

**Arizona Department of Real Estate (ADRE)  
Education Advisory Committee (EAC)  
Meeting Minutes**

Wednesday  
March 11, 2020  
10:00 a.m. – 12:00 p.m.  
Arizona Department of Real Estate  
Training Conference Room  
100 North 15<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85007

- I. Call to Order -  
Commissioner Lowe called the meeting to order at 10:00 a.m.

II. Introductions & Welcome

**Members present:**

Holly Eslinger  
Barb Freestone  
Jim Hogan  
Jon Kichen  
Laura Kovacs  
Mary Sand - telephonically  
Patrick Sheahan  
Cheryl Terpening  
Betty Winn

**Absent:**

Marti Barnewolt  
Kim Horn  
Debra Prevost  
Debbie Shields

**ADRE Representatives present:**

Judy Lowe, Commissioner  
Louis Dettorre, Deputy Commissioner (DC)  
Lancing Adams, Asst. Commissioner Licensing Services/ CIO AMS (AC)  
Abby Hansen, Chief of Staff  
Jim Williams, Education Auditor  
Janice Thompson, Customer Service Representative

**Public:**

Dana Kichen – Desert Sage Seminars

Chad Okun – Mortgage industry and Desert Sage Seminars

Rosie D. Pollaehne – Mortgage industry and RE licensee

Kathy Stearn – Nova Home Loans

Commissioner Lowe asked for a moment of silence in remembrance of Member Barnewolt's recent loss.

III. Approval of December 10, 2019 Meeting Minutes

Commissioner Lowe asked for a Motion to approve the December 10, 2019 Meeting Minutes. Upon a motion by Member Kovacs, seconded by Member Hogan, the Minutes of the December 10, 2019 meeting were unanimously approved.

IV. Call to the Public

- Dana Kichen stated she was attending the meeting because she felt that mortgage related continuing education (CE's) classes are very important and necessary.
- Kathy Stearn agreed with Ms. Kichen and stated that there is a need for these courses and the classes that she instructs are not Nova Home Loan specific and are not a sale or advertisement for Nova Home Loans.
- Chad Okun indicated that he was there to "take a stance" against the Department not accepting reverse mortgage continuing education classes.

Member Sands asked if it was all mortgage CE's or specific classes. Commissioner Lowe indicated the item is on the agenda and would be addressed at that time. Commissioner Lowe stated that all should be reminded that the charge of the committee is not to review course applications but rather to come together to share insight on what is occurring in the industry.

V. ADRE Reports

Commissioner Lowe provided some of the noteworthy items at the Department.

- Robo calls made by investors or unlicensed individuals, licensees are advised to check the Do Not Call list. Unlicensed individuals should not be making solicitations.

Member Hogan stated unlicensed individuals may perform “limited” telemarketing as stated in statute. Commissioner Lowe read statute §32-2121 (10) and indicated that it is a fine line on what an unlicensed individual can do. DC Dettorre stated all should refer to the Unlicensed Assistant Substantive Policy Statement No. 2017.01.

- In increasing numbers, while vacant homes are advertised for lease/sale, squatters have started to reside in them. In some instances when advertised on Craigslist, interested renters send in their money to rent a home and upon moving in find, the home occupied.
- The Department is receiving many questions regarding PC/PLLC’s. There is confusion about entities and compensation. A PC/PLLC is only for payment of commission.
- The Department has received calls from the testing vendor Pearson Vue regarding individuals caught cheating while taking the real estate exam. Every case is individually addressed, and can range from receiving a provisional license, allowing to re-exam in a year to never be allowed to obtain a real estate license.
- Investigations are finding abuse with CE certificates; a team is employing one individual to complete the 24-hour bundle then shares the course numbers to the rest of the team to upload for their renewal requirement. Member Kichen suggested some type of safeguard when uploading. Commissioner Lowe stated for now it is being addressed by Investigations. Member Kovacs asked if it is only distance learning or classroom. Commissioner Lowe indicated it is has been found with both. Member Sheahan stated it is important to keep the rosters just for the required five years and suggested that the Department audit more of them. Commissioner Lowe noted that the Department is performing more school audits. Member Hogan offered as a technology solution; mortgage licensing requires schools to upload student completion information. Member Freestone stated that it is as simple as an excel document. Member Sands confirmed it is an easy change to make.
- While performing school audits, Commissioner Lowe noted that schools that offer classes held outside of Arizona or on the way to somewhere were not aware they needed pre-approval and that they require a video submission to the Department or are required to pay for a Department staff member to attend.
- Commissioner Lowe announced that the Teams Substantive Policy Statement would be published today. DC Dettorre noted it would be on

the Department website after this meeting. Commissioner Lowe thanked each member for participating, driving to and being involved in the process.

- Commissioner Lowe highlighted some of the Departments education accomplishments over the past few months, Online Pre Licensing education was rolled out, the curriculum was revised, all instructors must attend the Instructor Development Workshop (IDW) on the new curriculum prior to teaching pre licensing education and revised many of the education forms with more to come. She noted there have been many successes along with the challenges and adjusting to change.
- The Department is rolling out a state specific exam for out of state license recognition requirements and will be effective the 1<sup>st</sup> week of April. Member Hogan noted that Pearson Vue has it on their website now and asked how many questions were on the exam. Commissioner Lowe indicated 110. DC Dettorre stated that out of state applicants may register on March 25<sup>th</sup> to take that exam. Member Hogan asked who vetted the questions. DC Dettorre stated they are taking questions from previous subject matter expert (SME) work. Member Sands asked if the cost to take the exam was different. Commissioner Lowe stated, no.

DC Dettorre gave a brief presentation and legislative update.

A few of the bills that the Department is monitoring;

- HB2092 FEDERAL GOVERNMENT; LAND ACQUISITION; CONSENT
- HB2184 OCCUPATIONAL AND PROFESSIONAL LICENSURE; NOTICE
- HB2288 STATE LICENSING; FEE WAIVER
- HB2351 REAL ESTATE; EMPLOYEE; RENT COLLECTION

DC noted that this would allow unlicensed individuals to accept rent payments. Member Hogan asked if the individual would be required to be employed by a broker. DC Dettorre referred to the plain text of the bill. Member Eslinger stated according to the National Association of REALTORS® legal advisors, this does not affect the Independent Contractor Agreement (ICA). Member Kichen asked if there is a clerical distinction from being in an office or traveling when collecting these payments. Member Eslinger stated there is no distinction.

- HB2359 LICENSE DENIAL PROHIBITED; DRUG CONVICTIONS
- HB2627 TIMESHARES; PUBLIC REPORTS; PURCHASE CONTRACTS
- SB1096 PROPERTY MANAGEMENT RECORDS; RESIDENTIAL RECORDS
- DC Dettorre reiterated that the Teams SPS would be out today. Member Sheahan reminded all that the SPS does not have the force of law.

Commissioner Lowe noted that every item on this SPS is tied directly to a statute. Commissioner Lowe mentioned that some items may be contentious, a few mentioned;

- Although “Team” is not defined in statute, for purposes of the SPS the term “Team” was clarified.
- Signage on a branch office must be the same as the corporate office; it cannot be the team logo/marketing.
- DC Dettorre briefly reviewed the open meeting law and will forward to all members.

Commissioner Lowe reminded all that once the agenda is released, members may not communicate with each other about an item on the agenda, outside of the meeting

- The 2020 Census surveys will start to be mailed 3/12/2020

AC Adams gave a brief overview of Department licensing statistics.

- In order to teach a pre licensing class, the instructor must hold a broker’s license and attend the IDW.

Member Kichen asked if the Department would stop an individual from instructing if they do not meet this requirement. Commissioner Lowe stated, yes.

#### VI. Volunteer Monitor Program Update

Jim Williams provided a brief update on the program and education statistics.

- 371 classes are scheduled from 3/11/2020 through the end of the year.
- Two new schools have been licensed since January 2020.
- Two new instructors have been licensed since January 2020.
- 50% of CE’s are completed online with only 333 approved online courses.
- The Department needs Volunteer Monitor’s. They need to hold an active license in good standing with time to participate.

#### VII. Exam Performance

Commissioner Lowe stated the Department posts pass/fail rates for all schools on the Department website. There has been discussion about creating an honor roll for high pass rates. The Department is seeking input for ways to increase pass rates with all schools.

Member Winn stated that she just implemented CompuCram at her school; a student must pass it with a percentage of 80% prior to taking her school exam.

Commissioner Lowe stated she would like to see all students pass the state exam on the first try.

VIII.

Continuing Education Course Application Discussion – Member Kichen

Commissioner Lowe provided insight on how a course is approved. Every course Requires going to rule, look at the categories and identify if it applies. All applications have to go to rule.

Commissioner Lowe asked if any members have suggestions on form revisions to submit them directly to the Department and not amongst other committee members.

Member Kichen stated that when he questioned the denial of the reverse mortgage course, he was informed that all mortgage classes would be denied. Commissioner Lowe stated that was not her response and clarified, financing is allowed, mortgages are the loan that is attached and can be approved depending on how the class is presented in its application to the Department.

Member Kichen stated the intent is to provide more information in the course to the licensee.

Member Eslinger asked if mortgage could fall under the general category.

Commissioner Lowe stated, yes it could if the application is submitted clearly.

Member Hogan stated mortgage/financing should be allowed as a legal course, and noted that the wording on the educator update clearly implies that nothing will be approved if it is a mortgage course.

Member Sheahan asked if the Department was summarily suspending/canceling all courses and instructors if the course is mortgage. He noted that he receives many complaints that these types of courses are “pushing” the instructors company/sponsor.

Member Terpening stated that “REALTORS®” need to have this knowledge when assisting a buyer when they get pre-qualified.

Member Hogan suggested making a video that provided information to all schools and instructors the specific information required to obtain approval on a course and then require all to sit through the video.

IX.

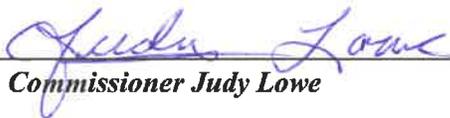
Proctor Requirements Discussion

AC Adams referred to the packet distributed to all members and offered a solution to the verbiage in question, it was accepted by all members.

Commissioner Lowe stated that the proctor cannot be compensated based on the Results of the exam.

- X. Member Terpening addressed the National Association of REALTORS® 8.0 Clear Cooperation Policy, also known as “coming soon”. The Multiple Listing Service of Southern Arizona (MLSSAZ) is preparing guidelines that will be coming forward within 90 days and noted that the Department may be receiving calls regarding the new policy.
- XI. Next meeting; June 10, 2020, 10am to Noon
- XII. Meeting adjourned 12:30

*Respectfully submitted this 11 day of June, 2020*  
*Education Advisory Committee*

  
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*Commissioner Judy Lowe*

*Members of the Education Advisory Committee will attend either in person or by telephone conferencing.*