

Arizona Department of Real Estate (ADRE)
Education Advisory Committee (EAC)
Minutes
March 12, 2013

The Education Advisory Committee (EAC) met on Tuesday, March 12, 2013 at the Arizona Department of Real Estate (ADRE), 2910 N 44th Street, Commissioner's Conference Room, Phoenix, Arizona.

I. Call to Order

Commissioner Lowe called the meeting to order at 10:00 a.m.

Members present:

Marti Barnewolt, Member
John Crosby, Member
J. Robert Eckley, Member
Holly Eslinger, Member
Barb Freestone, Member
Jim Hogan, Member
Andrew Jaffe, Member
Becky Ryan, Member
Amy Swaney, Member
Jim Zirbes, Member

Teleconference:

Evan Fuchs, Member

Absent:

Lin Ferrara, Member
Jon Kichen, Member
Mary Sand, Member

ADRE Representatives present:

Judy Lowe, Commissioner
Carla Randolph, Education Manager
Louis Dettorre, Legislative Liaison
Jim Williams, Education Auditor
Joni Smith, Administrative Assistant

II. Introductions & Welcome

Commissioner Lowe welcomed Advisory Committee members and ADRE staff to the meeting.

III. Minutes

Upon a motion by Member Eslinger; seconded by Member Freestone, the Minutes of the December 11, 2012 meeting were unanimously approved.

IV. New EAC Member Announcement / Introduction

New EAC Member Amy Swaney replaces Jill Hoogendyk. Member Swaney is the Arizona Regional Manager for City Wide Home Loans and past President of AMLA in 2006.

V. 2012 Education Division Accomplishments

Carla Randolph, Education Manager presented the Education Report that will be sent to the Governor's office with the 2012 Accomplishment Report. She also outlined the online course renewal capability for schools, with all courses approved under new guidelines, anticipated launch is mid-2014.

Commissioner Lowe commended the Education Division and Advisory Committee in response to some great feedback from the industry.

VI. 2013 Legislative Update - Louis Dettorre / Commissioner Lowe

Louis Dettorre, Legislative Liaison reported that *HB2525 – Real Estate Licenses; cancellation* moved forward in the legislative process. Rep. Warren is the sponsor; the bill would allow a one word change that would allow for the cancellation of an inactive real estate license. Currently, an individual must have an 'active' license in order to cancel.

Mr. Dettorre reported that the Governor's Office has recommended that ADRE become a 90/10 funded agency. ADRE is currently one of only two cabinet level agencies that are 95/110. Licensing fees are set annually based on revenue where contribution to the General Fund cannot be less than 95% of ADRE's annual appropriation, nor more than 110% of said appropriation. Currently Arizona has the lowest fees in the western US for real estate licensees.

Mr. Dettorre further explained that as part of the executive budget recommendation to become a 90/10 agency, 90% of ADRE fee revenue will be retained in an agency fund and 10% is contributed back to General Fund. Commissioner Lowe commented that being a 90/10 agency would position the department for long term stability with the capacity to carry over end of year profit into the next year and build a larger appropriation to support the operating budgets of the agency. She also commented that fees are governed by a cap in statute ARS§ 32-2132. When ADRE becomes a 90/10 agency, ADRE would no longer have to adjust fees annually.

VII. Broker Management Clinic (BMC) Update

Carla Randolph, Education Manager presented an updated report on BMC as follows:

- There are 33 live courses and 5-8 distance learning courses in each of the three BMC subject areas
- There are 41-43 instructors in each of the three BMC subject areas
- The public database was enhanced and now has BMC Course search capability

Commissioner Lowe added the recommendation to allow ADRE Investigators and Auditors to review/ audit the online BMC courses.

VIII. Prospect of Webinars/Remote Location Course Attendance and Classroom Definition

Education Manager Randolph reported on the Education Stakeholder Committee meeting that was held on January 29, 2013 and read the draft definitions of “Classroom” and “Live / Remote Classroom”. She commented that it is an item that will likely go to proposed Rule with the Commissioner’s approval.

Member Freestone inquired about the interpretation of ‘free from distraction’ in the definition of classroom. Discussion ensued with Member Hogan inquiring about providing a Substantive Policy Statement (SPS) rather than a rule. Commissioner Lowe responded that the department will do further review on the recommendation.

Member Hogan asked for clarification on the wording of the definition of “Live / Remote Classroom” specific to wording that includes only continuing education (CE) and not pre-licensing education. Discussion ensued with the recommendation to define each administrator role at each location. Committee posed the question of the possibility of implementing Live / Remote Classroom now and Education Manager Randolph responded that the department has no authority to move forward at this time, without a decision on enforcement as a rule, statute or SPS.

IX. Update on Pearson Vue Report

Education Manager Randolph introduced a new report system that provides monthly profile report for pre-licensure schools. Initially in the beta-testing stage, the report will help to identify performance statistics for schools based on content area for first time salesperson and broker licensees. A public records request will need to be requested from the department for multiple individual school reports.

Other items reported on by Education Manager Randolph were summary reports of examination stats for first time attempts as followed:

- **Original Broker Pass Rate:** 83% (Dec 12’) - 65% (Jan ’13) - 61% (Feb 13’)
- **Original Salesperson Pass Rate:** 69% (Dec 12’) – 68% (Jan ’13) - 67% (Feb 13’)

Commissioner Lowe commented that the Department has renewed a yearly contract with its Pearson Testing Administrator which resulted in no increase in fees, one additional test site and willingness to beta-test the new school report based on feedback from the department.

X. Real Estate School Supervision Audit Declaration Compliance

Education Auditor, Jim Williams, reported that there are 25 non-compliant schools out of 213 schools that have not responded to ADRE's audit inquiry which is required every two years.

XI. Volunteer Monitor Program

Education Auditor Williams reported that there are 50 monitor assignments/requests monthly. During the last month, out of the 639 scheduled courses, 35 were reviewed. He also addressed the misconception that the department sends monitors out when there is a reported complaint. The monitors identify themselves to the instructor at the beginning of the class and verify the scheduling time/day of class. Mr. Williams added, if there is a problem with a school the department works with them to comply with requirements.

Currently there are 43 monitors, with 9 unavailable for assignments. A 'monitor' is a licensee that is approved by the Department, based on certain qualifications. They must be a current licensee who is not an educator and must go through an orientation process.

XII. Education/Licensing Division Monthly Reports

Education Manager Randolph reported that ADRE's Strategic Plan is posted online. She provided division stats for the three month period (see attachment). She reported within the Education Division; 201 Active Status Schools, 3147 Active Status Courses and 1103 Instructors with approximately 500 licensing exams administered monthly. The Licensing Division is seeing an average of 400 new licensees per month, average number of salesperson renewals is approximately 1500 and broker renewals at 500 per month.

She reported the numbers of walk-ins are relatively high but with the implementation of online application for new licensees the number should decrease. Set to release mid-April, the online licensee account will be established with Pearson Vue Administrator posting exam results and ability to upload application, initiate hire and pay applicable fees online. Commissioner Lowe commented that ADRE is the only agency to provide online professional license renewal and licensing capabilities.

XIII. Education Fees

Effective February 1, 2013, implementation of fees for real estate schools, instructors and courses and a new online Real Estate School Payment System

XIV. Upcoming

a) The 7 EAC members whose terms expire, July 2013, are Members Freestone, Ryan, Fuchs, Eckley, Sand, Barnewolt and Swaney. Education Manager Randolph requested they email her with a statement of interest for reappointment.

b) Hosting continuing education to Remote Locations

**XV. Next Real Estate Education Advisory Committee Meeting
June 11, 2013**

XVI. Other Matters

Commissioner Lowe reported distribution of Broker Survey that would compile a report of designated brokers providing Property Management Services specific to data that includes trust accounts, bonding, E & O insurance, general liability insurance and role of agents. The survey will require 100% participation within a 30 day timeline to respond. Internally the data will be aligned with the entity and licensee profile. Additionally, a Property Management Policy/Procedure Manual will soon be available on the website for reference.

Committee posed the question of any repercussion for not completing the survey, Commissioner Lowe responded that the department has the authority to conduct an audit on any broker within Arizona and not responding to the survey in a timely manner may lead to disciplinary actions.

Discussion ensued with the recommendation to include fair credit reporting, trust account setup with banks, penetration of web portals. Member Hogan requested an update on the Property Management Audit report and Commissioner Lowe commented that a 13 month overview (Jan 12' to Feb 13') reported 110 broker audits with 25 deficiency of \$3.5 million.

XVII. Call to the Public – None

XVIII. Adjournment

At 12:15pm Member Jaffe made a motion to adjourn the meeting. The motion was seconded by Member Hogan and passed unanimously.

*Respectfully submitted this _____ day of June, 2013
Real Estate Advisory Board*

Commissioner Lowe