

**STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING
BOARD OF CERTIFIED REAL ESTATE APPRAISERS**

**MINUTES OF MEETING
May 26-27, 2011**

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 Board of Certified Real Estate Appraisers was held May 26-27, 2011, at the Atwood Building, 550 W. 7th Avenue, Suite 1270, Anchorage, Alaska.

Call to Order/Roll Call

The meeting was called to order at 9:07 a.m. by Gene Shafer, Chairman.

Those present, constituting a quorum of the Board:

Gene Shafer, Chairman, Residential Real Estate Appraiser
Butch Olmstead, Vice Chair, Mortgage Banking Executive
April Moore, Public Member
Clint Lentfer, General Real Estate Appraiser
Donna Rulien, Residential Real Estate Appraiser

In attendance from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, were:

Jan Mays, Licensing Examiner
Margo Mandel, Investigator
Don Habeger, Director

Guests:

Neal Fenochietti, Policy Manager, Appraisal Subcommittee
Jenny Tidwell, Policy Manager, Appraisal Subcommittee

Thursday – May 26, 2011

Agenda Item 1 – Review Agenda

The Board reviewed the agenda. The following applications were added:

Item 5

- May 9, 2011 Teleconference

- Appraisal Institute – Valuation in Challenging Markets, 28 hours CE
- ASFMRA – Requirements of UASFLA “The Yellow Book”, 22 hours CE
- Alaska Craftsman Program – How to Choose a Contractor, 2 hours CE

Agenda Item 2 – Ethics Report

There were no ethics conflicts to disclose.

Agenda Item 3 – Investigative Report

Margo Mandel, Investigator was available to present the investigative report.

During this reporting period, December 15, 2010 to April 29, 2011, the Investigation Unit opened one (1) case and closed no cases. Currently there are five (5) open cases.

FY 2011 Statistics to date:

Cases Opened: 6

Cases Closed: 6

Open Cases:

3300-09-001	Fraud/Misrepresentation	AG Review
3300-09-003	Negligence	AG Review
2010-000448	Fraud/Misrepresentation	Active
2010-000853	Contested License Denial	Litigation
2011-000439	Negligence	Active

Ms. Mandel stated that Case No. 2010-000448 is now closed. Ms. Mandel provided an update regarding the Wold Case. The Wold case is at the Supreme Court waiting for a decision.

Don Habeger, Director of the Division of Corporations, Business and Professional Licensing was present to discuss the budget and fee increase.

Agenda Item 4 – Kara Nelson OAH No. 10-0355

The Board called Mark Handley, Administrative Law Judge. Judge Handley advised the Board to enter into executive session for deliberation.

Judge Handley also stated that both Neal Fenochietti and Jenny Tidwell cannot sit through the deliberation.

Upon a motion by Olmstead, seconded by Moore, and approved unanimously, it was:

RESOLVED to enter into executive session in accordance with AS 44.62.310(c) (2) and (3), for the purpose of deliberation.

Executive session at 10:20 a.m.; back on record at 10:30 a.m.

Upon a motion by Olmstead, seconded by Moore, and approved unanimously, it was:

RESOLVED to adopt the Decision and Order on Kara Nelson, OAH No. 10-0355-REA.

Break at 10:33 a.m.; back on record at 10:50 a.m.

Agenda Item 5 – Review Minutes

Upon a motion by Olmstead, seconded by Lentfer, and approved unanimously, it was:

RESOLVED to adopt the following meeting minutes:

- **October 8, 2010**
- **January 19, 2011**
- **May 9, 2011 teleconference**

Agenda Item 6 – Goals & Objectives

The primary goals for this coming year are to investigate revisions to statutes and regulations to enhance consistency with the policy of the Appraisal Subcommittee. The Board's goals and objectives for FY 2012 are as follows:

1. Review recommendations/changes and modify current statutes and regulations to include change as needed and encourage their implementation.
2. Seek comments/input from other organizations that are involved in our use of appraisal services in Alaska.
3. Circulate the Board meeting dates to appraisal organizations, interested individuals, and users of appraisal services.
4. Provide public notices of all meetings in the newspaper.
5. Continue to make listings of approved, denied, and expired initial certification and continuing education courses/seminars available to certified individuals.
6. Look into the set up and notice-giving possibilities of disseminating Appraiser Board activities through email database addresses of licensed appraisers.
7. At the time of initial certification, the Board is to review the appraiser's application along with two appraisal report completed by the applicant, in accordance with 12 AAC 70.110(e).

8. To have a least two face-to-face meetings per year.
9. To encourage and develop dialog promotional education in the State of Alaska for the state certified appraisers.
10. To encourage and promote in state appraisal educations for initial certification and continuing education.

Upon a motion by Moore, seconded by Rulien, and approved unanimously, it was:

RESOLVED to adopt #10 to the FY 2012 Goals & Objectives.

Agenda Item 7 – Public Comment

There were no individuals in attendance for public comment.

Agenda Item 8 – Course Approval Application

The Board revised the Course Approval Application. The Board proposed to add#9, “A copy of the AQB course approval letter for all course applications for initial certification”.

Neal Fenochietti, Policy Manager for the Appraisal Subcommittee suggested that it be included in the standard course approval letter, noting that the AQB approval expires a year before the state approval expires. If AQB lapse that the course(s) is no longer approved by the state.

Upon a motion by Moore, seconded by Rulien, and approved unanimously, it was:

RESOLVED to add#9 in the Course Approval Application that reads, “A copy of the AQB course approval letter for all course applications for initial certification”.

Agenda Item 9 – 7 Hour USPAP vs. 15 Hour USPAP

Mr. Lentfer stated to the Board that he has received numerous phone calls regarding the 7 Hours USPAP vs. 15 Hour USPAP. The regulation states satisfactory completion of a 7 Hour USPAP Update course or its equivalent.

Mr. Lentfer reads it that the 15 Hour USPAP is equivalent to the 7 Hour, but was informed that it is not equivalent. Mr. Lentfer suggested a regulation change to clarify what is considered equivalent.

The Board proposed to add in regulation 12 AAC 70.220(e) to read, “or its equivalent, as determined by the AQB, (completion of the 15 hour USPAP course is not a substitute for the 7 hour USPAP Update course)”.

Upon a motion by Lentfer, seconded by Olmstead, and approved unanimously, it was:

RESOLVED to adopt the regulation change in 12 AAC 70.220(e).

Agenda Item 10 – Joshua Watts Consent Agreement

The Board reviewed Joshua Watts certificate of completion of his continuing education courses. Mr. Watts is on a mandatory CE audit.

Upon a motion by Lentfer, seconded by Rulien, and approved unanimously, it was:

RESOLVED to accept Joshua Watts continuing education courses.

Agenda Item 11 – Proposed Regulations

The Board reviewed the draft proposed regulations for the following regulations:

- 12 AAC 70.920(a), (d), (3)
- 12 AAC 70.990 (2), .108, .115, .140, .220

Upon a motion by Moore, seconded by Olmstead, and approved unanimously, it was:

RESOLVED to adopt for Public Notice Draft 5/18/2011 Proposed Regulations as written.

Agenda Item 12 – Budget Report

The Board reviewed the expenditure report. Mr. Lentfer suggested a breakdown of contractual expenses; more itemization on the revenue.

The Board requested that a proposed budget report be generated at the beginning of each fiscal year. The purpose for the proposed budget report is so the Board can be aware of the beginning budget.

Agenda item 13 was moved to Friday, May 27, 2011.

Upon a motion by Olmstead, seconded by Moore, and approved unanimously, it was:

RESOLVED to recess.

Recess at 12:44 p.m.; till 9:00 a.m., Friday, May 27, 2011.

Friday – May 27, 2011

Call to Order/Roll Call

The meeting was called to order at 9:02 a.m. by Gene Shafer, Chairman.

Those present, constituting a quorum of the Board:

Gene Shafer, Chairman, Residential Real Estate Appraiser
Butch Olmstead, Vice Chair, Mortgage Banking Executive
April Moore, Public Member
Donna Rulien, Residential Real Estate Appraiser
Clint Lentfer, General Real Estate Appraiser

In attendance from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, were:

Jan Mays, Licensing Examiner
Don Habeger, Director

Guests:

Neal Fenochietti, Policy Manager, Appraisal Subcommittee
Jenny Tidwell, Policy Manager, Appraisal Subcommittee

Agenda Item 12- Budget Report (Con't)

The director, Don Habeger was present to further discuss the budget and licensing fees.

Agenda Item 13 – ASC Bulletin No. 2011-01

See agenda item 18.

Agenda Item 14 – Application Review

The Board reviewed three residential applications by endorsement and one registered trainee application.

Upon a motion by Olmstead, seconded by Lentfer, and approved unanimously, it was:

RESOLVED to approve Moira Rogers, Kelli Arbey, and David Hammon's residential appraiser license by endorsement.

Upon a motion by Olmstead, seconded by Rulien, and approved unanimously, it was:

RESOLVED to approve Joy Lipsmeyer's registered trainee license.

Agenda Item 15 – Course Approval

Upon a motion by Olmstead, seconded by Moore, and approved unanimously, it was:

RESOLVED to approve the following courses by the Appraisal Institute.

- Residential Sales Comparison & Income Approach
- Residential Site Valuation & Cost Approach
- Uniform Appraisal Standards for Federal Land Acquisition
- Online Appraising from Blueprints & Specifications
- Online FHA & the Appraisal Process
- Online Residential Report Writing & Case Studies
- Online Reviewing Residential Appraisals & Using Fannie Mae Form 2000
- Online Residential Property Construction & Inspection
- Appraising Historic Preservation Easements
- Residential Report Writing and Case Studies
- Online Forecasting Revenue
- Online Residential Site Valuation & Cost Approach
- Business Practices & Ethics
- The Uniform Appraisal Dataset from Fannie Mae & Freddie Mac
- Appraising the Appraisal: Appraisal Review – General
- Residential Applications – Using Technology to Measure & Support Assignment Results
- Appraisal Curriculum Overview – General
- Appraisal Curriculum Overview – Residential
- Valuation in Challenging Markets

Upon a motion by Olmstead, seconded by Moore, and approved unanimously, it was:

RESOLVED to approve the following courses by McKissock, LP.

- REO and Foreclosures – 8253
- Residential Appraisal Review
- Residential Report Writing: More than Forms
- Even Odder – More Oddball Appraisals – 8224
- Appraising and Analyzing Industrial and Flex Buildings for Mortgage Underwriting
- Introduction to the Uniform Appraisal Dataset

Upon a motion by Olmstead, seconded by Moore, and approved unanimously, it was:

RESOLVED to approve the following courses by ASFMRA.

- General Market Analysis and Highest & Best Use (A290)
- Sales Comparison Approach for General Appraisers (A302)
- Requirements of UASFLA – “The Yellow Book”

Upon a motion by Olmstead, seconded by Moore, and approved unanimously, it was:

RESOLVED to approve the following course by William King & Associates, Inc.

- Current Issues & Regulatory Updates Affecting Appraisers

Upon a motion by Olmstead, seconded by Moore, and approved unanimously, it was:

RESOLVED to approve the following course by Alaska Craftsman Home Program.

- How to Choose a Contractor

Break at 10:58 a.m.; back on record at 11:10 a.m.

Agenda Item 16 – AMC Regulations

See agenda item 18.

Agenda Item 17 – Board Business

Task List

Jan Mays

- Request a propose budget report from Sara Chambers.
- Email AERO Link to the Board.
- Email the May 9, 2011 meeting minutes to Butch for signature.
- Add “Check National Registry” to all application checklist for all license categories.

Sign Wall Certificates

No wall certificates to sign.

Sign Meeting Minutes

The following meeting minutes were signed by Gene Shafer, Chair.

- October 8, 2010
- January 19, 2011
- May 9, 2011 signed by Butch Olmstead, Vice Chair

Schedule Next Meeting

The Board modified all meetings to begin at 9:00 a.m. as oppose of to 8:30 a.m. This was changed due to scheduling conflicts.

The following are meeting dates for 2011:

October 6, 2011– Anchorage

Sign TA's and Collect Receipts

Travel Authorization forms were given to each Board member to sign.

Agenda Item 18 – Appraisal Subcommittee Field Review

Both Neal Fenochietti and Jenny Tidwell, Policy Mangers for the Appraisal Subcommittee were present to discuss the Field Review Audit.

Mr. Fenochietti stated that effective January 1, 2012 the National Registry fee will increase to \$40.00 per year, a total of \$80.00. Also, effective July 1, 2013 Policy of Reciprocity for license appraisers. This will not apply to Alaska, since Alaska does not have "license appraisers".

Field Review Audit Findings

The following regulations are in conflict with the federal requirements and must be changed to comply with the AQB Criteria.

- 12 AAC 70.140 and .210 (previous audit)
- 12 AAC 70.115 (a) (1) (ii) and (c) (1) (ii) must read: "AQB approved instructor who is also a certified appraiser".
- 12 AAC 70.115 (a)(2)(C)(vii) and (c)(2)(C)(vii) must read: "Computer Science".
- 12 AAC 70.140(e) must be repealed.
- 12 AAC 70.140(f) (3) (B) "minimum of 2 classroom hours". Only addressed initial certification, not continuing education. If it applies to both continuing education and initial certification, then clarification is needed.
- 12 AAC 70.140(g) – If this section refers to initial certification then it must be repealed. Credit for noninstructional course cannot be awarded. If it applies to continuing education then it must be clarified.
- 12 AAC 70.215 – this section is lacking a provision for approving delivering mechanism. A new subparagraph (5) that states "courses approved by the International Distance Education Certification Center (IDECC)".
- 12 AAC 70.215(4) must be repealed.
- 12 AAC 70.215(b) (1) this relates to business courses. AQB removed this topic in 2008. This section must be repealed.

Areas of Concern

- 12 AAC 70.910(1) change "50 minutes" to "60 minutes".
- National Registry Fee increase to \$40.00 a year, effective January 1, 2012. Must be changed in centralized regulation.
- Courtesy license fee set at \$300. Per Appraisal Subcommittee (ASC) in Policy Statement 5, states a cap set fee of \$150 for courtesy license. ASC requested that the Board respond in a letter explaining the reason for the increase.
- Executive Session – Mandatory for ASC to sit through an executive session when conducting a state field review audit. Unless, it pertains an employee or a subject matter that does not relate to the program.

Both courtesy license and national registry fees will be addressed in the Preliminary Report as areas of concern.

Mr. Fenochietti also addressed under the courtesy license practice that verifying credentials through the Appraisal Subcommittee National Registry is sufficient. To

implement this, Mr. Fenochietti strongly encouraged that this procedure is included in the application process. This will be added in the application checklist for all license categories.

Mr. Fenochietti noticed one courtesy license application that took 55 days to issue due to a "Yes" answer in the Professional Fitness Questions.

Mr. Fenochietti stated there were two applications from the last review that were incompliant. The applications demonstrated insufficient work logs. Mr. Fenochietti acknowledged that both applicants submitted a revised work log. The work logs revealed adequate work experience hours that complies with the AQB Criteria. However, the work log in place does not include a signature and a credentialing number of the supervisory appraiser, which is one of the items that must be included. Instructions on how to complete the work log must also be included. This will be put in the Preliminary Report under Noncompliance. Mr. Fenochietti suggested that Mrs. Mays submit a copy of the revised work log and a copy of an applicant's log, which will bring it to compliant.

Mr. Fenochietti also suggested on the voting ballot for applications to include a section to check that the appraisal reports are actually being reviewed and is in USPAP complaint. This will help ASC identify that the Board has reviewed the appraisal reports that are being submitted by the applicants.

The next section that was discussed was Education. The three items that are Areas of Concern are:

1. Course Expiration dates different from AQB expiration dates. This was resolved by adding a language in the standard course approval letter addressing that the course will lapse if it expires through AQB and to also submit the AQB/IDECC approval.
2. One course did not have an outline to determine if it was a 3 hour course in appraisal topic.
3. USPAP course must be taught by an AQB Certified Instructor. The USPAP course file does not indicate whether or not the State verified that the instructor is indeed AQB Certified. By generating a checklist to verify the instructor is AQB Certified will resolve this area of concern. The state can verify an instructor on the National Registry or the AQB website. Helpful documents for education course checklist can be found at the ASC website.

Another discussion was in regards to Primary and Secondary providers, especially in the case of distance education. There are two components to an AQB approved distance education course, which would be the AQB and the IDECC approval letter.

For a primary provider, an AQB approval letter for a distance education course will be sufficient. An IDECC approval letter does not need to be collected. The only time that an IDECC approval letter must be submitted is when the primary provider sells the course to a secondary provider. The secondary provider then must submit their own IDECC approval

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letter. Mr. Fenochietti stated that what he tends to see is that the secondary provider will submit the AQB approval letter and the IDECC approval letter for the primary provider.

Mr. Fenochietti suggested that making a standard requirement to submit both the AQB and the IDECC approval letter for distance education course.

Upon a motion by Olmstead, seconded by Rulien, and approved unanimously, it was:

RESOLVED to adjourn.

There being no further business. The meeting adjourned at 12:38 p.m.

Respectfully Submitted:

Jan Mays
Licensing Examiner

Approved:

Gene Shafer, Chair

Date