

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 TELECONFERENCE MEETING
MAY 23, 2013

The Staff of the Division of Corporations, Business and Professional Licensing prepared these draft minutes. They have not been reviewed or approved by the Board.

By the 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 May 23, 2013, at 333 Willoughby Ave., State Office Building, 9th Floor-Conference Room C, Juneau, AK.

Call to Order/ Roll Call

The meeting was called to order at 1:41 p.m. by Donna Rulien, Chairperson.

Those present, constituting a quorum of the Board:

Donna Rulien, Chairperson, Residential Real Estate Appraiser
Clint Lentfer, General Appraiser
James Picard, Mortgage Banking Executive
Sarah Heath (teleconference), Public Member

Excused from the meeting:

Lance Cook, Residential Appraiser

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

Sara Chambers
Quinten Warren
Jennifer Wirawan
Michelle Johnston (teleconference)

In attendance from the Appraisal Subcommittee:

Neal Fenochietti
Vicki Metcalf

Agenda Item 1— Appraisal Subcommittee (ASC) Review of Audit Findings

Mr. Fenochietti presented an overview of The Appraisal Foundation and ASC and distributed guiding documents: *The ASC Annual Report 2011* (available online at asc.gov) and *Real Property Appraiser Qualification Criteria* (available

at the appraisalfoundation.org). He announced that new policy statements that are effective July 1 and available to the public on Tuesday, May 28 are on ASC web site. Mr. Fenochietti reinforced that the compliance review criteria covers the past two years since the last ASC review.

Provided verbal overview of preliminary findings in each of the seven areas of focus of the review:

1. Statutes, Policies, and Procedures

The following areas are in conflict with current requirements and should be corrected:

- a. AS 08.87.300: *Retention of records*. This has been corrected in regulation however, the statute still refers to three years rather than five and two years beyond the disposition of any judicial proceedings.
- b. 12 AAC 70.140 (e): *Standards for acceptable education*. Allows the Board to give credit for education obtained by challenge exam before 1990 which is no longer allowed. This section will need to be repealed.
- c. 12 AAC 70.210(c) (3) and (e) (2): *Clean up to be compliant with AQB criteria*. The word 'Review' needs to be replaced with 'Approval'. Section (e) (2) will need to be repealed.
- d. 12 AAC 70.215 (b) (1) and (c) (3) and (4): *Clean up to be compliant with AQB criteria*. Section (b) (1) will need to be repealed as business courses are no longer included in the acceptable topics. Section (c) (3) will need to have 'distance education' added to remove the allowable exemptions. Section (c) (4) will need to be repealed as courses are not exempt from this requirement.
- e. 12 AAC 70.210 (e): *Clean up to be compliant with AQB criteria*. The phrase 'or its equivalent, as determined by the board' needs to be removed because there is no equivalency to being AQB Approved. Also, it needs to be added that they also need to be a certified appraiser.

Ms. Chambers made a reminder to the board of the timelines for statute and regulation changes and that it is the board's duty to initiate these changes. She also suggested potential policy changes as an interim measure. Ms. Chambers encouraged board to vote on new regulations through public process, which will trigger the regulations drafting process. She stated the board will need to suggest statute changes through legislation. Mr. Fenochietti offered to review draft documents to ensure that they are in compliance.

2. Temporary Practice

This section refers to a state's statutory obligation to recognize the credential of an out of state appraiser who is coming into Alaska to perform an assignment in connection with a federally related transaction for a business of a temporary nature.

- a. 12 of 17 issued licenses were not issued within 5 days, many 2-4 weeks or longer

Mr. Fenochietti stated the review is not an indicator of staff performance, primarily a result of turnover. Exceptional work by staff was highlighted. Chair Rulien stated the board would like Alysha Hernandez to be reassigned to the board full-time.

3. National Registry

This section is the database that the ASC maintains of appraisers that are eligible to perform appraisals in connection with federally related transactions. ASC looks to see that the records are being transmitted monthly, that payments of the registry fee are being submitted and that any reporting of disciplinary actions taken.

No concerns noted. Overview of the "extranet" and upcoming requirement to use it for disciplinary reporting was given.

4. Application Process

This is the process for new credentials as well as renewals. ASC looked to ensure that education and experience is appropriate and that it is reviewed, documented, and that the education topics are appropriate and that it is verified that a college degree is in place when needed or in lieu of, college courses are there. They also reviewed and ensured that the examination is within 24 months.

- a. The following are examples of areas that should be further looked into when reviewing applications:
 - i. Reports have been selected by the applicant, not the board. A comprehensive checklist that mirrors requirements is suggested to correct this.
 - ii. Documentation of work sample process should be included in the license files.
 - iii. 24-month exam window must be adhered to.
 - iv. Blocks of appraisal experience time is not allowable.
 - v. Personal property appraisal not allowable.
 - vi. "In lieu of" credentials not documented accurately.

- b. Continuing education audits: Audit process is adequate. Required to be completed within 60 business days of renewal, which is not occurring now. May not be exactly 60 days if investigated, as the Division could be waiting to receive documentation from the applicant to complete the audit. Board meeting should be held within that 60-day window to meet timeline.

5. Reciprocity

No concerns under current standard.

6. Education

- a. Continuing education courses not adequately documenting specific timed outline of course content, which is required to determine whether content or time amount being requested is justified.
- b. Distance education courses (including webinars) must include IDEC certification. Sample course must be rescinded. Chair Rulien requested staff to provide the course example for the board's review.
- c. Course providers must be told up front that certification by any other agency must remain valid if the course is to remain approved. Example was Alaska board's three-year approval may not line up with IDEC (or any other organization) certification renewal, so that approval must be verified at the time a course is taught.
- d. 3 of 14 files were not available for review. Titles of those three seemed inappropriate but could not be verified. Staff is looking for these courses to verify. Sample topics included real estate and business topics that are not pertinent to real estate appraisal.

7. Enforcement

No concerns. Good work by staff was highlighted.

Next steps in review process:

- Board/staff has 10 days to provide ASC with information.
- ASC will include a detailed, confidential report of findings from ASC to board and staff.
- Board will have 60 days to respond to correct any issues possible before the final report is made and available to the public

The Board noted that in the past, documents that have been received from ASC have not been brought to the Board's attention until after the due date. Ms. Chambers informed the Board that this is currently being addressed.

Mr. Lentfer left the meeting at 2:40.

Agenda Item 2: Summary of Upcoming ASC Changes

A summary of ASC changes upcoming July 1, 2013, and January 1, 2015, was handed out and discussed. Mr. Fenochietti stated these were on the ASC web site and that anyone could visit the site to receive announcements and updates. Ms. Chambers reiterated the process and timeline for statutory and regulatory changes.

The primary area that the board must attend to by July 1 is in regard to trainee credentials and reciprocity of licensure.

Consequences exist for states that are not compliant.

- States could reject Alaska reciprocity
- ASC would increase monitoring
- Potential Alaska Legislative Audit issues may result

Mr. Fenochietti stated there were delays in the federal appraisal management company regulatory deadlines, which are at least three years away from today's date. Chair Rulien said the industry was moving forward with legislative changes that may impact Alaska sooner.

Board adjourned at 3:10 p.m.