

Annual Report

Fiscal Year 2016

BOARD OF CERTIFIED REAL ESTATE APPRAISERS



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

This annual performance report is presented in accordance with
Alaska statute AS 08.01.070(10).

Its purpose is to report the accomplishments, activities, and the
past and present needs of the licensing program.

**BOARD OF CERTIFIED REAL ESTATE APPRAISERS
FY 2016 Annual Report**

Table of Contents

Identification of the Board	Page 1
Identification of the Staff	Page 2
Narrative Statement	Page 3
Budget Recommendations	Page 5
Proposed Legislative Recommendations	Page 8
Regulatory Recommendations	Page 9
Goals and Objectives	Page 10
Sunset Audit Recommendations	Page 12

**BOARD OF CERTIFIED REAL ESTATE APPRAISERS
FY 2016 Annual Report**

Identification of the Board

Board Member	Date Appointed	Term Expires
David Derry (Kenai) Certified General Real Estate Appraiser	Mar 01, 2014	Mar 01, 2018
Alfred Ferrara (Anchorage) Certified Residential or General Real Estate Appraiser	Mar 01, 2014	Mar 01, 2018
Renee Piszczek (Fairbanks) Mortgage Banking Executive	Sep 02, 2014	Mar 01, 2017
Robert Tracy (Wasilla) Certified Residential Real Estate Appraiser	Mar 14, 2016	Mar 01, 2020
Vacant Public		Dec 01, 2018

**BOARD OF CERTIFIED REAL ESTATE APPRAISERS
FY 2016 Annual Report**

Identification of Staff

Laura Carrillo – Licensing Examiner

Department of Commerce, Community & Economic Development
Division of Corporations, Business and Professional Licensing
Post Office Box 110806
Juneau, Alaska 99811-0806
(907) 465-2550

Dawn Hannasch – Records and Licensing Supervisor

Department of Commerce, Community & Economic Development
Division of Corporations, Business and Professional Licensing
Post Office Box 110806
Juneau, Alaska 99811-0806
(907) 465-2550

Jay Paff – Investigator

Department of Commerce, Community & Economic Development
Division of Corporations, Business and Professional Licensing
550 West Seventh Avenue, Suite 1500
Anchorage, AK 99501-3567
(907) 269-8160

Jun Maiquis – Regulations Specialist

Department of Commerce, Community & Economic Development
Division of Corporations, Business and Professional Licensing
Post Office Box 110806
Juneau, Alaska 99811-0806
(907) 465-2550

BOARD OF CERTIFIED REAL ESTATE APPRAISERS FY 2016 Annual Report

Narrative Statement

The Board of Certified Real Estate Appraisers met five times in FY 2016: four teleconferences and one in person meeting in Anchorage. The in person meeting was attended by the three member ASC Audit team, following their Appraisal Board audit in Juneau and Anchorage. All Board meetings are public-noticed and a copy of the agenda made available to the public. Minutes are approved at the following meeting and posted on the Board website.

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 has adjudicated the cases resulting from the random continuing education audits for appraiser recertification's in 2015. Only a few complaints and/or conduct issues have been reported by Mr. Jay Pfaff, the assigned investigator to the Board. All of those issues have been closed without Board mandated disciplinary action.

The Appraisal Subcommittee (ASC) of the Appraisal Foundation (US) 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 only a couple of deficiencies, and as a result, **when the final report was issued, October 20, 2015, Alaska was rated as "Good"** which moved us to a two year review cycle. The Board recognizes this a major accomplishment and achieving an ongoing goal from 2014. 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 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, specifically 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. This statute will allow the Board to formulate regulations as necessary to comply with any evolving appraiser requirements/regulations.

FY 2017 (June 30, 2017) will be the bi-annual recertification for Alaska appraisers. The Board continues to be concerned with the Alaska recertification fee at \$1,130 (AK \$1,505, Federal \$80). We currently have some of the highest fees in the nation, which coupled with recent decreases in business activity, places a severe economic burden on the profession. The Board is of the opinion that the Division should recognize the recent ASC Audit results, completion of Statute/regulation revisions, and the small number of complaints/investigations, all which will reduce staff time and expense. As a result, the recertification fee can be reduced significantly.

FY 2016 Narrative Statement (continued)

The Board continues to work on potential AMC (appraisal management company) regulation. A task force of professional appraisers, in conjunction with the Alaska Chapter of the Appraisal Institute, and with a board member was formed in 2015. They are continuing to determine if Alaska should develop and adopt regulations for AMC oversight. This regulation will be necessary for AMC's to operate in the State of Alaska after 2018. The Board wants to determine if it is in the best interest for Alaska appraisers to have AMC regulations in effect.

Since 2014 the Board has been a member of the Association of Appraiser Regulatory Officials (AARO) and attended their national meetings. A board member and two staff persons attended fall conference in Washington DC, October 2015. Those attending reported to the Board that the conference was very productive and a great education opportunity.

Robert Tracy was appointed to the Board in March 2016. Mr. Tracy, Wasilla, fills the Certified Residential category and replaces Lance Cook from Fairbanks. Mr. Cook had termed out. With Mr. Tracy the Board has a good geographic diversity, with members from Anchorage, Fairbanks, Kenai Peninsula, and now Mat Su. Renee Piszczek, the Mortgage Banking representative on the Board attended the Uniform Standards of Professional Appraisal Practice (USPAP) course in April 2016. We are still one Board member short, for the "Public" seat. The State Office of Boards & Commissions reports no applicants for that seat. Individually Board members are working to invite an interested "public" person to apply.

A requirement of Alaska "Courtesy" credentialed appraisers is that they submit a copy of the appraisal that they prepared under that Courtesy Certification for confidential review by the Board. The reviews are assigned by the chair, prepared as a USPAP compliant review. The number of appraisals prepared/submitted is significant and places an ongoing burden on the board member.

**BOARD OF CERTIFIED REAL ESTATE APPRAISERS
Fiscal Year 2016 Annual Report**

Budget Recommendations for FY 2017

Board Meeting Date	Location	# Board	# Staff
Oct 28, 2016	ANC	4	2
	<input checked="" type="checkbox"/> Airfare: 2 board, 2 staff		\$1,500.00
	<input checked="" type="checkbox"/> Hotel: 1 board, 2 staff		\$400.00
	<input checked="" type="checkbox"/> Ground: 2 board		\$150.00
	<input checked="" type="checkbox"/> Other:		\$0.00
Total Estimated Cost:			\$2,050.00

Board Meeting Date	Location	# Board	# Staff
Jan 12, 2017	telecon	5	1
	<input type="checkbox"/> Airfare:		\$0.00
	<input type="checkbox"/> Hotel:		\$0.00
	<input type="checkbox"/> Ground:		\$0.00
	<input checked="" type="checkbox"/> Other: telecon service		\$300.00
Total Estimated Cost:			\$300.00

Board Meeting Date	Location	# Board	# Staff
Mar 23, 2017	telecon	5	1
	<input type="checkbox"/> Airfare:		\$0.00
	<input type="checkbox"/> Hotel:		\$0.00
	<input type="checkbox"/> Ground:		\$0.00
	<input checked="" type="checkbox"/> Other: telecon service		\$300.00
Total Estimated Cost:			\$300.00

Board Meeting Date	Location	# Board	# Staff
Jun 23, 2016	telecon	5	2
	<input type="checkbox"/> Airfare:		\$0.00
	<input type="checkbox"/> Hotel:		
	<input type="checkbox"/> Ground: Preparation for ASC Audit team,		
	<input checked="" type="checkbox"/> Other: Arriving July, with in person Board meeting		\$300.00
Total Estimated Cost:			\$300.00

Travel Required to Perform Examinations Not applicable**Out-of-State Meetings and Additional In-State Travel** Not Applicable

Date	Location	# Board	# Staff
Oct 21, 2016	Washington D.C.	1	1

Description of meeting and its role in supporting the mission of the Board:

Fall Conference of the Association of Appraiser Regulatory Officials. AK Board is a member; the organization helps in administration of appraiser & appraisal management company regulatory laws.

<input checked="" type="checkbox"/> Airfare:	\$2,000.00
<input checked="" type="checkbox"/> Hotel:	\$1,500.00
<input checked="" type="checkbox"/> Ground:	\$200.00
<input checked="" type="checkbox"/> Conference:	\$600.00
<input checked="" type="checkbox"/> Other:	\$500.00
<input type="checkbox"/> Direct Third-Party Offset:	\$0.00
<input type="checkbox"/> Reimbursed Third-Party Offset:	\$0.00

Net Total Estimated Cost:**\$4,800.00****Out-of-State Meetings and Additional In-State Travel** Not Applicable

Date	Location	# Board	# Staff
Apr 21, 2017	TBD, Western US	1	1

Description of meeting and its role in supporting the mission of the Board:

Spring Meeting of the Association of Appraiser Regulatory Officials. Attending the conferences is a key to maintaining Alaska conformance with the ASC (national) regulatory compliance.

<input checked="" type="checkbox"/> Airfare:	\$2,000.00
<input checked="" type="checkbox"/> Hotel:	\$1,500.00
<input checked="" type="checkbox"/> Ground:	\$200.00
<input checked="" type="checkbox"/> Conference:	\$600.00
<input checked="" type="checkbox"/> Other:	\$500.00
<input type="checkbox"/> Direct Third-Party Offset:	\$0.00
<input type="checkbox"/> Reimbursed Third-Party Offset:	\$0.00

Net Total Estimated Cost:**\$4,800.00**

BOARD OF CERTIFIED REAL ESTATE APPRAISERS
Fiscal Year 2016 Annual Report

Budget Recommendations for FY 2017 (continued)

Non-Travel Budget Requests

- Not Applicable Resources Examinations
 Membership Training Other

Product or Service	Provider	Cost Per Event
Appraisal standards training	Appraisal Institute	\$400.00

Description of item and its role in supporting the mission of the Board:

Course offered by Alaska Chapter Appraisal Institute, Uniform Standards of Professional Appraisal Practice (USPAP). Provision included for 1 staff or 1 non appraiser board member to attend.

Other Items with a Fiscal Impact

- Not Applicable

Product or Service	Provider	Cost Per Event
		\$0.00

Description of item and its role in supporting the mission of the Board:

Summary of FY 2017 Fiscal Requests

Board Meetings	\$4,800.00
Travel for Exams	\$0.00
Out-of-State and Additional In-State Travel	\$9,600.00
Dues, Memberships, Resources, Training, Teleconferences	\$400.00
Total Potential Third-Party Offsets	\$0.00
Other:	\$0.00
Total Requested:	\$14,800.00

**BOARD OF CERTIFIED REAL ESTATE APPRAISERS
Fiscal Year 2016 Annual Report**

Recommendations for Proposed Legislation for FY 2017

- No Recommendations**
The Board has no recommendations for proposed legislation at this time.

- Recommendations**
The Board has the following recommendations for proposed legislation:

The Board will consider Appraisal Management Company (AMC) regulation, whether to enact oversight regulation or not, sometime in FY 2016. The Board anticipates that it has the authority under current Alaska statutes to enact those regulations if it determines to do so. However a legal opinion of that authority has been requested from the Attorney General's office, but no opinion has been issued to date. Legislation would be needed, if the AG's opinion was that the Board did not have authority to move forward on this. Note, enacting AMC legislation is not required to comply with national regulations and the enactment date extends to 2018.

**BOARD OF CERTIFIED REAL ESTATE APPRAISERS
Fiscal Year 2016 Annual Report**

Regulation Recommendations for FY 2017

- No Recommendations**
The Board has no recommendations for proposed regulations at this time.

- Recommendations**
The Board has the following recommendations for proposed regulations:

BOARD OF CERTIFIED REAL ESTATE APPRAISERS
Fiscal Year 2016 Annual Report

Goals and Objectives

Part I

FY 2016's goals and objectives, and how they were met:

1. 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. Alaska was classified as "Good" in the final ASC Audit Report, which now places us on a 2 year audit cycle. This has been a top priority for the board in FY15.
2. Circulate the Board meeting dates to appraisal organizations, interested individuals, and users of appraisal services. Review/approve meeting minutes. The Board meeting dates & minutes are posted on their website.
3. Provide public notice of all meetings in appropriate public media. The Board's meetings were public noticed in FY16.
4. Promptly review, approve/deny initial certification and continuing education courses/seminars available to certified individuals. Courses are adjudicated monthly & the approved courses are available on the website.
5. 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.
6. 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.
7. To have at least one face-to-face meetings per year. The Board met this goal in FY16.
8. 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.

BOARD OF CERTIFIED REAL ESTATE APPRAISERS

Fiscal Year 2016 Annual Report

Goals and Objectives

Part II

FY 2017's goals and objectives, and proposed methods to achieve them.

Describe any strengths, weaknesses, opportunities, threats and required resources:

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. The Chair & Investigator were the program at the April 2016 Appraisal Institute meeting.
4. Post the minutes of each Board meeting on the Certified Appraisers website. The minutes are being posted promptly.
5. Continue to review initial certification and continuing education courses/seminars available to certified individuals promptly. The Board Chair promptly adjudicates those education courses/seminars that have received AQB/IDECC approval. The board members adjudicate other education courses/seminars needing full board approval 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 has established and is following this procedure.
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 the Division to reduce the Biennial Renewal/Recertification fee for Alaska credentialed appraisers, effective June 2017.
11. Establish a full five member board. The board has operated short 1 member since the expiration of the "public" member's term in 2015. 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. Determine if Alaska should adopt regulations in compliance with Dodd-Frank regarding Appraisal Management Company registration. The Board has established a task force and will be polling Alaska stakeholders regarding developing regulations to meet the 3 year timeline for adoption.

BOARD OF CERTIFIED REAL ESTATE APPRAISERS
Fiscal Year 2016 Annual Report

Sunset Audit Recommendations

Date of Last Legislative Audit:

Board Sunset Date:

Audit Recommendation: 1.) CBPL's director should continue efforts to improve the investigative case management system's integrity and confidentiality.

2.) CBPL's director should take steps to improve administrative support to BCREA

Action Taken:

The director gave approval for the BCREA to send its assigned Investigator to the Appraisal Foundation's Investigator Level I training in St. Louis, MO in 2016.

CBPL hired a new Records and Licensing Supervisor to provide improved administrative support to BCREA in 2014. In 2015, a new occupational licensing examiner was hired and assigned duties related to BCREA. The examiner and a records and licensing supervisor participated in the Appraisal Foundation's Association of Appraiser Regulatory Officials meeting in Washington D.C. in the Fall of 2015.

Next Steps:

Date Completed: