

TATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING

**REAL ESTATE COMMISSION
MEETING MINUTES**

December 18, 2024

By the authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Real Estate Commission was held December 18, 2024, at 550 W 7th Avenue, Ste 1550, Anchorage, AK, via Zoom.

Wednesday, December 18, 2024

Agenda Item 1 - Call to Order

Chairperson Cheryl Markwood called the meeting to order at 9:07 a.m., at which time a quorum was established.

Agenda Item 1(a) – Roll Call

Members Present via Zoom

Cheryl Markwood, Broker, Broker at Large, Chairperson
Traci Heaton, Associate Broker, 1st Judicial District
Elizabeth Schok, Associate Broker, 4th Judicial District
Devon Doran, Broker, 3rd Judicial District
Jimi Cash, Public Member

Members Absent (excused):

Chad Stigen, Associate Broker, Broker at Large

Staff Present:

Nancy Harris, Executive Administrator, REC, Anchorage
Kery Givens, Project Assistant, REC, Anchorage
Dennis Hines, Investigator, REC/APR, Anchorage

Guests Present via Zoom:

Francisca Tracy, Compliance Analyst, The CE Shop, CO
Savannah Melendez, Real Estate Educator
Deborah (Brollini) Lopez, public person
Cassandra Raun, Salesperson and Educator, Coldwell Banker Endeavor, Anchorage
Mike Mulneaux, Operations Director, AK Multiple Listing Service, Anchorage
Lonnie Logan, Broker and Educator, Realty One Group Aurora, Anchorage
Gabe Stephen, Broker, Jack White Real Estate, Anchorage
Margie Hudok, Broker, Coldwell Banker Endeavor, Anchorage
Season Baker, Broker, Alaska Real Estate 49, LLC., Wasilla

Ms. Markwood stated that Ms. Doran would join the meeting shortly.

Agenda Item 1(b) - Approval of Agenda

Commission members reviewed the agenda as presented. Ms. Markwood asked if there were any additions to the agenda.

Ms. Harris asked to add Best Practices to agenda item 7(a) and the RISC claims report to the Executive Administrator report, agenda item 8(c).

On a motion made by Heaton, seconded by Cash, it was,

Resolved to approve the December 18, 2024, meeting agenda as amended.

There were no opposition. Motion passed.

Statements of Conflicts of Interest/Ethics Violations– 1(c)

There were no conflicts of interest statements or ethics violations to report.

Devon Doran joined the meeting at approximately 9:10 am

Agenda Item 2 – Public Comments

Debora Brollini, testified on her behalf. She provided an update to the Commission on her case that she has had with her previous property manager. Debora Brollini testified about her eight-year struggle with a property manager and condo association, highlighting misconduct and advocating for reform. She shared her experience, including a \$1.6 million fraud judgment against a property manager, and urged the Real Estate Commission (REC) to act against mismanagement. Brollini emphasized the impact on first-time homebuyers and the need for fair housing oversight.

Ms. Markwood thanked Ms. Brollini for attending the meeting and for her comments. She said she is glad that she has received a judgement and that her issues were extremely concerning. She said she appreciated hearing this information and her due diligence to collect the information available and bring to the Commission.

There were no other public comments. Ms. Markwood closed public comment at 9:11 am.

Agenda Item 3 – Review of Meeting Minutes

September 17, 2024, – 3(a)

On a motion made by Doran, seconded by Schok, it was,

Resolved to approve the September 17, 2024, meeting minutes as presented.

There were no opposition. Motion passed.

November 14, 2024, Work Meeting – 3(b)

On a motion made by Heaton, seconded by Cash, it was,

Resolved to approve the November 14, 2024, work meeting minutes as presented.

There were no opposition. Motion passed.

Agenda Item 4 – Investigations

Statistical Report – 4(a)

Investigator Hines joined the meeting and presented the investigative report for the period of September 5, 2024, through November 19, 2024. Mr. Hines stated there were: 29 cases in intake, 33 in the complaint phase, 4 under investigation, 2 cases in litigation, 1 case being monitored, and 2 cases were closed.

Ms. Heaton asked if there was a delay and the status of distribution of cases for the Commission members to review?

Mr. Hines stated that he is new and that his cases are required to be signed off by supervisor. His reports had some errors and once they are signed off, he will distribute 2 cases per Commission member.

Ms. Heaton asked that it was mentioned in investigative report that some cases are under review and litigation. Is that something that the Commission members could get an update to know if one of the cases they reviewed is still opened?

Senior Investigator Homestead stated that after a Commission member has given their recommendation on a case, and there is no resolution but a possibility for negotiation, the case would go back to the reviewing member for consideration. He said when a case goes into litigation or a hearing, there is no more contact with Commission members. That is considered ex parte communication. He said if a Commission member is looking for feedback, the investigator should provide feedback if there is a concern.

Ms. Markwood stated for her clarification that there are currently 69 open cases that have not been reviewed by Commission members and will eventually at some point need to be reviewed. She said that Ms. Heaton was just trying to point out that the Commission members have not reviewed cases in several months and that there is some concern that those are open cases that licensees and consumers are waiting to be resolved. The Commission members want to be a supportive team to investigations and are eager to assist and ensure they are doing their part to serve the public as quickly as possible.

Mr. Homestead said he is monitoring the case load and appreciates the Commission's support to get these matters closed as quickly as possible.

Ms. Dumas was not available at an earlier time to present the division update. The Commission moved forward on the agenda to item 6(a) - New Business, and 7(b) – Strategic Plan.

Agenda Item 6 – New Business

DCE Topics for 2026-2028 Discussion/Committee – 6(a)

Ms. Harris stated that the DCE topics for the 2026-2028 licensing period is required to be established and available to the course sponsors and instructors no later than October 15, 2025.

The Chair asked Ms. Doran if she would work on this issue as education liaison and bring her recommendation back to the Commission at the June meeting. Ms. Doran said she would be willing to do that.

Ms. Markwood thanked Ms. Doran for volunteering to take this project on as the education liaison.

Agenda Item 7 – Old Business

FY2024 Strategic Plan- update – 7(a)

Ms. Harris gave an update of the current items on the 2024 REC strategic plan. There were no changes from the last meeting.

Ms. Heaton and Ms. Schok spoke to #1 with regards to team advertising on the strategic plan. They stated that they would like more time to review this issue and come back to the Commission,

Ms. Heaton asked for direction from the Commission if they would prefer a very short and concise way to address team advertising by adding in under 112 AAC 64.130(8), Grounds for Revocation and Suspension, regarding advertising a team name and size. However, they could also add a whole subsection under 12 AAC 64.128, Home offices, that would include registering of team name, team leader be a broker and have their upgrade, and a possible logo, etc. Their question to the Commission was should they keep simple or go a bit wider?

Commission continued to discuss the size of the team's name in advertisements in comparison to the brokerage name and what the Commission would like to see.

Ms. Heaton stated that the consensus sounds like it is to keep it simple. She said they will work on adding on to #8 or add a numbered item under # 8 with the brokerage name to be more prominent. Taking in consideration the brokerage name should be at least the same size, or larger than the team's name.

Ms. Markwood stated that it might be valuable to have another work session regarding this topic.

Agenda Item 5 – Division Update

Revenue/Expenditure Report, FY24/4th Qtr – 5(a)

Melissa Dumas, Administrative Operations Manager for the Division of Corporations, Business, and Professional Licensing, presented to the Commission the Revenue and Expenditures report the FY2024 year-end report. She reported \$639,645 in licensing revenue and \$4,859 in general funds received with a total revenue of \$644,504. Expenditures were reported with total direct expenditures (this includes non-investigative and investigative costs) at \$391,392 and the indirect expenditures (this includes internal administration, department, and statewide costs) at \$191,680 to bring the total expenditures at \$583,072. The ending cumulative surplus at \$1,021,502. Ms. Dumas pointed out the statistical information at the bottom of report that indicates the total number of licensees at the end of FY24 at 4,165.

Fee Analysis, 2026-2028, Renewals – 5(a)

Ms. Dumas stated that she completed a fee analysis for the REC. However, she indicated that the climate for fee changes was not favorable at this time. She recommended to wait another cycle with no changes. She said that the REC has enough revenue to get through the next 2 years with more licensing revenue coming in. Ms. Dumas spoke to the recovery fund balance. She said the recovery fund has a required balance between \$250,000 and \$500,000 and that the recovery fund looked to be on track to maintain a balance within the required threshold. She recommended no changes.

Ms. Markwood thanked Ms. Dumas for her report.

The Commission moved to agenda item 7, Executive Administrative report while they wait to speak to agenda item 7(a) at 11:00 am.

Agenda Item 8 - Executive Administrator's Report

Licensing /Education Report –8(a)

Mr. Givens presented the licensing report to the Commission for dates between, September 1, 2024, through December 2, 2024. Mr. Given stated there were 45 new licenses issued: 2873 active licensees with an expiration date of 1/31/2026. 2969 total number of licensees with an 1/31/2026 expiration date; 22 inactive licensees; 15 lapsed licenses due to non-compliance of Post Licensing Education (PLE); 89 transfers; 11 licensees completed their PLE requirements, 5 upgrades, 2 licenses by endorsement, 55 licensees in a license returned status, 62 inactive licenses with an 1/31/2024 expiration date and 322 lapsed licenses with a 1/31/2024 expiration date.

Mr. Givens presented the education report for December 18, 2024. He reported that as of 12/2/2024, there were 16 pre-licensing courses; 4 broker upgrade courses; 325 elective (ECE) and 87 designated (DCE) courses and 55 Post Licensing courses with a total of 487 approved courses. There were 19 initial courses approved between 9/4/24 and 12/2/2024.

There are a total of 123 instructors. There were 4 new instructors from the last report, and no temporary instructors.

Recovery Fund Report – 8(b)

Ms. Harris presented the Recovery Fund Report for FY25, 1st quarter, ending September 30, 2024. Ms. Harris pointed out the general fund contributions shown under the fiscal year ending 6/30/23 of \$82,225. The Commission received \$9,490 in revenue for license fees processed for

the fiscal year ending 9/30/24 with a total revenue of \$13,989. The expenditures for personal services and the total expenditures were \$24,948. There was a deficit of revenue over expenditures of \$10,960. The beginning year fund balance was \$380,564 and with the deficit of \$10,960 there was an end of year fund balance of \$369,604. This end balance is within the required limits for the recovery fund.

Ms. Harris stated that the understanding was that once E & O Insurance was in place and established that the recovery fund would eventually be dissolved. Questions for the REC would be where the recovery fund fees would go and how would this effect licensing fees.

RISC Claim Report – 8(c)

Ms. Harris presented the RISC claim report to the Commission for their review. Ms. Harris asked if the Commission would like to see these reports at future meetings.

Ms. Harris stated that she would invite a representative from RISC to speak at the next Commission meeting to go over the report.

Ms. Osborne was unavailable to discuss the proposed regulations, Commission members discussed agenda item #7, Old Business.

Agenda Item 7 – Old Business

Proposed Regulations — 7(a)

Ms. Harris presented the proposed regulations to the Commission. The Commission reviewed and discussed the proposed regulations.

12 AAC 02.530(2), Standards for Equivalent Coverage, division regulations.

- Recommendation to revise 12 AAC 02.530(2)

12 AAC 02.530(1), Standards for Equivalent Coverage, division regulations

- Recommendation to revise (1) by adding the verbiage, “transfer, reinstate or reactivate”

12 AAC 02.540, Notification Required for Cancellation, division regulations

- Recommendation to revise to add that the Commission is required to be notified when an equivalent insurance coverage is change as well as cancelled.

12 AAC 64.071, License Renewal, REC regulations

- add (b)(5) – that the license must certify that they have satisfied the E & O Insurance requirement.

12 AAC 64.600, Insurance required, REC regulations

- that all license types must comply with E & O Insurance requirements as a condition or renewal

12 AAC 64.610, Time for Filing Certification of Equivalent Coverage, REC regulations

- add when the licensee must show equivalent coverage with renewal, transfer, reactivation or reinstatement.

- 12 AAC 64.065, License Required for Employees, Directors, Agents and Officers, REC regs
- clean up of regulations to change “corporation” to “entity”.

12 AAC 64.075, Employment and Transfer, REC regulations.

- add a section to speak to allowing for those brokerages that submit an office change to have 10 days to work while the application is being processed. Like transfers.

12 AAC 64.078, Temporary Absence of Broker of Record, REC regulations

- clean up to clarify. Change “person’s” to “Substitute broker’s currently registered office”.

12 AAC 64.110, Requirements for Establishing and Maintaining an office, REC regulations

- add verbiage “physical” before principal office in this state in section (a) and (b).

12 AAC 64.064, Education Requirements after Initial License, REC regulation.

- to add a (1) under section (g) that indicates that a broker or associate broker that downgrades their license due to non-compliance of PLE, would not be able to reinstate their license but would be required to submit for initial licensure.

Ms. Harris stated that the Commission could initiate a regulation project today, however, if the regulations are not essential those regulations would be on the back burner and go through the process slower due to DOL is short staffed and legislative session is about to begin.

Commission agreed to have another work meeting to review and discuss the regulations proposed and bring back to next meeting and set the as February 26, 2025, to begin at 1:30 p.m.

Agenda Item 9 – Commission Member Comments & Questions

Ms. Doran said it has been a great year, and she is excited about new public member, Jimi Cash, on the Commission. She thanked Jimi for joining them today and being so engaged. She thanked everyone for all their hard work.

Ms. Heaton echoed Ms. Doran’s comments on the new public member, Jimi Cash. She said is it nice to have him on the Commission and appreciates him stepping in and participating in the meeting. She said it is nice to see the addition of another work session that she believes are very productive and helps make the most of the time at the Commission meetings. She has enjoyed working on the Commission and looks forward to serving in 2025.

Ms. Schok welcomed the new public member, Jimi Cash, on the Commission. She said it is nice to be part of a working board that is really doing things and making a difference. She looks forward to working with the Commission in 2025.

Ms. Cash said he enjoyed the ARELLO conference and that it was eye opening experience. He said he attended the Commissioner College 101 on how a Commission is run, Robert Rules of Order, evidence, antitrust laws, and a little bit of real estate law, etc. He said ARELLO was a great experience. He hopes to have more to offer and contribute to the Commission this coming year. He wished everyone a Merry Christmas.

Ms. Markwood said it was an honor to serve on the Commission and thanked everyone for their hard work. She said that is a vital part of our industry to serve on the Commission and the ability to have provide licensing and service to the public. She said she appreciates the public comments. They bring information, while we may have no control over the issue, that may be a vital concern to the industry. Since Jimi Cash has attended ARELLO, she said it would be beneficial for all Commission members to attend ARELLO and Commission College 101 at some point. She thanked everyone for their hard work on the Commission and wished them all a Merry Christmas and Happy New Year.

Ms. Harris thanked the Commission members for all their hard work and their participation at the work meetings.

Adjournment

On a motion made by Devon, seconded by Schok, it was,

Resolved to adjourn the meeting.

There were no opposition. Motion passed.

Meeting adjourned at 10:54 a.m.

Next meeting: February 26, 2025, Work Meeting

Prepared and submitted by:
Real Estate Commission Staff

Approved:



Cheryl Markwood
REC Chairperson
Alaska Real Estate Commission