

**STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING
BOARD OF CERTIFIED REAL ESTATE APPRAISERS**

**MINUTES OF MEETING
June 25, 2013**

By the authority of AS 08.01.070(2) and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Certified Real Estate Appraisers was held on June 25, 2013 at the Atwood Building, 550 W. 7th Avenue, Suite 1620, Anchorage, Alaska.

Call to Order/Roll Call

The meeting was called to order at 10:16 am by Donna Rulien, Board Chair.

Those present, constituting a quorum of the Board:

Donna Rulien-Chair, Residential Real Estate Appraiser
Sarah Heath, Public Member
James Picard, Mortgage Banking Executive
Clint Lentfer, General Real Estate Appraiser
Lance Cook, Residential Real Estate Appraiser

In attendance from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, were:

Michelle Johnston, Records and Licensing Supervisor
Sara Chambers, Operations Manager (telephonically)
Alysha Hernandez, Licensing Examiner (telephonically)

Agenda Item 1- Public Comment

There were no individuals in attendance for public comment.

Agenda Item 2 – Review the Appraisal Subcommittee (ASC) Preliminary Finding

The Board reviewed a letter that was received from the Appraisal Subcommittee titled 'ASC Preliminary Compliance Review of Alaska's appraiser regulatory program'. Along with the letter is a grid of the findings from the ASC that the Board began to review. It was noted that the Board has 60 days from the receipt of the letter, June 18, 2013 to respond. A response should set forth steps taken to address each identified area of non-compliance. The response should also include any additional information the Board would like the ASC to consider.

In the area of *Alaska Statutes, Regulations, Policies and Procedures*, it was found that the Board needed to make corrections to its current statutes and regulations. This is because the Board's current statutes and regulations have allowed applicants to obtain credit for things that the ASC no longer will allow.

In the area of *Temporary Practice*, it was found that the ASC Observations could be resolved by ensuring that the staff that is assigned to the Board is aware that the applications that are received for Courtesy licenses must be issued within 5 business days. It was noted that this is an Administrative issue that is being addressed.

In the area of *Application Process*, it was found that again, staff had failed to maintain adequate documentation of license files. Ms. Johnston noted that this has also been address and would like to inform the Board that the majority of the deficiencies in the areas that involve staff issues were before Ms. Hernandez came back with the Board. In the area of *Application Process* that touches on the continuing education audit, Ms. Johnston informed the Board that this area has been addressed. The staff's policies have been amended since this was discovered and an audit list has already been run. Ms. Hernandez as the Licensing Examiner will be sending audit letters to the licensees that have been randomly selected for audit as they renew rather than waiting until the expiration date of the program.

In the area of *Education*, it was found that 2 files were left undiscovered. Processes have been put in place in hopes that this will not occur again. Ms. Johnston has ensured that she and Board staff will be making organization a priority.

It was also noted to address the issue of the Board's Continuing Education (CE) expiration dates not coinciding with other national programs. Language will be added to the CE approval letter and the CE application that will state that the Board's CE expiration date will match the Appraiser Qualifications Board Course Approval Program (CAP) and/or International Distance Education Certificate Center (IDECC).

TASK LIST: Provide the Board with a copy of the amended CE application (Form # 08-4292) and the CE approval letter once required amendments have been updated.

Agenda Item 2 – Regulation Amendments/Formation

After reviewing the suggested changes to the Alaska Statutes and Regulations as outlined in the changes brought forth by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council, the board has made the following motions:

Upon a motion duly made by Ms. Heath, seconded by Mr. Picard and approved unanimously, it was:

RESOLVED to repeal 12 AAC 70.140 (e).

Upon a motion duly made by Ms. Heath, seconded by Ms. Rulien and approved unanimously, it was:

RESOLVED to repeal 12 AAC 70.210 (e)(2).

Upon a motion duly made by Ms. Heath, seconded by Mr. Picard and approved unanimously, it was:

RESOLVED to repeal 12 AAC 70.215 (c) (4).

Upon a motion duly made by Ms. Heath, seconded by Ms. Rulien and approved unanimously, it was:

RESOLVED to repeal 12 AAC 70.215 (b) (1).

Upon a motion duly made by Ms. Heath, seconded by Mr. Picard and approved unanimously, it was:

RESOLVED that 12 AAC 70.220 (e) have 'or its equivalent' be removed, add 'who is a certified appraiser' and remove 'as determined by the Board'. The rest of the remaining language is to remain unchanged.

Upon a motion to recommend changes duly made by Mr. Picard, seconded by Mr. Lentfer and approved unanimously, it was:

RESOLVED TO RECOMMEND Sec. 08.87.300 (a) be changed from 'three years' to 'five years' and that 'or two years after final disposition of related judicial proceedings' be added after five years. Also that Sec. 08.87.300 (b) be changed from 'three' to 'five'.

Upon a motion to recommend changes duly made by Ms. Rulien, seconded by Mr. Picard and approved unanimously, it was:

RESOLVED TO RECOMMEND that Sec. 08.87.020 be amended to add ', Dodd Frank Act of 2010' just after 'Financial Institutions Reform, Recovery and Enforcement Act of 1989'

TASK LIST: Amend check sheet OL-127 to state that the appraisal report has been requested by board staff before the application goes before the board for review. Also, amend the verbiage of the 'approved CE course' letter.

Break at 11:31 am/return on record at 11:35 am

Agenda Item 3 – Regulation Amendments/Formation cont'd

Upon a motion to recommend changes duly made by Mr. Lentfer, seconded by Mr. Picard and approved unanimously, it was:

RESOLVED TO RECOMMEND that Sec. 08.87.110 (c) (2) and (3) be repealed.

Upon a motion to recommend changes duly made by Mr. Lentfer, seconded by Mr. Picard and approved unanimously, it was:

RESOLVED TO RECOMMEND Sec. 08.87.110 (c) (5) be repealed.

Upon a motion to recommend changes duly made by Mr. Lentfer, seconded by Ms. Rulien and approved unanimously, it was:

RESOLVED TO RECOMMEND that 'all applicants to' be added to Sec. 08.87.110 (c) (6) before 'successfully' and that the 's' be removed from 'completes'.

Upon a motion to recommend changes duly made by Mr. Lentfer and seconded by Mr. Picard and approved unanimously, it was:

RESOLVED TO RECOMMEND Sec. 08.87.110 (h) be added to read: 'All candidates for a real property appraiser credential must undergo background screening. State appraiser regulatory agencies shall, at a minimum, obtain fingerprints of the individual, in digital form if practicable, and any appropriate identifying information for submission to the Federal Bureau of Investigation and/or any governmental agency or entity authorized to receive such information in connection with a State and national background check.'

Upon a motion to recommend changes duly made by Ms. Rulien and seconded by Mr. Lentfer and approved unanimously, it was:

RESOLVED TO RECOMMEND that Sec. 08.87.310 (c) be added to read, 'appraisers supervising trainees may not supervise more than three trainees at one time, unless a state program in the licensing jurisdiction provides for progress monitoring, supervising certified appraiser qualifications, and supervision and oversight requirements for supervising appraisers. The supervising certified appraiser shall be in good standing in the training jurisdiction and not subject to any disciplinary action within the last two years that affects the supervisor's legal eligibility to engage in appraisal practice.'

Upon a motion to recommend changes duly made by Ms. Rulien and seconded by Mr. Lentfer and approved unanimously, it was:

RESOLVED TO RECOMMEND that a new section be added to read, Sec. 08.87.315 'SUPERVISORY APPRAISERS - A. Supervisory Appraisers shall be responsible for the training, guidance, and direct supervision of the Trainee Appraiser by:

1. Accepting responsibility for the appraisal by signing and certifying the appraisal complies with USPAP;
2. Reviewing and signing the Trainee Appraiser appraisal report(s); and
3. Personally inspecting each appraised property with the Trainee Appraiser until the Supervisor Appraiser determines the Trainee Appraiser is competent to inspect the property, in accordance with the Competency Rule of USPAP for the property type.

B. Supervisory Appraiser shall be state-certified and in 'good standing' in the jurisdiction in which the Trainee Appraiser practices for a period of at least three (3) years. Supervisory Appraisers shall not have been subject to any disciplinary action within any jurisdiction within the last three (3) years that affects the Supervisory Appraiser's legal eligibility to engage in appraisal practice. A Supervisory Appraiser subject to a disciplinary action would be considered to be in 'good standing' three (3) years after the successful completion/termination of the sanction imposed against the appraiser.

C. Supervisory Appraisers shall have been state-certified for a minimum of three (3) years prior to being eligible to become a Supervisor Appraiser.

D. Supervisory Appraisers must comply with the Competency Rule of USPAP for the property type and geographic location the Trainee Appraiser is being supervised.

E. Whereas a Trainee Appraiser is permitted to have more than one Supervisory Appraiser, Supervisory Appraisers may not supervise more than three (3) Trainee

Appraisers at one time, unless a state program in the credentialing jurisdiction provides for progress monitoring, supervisory certified appraiser qualifications, and supervision and oversight requirements for Supervisory Appraisers.

F. An appraisal experience log shall be maintained jointly by the Supervisory Appraiser and the Trainee Appraiser. It is the responsibility of both the Supervisory Appraiser and Trainee Appraiser to ensure the experience log is accurate, current and complies with the requirements of the Trainee Appraiser's credentialing jurisdiction. At a minimum, the appraisal log requirements shall include:

- 1. Type of property;**
 - 2. Date of report;**
 - 3. Address of appraised property;**
 - 4. Description of work performed by the Trainee Appraiser and the scope of the review and supervision of the Supervisory Appraiser;**
 - 5. Number of actual work hours by the Trainee Appraiser on the assignment; and**
 - 6. The signature and state certification number of the Supervisory Appraiser.**
- Separate appraisals logs shall be maintained for each Supervisory Appraiser, if applicable.**

G. Supervisory Appraisers shall be required to complete a course that, at a minimum, complies with the specifications for course content established by the AQB, which is specifically, oriented to the requirements and responsibilities of Supervisory Appraisers and Trainee Appraisers. The course is to be completed by the Supervisory Appraiser prior to supervising a Trainee Appraiser.

Break for lunch at 12:20 pm/ return on record at 1:16 pm

Agenda Item 3 – Regulation Amendments/Formation cont'd

In reviewing the suggested regulation changes, there was a suggestion to add 12 AAC 70.105 (6) in regards to the recommended statute change in reference to fingerprinting (Sec 08.87.110 (h). The changes would read, 'All candidates for a real property appraiser credential must undergo background screening. State appraiser regulatory agencies shall, at a minimum, obtain fingerprints of the individual, in digital form if practicable, and any appropriate identifying information for submission to the Federal Bureau of Investigation and/or any governmental agency or entity authorized to receive such information in connection with a State and national background check.' However, as the statute is not yet in place, Ms. Johnston recommended to the Board that they do not make a motion to add this to the current regulations project as it could not be put into place as there is no statutory authority yet. The Board accepted this recommendation and will wait until the regulation is in place to make a motion to form the regulation.

Upon a motion duly made by Mr. Lenfer, seconded by Ms. Rulien and approved unanimously, it was:

RESOLVED to repeal 12 AAC 70.115 (a) (2).

Upon a motion duly made by Mr. Lentfer, seconded by Mr. Cook and approved unanimously, it was:

RESOLVED to amend 12 AAC 70.115 (c) (1) from an 'associates' to 'bachelor's' and repeal 12 AAC 70.115 (2).

The Board discussed adding a Statute and a license type to conform to adding reciprocity as a pathway to get licensed as a Certified Real Estate Appraiser. Ms. Johnston recommended that the board wait to form statute regarding reciprocity until the next meeting to have Mr. Todd Araujo, one of the Division's attorneys available to guide the board in defining the differences between licensed and certified appraisers. The Board will create questions to have for Mr. Araujo such as:

1. Do we have to be required to lower our licensing standards
2. How do you honor the fact that Alaska has certified versus licensing which is a higher standard? Do we create a second licensing tier, and if so, how is that possible. Do we also have to create a second tier for in-state license holders if we are creating a second tier for out-of-state appraisers coming into our state to keep the licensing types equal
3. What is the difference between a certified appraiser and a licensed appraiser and how do you handle the difference in the state
4. Do we have to lower the standards and to what extent

Ms. Rulien will also forward these general questions to Neal Fenochietti.

Upon a motion duly made by Mr. Picard, seconded by Ms. Heath and approved unanimously, it was:

RESOLVED to amend 12 AAC 70.125 (a) by adding section (4) All qualifying education must be completed within the five (5) year period prior to the date of submission of a Trainee Appraiser application.

Upon a motion duly made by Mr. Picard, seconded by Ms. Rulien and approved unanimously, it was:

RESOLVED to amend 12 AAC 70.125 (c) by adding section (3) Appraisers must successfully complete the 7-Hour National USPAP Update Course, or its equivalent, every two calendar years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB. The equivalent of fourteen class hours of instruction in courses or seminars for each year during the period preceding the renewal is required. For example, a two-year continuing education cycle would require twenty-eight hours. The class hour requirement can be fulfilled at any time during the cycle.

Upon a motion duly made by Mr. Picard, seconded by Mr. Lentfer and approved unanimously, it was:

RESOLVED to amend 12 AAC 70.125 by adding section (e) Trainee Appraisers shall be required to complete a course that, at minimum, complies with the specifications for course content established by the AQB, which is specifically oriented to the requirements and responsibilities of Supervisor Appraisers and Trainee Appraisers. The course must be completed by the Trainee Appraiser prior to obtaining a Trainee

Appraiser credential from the individual credentialing jurisdiction. Further, the Trainee Appraiser course is not eligible towards the 75 hours of qualifying education required.

Upon a motion duly made by Mr. Lentfer, seconded by Ms. Rulien and approved unanimously, it was:

RESOLVED to amend 12 AAC 70.210 (c) (3) by removing 'Review' and replacing it with 'Approval'.

Upon a motion duly made by Mr. Lentfer, seconded by Ms. Heath and approved unanimously, it was:

RESOLVED to amend 12 AAC 70.215 (c) (3) by adding 'distance education' at the beginning of the subsection and removing 'Review' and replacing it with 'Approval'.

Agenda Item 4 – Form Response to ASC Preliminary Findings

Ms. Rulien would like to hold off on forming the response to the Subcommittee until the meeting minutes are done and is able to form a complete response. Once she has written the response, she will forward it to board members for any changes and ask that they reply in a timely manner to ensure that she is able to get it to the Appraisal Subcommittee before their 60 day timeline.

The Board has set their next meeting for October 2-3, 2013 in Anchorage, Alaska.

There being no further board business, the meeting adjourned at 2:10 pm

Respectfully Submitted:

Alysha Hernandez, Licensing Examiner

Approved:

_ /s/ _____
David Derry, Board Chair

Date: October 9, 2014