

# STRATEGIC PLAN – FY2018



Arizona Department of Real Estate  
**Director: Judy Lowe**

**Vision**  
 The Arizona Department of Real Estate shall be the most customer service oriented, technologically innovative, and operationally efficient and effective state level real estate department in the United States.

## Executive Summary

### Strategy

The Arizona Department of Real Estate will utilize the Arizona Management System to continue fulfilling its principles, values and mission.

### Strategic Issues

- Identify customer values and investor expectations;
- Data driven decision making;
- Structured problem solving;
- Streamlining delivery of services;
- Maximizing technology platform;
- Delivering results that provide greater benefits for the people of Arizona.

### Mission

To serve and protect the public interest through efficient and timely licensure, balanced regulation and proactive real estate education oversight of the real estate profession in the State of Arizona.

### Agency Description

The Department oversees the administration of licensing examinations as well as the activities of licensees to ensure compliance with the Arizona Department of Real Estate Revised Statutes and the Commissioner’s Rules. Also, within the purview of the Department is the regulation of the sale of subdivided and certain unsubdivided lands, timeshares, condominiums, membership campgrounds, and cemeteries. The Arizona Department of Real Estate regulates real estate schools and educators, monitoring preclicensing and continuing education courses to ensure the quality of the content of courses and the competence of the instructors, as well as the quality and timeliness of materials being taught.

## Principles / Values

**CONTINUOUS INNOVATION:** Capitalize on all opportunities for improvement by building on customer trust and feedback, while pursuing technological advancements and promoting engagement of ADRE staff.

**OPERATIONAL EXCELLENCE:** Draw from all available resources and tools to meet and exceed customer expectations, in all ways striving to be the best state real estate agency in the nation.

**BALANCED REGULATION:** Protection of the public interest is ADRE’s primary objective, achieved through balanced regulation, while serving the Arizona real estate industry through licensing and oversight.

**FISCAL RESPONSIBILITY:** Utilize the Arizona Management System (AMS) to efficiently operate, while upholding our fiduciary responsibility to Arizona residents.

| Resource Assumptions      | FY 2018 Appropriations | FY 2019 Budget Request | FY 2020 Estimate   | FY 2021 Estimate   | FY 2022 Estimate   |
|---------------------------|------------------------|------------------------|--------------------|--------------------|--------------------|
| Full-Time Equivalent      | 37                     | 37                     | 37                 | 37                 | 37                 |
| General Fund              | \$3,028,000            | \$3,128,000            | \$3,128,000        | \$3,128,000        | \$3,128,000        |
| Other Appropriated Funds  | \$0                    | \$0                    | \$0                | \$0                | \$0                |
| Non-Appropriated Funds    | \$309,500              | \$309,500              | \$150,000          | \$150,000          | \$150,000          |
| Federal Funds             | \$0                    | \$0                    | \$0                | \$0                | \$0                |
| <b>Total Agency Funds</b> | <b>\$3,337,500</b>     | <b>\$3,437,500</b>     | <b>\$3,278,000</b> | <b>\$3,278,000</b> | <b>\$3,278,000</b> |

# Arizona Department of Real Estate

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| Goals  | Performance Measures                      | Objectives   |
|--|---|--|
| Provide excellent customer service                                     | ➤ Opportunities for improvement           | ➤ Review the requirements of original real estate license applicants to identify and reduce requirements which are unnecessary.  |
|  | ➤ Quality of class offerings              | ➤ Review the requirements of builder/subdivider public disclosure report applicants to identify and reduce requirements which are unnecessary.   |
|  | ➤ Stakeholder and constituent engagements | ➤ Increase ADRE stakeholder and constituent engagements/presentations from 80 quarterly to 125 quarterly.  |
|  |   | ➤ Increase percent of customer service surveys that are favorable from 82 percent to 90 percent by June 30, 2018.  |
|  |   | ➤ Implement additional “opportunity for improvement” ideas received from external customers and internal staff, increasing from 9 to 25 annually.  |
| Drive innovation through technological advancement                     | ➤ Measure online services                 | ➤ Increase percentage of online services from 75 percent to 80 percent by June 30, 2018.   |
|  | ➤ Number of online forms                  | ➤ Increase the number of fillable PDF compliance documents from 1 form to 9 forms by June 30, 2018.  |
| Lead all national state real estate agencies in operational efficiency | ➤ Timeliness of processing                | ➤ Increase the percentage of compliance documents received through the Message Center from 5 percent to 75 percent by June 30, 2018.   |
|  |   | ➤ Reduce the average days to complete compliance trust account reviews from 25 days to 16 days by June 30, 2018.   |
|  |   | ➤ Reduce the number of complaints outside of ADRE’s jurisdiction by 20 percent by June 30, 2018.   |
|  |   | ➤ Reduce the number of days to process distance learning continuing education course applications submitted by real estate educators from 8.6 average days to 6 average days by June 30, 2018. |
|  |   | ➤ Reduce barriers and number of unnecessary burdensome and/or outdated regulations.  |
| Drive continuous improvement through operational effectiveness         | ➤ Quality of class course offerings       | ➤ Increase number of monthly volunteer monitor assignments from 13 to 25 by June 30, 2018.   |
|  | ➤ Exam pass rate                          | ➤ Increase the average annual pass rate of first time real estate test takers from 67 percent to 70 percent by June 30, 2018.  |

# Agency 5-Year Plan

**Issue 1** Strategic Issue #1: Increase Protection to the Public

**Description:** The real estate industry, the Department, the State of Arizona, and, most importantly, the public are experiencing a period of modest to good growth in the Arizona real estate market. With stabilizing economic prosperity in the state it is important to retain consumer confidence in real estate professionals. The Department treats real estate licensees as a profession and always encourages policies that "raise the bar" in the industry. Education, knowledge sharing, and raising the bar has addressed many of the historic areas that may reduce consumer confidence. Some of the areas which the Department receives consumer complaints are as follows:

- Property management mishandling and/or depletion of trust accounts by licensed individuals;
- Fraudulent real estate and subdivision schemes – i.e. short sale and distressed properties;
- Mortgage and real estate documents fraud involving licensed individuals;
- Property management schemes/violations conducted by unlicensed individuals;
- Unlicensed entities in Arizona, as well as, out-of-state companies, conducting real estate activities;
- Advertising violations, where misleading false and deceptive marketing is used; and
- Auctions, where unlicensed individuals facilitate the sale of properties; without real estate professional representation for the consumer;

**Solutions:**

The Arizona Department of Real Estate will utilize the Arizona Management System (AMS) to continue fulfilling its principles, values and mission.

As a regulatory agency charged with protecting the public, and facilitating service for the real estate industry, the Arizona Department of Real Estate's continued emphasis will be on building partnerships within the industry and with other state agencies, in serving and protecting Arizona's constituents through an attitude of supporting a TEAM (Together Everyone Achieves More) concept.

This partnership will continue to focus on "raising the bar" of the real estate industry, thus minimizing the actions that cause harm to the public and educating the public on what to be aware of in their real estate transactions. This task will be achieved through the commitment of open communication, transparency and the sharing of information and knowledge. The Department will create a synergistic approach to problem solving by gathering feedback from all, then implementing changes and improvements as needed.

Through proactive education and information broadcasting, the Department will seek to ensure public and industry awareness of fundamental laws pertaining to real estate transactions in Arizona. The Department's focus will continue to consist of balanced regulation, ensuring that licensees and/or repeat offenders who are proven to have violated the law and harmed the public are dealt with quickly and stringently, while addressing the more minor infractions that do not effect and/or harm the public, and will work from a more educational perspective. Additionally, the Department will continue to streamline processes, implement the Arizona Management System and allow staff to work through cases thoroughly, yet efficiently.

**Issue 2** Strategic Issue #2: Enhance Quality of Licensee Real Estate Education

**Description:** Real estate education is a fundamental element of enhancing the highest level of knowledge and professionalism within the real estate industry, benefiting Arizona's constituents. Included in the real estate industry's contribution to a thriving Arizona economy are the Real Estate Educators, which are a growing industry in Arizona.

Pursuant to ARS §32-2135, in addition to being responsible for issuing real estate school licenses, approving the credential of instructors and the subject matter content of courses to be taught, the Department is tasked with ensuring that, once the aforementioned has been done, all schools and instructors are complying with applicable statutes and rules thereafter. This is performed by conducting audits to ensure the information and materials being taught and distributed have been approved by the Commissioner and that certification of student attendance, and/or performance is properly documented

**Solutions:**

The Volunteer Monitor Program utilizes volunteers from the real estate industry who review the delivery of courses, to confirm compliance with the stated application specifics and approval guidelines from the Department. Volunteer monitors allow the Department to save personnel costs, while also allowing industry professionals to remain active in participation and compliance. The volunteer monitor program has maintained a high level of class monitor assignments each year since it was implemented.

**Issue 3** Strategic Issue #3: Streamline Delivery of Service

**Description:** The Arizona Department of Real Estate strives to be a provider of responsive and reliable services to Arizona's real estate industry and the public served by this industry. The Department's efforts focus on ensuring that the delivery of quality, timely and cost-effective core services. The day-to-day activities of the Department rely on efficient internal business systems. The Department has implemented the Arizona Management System with all agency staff, and has identified measurable breakthrough and sustainability metrics to achieve in FY 2018. These Performance Metrics will be followed on the FY 2018 agency scorecard which addresses each division of the Department, and is designed to drive improvement in all areas.

**Solutions:**

The Department recognizes that it has an obligation to the citizens of Arizona to ensure that Department resources are being used as efficiently and effectively as possible. To this end, the Department continues to explore and implement efficiency and cost-saving strategies wherever possible, and to look for better ways to deliver services. The Department also remains committed to cross training staff and sharing knowledge of positions across divisions. Agency leadership has seen that knowledge sharing has had an effect on streamlining services as processes are known by all individuals that may influence an outcome.

**Issue 4** Strategic Issue #4: Maximize Technology Platform

**Description:** The Arizona Department of Real Estate's Information Technology infrastructure must continue to advance in order to facilitate more efficient internal processes, and to keep pace with the technologically-savvy real estate industry and public the Department serves. Keeping pace with technology and creating the ability to transact nearly all business Online is the way that the ADRE can continue to deliver a high level of service to the steadily increasing number of real estate licensees over the past four fiscal years.

Based on the Department's business technology assessment and the review of the State of Arizona IT Strategic Plan, the Department has developed an IT Strategic Plan to update communication systems, providing opportunities for re-engineering appropriate business processes throughout all areas of the agency. Implementation and integration of these systems will provide faster, more efficient customer service to the public, as well as enhance staff efficiencies by reducing duplication of effort and shortening time spent on various data-gathering and verification tasks.

**Solutions:**

The Department will continue to develop an enhanced internal database system called REALM II which will build upon the current database system known as Realm. Phases to project completion have been identified and added to the FY 2019 Information Technology Plan.

**Issue 5** Strategic Issue #5: Promote Committed, Skilled and Accountable ADRE Team

**Description:** As of August 31, 2017, the Arizona Department of Real Estate employs 30.25 FTE, while appropriated 37 FTE for FY 2018. The Department may under the hiring freeze, if critical, hire up to 34 FTE. Leaner staffing levels, a stable lower budget, and greater efficiencies than the previous year, is what the public and industry has come to expect from the ADRE. Over the past year, the ADRE has had several new hires which are contributing to the success of the Department. To achieve greater efficiencies and success the agency must continue to promote knowledge sharing among experienced and newer staffing and to increase crosstraining among positions and divisions.

**Solutions:**

Demographic shifts will continue to be the largest single influence on the Department workforce over the next five years, as increasing numbers of experienced employees may retire, or choose to pursue other career opportunities. The Department's continued focus moving forward will be on the ability to implement strategies to mitigate anticipated departures of valuable employees, to preserve and transfer the historical institutional knowledge of retiring staff, and to implement recruitment measures to attract top talent and improve on staff job satisfaction.

The labor market has improved, and will continue as Arizona prospers economically.

**Issue 6** Strategic Issue #6: Adhere to Fiscal Guidelines

**Description:** Over the last six budget cycles the ADRE's appropriation has remained approximately \$3 million, while maintaining the number of appropriated FTE's. As of August 31, 2017 the ADRE has 30.25 FTE.

**Solutions:**

The Department will continue adherence to strict fiscal responsibility to utilize available resources, while focusing on continuing to improve on the excellent delivery of services to the real estate industry, as well as the regulation of that industry, while striving always to protect the public. The entire Department "TEAM" will always be apprised of the budget that the Department is committed to operating within, and will receive a consistent status update on how the Department is performing.

### Resource Assumptions

|                                       | FY2020 Estimate | FY2021 Estimate | FY2022 Estimate |
|---------------------------------------|-----------------|-----------------|-----------------|
| <b>Full-Time Equivalent Positions</b> | 37.0            | 37.0            | 37.0            |
| <b>General Fund</b>                   | 2,994.9         | 2,994.9         | 2,994.9         |
| <b>Other Appropriated Funds</b>       | 0.0             | 0.0             | 0.0             |
| <b>Non-Appropriated Funds</b>         | 150.0           | 150.0           | 150.0           |
| <b>Federal Funds</b>                  | 0.0             | 0.0             | 0.0             |