



DIALOG
 The periodic bulletin
 from
 The Arizona Department of Real Estate
 June 2007
 Volume 33- Issue 3



Pack-to-School Drive!

Join the **ADRE TEAM** as we collect school supplies for Arizona students! This annual event is supported by Governor Napolitano in collaboration with the Salvation Army. Last year, 7,500 children across the state benefited from this drive and we hope to **DOUBLE** that this year! Please contact **Mary Utley** at mutley@azre.gov to find out how you can help Arizona's children get the supplies they need for school. **THANKS!**



On May 18, 2007 Commissioner Sam Wercinski was the keynote speaker at the annual "Real Estate in Mexico" seminar facilitated by the Arizona School of Real Estate and Business. The Commissioner spoke about the Department's vision and his "Three Entity Principle" - the guide for interaction with the industry, the public and the Department.

Additionally, the Commissioner explained how the Department has oversight on licensees practicing real estate in Mexico. Information was also provided on the upcoming Arizona-Mexico Commission Summer Plenary on June 14 and June 15 in Tucson, Arizona.

Arizona-Mexico Commission
<http://www.azmc.org>



Commissioner Sam Wercinski with Francisco Manzo Taylor (left) and Ray Taylor (right) at "Real Estate in Mexico"

The ADRE Mission

The purpose of the department is to protect the public interest through licensure and regulation of the real estate profession in the State of Arizona. (A.R.S. § 32-2102)

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ADRE Workgroups 2007 – An opportunity for Arizona



ADRE workgroups began on May 7, 2007. Commissioner Wercinski appointed volunteers from the Public, the Industry, and the Department to serve on each group.

Each workgroup is required to prepare a report for Commissioner Wercinski containing their findings and recommendations. The Co-Chairs of each committee will present this report to Commissioner Wercinski on August 10.

Statutes & Rules Committee

This committee will focus on revamping Arizona Statutes and Commissioner's Rules for the Department of Real Estate. The committee will be split into 3 sub-groups: Licensing, Education, and Developments.

Public Report Committee

This committee will focus on the Public Report and the application process. How can we make the Public Report more applicable and user-friendly for consumers and the application process more efficient for the industry and department?

Technology Committee

This committee will focus on improving technology in the Department so the public and industry can be better served. Membership of this workgroup includes members with technology backgrounds.

Lifetime License Workgroup

The Lifetime License workgroup will explore the idea of ADRE issuing "Lifetime Licenses". This concept requires critical thinking about all areas that will be affected by a license that doesn't expire. Can this bold idea or another be implemented effectively? That's for the work group to discuss and decide.

We will update the website with summaries from the workgroups. Your input is highly valued! If you have any ideas, comments, or concerns to share with the workgroups, please direct them to Tory Anderson at tanderson@azre.gov.

Frequently Asked Questions about Senate Bill 1349 Four-Year License & Entity/DB Pairing

Senate Bill 1349 benefits the Public, the Industry, and the Department. The Department worked cooperatively with industry leaders and the public. Governor Napolitano signed this bill on May 1, 2007.

Q: When does this new law take effect?

A: July 1, 2007

Q: When will I get my four-year license? Does it happen automatically on July 1, 2007?

A: You will get a four-year license upon renewal of your current license.

Q: My license expired before July 1, 2007, and I am in my grace year. If I renew within the grace year, but after July 1, 2007, will I receive a four-year license?

A: Yes. Any licensee who renews after July 1, 2007 will receive a four-year license. Late fees will apply. Please remember: You may not conduct any real estate business that requires a license while you are in your grace period. Any such activity is considered unlicensed activity and is subject to disciplinary action.

Q: My license expires June 30, 2007. Since that is a Saturday, can I renew on the next business day (July 2, 2007) and receive a four-year license?

A: Yes. If you renew on July 2, 2007 you will receive a four-year license.

Q: My license expires July 31, 2007. Should I wait until July 1, 2007 to renew so I can receive a Four-year license?

A: That is completely up to you. If you renew prior to July 1, 2007, you will receive a two-year license. If you renew after July 1, 2007, you will receive a four-year license.

Q: Will continuing education hours change?

A: Yes, you will need twenty-four hours in the first twenty-four months, and twenty-four hours in the second twenty-four months of your four-year license. That's a total of forty-eight hours.

Q: What if I don't get my TWENTY-FOUR hours within TWENTY-FOUR months? Can I still renew after four years?

A: You may apply for renewal, but you will receive disciplinary action. It is important that you keep up with continuing education. Remember, twenty-four hours are required every twenty-four months.

Q: Will the renewal fees increase? If so, how much?

A: Yes, the renewal fees will increase. A new fee schedule is posted on our website. Although the license is valid for twice as long, the fees will not be twice the current rate.

Q: How will the Department pair the Designated Broker and Entity License?

A: The Department will do this in-house. We will move the Entity expiration date to match the Designated Broker's expiration date.

Examples:

- DB license expires July 2007, Entity license expires January 2008. We will move the entity license to expire in July 2007.
- DB license expires February 2009, Entity license expires August 2007. We will move the entity license to expire in February 2009.

Q: Will there be a fee for pairing the Designated Broker and Entity License?

A: Currently, there is no fee to renew an entity license. There is, however, a fee for renewing branch offices. We are still in process of determining a prorated fee schedule for those branch offices whose expiration will be extended more than one year.

Q: Ok, my Entity and DB licenses are paired now. What if I change Designated Brokers?

A: The Entity license will match the new Designated Broker expiration date.

Q: Whom can we thank for these great ideas?

A: Commissioner Sam Wercinski discussed these ideas with the Public, the Industry and Department Staff and all agreed this would be a great way to reduce unnecessary regulation on reputable real estate practitioners and shift resources to provide proactive enforcement of statutes on those harming the Public.

If you have any questions not listed on this document, please contact the Assistant Commissioner of Policy and Special Projects, **Tory Anderson** at tanderson@azre.gov



Community Outreach and Education (COE) Team
 Sam Wercinski, Real Estate Commissioner and his staff continue their visits to Arizona counties.

Services offered:

- Seminar on proper subdividing
- Assistance with real estate licensing
- Answer questions from the public and industry
- Settlement conferences*
- Other State Agencies are participating!

* Settlement conferences by appointment.



Discussing the La Paz COE are Roy Tanney, Assistant Commissioner Development Services, Scott Bernhart, La Pa Planning & Zoning, Bill Day, Development Investigations Manager, and Cliff Edey, Board of Supervisors, La Paz County.

Upcoming COEs:

July 20th—Northwest Maricopa County- Glendale – Arrowhead County Club - 9:00 am to 1:00 pm

July 23rd—Southeast Maricopa County- Mesa - Southeast Valley Regional Association of REALTORS – 9:00 am-1:00 pm

New information will be forthcoming for the Fall schedule. Contact Tom Adams at tadams@azre.gov for details.

Community Outreach & Education Programs

COMPLETED

- March 19th – Yavapai County – Prescott – Quality Inn – 9:30 am to 1:30 pm
- March 23rd – Yuma County – Yuma – Health Department – Noon to 4:00 pm
- March 26th – La Paz County – Parker – Board of Supervisors' Meeting Room – 10:00 am to 1:00 pm
- March 30th – Gila County – Globe – Gila Community Campus- 9:00 am to 1:00 pm
- April 6th – Gila County – Payson – Payson Gila Community Campus – 1:00 pm to 5:00 pm
- April 9th – Pima County – Tucson – Tucson Association of Realtors Building – 9:00 am to 1:00 pm
- April 11th – Pinal County – Florence – Emergency Operations Center – 9:00 am to 1:00 pm
- May 10th-Mohave County-Bullhead City-Laughlin Ranch-1:00 pm to 5:00 pm
- May 14th-Coconino County-Flagstaff-Board of Supervisors' Meeting Rm.– 9:00 am to 1:00 pm
- May 23rd-Cochise County-Bisbee-Board of Supervisors' Hearing Rm.– Noon to 4:00 pm
- May 24th-Santa Cruz County-Nogales-County Complex– 9:00 am to 1:00 pm
- May 30th-Greenlee County-Clifton– Courthouse Annex– Noon to 4:00 pm
- May 31st – Graham County – Safford – General Administration Building – 9:00 am to 1:00 pm
- June 12th – Navajo County – Snowflake – Northland Pioneer College Silver Creek Campus ,1:00 pm- 5:00 pm
- June 13th – Apache County – St. Johns –Apache County Boardroom, 9:00 am to 1:00 pm

Property Management
By
Janet Blair
Assistant Commissioner of Licensing, Professional Education and Auditing

What is Property Management?

Property Management constitutes a special branch of the real estate business that consists of the operations, supervision and execution of management policies pertaining to a given property. A property managers' basic purpose is to provide the client-owner the highest possible continuous net return from the property consistent with the best use while, at the same time, providing the tenants the best possible service and value for the rent.

Do I need a Real Estate License to do Property Management?

Yes. A Real Estate license is required to perform property management functions, per ARS 32-2171. "Property management firm" means any corporation, partnership or limited liability company licensed pursuant to section 32-2125; subsection A or a designated broker that by written agreement, manages rental property for compensation.

During the term of the lease, who's property is the security deposit?

The deposit belongs to the (Lessee). The lessor (or the lessor's agent) holds the security deposit for the lessee pending full performance of the lessee's obligation under the lease.

Is rent paid in advance or in arrears?

Rent is paid in advance, unless otherwise specified in the lease or in state law.

What should be done to document a property management agreement?

The real estate agency's involvement in the transaction is defined in the property management agreement, which must be clear and state all terms and conditions of the broker's services, be signed by the broker and not be assigned to another licensee without express written consent of the property owner (ARS 32-2173(A)).

May the broker list properties without having a signed management agreement?

A property management firm must state all material terms and conditions of the property management firm's services, obligations, duties and responsibilities to the owner (ARS 32-2173(1) (A) (a)). The department does not regulate the multiple listing services agencies or the documentation they require to perform their services. Therefore, if an Auditor finds that the owner signed authorization for the BROKER to list the properties, and the BROKER does so, then the activity is in compliance with ARS 32-2173 (A) (1)(a) - if the Broker does not make any misrepresentation or false statement in the process.

Must the designated broker review all rental agreements?

The Designated Broker is not required to review and initial fully executed residential lease agreements (ARS 32-2173 (A)). The designated broker or designee must sign all non-residential rental agreements, and therefore need not initial a review of them.

What jurisdiction does the Department exercise over landlord-tenant disputes?

The department has no jurisdiction over landlord and tenant disputes (ARS 32-2160)). The department has no policy relative to whether the broker must disclose his agency status to a tenant. management if the broker does not supervise the activity (AAC R4-28-302(J)).

Who is responsible for supervising property management employees?

An employing broker is responsible for all acts of associate brokers, salespersons and other agents of the brokerage, and the designated broker must supervise the employing broker, the associate brokers, salespersons and other agents of the employing broker (AAC R4-28-1103(C)(D)). No salesperson or associate broker may conduct property management if the broker does not supervise the activity (AAC R4-28-302(J)).

What name may the property manager operate under?

The department does not license employing brokers under more than one dba name, and business cannot be conducted or promoted under any other name (AAC R4-28-302(I)).

How should payments from tenants be handled?

ALL OWNER'S MONIES must be deposited to the BROKER'S TRUST ACCOUNT within three banking days, albeit the designated broker can authorize his licensee or his direct employee to be signatories on the account, this DOES NOT LESSEN THE BROKER'S RESPONSIBILITY OR LIABILITY FOR ANY MONIES (ARS 32-2174(B)(C)(D)).

What controls must the broker have over a property management trust account?

All property management accounts must be the Brokers' TRUST ACCOUNTS (ARS 32-21774(A)(B)). Deposits must be by deposit slips with documentation identifying each transaction, the date, amount and names of parties involved. The Broker must maintain a descriptive receipt and disbursement journal and client ledger(s) for each account (ARS 32-2151(B)). The department does not require the Broker to maintain more than one trust account; but does require that any and all trust accounts be in compliance with statute. The Broker may choose to move money from one BROKER TRUST ACCOUNT to another BROKER TRUST ACCOUNT, as long as the journals and ledgers for each account are in compliance with GAAP and statute.

What is a finder fee?

A "finder fee" means a fee paid to a person for introducing or arranging an introduction between parties to a transaction involving rental of an apartment.

Who may be paid a finder fee?

Notwithstanding sections 32-2155, 32-2163 and 32-2165 or other provisions, a property management firm or a property owner:

1. may pay a finder fee six times over a 12-month period to a tenant in an apartment managed by the firm or owned by the owner;
2. may not pay the residential leasing agent or manager (however they may receive a bonus pursuant to section 32-2121(A)(6));
3. may not pay a finder fee exceeding a one hundred dollar credit toward or reduction in the tenant's monthly rent.

Must the property owner have a license to manage property?

"Property owner" means a person who is exempt from the licensing requirements of this chapter pursuant to section 32-2121(A)(1).

Must the "residential leasing agent or manager" of the owner's property be licensed?

The "Residential leasing agent or manager" must have a license if they perform property management activities at more than one location during a workday or if they receive special compensation for their services ARS 32-2121(A)(6).

Let the Conversation Continue:

A Message from Commissioner Wercinski



Our focus on promoting mutual respect and creating good public policy through my "Three Entities Principle" has created a new path for greater success. The Public, The Industry and The Department work today in cooperation and collaboration to raise the level of professionalism among practitioners in Arizona's largest industry – Real Estate. Open dialog continues to lead to new solutions and opportunities that benefit all Three Entities. One such example is The Department's ongoing Community Outreach and Education (COE) program that we launched on March 19, 2007 in Yavapai County.

Since Yavapai, we have conducted additional workshops and have scheduled dates and locations in all of Arizona's Fifteen Counties. Our current workshops cover proper subdividing and assistance with real estate licensing. We are excited that other state agencies also continue to join us. The Registrar of Contractors, Water Resources, Environmental Quality and Weights and Measures have given additional depth and value to the public and industry with their contributions. This "team approach" between various state agencies spotlights an expanded effort that better serves Arizona.

During our COEs, we also meet with community and industry leaders. Our visits have been extremely positive and productive and have resulted in practical solutions to local challenges. To quote one community leader, "It has been a breath of fresh air to see the Department's commitment to providing exceptional customer service to all." Relationships are being strengthened and that will lead to more advances in services for the industry and protection of the Arizona consumer. I'm very proud that your ADRE Staff took the lead in developing the Community Outreach and Education Program and I want to thank our public and industry partners for helping us make it a continuing success.

Another initiative we just began is our summer workgroups: Statutes Review, Technology Task Force, Public Report Review and Lifetime License. These workgroups will provide a final report on August 10, 2007 with suggestions on how ADRE can better serve Arizona with ideas for new tools needed to accomplish this. One of the guiding principles is to reduce unnecessary regulation on good practitioners and shift those resources to focus proactively on practitioners harming The Public. We were amazed when over 200 qualified professionals offered to serve on these groups and I personally thank each of them.

Finally, I want to share with you a new effort to create more dialog with communities in the form of Town Halls called "Commissioner's Community Conversations". These "Triple Cs" will take place in Northern, Central and Southern Arizona. I'm a proponent of open dialog and our goal is to provide more information to The Public and provide the opportunity for individuals to personally ask questions or give comments to the ADRE Staff and me. We are looking forward to hearing from community members!

I encourage you to sign up for our Late Breaking News Bulletins or stay updated of initiatives and advancements at our website, www.AZRE.gov. We value and seek your input and comments. Working together, all Three Entities: The Public, The Industry and The Department, will have greater success and that means Arizona wins "bigger".

Respectfully yours,

A handwritten signature in black ink, appearing to read "Sam". The signature is enclosed in a simple, hand-drawn oval.

Sam Wercinski, Commissioner

Department of Real Estate actively seeks feedback from Industry, the public and Department employees.



ADRE on the radio!

Commissioner Wercinski has a regular spot “Commissioner’s Corner” on the **Real Estate A to Z** show on **1100 KFNX**. Tune in the second Friday of each month from 4-5 pm to hear him chat about the industry, the public, and the Department.



Assistant Commissioner Tory Anderson met with the Chairs and Co-Chairs of each workgroup on May 2 to open dialog for ideas to ensure the Department workgroups are successful.



Colin Austin, ADRE Senior Investigator chairs the Educator Statute Workgroup along with his industry co-chair, Bob Herd.

The Public Report Committee will focus on reviewing the Public Report and the application process.



A special “thank you” to USA PRIME for providing signage for the Department’s meetings.

“Promoting Mutual Respect” Staff Introductions



Janet Blair

Effective May 1, 2007, Janet Blair was promoted to **Assistant Commissioner of Licensing, Professional Education and Auditing**. Prior to her promotion Janet was the Manager of Auditing. Her skills and knowledge in real estate are extensive and she is always the consummate professional. **Congratulations!**



Jerome Jordan

On June 4, 2007, Jerome officially started in the newly created position of **Assistant Commissioner of Operations**. Jerome came to ADRE with his experience from the City of Tucson City Manager's office. Jerome has a Master of Public Administration degree from Georgia State University, and he is excited to return to ADRE! **Welcome back Jerome!**



ROBERT HALL

On March 17, 2007 the Department was fortunate to have Robert Hall become an employee of ADRE. Robert is the Commissioner's Assistant. He manages to keep the Commissioner's schedule in order as well as providing excellent customer service to the public, industry and other department employees. His positive attitude is a bonus to the Department!

Welcome!



**WELCOME TO
Amanda Dean
(Investigations)
And
Chris Cranny
(Enforcement)**



What Would You Do?

Commissioner Wercinski is initiating a new feature in our Bulletin in which we provide the basic facts of a case and ask for input from the readers as to what you believe the appropriate action (if any) by the Department should be.

What Would You Do?

Here are the basic facts of an actual case that has been investigated and completed by ADRE. How you would proceed in granting a license or delivering enforcement action, if any? To respond, email mutley@azre.gov. In our next issue, we'll tell you what ADRE did in this case and pose a new one.

Case #1: An applicant for original license. The facts:

- A. 08/23/01 Minor in Possession of Alcohol charge, resolved by Diversion program.
- B. 05/30/02 Convicted of Underage Possession of Alcohol, a Class 2 Misdemeanor. Fine of \$250, paid in full, case closed. (Applicant states showed fake IDs to purchase alcohol)
- C. 01/13/05 Convicted of Extreme DUI, a Class 1 Misdemeanor. Sentenced to 30 days in jail with 20 days suspended upon completion of screening, education or treatment as deemed necessary by Justice Services, Inc. or appear in Court 7-14-05 for scheduling of remaining jail time. Complete 16 hours Community Service. Fines and Fees \$1,745.
- D. Does not express concern or remorse about drinking violations

Options available to the Department (You can choose any combination. If granting an unrestricted license, it could not be paired with any other restriction). We are interested in your responses and, if you are inclined, your reasons for selecting them. We also are interested in your own ideas for enforcement options not listed.

1. Grant an unrestricted license
2. Grant a provisional license (indicate how long the provisional should run)
3. Require Broker Acknowledgement of the order (DB submits a letter acknowledging reading the order and being aware of its contents)
4. Require a Practice Monitor (a broker who oversees the licensee during the provisional period, someone to mentor the licensee,)
5. Require an Alcohol Monitor (someone to work with the licensee to "be there" when the licensee is feeling the urge to drink, etc.)
6. Attendance at AA meetings (how often and for how long)
7. Body Fluid Testing (random urine or blood samples to check for drinking/drugs) For how long?
8. Require the licensee to remain law abiding (no violation of real estate laws/rules, no felony or class 1 misdemeanor convictions)
9. Post a Surety Bond (if so, for how much?)
10. Deny the license based on ARS 32-2153(B)(7) – The applicant is determined to not be honest, truthful or have good character.
11. Your suggestions.

Short Sale Transactions

By
K. Michelle Lind

Unfortunately, some homeowners today owe more on their home than what the property is worth. Some programs that were intended to make it easier to obtain financing and increase homeownership resulted in loans that required small or no down payment, interest-only loans that do not build equity, and other loan programs that require such small payments that the loan amount actually increases rather than decreases. As a result, some homeowners have negative equity in their homes. Stagnant or decreasing property values add to the problem. Homeowners who financed their homes with loan programs with low initial rates of 1% to 2% will experience dramatic increases in their monthly payment when the loan resets to the market rate. These and other factors have contributed to a striking increase in home loan defaults and foreclosures.

Short Sales

In a loan default situation, the lender may be willing to work with the homeowner to avoid foreclosure. For example, a homeowner in default who owes \$300,000 on a property that is worth \$250,000 may be able to convince the lender to allow the home to be sold for less than the loan amount, or even accept less than the amount owed as payment in full. This is known as a short sale. A lender may agree to a short sale to save the costs associated with a trustee's sale, such as attorney's and trustee's fees, eviction, property repair and resale costs. Additionally, a lender may agree to a short sale because, if the property is foreclosed upon, the loan becomes a "non-performing" loan on the accounting books, which may affect the funds the lender can obtain from the Federal Reserve for other loans.

Seller Considerations

When considering a short sale, the seller must first determine how much is owed on the property. For example, in addition to the delinquent loan, there may be a home equity loan, past due homeowner's association fees or unpaid property taxes. Then, the seller must add the costs of a sale, such as closing costs, escrow fees and brokerage commissions. All of the seller's debt and costs must be factored in before determining whether a

short sale is feasible.

The seller should also be aware of some of the downsides to a short sale. A short sale could affect the seller's credit score. Further, even if a lender agrees to a short sale, the lender, the VA, or the FHA may not agree to forgive the debt entirely, and may require the seller to pay the difference as a personal obligation. The outstanding debt could result in a subsequent collection action. Therefore, the seller should be certain of the terms of any short sale before making a decision and obtain any debt forgiveness agreement in writing.

Also, a short sale in which the debt is forgiven is a relief of debt and may be treated as income for tax purposes. A lender who forgives a debt must submit a 1099 form to the IRS indicating the amount of the debt that has been forgiven. *(Note: The NATIONAL ASSOCIATION OF REALTORS® supports proposed legislation that would change this tax law.)*

The seller must convince the lender that it will fare better by agreeing to a sale for less than the outstanding loan amount. Thus, a short sale may involve more documentation than the original loan application since the seller must "reverse qualify" and prove that the seller is financially incapable of paying the loan. Also, different lenders have different short sale department names, so contacting the person who has the authority to authorize a short sale on behalf of the lender may require some tenacity. The appropriate department may be called the loss mitigation, work-out, foreclosure, loan modification or loan reinstatement department.

Purchase Contract Considerations

The purchase contract in a short sale must be contingent upon a short sale agreement acceptable to both the lender and the seller. AAR is currently working on a short sale contingency clause to add to the Additional Clause Addendum. In the meantime, the following short sale contingency clause may be used as a guide:

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Short Sale Transactions

By
K. Michelle Lind

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CONTINGENT UPON ACCEPTABLE SHORT SALE AGREEMENT: Buyer acknowledges that Seller owes more for the Premises than the purchase price and the Premises are encumbered by a loan(s) in excess of the purchase price. Therefore, this Contract is contingent upon an agreement between the Seller and Seller's lender(s), acceptable to both, to sell the Premises for less than the loan amount(s). In the event that Seller and Seller's lender(s) are unable to reach an acceptable agreement, this Contract shall be deemed cancelled and all Earnest Money shall be returned to Buyer. Seller is advised to obtain legal advice regarding the terms of any such short sale agreement with lender(s) and professional tax advice regarding the tax implications of any such sale.

Other contract considerations include whether the buyer will be entitled to cancel the contract at any time before the seller enters into an acceptable agreement, whether the time periods in the contract should be extended and whether the seller's warranties should be omitted. Thus, the listing agent and the buyer's agent should consult with their brokers or managers before drafting a contract in a short sale transaction or using the foregoing clause.

Brokerage Commission Considerations

Because the lender is accepting less than the full obligation, the lender may demand that the real estate brokers in the transaction reduce their commission as a condition to any short sale agreement. However, the brokers cannot be forced to reduce the agreed upon commission, even if the lender refuses to agree to the short sale unless the brokers do so. A.A.C. R4-28-1101(D) states:

A licensee shall not allow a controversy with an other licensee to jeopardize, delay, or interfere with the initiation, processing, or finalizing of a transaction on behalf of a client. This prohibition does not obligate a licensee to agree to alter the terms of any employment or compensation

agreement or to relinquish the right to maintain an action to resolve a controversy.

Therefore, even if the transaction will not close unless the brokers agree to reduce their commission, the brokers have no duty to do so.

Further, if the listing broker agrees to reduce the listing commission, the buyer's broker's commission is not affected by the listing broker's agreement. Unless the buyer's broker also agrees to reduce his or her commission, the listing broker is obligated to pay the buyer's broker the amount of commission offered in the MLS, regardless of any agreements between the listing broker and the seller or lender.

Finally, the purchase contract should not be used to address commission issues even in a short sale. Any commission agreements should be handled by separate signed writings to avoid misunderstandings, disputes or potential violations of either the Commissioner's Rules or Article 16 of the REALTOR® Code of Ethics.

Consult With Your Broker or Manager

Short sales can be very complex and risky transactions for everyone involved. Unless you are confident in your ability to handle such a transaction alone, consult with your broker or manager for advice and guidance.

Thanks to Martha Appel, Jerome King, James Tsighis, and Mark Ross for their input on this subject.

Editor's Note:

Michelle Lind, the General Counsel to the Arizona Association of REALTORS® ("AAR"), is a State Bar of Arizona board certified real estate specialist and the author of Arizona Real Estate: A Professional's Guide to Law and Practice. This article is of a general nature and may not be updated or revised for accuracy as statutory or case law changes following the date of first publication. Further, this article reflects only the opinion of the author, is not intended as definitive legal advice and you should not act upon it without seeking independent legal counsel.

Disciplinary Actions April-May 2007

Settled Violations Feb-March and April-May

	Feb.-Mar	April-May
Convictions	58	12
Failure to Disclose in a Timely Manner	21	21
Unlicensed Activity	12	11
False Application	10	7
Advertising Count	5	6
Unlawful Sales (Development)	5	0
Failure to Supervise	4	9
Other Violations	4	0
Dishonest Dealings	3	2
Incomplete Records	2	0
Breach of Fiduciary Duty	1	0
Failed to Deal Fairly	1	0
Other Jurisdiction Sanction	1	1
Property Management Irregularity	1	0
Trust Account Irregularities	1	0
Negligence	0	1
Total Actions	129	70

Is a licensee harming you, the public or our industry? If so, contact Tom Adams,
Assistant Commissioner of Investigation at tadams@azre.gov

Specific Enforcement and Compliance Actions You “Need to Know.”

Name Ernest Marty Atencio
Location: Phoenix, AZ
License SA102836000
Summary Petitioner's license summarily suspended in December of 2006 for failure to comply with body fluid collection testing.
Order Date March 15, 2007
Action Summary Suspension vacated, 2 year Provisional License with Practice Monitor, 20 hours Community Service within 90 days, Alcoholics Anonymous attendance and Sobriety Monitor for 12 months, obtain court records for body fluid testing

Name Rossana D. Atrian
Location: San Manuel, Arizona
License Unlicensed Applicant
Summary Petitioner disclosed multiple convictions for theft.
Order Date April 3, 2007
Action Denial of License



Name Marsha Suzanne Cochran
Location: Cape Coral, Florida
License SA102959000
Summary Respondent submitted false or misleading license application, failed to complete and submit proof of completed CE courses and failure to respond to Department requests for a written statement and additional information.
Order Date April 19, 2007
Action Summary Suspension of license

Any questions or concerns,
contact : Jerome Jordan,
Assistant Commissioner of
Operations - (602) 771-7772
Or email at: jjordan@azre.gov

Commissioner's Community Conversations "TRIPLE-C"

(Stakeholders meetings evolved into Commissioner's Community Conversations) QUESTIONS & ANSWERS

What is the Commissioner's Community Conversation and who may attend?

This is an open dialog meeting between industry professionals, the public and the Commissioner. Everyone is welcome to attend these meetings.

What is the purpose of the meeting?

The Commissioner wants to hear from you. He wants to hear about ideas, concerns, and opportunities for raising industry standards. Opportunities exist that will benefit the Public, the Industry, and the Department.

Why should I attend a "Triple C" Meeting?

Come to our meetings to be a part of the positive advancements the Department is making. We need to hear from YOU.

When is the next meeting?

We've divided the meetings into areas of expertise and industry sectors:

- Property Managers - June 6 1:30-2:30 pm
- Designated Brokers – June 7 1:30-2:30 pm
- Business Brokers – June 7, 3:00-4:00 pm
- Educators – July 12, 1:30-2:30 pm
- Developers – July 12, 3:00-4:00 pm

Meetings are scheduled through the end of the year; the schedule can be found on our website at www.AZRE.gov

Where are the meetings held?

Scheduled meetings are held at the Arizona Department of Real Estate, 2910 N. 44th St., Phoenix.

Will you have any meetings outside of the Phoenix area?

Yes, Commissioner Wercinski met with industry groups recent COEs ([link to COE](#)) and will do so again during the Fall COEs.

Who can I follow up with if I have additional questions?

Tory Anderson, Assistant Commissioner, Policy & Special Projects – tanderson@azre.gov or (602) 771-7764

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DIALOG

**THE PERIODIC BULLETIN FROM THE
ARIZONA DEPARTMENT OF REAL ESTATE**

An official publication of the State of Arizona

JANET NAPOLITANO
Governor

DEPARTMENT OF REAL ESTATE

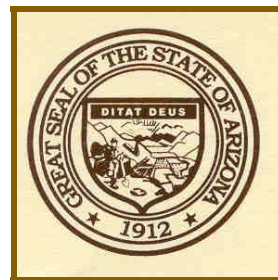
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June 2007



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