

Annual Report

Fiscal Year 2016

REAL ESTATE COMMISSION



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.

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Identification of the Board

Board Member	Date Appointed	Term Expires
Traci Barickman Broker/Third Judicial District	Mar 01, 2015	Mar 01, 2019
Marianne Burke Public Member	Mar 01, 2015	Mar 01, 2019
Peggy Ann McConnochie Broker/Broker-at-Large	Mar 01, 2015	Mar 01, 2019
Stacy Harvill Associate Broker/ Fourth Judicial District	Mar 01, 2013	Mar 01, 2017
Nancy A. Davis, Chair Broker/ First Judicial District	Mar 01, 2013	Mar 01, 2017
Eric Bushnell Associate Broker/ Broker-at-Large	Mar 01, 2013	Mar 01, 2017
Cindy Cartledge Public Member	Mar 01, 2015	Mar 01, 2019

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Identification of Staff

Sharon J. Walsh – Executive Administrator

Department of Commerce, Community & Economic Development
Division of Corporations, Business and Professional Licensing
550 W. 7th Ave. Ste. 1500-Atwood Bldg.
Anchorage, Alaska 99501
(907) 269-8197

Nancy A. Harris – Project Assistant

Department of Commerce, Community & Economic Development
Division of Corporations, Business and Professional Licensing
550 W. 7th Ave. Ste. 1500-Atwood Bldg.
Anchorage, Alaska 99501
(907) 269-8168

Jay Paff – Investigator

Department of Commerce, Community & Economic Development
Division of Corporations, Business and Professional Licensing
550 W. 7th Ave. Ste. 1500-Atwood Bldg.
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Narrative Statement

The Real Estate Commission (REC) had four in-person meetings this past fiscal year all in Anchorage, to conduct and carry out functions of the REC such as reviewing licensing issues, continuing education courses and instructors, disciplinary action on licensees that were based on the REC statutes and regulations.

Some of the highlights that played a significant role in the REC's time this past year include:

Legislation: HB158 increased the hours from 15 to 30 and years of experience from 2 to 3 that will be needed to qualify as an Associate Broker/Broker. This increase will take effect January 2018.

HB290 was the Sunset legislation that extended the REC until 2018. The Legislative Audit of the REC recommended 6 years however, the sponsor of the legislation recommended a 2 year extension based on the fact that a Master policy for Errors and Omissions insurance had not been obtained.

Regulation project: The REC revised regulation 12 AAC 64.240 Legal entities, this revision allows for a Broker to pay a licensee's legal entity and not the licensee.

Invitation to Bid: An ITB was issued for a Master policy on Errors and Omissions insurance in September 2015 however, there were no interested parties. The REC found out that there were a number of factors for this non-responsive bid and has since worked on making changes to develop a new process for another ITB issuance in the near future.

The REC worked with Director Hovenden to produce fee changes in an attempt to project and maintain a two year biennium of expenditures that would likely result in a non-deficit status. The REC went into FY16 with a surplus balance of +90,000. This is historic for this program as it has always ended in a deficit going into a renewal year. The REC and staff, in coordination with the Division, were vigilant in monitoring costs associated with the REC.

The REC had a successful online license renewal ending January 31, 2016. Based on the number of total renewals REC staff sent out 238 Continuing Education(CE) audit letters-which amounted to 10% of those who renewed. We have less than 10 licensees who are non-compliant and failed to show proof of the required 20-hours of CE.

The focus of the REC goals and objectives for FY 17 is biforcated, in that this year we are looking at both short term goals and long term goals to achieve. This consideration is new for the REC but one that is justified in setting, because of it's importance to the real estate industry and the consumers who utilize their professional services.

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Budget Recommendations for FY 2017

Board Meeting Date	Location	# Board	# Staff
Dec 07, 2016	ANC	4	0
	<input checked="" type="checkbox"/> Airfare:		\$1,200.00
	<input checked="" type="checkbox"/> Hotel:		\$700.00
	<input checked="" type="checkbox"/> Ground:		\$60.00
	<input checked="" type="checkbox"/> Other:		\$100.00
Total Estimated Cost:			\$2,060.00

Board Meeting Date	Location	# Board	# Staff
Mar 08, 2017	ANC	4	0
	<input checked="" type="checkbox"/> Airfare:		\$1,200.00
	<input checked="" type="checkbox"/> Hotel:		\$700.00
	<input checked="" type="checkbox"/> Ground:		\$60.00
	<input checked="" type="checkbox"/> Other:		\$100.00
Total Estimated Cost:			\$2,060.00

Board Meeting Date	Location	# Board	# Staff
Jun 07, 2017	ANC	4	0
	<input checked="" type="checkbox"/> Airfare:		\$1,200.00
	<input checked="" type="checkbox"/> Hotel:		\$700.00
	<input checked="" type="checkbox"/> Ground:		\$60.00
	<input checked="" type="checkbox"/> Other:		\$100.00
Total Estimated Cost:			\$2,060.00

Board Meeting Date	Location	# Board	# Staff
Sep 20, 2017	ANC	4	0
	<input checked="" type="checkbox"/> Airfare:		\$1,200.00
	<input checked="" type="checkbox"/> Hotel:		\$700.00
	<input checked="" type="checkbox"/> Ground:		\$60.00
	<input checked="" type="checkbox"/> Other:		\$100.00
Total Estimated Cost:			\$2,060.00

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Budget Recommendations for FY 2017 (continued)

Travel Required to Perform Examinations

Not applicable

Date	Location	# Board	# Staff
Description of meeting and its role in supporting the mission of the Board:			
	<input type="checkbox"/> Airfare:		\$0.00
	<input type="checkbox"/> Hotel:		\$0.00
	<input type="checkbox"/> Ground:		\$0.00
	<input type="checkbox"/> Conference:		\$0.00
	<input type="checkbox"/> Other:		\$0.00
Total Estimated Cost:			\$0.00

Out-of-State Meetings and Additional In-State Travel

Not Applicable

Date	Location	# Board	# Staff
Sep 21, 2016	Vancouver, B.C.	0	1
Description of meeting and its role in supporting the mission of the Board: The Executive Administrator to attend the Association of Real Estate Regulators License Law Officials annual conference (ARELLO). Each year the EA brings back to the REC current trends in R/E throughout the US and Canada.			
	<input checked="" type="checkbox"/> Airfare:		\$435.00
	<input checked="" type="checkbox"/> Hotel:		\$700.00
	<input checked="" type="checkbox"/> Ground:		\$30.00
	<input checked="" type="checkbox"/> Conference:		\$600.00
	<input checked="" type="checkbox"/> Other:		\$300.00
	<input type="checkbox"/> Direct Third-Party Offset:		\$0.00
	<input type="checkbox"/> Reimbursed Third-Party Offset:		\$0.00
Net Total Estimated Cost:			\$2,065.00

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Budget Recommendations for FY 2017 (continued)

Out-of-State Meetings and Additional In-State Travel

Date	Location	# Board	# Staff
Apr 20, 2017	Atlanta, GA		1
Description of meeting and its role in supporting the mission of the Board:			
ARELLO Investigator Workshop. This event gathers all investigators and auditors and discusses current trends in real estate issues and provides an opportunity to network and learn about problems and discover solutions for investigative industry issues.			
<input checked="" type="checkbox"/> Airfare:			\$800.00
<input checked="" type="checkbox"/> Hotel:			\$1,000.00
<input checked="" type="checkbox"/> Ground:			\$60.00
<input checked="" type="checkbox"/> Conference:			\$500.00
<input checked="" type="checkbox"/> Other:			\$300.00
<input type="checkbox"/> Direct Third-Party Offset:			\$0.00
<input type="checkbox"/> Reimbursed Third-Party Offset:			\$0.00
Net Total Estimated Cost:			\$2,660.00

Out-of-State Meetings and Additional In-State Travel

Not Applicable

Date	Location	# Board	# Staff
Description of meeting and its role in supporting the mission of the Board:			
<input type="checkbox"/> Airfare:			\$0.00
<input type="checkbox"/> Hotel:			\$0.00
<input type="checkbox"/> Ground:			\$0.00
<input type="checkbox"/> Conference:			\$0.00
<input type="checkbox"/> Other:			\$0.00
<input type="checkbox"/> Direct Third-Party Offset:			\$0.00
<input type="checkbox"/> Reimbursed Third-Party Offset:			\$0.00
Net Total Estimated Cost:			\$0.00

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Budget Recommendations for FY 2017 (continued)

Non-Travel Budget Requests

- Not Applicable Resources Examinations
 Membership Training Other

Product or Service	Provider	Cost Per Event
Membership in Association of Real Estate License Law Officials	same	\$750.00

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

Membership to ARELLO offers the REC access to a nationwide disciplinary database. It also provides access to education, investigation, and licensing resources.

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	\$8,240.00
Travel for Exams	\$0.00
Out-of-State and Additional In-State Travel	\$4,725.00
Dues, Memberships, Resources, Training, Teleconferences	\$750.00
Total Potential Third-Party Offsets	\$0.00
Other:	\$0.00
Total Requested:	\$13,715.00

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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:

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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:

The REC is in the process of re-writing regulation 12 AAC 64.420, it was tabled at the June 2016 meeting in response to the Assistant Attorney General needing clarification on what the REC was trying to ascertain and stated that the change submitted was confusing to read. This will be a carryover into FY17.

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Goals and Objectives

Part I

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

- 1)** To change the required courses necessary to upgrade your license, increase the time period to get your upgraded license, and increase the hours for continuing education.

The REC, through the assistance with the Alaska Association of Realtors, was able to achieve a statute change in making this occur this fiscal year. Ref. SB158(2016)

Note: the change to increase the hours for continuing education did not get addressed during this Legislative session. The Commission chose not to pursue it at this time.

- 2)** To set guidelines in statutes and/or regulations that give brokers and licensees direction on teams and licensed assistants.

This goal is on-going in FY17. It was realized that it is a more involved task than initially anticipated.

- 3)** To continue to eliminate the need for paper by submissions online and expand our use of technology to communicate with licensees.

This goal is currently being achieved through the new Kofax database system that was recently implemented with continued effort to expand the online licensing capabilities.

- 4)** Ensure investigations are conducted and reviewed in a timely manner.

The goal is currently being achieved through the implementation of new processes which are overseen by the Chief Investigator.

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Goals and Objectives

Part II

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

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

The REC has developed two types of goals and objectives for FY17 they consist of short-term and long-term goals.

Short-term goals:

- 1) Determine the feasibility of securing a master policy for errors and omissions insurance; if feasible, place into service a master policy for errors and omissions insurance;
- 2) Finalize a "form" of Broker Manual; and
- 3) Resolve investigations within 16 months from date of opening a matter.

Long-term goals:

- 1) Establish quidelines, as appropriate, relating to "team" licensees;
- 2) Establish means to enhance consumer awareness of the roles and responsibilities of licensees and Comission; and
- 3) Address statutory and regulatory matters, including revisions, to better protect the general public in real estate transactions (e.g., revise AS 08.88.171 (qualifications of licensure).

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Sunset Audit Recommendations

Date of Last Legislative Audit: July 2015
Board Sunset Date: June 30, 2018

Audit Recommendation: #1 The commission's chair and the Department of Commerce, Community, and Economic Development, Division of Administrative Services(DAS) director should work together to procure a master errors and omissions insurance policy for real estate licensees.

Action Taken: The Chair and one member are working with the Director of CBPL to revise division regulations on E & O insurance with the goal of procuring a master E&O policy.

Next Steps: Public notice and adopt revised department regulations; solicit bids for a master E&O insurance policy.

Date Completed: Sent revised regulations to the Director on 6/21/2016.

Audit Recommendation: #2 DCBPL's chief investigator should take action to ensure cases are actively investigated and completed timely.

Action Taken: The chief investigator has placed new procedures to ensure that the timeliness of cases, complaints, or in-take matters are addressed through quarterly reporting.

Next Steps: Continue to monitor cases in quarterly reports from the Investigator to the Real Estate Commission at their meetings.

Date Completed: This is an on-going process.