



The Real Estate Licensee... Honest, Truthful, and of Good Character

As I interact with Arizona real estate salesperson and broker licensees, both “old-timers” and “new licensees”, whether residential, commercial or property managers, there is a common topic of conversation that is brought up. That they are proud as a licensee to be affiliated with a profession that requires the individual to prove when applying for a real estate license, and maintain during the entire period that the licensee is a person of honesty, truthfulness, and good character.

The purpose of the Arizona Department of Real Estate (ADRE), as stated in the Arizona Revised Statute (A.R.S.) 32-2101, is “to protect the public interest through licensure and regulation of the real estate profession in this state”. Real Estate licensees operate under a fiduciary obligation, and must act in the best interest of a client, and treat all parties fairly in a real estate transaction.

In approving a potential real estate license applicant, or reviewing the actions of an existing licensee, the real estate Commissioner must review the documents, and/or information presented, to determine a person’s moral character. I as the Commissioner, take this mandate very seriously. The required proof must allow for a determination, always with due regard to the interests of the public, as to the honesty, truthfulness, good character and potential competency of the individual. Under A.R.S. 32-2153, the Commissioner may deny, or suspend a license for any one of 37 grounds listed, including “not shown that the holder or applicant is a person of honesty truthfulness, and good character. As has been stated by many very competent judges in many ADRE Hearing decisions, “once good character is shown to be absent, it is not automatically regained by the mere passage of time, or simply indicating that the past is the past”.

One might ask, “why should these characteristics be required of every real estate licensee?”. In answer, we must consider just a few aspects of real estate licensing...

- The real estate profession is an occupation that requires trust, as well as honesty, and it imposes a fiduciary duty on the licensee for his or clients;
- The law allow license holders to represent clients in one of the largest financial investments many consumers will make in their lifetime;
- The Licensee is provided access to a client’s financial and personally identifiable information, including bank account and social security numbers;
- Most License holders have the ability to enter many properties with, or without, the presence of clients or customers;
- The licensee has the trust of clients and customers to drive such persons in their personal vehicles to view properties.

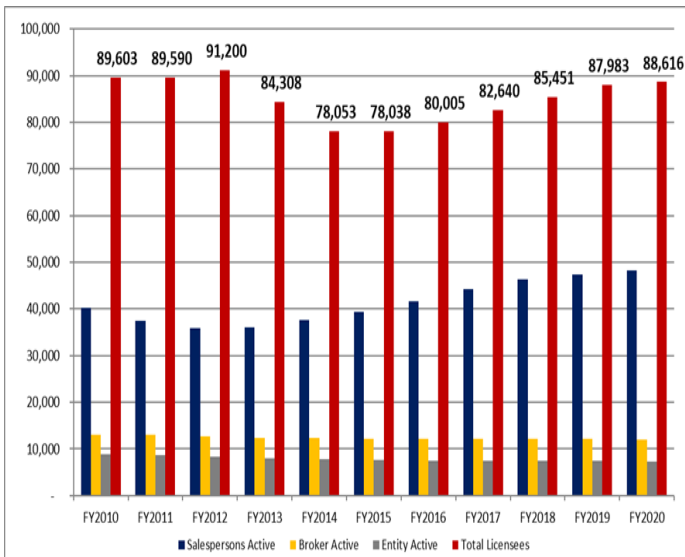
For these reasons, the ADRE carefully reviews the details of the Disciplinary Action Disclosure Form, (LI-214), applying diligence in investigating the facts pertaining to any and all disclosures, to help ensure the appropriate protection of consumers.

ADRE thanks the Arizona real estate professionals for our precious partnership of “Protecting the public interest in all real estate activities here in Arizona... it is the Arizona Way!!!

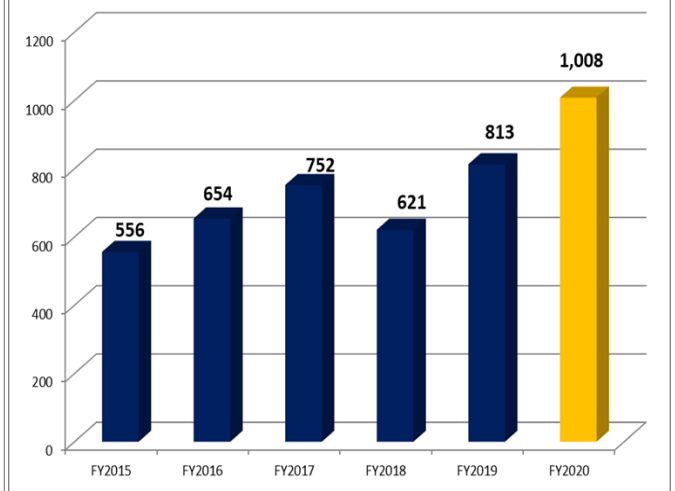
ADRE by the Numbers

All real estate licensees play an intricate and important role in the success of Arizona. ADRE is pleased to share metrics - which represent an overall increase of practitioners in the profession. The ADRE celebrates a “Happy New Year” two times each year. One for the calendar year on January 1st, and another for the Arizona state government fiscal year that begins on July 1st. During the month of July each year, the ADRE compiles and reviews statistics from the immediate past fiscal year to compare to prior years. As of July 1, 2020, the number of Real Estate licensees totaled 88,616, a 0.7% percent increase from the same month last year. ADRE is very thankful for the Online service platforms available to real estate professionals, especially during this time. Over 90 percent of original license applications, and 99 percent of renewal applications are submitted online through www.azre.gov.

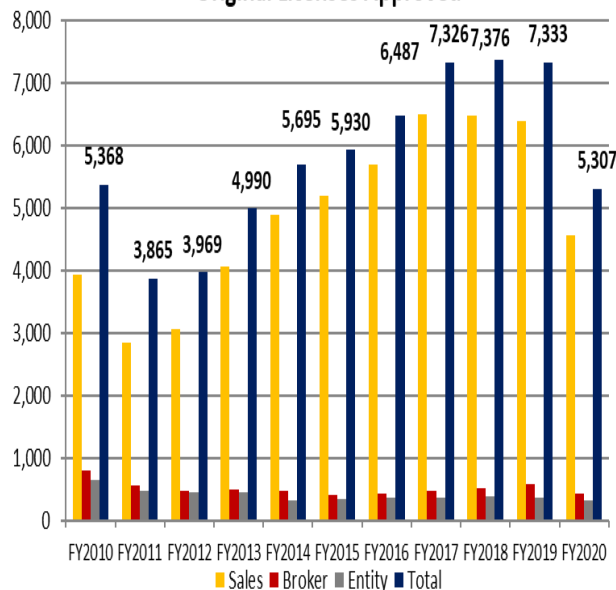
**Active Real Estate Individuals and Entities
(Salespersons, Brokers, Total Licensees)**



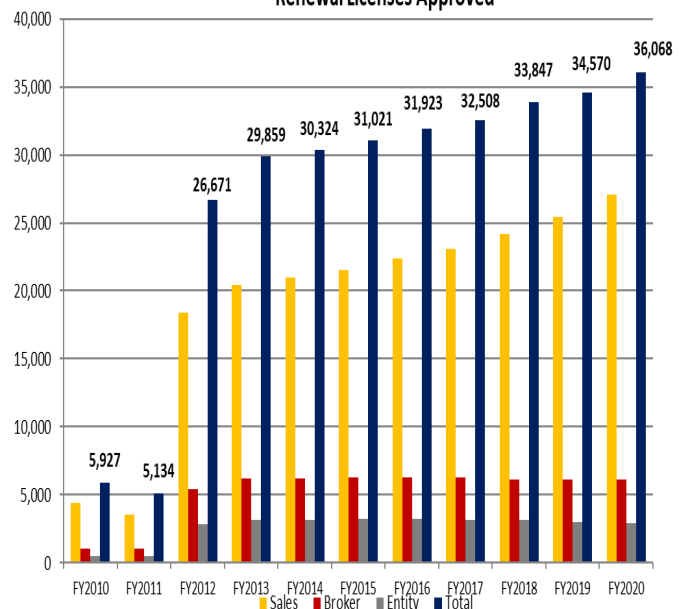
Subdivision Public Report Applications



Original Licenses Approved



Renewal Licenses Approved





**Judy Lowe
Commissioner**

Branch Manager Changes can now be made Online!

ADRE has developed and implemented the ability for Branch Manager changes to now be made online. A completed LI-204 is still required. [Click here](#) to access the form on the Licensing Forms page, and [click here](#) to initiate the change.

The new Branch Manager needs to be employed at the Branch Office where the change is being made. If the new Branch Manager is working at a different office, first use the Sever/Transfer Employees function to transfer them. If the new Branch Manager is not employed at any office they need to use the Change Employer function to request hire to the Branch Office where they will become the Branch Manager.

Employees being given Full Authority need to be a Broker, have taken the Broker Management Clinic courses within the past 23 months, and have entered them into the Online License System as part of their continuing education. A completed LI-204 is required. [Click here](#) for the Licensing Forms page.

Contact ADRE on the Message Center

The Arizona Department of Real Estate is committed to serving you... our customer. Thank you for submitting your applications and inquiries to ADRE through the [Online Message Center](#), and follow us on Twitter ([@AZDeptRE](#)) for news and updates. Thank you for your patience and understanding while ADRE staff works expeditiously to process your requests.

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ADRE is Open For Business

The Arizona Department of Real Estate remains open for business. The building is open by appointment only at this time.

Please submit your questions, applications, or complaints online through the ADRE Message Center. When visiting or communicating with the ADRE TEAM, everyone should have a pleasant experience.

Each of us will do as much as we can to assist anyone who has an issue, or question... please remember to treat us politely. We are committed to processing all requests and serving you... our customer.

Welcome to the New ADRE Website

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The Arizona Department of Real Estate has worked hard over the past several months to refresh and update the ADRE website, www.azre.gov. The updated website is mobile friendly and designed to improve the customer experience.

The majority of services, such as renewing a real estate license, applying for an original license, applying for an original license, transferring a license, and filing a complaint can still be completed online through the Online License System, or Online Message Center, linked under “**Contact**” on the top line of the website. ADRE hopes that you find the refreshed website to your satisfaction.



PLANNING A COMPANY EVENT? To stay up-to-date with what’s happening in real estate, and to hear “What’s Making the Phone Ring at ADRE?”, invite Commissioner Lowe to speak to your group. For scheduling a potential date, complete the Commissioner Scheduling Request form on www.azre.gov under the “**Contact**” button.

VOLUME 2020 - ISSUE 1

The Periodic Bulletin from the
Arizona Department of Real Estate

An official publication of the
State of Arizona

DOUGLAS A. DUCEY
GOVERNOR

JUDY LOWE
COMMISSIONER

Subscribe to Late Breaking News Keep Email Addresses Current

ADRE sends 30, 60, 90 day license renewal reminder emails to Designated Brokers and licensees’ email address. Please ensure your email address is up to date with ADRE. Visit the ADRE Online License System to update an email address, [click here](#).

COMMISSIONER'S CONNECTIONS



ADRE @AZDeptRE · Apr 24



The majority of ADRE's services, such as renewing a real estate license, applying for an original license, transferring a license, and filing a complaint can be completed online through the Online License System, or the Online Message Center.

Visit www.azre.gov for more information.

Follow ADRE on Twitter to receive updates, notices and other relevant information. [Click Here](#)



ADRE @AZDeptRE · Jun 1

Thank you to the southern Arizona real estate professionals who participated in the first virtual Commissioner Connection this morning! @realtorstucson



ADRE @AZDeptRE · Jun 19

To slow the spread of #COVID19, Arizonans should continue to stay physically distant, stay home when sick and WEAR MASKS. More tips on the right way to wear a mask can be found here: azhealth.gov/MaskUpAZ #MaskUpAZ



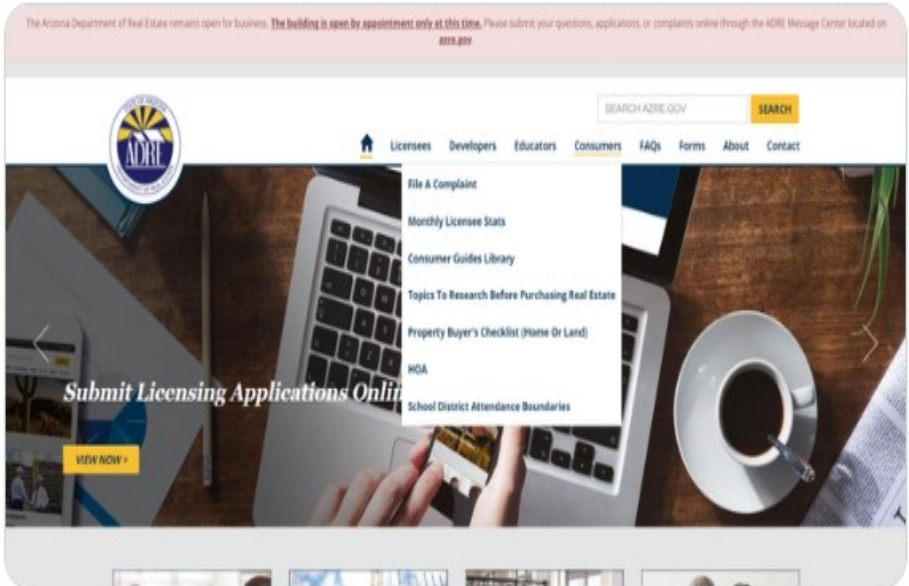
COMMISSIONER'S CONNECTIONS

View monthly licensing and education stats on the ADRE website, [click here](#)

Follow ADRE on Twitter to receive updates, notices and other relevant information.



Monthly Arizona real estate licensee statistics and trends are updated and posted on azre.gov



10:42 AM · Jul 13, 2020 · Twitter Web App

Updated ADRE Online License System!

The Department of Real Estate invites you to use the newly updated Online License System for your next license renewal. The new system is enhanced to work better on mobile devices, provides a foundation for future enhanced features, and made platform and security updates.

- [Click here](#) to view the Online License System and log into your personal page.
- Look to the middle section of the page under "What's New" to find the link to the newly updated system.
- Take a look at the screen shots below that direct you to your personal page.

ADRE CALENDAR OF EVENTS

The ADRE will be closed on the following holidays:

Labor Day - Monday September 7, 2020

Columbus Day - Monday October 12, 2020

Thanksgiving - November 26, 2020

ADVISORY BOARD MEETING

The next Real Estate Advisory Board Meetings will be held on
October 21, 2020 at ADRE or by Virtual Meeting

10 a.m. - 12 noon

Arizona Department of Real Estate

100 North 15th Avenue, Suite 201

Phoenix, AZ 85007

All members of the public are welcome to attend

EDUCATION ADVISORY COMMITTEE

The next Education Advisory Committee will be held on September 9, 2020
in the Commissioner's Training Room or by Virtual Meeting 10 a.m. - 12 noon

Arizona Department of Real Estate

100 North 15th Avenue, Suite 201

Phoenix, AZ 85007

All members of the public are welcome to attend

DEVELOPMENT SERVICES LUNCH & LEARN

The next Lunch & Learn meeting will be held on October 22, 2020 at ADRE
or by Virtual Meeting from 11:30 - 1:00pm

Arizona Department of Real Estate

100 N. 15th Ave.

Phoenix, AZ 85007

Pre-register with ADRE by emailing ahansen@azre.gov

REAL ESTATE PARTNERS MEETING

The next Real Estate Partners meeting will be held on August 27, 2020 in the third
floor conference room or by Virtual Meeting from 10 a.m. - 12 noon

Arizona Department of Real Estate

100 N. 15th Ave.

Phoenix, AZ 85007

Pre-register with ADRE by emailing ahansen@azre.gov

HOA Petition Process Update

In 2016, the Arizona Legislature passed legislation moving the Homeowners Association (HOA) Dispute Process to the Arizona Department of Real Estate (ADRE) [Link to Legislation](#). The Arizona Office of Administrative Hearings (OAH) will accept all cases as referred by the ADRE and schedule a Hearing Date before an Administrative Law Judge (ALJ).

The chart shown provides information relating to the HOA Dispute Process for Fiscal Year 2020, Fourth Quarter (April - June 2020).

Further information on the HOA Dispute Process can be reviewed on the ADRE website, www.azre.gov.

	Apr	May	June	FY2020 YTD
# of Petitions Filed	3	7	2	65
# of Petitions Closed	5	4	6	74
# of Decisions Issued	1	4	4	67
# Petitioner Prevailed	0	1	0	8
# Respondent Prevailed	1	1	1	31
# Settled after Hearing Scheduled	0	2	1	11
# Withdrawn Prior to Referral	0	0	2	17
# Denied	0	0	0	0

Top 5 Issues Ending 4th Quarter	
#1	Board Not Following Proper Procedure
#2	Architectural Design
#3	Common Property Maintenance
#4	Records Request
#5	Open Meeting

Arizona Policy Statement Points to License Laws Impacting Teams

Excerpted from the Arello Boundaries Magazine

While some real estate license laws specifically address real estate teams, those that do not usually contain other provisions that address the public protection issues involved. For example, the Arizona Department of Real Estate (ADRE) recently issued [Substantive Policy Statement No. 2020.01](#)* “Requirements for Teams” to inform the regulated real estate industry of the relevant applicable license law statutes and rules that impact the practice.

Since a real estate “team” is not defined by Arizona’s license laws, the ADRE refers to the term, for the purposes of the policy statement, as “an established business relationship of more than one Arizona real estate licensee, all of whom must be licensed with the same Arizona licensed real estate brokerage.” The policy statement then points to the license law provisions that apply, which are condensed below.

Supervision: Arizona employing and designated brokers are required to exercise reasonable supervision and control over the activities of associated licensees and others in the broker’s employ. Those duties include establishing and enforcing written policy manuals addressing matters such as transaction management and review, contracts and disclosure forms, handling trust funds, and many others [See, Arizona Administrative Code (A.A.C.) [R4-28-1103](#)].

The ADRE strongly encourages employing brokers to address real estate teams in their manuals and include issues such as team formation and dissolution, compensation agreements, conflicts and disputes, use of unlicensed assistants, changes in license status, and team names. Additional suggestions for team provisions are available through the ADRE’s Model Broker’s Policy and Procedure Manual, which provides a starting point for compliance with the written policy manual requirement.

Team Activity: The ADRE emphasizes that all team members practicing real estate in Arizona must be licensed, and that all members are subject to the employing broker’s supervision and control. The Substantive Policy Statement also acknowledges that team members may employ unlicensed assistants for certain limited activities not requiring a license, but warns that unlicensed real estate activity is a felony offense in Arizona. The ADRE has also issued

Substantive Policy Statement 2017.01 regarding the use of unlicensed assistants.

Advertising: The policy statement clarifies that Arizona’s many real estate advertising statutes and rules that apply to individual licensees also apply to real estate teams. For example, all advertising must clearly and prominently display the legal name of the employing broker or licensed D/B/A and be clear that the team is not an independent entity. And, all licensees must disclose their licensed status when selling, leasing, or exchanging their own property, and their status as the owner by placing the words ‘owner/agent’ in any advertisement [A.A.C. R4-28-502].

Branch Office and Signage: Arizona’s real estate license laws prohibit the use of team names on branch office signage, which must conform to the provisions of the principal office and include only the licensed name of the brokerage. Branch offices must also have a clearly visible sign at their entrances with the name of the employing broker or D/B/A, the name of the designated broker, and the designation “Branch Office” [Arizona Revised Statutes (A.R.S.) §§32-2126, 2127].

Compensation: As in many other jurisdictions, Arizona real estate licensees may accept employment and compensation only from the licensed broker “to whom the licensee is licensed.” The Substantive Policy Statement makes it clear that a broker “cannot pay a team leader, PC, or PLLC, and have the team leader distribute payment to licensed individuals, unless the licensed persons are an employee, officer or partner of the corporate entity.” And, unlicensed persons cannot be compensated based on the ultimate sale or closing of a property.

The more detailed Substantive Policy Statement may be accessed through the link provided above.



Kansas Adds New Real Estate Teams/Advertising Rule

Excerpted from the Arello Boundaries Magazine

In light of the continuing popularity of the real estate team business model, some regulators have developed statutes and/or rules addressing the license law implications of the practice. One of the more recent examples is a new team/advertising rule promulgated by the Kansas Real Estate Commission (KREC) that clarifies the advertising requirements for affiliated licensees of a supervising broker and enables the public to know what company they are dealing with when engaging in real estate transactions. The Kansas Real Estate Brokers' and Salespersons' License Act contains extensive advertising provisions which, among others, prohibit confusing, misleading, or inaccurate advertising; require prominent and conspicuous inclusion of the supervising broker's trade or business name, and inclusion of any other information considered necessary by the supervising broker; and mandate supervision of advertising by a supervising or branch broker. The statutes also allow the use of "a name or team name which cannot be construed as a supervising broker's trade name or business name" [Kansas Statutes Annotated (K.S.A.) §§58- 3086 et seq., 58-3086(d)(2)].

"The clarity in the advertising requirements and the protection of the public ...outweigh the costs a licensee could incur..."-KREC

The Commission's new Rule 86-3-7, which will take effect on July 1, 2020, complements those statutes by defining "advertisement" and "advertising" to mean "communication in any form of media between a licensee or other entity acting on behalf of one or more licensees and consumers or the public, for any purpose related to licensed real estate activity. These terms shall include business cards, signs, insignias, letterheads, telephone or electronic mail, radio, television, newspaper and magazine advertisements, internet advertising, web sites, social media or social networking, display or group advertisements in telephone directories, and billboards." Under the new rule, no employed or associated salespersons or associate broker may include in an advertisement a name or team name that:

- Uses the term "realty," "brokerage," "company," or any other term that can be construed as a real estate company separate from the supervising broker's company;

- Is more than two times larger in font size than the font size of the supervising broker's trade name or business name; or
- Is not adjacent to the supervising broker's trade name or business name in any internet, web site, social media, or social networking advertisement.

The rule also provides that "The context of an advertisement may be considered by the commission when determining whether the employed or associated salesperson or associate broker committed a violation ..." of those conditions. The KREC's statutorily required "Economic Impact Statement" issued in connection with new rule 86-3-7 states that, while it clarifies current advertising requirements and enhances the public's understanding of the broker or company with whom they are dealing, it also "limit[s] some advertising currently being promoted by licensees." However, the KREC also notes, "In discussions with industry, it appears the major change that would require resources is the requirement for the licensee's name or team name to be adjacent to the brokerage name. Since this only applies to digital advertisements the costs are not as significant." The Commission also concluded, "The clarity in the advertising requirements and the protection of the public in knowing what company they are transacting real estate with outweigh costs a licensee could incur in modifying their advertisements.

A recent edition of the KREC's Commission News explains the new rules, reminds licenses that the existing statutory advertising provisions have not changed, and includes graphic examples of compliant advertisements. The Commission has also posted a short explanatory video addressing the rules and statutes.



Tennessee Court: Disclosure Duties Reach Beyond Statutorily Listed Property Conditions

Excerpted from the ARELLO Boundaries Magazine

A Tennessee Appellate Court recently took a close look at the state's property disclosure and real estate licensing laws to determine the question of whether a licensee has a duty to advise his or her clients/sellers to disclose known material defects that are not specifically listed on the state's statutory residential property condition disclosure form.



The case involved a home that was of log construction, but was covered by vinyl siding when the sellers purchased it in 1999. The sellers finished the interior with sheet rock and, as a result, "the house no longer looked like a log home." In 2005, the sellers listed the property with a licensed real estate agent. They informed the real estate agent that they had made improvements to the house and, according to the appellate decision, "eventually explained" that it was actually of log construction covered with exterior vinyl siding and that they had installed sheet rock within the house. The sellers completed the property condition disclosure form provided by the Tennessee Residential Property Disclosures Act [Tennessee Code Annotated (T.C.A.) §66-5-201, et seq.]. The disclosure form did not contain a specific question with respect to the type of construction of the home, nor did the sellers disclose that they installed the interior sheet rock. After the transaction closed, the buyers discovered the log construction and that up to sixty percent of the logs were damaged or rotting; with an estimated repair cost of about \$125,000. During the subsequent litigation, the buyers admitted that neither the sellers nor the real estate agent were aware of any rot or moisture problems with the wooden logs before the purchase transaction.

Under the Disclosures Act, sellers can elect* to provide buyers with the statutory disclosure form that addresses a variety of specified property conditions "including any material defects known to the owner" [T.C.A. §66-5-202]. Real estate licensees are required to inform represented owners/sellers of their disclosure "rights and obligations," and to disclose "adverse facts" of which licensees have actual knowledge or notice. Licensees who fulfill those duties and have not engaged in intentional misrepresentation or fraud are immunized from Disclosure Act liability [T.C.A. §66-5-206]. Tennessee's real estate license laws also require licensees to disclose known

adverse facts to each transaction party [T.C.A. 62-13-403]. In 2006, the buyers sued the sellers and the real estate agent on various grounds. The trial court granted summary judgment in favor of the agent, which ruling was appealed. The Court of Appeals of Tennessee affirmed the decision, holding that under the Disclosure Act the "adverse facts" that licensees must disclose are limited to conditions that would generally be recognized by competent licensees to "significantly reduce the structural integrity of improvements" or present a "significant health risk" to occupants [T.C.A. §66-5-206]. The appellate court agreed with the trial court that the mere fact that the home was constructed from logs was not an "adverse fact" that the licensee was required to disclose. The buyer's lawsuit against the sellers was "eventually voluntarily non-suited."

However, in a separate 2009 lawsuit, the sellers sued the real estate agent alleging breach of the Disclosure Act duty to advise the sellers of their obligation to disclose the home's log construction; essentially seeking recovery of their costs of defending against the buyer's earlier lawsuit. The trial court held that the licensee's duty extended only to advising the seller to disclose conditions specifically listed on the statutory disclosure form, which did not mention construction type. The trial court thus ruled that the agent complied with the Disclosure Act and was immune from liability to any party.

The Court of Appeals affirmed the trial ruling, but for different reasons. The court held that the Disclosure Act requires sellers to disclose known "material defects" in addition to those conditions specifically listed on the statutory disclosure form, and that a real estate licensee has a duty to advise his or her client/seller of that obligation. However, the appellate court also determined that there was no proof that the log construction of the home, in and of itself, was a "material defect." Therefore, there was no proof that the agent had a duty to advise the sellers to disclose that condition; nor was the log construction an "adverse fact" that the real estate agent had a duty to disclose. Therefore, the court ordered entry of final judgment in favor of the real estate agent.

[2020 Tenn. App. LEXIS 156 (Apr. 14, 2020).

*Alternately, if a buyer waives the disclosure requirement, the seller can provide a disclaimer of all property condition representations or warranties and stating that the purchaser will receive the real property "As Is." Note: The factual and other matters recited or summarized herein are derived from the court decision, which also addresses other issues.]

Realtor® Owned Fix and Flips

Article published on February 26, 2018 by the Arizona Association of Realtors®

One of the most distinct and advantageous features of real estate is that it is an improvable asset. Owners of real property can have a direct effect on a property's value, whether by performing large scale renovations or small cosmetic upgrades. For this reason, fixing and flipping houses is a prevalent investment strategy, offering investors the potential of realizing significant profits over a short period of time. Many REALTORS® are attracted to fix and flip opportunities. As real estate professionals, REALTORS® often have an in-depth knowledge of the local real estate market, enabling them to make well-informed investment decisions. While REALTORS® are free to personally buy, improve, and sell properties for profit, in so doing they must be certain to comply with their legal and ethical obligations. The Use of Licensed Contractors REALTORS® should be mindful of the fact that there are statutory requirements in place that apply when an owner attempts to sell their own property after improving it. A.R.S. § 32-1121(A) (5) allows an owner of real property, with their own employees or with duly licensed contractors, to build or improve the property themselves without being licensed with the Arizona Registrar of Contractors. However, this applies only if the property is not intended to be placed for sale or for rent. According to the statute, prima facie evidence that the project was undertaken for the purposes of sale or rent is "proof of the sale or rent or the offering for sale or rent of any such structure by the owner-builder within one year after completion or issuance of a certificate of occupancy." In other words, if a property is sold or offered for sale within one year of completion of the repairs, the court will presume that the work was performed for that purpose. This restriction obviously impacts REALTORS® pursuing their own fix and flips as most have no intention of living in the property or holding on to it for a period of one year following the completion of improvements. Fortunately, A.R.S. § 32-1121(A) (6) exempts developers who build structures or appurtenances to structures on their property for purposes of resale provided that they contract with a licensed general contractor or licensed specialty contractor. To qualify for this exemption, the licensed contractors' names and license numbers must be included in all sales documents.

REALTOR® as Principal

When personally investing in real estate, REALTORS® typically act either in their individual capacity or through a corporate entity in which they hold a stake. In both cases, the REALTOR® maintains an ownership interest which must always be disclosed. A.A.C. R4-28-1101(E) prohibits a real estate salesperson from acting directly or

indirectly in a transaction without informing the other parties to the transaction in writing before the parties enter into a binding agreement. Similarly, Article 4 of the REALTOR® Code of Ethics states that "REALTORS® shall reveal their ownership or interest in writing to the purchaser or purchaser's representative."

Advertising

In the fix and flip business, time is money. The more holding costs the owner incurs, the less profit they realize. For this reason, fix and flippers aggressively advertise properties in the hopes of quickly finding a buyer. A.A.C. R4-28-502(B) makes it clear that a real estate licensee advertising their own property for sale must disclose their status as a salesperson or broker by placing the words "owner/agent" in the advertisement. Article 12 of the REALTOR® Code of Ethics imposes similar obligations, prohibiting REALTORS® from advertising property in a way in which their status as a real estate professional is not readily apparent.

Property Condition Disclosures

Flippers often claim to know little about the property because they never resided there. Unfortunately, such representations are frequently false. Fix and flip, by its very name, reflects the fact that repairs and/or upgrades were made to portions of the property before it was listed for sale. As a result, flippers often possess knowledge of the property's condition, as well as an understanding of the work performed. In light of this knowledge, disclosure obligations are imposed. Not only does A.A.C. R4-28-1101(A) impose upon real estate licenses a duty to deal fairly with other parties to the transaction, A.A.C. R4-28-1101(B) requires licensees participating in a real estate transaction to disclose in writing to all other parties any information the licensee possesses that materially or adversely affects the consideration to be paid by any party to the transaction. Furthermore, all sellers have a duty to disclose known facts materially affecting the value of the property that are not readily observable and are not known to the buyer. See *Hill v. Jones*, 151 Ariz. 81, 725 P.2d 1115 (App. 1986).

Dual Agency

A dual agent cannot favor one party over another, nor can they disclose confidential information such as the price one party is willing to pay or accept. Ordinarily, this is not a problem and dual agency is specifically authorized by Arizona law with the written consent of both parties...

(Continued on page 12)

Realtor® Owned Fix and Flips (Cont.)

Article published on February 26, 2018 by the Arizona Association of Realtors®

Insurance

Errors and omissions (E&O) insurance is a form of malpractice coverage that provides real estate licensees with protection for claims of wrongdoing resulting from their work in the real estate profession. However, many such policies do not provide coverage when the real estate agent is selling a property they personally own, or own via a corporate entity. Those policies that do cover agent owned property transactions often require that the real estate professional take certain steps before coverage applies, such as paying for a home warranty for the buyer's benefit. REALTORS® seeking errors and omissions insurance coverage for their personally owned fix and flip transactions should therefore consult their E&O policy before pursuing investment opportunities of this nature. Conclusion Licensing laws and ethical obligations often do not allow real estate professionals to differentiate between the services they provide for others and the activity they undertake in conjunction with their own transactions. To protect the public, licensees must therefore be sure to comply with all ethical and statutory requirements whether acting as an agent or as a principal.

This article is of a general nature and reflects only the opinion of the author at the time it was drafted. It is not intended as definitive legal advice, and you should not act upon it without seeking independent legal counsel.

Flipping Houses for Profit

Article published in February 2019 by Tierra Antigua

Here's a quick review of items we need to keep in mind in these transactions. Contractors vs. doing it yourself vs. handyman Arizona law allows for a "handyman exemption" with respect to hiring someone to make repairs; a seller can make repairs on a property without using a licensed contractor UNLESS the repairs were for the express purpose of re-sale. If a home was purchased for re-sale, then a licensed contractor must be used for all repairs, regardless of cost or how complex. We as real estate agents should ensure that our sellers have independent knowledge of their legal obligations and refer them to an attorney if they are in need of guidance in this regard. We also need to inform them that by not following the law, they might be open to increased liability. In other words, using a contractor is not only the law but is also acts as form of risk reduction in that the contractor is then responsible for the repairs / upgrades made. Seller Property Disclosure Statement (SPDS)

While a seller of a home being flipped might not want to

fill out a Seller's Property Disclosure Statement, it is always best practice for the seller to provide the buyer with an SPDS. The seller might give such reasons as, "I've never lived in the house." or "I was told by a real estate agent with XYZ company that I don't need to." Even more dangerous to the seller is "I believe that I have less risk if I don't provide one." By not filling out a disclosure, the seller is actually increasing their liability for non-disclosure. Arizona law states that all sellers of real property have a legal obligation to disclose what they know. If a seller has purchased the property and prepared it for re-sale, they probably know more about what is/was wrong with the house than the last person who lived in the house! The seller has this knowledge either through discussions with contractors or reviewing and approving work invoices. If there is a question that the seller is still not aware of, the SPDS allows for that answer. A better way for sellers to view a full disclosure statement is as an opportunity to brag about what was done to the house. "Yes, this and that was wrong with the home, but then I fixed it." A fully complete disclosure should be used as a marketing tool.

Real estate agents flipping homes

Real estate agents have an increased liability in flipping homes if they are the seller. As a licensee, we are held to a higher standard by virtue of our status as a licensed agent. Thus, disclosures become even more important for a seller that holds a real estate license.

Disclosure #1, Agency: a real estate licensee must disclose that they hold a real estate license, whether that license is active or inactive. If title to the property is held by a LLC and the agent is a member of said LLC, that also needs to be disclosed. Remember, you can never take off your REALTOR® hat. Disclosure of agent/owner status needs to be made in multiple areas including, but not limited to:

1. In the contract/counter offer. NOT in an addendum later, but in the initial negotiations prior to contract execution.
2. In all advertisements
 - a. Flyers/ Magazine, Social Media, Internet etc.
 - b. Sign-rider
 - c. Public comments on MLSSAZ listing

Disclosure #2, Licensed (ROI) contractor information: a licensed real estate agent must use a licensed contractor on a home they are flipping. Thus, the agent needs to disclose to the buyer the name, contact information, and license number of the contractor who did the work on the property. This can be accomplished on the SPDS.

LICENSING STATISTICS

Arizona Department of Real Estate Licensed Individuals & Entities August 3, 2020

	Active	Inactive	Total Current	In Grace Period	Current + Grace Period
Individuals					
Broker	11,962	1,086	13,048	660	13,708
Salesperson	48,372	13,666	62,038	4,976	67,014
Total Individuals	60,334	14,752	75,086	5,636	80,722
Last month	60,144	14,701	74,845	5,366	80,211
% change from last month	0.32%	0.35%	0.32%	5.03%	0.64%
Same month last year	59,691	14,596	74,287	5,368	79,655
% change from last year	1.08%	1.07%	1.08%	4.99%	1.34%
Entities					
Branch, corp	168	23	191	30	221
Branch, liability	400	93	493	59	552
Branch, Partnership	1	0	1	0	1
Branch, Self-Employed	17	3	20	2	22
Corporation	1,314	62	1,376	86	1,462
Limited Liability	3,538	177	3,715	253	3,968
Partnership	27	1	28	1	29
Self-Employed Broker	1,823	94	1,917	228	2,145
Total Entities	7,288	453	7,741	659	8,400
Last month	7,295	444	7,739	666	8,405
% change from last month	-0.10%	2.03%	0.03%	-1.05%	-0.06%
Same month last year	7,400	465	7,865	653	8,518
% change from last year	-1.51%	-2.58%	-1.58%	0.92%	-1.39%
Individuals & Entities					
Total - this month	67,622	15,205	82,827	6,295	89,122
Total - previous month	67,439	15,145	82,584	6,032	88,616
% change from last month	0.3%	0.4%	0.3%	4.4%	0.6%
Total - this month	67,622	15,205	82,827	6,295	89,122
Total - same month last year	67,091	15,061	82,152	6,021	88,173
% change from last year	0.8%	1.0%	0.8%	4.6%	1.1%

** Arizona Real Estate licensing statistics are updated monthly and posted to the Department's website at www.azre.gov. Access by clicking the link on the homepage titled "Monthly License and Exam Stats".*

EDUCATION UPDATE

Reminder: Real Estate Exam Performance Summaries by School (pass/fail rates for 1st time test takers) are available on the ADRE website. These summaries are updated monthly.

- Click [here](#) for more information.
- [Click here](#) to view Educator Updates on the ADRE website.

REMINDERS FOR ALL SCHOOLS

- Instructor Qualifications: Check the ADRE website for the NEW Instructor Approval Application
- Advertising: Real Estate School should review the following advertising regulations and establish policies to ensure compliance with these regulations as a school and through any owner, director, administrator, instructor or other agent:
 - Arizona Revised Statutes [Click here](#) to view A.R.S. § 32-2135(D) and [here](#) to view A.A.C 32-2153(A)(26)
- Commissioner’s Rule A.A.C § R4-28-502(D)
 - “A school shall include its name, address and telephone number in all advertising of Department approved courses. The school owner, director or administrator shall supervise and be responsible for all advertising. The school owner shall ensure that the school’s advertising is accurate.”
- 14 Day Course Notices - Schools must be sure to properly schedule the course event location in the 14 day Notice pursuant to A.R.S. §32-2135 especially if the course is held at a location other than the school location.

Number of “First Time Exam Takers”	APR	MAY	JUN
EXAM TYPE			
REAL ESTATE BROKER	0	47	55
REAL ESTATE SALES PERSON	14	445	449
CEMETERY SALES PERSON	0	1	4
MEMBERSHIP CAMPING BROKER	0	0	0
MEMBERSHIP CAMPING SALES PERSON	0	0	0
UNIVERSAL LICENSE RECOGNITION - BROKER	1	15	15
UNDERSAL LICENSE RECOGNITION - SALES PERSON	1	35	41

TOTAL NUMBER OF LICENSEES (INDIVIDUAL AND ENTITY) AS OF AUGUST 1, 2020 89,122

ADRE LICENSE ONLINE CE COURSE SUBMISSIONS APRIL 1, 2020 THROUGH JUNE 17, 2020

TOTAL COURSES ENTERED	49,093
DISTANCE LEARNING	38,316
PERCENTAGES DISTANCE LEARNING	78%

DISCIPLINARY ACTIONS

January, 2020 TO May, 2020

ABBREVIATIONS USED

ASA	ACCELERATED SETTLEMENT AGREEMENT	ED	ADDITIONAL EDUCATION
BA	BROKER ACKNOWLEDGEMENT	FEL	FELONY
C&D	CEASE & DESIST	J&S	JOINT & SEVERAL
CFO	COMMISSIONER FINAL ORDER	LG	LICENSE GRANTED
CO	CONSENT ORDER	MISD	MISDEMEANOR
COA	CERTIFICATE OF AUTHORITY	PL	PROVISIONAL LICENSE
CONV	CONVICTION	PM	PRACTICE MONITO
CP	CIVIL PENALTY	UA	UNLICENSED ACTIVITY

Name	License Number	Brokerage at time of violation	Location	Summary	Order
Roberson, Germaine Lynn	SA648283000	A.Z. & Associates, LLC	Glendale, AZ	Violation of Rules and Regulations - Misrepresentation	ASA - CP \$750, 12 hrs. CE
Falkner, Valerie Denise	SA533304000		Phoenix, AZ	Failure to timely disclose conviction	ASA - CP \$1,000, 9 hrs. CE
Von Prisk, Matthew Aaron	SA687122000		Gilbert, AZ	Convictions	CO - 2 yrs. PL/PM
Mataipule, Vicki Lynn	SA631411000		Mesa, AZ	Failure to timely disclose conviction	ASA - CP \$450, 6 hrs. CE
Pruitt, Megan B	SA688216000		Scottsdale, AZ	Convictions	CO - 2 yrs. PL/PM
Grimm, Jane A	SA632111000	Keller Williams Arizona Realty	Scottsdale, AZ	Breach of Fiduciary Duty/Failed to Deal Fairly	ASA - CP \$1,000, 9 hrs. CE
Neil, Sheila Anne	SA687700000		Phoenix, AZ	Convictions	CO - 2yrs. PL/PM
Amendt, Jeremy	SA686761000		Surprise, AZ	Convictions	CO - 2yrs. PL/PM
Flecker, Lory E	SA676231000		Scottsdale, AZ	Unlicensed Activity	ASA - CP \$750, 6 hrs. CE
Cerreta, Marlene Lynn	BR536275000		Peoria, AZ	Violation of Rules and Regulations - Audit Violations	ASA - CP \$1,500, 12 hrs. CE
Rohlik, Anthony J.	SA575094000	Realty One Group, Inc.	Mesa, AZ	Violation of Rules and Regulations	CO - CP \$7,000, 2 yrs. PL/PM
Ogertschnig, Francis R.	SA561475000 Candidate		Tempe, AZ	Convictions	CO - 2 yrs. PL/PM
Broadstock, Melinda	SA514634000	Brooks-Clark & Associates, LLC	Lake Havasu City, AZ	Failure to timely disclose conviction	ASA - CP \$750, 9 hrs. CE
Butler, Veronica J	SA670099000	Fazio & Associates, LLC	Chandler, AZ	Violation of rules and Regulations - Breach of Fiduciary Duty/Failed to Deal Fairly	ASA - CP \$2,000, 12 hrs. CE
Gray, Sheena K.	SA546224000		Mesa, AZ	Failure to timely disclose conviction	ASA - CP \$1,500, 9 hrs. CE
Anderson, Linda Mary	SA680832000 Candidate		Cave Creek, AZ	Convictions	CFO - 3 yrs. PL/PM
Robert J. Lueck Revocable Living Trust			Scottsdale, AZ	Subdivision - Illegal	CO and Cease and Desist - CP \$1,000
Team Power Holdings II, LLC			Scottsdale, AZ	Subdivision - Illegal	CO and Cease and Desist - CP \$1,000
Cardinal Group			Scottsdale, AZ	Unlicensed Activity by Unlicensed Entity	CO - CP \$3,000, Affirmative Actions
Pupua, Teliza Manu	SA688314000 Candidate		Mesa, AZ	Convictions	CO - 2 yrs. PL/PM
Munoz, Erika Mileth	BR658408000	EMG Homes Real Estate, LLC	Phoenix, AZ	Violation of Rules and Regulations - Failure to disclose	ASA - CP \$1,000, 9 hrs. CE
Morrison, Latrechia Sherrin	SA683973000 Candidate		Laveen, AZ	Convictions	CO - 2 yrs. PL/PM
Johnson, Reginal Jermaine	SA688755000 Candidate		Phoenix, AZ	Convictions	CO - 2 yrs. PL/PM
Dahl, James Obert	SA685547000 Candidate		West Fargo, ND	Convictions	CO - 2 yrs. PL/PM
Hilzendeger, Heidi Joan	BR682957000 Candidate		Bismarck, ND	Convictions	CO - 2 yrs. PL/PM
Matthews-Thomas, Natasha Denise	SA684231000 Candidate		Phoenix, AZ	Convictions	CO - 3 yrs. PL/PM
Friedman, Roy E.	SA535071000	JDY HOLDINGS, LLC	Casa Grande, AZ	Violation of Rules & Regulations	ASA - CP \$1,500, 9 hrs. CE
Ellefson, Peter L.	BR528982000	EPL REALTY GROUP, LLC	Mesa, AZ	Violation of Rules and Regulations, Failure to Supervise	ASA - CP \$1,000, 9 hrs. CE
Garcia, Antonio	SA683014000	EMG HOMES REAL ESTATE, LLC	Phoenix, AZ	Violation of Rules & Regulations - Failure to disclose	ASA - CP \$1,000, 9 hrs. CE
McBain, Keith	BR688630000 Candidate		Queen Creek, AZ	Convictions	CO - 2 yrs. PL/PM

DISCIPLINARY ACTIONS

January, 2020 TO May, 2020

Name	License Number	Brokerage at time of violation	Location	Summary	Order
Sanchez, Luis	SA688377000 Candidate		Phoenix, AZ	Convictions	CO - 2 yrs. PL/PM
Murray, Kimberly	BR117650000	X.T.R. Realty, Inc.	Mesa, AZ	Violations of Rules & Regulations - Property Management	Cease and Desist
X.T.R. Realty, Inc.	CO113022000		Prescott, AZ	Violations of Rules & Regulations - Property Management	Cease and Desist
Li, Lan Lan 'Hedy'	SA571600000		Phoenix, AZ	Violations of Rules & Regulations - Property Management	CO - CP \$4,000, 12 hrs. CE
Travassos, Nicholas John	SA689542000 Candidate		Wilcox, AZ	Convictions	CO - 3 yrs. PL/PM
Hanson, Jay D	SA635156000		Phoenix, AZ	Failure to timely disclose - Other Jurisdiction Sanction	ASA - CP \$750, 9 hrs. CE
Blight, Jeanette Kay	SA650784000		Prescott, AZ	Failure to timely disclose - other Jurisdiction Sanction	ASA - CP \$750, 9 hrs. CE
Colby, C. Michelle	BR634961000		Mesa, AZ	Failure to timely disclose - other Jurisdiction Sanction	ASA - CP \$750, 9 hrs. CE
Butler, David	SA547285000		Avondale, AZ	Failure to timely disclose - other Jurisdiction Sanction	ASA - CP \$1,000, 9 hrs. CE
Spano, Vincent	SA688945000		Peoria, AZ	Convictions	CO - 2 yrs. PL/PM
Wright, Rachel Joy	SA687742000 Candidate		Phoenix, AZ	Convictions	CO - 2 yrs. PL/PM
Marquez, Monica			Phoenix, AZ	Violations of Rules & Regulations - Unlawful Compensation	CO - CP \$2,000, 2 yrs. PL/PM
Right Homes LLC			Prescott, AZ	Subdivision - Illegal	Subdivision Cease and Desist
Schultz, Travis			Prescott, AZ	Subdivision - Illegal	Subdivision Cease and Desist
Steen, Tyler A.			Prescott, AZ	Subdivision - Illegal	Subdivision Cease and Desist
Jones, Eric Scott			Phoenix, AZ	Convictions	CO - 2 yrs. PL/PM
Gibson, Deette Suzanne	SA686832000 Candidate		Scottsdale, AZ	Convictions	CO - 3 yrs. PL/PM
Hostrawser, Burt E.	SA538146000 Candidate		Lake Havasu City, AZ	Convictions	CO - 2 yrs. PL/PM
Pettiford, Raina	SA688096000 Candidate		Gilbert, AZ	Convictions	CO - 3 yrs. PL/PM
Valiant, Jason	SA672789000		Sun City, AZ	Convictions	CFO - license denied
Collins, Kristin Renee	SA673947000		Kingman, AZ	Unlicensed Activity by a Licensee	ASA - CP \$500, 6 hrs. CE
Martinez, Sergio	SA686510000 Candidate		Tucson, AZ	Convictions	CO - 2 yrs. PL/PM
Walton, Jerrod	SA674285000		Payson, AZ	Unlicensed Activity by a Licensee	ASA - CP \$500, 6 hrs. CE
Butler, Michael	SA670147000		Tucson, AZ	Violation of rules and Regulations - Breach of Fiduciary Duty/Failed to Deal Fairly	ASA - CP \$2,000, 12 hrs. CE
Stauersbol, Soren	SA689192000 Candidate		Tempe, AZ	Convictions	CO - 2 yrs. PL/PM
Padilla, Jessica	SA683537000 Candidate		Tucson, AZ	Convictions	CO - 2 yrs. PL/PM
Reed, Brenda Diane	SA688935000 Candidate		Lake Havasu City, AZ	Convictions	CO - 2 yrs. PL/PM
Young, Daniel Christian	SA686870000 Candidate		Scottsdale, AZ	Convictions	CO - 2 yrs. PL/PM
Voss, Terrance	SA687437000		Gilbert, AZ	Convictions	CO - 2 yrs. PL/PM
Billingsley, Taylor Jonathan	SA687631000 Candidate		Peoria, AZ	Convictions	CO - 2 yrs. PL/PM
Welch, Cynthia Alane	SA681732000		Scottsdale, AZ	Violations of rules & regulations - Failure to Respond	CO - 2 yrs. PL/PM
Aguilar, Teresita	SA681113000		Laveen, AZ	Convictions	CFO - license revoked
Reid, Kenneth B.	BR571680000		Sun City West, AZ	Violation of Rules & Regulations - Audit Violations	ASA - CP \$1,5000, 9 hrs. CE
Davis, Whitney Paige	SA688007000 Candidate		Phoenix, AZ	Convictions	CO - 2 yrs. PL/PM
Clark, Keith D.	SA633631000	J&J Commercial Properties, Inc.	Tempe, AZ	Convictions	CO - 2 yrs. PL/PM
Adams, Elijah Robert	SA686192000 Candidate		Glen Mills, PA	Convictions	CO - 2 yrs. PL/PM
Diaz, Cristian E.	SA652424000		Glendale, AZ	Convictions	Findings of Fact, Conclusions of Law and Order - Revoked
Bustamante, Edgar Ivan	SA688631000 Candidate		Laveen, AZ	Convictions	CO - 2 yrs. PL/PM
Vizcarra, Melissa	SA689704000 Candidate		Phoenix, AZ	Convictions	CO - 2 yrs. PL/PM
Scott, Robert Eugene	SA689628000 Candidate		Surprise, AZ	Convictions	CO - 2 yrs. PL/PM
Arbolida, Timothy D.	BR642473000	Urbanciti Realty & Property Management	Scottsdale, AZ	Violations of rules & Regulations - Audit Violations	ASA - CP \$2,000, 12 hrs. CE

DISCIPLINARY ACTIONS

January, 2020 TO May, 2020

Name	License Number	Brokerage at time of violation	Location	Summary	Order
Baumgardner, Bernard Robert	SA689316000 Candidate		Surprise, AZ	Convictions	CO - 2 yrs. PL/PM
Wood, Richard	BR003616000	R.L. Wood & Company, LLC	Camp Verde, AZ	violations of rules & Regulations - Audit Violations	Cease and Desist
R.L. Wood & Company, LLC	LC578687000		Mesa, AZ	Violations of Rules & Regulations - Audit Violations	Cease and Desist
Robinson, Debbie M.	SA558183000		Scottsdale, AZ	Subdivision - Illegal	Cease and Desist
DLR Properties			Scottsdale, AZ		Cease and Desist
Silva, Alane G.	SA644143000	DBA WEST USA REALTY	Phoenix, AZ	Failed to disclose - Adverse Judgement	ASA - CP \$ 750, 9 hrs. CE
Rook, Jon	SA687427000 Candidate		Phoenix, AZ	Convictions	CO - 2 yrs. PL/PM
Perkins, Ronashley A.	SA683110000		Tucson, AZ	Convictions	CFO - Denied
Anthony, Brian	SA688835000 Candidate		Glendale, AZ	Convictions	CO - 2 yrs. PL/PM
Reed, Brenda	SA688935000		Lake Havasu City, AZ	Convictions	CO - 2 yrs. PL/PM
Bright Edge, LLC			Safford, AZ	Subdivision violation	CO - CP \$1,000, Cease and Desist
Liberty, Cathy	BR563570000	Parkway Place Real Estate	Bullhead City, AZ	Violations of Rules and Regulations - Audit Violations	CO - CP \$4,500, 2 yrs. PL, 18 hrs. CE, Monthly TA, C&D Property Management,
Sekulovski, Tony	BR626281000	Sekulovski Group	New Albany, OH	False/Misleading renewal application	ASA - CP \$1,500, 9 hrs. CE
Benavente, David	SA570977000		Phoenix, AZ	Failure to timely disclose - conviction	ASA - CP \$ 1,000, 9 hrs. CE
Pringle, Andrea	SA660600000 Candidate		Buckeye, AZ	Convictions	CO - 2 yrs. PL/PM, 6 hrs. CE
Giniel, Sandy	BR572785000	Americas Real Estate Properties	Chandler, AZ	Failed to Supervise	ASA - CP \$ 1,000, 9 hrs. CE
Sherman, Laurie	SA582331000	Americas Real Estate Properties	Chandler, AZ	False/Misleading representation	ASA - CP \$ 1,000, 9 hrs. CE
Smith, Damon	SA688180000 Candidate		Gilbert, AZ	Convictions	CO - 2 yrs. PL/PM
Determan, Robert	SA635393000	Mountain Desert Living	Prescott, AZ	Failure to timely disclose - conviction	ASA - CP \$ 1,000, 9 hrs. CE
Sayler, Jody	BR545003000	Just Selling AZ, LLC	Gold Canyon, AZ	Violations of Rules & Regulations - Audit violations	CO - CP \$4,000, 2 yrs. PL/PM, 12 hrs. CE
McGowan, Donald	SA685786000 Candidate		Phoenix, AZ	Convictions	CO - 2 yrs. PL/PM
Mejia Romero, Blanca	SA679358000	Prestige Realty	Avondale, AZ	Violations of Rules & Regulations	CO - CP \$3,000 2 yrs. PL/PM, 12 hrs. CE
Foley, Ryan	SA689981000 Candidate		Mesa, AZ	Convictions	CO - 2 yrs. PL/PM
Salomon, Peter	SA689636000 Candidate		Tucson, AZ	Convictions	CO - 2 yrs. PL/PM
Lampkins, Andre	SA584445000		Tucson, AZ	Failure to timely disclose - conviction	ASA - CP \$750, 9 hrs. CE
Bruner, Megan	SA650774000	Launch Real Estate, LLC	Scottsdale, AZ	Subdivision - Illegal	ASA - CP \$1,000, 6 hrs. CE
Arrellano, Marivel	SA644090000		Chandler, AZ	Convictions	CFO - license revoked
Cosenza, Anna	BR530898000	RE/MAX Fine Properties	Scottsdale, AZ	Violations of Rules & Regulations	ASA - CP \$3,000, 12 hrs. CE
Rosenbaum Realty Group, LLC	LC643492000		Phoenix, AZ	Violations of Rules & Regulations - Audit violations	CO -CP \$2,500, 2yrs PL, 12 hrs. CE, Monthly TA
Rosenbaum, Daniel	BR636314000	Rosenbaum Realty Group	Phoenix, AZ	Violations of Rules and Regulations - Audit violations	CO - CP \$2,500, 2 yrs. PL, 12 hrs. CE, Monthly TA
Gaccino, Milagros	BR528449000	DBA MG Prime Realty	Mesa, AZ	Unlicensed Activity by Licensee	ASA - CP \$1,000, 12 hrs. CE
Noll, Peter	SA587801000		Scottsdale, AZ	Convictions	CO - 2 yrs. PL/PM
Rodriguez, Ricardo	SA690104000 Candidate		Glendale, AZ	Convictions	CO - 2 yrs. PL/PM
Berwa, Igor	SA689898000		Laveen, AZ	Convictions	CO - 2 yrs. PL/PM
Devincenzo, Diane	SA520819000	West USA Realty	Phoenix, AZ	Failure to timely disclose - conviction	ASA - CP \$400, 9 hrs. CE
Richman, Gregory	BR658466000		Tucson, AZ	Failure to disclose - Disciplinary Action	CFO - CP \$750 within ninety (90) days, 12 hrs. CE within sixty (60) days
Mcclain, Joseph	SA658136000		Glendale, AZ	Failure to disclose - conviction	CFO - license revoked
Dyer, David	SA554815000		Peoria, AZ	Convictions	CO - 2 yrs. PL/PM

Name	License Number	Brokerage at time of violation	Location	Summary	Order
Jennings, William	SA662530000		Scottsdale, AZ	Convictions	CO - 2 yrs. PL/PM
Nabhan, Hannah	SA683453000 Candidate		Lake Havasu City, AZ	Convictions	CFO - 2 yrs. PL/PM
Santa Maria, Henry	BR003470000		Tucson, AZ	Failure to timely disclose - conviction	ADA - CP \$750, 9 hrs. CE
Rodriguez, Abraham	SA689426000 Candidate		Avondale, AZ	Convictions	CO - 2 yrs. PL/PM
Cardenas, Joelle	SA673173000 Candidate		Casa Grande, AZ	Convictions	CO - 2yrs PL/PM
Nuth III, James	BR521667000	EXP Realty	Peoria, AZ	Failure to supervise	ASA - CP \$ 2,500, 12 hrs. CE
Gapen, David	SA689247000 Candidate		Glendale, AZ	Convictions	CFO - 2 yrs. PL/PM
Martinez, Walter	SA662774000		Phoenix, AZ	Failure to timely disclose - conviction	ASA - CP \$500, 9 hrs. CE
Zeller Mcaffee, Lisa	BR577658000	Easy Street Realty and Management, LLC, dba Easy Street Realty	Avondale, AZ	Audit Violations	CO - CP \$5,000, 15 hrs. CE, Monthly Trust Account Review
Easy Street Realty and Management, LLC, dba Easy Street Realty	LC634212000		Avondale, AZ	Audit Violations	CO - CP \$5,000, 15 hrs. CE, Monthly Trust Account Review
Melendez, Isaiah	SA643928000	A.Z. & Associates, LLC	Glendale, AZ	Failure to timely disclose	ASA - CP \$2,000, 9 hrs. CE

Flipping Houses for Profit

Continued from page 18...

Disclosure #3, Seller Property Disclosure Statement: a fully filled out SPDS is not only best business practice, but it is expected for a licensed real estate agent. Owner/Agent disclosure, licensed contractor information, and a fully filled out SPDS are also required of all Tierra Antigua agents who sell a flip property in which they are the seller, per your Independent Contractor Agreement and E&O Insurance requirements. Seller forming an LLC. Believing that the use of an LLC will shield the seller from any and all risk is a common misconception. The logic is that by forming an LLC, if there is an issue later on, then the LLC will absorb all the risk and shield the seller from personal liability. While there might be a case to be made legally for this, it is something that a seller should fully explore with a real estate attorney to verify. An equally good use of time and resources is to ensure that the repairs / remodels on the re-sale properties are done correctly thus reducing the concern in regard to potential lawsuits.

By keeping these requirements for disclosure, repairs, and regulations in mind, we can help our sellers, buyers and ourselves to all reach the preferred outcome of a successful and satisfying re-sale transaction.

Note: Guest column articles do not reflect the policies or interpretations of law by the Arizona Department of Real Estate. They are meant to inform the public and provide variety to ADRE's Bulletin.

Be Aware of Spam and Phishing Emails

Be on the lookout for malicious email communication and campaigns received from unknown individuals or groups. These malicious senders often impersonate others to try and get you to click on malicious links embedded in their email.

ADRE will NOT send licensees email communication asking to verify information, or that "Profile Verification is Required". If you receive such an email, it is NOT being sent by the Arizona Department of Real Estate.

Most email providers have an option to report suspected spam and phishing emails directly to the email provider.

[Click here](#) for more information related to Cyber Security and Wire Fraud.

