

***Annual Report  
Fiscal Year 2014***

**Alaska Real Estate Commission**

***July 2014***



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

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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 REAL ESTATE COMMISSION  
FY 2014 ANNUAL REPORT**

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**ALASKA REAL ESTATE COMMISSION  
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IDENTIFICATION OF COMMISSION**

<b><u>Commission Member</u></b>	<b><u>Date Appointed/Reappointed</u></b>	<b><u>Term Expires</u></b>
<b>Anita Bates, Broker at Large</b> Associate Broker	<b>May 17, 2011</b>	<b>March 1, 2015</b>
<b>Stacy Harvill, 4<sup>th</sup> Judicial District</b> Associate Broker	<b>October 27, 2011/March 1, 2013</b>	<b>March 1, 2017</b>
<b>Nancy Davis, 1<sup>st</sup> Judicial District</b> Broker	<b>March 1, 2009/March 1, 2013</b>	<b>March 1, 2017</b>
<b>Eric Bushnell, Broker-at-Large</b> Associate Broker	<b>March 1, 2013</b>	<b>March 1, 2017</b>
<b>Marianne K. Burke, Public Member</b>	<b>March 1, 2010/March 1, 2011</b>	<b>March 1, 2015</b>
<b>Brad Cole, 3<sup>rd</sup> Judicial District</b> Associate Broker	<b>March 1, 2007/March 1, 2011</b>	<b>March 1, 2015</b>
<b>Cindy Cartledge, Public Member</b>	<b>November 20, 2013</b>	<b>March 1, 2015</b>

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**IDENTIFICATION OF STAFF**

**Sharon J. Walsh, Executive Administrator**

Department of Commerce Community and Economic Development  
Division of Corporations, Business and Professional Licensing  
550 West 7<sup>th</sup> Avenue, Suite 1500  
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**Nancy A. Harris, Project Assistant\***

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**Jennifer Wirawan, Investigator\*\***

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**Beata Smith, Licensing Examiner\*\*\* (7/1/13 through 4/1/14)**

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Division of Corporations, Business and Professional Licensing  
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Anchorage, AK 99501-3567  
Work: (907) 269-8162  
Fax: (907) 269-8156

Footnotes:

\*The Project Assistant was assigned to other duties within the Division from July 1, 2013 through April 1, 2014. Therefore, the funding for this position was split 65/35, with 35% being charged to the REC Recovery Fund to carry out part-time functions of the REC. However, as of April 1, 2014 the former Director of Corporations, Business & Professional Licensing (CBPL), Don Habeger, reinstated this position full-time to the REC. It is funded entirely by the Recovery Fund fee assessed each real estate licensee every renewal.

\*\*The Investigator is also assigned to the Appraisal Board and therefore, the salary for this position is not entirely funded by the REC.

\*\*\*In response to the REC asking for financial relief, CBPL Director Habeger eliminated the REC License Examiner position effective April 1, 2014. These duties will be subsumed by both the Executive Administrator and the Project Assistant.

**ALASKA REAL ESTATE COMMISSION**  
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**NARRATIVE STATEMENT**

**The Alaska Real Estate Commission's Mission Statement:**

*The mission of the Alaska Real Estate Commission is to protect the public interest by licensing practitioners and enforcing the established standards, to promote professional excellence in the real estate industry and to support and encourage licensees.*

**REC Regulation Projects:**

The REC worked on a number of regulations this past year and will continue to refine those that are enumerated. The REC conducted two workshops this past year to review and make substantive changes to the Consumer Pamphlet. It will be out for public comment in the near future.

**REC Recovery Fund Claims:**

The REC paid out \$6,816.39 in Recovery Fund claims filed this fiscal year. As of March 1, 2010 the name of the Surety Fund changed to Recovery Fund. Claims made after this date will now be processed only after the Court has issued the claimant with a judgment and an amount owed by the real estate licensee for harm in the real estate transaction, up to \$15,000 per claim and a maximum limit of \$50,000 per licensee.

**REC Continuing Education:**

The REC approved 148 instructors, and 206 courses.

New licensees are required to complete 30 hours of post-licensing education (PLE) within 12-months of receiving their initial license. Salespersons upgrading their license to a Broker or an Associate Broker must take 30 hours of PLE within a year of that new certificate issuance. Every licensee is required to complete 20 hours of continuing education. The 20 hours are broken down by 12 elective credits and 8 required, as determined each biennial year, by the REC. The Commission continues to strive in providing online courses and we have seen an increase in this area of CE offerings. The REC will form an Education Committee to consider changes to Post-Licensing Education requirements.

**Executive Administrator Comments:**

The Alaska Real Estate Commission remains committed to continue communication with industry members and consumers. REC staff has continued to foster a relationship with Brokers by participating in the Broker Forums presented by the Alaska Association of Realtors, Anchorage Board. Staff is considering ways to implement this state-wide for more effective and immediate discussion of real estate issues impacting Brokers and their licensees. As of April 1, 2014 the Project Assistant will now produce a ListServ after each meeting of the REC and at any other time when issues arise that impact licensees. Interested parties must subscribe to the REC ListServ to receive this information and it will be reproduced on the web site under the header, General Information. We will continue to audit education courses, attend and participate in industry meetings. We value this outreach to the licensees and find it beneficial in compliance with REC regulations and statutes.

The REC encourages members of the public, real estate industry and other agencies to utilize the resources we provide on the web site.

On behalf of REC staff, I would like to extend our appreciation to the seven members (5 from the industry and 2 are from the public) that volunteer their time and energy, promoting the integrity of practicing and protecting the consumers of real estate in Alaska. We appreciate the sacrifice and dedication they make to benefit our state. As of September 2013, Cindy Cartledge from Anchorage was appointed to the Public seat that was vacated in April 2013.

The REC continues to monitor closely, the financial position with the Division insuring transparency in financial reporting. Although there is little they can do to affect indirect costs (Division incurred costs), the

REC continues to make recommendations to the Director of CBPL regarding Personnel Service costs, Investigative case loads and any other area in which they can affect cost reductions. REC has seen a significant reduction in travel costs by continuing to hold meetings in Anchorage rather than elect to travel to other areas in the state to hold quarterly meetings.

Cordially,

Sharon J. Walsh  
Executive Administrator  
Alaska Real Estate Commission

**ALASKA REAL ESTATE COMMISSION**  
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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.)
9-10-14	ANC	7	2	\$2,000.00
12-3-14	ANC	7	2	\$2,000.00
3-4-15	ANC	7	2	\$2,000.00
6-3-15	ANC	7	2	\$2,000.00

**Travel Required to Perform Examinations: N/A**

Date	Location	# of Board Members	# of Staff	Total Estimated Cost (total of airline, hotel, mileage, M&IE, parking, rental car, taxi, etc.)
	N/A			
Description of meeting and its role in supporting the mission of the board:				

**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	9/17-21/2014	Philadelphia, PA		1	\$2,500.00	\$700.00	
	Description of meeting and its role in supporting the mission of the board: E.A. to attend the annual conference of the Association of Real Estate License Law Officials (ARELLO) in Philadelphia, PA 9/17 through 21, 2014. Meet with other jurisdictions on enforcing and regulating real estate standards on a national & international basis with a potential impact to AK licensees.						
2	unknown	Unknown at this time		1	\$3,000.00		<input type="checkbox"/> Reimbursement <input type="checkbox"/> Direct
	Description of meeting and its role in supporting the mission of the board: Investigator to attend the ARELLO Investigator Workshop in FY15.						
3	6/19-22/2015	Storrs, CT		1	\$3,000.00	\$450.00	<input type="checkbox"/> Reimbursement <input type="checkbox"/> Direct
	Description of meeting and its role in supporting the mission of the board: Real Estate Educators Association annual conference to be attended by the Project Assistant. Attend the annual conference of real estate educators to assist in the education of real estate practitioners.						

**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 per event:
Annual dues	Association of Real Estate License Law Officials	\$750.00 per year
Description of item and its role in supporting the mission of the board: Membership in ARELLO organization and providing access to their web site, copies of the annual ARELLO Digest directory, case law and other resource material for licensing regulators.		

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 BUDGET RECOMMENDATIONS FOR FY 2015 CONTINUED**

**Other Items with a Fiscal Impact:**

<b>Product or service:</b> <b>Attend Broker forums/local board meetings in Juneau, Kenai, Fairbanks</b>	<b>Provider:</b> <b>Alaska Association of Realtors</b>	<b>Estimated Cost per event:</b> <b>\$1,000.00</b>
Description of item and its role in supporting the mission of the board:		

**Summary of FY15 Fiscal Requests**

Board Meetings	<b>\$8,000.00</b>
Travel for Exams	<b>N/A</b>
Out-Of-State and Additional In-State Travel	<b>\$9,650.00</b>
Dues/Memberships/Resources/Online Training/Teleconferences	<b>\$750.00</b>
Total Potential Third-Party Offset	<b>0.00</b>
Other	<b>\$1,000.00</b>
<b>Total Requested:</b>	<b>\$19,400.00</b>

**Additional information:**

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RECOMMENDATIONS FOR PROPOSED LEGISLATION FOR FY 2015**

The Alaska Real Estate Commission has no recommendations for proposed legislation at this time.

**ALASKA REAL ESTATE COMMISSION**  
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**REGULATION RECOMMENDATIONS FOR FY 2015**

The Real Estate Commission is waiting for review by Dept. of Law on the regulation project implementing Error & Omission insurance. 12 AAC 64.600-650.

The REC will be reviewing and re-drafting the regulation 12 AAC 64.068 Legal Entities which would take into consideration the ability for licensees to structure their commission through an entity.

12 AAC 64.064(d) Education Requirements after Initial License the Dept. of Law is currently reviewing this regulation.

12 AAC 64.118 Consumer Pamphlet is waiting to go to Public Comment.

12 AAC 64.130(20) Waiver of Right to be Represented is also waiting to go to Public Comment.

The REC will be reviewing potential regulations:

- use of real estate “teams” within a Brokerage
- advertising real estate
- post-licensing education

**ALASKA REAL ESTATE COMMISSION**  
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**GOALS AND OBJECTIVES FOR FY 2015**

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

**Goals and Objectives for FY14**

The AREC would like to see the Division of Corporations, Business and Professional Licensing (CBPL) submit a Request for Proposal (RFP) to obtain a provider for Errors and Omissions insurance required of all real estate licensees.

*Result: Director Chambers stated at the June 11, 2014 REC meeting that she is looking into the RFP process for obtaining E & O insurance.*

The AREC continues to require assurance from the Division of CBPL that they will monitor the Recovery Fund so that it does not exceed the statutory limit of \$500,000 and run the risk of any excess going into the State's General Fund.

*Result: On-going with assistance from Administrative Services Division*

The AREC will continue to request reliable and accurate information presented to them with regards to the Real Estate Commission Revenue and Expenditure Report. This report should include detailed information of expenditures to insure better monitoring of our financial status. *It was determined by the Division that the Commission's expenditures exceeded revenues by \$606,119 for the prior FY10/FY11. The Commission and the licensees rejected this proposed fee increase in which the end result was a renewal fee of \$375.* The delivery of accurate and timely financials to the Commission is and will continue to be one of their primary concerns. The Commission is expecting the Division to provide financial transparency so that they are advised quarterly of the financial health of the Commission and its operations.

*Result: On-going and evolving. REC is receiving timely quarterly Revenue & Expenditure reports from CBPL.*

The Commission would like to see the remainder of the trust account audits completed this fiscal year. There are approximately 33 remaining trust account audits to be conducted in South-central Alaska. This will require travel to Homer, Soldotna, Sterling, Eagle River, and Wasilla. The other real estate offices selected for audit are located in Anchorage.

*Result: Remains outstanding and will be incorporated into FY15 G & O's.*

Consumer information and resource guides will continue to be added and updated to the Commission web site. The Commission staff will continue to make forms and information available on the web site.

*Result: On-going and will see a more timely response now that this position is reinstated as full-time.*

Regulation projects for Errors & Omission (E & O) insurance be completed and to move forward with a Request for Proposal (RFP) to obtain an insurance provider for licensees.

*Result: On-going and moving forward as of 6/11/2014 meeting with Director Chambers*

The Commission will actively promote the use of the List Serv communication tool by placing a link on the REC web site to encourage utilization of feature. The Commission will continue to post to the web site: meeting minutes, disciplinary action and proposed regulations

*Result: On-going*

The Commission will issue an RFP for Train the Trainer during this fiscal year (FY14).

*Result: Move this goal to FY15.*

The Commission is conducting an outreach program to obtain topics that are timely and relevant to current real estate practices and standards.

*Result: On-going*

The Commission would like to conduct a workshop on proper procedures in dealing with investigative matters at Commission meetings.

*Result: Future board member training being considered for Fall of 2014.*

The Commission and staff will continue to promote relationships with the Alaska Association of Realtors and the national organization of the Association of Real Estate License Law Officials (ARELLO).

*Result: On-going with local and state Association of Realtors; E.A. attended the annual conference of ARELLO in September 2013.*

The Executive Administrator will continue to be available to attend meetings and visit upon request, real estate offices and review disclosure information.

*Result: On-going process and included other REC staff in this outreach.*

The Commission will continue to insure that resources are available to maintain an effective operational structure in order to meet the statutory requirements of real estate licensees.

*Result: The REC continues to review investigative, administrative & education processes to insure resources are being utilized to meet license requirements.*

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

*The Commission will address their Goals & Objectives at the September 10, 2014 meeting when they also have the election of officers.*

**ALASKA REAL ESTATE COMMISSION  
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 SUNSET AUDIT RECOMMENDATIONS**

Date of last Legislative Audit:                     JULY 2007                    

Board sunset date:                     JUNE 30, 2016                    

<p><b>Audit Recommendation #1:</b>  <b>Amend statutes relating to Real Estate Surety Fund (RESF) to provide more complete, effective and efficient consumer protection to claimants.</b></p>
<p>Action taken:          Legislation was passed to increase individual claim limit from \$10K to \$20K with aggregate per licensee remaining at \$50K. The Legislature did not pass the recommended aggregate of \$100K per licensee.</p>
<p>Next Steps:          No further steps needed.</p>
<p>Date completed:          HB418 passed in 2004.</p>

<p><b>Audit Recommendation #2:</b>  <b>The Director of Boards &amp; Commissions, Office of the Governor, should verify that Board (<i>Commission</i>) members satisfy all statutory requirements prior to being appointed.</b></p>
<p>Action taken:          Boards &amp; Commissions contact this office as needed for verification of licensee's license status.</p>
<p>Next Steps:          Director of Boards &amp; Commissions or staff will verify, as needed, all real estate licensee's appointments.</p>
<p>Date completed:          On-going</p>

<p><b>Audit Recommendation #3:</b>  <b>The Division should increase licensing fees to eliminate the Commission's operating deficit.</b></p>
<p>Action taken:          Division to review REC operating costs on a biennial basis with a renewal fee that covers those costs and thus eliminating operating deficits.</p>
<p>Next Steps:          On-going biennial review by Director of CBPL</p>
<p>Date completed:          As needed, 2011 and 2014 reviewed and adjusted as necessary.</p>

# 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.					
<b>TOTAL</b>					

**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.					
<b>TOTAL</b>					

**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.			
<b>TOTAL</b>			

**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.					
<b>TOTAL</b>					

**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
<b>Number of Postponed Exams</b>					
<b>Number of Exam Reviews</b>					

**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

DECSRIPTION	TOTAL
Example: Course Approval	16

**H. Board Meetings and Teleconferences**

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