

**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 1, 2012**

By the authority of AS 08301.070(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 1, 2012, at the Atwood Building, 550 West 7th Avenue, Suite 1270, Anchorage, Alaska.

Call to Order/Roll Call

The meeting was called to order at 9:00 a.m. by Butch Olmstead, Chair.

Those present, constituting a quorum of the Board:

Butch Olmstead-Chair, Mortgage Banking Executive
Donna Rulien-Vice-Chair, Residential Real Estate Appraiser
April Moore, Public Member
Clint Lentfer, General Real Estate Appraiser
Lance Cook,

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

Alysha Hernandez, Licensing Examiner

Agenda Item 1 – Review Agenda

The Board reviewed the agenda and no changes were made.

Agenda Item 2 – Ethics Report

There were no ethics issues to disclose.

Agenda Item 4 – Review Minutes

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

MOVED to approve the January 11, 2012 meeting minutes.

Agenda Item 5 – Goals and Objectives for FY12

It was noted that item 10 had been added by Ms. Hernandez from the previous meeting.

Agenda Item 6 – Board Correspondence

The Board discussed the ASC Audit Review letter and took no action. The Board reviewed the following correspondence that was placed in the board packet:

1. Letter from the Appraisal Subcommittee (ASC) which was received by the Division on February 27, 2012
2. Title XI of FIRREA Real Estate Appraisal Reform [12 U.S.C. 3331-3351] as amended by the Dodd-Frank Reform Act
3. Letter from the ASC issued on March 18, 2011 regarding Statutory Provisions Affecting State Appraiser Regulatory Programs
4. Letter from The Appraisal Foundation: Appraiser Qualifications Board (AQB) regarding upcoming changes to real property appraiser qualifications
5. Mineral Business Appraisal letter dated December 18, 2011

Agenda Item 3 – Investigative Report

Margo Mandel, Investigator was in attendance to present the investigative report.

During this reporting period, December 8, 2011 through April 6, 2012, the Investigation Unit opened five (5) cases and closed one (1) case. Currently, there are nine (9) open cases.

FY2012 statistics to date:

Cases Opened: 10

Cases Closed: 3

Open Cases:

3300-09-001	Fraud/Misrepresentation	Litigation
3300-09-003	Negligence	Litigation
2011-000761	Fraud/Misrepresentation	Active
2011-001129	Negligence	Active
2012-000032	Violating Professional Ethics	Active
2012-000139	Violating Professional Ethics	Active
2012-000114	Negligence	Active
2012-000140	Negligence	Active
2012-000289	Negligence	Active

Closed Cases:

2011-000863	Violating Professional Ethics	No Violation
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Ms. Mandel stated there is one Consent Agreement to present to the Board.

Mr. Lentfer recues himself from discussion and voting on Case No. 2011-000761.

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

MOVED to go into Executive Session at 9:38 a.m. to discuss consent agreement Case No. 2011-000761.

Move into Executive Session at 9:38 a.m.; return at 9:48 a.m.

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

MOVED to approve the consent agreement in the matter of Jimmie A. Johnson, license number 265, Case No. 2011-000761.

Roll Call:	Abstained:
-Lance Cook	-Clint Lentfer
-Butch Olmstead	
-April Moore	
-Donna Rulien	

Agenda Item 8 – Application/Course Review

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

MOVED to approve Etta Tull’s application as a registered trainee.

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

MOVED to approve Stephen Kovalsky’s application as a certified general real estate appraiser

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

MOVED to approve David Brena’s application as a certified general real estate appraiser pending compliance with 12 AAC 70.220(d).

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

MOVED to approve Steven Brown’s application as an institutional appraiser pending completion of 12 AAC 70.107 and 12 AAC 70.115.

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

MOVED to approve the following courses from the Appraisal Institute:

- Appraising the Appraisal Review-Residential
- Marketability Studies: The Six Step Process & Basic Applications
- Practical Regression Using Microsoft Excel

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

MOVED to approve the following course from Cengage Learning, INC. d.b.a. Career Webschool:

- 2012-2013 15-Hour USPAP Equivalent

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

MOVED to approve the following courses from American Society of Farm Managers and Rural Appraisers:

- Appraisal Review Under Uniform Appraisal Standards for Feral Land Acquisition (A380)
- Advanced Appraisal Case Studies (A390)
- Cost Approach for General Appraiser Online

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

MOVED to approve the following courses from McKissock, LP:

- 2012-2013 national USPAP Update Equivalent
- Intro to Complex Appraisal Assignments-Live Webinar
- Deriving and Supporting Adjustments-Live Webinar

Agenda Item 10 – Budget Report

Misty Frawley called in via tele-conference to answer questions from the Board regarding additional funds that were requested by the Division for the Professional Licensing boards. Ms. Frawley was asked by the board to go back in the board's budget history to investigate the previous year's revenue and expenses and locate any deficiencies.

Misty stated that the Division received an additional 3.4 million to level the playing field for the years that business licensing wasn't paying their share for the indirect expenses. Professional licensing was picking up the entire portion of the indirect expenses and currently the Division is working with Management Services of America so that they can appropriately divvy out the monies to every licensing board in the State.

Mr. Olmstead asked if the smallest number of license people in the state get the most money. Ms. Frawley stated that no, this means that they will be appropriated by license count. So the more license count a board has had in the past it would be appropriated in that manner. Mr. Olmstead stated that it seems that the administrative costs associated with taking care of minimum number of requirements associated with federal regulations and state regulations can't be supported by a small number of licensees. So it seems backwards that the Division would appropriate a larger portion of that money to a larger number of paying licensees when the smaller number has that minimum threshold of requirements that they have to budget based on what their revenues are from those smaller number of licensees. It would seem on a percentage basis, they would get the bulk of the money. Ms. Frawley stated that it is being done in a fair manner. She stated that it is a false precept that the board has a 'bank account' or a set aside amount of money when that is not how the money comes in. the money comes in at the appropriation level and board reports are more of a tracking mechanism that the Division has for board specific. She stated that the Division is going back to 2001 to review budget reports to determine where to appropriate the additional funds. Mr. Olmstead stated that he would object into that philosophy that the Division is using to appropriate the funds with the fact that there is not a large number of boards in the state that are not federally mandated by Title IV Fieriera or the Dodd Frank Act or linked up with just the basic fundamental health of the economy from a lending perspective and associated so closely with the banking industry and the regulations from the federal government imposed upon them. So the Division is going to need to look forward a little bit rather than back in history so much as a result of recent developments that the board can see in the board packet from the Dodd Frank Act, suspicious activity reporting that is going to go on from the institutions to the federal government and the additional investigative expenses associated with that and just the general administrative side of that is going to be demanding on staff and they're already spread thin and we cannot afford to lose any appraisers in this state. The field is not the

same, nor is it level with the other licensing boards in the State. Nor is it regulated as much.

Ms. Frawley stated that based on the expense that the board uses, that is what regulates the license fees, but the Division is trying to streamline things so that the Division can make sure boards are operating at their highest efficiency level to save the licensee at the end of the day. Mr. Olmstead stated that it is just going to get more expensive for this particular industry and the board and the administration part of it.

Ms. Rulien agrees that we cannot just look at what has happened in the past 10 years.

Ms. Frawley stated that we have to first look into the past to be able to find a surplus or deficit number. She understands the importance of going forward in the right direction and states that that is what the plan is, first we have to fix what happened in the past. Then we can right the ship and go forward with the correct methodologies and that is what the Division is working on very diligently right now. Ms. Rulien stated that a few years ago the board had a huge swing in the budget because the Division stated that there was a \$60,000 error and we just corrected it. She asked if the board was ever going to get any further explanation on that like they have requested. Ms. Frawley stated that she was not in her position when that occurred but that that is the purpose of going back and having back up right now for the last 10 years. If she can show the revenue and expenses that were factual and running through the accounting system, there is no question at the end of the day. If somebody wasn't pulling the right reports or running the right codes and they arrived at an incorrect number, the board saw some big swings happening. Again, she does not know what happened in the past, she can only say that the Division is going to have sufficient evidence going forward as to how the Division arrived at certain numbers for the last several years. Mr. Olmstead asked if the board would be able to refund excessive fees that the appraisers have paid. Ms. Frawley stated that that would be a discussion not at her level.

Ms. Moore stated that at the last meeting, the board had requested a breakdown on the budget and there was nothing new in the board packet that gives them any better idea of where the budget items are being arrived at. Is there any way that the board can get any more information? Ms. Frawley stated yes, the board should have as much information as she can give. She has been providing expense breakdowns for all boards but has not done it for the third quarter because she does not want to give a report then later down the road have numbers swing dramatically because we have backed numbers off or added to them but, as of the second quarter everything that she had sent out was not only the board report but it also has an expense summation report and it has it in detail as far as what line items were and how you arrived at them. Now as far as staff time, she does not have staff time broken out, as of right now, there is no mechanism that will give an hourly breakdown of what was charged to the board. Mr. Lentfer stated that the board was not given such form with line item detail. Ms. Frawley stated that for the next meeting regardless of where the Division sits to have a quote completed, she will make sure that they have that expenditure report to be distributed. Ms. Moore stated that the reason for requesting this is that it is the boards intention to go to the legislature and the information that the board was given last meeting was given so late that it was impossible to take anything to the legislature and talk with any credibility and the board is asking for this information to be given, not at the next meeting, but sometime soon enough in the summer so that the board can start talking to the legislature and be ready to go into the next legislative session with some back up and she would like that to come out in a reasonable amount of time, not at the next board meeting. Ms. Frawley suggested that Ms. Hernandez touch base regarding this. She stated that she wants to provide the board back up for solid numbers and when

the third quarter reports are prepared and she has back up, she will send out a Division wide email so that Examiners know where to find reports in the future. At that point in time, Examiners can take that information and send it to the boards. Ms. Rulien said that she feels that the board is at the mercy of whatever hits the fan, and that the board has no say in what goes on and yet the board is given a responsibility of keeping things under control. Ms. Frawley sympathizes and says that she wants to give the board as much information as she possible can, but she does not want to give out the wrong information. She wants to be able to give factual statements that come from the accounting system. Coming up with the indirect expenses is critical to every profession and every licensee in the state. It is essential that we have a very solid methodology going forward and looking backward so

that we can right the ship. Everything has to be fair and that is the goal of management that sits in CBPL.

Mr. Lentfer asked when the Division decides where they are going to appropriate the money, are they going to notify the board prior so there may be some discussion and input from the boards stand point, or are they just going to make the decision that that is the money is going to go. Ms. Frawley stated that this would be a discussion that would be had at the Director's level and she does not have the answer to that right now. He wanted to know if there would be a credit to future licensees or are they going to reimburse licensees in the current licensing period.

Ms. Rulien stated that when she joined the board a few years ago, they were told right out of the gate that they were given the \$60,000 hit. Is there any way that in the scheme of going back and looking at all of the history that the board could get an explanation of what that was? Ms. Frawley stated that she would need a before and after picture of the budget so that she could look to see if it was on the expense side or the revenue side. Ms. Moore stated that it is exactly the reason why the license fee jumped from \$350 to almost \$1200. When that change was made is when that \$60,000 hit came. Ms. Frawley stated that the change could have been from a large investigation. Ms. Rulien said that the board was just told by Don Habeger that there was a \$60,000 accounting error and the board had to eat it all in one fell swoop. Mr. Olmstead said that they found it in the audit that they did that was last year or last cycle. Ms. Rulien said that there was never an explanation as to what it was for.

The board reviewed the expenditure report. The board requested a report from Misty with the following items:

- Breakdown of revenues
- Breakdown of expenses

Ms. Rulien and the board thanked Mr. Olmstead for asking Ms. Frawley to not only look in the past while allocating future funds but to look into the future as well as the board has Federal guidelines to follow as well.

Agenda Item 9 – Regulation Adoption

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

MOVED to adopt the regulations 12 AAC 70.108, 12 AAC 70.115, 12 AAC 70.140, 12 AAC 70.210, 12 AAC 70.220, 12 AAC 70.920, 12 AAC 70.940, and 12 AAC70.990 as public noticed and presented to the board.

Agenda Item 11 – Old Board Business

The board had no old board business to discuss.

Agenda Item 12 – Board Business

Sign Certificates

The board signed wall certificates and a certificate of appreciation for Gene Shafer.

Meeting Minutes

There were no minutes to be signed.

Schedule Next Meeting

The next board meeting is scheduled for September 25, 2012.

Sign TA's and Collect Receipts

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

Recess for lunch at 12:10 p.m.; back on the record at 1:05 p.m.

Agenda Item 7 – Public Comment

Clint Lentfer presented during public comment and stated that it has taken too long in the past for a license to get approved. He said that it should take no longer than a month for licenses to get submitted to the board. Ms. Hernandez stated that she has noticed in looking at past applications of when they are submitted and the date of when they are approved and she assured the board that she is efficient and agrees with the concerns. Ms. Moore stated that when previous examiners had been absent for long amounts of time, the desk wasn't tended to until the examiner returned. Mr. Olmstead stated that he has no hesitation in asking Division Staff to issue licenses and then having the board audit those licenses at the next scheduled meeting. Ms. Hernandez suggested that the board conduct more mail votes per year rather than the scheduled once a month. She informed the board of the future plans for the Division with the online board packets and mail votes and to look out for that email in the future.

Mr. Lentfer also discussed the Appraisal Institute Board being able to use their courses with the Real Estate Boards CE requirements. Ms. Hernandez suggested that he contact the Real Estate Commission Executive Administrator or either of the Examiners to discuss what requirements there are for continuing education classes to see if they are the same as ours. Perhaps then realtors could use the exams provided by the board.

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

MOVED to adjourn the meeting.

There being no further board business, the meeting adjourned at 1:23 p.m.

Respectfully Submitted:



KC Odell
Licensing Examiner

Approved:



Butch Olmstead, Chair

9/25/12

Date