

Department of Commerce, Community
and Economic Development

Division of Corporations, Business
and Professional Licensing

Real Estate Commission

Annual Report

Fiscal Year 2022



Department of Commerce, Community and Economic Development
Division of Corporations, Business and Professional Licensing
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Real Estate Commission
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Identification of the Board

Board Member	Duty Station	Date Appointed	Term Expires
Cheryl Markwood Chairperson, Broker/Broker At Large	Fairbanks	Mar 1, 2019	Mar 1, 2023
Traci Heaton Associate Broker, 1st Judicial District	Juneau	Mar 1, 2021	Mar 1, 2025
Elizabeth Schok Associate Broker, 4th Judicial District	Fairbanks	Mar 1, 2021	Mar 1, 2025
Chad Stigen Associate Broker, Broker At Large	Palmer	Jun 30, 2021	Mar 1, 2025
Devon Doran Broker, 3rd Judicial District	Wasilla	Oct 22, 2021	Mar 1, 2025
Jaime Matthews Vice Chairperson, Public Member	GlennAllen	Mar 1, 2019	Mar 1, 2023
Jesse Sumner Public Member	Wasilla	Mar 1, 2019	Mar 1, 2023

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Identification of Staff

Jun Maiquis - Regulation Specialist II

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P.O. Box 110806
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(907) 465-2550

Marilyn Zimmerman - Paralegal II

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Nancy Harris - Executive Administrator

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550 West 7th Avenue, Suite 1500
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Vacant - Project Assistant

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Ann Gabriel - Investigator

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Identification of Staff (continued)

Erika Prieksat - Senior Investigator

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550 West 7th Avenue, Suite 1500
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(907) 269-8124

Greg Francois - Chief Investigator

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Narrative Statement

The mission of the Alaska Real Estate Commission is to protect the public interest by licensing practitioners and enforcing the established standards, to promote professional excellence in the real estate industry, and to support and encourage licensees.

The Alaska Real Estate Commission consists of 7 members who were appointed by the Governor and approved by the Legislature; of the 7 members, 5 are real estate brokers or associate brokers licensed in AK for at least 3 years, and 2 public members. The industry members represent each judicial district and one Broker At-Large.

Nancy Harris was appointed as the Executive Administrator for the Real Estate Commission on October 28, 2021. While staff shortages and employment changes though out the Division have significantly affected the work load of our staff, and a licensing renewal year for the Commission, Ms. Harris has worked hard to accomplish the needed requirements for a seem-less licensing renewal cycle. The Commission has also received a high volume of office changes, and initial applications which have resulted in larger than normal wait times.

Anna Gabriel joined the Division on October 26, 2021 as the investigator for the Real Estate Commission and has done an outstanding job familiarizing herself with cases, keeping up with complaints, as well as working through prior cases that are in progress.

The Commission has continued to be ambitious in fulfilling its goals on their strategic plan and continues to focus on providing better information to licensees and the public through the website. The Commission continues to create committees to review, produce and provide best practices on important industry topics.

The Real Estate Commission accomplishments during FY 2022 include:

- Completed the revision and update of regulations regarding examination, licensure, removal of outdated text, continuing education, virtual courses and instructor approval. This regulation project was effective September 9, 2021.
- Completed the revision and update of the State of Alaska Residential Real Property Transfer Disclosure Statement and adopted those revisions in December 2021. This form was last revised in 2008.
- Created and proposed Temporary Military Courtesy License regulations as required by SB21. This regulation will allow for the expedited licensing for active duty military personnel and their spouses as required per 12 AAC 64.420(c).
- Approved the Designated Continuing Education (DCE) topics for the next licensing period 2022-2024.
- Approved the recommendation of the DCE Guideline Committee for the 2022-2024 DCE guidelines education topics. This will allow the course sponsors to develop/create courses within the guidelines of each topic.
- Created a Teams Disclosure Committee to work on updating the Consumer Disclosure and Waiver of Right to be Represented. The Commission approved the request of the committee to expand its scope to include issues related to team education, advertising, supervision, broker's role and consumer protection.
- Continues to update their strategic plan for FY2023.
- Maintained a Recovery Fund balance above the minimum required (per AS 08.88.455) of \$250,000, yet under the maximum of \$500,000. The balance as of end of 6/30/2022 is \$295,915.
- Conducted 6 REC Zoom/Teleconference meetings. The Property Management Committee had 1 Zoom / Teleconference meeting and the Team Disclosure Committee had 2 Zoom/Teleconferences and 1 in person meeting. We will continue to use the Zoom platform for as many meetings as practicable. The Commission is requesting one in-person meeting (if possible under the current circumstances) for the next meeting in September.

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Budget Recommendations for FY 2023

Budget Recommendations section anticipates the board's fiscal priorities for the upcoming year. Please complete all parts of this section with details about anticipated meetings, conferences, memberships, supplies, equipment, to other board requests. Meeting expenses that are being funded through third-party reimbursement or direct booking must be identified separately from expenses paid through license fees (receipt-supported services or RSS). Be sure to explain any items listed as "other" so they may be tracked appropriately.

Board Meeting Date	Location	# Board	# Staff
September 8, 2022	Anchorage	7	2
<input type="checkbox"/> Airfare:			\$ 1,000.00
<input type="checkbox"/> Hotel:			\$ 900.00
<input type="checkbox"/> Ground:			\$ 200.00
<input type="checkbox"/> Other:			\$ 725.00
Total Estimated Cost:			\$ 2,825.00

Travel Required to Perform Examinations

Not Applicable

Date	Location	# Board	# Staff

Description of meeting and its role in supporting the mission of the Board:

- Airfare:
- Hotel:
- Ground:
- Conference:
- Other:

Total Estimated Cost: \$ 0.00

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Budget Recommendations for FY 2023 (continued)

Out-of-State Meetings and Additional In-State Travel (Rank in order of importance)

#1 Rank in Importance or Not Applicable

Date	Location	# Board	# Staff
August 29, 2022	Nashville, TN	0	2

Description of meeting and its role in supporting the mission of the Board:

2022 Annual ARELLO Conference. One staff member to attend the Association of Real Estate License Law Officials (ARELLO) annual conference. Attending this conference would allow for the staff member that attends, to bring back to the REC information regarding current trends and issues in the real estate industry in the US and CAN. This information would provide the REC with concepts on how other jurisdictions are handling those issues through regulation, education, and licensing.

Expenditure	License Fees (RSS)	Third-Party Reimbursement	Third-Party Direct Booked	Total
<input checked="" type="checkbox"/> Airfare:	\$2,000.00			\$2,000.00
<input checked="" type="checkbox"/> Hotel:	\$1,500.00			\$1,500.00
<input checked="" type="checkbox"/> Ground:	\$80.00			\$80.00
<input checked="" type="checkbox"/> Conference:	\$1,260.00			\$1,260.00
<input checked="" type="checkbox"/> Other	\$430.00			\$430.00
Describe "Other" (break out all sections): MI&E				
Net Total:	\$ 5,270.00	\$ 0.00	\$ 0.00	\$ 5,270.00

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Budget Recommendations for FY 2023 (continued)

Out-of-State Meetings and Additional In-State Travel

#2 Rank in Importance

Date	Location	# Board	# Staff
November 1, 2022	Raleigh, NC	0	2

Description of meeting and its role in supporting the mission of the Board:

2022 ARELLO Regulatory Investigations Seminar. This event gathers all real estate investigators and auditors to discuss current trends in real estate, real estate issues, and investigative skills (how conduct interviews, report writing, etc.). It also provides an opportunity to learn and share valuable information about current issues and discovering solutions for investigators.

Expenditure	License Fees (RSS)	Third-Party Reimbursement	Third-Party Direct Booked	Total
<input type="checkbox"/> Airfare:	\$1,500.00			\$1,500.00
<input type="checkbox"/> Hotel:	\$2,000.00			\$2,000.00
<input type="checkbox"/> Ground:	\$100.00			\$100.00
<input type="checkbox"/> Conference:	\$1,800.00			\$1,800.00
<input type="checkbox"/> Other	\$600.00			\$600.00
Describe "Other" (break out all sections): MI&E				
Net Total:	\$ 6,000.00	\$ 0.00	\$ 0.00	\$ 6,000.00

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Budget Recommendations for FY 2023 (continued)

Non-Travel Budget Requests

- Not Applicable Resources Examinations
 Membership Training Other

Product or Service	Provider	Cost Per Event
Association of Real Estate License Law Officials (ARELLO)	ARELLO	\$780.00

Description of item and its role in supporting the mission of the Board:

Membership to ARELLO offers the REC access to a nationwide disciplinary database. It also provides access to education, investigation information, and licensing resources.

Non-Travel Budget Requests

- Not Applicable Resources Examinations
 Membership Training Other

Product or Service	Provider	Cost Per Event
Instructor Development/Train the Trainer Workshop	TBD	\$5,000.00

Description of item and its role in supporting the mission of the Board:

An 8-hour Instructor Development/Train the Trainer Workshop, specifically tailored to meet the requirements of beginning (or fairly new) real estate instructors.

Non-Travel Budget Requests

- Not Applicable Resources Examinations
 Membership Training Other

Product or Service	Provider	Cost Per Event

Description of item and its role in supporting the mission of the Board:

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Budget Recommendations for FY 2023 (continued)

Other Items with a Fiscal Impact

Not Applicable

Cost Per Event:

Number of Events:

Product or Service	Provider	Cost Per Event

Description of item and its role in supporting the mission of the Board:

Summary of FY 2023 Fiscal Requests

Board Meetings and Teleconferences:	\$2,825.00
Travel for Exams:	\$0.00
Out-of-State and Additional In-State Travel:	\$11,270.00
Dues, Memberships, Resources, Training:	\$5,780.00
Total Potential Third-Party Offsets:	\$ 0.00
Other:	\$0.00
Total Requested:	\$19,875.00

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Legislative Recommendations - Proposed Legislation for FY 2023

No Recommendations

The Board has no recommendations for proposed legislation at this time.

Recommendations

The Board has the following recommendations for proposed legislation:

Regulation Recommendations - Proposed Regulations for FY 2023

No Recommendations

The Board has no recommendations for proposed regulations at this time.

Recommendations

The Board has the following recommendations for proposed regulations:

As a part of the Commission's 2021/2022 Strategic Plan, the Commission identified the following recommended changes in anticipation of updating the Residential Real Property Transfer Disclosure Statement:

12 AAC 64.930(a) Property Transfer Disclosure Form

This regulation will revise the form titled Residential Real Property Transfer Disclosure Statement.

12 AAC 64.066 - Temporary Military Courtesy Licenses

This regulation will allow for an expedited licensing pathway for those in the military and their spouses.

12 AAC 64.118- Consumer Disclosure form

This regulation will revise the form to include teams.

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Goals and Objectives

Part I

FY 2022's goals and objectives and how they were met:

- **With agreement of the appropriate departments, upload informational videos done by appropriate personnel on: a) how to file a complaint against a licensee and its process, and b) if a complaint is filed against a licensee what the process is for that licensee.**
Due to Staff turnover and shortage, the current Commission staff will continue to work with the Commission and investigation team in accomplishing this goal over the next fiscal year.
- **Provide best practices white papers on various topics, as deemed appropriate, on the Commission website as approved by the Commission.**
Several best practice documents have been approved and posted on the Commission website. As additional topics arise, Commission members and staff will work together to draft best practices accordingly and post them on the Commission website.
- **Provide to the Commission for consideration, what the Commission should have jurisdiction over in property management (i.e., financial responsibilities of the property owner or property manager). Then, provide next steps should the Commission agree to move forward with recommendations.**
A Property Management Committee was created in December 2019, and has been working on addressing best practices within the property management industry, as well as looking to see if any regulation changes are necessary. The Committee has already drafted several best practices documents that have been approved by the Commission & posted to the Commission website under a newly created "Property Management Resources" link. The Committee will continue to address any additional best practice topics over the next fiscal year.
- **Provide a list of property management FAQs (frequently asked questions) for both licensed property managers and property owners, to review to put on the Commission website.**
This goal is being addressed through the Property Management Committee.
- **Refine and rework current processes, to increase the speed of actions to keep outside licensees or non-licensees from transacting business for which an Alaska real estate license or broker's license is required. Then, provide this information on the Commission website.**
The Commission, with the aid of the investigations team, has been able to address this item through proper training on how to handle these matters when they are reported, and ensuring these cases are processed efficiently and timely. The former backlog of unlicensed practice cases was resolved, and the processes moving forward have been streamlined.

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Goals and Objectives (continued)

Part I (continued)

FY 2022's goals and objectives and how they were met:

- **LongTerm Goal: Assist staff to clear up the following issues:**

- How "inactive status" is logged/started and the notification to the affected licensee;
- How required education, for those who apply for license by endorsement, is defined and verified;
- Define and simplify the criteria for getting or upgrading an Alaska real estate license.

This goal is in process and ongoing. Due to the multifaceted nature of this goal, some of which may require regulation changes or coordination with other sections within the Division, this goal will take considerable time and remains a longterm goal of the Commission.

- **LongTerm Goal: Review all regulations and propose one major regulation change (clean up) which bring regulations into the 21st century.**

Regulations were reviewed, revisions proposed and regulation project was completed and effective September 9, 2021.

- **Review & revamp the State of Alaska Residential Real Property Transfer Disclosure Statement.**

The Commission completed the review and update of the SOA Residential Real Property Transfer Disclosure Statement December 2021.

- **Review upcoming licensing renewal cycle fee adjustment, as to conform with the recovery fund balance.**

The Commission made no fee adjustment prior to renewals due to time constraints. The Commission did approve the Division's recommendation of a fee adjustment in March 2022 with no adjustment to the Recovery Fund fee necessary at that time.

- **Review and make recommendations regarding DCE Education Topics for the next renewal cycle.**

The Commission approved the DCE Education Topics for 2022-2024 at the September 2021 REC meeting. Situational Ethics-2 hours, Property Disclosures & Inspections-1hour, Contract & Real Estate Licensing Law-2 hours, Prohibited Conduct-1hour, Advertising & Social Media-1 hour, and Licensee Relationship-1 hour.

- **Create and propose regulations as required per SB21 to allow for a Military Courtesy License for all license types: Salesperson, Associate Broker and Broker.**

The Commission created, reviewed and approved the proposed regulations to out for public comment at their December 2021 REC meeting.

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Goals and Objectives (continued)

Part I (continued)

FY 2022's goals and objectives and how they were met:

- **Create guidelines for the 2022-2024 DCE education topics to help course instructors know what the Commission would like the focus of those topics to be.**

The DCE Guidelines committee made a recommendation and the Commission approved the Guidelines for the DCE Education Topics for 2022-2024 through an OnBoard Board Ballot in May 2022.

- **Define minimum standards, based on what other jurisdictions have successfully implemented for team advertising. To include:**
 - Define requirements to include brokerage information, minimum size, etc.
 - Review, make recommendation if necessary, and provide a draft of the Consumer Disclosure form regarding teams
 - Review, make recommendations if necessary, and draft regulation changes

Expand the scope to include team education, advertising, supervision, brokers role, and consumer protection. Provide FAQ's (Frequently Asked Questions) to be approved by the Commission and then placed on REC website.

The Team Disclosure Committee recommended, and approved by the Commission, Best Practices to include team education, advertising, supervision, brokers role, and consumer protection to be placed on the REC website and made revisions to the Consumer Disclosure form 12 AAC 64.118, page 2, with regards to team to start through the regulation process.

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Goals and Objectives (continued)

Part II

FY 2023's goals and objectives, and proposed methods to achieve them.

Describe any strengths, weaknesses, opportunities, threats and required resources:

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Goals and Objectives (continued)

Part II

FY 2023's goals and objectives, and proposed methods to achieve them.

Describe any strengths, weaknesses, opportunities, threats and required resources:

- **Long-Term Goal: Assist staff to clear up the following issues:**

- **How "inactive status" is logged/started and the notification to the affected licensee;**
- **How required education, for those who apply for license by endorsement, is defined and verified;**
- **Define and simplify the criteria for getting or upgrading an Alaska real estate license.**

This goal is in process and ongoing. Due to the multi faceted nature of this goal, some of which may require regulation changes or coordination with other sections within the Division, this goal will take considerable time and continues to remain a long term goal of the Commission.

- **Review and propose changes to the regulation 12 AAC 64.500(n) and form, regarding the request for CE credit for courses that are not approved by Commission staff.**
- **Propose changes to the regulation 12 AAC 64.118, Consumer Disclosure with regards to teams.**
- **Identify and draft revisions for outdated or ineffective regulations by September 30, 2022 per the Governor's Administrative Order #335.**

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Sunset Audit Recommendations

Date of Last Legislative Audit: 06/15/2017

Board Sunset Date: 06/30/2026

Audit Recommendation:

The audit recommends the DCPBL Chief Investigator continue to improve oversight to ensure cases are actively investigated and completed timely.

Action Taken:

The Chief Investigator has new procedures in place to ensure that the timeliness of cases, complaints, and in-take matters are addressed through quarterly reporting.

Next Steps:

Continue monitoring cases in quarterly reports from the Investigator to the Real Estate Commission at their quarterly meetings.

Completed: No Yes

If yes, date completed: