

**Arizona Department of Real Estate (ADRE)
Education Advisory Committee (EAC) Minutes
Meeting of December 8, 2015
ADRE, 2910 N. 44TH Street
Phoenix, Arizona 85018**

I. CALL TO ORDER

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

MEMBERS PRESENT

Marti Barnewolt
Mary Frances Coleman
Holly Eslinger
Barb Freestone
Andrew Jaffe
Jim Hogan
Jon Kichen
Becky Ryan
Mary Sand
Amy Swaney
Scott Goddard

MEMBERS ATTENDING VIA TELECONFERENCE

Evan Fuchs

ABSENT

Jim Zirbes
J. Robert Eckley

ADRE REPRESENTATIVES PRESENT

Judy Lowe, Commissioner
Louis Dettorre, Assistant Commissioner Operations/Legislative Affairs
Carla Randolph, Assistant Commissioner Licensing/Education/Development Services
Danielle Hazeltine, Assistant Commissioner Compliance
Jim Williams, Education Auditor/Property Inspector
Linda Panattoni, Taking Minutes of Meeting

PUBLIC PRESENT

Nicole LaSlavic
Courtney LeVinus
Stacey Vannasdale

II. WELCOME – INTRODUCTIONS/ANNOUNCEMENTS

Commissioner Lowe made the following announcements:

- Amy Swaney was chosen as one of Housing Wire's 2015 "Women of Influence".
- Sarah Dobbins, ADRE Chief of Staff, has adopted a new baby boy.
- The Statewide hiring freeze remains in effect. ADRE has been able to receive 'Justification to Fill' in order to replace several key positions that had been vacated.
- ADRE has hired the following new employees: Danielle Hazeltine, Assistant Commissioner Compliance; Al Krieg, Auditor; Heidi Edwards, Administrative Assistant; Linda Panattoni, Customer Service Rep II; Abby Hansen, Customer Service Rep II.
- Andy Tobin is the new Director of Department of Insurance.
- Director Lauren Kingry recently resigned from Department of Financial Institutions. A new director has not been appointed.

III. APPROVAL OF JULY 21, 2015 MEETING MINUTES

Commissioner Lowe asked for a Motion to approve the July 21, 2015 minutes. The Minutes of July 21, 2015, meeting were unanimously approved.

IV. EAC CHARGE/MEMBER - APPOINTMENTS

Member Janet Waller has resigned and moved to the Bay Area in California. Scott Goddard of First American Title Agency will fulfill Member Janet Waller's seat until July 2016. Mr. Goddard introduced himself to the Committee.

V. INDUSTRY/LEGISLATIVE/RULES/ADRE UPDATE – COMMISSIONER LOWE/AC DETTORRE

Commissioner Lowe provided a current Licensee update:

60,218 Active Licensees

12,794 Inactive Licensees

5,638 Grace Period Licensees

78,650 Total Licensees compared to: 77,852 Licensees last year at this time.

Member, Jim Hogan asked if ADRE could provide a graph on their website showing a comparison of numbers by month. AC Dettorre agreed to work on this request. Member, Barb Freestone asked how many licensees stay and how many drop out. Commissioner Lowe commented that in 2014 we averaged 750 licensees monthly terminating year end, now it is 500 licensees. Member Hogan asked if AC Dettorre could add entities to the graphics also.

Commissioner Lowe discussed how State agencies are tasked with tracking the parties to key ADRE functions and provided a few examples as follows:

- Who is our Investor...the Taxpayer?
- Who is our Customer - The Real Estate Industry?
- We are looking at who we really serve...who is our customer, and who do we bring value to?
- How to improve our service?
- How to make commercial brokers feel more a part of ADRE and the Arizona real estate laws.

Commissioner Lowe provided an update on ARELLO Meeting (Association of Real Estate License Law Officials). One of the major issues discussed was Property Management. The other issues discussed were:

- Leads by unlicensed companies that are paid compensation for the leads – this does require a license in Arizona;
- Educating the consumer and international companies to understand real estate rules and regulations;
- Forged Deeds which involve absentee owners and vacant properties;
- Cyber scams surrounding Title companies closing funds.

Commissioner Lowe discussed Broker responsibilities and that the Designated Broker is responsible for all salespersons/Associate Brokers. These Designated Brokers are constantly being challenged by Team issues.

Committee Member Mary Frances Coleman asked about Commissioner's Advisory #5. Commissioner Lowe advised that there will be changes in Real Estate Closing Statements and that all Closing Statements per Commissioner's Advisory #5 will be accepted. There have been two meetings regarding the new lender laws with Title representatives, Lenders and real estate associations and the next meeting will be scheduled for January 2016.

AC Dettorre shared that legislation has been drafted to reduce Continuing Education hours for real estate brokers and salespersons and other professionals. AC Dettorre will keep the board up-to-date regarding this issue.

AC Dettorre discussed that the department anticipates running legislation to:

- Remove the requirement that Employing Brokers post real estate copies of real estate licenses and that ADRE issue pocket cards;
Give ADRE authority to issue non-disciplinary letters of concern could include education requirements. These letters would not be posted on the Licensee's online record as a disciplinary action.

Next Legislative Session begins the Second Monday in January. The Governor's Executive budget will be released in January 2016.

Committee Members discussed Homeowner's Associations (HOA) and whether or not they might be licensed through the ADRE. AC Dettorre stated legislation has been discussed to regulate HOA Managers. AC Dettorre to keep the Committee updated.

AC Dettorre updated the Committee on ADRE Operations:

- ADRE Procedure Manuals are being updated;
- More training opportunities for employees with ongoing monthly training sessions;
- Strategic plan for January 1, 2016: increased communications, lean government process for every ADRE division.

AC Carla Randolph updated the committee on ADRE Development Services:

- Expedited Public Reports lean process for new applications, goal at 4 ½ days for processing;
- Weekly Huddle meeting with team to process improvement/performance;
- Public Report Amendment application recently revised; more user friendly;
- AC Randolph discussed "Lean" focus to reduce processing on Public Reports, ADRE Forms; etc.... There is now a "Learn and Lunch" held monthly for developers, and their servicers. January 21, 2016, is the next Learn and Lunch meeting.

VI. ADVISORY BOARD RECOMMENDATION FOR EAC – DEFINITION PROPERTY MANAGEMENT/MANGER

Commissioner Lowe brought forward that the Real Estate Advisory Board has recommended that the Education Advisory Committee (EAC) discuss and make a recommendation back to the Advisory Board to define Property Management/Manager.

At the ADRE Advisory Board meeting of October 14, 2015, "a Motion was made to recommend that the Education Advisory Committee (EAC) start a draft of the property management definition(s), with the input of stakeholders, using the current statute and amending it to meet the current needs. Report back to the Real Estate Advisory Board in February 2016."

The Advisory Education Committee member, Jon Kitchen, made a Motion: "that the Education Advisory Committee appoints Jon Kichen, who shall have authority to appoint a co-chair and stakeholder members to address the recommendation in the Motion of the Real Estate Advisory Board meeting of October 14, 2015 regarding property management definition(s)."

The Motion was seconded. There was discussion on: Is it Education related; Rules/Regulatory related; Community Managers are afraid of Property Management definition; the need of legislation, rules, policy changes to help in getting a definition; and, does the Education Advisory Committee have a conflict of interest. Committee Member, Evan Fuchs, is against the idea and does not believe this is the Education Advisory Committee's role. The Motion failed. Committee Member, Jon Kichen, voted in favor of the motion.

VII. VOLUNTEER MONITOR PROGRAM UPDATE – JIM WILLIAMS

Education Auditor, Jim Williams, updated the Committee on the volunteer monitoring activities:

- Barb Freestone complimented Jim Williams in Education and stated that he is extremely responsive when called upon. AC Randolph commented that Jim Williams is the only staff in Education and has zero (0) pending on the Education applications at the end of each week.
- New monitor in Southern Arizona;
- 507 classes scheduled for Dec 8th to the end of year and upcoming courses;

VIII. UPDATE ON PEARSON VUE (PRE-LICENSURE TESTING VENDOR)

AC Randolph updated the Committee on Pearson Vue and classes:

- Salesperson test – 66% pass rate for first time test takers;
- National Real Estate Exam updates scheduled on or about April 2016;
- In February 2016, subject matter expert meeting for State specific exam on performance and new questions.

Committee Member, Hogan, asked that Pearson Vue review the Bibliography part of the exam content outlines for changes and updates.

IX. REVIEW EDUCATION/LICENSING DIVISION MONTHLY REPORTS – CARLA RANDOLPH - HANDOUT

AC Randolph provided a Handout and discussed:

- Report updates for license statistics;
- Performance of new Kiosk in Licensing for the Original online license application system at 75% usage;
- Message Center activity;
- Education Applications stats;

Several members of the Committee discussed the modification to the time of a class on the online 14 day notice? Commissioner Lowe/AC Randolph agreed to discuss with the ADRE IT division to research changing the online education system to accommodate this.

X. UPCOMING

Next meeting is in March 2016.

XI. OTHER MATTERS

AC Carla Randolph

- new #5 advisory from Commissioner Lowe;
- Video Link from Commissioner Lowe;
- Tools on ADRE Website – Property Management Trust Reconciliation;
- New FCC Program w/Arizona Department of Public Safety;
- National Exam updates;
- Advertising Guidelines reminders;
- Instructor Development Workshop training courses, cannot be searched on ADRE site;
- Telling volunteers to follow the Committee and come to meetings.

XII. CALL TO PUBLIC


Commissioner Lowe called to the public for comments, etc. No questions/comments from the public.

XIII. NEXT EAC MEETING: March 8, 2016.

XIV. Commissioner Lowe called for a Motion to Adjourn at 12:00 p.m.
The Motion to Adjourn was seconded by Mary Sand and unanimously approved.

Respectfully submitted this 8 day of ^{march} ~~December~~, 2015

Education Advisory Committee



Commissioner Judy Lowe