

Annual Report
Fiscal Year 2004

**Alaska Real Estate
Commission**

July 2004

Alaska

DEPARTMENT OF COMMUNITY
AND ECONOMIC DEVELOPMENT
Division of Occupational Licensing

June 2004

Mr. Rick Urion, Director
Division of Occupational Licensing
P.O. Box 110806
Juneau, AK 99811-0806

Dear Mr. Urion:

Enclosed is the Annual Report of the Real Estate Commission for FY 2004 to meet statutory requirements under AS 08.01.

This report contains information regarding the Commission's activities for the fiscal year as well as issues relevant to regulation of the profession and the Commission goals for the future.

If you have questions regarding this report, feel free to contact me or our Executive Administrator, Sharon Walsh. We appreciate the privilege of serving Alaskans in our role as volunteer members of the Real Estate Commission.

Sincerely,

Barbara Ramsey
Chairperson
Real Estate Commission

BR/BG/dgl/302bg
050504a
Enclosures

REAL ESTATE COMMISSION

IDENTIFICATION OF BOARD
(As of June 2004)

Name Mailing Address E-mail Address	Judicial District / Phone			Term Expires
	Work	Home	Fax	
Barbara Parker-Ramsey 3111 C Street, Suite 100 Anchorage, AK 99503-3925 E-mail: info@ramseyteam.com	Chairperson, Associate Broker / 3 rd Judicial District 261-7553	770-7777	261-7555	March 1, 2007
Bradley J. Fluetsch 5700 N. Douglas Hwy. Juneau, AK 99801-9437 E-mail: bjf@gci.net	Public Member 523-1123	586-6639	463-3997	March 1, 2007
David Somers 711 Gaffney Road, Suite 100 Fairbanks, AK 99701-4662 E-mail: dsomers@alaska.net	Broker at Large 456-7653	456-8339	456-7650	March 1, 2007
Susan Rainey Realty 2000 300 First Avenue Fairbanks, AK 99701-4807 E-mail: srainey@mosquitonet.com	Associate Broker / 4 th Judicial District 474-2143	279-4260	474-2037	March 1, 2005
Lawrence Bauer Ricker & Associates Real Estate 400 Willoughby Ave Ste.205 Juneau, AK 99803 E-mail: ljbauer@gci.net	Vice Chair 586-4990	789-1957	586-4992	March 1, 2006
Rita Stuckart 200 West 34 th Avenue, #687 Anchorage, AK 99503 E-mail: rstuckart@jackwhite.com	Broker at Large 762-3112	243-7482	762-1861	March 1, 2008
Glenn Clary Anchorage Baptist Temple 6401 E. Northern Lights Anchorage, AK 99504 E-mail: gclary@ancbt.org	Public Member 333-6535	770-1943	929-9851	March 1, 2008

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REAL ESTATE COMMISSION

Summary of Activity in FY 2004

The Real Estate Commission (REC) and staff were busy this past fiscal year only a few of the highlights are listed below:

Legislative Audit:

The Real Estate Commission underwent a Legislative Audit. Its findings were provided to the Legislative Budget and Audit Committee in October 2003. Its purpose was to determine if the termination date for the commission should be extended; if the commission is operating in the public interest and if it has exercised appropriate regulatory oversight of licensees.

The auditors recommended that the termination date for REC be extended to June 30, 2008. Noting that the commission does serve a public purpose and has demonstrated as much through licensing and regulating real estate professionals which provides public protection when buying and selling real estate. The commission educates the public and licensees. Complaints and licensure actions are ways in which licensed professionals are assured of competency and ethics.

Staff Vacancies:

The vacancy of an Executive Administrator starting in June 2003 and filled temporarily by the Publication Specialist from September 2003 through February 2004 left some issues not addressed due to the limited staff at the REC. As of April 16, 2004 the REC is fully staffed. This backlog is now being worked through in addition to addressing current items.

We have been busy revising the Broker Manual, creating a Surety Fund report, designing a Continuing Education instructor's database and drafting the FY04 Annual report.

Commission Members:

Orientation of new commission members took place during the March meeting. They were able to acquaint themselves with the functions of being an REC member. All members received a New Commission Member Orientation Manual. The Commission reviewed and set goals for the year. They also discussed on-going legislation that will impact the real estate industry as well as the public.

Licensee Renewal Process:

All licensees were sent a renewal form in December 2003. The renewal form consisted of their name, address, license number and a pin number. This was the first REC on-line renewal process offered to licensees. Another first was the use of credit cards to pay for renewals. Total renewals on-line accounted for 43% (or 842) of licensees. The total number of licensees was 1,940. The on-line renewal was very much appreciated by REC staff and hoped that this number will continue to increase when the next renewal takes place in 2006.

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FISCAL YEAR: 2004
Statistical Overview

PROGRAM: Real Estate Commission AS 08.88; 12 AAC 64

Name of Individual Completing Report: Nancy Harris Date: 5/11/04

CATEGORY	NEW - ISSUED DURING FY 04	TOTAL AS OF 5/11/04	NOTES
A. <u>Current Active Licenses, Permits, Endorsements, Courtesy Licenses, Apprentice/Student Permits, etc.</u> (List type and if issued by examination or credential, as applicable)			
1. <u>Salesperson</u>	<u>298 (exam)</u>	<u>1277</u>	
2. <u>Salesperson</u>	<u>4 (endo)</u>	<u>---</u>	
3. <u>Associate Broker</u>	<u>25 (upgrade)</u>	<u>358</u>	
4. <u>Associate Broker</u>	<u>1 (endo)</u>	<u>---</u>	
5. <u>Broker</u>	<u>3 (upgrade)</u>	<u>457</u>	
6. <u>Broker</u>	<u>1(endo)</u>	<u>---</u>	
7. <u>Assoc Broker-pract ltd</u> to Community Assoc Mgmt	<u>0</u>	<u>3</u>	
8. <u>Broker - pract ltd</u> to Community Assoc Mgmt	<u>0</u>	<u>2</u>	
9. <u>Temporary -</u> <u>CSED/Temp</u>	<u>3</u>	<u>0</u>	
TOTAL	<u>335</u>	<u>2097</u>	
B. <u>Current Inactive Licenses</u> (Only Medical, Dental, CPA, and Real Estate)			
1. <u>Salesperson</u>	<u>---</u>	<u>25</u>	
2. <u>Associate Broker</u>	<u>---</u>	<u>9</u>	
3. <u>Broker</u>	<u>---</u>	<u>1</u>	
4. <u>All type of licenses</u>	<u>---</u>	<u>---</u>	
5. <u>(S.A.B.)</u>	<u>55</u>	<u>---</u>	
TOTAL	<u>55</u>	<u>35</u>	

CATEGORY	NEW - ISSUED DURING FY 04	TOTAL AS OF 5/11/04
C. <u>Retired Licenses</u>		
1. <u>All lic. Types (lost contact w/broker)</u>	<u>62</u>	<u>13</u>
2. <u>Lapsed</u>	<u>367</u>	<u>353</u>
TOTAL	<u>429</u>	<u>366</u>

D. <u>Disciplined or Conditioned</u> (Suspended, Revoked, Surrendered, Probation, Limited, Continuing Education Enforcement, etc.)		
1. <u>Suspended</u>	<u>1</u>	<u>1</u>
2. <u>Active Probation</u>	<u>1</u>	<u>1</u>
3. <u>Revoked</u>	<u>0</u>	<u>0</u>
4. <u>Surrendered</u>	<u>1</u>	<u>1</u>
TOTAL	<u>3</u>	<u>3</u>

E. Other action taken during fiscal year for which a fee was required (License verifications processed, roster requests, name changes, etc.)	
TYPE OF ACTION	NUMBER PROCESSED
1. License Verifications	<u>38</u>
2. Certified Copies of Files	<u>6</u>
3. Name Changes	<u>17</u>
4. Roster Requests	<u>3</u>
5. Wall Certificates	<u>0</u>
6. Applications Received	<u>2031</u>
7. Transfers	<u>324</u>
8. Reactivations	<u>8</u>
9. Reinstatements (before 1/31/2004)	<u>19</u>
10. Reinstatements (after 1/31/2004)	<u>87</u>
11. Waiver Letters	<u>10</u>
12. Landlord Tenant Books sold	<u>1852</u>
13. New Real Estate Offices	<u>48</u>

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F. Examination Dates

(List each examination administration separately. Subdivide if more than one exam is given in administration.)

The computerized exam is administered by contracting testing service Promissor. Statistics are listed on a separate spreadsheet.

G. Board Meetings and Teleconferences

DATE	LOCATION (indicate if teleconference)
September 10, 2003	Anchorage
March 4 – 5, 2004	Anchorage
June 10 – 11, 2004	Fairbanks

Additional teleconferences: Education Committee held 12 meetings

Real Estate Commission				
Pass/Fail Rates FY 2004				
Salesperson-now	Passed	Failed	Total	% Passing
Jul-03	14	15	29	48%
Aug-03	16	9	25	64%
Sep-03	10	6	16	63%
Oct-03	16	13	29	55%
Nov-03	17	12	29	59%
Dec-03	22	16	38	58%
Jan-04	15	21	36	42%
Feb-04	27	14	41	66%
Mar-04	18	23	41	44%
Apr-04	19	14	33	58%
May-04	13	14	27	48%
Jun-04	18	17	35	51%
Sub-total	205	174	379	54%
Salesperson - repeat				
Jul-03	12	14	26	46%
Aug-03	10	22	32	31%
Sep-03	7	18	25	28%
Oct-03	9	13	22	41%
Nov-03	8	13	18	44%
Dec-03	7	18	25	28%
Jan-04	11	28	39	28%
Feb-04	16	19	35	46%
Mar-04	12	24	36	33%
Apr-04	21	16	37	57%
May-04	11	8	19	58%
Jun-04	11	28	39	28%
Sub-total	132	221	353	37%
Total for Year	337	395	732	46%
Broker - new				
Jul-03	2	2	4	50%
Aug-03	1	0	1	100%
Sep-03	0	3	3	100%
Oct-03	3	2	5	60%
Nov-03	2	1	3	67%
Dec-03	1	3	4	25%
Jan-04	3	2	5	60%
Feb-04	3	3	6	50%
Mar-04	1	4	5	20%
Apr-04	1	3	4	25%
May-04	3	1	4	75%
Jun-04	2	2	4	100%
Sub-total	22	26	44	50%
Broker - repeat				
Jul-03	1	0	1	100%
Aug-03	0	1	1	0%
Sep-03	1	1	2	50%
Oct-03	2	4	6	33%
Nov-03	0	2	2	100%
Dec-03	0	0	0	0%
Jan-04	4	9	13	31%
Feb-04	1	3	4	25%
Mar-04	4	2	6	67%
Apr-04	1	1	2	50%
May-04	3	6	9	33%
Jun-04	2	1	3	67%
Sub-total	19	30	49	40%
Total for Year	41	56	97	45%

REAL ESTATE COMMISSION
BUDGET RECOMMENDATIONS

The REC met three times during the 2004 fiscal year. However, in the next fiscal year it is anticipated that the board will meet once per quarter. Of these meetings it is expected that 2 will be held in Anchorage, one in Fairbanks and the other in Juneau, unless another site is designated. Based on the historical record of the meetings being held in these locations we can estimate this activity in our budget recommendations. In addition to REC meetings it is recommended that at least one Commission member and a staff person attend the national conference as well as the regional conference.

Travel Requests FY 2004:

Number of meetings required by statute:	1
Number of meetings requested:	3

Locations:

Fall	Anchorage
Spring	Anchorage
Summer	Fairbanks

Chairperson to ARELLO Conference	Omaha, NE
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Member to Regional Conference (denied)	Portland, OR
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An estimated budget recommendation for the FY05 that includes travel in-state and out-of-state, lodging, meals, conference room rentals and education committee meetings held telephonically, would be approximately at or near \$20,000.00

REAL ESTATE COMMISSION
SURETY FUND CLAIM AND LICENSE ACTION STATISTICS

Surety Fund	
Opened in FY 04	6
Finalized/completed FY 04	5
Withdrawn prior to hearing FY 04	1
Deny Claim FY04	2
Current open cases (awaiting hearing, report of findings, adjudication or held in abeyance)	15
Total Claims Paid in FY 2004	\$32,657.50
License Investigations	
Opened – FY 04	37
Closed – FY 04	48
Dismissed – FY 04	N/A
Accusations filed – FY 04	6
Actions through Investigation Unit Via Hearing Officer	2
License Surrenders	3
Memorandum of Agreement	1

REAL ESTATE COMMISSION
STATISTICAL EDUCATION REPORT

<u>Course Type</u>	<u>Approved</u>
Prelicensing	6
Broker Training	5
Continuing Education (CE, elective)	37
Required Continuing Education (RCE)	1
Total Approved	49*

Instructors Approved	Initial Approval	Recertification	Total
Permanent	3	25	28
Temporary	0	0	0
Total Approved			28*

* Note: The numbers reported are from Tony Marriage, REC Publication Specialist as of May 19, 2004.

REAL ESTATE COMMISSION

EXPENDITURE REPORT

Juneau DCED Division of Occupational Licensing Accounting Technician will provide the expenditure report after August 30, 2004. This will capture actual expenditures/appropriations June 30th through August 30th, 2004.

REAL ESTATE COMMISSION
CONTINUING EDUCATION AUDIT PAGE

2004 Renewal Audit Process: Audit of Continuing Education, AREC

- December 2003: AREC creates a random, computer-generated list of audit candidates from all licensees having the expiration date 31-Jan-2004.
- May 26, 2004: AREC begins a 90-day period to completion of the 2004 Audit.
 - Initial step includes separating "lapsed" licensees from the random list. ["Lapsed" licensees must reinstate. If one does reinstate, this licensee must meet the standard requirement of all licensees, and must present copies of all CE certificates, as required by the audit.]
 - A database is created to track all audit actions, and to identify all results related to individual licensees. Filing and record keeping folders are created to collect both outgoing and incoming hard-copy documents.
 - Returned audit letters and non-responsive auditees will be handled directly by REC staff, to ensure audit files are complete by the end of the 90 day period.
 - Discrepancies in audit responses will be resolved by REC office staff to the best result possible before conclusion of the in-office audit process.
- August 24, 2004: AREC office ends the 90-day audit processing period and forwards all incomplete or non-conforming auditee files to Occupational Licensing in Juneau.
- Audit results will be presented to Commission members at the September AREC meeting.

REAL ESTATE COMMISSION
SUNSET AUDIT RECOMMENDATIONS

I. Report Conclusions:

Termination of the Commission should be extended.

The Commission serves a public purpose and has demonstrated an ability to operate in a satisfactory manner. The regulation and licensing of real estate professionals provides necessary public protection in the buying and selling of residential and commercial properties. The Commission carries out its responsibilities to educate both the public and REC licensees in a professional, competent, and efficient manner.

II. Findings and Recommendations

Recommendation No. 1

The Legislature should consider amending the statutes related to the Real Estate Surety Fund to provide more complete, effective, and efficient consumer protection to claimants.

1. Increase the limits on reimbursement of claims.
2. Only require the Division of Occupational Licensing to make reasonable efforts to provide right-of-appeal notification.
3. Specify mobile home transactions are subject to Real Estate Surety Fund claims.

REAL ESTATE COMMISSION
GOALS AND OBJECTIVES FOR FY 2004

- Update the Broker Manual and make it available on-line through DCED REC web site.
- Update the web site on a continuing basis with applications for licensees
- Renew salesperson, associate broker and broker license on-line; this goal was accomplished at a success rate of 843 renewals at its inception.
- Home Office regulation/criteria
- Definition of supervision for licensees, with emphasis on Home Office
- Continue consideration of regulation change regarding vicarious liability of brokers in Surety Fund claims
- Proposed Amendment of AS 08.88.263 Re: License By Endorsement Requirements
- Passage of HB 29 into law on 6/29/04; draft regulations and develop a consumer pamphlet for all licensees; adopt standardized forms for use by multiple listing services in Alaska.
- Passage of HB 418 extended the Real Estate Commission to 6/30/2008. Additionally, it provides for the increase in Surety Fund limits for each claimant from \$10,00.00 to \$15,000.00 with the maximum per licensee remaining at \$50,000.00

REAL ESTATE COMMISSION
LEGISLATIVE RECOMMENDATIONS

- REC tabled the rewrite of the regulations concerning dual agency until the passage of HB29
- Review need for statute/ regulation change(s), requiring a broker to validate the currency of a real estate licensee in another state who is acting in a referral or collaborative status.

Attachment A

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF OCCUPATIONAL LICENSING

Real Estate Commission
Board/Commission

RECOMMENDATIONS FOR PROPOSED LEGISLATION

The Division of Occupational Licensing requests that each Board/Commission proposing statute changes complete this form in its entirety. Completion of this analysis will provide division staff with a clearer understanding of the Board's/Commission's intent and position on relevant issues concerning the proposed changes.

1. Proposed language: *See attached amendment language*
2. Public/Industry/Professional benefit and consequences:
Real Estate Brokers from outside AK could apply and obtain license by endorsement.
3. State the problem or purpose prompting this request identifying the serious risk to the consumer's life, health, safety, and economic well-being:
Problem: Brokers were asked to prove 24 months of continuous "salesperson" experience. NOT all states have salesperson's licensure, therefore could not show experience.
4. Briefly state the history of this problem or proposal:
This has been a historical problem for Commission staff and will continue to be as other states move to licensing Associate Brokers & Brokers.
5. Identify the alternatives to this legislation (if any) and an analysis as to whether the benefits to the public are outweighed by the harmful effects of not having the recommended statute.

6. Cite any similar statutes from other states or other professions:

7. Which alternative mentioned would be most acceptable?

1

8. Does the majority of the Board/Commission agree with the legislative request?

The Real Estate Commission unanimously supports an amendment to AS 08.88.263

9. Who will support or oppose this legislation?
(Agencies and Constituent Groups)

We fully expect the real estate industry to support this legislation.

10. In the event questions should be raised during review of this request, please indicate below which board member we should contact.

Lawrence Bauer @ 586-4990 Juneau, Ak
Vice-Chair for Real Estate Commission

Board/Commission Member: _____

Day Phone: _____

AS 08.88.263. License By Endorsement, is repealed and reenacted as follows:

A person who holds a current, (active or inactive status) real estate license, issued by another state, shall be granted an equivalent Alaska real estate license if that person submits:

Broker or Associate Broker

- (1) A complete application within six months of passing the Alaska portion of the real estate examination;
- (2) Proof of at least 24 months of active practice as a Broker or Associate Broker, within the immediate 36 months of submission of a complete application;
- (3) Is not under indictment for, or seven years have elapsed since the person has completed a sentence imposed upon conviction of, forgery, theft, extortion, conspiracy to defraud creditors, or any other felony involving moral turpitude;
- (4) Fees
- (5) Proof of
 - A: equivalent Pre-licensing education (if the person has not gone through renewal in the other jurisdiction); or
 - B: equivalent CE completed within the immediate 24 months of application; and,
- (6) If applying for a **Broker** license:
 - A. A complete office registration application reflecting the applicant as the owner of a real estate business or documentation of pending employment as a real estate broker by a foreign or domestic corporation, partnership, limited partnership, or limited liability company;OR
If applying for an **Associate Broker** license,
 - B. Signature of the Broker who plans to employ the applicant.
- (7) The applicant must be at least 21 years old - 12AAC.64.059 (d)(1)(B)

Salesperson license

- (1) A complete application within six months of passing the Alaska portion of the real estate examination;
- (2) Proof of:
 - A. at least 24 months of active practice as a salesperson, within the immediate 27 months of submission of a complete application;OR
 - B. proof of successful completion of the education requirements of AS 08.88.091 (c);
- (3) Is not under indictment for forgery, theft, extortion, conspiracy to defraud creditors, or any other felony involving moral turpitude, or, if convicted of such an offense, the person has completed the sentence imposed upon conviction;
- (4) Fees
- (5) Signature of the broker who plans to employ the applicant.
- (6) The applicant must be at least 19 years old - 08.88.171(c).

Draft

6/11/04