

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 THE MEETING

Tuesday, April 14th, 2015

These are DRAFT minutes prepared by the staff of the Division of Corporations, Business and Professional Licensing. These minutes have not been reviewed or approved by the Board.

By 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 at the State Office Building, 333 Willoughby Avenue, Tuesday, April 14th, 2015, beginning at 9:28 a.m. The meeting was held in Conference Room B in Juneau, Alaska.

Agenda Item 3 Call to Order/Roll Call

The meeting was called to order by Chair, David Derry at 9:28 a.m.

Board Members Present, constituting a quorum:

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

Attending from the Division of Corporations, Business and Professional Licensing were:

Karen Hudson, Records and Licensing Supervisor
Dawn Hannasch, Records and Licensing Supervisor
Laura Carrillo, Licensing Examiner
Martha Hewlett, Administrative Officer II

Agenda Item #2 Review Agenda

Time: 9:28 a.m.

Chairman Derry addressed the tentative agenda. Hearing no additions or corrections to the agenda, Chairman Derry approved the agenda as written.

Agenda Item #3 Review/Approve Minutes

Time: 9:29 a.m.

Chairman Derry moved to discuss review of the meeting minutes from March 12th, 2015. At the suggestion of Mr. Derry, the Board reviewed the minutes while Licensing Examiner, Laura Carrillo phoned Jay Paff for his investigative report.

Mr. Derry noted two typos in need of correction; in the first paragraph on page 4, “*nothing*” should be changed to, “*noting*”; and in the sixth paragraph, “*confirmed*” should be changed to, “*conformed*”.

On a motion duly made by Alfred Ferrara, seconded by Renee Piszczek, and approved unanimously, it was:

RESOLVED to approve the meeting minutes as amended.

Agenda Item #4 Ethics Disclosure/Review Ethics

Time: 9:31 a.m.

Board Members had no ethics disclosures.

Agenda Item #5 Investigations Report

Time: 9:34 a.m.

Investigators Jay Paff, Angela Birt, and Robert Kennedy joined the room telephonically at 9:32 a.m.

Investigators Jay Paff, Angela Birt, and Robert Kennedy joined the room telephonically at 9:40 a.m.

Jay Paff presented his investigative report, which included activity from March 2nd, 2015 to April 6th, 2015. There were no open matters available for disclosure.

Mr. Paff also shared with the Board that he had completed the 15-hour USPAP course online, and brought to the Board’s attention that he was unable to attend the Level I Investigator Training course due to a conflict in schedule with a state-sponsored training activity. Chairman Derry shared with the Board and CBPL staff that there is an upcoming one-day USPAP course on April 27th, 2015 in Anchorage, which he encouraged Mr. Paff to attend. Mr. Paff expressed his overall satisfaction in attending the course, as it provided him with the syntax to speak more extensively on appraisal issues.

Agenda Item #6 ASC Update

Time: 9:40 a.m.

Briefly before the investigative report, the Board had moved to discussion on ASC updates, to which Karen Hudson agreed to expound upon. Hearing no further discussion on Agenda #5, Chairman Derry suggested resuming discussion on ASC updates.

Karen Hudson explained that the two-day visit with ASC's Kristi Klamet and Jim Davis was incredibly beneficial in gaining insight as to what needs to be accomplished as the Board/Division continues their efforts to follow AQB recommendations, and comply with federal regulations. Ms. Hudson and Ms. Hannasch expressed that the ASC shared an optimistic sentiment in the Board's/Division's progress, and acknowledged the efforts being made to implement necessary regulation changes.

Among other efforts, Ms. Hudson also informed the board that a clear desk manual with proper policies and procedures was needed to assist the licensing examiner in processing and reviewing applications, and that she had prepared such a manual for this program. Ms. Hudson also brought to the Board's attention the importance of processing courtesy licenses within 5 business days. This was an issue that was identified in the ASC's preliminary findings, and of which internal forms were created by Ms. Carrillo and Ms. Hudson in order to track the processing of such license applications. Ms. Hudson then touched on the issue of background checks, to which new information was promulgated in the 5th exposure draft dated January 1st, 2015, and of which was adopted by the AQB.

Ms. Hudson stated that invoice payments were no longer an issue, as they were being paid on time. Course approval applications were also no longer an issue of concern, although Ms. Hudson noted that internal forms were being updated to clarify course expiration dates. Relating to continuing education, it was also noted that discussion on CAP was planned on the agenda.

Ms. Hudson then briefly discussed license file follow-ups and work-product reviews, stating that the ASC has given the Board 60 days to review these appraisal reports.

Ms. Hudson commented that the ASC expressed an interest in attending/presenting at the Board's upcoming meeting at the end of July in Anchorage.

Hearing no further discussion on ASC updates, Chairman Derry prompted the Board to begin discussion on background checks. Ms. Carrillo informed the Board that a packet insert on background checks was included under Agenda Item #8.

Background Checks

Mr. Ferrara addressed the article on new requirements for background checks, which will take effect January 1st, 2017. Mr. Ferrara's interpretation is that the Board is not being required to adopt new background check processes, but rather have changes made to the

questions on the applications for applicants to self-disclose their criminal history information. Mr. Derry added that on a national level, some lenders are requiring background checks from appraisers, which can be very costly as individual appraisers may be working concurrently with several lenders, each of them requiring a background check. Mr. Cook shared the same concern and expressed that appraisers are having to shoulder these costs. Mr. Ferrara then stated that if/when AMC regulations are implemented, there should be some agreement that AMC's should not require background checks if the state already has background check requirements in place. The Board continued to discuss background checks.

TASK:

Alfred Ferrara and Lance Cook will look into developing regulations in preparation for national background check requirements.

Agenda Item #8 Board Business

Time: 9:57 a.m.

Chairman Derry moved to discussion on Board business.

Board Member Update

Chairman Derry informed the Board that he had been in contact with the Boards and Commissions Office, and that Britt Szymoniak is able to serve on the Board until a replacement member is appointed. Mr. Derry inquired to Mr. Ferrara if he had contacted a potential member from the Builder's Association, and also asked Mr. Cook if he had contacted a potential member from a Native Corporation; neither potential member was contacted. Mr. Derry proposed that a Land Trust member or a member from Valdez may be a good geographical area to represent on the Board.

TASK:

David Derry, Alfred Ferrara, and Lance Cook will contact potential new Board members to replace Ms. Szymoniak's position.

Review Secure Site Protocol

Ms. Carrillo informed the Board that she and Ms. Hudson had created internal forms for verifying receipt and tracking review of appraisal reports. Ms. Carrillo explained that there are separate forms for both the examiner and Board members—each of which serves as verification of receipt and review of the work product. The latter would be posted to the secure site, along with the confidential report for review, which would need to be filled out and sent back to the Division.

Chairman Derry noted to the examiner that when an application is submitted, he does not need to see the application. He advised to only send the work log; after viewing work logs, he will select the work product and assign a reviewer to the work product. The examiner would then contact the licensee for the appraisal report, and the report *and* work product review sheet would then be sent to the reviewer via secure site.

TASK:

Alfred Ferrara will review courtesy reports 1-6 and send the completed review sheets back to Ms. Carrillo.

TASK:

Alfred Ferrara will review courtesy reports 7-11 and send the completed review sheets back to Ms. Carrillo.

Chairman Derry and Ms. Hudson discussed USPAP standards in relation to review sheets.

TASK:

Mr. Derry will look into whether these review sheets comply with USPAP standards.

Review Draft of Work Log

Mr. Derry mentioned he had sent a draft of the Work Log to Ms. Hudson for the licensing staff to review/edit. Ms. Hudson stated she would be speaking with the publications specialist about this.

TASK:

Ms. Hudson or Examiner will speak with the Division's Publications Specialist regarding the Work Log draft.

Clarify Participation Hours for Board Meeting Participation

This has not yet been implemented; Board needs regulatory authority.

April 27th USPAP Course in Anchorage

This was discussed under Agenda Item #5. Chairman Derry inquired if licensing staff would be available to attend, to which Ms. Hannasch declined.

Background Checks.

This was discussed under Agenda Item #5.

Discuss Renewal Fees

Ms. Hudson clarified that renewal fees would not be changing, and that renewal forms would be mailed on by May 1st. Mr. Derry expressed interest in including a letter along with the renewal mail outs, which ideally would disseminate brief information regarding the renewal fees as well as changing requirements for certification, i.e.: bachelor's degree requirement.

TASK:

Mr. Derry will draft a letter to be included with renewals during mail-out.

Discuss Trainee/Supervisory Appraiser Fees

At present, the fee for trainees is \$450.00 and is not expected to change at this time. Ms. Hannasch noted that applying the fee to trainees and not supervisors is appropriate, as it takes the onus of additional fees off supervisors.

Mr. Derry inquired to the Board whether they have noticed if the price of the trainee license has ever deterred individuals from pursuing this licensure. Mr. Ferrara expressed his opinion that there seemed to be no significant advantage of having a trainee license, as it requires hefty fees. Mr. Derry added that it also requires continuing education, and may not be a favorable option. The Board clarified that registration as a trainee is not required in this state.

Agenda Item 9 Regulation Updates

Time: 10:29 a.m.

Chairman Derry noted that there had been no public comment for the regulation changes, and that the Board was now in the position to adopt the changes on record. Chairman Derry inquired to the licensing staff if the ASC had expressed any concern in the Board's regulation changes. Ms. Hudson responded that the ASC wanted the language regarding the requirements to have education and experience completed *before* taking the exam to be unequivocal. Kristi Klamet ultimately gave the impression that, as written, there shouldn't be any confusion as to the clarity of this requirement.

On a motion duly made by Alfred Ferrara, seconded Lance Cook, and approved unanimously, it was:

RESOLVED to adopt the regulations as amended and as included in the Board packet.

Ms. Hudson advised Mr. Derry to sign the, "Order Certifying The Changes to Regulations..." with the date of April 14th, 2015, and to scan the document to Ms. Carrillo as well as place the hardcopy in the mail. Ms. Hudson then briefly discussed the regulation change process, of which has no static time frame.

TASK:

Mr. Derry will send the signed order to Ms. Carrillo via fax, or e-mail, and will also send the hardcopy in the mail.

TASK:

Ms. Carrillo will have the Affidavit of Board Action signed and notarized.

Agenda Item 10 New Business

Time: 10:36 a.m.

Course Approval Program (CAP)

Hearing no further discussion on regulation changes, Chairman Derry moved to discussion on regulatory access to the AQB's CAP. Mr. Ferrara and Mr. Derry discussed potentially high fees for access to CAP, as approval fees are required for initial and subsequent course approval applications.

AMC's

Ms. Carrillo informed the Board that representatives from a REVA, an advocacy trade association for AMC's would be interested in commenting during public comment. Chairman Derry noted that no Board action was required at this time, as regulations regarding AMC's were not yet implemented. No further discussion was needed on this matter.

Laura Carrillo left the room at 10:36 a.m.

Lance Cook left the room telephonically at 10:36 a.m.

Agenda Item 11 Lunch

Time: 10:41 a.m.

Off record at 10:41 a.m.

On record at 1:00 p.m.

Agenda Item 12 Public Comment

Time: 1:01 p.m.

No members from the public were present for public comment.

Agenda Item 13 Administrative Business

Time: 1:02 p.m.

The Board reviewed the task list. Chairman Derry will continue working on the draft of the work log, and will disseminate the document to the rest of the Board members when completed.

Mr. Derry then addressed the October meeting, which the ASC had recommended for the Board to send either one member or two members—this would be decided at the next meeting in July.

Ms. Hudson and Mr. Derry then discussed disciplinary action disclosures during license searches, as Mr. Derry had previously tasked himself with writing a letter to the Director in regards to consent agreements and license action notices.

While waiting for the Budget Report, Chairman Derry moved to set the next meeting date. Ms. Hudson reiterated that the ASC would return during the week of July 27th – 31st, 2015, first to visit Juneau, and then Anchorage to present their preliminary findings and appraisal topics to the Board. Ms. Hudson informed the Board that the ASC would be reviewing investigative files during their next visit as well. The Board decided to set their next meeting date for Friday, July 31st, 2015 in Anchorage.

Agenda Item 14 Budget Report

Time: 1:16 p.m.

Martha Hewlett joined the room at 1:16 p.m.

The Division's Administrative Officer, Martha Hewlett joined the room to present the Budget Report to the Board, which included financials from the 1st-3rd quarters of FY15 that were processed by March 31st, 2015. Ms. Hewlett then confirmed that the Board is in a renewal period, but that significant revenues generated would be seen towards the end of the fiscal year. Ms. Hewlett informed the Board that their total licensing revenues ended at \$41,980 by the 3rd quarter, and briefly explained the breakdown of the Board's direct and indirect expenditures.

Ms. Hewlett then directed the Board's attention to the collocation code breakdown print-outs, and explained that a significant portion of the Board's contractual expenditures of \$25,047 was expended on legal costs, which included investigative, peer review, and regulation overheads. This figure is included in the total direct expenditures, which ended at \$59,451. Ms. Hewlett then informed the Board that their total indirect expenditures of \$15,996 is precisely 3/4's of the Board's indirect expenses for the fiscal year.

David Derry then inquired to Ms. Hewlett what the potential impact would be to the Board's budget after renewal, to which Ms. Hewlett stated that she could possibly estimate the impact based on current license fees and the number of license renewals. Mr. Derry also asked Ms. Hewlett if the same estimates are used to analyze licensing fees. Ms. Hewlett informed the Board that the Operation's Manager, Sara Chambers and the Division's Director, Janey Hovenden would be imminently beginning the fee analyses process for all

programs. Mr. Ferrara added his opinion that with the Board's surplus and legal costs expecting to increase and decrease respectively within the next two years, the renewal fees should be lowered by the subsequent renewal period. Mr. Derry, however, commented that renewal fees may increase for subsequent renewal periods after implementing AMC regulations. Ms. Hudson reiterated that renewal fees would not be changing for this renewal period.

Hearing no further discussion on renewal fees, Ms. Hannasch prompted the Board to begin thinking about the annual report.

TASK:

Ms. Carrillo will e-mail the Board's FY14 Annual Report to all Board members.

David Derry then addressed continuing education hours, to which Ms. Hudson confirmed that the input of course information into the licensing course approval system would be reviewed to ensure accuracy.

Agenda Item 15 Adjourn

Time: 1:31p.m.

On a motion duly made by Alfred Ferrara, seconded Renee Piszczek, and approved unanimously, it was:

RESOLVED to adjourn the meeting at 1:31 p.m.

Respectfully Submitted by:

Laura Carrillo
Licensing Examiner

Approved by:

David Derry, Chair
Alaska State Board of Certified Real Estate Appraisers