

Annual Report
Fiscal Year 2014

**BOARD OF CERTIFIED REAL ESTATE
APPRAISERS**

July 2014



**DIVISION OF CORPORATIONS, BUSINESS
AND PROFESSIONAL LICENSING**

This Annual Performance Report is presented in accordance with Alaska Statute 08.01.070(1) and Alaska Statute 37.07.080(b). Its purpose is to report the accomplishments, activities, and the past and present needs of the licensing program.

**ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
FY 2014 ANNUAL REPORT**

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**ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
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IDENTIFICATION OF BOARD**

<u>Board Member</u>	<u>Date Appointed</u>	<u>Term Expires</u>
Alfred J. Ferrara, MAI, SRA Certified Residential Real Estate Appraiser	March 1, 2014	March 1, 2018
David M. Derry, MAI Certified General Real Estate Appraiser	March 1, 2014	March 1, 2018
Lance Cook Certified Residential Real Estate Appraiser	March 1, 2012	March 1, 2016
Brit Szymoniak Public Member	March 3, 2014	March 1, 2015
<i>Vacant</i> Mortgage Banking Executive		

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IDENTIFICATION OF STAFF

Lisa Robinson, Licensing Examiner (*April 25, 2014 – Present*)

Department of Commerce, Community and Economic Development
Division of Corporations, Business & Professional Licensing
P.O. Box 110806
Juneau, AK 99811-0806
Work: 907-465-3811
Fax: 907-465-2974

Susan Johnson, Licensing Examiner (*July 2013 – April 2014*)

Department of Commerce, Community and Economic Development
Division of Corporations, Business & Professional Licensing
P.O. Box 110806
Juneau, AK 99811-0806
Work: 907-465-3811
Fax: 907-465-2974

Alysha Hernandez, Licensing Examiner (*July 2012 - August 2012 & May 2013*)

Department of Commerce, Community and Economic Development
Division of Corporations, Business & Professional Licensing
P.O. Box 110806
Juneau, AK 99811-0806
Work: 907-465-8443
Fax: 907-465-2974

Michelle Johnston, Records & Licensing Supervisor

Department of Commerce, Community and Economic Development
Division of Corporations, Business & Professional Licensing
P.O. Box 110806
Juneau, AK 99811-0806
Work: 907-465-2691
Fax: 907-465-2974

Jennifer Wirawan, Investigator III

Department of Commerce, Community and Economic Development
Division of Corporations, Business & Professional Licensing
550 West 7th Avenue, Suite 1500
Work: 907-269-7901
Fax: 907-269-8195

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
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NARRATIVE STATEMENT

The Board of Certified Real Estate Appraisers met four times in FY 2014: July 17, 2013 (teleconference), August 2, 2013 (teleconference), October 2, 2013 and December 3, 2013. All Board meetings are public-noticed and a copy of the agenda made available to the public.

The Board continued its review and approval (as appropriate) of education classes for both initial General Appraiser Certification, applications for Residential Appraiser Certification, applications for Registered Trainees and applications for courtesy licenses. Other applications for appraisal certifications were denied or approved pending for lack of required education and/or documented appraisal experience. The Board continues to review complaints and issues brought before it. Ms. Jennifer Wirawan, the assigned investigator to the Board has been helpful in providing information to the Board regarding complaint investigations and recommending appropriate disciplinary actions when required.

The Board underwent compliance reviews by both the Appraisal Subcommittee, Federal Financial Institutions Examination Council and the Alaska State Legislature, Legislative Budget and Audit committee. At this time, the State Legislative Budget and Audit committee recommendations are still considered confidential, so the Board is not at liberty to disclose their findings and recommendations.

The Appraisal Subcommittee (ASC) found numerous items that needed to be improved upon, most of which stem from a lack of consistent, knowledgeable support from Staff in Juneau. The Board has just been assigned a permanent, capable staff person having knowledge of the requirements in Title XI, therefore it is anticipated that all recommendations made by the ACS regarding staff support will be in compliance at the time of our next audit.

The ASC also noted a number of inconsistencies between Alaska's Statutes and Regulations - Certified Real Estate Appraisers and the Appraiser Qualification Board's (AQB) Real Property Appraiser Qualification Criteria. It was pointed out that our statutes and regulations will also be out of compliance with requirements in the Dodd Frank Act of 2010, that have gone into effect in July 2013 and will go into effect January 2015. Both a teleconference on June 6, 2013 and a board meeting on June 25, 2013 discussed the findings, their impact on lending in Alaska, and what regulation and statute changes need to be made in the coming legislative session to come into compliance. The Board voted on changing regulations that they have the power to change, and voted to recommend the necessary changes to the statutes that must be taken before the legislature.

The Statutes and Regulations of Certified Real Estate Appraisers, July 2014, was passed by the legislature and signed into law by the Governor. Under the new Statute (AS 08.87.010) the Board of Certified Real Estate Appraisers has the authority to make regulatory changes necessary to comply with federally mandated real estate appraiser requirements, promulgated by the Appraisal Foundation. The Board will actively pursue the changes necessary to be in full compliance with those federal requirements.

It is noted that the board continues to be concerned with the lack of funding considering the increased regulatory pressure. The downstream effects of federally mandated compliance will manifest itself into the real working environment and become increasingly expensive. The board expects that the requirements of the Federal government will impact the license fees of our small number of appraisers in the State. The Board is of the opinion that the State should budget the Appraisal Board as a separate line item to buffer and insulate the expense as Federal law manifests itself. There is no question that budget constraints will ultimately serve up non-compliance and that public harm will be the result if nothing is done.

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

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BUDGET RECOMMENDATIONS FOR FY 2015

TRAVEL REQUESTS: ranked in order of the board's priority. Provide the best estimates based on past actuals and seasonal trends in travel, such as summer hotel rooms or increased fuel costs. Calculate on full costs and note any third-party fiscal offsets. Expand the tables below as needed.

Board Meetings

Date	Location	# of Board Members	# of Staff	Total Estimated Cost (total of airline, hotel, mileage, M&IE, parking, rental car, taxi, etc.)
October	Anchorage	5	1	\$2200.00
January	Anchorage	5	1	\$2200.00
April	Anchorage	5	1	\$2200.00

Travel Required to Perform Examinations

Date	Location	# of Board Members	# of Staff	Total Estimated Cost (total of airline, hotel, mileage, M&IE, parking, rental car, taxi, etc.)
	N/A			

Out-Of-State Meetings and Additional In-State Travel

Rank in order of the board's priority. "Reimbursement" refers to payment to cover travel costs. "Direct" refers to an offer by a company to secure travel arrangements on behalf of the board member.

Rank	Date	Location	# of Board Members	# of Staff	Total Estimated Cost		Total Potential Third-Party Offset
					(total of airline, hotel, mileage, M&IE, parking, rental car, taxi, etc.)	Conference Fee	<input type="checkbox"/> Reimbursement <input type="checkbox"/> Direct
1	Aug 2014	CHICAGO, IL		1	\$1400.00		0
	Description of meeting and its role in supporting the mission of the board: Jennifer Wirawan or Jay Paff, Investigator III will be attending training that will cover USPAP.						
2	As Available	USPAP Course; location: to be determined		1	\$1400.00		<input type="checkbox"/> Reimbursement <input type="checkbox"/> Direct 0
	Description of meeting and its role in supporting the mission of the board: This is a recommended course for a State Administrative Hearing Officer. The Board feels that to properly adjudicate cases he/she must be knowledgeable of the Uniform Standards applicable to the appraisal profession						

NON-TRAVEL BUDGET REQUESTS

Dues/Memberships/Resources/Online Training/Teleconferences/Examination Contracts

Provide details of the budgetary request. Break down into specific events, where applicable.

Product or service:	Provider:	Cost:
Teleconference	GCI	\$150.00
Description of item and its role in supporting the mission of the board: The Board will conduct teleconferences when needed to discuss mail votes and other board business.		

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 BUDGET RECOMMENDATIONS FOR FY 2015 CONTINUED**

Other Items with a Fiscal Impact:

Product or service: None know at this time	Provider:	Cost per event:
Description of item and its role in supporting the mission of the board:		

Summary of FY15 Fiscal Requests

Board Meetings	\$6600.00
Travel for Exams	0
Out-Of-State and Additional In-State Travel	\$2800.00
Dues/Memberships/Resources/Online Training/Teleconferences	\$150.00
Total Potential Third-Party Offset	0
Other	0
Total Requested:	\$9550.00

Additional information:

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
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RECOMMENDATIONS FOR PROPOSED LEGISLATION FOR FY 2015

- The Board would like to additionally propose that the administration and oversight of the State Certified Real Estate Appraisers be funded separately from other state licensed organizations.
- Enact enabling legislation to implement the required changes relative to appraisal management companies, as mandated under the Dodd-Frank Wall Street Reform and Consumer Protection Act (federal). This legislation was proposed, however lacked follow through for introduction/consideration during the 2014 legislative session. Enactment of this legislation and related regulations is a priority for the Board in the 2015 legislative session.
- Coordinate with Senator Fairclough's Occupation License and Boards Subcommittee to refine the financial-budget information needed for the Board of Certified Appraisers to responsibly operate for the benefit of the state certified appraisers.

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
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ANTICIPATED REGULATION CHANGES FOR FY 2014

The Board of Certified Real Estate Appraisers has the following anticipated regulation changes for FY14:

- Repeal 12 AAC 70.140 (e)
- Repeal 12 AAC 70.210 (e)(2)
- Repeal 12 AAC 70.215 (c) (4)
- Repeal 12 AAC 70.215 (b) (1)
- 12 AAC 70.220 (e) have 'or its equivalent' be removed, add 'who is a certified appraiser' and remove 'as determined by the Board'. The rest of the remaining language is to remain unchanged
- Repeal 12 AAC 70.115 (a) (2).
- Amend 12 AAC 70.115 (c) (1) from an 'associates' to 'bachelor's' and repeal 12 AAC 70.115 (2)
- Amend 12 AAC 70.125 (a) by adding section (4) All qualifying education must be completed within the five (5) year period prior to the date of submission of a Trainee Appraiser application
- Amend 12 AAC 70.125 (c) by adding section (3) Appraisers must successfully complete the 7-Hour National USPAP Update Course, or its equivalent, every two calendar years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB. The equivalent of fourteen class hours of instruction in courses or seminars for each year during the period preceding the renewal is required. For example, a two-year continuing education cycle would require twenty-eight hours. The class hour requirement can be fulfilled at any time during the cycle
- Amend 12 AAC 70.125 by adding section (e) Trainee Appraisers shall be required to complete a course that, at minimum, complies with the specifications for course content established by the AQB, which is specifically oriented to the requirements and responsibilities of Supervisor Appraisers and Trainee Appraisers. The course must be completed by the Trainee Appraiser prior to obtaining a Trainee Appraiser credential from the individual credentialing jurisdiction. Further, the Trainee Appraiser course is not eligible towards the 75 hours of qualifying education required
- Amend 12 AAC 70.210 (c) (3) by removing 'Review' and replacing it with 'Approval'
- Amend 12 AAC 70.215 (c) (3) by adding 'distance education' at the beginning of the subsection and removing 'Review' and replacing it with 'Approval'

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BOARD GOALS AND OBJECTIVES

List the board's FY14 goals and objectives and how they were met:

1. Review recommendations changes and modify current statutes and regulations to include changes as needed and encourage their implementation.

The Board made several recommended changes during FY14.

2. Seek comments/input from other organizations that are involved in our use of appraisal services in Alaska.

The Board offers public comment at their meetings.

3. Circulate the Board meeting dates to appraisal organizations, interested individuals, and users of appraisal services.

The Board meeting dates are posted on their website.

4. Provide public notice of all meetings in the newspaper.

The Board's meetings were public noticed in FY14.

5. Continue to make lists of approved, denied, and expired initial certification and continuing education courses/seminars available to certified individuals.

These courses are available at their website.

6. Look into the set up and notice-giving possibilities of dissemination Appraiser Board activities through email database addresses of licensed appraisers.

The Board has implemented asking for email addresses on renewal.

7. At the time of initial certification, the Board is to review the appraiser's application along with one appraisal report completed by the applicant, in accordance with 12 AAC 70.110 (e).

The Board is taking steps to make sure that this is occurring.

8. To have at least two face-to-face meetings per year.

The Board had one face-to-face meeting in FY14.

9. To encourage and develop dialog promotional education in the State of Alaska for the State Certified Appraisers.

The Board has continued to encourage discussions regarding the appraisal process with other's in the real estate industry, such as Real Estate agents, in an effort to better understand the industry as a whole.

10. Work with legislature and department to restructure funding and budget process.

The Board has explained their stance to the department.

11. Come into regulatory compliance with Dodd-Frank regarding Appraisal Management Company registration.

The Board will be implementing regulation once this change goes into effect.

List the board's FY15 goals and objectives. Include any strengths, weaknesses, opportunities, and threats, as well as any resources needed:

1. Review recommendations changes and modify current statutes and regulations to include changes as needed and encourage their implementation.

The Board continues to gain experience in the process of changing statutes and regulations and is looking forward to future changes.

2. Seek comments/input from other organizations that are involved in our use of appraisal services in Alaska.

The Board will continue to offer public comment at every meeting and will continue to receive input from the ASC.

3. Circulate the Board meeting dates to appraisal organizations, interested individuals, and users of appraisal services.

The Board meeting dates will be posted to their website.

4. Disseminate information about Board actions to the appraisal members.

The Board will consider preparing a newsletter in electronic format for distribution to all appraisal members. The Board will encourage a Board member to attend Appraisal Institute meetings and provide reports as appropriate to the Institute members.

5. Provide public notice of all meetings in the newspaper.

6. Post the minutes of each Board meeting on the Certified Appraisers website.

The minutes have been posted, but only in "draft" format. The Board will work to approve minutes in a timely fashion and in turn, post them on the website.

7. Continue to make lists of approved, denied, and expired initial certification and continuing education courses/seminars available to certified individuals.

These courses are available at their website and will continue to be updated with any changes as necessary.

8. Look into the set up and notice-giving possibilities of dissemination Appraiser Board activities through email database addresses of licensed appraisers.

The Board has begun this process and will look at utilizing their website as well to distribute information to licensees.

9. At the time of initial certification, the Board is to review the appraiser's application along with one appraisal report completed by the applicant, in accordance with 12 AAC 70.110 (e).

The Board is taking steps to make sure that this is occurring in the future.

10. To have at least two face-to-face meetings per year.

The Board continues to meet this goal.

11. To encourage and develop dialog promotional education in the State of Alaska for the State Certified Appraisers.

The Board has continued to encourage discussions regarding the appraisal process with other's in the real estate industry, such as Real Estate agents, in an effort to better understand the industry as a whole.

12. Work with legislature and department to restructure funding and budget process.

Take concerns to the Legislature.

13. Come into regulatory compliance with Dodd-Frank regarding Appraisal Management Company registration.

Vote to make necessary changes to State Regulations and make recommendations to the Legislature to change portions of the State Statutes during the 2014 session, in order to remain in compliance with Federal regulations.

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SUNSET AUDIT RECOMMENDATIONS

Date of last Legislative Audit: 10/30/2009

Board sunset date: Scheduled June 30, 2014 (Legislative Audit recommendation: June 30, 2020)

Audit Recommendation #1: The Board of Certified Real Estate Appraisers (BCREA) and the Department of Commerce, Community, and Economic Development (DCCED) should take timely corrective action in response to Appraisal Subcommittee (ASC) findings.
Action taken: BCREA received the ASCs Preliminary Findings on June 18, 2013 and is in the process of forming a response to comply with the 60 day deadline set by ASC.
Next Steps: BCREA will mail their letter before the aforementioned deadline in FY 14 to correspond with ASC in a timely fashion.
Date completed:

Audit Recommendation #2: The division's professional licensing administrative officer should take steps to improve administrative support.
Action taken: BCREA has requested that the Division place an examiner who provided consistent administrative support for the Board from FY12 to part of FY13 be placed back with them as this individual was competent in the duties of the Board and was well organized.
Next Steps: The Board is waiting further action from the Division
Date completed:

Audit Recommendation #3: BCREA and staff within the Office of the governor should work together to increase the pool of qualified applicants available for board appointments to ensure full representation.
Action taken: BCREA has been consistently at capacity since vacancies in FY08. With the absence of its Public Member, BCREA as filled that position and is now full.
Next Steps: With the coming fiscal year and the Board having two positions coming to their first term, BCREA will do everything in its power to ensure the BCREA is always a complete Board.
Date completed:

FISCAL YEAR 20____ STATISTICAL OVERVIEW

Program: _____

AS 08. _____

12 AAC _____

Name of Individual Completing Report: _____

Date: _____

FY14 LICENSEES	NEW-ISSUED FY 20____	TOTAL AS OF 6/30/____

A. Current Active Licenses, Endorsements, Permits

List type and if issued by examination or credential, as applicable.

LICENSE TYPE & PROGRAM CODE	Lic. Type Code	Status Code	NEW-ISSUED FY 20____	TOTAL AS OF 6/30/____	LICENSURE BASIS
Example: Civil Engineer - AEL	C	AA	10	250	Exam: 6 Credentials: 4
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
TOTAL					

B. Temporary Licenses

LICENSE TYPE & PROGRAM CODE	Lic. Type Code	Status Code	NEW-ISSUED FY 20____	TOTAL AS OF 6/30/____	NOTES
Example: Physical Therapist - PHY	R	AA	4	24	
1.					
2.					
3.					
4.					
TOTAL					

C. Current Licenses Issued as Inactive (not lapsed licenses)
 (Only Medical, Chiropractic, CPA, and Real Estate)

LICENSE TYPE & PROGRAM CODE	Lic. Type Code	Status Code	TOTAL AS OF 6/30/____
Example: Salesperson - REC	S	II	64
1.			
2.			
3.			
4.			
TOTAL			

D. Retired Licenses

CATEGORY & PROGRAM CODE	Lic. Type Code	Status Code	RETIRED DURING FY 20____	TOTAL AS OF 6/30/____	NOTES
Example: Osteopath - MED	O	RR	1	8	
1.					
2.					
3.					
TOTAL					

E. Examination Detail

(List each examination administration separately. Write "See Attached" and attach a separate sheet if necessary.)

EXAM TYPE	LOCATION	DATE	CANDIDATES	NO. PASSED	NO. FAILED
Number of Postponed Exams					
Number of Exam Reviews					

F. Miscellaneous Program Activity

List all instances of fee-related work performed under Centralized Regulations per 12 AAC 02.105 (tracked by each program's fee ticker)

DESCRIPTION	TOTAL
Example: License Verification	62

G. Miscellaneous Program Activity

List all instances of fee-related work performed under the licensing program's regulations that is not included above

DESCRIPTION	TOTAL
Example: Course Approval	16

H. Board Meetings and Teleconferences

DATE	LOCATION <i>(indicate if teleconference)</i>