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
Friday, January 15th, 2016

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, Friday, January 15th, 2016 beginning at 1:01 p.m. The meeting was held in Conference Room D, Juneau, Alaska.

Agenda Item #1 **Call to Order/Roll Call** **Time: 1:01 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 Pisczcek, Mortgage Banking Executive

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

Laura Carrillo, Licensing Examiner
Charles Ward, Paralegal

Agenda Item #2 **Review Agenda** **Time: 1:01 p.m.**

The Board reviewed the agenda. Ms. Carrillo brought to the Board's attention the need to clarify 12 AAC 70.140(c), to which Mr. Derry stated would be best discussed as a regulatory change item at the end of Board Business. Ms. Carrillo added that the Division's regulations specialist, Jun Maiquis, had asked for the Board to clarify the dates specified in said regulation before being passed on to the Department of Law.

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

RESOLVED to approve the agenda as amended.

Agenda Item #3 **Review/Approve Minutes** **Time: 1:04 p.m.**

The Board reviewed the minutes from the July 31st, 2015 meeting in Anchorage.

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

RESOLVED to approve the minutes as written.

Agenda Item #4 **Ethics** **Time: 1:05 p.m.**

There were no ethics disclosures to address.

Agenda Item #5 **Investigations Report** **Time: 1:06 p.m.**

Jay Paff joined the Board telephonically to present the investigative report, which included activity from October 13th, 2015 through January 4th, 2016. Mr. Paff informed the Board that the Division had opened five matters had been opened and closed since the end of the reporting period. The period resulted in two consent agreements, an incomplete complaint packet, and a letter of advisement.

Mr. Paff then addressed attending the Investigator Level I training in St. Louis, MO in May, which was previously approved by the Board. In light of travel restrictions, however, Mr. Paff noted to the Board that although travel expenses are to be covered by the Appraisal Foundation, actual travel is pending and contingent on approval.

Agenda Item #6 **ASC Updates** **Time: 1:09 p.m.**

Ms. Carrillo addressed ASC invoices, and stated the intent behind including a copy of the document in the packet is to make salient to the Board that there is a protocol to cover invoice payments. Ms. Carrillo stated that the protocol is to print, sign, and forward on to Records & Licensing Supervisor, Dawn Hannasch, who then signs and forwards it on to Martha Hewlett, the Administrative Office for payment processing. The Board was asked whether this was a necessary document for review at each meeting, to which the Board's collective agreement was that it was not. Mr. Ferrara added that it is unnecessary since it's included in the budget report, and Mr. Derry commented that it was previously an item of concern under the ASC's federal audit, but that he was now confident the Division would

adhere to the payment protocol.

Agenda Item #7 **Board Business** **Time: 1:11 p.m.**

Board Member Updates -
Hearing nothing further on ACS updates, Mr. Derry moved to discussion on the first item of Board Business, board member updates. Mr. Derry informed the Board that he had been notified by Boards and Commissions of some potential members to take the At Large Residential Appraiser seat; currently occupied by Lance Cook. Mr. Derry also mentioned that he had previously spoken with Bill Ferguson, but was unsure of his intent to apply for the seat. Mr. Derry also stated that he was in contact with Bill Barnes from Matsu Valley, who expressed in interest and has subsequently applied for and is in the process of interviewing for the position. It was added that there may be two prospective public members, but that neither had yet made application.

Mr. Derry inquired to Ms. Piszczek as to whether she had been in recent contact with Mr. Cook, to which she stated that she frequently spoke with him about engaging with and helping the Board. Ms. Piszczek stated that the shortage of appraisers in Fairbanks has been keeping him very busy, affecting his ability to participate.

Review applications -
Mr. Derry then moved on to discussing pending applications and those needed to be reviewed for the renewal audit. Ms. Carrillo reminded the Board that Tyler Barth and Shane Smith were in need of a Board quorum. Mr. Derry clarified with the Board that a work product would need to be selected for examination applicant, Shane Smith, which Ms. Carrillo stated could be decided on via an e-mail ballot.

TASK:
Dave Derry will complete a voting ballot for Shane Smith

TASK:
Renee Piszczek and Fred Ferrara will complete a voting ballot for Tyler Barth.

Review continuing education audits/audit protocol -
Discussion then moved to continuing education audits for the 2013 – 2015 renewal periods (certificates being renewed for a valid/active date through June 30th, 2017). The Board reviewed the continuing education audits for Vince Coan, John Parsons, and Robin Rogers, who were previously discussed at the Board's October 8th, 2015 meeting, but whose audit findings were not clearly determined on record.

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

> **RESOLVED to deny the renewal audit for John Parsons, 2016-000037 per compliance with AS 08.87.120, 12 AAC 70.210, and 12 AAC 70.220.**

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

> **RESOLVED to deny the renewal audit for Vince Coan, 2016-000038 per compliance with AS 08.87.120, 12 AAC 70.210, and 12 AAC 70.220.**

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

> **RESOLVED to deny the renewal audit for Robin Rogers, 2016-000039 per compliance with AS 08.87.120, 12 AAC 70.210, and 12 AAC 70.220.**

Speaking generally to certified appraisers and required continuing education activity, Mr. Ferrara commented that those who either intentionally or unintentionally are found to be non-compliant with the required activity should be subject to a financial penalty. Mr. Derry agreed, adding that certificate holders who have not complied are reprimanded to mandatory audits for two subsequent renewals, as well as a $1,500 penalty as part of a typical consent agreement, which seems to be a significant consequence.

Mr. Derry inquired to Division Paralegal, Charles Ward as to whether the $1,500 penalty fee is consistent across disciplined certificate holders. Mr. Ward stated that consent agreements actually required a $2,500 payment, however, in some cases the amount can be suspended as an incentive to comply with the terms of the agreement. A consent agreement also typically requires that a certificate holder satisfy insufficient continuing education hours. Mr. Derry was unaware that suspended fines was part of the consent agreement, and clarified that it is not his intention or favor to allow suspended fines in lieu of making up deficient credits.

Mr. Derry also inquired to Mr. Ward whether certificate holders were asked to make up more than they are deficient, to which Mr. Ward stated that this has not been the solution, but that the Board—in its discretion—may increase continuing education activity requirements when an individual has been found to be in violation. Mr. Ward also cautioned the Board that a statement should be made on record to specify the reason(s) behind why an increase would be necessary, as the Board has an obligation to be consistent. Mr. Derry prompted the Board to give their opinion on whether the civil fine should be suspended. Mr.

Ferrara and Ms. Piszczek agreed with Mr. Derry's sentiment that the fine should remain in place regardless of whether the individual fulfills deficient continuing education activity.

Mr. Ward informed the Board that for the previous renewal period, five individuals had been referred to him, three of which ended in discipline, and two of which were found to be compliant. Mr. Derry asked Mr. Ward if he could find out how the fee amount was established. Mr. Ward clarified to the Board that the process for handling denied continuing education audits is that the Board first needs to make a motion on record with which the paralegal can refer to when drafting a consent agreement.

Ms. Carrillo reminded Mr. Ferrara that there were a few continuing education ballots that needed to be completed, and were accessible on the Board's secure site.

TASK:
Laura Carrillo with follow-up with Charles Ward as to how the fee was established.

TASK:
Mr. Ferrara will complete the remaining continuing education ballots and submit them to Ms. Carrillo

Application updates -
Hearing nothing further on continuing education audits, Mr. Derry addressed application updates, including revisions to the work log verification form. Ms. Carrillo informed the Board that the verification of experience form has since been revised by the publications specialist to provide a signature line for the reference rather than the applicant.

TASK:
Mr. Derry will send Ms. Carrillo revisions for the work log verification form.

Work products (courtesy reports) -
Mr. Derry and Mr. Ferrara indicated that they would be sending in reviews for the work products to which they were assigned. Ms. Carrillo informed the Board that she had sent letters to 7 individuals informing them that their work product has not yet been received. Mr. Derry commented that an additional Board member would be helpful in reviewing the work products, as there are several to review and thus time consuming.

TASK:
Mr. Derry and Mr. Ferrara will complete the work product review sheets and submit them to Ms. Carrillo.

Trainee/Supervision registration –
The Board moved to discussion on trainee registration. Mr. Derry commented to the Board that the statutes and regulations don't specify whether trainee registration is necessarily required in order to become a certified general or residential appraiser in Alaska, which is also unclearly understood by the Appraisal Foundation. Mr. Derry offered an anecdotal example of an individual in Homer who is working with a local appraiser to become certified, however, neither have them have been able to travel to take the required supervisory appraiser/trainee appraiser course. Mr. Derry asserted that this poses a problem to those restricted by traveling costs and opportunities, especially since there is a scarcity of such course offerings in the state. Mr. Derry prompted the Board to offer clarification on the verbiage that a trainee must, "be registered *in order for experience to count*", alluding to the possibility that experience actually could count regardless of whether they're registered. Mr. Ferrara commented that trainee registration is not required by statute or regulation, but that if a trainee does register, s/he and her/his supervisor must take the required course. Mr. Derry acknowledged that although registered trainee/supervisory relationships established after 01/01/15 would require individuals to take the said course, there isn't an existing statute specifying that *all* appraisers must have first attained registration in Alaska. Ms. Piszczek confirmed that a shortage of trainees impose an impact on the work load.

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

> **RESOLVED to not require registration as a trainee in order for experience to count for certification.**

Ms. Carrillo inquired to the Board how experience would be verified if individuals opt not to register as a trainee. Mr. Ferrara responded that the process would remain the same as the existing application review process; experience would be verified via work log entries and experience verification forms.

TASK:
Ms. Carrillo will forward Mr. Derry's e-mail regarding trainee registration to Mr. Ferrara.

TASK:
Mr. Ferrara will draft a position statement regarding the Board's collective agreement on trainee registration, which will be presented to the Board for final approval at the subsequent meeting.

TASK:
Ms. Carrillo will send Mr. Ferrara a template for the position statement.

Regulation Changes -
Hearing nothing further on regulation changes, Mr. Derry addressed a regulation change for 12 AAC 70.140(c), which was approved by the Board at its last meeting in October. Ms. Carrillo commented to the Board that because the proposed verbiage change citing the Appraisal Qualification Criterial adoption date is going backward in time from January 1st, 2012 to December 9th, 2011, the regulations specialist, Jun Maiquis wanted clarification from the Board that this change is indeed correct.

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

> **RESOLVED to approve the date change specified in 12 AAC 70.140(c) from January 1st, 2012 to December 9th, 2011. Additional changes deemed necessary by the Department of Law is permitted.**

The Board briefly discussed the regulation change process, including the 30-day public comment period.

Agenda Item #9 Public Comment Time: 2:13 p.m.

Linda Cogburn from Valuations Compliance/REVA joined the room at 2:08 p.m.

Since the Board was nearing the public comment period, Mr. Derry decided to address this agenda item prior to discussing New Business. Linda Cogburn from REVA was on the line to listen to discussion on AMC's, but did not provide any comments.

Linda Cogburn from Valuations Compliance/REVA joined the room at 2:15 p.m.

Agenda Item #8 New Business Time: 2:13 p.m.

REVA AMC Model -
There was no new business to discuss for regulation of AMC's. Mr. Ferrara commented that he was still waiting to hear back from the Appraisal Subcommittee on feedback of the AMC draft legislation. Ms. Piszczek noted that had not been in contact with Page Hodson. Ms. Carrillo reminded Ms. Piszczek and Mr. Ferrara that if they do meet as a subcommittee—either with or without Paige Hodson—they will need to inform the examiner so that the meeting can be properly public noticed. Mr. Ferrara stated that he was unsure whether the Board should move forward with regulating AMC's. Per conversations during the AARO conference, Ms. Piszczek cautioned that if the Board chooses to do nothing with AMC's, it

may open the doors for entities to do more than what would otherwise be acceptable within regulations.

FAQ's/Getting Started Documents -
The Board reviewed the FAQ's and Getting Started Document. Mr. Derry asked Ms. Carrillo if the suggestions he had sent her for the FAQ's document had been updated and posted to the site. Ms. Carrillo believed that the changes had been added. The Board commented that no changes were necessary to the Getting Started document.

Ms. Carrillo asked the Board to clarify whether residential to general transition applicants must take the general examination in addition to completing the required hours. Mr. Derry agreed, adding that the applicant would also need to submit work experience logs and experience verification forms. A work product would also be requested for Board review.

Chair, Dave Derry called for break at 2:13 p.m.
Off record at 2:13 p.m.
On record at 2:44 p.m.

Agenda Item #12 **Budget Report** **Time: 2:45 p.m.**

Martha Hewlett joined the room at 2:44 p.m.

Martha Hewlett joined the room telephonically to present the Board's FY15 year-end report ending June 30th, 2015. Ms. Hewlett informed the Board that they ended with a total licensing revenue of $279,525, with $53,294 included in personal services included in the total direct expenditures of $89,150, and that the Board's ending cumulative surplus was at $198,551. Ms. Hewlett also touched on travel and contractual services included in direct expenditures. Mr. Derry inquired to Ms. Hewlett whether conference fees for staff travel, i.e.: to Washington DC was included in this expense category, to which Ms. Hewlett responded that she could look into. 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.

Ms. Hewlett then addressed the FY 1st quarter report including expenses from July 1st, 2015 through September 30th, 2015, and informed the Board that their total licensing revenue was at $7,625, with an ending cumulative surplus deficit of $182,688. Ms. Hewlett informed the Board 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.

Mr. Derry asked Ms. Hewlett about the effects of the current travel freeze on Board and staff travel. Ms. Hewlett informed the Board that the Division doesn't utilize the general fund as programs are supported by licensing revenues, and that communication was in process to sort out future travel details. Ms. Hewlett informed the Board that Division Operations Manager, Sara Chambers would be sending an update to all Boards once clarification on travel was available.

Per the Board's earlier discussion with Paralegal, Charles Ward, Mr. Derry brought to Ms. Hewlett's attention the opposition of consent agreement fines being remitted back to the general fund rather than to the Board. Mr. Derry wondered why this would be the case, since the Board does shoulder the costs of paralegal and investigative expenses for such fines to be determined. Ms. Hewlett informed the Board that due to existing statutes and regulations, this is and has been the standard; however, she, Sara Chambers, the Budget Manager, and the Office of Budget Management have been in active deliberation regarding this issue. Ms. Hewlett stated that a change in statutes/regulations or efforts to revert funds back to Boards is an ongoing goal.

In parting, Mr. Derry thanked Ms. Hewlett for her report and asked the Division to take into consideration the Board's ability to maintain a surplus budget when the Board is up for fee analysis, also citing that the now 2-year federal audit cycle by the ASC should translate to a reduction in expenditures.

Martha Hewlett left the room at 3:10 p.m.

Agenda Item #11 **Administrative Business** **Time: 3:10 p.m.**

Task List -
The Board reviewed the tasks list from the previous meeting. Ms. Pisczcek noted that she had no tasks other than to continue seeking prospective members. Mr. Derry asked Ms. Carrillo to send him the information for the secure site.

TASK:
Ms. Carrillo will send Mr. Ferrara the log-on information for the secure site.

Set Meeting dates -
The Board discussed meeting dates and ultimately decided to set their next teleconference meeting date for Wednesday, March 16th, 2016 beginning at 1:00 p.m.. The Board also wanted to schedule an in-person meeting following new Board member appointments. A subsequent date will be determined at a later time.

Agenda Item #12 **Adjourn** **Time: 3:18 p.m.**

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

RESOLVED to adjourn the meeting at 3:18 p.m.

Respectfully Submitted by:

Laura Carrillo 04/14/16

Laura Carrillo
Licensing Examiners

Approved by:

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