

Annual Report
Fiscal Year 2015

**BOARD OF CERTIFIED REAL ESTATE
APPRAISERS**

July 2015



**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.

BOARD OF REAL ESTATE APPRAISERS

FY 2015 ANNUAL REPORT

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

<u>Board Member (CURRENT)</u>	<u>Date Appointed</u>	<u>Term Expires</u>
Alfred J. Ferrara , MAI, SRA – Vice Chair Certified General Real Estate Appraiser	3/1/2014	3/1/2018
David M. Derry , MAI -- Chair Certified General Real Estate Appraiser	3/1/2014	3/1/2018
Lance Cook Certified Residential Real Estate Appraiser	3/1/2012	3/1/2016
Renee Piszczek Mortgage Banking Executive	9/2/2014	3/1/2018
Vacant Public Member	3/3/2014	3/1/2015

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

Lisa Robinson, Licensing Examiner

April 25, 2014 - Present

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ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
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NARRATIVE STATEMENT

The Board of Certified Real Estate Appraisers met six times in FY 2015: July 9, 2014 (teleconference), October 9, 2014 (in person, ANC), December 11, 2014 (telecom), March 12, 2015 (telecom), April 14, 2015 (telecom), July 31, 2015 (in person, ANC) and scheduled meeting October 23, 2015 (telecom). 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, continuing education courses, 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. Mr. Jay Pfaff, 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) conducted compliance audits August 4-7, 2014, a "follow-up" March 23-24, 2015 and a full audit July 27-31, 2015. The August 2014 audit 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 "follow-up" audit was due to the number of items identified in the audit. Staff changes were made in fall 2014 with assigned, permanent, capable staff persons having knowledge of the requirements in Title XI and the recommendations made by the ASC regarding staff support and processes. States with an acceptable audit rating are audited every 2 years, but due to the ongoing deficiencies in Alaska we were subject to annual audits and the "follow-up" audit in March 2015. The July 2015 audit preliminarily identified few deficiencies, and it is anticipated that when the final report is received (sometime late 2015) we may be moved to a 2 year review cycle. Special credit and recognition goes to Sara Chambers, Dawn Hannasch, and Laura Carrillo for their efforts addressing the staff and process related audit issues.

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. This has been an ongoing problem, since our statutes and regulations were out of compliance with requirements in the Dodd Frank Act of 2010 that went into effect in July 2013 with additional requirements in effect January 2015. The Board was very concerned with the deficiencies identified in the audit which prompted the frequency of the ASC audits. The Board addressed and voted on changing regulations that they have the power to change, and voted to recommend the necessary changes to the statutes that were 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 and Dodd Frank Act. Some of the requirements under Dodd Frank are still evolving, specify appraiser background checks and appraisal management company (AMC) regulation. Following public notice to all certified appraisers in the state and review of any public comments, the Board adopted the new regulations which were published July 2015.

The board continues to be concerned with the lack of funding considering the increased regulatory pressure. Federally mandated compliance and additional regulations under the Dodd Frank Act will require additional board meetings and development of regulations for compliance. The AMC (appraisal management company) regulations are the most immediate and will require most of the funding. The impact of these changes directly will impact the license fees of our small number of appraisers in the State. We currently have some of the highest fees in the nation. 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.

The board has established an AMC (appraisal management company) task force of professional appraisers, in conjunction with the Alaska Chapter of the Appraisal Institute, and with a board member to develop the regulations for AMC oversight. Again this regulation will be necessary for AMC's to operate in the State of Alaska. The board considers it is in the best interest and imperative for Alaska appraisers to have AMC regulations in effect.

In 2014 the board voted to join the Association of Appraiser Regulatory Officials (AARO) and attend their national meetings. A board member and two staff persons have been authorized by the board to attend the fall conference in Washington DC, October 16.

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

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BUDGET RECOMMENDATIONS FOR FY 2016

TRAVEL REQUESTS: All travel requests must be 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

Rank	Date	Location	# of Board Members	# of Staff	Total Estimated Cost (Total of airline, hotel, mileage, M&IE, parking, rental car, taxi, etc.)
1	October	Anchorage, AK	5	1	\$2000
2	January	Anchorage, AK	5	1	\$2000
3	April	Anchorage, AK	5	1	\$2000
4	July	Anchorage, AK	5	1	\$2000
5	As needed	Anchorage (for AMC regulation development)	5	1	\$2,000

In-State/Out-Of-State Training

Rank	Date	Location	# of Board Members	# of Staff	Total Estimated Cost (Total of airline, hotel, mileage, M&IE, parking, rental car, taxi, etc.)
1	March-April 2016	Anchorage, AK or out of state if no AK course offered	1	1	\$1,000
	March-April 2016	Anchorage, AK		1*	\$500
Description of meeting and its role in supporting the mission of the board: USPAP course attendance. *This is recommended for the 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.					

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

Rank	Date	Location	# of Board Members	# of Staff	Total Estimated Cost (Total of airline, hotel, mileage, M&IE, parking, rental car, taxi, etc.)	Total Potential Third-Party Offset
1	October 2015	Washington DC	1	2	\$6,000	0
	April 2016	Phoenix, AZ	1	2	\$5,000	
Description of meeting and its role in supporting the mission of the board: Attendance at the fall and spring conferences of the Association of Appraiser Regulatory Officials (AARO).						

NON-TRAVEL BUDGET REQUESTS

Dues/Memberships/Resources/Online Training/Teleconferences

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

1	Product or service: Teleconference	Provider: GCI	Cost per event: \$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.			

**ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
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 BUDGET RECOMMENDATIONS FOR FY 2016 CONTINUED**

Other Items with a Fiscal Impact:

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

Summary of FY16 fiscal requests

Board Meetings	\$10,000
Travel for Exams	N/A
Out-Of-State and Additional In-State Travel	\$12,500
Dues/Memberships/Resources/Online Training/Teleconferences	\$450.00
Total Potential Third-Party Offset	\$1,000
Other	N/A
Total Requested:	\$23,950

Additional information:

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
FY 2015 ANNUAL REPORT
ANTICIPATED PROPOSED LEGISLATION FOR FY 2016

Complete one sheet per legislative proposal

No Legislation anticipated for FY 2016

Focus Area (Check all that apply)

- Economic Development
- Government Within Our Means
- National Regulatory/Industry Changes
- Enhance Public Protection

1. **Subject and Proposed Language (include intent and statutory reference)**
2. **Explain the benefits the proposed legislation would provide.**
3. **Explain the consequences, if any, of not implementing the proposed statutory change.**
4. **Describe any potential negative impacts of this legislation and how they would be minimized.**
5. **Who do you anticipate will support the bill and why? Include municipalities, groups, etc...**
6. **Who do anticipate will oppose the bill and why?**
7. **What other state departments will be affected by this legislation? Have you discussed the impact with the affected departments, and if so who and do they support this bill?**
8. **Identify and describe any previous state or federal legislation or similar efforts in other states which affect or relate to this proposal.**
9. **Has this bill topic been previously introduced in the legislature? If so, what was the final outcome and why?**
10. **In the event questions should be raised during review of this request, please indicate below which board member should be contacted:**

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
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ANTICIPATED REGULATIONS FOR FY 2016

Briefly explain any regulations projects that the board expects to propose this fiscal year.

The Board anticipates that the regulations necessary for the AMC (appraisal management company) oversight are required under Dodd Frank and accordingly authorized the appraisal statute adopted July 2015. An opinion by the State Attorney General's office has been requested.

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

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GOALS AND OBJECTIVES FOR FY 2016

Explain the board's mission:

- (1) establish the examination specifications for certification as a general real estate appraiser, as a residential real estate appraiser and as an institutional real estate appraiser;
- (2) adopt rules of professional conduct to establish and maintain a high standard of integrity in the real estate appraisal profession
- (3) adopt regulations necessary to carry out the purposes of this profession, including regulations necessary to comply with the requirements of 12 U.S.C. 3331 – 3351 (Title XI, Financial Institutions Reform, Recovery, and Enforcement Act of 1989), as amended by 12 U.S.C. 5301 – 5641 (Dodd-Frank Wall Street Reform and Consumer Protection Act).
- (4) review and approve education courses for certification and continuing education for certified real estate appraisers.

List the board's FY15 goals and objectives and how they were met:

1. Review recommendations changes and modify current statutes and regulations to include changes as needed for implementation. **The Board adopted revised statutes during FY15.**
2. Correct the ASC identified audit deficiencies and comply with federal appraisal requirements. **In conjunction with staff changes and board adoption of the new appraiser statute, preliminary reports from the most recent ASC audit found few exceptions. It is anticipated the Alaska may be placed on a 2 year audit cycle. This has been a top priority for the board in FY15.**
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 FY15.**
5. Promptly review, approve/deny initial certification and continuing education courses/seminars available to certified individuals. **The approved courses are available on the 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 has adopted a procedure in the application stage to accomplish this.**
8. To have at least one face-to-face meetings per year. **The Board had two face-to-face meetings in FY15.**
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.**

List the board's FY16 goals and objectives. Include any strengths, weaknesses, opportunities, and threats, as well as any resources needed:

1. 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.**
2. 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.**
3. 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.**
4. Post the minutes of each Board meeting on the Certified Appraisers website. **The minutes are being posted and an effort is underway to approve the minutes in a timely fashion so the final, approved minutes are posted promptly.**
5. Continue to review initial certification and continuing education courses/seminars available to certified individuals. **The Board adopted a provision that those education courses/seminars that have received AQB/IDECC approval are reviewed and approved by the chair. The board established a process that other education courses/seminars needing full board approval will be review and voted monthly on the 15th.**
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 begun this process and will look at utilizing their website as well to distribute information to licensees.**
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 in the future.**
8. To have at least one face-to-face meeting per year. **The Board continues to meet this goal.**
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. **Take concerns to the Legislature.**
11. Establish a full five member board. **The board has operated short 1 member since the expiration of the “public” member’s term in March. Inquires with the Governor’s Office reports that there have been no applicants. The board will work to recruit a public member and restore a full board.**
12. Come into regulatory compliance with Dodd-Frank regarding Appraisal Management Company registration. **The Board has established a task force and will be developing regulations to meet the 3 year timeline for adoption.**

In order to join the state in a time of austerity, list the top three areas where the board believes this licensing program could reasonably reduce its costs or services.

Note that since the appraisal board was originally established as a self-supporting entity, by design, the incentive is to be as austere as possible. However the changing federal appraisal requirements and frequent audits have resulted in staff time expense mostly beyond our board or staff control.

1. Meet federal appraisal requirements and pass ASC (Appraisal Sub Committee, federal) audits which place us on a 2 year audit cycle. Currently, due to deficiencies identified in the audits Alaska has been on a 1 year cycle and even had an additional (2 audits) audit in 2015. The most recent audit, July 2015 should result in moving us to a 2 year cycle.
2. Using email/website systems for voting on license applicants and education course/seminar approvals.
3. Holding one face to face meeting per year rather than two. Other meetings will be accomplished by telecom.

**ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
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SUNSET AUDIT RECOMMENDATIONS**

This is from the 2014 Annual Report; I do not have any info regarding any legislative audit.

Date of last Legislative Audit: 10/30/2009

Board sunset date: _____

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:

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Date of last Legislative Audit: _____

Board sunset date: _____

Audit Recommendation #1:

Action taken:
Next Steps:
Date completed:

Audit Recommendation #2:

Action taken:
Next Steps:
Date completed:

Audit Recommendation #3:

Action taken:
Next Steps:
Date completed:

Audit Recommendation #4:

Action taken:
Next Steps:
Date completed:

Insert Statistical Overview pdf here (Pub Spec will do this)