

Annual Report
Fiscal Year 2015

REAL ESTATE COMMISSION

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.

**REAL ESTATE COMMISSION
FY 2015 ANNUAL REPORT**

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**REAL ESTATE COMMISSION
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IDENTIFICATION OF BOARD**

<u>Board Member</u>	<u>Date Appointed</u>	<u>Term Expires</u>
PeggyAnn McConnochie, Broker at Large Broker	March 1, 2015	March 1, 2019
Stacy Harvill, 4 th Judicial District Associate Broker	October 27, 2011/March 1, 2013	March 1, 2017
Nancy Davis, 1 st Judicial District Broker	March 1, 2009/March 1, 2013	March 1, 2017
Eric Bushnell, Broker-at-Large Associate Broker	March 1, 2013	March 1, 2017
Marianne K. Burke, Public Member	March 1, 2010/March 1, 2015	March 1, 2019
Traci Barickman, 3 rd Judicial District Broker	March 1, 2015	March 1, 2019
Cindy Cartledge, Public Member	November 20, 2013/March 1, 2015	March 1, 2019

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IDENTIFICATION OF STAFF

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NARRATIVE STATEMENT

Include an overview of the board's activity, industry trends in licensure, public protection challenges, and other information useful to Alaska stakeholders in understanding your work during FY15.

Regulations:

The Real Estate Commission (REC) took on a comprehensive regulation revision of the Consumer Pamphlet and now referred to as a Consumer Disclosure. In conjunction with this was the review of the Waiver of Right to be Represented form. These two forms are used when licensees meet with real estate consumers/clients. They must advise the consumer of their role in the relationship with consumers. The Consumer Disclosure was revised in December 2014 to provide clarity to the licensee requirement on disclosure of their relationship.

Recovery Fund Claims: There were no Recovery Fund claims filed in FY15. The Commission continues to monitor the Recovery Fund for the requisite fund balance. Claims made against the fund may not exceed \$15,000 per claim and may not exceed \$50,000 per licensee.

Real Estate Continuing Education:

The REC approved 296 instructors and 59 real estate education courses.

Executive Administrator Highlights of the past year:

- The REC revised regulations this past year, which strengthens consumer protection (12 AAC 64.118 and .119) by clarifying the licensee's role with the consumer
- The REC is reviewing pre and post licensing education for Associate Brokers and Brokers, with the possibility of making changes to the requirements under 12 AAC 64.064.
- The REC is in the process of revising the Broker's Manual. This is a useful hands-on resource for Brokers in AK. This should be done in FY16.
- On-going issue by REC of whether or not licensees can be compelled to subscribe to the REC ListServ
- REC provided the Executive Administrator the authority to deny applications who do not meet the licensure requirements of AS 08.88.171 streamlining the process so applicants don't have to wait until the next quarterly meeting of the REC.
- The REC is very cost conscientious and in an attempt to reduce fees, eliminated the Licensing Examiner position, effective April 1, 2014. The Executive Administrator and Project Assistant work together to provide this service.
- The Investigation backlog of cases has been significantly curtailed and now currently stands at a caseload of less than 10.
- The staff of the REC continues to do outreach for real estate applicants by addressing issues at pre licensing education courses. Broker forums are also a way for advancing communication between licensees and REC staff.
- Real Estate Commission regulations for errors and omissions insurance (12 AAC 64.600-650) became effective September 10, 2014(FY15).

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BUDGET RECOMMENDATIONS FOR FY 2016**

TRAVEL REQUESTS: Rank 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.)
9/2/2015	ANC	7	3	\$3,000.00
12/2/2015	ANC	7	3	\$3,000.00
3/2/2016	ANC	7	3	\$3,000.00
6/3/2016	ANC	7	3	\$3,000.00

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			
Description of meeting and its role in supporting the mission of the board:				
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 the division 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	09/9-13/2015	Washington, D.C.	0	1	\$2,100.00	\$600.00	
	Description of meeting and its role in supporting the mission of the board: EA to attend the annual conference of the Association of Real Estate License Law Officials (ARELLO) in Washington, D.C. 09/09 through 09/13/2015. Meet with other jurisdictions on enforcing and regulating real estate standards on a national & international basis with a potential impact to AK licensees.						
2	04/12-14, 2016	Atlanta, GA	0	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 and teach at the ARELLO Investigator Workshop in FY16.						
3	09/29-10/3/2015	Homer, AK	0	1	\$275.00		<input type="checkbox"/> Reimbursement <input type="checkbox"/> Direct
	Description of meeting and its role in supporting the mission of the board: Attend the AK Association of Realtors Annual Conference.						
4							<input type="checkbox"/> Reimbursement <input type="checkbox"/> Direct
	Description of meeting and its role in supporting the mission of the board:						

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BUDGET RECOMMENDATIONS FOR FY 2016 CONTINUED**

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 (ARELLO)	\$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.		
Product or service:	Provider:	Cost per event:
Description of item and its role in supporting the mission of the board:		
Product or service:	Provider:	Cost per event:
Description of item and its role in supporting the mission of the board:		

Other Items with a Fiscal Impact:

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

Summary of FY16 Fiscal Requests

Board Meetings	\$12,000.00
Travel for Exams	0
Out-Of-State and Additional In-State Travel	\$ 5,975.00
Dues/Memberships/Resources/Online Training/Teleconferences	\$ 1,750.00
Total Potential Third-Party Offset	0
Other	
Total Requested:	\$19,725.00

Additional information:

Be Sure To Check Your Math

REAL ESTATE COMMISSION

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ANTICIPATED PROPOSED LEGISLATION FOR FY 2016

Complete one sheet per legislative proposal

PLEASE NOTE: THE REAL ESTATE COMMISSION DOES NOT HAVE ANY PROPOSED LEGISLATION AT THIS TIME.

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:

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ANTICIPATED REGULATIONS FOR FY 2016

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

12 AAC 64.064 (c), Education Requirements after Initial License.

The Real Estate Commission (REC) is taking into consideration making changes to the Broker education requirements for Post Licensing Education.

A Committee of licensees and instructors has been formed to take up this issue and report back to the REC with their findings.

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GOALS AND OBJECTIVES FOR FY 2016**

Explain the board's mission:

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.

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

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

- *The REC issued a contract to Mr. Len Elder to perform a Train the Trainer workshop on September 17, 2015 in Anchorage, AK*

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

- *Although they did not have a workshop the REC was provided with guidance (process worksheets) and input on this matter from the Chief Investigator and the REC Investigator. The Division may look into providing a workshop for all boards and commissions at a future date.*

The REC 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.

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

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

The REC will address their goals and objectives at the September 2, 2015 meeting.

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.

1. **The Real Estate Commission has been cognizant of reductions since 2011 and has taken austerity measures since that time to reduce costs to licensees. One significant reduction was in cutting travel costs, whereby, the REC holds their quarterly meetings in Anchorage. REC only had two members that traveled from outside of Anchorage (Fairbanks and Sitka) to attend meetings. The REC no longer holds meetings in other communities in Alaska.**
2. **REC reduced personnel costs by eliminating the full-time Licensing Examiner position.**

Additional suggestions to reduce costs or services:

3. **The ability for Real Estate Brokers to securely access the Division of Corporations, Business and Professional Licensing database that will allow them to print a license for those that are transferring into their Brokerage office.**
4. **Provide for Real Estate licensees to monitor their continuing education through our education database. Also, allow for instructors to access the education database to attach completed continuing education certificates for licensees.**

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 SUNSET AUDIT RECOMMENDATIONS**

Date of last legislative audit: July 3, 2007

Board sunset date: June 30, 2016

Audit Recommendation #1: Amend statutes relating to Real estate Surety Fund (RESF) to provide more complete, effective and efficient consumer protection to claimants.

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.
Next Steps: No further steps needed.
Date completed: HB 418 passed in 2004.

Audit Recommendation #2: The Director of Boards & Commissions, Office of the Governor, should verify that Board (Commission) members satisfy all statutory requirements prior to being appointed.

Action taken: Boards & Commissions contact this office, as needed, for verification of licensee's license status.
Next Steps: On-going biennial review by Director of CBPL.
Date completed: As needed, 2011 & currently under review by Division Director for 2014 renewal.

Audit Recommendation #3: The Division should increase licensing fees to eliminate the Commission's operating deficit.

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.
Next Steps: On-going biennial review by Director of CBPL.
Date completed: AS needed, 2011 & currently under review by Division Director for 2014 renewal.

Audit Recommendation #4: Not applicable (n/a)

Action taken:
Next Steps:
Date completed: