

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

**REAL ESTATE COMMISSION
MEETING MINUTES**

September 15, 2021

By 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 September 15, 2021, at the State of Alaska Atwood Building, 550 W. 7th Avenue, Suite 1550, via Zoom, Anchorage, Alaska.

Wednesday, September 15, 2021

Agenda Item 1 - Call to Order

Chairperson Cheryl Markwood called the meeting to order at 9:00 a.m., at which time a quorum was established.

Roll Call – 1(a)

Members Present via Zoom

Cheryl Markwood, Broker, Broker at Large, Chairperson
Elizabeth Schok, Associate Broker, 4th Judicial District
Traci Heaton, Associate Broker, 1st Judicial District
Chad Stigen, Associate Broker, Broker at Large
Jaime Matthews, Public Member, Vice Chairperson
Jesse Sumner, Public Member

Staff Present:

Shyla Consalo, Executive Administrator
Nancy Harris, Project Assistant

Staff Present via Zoom:

Melissa Dumas, Administrative Operations Manager
Erika Prieksat, Senior Investigator

Guests Present via Zoom:

Cynthia Lamkin, Broker, NeighborWorks Alaska, Anchorage
Samantha Corbat, Broker, Ten-X, Anchorage

Approval of Agenda – 1(b)

Commission Members reviewed the meeting agenda.

On a motion duly made by Ms. Schok, seconded by Mr. Sumner, it was

RESOLVED to approve the meeting agenda for September 15, 2021.

All in favor; Motion passed

Statements of Conflicts of Interest – 1(c)

There were no conflicts of interests.

Agenda Item 2 – Public Comments

There were no public comments.

Agenda Item 3 - Approval of Meeting Minutes

June 16, 2021 Meeting Minutes – 3(a)

On a motion duly made by Mr. Sumner, seconded by Ms. Schok, it was

RESOLVED to approve the June 16, 2021 meeting minutes.

All in favor; Motion passed.

Agenda Item 6 – Old Business

AREC Property Transfer Disclosure Form Regulations Project – Status Update – 6(a)

Ms. Consalo explained the notice for public comment on this regulation project went out yesterday (September 14th), and will end on October 21, 2021. She further stated the Commission will need to schedule a quick meeting around the end of October or beginning of November to not delay moving forward with the project. Director Sara Chambers also has a topic to discuss with the Commission regarding new legislation that was passed that may affect the Commission.

Ms. Markwood asked Commission members to look at their calendars for the last week of October and first week of November, and identify any dates that were out of the question to schedule a meeting. The majority of Commission members were available the last week of October, and agreed to meet on Thursday, October 28, 2021 at 10:00 a.m.

2021 Strategic Plan Review – 6(b)

Ms. Consalo provided an update on the progress that has been made on the Commission's Strategic Plan items. She discussed the updates provided in red regarding the Property Management Committee, regulation revisions, draft Property Transfer Disclosure Statement, fee analysis, and DCE education topics, some of which were/will be addressed at this meeting. Ms. Consalo informed the Commission that with the newly effective regulation changes, an updated copy of the Commission's statute and regulations booklet is available on the Commission's website. Additionally, updated instructor forms and the Application to Change License Status are also available on the website. Ms. Consalo requested all Commission members replace their old booklets and forms, and advise licensees to do the same.

Agenda Item 7 – New Business

Request for New Committee – 7(a)

Ms. Schok stated she is requesting the Commission approve for a subcommittee to be created for the purpose of reviewing the Consumer Disclosure with regards to teams. Her and Ms. Heaton would like to collaborate with other licensees in developing a better form to keep the consumer and licensees informed on what teams mean with respect to disclosure, responsibilities, and representation. The Commission discussed ideas on what the Committee would be called, and decided Teams Disclosure Committee best described the Committee's purpose.

On a motion duly made by Ms. Schok, seconded by Ms. Matthews, it was

RESOLVED to approve the request to create the Teams Disclosure

Committee.

All in favor; Motion passed.

Re-Election of Vice Chair, PM Committee Liaison & Education Liaison; Election of New Committee Liaison – 7(b)

Ms. Consalo explained that because Commission statute states the Commission shall elect its officers at the first meeting of the fiscal year, the Commission must re-do the elections for current officers, even though most of them were recently appointed. Ms. Consalo stated that even though they must re-do the elections, that does not mean they have to re-nominate or change the current officers if they wished to stay in those positions.

Ms. Markwood asked the current officers if they would like to stay in their positions, and they all concurred they would remain in those positions unless another Commission member wished to fill those positions. There were no new nominations.

On a motion duly made by Ms. Matthews, seconded by Ms. Schok, it was

RESOLVED to re-elect Ms. Matthews as Vice Chair, Ms. Heaton as Property Management Committee Liaison, and Mr. Sumner as Education Liaison.

All in favor; Motion passed.

Ms. Markwood opened the discussion for nominations for the Teams Disclosure Committee Liaison & Chair. Ms. Schok was the only nomination.

On a motion duly made by Ms. Heaton, seconded by Ms. Matthews, it was

RESOLVED to elect Ms. Schok as the Teams Disclosure Committee Liaison & Chair.

All in favor; Motion passed.

Agenda Item 4 – Investigative Report

Statistical Report – 4(a)

Erika Prieksat, Senior Investigator, presented the investigation statistics for the reporting period of June 3, 2021 through September 1, 2021. There are 48 open matters and 6 matters were closed from the last report. There was 1 individual on probation during this reporting period, who was released from probation on June 17, 2021.

Ms. Markwood asked Investigator Prieksat if there was an update on filling the real estate investigator position. Investigator Prieksat stated there has been some difficulty in filling the vacancies within the investigations section; however, they are in the process of conducting interviews, which should be completed soon. Currently, she is overseeing most real estate cases, and some cases have been disbursed to other investigators. She explained they are working the cases as quickly as they can, and there is a little bit of a delay in processing cases due to the numerous vacancies; however, she's excited about the current recruitment, and expects to be filling the position very soon. Ms. Markwood thanked Investigator Prieksat for the update.

Agenda Item 7 – New Business

DCE Topics for 2022-2024 Renewal Cycle – 7(c)

Ms. Harris explained it's the time of year where the Commission needs to choose the DCE topics for the next renewal cycle, 2022 – 2024. The Commission is tasked with choosing the topics and hours for each topic, totaling 8 hours – per regulation, this must be provided to course providers and instructors by October 1st. At another meeting, the Commission will establish the guidelines for each of the topics, so instructors know what they will need to cover within those courses.

Ms. Markwood asked for Commission members to review the past DCE topics provided, and provide input on what they feel would be good topics to recommend for the next renewal cycle. Ms. Consalo encouraged Commission members to think about what they are seeing in the industry and hearing complaints about, and use those as topics to address through continuing education. Commission members discussed several options, and agreed to six topics.

On a motion duly made by Ms. Heaton, seconded by Mr. Sumner, it was

RESOLVED to establish the following DCE topics for the 2022 – 2024 renewal cycle: Prohibited Conduct (1 hour), Advertising & Social Media (1 hour), Situational Ethics (2 hours), Contract & Real Estate Licensing Law (2 hours), Licensee Relationships (1 hour), and Property Disclosures & Inspections (1 hour).

All in favor; Motion passed.

Break at 9:50 a.m.

Reconvene at 10:03 a.m.

Agenda Item 5 – Division Update

Fee Analysis – 5(a)

Melissa Dumas, Administrative Operations Manager for the Division of Corporations, Business, and Professional Licensing, presented the Fee Analysis.

Ms. Dumas explained the fee analysis should have been done at the Commission's last meeting; however, there was a discrepancy within the Division's timeline tracker, and it was missed. She apologized for the error, and explained that it is too close to the renewal cycle to make any changes to fees at this time. She also explained the Governor was not authorizing any fee increases to make it easier on Alaskans and reduce the cost of doing business in the State to encourage growth. Ms. Dumas stated she still feels it's important to go over the analysis, because she does think there needs to be some changes to fees in the future. Ms. Dumas explained the REC portion of the Commission's funds, and went through each column on the spreadsheet to show Commission members how that revenue is calculated. So, \$775,614 is the current estimated revenue for a two-year period, covering fiscal year 2019/2020. She explained they don't have the fiscal year 2021 totals yet, so she will redo this spreadsheet prior to the Commission's first meeting after their renewal to discuss the analysis and possible fee changes again. Ms. Dumas stated the Commission would likely be looking at fee reductions to reduce the Commission's overall budget surplus to be more in-line with the Division's goal. State statute requires the Division keep expenditures and revenue approximately equal, so the Commission's increasing surplus balance does need to be addressed. Ms. Dumas asked if there were any questions about the REC funds spreadsheet. There were no questions.

Ms. Dumas proceeded to explain the ZSU (recovery fund) portion of the Commission's funds. She stated the recovery fund has opposite problem as far as the balance is concerned. State statute requires the recovery fund maintain a balance between \$250,000 and \$500,000. Currently, the Commission is still within budget requirements; however, if there were a large claim filed, the Commission would find themselves in a position where they do not have the required minimum balance in the fund. So, after renewal, she wants to look at increasing the recovery fund fee. She stated even though recovery fund claims don't happen every year, the Commission needs to be prepared for them. A small increase to the recovery fund fee, while also factoring in a decrease to some REC fees, will essentially offset the recovery fund fee increase. It is more than likely there won't be any push back from licensees if that's how the Commission decides to move forward. Ms. Dumas asked if there were any questions about the ZSU funds spreadsheet.

Ms. Markwood asked Ms. Dumas to clarify when the Commission would need to re-address fee changes/fee analysis. Ms. Dumas stated some point after the Commission's renewal cycle is completed, and hopefully by that time there won't be any restrictions on fee increases. She is also going to see if it's possible to move any of the surplus funds from the REC account over to the ZSU account – she's not sure if that's something that can even be done. Ms. Consalo commented that the Commission's March meeting is probably the most appropriate meeting to re-address the matter.

Ms. Markwood then asked Ms. Dumas if she could explain the fee change process if the Commission were to decide to implement fee changes in the future. Ms. Dumas explained that any fee changes would go out for a 30-day public comment period. Then, the recommended fee changes would go to Director Chambers for review/approval, as Director Chambers has sole discretion on all fee changes. Once that's approved, it will go to the Department of Law for legal review, and then the Lieutenant Governor for signature/implementation. She explained if everything was done as quickly as possible, the process could take three months to complete; however, a more realistic timeframe for this process is four months. Ms. Markwood thanked Ms. Dumas for attending the meeting and providing the fee analysis report.

Agenda Item 8 – Executive Administrator's Report

Education Statistics – 8(a)

Ms. Harris presented the education report for September 15, 2021. She reported that as of August 10, 2021, there were 13 pre-licensing courses; 4 broker upgrade courses; 369 elective courses; 67 designated courses; and 73 post-licensing courses approved, with a total of 526 courses approved. Ms. Harris stated there are currently 74 approved instructors.

Licensing Statistics – 8(b)

Ms. Consalo presented the licensing report for September 15, 2021. She reported that as of August 30, 2021, there were 88 new licenses issued; 2,955 active licensees; 13 inactive licensees; 480 lapsed licenses with 3 of those for non-compliance of PLE; 140 transfers; 50 licensees who completed their PLE requirements; 6 license upgrades from salesperson to associate broker; 1 license upgrade from salesperson to broker; and 20 licensees in a license returned status.

RISC E&O Claims Report – 8(c)

Ms. Consalo presented the report for RISC E&O claims for their second quarter (Apr - Jul). Total closed claims were \$3,000, and the total open claims were \$24,001, for a total of \$27,001 in claims for the second quarter. All of these claims were the same claims/cases

reported in the first quarter report; however, the total incurred claims for the second quarter was reduced by \$8,001.

Recovery Fund Balance Report – 8(d)

Ms. Consalo presented the Recovery Fund Report for the fourth quarter, ending June 30, 2021. The Commission received a total of \$14,810 for license fees processed between April and June, leaving the current total fund balance at \$257,747. The projected balance for the end of the next fiscal year is \$317,018 with an average 2-year licensing cycle fund balance of \$287,382.

Application Matter – 8(e)

On a motion duly made by Ms. Heaton, seconded by Mr. Sumner, it was

RESOLVED to go into Executive Session per AS 44.62.310(c), for the purpose of discussing subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion.

All in favor; Motion passed.

The Commission went into Executive Session at 10:25 a.m.

On a motion duly made by Mr. Sumner, seconded by Mr. Stigen, it was

RESOLVED to come out of Executive Session.

The Commission came out of Executive Session at 10:39 a.m.

On a motion duly made by Ms. Schok, seconded by Ms. Heaton, it was

RESOLVED to approve the license application for Daniel Vernon, license #182459.

Roll call vote: Ms. Schok – yes, Ms. Heaton – yes, Mr. Stigen – yes, Ms. Matthews – yes, Mr. Sumner – yes, and Ms. Markwood – yes.

Motion passed.

The Commission approved the license application for Daniel Vernon, license #182459.

Agenda Item 10 – Commission Member Comments & Questions

Ms. Schok had no comments.

Ms. Heaton had no comments.

Ms. Matthews stated it was a great meeting, and thanked Ms. Markwood for running an efficient meeting.

Mr. Sumner expressed the same comments as Ms. Matthews.

Mr. Stigen stated he was happy to be on the Commission and learn from everyone.

Ms. Markwood thanked everyone in attendance for their participation and moving through the agenda so quickly – the Commission has gotten a lot done and is continuing to move forward. She reminded everyone about the upcoming Property Management Committee meeting. She expressed appreciation for Ms. Schok setting up the new subcommittee to discuss teams – she feels this will be a very productive Committee, as there are many in the industry interested in this topic. She thanked Commission staff for their continued hard work in moving items forward during very tremendous time, and staying dedicated to the Commission. She reminded everyone about the special Commission meeting on October 28th to review and discuss the public comment on the Property Transfer Disclosure Statement, and receive information from Director Chambers on new legislation. Ms. Markwood asked if Ms. Consalo or Ms. Harris had anything to add.

Ms. Consalo stated Ms. Harris will be handling everything with the Teams Disclosure Committee, so Ms. Schok will need to coordinate meeting dates/times and agenda items with her.

Ms. Harris thanked the Commission members for establishing the DCE topics for the next renewal cycle, their contributions are tremendously appreciated.

Agenda Item 11 – Adjournment

On a motion duly made by Mr. Sumner, seconded by Ms. Matthews, it was

RESOLVED to adjourn.

All in favor; Motion passed.

Meeting adjourned at 10:44 a.m.

The next meeting will be held October 28, 2021 in Anchorage.

Prepared and submitted by:
Real Estate Commission Staff

Approved:

Cheryl Markwood

Cheryl Markwood
REC Chairperson
Alaska Real Estate Commission