

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

Tuesday
September 10, 2019
10:00 a.m. – 12:00 p.m.
Arizona Department of Real Estate
Training Conference Room
100 North 15th Avenue, Suite 201
Phoenix, Arizona 85007

- I. Call to Order -
Commissioner Lowe called the meeting to order at 9:05 a.m.
- II. Introductions & Welcome
Members present:
Marti Barnewolt
Holly Eslinger
Barb Freestone
Kim Horn
Jon Kichen
Laura Kovacs
Mary Sand
Debbie Shields
Patrick Sheahan
Cheryl Terpening
Betty Winn
- Absent:**
Jim Hogan
Debra Prevost
Kelly Zitlow
- 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

Public:

Dana Kichen – Desert Sage Seminars

III. Approval of March 12, 2019 and June 11, 2019 Meeting Minutes

Commissioner Lowe asked for a Motion to approve the March 12, 2019 Meeting Minutes. Upon a motion by Member Freestone, seconded by Member Sand, the Minutes of the March 12, 2019 meeting were unanimously approved.

Commissioner Lowe asked for a Motion to approve the June 11, 2019 Meeting Minutes. Member Kichen asked if bullet point three, four and five under section IV referenced pre licensing education. Member Sand confirmed, yes they pertain to pre licensing education. Commissioner Lowe noted that bullet point five, standard certificate, would assist the Licensing Department in expediting processing. Upon a motion by Member Eslinger, seconded by Member Shields, the Minutes of the June 11, 2019 meeting were unanimously approved.

IV. Industry/Legislative/ADRE Update

Commissioner Lowe noted some of the current hot topics within the Department, and information from the Association of Real Estate License Law Officials (ARELLO)

- The Department is receiving a large number of calls and message center inquiries regarding A.R.S.§32-4302 Out of State License Recognition
- To qualify for license recognition the applicant be an Arizona resident, and a current real estate licensee with another state. Providing this proof allows for the waiver of the applicant's 90 hours pre-licensing education. The Pearson Vue exam must still be passed as well as the in class room contract writing course for a salesperson license, and the Broker Management Clinic (BMC) course for a broker's license.
- The definition of residency as noted in the Department's brochure was reviewed. An attestation of residency is required at the time of application. Member Sheahan asked if the nine months is an aggregate. Commissioner Lowe stated, yes. DC Dettorre offered a few examples of proof of residency, also found on our website. Commissioner Lowe reiterated that an individual requesting out-of-state recognition still needs to apply, and have the license application granted.

Member Kichen inquired about the determination for license type when the other state's license may not be a like comparison for the license they are applying for at the Department; does the Department determine what level of license they qualify for? DC Dettorre stated that the Department

has the authority to make the decision around license equivalency, through an example.

Member Kichen asked if Commissioner Lowe had the authority to waive a portion of an exam. Commissioner Lowe stated she could currently waive the national portion, but that the Department has now gone to one exam for both salespersons and brokers, and she also noted that the Department still has the authority to deny a license application.

Member Sand asked if the contract-writing course would be offered online in the future. Commissioner Lowe stated it currently must be taken in classroom. The BMCs may be taken online.

Member Terpening asked if there is an estimated time to process an application with out-of-state recognition. DC Dettorre stated it will be up to the individual applicant, and the Department to review when approving these applications.

Member Barnewolt asked if the Department checked other states that the applicant may be licensed, but did not disclose. DC Dettorre stated they would need to disclose, and action could be taken if found that they had not.

- Commissioner Lowe will be at the ARELLO conference 9/16-9/20/19.
 - Commissioner Lowe was asked to speak about license recognition at ARELLO.
 - ARELLO has formed a workgroup regarding license portability.
 - Every state is experiencing challenges to the Designated Broker's authority. Member Eslinger asked if the Substantive Policy Statement (SPS) on teams will change. Commissioner Lowe stated it could change if statutes change regarding whom the Designated Broker may pay. Commissioner Lowe noted that the Department anticipates receiving it back from the Attorney General shortly; there a few concerns that are being addressed.
- Member Shields asked if Property Managers may use an unlicensed individual to accept payments. Commissioner Lowe noted that it has been suggested that this should be allowed but she believe this diminishes the profession and the overall need for a license.
- The Department has received questions regarding those that oversee or hold a PC/PLLC, and reminded all that a PC/PLLC is only used to pay a commission, and the payment may only be split with member of the PC/PLLC.

- There has been continued discussion about changing business models. The Department has remained open to meeting with new business models when requested.
- Student identity verification is a hot topic.
- Licensing decisions that include criminal convictions are being challenged in many states.
- There is a case with the Federal Appellate Court with the National Association of Realtors for American's with Disability Act (ADA) requirements.
- Many complaints about robo calls by licensees who are the owner/seller. DC Dettorre stated Arizona is one of the top states where individuals have filed complaints with the Federal Trade Commission's (FTC) National Do Not Call Registry.
- The National Association of Realtors and several national real estate franchisors are currently involved in an anti-trust lawsuit; ADRE is not involved in it. The lawsuit is based on the payment of commissions.
- There are now many different purchase agreements and transaction documents being utilized by the real estate industry.

DC Dettorre gave a brief overview regarding the 2019 Legislative update that has been posted to the Department's website.

- From the Department's perspective 2020 legislative issues would likely address statutes that require clarification due to 2019 legislative changes.
- The Department would like to propose the course and school approval move from four years to two years.

Commissioner Lowe noted the reason for this is that distance learning courses are no longer relevant within a four year time period.

Member Kichen questioned the change and stated that if schools put forth the effort to create a creditable course it would still be relevant, but if they don't it is no more relevant at two than it was originally. Commissioner Lowe noted it was brought forth as a recommendation by the distance learning workgroup. Member Kichen stated that the recommendation was to have course submissions require a Subject Matter Expert. Member Kovacs inquired if this would be for all courses or just distance learning. Commissioner Lowe stated it would be for all courses. Member Sheahan stated that this does not fix the problem; it just increases the paperwork for all. Member Barnewolt stated there is a need for someone to review content to determine if it is still valid. Member Horn suggested a change to the in house review of courses.

- The Timeshare rescission period has been extended from seven to ten days.

V. Educator Update

AC Adams thanked Member Barnewolt, Member Hogan, and Bill Gray for the Broker Pre License IDWs and noted that roughly 67 educators have attended the new curriculum presentation. All instructors must now take the IDW. Commissioner Lowe stated that the Department is scheduling additional IDW's, and that an additional requirement to teach a pre licensing course is that an active Broker's license is required. Member Freestone voiced a concern that presentation skills are not addressed in the IDW's. Commissioner Lowe noted the IDW is only presenting new curriculum, and not addressing presentation. Member Shields asked if the IDW certificate needed to be entered into the Departments online portal. Commissioner Lowe stated that they do not; instead they should be retained by the instructors/schools. Member Terpening asked if the BMC's required updating. Commissioner Lowe stated that the quality of the BMC's content is driven by the statute requirement. Member Terpening stated she thought there is a disconnect between the BMC's and the new curriculum. Commissioner Lowe stated that has not been determined, but would like to see a work group to address this. The prospective launch date for the new Broker's exam is 9/23/19. All educators must follow the new curriculum as of 9/13/19.

VI. Volunteer Monitor Program Update

In FY19 the Department had a performance metric to address accountability and quality of courses and will continue this metric for FY20. The Department has enhanced the metric by ensuring that we receive and review the report following the Volunteer Monitor attending the course.

Jim Williams provided education statistics. Member Kichen inquired if the volunteer montitors are required to identify themselves. Jim stated they should but if no one asks they do not have to.

VII. Other Matters

- Terms for EAC members. Currently all members come up for reappointment/appointment at the end of two years. Commissioner Lowe asked what the committee thought was a fair number of reappointments, she noted that the Department's website states two-year term and an individual can serve two terms. Member Freestone stated two, two year terms are appropriate. Member Kichen agreed, and added after one year off they should be able to reapply.

- Exam performance will be addressed at the next meeting. Member Freestone stated it would be helpful for the schools to know a sub category of what courses are failing, and asked that a summary be provided to the EAC.

VIII. Call to the Public

Member of the Public Dana Kichen stated that she hears repeatedly from licensees regarding negative education issues and she asks them to inform the Department.

IX. Next meeting December 10th, 10:00-12:00

Respectfully submitted this 10 day of December, 2019
Education Advisory Committee


Commissioner Judy Lowe

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