

**Arizona Department of Real Estate (ADRE)**  
**Education Advisory Committee (EAC)**  
**Minutes**  
**December 11, 2012**

The Education Advisory Committee (EAC) met on Tuesday, December 11, 2012 at the Arizona Department of Real Estate (ADRE), 2910 N 44<sup>th</sup> Street, Commissioner's Conference Room, Phoenix, Arizona.

**I. Call to Order**

Commissioner Lowe called the meeting to order at 10:05am.

**II. Welcome**

**Members present:** Marti Barnewolt, Holly Eslinger, Lin Ferrara, Barb Freestone, Andrew Jaffe, Becky Ryan, Mary Sand, Jim Zirbes

**Via Phone:** Evan Fuchs, Jim Hogan

**Unable to attend:** John Crosby, Robert Eckley, Jon Kichen

**ADRE Staff:** Commissioner Lowe, Carla Randolph, Sarah Dobbins, Jim Williams, Louis Dettorre

**Public:** Cammie Marceaux, Amy Swaney

**Introductions:** For the benefit of the members attending via telephone, as well as the visitors, Commissioner Lowe asked to go around the table and have each person present state their name.

The Commissioner made the following announcements:

- ADRE has three new employees – Joni Smith, Administrative Assistant; Amy Wilson, Customer Service Representative; Wendy Greenwood, Senior Investigator. She mentioned that new employees begin training at the HUB and that the Department has moved to a program of having employee's cross-train in other divisions.
- The 2013 – 2017 ADRE DRAFT Strategic Plan has been completed and submitted to the Governor's office. It will be posted on the ADRE website, but if someone wishes to view a copy, please see the Commissioner. Commissioner Lowe commented that, now that the plan has been developed, managers will be working with staff to develop or revise performance goals based on meeting the Department's objectives.

She commented that approximately 75% of ADRE's 29.5 employees are eligible for retirement. With this, some of the goals are designed to insure that institutional knowledge of the Department is passed on.

The Commissioner mentioned that ADRE is also raising the bar on the required/ desired qualifications for new employees.

FY2014 ADRE Budget request has been submitted to the Governor's office.

**III. Minutes of September 11, 2012**

Upon motion by Holly Eslinger, seconded by Lin Ferrara; the minutes of the September 11, 2012 meeting were unanimously approved.

**IV. EAC Member – Mortgage Industry Vacancy**

With the departure of Jill Hoogendyk from the committee, there is now a vacancy for a representative from the mortgage industry. Two candidates have expressed interest in serving – Amy Swaney and Sherri Olsen. Member Eslinger mentioned that both candidates are past Presidents of AMLA and they both teach or have taught.

**V. 2012 Legislative Update – Legislative Liaison Dettorre/ Commissioner Lowe**

ADRE Legislative Liaison Dettorre provided a verbal review of the legislative issues the Department has proposed for the upcoming 2013 session (see attached handout).

Discussion ensued on several of the items. With regard to the proposal related to branch office management, Member's Freestone and Fuchs suggested that the idea of limiting the delegation to once per delegated individual year, may be problematic for smaller companies. Legislative Liaison Dettorre noted this concern and will review.

With regard to broker temporary assignment, Member Hogan suggested that a Substantive Policy Statement be developed outlining what an individual, who is acting on behalf of a broker can and cannot do.

**VI. Broker Management Clinic (BMC) Implementation/ Update – Education Manager Randolph**

Education Manager Randolph provided an update on the Broker Management Clinic. She mentioned the following highlights:

- HB2357 is effective January 1, 2013

- Schools have been preparing since August, 2012
- Instructor Development Workshops (IDW) have been approved in Phoenix, Tucson and Sedona
- There are currently 35 approved courses (5 online)
- The online system, which ADRE's IT Department has been working on, is set for deployment January 1, 2013; it incorporates changes/exemptions/new statuses
- In October, an Informational Alert was sent to licensees. The alert contained links to the substantive policy statement as well as an FAQ with a quick reference table. All are posted on ADRE's website and Ms. Randolph provided a copy of the quick reference table.
- Public database was recently enhanced to support the ability to locate scheduled BMC courses/ approved instructors.
- Course and instructor subject area approval termination notices were sent to schools and instructors without a school sponsor; notifying them that current approvals would terminate on 12/31/2012.
- The Education Department will be publishing revised licensing forms for BMC (LI202 and LI219) by 12/31/2012.

Member Eslinger commented that she is hearing some concerns regarding the IDW's; that the content being presented is the same as the old content. She suggested a check be done on this. Discussion ensued on how this is being addressed.

Member Hogan suggested that information be sought from the commercial industry. He expressed concern about insuring there is an audience for the specialty areas.

#### **VII. Property Management Update - Commissioner Lowe/ Louis Dettorre, Legislative Liaison**

Commissioner Lowe advised that ADRE will not be bringing forth legislation regarding property management at this time, however, if an industry member or group wished to do so, that would be their prerogative.

#### **VIII. Prospect of Webinars/ Remote Location Course Attendance and Classroom Definition Stakeholder Committee – Commissioner Lowe/ Education Manager Randolph**

Education Manager Randolph stated that at their September, 2012 meeting, the Real Estate Advisory Board advised the Department to review this topic. Approximately 15 schools will be petitioned to participate; this committee will make recommendations to the Commissioner for consideration. The group will meet in January, 2013.

Commissioner Lowe mentioned that, most likely, the first task will be defining a classroom. She commented there has already been some input as to whether a specific classroom would qualify.

**IX. Update on Pearson Vue (Pre-licensure Testing Vendor) – Education Manager Randolph**

Ms. Randolph commented that Pearson Vue (PV) visited ADRE for Industry Day on September 25, 2012. She mentioned that turnout was not as large as in year's past, however, since this indicates users are satisfied, it was a positive.

PV has modified the test review process. The new candidate handbook was issued August, 2012. In preparation for online original license applications, ADRE's IT Department has been working on auto-upload of real time exam information.

Member Hogan inquired if there was a discussion about breaking out the percentages for schools and state vs. national exam. Education Manager Randolph stated that Pearson Vue is completing the requested report and it will break out pass/fail information.

Education Manager Randolph also mentioned that the Subject Matter Experts (SME's) from Arizona – Carla Bowen, Lisa Suarez, Harvey Mordka, Linda Lightfoot and Duane Fouts met with PV in October.

Ms. Randolph reviewed exam performance stats for September, October and November, 2012 (see attached).

**X. Volunteer Monitor Program – Jim Williams, Volunteer Monitor Program Coordinator**

Mr. Williams commented that the goal is to get out 50 monitors per month. In the month of November, he sent out 10 requests and had 2 volunteers agree to go out. There is a need to recruit more volunteer monitors. He mentioned that those interested in volunteering would complete an application, participate in training and then could be sent out as a monitor.

For recruiting monitors, Member Freestone suggested contacting local association education committees.

Mr. Williams mentioned that there have been a number of questions/ calls regarding code of ethics. Member Freestone mentioned that Code of Ethics is currently tied to several course topics at Arizona Association of Realtors (AAR).

Commissioner Lowe mentioned that it has been suggested that when ADRE goes through rules revision that ethics be considered in certain areas. The ethics requirement currently falls under AAR and the local associations.

Member Freestone mentioned that the ethics course is required every 4 years by AAR.

## **XI. Review Education/ Licensing Division Monthly Reports – Education Manager Randolph**

Ms. Randolph reviewed stats for the Education Division and Licensing Division (see attached handout).

## **XII. Discussion on Follow Up Topics**

Member Hogan has inquired about distance learning course timers. Education Manager Randolph mentioned that Substantive Policy Statement No.2010.02 covers course timing requirements. Ms. Randolph provided the group with a copy of and reviewed the substantive policy statement.

Member Ryan commented that this is a widespread problem and explained some of the activity she has observed. Commissioner Lowe commented that, in order to investigate, the Department must be made aware. She encouraged members, if they observe something that does not appear to be correct, please turn it into ADRE in the form of a complaint. Once a complaint is filed, an investigation can be conducted.

Manager Randolph commented that, ADRE Education staff is taking on-line courses, in an effort to enforce compliance.

Members Freestone and Eslinger mentioned [www.REteach.com](http://www.REteach.com) as a great tool for course critiques; AAR has received very productive feedback through Reteach.com

## **XIII. Upcoming items – Education Manager Randolph**

- Prospect of Remote Location and Classroom Definition Stakeholder – committee meeting January, 2013
- Review and Process School Audit Declarations due by January 31, 2013
- Education Fees: Commissioner Lowe commented that ADRE is looking at an effective date of February 1, 2013 for schools. Commissioner Lowe commented that fees would be posted after the first of the year. She also commented that they would be minimal and should not be a hardship; ADRE is mandated by the budget to implement fees.

Commissioner Lowe also commented that ADRE receives many inquiries about reciprocity with other states. Arizona does not offer reciprocity; a person practicing real estate in Arizona must have an Arizona license and must be educated in Arizona.

The Commissioner also commented that the Department has received a number of requests for waivers of continuing education or pre-licensure education. She stated the Department's position is that the industry is changing too rapidly to grant waivers.

- Commissioner Lowe mentioned that the Department is working on drafting rules revisions and that Legislative Liaison Dettorre has been working with Education Manager Randolph on rules related to the Education Division. ADRE Managers and Senior staff will be working with Mr. Dettorre on other rule revision matters.

**XIV. Next EAC Meeting will be March 12, 2013**

**XV. Other Matters – there were no other matters**

**XVI. Call to the Public –**

Two members of the public were in attendance:

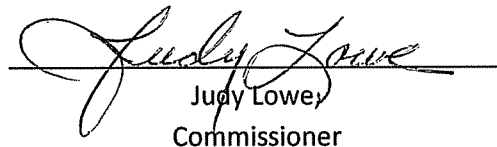
Amy Swaney – candidate for EAC – Ms. Swaney thanked the group for allowing her to attend and commented that she would be very happy to serve on EAC.

Cammie Marceaux – Ms. Marceaux is from Texas, but has two homes in Arizona. She stated she is having issues with the HOA and would like to address those. Commissioner Lowe explained that HOA issues are outside the jurisdiction of ADRE. She explained the laws ADRE has governance over and referred Ms. Marceaux to the Arizona Department of Fire, Building and Life Safety, the agency that handles HOA disputes.

**XVII. Adjournment**

Member Eslinger made a motion to adjourn; motion was seconded by Member Ferrara; motion passed unanimously, meeting adjourned at 12noon.

Respectfully submitted this 12<sup>th</sup> day of March, 2013

  
Judy Lowe  
Commissioner

**Arizona Department of Real Estate**  
**Education Advisory Committee (EAC)**  
**2910 N. 44<sup>th</sup> Street, Suite 100**  
**Commissioner Conference Room**

**Agenda**

**December 11, 2012**

**10 am to Noon**

- I. Call to Order
- II. Welcome - Introductions
- III. September 11, 2012 - Meeting Minutes - Review/Approval
- IV. EAC Member – Mortgage Industry Vacancy
- V. 2012 Legislative Update – Louis Dettorre/Commissioner Lowe
- VI. Broker Management Clinic (BMC) Implementation/Update - Carla Randolph
- VII. Property Management Update – Discussion
- VIII. Prospect of Webinars/Remote Location Course Attendance and Classroom Definition Stakeholder Committee – Carla Randolph
- IX. Update on Pearson VUE (Pre-licensure Testing Vendor) – Carla Randolph
- X. Volunteer Monitor Program – Jim Williams
- XI. Review Education/Licensing Division Monthly Reports (Handout) – Carla Randolph
- XII. Discussion on the Following Topics Suggested at the Previous EAC Meeting:
  - a. Distance Learning Course Timers
  - b. Broker Collecting Error and Omissions or Franchise Fees
- XIII. Upcoming – Carla Randolph
- XIV. Next EAC Meeting: March 12, 2013
- XV. Other Matters
- XVI. Call to the Public
- XVII. Adjournment

TEAM

“Together Everyone Achieves More”

**Arizona Department of Real Estate (ADRE)  
Education Advisory Committee (EAC)  
Minutes  
September 11, 2012**

The Education Advisory Committee (EAC) met on Tuesday, September 11, 2012 at the Arizona Department of Real Estate (ADRE), 2910 N 44<sup>th</sup> Street, Commissioner's Conference Room, Phoenix, Arizona.

**I. Call to Order**

Commissioner Lowe called the meeting to order at 10:00am

Commissioner Lowe opened the meeting with a moment of silence in memory of those we lost on September 11, 2001

**II. Welcome and Introductions**

**Members Present:** Marti Barnewolt, John Crosby, J. Robert Eckley, Holly Eslinger, Lin Ferrera, Evan Fuchs, Jim Hogan, Jon Kichen, Becky Ryan and Jim Zirbes

**Unable to Attend:** Barb Freestone, Jill Hoogendyk, Andrew Jaffe, Mary Sand

**ADRE Staff:** Commissioner Lowe, Carla Randolph, Jim Williams, Isaac Glover, Sarah Dobbins, Louis Dettorre

**Introductions:** Commissioner Lowe requested that each member introduce themselves for the benefit of the newest EAC member, Jim Zirbes.

**III. Minutes of June 12, 2012**

Upon motion by Holly Eslinger, seconded by Jon Kichen; the minutes of the June 12, 2012 meeting were unanimously approved.

**IV. July 2012 EAC Appointments/ Reappointments/ 2-Year Terms**

Education Manager Randolph explained that the EAC was formed in the late 1980's and gave a brief description of the requirements of the Committee member position – it is a voluntary position, there is no compensation and the EAC (while not statutorily required) is a branch of the Real Estate Advisory Board, which is required by statute.



Appointment and Reappointments are as follows:

- New member, Jim Zirbes, took the place of John Lotardo
- Six members reappointed: Andrew Jaffe, Jon Kichen, Holly Eslinger, Lin Ferrera, John Crosby and Jim Hogan. Each was given a 2 year term.

Education Manager Randolph announced that member Jill Hoogendyk, who has been serving as a member from the mortgage industry, will not be returning to the committee. Ms. Randolph asked that if anyone knows of a person interested in serving on the committee who is from the mortgage industry to please inform the Department and they may send their resume to Education Manager Randolph.

#### **V. Legislative Update:**

Louis Dettorre, ADRE's Legislative Liaison, provided an overview of the 7 issues/ proposals the Department has identified to consider presenting to the Governor's office. He explained that these items are all in the early proposal building, draft stage. The proposals will be reviewed by the Governor's office and should they be brought forward as proposed legislation from the Department, they will go back to the industry for input. Proposal ideas (see handout) included:

- Property Management Requirements
- Real Estate Recovery Fund
- Unlicensed Real Estate Activity
- Fingerprint Clearance Card Requirements
- Requirements for Branch Office Managers
- Disciplinary Letters of Concern
- Cancellation of Inactive License

There was discussion on several of the items and committee members made several constructive suggestions. Mr. Dettorre will send his contact information to the EAC members.

#### **VI. Broker Management Clinic (BMC) Stakeholder Committee Recommendations and New BMC Implementation:**

Education Manager Randolph reported that the BMC Stakeholder committee met on June 28, 2012.

They developed a DRAFT Substantive Policy Statement (SPS) and Frequently Asked Questions (FAQ). The DRAFTS were presented to Commissioner Lowe and she adopted the SPS and FAQ (see attached). Education Manager Randolph reviewed both documents and the course content for each of the new 3, three hour courses. Both items were published as promised by August 1, 2012 and ADRE's Education Forms, ED101 and ED102 have been updated to reflect the changes occurring as a result of the new BMC courses and instructor requirements.

Education Manager Randolph announced there are currently four schools approved to teach the Instructor Development Workshop (IDW) for Broker Management Clinic; they include Hogan School, Arizona Association of Realtors®, Ed Ricketts Seminars and Arizona School of Real Estate & Business has a pending application with ADRE. With this, any current Broker Management Clinic courses will terminate on December 31, 2012. ADRE will notify the schools: The Instructor Approval Qualifications to teach the current BMC, will also expire, December 31, 2012, this is why instructors need to take the IDW courses soon.

Education Manager Randolph mentioned that ADRE is also working on a quick reference table that will be available on the ADRE website and will be designed to help licensees to know whether or not they need the new BMC.

#### **VII. Prelicensure Instructor Qualifications:**

At the June, 2012, meeting, the Committee requested this item be placed on the agenda in order to discuss Pre-licensure Instructor Qualifications. Education Manager Randolph provided the current requirement for Pre-license Instructor (see attached). This provides an excerpt from the ED101, the Pre-license instructor, must be an active real estate broker in good standing and having completed all education as well as qualifying through their resume that they are eligible to be an instructor and experienced in the subject matter.

#### **VIII. Property Management Education Discussion:**

Commissioner Lowe reported that, at the June, 2012 meeting, Member Hogan requested this item be placed on the agenda in order to allow the group to have a discussion on property management education. Member Hogan stated he received a call from a Broker who had a difference of opinion with an ADRE Auditor when Audited. It was reported that there was some disparity between what the Auditor told the Broker and what they believe Statute or Rule requires. Based on this call and other questions that have come up, Member Hogan stated he wanted to bring the topic up for discussion.

Commissioner Lowe mentioned that since 'On-Site Audits' have increased since January, 2012, the Department has had some questions arise. Commissioner Lowe commented that ADRE's Auditors are thoroughly trained before they are assigned to go out on 'In-Field' Audits. She explained that they typically first handle broker audit declaration reviews, which are conducted from ADRE. These audits are completed by Brokers renewing their license. Red flags in a Broker Audit Declaration may prompt an Electronic Audit. The Broker is noticed that an Electronic Audit will be conducted and documents are requested. The types of documents requested are determined by what prompted the Audit. A routine Audit may have different requirements than an Audit occurring because of a complaint. Commissioner Lowe explained the various ways an audit could be generated. She also explained that an audit has to be tailored to what generated the audit. With

this, there is not an actual 'Audit Checklist'. The Commissioner explained that Statute is the best place for a Broker to look to determine what is required for an Audit and to maintain compliance with the law.

Commissioner Lowe commented that, the Department's goal over the next two and a half years is to conduct either electronic or on-site audits of all 5,000 brokerages, many of which practice property management.

Member Kichen suggested that this is a sign of a larger issue; that due to the fall in the market in recent years, the number of agents doing rentals has increased significantly. Many of these agents may have never touched a rental prior to the down-turn in the market and in many instances are not properly educated on how to handle rental properties. Member Kichen suggested that a 7<sup>th</sup> class be added for every licensee regarding property management. He suggested 21 prescribed hours and 3 hours of electives. The property management course would be required or a prescribed class.

Commissioner Lowe stated this item would need to be addressed in Rule and directed Louis Dettorre, ADRE's Legislative Liaison, to review this item.

Member Hogan complimented ADRE on the step-up in 'In-Field' Audits.

#### **IX. Update on Pearson Vue (Pre-licensure Testing Vendor):**

Education Manager Randolph announced that Pearson Vue will hold an Industry Day at ADRE September 25, 2012, 9am – 11am (see attached). She explained this is targeted for Pre-licensure Instructors and also invited committee members to attend if they wish. Some of the topics Pearson Vue will cover in the meeting are: an overview of PearsonVue, an overview of the exam reservation process, an overview of the test development process, review of the overall pass/ fail Statistics and there will also be a question and answer period. Those interested in attending should RSVP to ADRE, Chief of Staff, Sarah Dobbins, by Thursday, September 20, 2012.

Education Manager Randolph reviewed Exam Scores provided by Pearson Vue. In June, 2012, 616 exams were graded; July, 2012, 653 exams graded; August, 2012, 621 exams graded. Member Hogan would like to receive a report that shows both national and state specific exam Statistics. He would like to see the national and state stats broken out separately. Per Education Manager Randolph, the report has been requested and ADRE is waiting to receive it from Pearson Vue.

#### **X. Volunteer Monitor Program**

Jim Williams, ADRE's Education Volunteer Monitor Coordinator, explained that due to the departure of a previous staff member and the high volume of applications being received, processing applications has been the Divisions' focus. In June, 2012, the Division received 159

applications.

As a result, there is not a volunteer monitor update for this meeting; however, since the Education Division has recently added Isaac Glover (formerly in ADRE's HUB) to their staff, the volunteer monitor program will gear back up and volunteers will be called upon.

**XI. Review Education/ Licensing Division monthly reports (See Attached):**

Education Manager Randolph commented that the Candidate Handbook was recently updated and is on ADRE's website. Additionally, ADRE estimates by February, 2013 having an 'On-line' Original License Application available.

**XII. Upcoming:**

Education Manager Randolph announced the following dates:

- Current BMC courses and instructor, subject approvals terminate on December 31, 2012.
- Real Estate School Audit Declarations are due between December 15, 2012 and January 31, 2013.

**XIII. Next EAC meeting: December 11, 2012 and 2013 meeting schedule:**

The next Education Advisory Committee meeting will be Tuesday, December 11, 2012 at 10am at the Arizona Department of Real Estate. The 2013 calendar (see attached), was approved. The first meeting of 2013 will be March 12, 2013.

**XIV. Other Matters:**

Member Hogan requested to have a discussion at some point on 'Timers' for on-line courses. One of the questions raised regarding 'timers' was, are they meant to be on each page or is it meant to be an overall timer? It was also mentioned that there is a need for an explanation as to what the 'times' should be for on-line courses. Member Ryan stated the guidelines are clear in the distance learning substantive policy statement pursuant to rule.

Member Eckley asked if Commissioner Lowe could research a broker collecting E&O or Franchise fees and allowing it to be put on the note as the employee (licensee) and look at the possibility of publishing the information in ADRE's bulletin.

As many questions have been asked, Commissioner Lowe commented that, with regard to the Department's perspective on the Rathbun Realty (Tucson), Cease and Desist Order, there is still an open investigation. The Department is moving forward with an audit and an investigation and is working with the Attorney General's office.

**XV. Call to the Public:**

There were no members of the public present for this meeting.

XVI. Adjournment:

At 12:05pm, Holly Eslinger made a motion to adjourn the meeting; second by Becky Ryan.


Respectfully submitted this \_\_\_\_\_ Day of December, 2012.

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Judy Lowe,  
Commissioner

Is there a quick reference to determine which real estate brokers are required to complete the new nine (9) hour Broker Management Clinic on or after January 1, 2013?

Yes. Below is the Quick Reference Table for the new Broker Management Clinic:



Arizona Department of Real Estate Quick Reference Table for New Broker Management Clinic (BMC)		
LICENSE TYPE / SCENARIO	APPLICATION TYPE	REQUIRES NINE (9) HOUR BMC ON OR AFTER 1/1/2013
Original (new) Real Estate Broker	Original	Yes
New Designated Broker/Self Employed Broker and Delegated Associate Broker *	Appointment / Change **	Yes
Delegated Associate Broker	Renewal	Yes
Designated Broker/Self Employed Broker who completed old BMC prior to 1/1/2013 during current license period	Renewal	No
Designated Broker/Self Employed Broker who has not completed a BMC prior to 1/1/2013	Renewal	Yes
Delegated Associate Broker who completed all required 24 hours of continuing education prior to 1/1/2013 during current license period	Renewal	No
Delegated Associate Broker who, prior to 1/1/2013 during current license period, has completed at least the old BMC.	Renewal	No
Delegated Associate Broker who has not completed the BMC or all 24 hours of continuing education prior to 1/1/2013 during current license period	Renewal	Yes
<p>* Delegated Associate Broker = Associate Broker with written authorization to act on behalf of designated broker by reviewing and initialing contracts and similar instruments pursuant to A.R.S. § 32-2151.01(G). Pursuant to A.R.S. § 32-2136(C), the new nine (9) hour BMC is a new requirement for the Delegated Associate Broker license type effective January 1, 2013.</p> <p>** In the case of an appointed Delegated Associate Broker that is not a branch manager, an application is required to be filed with ADRE along with the written authorization.</p>		

#### What is a Delegated Associate Broker?

A Delegated Associate Broker is one who is delegated the written authority to act on the Designated Broker's behalf pursuant to A.R.S §32-2151.01(G) to review and initial contracts or similar instruments.

#### When does the old BMC course cease to be effective and available?

After December 31, 2012 the previously approved 3-hour BMC will cease to be available. Effective January 1, 2013 the new 9-hour BMC takes the place of the old BMC.

#### Who must take the 9-hour BMC?

The 9-hour BMC is required for:

1. A renewing Designated Broker.
2. A renewing Delegated Associate Broker, that is, one who is delegated the authority to act on the Designated Broker's behalf pursuant to A.R.S §32-2151.01(G).

VIII

9/12/12  
Advisory Board  
Minutes

- **Non-Disciplinary Letters of Concern: (See attached Description)** This would allow ADRE to require additional education without the case having to go to disciplinary action and hearing.
- **Cancellation of Inactive License: (See attached Description)**

(EXCERPT)

#### VI. Live vs. Distance (web conferencing) Learning Courses:

Member Dickens and Education Manager Randolph spoke to this topic. Member Dickens distributed a handout (see attached, Remote Delivery Education).

Education Manager Randolph provided a review of the types of classrooms currently available per statute. They are 'Live Classroom' and 'Distance Learning Presentation'. The distance learning is an on-line course and we have guidelines establish for that. What does not exist is a definition for the classroom, school 'room'. Currently ADRE follows federal, state and local guidelines for the occupancy of the room, however, there is not a definition of the word 'room'. The Commissioner has the discretion to require limited course content, so the question is, is the method of delivery part of the course content or is it separate and if so, is there a need for third method delivery. Today, an individual can take a 'live' web-based course remotely, but continuing education cannot be issued from a remote location.

With looking at guidelines, there are several concerns with remote location. Those concerns include, who's going to be there, is the instructor going to be able to communicate and see the students, will the student be able to communicate with the instructor, monitoring is also a concern. Education Manager Randolph commented, while we have great suggested guidelines from AAR and are appreciative of that, ADRE must look to the whole industry and ALL schools for input.

Commissioner Lowe stated, what is really needed, is a Stakeholder group to look at the issue; a Stakeholder group to come back with a recommendation and look at such questions as, will a Substantive Policy Statement suffice to create the guidelines for a class 'room' or is there need for a rule modification. The current statute says that pre-licensing courses must be taught in a traditional classroom, however, there are some classes occurring in the backs of restaurants or coffee shops. A definition and guidelines are needed that cover 'traditional classroom'. This work group could look at the whole picture of what today's environment needs either in statute, rule or SPS to give some authority to ADRE to create guidelines around whether we can approve or not approve the classroom and the credit.

Member Dickens made the motion to move forward with a Stakeholder group to review and make recommendations to ADRE regarding the guidelines for and definition of a 'classroom'. The motion was seconded by Kim Horn and passed unanimously.

Commissioner Lowe raised the question of timeframe and asked, in order to allow ADRE's Education staff to complete the implementation and approvals to meet the requirements of the new Broker Management Clinic as well as school audit declarations coming in, could it be set forth that this stakeholder committee will convene no later than the end of the first quarter of 2013? The Committee approved of this timeline. Jo Ann Sabbagh offered to gather information for presentation at the November meeting. Education Manager Randolph and Member Dickens will provide Member Sabbagh with information on schools she may contact as she is gathering information. Commissioner Lowe stated that ADRE will put together the Stakeholder Group.

Since Education Manager Randolph was in attendance, Commissioner Lowe asked her to provide a brief update on the Broker Management Clinic. Education Manager Randolph announced that the BMC Stakeholder Committee (which had been recommended by the Advisory Board), met on June 28, 2012. The committee put forth to Commissioner Lowe a recommended DRAFT Substantive Policy Statement (SPS) and FAQ. The Commissioner adopted the SPS and FAQ. Both were published on August 1, 2012. The SPS and FAQ are now available on ADRE's webpage. There are currently four schools with approved Instructor Development Workshops (IDW) for the BMC. They are Hogan School of Real Estate, AAR, Ed Rickets Seminars and Arizona School of Real Estate has an application pending at ADRE.

## VII. Commissioner's Report

- a. **Budget-** Michael Moan, Business Services Manager presented the Budget report (see attached). Mr. Moan announced that ADRE's FY2014 budget request has been submitted to the Governor's office. Mr. Moan provided an overview of the requested funding issues.
- b. **Division Reports (See Attached)-** Commissioner Lowe reviewed the Department's Budget (appropriated and non-appropriated), an Agency Scope Overview and Department Division stats. One of the highlights she noted was that in the Investigations Division, there are currently 95 pending cases. In FY2007, there were 976 pending cases in the Investigations Division.

Assistant Commissioner Wheeler provided an update on Enforcement & Compliance. He commented that, since working with the AG's office, E&C is seeing a decrease in the number of cases pending at the Attorney General's office. He commented that the Division is preparing for an increase in property management cases as well as other complaints. With regard to the Investigations Division, he commented that over the past two months, Investigations has begun doing electronic broker audit reviews in outlying areas. He also noted that, once the moratorium on personnel actions is lifted by ADOA, the Department will be looking to bring on two auditor/investigators.



IX.a

## Exam Performance Summary

Pearson Confidential

Printed By:	crandolph@azre.gov
Created By:	Administrator
Data as of:	05 Dec 2012

Client Name:	Arizona Real Estate
Exam(s):	
Include Exams:	Active
Type:	Exam
Test Center Region(s):	
Test Center Country(s):	
Test Center State(s):	
Appointment Date Range:	01 Sep 2012 to 30 Sep 2012

Number of Appointments:	536
Number No. Shows:	10
Number Cancels:	11
Number Delivered:	516
Number of Graded Exams:	515
Number Currently Scheduled:	0

Exam Series Code	Exam Title	First Time Takers				Repeaters				Overall Statistics			
		Total Graded Exams	Total Passed	Total Failed	Pass Rate	Fail Rate	Total Graded Exams	Total Passed	Total Failed	Pass Rate	Fail Rate	Total Graded Exams	Total Passed
ReAZ-Broker	AZ Real Estate Broker	35	24	11	69%	31%	11	3	8	27%	73%	46	27
ReAZ-CemSal	AZ Cemetery Sales	2	2	0	100%	0%	0	0	0	0%	0%	2	2
ReAZ-Sales	AZ Real Estate Sales	286	194	92	68%	32%	181	76	105	42%	58%	467	270
Totals:		323	220	103	68%	32%	192	79	113	41%	59%	515	299

515 includes repeat takers.



# Exam Performance Summary

Pearson Confidential

Client Name:	Arizona Real Estate
Exam(s):	
Include Exams:	Active
Type:	Exam
Test Center Region(s):	
Test Center Country(s):	
Test Center State(s):	
Appointment Date Range:	01 Oct 2012 to 31 Oct 2012

Printed By:	crandolph@azre.gov
Created By:	Administrator
Date as of:	31 Oct 2012

Number of Appointments:	661
Number No Shows:	14
Number Cancels:	5
Number Delivered:	640
Number of Graded Exams:	640
Number Currently Scheduled:	2

Exam Series Code	Exam Title	First Time Takers				Repeaters				Overall Statistics			
		Total Graded Exams	Total Passed	Total Failed	Pass Rate	Total Graded Exams	Total Passed	Total Failed	Pass Rate	Total Passed	Total Failed	Pass Rate	Fail Rate
ReAZ-Broker	AZ Real Estate Broker	43	29	14	67%	14	6	8	43%	35	22	61%	39%
ReAZ-CemBro	AZ Cemetery Broker	0	0	0	0%	0	0	0	0%	0	0	0%	0%
ReAZ-CemSale	AZ Cemetery Sales	7	5	2	71%	0	0	0	0%	5	2	71%	29%
ReAZ-MCS	AZ Membership Campground Sales	0	0	0	0%	0	0	0	0%	0	0	0%	0%
ReAZ-Sales	AZ Real Estate Sales	369	257	112	70%	207	89	118	43%	346	230	60%	40%
Totals:		419	291	128	69%	221	95	126	43%	386	254	60%	40%

## Exam Performance Summary

Pearson Confidential

IX C

Printed By:	crandolph@azre.gov
Created By:	Administrator
Data as of:	02 Dec 2012

Client Name:	Arizona Real Estate
Exam(s):	
Include Exams:	Active
Type:	Exam
Test Center Region(s):	
Test Center Country(s):	
Test Center State(s):	
Appointment Date Range:	01 Nov 2012 to 30 Nov 2012

Number of Appointments:	599
Number No Shows:	14
Number Cancels:	9
Number Delivered:	577
Number of Graded Exams:	577
Number Currently Scheduled:	0

Exam Series Code	Exam Title	First Time Takers				Repeaters				Overall Statistics			
		Total Graded Exams	Total Passed	Total Failed	Pass Rate	Total Graded Exams	Total Passed	Total Failed	Pass Rate	Total Graded Exams	Total Passed	Total Failed	Pass Rate
ReAZ-Broker	AZ Real Estate Broker	34	27	7	79%	18	8	10	44%	52	35	17	67%
ReAZ-CemBrok	AZ Cemetery Broker	1	0	1	0%	1	0	1	0%	2	0	2	0%
ReAZ-CemSale	AZ Cemetery Sales	2	2	0	100%	0	0	0	0%	2	2	0	100%
ReAZ-MCS	AZ Membership Campground Sales	1	1	0	100%	0	0	0	0%	1	1	0	100%
ReAZ-Sales	AZ Real Estate Sales	309	208	101	67%	211	75	136	36%	520	283	237	54%
<b>Totals:</b>		<b>347</b>	<b>238</b>	<b>109</b>	<b>69%</b>	<b>230</b>	<b>83</b>	<b>147</b>	<b>36%</b>	<b>577</b>	<b>321</b>	<b>256</b>	<b>56%</b>



XLb

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	6-month	Year-end
ORIGINAL LICENSES														
Total Original Licenses	361	386	382	439	409								1977	1977
Sales	292	302	295	362	331								1582	1582
Broker	28	40	48	47	44								207	207
Entity	41	44	39	30	34								188	188
RENEWALS														
Total Renewals	2484	2605	2598	2710	2255								12652	12652
In-Office	58	50	74	53	37								272	272
Online	2426	2555	2524	2657	2218								12380	12380
% Online	98%	98%	97%	98%	98%	0%	0%	0%	0%	0%	0%	0%	98%	98%
SALES RENEWALS														
Total Sales Renewals	1698	1846	1762	1827	1498								8631	8631
In-Office	36	19	19	28	21								123	123
Online	1662	1827	1743	1799	1477								8508	8508
% Online	98%	99%	99%	98%	99%	0%	0%	0%	0%	0%	0%	0%	99%	99%
BROKER RENEWALS														
Total Broker Renewals	485	473	521	549	482								2510	2510
In-Office	12	10	12	13	11								58	58
Online	473	463	509	536	471								2452	2452
% Online	98%	98%	98%	98%	98%	0%	0%	0%	0%	0%	0%	0%	98%	98%
ENTITY RENEWALS														
Total Entity Renewals	255	262	274	283	250								1324	1324
In-Office	10	17	13	10	5								55	55
Online	245	245	261	273	245								1269	1269
% Online	96%	94%	95%	96%	98%	0%	0%	0%	0%	0%	0%	0%	96%	96%
BRANCH RENEWALS														
Total Branch Renewals	46	24	41	51	25								187	187
In-Office	0	4	30	2	0								36	36
Online	46	20	11	49	25								151	151
% Online	100%	83%	27%	96%	100%	0%	0%	0%	0%	0%	0%	0%	81%	81%
HIRE / SEVER ACTIONS														
Total Hire/Sever Renewals	1881	2365	2207	2664	1836								10953	10953
In-Office	133	124	190	116	7								570	570
Online	1748	2241	2017	2548	1829								10383	10383
% Online	93%	95%	91%	96%	100%	0%	0%	0%	0%	0%	0%	0%	95%	95%
TRANSFER ACTIONS														
Total Transfer Actions	131	93	72	161	117								574	574
In-Office	12	18	17	17	0								64	64
Online	119	75	55	144	117								510	510
% Online	91%	81%	76%	89%	100%	0%	0%	0%	0%	0%	0%	0%	89%	89%
PERSONAL INFORMATION CHANGES														
Total Personal Information Changes	1410	1877	1699	1895	1100								7981	7981
In-Office	43	46	39	45	30								203	203
Online	1367	1831	1660	1850	1070								7778	7778
% Online	97%	98%	98%	98%	97%	0%	0%	0%	0%	0%	0%	0%	97%	97%
VERIFICATIONS														
Experience Verifications Processed	13	19	25	25	24								106	106
Experience Verifications Received		19	25	25	24									

[illegible][illegible][illegible]



XII.a.

**Short Title: Distance Learning Guidelines**

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under A.R.S. 41-1033 for a review of the statement.

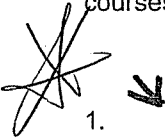
**Description of Practice/Procedure:****STATEMENT OF PURPOSE AND SCOPE**

This Substantive Policy Statement is intended to inform the regulated real estate education industry of the Department's current approach to and opinion of the requirements of education statutes and rules under the Department's original jurisdiction, by establishing sensible distance learning standards, guidelines and parameters that are based on the Department's interpretation and application of the education statutes and rules. "Distance Learning" applies solely to the delivery of Continuing Education courses.

**DISTANCE LEARNING GUIDELINES AND STANDARDS****Course Approval:** In facilitating the original approval and renewal of courses:

1. Prior to Department approval of a course, the real estate school shall provide access to the Department to view and evaluate the proposed course, in the manner that the course is proposed by the school to be delivered. The school shall additionally permit access to the Department to view and evaluate a currently-approved course, as required.
2. All real estate course content, including laws, administrative code, practices, policies, codes of ethics, customs and standards of care, shall be applicable to Arizona real estate practice. No course shall include content based on laws, practices, policies, codes of ethics or standards of care that have no practical or meaningful application to Arizona real estate.
3. For each original course approval submission to the Department, the school shall identify the Department-approved instructor who has authored the course and that the course meets all Department requirements. The approved instructor must meet applicable instructor qualifications established for instructors of live classroom course delivery, including course content competence.
4. Each Distance Learning Course must meet the requirements for the applicable course credit category before being approved for continuing education credit in that category.
5. A continuing education distance learning course approval shall not be issued later than 90 days after filing with the Department. If approval is not granted within 90 days, the course shall be automatically approved on a provisional basis for 180 days, unless the Department otherwise notifies the school of specific deficiencies or unfulfilled requirements for the course submission.

**Course Administration:** The following are required in the school administration of distance learning courses:**Course Timing Requirements**

- 
1. The 50-minute-per-credit-hour rule shall be enforced for each course. For example, a 3-credit-hour course must incorporate a requirement that the student log a total of at least 150 minutes to complete the course. Each school must have the ability to measure the amount of time spent by the student in the school's course, and enforcement of the 50-minute-per-credit-hour requirement shall be subject to Department audit.
  2. → A course completion certificate may be issued only after student satisfaction of the 50-minute-per-credit-hour requirement for the course.
  3. Each 3-hour segment of a course shall be divided into five or more timed divisions (i.e.,

↓

"modules") for the purpose of course delivery. Each module shall be timed such that the student may not proceed in the course until the minimum time for the module has elapsed. The sum of the minimum times of the modules for a 3-hour course, for example, will equal 150 minutes

#### Course Quizzes and Exam

4. Course delivery must include interactivity, and course performance shall be measured by a diagnostic assessment in the form of quizzes and exams.
  - a. Each course module shall include a quiz. The student shall achieve a minimum passing score of 80% before proceeding in the course. The difficulty of the quiz shall be reflective of the content presented in that module.
  - b. Each course shall include a final exam. The student shall achieve a passing score of at least 80% on the final exam before completing the course and being awarded a course completion certificate. The difficulty of the exam shall be reflective of the content presented in the course.
5. Each module shall contain a minimum of 5 instances of interactivity, which may be achieved via multiple choice, true-false, fill-in-the-blank, matching, prioritizing, etc., at the discretion of the author. In addition, each module shall contain a minimum of 5 unique end-of-module multiple choice quiz questions with only one correct/best answer.
6. The course final exam shall have a minimum of 25 multiple-choice questions with only one correct/best answer. If an end-of-module quiz question is repeated in a final exam retake, the order of the exam questions shall be randomly reselected and/or any repeated questions shall have the answers reordered.

#### Miscellaneous

7. Each course shall include the means for the student to attest to the identity of the student and to provide the student's Arizona real estate license number, before issuance of the course completion certificate.
8. Each school shall include with each course approval filing the school's plan for dealing with possible hardware and software failure. The plan shall include appropriate contact information on the school's website and/or within the course.
9. The school administrator shall insure that any instructor who is represented as the course author is a Department-approved instructor in the applicable category and is competent to field content questions regarding the course.
10. The business hours for contacting the school shall be easily available through the school's website and/or within the course.

Application of Provisions: The above provisions apply to every original and renewal application for course approval.

Authority: A.R.S. §§ 32-2101, 32-2108, 32-2130, 32-2135 and 32-2153, and A.A.C. §§ R4-28-101, R4-28-401, R4-28-402 and R4-28-404.

Policy Program: Education/Regulation

Effective Dates: 11/1/2010 for original course approval applications; Revised 11/2/2010