

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

**MINUTES OF TELEPHONIC MEETING
March 12, 2015**

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

Call to Order/Roll Call

The meeting was called to order at 8:32 am by David Derry, Chair.

Those present, constituting a quorum of the Board:

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

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

Karen Hudson, Records and Licensing Supervisor
Dawn Hannasch, Records and Licensing Supervisor
Laura Carrillo, Licensing Examiner

Agenda Item #1 – Review Agenda

Chairman Derry noted a couple of items had been added under correspondence, the first item being a class action letter which has been added under Board Correspondence, and the other item being a letter and agreement that is added under the investigations report.

Hearing no further additions or corrections to the agenda, Chairman Derry approved the agenda as amended.

Agenda Item #2 – Review/Approve Minutes

The board reviewed the minutes from the December 11, 2014 meeting.

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

RESOLVED to approve the December 11, 2014 minutes as written.

Chairman Derry noted that the minutes from the October 9, 2014 meeting were approved and should be posted as approved on the website.

Agenda Item #3 – Board Correspondence

Chairman Derry included the letter he had drafted regarding appraisal issues in Fairbanks for board review; he noted he has not heard anything back. Other board members had not heard anything further, Renee Piszczek commented that the letter seemed very appropriate and legal.

Board members reviewed a letter regarding a class action lawsuit, *Spears v. eAppraiseIt* LLC. Members had not been aware of the lawsuit, had not seen it in any professional publications. Fred Ferrara believes that EAppraiseIt is an appraisal management company but he had not done any business with them. Division staff noted that the letter had included a CD containing additional documents if board members wanted to conduct further review. Board members declined, in agreement that the Alaska class action members have been duly notified and no action is necessary by the board

Agenda Item #4 – Ethics Disclosure

Board members had no ethics disclosures.

Chairman Derry called for a brief recess to determine if division Paralegal Charles Ward would be available to present Consent Agreement. Mr. Ward was not available.

Off Record 8:40 a.m.

Back on Record at 8:47 a.m.

Agenda Item #6 – Other Board Business

Karen Hudson introduced Dawn Hannasch and Laura Carrillo, the new Records and Licensing Supervisor and Licensing Examiner for the Certified Real Estate Appraiser program. She noted that Chairman Derry/board members had recently been advised of staffing changes at the division necessitated by the addition of a new supervisory position to allow better coverage for all programs. Dawn will be supervising the new supervisor starting the week of March 16, and Laura will be the new examiner.

Dawn Hannasch addressed the board, adding she had been working for the previous 3 years as the examiner for the medical board. She invited board members to contact her with questions and promised to do the same if she had questions for them. Examiner Laura Carrillo introduced herself to the board, noting she has been with the division as an examiner for the chiropractic board for 7 months.

Chairman Derry welcomed them to the board, confirming they will be replacing Karen Hudson and Laura Carrillo as the program staff. Karen Hudson noted that she will continue to provide training, guidance, assistance to the program through the transition and through the next few months as the program goes through the Appraisal Subcommittee audit, but that Dawn and Laura will take the lead on program matters starting March 16.

Chairman Derry addressed the verbiage of “certified” versus “licensed” appraisers as used on the website roster. Ms. Hudson noted that statutes and regulations utilize the term “certified” for general and residential appraisers. She clarified that the roster information on the website is from a link to the Boards and Commissions website, so will follow up with the Governor’s office to make corrections.

The board further discussed the expiration of Brit Szmoniak’s board appointment. Staff confirmed that the Governor’s office manages board appointments for any vacancy that exists on a board.

Paralegal Charles Ward joined the meeting.

Agenda Item #5 – Investigations Report

Agenda Item #9 – Review of Consent Agreement, Case No. 2014-000540

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

Resolved to enter into executive session for the purpose of deliberation [in accordance with 44.62.310(c)].

Off record at 8:59 a.m.

Back on record 9:31 am

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

Resolved to approved the Consent Agreement in Case No. 2014-000540.

Chairman Derry asked about the license action statement that will be included on the licensee's public information – noting that if the licensee has been subject to a disciplinary action, especially when it may be a minor infraction such as continuing education, the public may not know what the discipline is for. Chairman Derry thinks that more specific information should be cited. Board members agreed, and Chairman Derry tasked himself with writing a letter to the director asking that more specific language be posted when there is a case such as [the one just approved], including more specific examples.

Agenda Item #6 – Other Board Business, cont.

Board members discussed the current work log and the sample of the Appraisal Institute experience log. Chairman Derry is currently revising the work log, noting the new requirements that supervisory and trainee appraisers must take a course, and thinking it would be nice to have some sort of consistency that works for the state and works for supervisors and trainees. Chairman Derry noted that the state's current form is more detailed than what is required by AQB requirements which is similar to what the Appraisal Institute is asking for in its work log form. AQB wants the log to address the scope of the review and the level of supervision – the state's form has a column for value opinion, and client named in report, and report date, and a supervisory appraiser to sign each sheet. Board members discussed whether value opinions are necessary to reviewing someone's work experience, and proposed to include a place for who physically inspected property – trainee, supervisor, or both.

Fred Ferrara expressed a different feeling about value opinions, noting there are recommendations relative to the number of hours that can be claimed in doing appraisals, so value could be related to the number of hours claimed in the appraisal process and may be indicative of the quality or the time the person spends in an appraisal. He agreed client name should be eliminated.

The question of confidentiality of work logs was raised and staff confirmed that applications, including the work logs, are public documents once the license is issued.

Chairman Derry will continue to revising the work log and will send draft to board members for comments.

Division staff reported that appraiser applications are being revised to conform with proposed regulations.

On the issue of the regulations project, the regulations approved at the December 11, 2014 meeting have been put out for public comment, which will close on April 1. Comments go to the regulations specialist, and once closed, comments will be put together for board

review at the next board meeting. Chairman Derry confirmed for board members that the intent of the proposed regulations is to bring Alaska back into compliance.

Karen Hudson advised board members that the Appraisal Subcommittee staff will be in Juneau for a follow up visit March 23 and 24, and the division will be reporting that regulations are out to public comment as well as reporting on other progress made on other items mentioned in final report. Ms. Hudson advised that they will be conducting yearly audits with checkups as needed to see how things are coming along.

Off record 10:00 a.m.

Back on record at 10:15 am

Chairman Derry proposed that board members receive CE credit for service on the board, and included a proposed regulation change. He commented that he had hoped to have it done in time to include with the current regulations change but members discussed and determined that due to the cost of regulation changes, it can wait until the next round of regulations changes.

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

Resolved that the proposed addition of continuing education credit for board members as stated on page 42 of the board packet to be a future regulation change when the next round of regulations occur.

Staff confirmed there are no pending applications for review.

Chairman Derry confirmed he reviewed the latest continuing education applications and sent them back. He confirmed that the expedited process has been for the applications to be sent to him for review, and he has been able to review and send back to the state within a week or two.

Karen Hudson confirmed that the division is planning to review and revise the continuing education application in order to have a streamlined application for AQB and IDECC approved courses.

Off record at 10:25 a.m.

Back on record at 11:45 am

Agenda Item #7 – Public Comment

Chairman Derry noted there were no members of the public present during the time scheduled for public comment.

Agenda Item #6 – Other Board Business, cont.

Karen Hudson confirmed email receipt of the ASC subcommittee final report, which was issued January 14, 2015. She will email to board members for review.

Off record at 11:49 a.m.

Back on record at 1:00 pm

Agenda Item #8 – Budget Review

Administrative Officer Martha Hewlett joined the teleconference to present the board's financial reports. The board had not had a year end financial report, and the meeting went briefly off record for staff to email relevant reports to board members.

Off record 1:05 p.m

On record at 1:17 pm

Ms. Hewlett presented the board's budget report, starting with the FY 2014 final report. She noted that FY 14 was a non renewal year for the program, with revenue of \$56,250, and allowable third party reimbursements of \$1,499. She explained that this would be where an organization may have paid for travel for attendance at a conference, and was paid back expenses for travel. Below revenue is direct expenses, and FY 2014 direct expenses began with \$34,915. Ms. Hewlett directed board members to page two of the report, corresponding with the 71000 series which is things such as that licensing examiner, direct time that the supervisor may need to assist with the program, the investigator, the regulations specialist and the paralegal if those resources are required.

Board travel expenses ended at \$2,920, which corresponds with the 72000 series on the second page of the report. Contractual ended at \$14,955, which corresponds to the 73000 series on the second page and includes credit card fees, expert witnesses, postage, advertising for regulations or board meetings, records storage, legal, and commission sales which is travel fees booked through the state travel system. Lastly, there was \$24 spent on business supplies, which is most likely materials used to put board packets together.

Indirect expenses were \$20,937 – these are things such as the administrative officer, the director, operations manager, who do not direct timekeep. It also other things such as lease space, parking, IT support, HR support, accounting staff, administrative services, commissioner's office support. In FY 14, the division also did a thorough review of the financials and adjusted the allocation methodology. For example, allocating front desk staff time by transaction per program rather than percentage of license holders resulted in a more equitable methodology for allocation of cost to each program. One other methodology change was made, the general state standard for allocating cost to be done by PCN – by number of people working the program.

Staff confirmed the board had not received the Annual Fiscal Report to Boards and Commissions dated November 2014, so will be sure that a copy is sent to each Board member . The highlights in FY 2014 were that the Division lowered indirect allocations by under one million; between FY11 and FY 14, legal costs to division have been reduced by roughly 33%; for the first time in many years professional licensing groups as a whole ended in the black; since 2011, the number of licensees that we are assisting has risen 20%. The rest of the report gives information about how financials work, including charts and graphs.

Ms. Hewlett reviewed the FY 2015 2nd quarter report, noting this will be a renewal year, with revenue to date of \$32,870, received through 12/31/14. For direct expenses – personal services were \$22,246, travel was \$1,617; and contractual \$18,805, with the majority for legal for regulations work.

Chairman Derry asked if the board has a budget. Ms. Hewlett responded that the financial reports are an accounting of what happened, but to look forward the board gets together and completes its annual for the upcoming year – it will need to list how many meetings it will hold, what the cost of each will be (travel), how many training or conferences the board or staff will attend, what memberships it will pay, etc. The annual report is the main source for budgeting. Ms. Hewlett invited board members to contact her if information is needed.

Chairman Derry would like passed on to Sara Chambers to have recertification fees reduced, and to have renewal applications sent out as soon as possible.

Agenda Item #10 – Administrative Board Business

Charles Ward re-joined the meeting, indicating he had spoken to Sara Chambers about the board concern regarding license action information available to public. She confirmed the new database is rolling out on May 31 of this year and when it does, if there is license action or consent agreement it can be downloaded so the inquirer can see the nature of agreement or discipline, as opposed to seeing a blanket statement.

Mr. Ward advised he'd had a further conversation with Chief Birt about the use of Letters of Advisement, which are a tool that Investigations uses for low level violations of regulations and statute. It is not considered a license or disciplinary action, and would remain in their license file. Mr. Ward cautioned the board to take no formal action until he has had a chance to do more research first to ensure they would have statutory authority to do this type of action. Board members did not want to pursue this avenue.

Chairman Derry noted there was nothing further to do with regard to budget or fees.

