

Annual Report
Fiscal Year 2010

**BOARD OF CERTIFIED REAL ESTATE
APPRAISERS**

July 2010



**DIVISION OF CORPORATIONS, BUSINESS
AND PROFESSIONAL LICENSING**

This Annual Performance Report is presented in accordance with Alaska Statute 08.01.070(1) and Alaska Statute 37.07.080(b). Its purpose is to report the accomplishments, activities, and the past and present needs of the licensing program.

**ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
FY 2010 ANNUAL REPORT**

TABLE OF CONTENTS

	<u>Page #</u>
IDENTIFICATION OF BOARD.....	1
IDENTIFICATION OF STAFF.....	2
NARRATIVE STATEMENT.....	3
BUDGET RECOMMENDATIONS.....	4
PROPOSED LEGISLATIVE RECOMMENDATIONS.....	5
REGULATION RECOMMENDATIONS.....	6
GOALS AND OBJECTIVES.....	7
SUNSET AUDIT RECOMMENDATIONS.....	8-9
STATISTICAL OVERVIEW.....	10-11

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
FY 2010 ANNUAL REPORT
IDENTIFICATION OF BOARD

<u>Board Member</u>	<u>Date Appointed</u>	<u>Term Expires</u>
Gene Shafer - Chair Residential Appraiser 1823 Kennedy Street Fairbanks, AK 99709	March 1, 2004	March 1, 2012
Richard (Butch) Olmstead – Vice Chair Mortgage Banking Executive 2030 Sea Level Drive, Suite 100 Ketchikan, AK 99901	December 15, 2005	March 1, 2013
April Moore Public 925 3 rd Avenue Fairbanks, AK 99701	March 1, 2007	March 1, 2011
Clint Lentfer General Appraiser 8740 Sultana Drive Anchorage, AK 99516	March 1, 2010	March 1, 2014
Donna Rulien General Appraiser 2810 W. 33 rd Avenue Anchorage, AK 99517	March 1, 2010	March 1, 2014

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

FY 2010 ANNUAL REPORT

IDENTIFICATION OF STAFF

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ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
FY 2010 ANNUAL REPORT
NARRATIVE STATEMENT

The Board of Certified Real Estate Appraisers met four times in FY 2010; on October 2, 2009, January 15, 2010, February 19, 2010 and on June 4, 2010. In addition a meeting by teleconference was held on April 22, 2010. During this time, two new members of the Board have been appointed; replacing two members of the Board who had fulfilled their appointed terms.

The Board continued its review and approval of education classes for both initial certification and continuing education. In addition the Board reviewed and approved four applications for General Appraiser Certification, five applications for Residential Appraiser Certification, three applications for Registered Trainee and 28 applications for Courtesy licenses. Other applications for appraisal certification were denied for lack of required education and/or documented appraisal experience.

The Board continues to review complaints and issues brought before it. Ms. Margo Mandel, the assigned investigator to the Board has been helpful in providing information to the Board regarding complaint investigations and recommending appropriate disciplinary actions when required.

The Appraisal Qualifications Board of the Appraisal Foundation conducted an audit of Alaska's administration of appraisal certification. One of their findings was that some sections of the Alaska Administration Code were not in conformity with federal law. A Board priority for FY 2010 has been to initiate these necessary regulatory changes. This work continues into FY 2011.

All Board meetings are public-noticed and a copy of the agenda is forwarded to interested parties.

**ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
FY 2010 ANNUAL REPORT
BUDGET RECOMMENDATIONS FOR FY 2011**

Hold two Board meetings per year at approximately \$3000 each	\$6000
TOTAL COSTS	\$6,000

**ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
FY 2010 ANNUAL REPORT
RECOMMENDATIONS FOR PROPOSED LEGISLATION FOR FY 2011**

The Board of Certified Real Estate Appraisers has no recommendations for proposed legislation at this time.

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
FY 2010 ANNUAL REPORT
REGULATION RECOMMENDATIONS FOR FY 2011

The Board prioritized regulation changes to address concerns that were outlined in the Appraisal Subcommittee (ASC) Field Review Audit Preliminary report. The Board proposed a new section for the retention guidelines in 12 AAC 70.940 to read five years of records retention. The ASC preliminary report noted that Alaska Statute 08.87.300(a) should be amended since it only requires “no less than three years” of records retention. This change is not in conflict with AS 08.87.300(a).

ASC preliminary report noted that the Board must allow an out-of-state individuals credentialed at the State Licensed Level be issued a courtesy license. Alaska regulation only allows individuals with State Certified credentials the opportunity to apply for a courtesy license, since Alaska only has State Certified Appraisers and does not have the lesser category of licensed appraisers. Further clarification from the ASC has been requested concerning this issue.

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

FY 2010 ANNUAL REPORT

GOALS AND OBJECTIVES FOR FY 2011

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 2010 are as follows:

1. Review recommendations changes and modify current statutes and regulations to include changes 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 notice 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 one appraisal report completed by the applicant, in accordance with 12 AAC 70.110 (e).
8. To have at 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.

ALASKA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

FY 2010 ANNUAL REPORT

SUNSET AUDIT RECOMMENDATIONS

AUDIT: OCTOBER 30, 2009

Recommendation No. 1

The Board of Certified Real Estate Appraisers (BCREA) and the Department of Commerce, Community, and Economic Development (DCCED) should take timely corrective action in response to Appraisal Subcommittee (ASC) findings.

ASC conducted a monitoring inspection of Alaska's real estate appraiser regulatory program in 2007. As part of the assessment, ASC reviewed 42 applications for certification. Of the 42 applications reviewed, three certificates (seven percent) were issued to applicants that failed to meet Appraiser Qualifications Board's (AQB) experience or education criteria. The inspection cited an inadequate application review process as the reason for the deficiencies. ASC directed DCCED and the board to contact the improperly certified appraisers and request further documentation. If the appraisers continue to fail to meet requirements, DCCED and the board were directed to downgrade the certification credentials within 90 days. DCCED and BCREA must resolve the finding in order to come into compliance with the Title XI of the 1989 Financial Institutions Reform, Recovery, and Enforcement Act, as amended.

DCCED's Division of Corporations, Business and Professional Licensing sent out letters to the three applicants notifying them of the deficiency detected through the ASC review. The division requested each appraiser submit additional documentation showing the appraisers met certification requirements. Only one of the three appraisers responded. BCREA failed to downgrade certification credentials for the two appraisers still out of compliance. Until proper documentation is submitted, the two appraisers affected are not qualified to practice as certified appraisers in accordance with federal law.

As discussed under the Background Information section of this audit, ASC is the entity responsible for monitoring the State certification process for compliance with federal law. Federal agencies and federal financial institutions may not accept appraisals from BCREA certified appraisers if ASC finds that:

- BCREA has failed to recognize and enforce the standards, requirements, and procedures of Title XI;
- BCREA does not have enough authority to carry out its functions under Title XI; or
- BCREA does not make decisions on appraisal standards and qualifications or supervise appraiser practices in a method that carries out the purposes of Title XI.

We recommend that the board and DCCED take timely corrective action in response to ASC findings – including the downgrade of certificates that do not meet AQB experience or education criteria.

Recommendation No. 2

The division's professional licensing administrative officer should take steps to improve administrative support.

Unqualified staff and a lack of documented procedures led to several deficiencies in division administrative support. Specifically:

- Seven of 11 BCREA meetings were not posted on the State's online public notice system. One meeting was not posted in either the online public notice system or the *Anchorage Daily News*.
- Support for the FY 05 and FY 06 fee analyses was not maintained.
- FY 06 and FY 07 annual reports contained errors in license statistics.
- Allocation rates for indirect costs were inaccurate for FY 05 through FY 08.

- Fines of \$3,000 in FY 03 and \$2,500 in FY 07 were inappropriately recorded as BCREA revenue.
- Indirect costs for the division were treated inconsistently between fiscal periods.

The division's professional licensing section is responsible for performing various administrative tasks to support board activities. Per AS 08.01.050, duties include collecting and recording fees; maintaining records and files; compiling and maintaining a current register of licensees; arranging for printing and advertising; and providing inspection, enforcement, and investigative services to occupational boards. The division is also responsible for annually reviewing fee levels of the occupational boards to determine whether the regulatory costs of an occupation are approximately equal to fee collections for that occupation. Alaska Statute 08.01.070 requires BCREA to submit an annual performance report to DCCED stating the board's accomplishments, activities, and needs. Professional licensing's policy is to produce a single annual report incorporating both board and division information requirements.

The deficiencies in administrative support were caused by a key administrative staff member that was unqualified and untrained for the position. This was further exacerbated by a lack of accounting and reporting procedures. Staff turnover caused the oversight in posting public notices. Inadequate administrative support hampers BCREA's ability to fulfill its responsibilities and may provide policymakers with misleading information. Failure to publish notice of public meetings violates statute and may keep interested persons from providing valuable input into the regulation process. We recommend professional licensing's administrative officer take steps to improve administrative support.

Recommendation No. 3

BCREA and staff within the Office of the Governor should work together to increase the pool of qualified applicants available for board appointments to ensure full representation.

In FY 05 and FY 06, the board position of mortgage banker was vacant for over nine months. In FY 08, the board position of residential appraiser was vacant for over seven months. Vacancies were due to a lack of applicants.

Alaska Statute 08.87.010 requires BCREA be composed of five members. Four of the five members must consist of the following: a certified general real estate appraiser; a certified residential real estate appraiser; an executive in a mortgage banking entity, and a member of the general public. BCREA cannot fully serve its purpose or the public interest with extended vacancies in board positions. Full representation provides balance and prevents undue bias toward the profession being regulated.

We recommend that BCREA and staff within the Office of the Governor work together to increase the number of qualified applicants available for appointments to the board to ensure full representation.

Action Plan for Recommendation No.1

The Board has proposed changes to the Administrative Code to conform to USPAP and other federal law. Corrective Action has been taken with regard to two of the three applications identified by the Appraisal Subcommittee Audit. The third is still under investigation by the division's investigative unit.

Action Plan for Recommendation No. 2

The support staff position was vacant for a period of time. This position has now been filled and support to the Board is back on track.

Action Plan for Recommendation No. 3

Although appointments to the Board have at times been slow, AS 08.01.035 provides that a member of the Board serves until a successor is appointed. Hence, the Board of Certified Real Estate Appraisers has not been without its full complement of five members.

FISCAL YEAR 20____ STATISTICAL OVERVIEW

Program: _____

AS 08. _____

12 AAC _____

Name of Individual Completing Report: _____

Date: _____

CATEGORY	NEW – ISSUED DURING FY 20____	TOTAL AS OF 6/30/____	EXAMINATION/ CREDENTIAL
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A. Current Active Licenses, Endorsements, Permits

(student, locum tenens, limited, courtesy licenses)

List type and if issued by examination or credential, as applicable

(Do not list “temporary permits” or “temporary licenses”)

Example: License Type	10	250	Exam: 6 Credentials: 4
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
TOTAL			

B. Current Inactive Licenses (not lapsed licenses)

(Only Medical, Chiropractic, CPA, and Real Estate)

CATEGORY	TOTAL AS OF 6/30/____
1.	
2.	
3.	
4.	
TOTAL	

