

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8154 HOUSE STATE AFFAIRS

419

**HB**

**410**

(7)

Date Referred: January 28, 1994

FURTHER REFERRALS:

State Affairs  
Finance

Date of Committee Action: 2/17

The LABOR AND COMMERCE Committee considered:

HB 410

HOUSE BILL NO. 410

REAL ESTATE APPRAISERS

"An Act relating to real estate appraisers and the Board of Certified Real Estate Appraisers."

RECOMMENDATIONS:

be replaced with

CS HB 410 (L+G)

the same title  
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note Commerce

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Bill Hulse</i>	✓				
<i>Brian Worton</i>	✓				
<i>Joe S. Johnson</i>	✓				
<i>Don Ludd</i>	✓				
<i>W.K. Williams</i>	✓				
<i>Carol St. John</i>	✓				

*Bill Hulse*  
CHAIRMAN'S SIGNATURE

# HOUSE COMMITTEE REPORT

(7) Date Referred: February 16, 1994 FURTHER REFERRAL: \_\_\_\_\_ Finance

Date of Committee Action: 4-7-94

The STATE AFFAIRS Committee considered: HB 410

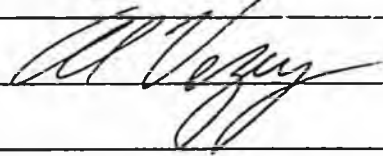

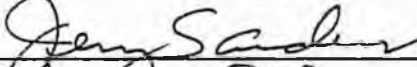
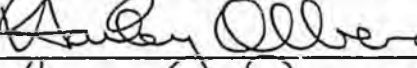
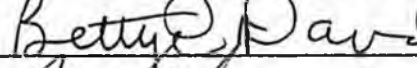
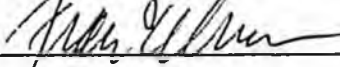
HOUSE BILL NO. 410 REAL ESTATE APPRAISERS

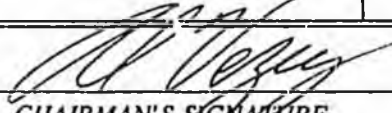
"An Act relating to real estate appraisers and the Board of Certified Real Estate Appraisers."

RECOMMENDATIONS:  the same title  
 be replaced with CS HB-410 (STA)  a new title  
 have attached amendment(s)  
 do pass  
 do not pass  
 no recommendations  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_  
 fiscal impact \_\_\_\_\_  fiscal note(s) \_\_\_\_\_  
 zero fiscal note CDED  zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
	X			✓	
				✓	
				✓	
					X
				✓	

  
 CHAIRMAN'S SIGNATURE

8-LS15620 ✓  
Lauterbach  
3/29/94

**CS FOR HOUSE BILL NO. 410(STA)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE STATE AFFAIRS COMMITTEE**

**Offered:**  
**Referred:**

**Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE BY REQUEST**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to real estate appraisers and the Board of Certified Real Estate**  
2 **Appraisers."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 **\* Section 1. AS 08.03.010(c)(7) is amended to read:**

5 (7) Board of Certified Real Estate Appraisers (AS 08.87.010) --  
6 June 30, 1998 [1994];

7 **\* Sec. 2. AS 08.87.020 is amended to read:**

8 Sec. 08.87.020. **POWERS AND DUTIES OF BOARD.** In addition to the  
9 powers and duties conferred on the board by AS 08.01, the board shall

10 (1) establish the examination specifications for certification as a general  
11 real estate appraiser, as a residential real estate appraiser, and as an institutional real  
12 estate appraiser;

13 (2) adopt rules of professional conduct to establish and maintain a high  
14 standard of integrity in the real estate appraisal profession; and

1 (3) adopt regulations necessary to carry out the purposes of this chapter,  
 2 including regulations necessary to comply with the requirements of 12 U.S.C. 3331  
 3 - 3351 (Title XI, Financial Institutions Reform, Recovery, and Enforcement Act  
 4 of 1989); the regulations adopted by the board under AS 08.87.110, 08.87.120, and  
 5 08.87.310 may not be more stringent than the corresponding minimum  
 6 requirements for receiving approval of the state's program of certification of real  
 7 estate appraisers under 12 U.S.C. 3331 - 3351 or other federal law.

8 \* Sec. 3. AS 08.87.110(a) is amended to read:

9 (a) The board shall issue a general real estate appraiser certificate to a person  
 10 who presents evidence satisfactory to the board that the person

11 (1) has successfully completed [150 OR MORE] classroom [HOURS  
 12 OF] instruction in subjects related to real estate appraisal, as required by the board  
 13 in regulation, from an appraisal organization or academic institution approved by the  
 14 board;

15 (2) has successfully completed [15] classroom [HOURS OF] instruction  
 16 related to standards of professional practice as a real estate appraiser, as required by  
 17 the board in regulation;

18 (3) [HAS WITHIN THE SEVEN YEARS IMMEDIATELY  
 19 PRECEDING THE FILING OF THE APPLICATION FOR CERTIFICATION FOUR  
 20 YEARS OF EXPERIENCE IN REAL PROPERTY APPRAISAL OR THREE YEARS  
 21 OF EXPERIENCE AS A REGISTERED TRAINEE UNDER AS 08.87.310;

22 (4)] successfully completes an examination prescribed by the board;

23 (4) [(5)] has not been convicted of a crime involving moral turpitude;

24 and

25 (5) [(6)] has paid the required fees.

26 \* Sec. 4. AS 08.87.110(b) is amended to read:

27 (b) The board shall issue a residential real estate appraiser certificate to a  
 28 person who presents evidence satisfactory to the board that the person

29 (1) meets the requirements of (a)(2) - (5) [(a)(2) AND (4) - (6)] of this  
 30 section; and

31 (2) has successfully completed [60 HOURS OF] classroom instruction

1 in subjects related to residential real estate appraisal, as required by the board in  
2 regulation, from an appraisal organization or academic institution approved by the  
3 board [; AND

4 (3) HAS WITHIN THE FIVE YEARS IMMEDIATELY PRECEDING  
5 THE FILING OF THE APPLICATION FOR CERTIFICATION THREE YEARS OF  
6 EXPERIENCE IN REAL PROPERTY APPRAISAL OR TWO YEARS OF  
7 EXPERIENCE AS A REGISTERED TRAINEE UNDER AS 08.87.310].

8 \* Sec. 5. AS 08.87.110(c) is amended to read:

9 (c) Notwithstanding (a) and (b) of this section, the board shall, without  
10 requiring the examination specified in (a)(3) [(a)(4)] of this section, issue a general  
11 real estate appraiser or residential real estate appraiser certificate to a person who can,  
12 by evidence satisfactory to the board, show that the person

13 (1) has been certified in another state that has certification requirements  
14 substantially equivalent to the requirements established by this chapter and by  
15 regulations issued by the board under this chapter, and that provides for certification  
16 of nonresidents under conditions similar to those set out in this subsection and without  
17 discriminatory costs;

18 (2) is not the subject of an unresolved complaint or disciplinary action  
19 before an authority regulating real estate appraisers or a professional real estate  
20 appraisers' association;

21 (3) has not failed the examination for certification as a real estate  
22 appraiser in this state;

23 (4) has not had certification as a real estate appraiser revoked or  
24 suspended in this state or in another jurisdiction;

25 (5) has submitted proof of continued competency satisfactory to the  
26 board;

27 (6) successfully completes an examination that may be prescribed by  
28 the board relating to appraisal matters unique to Alaska; and

29 (7) has paid the required fees.

30 \* Sec. 6. AS 08.87.120(a) is amended to read:

31 (a) The board may not renew a certificate issued under this chapter unless the

1 person applying for renewal presents evidence satisfactory to the board that the person  
2 has, within the two years preceding the application for renewal, attended [40]  
3 classroom [HOURS OF] instruction, as required by the board in regulation, in  
4 courses or seminars that have received the approval of the board.

5 \* Sec. 7. AS 08.87.310(a) is amended to read:

6 (a) A person engaged in the practice of real estate appraisal who is employed  
7 by or under the direct supervision of a certified real estate appraiser may become a  
8 registered trainee by submitting proof to the board that the person has successfully  
9 completed the number of [AT LEAST 30] classroom hours required by the board  
10 in regulation of courses in subjects related to real estate appraisal from an appraisal  
11 organization or academic institution approved by the board.

# FISCAL NOTE

**STATE OF ALASKA**  
**1994 LEGISLATIVE SESSION**

**BILL NO. HB 410**

Revision Date: 1/31/94  
 Title: An Act relating to real estate appraisers and the Board of Certified Real Estate Appraisers.  
 Sponsor: House Labor & Commerce, by request  
 Requestor: House Labor & Commerce

Department: Commerce and Economic Dev.  
 BRU: Occupational Licensing  
 Component: Operations  
 COMPONENT SERIAL NO. 1844

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE**

(Thousands of Dollars)

FUND SOURCE	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY 94) cost: \$ None

**POSITIONS**

POSITIONS	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

**ANALYSIS:** (Attach a separate page if necessary)

The bill amends AS 08.87 allowing the Board of Certified Real Estate Appraisers to adopt regulations necessary to comply with federal laws. New funds are not required to implement provisions of this bill.

Prepared by: Jennifer Strickler, Administrative Officer  
 Division: Occupational Licensing  
 Approved by Commissioner: Paul Fuhs  
 Agency: Commerce and Economic Development

Phone: 465-2144  
 Date: 1/31/94  
 Date: 2-3-94

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Fiscal Note

## Sponsor Statement

The U.S. statutes enacted the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). This act requires federal lending programs to have the appraisal certified by a state-certified appraiser.

Initially, FIRREA set the number of classroom instruction hours required for residential appraisers at 75. In 1990, the Alaska Legislature enacted legislation which complied with FIRREA standards. However, in 1992 FIRREA increased the minimum required classroom hours to 105. Again in 1994 they increased the minimum number of hours to 120.

Officials from the Federal Financial Institutions Examinations Council (FFIEC) audited the Alaska certifying program. They granted the Alaska board an extension to meet the new requirements through December 31, 1993.

The FFIEC has advised that appraisers who do not meet 120 hours of training, will no longer be recognized as certified appraisers and, therefore, will not be qualified to conduct appraisals in which federally-financed loans are involved.

Examples of federally-financed programs include such programs as Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Resolution Trust Corporation. These requirements may extend to loans provided through FDIC-insured banks and credit unions.

Currently, there are 73 residential real estate appraisers and 73 general real estate appraisers licensed by the Alaska Real Estate Appraiser Board. The general real estate appraisers do meet FIRREA requirements and are recognized for federal appraisals, however, general real estate appraisers work with commercial properties and it is very unlikely that they will begin conducting residential appraisals. The 73 residential appraisers are no longer in compliance with FIRREA and may not be recognized as certified appraisers if the FFIEC removes Alaska's certification.

There were approximately 12,000 residential loan closures this past year in Alaska (this figure includes refinancing). It is unclear how many of these loans involve federal financing, however, it is highly probable that the vast majority of loans in Alaska do involve a federal program and it will only take a few loans in this category to create a statewide crisis.

The proposed changes in HB 410 will remove the reference to a specific number of hours required for certification in the statute and will allow the board to set the minimum requirements in regulation. By allowing the minimum number of hours to be set in regulation, the Alaska Real Estate Appraiser Board will be able to make changes as they occur to meet the FIRREA requirements.

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Sponsor Statement

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
DIVISION OF OCCUPATIONAL LICENSING

SECTION ANALYSIS

HB 410  
(1/28/94)

This bill will allow the Board of Certified Real Estate Appraisers to go through the public regulation process for setting the minimum number of education hours required for certification. Through the regulation process, the Board can assure that Alaska appraisers meet the minimum training standards required by Financial Institution Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and that Alaska appraisers remain recognized as **certified** appraisers for federal programs.

**Section 1**

Amends Powers and Duties of the board to clarify authority to adopt regulations necessary for compliance with FIRREA.

**Section 2**

Repeals references to 150 classroom hours of instruction in subjects related to real estate appraisal and 15 classroom hours of instruction related to standards of professional practice required for **General** real estate appraiser certification. Provides for the board to establish in regulation the minimum classroom training required for **General** appraiser applicants.

**Section 3**

Repeals reference to 60 classroom hours of instruction in subjects related to residential real estate appraisal for **Residential** real estate appraiser certification. Provides for the board to establish in regulation the minimum classroom training required for **Residential** appraiser certification.

**Section 4**

Repeals reference to 40 classroom hours of instruction for certification renewal for both **General** and **Residential** appraisers. Provides for the board to establish classroom training requirements for certification renewal in regulation.

**Section 5**

Repeals reference to 30 classroom hours of training for **Registered Trainees**. Provides for the board to establish classroom hour requirements in regulation.

*Statutes and Regulations*

**Real Estate  
Appraisers**

**October 1993**

**ALASKA**

**DEPARTMENT OF COMMERCE  
AND ECONOMIC DEVELOPMENT  
DIVISION OF OCCUPATIONAL LICENSING**

## TABLE OF CONTENTS

Section	Page
1. Real Estate Appraiser Statutes (AS 08.87) .....	1
2. Real Estate Appraiser Regulations (12 AAC 70) .....	9
3. Centralized Licensing Statutes (AS 08.01—.03) .....	15
4. Occupational Licensing Regulations and Fees (12 AAC 02) .....	27
APPENDIX: Initial Appointments to the Board (Temporary and Special Acts, Ch. 177, SLA 1990) .....	32

**CHAPTER 87**  
**REAL ESTATE APPRAISERS**

**Article**

1. **Board of Certified Real Estate Appraisers**  
(§§ 08.87.010, 08.87.020)
2. **Certification** (§§ 08.87.100—08.87.120)
3. **Prohibited Practices and Disciplinary Proceedings**  
(§§ 08.87.200, 08.87.210)
4. **General Provisions** (§§ 08.87.300—08.87.900)

**ARTICLE 1**  
**BOARD OF CERTIFIED REAL ESTATE APPRAISERS**

**Section**

10. **Board created**
20. **Powers and duties of board**

**Sec. 08.87.010. Board created.** There is created in the Department of Commerce and Economic Development the Board of Certified Real Estate Appraisers. The board is composed of five members appointed by the governor. At least one member shall be a person licensed under this chapter as a general real estate appraiser, at least one member shall be a person licensed under this chapter as a residential real estate appraiser, at least one member shall be an executive in a mortgage banking entity, and at least one member shall represent the public. The board shall elect a chair from among its membership.

**Sec. 08.87.020. Powers and duties of board.** In addition to the powers and duties conferred on the board by AS 08.01, the board shall

(1) establish the examination specifications for certification as a general real estate appraiser, as a residential real estate appraiser and as an institutional real estate appraiser;

(2) adopt rules of professional conduct to establish and maintain a high standard of integrity in the real estate appraisal profession; and

(3) adopt regulations necessary to carry out the purposes of this chapter.

**ARTICLE 2  
CERTIFICATION****Section**

- 100. Certificate required**
- 110. Real estate appraiser certificate**
- 120. Continuing education requirements for renewal of certificate**

**Sec. 08.87.100. Certificate required.** [Effective July 1, 1991]. A person is guilty of a class B misdemeanor who

(1) does not hold a certificate issued by the board, whose certificate is suspended or revoked, or whose certificate has lapsed or terminated, and holds out as a certified real estate appraiser in any way, orally or in writing, directly or by implication;

(2) is certified as a residential real estate appraiser and holds out as certified to appraise real estate other than

(A) residential real property of four or fewer units; or

(B) residential real property of 12 or fewer units when a net income capitalization analysis is not required by the terms of the appraisal assignment and a secondary mortgage market form is used; or

(3) is certified as an institutional real estate appraiser and

(A) holds out as certified to appraise real estate other than

(i) residential real property of four or fewer units having a transaction value of less than \$1,000,000; or

(ii) commercial property having a transaction value of less than \$250,000;

(B) holds out as performing real estate appraisal services for a fee or for the public at large;

(C) accepts a fee for real estate appraisal services other than for services conducted as a full-time employee of a financial institution with offices in the state and other than a salary received as a full-time employee of the financial institution; or

(D) performs a real estate appraisal for other than the portfolio of the financial institution for which the person is employed.

**Sec. 08.87.110. Real estate appraiser certificate.** (a) The board shall issue a general real estate appraiser certificate to a person who presents evidence satisfactory to the board that the person

(1) has successfully completed 150 or more classroom hours of instruction in subjects related to real estate appraisal from an appraisal organization or academic institution approved by the board;

(2) has successfully completed 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser;

(3) has within the seven years immediately preceding the filing of the application for certification four years of experience in real property appraisal or three years of experience as a registered trainee under AS 08.87.310;

(4) successfully completes an examination prescribed by the board;

(5) has not been convicted of a crime involving moral turpitude; and

(6) has paid the required fees

(b) The board shall issue a residential real estate appraiser certificate to a person who presents evidence satisfactory to the board that the person

(1) meets the requirements of (a)(2) and (4)—(6) of this section;

(2) has successfully completed 60 hours of classroom instruction in subjects related to residential real estate appraisal from an appraisal organization or academic institution approved by the board; and

(3) has within the five years immediately preceding the filing of the application for certification three years of experience in real property appraisal or two years of experience as a registered trainee under AS 08.87.310

(c) Notwithstanding (a) and (b) of this section, the board shall, without requiring the examination specified in (a)(4) of this section, issue a general real estate appraiser or residential real estate appraiser certificate to a person who can by evidence satisfactory to the board, show that the person

(1) has been certified in another state that has certification requirements substantially equivalent to the requirements established by this chapter and by regulations issued by the board under this chapter, and that provides for certification of nonresidents under conditions similar to those set out in this subsection and without discriminatory costs;

(2) is not the subject of an unresolved complaint or disciplinary action before an authority regulating real estate appraisers or a professional real estate appraisers' association;

(3) has not failed the examination for certification as a real estate appraiser in this state;

(4) has not had certification as a real estate appraiser revoked or suspended in this state or in another jurisdiction;

(5) has submitted proof of continued competency satisfactory to the board;

(6) successfully completes an examination that may be prescribed by the board relating to appraisal matters unique to Alaska; and

(7) has paid the required fees

(d) A certificate may be issued to a natural person only. A certified real estate appraiser may sign an appraisal report on behalf of a corporation, partnership, firm, or group practice

(e) The board shall issue an institutional real estate appraiser certificate to a person who presents evidence satisfactory to the board that the person meets the educational and testing requirements of 12 U.S.C. 3331- - 3351 (Title XI, Financial Institutions Reform, Recovery, and Enforcement Act of 1989) as

implemented by the board and that the person is a full-time employee of a financial institution with offices in the state. A person receiving certification under this subsection may perform an appraisal only

(1) for and as an employee of a financial institution with offices in the state;

(2) for the financial institution's own portfolio; and

(3) of

(A) commercial property with a transaction value of less than \$250,000;

or

(B) residential property of four or fewer units having a transaction value of less than \$1,000,000.

(f) A certificate issued under (e) of this section terminates when the person certified leaves the full-time employment of the financial institution with offices in the state for whom the person was employed when the certificate was issued.

(g) A person certified under (e) of this section as an institutional real estate appraiser may not perform real estate appraisal services for the general public or for a fee other than the salary the person receives as a full-time employee of a financial institution with offices in the state.

**Sec. 08.87.120. Continuing education requirements for renewal of certificate.** (a) The board may not renew a certificate issued under this chapter unless the person applying for renewal presents evidence satisfactory to the board that the person has, within the two years preceding the application for renewal, attended 40 classroom hours of instruction in courses or seminars that have received the approval of the board

(b) The board may grant credit toward some or all of the requirements of (a) of this section to a person who has

(1) successfully completed a program of study determined by the board to be equivalent for continuing education purposes to a course or seminar approved by the board for continuing education credit; or

(2) participated, other than as a student, in educational programs that related to real estate analysis or real property appraisal theory, practice, or technique, including teaching, program development, and preparation of textbooks, monographs, articles, and other instructional materials

(c) The board shall adopt regulations on continuing education to ensure that persons applying for renewal of certificates have thorough knowledge of current theories, practices, and technique of real estate analysis and appraisal. The regulations must provide for

(1) procedures for the sponsor of a course or seminar to apply for board approval for continuing education credit; the regulations must require the sponsor to show that claimed attendance at a course or seminar can be verified; and

(2) procedures for evaluating equivalency claims for applicants for certificate renewal under (b) of this section

(d) In considering whether to approve courses and seminars under this section, the board shall give special consideration to courses, seminars, and other appraisal education programs developed by or under the auspices of organizations or associations of professional real estate appraisers that are utilized by those organizations or associations for the purposes of awarding real estate appraisal designations or of indicating compliance with the continuing education requirements of the organizations or associations

(e) An amendment or repeal of a regulation adopted by the board under this section shall not operate to deprive a person holding a certificate under this chapter of credit toward renewal of the person's certificate for a course of instruction or seminar that had been completed by the person before the amendment or repeal of the regulation.

### ARTICLE 3

## PROHIBITED PRACTICES AND DISCIPLINARY PROCEEDINGS

### Section

200. Prohibited practices

210. Disciplinary proceedings

**Sec. 08.87.200. Prohibited practices.** A certified real estate appraiser may not

(1) act negligently or incompetently or fail without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, or communicating an appraisal;

(2) wilfully disregard or violate a provision of this chapter or of a regulation adopted by the board under this chapter;

(3) fail to comply with the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation;

(4) accept a fee for an appraisal assignment that is contingent upon the appraiser reporting a predetermined estimate, analysis, or opinion or upon the opinion, conclusion, or valuation reached, or upon the consequences resulting from the appraisal assignment;

(5) knowingly make a false statement, submit false information, or fail to provide complete information in response to a question in an application for certification or for renewal of a certificate; or

(6) violate the confidential nature of government records to which the person gains access through retention as an appraiser by the government agency.

**Sec. 08.87.210. Disciplinary proceedings.** The board may exercise its disciplinary powers under AS 08.01.075 if, after hearing, the board finds a certified real estate appraiser has

- (1) violated a provision of this chapter or a regulation adopted by the board under this chapter;
- (2) been convicted of a crime that involves moral turpitude; or
- (3) committed, while acting as a real estate appraiser, an act or omission involving dishonesty, fraud, or misrepresentation with the intent to benefit the appraiser or another person or to injure another person.

#### ARTICLE 4 GENERAL PROVISIONS

##### Section

- 300. Retention of records
- 310. Registered trainees
- 320. Actions by uncertified real estate appraisers prohibited
- 330. Exemptions
- 340. Appraisals by uncertified appraisers permitted
- 900. Definitions

**Sec. 08.87.300. Retention of records.** (a) A certified real estate appraiser shall retain for not less than three years copies of all written contracts engaging the appraiser's services for real property appraisal work, and all reports and supporting data assembled and formulated by the appraiser in preparing the reports

(b) The three-year period specified in (a) of this section for retention of records is applicable to each engagement of the services of the appraiser and commences upon the date of the submittal of the appraisal reports to the client unless, within the three-year period, the appraiser is notified that the appraisal report is involved in litigation, in which case the three-year retention period commences upon the date of the final disposition of the litigation

(c) All records that a certified appraiser must maintain under (a) of this section shall be made available to the board or department for inspection and copying upon reasonable notice to the appraiser.

**Sec. 08.87.310. Registered trainees.** (a) A person engaged in the practice of real estate appraisal who is employed by or under the direct supervision of a certified real estate appraiser may become a registered trainee by submitting proof to the board that the person has successfully completed at least 30 classroom hours of courses in subjects related to real estate appraisal from an appraisal organization or academic institution approved by the board

(b) A registered trainee may prepare or assist in the preparation of an appraisal report issued by a certified real estate appraiser if the report is also signed by the certified real estate appraiser and if the certified real estate appraiser accepts full responsibility for the report.

**Sec. 08.87.320. Actions by uncertified real estate appraisers prohibited.** A person may not bring an action in a court of this state for compensation for an act done or service rendered as a certified real estate appraiser if the person did not hold a certificate under this chapter at the time that the person performed the act or service or offered to perform the act or service.

**Sec. 08.87.330. Exemptions.** This chapter does not apply to a person who appraises real estate as part of the tax assessment process of a municipality.

**Sec. 08.87.340. Appraisals by uncertified appraisers permitted.** Nothing in this chapter precludes a person who is not certified as a real estate appraiser from appraising real estate for compensation if the person does not hold out to be a certified appraiser and if appraisal by a certified appraiser is not required by federal law.

**Sec. 08.87.900. Definitions.** In this chapter

(1) "analysis assignment" means an analysis, opinion, or conclusion prepared by a real estate appraiser that relates to the nature, quality, or utility of certified real estate or real property;

(2) "appraisal" means an analysis, opinion, or conclusion prepared by a real estate appraiser relating to the nature, quality, value, energy efficiency, or utility of specified interests in, or aspects of, identified real estate, and includes a valuation appraisal, an analysis assignment, and a review assignment;

(3) "appraisal assignment" means an engagement for which an appraiser is employed or retained to act, or would be perceived by third parties or the public as acting, as a disinterested person rendering an unbiased analysis, opinion, or conclusion relating to the nature, quality, value, or utility or specified interests in, or aspects of, identified real estate;

(4) "appraisal report" means any communication, written or oral, of an appraisal;

(5) "board" means the Board of Certified Real Estate Appraisers;

(6) "department" means the Department of Commerce and Economic Development;

(7) "general real estate appraiser" means a real estate appraiser certified to appraise all types of real property;

(8) "real estate" means an identified parcel or tract of land, including

improvements, but excluding subsurface natural resource values;

(9) "real property" means one or more defined interests, benefits, and rights inherent in the ownership of real estate;

(10) "residential real estate appraiser" means a real estate appraiser certified to appraise residential real property, subject to the limitations of AS 08.87.100(2);

(11) "review assignment" means an analysis, opinion, or conclusion prepared by a real estate appraiser that forms an opinion as to the adequacy and appropriateness of a valuation appraisal or an analysis assignment;

(12) "valuation appraisal" means an analysis, opinion, or conclusion prepared by a real estate appraiser that estimates the value of an identified parcel of real estate, or identified real property at a particular time.

(13) "institutional real estate appraiser" means a real estate appraiser employed full-time by a financial institution with offices in the state.

**Chapter 70. Board of Certified Real Estate Appraisers****Article**

1. **Application and Examination Requirements**  
(12 AAC 70.100—12 AAC 70.140)
2. **Continuing Education Requirements**  
(12 AAC 70.200—12 AAC 70.220)
3. **Repealed**
4. **General Provisions** (12 AAC 70.900—12 AAC 70.990)

**Article 1. Application and Examination Requirements****Section**

100. **General real estate appraiser certification by examination**
105. **Residential real estate appraiser certification by examination**
110. **Verification of work experience**
120. **Application for certification by endorsement**
130. **Real estate appraiser examinations**
140. **Approved appraiser organizations and academic institutions**

**12 AAC 70.100. GENERAL REAL ESTATE APPRAISER CERTIFICATION BY EXAMINATION.** (a) An applicant for certification by examination as a general real estate appraiser shall submit

- (1) a complete application on the forms provided by the department;
- (2) any fees required in 12 AAC 02;
- (3) official transcripts, notarized copies of certificates of completion, or other evidence of course completion acceptable to the board, that verify the classroom hours of education required in AS 08.87.110(a)(1) and (2);
- (4) work experience verification forms that meet the requirements of 12 AAC 70.110 and that verify the years of real estate appraisal experience required in (b) of this section and AS 08.87.110(a)(3); and
- (5) subject to the penalties of unsworn falsification as defined in AS 11.56.210, a list of crimes described in AS 08.87.110 and AS 08.87.210, for which the applicant has been convicted.

(b) One half of the years of experience in real property appraisal required in AS 08.87.110(a)(3) must be nonresidential appraisal work. In this section, a residential property is a single structure with four or fewer residential units.

**12 AAC 70.105. RESIDENTIAL REAL ESTATE APPRAISER CERTIFICATION BY EXAMINATION.** An applicant for certification by examination as a residential real estate appraiser shall submit

- (1) a complete application on the forms provided by the department;
- (2) any fees required in 12 AAC 02;
- (3) official transcripts, notarized copies of certificates of completion, or other evidence of course completion acceptable to the board, that verify the classroom hours of education required in AS 08.87.110(a)(2) and (b)(2);

(4) work experience verification forms that meet the requirements of 12 AAC 70.110 and that verify the years of real estate appraisal experience required in AS 08.87.110(b)(3); and

(5) subject to the penalties of unsworn falsification as defined in AS 11.56.210, a list of crimes described in AS 08.87.110 and AS 08.87.210, for which the applicant has been convicted.

**12 AAC 70.110. VERIFICATION OF WORK EXPERIENCE.** (a) An applicant's qualifying work experience must be verified by a combination of at least three different individuals on forms provided by the department. If an applicant cannot, for good cause, provide work experience verification forms from at least three different individuals, the board will, in its discretion, consider other kinds of work experience verification.

(b) The board will accept a work experience verification form only if it is notarized and has been completed by

- (1) a licensed construction contractor;
- (2) a federal or state regulated lender;
- (3) a present or former employer of the applicant;
- (4) an officer of a state or federal agency; or

(5) an officer of a company that customarily uses the services of a real estate appraiser who has recent knowledge of the applicant's experience on that company's behalf.

(c) In this section and in AS 08.87.110, one year of experience in real property appraisal equals 12 months of real estate appraisal work in which the applicant can do no less than 1000 hours of real estate appraisal work. An applicant will not receive credit for more than 1000 hours of experience in real property appraisal in a 12 month period. For experience in real estate appraisal to be considered by the board for a residential real estate appraiser certificate, an applicant must have 36 months of experience within five years immediately preceding the filing of the application for certification. For experience in real estate appraisal to be considered by the board for a general real estate appraiser certificate, an applicant must have 48 months of experience within seven years immediately preceding the filing of the application for certification.

**12 AAC 70.120. APPLICATION FOR CERTIFICATION BY ENDORSEMENT.** (a) A person certified as a real estate appraiser in another state who wishes to practice in this state may apply for certification as a general or residential real estate appraiser under AS 08.87.110(c) by submitting

- (1) a complete application on the forms provided by the department;
- (2) any fees required in 12 AAC 02;
- (3) verification of that person's valid certificate or license to practice real estate appraisal in another state that was issued based upon substantially equivalent requirements for general or residential real estate appraiser certification in

this state;

(4) an affidavit from every state or other licensing jurisdiction in which the applicant has held a real estate appraiser certificate or license stating that the applicant

(A) is not the subject of an ongoing disciplinary action or holding a suspended certificate or license at time of application in this state; and

(B) has not had a certificate or license as a real estate appraiser revoked;

(5) documentation of 40 hours of continuing education in real estate appraisal obtained within the three years immediately preceding the date of application and substantially equivalent to the standards for continuing education in this state as defined in 12 AAC 70.210.

**12 AAC 70.130. REAL ESTATE APPRAISER EXAMINATIONS.** (a) To be certified as a real estate appraiser by examination, an applicant must pass the following examination:

(1) for general certification, the Uniform State Certification Examination endorsed by the Appraiser Qualifications Board of The Appraisal Foundation; or

(2) for residential certification, the Uniform State Licensing Examination endorsed by the Appraiser Qualifications Board of The Appraisal Foundation.

(b) An alternate examination will, in the board's discretion, be accepted if the board finds that the specifications of that examination are substantially equivalent to the specifications of the examinations set out in (a)(1) and (a)(2) of this section.

**12 AAC 70.140. APPROVED APPRAISAL ORGANIZATIONS AND ACADEMIC INSTITUTIONS.** (a) To comply with the real estate appraisal education requirements of AS 08.87.110 for initial certification, or the registered trainee education requirements of AS 08.87.310, an applicant's classroom hours of instruction, as defined in 12 AAC 70.910, must relate directly to real estate appraisal theory or practices and must have been completed through courses offered by one of the following appraisal organizations or academic institutions:

(1) any member organization of The Appraisal Foundation;

(2) a regionally accredited junior college, college, or university.

(b) To meet the requirements for initial certification, a course or seminar must be a minimum of 15 classroom hours in duration and require successful completion of a final examination.

## Article 2. Continuing Education Requirements

### Section

200. Application for course or seminar approval

210. Approved continuing education courses and seminars

**220. Hours of continuing education required**

**12 AAC 70.200. APPLICATION FOR COURSE OR SEMINAR APPROVAL.** (a) A person or an organization wishing to sponsor a real estate appraisal continuing education course or seminar shall apply for board approval of that course or seminar by submitting

- (1) a completed application on forms provided by the department;
- (2) any fees required in 12 AAC 02;
- (3) the following information:

- (A) the title of the course;
- (B) the number of classroom hours to be awarded;
- (C) the name of the sponsor and designated contact person;
- (D) a detailed course outline that identifies the text materials used and includes sample handouts and a sample examination, if any; and
- (E) a copy of the attendance policy and a description of the procedures used for keeping a record of attendance.

(b) An applicant for renewal may petition the board for approval of a course or seminar that the applicant believes will meet the requirements of 12 AAC 70.210.

(c) To receive credit for nonstudent participation in an educational program, as provided for in AS 08.87 i20(b)(2), an applicant for renewal shall

- (1) apply to the board for approval six months before the date the certificate is to be renewed; and
- (2) provide the documentation necessary to substantiate the applicant's participation and experience.

**12 AAC 70.210. APPROVED CONTINUING EDUCATION COURSES AND SEMINARS.** (a) To be approved by the board, a continuing education course or seminar must contribute directly to a certified real estate appraiser's knowledge of the current theories, practices, and techniques of real estate analysis and appraisal.

(b) Acceptable course and seminar topics include

- (1) business courses related to real estate appraisal;
- (2) construction cost estimating;
- (3) ethics and standards of professional appraisal practice;
- (4) land use planning, zoning, and taxation;
- (5) property development;
- (6) real estate appraisal (including valuations and evaluations);
- (7) real estate financing and investment;
- (8) real estate law;
- (9) real estate litigation;
- (10) real estate appraisal related computer applications.

(c) In addition to the courses approved by the board under 12 AAC 70.200, courses offered by the following organizations are approved for continuing

education when they are consistent with (a) of this section:

- (1) a member organization of The Appraisal Foundation;
- (2) a regionally accredited junior college, college, or university.

#### **12 AAC 70.220. HOURS OF CONTINUING EDUCATION REQUIRED.**

(a) At the time of certificate renewal, an applicant for renewal who has been certified

(1) for 24 months, must complete 40 classroom hours of continuing education;

(2) 12 months or more, but less than 24 months, must complete 20 classroom hours of continuing education;

(3) less than 12 months is not required to meet continuing education requirements for that renewal.

(b) The board will not recognize continuing education hours claimed by an applicant for renewal for taking the same, or substantially identical, course more than once during a certification period.

(c) Credit is given for classroom hours only and not for hours devoted to class preparation or completion of assignments. A classroom hour is defined in 12 AAC 70.910.

### **Article 3. Limited Certification Repealed**

### **Article 4. General Provisions**

#### **Section**

- 900. Standards of practice
- 910. Definition of classroom hours
- 920. Courtesy License
- 930. Federal Registry
- 990. Definitions

**12 AAC 70.900. STANDARDS OF PRACTICE.** The standards of practice for certified real estate appraisers practicing in Alaska are the "Uniform Standards of Professional Appraisal Practice" (1990 edition) adopted by the Appraisal Standards Board of The Appraisal Foundation.

*[EDITOR'S NOTE: The Uniform Standards of Professional Appraisal Practice are available from: The Appraisal Foundation, 1029 Vermont Avenue, N.W., Suite 900, Washington, DC 20005.]*

**12 AAC 70.910. DEFINITION OF CLASSROOM HOUR.** (a) For the purposes of this chapter and AS 08.87,

- (1) one classroom hour equals a minimum of 50 minutes of instruction;
- (2) one academic semester credit hour equals 15 classroom hours;
- (3) one academic quarter credit hour equals 10 classroom hours.

**12 AAC 70.920. COURTESY LICENSE.** (a) The board will, in its discretion, issue a courtesy license to a nonresident who is a certified or licensed real estate appraiser in another state and who meets the requirement of this section.

(b) An appraiser who holds a courtesy license may perform appraisals in this state only if that person is affiliated with a certified real estate appraiser in this state who holds an equivalent or higher level of certification. The certified appraiser in this state must sign each appraisal performed by the courtesy license holder and is responsible for assuring that all appraisals performed by the courtesy license holder conform to state and federal laws applicable to real estate appraisals.

(c) A courtesy license is valid for one consecutive 30 day period. A person may be issued only one courtesy license in a calendar year.

(d) An applicant for a courtesy license shall submit

(1) a completed application on the forms provided by the department;

(2) any fees required in 12 AAC 02; and

(3) a notarized statement of affiliation jointly completed by the applicant and the certified real estate appraiser with whom the applicant is affiliating.

**12 AAC 70.930. FEDERAL REGISTRY.** (a) In compliance with 12 U.S.C. 3338 (Financial Institutions Reform, Recovery, and Enforcement Act of 1989), the board will annually send to the Federal Financial Institutions Examination Council, Appraisal Subcommittee,

(1) a roster of all real estate appraisers certified in Alaska at that time; and

(2) an amount equal to the amount collected from each certified real estate appraiser listed on the roster identified in paragraph (1) of this section.

(b) At the time of initial certification and at the time of certificate renewal, a certified real estate appraiser shall submit to the department any annual federal registry fee established in 12 AAC 02.

**12 AAC 70.990. DEFINITIONS.** In this chapter and in AS 08.87

(1) "appraisal experience" includes fee and staff appraisals, ad valorem tax appraisals, appraisal reviews, appraisal analysis, real estate counseling, feasibility analysis and study, and teaching of appraisal courses.

(2) "board" means the Board of Certified Real Estate Appraisers;

(3) "certified real estate appraiser" means a real estate appraiser who is certified in Alaska under AS 08.87; it does not include persons certified by another licensing jurisdiction or organization;

(4) "department" means the Department of Commerce and Economic Development;

(5) "holds out as a certified real estate appraiser in any way" includes anyone who performs appraisal services on real estate located in Alaska.

**CHAPTER 01.  
CENTRALIZED LICENSING.**

**Section**

- 10. Applicability of chapter
- 20. Board organization
- 25. Public members
- 30. Quorum
- 35. Appointments and terms
- 40. Transportation and per diem
- 50. Administrative duties of department
- 60. Application for license
- 65. Establishment of fees
- 70. Administrative duties of boards
- 75. Disciplinary powers of boards
- 80. Department regulations
- 87. Investigative and enforcement powers of department
- 90. Applicability of the Administrative Procedure Act
- 100. License renewal, lapse and reinstatement
- 102. Citation for unlicensed practice or activity
- 103. Procedure and form of citation
- 104. Failure to obey citation
- 105. Penalty for improper payment
- 110. Definitions

**Sec. 08.01.010. Applicability of chapter.** This chapter applies to the

- (1) Board of Public Accountancy (AS 08.04.010);
- (2) State Board of Registration for Architects, Engineers and Land Surveyors (AS 08.48.011);
- (3) Athletic Commission (AS 05.05 and AS 05.10);
- (4) Board of Barbers and Hairdressers (AS 08.13.010);
- (5) Big Game Commercial Services Board (AS 08.54.300);
- (6) Board of Certified Direct-Entry Midwives (AS 08.65.010);
- (7) Board of Certified Real Estate Appraisers (AS 08.87.010);
- (8) Board of Chiropractic Examiners (AS 08.20.010);
- (9) Board of Clinical Social Work Examiners (AS 08.95.010);
- (10) Board of Dental Examiners (AS 08.36.010);
- (11) Board of Dispensing Opticians (AS 08.71.010);
- (12) Board of Electrical Examiners (AS 08.40.011);
- (13) Board of Marine Pilots (AS 08.62.010);
- (14) Board of Marital and Family Therapy (AS 08.63.010);
- (15) Board of Mechanical Examiners (AS 08.40.220);
- (16) State Medical Board (AS 08.64.010);
- (17) Board of Nursing (AS 08.68.010);
- (18) Board of Nursing Home Administrators (AS 08.70.010);

- (19) Board of Examiners in Optometry (AS 08.72.010);
- (20) Board of Pharmacy (AS 08.80.010);
- (21) State Physical Therapy and Occupational Therapy Board (AS 08.84.010);
- (22) Board of Psychologist and Psychological Associate Examiners (AS 08.86.010);
- (23) Real Estate Commission (AS 08.88.011);
- (24) Board of Veterinary Examiners (AS 08.98.010);
- (25) regulation of acupuncturists under AS 08.06;
- (26) regulation of audiologists under AS 08.11;
- (27) regulation of business licenses under AS 43.70;
- (28) regulation of collection agencies under AS 08.24;
- (29) regulation of concert promoters under AS 08.92;
- (30) regulation of construction contractors under AS 08.18;
- (31) regulation of professional geologists under AS 08.02.011;
- (32) regulation of hearing aid dealers under AS 08.55;
- (33) regulation of morticians under AS 08.42;
- (34) regulation of the practice of naturopathy under AS 08.45;

**Sec. 08.01.020. Board organization.** Board members are appointed by the governor and serve at the pleasure of the governor. Unless otherwise provided, the governor may designate the chair of a board, and all other officers shall be elected by the board members. Unless otherwise provided, officers of a board are the chair and the secretary. A board may provide by regulation that three or more unexcused absences from meetings are cause for removal.

**Sec. 08.01.025. Public members.** A public member of a board may not:

- (1) be engaged in the occupation that the board regulates;
- (2) be associated by legal contract with a member of the occupation that the board regulates except as a consumer of the services provided by a practitioner of the occupation; or
- (3) have a direct financial interest in the occupation that the board regulates.

**Sec. 08.01.030. Quorum.** A majority of the membership of a board constitutes a quorum unless otherwise provided.

**Sec. 08.01.035. Appointments and terms.** Members of boards subject to this chapter are appointed for staggered terms of four years. A member of a board serves until a successor is appointed. An appointment to fill a vacancy on a board is for the remainder of the unexpired term. A member who has served all or part of two successive terms on a board may not be reappointed to that board unless four years have elapsed since the person has last served on the board.

**Sec. 08.01.040. Transportation and per diem.** A board member is entitled to transportation expenses and per diem as set out in AS 39.20.180.

**Sec. 08.01.050. Administrative duties of department.** (a) The department shall perform the following administrative and budgetary services when appropriate:

- (1) collect and record fees;
- (2) maintain records and files;
- (3) issue and receive application forms;
- (4) notify applicants of acceptance or rejection as determined by the board or as determined by the department under AS 08.06 for acupuncturists, under AS 08.11 for audiologists, under AS 08.18 for contractors, under AS 08.45 for naturopaths, or under AS 08.55 for hearing aid dealers;
- (5) designate dates examinations are to be held and notify applicants;
- (6) publish notice of examinations and proceedings;
- (7) arrange space for holding examinations and proceedings;
- (8) notify applicants of results of examinations;
- (9) issue licenses or temporary licenses as authorized by the board or as authorized by the department under AS 08.06 for acupuncturists, under AS 08.11 for audiologists, under AS 08.18 for contractors, under AS 08.45 for naturopaths, or under AS 08.55 for hearing aid dealers;
- (10) issue duplicate licenses upon submission of a written request by the licensee attesting to loss of or the failure to receive the original and payment by the licensee of a fee established by regulation adopted by the department;
- (11) notify licensees of renewal dates at least 30 days before the expiration date of their licenses;
- (12) compile and maintain a current register of licensees;
- (13) answer routine inquiries;
- (14) maintain files relating to individual licensees;
- (15) arrange for printing and advertising;
- (16) purchase supplies;
- (17) employ additional help when needed;
- (18) perform other services that may be requested by the board;
- (19) provide inspection, enforcement, and investigative services to the boards and for the occupations listed in AS 08.01.010, regarding all licenses issued by or through the department;
- (20) retain and safeguard the official seal of a board and prepare, sign, and affix a board seal, as appropriate, for licenses approved by a board;
- (21) issue business licenses under AS 43.70.

(b) The form and content of a license, authorized by a board listed in AS 08.01.010, including any document evidencing renewal of a license, shall be determined by the department after consultation with and consideration of the views of the board concerned.

(c) *[Repealed 1987]*

(d) At the request of one of the following boards, the department may contract with public agencies and private professional organizations to provide assistance and treatment to persons licensed by the board who abuse alcohol, other drugs, or other substances:

- (1) Board of Clinical Social Work Examiners;
- (2) Board of Dental Examiners;
- (3) Board of Dispensing Opticians;
- (4) State Medical Board;
- (5) Board of Nursing;
- (6) Board of Examiners in Optometry;
- (7) Board of Pharmacy;
- (8) State Physical Therapy and Occupational Therapy Board;
- (9) Board of Psychologist and Psychological Associate Examiners; and
- (10) Board of Veterinary Examiners.

**Sec. 08.01.060. Application for license.** All applications for examination or licensing to engage in the business or profession covered by this chapter shall be made in writing to the department.

**Sec. 08.01.065. Establishment of fees.** (a) Except for business licenses, the department shall adopt regulations that establish the amount and manner of payment of application fees, examination fees, license fees, registration fees, permit fees, investigation fees, and all other fees as appropriate for the occupations covered by this chapter.

(b) *[Repealed 1992]*

(c) The department shall establish fee levels under (a) of this section so that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation. The department shall annually review each fee level to determine whether the regulatory costs of each occupation are approximately equal to fee collections related to that occupation. If the review indicates that an occupation's fee collections and regulatory costs are not approximately equal, the department shall calculate fee adjustments and adopt regulations under (a) of this section to implement the adjustments. In January of each year, the department shall report on all fee levels and revisions for the previous year under this subsection to the office of management and budget. If a board regulates an occupation covered by this chapter, the department shall consider the board's recommendations concerning the occupation's fee levels and regulatory costs before revising fee schedules to comply with this subsection. In this subsection, "regulatory costs" means costs of the

department that are attributable to regulation of an occupation plus

(1) all expenses of the board that regulates the occupation if the board regulates only one occupation;

(2) the expenses of a board that are attributable to the occupation if the board regulates more than one occupation.

(d) The license fee for a business license is set by AS 43.70. 030(a). The department shall adopt regulations that establish the manner of payment of the license fee.

**Sec. 08.01.070. Administrative duties of boards.** Each board shall perform the following duties in addition to those provided in its respective law:

(1) take minutes and records of all proceedings;

(2) hold a minimum of one meeting each year;

(3) hold at least one examination each year;

(4) request, through the department, investigation of violations of its laws and regulations;

(5) prepare and grade board examinations;

(6) set minimum qualifications for applicants for examination and license;

(7) forward a draft of the minutes of proceedings to the department within 20 days after the proceedings;

(8) forward results of board examinations to the department within 20 days after the examination is given;

(9) notify the department of meeting dates and agenda items at least 15 days before meetings and other proceedings are held;

(10) submit before the end of the fiscal year an annual performance report to the department stating the board's accomplishments, activities, and needs.

**Sec. 08.01.075. Disciplinary powers of boards.** (a) A board may take the following disciplinary actions, singly or in combination:

(1) permanently revoke a license;

(2) suspend a license for a specified period;

(3) censure or reprimand a licensee;

(4) impose limitations or conditions on the professional practice of a licensee;

(5) require a licensee to submit to peer review;

(6) impose requirements for remedial professional education to correct deficiencies in the education, training, and skill of the licensee;

(7) impose probation requiring a licensee to report regularly to the board on matters related to the grounds for probation;

(8) impose a civil fine not to exceed \$5,000.

(b) A board may withdraw probationary status if the deficiencies that required the sanction are remedied.

(c) A board may summarily suspend a licensee from the practice of the

profession before a final hearing is held or during an appeal if the board finds that the licensee poses a clear and immediate danger to the public health and safety. A person is entitled to a hearing before the board to appeal the summary suspension within seven days after the order of suspension is issued. A person may appeal an adverse decision of the board on an appeal of a summary suspension to a court of competent jurisdiction.

(d) A board may reinstate a suspended or revoked license if, after a hearing, the board finds that the applicant is able to practice the profession with skill and safety.

(e) A board may accept the voluntary surrender of a license. A license may not be returned unless the board determines that the licensee is competent to resume practice and the licensee pays the appropriate renewal fee.

(f) A board shall seek consistency in the application of disciplinary sanctions. A board shall explain a significant departure from prior decisions involving similar facts in the order imposing the sanction.

**Sec. 08.01.080. Department regulations.** The department shall adopt regulations to carry out the purposes of this chapter including but not limited to describing

- (1) how an examination is to be conducted;
- (2) what is contained in application forms;
- (3) how a person applies for an examination or license.

**Sec. 08.01.087. Investigative and enforcement powers of department.**

(a) The department may, upon its own motion, conduct investigations

(1) to determine whether a person has violated a provision of this chapter or a regulation adopted under it, or a provision of AS 43.70, or a provision of this title or regulation adopted under this title dealing with an occupation or board listed in AS 08.01.010; or

(2) to secure information useful in the administration of this chapter.

(b) If it appears to the commissioner that a person has engaged in or is about to engage in an act or practice in violation of a provision of this chapter or a regulation adopted under it, or a provision of AS 43.70, or a provision of this title or regulation adopted under this title dealing with an occupation or board listed in AS 08.01.010, the commissioner may, if the commissioner considers it in the public interest, and after notification of a proposed order or action by telephone, telegraph, or facsimile to all board members, if a board regulates the act or practice involved, unless a majority of the members of the board object within 10 days,

(1) issue an order directing the person to stop the act or practice; however, reasonable notice of and an opportunity for a hearing must first be given to the person, except that the commissioner may issue a temporary order before a hearing is held; a temporary order remains in effect until a final order affirming, modifying, or reversing the temporary order is issued or until

15 days after the person receives the notice and has not requested a hearing by that time; a temporary order becomes final if the person to whom the notice is addressed does not request a hearing within 15 days after receiving the notice; the commissioner or the commissioner's designee shall be the hearing officer at the hearing and shall issue a final order within 10 days after the hearing;

(2) bring an action in the superior court to enjoin the acts or practices and to enforce compliance with this chapter, a regulation adopted under it, an order issued under it, or with a provision of this title or regulation adopted under this title dealing with business licenses or an occupation or board listed in AS 08.01.010;

(3) examine or have examined the books and records of a person whose business activities require a business license or licensure by a board listed in AS 08.01.010, or whose occupation is listed in AS 08.01.010; the commissioner may require the person to pay the reasonable costs of the examination; and

(4) issue subpoenas for the attendance of witnesses, and the production of books, records and other documents.

**Sec. 08.01.090. Applicability of the Administrative Procedure Act.** The Administrative Procedure Act (AS 44.62) applies to regulations adopted and proceedings held under this chapter, except those under AS 08.01.087(b).

**Sec. 08.01.100. License renewal, lapse and reinstatement.** (a) Licenses shall be renewed biennially on the dates set by the department with the approval of the respective board.

(b) A license subject to renewal shall be renewed on or before the date set by the department. If the license is not renewed by the date set by the department, the license lapses. In addition to renewal fees required for reinstatement of the lapsed license, the department may impose a delayed renewal penalty, established by regulation, that shall be paid before a license that has been lapsed for more than 60 days may be renewed. The department may adopt a delayed renewal penalty only with the concurrence of the appropriate board.

(c) When continuing education or other requirements are made a condition of license renewal, the requirements shall be satisfied before a license is renewed.

(d) Except as otherwise provided, a license may not be renewed if it has been lapsed for five years or more.

**Sec. 08.01.102. Citation for unlicensed practice or activity.** The department may issue a citation for a violation of a license requirement under this chapter or AS 43.70 if there is probable cause to believe a person has practiced a profession or engaged in business for which a license is required

without holding the license. Each day a violation continues after a citation for the violation has been issued constitutes a separate violation.

**Sec. 08.01.103. Procedure and form of citation.** (a) A citation issued under AS 08.01.102 must be in writing. A person receiving the citation is not required to sign a notice to appear in court.

(b) The time specified in the notice to appear on a citation issued under AS 08.01.102 shall be at least five days, not including weekends and holidays, after the issuance of the citation, unless the person cited requests an earlier hearing.

(c) The department is responsible for the issuance of books containing appropriate citations, and shall maintain a record of each book issued and each citation contained in it. The department shall require and retain a receipt for every book issued to an employee of the department.

(d) The department shall deposit the original or a copy of the citation with a court having jurisdiction over the alleged offense. Upon its deposit with the court, the citation may be disposed of only by trial in the court or other official action taken by the magistrate, judge, or prosecutor. The department may not dispose of a citation, copies of it, or of the record of its issuance except as required under this subsection and (e) of this section.

(e) The department shall require the return of a copy of every citation issued by the department and all copies of a citation that has been spoiled or upon which an entry has been made and not issued to an alleged violator. The department shall also maintain, in connection with each citation, a record of the disposition of the charge by the court where the original or copy of the citation was deposited.

(f) If the form of citation includes the essential facts constituting the offense charged, and if the citation is sworn to as required under the laws of this state for a complaint charging commission of the offense alleged in the citation, then the citation when filed with a court having jurisdiction is considered to be a lawful complaint for the purpose of prosecution.

**Sec. 08.01.104. Failure to obey citation.** Unless the citation has been voided or otherwise dismissed by the magistrate, judge, or prosecutor, a person who without lawful justification or excuse fails to appear in court to answer a citation issued under AS 08.01.102, regardless of the disposition of the charge for which the citation was issued, is guilty of a class B misdemeanor.

**Sec. 08.01.105. Penalty for improper payment.** An applicant shall pay a penalty of \$10 each time a negotiable instrument is presented to the department in payment of an amount due and payment is subsequently refused by the named payor.

**Sec. 08.01.110. Definitions.** In this chapter

- (1) "board" includes the boards and commissions listed in AS 08.01.010;
- (2) "commissioner" means the commissioner of commerce and economic development;
- (3) "department" means the Department of Commerce and Economic Development;
- (4) "license" means a business license or a license, certificate, permit, or registration or similar evidence of authority issued for an occupation by the department or by one of the boards listed in AS 08.01.010;
- (5) "licensee" means a person who holds a license;
- (6) "occupation" means a trade or profession listed in AS 08.01.010.

**CHAPTER 02.  
MISCELLANEOUS PROVISIONS.**

**Section**

10. Professional designation requirements
11. Professional geologist
20. Limitation of liability
30. Courtesy licenses

**Sec. 08.02.010. Professional designation requirements.** (a) An acupuncturist licensed under AS 08.06, an audiologist licensed under AS 08.11, a person licensed in the state as a chiropractor under AS 08.20, a dentist under AS 08.36, a marital and family therapist licensed under AS 08.63, a medical practitioner or osteopath under AS 08.64, a direct-entry midwife certified under AS 08.65, a registered nurse under AS 08.68, an optometrist under AS 08.72, a registered pharmacist under AS 08.80, a physical therapist or occupational therapist licensed under AS 08.84, a psychologist under AS 08.86, or a clinical social worker licensed under AS 08.95, shall use as professional identification appropriate letters or a title after that person's name which represents that person's specific field of practice. The letters or title shall appear on all signs, stationery, or other advertising in which the person offers or displays personal professional services to the public. In addition, a person engaged in the practice of medicine or osteopathy as defined in AS 08.64.380, or a person engaged in any manner in the healing arts who diagnoses, treats, tests, or counsels other persons in relation to human health or disease and uses the letters "M.D." or the title "doctor" or "physician" or another title that tends to show that the person is willing or qualified to diagnose, treat, test, or counsel another person, shall clarify the letters or title by adding the appropriate specialist designation, if any, such as "dermatologist", "radiologist", "audiologist", "naturopath", or the like.

(b) A person subject to (a) of this section who fails to comply with the requirements of (a) of this section shall be given notice of noncompliance by

that person's appropriate licensing board. If, after a reasonable time, with opportunity for a hearing, the person's noncompliance continues, the board may suspend or revoke the person's license or registration, or administer other disciplinary action which in its determination is appropriate.

**Sec. 08.02.011. Professional geologist.** The commissioner of commerce and economic development shall certify an applicant as a professional geologist if the applicant is certified as a professional geologist by the American Institute of Professional Geologists.

**Sec. 08.02.020. Limitation of liability.** An action may not be brought against a person for damages resulting from

(1) the person's good faith performance of a duty, function, or activity required as

(A) a member of, or witness before, a licensing board or peer review committee established to review a licensing matter;

(B) a member of a committee appointed under AS 08.64.336(c);

(C) a contractor or agent of a contractor under AS 08.01.050(d) or AS 08.64.101(6);

(2) a recommendation or action in accordance with the prescribed duties of a licensing board, peer review committee established to review a licensing matter, committee appointed under AS 08.64.336(c), or contractor or agent of a contractor under AS 08.01.050(d) or AS 08.64.101(6) when the person acts in the reasonable belief that the action or recommendation is warranted by facts known to the person, board, peer review committee, committee appointed under AS 08.64.336(c), or contractor or agent of the contractor under AS 08.01.050(d) or AS 08.64.101(6) after reasonable efforts to ascertain the facts upon which the action or recommendation is made; or

(3) a report made in good faith to a public agency by the person, or participation by the person in an investigation by a public agency or a judicial administrative proceeding relating to the report, if the report relates to the abuse of alcohol, other drugs, or other substances by a person licensed by a board listed in AS 08.01.050(d).

**Sec. 08.02.030. Courtesy licenses.** (a) A board established under this title and the Department of Commerce and Economic Development, with respect to an occupation that it regulates under this title, may by regulation establish criteria for issuing a temporary courtesy license to nonresidents who enter the state so that, on a temporary basis, they may practice the occupation regulated by the board or the department.

(b) The regulations adopted under (a) of this section may include limitations relating to the

- (1) duration of the license's validity;
- (2) scope of practice allowed under the license; and
- (3) other matters considered important by the board or the department.

**CHAPTER 03.  
TERMINATION, CONTINUATION AND REESTABLISHMENT  
OF REGULATORY BOARDS.**

**Section**

**10. Termination dates for regulatory boards**

**20. Procedures governing termination, transition and continuation**

**Sec. 08.03.010. Termination dates for regulatory boards.**

(a) *[Repealed]*

(b) *[Repealed]*

(c) The following boards have the termination date provided by this subsection:

- (1) Board of Public Accountancy (AS 08.04.010)—June 30, 1993;
- (2) Board of Governors of the Alaska Bar Association (AS 08.08.040)—June 30, 1993;
- (3) State Board of Registration for Architects, Engineers and Land Surveyors (AS 08.48.011)—June 30, 1993;
- (4) Board of Barbers and Hairdressers (AS 08.13.010)—June 30, 1993;
- (5) Big Game Commercial Services Board (AS 08.54.300)—June 30, 1993;
- (6) Board of Certified Direct-Entry Midwives (AS 08.65.010)—June 30, 1994;
- (7) Board of Certified Real Estate Appraisers (AS 08.87.010)—June 30, 1994;
- (8) Board of Chiropractic Examiners (AS 08.20.010)—June 30, 1992;
- (9) Board of Clinical Social Work Examiners (AS 08.95.010)—June 30, 1995;
- (10) Board of Dental Examiners (AS 08.36.010)—June 30, 1993;
- (11) Board of Dispensing Opticians (AS 08.71.010)—June 30, 1992;
- (12) Board of Electrical Examiners (AS 08.40.011)—June 30, 1991;
- (13) Board of Marine Pilots (AS 08.62.010)—June 30, 1994;
- (14) Board of Marital and Family Therapy (AS 08.63.010)—June, 30, 1995;
- (15) Board of Mechanical Examiners (AS 08.40.220)—June 30, 1992;
- (16) State Medical Board (AS 08.64.010)—June 30, 1995;
- (17) Board of Nursing (AS 08.68.010)—June 30, 1995;
- (18) Board of Nursing Home Administrators (AS 08.70.010)—June 30, 1994;
- (19) Board of Examiners in Optometry (AS 08.72.010)—June 30, 1992;
- (20) Board of Pharmacy (AS 08.80.010)—June 30, 1993;

(21) State Physical Therapy and Occupational Therapy Board (AS 08.84.010)—June 30, 1993;

(22) Board of Psychologist and Psychological Associate Examiners (AS 08.86.010)—June 30, 1995;

(23) Real Estate Commission (AS 08.88.011)—June 30, 1995;

(24) Board of Veterinary Examiners (AS 08.98.010)—June 30, 1993;

**Sec. 08.03.020. Procedures governing termination, transition and continuation.** (a) Upon termination, each board listed in AS 08.03.010 shall continue in existence until June 30 of the next succeeding year for the purpose of concluding its affairs. During this period, termination does not reduce or otherwise limit the powers or authority of each board. One year after the date of termination, a board not continued shall cease all activities.

(b) The termination, dissolution, continuation or reestablishment of a regulatory board shall be governed by the legislative oversight procedures of AS 44.66.050.

(c) A board scheduled for termination under this chapter may be continued or reestablished by the legislature for a period not to exceed four years unless the board is continued or reestablished for a longer period under AS 08.03.010.

**CHAPTER 02.  
DIVISION OF OCCUPATIONAL LICENSING**

**Article**

1. **Collection of Fees**  
(12 AAC 02.010 — 12 AAC 02.030)
2. **Occupational Licensing Fees**  
(12 AAC 02.100 — 12 AAC 02.360)
3. **Examination Review Procedures**  
(12 AAC 02.400)
4. **General Provisions**  
(12 AAC 02.900 — 12 AAC 02.990)

**Article 1. Collection of Fees**

**Section**

10. **Licensing and renewal fees**
20. **Prorating renewal fees**
30. **Prorating initial renewal fees**

**12 AAC 02.010. LICENSING AND RENEWAL FEES.** (a) The department will collect fees and issue receipts for licensing and for license renewal for the boards listed in AS 08.01.010.

(b) The department will not issue a license or renew a license unless the applicable fees established in AS 08 or in this chapter have been collected, and a receipt has been prepared.

(c) Except as otherwise provided in 12 AAC, applications for initial licensure or renewal of license will be considered filed as of the date stamped on the document, when it is received in the division office.

(d) *Repealed 5/4/90.*

(e) An application fee is not refundable.

**12 AAC 02.020. PRORATING RENEWAL FEES.** The department will prorate the first license renewal fees following initial licensure, in accordance with 12 AAC 02.030. All renewal fees, including penalty and delinquent fees must be paid by the licensee applying for renewal of a license, except as provided in 12 AAC 02.030(a)(1) and (b)(1).

**12 AAC 02.030. PRORATING INITIAL RENEWAL FEES.** (a) When the department issues an initial biennial license

(1) within the 90 days before the date by which it must be renewed, the applicant shall pay the entire license fee but is not required to pay the pre-

scribed renewal fee until the second renewal date;

(2) within the 12 months before the date by which the license must be renewed, the applicant shall pay the entire license fee, and shall pay one-half of the prescribed renewal fee at the time of renewal or

(3) more than 12 months before the date by which the license must be renewed, the applicant shall pay the entire license fee, and shall pay the entire prescribed renewal fee at the time of renewal.

(b) When the department issues an initial annual license

(1) within the 90 days before the date by which it must be renewed, the applicant shall pay the entire license fee but is not required to pay the prescribed renewal fee until the second renewal date;

(2) within the six months before the date by which the license must be renewed, the applicant shall pay the entire license fee, and shall pay one-half of the prescribed renewal fee at the time of renewal; or

(3) more than six months before the date by which the license must be renewed, the applicant shall pay the entire license fee, and shall pay the entire prescribed renewal fee at the time of renewal.

(c) A quadrennial license issued before July 1, 1987 shall be renewed by the department as a biennial license upon payment of the entire prescribed biennial license renewal fee.

(d) The department will not prorate renewal fees if the initial licensing fee was \$150 or less.

(e) The department will not prorate fees for applications, examinations, reexaminations, credential review or investigation, temporary or emergency permits, locum tenens permits, certificates, or other such fees established in AS 08 or in this chapter.

## Article 2. Occupational Licensing Fees

### Section

100. Fe. by department  
105. Adm. fees  
220. Geologists  
370. Board of certified real estate appraisers

**12 AAC 02.100. FEES ESTABLISHED BY DEPARTMENT.** The fees established in this chapter have been adopted by the department after considering any recommendations of the applicable board or commission listed in AS 08.01.010.

**12 AAC 02.105. ADMINISTRATIVE FEES.** Except as otherwise provided in this chapter for a particular board or occupation, the following fees

apply to all boards and professions listed in AS 08.01.010:

- (1) duplicate license fee, \$5;
- (2) fee for verification or certification to another state of an Alaska license, registration, or examination, \$20;
- (3) name change, except for construction contractors, \$5;
- (4) photocopy fee, \$.25 per page, which may be waived by the department if the total fee is less than \$5;
- (5) facsimile fee, \$1 per page, which may be waived by the department if the total fee is less than \$5;
- (6) returned check fee, \$20;
- (7) penalty for reinstatement of a registration, license, permit or certificate which remains lapsed for more than 60 days, \$50;
- (8) exam postponement fee, \$25;
- (9) wall certificate fee, \$20;
- (10) fee for proctoring an examination for another state's applicant, \$50;
- (11) fee for specialized report of licensing data, \$100 plus the cost of supplies;
- (12) express delivery handling fee, \$20; and
- (13) fee for providing a roster of
  - (A) 1,500 or less licensees, \$5;
  - (B) more than 1,500 licensees, \$10;
  - (C) current business licenses, \$100.

**12 AAC 02.370. BOARD OF CERTIFIED REAL ESTATE APPRAISERS.** The following fees are established for general real estate appraisers, residential real estate appraisers, institutional real estate appraisers, and registered real estate appraiser trainees:

- (1) application fee for initial certification or registration, \$50;
- (2) certification fee for all or part of the initial biennial certification period, \$250;
- (3) biennial certification renewal fee, \$250;
- (4) real estate appraiser trainee registration fee, \$50;
- (5) courtesy license fee, \$100;
- (6) continuing education course approval fee, \$25;
- (7) annual federal registry fee, \$25.

### Article 3. Examination Review Procedures

#### Section

#### 400. Examination review

**12 AAC 02.400. EXAMINATION REVIEW.** (a) For nationally prepared and administered examinations, the examination review procedures established

by the national examination organization will be used in conjunction with the procedures established in this section. National examinations which have no provision for examination review are not available for review under this section.

(b) An applicant who wishes to review a failed examination shall submit a written request to the division within 30 days after the notice of examination results was mailed to the applicant.

(c) All examination reviews will be conducted in the presence of division staff at the time and location determined by the division. An examination review will not be conducted within 30 days of the next examination the applicant is scheduled to take.

(d) Only an applicant who has failed an examination may participate in the examination review and the applicant may review only his or her own examination.

(e) An applicant may use the same reference materials during an examination review that were allowed during the examination itself, but applicants may not use other materials or take notes or make copies of any kind. All materials brought to an examination review are subject to inspection by the division staff.

#### Article 4. General Provisions

##### Section

- 900. Current address
- 910. Abandoned applications
- 990. Definitions

**12 AAC 02.900. CURRENT ADDRESS.** A person licensed, registered, or certified by a board or commission listed in AS 08.01.010, or in an occupation listed in AS 08.01.010, shall maintain a current, valid, mailing address on file with the division at all times. The latest mailing address on file with the division is the address that will be used for official communications, notifications, and service of legal process.

**12 AAC 02.910. ABANDONED APPLICATIONS.** (a) An application is considered abandoned when

(1) 12 months have elapsed since correspondence was last received from or on behalf of the applicant; or

(2) the applicant has failed to appear for two successive examinations.

(b) An abandoned application is denied without prejudice and the application fee forfeited.

(c) At the time an application is considered abandoned, the division will

send notification of abandonment to the last known address of the applicant. An applicant may request a refund of all unused examination and licensing fees credited to the application by submitting a written request for refund within 30 days from the date notification of abandonment was mailed by the division. If no request for refund is received, all fees are forfeited.

**12 AAC 02.990. DEFINITIONS.** As used in this chapter

(1) "department" means the Department of Commerce and Economic Development;

(2) "division" means the division of occupational licensing, Department of Commerce and Economic Development;

(3) "license" means a license, certificate, permit, registration, or similar evidence of authority issued by the division or by one of the boards listed in AS 08.01.010;

(4) "licensee" means a person who holds a license issued by the division or by one of the boards listed in AS 08.01.010.

## APPENDIX

Chapter 177

### TEMPORARY AND SPECIAL ACTS

Chapter 177

#### CHAPTER 177, SLA 1990

An act relating to certification of real estate appraisers; and providing for an effective date. (CSHB 523 (Fin))

**Sec. 5. INITIAL APPOINTMENTS TO THE BOARD OF CERTIFIED REAL ESTATE APPRAISERS.** Notwithstanding AS 08.87.010, as enacted by sec. 1 of this Act, a person is eligible for an initial appointment as an appraiser member of the Board of Certified Real Estate Appraisers if the person has at least 10 years of experience as a real estate appraiser or if the person is a designated member in good standing of a real estate appraisal organization that, as of January 1, 1989, required appraisal experience, appraisal education, and testing to become a member, and required adherence to generally accepted standards of professional practice in order to retain designated membership

State of Alaska  
Department of Commerce  
and Economic Development  
Division of Occupational Licensing  
Real Estate Appraisers  
P.O. Box 110806  
Juneau, Alaska 99811-0806

**National  
Uniform  
Appraiser  
Examination™**

EXPro Electronic Test  
Administration  
Candidate Handbook

The Appraisal Foundation  
and  
Assessment Systems, Inc.  
(ASI)

1993

# TABLE OF CONTENTS

Page

## Section 1

<b>GENERAL INFORMATION</b> .....	1
The Appraisal Foundation .....	1
Assessment Systems, Inc. (ASI) .....	1
Introduction .....	1
State-Specific Information .....	2
Examination Eligibility Requirements .....	2
Communications .....	2
Telecommunication Devices for the Deaf .....	2

## Section 2

<b>TEST ADMINISTRATION</b> .....	3
How to Make an Examination Reservation .....	3
Examination Fee .....	3
To Change an Examination Date .....	4
Special Examination Arrangements and Services .....	4
Test Center Locations and Test Dates .....	5
Examination Day .....	5
Administration Procedures .....	5
Inclement Weather .....	6
Official Score Transfers .....	6
Security .....	6
Test Results .....	7
Reexamination Procedures .....	7
Test Scores .....	7
Duplicate Score Reports .....	7
Examination Outline .....	7
Copyright .....	7
Outline for Appraiser Examinations .....	8
Sample Questions .....	15
Official Score Transfer Request .....	17
Duplicate Score Request Form .....	19

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Assessment Systems, Inc.  
718 Arch Street  
Philadelphia, PA 19106

# **Section 1**

## **GENERAL INFORMATION**

### **The Appraisal Foundation**

The Appraisal Foundation is a not-for-profit educational corporation established in 1987 by the appraisal profession in the United States. The Foundation was created to foster professionalism by working to ensure that appraisers are qualified to offer their services.

The Appraisal Foundation achieves this goal by serving as the parent organization for two independent boards: the Appraiser Qualifications Board and the Appraisal Standards Board. These two boards were given significant responsibilities by the United States Congress under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

The Appraiser Qualifications Board establishes the qualification criteria for the state certification of appraisers and has issued recommended qualification criteria for state licensing. The Appraiser Qualifications Board has also been given the charge of reviewing and endorsing state real estate appraiser examinations.

The Appraisal Standards Board sets forth the rules for developing an appraisal and reporting its results. This is accomplished through the promulgation of the Uniform Standards of Professional Appraisal Practice. These standards have been recognized throughout the United States as the generally accepted standards of professional appraisal practice.

### **Assessment Systems, Inc. (ASI)**

ASI is an independent testing company that focuses on the assessment of professional and occupational competence. As a full-service testing agency, ASI provides expertise and support to associations, state credentialing agencies, and private industry in test development, scoring, and reporting of examinations. Examination services supported by ASI include national licensure and certification programs as well as diagnostic programs within the health professions and private industry.

### **Introduction**

The purpose of certifying real estate appraisers is found in Title XI of FIRREA, which states, "The purpose of this title is to provide that federal financial and public policy interests in real-estate-related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision."

Licensure/certification is the process by which an agency of state government or jurisdiction grants permission to certain individuals to engage in the practice of a particular profession, vocation, or occupation and prohibits all others from legally doing so. By ensuring that a level of minimum competence is met, the licensure/certification process protects the general public. It is the state regulatory agency's responsibility to establish the acceptable level of safe practice and to furnish the means for determining whether an individual meets that standard.

Most licensing agencies use examinations as one of several means for determining candidates' qualifications to practice. The purpose of an examination is to provide a measure of candidates' knowledge of the subject matter.

The examination in your state for which each candidate is preparing has been jointly developed and is sponsored by The Appraisal Foundation and ASI. It has been reviewed and endorsed by the Appraiser Qualifications Board (AQB).

## **State-Specific Information**

Any state-specific information, instructions, or applications will be contained in separate materials provided by individual jurisdictions. Consult your state's appraisal board for information.

## **Examination Eligibility Requirements**

Specific requirements to sit for this examination may be established by individual state boards or commissions. Follow their procedures in applying to take the national uniform appraiser examination. Candidates must meet the requirements of the state in which they wish to be licensed.

## **Communications**

Contact your State Appraiser Board to:

- obtain information specific to appraiser testing in your state
- obtain fee cards & test information not found in this handbook
- criteria for licensure/certification in your state

Contact ASI to:

- make an examination reservation
- cancel or change a reservation

### **ASI National Uniform Appraiser Program**

718 Arch Street  
Philadelphia, PA 19106  
800-274-7488

### **Telecommunication Devices for the Deaf**

ASI is equipped with TDDs (Telecommunication Devices for the Deaf) to assist deaf candidates. TDD calling is available during standard business hours through a special ASI toll free number, 1-800-274-2617. TDDs number is for the express use by candidates using compatible TDD equipment.

## Section 2

# TEST ADMINISTRATION

Tests will be administered on EXPro, an electronic examination administration process that provides onsite score reports to candidates immediately on completion of the examinations. The examinations are given at established test centers listed on the Test Center and Fee Card available from your State Appraiser Board.

### How to Make an Examination Reservation

You may make a reservation up to three (3) business days before the examination date you desire.

#### FOR BEST RESULTS WHEN CONTACTING ASI TO MAKE AN EXPRO TEST RESERVATION:

- Whenever possible, call between Tuesday and Thursday or on Saturday. These days are not as busy and afford you a better opportunity to speak with a customer service representative about your concerns without delay.
- Have a pencil or pen available to record any additional information.
- Have your identification number ready if you are calling for a reexamination reservation.
- Have this handbook available for reference and clarification.
- Record the name of the ASI candidate care representative with whom you speak.

To make a reservation for your appraiser examination:

- (1) call ASI at 1-800-274-7488 between the hours of 8:00 a.m. and 11:00 p.m. (Eastern time) Monday through Friday or 8:00 a.m. to 4:00 p.m. on Saturday.
- (2) have available your social security number and a pencil.

Confirmation #: \_\_\_\_\_

Test Date: \_\_\_\_\_

Test Center Location: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

You will receive a confirmation number. Write this number down. **You must take this number with you to the test center on the day of your examination.**

### Examination Fee

The examination fee is paid at the test center on the day you report for your test. Refer to the Appraiser Test Center Fee Card

\_\_\_\_\_

for your state's examination fee. Acceptable forms of payment include cashier's checks, bank checks, or money orders. Cash and personal checks are not accepted.

If you are absent from an examination, you will be billed for two examinations when you register again. Examination fees are nonrefundable. If you wish to transfer your fees to another test date, you must follow the directions outlined below.

## **To Change an Examination Date**

If you are unable to attend the examination for which you have made a reservation, you may reapply by calling ASI and requesting a new date. Transfer of fees from your previously scheduled test will be made as follows:

- (1) If you call four business days or more prior to your test date, you will be permitted to transfer 100% of your fees to a new date. No penalty charge will be assessed.
- (2) If you call less than four business days prior to your test, your fees will not be transferred to another date, and you will be required to pay for the missed test when you re-schedule.

Candidates will not be admitted to the examination without correct payment. Failure to be admitted will result in loss of fees.

## **Special Examination Arrangements and Services**

ASI certifies that it shall comply with the provisions of the Americans with Disabilities Act (42 USCG Section 12101 et. seq.) and Title VII of the Civil Rights Act, as amended (42 U.S.C. 2000e, et seq.) in accommodating candidates who, because of a disability, need special arrangements to enable them to take an examination via EXPro. If you need special arrangements for EXPro testing because of a disabling condition, you may ask for special testing services. All examination sites have access for candidates with disabilities.

Any candidate requesting special testing arrangements due to impaired sensory, manual, speaking skills, or other disability must submit, either via fax machine (215-925-7756), or mail, a written request which includes name, address, and social security number, the test date desired, test location, time of examination, and a description of the special requirements. This request must also include supporting documentation from a physician or other qualified professional reflecting a diagnosis of the condition and an explanation of the need for test aids or modifications. ASI will provide auxiliary aids and services, except where it may fundamentally alter the examination or results, or result in an undue burden. Candidates may bring someone with them to assist them with the examination with prior ASI approval. An appointment for the examination will be scheduled within 14 days of submission of all necessary information to ASI. For more information on special services, call the customer service number found in the beginning of this handbook.

ASI recommends, due to the unique nature of each request for special arrangements and the types of variables involved with EXPro testing (testing frequencies as permitted by state licensing agencies and individual test center capabilities), that a candidate requesting special services do so as much in advance of their desired test date as possible. Concerted attempts to offer reasonable accommodations will be made.

## **Test Center Locations and Test Dates**

Information regarding the location and dates available for testing can be found on your state's appraiser fee card. Specific testing locations, reporting times, and directions to the test center will be given to you at the time you call to make your examination reservation.

## **Examination Day**

On the day of your examination candidates must bring the following items to the test center:

1. **Confirmation number**
2. Examination Fee in a cashier's check or money order payable to ASI
3. Two forms of identification, one of which must be photobearing (preferably a drivers license); both must be signature bearing
4. any additional items noted on your state specific fee card, i.e. state issue examination approval

If you do not have all of these items and the required documents on the day of testing, you will not be allowed to test and you will forfeit your examination fee.

Scratch paper will be provided. Candidates will not be permitted to use any other paper.

## **Administration Procedures**

**Arriving at the test center** — When you arrive at the test center, report to the test center registrar. Present your confirmation number and identification. The registrar will gather information from you and will take your picture. This photograph will be printed on your score report.

**Taking your examination** — All examinations will be administered on an EXPro unit. On the day of your examination, you will have an opportunity to go through a tutorial on EXPro. You may take as much time as you want with this tutorial. The time you spend on the EXPro tutorial will not reduce the time allotted to taking your examination. When you feel comfortable with EXPro, you may begin your examination. The timing of the exam begins the moment you look at the first question on the examination.

All candidates will be given 4 hours to take the examination. At the end of this time EXPro will automatically turn off. Within minutes after you complete your examination, your official score

report will be printed. You will leave the Test Center with your score in hand.

Solar calculators should not be used. Lighting conditions for EXPro are such that there may be insufficient light to power a solar calculator. Calculators that are silent, hand-held, battery operated, without paper tape printing capabilities are permitted. Use of any other type of calculator is not permitted. A violation of this will result in dismissal from the examination. You should be aware that calculator malfunctions during an examination are not grounds for challenging the test results or requesting additional examination time. Candidates may take a copy of the "Six Functions of \$1" table for their own use in making calculations. NO SUPPLIES will be furnished at the test center. Candidates are not permitted to take any other material such as textbooks, other books, or papers of any kind (including scratch paper). Candidates found to have any of these or other aids will not be allowed to continue the test, and the state appraiser board will be informed.

No visitors are allowed at the test site. No walk-in testing is available.

## **Inclement Weather**

Test administrations will be delayed or canceled only in emergencies. If severe weather or a natural disaster makes the test center inaccessible or unsafe, the test administration will be canceled. Local radio stations will broadcast any cancellation information on the day of the test administration.

## **Official Score Transfers**

After you have successfully passed the examination, you may request that ASI send an official copy of your test results to another state's credentialing agency. The fee for an official transfer of scores is \$15.00 for each transfer. Use the form found in the back of this handbook and enclose a certified check, bank check, or money order to the address listed on the form.

## **Security**

Any candidate who gives or receives assistance during the examination will be required to turn in his or her test materials immediately and leave the test center. In these circumstances, the candidate's examination will not be scored, and the situation will be reported to the state credentialing agency. The performance of all examinees is monitored and may be analyzed statistically for purposes of detecting fraud. If it is determined that a score has questionable validity, the credentialing agency will be so notified and will determine whether the examinee's scores will be released. Any individual who removes or attempts to remove examination material from the testing site will be prosecuted. Examinees who violate security will not have their examinations processed.

## **Test Results**

Passing candidates will not be given a numeric score. Those who fail will be given a numeric score and diagnostic information as well as directions on how to reapply for a future test.

## **Reexamination Procedures**

If you fail the examination and wish to test again, read all the information provided on your score report. To make an appointment for reexamination, call ASI at the EXPro reservation number listed in this handbook. Have your failing score report available when you call.

## **Test Scores**

Test scores are based on the number of questions answered correctly. You should consider answers to each question carefully and eliminate the least likely ones, instead of randomly selecting an answer. It is better to answer every question than to leave a blank.

Your state appraiser board wants to assure you that candidates have neither an advantage nor a disadvantage because of having taken a particular test at a particular time. For this reason, scores are adjusted for minor fluctuations that may occur in the difficulty level of test questions within different examinations. This statistical adjustment is known as equating. All test results are reported as pass or fail.

## **Duplicate Score Reports**

Candidates may request duplicate score reports at the test center on the day of the testing for a fee of \$10.00 made payable to ASI. Candidates may also request duplicate score reports after the test date by completing the form found in this handbook and sending it with the appropriate fee to the ASI Processing Center. Duplicate score reports will be mailed to candidates within two weeks of the date received.

## **Examination Outline**

The summary content outlines that follow were adopted by the Appraisal Qualifications Board of the Appraisal Foundation. The percentage of questions on the examination from each content area, labeled with a roman numeral, is provided with each major content heading.

**Copyright:** Please note that all examination questions and all other examination materials are copyrighted and the property of ASI. Any distribution of examination content or materials through any form of reproduction or oral or written communication is strictly prohibited and punishable by law.

# Outline for Appraiser Examinations

## (100 questions-Residential; 125 questions-General)

	% of Test Residential	% of Test General
<b>I. Influences on Real Estate Value</b>	<b>3-4%</b>	<b>2-3%</b>
A. Physical and environmental		
B. Economic		
C. Governmental and legal		
D. Social		
<b>II. Legal Considerations in Appraisal</b>	<b>6-8%</b>	<b>7-8%</b>
A. Real estate vs. real property		
B. Real property vs. personal property		
1. Fixtures (General only)		
2. Trade fixtures (General only)		
3. Machinery and equipment (General only)		
C. Limitations on real estate ownership		
1. Private		
a. Deed restrictions		
b. Leases		
c. Mortgages		
d. Easements		
e. Liens		
f. Encroachments		
2. Public		
a. Police power		
(1) Zoning		
(2) Building and fire codes		
(3) Environmental regulations		
b. Taxation		
(1) Property tax		
(2) Special assessments		
c. Eminent domain		
d. Escheat		
D. Legal rights and interests		
1. Fee simple estate		
2. Life estate		
3. Leasehold interest		
4. Leased fee interest		
5. Other legal interests		
a. Easement		
b. Encroachment		
E. Forms of property ownership		
1. Individual		
2. Tenancies and undivided interests		
3. Special ownership forms		
a. Condominiums		
b. Cooperative		
c. Timesharing (Residential only)		
F. Legal descriptions		
1. Metes and bounds		
2. Government survey		
3. Lot and block		

	% of Test Residential	% of Test General
G. Transfer of title		
1. Basic types of deeds		
2. Recordation		
<b>III. Types of Value</b>	<b>3-5%</b>	<b>2-3%</b>
A. Market value or value in exchange		
B. Price		
C. Cost		
D. Investment value		
E. Value in use		
F. Assessed value		
G. Insurable value		
H. Going concern value (General only)		
<b>IV. Economic Principles</b>	<b>7-9%</b>	<b>3-5%</b>
A. Anticipation		
B. Balance		
C. Change		
D. Competition		
E. Conformity		
F. Contribution		
G. Increasing and decreasing returns		
H. Substitution		
I. Supply and demand		
J. Surplus productivity		
K. Opportunity cost (General only)		
<b>V. Real Estate Markets and Analysis</b>	<b>5-7%</b>	<b>5-7%</b>
A. Characteristics of real estate markets		
1. Availability of information		
2. Changes in supply vs. demand		
3. Immobility of real estate		
4. Segmented markets		
5. Regulations		
B. Absorption analysis		
1. Demographic data		
2. Competition		
3. Absorption		
4. Forecasts		
5. Existing space inventory (General only)		
6. Current and projected space surplus (General only)		
7. New space (General only)		
C. Role of money and capital markets		
1. Competing investments		
2. Sources of capital		
D. Real estate financing		
1. Mortgage terms and concepts		
a. Mortgagor		
b. Mortgagee		
c. Principal and interest		

	% of Test Residential	% of Test General
2. Mortgage payment plans		
a. Fixed rate, level payment		
b. Adjustable rate		
c. Buydown		
d. Other		
3. Types of mortgages		
a. Conventional		
b. Insured		
<b>VI. Valuation Process</b>	<b>4-6%</b>	<b>2-4%</b>
A. Definition of the problem		
1. Purpose and use of appraisal		
2. Interests to be appraised		
3. Type of value to be estimated		
4. Date of value estimate		
5. Limiting conditions		
B. Collection and analysis of data		
1. National and regional trends		
2. Economic base		
3. Local area and neighborhood		
a. Employment		
b. Income		
c. Trends		
d. Access		
e. Locational convenience		
4. Site and improvements		
C. Analysis of highest and best use		
D. Application and limitations of each approach to value		
1. Sales comparison		
2. Cost		
3. Income capitalization		
E. Reconciliation and final value estimate		
F. The appraisal report		
<b>VII. Property Description</b>	<b>2-4%</b>	<b>2-4%</b>
A. Site description		
1. Utilities		
2. Access		
3. Topography		
4. Size		
B. Improvement description		
1. Size		
2. Condition		
3. Utility		
C. Basic construction and design		
1. Techniques and materials		
a. Foundations		
b. Framing		
c. Finish (exterior and interior)		
d. Mechanical (General only)		
2. Functional utility		

	% of Test Residential	% of Test General
<b>VIII. Highest and Best Use Analysis</b>	<b>5-7%</b>	<b>5-7%</b>
A. Four tests		
1. Physically possible		
2. Legally permitted		
3. Economically feasible		
4. Maximally productive		
B. Vacant site or as if vacant		
C. As improved		
D. Interim use		
<b>IX. Appraisal Statistical Concepts</b>	<b>1-3%</b>	<b>3-5%</b>
A. Mean		
B. Median		
C. Mode		
D. Range		
E. Standard deviation		
<b>General only:</b>		
F. Compound interest concepts		
1. Future value of \$1		
2. Present value of \$1		
3. Future value of an annuity of \$1 per period		
4. Present value of an annuity of \$1 per period		
5. Sinking fund factor		
6. Installment to amortize \$1 (loan constant)		
<b>X. Sales Comparison Approach</b>	<b>21-24%</b>	<b>10-12%</b>
A. Research and selection of comparables		
1. Data sources		
2. Verification		
3. Units of comparison		
a. Data sources		
Income		
1. Potential gross income multiplier (General only)		
2. Effective gross income multiplier (General only)		
3. Overall rate (General only)		
b. Size		
(1) Square feet		
(2) Acres		
(3) Other		
c. Utility (examples only)		
(1) Rooms		
(General: Motel and apartment units)		
(2) Beds		
(General: Theater seats)		
(3) Other		
B. Elements of comparison		
1. Property rights conveyed		
a. Leased fee/leasehold		
b. Easements		
c. Mineral rights (General only)		
d. Others		
2. Financing terms and cash equivalency		
a. Loan payment		
b. Loan balance		

	% of Test Residential	% of Test General
<ul style="list-style-type: none"> <li>3. Conditions of sale               <ul style="list-style-type: none"> <li>a. Arms length sale</li> <li>b. Personalty</li> </ul> </li> <li>4. Market conditions at time of contract and closing</li> <li>5. Location</li> <li>6. Physical characteristics</li> <li>7. Tenant improvements (General only)</li> </ul>		
<ul style="list-style-type: none"> <li>C. Adjustment process               <ul style="list-style-type: none"> <li>1. Sequence of adjustments</li> <li>2. Dollar adjustments</li> <li>3. Percentage adjustments</li> <li>4. Paired sales analysis</li> </ul> </li> <li>D. Application of sales comparison approach</li> </ul>		
<b>XI. Site Value</b>	<b>4-6%</b>	<b>3-5%</b>
<ul style="list-style-type: none"> <li>A. Sales comparison</li> <li>B. Land residual</li> <li>C. Allocation</li> <li>D. Extraction</li> <li>E. Plottage and assemblage</li> <li><b>General only:</b></li> <li>F. Ground rent capitalization</li> <li>G. Subdivision analysis               <ul style="list-style-type: none"> <li>1. Development cost: direct and indirect</li> <li>2. Contractor's overhead and profit</li> <li>3. Forecast absorption and gross sales</li> <li>4. Entrepreneurial profit</li> <li>5. Discounted value conclusion</li> </ul> </li> </ul>		
<b>XII. Cost Approach</b>	<b>8-10%</b>	<b>9-12%</b>
<ul style="list-style-type: none"> <li>A. Steps in cost approach               <ul style="list-style-type: none"> <li>1. Reproduction vs. replacement cost                   <ul style="list-style-type: none"> <li>a. Comparative unit method</li> <li>b. Unit-in-place method</li> <li>c. Quantity survey method</li> <li>d. Cost service index</li> </ul> </li> <li>2. Accrued depreciation                   <ul style="list-style-type: none"> <li>a. Types of depreciation                       <ul style="list-style-type: none"> <li>(1) Physical deterioration                           <ul style="list-style-type: none"> <li>(a) Curable</li> <li>(b) Incurable</li> <li>(c) Short-lived</li> <li>(d) Long-lived</li> </ul> </li> <li>(2) Functional obsolescence                           <ul style="list-style-type: none"> <li>(a) Curable</li> <li>(b) Incurable</li> </ul> </li> <li>(3) External obsolescence                           <ul style="list-style-type: none"> <li>(a) Locational</li> <li>(b) Economic</li> </ul> </li> </ul> </li> <li>b. Methods of estimating depreciation                       <ul style="list-style-type: none"> <li>(1) Age-life method</li> <li>(2) Breakdown method and sequence of deductions</li> <li>(3) Market extraction of depreciation</li> </ul> </li> </ul> </li> </ul> </li> <li>B. Application of the cost approach</li> </ul>		

	% of Test Residential	% of Test General
<b>XIII. Income Approach</b>	<b>7-9%</b>	<b>20-24%</b>
A. Estimation of income and expenses		
1. Gross market income		
2. Effective gross income		
a. Vacancy		
b. Collection loss		
3. Operating expenses		
a. Fixed expenses		
b. Variable expenses		
c. Reserve for replacements		
4. Net operating income		
B. Operating expense ratios		
1. Operating expense ratio (General only)		
2. Net income ratio (General only)		
3. Break-even ratio (General only)		
C. Gross rent multiplier (Residential only)		
<b>General only:</b>		
D. Direct capitalization		
1. Relevance and limitations		
2. Overall capitalization rate		
3. Gross income multiplier and net income ratio		
4. Band of investment (mortgage equity) techniques		
5. Residual techniques		
a. Land (building value given)		
b. Building (land value given)		
c. Equity (mortgage value given)		
E. Cash flow estimates (before tax only)		
1. Operating years		
a. Estimating NOI with a change in NOI		
b. Estimating NOI using lease information		
c. Cash flow (NOI less mortgage payment)		
2. Reversion		
a. Estimating resale with a change in value		
b. Estimating resale with a terminal capitalization rate		
c. Cash flow (sale price less mortgage balance)		
d. Deductions for costs of sale and legal fees to arrive at a net reversion		
F. Measures of cash flow		
1. Equity dividend rate (cash on cash rate)		
2. Debt coverage ratio		
G. Discounted cash flow analysis (DCF)		
1. Relevance and limitations		
2. Potential gross income and expense estimate		
a. Market vs. contract rents		
b. Vacancy and lease commissions		
c. Tenant improvements and concessions		
3. Discount rates and yield rates (definition and concept but no calculations of yield rate)		

	% of Test Residential	% of Test General
4. Discounting cash flows (from operations and reversion where all cash flows projected in dollar amounts and tables or calculators can be used)		
<b>XIV. Valuation of Partial Interests</b>	<b>1-3%</b>	<b>4-6%</b>
A. Partial interests		
1. Life estates		
2. Undivided interest in commonly held property		
3. Easements		
4. Timeshares		
5. Cooperatives		
B. Interests created by a lease		
1. Leased fee estate		
2. Leasehold estate		
3. Subleasehold (General only)		
4. Renewal options (General only)		
5. Tenant improvements (General only)		
6. Concessions (General only)		
C. Lease provisions		
1. Overage rent		
2. Expense stops		
3. Net leases		
4. Minimum rent		
5. Percentage rent		
6. CPI adjustments		
7. Excess rent		
D. Valuation considerations		
1. Identifying the cash flows to the different interests, including turnover ratios		
2. Discount rate selection for different interests		
3. Relationship between the values of the interests		
<b>XV. Appraisal Standards and Ethics</b>	<b>7-11%</b>	<b>7-11%</b>

## Sample Questions

Only one question format is used on the appraiser examinations. An incomplete statement or a question is presented and followed by four choices. Only one choice out of the four is the correct answer. The following examples show question formats.

1. Reproduction cost is defined as the cost to replace an existing structure at today's cost using:
  - (A) the same materials and design as the original
  - (B) techniques to eliminate functional inefficiencies
  - (C) the same design but modern materials
  - (D) modern methods and designs
2. The process of combining two or more sites under one ownership to obtain an increase in value is known as:
  - (A) excess land
  - (B) summation
  - (C) subdivision development
  - (D) plottage
3. Which of the following sources of market data is the **MOST** accurate for use in the appraisal of a single-family residence?
  - (A) Census data
  - (B) Multiple listing service
  - (C) Title insurance company
  - (D) Appraiser's personal files
4. An overall capitalization rate reflects the relationship between the projected annual net operating income and:
  - (A) investment performance
  - (B) total price or value
  - (C) equity value
  - (D) reversionary benefits
5. Which of the following statistical measures does the figure \$94,500 represent if an appraiser reviews six comparable single-family houses that sold for \$92,000, \$94,500, \$94,500, \$95,000, \$96,000, and \$98,000?
  - (A) Mean
  - (B) Standard deviation
  - (C) Mode
  - (D) Median
6. An investment that is now worth \$100,000 is expected to increase in value at a rate of 10% annually. What will its value be at the end of five years?
  - (A) \$104,327
  - (B) \$161,051
  - (C) \$162,345
  - (D) \$165,386

## Answers to Sample Questions

1. A    2. D    3. D    4. B    5. C    6. B

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## Official Score Transfer Request

**DIRECTIONS:** You may use this form to request that ASI send an official copy of your appraiser examination score to a state other than the one in which you took your examination. Please print or type all information on the reverse of this form. Be sure to give all information and include correct fees, or the request will be returned.

**FEE:** \$15.00

Please enclose **certified check or money order** made payable to "ASI Processing Center." Do not send cash. Write your ASI ID# or social security number on your payment.

**SEND TO:** Appraiser Program Score Transfer  
ASI Processing Center  
718 Arch Street  
Philadelphia, PA 19106

**Amount Enclosed:** \$ \_\_\_\_\_

State(s) to which transcript should be sent:

- (1) \_\_\_\_\_ @ \$15.00  
(2) \_\_\_\_\_ @ \$15.00  
(3) \_\_\_\_\_ @ \$15.00

Print your current name and address below:

Name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone (\_\_\_\_\_) \_\_\_\_\_

If the above information was different at the time you were tested, please indicate original information.

Name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone (\_\_\_\_\_) \_\_\_\_\_

Test taken (check one)  State-Licensed Appraiser  Certified Residential Appraiser  Certified General Appraiser Date taken \_\_\_\_\_ mo/yr

Candidate ID No. \_\_\_\_\_ Social Security Number \_\_\_\_\_ State in which test taken \_\_\_\_\_

I hereby authorize ASI to send to my official score from the Appraiser Program to the agency in state(s) specified.

\_\_\_\_\_  
Candidate's Signature

\_\_\_\_\_  
Date

---

## Request for Duplicate Score Report

**DIRECTIONS:** You may use this form to request that ASI send you a DUPLICATE copy of your appraiser examination score report. Please print or type all information on the reverse of this form. Be sure to give all information and include correct fees, or the request will be returned.

**FEE:** \$10.00 for scores less than two years old.  
\$25.00 for scores more than two years old.

Please enclose **certified check** or **money order** made payable to "ASI Processing Center." Do not send cash. Write your ASI ID# or social security number on your payment.

**SEND TO:** Appraiser Program Duplicate Score  
ASI Processing Center  
718 Arch Street  
Philadelphia, PA 19106

**Amount Enclosed: \$** \_\_\_\_\_

Print your current name and address below:

Name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone ( \_\_\_\_\_ ) \_\_\_\_\_

If the above information was different at the time you were tested, please indicate original information.

Name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone ( \_\_\_\_\_ ) \_\_\_\_\_

Test taken (check one)  State-Licensed Appraiser  Certified Residential Appraiser  Certified General Appraiser Date taken \_\_\_\_\_ mo/yr

Candidate ID No. \_\_\_\_\_ Social Security Number \_\_\_\_\_ State in which test taken \_\_\_\_\_

I hereby authorize ASI to send to me at the address above a duplicate of my score report.

\_\_\_\_\_  
Candidate's Signature

\_\_\_\_\_  
Date

**National Uniform Appraiser Examination™  
Test Center and Fee Card**

**Alaska**

**EXPro**

**Locations & Schedules**

<b>TC Code</b>	<b>Location</b>	<b>Frequency</b>
2260	<b>Anchorage</b> Alaska Junior College 800 East Diamond Blvd. Suite 3-250	Every Saturday*
2261	<b>Fairbanks</b> Univ. of Alaska - Fairbanks 106 Signers Hall	First Saturday of each month except when in conflict with national holidays or holiday weekends, in which case will test on the second saturday
2262	<b>Juneau</b> Breakwater Inn 1711 Glacier Avenue	First Saturday of February, May, August and November

\*Except National Holiday Weekends

**Registration**

To make an appointment to test call ASI's Candidate Care Center at 1-800-274-7488.

Confirmation # \_\_\_\_\_

Test Date \_\_\_\_\_

Location \_\_\_\_\_

Specific information about testing, and directions to the test center will be given when you call to make an examination appointment.

**Fees**

The fee for testing is \$75.00 and is payable by a certified check, bank check, or money order. Cash and personal checks will not be accepted. Fees are nonrefundable and nontransferable.

**Examination Levels**

Examination levels in Alaska are as follows:

<b>Alaska Name</b>	<b>Registration Level</b>
Residential Real Estate Appraiser	A
General Real Estate Appraiser	C

INV#: 2222-00

December 8, 1993

December 8, 1993

# Audit Report



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DEPARTMENT OF COMMERCE AND  
ECONOMIC DEVELOPMENT  
BOARD OF CERTIFIED REAL ESTATE  
APPRAISERS

January 10, 1994

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Audit Control Number:

08-1418-94

Division of Legislative Audit  
P.O. Box 113300, Juneau, Alaska 99811-3300

# LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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## DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from each legislative chamber. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$5 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S. General Accounting Office.

Audits are performed at the direction of the Legislative Budget and Audit Committee. Individual legislators or committees can submit requests for audits of specific programs or agencies to the committee for consideration. Copies of all completed audits are available from the Division of Legislative Audit's offices in either Anchorage or Juneau.

### BUDGET AND AUDIT COMMITTEE

Senator Randy Phillips, Chairman  
Senator Al Adams  
Senator Steve Frank  
Senator Steve Rieger  
Senator Bert Sharp  
Senator Jay Kerttula (alternate)

Representative Terry Martin, Vice Chair  
Representative John Davies  
Representative Mark Hanley  
Representative Ron Larson  
Representative Eileen MacLean  
Representative Sean Parnell (alternate)

### DIVISION OF LEGISLATIVE AUDIT

Randy S. Welker, CPA  
Legislative Auditor  
Merle R. Jenson, CPA  
Deputy Legislative Auditor

P.O. Box 113300  
Juneau, Alaska 99811-3300

(907) 465-3830, Juneau  
(907) 561-1445, Anchorage  
(907) 465-2347, Juneau FAX

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P. O. Box 113300  
Juneau, AK 99811-3300  
(907) 465-3830  
FAX (907) 465-2347

January 10, 1994

Members of the Legislative Budget  
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

### DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT BOARD OF CERTIFIED REAL ESTATE APPRAISERS

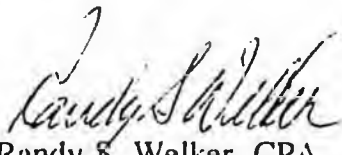
January 10, 1994

Audit Control Number

08-1418-94

The objective of the audit was to determine whether the Board of Certified Real Estate Appraisers (BCREA) should continue its existence. Alaska Statute 08.03.010(7) has scheduled BCREA for termination on June 30, 1994. If no action is taken by the legislature, BCREA has one year in which to conclude its affairs and will be dissolved at June 30, 1995. We recommend that the legislature extend BCREA's termination date to June 30, 1998.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section of this report.

  
Randy S. Welker, CPA  
Legislative Auditor

## TABLE OF CONTENTS

	<u>Page</u>
Objectives, Scope, and Methodology . . . . .	1
Organization and Function . . . . .	3
Background Information . . . . .	5
Report Conclusion . . . . .	7
Findings and Recommendations . . . . .	9
Analysis of Public Need . . . . .	21
Appendices:	
A. Schedule of Revenues Compared with Expenditures . . . . .	27
B. Application, License, and Other Fees . . . . .	28
C. Appraisal Subcommittee Letter and . . . . . Board of Certified Real Estate Appraiser Response	29
Agency Response:	
Department of Commerce and Economic Development . . . . .	37

## OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the intent of Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Certified Real Estate Appraisers (BCREA) to determine whether it should continue in existence.

As required by statute, the legislative committee of reference is to consider this report as part of the oversight process in determining whether BCREA should be reestablished. The law currently specifies that BCREA will terminate on June 30, 1994 and will have one year from that date to conclude its affairs.

The major areas of our examination were board proceedings, licensing, complaint, and affirmative action functions of the board. During the course of our examination, we reviewed and evaluated the following:

1. Applicable sections of state and federal laws and regulations.
2. Tests of files and documents of licensees.
3. Minutes of board meetings, annual reports, and budget documents.
4. Complaints filed with the Division of Occupational Licensing, Equal Employment Office, Human Rights Commission, the Ombudsman's closed case files, and the Department of Law.
5. Interviews with employees of the Department of Commerce and Economic Development, Division of Occupational Licensing.
6. Interviews with Appraisal Subcommittee personnel of the Federal Financial Institutions Examination Council.
7. Interviews with Appraisal Qualifications Board personnel of The Appraisal Foundation.
8. Discussions with board members.
9. Interviews with Alaska certified real estate appraisers and courtesy licensees.

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## ORGANIZATION AND FUNCTION

The Board of Certified Real Estate Appraisers (BCREA) was created by the Alaska State Legislature in 1990 after the enactment of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) guidelines of 1989. An amendment to FIRREA extended to no later than December 31, 1992 the deadline by which all appraisals in connection with federally related transactions must be performed by state licensed or state certified appraisers (see Background Information).

### Membership on board

BCREA (see inset at right) consists of five members. By statute, the membership of the board consists of at least one general real estate appraiser licensed in the State, one residential real estate appraiser licensed in the State, one mortgage banking executive, and one person from the general public.

#### **BOARD OF CERTIFIED REAL ESTATE APPRAISERS**

**Alfred J. Ferrara, General Real Estate Appraiser**  
**Thomas P. King, Residential Real Estate Appraiser**  
**Chris Anderson, Mortgage Banking Executive**  
**Joseph P. Donahue, Public Member**  
**Ken Kincaid, Member at Large**

### Duties of the board

Alaska Statute 08.87 defines BCREA's authority, purpose, and scope of work. BCREA establishes examination specifications for certification as a real estate appraiser, adopts rules of professional conduct to establish and maintain a high standard of integrity in the real estate appraisal profession, and adopts regulations necessary to carry out the purposes of statutes.

BCREA certifies general real estate appraisers, residential real appraisers, institutional appraisers, and real estate trainees. Courtesy licenses are also issued for state certified real estate appraisers temporarily practicing in Alaska, (see Recommendation No. 3). Qualifications for certification as a general and residential real estate appraiser include education related to real estate appraisal and real estate standards. In addition, experience in real property appraisal and passing a state examination endorsed by the board are required for certification. The qualifications for receiving an institutional appraisal certificate are that the applicant is a full-time employee of a financial institution with offices in the state and the applicant meets education and testing requirements. The requirements to become a registered real estate trainee are thirty hours of courses in subjects related to real estate appraisal from an appraisal organization or institution approved by the board and employment under the direct supervision of a certified real estate appraiser.

Real estate appraisal certificates are renewed biennially. The next biennial renewal date is June 30, 1995. Renewal requires the certified appraiser to complete a renewal application, provide evidence of continuing education, and submit a license fee. Courtesy licenses may not be renewed.

### Duties of the Department of Commerce and Economic Development (DCED)

DCED provides administrative and investigatory assistance to BCREA. Administrative assistance includes budgetary services and functions such as: collecting fees, maintaining files, receiving and issuing application forms, and publishing notice of examinations and meetings. On its own initiative, DCED may conduct an investigation if it appears a person has engaged or is about to engage in a practice over which DCED has authority. DCED can issue an order that the person stop the practice, bring an action in superior court to enjoin the act, examine the books and records of a person, and issue subpoenas for the attendance of witnesses and records.

## BACKGROUND INFORMATION

The Board of Certified Real Estate Appraisers (BCREA) was created by the Alaska State Legislature in 1990 in response to the passage of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act<sup>1</sup> (FIRREA) of 1989. The impetus in getting FIRREA passed was the savings and loan crises. In certain instances, the value of property returned to financial institutions through loan defaults was significantly less than the appraised value at the time of loan origination. Part of the problem was thought to be substandard work by unregulated real estate appraisers. Section 1101 of Title XI states the purpose of FIRREA:

*to provide that Federal financial interests in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.*

FIRREA established the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC). FFIEC ensures that rules and regulations are consistent among the various member organizations. ASC is composed of six members, each of whom is designated by the head of the agency. The subcommittee includes the Department of Housing and Urban Development and the following five Federal Financial Institutions Regulatory Agencies:

Board of Governors of the Federal Reserve System  
Federal Deposit Insurance Corporation  
Office of the Comptroller of the Currency  
Office of Thrift Supervision  
National Credit Union Administration

Section 1103 of Title XI sets out ASC's general responsibilities. These include:

1. Monitor the certification and licensing requirements established by states, territories, and the District of Columbia to determine whether the policies, practices and procedures are consistent with Title XI. Enforce the states' compliance with the requirements of Title XI.
2. Monitor the requirements established by the five Federal Financial Institutions Regulatory Agencies and the Resolution Trust Corporation regarding appraisal

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<sup>1</sup>U.S. Code 3331 - 3351, Title XI, Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

standards for federally related transactions and determine which federally related transactions will require the services of state licensed or state certified appraisers.

3. Maintain a National Registry of state licensed and state certified appraisers qualified to perform appraisals in federally related transactions.
4. Monitor and review the practices, procedures, activities and organizational structure of the Appraisal Foundation.
5. Transmit an annual report to Congress regarding the activities of ASC during the preceding year.

In the early 1980's a memoranda was issued by the Federal Home Loan Bank Board that created an extensive debate within the appraisal community. Because of the memoranda and debate, appraisers felt uniform appraisal standards would be a move toward professionalism. Nine major appraisal organizations formed a committee of representatives who drafted the Uniform Standards of Professional Appraisal Practice (USPAP). These standards were adopted by the nine organizations as well as by clients who regularly hire appraisers.

An independent appraisal standards board was established by eight member organizations to review appraisal advancements and keep USPAP standards current. To create the independence desired and provide a funding mechanism The Appraisal Foundation was formed whose sole purpose would be to provide the funding and appoint the members of the Appraisal Standards Board (ASB). As a result of the national savings and loan crisis, The Appraisal Foundation also formed the Appraiser Qualifications Board (AQB) to promulgate minimum criteria that appraisers should meet in order to perform certain assignments. AQB and ASB were given significant responsibilities by FIRREA.

1. AQB establishes the qualification criteria for state certification of appraisers. AQB has also been given the charge of reviewing and endorsing state real estate appraiser examinations.
2. ASB sets forth the rules for conducting an appraisal and reporting its results. This is accomplished through the promulgation of the USPAP.

## REPORT CONCLUSION

In accordance with AS 08.03.010(7), the Board of Certified Real Estate Appraisers is presently scheduled for termination on June 30, 1994. If no action is taken by the legislature, the board has one year in which to conclude its affairs and will be dissolved at June 30, 1995. We recommend that the legislature extend the board's termination date to June 30, 1998.

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## FINDINGS AND RECOMMENDATIONS

### Recommendation No. 1

The legislature should extend the Board of Certified Real Estate Appraisers (BCREA) termination date to June 30, 1998.

BCREA has been given the responsibility in statute to establish the examination specifications for certification as a general real estate appraiser, as a residential real estate appraiser, and as an institutional appraiser; adopt rules of professional conduct to establish and maintain a high standard of integrity in the profession; and adopt regulations necessary to meet statutes. These functions are necessary to meet federally mandated appraisal guidelines. Failure to meet federal requirements could cause the State to risk the loss of opportunity to participate in a number of federal programs.

As discussed in Analysis of Public Need on page 10, the board has only been partially successful in meeting their public interest mandate. As of June 30, 1993, BCREA has licensed 151 certified real estate appraisers. However, additional statute and regulation changes are needed to comply with federal law and to meet consumer needs. In experience requirements, BCREA's requirements are more stringent than recommended (see Recommendation No. 3); BCREA's education requirements are less rigorous than the recommended standard (see Recommendation No. 4). In addition, annual reports required to be submitted to the state legislature were not prepared (see Recommendation No. 7).

While BCREA has not been entirely effective at working in the public interest, we recommend that the legislature extend BCREA's termination date to June 30, 1998. Implementation of the following recommendations will assist the board in meeting public interest.

### Recommendation No. 2

The certification of real estate appraisers in Alaska should be mandatory for all appraisers.

The Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council allows state licensed appraisers to do the appraisals on 1 to 4 unit single family residential property. A state licensed appraiser is defined as an individual who has satisfied the requirements for state licensing in a state or territory. ASC requires state certified real estate appraisers for all federally related transactions having a value of \$1,000,000 or more and for certain other large, or complex appraisals. A state certified real estate appraiser is any individual who has satisfied the requirements for state certification, whose criteria currently meets the minimum issued by the Appraiser Qualification Board (AQB) of the Appraisal Foundation.

Alaska does not have a licensed real estate appraisers classification. Instead, the state considers all applicants who meet BCREA's criteria to be certified. However, Alaska Statute 08.87.340, states that nothing in BCREA's statutes precludes a person who is not certified as a real estate appraiser from appraising real estate for compensation if the person does not hold out to be a certified appraiser and if appraisal by a certified appraiser is not required by federal law.

In our opinion, this two-tier system of having both certified and uncertified real estate appraisers operating in the public arena is confusing. At least one case has been filed in the past two years with the Department of Commerce and Economic Development, Division of Occupational Licensing's (OL's) investigation section regarding unsuitable work performed by a non-certified appraiser. If there is a determined need for federal and state regulation of real estate appraisers in certain instances, we believe public protection is warranted for all real estate transactions. The board resolved at their December 16, 1991 meeting to recommend that appraiser certification be mandatory by January 31, 1995 for anyone who holds themselves out as doing appraisal work in Alaska. We recommend that the board continue its efforts to seek revision of the BCREA statutes so that real estate certification is mandatory for all real estate appraisal transactions.

### Recommendation No. 3

BCREA statutes and regulations should be revised to remove barriers which significantly limit non-resident appraisers from practicing in this State.

ASC visited Alaska in July 1993 for a field review of the Alaska appraiser regulatory scheme. BCREA was created by the Alaska State Legislature in 1990 in response to the passage of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. A copy of ASC's letter and the BCREA response can be found at Appendix C. Recommendation Nos. 3 and 4 contain some of the same issues discussed in ASC's letter.

A. BCREA courtesy license regulations are unduly restrictive for non-resident appraisers who desire to temporarily practice in Alaska.

BCREA has adopted regulations for courtesy licensing, which allows an appraiser certified in another state to temporarily practice in Alaska as a real estate appraiser. Alaska's regulation 12 AAC 70.920 grudgingly allows temporary practice under the following limited conditions.

1. In order to obtain a courtesy license, a nonresident who is a licensed or certified real estate appraiser in another state must affiliate with a real estate appraiser in Alaska who holds an equivalent or higher level of certification.
2. The licenses are only valid for a 30-day period and may not be extended or renewed.

3. Only one courtesy license may be issued per person in a calendar year.

ASC Statement 5 relating to temporary practice states that, "*Title XI requires a State agency to recognize on a temporary basis the certification or license of an appraiser from another State.*" In their follow-up letter to July 1993 field review, ASC expressed their interpretation as "*Title XI envisions temporary practice as a right which should be extended by means of a registration process to appraisers licensed or certified in good standing by one State wishing to practice temporarily in another State.*" ASC has a series of concerns with Alaska's regulations regarding courtesy licensing.

Since its inception through November 1993, BCREA has only issued 2 courtesy licenses. Alaska's requirement that an appraiser who is already certified in another state affiliate with a local appraiser is burdensome in several aspects. The ease in finding a local appraiser willing to sign and otherwise take responsibility for the appraisal report can be very difficult. In some cases, the out-of-state appraiser may have obtained the job because of special technical knowledge in the subject that was not available within the State. If the appraiser does find a local appraiser with whom to affiliate, he or she may be placed in the awkward position of having to convince the local appraiser to sign an appraisal report on a subject on which the local appraiser lacks expertise. One out-of-state appraiser described this as having to pay to train the person with whom he became affiliated.

The courtesy license is only good for 30 days. ASC believes that "temporary" is best measured by one or more specific appraisal assignments and not by a fixed time period or number of properties to be appraised. For temporary practice purposes, ASC regards the term "assignment" as meaning one or more real estate appraisals and written appraisal reports which are covered by a contract to provide an appraisal. The application fee is \$50 and license fee is \$100 for a courtesy license.<sup>2</sup> ASC believes the fees for a courtesy license are higher than warranted by the intent of Title XI, which only requires an appraiser to register with the state in which he or she plans to temporarily practice.

The regulations in Alaska do not promote the temporary practice for an appraiser licensed or certified in another state. The State's requirements for out-of-state appraisers to practice temporarily in Alaska are contrary to the intent of the temporary practice provision in FIRREA as further defined in the ASC policy statements. The requirements may be viewed as creating an artificial barrier to the unconstrained movement of appraisers across state lines as envisioned by Title XI. We recommend BCREA revise regulations relating to courtesy licenses to remove artificial barriers and comply with the intent of FIRREA.

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<sup>2</sup>Application fees for all classifications of real estate appraisers in Alaska is \$50 and the biennial license fee is \$250 for general real estate appraisers, residential real estate appraisers, and institutional real estate appraisers.

B. BCREA does not have a reciprocity policy with any other state and its endorsement provision is not often exercised.

BCREA adopted a regulation which was effective July 16, 1992 relating to application for certification by endorsement for a general or residential real estate appraiser certificate. Among other requirements for application of certification by endorsement, 12 AAC 70.120(3) requires verification of an applicant's out-of-state certificate or license that was issued based upon "substantially equivalent" general or residential real estate appraiser certification requirements in this State.

As of the end of FY 93, the BCREA had issued three certificates for general real estate appraisers and one certificate for residential real estate appraisers by endorsement. However, most applicants who had been licensed or certified in another state chose to obtain certification by examination, education, and experience rather than by endorsement. The licensing examiner and board members explained that applicants who meet the experience and education qualifications to practice in Alaska find it administratively easier to apply for direct licensure. To apply by endorsement, the applicant has to fill out authorization for information request with the licensing examiner and wait for the original certifying state to respond. Since Alaska's experience requirement is more rigorous than most states, the applicant would then have to provide proof of recent work experience that would be in addition to information provided by the originating state.

As mentioned in Recommendation No. 4, the State must develop criteria which at a minimum meets the guidelines issued by AQB on qualification criteria needed for certified real estate appraisers. Individual states have the authority to develop their own licensing requirements in excess of the recommended minimum. BCREA experience requirements for certified general real estate appraisers are the most stringent in the nation. Information from ASC's 1992 annual report indicates that most states require 2 years or 2,000 hours of experience, with each 1,000 hours being considered the equivalent of one year experience, as recommended by AQB. The following table, which is based on information from ASC's 1992 annual report, shows those states with an experience requirement different than AQB's minimum requirement.

The table on the opposite page indicates that while five states have exercised the option of having higher experience requirements than that recommended by AQB, Alaska's experience requirements are among the highest. Alaska's experience requirement for certified residential real estate appraisers is one year greater than the AQB standard. Alaska's experience requirement for certified general real estate appraisers is two years more than the AQB standard. We recommend that BCREA's statutes regarding experience requirements be changed to make those requirements more in line with other states. This statute change should facilitate mobility of appraisers certified in other states into Alaska.

Experience Requirements	Certified Residential Real Estate Appraiser	Certified General Real Estate Appraiser <sup>1</sup>
AQB	2 years	2 years, 1 year in non-residential
Alaska	3 years or 2 years experience as a registered trainee	4 years or 3 years experience as a registered trainee
Arizona	2,000 hours and 3 appraisal reports	2,000 hours and 3 appraisal reports
Louisiana	2 years	3 years
Nevada	2,400 hours	3,600 hours
Washington	3,000 hours	3,000 hours

#### Recommendation No. 4

BCREA should seek statutory amendment(s) in order to reflect updated AQB criteria and ASC guidance. BCREA would need to develop regulations to meet the statutory changes.

- A. The education criteria for Alaska's residential real estate appraiser certification does not meet AQB requirements.

AQB sets a minimum education requirement for certified residential appraisers as 105 hours through December 31, 1993 and will require a minimum of 120 hours for certification as of January 1, 1994. However, AS 08.87.110(b)(2) only requires 60 hours of classroom instruction for certified residential real estate appraisers. ASC points out the State has identified to the public and has represented on the Federal registry the residential appraisers the State has certified as being able to perform a scope of practice equal to that of AQB. ASC expresses concern that this error could be misleading to the public and to users of appraisals.

The discrepancy between state education requirements for certified residential appraisers and AQB minimum requirements was caused by changes since the enactment of FIRREA. BCREA approved a revision to the statute which increases the required educational hours to 120 hours by January 1, 1994 and to 165 hours by January 1, 1995. However, the board was not successful in getting a bill sponsored with this provision during the 1993 legislative session. Therefore, the provision cannot become effective by January 1, 1994. According to board members, BCREA plans to seek statutory amendment of this education requirement in the 1994 legislative session.

Alaska needs to revise the BCREA statutes concerning the education requirement for certified residential real estate appraisers to comply with FIRREA. Without the statutory

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<sup>1</sup>AQB requires half of the two years of qualifying real estate appraisal experience for general real estate appraisers to be in non-residential appraisal work. Non-residential is defined as one to four residential units. Alaska also requires half of the appraisal experience for general real estate appraisers to be in non-residential appraisal work.

change, residential real estate appraisers' ability to appraise federally related transactions which fall under FIRREA may be jeopardized. ASC states that unless appraisers certified in Alaska can demonstrate meeting AQB's minimum education requirements, the State must identify those appraisers not meeting requirements in their federal registry submission and ASC will classify those appraisers as licensed, but not certified. However, we believe increasing the education requirement for certified residential appraisers to 165 hours, effective January 1, 1995, is excessive given the current proposal by the AQB to only increase the requirement to 135 hours in 1997. An excessive increase in education requirements could be construed as a further barrier to entry to the real estate appraiser profession in Alaska (see Recommendation No. 3).

B. BCREA regulations may be viewed as discriminatory regarding the acceptance of education from a member organization of the Appraisal Foundation.

BCREA requires in 12 AAC 70.140 that an applicant's classroom hours of instruction must have been completed through courses offered by a member/sponsor of the Appraisal Foundation or a regionally accredited junior college, college, or university. The Appraisal Foundation is a not-for-profit educational corporation established in 1987 by the appraisal profession in the United States. ASC strongly urges BCREA to remove the special recognition of educational offerings of sponsors of the Appraisal Foundation, because ASC believes limited recognition could be viewed as discriminatory.

This regulatory requirement approving courses given by any member organization of The Appraisal Foundation is contrary to ASC policies. ASC believes State regulatory agencies should review their internal procedures and take steps to ensure all educational course providers are afforded equal treatment. We concur with ASC's concern and recommend BCREA change regulations to reflect the acceptance of educational offerings of all providers whose course content is approved in BCREA's review process.

Recommendation No. 5

OL should investigate complaints regarding the competency of certified real estate appraisers in a timely manner.

We found instances where OL did not follow up on investigative cases regarding the competency of certified real estate appraisers in a timely manner. Two cases we reviewed were received in June of 1992 and another one was received in November of 1992. Investigative activity did not occur for these three cases until June 30, 1993. In our opinion, the time between receipt of the complaints and the start of investigation was excessive.

The division has established priorities for responding to cases among the different license or certification categories they are charged with investigating. The most egregious cases, which represent an immediate danger to public health and safety, are responded to immediately. Usually these cases involve health care professionals. For other cases, such as those

involving real estate appraisers, response may be delayed while the investigator deals with higher priorities.

While we understand OL's need to prioritize investigations, monitoring compliance with statutory and regulatory requirements is very important to any licensing or certification program. If an investigation takes too long, the public's perception of the reliability of State licensing or certification will be diminished. We recommend OL work cases on a timely basis to ensure public confidence in Alaska's real estate appraisal profession.

#### Recommendation No. 6

The Office of the Governor (Boards and Commissions) should appoint BCREA board members in a timely manner.

Two BCREA board members were not appointed in a timely manner by the Office of the Governor. Alaska Statute 08.01.020 states that board members are appointed by and serve at the pleasure of the governor. The initial residential real estate appraiser member served on the board until May 1991; the successor was not appointed until January 1992. The initial public member resigned July 1991 and was not replaced until November 1991. Boards and Commissions explained that possible nominees contacted for the residential real estate appraiser seat were not qualified at that time and public memberships are often difficult to fill.

The board met during the time period that these board seats remained unfilled. The board did not have a residential real estate appraiser at one board meeting in FY 91 and two board meetings in FY 92. The board did not have a public member at the first board meeting in FY 92. Timely appointment of board members is critical, particularly for boards like BCREA which only has five board members. A full board is necessary to improve the possibility of meeting quorum to conduct business and achieve the representation balance mandated by the legislature. Since occupational licensing boards are composed of people from varying backgrounds and interests, a full board helps ensure that all interests and sides are represented. We recommend that future appointments be made in a timely manner.

#### Recommendation No. 7

BCREA should prepare and submit required annual performance reports to the Department of Commerce and Economic Development (DCED).

Alaska Statute 08.01.070(10) requires BCREA to submit an annual performance report before the end of the fiscal year to the department. The performance report should state the board's accomplishments, activities, and needs. BCREA did not submit annual reports for FY 91 and FY 93.

Annual reports assist the executive and legislative branches of government in proposing legislative and regulatory changes to benefit the board. The annual report also serves as a mechanism to track the progress the board has made in the past fiscal year in meeting its goals and objectives and announces the board's goals and objectives for the next fiscal year. The board deprives the public of this potentially helpful information and oversight by not submitting the annual reports. We recommend that BCREA prepare and submit future annual reports to DCED as mandated by law.

#### Recommendation No. 8

OL should continue their efforts to adequately provide public notice of board meetings and application deadlines for examinations.

OL has not consistently provided adequate public notice of board meetings and application deadlines for examinations. Alaska Statute 08.01.050 requires the department to publish notice of examinations and meetings. Alaska Statute 44.62.310 requires reasonable notice for all meetings required to be open. The notice must include the date, time, and place of the meeting and, if the meeting is by teleconference, the location of any teleconferencing facilities that will be used.

OL's internal policy defines reasonable notice as at least two weeks before a regularly scheduled meeting, at least one week prior to an unplanned teleconference, and at least 30 days before an examination deadline. OL provided adequate public notice for board meetings and examinations held in FY 93, with one exception. OL did not receive evidence that the public notice for one exam was actually published in a newspaper.

In FY 92, OL did not publish public notice for two examinations at all. In addition, OL did not have an affidavit of publication to provide evidence that one examination was actually published in newspapers. Therefore, OL could not be sure the goal of adequately notifying the public of meetings and examinations was met.

OL has a large volume of public notices and the division's public notice process is very labor intensive. OL is in the process of initiating a system to automate the public notices. OL should continue their efforts to automate the public notice process in order to ensure adequate public notice.

#### Recommendation No. 9

BCREA should consult the Department of Law (Law) to determine whether policies in the BCREA policy manual should be adopted into regulation.

OL staff created a BCREA policy manual covering a number of topics, which include application review deadline, interpretation of land appraisals/complex appraisals, educational

approval policy, experience credit, reciprocity/endorsement letter policy, and issuance of courtesy license by licensing examiner.

Alaska Statute 44.62.640(a)(3) of the Administrative Procedures Act defines "regulation" to include, "'manuals,' 'policies,' 'instructions,' 'guides to enforcement,' 'interpretative bulletins,' 'interpretations,' and the like, that have the effect of rules, orders, regulations, or standards of general application. . ." If the BCREA policy manual has these effects, then the policies should be in regulation.

The regulation process allows a period of time for public comment on a policy. In addition, if the policy is in regulation, the public is aware of what to expect before the board acts. The board should consult with Law to determine whether any existing policies should be adopted into regulation.

#### Recommendation No. 10

The Department of Commerce and Economic Development (DCED) should continue to work with the Office of the Governor, Office of Management and Budget (OMB) in establishing fee levels for occupational licensees that are more reflective of the actual regulatory cost of the occupation.

OL's methodology for determining FY 93 fees allocates costs to a board or occupation in one of two ways. Some costs, termed direct costs by OL, are directly distributed to a specific licensing program. Direct costs include personnel assigned to one specific occupation, travel associated with board business, public notices of board proceedings, and printing of board applications and statute booklets. Other costs, termed indirect costs, are allocated based upon the percentage of licensees in each occupation compared to the total number of occupational licensees. These costs include the expenditures associated with licensing examiners', investigators', hearing officers', management's, and clerical staff's time.

Effective August 24, 1992, DCED was required to establish fee levels so that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation (AS 08.01.065(c)). Prior to FY 93, DCED could establish fees that reflected, but did not exceed, the actual costs of the activity for which the fee was charged and could establish a fee at less than full cost if they deemed it unreasonable to impose the full cost of the activity on the licensee.

Our office and OMB have both reviewed OL's cost allocation methodology to determine if it is sufficient to meet the requirements of AS 08.01.065(c). Both our office and OMB do not believe that OL's cost allocation methodology distributes costs reflective of the actual effort spent. The primary disparity involves the classification of licensing examiners', investigators', and hearing officers' time. The manner in which these three categories of employees' cost have been allocated prior to FY 94 can cause occupations with a large

number of licensees to absorb costs that are not reflective of the actual effort spent regulating their profession.

In addition to our concerns with OL's cost allocation methodology, we found problems in how they distributed costs in their calculation of a two-year average of expenditures used in determining FY 93 license fees. The percentages applied to allocate indirect costs were not always correct. These inconsistencies were caused by formula errors on spreadsheets prepared by OL staff. Also, documentation supporting some expenditures on the spreadsheets has not been retained. Review of selected current information available does not confirm these numbers. As discussed with OL staff, we recommend that OL retain original supporting documentation in their future distributions of costs.

In their September 1993, *Occupational Licensing Fee-Setting Policy Assessment* report OMB made seven recommendations to OL on how to allocate costs so that the intent of AS 08.01.065(c) is met. According to OMB's report, "A follow-up review for this project will be scheduled for March 1994." DCED has recently indicated that, for the determination of the FY 94 fees, they will allocate costs for licensing examiners, investigators, and hearing officers based on estimated time spent by those employees, with periodic adjustments to actual time spent in accordance with our office and OMB's recommendations. As of November 1993, the allocation of direct and indirect costs using FY 93 expenditure data has not been performed.

DCED should continue to work with OMB in establishing fee levels for occupational licensees that are more reflective of actual regulatory cost of the occupation.

#### Recommendation No. 11

OL should request statutory changes to AS 08.01.050 and AS 08.01.070 to clarify responsibilities for the taking of board meeting minutes and production of an annual report.

Alaska Statute 08.01.050 establishes DCED's administrative duties for professional licensing boards. Alaska Statute 08.01.070 identifies the administrative duties of the boards. Included in the board's responsibilities are the taking of minutes and records of all proceedings, forwarding of a draft of the minutes of proceedings to the department within 20 days after the proceedings, and submission of an annual performance report to the department before the end of the fiscal year. However, we found that OL rather than the board performed these duties.

For example, the licensing examiner is responsible for tape recording the board proceedings, recording votes, taking notes, and preparing the minutes. OL also compiles much of the information in the board's annual report. OL has the records needed to determine statistics such as the number of licenses issued and examinations given and passed.

We recommend that OL review the statutes and request changes that reflect actual responsibilities and timelines that are both practical and timely.

Recommendation No. 12

OL should develop and implement written policies and procedures for reporting potential violations of the Executive Branch Ethics Act to the Department of Law (Law).

The Alaska Executive Branch Ethics Act (AS 39.52) requires members of boards and commissions to disclose potential violations of that Act to their designated supervisor. The designated supervisor for members of a board is the chair or acting chair of the board. Functionally, OL staff advise the professional licensing boards associated with them as to the reporting necessary for compliance with the Ethics Act, as does Law. Disclosures by board members are compiled by OL for submission to Law. These reports are required to be submitted on a quarterly basis. Law reviews these submissions and makes available to the public a summary of the reports received with sufficient deletions to prevent disclosure of a person's identity.

These reports have not been submitted in a timely manner. In 1991, no reports were submitted to Law. In 1992, reports were submitted three to six months after the end of the quarter. In 1993, the first two quarters' reports were submitted in July. In addition, division personnel have indicated that there is some confusion as to what should be reported. While staff at Law believe that OL understands what should be reported, written policies and procedures governing the reporting of potential ethical violations would benefit OL as well as board members. There would be clear criteria for OL staff to follow as to what should be reported as well as when it should be reported.

Recommendation No. 13

OL should, in conjunction with the Equal Employment Opportunity Office (EEO), review applications forms used by OL for licensure to assure that personal questions of a potential discriminatory nature are essential for prudent licensure.

EEO within the Department of Administration, Division of Personnel discourages agencies from asking applicants information on sex, height, weight, and hair and eye color. If an applicant were denied a license, the board or OL may find it difficult to prove that there was no discrimination involved if this type of information was used while reviewing the application for licensure.

Application forms used by OL should be reviewed with EEO to assure that personal questions of a potential discriminatory nature are essential for prudent licensure.

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## ANALYSIS OF PUBLIC NEED

### Limited Analysis

The following analyses of board activities relate to the public need factors defined in the "sunset" law, Alaska Statute 44.66.050. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

#### *The extent to which the board, commission, or program has operated in the public interest.*

The board has operated in the public interest to the extent the board has established examination specifications, adopted rules of professional conduct, and adopted regulations to carry out statutes. The Board of Certified Real Estate Appraisers (BCREA) licensed 151 qualified applicants as of fiscal year end 1993.

However, during our review we found some of the requirements to obtain a courtesy license or an endorsement in the State to be excessively rigorous (see Recommendation No. 3). BCREA has adopted regulations to allow for temporary practice in Alaska as a real estate appraiser. The regulations in Alaska do not promote the temporary practice for an appraiser already licensed or certified in another state; rather, current regulations grudgingly allow temporary practice under certain limited conditions (see Recommendation No. 3. A.).

Alaska does not have reciprocity agreements with any other states. The board has adopted a certification by endorsement regulation. However, it is administratively easier for the candidate to apply for certification through examination and provide the experience and education to Alaska than seek certification by endorsement. This is because no other state has as rigorous experience requirements as Alaska (see Recommendation No. 3. B.).

The education requirement for certified residential real estate appraisers in Alaska do not meet the Appraiser Qualification Board (AQB) requirements. AQB currently requires 105 hours for initial certification for certified residential real estate appraisers. As of January 1, 1994, the requirement will increase to 120 hours and AQB proposes to increase the requirements to 135 hours in 1997. BCREA needs to revise statutes concerning the education requirement for certified residential real estate appraisers to comply with FIRREA. The board has approved a revision to the law which increases the current required 60 educational hours to 120 by January 1, 1994, and to 165 hours by January 1, 1995. However, we believe increasing the education requirement to 165 hours is excessive compared to AQB's minimum standards. BCREA's proposed education requirements for certified residential real estate appraisers could be construed as a further barrier to entry to the real estate appraiser profession in Alaska (Recommendation No. 4).

*The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.*

Two positions on BCREA were not filled by the Office of the Governor in a timely manner. A certified residential real estate appraiser position remained vacant for seven months and a public member position remained vacant for three months (see Recommendation No. 6).

The board is required by law to prepare and submit annual performance reports to the Department of Commerce and Economic Development (DCED). BCREA annual reports were not prepared for FY 91 and FY 93 (see Recommendation No. 7).

*The extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.*

BCREA members have expressed concern about the lack of support for statutory changes received from the Office of the Governor. BCREA needs to have statutes amended on the education requirements for certified residential real estate appraisers in order to comply with national standards (see Recommendation No. 4). In order to get the legislation introduced, BCREA members were advised by the Office of the Governor to find a friendly legislator. Board members believe the Office of the Governor should provide the necessary support to them and other boards whose members are appointed by the governor.

Alaska Statute 08.87.110(e), which provided for a limited certification for persons not meeting the residential or general real estate qualifications, was rewritten to allow for the certification of institutional appraisers. BCREA notes in its FY 92 annual report that the board participated in discussions with the lending community relative to institutional appraisers and opposed the legislation as proposed. The reason stated was the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) guidelines require education, experience, and testing. Alaska's proposed statute did not have an experience requirement. Despite BCREA's opposition, the statute was adopted without an experience requirement.

*The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.*

Since October 1992, a public comment period has been set aside in the agenda for each board meeting. However, as explained in Recommendation No. 8, the Department of Commerce and Economic Development (DCED), Division of Occupational Licensing (OL) needs to improve its public notice for meetings and examinations. Inadequate public notice reduces the opportunity for interested persons to participate.

*The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.*

Draft regulations developed by BCREA for Institutional Real Estate Appraisers were properly advertised for the required amount of time. When the public notice period ended in May 1993, no public comment had been received.

*The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.*

There have not been any complaints filed against BCREA with the Office of the Ombudsman. There have not been any ethics violations against board members filed with the Department of Law.

Seven cases were filed with DCED regarding BCREA denying applicants' licensure; four cases were closed or delayed by the complainant's request or by the board re-reviewing the application and approving the license. In one case, the hearing officer supported the board's decision. In two cases, the hearing officer recommended approval of the license, but the board rejected the hearing officer's decision.

*The extent to which the board or commission which regulates entry into an occupation or profession has presented qualified applicants to serve the public.*

According to BCREA's statistical summary for FY 93, which was prepared by the board's licensing examiner, the State of Alaska has licensed 1151 real estate appraisers and issued one courtesy license. The total is comprised of 64 certified general real estate appraisers, 66 certified residential real estate appraisers, 21 registered trainees, and 0 institutional real estate appraisers. Institutional real estate appraisers have not been licensed because those regulations are not yet in effect. During our testing, we found no instances where BCREA had certified unqualified applicants.

However, ASC identified possible barriers limiting entry into the profession and areas where Alaska's statutes and regulations do not meet federal mandates. We discuss ASC's and our concerns in Recommendation Nos. 3 and 4. The board should be vigilant in making BCREA statutory revisions to ensure real estate appraiser requirements are not rigorous to the point of excluding qualified competitors from licensure in the real estate appraiser profession.

*The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.*

We found no evidence that the board was not complying with state personnel practices, including affirmative action, in qualifying applicants. Each time the board has denied an applicant a license the reason has been based on experience requirements and not personal attributes of the applicant. However, the certified real estate appraisers' application requests information questioned by the Department of Administration, Division of Personnel, Equal Employment Opportunity division (see Recommendation No. 13).

*The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.*

Please refer to the previous section, Findings and Recommendations.

APPENDICES

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APPENDIX A

Department of Commerce and Economic Development  
Board of Certified Real Estate Appraisers  
Schedule of Revenues Compared with Expenditures  
(Unaudited)  
(Note 1)

Revenues (Note 2)	\$5,430
Expenditures (Note 3)	<u>4,001</u>
Excess of Revenues over Expenditures (Note 3)	<u>\$1,429</u>

Note 1

The Schedule of Revenues Compared with Expenditures was prepared from discussions with Division of Occupational Licensing (OL) personnel and from OL prepared documents comparing revenue and expenditures for fee determination. The records were not audited by us and, accordingly, we do not express an opinion on the Board's Schedule of Revenues Compared with Expenditures.

Note 2

A significant portion of revenues is comprised of license renewal fees. For the current fee structure, see Appendix B. Licenses are renewed biennially. Because of the renewals, revenues vary substantially year to year. Therefore, OL combined revenues collected in FY 90 and FY 91 and calculated an average in order to obtain a representative amount of annualized revenues collected for comparison with expenditures.

Note 3

Expenditures consist of direct costs resulting from board member activities, (i.e., travel and per diem) and an allocation of overhead costs of OL. Our understanding of the allocation methodology is discussed in Recommendation No. 9 of this report and is the subject of a September 1993 Office of Management and Budget (OMB), Division of Audit and Management Services report entitled *Occupational Licensing Fee-Setting Policy Assessment*. Both our office and OMB do not believe that OL's method of allocating costs to a professional licensing board distributes costs reflective of the actual effort spent regulating their profession.

**APPENDIX B**  
**Department of Commerce and Economic Development**  
**Board of Certified Real Estate Appraisers**  
**Application, License and Other Fees<sup>4</sup>**

**Application and Other Fees<sup>5</sup>**

Type of Fee	Amount
Application	\$ 50
Continuing education course approval	25
Annual federal registry	25

**License Fees**

License Category	Initial	Biennial
General Real Estate Appraiser Certificate	\$250	\$250
Residential Real Estate Appraiser Certificate	250	250
Institutional Real Estate Appraiser Certificate	250	250
Registered Real Estate Appraiser Trainee	50	50
Courtesy license <sup>6</sup>	100	N/A

<sup>4</sup>The licensing fees charged by the Division of Occupational Licensing for the Board of Certified Real Estate Appraisers are set out in the Alaska Administrative Code at § 12 AAC 02.370. The last fee increase for this board was effective May 28, 1993. According to the Division of Occupational Licensing, at this time the only planned fee increase for this board is to add a real estate appraiser trainee renewal fee. The proposed amount of the renewal fee is \$50.

<sup>5</sup>Regulations also authorize the Division of Occupational Licensing to charge administrative fees. Administrative fees include: duplicate license fee, photocopying fee, and penalty for reinstatement of a registration, license, permit or certificate which remains lapsed for more than 60 days.

<sup>6</sup>Alaska Statute 08.02.030 states that boards may establish criteria for issuing a temporary courtesy license to nonresidents who enter the State so that, on a temporary basis, they may practice the occupation regulated by the board. The Board of Real Estate Appraisers has regulations to issue courtesy licenses to qualified individuals. Courtesy licenses are non-renewable.

APPENDIX C  
Appraisal Subcommittee  
Federal Financial Institutions Examination Council

RECEIVED  
OCT 4 1993  
DIVISION OF  
OCCUPATIONAL LICENSING

September 24, 1993

Alfred J. Ferrara, Chairman  
Board of Certified Real Estate Appraisers  
Department of Commerce and Economic  
Development  
333 West Willoughby Avenue, 9th Floor  
Juneau, Alaska 99811-0806

Dear Mr. Ferrara:

Thank you for your cooperation in the July 12-13, 1993 Appraisal Subcommittee ("ASC") field review of the Alaska appraiser regulatory scheme.

We note that the Alaska Statute Chapter 87, Real Estate Appraisers drafted in 1990, was primarily based on early versions of the Appraiser Qualifications Criteria promulgated by the Appraiser Qualifications Board of the Appraisal Foundation ("AQB"). Although the Statute and rules have been amended twice, they do not reflect updated AQB criteria and/or ASC guidance. As a consequence, the majority of our exceptions to the practices and functions of the Alaska certification program reflect the current requirements as set forth in the Appraiser Qualifications Criteria and ASC guidance.

The criteria for Alaska's residential certification do not meet the requirements set by the AQB. Alaska's education requirement for its certified residential classification is only equivalent to the AQB's recommendation for the licensed level. However, persons so designated by the State are identified to the public and have been represented on the Federal registry as certified residential appraisers and are granted by the State a scope of practice which is equivalent to, and in some respects above, that prescribed by the AQB for residential certification. Besides being an error, it is our concern that this discrepancy is misleading and confusing to the public and users of appraisals.

In order to resolve the matter, Alaska should request those appraisers who currently are or wish to be certified as residential appraisers to show proof of 105 hours of education by December 31, 1993. Beginning January 1, 1994, the AQB education requirement for residential certification will increase to 120 hours. Alaska certified residential appraisers who do not meet the AQB minimum are ineligible to perform appraisals requiring certified appraisers. Therefore, all appraisers who have not demonstrated 105 hours of education prior to December 31, 1993, or 120 hours of education after that time must be identified in the State's Federal registry submission to the ASC and they will be classified in the registry as licensed appraisers.

The Board regulations stipulate that to receive credit for initial certification trainee education, or continuing education, courses not taken at a regionally accredited junior

college, college, or university must have been taken through an organization that is a member (now "sponsor") of the Appraisal Foundation. The ASC believes that, "State Appraiser Regulatory Agencies should review their internal procedures and take steps to insure all educational course providers are afforded equal treatment respecting course review, fee, timeliness of review, approval and course location requirements." The special recognition of the educational offerings of sponsors of the Appraisal Foundation may be viewed as discriminatory. The ASC strongly suggests that the Board remove this provision from its regulations.

According to its policy, the Board will accept proof of an SRA, SRPA and a MAJ designation as evidence that the educational requirements of the State appraiser certification program have been met. The ASC believes that such designations should not be considered a substitute for the minimum education criteria established by the AQB. The State should ensure that each applicant has satisfied the State's education requirement. Factually, the policy of only accepting certain designations and not others is discriminatory. We recommend that the Board rescind its policy of recognizing particular appraiser designations as a substitute for the requisite education for certification. Further we urge you to determine that the two people currently certified in accordance with this policy have obtained the requisite hours of education.

Our review revealed that to date, none of the submitted complaints of appraiser misconduct have been resolved (even though several were reported a year ago). We were told this is because they are not believed to be violations that are as detrimental to the public as those pertaining to other professions for which the Department also provides investigatory services. It is important for all certificate holders and users of appraisals to believe that cases of misconduct brought to the attention of the State will be acted upon. Enforcement is the key to the success of the appraiser certification program. The ASC believes that prolonged lack of action, even on seemingly simple issues, may foster a public lack of respect for the State enforcement process. Therefore, we recommend that the Board closely monitor activities with regard to enforcement to ensure that cases are concluded within a reasonable amount of time.

The ASC has a series of concerns which pertain to the State's requirements for courtesy licensure or temporary practice.

First, the statutory provision requiring licensed or certified appraisers from other States to affiliate with an Alaska certified appraiser when performing an appraisal on a temporary basis under a courtesy license is an artificial barrier to the free flow of licensed and certified appraisers across State lines as envisioned by Title XI. We are concerned about the difficulty a visiting appraiser would experience in identifying an appraiser to work with and the Alaska certified appraiser's willingness to accept responsibility for the work of a virtual stranger.

Any appraiser who is licensed or certified has to abide by the Uniform Standards of

Professional Appraisal Practice ("USPAP"), and therefore, must only accept assignments for which he/she is competent in all respects to perform. As stated in the USPAP commentary on the Competency Provision, the concept of competency extends to appraisers who are requested or required to travel to geographic areas where they have no appraisal experience. In such circumstances, the appraiser is required to spend sufficient time to understand the nuances of the local market and the supply and demand factors relating to the specific property type and the location involved. In accordance with this provision, when an appraiser is not in a position to spend the necessary amount of time in a market area to obtain this understanding, he/she may affiliate or conduct interviews with one or more qualified appraisers, as appropriate, to ensure the development of a competent appraisal report. However, such an affiliation should be voluntary. Thus the State should eliminate this requirement from both its Statute and regulations.

Secondly, we note courtesy licenses are only valid for a 30 day period and may not be extended or renewed; and only one courtesy license may be issued per person in a calendar year. We recommend that the State eliminate the 30 day limitation for courtesy licenses. The ASC suggests that the State issue courtesy permits solely on an assignment basis without restriction as to the number that may be issued to an individual in a calendar year.

Thirdly, the State's temporary practice fee of \$150 appears to be excessive. It is our understanding that \$50 is a standard application fee imposed by the Department for processing applications and is applied to all professional boards. The \$100 portion of the fee is imposed by the Board. We request that the Board respond to us with respect to how it believes the courtesy license fee is reasonable and reflective of the cost associated with its administration.

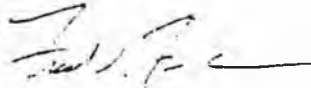
The fourth issue with respect to courtesy licensure is that the Board's extension of a courtesy license is discretionary, and thus may be denied. The ASC believes that Title XI envisions temporary practice as a right which should be extended by means of a registration process to appraisers licensed or certified in good standing by one State wishing to practice temporarily in another State. Therefore, the Board should be cautious to ensure that decisions to deny courtesy licensure are not arbitrary or capricious.

*Licensing (6)*  
The ASC has closely reviewed the State's institutional appraiser classification and has determined that although this category was not prescribed by Title XI, its adoption as part of the Alaska appraiser regulatory program is not contrary to Title XI. Title XI and regulations issued by the Federal financial institutions regulatory agencies require all appraisals acquired for Federally related transactions to be performed by licensed or certified appraisers. In that respect, it should be clearly understood that the institutional appraiser classification is not a Federally recognized designation. It will be incumbent on the financial institutions to ensure that individuals so designated do not perform the

appraisals which will or may be used as the basis for regulated Federally related transactions.

In order to make its finding whether the Alaska appraiser regulatory program is generally in compliance with Title XI, the ASC requests a written response to the issues discussed above by November 19, 1993. If you have any questions please do not hesitate to contact us.

Sincerely,



Fred D. Finke  
Chairman

cc: Carol Whelan  
Licensing Examiner

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

### DIVISION OF OCCUPATIONAL LICENSING

WALTER J. HICKEL, GOVERNOR

P.O. BOX 110806  
JUNEAU, ALASKA 99811-0806  
PHONE: (907) 465-2534

November 2, 1993

Mr. Fred D. Finke, Chairman  
Appraisal Subcommittee  
2100 Pennsylvania Ave. N.W., Ste. 200  
Washington, DC 20037

Dear Mr. Finke:

This is in reply to your letter of September 24, 1993 relative to the results of your field review of July 12-13, 1993 of the Alaska Board of Certified Real Estate Appraisers and our program's compliance with Title XI of FIRREA. Your letter came at an appropriate time in that we had a board meeting scheduled and were able to discuss your comments. I will address each item in the order it was brought forward in your letter.

You are correct in your comment that our law was drafted in 1990 which was based on the educational standards then in effect, and at a time when there was considerable confusion over the terms "licensing" and "certification." We do not choose to have licensing in Alaska and adopted a voluntary certification program. We were aware that the residential hour requirement had changed prior to your letter and we had recommended modifications. In order to comply with changes that were approved subsequent to our law, we approved and submitted for legislative action a revision to our law which increases the required educational hours to 120 by January 1, 1994 and to 165 hours by January 1, 1995. While the 165 hours exceeds what is presently required for residential certification, we see likely increases in the hours in future years. We, of course, cannot implement these changes unilaterally and must have legislative approval of a statute change. The Governor's Office is supportive of our changes, and we have had no negative industry comments. The changes cannot be implemented January 1, 1994 as we had hoped, since the Legislature does not begin its session until late January 1994. We expect to be able to have the revision in effect on July 1, 1994.

Relative to those who were certified under the 75 hour law, they have all now exceeded the necessary 105 hours since we require 40 hours of education for each recertification period, not the 20 hours most states have. We have now completed our first period of recertification and after review, believe our residential appraisers meet requirements for certification. This seems a much more reasonable approach on these individuals in that their education by the next period will far exceed that required by any other state, and they complied with the law at the time it was enacted as the

State of Alaska did when the legislation was passed. To now claim that these individuals do not comply with certification because the hours were changed after the law was passed is retroactive and that only is fair on tax law. We do not expect our residential appraisers to be penalized for the fact that Alaska was in early compliance with Title XI and that the educational hours are still in debate and flux.

We doubt that the present situation will be confusing or at all misleading in this state. There are only 70 residential certified appraisers in the entire state and all are known quite well by the limited number of lenders we have left in Alaska. Considering that appraisers were turned loose on the general public in some states with no experience whatsoever under the transitional guidelines, which apparently met with the approval of the subcommittee, we do not believe a minor difference in required educational hours should be of major concern. We are in the process of complying but must allow for the slow legislative process. As a further point, in Alaska most appraisers submitted education far in excess of the 75 hours shown.

Regarding the scope of practice, our residential certified appraisers have a more limited scope than many states, and in fact they will not reach the authorized limits proscribed by the AQB in that there has never been a house sold anywhere in Alaska for a million dollars or more. They are also more limited than in many states since they cannot perform commercial work. While they are able to perform some multifamily appraisals (without a capitalization process) most do not and the lenders only hire general appraisers for multifamily since capitalization of income is necessary. You will find we are somewhat unique in that our residential appraisers are usually solely residential, as are our commercial in their field. We have no part-time appraisers, no real estate or insurance agents who hold themselves out as appraisers and in fact there is no overlap from other fields to that of valuation. This is not because of certification but has always been the case. Those are the reasons that our law is slightly different from other states.

Relative to your comments on education, we do accept college and university courses as well as the sponsor members of the Foundation, but in addition will accept courses approved by the course approval process of the Appraisal Foundation. To handle other situations that do not fit in the above categories, we have a process to review other courses. We do not approve carte blanche courses of the Foundation sponsors and have in fact not approved some from the Appraisal Institute, the American Right of Way Association, and the International Association of Assessing Officers. Our experience has shown that some of the course providers who submitted presentations for review do not provide the educational content we believe necessary to insure a thorough education. We will remain the judge as to the acceptability of courses valid in Alaska.

Since we do not accept all courses provided by Foundation sponsors, we do not believe a process that accepts courses from such members, especially those that have chapters and provide regular and consistent content educational offerings in this state is in the least discriminatory. With such a small number of appraisers, and the 2000 mile distance between us and