

Arizona Department of Real Estate (ADRE)

Education Advisory Committee (EAC)

Minutes

March 11, 2014

The Education Advisory Committee (EAC) met on Tuesday, March 11, 2014 at the Arizona Department of Real Estate (ADRE), 2910 N 44th Street, Commissioner's Conference Room, Phoenix, Arizona.

I. Call to Order

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

Members present: Marti Barnewolt, John Crosby, J. Robert Eckley, Becky Ryan, Jim Zirbes, Janette Waller, Andrew Jaffe, Amy Swaney, Mary Sand

Teleconference: Evan Fuchs, Barb Freestone, Holly Eslinger

Absent: Jon Kichen, Jim Hogan

Members of the public: None

ADRE Staff: Commissioner Lowe, Carla Randolph – Assistant Commissioner (AC) Licensing/ Education/ Development Services; Jim Williams, Kurt Labotz, Sarah Dobbins – Chief of Staff

II. Introduction & Welcome/ Announcements

Since there were several members attending telephonically, Commissioner Lowe asked to go around the room and have each attendee introduce themselves.

III. December 10, 2013 – Meeting Minutes

Upon a motion by Member Jaffe; seconded by Member Eckley, the minutes of the December 10, 2013 meeting were unanimously approved.

IV. 2013 Accomplishments

Commissioner Lowe explained that each year, the Real Estate Advisory Board is required to turn an ADRE Accomplishments report into the Governor's Office. She read aloud the cover letter from Advisory Board Chair Kim Horn. The cover letter accompanies the accomplishments document

Assistant Commissioner Randolph verbally reviewed accomplishments and highlights of the Education Division as follows:

- Broker Management Clinic legislation went into effect January 2013
- ADRE's Education Division reviewed 215 school audit declarations. These will be due again in 2015.
- A new on-line payment system was established

V. Industry/ Legislative/ ADRE Update – Commissioner Lowe

- Commissioner Lowe reviewed a handout provided by Assistant Commissioner Operations/ Legislative Affairs Dettorre listing bills that ADRE is following. Bills are as follows:
 - SB1215 (Relating to unsubdivided land)
 - SB1213 (Relating to real estate advisory board; membership)
 - HB2653 Mortgages; Trust Deeds; Deficiency Actions
 - SB1482 HOA Amendments; Omnibus
 - HB1047 Closing protection letters; escrow agents – Member Waller provided a verbal overview of the title industry perspective of this bill. She commented that this bill would provide an additional product to protect consumers.
- Commissioner Lowe commented that the new ADRE Law Books are in and a complimentary copy of the law book was distributed to each committee member. \
- Budget – Commissioner Lowe verbally shared the FY15 Executive Budget proposal. She noted that the Executive proposal recommended \$3.1M for ADRE's budget. This includes two additional FTE's. The Executive Budget proposal is currently making its way through the legislative process, where it could be modified or reduced.
- Education Fees – Commissioner Lowe commented that the Department is moving through the process to establish the fees permanently. For FY14, approximately \$30,000 was collected. These funds do not go to ADRE, they go to the General Fund.

VI. Industry/ Other Issues

- Commissioner Lowe provided licensing stats. She noted that the licensee count for February 2014, was 79,917 (5 years ago it was approximately 93,000). Currently the Department is seeing about 750 licensees a month leaving the grace period and terminating; approximately 400 individuals per month are entering the business as new real estate licensees.

- The Commissioner commented that the testing vendors are looking at increasing the number of national questions on the exam. This would minimize the State specific section. She noted this is a concern and that she and Assistant Commissioner Randolph are proactively working on ways to address the concerns, with the collaboration of Pearson Vue.
- Commissioner Lowe commented that two current ‘hot topics’ that she is hearing about are ‘Pocket listings’ – she is hearing of concerns from the public that properties are not being as widely marketed as anticipated by the owner. The other issue involves ‘Teams’ at Real Estate offices.

VII. Educator Information Alert 2/28/2014

Assistant Commissioner Randolph provided a verbal overview of an information alert that was sent to schools and educators on February 28, 2014. Items highlighted on the informational alert included:

a.) **-Revised course application (ED-102) under Addendum B – Distance Learning Course – new Host/ Remote location course option.**

Member Ryan inquired if there had been any thought given to having a separate roster for distance learning. Assistant Commissioner Randolph commented that the roster is the responsibility of the individual school. AC Randolph commented that the fee for the Host/ Remote location is \$25. A concern was raised that, since these courses will have a different course number, a student could take a duplicate course. There was a brief discussion on ways to identify the course to prevent this from occurring.

b.) **Online Original License Application – Update**

Assistant Commissioner Randolph encouraged schools to promote the use of the Online Original License Applications. She also commented that the use is up by 50% and that there is an FAQ on ADRE’s website.

c.) **Reminders**

Assistant Commissioner Randolph gave a verbal reminder on school compliance of the 14 day notice and notice not to advertise course numbers.

VIII. Arizona Specific - Enforcement

A discussion on this item was requested by Member Jon Kichen. As Mr. Kichen was absent, it was determined that the discussion of this item would be postponed to a future meeting.

IX. Volunteer Monitor Program Update

Education Auditor Jim Williams provided a brief verbal update on the Volunteer Monitor Program. He commented that for the month of March, 2014, there are over 700 courses scheduled for potential monitoring.

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

Assistant Commissioner Randolph commented on the following:

- the pre-licensure review committee met regarding updates to the national exam outline and course content
- The current testing vendor contract is coming due for renewal. ADRE is in the process of putting out the RFP for bids from multiple pre-licensure testing vendors.
- Pearson Vue testing performance stats were published in the ADRE Bulletin that was released February 1, 2014. Assistant Commissioner Randolph also provided a verbal review of the stats listed in the handout provided. For the month of February, 2014, there were 756 exams graded; for first time test takers was a 72% pass rate on the Broker exam; 66% pass rate on the sales exam.

XI. Review Education/ licensing Division Monthly reports

Assistant Commissioner Randolph provided a review of the monthly report for the Education and licensing division (see handout). For licensing, she noted that in February, 2014, there were 429 total new original licenses (362 sales, 36 Broker) and 2,405 renewals. For the Education Division, she noted 110 applications received and that there were 205 schools in active status, 2,652 active courses, 51 volunteer monitor assignments.

XII. Upcoming

Assistant Commissioner Randolph commented that there may be new content on the national exam. She noted there is not yet an exact release date for this, but that ADRE will be watching and will provide information.

XIII. Next EAC Meeting, June 10, 2014

XIV. Other Matters

Member Eslinger commented on an advertising issue occurring with the use of facebook. She commented that among other issues, marketing is being placed with no indication of who the Broker is. Member Eslinger requested that a discussion on advertising issues be placed on the agenda for the June meeting.

XV. Call to the Public

One member of the public was present, Eric Solheim

XVI. Adjournment

Member Eckley made a motion to adjourn; motion seconded by Member Jaffe. The meeting adjourned at 12noon.

Respectfully Submitted this _____ day of June, 2014

Commissioner Lowe

DRAFT