

Laura Carrillo, Records and Licensing Supervisor

Janey Hovenden, Division Director

Present from the Public:

Kristi Klamet, Policy Manager, Appraisal Subcommittee

Jenny Tidwell, Policy Manager, Appraisal Subcommittee

Kay Keller, Registered Trainee

Agenda Item #2

Review Agenda

9:01 a.m.

Chair, David Derry, prompted the Board to review the meeting agenda.

Mr. Derry suggested to move the first bullet under Old Business – Regulations Project Update – after the Division Update/Budget Report, as the Board was waiting on their completed fee analysis to consolidate the fee changes to their currently pending regulations project to reduce costs, to which the Board agreed.

Aiko Zaguirre, licensing examiner, also noted that the Appraisal Subcommittee will not be providing their audit recommendations, but will only be providing an update to the Board as they recently changed their procedure. Kristi Klamet, Policy Manager from the Appraisal Subcommittee confirmed this and also added that she will be available if the Board had any questions.

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

RESOLVED to approve the Agenda as amended.

Agenda Item #3

Review/Approve Minutes

9:02 a.m.

Mr. Derry proceeded to the review of the June 9th, 2017 meeting minutes, which the Board approved as written.

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

RESOLVED to approve the meeting minutes as written.

Zaguirre also stated that the examination approval process, including the information regarding examinations from the AQB were included in their meeting packet for reference.

Ms. Zaguirre informed the Board that each time an applicant calls to inquire about applying by examinations, they are always instructed to submit the application first, before taking the examination. This is also indicated in the Board's website under the Frequently Asked Questions (FAQs) link. Mr. Ferrara pondered if this was the first incident wherein an applicant has taken the exam prior to the Board's approval, to which Mr. Derry agreed to. Mr. Derry asked the Board if they would like to discuss the application under executive discussion, however, Mr. Ferrara and Mr. Faulkenburry both stated that it was unnecessary to do so. Mr. Faulkenburry suggested that the instructions page included in the application packet should be amended as it may appear misleading to prospective applicants, to which Mr. Ferrara agreed.

Ms. Keller informed the Board that she had brought samples for them to review during the meeting, however, Mr. Derry explained that as part of the application review process, the Board will be choosing a work product from her submitted work log to be reviewed by the Board's designee. Mr. Ferrara also stated that Ms. Keller may continue working as a registered trainee, so as long as her registration is current. Mr. Derry added that Ms. Keller will be contacted by Ms. Zaguirre after the Board meeting to ask for the chosen work product, and also when her application for certification she has been approved.

After a thorough discussion, the Board has made a decision in regards to Ms. Keller's residential real estate appraiser certificate application.

On a motion duly made by Alfred Ferrara, seconded by Donald Faulkenburry, and approved by a roll call vote, it was:

RESOLVED to approve the residential real estate appraiser certificate application submitted by Kay Keller, pending approval of work product.

Roll Call vote:

| Board Member | Approve | Deny | Recuse | Absent |
|----------------------------|----------------|-------------|---------------|---------------|
| David Derry | X | | | |
| Alfred Ferrara | X | | | |
| Robert Tracy | | | | X |
| Renee Piszczek | X | | | |
| Donald Faulkenburry | X | | | |

Mr. Derry asked Ms. Keller if she had ever inquired about the examination and application process with the Division staff in the past. Ms. Keller responded that she did not, as she only read through the requirements as noted in the instructions page that was part of the application packet. Ms. Keller stated that her supervisor had done the same thing in 2009, wherein he took the exam prior to submitting his application. Ms. Zaguirre reiterated that the new examination process was approved only around 2015, explaining why it would have not applied to her situation. Ms. Keller stated that there was a lot of confusion on the Board's website, and it would have been easier for her to understand if everything was consistent. Mr. Derry asked Ms. Keller to either send him or Ms. Zaguirre an email of any misinformation posted on the website, so that they can be corrected accordingly.

Mr. Faulkenburry asked Ms. Zaguirre if the Board needed to make a motion in order to amend the instructions in the application packet for clarification. Ms. Zaguirre stated that it was not necessary, however, the Board can do that when they discuss the examination process later on.

The next application reviewed by the Board was from Joshua Horan, who was applying to transition from a certified residential to a certified general real estate appraiser. Mr. Derry asked if the Board only needed to approve the applicant to take the exam, to which Ms. Zaguirre agreed.

On a motion duly made by Alfred Ferrara, seconded by Donald Faulkenburry, and approved unanimously by a roll call vote, it was:

RESOLVED to approve the application submitted by Joshua Horan to take the certified general real estate appraiser examination

Roll Call vote:

| Board Member | Approve | Deny | Recuse | Absent |
|----------------------------|----------------|-------------|---------------|---------------|
| David Derry | X | | | |
| Alfred Ferrara | X | | | |
| Robert Tracy | | | | X |
| Renee Piszczek | X | | | |
| Donald Faulkenburry | X | | | |

The next application reviewed was submitted by Nicole Pinsky, who is applying to become a registered trainee. Ms. Zaguirre explained that the application was tabled by one of the members when it was sent for Board review via an email ballot.

Mr. Faulkenburry expressed his concern regarding the application due to the physical separation between the supervisor and the trainee. Mr. Faulkenburry stated that he did not see anything in the application that addressed the issue on the huge distance between the trainee and supervisor. Mr.

Derry commented that Ms. Pinsky’s supervisor, Robert Olchin, does appraisal work in Kenai, Soldotna, and Homer, even though he is a resident of Seward. Mr. Derry added that although physical separation is indeed an issue, he explained that Mr. Olchin is familiar with the Homer area, and does not find it as a hindrance in regards to him being Ms. Pinsky’s supervisor. Mr. Faulkenbury stated that if that was indeed the case, then he does not see any concerns regarding the matter, especially when the supervisor is familiar with the area or the trainee. Mr. Derry added that the lack of Board approved supervisors in smaller towns is unfortunately quite common in Alaska, which was why some trainees such as Ms. Pinsky had no choice but to have a supervisor outside of her area.

On a motion duly made by Donald Faulkenbury, seconded by Alfred Ferrara, and approved unanimously by a roll call vote, it was:

RESOLVED to approve the application submitted by Joshua Horan to take the certified general real estate appraiser examination.

Roll Call vote:

| Board Member | Approve | Deny | Recuse | Absent |
|---------------------------|----------------|-------------|---------------|---------------|
| David Derry | X | | | |
| Alfred Ferrara | X | | | |
| Robert Tracy | | | | X |
| Renee Piszczek | X | | | |
| Donald Faulkenbury | X | | | |

After the reviewing real estate appraiser certification and trainee registration applications, Chairman Derry prompted the Board to proceed to reviewing the continuing education course approval applications from batch 071317. Mr. Derry first asked Ms. Zaguirre if there were any renewal audits to review as noted on the Agenda. Mr. Zaguirre stated that there were none, as she still has not sent out the notices for those who have been randomly selected for audit.

The first continuing education course approval application that the Board reviewed was submitted by the American Society of Farm Managers and Rural Appraisers, which Mr. Derry noted is AQB approved.

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

RESOLVED to approve the course submitted by the American Society of Farm Managers and Rural Appraisers entitled, “Basic Appraisal Procedures (A102),” course #16079.

Roll Call vote:

| Board Member | Approve | Deny | Recuse | Absent |
|----------------------------|----------------|-------------|---------------|---------------|
| David Derry | X | | | |
| Alfred Ferrara | X | | | |
| Robert Tracy | | | | X |
| Renee Piszczek | X | | | |
| Donald Faulkenburry | X | | | |

The next course reviewed was an application for approval submitted by the Alaska Housing Finance Corporation. Mr. Derry noted that the course was previously approved by the Board, as he recalled being the only appraiser who attended it in the past. Ms. Piszczek also took the course when she was in Fairbanks and thought that it was very informative.

On a motion duly made by Donald Faulkenburry, seconded by Alfred Ferrara, and approved unanimously by a roll call vote, it was:

RESOLVED to approve the course submitted by the Alaska Housing Finance Corporation entitled, "Energy Efficiency for Appraisals," course #16080.

Roll Call vote:

| Board Member | Approve | Deny | Recuse | Absent |
|----------------------------|----------------|-------------|---------------|---------------|
| David Derry | X | | | |
| Alfred Ferrara | X | | | |
| Robert Tracy | | | | X |
| Renee Piszczek | X | | | |
| Donald Faulkenburry | X | | | |

Review/Update FAQs

With no further applications to review, the Board proceeded to the review of the current FAQs posted on their website.

Ms. Zaguirre stated that as noted under FAQ #3, if an individual is applying for certification by examination, they would need to submit their application and even their selected work product, prior to being approved to take the national examination. Mr. Faulkenbury and Mr. Ferrara both agreed that the wording on the FAQ #3 should be added to the instructions page that is in the application packet for consistency and clarity for all prospective applicants.

TASK:

The examiner will add the wording from FAQ#3 regarding the examination process to the instructions page in the application packet.

Mr. Derry asked the Board if they would like to add any information to the FAQs, and also asked Ms. Zaguirre if she had received any questions that are not addressed in the FAQs, to which Ms. Zaguirre reported that there were none.

Review/Update Getting Started Document

Ms. Zaguirre noted that the Getting Started Document in the Board packet was not updated as during their previous meeting, Mr. Derry noted that under trainee registration, the Bachelor's degree requirement should be removed. Ms. Zaguirre assured the Board that the getting started document on the website is updated. Mr. Derry clarified that a Bachelor's degree is not required for a trainee registration, which is why those who are looking into becoming certified would use that time to complete their degree in order to qualify.

The Board briefly discussed the changes in regards to the education requirements to become certified as an appraiser. Mr. Derry stated that the Appraisal Foundation has been soliciting comments in regards to changing the education requirements, an issue which, the Board had discussed in the past.

Review Goals and Objectives/Annual Report

With no further discussions regarding the Getting Started Document, the Board proceeded to review their Goals and Objectives. Mr. Derry noted that the Goals and Objectives were part of the Board's FY17 annual report, which as Chair, he is tasked to complete annually. Mr. Derry asked the Board if there is anything that they would like to change or add to the Goals and Objectives, which there were none. The Board expressed their appreciation to the Chair, and were grateful for completing the FY 17 annual report. Ms. Zaguirre reminded Mr. Derry that as Board Chair, he may assign parts of the annual report to other members or to the examiner to distribute the work load.

Agenda Item #6

Investigations Report

9:28 a.m.

July Lam, Investigator, joined the meeting at 9:28 a.m.

July Lam, Investigator, left the meeting at 9:43 a.m.

Jenny Summers, Investigator, joined the meeting at 9:28 a.m.

Jenny Summers, Investigator, left the meeting at 9:43 a.m.

With no other topics to discuss under Board Business, Chairman Derry prompted July Lam, Investigator, to present her report. Ms. Lam first introduced herself, as it was her first time to meet with the Board in person. Ms. Lam also introduced Jenny Summers, a new investigator of the Division, who came to the meeting to observe.

Ms. Lam read the Board's investigative report for the period from April 1, 2017 through July 17, 2017. As noted on the report, there were three (3) matters opened and two (2) matters closed: two (2) of the matters were pending litigation and/or under active investigation. Mr. Derry clarified to all those who are present that all investigative matters are confidential, and should there be any issues that would need the Board's input, a member is contacted by the investigator. Ms. Lam reported that the Board does not get a lot of complaints, and is only receiving an average of four to five complaints per year that move on to an investigative phase.

Mr. Faulkenburry asked Ms. Lam if she could provide the Board a brief summary of the fraud/misrepresentation case indicated in her report, as he thought of that case as a concern as a public member. Ms. Lam responded by stating that that case is a complex case, and added that due to the nature of the statement of the complainant, it was classified as a fraud/misrepresentation case. Ms. Lam, however, clarified that it might change along the way as they investigate the case further. As Mr. Derry explained earlier, Ms. Lam asserted that if there is a need to ask a Board member's opinion, then she will definitely contact them for additional advice.

Mr. Derry asked Ms. Lam if she had already taken the Uniform Standards of Professional Appraisal Practice (USPAP). Ms. Lam stated that she and Ms. Zaguirre had to take a USPAP course online as a prerequisite for an investigative training that they attended back in May in Tampa, Florida sponsored by the Appraisal Foundation. Although informative, Ms. Lam stated that the online USPAP course that she took was not as effective as an in-person course as there was no room for interaction with an instructor and/or a dialogue during the class. Mr. Derry asserted Ms. Lam's opinion in regards to online courses, as it has also been the Board's concern in regards to taking distance or online courses for both initial certification and continuing education. Mr. Derry informed Ms. Lam and Ms. Zaguirre that the Alaska Chapter of Appraisal Institute offers an in-person USPAP course once a year in Anchorage, and encouraged them to take the course, to be paid for by the Board.

Chairman Derry called for a short break.

Off the record at 9:45 a.m.

Back on the record at 10:00 a.m.

After a short break, the Board continued their meeting with their old business.

Review AMC Regulation Recommendations

Chairman Derry noted that included in the meeting packet is an email from Kristi Klamet, Policy Manager from the Appraisal Subcommittee, and also a letter that had already been presented to the Board in their previous meeting from the Real Estate Valuation Advocacy Association (REVAA) regarding Appraisal Management Companies. Mr. Derry also reminded the Board that there is a subcommittee for researching on AMC regulations which consists of Board member Robert Tracy, and Paige Hodson. Ms. Piszczek recalled that the Board previously had assigned Mr. Tracy and Mr. Ferrara to research more on the AMC regulations of the Oregon and Wyoming State Boards, to which Mr. Ferrara affirmed. Ms. Zaguirre added that during the Board's June 9th meeting, Mr. Ferrara had already presented to the Board his findings regarding Wyoming's current AMC regulations. Mr. Derry reported that there are currently forty-five states who regulate AMCs, and Alaska is one of the five states that do not.

Chairman Derry stated that the Board's primary concern at that point would be on whether or not they have statutory authority to implement AMC regulations. Mr. Derry recalled that the Appraisal Institute had previously proposed doing AMC regulations, and also had a regulation prepared and adopted. Mr. Derry added that the AMC regulations prepared by the Appraisal Institute was before the Board had adopted their new statutes which was to give them the authority to enact any regulations necessary to comply with Dodd-Frank. It was Mr. Derry's understanding that this would allow the Board to simply draft regulations per Dodd-Frank. Mr. Derry, however, was contacted by Tom Atkinson, Legislative Assistant of Representative Andy Josephson, as they have been approached by a lobbyist from Wells Fargo to possibly sponsor a statute change regarding AMCs. Mr. Derry also reminded the Board of the email from Director Janey Hovenden to Mr. Atkinson that was shown to them during their June 9th meeting, regarding the need to go through legislation to implement AMC regulations. Per the previous discussion regarding this topic, the Board was seeking for clarification from the Department of Law in order to proceed. Mr. Derry stated that if there is indeed a need to go through legislation, the Board would need to know immediately so that they can prepare for the next session in January.

Ms. Zaguirre informed the Board that Assistant Attorney General, Joan Wilson, who the Board met during their April 14th meeting, has been contacted both by her and Deputy Director, Sara Chambers, for her input regarding the Board's authority on implementing AMC regulations. Ms. Zaguirre informed the Board that per her understanding, Ms. Wilson is the AAG assigned to the whole Division, if not, the whole Department, which was why it is quite difficult to immediately get feedback. Ms. Zaguirre recalled that during the Board's April 14th meeting, Ms. Wilson stated that at the time, she did not see any hindrance that would prevent the Board from drafting AMC regulations, however, she would still need to research more on Dodd-Frank and the Board's current statutes and regulations to be able to clarify. Ms. Zaguirre noted that she had to reach out to Ms. Klamet from the ASC regarding the issue, and was advised to reach out to the Department of Law to verify the Board's authority in implementing AMC regulations. Since Ms. Klamet was present during the meeting, Chairman Derry asked her to provide the

Board a few comments regarding AMCs, and the Board's statutory authority to implement regulations for them. Ms. Klamet stated that she talked to their legal department as well, who suggested that the Board reach out to their attorney to clarify this issue. Ms. Klamet added that per their legal department, if the Board's current statutes and regulations are broad enough to implement AMC regulations, then they may do so.

In the light of the discussion on AMCs, Ms. Jenny Tidwell, Policy Manager from the ASC asked the Board of their motive for implementing AMC regulations. Mr. Derry stated that the Board had been discussing this topic for the past couple of years, and that question has also been asked by the Alaska Chapter of Appraisal Institute. Mr. Derry reported that in the past, there was really no intent to pursue regulating AMCs, however, within the past nine months or so, the Board has decided to go forth with it. Mr. Derry added that there is not a lot of AMCs operating in Alaska, but due to the current recession in Alaska, this would be a good source for revenue. Ms. Klamet reported that the states who have not yet implemented any AMC regulations are waiting to see if there is really a necessity in doing so, while some are planning to remove it altogether. Ms. Klamet stated that the states who have initially exceeded the federal definition of AMCs in their regulation are now trying to amend it accordingly, as only those that would fall under the federal definition may be added to the national registry. Ms. Tidwell added that it was her understanding that it is the responsibility of the federal regulatory agency for financial institutions to clarify with the state Boards which companies would fall under the definition of a federal AMC, and which are exempt. The Board continued to have a thorough discussion with Policy Managers, Ms. Klamet and Ms. Tidwell in regards to regulating Appraisal Management Companies.

Ms. Klamet informed the Board that any state may opt in to regulate AMCs at any time, and added that the August 2018 deadline will only affect the AMCs that meet the federal definition. Ms. Tidwell stated that she is only aware of one company— Red Sky—which falls under that category. Mr. Derry clarified if the Board may still adopt regulations, even after the August 2018 deadline, to which Ms. Klamet agreed. Mr. Derry expressed his concern with a possible lag time if determined that they would need to go through legislation in order to implement AMC regulations. Mr. Derry asked what will happen if the Appraisal Management Companies cannot operate. If that would be the case, Mr. Ferrara stated that the banks would have to create a new process. Mr. Faulkenbury asked on how the public will be affected if the Board will not be able to implement AMC regulations by the August 2018 deadline. Mr. Derry stated that it would affect someone who will be applying for a loan through a financial institution that utilizes the services of an AMC, and also appraisers, limiting the public's lending choices. The Board continued to discuss both the benefits and repercussions of implementing AMC regulations in Alaska.

Since the Board was waiting for clarification from the Department of Law on their statutory authority to implement AMC regulations, the Board has decided to discuss this topic further on their next meeting.

On a motion duly made by Alfred Ferrara, seconded by Donald Faulkenbury, and approved unanimously by a roll call vote, it was:

RESOLVED to table the discussion on implementing AMC regulations to the next meeting.

Roll Call vote:

| Board Member | Approve | Deny | Recuse | Absent |
|----------------------------|----------------|-------------|---------------|---------------|
| David Derry | X | | | |
| Alfred Ferrara | X | | | |
| Robert Tracy | | | | X |
| Renee Piszczek | X | | | |
| Donald Faulkenburry | X | | | |

Review/Discuss Geographic Competency Issues

With no further discussions regarding AMC regulations, the Board continued to review/discuss geographic competency issues which had also been addressed in their previous meeting. Per the Board's decision in their June 9th meeting, Mr. Derry was tasked to draft letters to be sent to all certified appraisers and lenders in Alaska.

Mr. Derry stated that it appears that the geographic competency issue is more prevalent around the Kenai Peninsula area, as he had received a few complaints regarding the issue around that area from real estate appraisers, agents, buyers, and sellers. Mr. Ferrara stated that this issue also happens around Anchorage, wherein some appraisers, although unfamiliar with a specific area, would still carry on with their appraisal. Mr. Ferrara added that it is mostly the lenders' responsibility to choose an appraiser who is familiar of the area that they are seeking to be assessed. Mr. Faulkenburry, however, stated that the appraisers also need to have a statutory liability to decide if whether or not they are competent to do an appraisal in an area where they are not very much familiar with. The Board continued to rigorously discuss the issue on geographic competency in Alaska, especially in rural areas.

In connection to the geographic competency issue, the Board also briefly discussed the inter-agency advisory from the Federal Banking Agencies released on May 31st, regarding shortage of rural appraisers. Mr. Derry reported that the advisory essentially recommended that temporary practice permits or waivers can be issued to combat the shortage. This raised a concern, as the reason why the geographic competency issue arose was due to some appraisers performing appraisals in areas that they are not aware of. Mr. Ferrara stated that it may work in some situations, but not all, and suggested that there really is no one solution to solve the problem of geographic competency.

Chairman Derry asked the Board to review the letter that he drafted so it can be amended, if needed. Mr. Zaguirre stated that she received a list of lenders for the Kenai Peninsula area from the certified residential real estate appraisers who presented the geographic competency issue during their June 9th meeting, Marypat Montana and Julie Rogers. Mr. Derry asked the rest of the members to also provide Ms. Zaguirre with the list of lenders and their addresses within their areas.

TASK:

Mr. Ferrara will gather the list of lenders around the Anchorage area; Ms. Piszczek will provide a list of lenders from Fairbanks and; Mr. Derry will work with appraisers from the southeast area to acquire a list of lenders.

On a motion duly made by Donald Faulkenburry, seconded by Renee Piszczek, and approved unanimously by a roll call vote, it was:

RESOLVED to approve the geographic competency letters drafted to be sent to appraisers and lenders in Alaska.

Roll Call vote:

| Board Member | Approve | Deny | Recuse | Absent |
|----------------------------|----------------|-------------|---------------|---------------|
| David Derry | X | | | |
| Alfred Ferrara | X | | | |
| Robert Tracy | | | | X |
| Renee Piszczek | X | | | |
| Donald Faulkenburry | X | | | |

As the Board was running ahead of schedule, Chairman Derry proposed to proceed with the ASC Updates before lunch. The Board, as well as Ms. Klamet and Ms. Tidwell, agreed to do so and continued the meeting with the update.

Alfred Ferrara, Board member, left the meeting at 10:42 a.m.

Agenda Item #9

ASC Updates

10:44 a.m.

As mentioned earlier, Ms. Klamet stated that she will not be presenting the preliminary audit reviews to the Board as they used to, as their process has changed. Ms. Klamet reported that she and Ms. Tidwell did their review with the staff in Juneau first, and then continued the audit with the Investigations section in Anchorage. Ms. Klamet stated that she had enjoyed her visit in Alaska, as everyone has been accommodating and were grateful for their experience with the staff.

Mr. Derry asked Ms. Klamet to provide the Board with a rundown of how they conduct their audit reviews, as well as the timeline of when the Board can expect their preliminary audit reviews. Ms. Klamet stated that they generally visit the states every two years, and occasionally in an annual basis. In order to assist the states, the ASC provides them policy statements used as a guide for evaluations. Ms.

Klamet reported that the ASC initially sends out letters to state Boards informing them of the audit and also request for the necessary documents they need for their review such as certificate application and continuing education files, meeting minutes, and statutes and regulations. Ms. Klamet continued to remind the Board with the steps of their review process.

In the Board's last audit review, they were non-compliant in one area, which was in regards to an outdated date in their regulation that did not meet the AQB criteria. Ms. Klamet stated that since it still has not been adopted, it will most likely still be included in their audit review. Ms. Klamet stated that she will be providing the staff with the preliminary review, and will allow the Board to respond, which will then be used for the final review. In regards to the regulation that needed to be amended per their previous compliance review, Ms. Zaguirre stated that Mr. Maiquis, the Division's regulations specialist, has already submitted the regulation change for public comment.

Ms. Klamet commended the Board and staff for all their hard work in helping the program to be in good shape. Ms. Klamet stated that the program has significantly improved from when she was first assigned to do their audit. Ms. Klamet praised the staff for creating the compliance manual which had everything that they needed, all in one book.

A few comments were made in regards to the application that was reviewed earlier during the meeting regarding being able to take the exam without prior approval from the Board. Ms. Klamet stated that the examination process came with the change in the AQB criteria back in January 2015, when education and experience are required before being allowed to take the exam. Ms. Klamet suggested that the Board should contact Pearson Vue, the State's exam contractor, as to how that incident had happened, as it was her understanding that the exam providers should not be allowing individuals to take the exam without proper authorization from the states. The Board also pondered on the issue and deliberated on the incident being the first that they have heard as it was never an issue in the past.

TASK:

Ms. Zaguirre will contact Pearson Vue for more information regarding examination proctoring without proper authorization.

Ms. Klamet commended the Board for handling the situation well with the applicant wanting to present samples earlier during their meeting, as she knows how their application process is, which was also discussed by the Chair earlier, professionally. Ms. Klamet also suggested that the Board should review more than one work product, as the policy statement in regards to applications indicates that states should ask for representative samples, especially for general appraiser applications. Mr. Derry also stated that within the last six months, the Board had been asking for a second work product to review from some applicants.

The Board also talked about some of AQB's proposed changes have been put to hold. Ms. Klamet reported that the AQB has created a focus group to do some more research and also to determine if the proposed changes were even necessary. Ms. Klamet and Ms. Tidwell informed the Board that they do

not foresee any changes being made within the next year or so. Mr. Derry stated that he was surprised to that the AQB is in so much disarray in regards to the issue, as there was a lack of consensus.

Ms. Klamet also commented on the Board's regulations project, and provided a few suggestions on how they can make it easier to identify which specific regulation they are amending. It was also suggested to take a look at the current definition of "appraisal experience" in the Board's regulation, as it only identifies Standards 1 and 2 of the USPAP, which do not encompass the types of appraisal experience highlighted in the definition. Ms. Klamet suggested that they should include all standards in their definition, or simply use the whole of USPAP as a reference. Ms. Klamet stated that the AQB is thinking of re-numbering the standards, which was why it would be better to simply put the USPAP under that definition. The same issue can also be found under 12 AAC 70.108, which the Board would need to review. Mr. Derry stated that they would have to discuss a possible regulation change as a Board, as this would affect their qualifications for initial certification, to which Ms. Klamet agreed. Ms. Klamet also touched on AS 08.87.020(3), which states that the regulations adopted by the Board may not exceed the federal requirements, however, Ms. Klamet reported that in some areas, such as the certified general, residential, and institutional real estate appraiser applications, continuing education approval applications, and trainee/supervisory provisions, the Board's requirements are over the minimum AQB standards. The Board continued to discuss the recommendations for regulations change from Ms. Klamet.

Ms. Zaguirre asked Ms. Klamet to also discuss the recommendations that she gave to the staff in Juneau regarding the requirements for courtesy license and reciprocal appraiser certification applications.

Ms. Klamet reminded the Board that it is required to issue courtesy license applications within five business days, unless it is considered as an incomplete application. Ms. Klamet stated that out of the fifty-two courtesy licenses issued by the Board in the past two years, thirty-nine licenses were not issued within 5 business days, because of the letter of good standing requirement. Ms. Klamet suggested that instead of waiting for the letter of good standing, the staff can check the National Registry, wherein all disciplinary actions should be disclosed, as updated regularly by all states. Ms. Klamet added that this is also the same with the reciprocal and endorsement applications, wherein the Board also requires a letter of good standing from a state where an applicant is credentialed. Ms. Klamet stated that it would be more efficient for the staff to process the applications, and the Board can ratify the certificates approved by the designee on their next meeting.

In line with the recommendation from the ASC policy managers regarding the courtesy license and reciprocal certification applications, Ms. Zaguirre informed the Board that Ms. Carrillo drafted two proposals to change their administrative process for courtesy license and reciprocal/endorsement applications. The proposals would allow the Board's designee, which is the records and licensing supervisor to approve reciprocal or endorsement appraiser certificate applications, and will also remove the letter of good standing requirement for all certificate and license application types. Ms. Carrillo stated that the document was prepared based on the recommendations from the ASC policy managers.

Mr. Derry asked Ms. Klamet if there were any standards regarding charging application fees. Ms. Klamet stated that there really is no minimum standards regarding the fees, other than the courtesy or temporary license application fees not exceeding \$250. With the number of courtesy licenses that the Board had issued within the past two years, raising the courtesy license application fee will increase the Board's revenue. Ms. Klamet added that there are some states where they also charge for a review of the work product that the applicants would need to pay for.

Ms. Klamet publicly thanked all the staff for their accommodation and hospitality, as well as the Board for their work on the program. Mr. Derry also thanked Ms. Klamet, as well as the Division staff for all their hard work in overhauling the program and the Board of Certified Real Estate Appraisers. Ms. Klamet added that should they have any more questions, she will be available for the Board as she and Ms. Tidwell will be present for the whole meeting. Ms. Klamet stated that the Board can always read through the ASC's current annual report for more information regarding the policy statements.

Applications Review Process Proposal

After hearing the recommendations from Ms. Klamet, the Board reviewed the applications review process proposal drafted regarding the reciprocal or endorsement certification and courtesy license applications for the Board's approval.

Mr. Derry asked Ms. Carrillo if the proposal would need to go through public noticing, or if it is only a change to the administrative process. Ms. Carrillo stated that it will only change the administrative process, as per Ms. Klamet's interpretation of the Board's regulations, the letter of good standing requirement may be a verification done through the national registry. Mr. Derry also asked if the delay is also due to the time lag between the turnaround times in receiving mail, to which Ms. Carrillo asserted. Ms. Carrillo stated that she and Ms. Zaguirre have constantly been reminding the front desk of the necessity to receive applications in time, particularly the courtesy license applications, so they can be processed immediately. Ms. Carrillo added that all mail is being hand carried to the examiner or the supervisor so that the processing can be expedited, avoiding any unnecessary delays, and so the new proposed administrative process will help diminish the delays in issuing licenses or certificates that do not need any further review by the Board.

Mr. Faulkenburry asked why there is a need for the Board to re-review an application already approved, as indicated in the proposal. Ms. Zaguirre explained that rather than the application going to the Board for approval, the Board's designee, which can be the records and licensing supervisor, may approve the application immediately, if there are no disciplinary actions. Ms. Zaguirre clarified that should there be any disciplinary actions found in the application, then it will be forwarded to the Board for review before being issued. Ms. Zaguirre added that the Board can ratify all the issued licenses in their next meeting, so they can be made aware of the certificates issued on their behalf. Mr. Faulkenburry expressed his concerns on the Board having to re-review an already approved certificate, as there can be a possibility of the Board not agreeing with issuing the certificate. Mr. Faulkenburry suggested that if the Board chooses to delegate the responsibility to another individual, then the Board need not review the application or ratify the issued certificates as a conflict might arise. Mr. Derry suggested that instead of

using the term “ratify,” it would be better to use the term “acknowledge,” for when the Board’s designee issues the certificate, to which the Board agreed.

On a motion duly made by Donald Faulkenburry, seconded by Renee Piszczek, and approved unanimously by a roll call vote, it was:

RESOLVED to accept the proposals presented; on the “Verification of Certification Waiver for all Certification Types” as written, and the “Certified Real Estate Appraiser by Reciprocity or Endorsement” as amended. Bullet number six on the process proposal for the “Certified Real Estate Appraiser by Reciprocity or Endorsement” application should read: “The Board acknowledges certification of individuals whom the RLS has approved.”

Roll Call vote:

| Board Member | Approve | Deny | Recuse | Absent |
|----------------------------|----------------|-------------|---------------|---------------|
| David Derry | X | | | |
| Alfred Ferrara | | | | X |
| Robert Tracy | | | | X |
| Renee Piszczek | X | | | |
| Donald Faulkenburry | X | | | |

Agenda Item #8 **Lunch** **12:00 p.m.**

David Derry, Chair, called for lunch at 12:00 p.m.

Off the record at 12:00 p.m.

Back on the record at 1:23 p.m.

After their lunch break, Chairman Derry stated on the record that the Board had already finished with the ASC updates before they took their break as they were running ahead of time.

Mr. Derry asked Ms. Zaguirre if there will be somebody available for the Board’s Division Update at 2:00 p.m. Ms. Zaguirre noted that Director Hovenden might be able to attend the meeting in person, if her schedule permits, as she was also in Anchorage. Ms. Zaguirre added that if Director Hovenden will not be able to, Deputy Director Chambers will be the one to attend via teleconference.

Agenda Item #7**Old Business****1:25 p.m.**Regulations Project Update – AQB Criteria adoption date

Before lunch, Ms. Zaguirre handed out a copy of the request to public notice the regulation change in regards to the AQB criteria adoption date that the Board had in their regulations project. In order for the regulation to be adopted before the final ASC compliance reviews are presented, Ms. Zaguirre clarified that she and Ms. Carrillo asked the regulations specialist to submit that specific portion from the project for public comments, as the Board had already approved the language in the past. The public comment period ends on August 28th, and the Board is suggested to meet immediately after so that they can adopt the regulation change. Ms. Zaguirre added that she does not foresee any negative comments from appraisers regarding the minor change, as it is only a change of an adoption date in the Board's current regulations. Mr. Derry clarified that the reason why the specific regulation has not been adopted was because the Board wanted to consolidate all of their proposed regulations change into one project to incur less expenses.

Chairman Derry called for a short break at 1:35 p.m.

Off the record at 1:35 p.m.

Back on the record at 1:50 p.m.

Agenda Item #10**Budget Report/Division Update****1:50 p.m.**

Janey Hovenden, Division Director, joined the meeting at 2:01 p.m.

Janey Hovenden, Division Director, left the meeting at 3:00 p.m.

After a short break, the Board had a discussion regarding their fee analysis. The Board was given an excel spreadsheet via email that the Division uses for a fee analysis to try and manipulate their fees and see what revenues will be generated. They have also been provided both with a preliminary and final fee analysis prior to their meeting. In the final fee analysis, Director Hovenden suggested a fee decrease for all of application types, but not up to half the amount, as the Board had been previously proposed. Mr. Derry also provided the Board with the fee analysis sheet that he had adjusted, and stated that after hearing from Ms. Klamet that the courtesy license applications may be charged up to \$250, he suggested to go forth with the maximum amount for that license type.

Mr. Derry stated that the Board, during their June 9th meeting, wanted to reduce their renewal fees into half of the amount, however, was not allowed to due to the limited time they had before the renewals. For their proposed fees, Mr. Derry explained that the Board would like to reduce all of their licensing fees into half, given their huge surplus. The Board rigorously discussed their proposed fees with Director Hovenden, and with her help, the Board decided to adjust their fees to half of the amount for all license types, taking into consideration the number of applications that they receive for all certificate types. Mr.

Derry explained that the reason why the Board had to increase their fees in the past was due to the huge expense that the Board had incurred in FY12. Director Hovenden asserted the Board that their current budget is in excellent shape, and even if they make adjustments to their fees, they would still have a reasonable amount of surplus. The Board's current surplus was not reflected on the budget report that they had as it was only for the third quarter; however, Director Hovenden stated that as reflected in previous renewal years, specifically in FY 13 and 15, the Board can anticipate a huge increase in their revenue for the next quarter, especially since they have just had their renewals. The Board continued to thoroughly deliberate on their fee schedules and expected revenue with Director Hovenden.

Director Hovenden clarified that although the fee analysis spreadsheet is showing the changes on the Board's FY 16 and 17 revenues, the proposed fee reductions will not take place right away, and will only be applied to the Board's next biennium. Mr. Derry asked if the Board should expect a fee analysis annually. Director Hovenden stated that a thorough fee analysis prior to renewals is required by statute, and the Division does a review in between renewals by looking at financial reports. Director Hovenden added that it is important to have the most current information before renewals in order to accurately perform a fee analysis, and further explained that the Board was not scheduled for a fee analysis until earlier this year, and added that due to the lack of information acquired in time, it was not completed before the renewals. Director Hovenden reported that there were many factors for not being able to complete the fee analysis; one being that because it was started in February, during which the legislative session was ongoing, and also due to Deputy Director Chambers not being able to help as she was assigned to be a tentative director for another agency in the department. The Board continued to thoroughly discuss their fee analysis.

Mr. Derry asked if the Board can issue a refund to the certificate holders for the overpriced renewal application fees that they have paid recently, to which Director Hovenden disagreed. Chairman Derry asked Director Hovenden if the Board is not able to do a refund due to statutes. Director Hovenden stated that she can have that verified for the Board, as there were also other Boards that have inquired about refunding application fees in the past.

TASK:

Director Hovenden will follow-up on the possibility of issuing a refund of fees for the recent renewals. The examiner will follow-up on the matter.

Mr. Derry recalled that back when he was not part of the Board yet, the renewal fees were about \$750. Chairman Derry added that the reason for the fee increase in the past was due to a big case brought to the Supreme Court, which the Board lost to.

After a meticulous deliberation on the fees, the Board decided to recommend reducing the real estate appraiser certificate initial and renewal application fees to \$350, the non-refundable application fees down to \$150, and the trainee registration's initial and renewal application fees to \$150. The continuing education course approval application fee will remain at \$400, and the courtesy license application fee

will be increased to \$250. With these numbers, the Board can anticipate to still receive a reasonable increase to their revenue of about \$225,000 per annum.

The Board expressed their gratitude to Director Hovenden for assisting them with the fee adjustments for their applications. Director Hovenden reciprocated their gratitude, and again apologized to both the Board and the certificate holders for not being able to present a fee analysis on time. Chairman Derry also thanked Director Hovenden, the Division, and staff, for helping the Board get in better shape for both their federal and state audits.

Agenda Item #12

Public Comment/Correspondence

3:08 p.m.

There was no one from the public present for comment.

Agenda Item #7

Old Business

3:09 p.m.

Per the amended agenda, the Board revisited their pending regulations project after the budget/division report. Chairman Derry asked the Board for any motion to approve the recommendation of fees.

On a motion duly made by Donald Faulkenburry, seconded by Renee Piszczek, and approved unanimously by a roll call vote, it was:

RESOLVED to recommend to change 12 AAC 02.370, the Board of Certified Real Estate Appraisers fees to read as:

12 AAC 02.370. Board of Certified Real Estate Appraisers. The following fees are established for general real estate appraisers, residential real estate appraisers, institutional real estate appraisers, and registered real estate appraiser trainees:

- (1) nonrefundable application fee for initial certification, license, or registration, \$150 (from \$400);**
- (2) certification fee for all or part of the initial biennial certification period, \$350 (from \$1,050);**
 - (3) biennial certification renewal fee, \$350 (from \$1,050);**
 - (4) real estate appraiser trainee registration fee, \$150 (from \$450);**
 - (5) real estate appraiser trainee renewal fee, \$150 (from \$450);**
 - (6) courtesy license fee, \$250 (from \$150);**
 - (7) course approval fee, \$400;**
 - (8) annual federal registry fee, \$40;**

Roll Call vote:

| Board Member | Approve | Deny | Recuse | Absent |
|----------------------------|----------------|-------------|---------------|---------------|
| David Derry | X | | | |
| Alfred Ferrara | | | | X |
| Robert Tracy | | | | X |
| Renee Piszczek | X | | | |
| Donald Faulkenburry | X | | | |

Regulations Project Update

With no further issues regarding their application fees, the Board proceeded to re-review their pending regulations project. Since the Board had previously tabled the regulations project due to wanting to have a completed fee analysis, the Board revisited the draft for re-approval.

On a motion duly made by Renee Piszczek, seconded by Donald Faulkenburry, and approved unanimously by a roll call vote, it was:

RESOLVED to approve as amended, under Chapter 02, General Occupational Licensing Functions, 12 AAC 02.370 Board of Certified Real Estate Appraiser fees, and recommend for final processing, including the previously approved proposed changes to regulations.

Roll Call vote:

| Board Member | Approve | Deny | Recuse | Absent |
|----------------------------|----------------|-------------|---------------|---------------|
| David Derry | X | | | |
| Alfred Ferrara | | | | X |
| Robert Tracy | | | | X |
| Renee Piszczek | X | | | |
| Donald Faulkenburry | X | | | |

Agenda Item #11

New Business

3:20 p.m.

With no further discussions, Chairman Derry prompted the Board to proceed to their New Business topics.

Discuss Timeline Appropriate for Legal Actions against Appraisers

Chairman Derry asked that this topic be added to the agenda at the request of Mr. Ferrara, who had to leave in the morning due to a family emergency. Mr. Derry proposed that the Board discuss the issue to their next meeting. Mr. Faulkenburry expressed his concern that this issue might have to require the Board to go through a statutory change, which Mr. Derry agreed to. The Board briefly discussed the topic but as suggested earlier, decided to consider further on their next meeting.

USPAP Course Approval Process and Uniformity

Chairman Derry asked that this topic be added to the meeting to ask for clarification from Ms. Klamet regarding the minimum standards regarding USPAP courses. Mr. Derry explained that as indicated in their regulations, all courses would have to be submitted to the Board for approval. Mr. Derry asked if the Board can change their regulations reflecting approval for all national USPAP courses, to which Ms. Klamet agreed. Ms. Klamet also stated that as for the AQB/IDECC approved courses, just like with the Board allowing their designee to approve reciprocal applications, they can also have the staff approve that on their behalf. Mr. Derry stated that all the AQB/IDECC approved courses are forwarded only to him for approval, while all the rest of the course approval applications are submitted to the Board for review. Mr. Derry asked Ms. Zaguirre to add the topic again to their next agenda, as well as to their next regulations project. Ms. Klamet stated that for USPAP courses, the Board would need to make sure that the sponsoring institution needs to have AQB/IDECC approval to offer the course. Mr. Faulkenburry reiterated that the reason why he was hesitant to automatically approve the USPAP courses regardless of the sponsor, was due to the differences of instructors and sponsors. Mr. Faulkenburry stated that should the Board receive any complaints received against a sponsor, the Board can easily identify them, which was why he preferred to keep the current regulations regarding all course approvals as it is. Mr. Derry explained that a USPAP course is required to be taught by an AQB approved appraiser as an instructor, making it a unique course. Mr. Derry added that per the Board's current regulations, they are reviewing the nature of the course, not the sponsor or the instructor.

Agenda Item #13

Administrative Business

3:30 p.m.

Task List

After discussion on the topics under New Business, Chairman Derry continued their meeting by prompting the Board to review their task list.

TASK:

Ms. Zaguirre will follow-up with Mr. Tracy for an update on his research about AMC regulations. Ms. Zaguirre will also contact the Department of Law for clarification on the Board's statutory authority to implement AMC regulations.

TASK:

Mr. Ferrara will choose and review a work product for Ms. Keller’s application.

Set next meeting dates

As earlier suggested, the Board decided to meet after the public comment period for the regulation change that was submitted a few days before their meeting. Ms. Zaguirre noted that the comment period ends at August 28th, and the Board can meet via teleconference briefly on August 29th to adopt the regulation change. Mr. Derry also informed the Board that their legislative sunset audit is complete, and asked the Board if they would like to meet as well to hear the results in executive session, as it is confidential. Mr. Faulkenburry stated that the Board can decide regarding the matter on their meeting on August 29th, so that the other members can provide their input as well. The Board pondered on the best time that they can meet for their teleconference on August 29th.

On a motion duly made by Renee Piszczek, seconded by Donald Faulkenburry, and approved unanimously by a roll call vote, it was:

RESOLVED to schedule their next teleconference on August 29th, 2017, at 9:00 a.m.

Roll Call vote:

| Board Member | Approve | Deny | Recuse | Absent |
|----------------------------|----------------|-------------|---------------|---------------|
| David Derry | X | | | |
| Alfred Ferrara | | | | X |
| Robert Tracy | | | | X |
| Renee Piszczek | X | | | |
| Donald Faulkenburry | X | | | |

Agenda Item #9

Adjourn

3:38 p.m.

With no further issues to discuss, Chairman Derry respectfully asked that the meeting be adjourned.

Respectfully Submitted by:



Aiko Zaguirre, Licensing Examiner

Approved by:



David Derry, Chair