

Annual Report

Fiscal Year 2019

REAL ESTATE COMMISSION



**Department of Commerce, Community
and Economic Development**

**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	Duty Station	Date Appointed	Term Expires
PeggyAnn McConnochie, Chairperson Broker/1st Judicial District	Juneau	Mar 01, 2015	Mar 01, 2023
Jerry Royse Broker/3 rd Judicial District	Anchorage	May 22, 2019	Mar 01, 2023
David C. Pruhs Broker/4 rd Judicial District	Fairbanks	Mar 01, 2017	Mar 01, 2021
Margaret Nelson Broker/Broker at Large	Anchorage	Mar 01, 2019	Mar 01, 2023
Cheryl Markwood Broker/Broker at Large	Fairbanks	Mar 01, 2019	Mar 01, 2023
Jamie Matthews Public Member	Glenn Allen	Mar 01, 2019	Mar 01, 2023
Jesse Sumner Public Member	Wasilla	Mar 01, 2019	Mar 01, 2023

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Identification of Staff

Sharon J. Walsh – Executive Administrator

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Division of Corporations, Business and Professional Licensing
Alaska Real Estate Commission
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Nancy A. Harris – Project Assistant

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Shyla Consalo – Investigator

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Jun Maiquis – Regulations Specialist II

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Sher Zinn – Regulations Specialist II

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**REAL ESTATE COMMISSION
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Narrative Statement

Effective May 23, 2019, the Alaska Real Estate Commission consists of seven members who were appointed by the Governor and approved by the Legislature; of the 7 members 2 were held over and 5 are new. The Commission is comprised of 3 brokers or associate brokers who represent 3 of the Judicial Districts; 2 are at large, and 2 are public members.

The Commission had three primary objectives:

- We successfully completed the first renewal period for the requirement for licensees to have errors and omissions insurance through a private carrier or through the state's master pool policy.
- We continue to address the trend in the use of teams within real estate firms in Alaska and determine if it is necessary for the Commission to establish regulations that address the creation, advertising, disclosure and supervision of teams within Alaska real estate offices. This effort includes the following:
 - We successfully established a definition for teams in regulation 12 AAC 64.990(9).
 - We successfully revised regulation by adding the requirement that brokers address teams in their broker policy for their office. (12 AAC 64.117)
 - We continue to work on the re-write of the Alaska Real Estate Commission Consumer Disclosure and the Alaska Real Estate Commission Waiver of Right to Be Represented to align them with discussions on teams and to help make these forms user-friendly and understandable for the consumer and to increase the ease with which they are used by licensees. (Alaska Real Estate Commission Consumer Disclosure and Waiver of Right to be Represented)
- We continue to work through cases as expeditiously as possible to insure each is handled in a legal and speedy manner.

Legislatively, the Commission proposed a revision to change AS 08.88.351 to allow credit unions to be available for trust accounts; however, the Commission did not receive support for this proposed legislative change to the existing law; therefore, this change did not move forward.

Effective September 2018 we were assigned a new investigator, Shyla Consalo. Ms. Consalo provided the Commission, at each meeting, the status of investigations which encompassed intakes to closed complaints. During this time, we had a total of 59 cases opened and 59 cases closed; this included continuing education and probation cases. Our investigator also provided excellent training to the new as well as the returning Commission members on the investigatory process.

We maintained a Recovery Fund balance above the minimum required (per AS 08.88.455) of \$250,000 yet under the maximum of \$500,000; the balance as of now is \$301,489.

FY 2019 Narrative Statement (continued)

Last fiscal year the Commission had 4 in-person meetings in Anchorage at the Atwood Building. This next fiscal year our meetings will be using the Zoom platform for as many of the meetings as practicable.

The Commission is requesting at least one in-person meeting during our next September meeting at which we will be deciding the courses for required hours for the next renewal period as well as looking at the next reiteration of the Alaska Real Estate Commission Consumer Disclosure and the Alaska Real Commission Waiver of Right to be Represented forms.

Because of the unique nature and difficulty of matters being worked through by the Commission, additional in-person meetings may be required.

On May 23, 2019 we received information that Nancy Harris is the new acting Executive Administrator of the Real Estate Commission and Sharon Walsh will move to her new role Deputy Director of the Division of Corporations, Business, and Professional Licensing.

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Budget Recommendations for FY 2020

The Budget Recommendations section anticipates the board’s fiscal priorities for the upcoming year. Please complete all parts of this section with details about anticipated meetings, conferences, memberships, supplies, equipment, to other board requests. Meeting expenses that are being funded through third-party reimbursement or direct booking must be identified separately from expenses paid through license fees (receipt-supported services or RSS). Be sure to explain any items listed as “other” so they may be tracked appropriately.

Board Meeting Date	Location	# Board	# Staff
September 25, 2019	Anchorage	7	4
<input checked="" type="checkbox"/> Airfare:			\$600.00
<input checked="" type="checkbox"/> Hotel:			\$525.00
<input checked="" type="checkbox"/> Ground:			\$150.00
<input checked="" type="checkbox"/> Other: MI&E and mileage			\$393.00
Total Estimated Cost:			\$1,668.00

Board Meeting Date	Location	# Board	# Staff
December 11, 2019	Anchorage	7	4
<input type="checkbox"/> Airfare:			\$0.00
<input type="checkbox"/> Hotel:			\$0.00
<input type="checkbox"/> Ground:			\$0.00
<input checked="" type="checkbox"/> Other: MI&E and mileage			\$290.36
Total Estimated Cost:			\$290.36

Board Meeting Date	Location	# Board	# Staff
March 2020	Anchorage	7	4
<input type="checkbox"/> Airfare:			\$0.00
<input type="checkbox"/> Hotel:			\$0.00
<input type="checkbox"/> Ground:			\$0.00
<input checked="" type="checkbox"/> Other: MI&E & mileage			\$290.36
Total Estimated Cost:			\$290.36

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Budget Recommendations for FY 2020

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Board Meeting Date	Location	# Board	# Staff
June 2020	Anchorage	7	4
<input type="checkbox"/> Airfare:			\$0.00
<input type="checkbox"/> Hotel:			\$0.00
<input type="checkbox"/> Ground:			\$0.00
<input checked="" type="checkbox"/> Other: MI&E and mileage			\$290.36
Total Estimated Cost:			\$290.36

Travel Required to Perform Examinations			
<input checked="" type="checkbox"/> 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
Describe “Other” (break out all sections):			
Total Estimated Cost:			\$0.00

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Budget Recommendations for FY 2020 (continued)

Out-of-State Meetings and Additional In-State Travel (Rank in order of importance)

#1 Rank in Importance or Not Applicable

Date	Location	# Board	# Staff
September 18-21, 2019	Denver, CO	0	1

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

One staff member to attend the Association of Real Estate License Law Officials (ARELLO) annual conference. Attending this conference would allow for those that attend to bring back to the REC current trends and issues in the real estate industry in the US and CAN. Information at this conference would provide the REC how other jurisdictions are handling those issues through regulation, education and licensing.

Expenditure	License Fees (RSS)	Third-Party Reimbursement	Third-Party Direct Booked	Total
<input checked="" type="checkbox"/> Airfare:	\$526.15	\$0.00	\$0.00	\$526.15
<input checked="" type="checkbox"/> Hotel:	\$1,060.00	\$0.00	\$0.00	\$1,060.00
<input checked="" type="checkbox"/> Ground:	\$0.00	\$0.00	\$0.00	\$0.00
<input checked="" type="checkbox"/> Conference:	\$630.00	\$0.00	\$0.00	\$630.00
<input checked="" type="checkbox"/> Other	\$200.00	\$0.00	\$0.00	\$200.00
Describe "Other" (break out all sections):				
Net Total:	\$2,416.15	\$0.00	\$0.00	\$2,416.15

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Budget Recommendations for FY 2020 (continued)

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

#2 Rank in Importance

Date	Location	# Board	# Staff
October 22-24, 2019	Oklahoma City, OK	0	1

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

2019 Investigator Workshop. This event gathers all investigators and auditors to discuss current trends in real estate, real estate issues, investigative skills (how to conduct interviews, report writing, etc.), and provides an opportunity to share valuable information and learn about problems and discover solutions for investigators.

Expenditure	License Fees (RSS)	Third-Party Reimbursement	Third-Party Direct Booked	Total
<input checked="" type="checkbox"/> Airfare:	\$892.16	\$0.00	\$0.00	\$892.16
<input checked="" type="checkbox"/> Hotel:	\$772.48	\$0.00	\$0.00	\$772.48
<input checked="" type="checkbox"/> Ground:	\$225.00	\$0.00	\$0.00	\$225.00
<input checked="" type="checkbox"/> Conference:	\$450.00	\$0.00	\$0.00	\$450.00
<input checked="" type="checkbox"/> Other	\$152.50	\$0.00	\$0.00	\$152.50
Describe "Other" (break out all sections):				
Net Total:	\$2,492.14	\$0.00	\$0.00	\$2,492.14

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Budget Recommendations for FY 2020 (continued)

Non-Travel Budget Requests

- Not Applicable Resources Examinations
 Membership Training Other

Product or Service	Provider	Cost Per Event
Association of Real Estate License Law Officials (ARELLO)	ARELLO	\$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.

Summary of FY 2020 Fiscal Requests

Board Meetings and Teleconferences:	\$2,539.08
Travel for Exams:	\$0.00
Out-of-State and Additional In-State Travel:	\$4,908.29
Dues, Memberships, Resources, Training:	\$750.00
Total Potential Third-Party Offsets:	-\$0.00
Other:	\$0.00
Total Requested:	\$8,197.37

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Legislation Recommendations Proposed Legislation for FY 2020

No Recommendations

The Board has no recommendations for proposed legislation at this time.

Recommendations

The Board has the following recommendations for proposed legislation:

AS 08.88.351(3) - Accounts; Records of Transactions -

This proposal will add credit unions to this statute to allow brokers to have other options to hold their trust account.

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Regulation Recommendations Proposed Legislation for FY 2020

No Recommendations

The Board has no recommendations for proposed regulations at this time.

Recommendations

The Board has the following recommendations for proposed regulations:

12 AAC 02.530- Standards of Equivalent Coverage -

This regulation will clarify the requirements of equivalent coverage in 12 AAC 02.530 in relation to the requirements of the minimum standards of E & O Insurance as outlined in 12 AAC 02.510.

12 AAC 02.590(3)- Definitions

This regulation will provide the real estate licensees with clarification of the term equivalent coverage with reference to the E & O regulations 12 AAC 02.530 and 540.

12 AAC 64.420 (c) and (g)- Application for Course Certification

It will allow the designated continuing education (DCE) courses to extend out for two (2) full licensing cycles before a course sponsor would need to renew. Allowing for licensees that did not renew and wish to reinstate the opportunity to obtain prior DCE courses. Also, provides for concise language in regulation.

12 AAC 64.990- Definitions

This regulation will define the term full licensing cycle for the purpose of regulation 12 AAC 64.420, Application for Course Certification. Providing real estate licensees with clarification of the term full licensing cycle with reference to the regulation 12 AAC 64.420 application for course certification.

12 AAC 64.440(f) and (f)(4) – Instructor Approval

This regulation will change the expiration date of instructor certification and will add the requirement for the renewal of an instructor certification to include completion of an instructor training workshop approved by a national entity.

12 AAC 64.460(6) – Withdrawal or Denial of Instructor Approval

This regulation will include an additional option to withdraw or deny an instructor approval application.

12 AAC 64.118 – Consumer Disclosure

This regulation will revise the form titled Alaska Real Estate Commission Consumer Disclosure.

12 AAC 64.119 – Waiver of Right to Be Represented.

This regulation will revise the form titled Alaska Real Estate Commission Waiver of Right to Be Represented.

12 AAC 64.930 – Property Disclosure Form.

This regulation will revise the form titled Residential Real Property Transfer Disclosure Statement.

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Goals and Objectives

Part I

FY 2019's goals and objectives, and how they were met:

- 1) Re-write the Alaska Real Estate Commission Consumer Disclosure and create a regulation project as soon as possible to include the Alaska Real Estate Commission Waiver Of Right to be Represented form.

This goal is in process and will be addressed with the new Commission members at the September 2019 meeting.

- 2) Review/revamp the State of Alaska Residential Real Property Transfer Disclosure form.

This will be a goal that the new Commission members review the Residential Real Property Transfer Disclosure form over the next fiscal year.

- 3) Create a process for disseminating information to the public and licensees by staff and investigator of on-going investigative matters.

This is on-going through the List-Serv.

- 4) Discuss the long-term goal such as the Alaska Real Estate Commission Consumer Disclosure and Waiver of Right to be Represented forms used in property management and the idea of possibly creating a property management disclosure with specific focus on marijuana, security deposits; pet vs. people deposits and lease cancellations in the landlord tenant act.

This goal is still being considered but will take considerable time and effort to make any changes to the Alaska Real Estate Commission Consumer Disclosure and the Alaska Real Estate Commission Waiver of Right to be Represented forms. It remains a long-term goal of the Real Estate Commission.

- 5) Long-term goal- to review Landlord Tenant report and look at changes in conjunction with Alaska Association fo Realtors Legislative Committee.

Revised in May 2019 to broaden the focus so all real estate licensees and their various organizations will be able to discuss and participate in review of the Landlord Tenant changes.

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Goals and Objectives

Part II

FY 2020's goals and objectives, and proposed methods to achieve them.

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

- 1) Rewrite the Alaska Real Estate Commission Consumer Disclosure and Alaska Real Estate Commission Waiver of Right to be Represented forms and create a regulation project as soon as possible.

At the May 23, 2019 Commission meeting, a committee was assigned to review and make changes to these two forms and bring back to the September 2019 meeting for consideration.

- 2) Review and revamp the State of Alaska Residential Real Property Transfer Disclosure Statement form.

At the May 23, 2019 Commission meeting, a committee was assigned to review and make changes to this form and bring back to the December 2019 meeting for consideration.

- 3) Create a process for disseminating information to the public and licensees by staff and investigator.

Staff will continue to send out information via ListServ, review and revise REC website to include the format of licensee disciplinary actions.

- 4) Discuss the potential of a separate Property Management Consumer Disclosure and Waiver of Right to be Represented form.

The Commission will review this issue over the next fiscal year.

- 5) Long-term goal - to review the Landlord Tenant Act and look at changes in conjunction with the real estate industry.

The Commission will review this issue over the next fiscal year.

- 6) Review and update property management regulations with regards to trust accounts and security deposits issues.

At the May 23, 2019 Commission meeting, a committee was assigned to review and make changes to these regulations and bring back to the September 2019 meeting for consideration.

- 7) Look at Errors & Omissions self- insurance vs- state provided pool insurance.

The Commission will review this issue over the next fiscal year.

Goals for FY2021 will be discussed and considered at the June 2020 quarterly meeting.

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Sunset Audit Recommendations

Date of Last Legislative Audit: June 15, 2017
Board Sunset Date: June 30, 2026

Audit Recommendation: The audit recommends the DCBPL Chief Investigator continue to improve oversight to ensure cases are actively investigated and completed timely.

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

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

Date Completed: Ongoing.