

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

**REAL ESTATE COMMISSION
WORK MEETING
MEETING MINUTES**

February 26, 2025

By the authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled work meeting of the Real Estate Commission was held February 26, 2025, Anchorage AK, via Zoom.

Wednesday, February 26, 2025

Agenda Item 1 - Call to Order

Chairperson Cheryl Markwood called the meeting to order at 1:31 pm.
No quorum needed for a work meeting.

Ms. Markwood stated that this is a meeting where we will be working on general tasks, collaboration of ideas and subject matters that have become important to the Real Estate Commission. This work group does not have decision-making authority.

Present via Zoom

Cheryl Markwood, Commission member, Broker, Broker at Large, Chairperson, Fairbanks
Elizabeth Schok, Commission member, Associate Broker, 4th Judicial District, Fairbanks
Traci Heaton, Broker, Commission member 1st Judicial District, Juneau
Devon Doran, Broker, Commission member 3rd Judicial District, Wasilla
Jimi Cash, Commission member, public seat
Susan Wilcox, Commission member, public seat
Angie Tallant, Broker, Somers, Sotheby's International, Fairbanks
Francisca Tracy, Compliance Analyst, The CE Shop, PA
Gene DuVal, Associate Broker, Broker Associates of Fairbanks
Jerry Royse, Broker and RE Educator, Royse & Associates, Anchorage
Julie Marshall, Broker, FSBO Systems Alaska, Anchorage
Michael Barnhill, Compliance Auditor, Legislative Audit Division, Juneau
Nichole Rodriguez, Auditor, Legislative Audit Division, Juneau
Renee Foster, Broker, Foster Realty, Fairbanks
Tracy Schachle, Broker, The Real Estate Group AK, LLC, Fairbanks
Jarrett Chambers, Salesperson, Chambers Real Estate Services, Anchorage
Melissa Ford, Broker, Nome Sweet Homes, Nome
Cassandra Raun, Salesperson, Coldwell Banker Endeavor Realty, Anchorage
Paddy Coan, Associate Broker, Keller Williams Alaska Group, Anchorage
Heather Ferguson (Lambert), Salesperson, Century 21 Gold Rush, Fairbanks
Jason Olds, Division Director, Air Quality, Department of Environmental Conservation, Juneau
Nick Czarnecki, Environmental Program Manager 2, Department of Environmental Conservation Anchorage

Staff Present:

Nancy Harris, Executive Administrator, Real Estate Commission (REC)

Kery Givens, Licensing Examiner 2, Real Estate Commission (REC)
Lorina Rogers, Licensing Examiner 3, Board of Real Estate Appraisers (APR)
Stephanie Davis, Regulation Specialist, CBPL

Approval of Agenda

Ms. Markwood asked to add 2 items to the agenda. Add agenda item 4(h)- Teams Advertising and item 4(i)- Administrative Code (18 AAC 50.081) conflict with REC regulations (12 AAC 64.600 – 695).

Ms. Harris stated that the team's information was added to 4(f)-Advertising.

Ms. Markwood asked if there was any opposition to the agenda as amended. There was no opposition, agenda was approved.

Agenda Item 2 – Introductions

Ms. Markwood introduced all Commission members that were in attendance via ZOOM.

Ms. Harris introduced staff and all other individuals in attendance via ZOOM.

Agenda Item 3 – Public Comment

Michael Barnhill, auditor with Legislative Audit office introduced himself and Nicole Rodriguez. He stated they are from legislative audit and are conducting the sunset audit with the REC for next couple of months He thanked everyone that they have spoken to for their cooperation.

Julie Marshall, broker in Anchorage. She stated she is just dropped in to listen to the meeting.

Agenda Item 4– topics for review and discussion.

4(a) -12 AAC 64.063(a)(2) - Minimum Education Requirements for Licensure

Mr. Givens presented the proposed regulation for review and discussion. The key changes to this regulation included the requirement of a 6-hour Alaska Law course taken within 18 months and modifying the 30-hour Broker Pre-Licensing course to increase Alaska Law instruction from 3 hours to 6 hours. This included the adjustment of the hours in 12 AAC 64.063(b) to decrease hours in other topics.

- Recommendation by Mr. Royse was to decrease hours in 12 AAC 64.063(b)(1), broker supervision requirements and record keeping to 2 hours and 12 AAC 64.063(b)(2) trust accounting procedures decrease to 2 hours.

4(b)- 12 AAC 64.064(g) - Education Requirements after Initial License

Mr. Givens presented the proposed regulation for review and discussion. This proposal provides a pathway for licensees to either remain in lapse status, downgrade to a Salesperson license, or reinstate Broker/Associate Broker license, due to non-compliance of Post Licensing Education.

- There were no recommendations.

4(c) - 12 AAC 64.066 - Temporary Military Courtesy License

Ms. Harris presented the proposed regulation for review and discussion. When this regulation was created several requirements for licensing were not included. This change would require an applicant to submit an employing broker form, a completed 6 hour AK Law course and verification of E & O Insurance. Ms. Harris stated that there is a new application process for active military personnel and spouses of active duty military personnel for a license that may replace the current temporary license application. Ms. Markwood had some concerns regarding possible contradiction of applications.

- Recommendation to bring back to the March meeting with more information regarding both military applications to ensure there is no contradictions or duplication of licensing.

4(d) - 12 AAC 64.075(f) - Employment and Transfer

Mr. Givens presented the proposed regulation for review and discussion. This proposal will give the brokerage 10 days after they submit office change application to continue business with requested changes while waiting REC staff to complete change and amend update/license.

- Recommendation to add the time as 10 business days unless extended by the Real Estate Commission.

4(e) - 12 AAC 64.110(a) and (b). Requirements for Establishing and Maintaining an Office

Ms. Harris presented the proposed regulation for review and discussion. This would clarify the requirement that a brokerage's principal office must be a physical location within the state. This recommendation was recommended at a prior work meeting. This change would add the word "physical" to the regulation to revise regulation to "physical principal office".

- Recommendation for staff to bring back information to the March meeting regarding what other jurisdictions are doing with virtual and physical offices. What is the definition of brokerage?

4(f) - 12 AAC 64.130(8) - Advertising –size of text of office name vs team name

Ms. Heaton and Ms. Schok presented their list of requirements of teams from other jurisdictions for discussion and recommendations.

Points discussed:

- Brokerage name and logo be more prominent and/or at least larger than team name or 50% larger than brokerage name
- Define team, 3 or more
- Define brokerage
- Prohibition of using realty, real estate, realtors, company, associate, firm, or group
- Team leader required to be Associate Broker or at least completed broker training
- Include alternative names into regulations; have alternative name to go with licensee when transferring to other brokerages
- Replace current Teams best practice with a do's and don'ts of teams similar to Maryland REC's Do's and Don'ts

- Recommendation- Ms. Heaton and Ms. Schok continue to research on teams and bring back recommendations to the Commission.

4(g)(1)- 12 AAC 64.065(5)(c)- License Required for Employees, Directors, Agents and Officers

Ms. Harris presented the proposed regulation for review and discussion. This proposal is to update the regulation by replacing the word "corporation" with "entity" to include all business structures.

- There were no recommendations.

4(g)(2) -12 AAC 64.078(b)(2) -Temporary Absence of Broker of Record

Mr. Givens presented the proposed regulation for review and discussion. This revision is to clarify the word "person's". This change would replace the word "person's" with the verbiage "substitute broker's currently" registered office.

- There were no recommendations.

4(h) – DEC 18 AAC 50.081 vs REC regulations 12 AAC 64.600 – 695.

Jason Olds, Director of Division of Air Quality with the Department of Environmental Conservation (DEC) and Nick Czarnecki, Environmental Program Manager also with DEC, Air Quality, started the discussion regarding the DEC regulation 18 AAC 50.081 that was implemented due to the state plan requirement that initiated this regulation. He said he is here to answer any questions to assist with implementation of regulation 18 AAC 50.081. He is seeking collaboration and anything they can do to make these requirements less burdensome and easier on real estate licensees.

Ms. Tallant gave an overview on the regulation 18 AAC 50.081 that was adopted in April 2024.

- The DEC regulation went through the hearing process and public comment period in September 2024 and is linked to the SIP (State Implementation Plan) plan with the EPA on the air quality issues that the Fairbanks and North Pole area has been facing since 2011.
- This regulation is specific to the non-attainment area which is Fairbanks and the North Pole areas. This could be statewide but is currently only in the Fairbanks and North Pole areas.
- The EPA opened their SIP comment period when licenses were noticed on January 21, 2025, regarding to the regulation change that mandated that they would be back to ensure compliance of woodstoves regulations,
- Currently in the Fairbanks area real estate licensees use a DEC form for disclosure on every real estate transaction so that the sellers and buyers are made of aware of the DEC requirement.
- This would also require compliance of a home energy ratings that are to be done prior to listing the house. The one issue is that there are only a few energy raters in the Fairbanks and that is not enough for 2,000 transactions that are done annually. This would bottle neck the process for consumers, and it is cost prohibitive with an energy rating currently \$600 to \$1200.

- The way the regulation was written it states that energy rating would need to be done prior to listing, and the real estate licensee would forward that information on to DEC, and it must be disclosed at the time the house is put on the market. There are many ways this will affect the Fairbanks real estate market:
 - There is the disclosure of energy rating
 - Buyer wanting to negotiate energy upgrades from a report that is just only required for DEC and not for the transaction
 - Real estate licensees regulated through the AREC now will have additional requirements/licensee duties to adhere to under a different entity.

Discussion continued regarding the current process of the SIP and regulation 18 AAC 50.081 and how and why these were implemented by DEC.

Concerns and questions from the real estate industry.

- How would these regulations be implemented?
- Is the DEC regulation 18 AAC 50.081 in conflict with the RE statutes and regulations?
- How do we ensure that real estate licensees are following the current real estate statutes and regulations and the DEC regulation 18 AAC 50.081.
- Is this similar to the lead paint disclosure? Will there be a form to be completed by the buyer and seller?
- How is the real estate licensee protected?
- How does a real estate license ensure a buyer or seller have completed the requirement and if they do not, is the licensee's license in jeopardy?
- What is the penalty for the licensee if they do not comply with the regulation?
- Can this DEC regulation be revised?
- Verbiage could be added to the property disclosure transfer statement regarding the energy rating and inform the seller or buyer of DEC requirements.

DEC information and response.

- In their 2019 and 2020 submittals, DEC dismissed these regulations and this potential control measure because it was technically unfeasible. They said it was unfeasible because they did not have the authority to mandate real estate licensees. EPA's response was DEC did have the authority and must use that authority. They were told that they could not use that as the reason to dismiss these regulations.
- The compliance that DCE is looking for is informing the buyer or seller of their obligations. That is the limit of the agent's responsibility as DEC looks to implement these requirements. The existing forms that are used in the non-attainment area currently, DEC is not receiving copies of those. That is something they would ask for. DEC is not trying to hold up any real estate transactions.
- 18 AAC 50.081. The intent behind the way this regulation was worded, it reads that the agent shall ensure compliance, and then it continues to define what ensure compliance means. The agent must inform the seller, or buyer, as applicable. It is based on doing exactly that, inform. Section (c) says that if an agent has complied with (b), which is just to inform the seller, then the agent may not be liable for

failure to disclose. This was the intent to ensure that this was an information-based piece. It wasn't to put the entire burden of compliance with air quality regulations onto the real estate community. It was to ensure that this information was conveyed to the buyers and sellers.

- This regulation was modeled after the lead paint disclosure with regards to authority, but they need something mailed to them regarding the status and registration requirements that go with the home. The registration requirement has been in existence in their regulations for some time, with a debate of enforceability as well, that is where these revisions come from. The only new piece of 18 AAC 50.081 is the energy rating.
- The wording is set in regulation at this point. Any revisions would be though the 110L, the preferred pathway. That is another process that addresses the regulation and could be revised but it would have to be accepted and meet the requirements of 110L.
- A 110L is a reference from the Clean Air Act, it is called Anti-backsliding. There is planning to clean the air and actual cleaning of the air. With regards to the State Implementation Plan, everything is just a plan. Cleaning the air comes later and it is covered by the plan, and essentially the 110L. Provisions out of the Clean Air act are where DEC will have to demonstrate that a change to their plan or regulations that are adopted in that plan don't backslide or don't cause them to delay reaching attainment. Because of that public health emergency, they are required to implement requirements that are to reach "expeditious attainment" as fast as possible in the earliest year possible. They are supposed to have the air cleaned. They have been delayed in doing that, because of moderate plans and everything that they have done previously didn't go far enough. Then the regulations become more onerous than their current plan. In 2027, they will be back here doing this again. if not, it's the EPA and a Federal implementation plan where they will have to adopt their plan, or else they will not be relieved from sanctions. Therefore, they must ensure that the changes they make don't backslide.

The recommendations from the work meeting will be brought forward to the March 20, 2025, REC meeting for the Commission's consideration.

Ms. Heaton thanked everyone for taking the time to attend this meeting. She said these work meetings are very helpful with great input and assist the Commission make the most of their time and move forward with changes.

Ms. Markwood thanked everyone for their attendance and discussion at this work meeting.

Meeting adjourned at 4:15 pm.

Prepared and submitted by:
Real Estate Commission Staff

Approved:



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Cheryl Markwood
REC Chairperson
Alaska Real Estate Commission