



Division of Legislative Audit

Report Digest #08-20064-10



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SUMMARY OF: A Sunset Review on the Department of Commerce, Community, and Economic Development (DCCED), Board of Certified Real Estate Appraisers (BCREA), October 30, 2009

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of BCREA. The purpose of this audit was to determine if there is a demonstrated public need for its continued existence and if the board has been operating in an effective manner. As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether BCREA's termination date should be extended. Currently, under AS 08.03.010(c)(20), BCREA will terminate on June 30, 2010. If the legislature does not extend the termination date for the board, BCREA will have one year from that date to conclude its administrative operations.

REPORT CONCLUSIONS

The use of state certified real estate appraisers will be a continuing requirement for Alaska's financial institutions to qualify for federal deposit insurance and to participate in selling mortgage loans to federal government-sponsored enterprises. Failure to maintain a real estate appraiser certification program that meets federal requirements could cause the financial institutions – and by extension, the citizens of the State – to lose the opportunity to participate in a number of federally sponsored real estate loan programs and the ability to obtain federal deposit insurance. In this context, we recommend that the legislature extend BCREA's termination date to June 30, 2014.

The recommended termination date is half of the 8 year maximum allowed in statute to recognize that DCCED and the board failed to address findings issued by the Appraisal Subcommittee (ASC). ASC identified two deficiencies that needed to be addressed in order to come into substantial compliance with Title XI of the 1989 Financial Institutions Reform, Recovery, and Enforcement Act. DCCED and BCREA have satisfactorily addressed only one of the two deficiencies.

FINDINGS AND RECOMMENDATIONS

1. BCREA and DCCED should take timely corrective action in response to ASC findings.
2. The division's professional licensing administrative officer should take steps to improve administrative support.
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.



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