

Annual Report
Fiscal Year 2010

ALASKA REAL ESTATE COMMISSION

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 REAL ESTATE COMMISSION
FY 2010 ANNUAL REPORT**

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**ALASKA REAL ESTATE COMMISSION
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 IDENTIFICATION OF BOARD**

<u>Board Member</u>	<u>Date Appointed</u>	<u>Term Expires</u>
Brad Cole Associate Broker / 3 rd Judicial District Keller Williams Realty AK Group Kristen Cole Team Branch 5131 E. Mayflower Lane Wasilla, AK 99654	March 1, 2007	March 1, 2011
Marianne K. Burke Public Member 3818 Helvetia Dr. Anchorage, AK 99508	March 1, 2010	March 1, 2011
David Somers Broker/Broker at Large Somers & Associates 711 Gaffney Road, Suite 100 Fairbanks, AK 99701-4662	April 25, 2003	March 1, 2011
Gene DuVal Associate Broker / 4 th Judicial District ReMax Associates of Fairbanks P.O. Box 73404 Fairbanks, AK 99707	April 16, 2005	March 1, 2013
Nancy Davis Davis Realty Broker / 1 st Judicial District 104 Lake Street Sitka, AK 99835	March 1, 2009	March 1, 2013
Christine E. Swires Associate Broker/Broker at Large ReMax Properties, Inc. 4042 Kingston Drive Anchorage, AK 99504	January 28, 2008	March 1, 2012
Vacant Public member		March 1, 2011

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IDENTIFICATION OF STAFF

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**ALASKA REAL ESTATE COMMISSION
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NARRATIVE STATEMENT**

The Alaska Real Estate Commission's Mission Statement

The mission of the Alaska Real Estate Commission is to protect the public interest by licensing practitioners and enforcing the established standards, to promote professional excellence in the real estate industry and to support and encourage licensees.

Real Estate Commission Legislation

There was no legislation to be considered on behalf of the Real Estate Commission during FY10.

Real Estate Regulations

The Commission worked on a variety of new and existing regulations.

New regulations:

12 AAC 64.600-650 Errors & Omission Insurance-note: this is a split regulation with the Department of Commerce, Community & Economic Development. The proposed regulations were tabled at the March 2010 meeting of the REC until the Department has completed drafting their regulations.

Revised regulations:

Property Management of Real Estate 12 AAC 64.570(a)(f)

Recovery Fund Fee 12 AAC 64.073

Real Estate Commission 12 AAC 02.360(a)(1)(5)(6)

Surety Fund/Recovery Fund Report

There were 6 surety fund claims filed within the year. The total payout of all claims for the 2010 fiscal year was \$500.00 for refund of filing fees. 6 of the Surety Fund claims filed alleged fraud and misrepresentation; 3 alleged deceit and none of the claims alleged conversion of trust funds. 2 claims were withdrawn; 8 were denied by the Real Estate Commission; 3 have yet to be heard by the Office of Administrative Hearings. As of March 1, 2010 the name of the Surety Fund changed to the Recovery Fund. The new claim procedure will be for the Commission to be determined after a final arbitration is awarded by the District or Superior Court.

Continuing Education

We renewed 181 education courses; 158 elective and 23 designated continuing education courses. There are currently 66 approved instructors. 6 approved Pre licensing, 6 Broker Training and 36 Post-Licensing courses. New licensees are required to complete 30 hours of post-licensing education within 12-months of receiving their initial license. All licensees are required to complete 20 hours of continuing education which are comprised of 12 elective and 8 designated continuing education credits. We continue to provide a larger amount of online courses to accommodate our geographically distinct licensee population.

Executive Administrator Comments

The Alaska Real Estate Commission remains committed to communication with industry members and consumers. We are in the process of building additional information for our web site that provides consumer information that specifically addresses the issues of buyers and sellers. AREC staff has continued to work with industry on regulation and continuing education issues. Staff participates in numerous meetings with industry associations, real estate boards, brokerage companies and audits courses to keep in contact with licensees. This type of outreach has been beneficial in maintaining regulatory and industry cooperation.

We encourage members of the public, industry and other agencies to utilize the resources we provide on our web site to ensure accurate and consistent information within our jurisdiction of the Commission.

The Real Estate Commission is successful because of the 7 members that volunteer their time to promoting the integrity of practicing real estate. We are grateful for their willingness to serve and protect the consumers of Alaska.

Sharon J. Walsh
Executive Administrator

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BUDGET RECOMMENDATIONS FOR FY 2011

	<u>Estimated Cost</u>
<u>June 17-18, 2010 REC Quarterly Meeting, Fairbanks, AK</u> 4 Travelers (3 Anchorage, 1 Wasilla) Meeting Room, 2 days 2 were hometown members-Fairbanks Trip is not a third party reimbursement.	\$ 3,119.31
<u>March 17-18, 2010 REC Quarterly Meeting, Juneau, AK</u> 7 Travelers (2 Fairbanks, 1 Sitka, 1 Wasilla, 3 Anchorage) Trip is not a third party reimbursement.	\$ 6,326.78
<u>December 10, 2009 REC Quarterly Meeting, Anchorage, AK</u> 3 Travelers (2 Fairbanks, 1 Sitka) 3 were hometown members-(2 Anchorage and 1 Wasilla) Trip is not a third party reimbursement.	\$ 1,788.13
<u>September 17-18, 2009 REC Quarterly Meeting, Fairbanks, AK</u> 5 Travelers (1 Wasilla, 1 Sitka, 3 Anchorage) Meeting Room, 2 days 2 were hometown members-Fairbanks Trip is not a third party reimbursement.	\$ 3,575.50
<u>June 18-19, 2009 REC Quarterly Meeting, Anchorage, AK</u> 3 Travelers (2 Fairbanks, 1 Sitka) 4 hometown members- (2 Anchorage and 2 Wasilla) Trip is not a third party reimbursement.	\$ 3,691.32
<u>The Association of Real Estate License Law Officials (ARELLO) Conference,</u> <u>April 6-11, 2010, Colorado Springs, CO</u> 1 Traveler (Anchorage) Trip is not a third party reimbursement.	\$ 2,397.72
<u>Pre-Licensing Education Audit, February 26, 2010, Fairbanks, AK</u> 1 Traveler (Anchorage) Trip is not a third party reimbursement.	\$ 355.42
<u>The Association of Real Estate License Law Officials (ARELLO) Conference</u> <u>January 4-8, 2010, Newport Beach, CA</u> 1 Traveler (Anchorage) Trip is not a third party reimbursement.	\$ 2,191.52
<u>The Association of Real Estate License Law Officials (ARELLO) Conference,</u> <u>October 21-26, 2009, Miami, FL</u> 1 Traveler (Anchorage) Trip is not a third party reimbursement.	\$ 2,148.02
<u>Office Audits, September 15-16, 2009, Fairbanks, AK</u> 1 Traveler (Anchorage) Trip is not a third party reimbursement.	\$ 1,229.19
<u>Office Audits, August 17-20, 2009, Fairbanks, Tok and North Pole</u> 1 Traveler (Anchorage) Trip is not a third party reimbursement.	\$ 1,248.63
Total Estimated Cost:	\$ 28,071.54

**ALASKA REAL ESTATE COMMISSION
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RECOMMENDATIONS FOR PROPOSED LEGISLATION FOR FY 2011**

At this time there is no proposed legislation for the Real Estate Commission.

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REGULATION RECOMMENDATIONS FOR FY 2011

The Commission will continue to work on adopting the Errors & Omission insurance regulation, 12 AAC 64.600 – 650.

The Commission is in the process of proposing regulations that relate to the recovery fund, AS 08.88.450 – 495.

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GOALS AND OBJECTIVES FOR FY 2011

The Commission would like to see the remainder of the trust account audits completed this fiscal year. There are 29 remaining trust account audits to be conducted in South Central Alaska.

The adoption by the Commission of the Category of Complaints and Disciplinary Sanctions (aka Fine Matrix) is an attempt to reduce the backlog of Investigation issues and expedite sanctions where violations have occurred.

Consumer information and resource guides will continue to be added and updated to the Commission web site. The Commission staff will continue to make forms and information available on the web site. One of our goals is to continue to make interactive forms available to our licensees.

Licensees will continue to be updated of Commission activity such as proposed regulation, meeting summaries and disciplinary actions through the ListServ, newsletter, and the posting of our meeting minutes on our web site.

Continuing education will remain a priority for the Commission. The Commission and staff continue to encourage real estate and affiliated professionals in the industry to consider instructing a course. The Commission is interested in providing for broad range of continuing education courses that are relevant to the real estate topics listed in 12 AAC 64.500. The Commission will consider holding a Train-the-Trainer seminar this fiscal year to promote additional instructors.

The Commission and staff will continue to promote a strong relationship with the Alaska Association of Realtors and the national organization of the Association of Real Estate License Law Officials (ARELLO).

The Commission will continue to ensure that resources are available to maintain an effective operational structure in order to meet the statutory requirements of real estate licensees.

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SUNSET AUDIT RECOMMENDATIONS

The most current Legislative and Audit Committee audit report on the Real Estate Commission is dated September 5, 2007. They recommended, and the Legislature agreed to extend the REC's termination date to June 30, 2016.

Recommendation #1:

The Legislature to increase the dollar amount limits that can be made on a Surety Fund Claim (SFC) and increase dollar amount limits in the aggregate claim. The Auditor recommended the individual claim limit of \$20,000 and the Legislature increased it from \$10,000 to \$15,000. However, the Legislature did not change the aggregate limit and left it at \$50,000 per licensee. The Auditor recommended an aggregate increase to \$100,000 per licensee.

The Auditor also recommended that mobile home transactions be included in the Surety Fund. However, the REC did not recommend this. The Commission was in opposition to the Auditor's recommendation that mobile home sales should be included in the Surety Fund. The Commission believes that this constitutes personal property and therefore is not a real property.

Recommendation #2:

A Commission member was appointed without meeting the professional experience requirements outlined in statute AS 08.88.041(a). This requires that the member have at least 3 years as an Associate Broker or Broker in Alaska before being appointed to the Commission. The Staff of Boards and Commissions overlooked this lack of experience when appointing the Commission member. The Auditor recommended that the director of Boards and Commissions verify potential commission members meet statutory requirements prior to the appointment. Governor Palin recommended that the appointed member remain on the Commission.

Recommendation #3:

The Division should increase licensing fees to eliminate the Commission's current operating deficit of \$147,211. The auditor recommended the Division review the costs and licensing fees to eliminate any deficits and meet annual operating costs of the Commission. During the time of the audit the license renewal was about to take place starting November 1, 2007 through January 31, 2008 and therefore, would have seen the deficit reversed with the collection of license fees. Our most current renewal cycle, November 2009 through January 2010 the Division recommended the Commission reduce a number of its fees: the licensing fee from \$375 to \$275; office registration fee \$125 to \$100; License application fee \$75 to \$50.

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	

C. Retired Licenses

CATEGORY	RETIRED DURING FY 20____	TOTAL AS OF 6/30/____	NOTES
1.			
2.			
TOTAL			

D. Examination Dates

(List each examination administration separately.)

EXAM TYPE	LOCATION	DATE	CANDIDATES	NO. PASSED	NO. FAILED

E. Board Meetings and Teleconferences

DATE	LOCATION (indicate if teleconference)

Licensing Tracking Log Statistics

Month	New Lic.	X-fer	Reinstate	Ractivate	Inactive	Ofc Regist	Licensee Nm Chg	Ofc Nm Change	Roster	PLE fee	Upgrade	Change of Broker	
July-09	8	25		1	14		1	1		5	2		
August-09	15	20	2	1	6		2			10	3		
September-09	11	23	1	1	6					5	5		
October-09	6	20	4	1	12					8	3		
*11/1/2009	20	8	1	5	6		2			6	2		
December-09	9	29	2	2	9		3			10	1		
January-10	10	30	1		8		2			5	3		
February-10	10	24			5					2		2	
March-10	11	17			1	2				7	1		
April-10	16	33			1		1				4		
May-10	18	19		1	3		1			8	3		
June-10	24	42			2	1	1		1	7	7		
Subtotal	158	290	11	12	73	3	13	1	1	73	18		
Fees	375	50	380	50	50	125	30	50	15	30	30	50	
Change in fees	275		305			100							
Old fee total	15,000		2,660	600	3,650		390	50	15	2,190	540	100	
*new fees start 11/1/2009	32,450		1,220			300							
Total Fees collect	47,450	####	3,880	600	3,650	300	390	50	15	2,190	540	100	<u>70,770</u>