

Alaska Real Estate Commission News– March 29, 2012

The Alaska Real Estate Commission met in March for their regularly scheduled quarterly meeting. The following are agenda items that were discussed.

Peggy Ann McConnochie and Denny Woods asked the Commission to reconsider their course choices for the next cycle of designated education credits. They are concerned that the material is too much of a repeat of the previous cycles. They are also recommending that the AREC incorporate the National Association of Realtors quadrennial ethics education into the required topics. NAR requires that members take 3 hours of approved ethics education every 4 years. A proposal was presented that would change the material up a bit and add the ethics training. The AREC is concerned with staying in compliance with the statute that requires that they establish the DCE topics no later than October of the second year of the licensing cycle. While not changing the actual hours and topics, they did approve making the suggested outline a tool for instructors covering the mandated topics.

The Commissioners received an update on HB 267. This bill addresses three items. The first makes clear that the statute enacted in 1998 that allows payment by a licensee directly to another licensee that is acting as their assistant must still both work for the same broker and have their license hanging in the same office. The second item creates the ability for the AREC to appoint a temporary licensee to oversee the office of a broker who has been stealing from their trust account. The last item makes it legal for a licensee to pay a portion of their commissions to a charitable organization and to advertise their intent to do so. The AREC was advised to look into whether they will need to consider a regulation project to define a charitable organization or if existing definitions in statute will suffice.

An interesting topic came up regarding the completion of PLE for Associate Broker. If a Sales Associate upgrades to an Associate Broker and then decides to not take the PLEs or forgets to take the PLEs, should they lose their license all together? Assuming that they have completed all of their regular 20 hours of CE and have just ignored the required PLEs during their first year after upgrade, are they not still qualified to operate as a sales person? While this situation would be rare, the AREC should still consider a small change in policy allowing the downgrade back to Sales Associate rather than completely pulling their license to operate.

For the quarter ending March of 2012 it is projected that the Recovery Fund will have a healthy balance of over \$400,000.00. For the fiscal year ending 2014 the projection increases to over \$550,000.00. The AREC can be expected to make a change in the regulation reducing the amount licensees need to pay in to the fund. The Division increased the amount to the statutory maximum due to the fund getting well below the amount stipulated by law. Like all the other areas of accounting in the Division, it appears that the AREC was given erroneous numbers to work with. The AREC is still committed to get the Division to revise their accounting procedures. They need, at a minimum, read only access to the accounting process in order to give valuable guidance as needed and to have ready access to numbers that are reliable when making decisions that affect all of us. The Commissioners understand this. There are those that keep trying to blame the Commissioners for these problems, but the anger is misguided and wasted effort. The problem is in the Division and how they operating. AAR is keeping constant pressure on getting the Division to change their ways. This extends to how the investigative staff operates, also.

The license renewal numbers reflect what we already expected. There appears to be a drop overall of around 10%. There were 2251 active licensees in November of 2011. As of the end of

October of 2012 there were 2037, a loss of 214. We don't yet know if AAR lost the same percentage, but initial indications are that we have lost closer to 5%.

The next meeting of the AREC is scheduled for June 6-7, 2012 at the Atwood Building in Anchorage.

Submitted by Dave Somers  
AAR Industry Issues Chairman