

Report Highlights

Why DLA Performed This Audit

The audit was performed to determine if there is a continued need for the board and if its termination date should be extended. The board is set to sunset on June 30, 2026, and will have one year from that date to conclude its administrative operations.

What the Legislative Auditor Recommends

1. The Office of the Governor, Boards and Commissions director should continue to work with the board to identify potential applicants to fill board seats in a timely manner.
2. The board should continue to seek a statutory change to address the Appraisal Subcommittee findings.
3. DCCED's commissioner should work with policy makers to improve the recruitment and retention of investigators.

A Sunset Review of the Department of Commerce, Community, and Economic Development (DCCED), Board of Certified Real Estate Appraisers (board)

April 14, 2025

Audit Control Number 08-20148-25

REPORT CONCLUSIONS

The board served the public's interest by conducting meetings in an effective manner, actively amending regulations, and effectively licensing real estate appraisers and registering appraisal management companies. The audit also concluded that one board position had been vacant for 56 months as of January 2025, statute changes may be necessary to address federal oversight findings, and board related investigations were not consistently conducted in a timely manner.

In accordance with AS 08.03.010(c)(20), the board is scheduled to terminate on June 30, 2026. We recommend that the legislature extend the board's termination date six years to June 30, 2032, which is two years less than the maximum allowed by statute. The extension recommendation takes into consideration the audit findings and the fact that the board is also subject to federal oversight.

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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May 20, 2025

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Certified Real Estate Appraisers and the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
BOARD OF CERTIFIED REAL ESTATE APPRAISERS
SUNSET REVIEW

April 14, 2025

Audit Control Number
08-20148-25

The audit was conducted as required by AS 44.66.050(a). Per AS 08.03.010(c)(20), the board is scheduled to terminate on June 30, 2026. We recommend the legislature extend the board's termination date to June 30, 2032.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.

A handwritten signature in black ink, appearing to read "Kris Curtis".

Kris Curtis, CPA, CISA
Legislative Auditor

ABBREVIATIONS

ACN	Audit Control Number
AS	Alaska Statute
AMC	Appraisal Management Company
board	Board of Certified Real Estate Appraisers
CISA	Certified Information Systems Auditor
CPA	Certified Public Accountant
DCBPL	Division of Corporations, Business and Professional Licensing
DCCED	Department of Commerce, Community, and Economic Development
DLA	Division of Legislative Audit
FIRREA	Financial Institutions Reform, Recovery, and Enforcement Act
FY	Fiscal Year
SB	Senate Bill
U.S.C.	United States Code

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ORGANIZATION
AND FUNCTION

Board of Certified Real Estate Appraisers (board)

The board was established under AS 08.87.010 to respond to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) (12 United States Code 3331–3355). The board is authorized to certify general, residential, and institutional real estate appraisers. The board also certifies appraiser trainees and supervisors, and issues temporary courtesy licenses to appraisers who are certified or licensed in other states. Additionally, the board registers real estate appraisal management companies (AMC).

Exhibit 1

Board of Certified Real Estate Appraisers Members as of January 31, 2025
Mae Hayes, Chair <i>Certified Residential Real Estate Appraiser</i>
Vacant <i>Certified General Real Estate Appraiser</i>
Valery Kudryn <i>Certified Residential Real Estate Appraiser, Member at Large</i>
William McKean <i>Mortgage Banking Executive</i>
Jenny Buswell <i>Public</i>

Source: Office of the Governor, Boards and Commissions website.

The board is comprised of five members, with four members designated as follows: a certified general real estate appraiser, a certified residential real estate appraiser, a mortgage banking executive, and a member of the general public. The fifth board position is undesignated in Alaska Statutes and is commonly referred to as the “at large” position.

Per AS 08.87.020, the duties of the board include:

1. establishing examination requirements for certification as a real estate appraiser;
2. adopting rules of professional conduct;
3. adopting regulations as necessary to comply with the requirements of federal law;¹

¹ Title XI, FIRREA, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the Truth in Lending Act.

-
4. adopting regulations to establish registration procedures and standards for real estate AMCs; and
 5. reporting relevant information regarding an AMC's operations to the Appraisal Subcommittee established under federal law.

**Department of
Commerce, Community,
and Economic
Development's Division
of Corporations, Business
and Professional Licensing
(DCBPL)**

DCBPL provides administrative and investigative assistance to the board. Administrative assistance includes budgetary services and functions, such as collecting fees, maintaining files, receiving application forms, publishing notices for meetings and exams, and assisting with board regulations.

Alaska Statute 08.01.087 gives DCBPL authority to act on its own initiative or in response to a complaint. DCBPL may:

1. Conduct an investigation to determine whether a person has violated a law.
2. Bring an action in Superior Court to enjoin the act.
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.
4. Issue subpoenas for the attendance of witnesses and records.

BACKGROUND INFORMATION

Appraisal Overview

An appraisal is a decision-making tool used to facilitate a real estate transaction. The primary role of appraisals in the loan underwriting process is to provide evidence that the collateral value of the property is sufficient to avoid losses on loans if the borrower is unable to repay the loan.

In response to the 1980s savings and loan crisis, Congress enacted the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA). Congress set out provisions in Title XI of FIRREA that were intended to ensure that appraisals for federally related transactions were performed by real estate appraisers who meet minimum qualification criteria and were conducted in compliance with uniform standards.

The regulatory objective of Title XI of FIRREA was to protect the federal deposit insurance funds, and by extension mortgage lenders, from avoidable losses related to appraiser incompetence or fraud. The regulatory framework established is comprised of private (the Appraisal Foundation), federal (the Appraisal Subcommittee), and state appraiser licensing and regulatory entities, as described on the following pages.

In response to the 2008 financial crisis, Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act which amended Title XI of FIRREA to add oversight of appraisal management companies (AMC). An AMC is an external third-party entity that recruits or contracts with appraisers to perform appraisal assignments, manage the appraisal process, and review completed work.

Federal and state law does not prohibit uncertified individuals from appraising real estate for compensation as long as individuals do not misrepresent themselves as a certified appraiser and the appraisal is not required by federal law.

Appraiser Regulatory Framework

Private Entity: The Appraisal Foundation

The Appraisal Foundation is a not-for-profit corporation, which sets the congressionally-authorized standards and qualifications for real estate appraisers. The foundation established two independent boards:

- The Appraisal Standards Board creates, updates, and promotes the Uniform Standards of Professional Appraisal Practice. These are the congressionally authorized standards for real property appraisers.
- The Appraiser Qualifications Board sets the qualification criteria for state licensing, certification, and recertification of real property appraisers. According to Title XI of FIRREA, all state licensed and certified appraisers must meet the minimum education, experience, and examination requirements put forth by the board.

Federal Entity: The Appraisal Subcommittee

The Appraisal Subcommittee was established to monitor the real estate appraisal industry and enforce standards. The Appraisal Subcommittee:

- monitors and reviews the practices, procedures, activities, and organizational structure of the Appraisal Foundation. The Appraisal Subcommittee is also authorized to grant funds to the Appraisal Foundation to support the Appraisal Standards and the Appraiser Qualifications boards;
- monitors the requirements set by federal financial regulatory institutions² regarding appraisal standards;
- monitors the requirements established by states for the certification and licensing of appraisers and appraisal management companies. The Appraisal Subcommittee monitors each state's compliance with

² Per 12 U.S.C. 3350(6), federal financial regulatory institutions include the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration.

the requirements of Title XI of FIRREA and is authorized to take action against non-complying states; and

- maintains a national registry of state licensed and certified appraisers and appraisal management companies who may perform appraisals in connection with federally related transactions.

State Entity: Board of Certified Real Estate Appraisers (board)

Title XI relies on states to certify and license real estate appraisers, register appraisal management companies, and monitor appraisers' compliance with requirements. The board is the state entity charged with this function. The Appraisal Subcommittee reviews states' appraiser and appraisal management company regulatory programs for compliance with the requirements of Title XI at least biennially. The board's most recent review by the Appraisal Subcommittee covered August 2022 through June 2024.

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REPORT CONCLUSIONS

In developing our conclusion regarding whether the Board of Certified Real Estate Appraisers' (board) termination date should be extended, its operations were evaluated using the 11 factors set out in AS 44.66.050(c), which are included in Appendix A of this report. Under the State's "sunset" law, these factors are to be considered in assessing whether an entity has demonstrated a public policy need for continuing operations.

The audit concluded that the board served the public's interest by conducting meetings in an effective manner, actively amending regulations, and effectively licensing real estate appraisers and registering appraisal management companies (AMC). The audit also concluded that one board position had been vacant for 56 months as of January 2025, statute changes may be necessary to address the federal oversight findings regarding non-compliant state law, and board related investigations were not consistently conducted in a timely manner.

In accordance with AS 08.03.010(c)(20), the board is scheduled to terminate on June 30, 2026. We recommend that the legislature extend the board's termination date six years to June 30, 2032, which is two years less than the maximum allowed by statute. The extension recommendation takes into consideration the audit findings and the fact that the board is also subject to federal oversight.

Detailed report conclusions are as follows:

The board generally conducted its meetings effectively and did not duplicate the efforts of other entities.

The board met 22 times from July 2021 through January 2025. A review of six board meetings and five subcommittee meetings found that meetings were appropriately publicly noticed and allowed time for public comment. The audit found that the general real estate appraiser board seat had been vacant for 56 months as of January 2025. (See Recommendation 1) Despite the extended vacancy, quorum was maintained for all meetings reviewed.

As the only government entity authorized to license, register, and regulate real estate appraiser professionals and AMCs, the board does not duplicate the activities of another agency.

The board actively amended regulations.

The board issued and amended regulations to implement statutory changes and improve the licensing process. Significant regulation changes included:

- increasing the number of credit hours for professional education courses that could be obtained online and clarifying related terminology. These changes increased access to continuing professional education;
- requiring applicants for a courtesy license submit evidence of an appraisal contract. This change allowed the board to confirm the appraisal assignment for which a courtesy license was sought and clarified existing requirements; and
- implementing a statutory change that established a temporary military courtesy license to allow qualified active-duty military members and spouses to practice as a general real estate appraiser, residential real estate appraiser, trainee appraiser, or institutional real estate appraiser. This change expedited the license process for military members and spouses.

Board statutes may not fully comply with federal law.

As described in the Background Information section of this report, the board is subject to oversight by the federal Appraisal Subcommittee. The Appraisal Subcommittee reviewed the State's regulatory program for compliance and found that certain Alaska statutes did not fully comply with federal AMC regulatory standards and should be amended. The Appraisal Subcommittee findings, along with the relevant Alaska statutes, are summarized in Exhibit 2 on the following page.

Exhibit 2

Appraisal Subcommittee Findings For the Period August 2022 through June 2024

Federal Finding

Alaska Statute

The State's statute requires federally regulated AMC's to report information that is not consistent with the AMC rule.

AS 08.87.160(2)(B)

The State's statute regarding ownership limitation for an owner who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any state for substantive cause is not consistent with the AMC rule.

AS 08.87.155(a)(2)
AS 08.87.155(b)

Source: Appraisal Subcommittee correspondence.

According to the board chair, curative legislation addressing the findings in Exhibit 2 had not been introduced because the board had been unable to find a sponsor. (See Recommendation 2)

Board related investigations were not consistently conducted in a timely manner.

A total of 64 board related cases were open or opened from July 2021 through January 2025. The audit identified that 19 of the 64 cases were open for over 180 days during the audit period, and three of the 19 cases were open more than 1,000 days. Auditors reviewed five of the 19 cases that were open for over 180 days and identified unjustified periods of inactivity in all five cases ranging from 165 to 575 days. (See Recommendation 3)

The board issued licenses in compliance with Alaska statutes and regulations.

Exhibit 3, on the following page, shows that, as of January 2025, there was a total of 362 active licenses representing an overall increase of 39 percent when compared to the prior 2017 sunset audit.³

³ Based on the prior sunset audit license counts as of March 31, 2017, per sunset audit ACN 08-20106-17.

The increase was primarily attributable to legislation establishing registration of AMCs that became effective in 2019 (SB 155). There was also a 23 percent increase in the number of general real estate appraisers. The board chair noted that the increase in general real estate appraisers was primarily from out-of-state applicants.

Exhibit 3

Board of Certified Real Estate Appraisers License, Registration, and Certification Activity FY 22 through January 31, 2025				
	New Issued (Exclusive of Renewals)			Total Active as of January 31, 2025
	FY 22	FY 23	FY 24	
Appraisal Management Company Registration	10	2	3	72
Certified General Real Estate Appraiser	11	23	11	139
Certified Residential Real Estate Appraiser	11	10	9	122
Real Estate Appraiser Courtesy License	41	51	46	13
Registered Trainee	11	6	3	16
Totals	84	92	72	362

Source: Compiled from the Division of Corporations, Business and Professional Licensing (DCBPL) licensing database.

Auditors tested a sample of 17 new and 12 renewal licenses, certificates, and registrations issued during the audit period and found all were issued in compliance with statutes and regulations. Additionally, the audit found DCBPL staff appropriately reported licenses, certificates, and registrations to the Appraisal Subcommittee national registry.

License fees were sufficient to cover board operations.

The board's schedule of revenues and expenditures for FY 22 through January 2025 is shown in Exhibit 5 on page 12. The board mainly receives its revenue from certification, licensing, registration, and renewal fees. Renewals are conducted on a biennial

basis, creating a two-year cycle in board revenues. During the audit period, the board was allocated \$11,550 of general funds to replace revenue lost due to the pandemic related license fee freeze mandated by the governor. As of January 2025, the board had a surplus of \$86,278. The board's schedule of fees from FY 22 through January 2025 is shown in Exhibit 4.

Exhibit 4

Board of Certified Real Estate Appraisers License, Registration, and Certification Fees FY 22 through January 2025

Real Estate Appraisers and Registered Real Estate Appraiser Trainees Fees

Nonrefundable application fee for initial:	
Certification, license, or registration	\$150
Courtesy license	100
Certification fee for all or part of the initial biennial certification period	350
Biennial certification renewal fee	350
Real estate appraiser trainee registration fee	150
Real estate appraiser trainee renewal fee	150
Courtesy license fee	150
Course approval fee	400
Annual federal registry fee	40

Real Estate Appraisal Management Companies Fees

Nonrefundable application fee for initial registration	500
Registration fee for all or part of the initial biennial registration period	700
Biennial registration renewal fee	700
Change in controlling person, owner, employee, director, officer, or agent	250
Annual federal registry fee for each appraiser on the appraiser panel performing one or more federally related transactions in the preceding calendar year	25

Source: DCBPL regulations.

Exhibit 5

Board of Certified Real Estate Appraisers Schedule of Revenues and Expenditures FY 22 through January 31, 2025 (Unaudited)

	FY 22	FY 23	FY 24	July 1, 2024 - January 31, 2025
Revenues				
Licensing Fees	\$ 62,165	\$ 224,750	\$ 75,640	\$ 37,640
General Funds Received	9,845	1,594	111	-
Other Sources	<u>3,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	75,610	226,344	75,751	37,640
Direct Expenditures				
Personal Services	121,467	96,343	90,594	50,465
Travel	4,519	13,770	8,131	4,220
Services	6,125	8,040	5,410	4,615
Commodities	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>
Total Direct Expenditures	132,111	118,163	104,135	59,300
Indirect Expenditures	<u>50,683</u>	<u>43,760</u>	<u>39,303</u>	<u>19,652*</u>
Total Expenditures	<u>182,794</u>	<u>161,923</u>	<u>143,438</u>	<u>78,952</u>
Annual Surplus (Deficit)	(107,184)	64,421	(67,687)	(41,312)
Beginning Cumulative Surplus (Deficit)	<u>238,040</u>	<u>130,856</u>	<u>195,277</u>	<u>127,590</u>
Ending Cumulative Surplus (Deficit)	<u>\$ 130,856</u>	<u>\$ 195,277</u>	<u>\$ 127,590</u>	<u>\$ 86,278</u>

Source: DCBPL management.

* Estimated based on the indirect allocation for July 1, 2024, through December 31, 2024.

FINDINGS AND RECOMMENDATIONS

The prior 2017 sunset audit made two recommendations:

1. Division of Corporations, Business and Professional Licensing's (DCBPL) director should continue to improve administrative support to the Board of Certified Real Estate Appraisers (board).
2. DCBPL's director, in consultation with the board, should reduce fees to address the surplus.

The first recommendation was associated with three administrative deficiencies: 1) incorrect reporting in the Appraisal Subcommittee national registry, 2) unjustified periods of inactivity for investigative cases, and 3) board meetings not adequately publicly noticed. The deficiencies regarding Appraisal Subcommittee national registry reporting and public notice of board meetings were resolved; however, unjustified periods of inactivity related to investigations was not resolved, and the unresolved portion of the finding is reiterated below as Recommendation 3.

The second recommendation relating to fees was resolved. Fees were reduced and the surplus decreased.

This sunset audit makes two new recommendations.

Recommendation 1:

The Office of the Governor, Boards and Commissions director should continue to work with the board to identify potential applicants to fill board seats in a timely manner.

As of January 31, 2025, the general real estate appraiser seat had been vacant for 56 months. According to the Boards and Commissions director, the general real estate appraiser seat is difficult to fill due to a limited pool of qualified candidates and a general lack of interest in serving on the board.

Per AS 08.87.010, the board is composed of five members appointed by the governor and approved by the legislature. The Office of the Governor, Boards and Commissions director is responsible for actively recruiting, interviewing, and vetting board applicants. Vacant board seats may limit the board from efficiently conducting business with sufficient input and perspective.

We recommend the Boards and Commissions director continue to work with the board to identify potential applicants to fill board seats in a timely manner.

Recommendation 2:

The board should continue to seek a statutory change to address the federal Appraisal Subcommittee findings.

The Appraisal Subcommittee is the federal entity responsible for monitoring the State's licensing and registration process for compliance with federal law. The Appraisal Subcommittee formally identified during July 2024 that certain State statutes for appraisal management companies (AMC) were inconsistent with federal regulatory standards. The board agreed that a statute change was necessary, but was unable to facilitate the change. According to the board chair, there was a lack of interest in sponsoring legislation.

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, authorized federal standards to be established for appraisal management companies (12 U.S.C. 3353) and authorized the Appraisal Subcommittee to monitor state law for compliance with these federal standards (12 U.S.C. 3332). When state law is not compliant with federal standards, the Appraisal Subcommittee is authorized to make findings of non-compliance as well as impose interim actions, suspensions, and sanctions (including derecognition) (12 U.S.C. 3347). State law that is non-compliant with federal appraisal standards may undermine federal regulatory objectives to ensure that AMCs are appropriately regulated. The State statutes relating to AMCs for which amendment may be required are set out in AS 08.87.

We recommend the board continue to seek a statutory change to address the federal Appraisal Subcommittee findings.

Recommendation 3:

**Department of
Commerce, Community,
and Economic
Development's (DCCED)
commissioner should
work with policy
makers to improve
the recruitment and
retention of investigators.**

Auditors reviewed five of the 19 cases that were open for over 180 days and identified unjustified periods of inactivity for all cases reviewed with periods of inactivity ranging from 165 to 575 days. According to DCBPL management, turnover and vacancies of investigative staff contributed to the periods of inactivity. Additionally, the delay in one case, totaling 575 days, was due to untimely board member review.

Per AS 08.01.050(a)(19), DCBPL is responsible for providing investigative services to occupational boards. Investigations and complaints that sit idle for extended periods could impact public welfare.

We recommend DCCED's commissioner work with policy makers to improve the recruitment and retention of investigators.

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and 44 of the Alaska Statutes, we have reviewed the activities of the Board of Certified Real Estate Appraisers (board) to determine if there is a demonstrated public need for its continued existence.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether the board should be reestablished. Currently, under AS 08.03.010(c)(20), the board will terminate on June 30, 2026, and will have one year from that date to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our audit are to:

1. Determine if the termination date of the board should be extended and for how long;
2. Determine if the board is operating in the public's interest; and
3. Determine the status of recommendations made in the prior sunset audit.

Scope

The assessment of operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the board. We reviewed the board's activities from July 1, 2021, through January 31, 2025. Financial data is presented, unaudited, for the same period.

Methodology

During the course of our audit, we reviewed and evaluated the following:

- The prior sunset audit report (ACN 08-20106-17) to identify issues affecting the board and to identify prior sunset audit recommendations.

-
- Applicable statutes and regulations to identify board functions and responsibilities, determine whether statutory or regulatory changes enhanced or impeded board activities, and help ascertain if the board operated in the public interest.
 - The State's Online Public Notices System to verify board meetings were adequately public noticed in compliance with state law.
 - Expenditures, revenues, and fee levels for the board to determine whether fee levels covered the costs of operations.
 - Board meeting minutes to gain an understanding of board proceedings and activities, the nature and extent of public input, whether a quorum was maintained, and whether board vacancies impeded operations.
 - Board annual reports to gain an understanding of board activities.
 - Various Alaska news websites to identify complaints against the board or other board related concerns.
 - Various websites for potential duplication of board activities.
 - The Appraisal Subcommittee's compliance reviews of the State's appraiser and appraisal management company regulatory programs to assess compliance with federal law.
 - Board investigation data for cases open or opened from July 1, 2021, through January 31, 2025, to assess the efficiency of the investigative process.

Internal controls over the licensing and investigative processes were assessed to determine if controls were properly designed and implemented. Additionally, to identify and evaluate board activities, we conducted interviews with State agency staff and board members. Specific areas of inquiry included: board operations, statutory duties, duplication of effort, fee levels, board and staff vacancies, and complaints against the board.

The audit utilized the following samples:

- A judgmental sample of six of 14 board meetings and five of eight committee meetings held from July 1, 2021, through January 31, 2025, was reviewed to gain an understanding of board proceedings and activities, the nature and extent of public input, whether a quorum was maintained, whether the meetings were public noticed, and whether board vacancies impeded operations. Test results were not projected to the population.
- A total of 64 board related cases were open or opened between July 1, 2021, and January 31, 2025, of which 19 were open six months or longer. Five of the 19 cases open longer than six months were reviewed for unjustified periods of inactivity. Auditors judgmentally selected three investigations, one intake, and one complaint open the greatest number of days. Test results were not projected to the population.
- Samples of 15 out of 110 new and 10 out of 180 renewal license applications received from July 1, 2021, through January 31, 2025, were selected to assess compliance with statutes and regulations. The sample size was based on low control risk, low inherent risk, and moderate audit risk. Additionally, samples of two out of 16 new and two out of 56 renewal appraisal management company registrations were assessed for statutory and regulatory compliance. Test results were not projected to the population.

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APPENDIX SUMMARY

Appendix A provides the sunset criteria used in developing the conclusions regarding whether the Board of Certified Real Estate Appraiser's termination date should be extended.

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APPENDIX A

Analysis of Public Need Criteria AS 44.66.050(c)

A determination as to whether a board or commission has demonstrated a public need for its continued existence must take into consideration the following factors:

1. the extent to which the board or commission has operated in the public interest;
2. the extent to which the operation of the board or commission has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters;
3. the extent to which the board or commission has recommended statutory changes that are generally of benefit to the public interest;
4. the extent to which the board or commission 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;
5. the extent to which the board or commission has encouraged public participation in the making of its regulations and decisions;
6. the efficiency with which public inquiries or complaints regarding the activities of the board or commission filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved;
7. the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public;

APPENDIX A

(Continued)

8. the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board or commission in its own activities and in the area of activity or interest;
9. the extent to which statutory, regulatory, budgetary, or other changes are necessary to enable the board or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection;
10. the extent to which the board or commission has effectively attained its objectives and purposes and the efficiency with which the board or commission has operated; and
11. the extent to which the board or commission duplicates the activities of another governmental agency or the private sector.

Agency Response from the Office of the Governor



OFFICE OF THE GOVERNOR

Governor Mike Dunleavy
STATE OF ALASKA

July 17, 2025

RECEIVED

JUL 18 2025

LEGISLATIVE AUDIT

Ms. Kris Curtis
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RE: Confidential preliminary Audit, Department of Commerce, Community, and Economic Development (DCCED), Board of Certified Real Estate Appraisers

Dear Ms. Curtis,

Recommendation 1: The Office of the Governor, Boards and Commissions director should continue to work with the board to identify potential applicants to fill the vacant board seat in a timely manner.

The Office of the Governor, Director of Boards and Commissions has reviewed and concurs with recommendation number one.

The Office of the Governor, Director of Boards and Commissions concurs with recommendation number one. Alaska's pool of real estate appraisers is small and there is a lack of interest in serving on the Board; nevertheless, the Boards and Commission office maintains standing public notice of opportunities to serve to ensure a suitable candidate is presented to the Governor as soon as practicable.

Sincerely,

A handwritten signature in black ink, appearing to read "Jordan Shilling".

Jordan Shilling
Director, Boards and Commissions

cc: Cheri Lowenstein, Administrative Director, Office of the Governor

550 West 7th Avenue, Suite 1700, Anchorage, AK 99501

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Agency Response from the Department of Commerce, Community, and Economic Development



THE STATE
of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community, and Economic Development

OFFICE OF THE COMMISSIONER
Julie Sande, Commissioner

P.O. Box 110800
Juneau, Alaska 99811-0800
Main: 907.465.2500
Fax: 907.465.5442

July 24, 2025

Kris Curtis
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811

RECEIVED

JUL 25 2025

LEGISLATIVE AUDIT

Dear Ms. Curtis:

Thank you for the June 30, 2025, Confidential Preliminary Report, Department of Commerce, Community, and Economic Development (DCCED), Board of Certified Real Estate Appraisers (board) Sunset Review. I concur with all six conclusions and all three recommendations. Please see the following comments regarding the recommendations:

Recommendation #1: The Office of the Governor, Boards and Commissioner director should continue to work with the board to identify potential applicants to fill board seats in a timely manner.

The department will continue to support the governor's office in filling vacant board seats, as appropriate.

Recommendation #2: The board should continue to seek a statutory change to address the Appraisal Subcommittee findings.

While the Division of Corporations, Business and Professional Licensing works with the board and provides advice and guidance, the board is not under the purview of the department. The board will determine how it wishes to proceed regarding ongoing efforts to find a sponsor for necessary statutory changes.

Recommendation #3: DCCED's commissioner should work with policy makers to improve the recruitment and retention of investigators.

The department concurs that recruitment and retention challenges exist throughout state government and will continue to engage with the Office of the Governor, Department of Administration, the Legislature, and other stakeholders as appropriate to identify holistic solutions.

The division works diligently to keep the investigations team staffed. With one of the largest investigations units in the state (26 PCNs), we try to emphasize the opportunities that size affords staff in

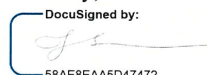
an effort to improve retention. We are currently working to reclass the supervisory staff in investigations to create a clearer career ladder within the unit which we believe will improve staff retention.

Additionally, we offer staff a great deal of training. All investigators attend the National Certified Investigator and Inspector Training offered by the Council on Licensure, Enforcement and Regulation (CLEAR). Additionally, they are all trained in interviewing techniques, and all receive training on how to conduct investigations on their specific programs if available, (e.g., chiropractors, physicians, nurses, social workers, etc.). We feel that investing in staff through training ensures staff are confident in their ability to carry out their duties, improving job satisfaction and increasing retention. When we have turnover, we submit the vacant positions for posting within days of learning of them to minimize periods of short staffing.

Again, thank you for the opportunity for the department to provide input on this matter. If you have any questions, please feel free to contact me.

Sincerely,

DocuSigned by:



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Julie Sande

Commissioner

Agency Response from the Board of Real Estate Appraisers



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community,
and Economic Development

BOARD OF CERTIFIED REAL ESTATE APPRAISERS

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July 21, 2025

Ms. Kris Curtis
Legislative Auditor
333 Willoughby Avenue, 6th Floor
PO Box 113300
Juneau, AK 99811-3300

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JUL 22 2025

LEGISLATIVE AUDIT

Ms. Curtis,

I agree with the reported conclusions and the recommendations in the preliminary audit report dated 04/14/2025.

The board will continue to seek a legislative sponsor and recruit board members. Further, I recommend an EA be hired for the board and our intention is to seek the statutory change required to do so. An EA is appropriate given the unique federal involvement our board has by the ASC.

Additionally, we would like to seek a statutory change to increase the number of residential appraisers on the board as there are few general appraisers who live in the state to fill the seat that has been vacant for 56+ months.

I believe these actions will reduce the workload of the board members which will aid in lowering delays in investigations and increase interest in member recruitment as the board is known for a relatively high amount of member involvement.

Finally, the board may consider outsourcing some investigative reviews to reduce the number of days the investigations take.

Sincerely,

A handwritten signature in red ink that reads "Mae Hayes". The signature is fluid and cursive, with the first name "Mae" and last name "Hayes" clearly distinguishable.

Mae Hayes
Board Chair
Board of Certified Real Estate Appraisers