamline the complaint, investigation and enforcement processes to affect a thorough and timely review and determination on every consumer complaint.
- Increased number of investigations or audits completed.
- Reduced average days from receipt of complaint to determination of a violation.



Accomplishment #3: Streamlined ADRE Delivery of Service

- Improved technologies to enhance productivity and efficiency in delivering services to the real estate community and the citizens of Arizona. Included, implementing the Online Original License application with online payment. Currently has a 68% usage rate for original license applicants.
- Created the ability for consumers to purchase products and services such as the Real Estate Law Books and License Certifications by credit card online through the ADRE web portal.
- In addition to a 90, 60, 30 day notice prior to license expiration date, implemented a process of notifying licensees when their license has expired.
- Acceptance of credit card payments online and over the counter.
- Created consistent written detailed procedures and continuity plan for every Department process throughout each division.
- Increased access to electronic documents and records through the digitizing of licensing, development services, education, investigation, and business services files.



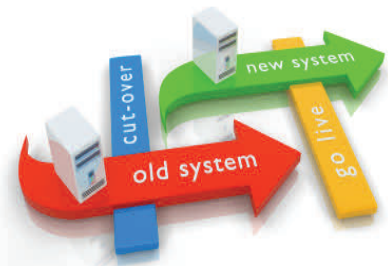
MAJOR INITIATIVES/PROJECTS

Initiative/Project #1: Digital Document Storage

The ADRE continues to work diligently to scan and store files to the Department's internal electronic database. Since May 2014 the Department has digitized over 25,000 paper license and development services files. The Department has one temporary employee and one FTE scanning and destroying hard copy files pursuant to record retention policies. Completion of scanning and destroying all licensing files is expected in mid-2016.

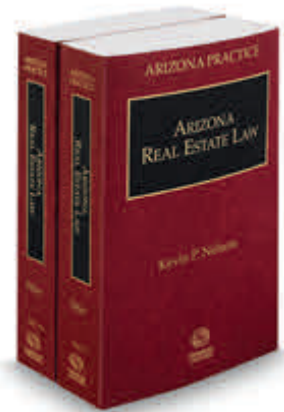
Initiative/Project #2: Upgrading the ADRE Internal Database

The ADRE continues to work toward upgrading its internal proprietary database system called REALM that facilitates Department functions including online payments and reports, licensing, education, development services, business services, recovery fund, investigations, enforcement and compliance, complaints, disclosures and public records requests. This database was developed by the ADRE IT Manager, Kevin Goode. The expected outcome is a database that is able to streamline processes between divisions and create efficiencies when retrieving information.



Initiative/Project #3: Comprehensive Rules Update/Revision

The ADRE held industry stakeholder meetings throughout 2014 in preparation to request an exception to the rulemaking moratorium. The Department will continue to work with industry stakeholders to fine-tune the draft rule package to present again to the Governor's office in 2015. If a moratorium on rulemaking remains in place, and if an exception is granted, the ADRE will move through the GRRC process with this comprehensive rules package that addresses legislative changes, reduces regulatory burden, and conforms to statute. More information is available upon request. Expected completion of this initiative will be determined in early 2015.



PC/PLLC APPLICATION PROCESS SIMPLIFIED

Employing brokers may engage the services of salespersons and associate brokers who act through and on behalf of Professional Corporations (PC) or Professional Limited Liability Companies (PLLC). This license type is to be strictly used by the employing broker for the purpose of paying commission or real estate service monies to the cemetery, membership camping or real estate licensee who is a natural person holding an active status salesperson or associate broker license. Compensation cannot be paid to a licensee by a PC or PLLC. Designated brokers may apply as a PC or PLLC license provided the membership in the PC or PLLC is limited to the designated broker. Self-employed brokers may not apply for licensure as a PC or PLLC.

To become licensed through a PC or PLLC or to report changes within 10 days to a PC or PLLC, review and complete the Professional Corporation (PC) or Professional Limited Liability Company (PLLC) Form LI-231 after reviewing the Application Instructions located on the ADRE website at www.azre.gov.



Licensees may wish to seek the assistance of legal counsel and/or a tax professional prior to registering with the Arizona Corporation Commission and the ADRE.

Most Common Application Deficiency

When ADRE reviews the Professional Corporation (PC) or Professional Limited Liability Company (PLLC) applications, the most common deficiency is the wording of the listed sole purpose in the Articles of Incorporation (PC) or Articles of Organization (PLLC), which should read, as applicable:

**“to provide professional real estate services” or
“to provide professional cemetery services” or
“to provide professional membership camping services.”**

PC/PLLC Name Guidelines

The PC or PLLC name shall:

- Consist of only the full or last name(s) of its shareholder(s) or member(s)
- Contain the words Professional Corporation or Professional Limited Liability Company or the abbreviations authorized by the Arizona Corporation Commission
- Reflect whether it comprises one or more licensees (single or plural as in John Smith, P.C. or Smith & Smith, P.C.)
- Not consist of a fictitious name

Designated Broker Review

Designated Brokers can help reduce the deficient applications and their workload by reviewing the articles to make sure the purpose is properly stated and the PC or PLLC name is in compliance as described above before the application is filed with the Arizona Corporation Commission and/or ADRE. The broker review part is a great opportunity for the broker to meet with the licensee to make sure the licensee understands the brokerage policy on licensees with PCs or PLLCs.



VICTIM OF CONSUMER FRAUD?

How To File A

To file a complaint with the Arizona Department of Real Estate:

Please visit azre.gov and go to the Message Center. A.R.S. § 32-2108 requires complaints filed with the Department to be in writing and signed by the complainant. Complaints may be submitted via the Internet, www.azre.gov Message Center, U.S. Mail, or in person. Please include supporting documentation.



To file a complaint with the Arizona Attorney General's Office:

Please visit [azag.gov / complaints/consumer](http://azag.gov/complaints/consumer). Complaints may be submitted via the Internet, U.S. mail, or in person. For further information, call 602-542-5763 or email consumerinfo@azag.gov.

Commissioner Judy Lowe is proud to announce that the Arizona Department of Real Estate (ADRE) and the Criminal Division of the Attorney General's Office are collaborating to fight property management fraud. Through investigations and audits, ADRE tries to pinpoint fraudulent management in an effort to protect the public. Many times, the Department finds evidence of extreme fraudulent mishandling of funds, they refer the matter to the Attorney General's Criminal Division.

In recent years, two egregious cases have resulted in indictments and, in one instance, a criminal conviction.

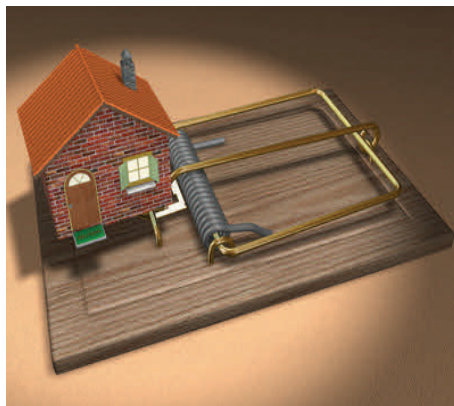
In February 2014, real estate broker and former Coolidge Councilman, Lester Curry, was convicted of fraud and theft after admitting to stealing thousands of dollars from clients and tenants. Curry was indicted after an ADRE audit revealed that information was missing for 34 clients and that approximately \$50,000 of deposits was missing. Curry's real estate license was revoked by the Department in May 2013.

Curry's wife, Kathy, who also had a real estate license and was a partner in his firm, pleaded guilty to a misdemeanor and agreed to allow her license to terminate. Curry was sentenced to 6 months in prison, followed by 7 years' probation,



In April 2013, Maricopa Properties closed its doors after owner, Dawn Anderson, received a cease and desist order from ADRE. ADRE discovered approximately a \$280,000 shortfall in Ms. Anderson's trust account during an audit which covered the period of 1/1/12 to 1/31/13.

In March 2014, a State grand jury indicted Anderson on charges of theft, forgery, and fraud. Ms. Anderson allegedly used some of the funds to pay for personal expenses, including trip to Hawaii.



In July 2014, ADRE submitted four cases to the Attorney General's Office for review.

Brokers in Substantive Compliance Audit Honor Roll

7-1-14 to 9-30-14

ABBREVIATIONS USED IN SUBSTANTIVE COMPLIANCE

EBAR == Electronic Broker Audit Review

<u>Lic. No.</u>	<u>Broker Name</u>	<u>Employing Broker</u>	<u>Type</u>
BR008857000	Allen, Jeffrey L.	Picerne Development Corporation	EBAR
BR579742000	Amland, Judith "Judy" K.	Greater Airpark Realty Services, LLC	Onsite
BR009233000	Anderson, Kenneth J.	Hohokam Real Estate & Land Company, Inc.	Onsite
BR526092000	Archie, Pat L.	TRT Property Management Services	Onsite
BR537748000	Baldwin, Pete L.	Platinum Realty Network	Onsite
BR012898000	Benham, Baron	Showhomes Luxury Staging	Onsite
BR024633000	Bennett, Don Craig	Essential Properties, Inc.	Onsite
BR100253000	Beshk, John M.	The Beshk Group, Inc.	Onsite
BR553164000	Blass, Victoria M.	Re/Max Results	Onsite
BR550111000	Bodnar, John C.	Noviscon Realty	Onsite
BR572272000	Brannies, Dawn L.	Kingman Premier Properties, LLC	EBAR
BR006410000	Brearley, Andrew P.	CWB - First Affiliate	Onsite
BR015833000	Burns, David M.	Burns Development & Realty, Inc.	Onsite
BR565926000	Campbell, Charlene "Char" M.	Arizona Realty in Ajo	EBAR
BR007856000	Carrizosa, Raul F.	Carrizosa Realty	EBAR
BR040698000	Carson, Debra E.	Premier Properties, Inc.	EBAR
BR008371000	Cassidy, Linda	Skyline Propeties, Inc.	Onsite
BR554007000	Chambers, Justin A.	Chambers Realty Group	EBAR
BR580773000	Cohen, Maria R.	MC Dream Builders Realty	Onsite
BR570617000	Condon, Lorna J.	LJC Property Management LLC	Onsite
BR045252000	Davila, Germaine F.	Davila Real Estate Solutions, LLC	EBAR
BR564053000	Diaz, Ann M.	AZ 1st Realty Management, LLC	EBAR
BR005190000	Dickinson, Don "Deems" D.	Russ Lyon Sotheby's International Realty	Onsite
BR627834000	Dicks, Jeffery H.	Mase Realty	Onsite
BR513269000	Duckro, Richard E.	Duck's & Associates Realty	Onsite
BR011493000	Edwards, Karen M.	R100-The Show Low Group	EBAR

BROKER HONOR ROLL CONTINUED....

<u>Lic. No.</u>	<u>Broker Name</u>	<u>Employing Broker</u>	<u>Type</u>
BR012976000	Elkins, W. John	Ridgeview Realty	EBAR
BR515182000	Evans, Sherri L.	Sun River Properties	EBAR
BR575660000	Funk, Brittany L.	Diamond Vacation Homes	Onsite
BR007214000	Gastellum, Gabriel "Gabe"	Century 21 Success Realty	EBAR
BR547597000	Gerson, Terry R.	Bud Gragg	EBAR
BR004791000	Hammond, Linda Lee	John Williams Realty & Property Mgt. Inc.	EBAR
BR011592000	Haymore, Gary L.	Haymore Real Estate, LLC	EBAR
BR558743000	Heideman, Sean L.	Position Realty	EBAR
BR005089000	Hermann, Suzanne K.	National Asset Mgt. Network, Inc.	Onsite
BR529900000	Johnson, Maria B.	Carino Properties, LLC	Onsite
BR539064000	King, Casey D.	Tower Property Resources, LLC	EBAR
BR013678000	Kovach, Rose	R-OK Realty	EBAR
BR548250000	Larkin Jr., James L "Jim"	Long Realty SMS Properties	EBAR
BR003890000	Marrs, Anthony W	A. W. Marrs, Inc.	Onsite
BR005712000	McLean, Edward C.	Ed McLean Realty, LLC	EBAR
BR102842000	McLellan II, Clyde A. "Andrew"	Gentry Real Estate Group	Onsite
BR638511000	Meighen, Janine	AZ Rental Homes, LLC	Onsite
BR024725000	Merritt, Thomas P.	Merritt Realty Management, LLC	EBAR
BR113183000	Meyer, Andrew W.	RE/MAX Peak Properties	EBAR
BR013896000	Miller, M. Arleen	M. Arleen Miller	EBAR
BR046433000	Ordean, Kathryn "Lynne" L.	Sedona Rentals & Property Management	Onsite
BR529922000	Overton, Staci M.	Keller Williams Realty East Valley	Onsite
BR540354000	Paul, Patricia L.	Patricia Paul Properties	EBAR
BR567615000	Phelps, Alan M.	Prime West Real Estate, LLC	Onsite
BR528372000	Pottinger-Crowder, Nanci	Noginan Realty	EBAR
BR536905000	Rhinehart, Richard "Rich" A.	Rhinehart New Visions Realty	EBAR
BR536963000	Ross, William D.	Arizona Elite Commercial	Onsite

BROKER HONOR ROLL CONTINUED....

<u>Lic. No.</u>	<u>Broker Name</u>	<u>Employing Broker</u>	<u>Type</u>
BR521968000	Schwartzkopf, Karen M.	First Choice Property of Mohave County	EBAR
BR063917000	Sipe, Ilene G.	Tucson Sun Real Estate Services	Onsite
BR525973000	Soltesz, Rudolph "Rudy" M.	Pro-Formance Realty Concepts, LLC	Onsite
BR553129000	Stahl, Robert "Bob" J.	Sterling Fine Properties	Onsite
BR521949000	Stuhlberg, Nicolle C.	NSP Property Management	EBAR
BR115352000	Sumner, Michael T.	Syringa Arizona, Inc.	EBAR
BR117556000	Tenney, Randolph "Randy" H.	Tenney Properties	EBAR
BR013205000	Valenzuela, Maria "Maria Lupita"	Lupita Valenzuela's Realty	EBAR
BR510878000	White, Nancy N.	White Bear Realty, LLC	EBAR
BR571506000	Whitmore, Tyler D.	O48 Realty	Onsite
BR577658000	Zeller, Lisa Ann	Easy Street Realty	EBAR



The ADRE Team celebrated Halloween with a potluck. Even Superman attended.

DISCIPLINARY ACTIONS

ABBREVIATIONS USED IN DISCIPLINARY ACTIONS

CP = Civil Penalty	CE = Continuing Ed	PL = Provisional License
J&S = Joint & Severally	PM = Practice Monitor	BA = Broker Acknowledgement

Name	Brokerage at time of violation	Location	Summary	Order
Accountability Property Management		Glendale	Audit violations; shortage in property management trust account; failure to provide documents.	Revocation of License, \$1,000 CP J&S
ANC Properties LLC		Fort Mohave	Audit violations; trust account shortage	Cease and Desist Property Management activities.
Paul Anton	Elmalon Partners LLC	Phoenix	Failed to timely disclose a February 2013 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted
Alexander Aunon	Southern Arizona Brokerage LLC	Tucson	Misrepresentation, accepting compensation outside of employing brokerage, failure to remit monies to client, converted client funds.	Revocation of license, \$5,000.00 CP
Deanna Barnella	Valley King Properties	Phoenix	Failed to timely disclose a December 2013 misdemeanor conviction.	\$750.00 CP
Carl Benson	Desert Wind Property Management and Real Estate	Gilbert	Audit violations; shortage in property management trust account.	\$3,500.00 CP, 2 yr PL, 12 hr CE in Commissioner Standards (trust account administration and recordkeeping), 30K Surety Bond, Monthly Trust Account Reconciliations, Quarterly Review of Records.

DISCIPLINARY ACTIONS

Name	Brokerage at time of violation	Location	Summary	Order
Kenneth R Boren	Accountability Property Management	Glendale	Audit violations; shortage in property management trust account; failure to provide documents.	Revocation of License
John Carlson	Mark-Taylor Residential Inc	Scottsdale	Failed to timely disclose a May 2014 misdemeanor conviction.	\$750.00 CP
Ronda Lea Clifton	Self Employed Broker	Kingman	Audit violations; failure to maintain required documents.	Cease and Desist Property Management activities.
Lanny Colton	Equity Partners Realty	Tucson,	Allowed an unlicensed individual to conduct real estate activity, failed to supervise.	\$500.00 CP
Alisa J Cool	Journey Real Estate Investments & Management	Prescott	Audit violations; shortage in property management trust account.	\$4,000.00 CP, 2 yr PL, 12 hr CE in Commissioner Standards (trust account administration and recordkeeping), 30K Surety Bond, Monthly Trust Account Reconciliations, Quarterly Review of Records.
Sherri Cummings	Realty Executives	Scottsdale	Failed to timely disclose an April 2014 misdemeanor conviction.	\$400.00 CP.

DISCIPLINARY ACTIONS

Name	Brokerage at time of violation	Location	Summary	Order
Carissa Delucia	Steven A Fried LTD	Scottsdale	Advertising violation.	\$750.00 CP
Ted M & Nancy Diepstraten		Chandler	Conducting unlicensed real estate activities (Property Management).	Cease and Desist (Vacated 08/27/2014)
Cecil Duarte	Service Valleywide Realty	Gilbert	Audit violations; shortage in property management trust account.	Revocation of License, \$5,000 CP J&S
Virginia Fass	Equity Partners Realty	Tucson	Conducted real estate activity for 3+ months while license was expired.	\$1,000.00 CP
Steven A Fried	Steven A Fried LTD	Scottsdale	Conducted real estate activity using an unregistered DBA, failed to supervise.	\$3,000.00 CP, 12 hr CE in Commissioner Standards
Vincent Edward Giannantonio	E&G Real Estate Services	Phoenix	April 2014 felony convictions for Sale or Transportation of Dangerous Drugs.	Summary Suspension of license.
Vincent Edward Giannantonio	Suspended	Phoenix	April 2014 felony convictions for Sale or Transportation of Dangerous Drugs.	Revocation of License (Default)
Jeff Gilbert	Call Realty Inc	Goodyear	Failed to timely disclose a December 2012 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted.

DISCIPLINARY ACTIONS CONTINUED...

Name	Brokerage at time of violation	Location	Summary	Order
Souren Hatsakorzian	The Biltmore Group	Scottsdale	Failed to timely disclose a February 2014 civil judgment involving real estate.	\$400.00 CP
Diana Hegmann	West USA Realty	Scottsdale	Failed to timely disclose a March 2013 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted
Jean Terese Jensen	Inactive	Scottsdale	Failed to timely disclose an August 2013 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted
Anthony Lamotta	Original Applicant	Phoenix	Disclosed a November 2010 False Statement misdemeanor conviction. License application denied.	License granted, 2 yr PL/PM
Jeanell J Larry		Out of State	2009 conviction for Theft of Government Funds; 2010 revocation of Louisiana real estate license. License application denied.	License denial sustained.
Lazy Trout Market LLC/Lazy Trout LLC		Chandler	Conducting unlicensed real estate activities (Property Management).	Cease and Desist (Vacated 08/27/2014)
Kelly Lee-Walton	Original Applicant	Phoenix	Disclosed an August 2012 Theft conviction Undesignated, later reduced to misdemeanor). License application denied.	License granted, 2 yr PL/PM
Kimberly Lepore	ANC Properties LLC	Fort Mohave	Audit violations; trust account shortage; failure to maintain required documents; failure to provide documents as ordered by subpoena;; submitted false or misleading information when applying	Cease and Desist Property Management activities.

DISCIPLINARY ACTIONS CONTINUED...

Name	Brokerage at time of violation	Location	Summary	Order
Astolfo L Licea	Wise Choice Properties	Phoenix	Audit violations; shortage in property management trust account.	Cease and Desist Property Management activities.
Astolfo L Licea	Wise Choice Properties	Phoenix	Audit violations; shortage in property management trust account.	Vacate Cease and Desist, \$5,000 CP J&S, 2 yr PL, 12 hr CE in Commissioner Standards (trust account administration and recordkeeping), 30K Surety Bond, Monthly Trust Account Reconciliations, Quarterly Review of Records.
Kevin Marinan	Marathon Resources Inc	Scottsdale	Failed to timely disclose a January 2014 adverse action by the State of Nevada. License renewal denied.	\$400.00 CP, license renewal granted.
Jeffrey Mavoides	Helix Properties LLC	Phoenix	Failed to timely disclose a February 2012 misdemeanor conviction. License application denied.	\$750.00 CP, license application granted

DISCIPLINARY ACTIONS CONTINUED...

Name	Brokerage at time of violation	Location	Summary	Order
Howard McBride	Dallas Real Estate Inc	Flagstaff	Audit violations; property management trust account balance irregularities.	\$3,000.00 CP, 2 yr PL, 9 hr CE in Commissioner Standards (trust account administration and recordkeeping), Monthly Trust Account Reconciliations, Quarterly Review of Records.
Matthew McKenney	RMA-Power Realty	Queen Creek	Audit violations; shortage in property management trust account.	\$4,000.00 CP, 2 yr PL, 9 hr CE in Commissioner Standards (trust account administration and recordkeeping), 30K Surety Bond, Monthly Trust Account Reconciliations, Quarterly Review of Records.
Nathan Mitchell	Inactive	Phoenix	Failed to timely disclose a May 2012 misdemeanor conviction.	Revocation of License (Default)
Mohave Integrity Real Estate Services		Kingman	Audit violations; trust account shortage	Cease and Desist Property Management activities.

DISCIPLINARY ACTIONS CONTINUED...

Name	Brokerage at time of violation	Location	Summary	Order
Garrett Moss	Original Applicant	Gilbert	Conviction for Shoplifting. License application denied.	License granted, 2 yr PL/PM
John Nuccio	Original Applicant	Gilbert	Disclosed multiple felony convictions in 1992 and 1993. License application denied.	License granted, 2 yr PL/PM
Fabio Rodrigues	Caliber Realty Group	Scottsdale	Failed to timely disclose a February 2014 misdemeanor conviction.	\$400.00 CP
Ronald Rutan	Inactive	Out of State	Failed to timely disclose a June 2013 misdemeanor conviction.	\$750.00 CP
Craig A Scherf	Remarkable Realty	Mesa	November 2012 conviction for Facilitation of the Sale of Marijuana, failure to timely disclose, failure to appear as ordered by subpoena.	Revocation of License (Default)

DISCIPLINARY ACTIONS CONTINUED...

Name	Brokerage at time of violation	Location	Summary	Order
Craig A Scherf	Remarkable Realty	Mesa	November 2012 conviction for Facilitation of the Sale of Marijuana, failure to timely disclose, failure to appear as ordered by subpoena.	\$2,000.00 CP
Richard Schust	First United Realty Inc	Paradise Valley	Failed to timely disclose an April 2014 misdemeanor conviction. License renewal denied.	\$750.00 CP, license renewal granted
Service Valleywide Realty		Gilbert	Audit violations; shortage in property management trust account.	Revocation of License, \$5,000 CP J&S
Jeremy R Silverman	Transaction Realty	Tucson	Audit violations; shortage in property management trust account.	Cease and Desist Property Management activities.

DISCIPLINARY ACTIONS CONTINUED...

Name	Brokerage at time of violation	Location	Summary	Order
Debra Suzanne Sixta	Mohave Integrity Real Estate Services	Kingman	Audit violations; trust account shortage; failure to maintain required documents; failure to provide documents as ordered by subpoena; submitted false or misleading in- formation when applying for renewal.	Cease and Desist Property Management activities.
Mark Swainson	Original Applicant	Avondale	Convictions for "Residential Burglary", "Trespass to Conveyance and Theft", Possession with Intent to Distribute a Controlled Substance". License application denied.	License granted, 2 yr PL/PM
Venkata Tayi	Original Applicant	Phoenix	Disclosed a previous action by the Department of Real Estate involving subdivision violations. License application denied.	License granted, 2 yr PL/PM

DISCIPLINARY ACTIONS CONTINUED...

Name	Brokerage at time of violation	Location	Summary	Order
Transaction Realty		Tucson	Audit violations; shortage in property management trust account.	Cease and Desist Property Management activities.
Aaron Lee Westwood	Westwood Properties	Tempe	Audit violations; trust account shortage.	Revocation of license, \$3,000 CP J&S
Westwood Properties LLC		Tempe	Audit violations; trust account shortage.	Revocation of license, \$3,000 CP J&S
Wise Choice Properties		Phoenix	Audit violations; shortage in property management trust account.	Cease and Desist Property Management activities.
Wise Choice Properties		Phoenix	Audit violations; shortage in property management trust account.	Vacate Cease and Desist, \$5,000 CP J&S

ADRE NEWS

COMMISSIONER LOWE APPOINTED DIRECTOR FROM DISTRICT 4 TO THE 2015 ARELLO BOARD OF DIRECTORS

Judy Lowe, Arizona Department of Real Estate Commissioner, proudly accepted the appointment as a Director from District 4 to the 2015 ARELLO Board of Directors during the September 18, 2014 Association of Real Estate License Law Officials (ARELLO) Conference in Philadelphia, Pennsylvania.

In this capacity, Commissioner Lowe will work collaboratively with agencies from across the U.S. and the world to further the mission of protecting the public.

ARELLO was founded in 1930 with the purpose of facilitating the exchange of information and cooperation among regulators , as well as policy makers for the Real Estate industry.

Commissioner Lowe commented that, “the core values of ARELLO align with the Arizona Department of Real Estate’s mission to, “protect the public interest through licensure and regulation of the real estate profession in Arizona.”.

Core values of ARELLO include protection of the public interest; freedom from undue influence; the exchange of information and the creation of knowledge; and an inclusive community, with cooperation among regulators and jurisdictions.

Commissioner Lowe is proud to accept this duty and looks forward to representing the State of Arizona on the 2015 ARELLO Board of Directors.



CHANGE OF LEGAL NAME/NICKNAME

When a licensee has a personal name change or wishes to add/modify/remove a nickname, the licensee must complete and submit the [Change of Personal Information Form](#) (Form LI-235) to ADRE through the www.azre.gov message center, from the licensee login home page at <https://az.gov/app/dre/> , by mail or in person. Name changes are not accessible through the ADRE online Licensing and Renewal System.



REAL ESTATE ADVERTISING RULES & GUIDANCE

Commissioner Judy Lowe, Arizona Department of Real Estate
K. Michelle Lind, *Esq.*, Arizona REALTORS® Chief Executive Officer

The Advertising of Real Property is Regulated by Law: Arizona real estate law defines “advertising” as:

- the attempt by publication, dissemination, exhibition, solicitation or circulation, oral or
- to induce directly or indirectly any person to enter into any obligation or acquire any title or written interest in [real property] including the land sales contract to be used, and
- any photographs, drawings or artist’s presentations of physical conditions or facilities existing or to exist on the property.

Generally, advertising does not include (a) press releases or other communications delivered to news media for general information or public relations purposes for no charge; or (b) communications to stockholders as specified in the statute. A.R.S. §32-2101(2).

The Arizona Department of Real Estate Commissioner’s Rules, A.A.C. R4-28-502, set forth the rules for real estate advertising. Notably, these rules specify that the use of an electronic medium, such as the Internet or web site technology that targets Arizona residents with the offering of a property interest or real estate brokerage services pertaining to property located in Arizona also constitutes advertising. A.A.C. R4-28-502(L) (*See also*, A.R.S. §32-2163(D)). Thus, online advertising is subject to the same rules as print advertising.

Consider the following rules and guidelines when advertising real property, either as an entity, an individual or as a member of a real estate team.

Clear and Prominent Identification of the Employing Broker: A licensee must ensure that all advertising identifies, in a clear and prominent manner, the employing broker’s legal name or the dba name contained on the employing broker’s license certificate. A.A.C. R4-28-502(E). The employing broker is the corporation, limited liability company, partnership or sole proprietorship licensed as the broker. The employing broker designates a natural person to act as the designated broker. The rule requiring clear and prominent identification of the employing broker ensures that the public is made aware of the person or entity responsible for supervision. Although “clear and prominent” is a somewhat subjective term, it means “readily noticeable,” which may relate to size or position. Consider the following rules and guidelines:

- The employing broker’s name must be included in all advertisements, including classified ads, real estate advertising guides, and other magazine ads.
- In advertising flyers, the employing broker’s name may be located on either the top or the bottom of the flyer however the employing broker’s name must be clearly legible.
- On any other promotional material the employing broker’s name must be on the front page or front of the object.

REAL ESTATE ADVERTISING RULES & GUIDANCE CONT'D

- The employing broker's name must be visible on the front page of the website and each subsequent page of the website, without the necessity of scrolling down, regardless of the screen size of the computer.
- When advertising real property on social media, such as Facebook, the name of the employing broker must be stated. When advertising real property in "thumbnails", text messages, "tweets", etc., where stating the name of the employing broker firm is not practical, the advertising information being linked to must include the name of the employing broker.
- With team advertising it must be clear that the team is a part of the employing brokerage. For example, placing "*The (Team Name) Team*" at the top of the page in large letters with a much smaller brokerage symbol somewhere below is not sufficient.
- The employing broker's name must be spelled out in its entirety. For example, if an employing broker's legal or dba name on a license includes "Southeast Valley," that is what must appear in the ad; simply saying "SE" is not sufficient.
- If the brokerage is an office of a franchise, the office must be identified; simply displaying the franchise name alone is not sufficient.



"Blind Ads": A licensee must not advertise property in a manner that implies that no salesperson or broker is taking part in the offer for sale, lease, or exchange. A.A.C. R4-28-502(A). In other words, "blind ads", including advertising a property for sale without the broker and agent's names, in newspapers, on Craigslist, or otherwise is prohibited.

"Owner/Agent": Any licensee advertising their own property for sale, lease, or exchange must disclose the licensee's status as a salesperson or broker and as the property owner by placing the words "owner/agent" in the advertisement. A.A.C. R4-28-502(B). When advertising your own property, include "owner/agent" in all advertising, including any "for sale" sign.

Accurate Claims: A licensee must ensure that all advertising contains accurate claims and representations, and fully states factual material relating to the information advertised. A salesperson or broker must not misrepresent the facts or create misleading impressions. A.A.C. R4-28-502(C).

Advertising another Licensee's Listing: A licensee advertising property that is the subject of another licensee's real estate employment agreement must display the name of the listing broker in a clear and prominent manner. A.A.C. R4-28-502(F).

Permission for "For Sale" Signs: Before placing or erecting a sign on any property giving notice that specific property is being offered for sale, lease, rent, or exchange, a salesperson or broker must secure the written authority of the property owner, and the sign must be promptly removed when authority expires, or upon request of the property owner. ARS§ 32-2153(12); A.A.C. R4-28-502.



Acre: A licensee must not use the term "acre," either alone or modified, unless referring to an area of land representing 43,560 square feet. A.A.C. R4-28-502(L).

Trade Names: Any broker using a trade name owned by another person on signs displayed at the place of business must place the broker's name, as licensed by the Department on the signs; and the broker must include the following legend, "Each (TRADE NAME or FRANCHISE) office is independently owned and operated," or a similar legend approved by the Commissioner, in a manner to attract the attention of the public. ARS §32-2126; A.A.C. R4-28-502(K).

Real Estate Schools: A school must include its name, address and telephone number in all advertising of Department-approved courses. The school owner, director, or administrator must supervise all advertising and the school owner must ensure that the school's advertising is accurate. A.A.C. R4-28-502(D).

Broker Supervision: The designated broker must supervise all advertising, for real estate, cemetery, or membership camping brokerage services. A.A.C. R4-28-502(G).

In conclusion, the Department of Real Estate receives numerous advertising complaints each month, primarily from other licensees, and will sanction those licensees in violation of the advertising rules. Therefore, if you have a question about your advertising practices, please contact your broker or the Department at www.azre.gov (message center) for guidance. And, if you notice a possible advertising violation by another licensee, consider contacting the person or the broker about the issue before filing a complaint.

DO YOU NEED AN EMAIL ADDRESS? IT IS EASY AND FREE!

Many online providers offer free email addresses. Yahoo and MSN are among several such providers. Check with Yahoo (www.yahoo.com) or Outlook (www.outlook.com).

Below are directions to obtain an email address from Outlook.



1. Go to the website at www.msn.com.
2. Click "Outlook.com" in the left corner.
3. Click on "Don't have a Microsoft account? Sign up now" on the right side of the screen.
4. A "Create an account" now screen will appear.

Just follow the steps and you will have your own email address. Be sure to keep your email address and password in a safe place. Remember to log into your online account at azre.gov and enter your email address.

FORGOT YOUR PASSWORD? LOCKED OUT OF YOUR ACCOUNT?

If you have forgotten your password and are locked out of your account because of too many unsuccessful login attempts, you may reset your password following the steps below.

- From the Login Screen, enter the License Number, last four digits of your Social Security Number, and your Date of Birth.
- From the Password Already Created Screen, click the link in the third bulleted item to answer the secret question.
- From the Password Reset Screen, answer the Security Question.
- After successfully answering the Security Question, click the Return Home button to navigate to the Home Page where a new password can be created by clicking the Change Password Quick Link.

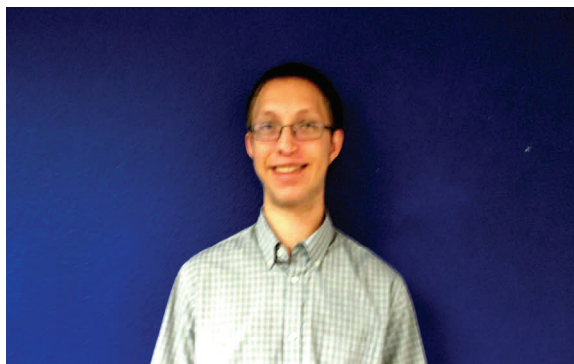


WELCOME TO THE DEPARTMENT



Tyler joined ADRE in September 2014 in our Business Services Division. Tyler has held various accounting positions in the banking industry, as well as the insurance industry. Tyler is currently working towards his CPA.

When not serving the people of Arizona, Tyler can be found out on the lake fishing



Tim joined ADRE in May 2014 as a temporary worker to help make digital copies of licensing files. Tim is a graduate of Chandler High School. Tim aspires to attend college and pursue a career in the medical field.

In his spare time, Tim can most often be found with his friends, playing videogames.

UPCOMING HOLIDAYS

ADRE will be closed:
Veteran's Day, November 11, 2014;
Thanksgiving Day, November 27, 2014;
Christmas Day, December 25, 2014
News Year Day, January 1, 2015
Martin Luther King Day, January 19, 2015



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