

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

**MINUTES OF TELEPHONIC MEETING  
December 11, 2014**

By the authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled teleconference of the Board of Certified Real Estate Appraisers was held December 11, 2014 at the State Office Building, 330 Willoughby Avenue, 9<sup>th</sup> Floor, Conference Room A, Juneau, Alaska.

**Call to Order/Roll Call**

The meeting was called to order at 9:11 am by David Derry, Chair.

Those present, constituting a quorum of the Board:

David Derry, Chair, Licensed General Real Estate Appraiser  
Alfred Ferrara, Licensed General Real Estate Appraiser  
Lance Cook, Licensed Residential Real Estate Appraiser  
Renee Piszczek, Mortgage Lending Member

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

Karen Hudson, Records and Licensing Supervisor

In attendance from the Department of Law:

Todd Araujo, Assistant Attorney General

As a housekeeping matter, Chairman Derry noted that the appointment dates contained on the Board roster were incorrect. Karen Hudson will correct the roster.

**Agenda Item #1 – Review Agenda**

Chairman Derry had additions to the agenda, adding two matters to board correspondence for review. Chairman Derry added a staffing update and noted he had several other items penciled in on his agenda.

**Upon a motion duly made by Mr. Ferrara, seconded by Renee Piszczek, and approved unanimously, it was:**

**RESOLVED to approve the agenda as updated.**

**Agenda Item #2 – Review/Approve Minutes**

Chairman Derry noted several changes in the minutes from the October 9, 2014 meeting. The meeting was a regular meeting, not a teleconference. On page 5, agenda item #2, Chairman Derry noted and Fred Ferrara confirmed the minutes approved were from a June 2013 meeting, not a 2014 meeting. The board approved the agenda as corrected.

**Upon a motion duly made by Mr. Ferrara, seconded by Renee Piszczek, and approved unanimously, it was:**

**RESOLVED to approve the October 9, 2014 minutes as corrected.**

**Agenda Item #3 – Review / Discuss Draft Regulation**

Chairman Derry thanked Todd Araujo for his work on draft regulations. Mr. Araujo noted that the Department of Law is normally not involved this early in the process but there is a need for speed going forward and proposed he is comfortable going through each section and addressing why a change was made and going into greater detail if needed.

Mr. Araujo explained that the state has certain requirements to come into compliance under the Dodd Frank amendments promulgated by Congress several years ago, and there has been phase-in approach to accommodate states that cannot make the required changes overnight. The changes being made with these regulations bring the state into compliance with certain items but there will be other items going forward as other requirements are phased in – in 2017 and along the way. Those will be addressed at that time and as needed.

Chairman Derry concurred that this was a good approach, noting that some of the requirements were still in the process of being refined and the timelines on some things were still not known.

**12 AAC 70.100 – Application for General Real Estate Appraiser.**

Mr. Araujo described changes in this section as cosmetic ones that would allow the board to build in requirements that had been pushed back - such as background checks and fingerprinting.

Chairman Derry noted the AQB had postponed the effective date for background checks and fingerprinting until 1/1/17 and that the future of that may be in flux as there is some pushback on that requirement.

Mr. Araujo emphasized that the requirement is for new applicants and it is recommended that the board consider this for renewals as well, but it is up to each board.

**Upon a motion duly made by Mr. Ferrara, seconded by Lance Cook, and approved unanimously by roll call, it was:**

**RESOLVED to adopt 12 AAC 70.100 as written.**

12 AAC 70.105 – Residential Real Estate Appraiser Application

Mr. Araujo noted this section was modified in a similar fashion to the prior section, largely formatting and rearrangement in order to have consistency, the changes are cosmetic in order to build in background checks and fingerprinting going forward. The board discussed inclusion of the language “on a form provided by the department” to keep the language consistent.

**Upon a primary motion duly made by Mr. Ferrara, seconded by Renee Piszczek, and a secondary motion made by Mr. Ferrara and seconded by Lance Cook , and approved unanimously by roll call, the board:**

**RESOLVED to adopt the proposed changes to 12 AAC 70.105, with the addition of “on a form provided by the department.”**

12 AAC 70.106 – Application for General or Residential Appraiser by Reciprocity

Mr. Araujo noted this was one of the most critical provisions needing to be addressed by the board. A year ago, Senate Bill 129 was passed which modified the appraiser statute to allow for this reciprocal language. 12 AAC 70.106 is the regulation that gives life to the statutory change. The new section provides the mechanism for appraisers who are licensed outside the state for reciprocal licensure in Alaska.

**Upon a motion duly made by Mr. Ferrara, seconded by Lance Cook , and approved unanimously by roll call, the board:**

**RESOLVED to adopt 12 AAC 70.106, as written.**

12 AAC 70.107 – Residential Real Estate Appraiser by Exam

Mr. Araujo confirmed these were revisions to format.

**Upon a motion duly made by Mr. Ferrara, seconded by Ms. Szymoniak, and approved unanimously by roll call, it was:**

**Resolved to adopt 12 AAC 70.107 as written.**

12 AAC 70.115(a) and (c) – regarding classroom hours for general and residential real estate appraisers

**Upon a motion duly made by Mr. Ferrara, seconded by Mr. Cook, and approved unanimously by roll call, it was:**

**Resolved to adopt 12 AAC 70.115(a) and (c) as written.**

12 AAC 70.120 – Application for Certification by Endorsement

Mr. Ferrara asked about the regulation permitting someone to have the equivalent of a degree and the new requirement that there be a degree rather than equivalent, asking if this was a federal requirement.

Chairman Derry and AAG Araujo confirmed that the requirement for a [bachelor's] degree is a federal requirement. Mr. Araujo acknowledged that it had been possible to obtain education through either a degree or through the accumulation of continuing education credit but the new requirement is a bachelor's degree or higher. He noted that is consistent with 12 AAC 70.115(a) and (c), so the other avenue is no longer available.

Mr. Araujo further clarified that the state had no reciprocal provision – by name – although in practice that is what effectively this provision was. However, the previous board had drawn a distinction between reciprocal licensing and the endorsement provision, wanting to preserve this avenue so the board, while required to grant reciprocity to someone from a reciprocal state with the requisite certification, would have flexibility to allow others to be licensed who may check certain boxes although they don't qualify for reciprocity even though they satisfy other requirements. This provision would allow them to gain licensure nonetheless. Mr. Araujo gave the example of an applicant applying who is licensed in a state that is not in compliance but who otherwise meets all requirements, it allows the board to grant licensure.

Board members discussed situations in which this provision may be utilized, as well as questions of risk of litigation. Mr. Araujo noted that any time there is a denial there is risk of an aggrieved applicant raising an issue but that there was no additional exposure inherent in the regulation and it is already codified in statute.

Mr. Ferrara raised the issue of applicants who are currently trainees and have taken courses, passed exams and put in applications for licensing, been appraising, but they don't have the college degree just the requisite experience and background – he asked if this section would allow the board to license the applicants.

Mr. Araujo responded that there may be some ability for the board to allow that to happen by the statutory language that is in place and noted that the board has considerable discretion relative to licensure under this particular avenue. In response to a question from Chairman Derry about the impact of not adopting the regulation, Mr. Araujo noted that the regulation is codified in statute and there is nothing to stop a potential applicant from applying under the statute. He continued that the regulation doesn't do anything more than what the statute does.

Board members discussed trainees in the position of nearing the completion of their training and being in a position of not having a degree, and having the flexibility to give them licensure.

**Upon a motion duly made by Mr. Ferrara, seconded by Ms. Piszczek, and approved unanimously by roll call, it was:**

**Resolved to adopt 12 AAC 70.120 as written.**

Upon the suggestion of Chairman Derry, the board reviewed 12 AAC 70.935 before the provisions relating to appraisal trainer and supervisory trainer.

#### 12 AAC 70.935 Supervision of Trainee Appraisers

Mr. Araujo noted this is a new section required by the Appraisal Subcommittee. He stated that to the extent that the board authorizes trainee appraisers, it has to have a corollary regime for supervision, and previous regulations had been lacking so this brings regulations into compliance.

Chairman Derry noted a seeming redundancy and also questioned the language requiring an appraisal log to be jointly maintained by both the supervisor and the trainee. Board members discussed the possible reason for the joint maintenance of a log.

Mr. Araujo responded that he had captured language from the ASC guidelines and had reviewed what other states had included in language as well. He noted that this is the minimum that the ASC requires.

To Chairman Derry's inquiry regarding appraisal training not being allowed, Mr. Araujo confirmed it was an AQB requirement, and that he had taken no creative liberties in his drafting of these regulations.

**Upon a motion duly made by Mr. Cook, seconded by Mr. Ferrara, and approved unanimously by roll call, it was:**

**Resolved to adopt 12 AAC 70.935 as written.**

12 AAC 70.125; application for approval as Trainee Appraiser

Chairman Derry noted that there did not appear to be a provision that the trainee license renewal required 14 hours of continuing education credit, which had been addressed in the ASC audit. Board members and AAG Araujo discussed the audit findings and need to include a provision for continuing education.

Mr. Ferrara moved that the following change be made to the proposed regulation: to add a new section as follows: "(c) to renew a registration as a real estate appraiser trainee, the applicant shall (1) submit an application for renewal on a form provided by the department, and (2) provide evidence of satisfactory completion of 14 hours of continuing education credit."

**Upon a motion duly made by Mr. Ferrara, seconded by Ms. Piszczek, and approved unanimously by roll call, it was:**

**Resolved to adopt 12 AAC 70.125 as amended.**

Board members briefly discussed putting additional language regarding background check requirement but did not amend further. AAG Araujo was requested to notify the board if the 14 hours of continuing education was not found to be the correct requirement.

12 AAC 70.126; application for approval as Supervisory Appraiser

Chairman Derry asked if the provision requiring personal identification information is required, since they are already certified, commenting that he is thinking in terms of staff time handling another piece of paper. Mr. Araujo indicated it is not required per se but keeps the application in conformance with other applications.

**Upon a motion duly made by Mr. Cook, seconded by Ms. Piszczek, and approved unanimously by roll call, it was:**

**Resolved to adopt 12 AAC 70.126 as written.**

12 AAC 70.140(e) – Repeal of a Provision

Chairman Derry noted that .140(e) was a provision not allowed under the Appraisal Qualifications Board.

**Upon a motion duly made by Mr. Cook, seconded by Mr. Ferrara, and approved unanimously by roll call, it was:**

**Resolved to repeal 12 AAC 70.140(e).**

12 AAC 70.210(c)(3) - in reference to the AQB approval program

**Upon a motion duly made by Mr. Ferrara, seconded by Ms. Piszczek, and approved unanimously by roll call, it was:**

**Resolved to adopt 12 AAC 70.210(c)(3) as written.**

12 AAC 70.210(e) - in reference to distance education

**Upon a motion duly made by Mr. Cook, seconded by Mr. Ferrara, and approved unanimously by roll call, it was:**

**Resolved to adopt 12 AAC 70.210(e) as written.**

12 AAC 70.215(b)(1) - repeal

**Upon a motion duly made by Ms. Piszczek, seconded by Mr. Cook, and approved unanimously by roll call, it was:**

**Resolved to repeal 12 AAC 70.215(b)(1).**

12 AAC 70.215(c)(3) - in reference to distance education

**Upon a motion duly made by Mr. Ferrara, seconded by Mr. Cook, and approved unanimously by roll call, it was:**

**Resolved to adopt 12 AAC 70.215(c)(3) as written.**

12 AAC 70.215(c)(4) - repeal

**Upon a motion duly made by Mr. Cook, seconded by Mr. Ferrara, and approved unanimously by roll call, it was:**

**Resolved to repeal 12 AAC 70.215(c)(4).**

Board members briefly discussed the repeal of this section, which was confirmed by Mr. Araujo as a provision that is no longer allowable by the ASC. Chairman Derry noted that he wanted to discuss a way to streamline course approvals for anything already having AQB and IDECC distance education approval and would raise the topic again under the next section.

12 AAC 70.220(e). Continuing Education.

Chairman Derry proposed that the board consider adding language that any course or seminar that has AQB approval and International Distance Education Certification Center (IDECC) approval be streamlined for approval. The previous staff in attendance had misgivings for allowing approval at the discretion of a staffperson, so Chairman Derry proposed that AQB and IDECC approved courses be subject to review and approval by the Chair.

Mr. Ferrara noted that language had been written up and provided previously, under 70.210, that was very specific as to courses approved by the board under .200. The language provided for a simplified application for course approval with the appropriate application fee and approval by the board, and lists particular organizations.

Off record at 10:40 a.m to email language to Board; Reconvene at 10:45 a.m.

Mr. Araujo reviewed the language provided by Mr. Ferrara and Mr. Ferrara explained that the board had wanted to flesh out the process for approval of the board's acceptance of certain courses in a streamlined process. He further explained that the rationale was that most of the courses for primary certification are already submitted to the AQB education review program so if a course is already approved by them it has gone through a costly and

comprehensive examination process and it is just not necessary for the state to put it through another bureaucratic process.

Mr. Araujo inquired if the application form would be provided by the department. Board members and AAG Araujo discussed the use of the word "simplified."

Mr. Araujo advised the Board that it has certain powers and can delegation certain of its powers by resolution, captured in the minutes. He further noted that if it wants to designate its powers [to approve certain applications for continuing education], it can be perhaps more properly handled through a resolution. He added that it is very unusual to designate such a power in a regulation, and confirmed that it would take another regulations project in order to change the designation if it were put into regulation. He confirmed that there would be public notice, significant effort, and cost.

**Upon a motion duly made by Mr. Ferrara, seconded by Mr. Cook, and approved unanimously by roll call, it was:**

**Resolved to approve 12 AAC 70.220(e) as written.**

**Upon a motion duly made by Mr. Ferrara, seconded by Ms. Piszczek, and approved unanimously by roll call, it was:**

**Resolved to further amend 12 AAC 70.210(c) to include the language: "an application provided by the department for course approval is submitted with the appropriate application fee and is adopted by the board."**

Following further discussion by the board:

**Upon a motion duly made by Mr. Ferrara, seconded by Ms. Piszczek, and approved unanimously by roll call, it was:**

**Resolved that the authority to approve applications received by the department under 12 AAC 70.210(c) be granted for the term of the current chairman to that chairman.**

Chairman Derry acknowledged that this concluded the regulations review and thanked AAG Araujo for his work on this project and his attendance at the meeting.

Mr. Araujo confirmed he had one item to look into for the board, and in response to questions regarding the new timeline, confirmed that the next step will be public notice and then a 30-day comment period and a final review with a final review by Steve Weaver

before it goes to the Lt. Governor's office for approval. Chairman Derry instructed Karen Hudson to be sure that board members get a copy of the new regulations.

#### **Agenda Item #4 – Board Correspondence**

Board members reviewed a letter from Aaron Welterlen regarding appraisal issue in Fairbanks. Renee Piszczek discussed a meeting she had attended, and described how builders are upset that builders are building new homes and appraisers are coming in low, not giving new construction / energy efficient homes the boost the builders feel they should have in order to meet payroll. She noted that they'd had this discussion a year or two ago, and afterwards started getting a \$2500-5000 bump, but they are now looking for more. They feel that if appraisers use the Alaska Housing program for energy efficiency they would get a boost. Ms. Piszczek acknowledged it is hard to compare apples with apples when you are looking at a five-star home and the comparable next to it is a 1995 house that may be good construction but not energy efficient.

Mr. Cook surmised that this was not an appraisal issue, but a cost issue. He indicated that the Alaska Housing tool has no market basis, but instead is a conglomeration of utility costs from properties that aren't comparables, so when appraisers adjust comparables based on utility costs from houses that aren't comparables, it doesn't make any sense. He noted that when he has used the tool, and hunted down utility costs for my comparables, the adjustments the tool spat out based on the estimates for my subject property were lower than what I would have made not using the tool. He did not feel that he could defend making adjustments that fit USPAP requirements or defending them to an underwriter.

Mr. Ferrara suggested it does have some application and he has tried using it; however, he thought that the issue may be that appraisers don't have enough to bracket in smaller communities. Anchorage is larger and has plenty of data. But in smaller communities there is not as much data available and not as much activity in the market so not enough buyers to pay that kind of difference. Mr. Cook agreed, noting that in larger markets, people will pay over appraisals.

Chairman Derry posed the question whether underwriters are recognizing the energy efficient items by allowing borrowers to qualify for a mortgage at a higher proportion because they are saving money on energy costs? Ms. Piszczek indicated they are not.

The board discussed the issue further and determined the letter is not an appraisal board issue, but that the board should respond to it. Chairman Derry offered to write a letter of response. Members agreed there was no need to submit to them for review.

Chairman Derry asked the status of the Association of Appraiser Regulatory Officials (AARO) membership, which had been approved to join at the previous board meeting. Karen Hudson indicated she was unaware if this had been completed but will check the status. He further indicated that the board intended for a staff person and a board member to attend the spring conference in Nashville on or around May 1. The attending board member is not yet identified.

Board members confirmed further license application and continuing education applications will be reviewed for mail ballot vote on the 15<sup>th</sup> of each month.

Next meeting date: March 12<sup>th</sup> – teleconference.

**Upon a motion duly made by Mr. Ferrara, seconded by Ms. Piszczek, and approved unanimously by roll call, it was:**

**MOVED TO ADJOURN**

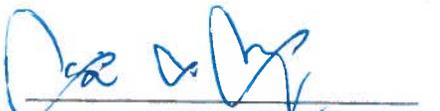
**Adjourn: 12:32 p.m.**

Respectfully Submitted:

  
Karen Hudson  
Records & Licensing Supervisor

Dated: 3/13/15

APPROVED:

  
David Derry  
Chair, Board of  
Certified Real Estate Appraisers

Dated: 3/12/15