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2 STATE OF ALASKA
3 DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT
4 DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING
5

6 REAL ESTATE COMMISSION
7 MEETING MINUTES
8

9 December 16, 2020
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11 By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article
12 6, a scheduled meeting of the Real Estate Commission was held December 16, 2020, at
13 the State of Alaska Atwood Building, 550 W. 7th Avenue, Suite 1550, via Zoom,
14 Anchorage, Alaska.
15

16
17 **Wednesday, December 16, 2020**

18 **Agenda Item 1 - Call to Order**

19 Chairperson PeggyAnn McConnochie called the meeting to order at 9:02 a.m., at which
20 time a quorum was established.
21

22 Roll Call – 1(a)

23 Members Present via Zoom

24 PeggyAnn McConnochie, Broker, 1st Judicial District, Chairperson
25 Margaret Nelson, Broker, Broker at Large, Vice Chairperson
26 David Pruhs, Broker, 4th Judicial District
27 Cheryl Markwood, Broker, Broker at Large
28 Jaime Matthews, Public Member
29 Jesse Sumner, Public Member
30

31 Unexcused Absent:

32 Samuel Goldman, Broker, 3rd Judicial District
33

34 Staff Present:

35 Nancy Harris, Project Assistant
36

37 Staff Present via Zoom:

38 Shyla Consalo, Executive Administrator
39 Autumn Miller, REC Investigator
40 Jared Famularo, Investigator – REC Probation Monitor
41 Erika Prieksat, Senior Investigator
42 Marilyn Zimmerman, Paralegal
43

44 Guests Present via Zoom:

45 Errol Champion, Broker, Coldwell Banker Race Realty, Juneau
46 Cassandra Taggart, Broker, Real Property Management Last Frontier, Anchorage
47 Renae Miller, Broker, MARC Realty, Anchorage
48 Lonnie Logan, Broker, Realty One Group Aurora, Anchorage
49 Tammy Sweet, Salesperson, Fernandez Real Estate Group, Wasilla
50 Tara Van Orsdal, Salesperson, Denali Real Estate, Anchorage
51 Laura McMillon, Compliance Administrator, The CE Shop
52 Maude Morse, Alaska Housing Finance Corporation
53 Maria Celli, Alaska Housing Finance Corporation
54 Julie Burns, Public Member
55 Tim, Association Unknown

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Approval of Agenda – 1(b)

Commission Members reviewed the meeting agenda.

On a motion duly made by Ms. Nelson, seconded by Ms. Matthews, it was

RESOLVED to approve the meeting agenda for December 16, 2020.

All in favor; Motion passed.

Statements of Conflicts of Interest – 1(c)

There were no conflicts of interests.

Agenda Item 2 – Public Comments

There were no public comments.

Agenda Item 3 - Approval of Meeting Minutes

September 23, 2020 Meeting Minutes – 3(a)

On a motion duly made by Ms. Nelson, seconded by Mr. Pruhs, it was

RESOLVED to approve the September 23, 2020 meeting minutes.

All in favor; Motion passed.

Agenda Item 5 – Committee Reports

Property Management Committee – 5(a)

Ms. Taggart, Chair of the Property Management Committee, presented the Commission with best practices for property management contracts and disclosures, and would like it to be posted to the REC website for their consideration. Ms. Taggart explained that this best practice goes over what brokerages might want to consider within their handbook of how they handle management and lease contracts. It also lays out what licensees should consider when handling management and lease contracts. This best practice is part two of the Committee's three-part project. The next best practice the Committee will be working on is a best practice regarding security deposits, escrow deposits, and trust accounts.

Ms. McConnochie thanked Ms. Taggart for the report, and the excellent job the Committee is doing. She asked if Ms. Taggart would explain the thought process in creating the document prior to anyone asking questions.

Ms. Taggart explained that beginning last January, the Committee did a series of brainstorming exercises with everyone attending the Committee meetings (typically ranged from 7 – 20 people). They took into account common complaints filed and confusions/problems within the industry. The goal was to put together a tool that went over the common practices within the property management industry to help avoid confusions, complaints, and problems. And, instead of making one large best practice that covered these common practices, the Committee decided to break it up into three best practices under the following categories: reporting; contracts and disclosures; and security deposits, escrow deposits, and trust accounts. Once the categories were established, the

108 Committee completed the brainstorming sessions in these segments and worked through
109 each segment until an approved product was completed.

110
111 Ms. Nelson commended Ms. Taggart and the Committee on their efforts thus far, and
112 stated they were doing a fantastic job.

113
114 **On a motion duly made by Ms. Nelson, seconded by Ms. Matthews, it was**

115
116 **RESOLVED to adopt the Property Management Committee's best**
117 **practices for property management contracts and disclosures to be**
118 **published on the REC website.**

119
120 **All in favor; Motion passed.**

121
122

123 **Agenda Item 6 – Old Business**

124 **AREC Property Transfer Disclosure Form Re-Write – 6(a)**

125 Mr. Pruhs stated he's not been able to get a meeting together with Ms. Markwood to
126 discuss his progress on the document; however, he did obtain some additional information
127 from Errol Champion that will be helpful in their efforts moving forward. Mr. Pruhs indicated
128 he would be meeting with Ms. Markwood next week to wrap up his portion of the project.

129
130 Ms. McConnochie thanked Mr. Pruhs for the update, and requested they get their draft out
131 to Ms. Consalo as soon as possible, so it can be distributed to all Commission members
132 for review/input prior to the next meeting. The goal is to have something that can be
133 discussed and considered at the next meeting.

134
135

135 **Regulation Revisions Status Update – 6(b)**

136 Ms. Consalo explained Mr. Maiquis was unable to attend the meeting to give his report
137 due to being inundated with extra tasks as a result of losing several staff members in the
138 Division. Ms. Consalo explained that Mr. Maiquis has also been very busy with processing
139 new emergency regulations on several of the healthcare boards because of the new
140 COVID guidance and emergency order extensions. Mr. Maiquis apologized that he has not
141 been able to work on the Commission's regulation project, but stated he hopes to have our
142 regulation project out for public comment by the next meeting.

143
144

144 **Disciplinary Matrix Review – 6(c)**

145 Ms. Consalo explained that Investigations provided her with an excel spreadsheet of case
146 precedent for different types of real estate violations from January 2016 to August 2020.
147 Within the program Investigations uses to record investigation cases, there are certain
148 categories investigators have to classify the types of violations. Ms. Consalo used those
149 categories to organize the flow of the matrix she drafted, which is why it looks different
150 from the old matrix. Ms. Consalo explained that because of how previous investigators
151 categorized violations, there were quite a few categories of violations that did not have
152 case precedent, so the main purpose in reviewing this document is to go over those
153 categories without precedent and determine what the Commission would like that
154 precedent to look like for those violations, moving forward.

155
156

156 Ms. Nelson asked why the case precedent provided only went back to 2016. Ms. Consalo
157 stated she's not sure, but assumes it's because Investigations felt that 2016 was far
158 enough back to provide a solid reference base for case precedents. Ms. Nelson then
159 commented that most of the Commission members have been involved a lot with these
160 cases, and there was a case she worked on that did not have case precedent so a

161 decision was made based on what she thought was the right thing to do. Ms. Nelson
162 asked if that becomes the precedent and will the document be updated when they make
163 decisions on cases where there's no precedent. Ms. Consalo explained that is why they
164 are reviewing the document today, so that there will be a baseline for those cases in the
165 future. Unfortunately, because there was not another report pulled between August 2020 –
166 December 2020, any case precedent that may have been developed during that time will
167 not be on this document, as drafted. However, this is part of why the document must be
168 reviewed and approved by both investigations and Department of Law prior to bringing it
169 before the Commission for adoption and use. Additionally, after speaking with Investigator
170 Whaley regarding the categories of violations that did not have precedent, she suggested
171 the best course of action would be for the Commission to discuss what they felt would be
172 the best course of action for those types of violations and how to address them moving
173 forward.

174
175 Ms. McConnochie asked Ms. Consalo to explain the process of getting this document
176 approved, and how the decisions the Commission makes today is going to influence what
177 happens tomorrow. Ms. Consalo explained that whatever decisions are made today will be
178 updated and reflected in the matrix. It will then be submitted to Investigations for review, to
179 ensure the recommendations are within known precedent then they will give the approval
180 for the document to be sent to the Department of Law for review. If Investigations or the
181 Department of Law have any changes or recommendations, the document will come back
182 to Ms. Consalo, and she will present those changes to the Commission for discussion.
183 This process will repeat itself until the document is approved by Investigations and the
184 Department of Law. Once Ms. Consalo has those approvals, the document will be
185 presented to the Commission for adoption and use.

186
187 Ms. Nelson commented that this document is a serious document and was not sure the
188 Commission should act as a whole by going through each section and recommending
189 disciplinary sanctions. She suggested the Commission create a Committee to do this, so a
190 more comprehensive report can be provided to the Commission for adoption.

191
192 Ms. Markwood thanked Ms. Consalo for putting the document together, and stated it's
193 going to be very useful once it's approved. As Commission members, any time they are
194 asked to review an investigation, it's a serious matter. By having this document available
195 to help in determining what the best approach on a case would be is incredibly important.
196 Ms. Markwood agrees with Ms. Nelson that this is such a serious document that the
197 Commission does need to look at this very carefully, but she recognizes that regardless of
198 what the Commission decides, the document will need to go through Investigations and
199 the Department of Law before anything is finalized. Investigations and Department of Law
200 are going to be looking at this a lot more closely than they as Commissioners are, and
201 she's going to hold their comments much weightier than what is decided today. By moving
202 this to a Committee, the problem is that they, as Commissioners, are not allowed to meet
203 with more than three members. So, this is the appropriate place to be discussing each of
204 these line items. Ms. Markwood suggested the Commission review the matrix today so it
205 can be moved forward in the process to get finalized and approved.

206
207 Ms. McConnochie asked for the input from the rest of the Commission members on this
208 matter. Mr. Pruhs and Mr. Sumner agreed with moving forward with the review. Ms.
209 Matthews stated that, as a public member, she didn't have the history and background on
210 this document like the licensed Commission members did; however, she does think it's a
211 lot of information to go through today and it might be beneficial to have a separate
212 Committee review the document.

214 Ms. McConnochie thanked everyone for their comments, and suggested they try to go
215 through the document, and if at any point they feel it needs to be sent off to a Committee
216 for review, then they'll address it at that time. Prior to reviewing the document, it was
217 discussed and agreed by the Commission members that minor violations consisted of
218 those violations that were technical in nature, and posed no direct threat or harm to the
219 public. Minor violations also excluded any violations that involve a licensee's inability to
220 practice safely.

221
222

223 **Agenda Item 4 – Investigative Report**

224 **Probation Report – 4(a)**

225 Erika Prieksat, Senior Investigator, presented the probation report to the Commission and
226 introduced the new REC Probation Monitor, Jared Famularo. There are 2 licensees on
227 probation, and 1 licensee released from probation since the last report. Everyone on
228 probation is currently in compliance.

229

230 **Statistical Report – 4(b)**

231 Autumn Miller, REC Investigator, presented the investigation statistics for the reporting
232 period of September 10, 2020 through November 30, 2020. There are 36 open matters
233 and 15 matters were closed from the last report.

234

235 Ms. Nelson commended Ms. Miller for doing a good job on the investigations. She has
236 worked with Ms. Miller on a couple of difficult cases recently, and has found her to be very
237 professional. She does a great job dealing with some very difficult people, and Ms. Nelson
238 really appreciates all the hard work. Ms. McConnochie echoed Ms. Nelson's gratitude.

239

240 **CE Investigative Matters – 4(c)**

241 **On a motion duly made by Ms. Nelson, seconded by Ms. Markwood, it was**

242

243 **RESOLVED to go into Executive Session in accordance with AS**
244 **44.62.310(c) for the purpose of discussing subjects that tend to**
245 **prejudice the reputation and character of any person.**

246

247 **All in favor; Motion passed.**

248

249 The Commission went into Executive Session at 9:40 a.m.

250

251 **On a motion duly made by Ms. Markwood, seconded by Ms. Matthews, it was**

252

253 **RESOLVED to come out of Executive Session.**

254

255 The Commission came out of Executive Session at 9:53 a.m.

256

257

258 **On a motion duly made by Ms. Nelson, seconded by Ms. Markwood, it was**

259

260 **RESOLVED to approve the request for consideration in case #2020-**
261 **000836.**

262

263 **Roll call vote: Ms. Markwood – no, Ms. Nelson – no, Mr. Pruhs – no, Ms.**
264 **Matthews – no, Mr. Sumner – no, and Ms. McConnochie – no.**

265

266 **Motion failed.**

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The Commission denied the request for consideration in case #2020-000836.

On a motion duly made by Ms. Nelson, seconded by Ms. Markwood, it was

RESOLVED to accept the Consent Agreement in case #2020-000912.

Roll call vote: Ms. Markwood – yes, Ms. Nelson- yes, Mr. Pruhs – yes, Ms. Matthews – yes, Mr. Sumner – yes, and Ms. McConnochie – yes.

Motion passed.

The Commission accepted the Consent Agreement in case #2020-000912.

On a motion duly made by Ms. Nelson, seconded by Ms. Markwood, it was

RESOLVED to accept the Consent Agreement in case #2020-000913.

Roll call vote: Ms. Markwood – yes, Ms. Nelson- yes, Mr. Pruhs – yes, Ms. Matthews – yes, Mr. Sumner – recused, and Ms. McConnochie – yes.

Motion passed.

The Commission accepted the Consent Agreement in case #2020-000913.

Break at 10:00 a.m.

Reconvened at 10:10 a.m.

Agenda Item 6 – Old Business

Disciplinary Matrix Review – 6(c)

The Commission went through each category individually to ensure there were no clarifications or questions on violations with case precedent, and to address/make recommendations on violations that did not have case precedent.

There were no questions re: the Advertising category.

On the Breach of Fiduciary Duty category, Ms. Consalo explained there was no case precedent for this category, so the Commission needed to determine an amount to recommend for the Imposition of Civil Fine, and the terms for the Consent Agreement.

On a motion duly made by Ms. Markwood, seconded by Mr. Pruhs, it was

RESOLVED to set the Imposition of Civil fine for Breach of Fiduciary Duty to “up to \$2,500”.

All in favor; Motion passed.

On a motion duly made by Ms. Markwood, seconded by Mr. Pruhs, it was

RESOLVED to set the Consent Agreement terms for Breach of

320 **Fiduciary Duty to “up to a \$5,000 fine, up to 2 years of probation, and up to 9**
321 **hours of education”. The limitations on practice will be taken out, and the**
322 **suspension and reprimand will be left on as options for the reviewer to use at**
323 **their discretion.**

324
325 **All in favor; Motion passed.**

326
327 There were no questions re: the Continuing Education, Criminal Action – No Conviction,
328 and Criminal Action – Conviction categories.

329
330 On the Falsified Application category, Ms. Consalo explained there was no case precedent
331 for this category for an Imposition of Civil Fine, so the Commission needed to determine
332 an amount to recommend.

333
334 **On a motion duly made by Ms. Nelson, seconded by Ms. Markwood, it was**

335
336 **RESOLVED to set the Imposition of Civil fine for Falsified Application**
337 **to “up to \$2,500”.**

338
339 **All in favor; Motion passed.**

340
341 On the Financial Scam category, Ms. Consalo explained there was no case precedent for
342 this category for Consent Agreement terms, so the Commission needed to determine what
343 terms to recommend.

344
345 **On a motion duly made by Ms. Markwood, seconded by Mr. Pruhs, it was**

346
347 **RESOLVED to set the Consent Agreement terms for Financial Scam to**
348 **“up to a \$10,000 fine, up to 5 years of probation, and up to 20 hours of**
349 **education”. The limitations on practice will be taken out, and the suspension**
350 **and reprimand will be left on as options for the reviewer to use at their**
351 **discretion.**

352
353 **All in favor; Motion passed.**

354
355 At 10:55, Mr. Pruhs requested to be excused from the meeting due to having to host a
356 radio show, and would return after the lunch break. Ms. McConnochie excused Mr. Pruhs.

357
358 On the Fraud or Misrepresentation category, Ms. Consalo explained there was no case
359 precedent for this category, so the Commission needed to determine an amount to
360 recommend for the Imposition of Civil Fine, and the terms for the Consent Agreement.

361
362 **On a motion duly made by Ms. Nelson, seconded by Ms. Markwood, it was**

363
364 **RESOLVED to set the Imposition of Civil fine for Fraud or**
365 **Misrepresentation to “up to \$2,500”.**

366
367 **All in favor; Motion passed.**

368
369
370 **On a motion duly made by Ms. Nelson, seconded by Ms. Markwood, it was**

371
372 **RESOLVED to set the Consent Agreement terms for Fraud or**

373 **Misrepresentation to “up to a \$10,000 fine, up to 5 years of probation, and up**
374 **to 20 hours of education”. The limitations on practice will be taken out, and**
375 **the suspension and reprimand will be left on as options for the reviewer to**
376 **use at their discretion.**

377
378 **All in favor; Motion passed.**

379
380 On the Probation Violation category, Ms. Consalo explained that the licensee will already
381 be on a Consent Agreement if this violation occurs, so the options available are a little
382 different than a normal violation. Ms. Consalo explained there was no case precedent for
383 this category for additional Consent Agreement terms, so the Commission needed to
384 determine what terms to recommend.

385
386 **On a motion duly made by Ms. Nelson, seconded by Ms. Markwood, it was**

387
388 **RESOLVED to set the Consent Agreement terms for Probation**
389 **Violation to “up to an additional \$2,500 fine”. The suspension will be left on**
390 **as an option for the reviewer to use at their discretion, and the rest of the**
391 **terms will be taken out.**

392
393 **All in favor; Motion passed.**

394
395 On the Substance Abuse category, Ms. Consalo explained this violation was not very
396 common in the real estate industry, and is also different with regard to the
397 recommendations available and typical for a Consent Agreement for this type of violation.
398 Ms. Consalo explained there was no case precedent for this category, so the Commission
399 needed to determine an amount to recommend for the Imposition of Civil Fine, and the
400 terms for the Consent Agreement.

401
402 **On a motion duly made by Ms. Markwood, seconded by Ms. Nelson, it was**

403
404 **RESOLVED to set the Imposition of Civil fine for Substance Abuse to**
405 **“up to \$2,500”.**

406
407 Commission members discussed the motion on the table.

408
409 **On a motion duly made by Mr. Sumner, seconded by Ms. Markwood, it was**

410
411 **RESOLVED to amend the main motion and set the Imposition of Civil**
412 **fine for Substance Abuse to “up to \$1,500”.**

413
414 **Motion failed. The original motion on the table passed.**

415
416
417 **On a motion duly made by Ms. Markwood, seconded by Ms. Nelson, it was**

418
419 **RESOLVED to set the Consent Agreement terms for Substance Abuse**
420 **to “up to a \$5,000 fine and up to 18 months of probation”. The education will**
421 **be taken out, and the remaining recommendations will be left on as options**
422 **for the reviewer to use at their discretion.**

423
424 **All in favor; Motion passed.**

425

426 On the Supervision category, Ms. Consalo explained there was no case precedent for this
427 category for an Imposition of Civil Fine, so the Commission needed to determine an
428 amount to recommend.

429
430 **On a motion duly made by Ms. Nelson, seconded by Ms. Markwood, it was**

431
432 **RESOLVED to set the Imposition of Civil fine for Supervision to “up to**
433 **\$2,500”.**

434
435 **All in favor; Motion passed.**

436
437 On the Trust Account category, Ms. Consalo explained there was no first or minor offense
438 for this category because trust account violations are serious matters, and should be
439 treated as such – the Commission agreed. Ms. Consalo explained there was no case
440 precedent for this category for Consent Agreement terms, so the Commission needed to
441 determine what terms to recommend.

442
443 **On a motion duly made by Ms. Markwood, seconded by Ms. Nelson, it was**

444
445 **RESOLVED to set the Consent Agreement terms for Trust Account to**
446 **“up to a \$5,000 fine, up to 2 years of probation, and up to 12 hours of**
447 **education”. The remaining recommendations will be left on as options for the**
448 **reviewer to use at their discretion.**

449
450 Commission members discussed the motion on the table.

451
452 **On a motion duly made by Mr. Sumner, seconded by Ms. Markwood, it was**

453
454 **RESOLVED to amend the main motion and set the fine for Trust**
455 **Account to “up to \$50,000”. The remaining recommendations in the main**
456 **motion to stay the same.**

457
458 **All in favor; Motion passed.**

459
460 On the second Unlicensed Practice category, Ms. Consalo explained there was no case
461 precedent for this category for an Imposition of Civil Fine, so the Commission needed to
462 determine an amount to recommend.

463
464 **On a motion duly made by Ms. Matthews, seconded by Ms. Markwood, it was**

465
466 **RESOLVED to set the Imposition of Civil fine for Unlicensed Practice**
467 **to “up to \$2,500”.**

468
469 **All in favor; Motion passed.**

470
471 Ms. Markwood commented that she would like to recommend a change to the fine amount
472 for the current case precedent for Unlicensed Practice. Because the Commission would
473 like to set the fine amount for the first or minor offense to \$2,500, she would like to
474 recommend that the fine amount for any subsequent or serious offense be \$5,000.

475
476 **On a motion duly made by Ms. Matthews, seconded by Ms. Markwood, it was**

477
478 **RESOLVED to change the fine amount in the Consent Agreement for a**

479 **second or serious offense for Unlicensed Practice to “up to \$5,000”.**

480

481 **All in favor; Motion passed.**

482

483 On the Violation of Licensing Regulation category, Ms. Consalo explained there was no
484 case precedent for this category for an Imposition of Civil Fine, so the Commission needed
485 to determine an amount to recommend.

486

487 **On a motion duly made by Ms. Markwood, seconded by Ms. Matthews, it was**

488

489 **RESOLVED to set the Imposition of Civil fine for Violation of Licensing**
490 **Regulation to “up to \$2,500”.**

491

492 **All in favor; Motion passed.**

493

494

495 Break at 11:28 a.m.

496 Reconvened at 11:34

497

498

499 2020 AREC Strategic Plan Review – 6(d)

500 Ms. McConnochie congratulated the Commission members and staff for all the hard work
501 they’ve done over the last 9 months in completing items from the Strategic Plan that was
502 created in March. It has been a huge accomplishment to get as far as we have, and it
503 could not have been done without everyone’s collaborative efforts.

504

505 Ms. McConnochie stated she would be going through each of the Strategic Plan’s tasks to
506 help identify what tasks the Commission should be looking to start, and go over what tasks
507 have been completed to date. Ms. McConnochie started with the first task: “With
508 agreement of the appropriate departments, upload informational videos done by
509 appropriate personnel on: 1) how to file a complaint against a licensee and its process;
510 and 2) if a complaint is filed against a license what the process is for a license.

511 Additionally, provide best practice ‘white papers’ on various topics as approved by the
512 Commission for placement on our website.” Ms. Consalo provided a status update on this
513 task by informing the Commission that her time between the last meeting and this meeting
514 was primarily consumed with the drafting of the disciplinary matrix. Unfortunately, that was
515 not a task included on the Strategic Plan, but it was a matter identified by the Commission
516 on several occasions that warranted attention. Ms. Consalo stated she was recently able
517 to start working on the script for the video. The slides are already done, she just needs to
518 finish the script and record over the slides once the script is done. Ms. Consalo indicated
519 her goal was to have a draft video to the Chief Investigator for review by the next meeting.

520

521 Ms. McConnochie moved to the second task: “Provide the Commission for consideration,
522 what they should have jurisdiction over in property management; i.e. financial
523 responsibilities of the property owner or property manager. Then, provide next steps
524 should the Commission agree to move forward with recommendations. And, provide a list
525 of property management FAQs (frequently asked questions) for both licensed property
526 managers and property owners, to be approved by the Commission then placed on our
527 website.” Ms. McConnochie stated this task continues to be a work in progress, but the
528 Property Management Committee has done a phenomenal job in chipping away at this,
529 and has already provided several valuable best practice documents that have been posted
530 on the website.

531

532 Ms. McConnochie moved to the third task: "Refine and rework current processes, to
533 increase the speed of actions to keep outside licensees and/or non-licensees from
534 transacting business for which an Alaska real estate license or broker's license is required.
535 Then, put this information on the Commission website and make sure it is easily
536 accessible." Ms. Nelson stated this one has been on her mind, but unfortunately, she
537 hasn't been able to put anything together and requested this task be added to the
538 Strategic Plan for 2021.

539
540 Ms. McConnochie moved to the fourth task: "Define minimum standards, based on what
541 other jurisdictions have successfully implemented, for team advertising (i.e. the
542 requirement to include brokerage information, minimum size etc)." Ms. McConnochie
543 stated this task is currently be worked on, and Ms. Nelson has created a best practice
544 document that will be discussed later in the meeting. This will definitely be another task
545 that will need to be carried over to the 2021 Strategic Plan, and may result in the
546 Commission taking a look at and discussing possible regulation changes regarding
547 advertising.

548
549 Ms. McConnochie moved to the fifth task, which consists of five separate sub-tasks:
550 "Assist staff to clear up the following issues:

- 551 • How "inactive status" is logged/started and the McConnochie & Staff notification
552 to the affected licensee
- 553 • How required education, for those who apply for license by endorsement, is
554 defined and verified
- 555 • Provided a military spouse has a current license in good standing in another
556 state, streamline the process when they apply for an Alaska real estate license
- 557 • Change how the Commission receives and disseminates license history; i.e.
558 paper versus digital, or some other process
- 559 • Define and simplify the criteria for getting or upgrading an Alaska real estate
560 license; i.e. referring to criminal history and what specifically constitutes a valid
561 reason a license will not be given/upgraded and the timing since conviction or
562 completion of sentence"

563 Ms. McConnochie noted that Commission has completed two of these five sub-tasks, and
564 thanked Ms. Consalo and Ms. Harris for all the hard work they've been doing in helping to
565 complete these items. The two sub-tasks that have been completed are the "streamlining
566 the licensing process for military spouses", and the "changing how the Commission
567 receives and disseminates license history" tasks. Ms. McConnochie asked Ms. Consalo to
568 explain a little more about the streamlined licensing process for military members and their
569 spouses. Ms. Consalo stated the Division has an expedited request for military members
570 and their spouses to submit with their application, so it places their application at the top of
571 the list to process. For real estate license applications, this request isn't necessary
572 because the real estate inbox is caught up, and we are able to process license
573 applications very quickly now. That tool is still available to them if they wish to use it, but it
574 isn't necessarily needed for real estate applications, as there is no current delay in
575 processing times.

576
577 Ms. McConnochie then asked Ms. Consalo to give a brief explanation on how the Division
578 has been operating under COVID restrictions to give licensees and the public an idea of
579 the difficult circumstances we've been working though, and how that has affected
580 processing times. Ms. Consalo explained that for the most part, staff has been working or
581 able to work a part-time telecommute schedule, and Ms. Harris has been able to be in the
582 office full time since June. However, with the current increased rate of infections occurring,
583 staff has been directed to go to a full-time telecommute schedule, if possible. Ms. Consalo
584 indicated she was able to obtain approval for Ms. Harris to work a part-time telecommute

585 schedule and be in the office three days a week to ensure licenses were being mailed out
586 and phone calls/messages were being answered. With regard to application processing,
587 Ms. Consalo explained that the applications go through the admin team first. They process
588 the payments, date stamp the documents, and scan the documents into our database,
589 which is where staff is able to see and process the documents. That process can typically
590 take anywhere from three to five days before staff can see it in the system. Once it hits the
591 system, Ms. Consalo indicated she is typically able to turn things around in a day or two,
592 depending on what's going on that week. Occasionally, there are delays on the admin side
593 of things that are out of Commission staff control that could cause processing times to be
594 a little longer; however, those situations are uncommon and processing times are still less
595 than 2 weeks. Ms. McConnochie commended Ms. Consalo and Ms. Harris for the amazing
596 job they are doing in ensuring everything is processed as quickly as possible, even during
597 these difficult and unusual circumstances.

598
599 Ms. McConnochie moved to the sixth task: "Review all regulations and propose one major
600 regulation change (clean up) which will bring regulations into the 21st century." The
601 Commission has done its job with this task, and it is now in the hands of the Regulation
602 Specialist for finalization and public comment. Mr. Maiquis' goal is to have this done by the
603 next meeting.

604
605 Ms. McConnochie commended the Commission for the remarkable amount that has been
606 completed thus far. Ms. McConnochie suggested that Commission members start thinking
607 about goals they'd like to accomplish over the next year, so they can be brought for
608 discussion and consideration at the next meeting. At the March meeting, the Commission
609 should take a look at what was reviewed today, combined with any additional goals, to
610 help create the Strategic Plan for 2021.

611
612 Break for lunch at 11:49 a.m.
613 Reconvened at 1:00 p.m.

614
615

616 **Agenda Item 8 – Division Update**

617 REC Revenues and Expenditures Report – 8(a)

618 Sharon Walsh, Deputy Director of the Division of Corporations, Business, and Professional
619 Licensing, presented the Division Update.

620

621 Ms. Walsh presented the report for the fourth quarter of 2020, ending June 30, 2020 and
622 the first quarter of 2021, ending September 30, 2020. For the fourth quarter of fiscal year
623 2020, she stated the current revenue was \$618,451. Expenditures totals were as follows:
624 There was non-investigative expenditures of \$87,702 and investigative expenditures of
625 \$98,664, for a total of \$186,366 in direct expenditures. There were indirect expenditures of
626 \$167,178 (this includes internal administration, department, and statewide costs), leaving
627 the total expenditures at \$353,544. There was a total surplus of \$1,047,062.

628

629 For the first quarter of fiscal year 2021, she stated the current revenue was \$69,005.
630 Expenditures totals were as follows: There was non-investigative expenditures of \$22,038
631 and investigative expenditures of \$20,443, for a total of \$42,481 in direct expenditures.
632 There were indirect expenditures of \$41,795 (this includes internal administration,
633 department, and statewide costs), leaving the total expenditures at \$84,276. There was a
634 total surplus of \$1,031,791.

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638 **Agenda Item 7 – New Business**

639 **Advertising FAQ & Discussion Re: Possible Advertising Regulation Changes Project – 7(a)**
640 **& 7(b)**

641 Ms. Nelson stated she did a review of the Commission’s current regulations regarding
642 advertising, reviewed 35 other state policies and regulations regarding advertising, and put
643 together a full proposal on advertising regulations to review. However, for now, she put
644 together a best practice document to help educate and remind licensees on current
645 advertising rules. There have been a lot of complaints and calls coming in regarding
646 advertising issues, and this will hopefully help both licensees and the general public
647 understand what is required. Ms. Nelson also stated she was going to work on a booklet
648 containing frequently asked questions about advertising.
649

650 The Commission discussed a few of changes/adjustments to be made to the best practice
651 document for better clarity. The following changes were recommended: Add additional
652 regulation references; re-configure paragraph #1 to make it clear that a brokerage can
653 have a home office, as long as they meet the applicable registration and signage
654 requirements; state “any and all social media platforms”; change “broker’s name” to
655 “brokerage/brokerage name”; change “is” to “may” before the statement regarding grounds
656 for revocation or suspension.
657

658 **On a motion duly made by Ms. Nelson, seconded by Ms. Markwood, it was**

659
660 **RESOLVED to adopt the Advertising best practices, as amended, to**
661 **be published on the REC website.**

662
663 **All in favor; Motion passed.**
664

665 Ms. McConnochie thanked Margaret for all the hard work she’s done on this document,
666 and the regulation changes that will be put up for discussion at a future meeting.
667

668 **Election of Vice Chair & Education Liaison – 7(c)**

669 Ms. McConnochie asked if there was anyone who would like to nominate a Commission
670 member for the Education Liaison. She explained the job of the Education Liaison is to
671 help Ms. Harris if she runs into an issue with a course she is looking to recommend
672 approval or denial. Ms. McConnochie explained a real estate license is not required for
673 this position, and Ms. Harris does not reach out with issues often, so it does not require a
674 lot of extra time. Mr. Sumner was nominated for the Education Liaison. There were no
675 further nominations.
676

677 **On a motion duly made by Mr. Sumner, seconded by Ms. Markwood, it was**

678
679 **RESOLVED that Mr. Sumner would be the Education Liaison for the**
680 **Commission for 2021.**

681
682 **All in favor; Motion passed.**
683

684 Ms. McConnochie asked if there was anyone who would like to nominate a Commission
685 member for the Vice Chair. Ms. Markwood was nominated for Vice Chair. There were no
686 further nominations.
687

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691 **On a motion duly made by Ms. Nelson, seconded by Ms. Matthews, it was**

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693 **RESOLVED that Ms. Markwood would be the Vice Chair for the**
694 **Commission for 2021.**

695

696 **All in favor; Motion passed.**

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699 2021 Meeting Dates – 7(d)

700 Ms. McConnochie asked everyone to pull up their calendars for 2021, so they could
701 decide which dates would work best for the next year of Commission meetings. All
702 Commission members agreed to the following meeting dates for 2021:

- 703 • March 17th
- 704 • June 16th
- 705 • September 15th
- 706 • December 15th

707

708 Ms. Consalo then gave a quick explanation and reminder of the attendance policy for
709 meetings, and the importance behind this policy. She explained Commission members
710 must notify her at least 30 days in advance if they will not be able to attend a meeting for a
711 non-emergency reason, and it will be up to the Commission Chair if that absence is
712 excused or not.

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715 **Agenda Item 9 – Executive Administrator’s Report**

716 Education Statistics – 9(a)

717 Ms. Harris presented the education report for December 16, 2020. She reported that as of
718 December 7, 2020, there were 13 pre-licensing courses; 4 broker upgrade courses; 319
719 elective courses; 36 designated courses; and 71 post-licensing courses approved, with a
720 total of 443 courses approved. Ms. Harris stated there are currently 67 approved
721 instructors.

722

723 Licensing Statistics – 9(b)

724 Ms. Consalo presented the licensing report for December 16, 2020. She reported that as
725 of December 8, 2020, there were 2,796 active licensees; 25 inactive licensees; 378 lapsed
726 licenses with 7 of those for non-compliance of PLE; there were 296 transfers; 51 licensees
727 who completed their PLE requirements; 4 license upgrades from salesperson to associate
728 broker; 1 license upgrades from salesperson to broker; and 2 licensees on probation.

729

730 Current Office Procedures – 9(c)

731 Ms. Consalo covered most of this while going over the progress on the 2020 Strategic
732 Plan, and reiterated the most recent change within the Division regarding physically
733 working in the office, and what the change looked like for Commission staff. Ms. Consalo
734 will be working from home 100%, and Nancy will be working from home part-time – she
735 will physically be in the office on Wednesdays – Fridays until further notice.

736

737 RISC E&O Claims Report – 9(d)

738 Ms. Consalo presented the report for RISC E&O claims for their third quarter (Jul – Sept).
739 Total closed claims were \$3,000, and the total open claims were \$16,000, for a total of
740 \$19,000 in claims for the third quarter. Two of these claims were the same claims/cases
741 reported in the second quarter report, so there was one new claim opened in the third
742 quarter.

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Recovery Fund Balance Report – 9(e)

The Commission reviewed the Recovery Fund Balance Report as presented. Ms. Consalo presented the Recovery Fund Report for the fourth quarter, ending September 30, 2020. The Commission received a total of \$18,395 for license fees processed between July and September, leaving the current total fund balance at \$327,850. The projected balance for the end of the fiscal year is \$211,011 with an average 2-year licensing cycle fund balance of \$269,431.

Application Matters – 9(f)

On a motion duly made by Ms. Markwood, seconded by Ms. Matthews, it was

RESOLVED to go into Executive Session in accordance with AS 44.62.310(c) for the purpose of discussing subjects that tend to prejudice the reputation and character of any person.

All in favor; Motion passed.

The Commission went into Executive Session at 2:00 p.m.

On a motion duly made by Ms. Markwood, seconded by Ms. Matthews, it was

RESOLVED to come out of Executive Session.

The Commission came out of Executive Session at 2:36 p.m.

On a motion duly made by Ms. Markwood, seconded by Ms. Matthews, it was

RESOLVED to approve the license application for Julie Burns, license #166982.

Roll call vote: Ms. Markwood – no, Ms. Nelson – no, Mr. Pruhs – no, Ms. Matthews – no, Mr. Sumner – no, and Ms. McConnochie – recused.

Motion failed.

The Commission denied the license application for Julie Burns, license #166982.

On a motion duly made by Ms. Markwood, seconded by Ms. Matthews, it was

RESOLVED to approve the license application for Alicia Hinzman, license #168456.

Roll call vote: Ms. Markwood – yes, Ms. Nelson- yes, Mr. Pruhs – yes, Ms. Matthews – yes, Mr. Sumner – yes, and Ms. McConnochie – yes.

Motion passed.

The Commission approved the license application for Alicia Hinzman, license #168456.

At 2:41 p.m., Mr. Pruhs lost his internet connection, and was unable to return to the meeting.

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Agenda Item 10 – Commission Member Comments & Questions

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Ms. Nelson stated she's been very busy lately working with the estate of Paul Moore, who unexpectedly passed away in August. He was the broker of Distinctive Properties. Ms.

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Nelson urged anybody who a broker to make sure they have a plan in place should they suddenly not be with us. It has been a horrible and frustrating process for the family.

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Passwords weren't left, access to trust accounts weren't given, and it's been very difficult.

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Ms. Consalo has been working with the family as well, and Ms. Nelson expressed her appreciation. Ms. Nelson wished everyone a very Merry Christmas, and is looking forward to the new year.

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Ms. Markwood stated this year has been very challenging, but she's proud to have served

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on the Commission with everyone. She commended Ms. Taggart for her hard work on the Property Management Committee. Keeping everyone on track and steering that particular

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project forward has been really challenging, and she's very proud of the work Ms. Taggart has done. She commended Ms. Nelson's work on the advertising topic – it has been

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extremely helpful. She also wanted to note that this was Mr. Pruhs last Commission

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meeting, and she's been grateful to have him as both a mentor and team member on the Commission. She thanked him for all of his hard work for the real estate industry over the

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last few years, and she's looking forward to 2021 with everyone and all of the continued work the Commission will do. She also reiterated Ms. Nelson's sentiments regarding

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brokerages. She suggested putting together a best practice regarding the issue because, she also lost somebody this year that owned a property management company that did

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association management. When she passed away, it was very, very traumatic for everybody; and trying to get security deposits, lease agreements, etc. was very difficult. Ms. Markwood wished everybody a very Merry Christmas.

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Ms. Matthews started with a question regarding the current status of timelines/delays with

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titles and recordings in transactions, as she has received several questions about this. Ms. McConnochie stated she would jump in with her response, but encouraged the other

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Commission members to add to her response if they had additional information. She explained that COVID has caused a horrible situation. They are experiencing delays with

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recording, getting titles and appraisals done all over the State. It's very difficult because there are people trying to get brand new loans with these low interest rates, and people

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trying to refinance at the same time. Ms. McConnochie doesn't know what can be done to speed it up, but it's an unfortunate circumstance that everyone is having to deal with right

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now until the COVID situation goes away. Ms. Matthews thanked Ms. McConnochie for her input. She thanked Mr. Pruhs for his time on the Commission, and Ms. Consalo for her

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comments during the meetings and the tremendous work she does in putting together the meeting packets for everyone. She thanked Ms. McConnochie for her leadership, and the

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great job she does running an efficient meeting. She thanked Ms. Nelson for all the time she's dedicated to the advertising best practice and future regulation changes. Ms.

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Matthews wished everyone a Merry Christmas, and appreciates being a part of the Commission.

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Mr. Sumner wished everyone a Merry Christmas, and stated Mr. Pruhs will be missed.

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Ms. McConnochie informed everyone that she was term limited out, so this was also going

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to be her last meeting as a Commission member. First, she thanked Ms. Harris for the amazing job she did when she had to stand in until the Commission got a new Executive

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Administrator. Second, she thanked Ms. Consalo for the amazing amount of work she's done to step everything up, and to get changes made to things that have been needing

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changed for a while. Getting the website fixed, the disciplinary matrix drafted, and

849 significantly reducing application processing times - nobody could have done it without
850 her, and she really appreciates the hard work and diligence. Ms. Harris and Ms. Consalo
851 do the work of four people with two, and the progress over the last year has been
852 amazing. Ms. McConnochie expressed appreciation to Mr. Sumner for his comments and
853 insights. It's been extremely wonderful to have him on the Commission. Keep up the good
854 work, and keep opening up and expressing how he feels about things. Ms. McConnochie
855 thanked Ms. Matthews for being such an involved member of the public. She expressed
856 Ms. Matthews has been one of the best public members the Commission has ever had.
857 She's stepped up and learned, and is speaking up and asking questions that need to be
858 asked from a public perspective. That brings something to the Commission that they
859 haven't had in a while. Ms. McConnochie thanked Ms. Markwood for the phenomenal job
860 she's doing, and for bringing the property management perspective in. This is something
861 the Commission has needed for a very long time because property management is
862 different than sales; and to be able to have her perspective on the Commission has been
863 extremely helpful. Ms. McConnochie thanked Ms. Nelson for the incredible amount of work
864 she's done on the Commission thus far. She's taken the rocks that have been put before
865 the Commission and has dealt with them all with grace. In closing, Ms. McConnochie
866 stated she has no doubt the next Commission starting in 2021 will be as good, if not
867 better, than what the Commission is today. She can't wait to watch the Commission on the
868 other side, and is looking forward to seeing everyone in 2021. If there are any questions
869 going into 2021, reach out to her and she'd be more than happy to give her opinion. Ms.
870 McConnochie wished everyone a Merry Christmas.

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873 **Agenda Item 11 – Adjournment**

874 **On a motion duly made by Ms. Nelson, seconded by Mr. Sumner, it was**

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876 **RESOLVED to adjourn.**

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878 **All in favor; Motion passed.**

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880 Meeting adjourned at 2:53 p.m.

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882 The next meeting will be held March 17, 2021 in Anchorage.

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Prepared and submitted by:
Real Estate Commission Staff

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Approved:

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Cheryl Markwood

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Cheryl Markwood
REC Chairperson
Alaska Real Estate Commission

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