

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 TELEPHONIC MEETING

Wednesday, June 1st, 2016

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 teleconference of the Board of Certified Real Estate Appraisers was held at the State Office Building, 333 Willoughby Avenue, Wednesday, June 1st, 2016 beginning at 1:09 p.m. The meeting was held in Conference Room D, Juneau, Alaska.

Agenda Item #1 Call to Order/Roll Call Time: 1:09 p.m.

The meeting was called to order by Chair, David Derry at 1:00 p.m.

Board Members Present, constituting a quorum:

Alfred Ferrara, Certified General Real Estate Appraiser
David Derry, Certified General Real Estate Appraiser (Chair)
Renee Piszcek, Mortgage Banking Executive
Robert Tracy, Certified Residential Real Estate Appraiser

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

Laura Carrillo, Licensing Examiner
Charles Ward, Paralegal

Agenda Item #2 Review Agenda Time: 1:09 p.m.

Chair, Dave Derry moved to reviewing the Board's agenda. Ms. Carrillo commented that two documents were needed to be reviewed under executive session for Agenda Item #6, during which time paralegal, Charles Ward would be in attendance. Mr. Derry inquired to

Ms. Carrillo whether there was a second certificate application to review under Agenda Item #7, Board Business, to which Ms. Carrillo stated she would e-mail the application if it was not posted to the secure site. The Division had been experiencing server issues that have overridden the uploading of various documents. Mr. Derry suggested that Ms. Carrillo send the application during a break so that a vote can be made on record along with the other certificate application, to which Ms. Carrillo agreed.

Agenda Item #3 Review/Approve Minutes Time: 1:12 p.m.

The Board reviewed the minutes from the March 31st, 2016 meeting.

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

RESOLVED to approve the minutes as written.

Agenda Item #4 Ethics Time: 1:13 p.m.

For the purposes of explaining regular item, agenda #4 to the new member, Mr. Derry explained that the ethics portion of the meeting is to allow for a disclosure or report of any ethics violations, whereby the Chair is the Board's designated ethics supervisor who reports violations to the Board. Ms. Carrillo clarified that if a Board member is representing the Board outside of a public noticed meeting, or if there has been an action involving a conflict of interest, these would constitute ethics violations and should be reported to the Chair. There were no ethics disclosures to address.

Agenda Item #5 Investigations Report Time: 1:17 p.m.

Investigator, Jay Paff joined the room at 1:09 p.m.

Investigator, Jay Paff left the room at 1:24 p.m.

Jay Paff joined the Board telephonically to present the investigative report, which included activity from March 14th, 2016 through May 19th, 2016. Mr. Paff informed the Board that the Division had not opened any matters, but had closed one. He thanked Mr. Robert Tracy for assisting in an investigative review.

Mr. Paff then gave a brief update of his experience attending the level one investigator training in St. Louis, MO with Ms. Carrillo. Mr. Paff commented that it was open to Board members, administrators, investigators and attorneys, adding that he was surprised at the number of attorneys represented there. Overall, Mr. Paff was incredibly satisfied with the

lectures provided by Executive Director of the Kentucky Real Estate Appraiser Board, Larry Disney, as well as Tom Lewis, the Deputy Director and Chief Investigator of the North Carolina Appraisal Board. Ms. Carrillo also commented on her satisfactory experience at the training, commenting that she especially appreciated the information on USPAP and policy statements. Ms. Carrillo informed the Board that she plans to compile a desk manual addressing how the Board/Division handles each specific policy statement, and would work with Mr. Paff to gather information on the investigative process. This would be especially helpful during the ASC audits. The Board agreed that this would be helpful.

TASK:

Ms. Carrillo will work on a desk manual addressing how the Board/Division handles each policy statement for the purpose of preparing for the ASC federal audits.

TASK:

Ms. Carrillo will be in contact with Jay Paff to gather materials for the policy statement manual.

Ms. Carrillo then made salient to the Board that during her absence, a courtesy license application was not processed within the required 5 days, and that it may show up as a ding on the next audit, but that the Division has a strict procedure in place to ensure those incidents do not reoccur. The Board appreciated Ms. Carrillo's disclosure, and Mr. Derry commented that his concern was that the courtesy applicant conducted the appraisal prior to having been issued the license. Ms. Carrillo did not believe this was the case.

Agenda Item #6 Disciplinary Proceedings Time: 1:25 p.m.

Paralegal, Charles Ward joined the room at 1:25 p.m.
Paralegal, Charles Ward left the room at 1:24 p.m.

The Division's paralegal, Charles Ward entered the room to discuss two disciplinary proceedings and a reprimand/fine matrix.

On a motion duly made by Alfred Ferrara, seconded by Robert Tracy, and in accordance with AS 44.62.310(c), the Board unanimously moved to enter executive session for the purpose of discussing consent agreements and disciplinary proceedings. Staff, Ms. Carrillo and Paralegal, Charles Ward would be present for discussion.

Off Record at 1:28 p.m.
On Record at 1:57 a.m.

Upon return from executive session, a role call was made and all Board members were present. Mr. Derry clarified for the record that no votes were taken during executive session, but that the Board was ready to vote on two open consent agreements; case# 2016-000038 and case #2016-000039, as well as how to proceed with work products in which appear to be non-compliant with USPAP.

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

RESOLVED to approve the consent agreement for case #2016-00038.

On a motion duly made by Robert Tracy, seconded by Fred Ferrara and approved unanimously, it was:

RESOLVED to approve the consent agreement for case #2016-00039.

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

RESOLVED to approve the referral of USPAP non-compliance work products to the Investigations section.

TASK:

Ms. Carrillo will forward non-compliant USPAP courtesy reports to Investigations for review.

TASK:

Ms. Carrillo will include a procedure for sending USPAP non-compliant reports to investigations in the policy statement manual for the ASC audits.

TASK:

Ms. Carrillo will mail the consent agreement for case #2016-000039 to Mr. Derry for his signature.

Mr. Derry then moved to discussion on fees charged for disciplinary actions as a result of non-compliance in continuing education requirements. The Board referred to the reprimand/fine matrix provided by Charles Ward. Mr. Ferrara commented that there should be a penalty for not participating in a course during the renewal period even if the certificate holder makes up the course later on, to which Mr. Derry agreed. Mr. Derry also commented

that certified appraisers should be held responsible for making sure a course is Board-approved before committing to participation. The Board had, in the past, suspended the fine of \$2,500, however, Mr. Derry proposed levying some monetary amount for continuing education non-compliance. Renee Piszczek referred to the Marital and Family Therapy matrix, in which the fine amount is contingent upon the severity of the offense. Ms. Piszczek suggested a similar protocol for this Board, increasing the fine amount for each subsequent violation. Mr. Ward commented that the Marital and Family Therapy Board situation was somewhat different in that it deals with the falsification of documents. Mr. Ferrara then suggested that the Board could impose a \$100 fine for each credit hour that the certificate holder is deficient in. Mr. Ward replied that the maximum fine amount a Board can charge is \$5,000; if an individual was non-compliant in the required 28 hours, s/he would—in this scenario—be fined \$2,800, which would put the Board over their \$5,000 maximum because the \$2,500 suspended fine would be included. Mr. Ferrara suggested then imposing a \$50.00 fee for each deficient credit hour. Mr. Tracy supported this suggestion, adding that the \$2,500 suspension could be given if the certificate holder complies with the consent agreement. This would keep the Board under the \$5,000 maximum. Mr. Derry was rather in favor of a \$2,500 fine and suspending some set amount. Mr. Tracy commented that the set amount could be contingent on the severity or frequency of the offense (including violating professional standards). Mr. Derry suggested that he or Mr. Ferrara look into what other states are charging their credential holders for violations, or even send a letter to all certificate holders to elicit feedback on the reasonableness of fines charged. The Board will continue discussing this at their next scheduled meeting.

Ms. Carrillo then inquired to the Board whether they had heard of EBAS (Ethics and Boundaries Assessment Services), which is a disciplinary tool that Boards can use to help guide disciplinary actions involving professional standards. The Board commented they would be interested in learning more about EBAS.

TASK:

Ms. Carrillo will e-mail information on EBAS to the Board.

Before Charles Ward left the room, he informed the Board that he had an unresolved continuing education case to discuss again at the subsequent meeting.

TASK:

Ms. Carrillo will remind Mr. Ward to present the unresolved CE case to the Board at the next scheduled meeting.

Agenda Item #7

Board Business

Time: 2:25 p.m.

Hearing nothing further on disciplinary proceedings or fine reprimands, Mr. Derry moved to discussion on reviewing applications.

Certificate Applications

The Board first reviewed a certified residential real estate appraiser application via reciprocity from New York that was submitted by David Rotman.

On a motion duly made by Robert Tracy, seconded by Fred Ferrara and approved unanimously, it was:

RESOLVED to approve the certified residential real estate appraiser application submitted by David Rotman.

Chair, David Derry called for break at 2:27pm for the purpose of allowing Ms. Carrillo to send the other certificate application to the Board via e-mail.

Off record at 2:27pm.

On record at 2:40pm.

The Board returned from break to review a certified general real estate appraiser application via reciprocity from Washington that was submitted by Daniel Tibeau.

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

RESOLVED to approve the certified general real estate appraiser application submitted by Daniel Tibeau.

Continuing Education Applications

There were three batches of continuing education applications to review. Two batches were only needing the review of Mr. Derry as they were AQB-IDECC approved applications, and one batch of non AQB-IDECC was needed to be reviewed by the Board. Mr. Derry commented that the applications were not on the secure site, which may have been a result of the recent server problems. The Board then reviewed the applications for batch 060116, which included courses #15331 and #15332.

On a motion duly made by Fred Ferrara, seconded by Robert Tracy and approved unanimously, it was:

RESOLVED to approve the continuing education application for course #15331, “Advanced Rural Case Studies (A400)”, provided by the American Society of Farm Managers and Rural Appraisers.

On a motion duly made by Fred Ferrara, seconded by Robert Tracy and approved unanimously, it was:

RESOLVED to approve the continuing education application for course #15332, “2016 Annual Conference Sessions” provided by the Appraisal Institute.

TASK:

Ms. Carrillo will e-mail batches 040516A and 060116A and their respective ballots to Mr. Derry.

TASK:

Mr. Derry will complete the continuing education ballots for 041516A and 060116A and send them to Ms. Carrillo.

Position Statements

Hearing nothing further on reviewing continuing education applications, Mr. Derry moved to discussion on position statements. Mr. Ferrara was previously tasked with providing a draft statement on the Board’s position regarding the handling of continuing education consent agreements. As this is still a topic of ongoing discussion, Mr. Ferrara will continue working on the draft and may present a document at the subsequent Board meeting.

TASK:

Mr. Ferrara will continue to work on a position statement regarding disciplinary actions relating to violations of continuing education requirements.

Annual Report

Mr. Derry acknowledged the annual report and will begin working on this.

Agenda Item #9

Budget Report

Time: 3:01 p.m.

Martha Hewlett joined the room at 3:01 p.m.

Martha Hewlett left the room at 3:08 p.m.

Martha Hewlett joined the room telephonically to present the Board's FY1st – 3rd quarter report ending March 31st, 2016. Ms. Hewlett informed the Board that they ended with a total licensing revenue of \$35,390, including \$31,630 personal services and \$10,189 in travel. Ms. Hewlett also informed the Board that their beginning and ending cumulative surplus was at \$198,551 and \$165,372, respectively. Ms. Hewlett also touched on travel and contractual services included in direct expenditures. Ms. Hewlett directed the Board's attention to the 7100 series of the collocation code breakdown for pay determinations based on account name function. It was also added that front desk time/payment allocation is based on transaction counts by program. The Board was informed that the Division was utilizing a new accounting system, IRIS, which has now dropped the 7 in the 7100 series in the collocation code system; 0120's = personal services, 2000's = travel, 3000's = contractual.

Agenda Item #8

Old Business

Time: 3:09 p.m.

Appraisal Management Companies

Hearing nothing further on the budget report, Chair, Dave Derry moved to discussion on old business, beginning with appraisal management companies. Ms. Carrillo commented to the Board that she receives many inquiries as to whether Alaska regulates AMC's, and prompted the Board to respond on their intent on pursuing implementation of AMC regulations. Mr. Derry commented that the Board had not come to a determination as to whether they will be participating, and reiterated that they will have until 2018 to decide/implement regulations. Mr. Derry inquired to Ms. Piszczek as to whether she had heard from Paige Hodson regarding this issue, as it was previously tasked that they would research AMC regulations as a "study group". Ms. Piszczek commented that she had been made aware of institutions using underwriters to the extent that AMC's are shrinking, condensing or are becoming unnecessary. Mr. Derry added that there were some regulation exemptions for AMC's operating under federal financial institutions. Mr. Tracy inquired to the Board whether the study group still planned to meet, to which Mr. Derry stated that he had briefly spoken with Ms. Hodson who had drafted AMC regulations for Alaska. A draft of these regulations were given to the ASC in July of 2015 for their review, however, feedback has yet to be received. Mr. Ferrara reiterated that it is up to the Board whether Alaska will participate in these regulations. Ms. Carrillo reminded Ms. Piszczek to inform her prior of any study group meeting as it is required to be public noticed within 5 days. The Board continued to deliberate on the topic of AMC's.

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

RESOLVED to table the discussion of AMC's until the next scheduled meeting.

Review Work Log

Mr. Derry then moved to discussion on the work verification log.

TASK:

Ms. Carrillo will ask the publications specialist to remove the “summary report” type from all applications including the work verification log.

Agenda Item #11

Administrative Business

Time: 3:20 p.m.

Task List -

The Board reviewed the tasks list from the current and previous meeting. New tasks include:

TASK:

Mr. Derry will contact the Appraisal Institute to gain information as to how other states are dealing with continuing education deficiencies.

TASK:

Mr. Tracy will contact the Alaska Chapter of the Appraisal Institute to gain information as to how other states are dealing with the imposition of fines.

TASK:

Mr. Ferrara will complete work product reviews #'s 1-6.

TASK:

Mr. Tracy will complete the work product review for restricted report #14.

TASK:

Mr. Derry will complete the work product reviews #'s 7-12.

TASK:

Ms. Piszczek will complete the work product review for #13.

Set Meeting dates -

The Board discussed meeting dates and ultimately decided to set their next in-person meeting date for Friday, October 28th, 2016 in Anchorage beginning at 10:00pm. The Board also discussed sending a Board member and staff person to Washington D.C. for the Fall AARO conference. The Board entertained that at least one Board member and staff person should be in attendance. It was proposed that Mr. Tracy and Ms. Carrillo attend the conference.

