

Arizona Department of Real Estate (ADRE)
Education Advisory Committee (EAC)
Minutes
December 10, 2013

The Education Advisory Committee (EAC) met on Tuesday, December 10, 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, John Crosby, J. Robert Eckley, Barb Freestone, Jon Kichen, Becky Ryan, Jim Zirbes, Jim Hogan, Janette Waller, Andrew Jaffe, Amy Swaney

Teleconference: Evan Fuchs, Mary Sand

Absent: Holly Eslinger

Member of the Public: Nicole LaSlavic, AAR

ADRE Staff: Commissioner Lowe, Carla Randolph – Assistant Commissioner Licensing/ Education/ Development Services, Louis Dettorre – Assistant Commissioner Operations/ Legislative Affairs, Kurt Labotz, Jim Williams, Sarah Dobbins – Chief of Staff

II. Introductions & Welcome/ Announcements

Commissioner Lowe welcomed the Advisory Committee members and ADRE staff to the meeting. She introduced new committee member Janette Waller. Ms. Waller has assumed the position that was vacated by Lin Ferrara.

The Commissioner provided the following announcements:

- ADRE is encouraging licensees to utilize the Message Center. Using the 'Message Center' allows inquiries to be directed, via email, to the appropriate employee or Division to best answer. The message center also allows a message to remain active, even if the employee who first answered is out of the office, other employees are able to step-in and answer follow up questions or continue to respond.

- ADRE will hold a staff Holiday pot luck; ADRE has adopted a family from Homeward Bound and employees are contributing items. This is ADRE's version of toys for tots for the holidays.
- Commissioner Lowe mentioned the passing of Bud Crawley, Broker and Instructor. Assistant Commissioner Randolph mentioned that she has met with Mr. Crawley's family to take care of the details of the school and brokerage.

III. September 10, 2013 – Meeting Minutes – Review/ Approval

Member Eckley asked if the Real Estate Advisory Board reviewed legislative proposals regarding property management. Assistant Commissioner Dettorre commented that the Advisory Board did review the proposals crafted by the Department and explained that while none of them would be moving forward from ADRE through the legislative process in the 2014 session, conversations on the topic of property management are continuing with the industry and stakeholders.

After discussion, upon a motion by Member Jaffe; seconded by Member Eckley, the minutes of the September 10, 2013 meeting were unanimously approved.

IV. Online “Original” License Application – Update

Assistant Commissioner (AC) Randolph commented that the use of the online original application is up to 50%. She also noted that a Frequently Asked Questions (FAQ) was developed and asked committee members to review and send her any comments they have by Friday, December 13, 2013.

Member Hogan asked for clarification on the FAQ. He wanted to know if the applicants are notified through the system that they are not active to practice until the hiring Broker has accepted them through the online system. It was suggested that some mechanism be added to insure that the applicant is notified of this.

Commissioner Lowe and Assistant Commissioner Randolph reviewed the 90, 60 and 30 day notices that are currently going out. AC Randolph also explained that, as long as the applicant has provided Pearson Vue with their email address, upon passing the exam, they receive an email notifying them that they have passed and may apply for their license online.

v. Industry/ Legislative/ ADRE Update

Assistant Commissioner (AC) Dettorre provided the report. He commented that the 2014 legislative session will begin on January 13, 2014. He noted that property management proposals were crafted by the Department and submitted to the Governor's Office. While the Department will not be moving legislation forward this session, conversation with the industry will continue and the Department along with the industry will continue to look for ways to address the issues around property management.

Mr. Dettorre also commented that ADRE would be submitting an updated 5 year Strategic Plan. It will be posted to the ADRE website within the next two weeks.

From the Operations perspective, AC Dettorre commented that the Department has been conducting a thorough review of all forms and documents that are distributed to the public. He has also been working with ADRE staff as well as staff from State Archives on records retention and document storage.

Commissioner Lowe provided an update on ADRE's budget. She noted that the Department's appropriation for the last two years has been \$2.9M. In 2007, the appropriation was at a high of \$4.6M. As a result of the 95/110 statute that ADRE falls under (fees paid to the general fund can be no less than 95% of the appropriation and no more than 110%), and the decrease in budget, fees to the licensees have decreased.

ADRE's 2015 Budget request for approximately \$3.5M has been submitted to the Governor's office. Commissioner Lowe commented that, as this request must be reviewed by the Governor's office and then goes through the legislative process, it will be April or May of 2015 before the Department is notified of the ADRE 2015 appropriation.

With regard to Industry Update, Commissioner Lowe commented on the following items that were discussed at the ARELLO (Association of Real Estate License Law Officials) Conference she attended recently:

- She noted that it was discussed that the Federal government is exploring ways of becoming more involved in State's Real Estate business. She commented that they are looking at modifications to the national exam as well as reciprocity between States. There are concerns with Federal involvement in both of these items.
- auction.com was also discussed. The Commissioner noted that Arizona law requires an Arizona real estate license to perform any real estate activity. She also noted that with an online auction company, there

may be violations including advertising, disclosures and fiduciary responsibilities.

- Other items discussed at ARELLO included pocket listings, unlicensed assistants and teams.

With regard to the ADRE Update, Commissioner Lowe commented that it appears there is a tenant to take the former ADRE space in Tucson.

She also commented on the recent Government Transformation (GTO) process that ADRE staff worked with the Department of Administration's (ADOA) GTO Director on. The team worked on streamlining the Disclosures process. As a result of the teams work, the processing time has been reduced for 90% of licensing disclosures; from 42 days to 2 days – a 95% improvement. The Investigations Division will be the next ADRE team working with the ADOA GTO team.

Commissioner Lowe also commented that the Department has hired a new Auditor, Wendy Oliver. Updated Law Books have also been ordered and are scheduled to arrive by the end of January, 2014.

VI. Property Management Issues

Commissioner Lowe commented that the Real Estate Advisory Board continues to address property management issues with the understanding that the Department is not bringing legislation forward in the coming 2014 session. Even though the Department is not able to move legislation forward, this does not prevent private industry from doing so.

The Advisory Board meets on Wednesday, December 11th and this item is on their agenda.

Assistant Commissioner Randolph noted the handout of the Audit package and commented that this is now on ADRE's website. Ms. Randolph verbally reviewed the items included in the packet. Member Barnewolt commented that having the package available on the website has been very helpful.

Assistant Commissioner Randolph also noted the 'Broker Honor Roll' that is now included in ADRE's quarterly bulletin. The licensees posted in this have been found in compliance on their Audits. This is a way of highlighting the good performers.

VII. Industry/ Other Issues

This was covered by Commissioner Lowe and Assistant Commissioner Dettorre in section V.

VIII. Distance Learning Course Requirements

Assistant Commissioner Randolph commented that Commissioner Lowe has adopted the recommendation from the committee that looked at the definition of a classroom and the prospect of live/remote classroom credit for continuing education (CE). The Commissioner has adopted the live remote location course recommendation. In other words, CE students may attend class via video conferencing to a live classroom and this is considered live. This allows students in outlying areas to attend courses. The course applications must be approved by ADRE. Assistant Commissioner Randolph commented that she and Commissioner Lowe have met with the Assistant Attorney General on this item. She also commented that she is in the process of updating Addendum B to address this change in the course application.

Member Kichen raised several concerns including scoring tests for students who are remote, and monitoring.

Member Ryan inquired as to how compliance would be insured.

Member Freestone commented that the laws/rules around this should not be too tight, it should be the schools responsibility to insure they are providing a quality course with quality content and instructor. Member Freestone also applauded the Department on realizing that with evolving technology, this will be a benefit to raising the bar and providing quality education to non-metropolitan areas.

Commissioner Lowe commented that, once the Department receives clearance to make Rule changes, this will be addressed in Rule.

Member Zirbes mentioned a three hour on-line course he recently took where he was able to manipulate the course timer. Assistant Commissioner Randolph asked Member Zirbes to provide details to the Department so the matter could be investigated.

With regard to the number of hours a students is permitted to take per day and the issue of times zones, Assistant Commissioner Randolph mentioned that she would be notifying all schools to make this a clear point on their distance learning courses.

With regard to follow up on Arizona Specific Enforcement, Assistant Commissioner Randolph explained this agenda item is a follow up to a concern Member Kichen raised about incorrect information being disseminated in distance learning courses and how this could be addressed.

Assistant Commissioner Randolph mentioned that, as a means of monitoring, ADRE staff takes on-line courses as part of the course review. Instructors take continued instructor education, which is self-regulation. This was implemented approximately 2 years ago. She also commented that the Department does not receive many complaints on this matter. If someone sees something incorrect, they should notify the Department so it can be investigated and addressed. Member Kichen suggested a volunteer group of subject matter experts be established and utilized to review distance learning courses and the content. Commissioner Lowe re-iterated that when a problem is seen it is important that it be communicated to the Department so it can be addressed. After further discussion, it was determined that this item will be on the agenda for the March 11, 2014 meeting. The item will be to look at solutions to the credibility of the content and qualifying instructors as subject matter experts.

IX. Volunteer Monitor Update

Education Auditor, Jim Williams provided the Volunteer Monitor Report. A Volunteer Monitor orientation/ recruitment was held in early November. As a result there are now 46 volunteer monitors. The orientation was taped so that it can be shared with future monitors-in-training. There are 277 courses scheduled for monitors to take between December 15th and December 30th.

X. Update on Pearson Vue (Pre-licensure testing vendor)

Assistant Commissioner Randolph commented that Pearson Vue (PV) is considering adding a new subject area to the National exam. ADRE has asked that schools be notified as soon as a determination is made. She also commented that ADRE has been pleased with the overall Pearson Vue contract performance. They have communicated with the Department effectively and have addressed any issues that did arise.

Assistant Commissioner Randolph also reviewed exam statistics, as provided by Pearson Vue.

As part of the contract, Pearson Vue is to hold meetings with Arizona Subject Matter Experts (SME's). They will be meeting with Arizona SME's in January, 2014.

Members Barnewolt and Hogan commented that they have not received school reports from PV. Assistant Commissioner Randolph will contact PV on this matter.

Member Hogan commented that a student in Yuma notified him that there were noise issues with the Yuma test facility. Assistant Commissioner Randolph will contact Pearson Vue to assess the problem.

XI. Division Reports

In addition to Education, Assistant Commissioner Randolph now oversees Licensing and Development Services. She provided a brief report on licensing and development services statistics.

XII. Upcoming

Live host/ remote locations for CE; Addendum B

XIII. Next EAC Meeting: March 11, 2014

The 2014 meeting calendar was provided

XIV. Other Matters

None

XV. Call to the Public

No comments

XVI. Adjournment

Member Kichen motioned to adjourn the meeting; Member Freestone seconded the motion, motion passed unanimously. Meeting adjourned at 12:10pm.