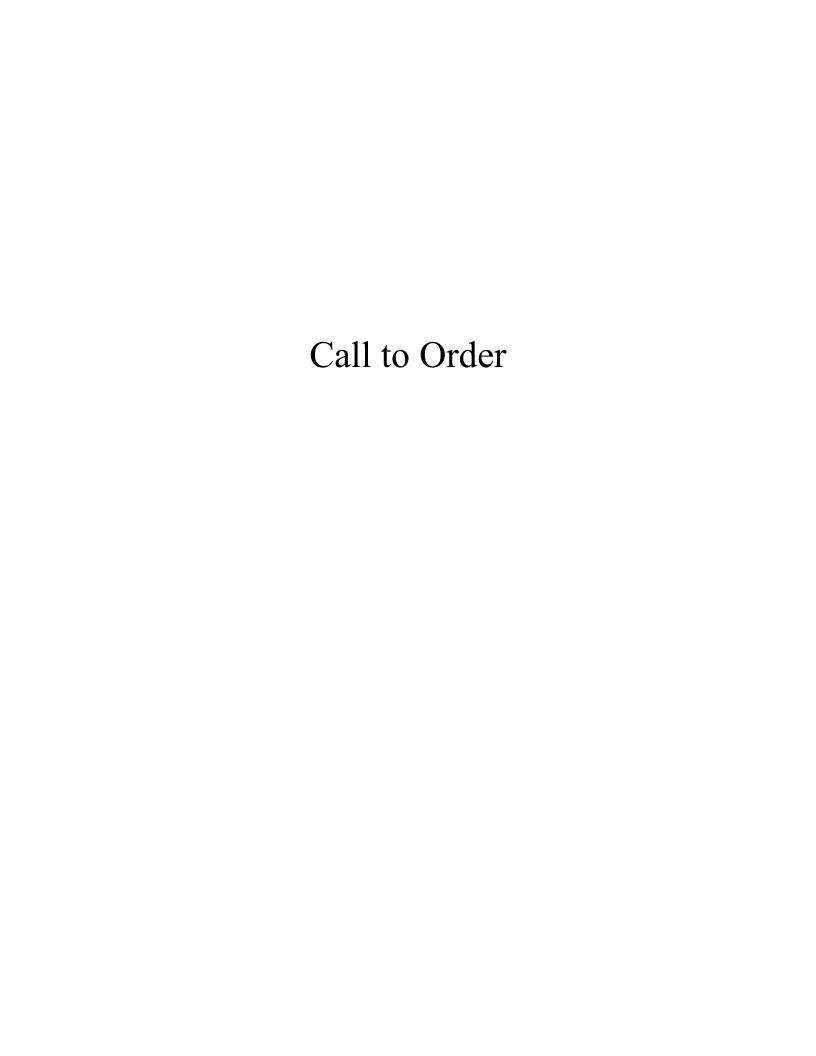
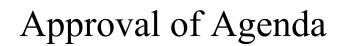
Real Estate Commission Property Management Committee Meeting

October 21, 2021

Atwood Building 550 W 7th Avenue Suite 1550 (ZOOM ONLY)

Anchorage





STATE OF ALASKA DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING

REAL ESTATE COMMISSION

Property Management Committee
Meeting Agenda

October 21, 2021

Atwood Building 550 W. 7th Ave. Ste. 1550 (ZOOM ONLY) Anchorage, AK

Email realestatecommission@alaska.gov for ZOOM information

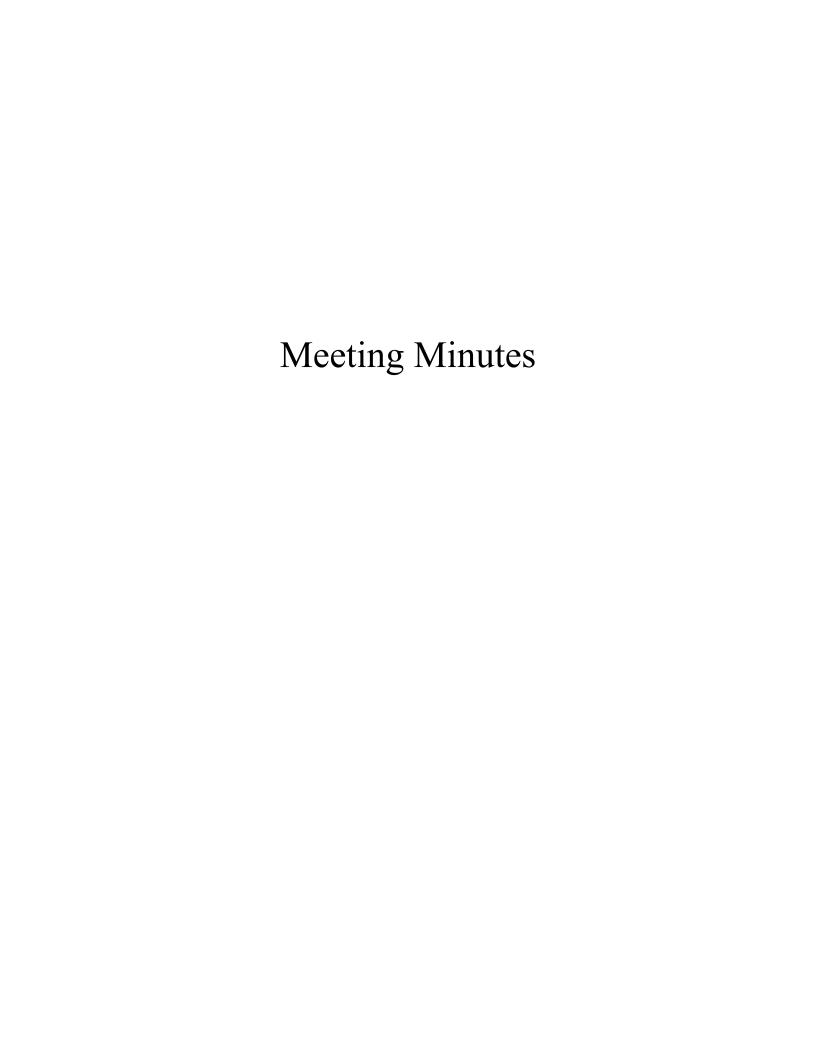
Thursday, October 21, 2021

12:00 p.m. 1. Call to Order

Taggart

- 2. Approval of Agenda
- 3. Approval of April 22, 2021 Meeting Minutes
- 4. Public Comment
- 5. Summary of Mission Statement
- 6. Brainstorm Ideas for Property Management FAQs
- 7. Discussion Re: Consumer Disclosure & Waiver of Right to be Represented for Property Management
- 8. Next Meeting Date
 January 20, 2022
- 9. Adjourn

Property Management Regulations 12 AAC 64.550, 12 AAC 64.560, 12 AAC 64.570



1 2 3	STATE OF ALASKA DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING			
REAL ESTATE COMMISSION Property Management Committee MEETING MINUTES				
8 9	April 22, 2021			
10 11 12 13 14 15	By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled teleconference meeting of the Real Estate Commission Property Management Committee was held April 22, 2021, at the State of Alaska Atwood Building, 550 W. 7 th Avenue, Suite 1550, Anchorage, Alaska.			
16 17 18	Thursday, April 22, 2021 Agenda Item 1 – Call to Order			
19	Chair, Kassandra Taggart, called the meeting to order at 12:05 p.m.			
20 21 22 23 24 25	Attendees present via ZOOM: Kassandra Taggart, Broker, Real Property Management Last Frontier, Anchorage Cheryl Markwood, Commission Member, Broker, Markwood Realty, Fairbanks Elizabeth Schok, Commission Member, Associate Broker, Somers Sotheby's International Realty, Fairbanks			
26 27 28 29 30 31 32	Larry Austin, Salesperson, Herrington and Company, Anchorage Michelle Snell, Associate Broker, Jack White Real Estate, Wasilla Suellen Appellof, Associate Broker, Jack White Real Estate, Wasilla Jim McCall, Alaska Housing Finance Corporation Laura McMillon, Compliance Administrator, The CE Shop Bryan Silva, Public Member			
33 34 35	Staff Present: Shyla Consalo, Executive Administrator			
36 37	Agenda Item 2 – Introduction of New Commission Member Appointed as Committee			
38 39 40 41 42	<u>Liaison</u> Traci Heaton was not in attendance to introduce herself, so Ms. Taggart gave a brief explanation of Ms. Heaton's role as the Committee Liaison, and the purpose of having a liaison from the Commission appointed to the Committee.			
43 44	Agenda Item 3 – Approval of Agenda			
45 46	On a motion duly made by, Ms. Taggart, seconded by Mr Austin, it was,			
47 48	RESOLVED to approve the meeting agenda.			
49	ALGGETED to applicate the mostling agonidal			
50 51				
52				
53				
54				

REC Property Management Committee Teleconference Meeting Minutes April 22, 2021 Page 2 of 6

Agenda Item 4 - Approval of January 21, 2021 Meeting Minutes

56 57

55

On a motion duly made by, Ms. Taggart, seconded by Ms. Schok, it was,

58 59

RESOLVED to approve the January 21, 2021 meeting minutes as presented.

60 61

62

63

64 65

66

67 68

69

70

Agenda Item 5 – Public Comment

Bryan Silva, public member, gave public comment on an issue he's encountered with his condo association. Mr. Silva stated he's discovered a great deal of money missing after going through the financial records for the past several years. He expressed frustration that no agency with the

state will investigate, and he keeps getting referred to pursue the matter via civil court. Mr. Silva further stated he did not wish to go the civil court route, as it would involve a great deal of expense on his part. He spoke with other individuals who have encountered similar issues, and they told Mr. Silva that the associations just try to outspend the other party, giving them an unfair advantage. Mr. Silva expressed this is a great concern for owners who find themselves in this position.

71 72 73

74

Ms. Taggart expressed understanding, and briefly explained the minimal scope the Commission has regarding HOAs and condo associations. She encouraged Mr. Silva to look into the civil and criminal options at his disposal. She stated there are options, but some require a bit of research.

75 76 77

Mr. Austin recommended an attorney he's worked with that specializes in real estate law, and is familiar with how HOAs and condo associations work.

79 80 81

78

Agenda Item 6 – Summary of Mission Statement

Ms. Taggart stated the mission statement: Licensed property and association managers be well informed, educated, and supportive of real estate needs for Alaskans.

83 84 85

86

87 88

89

90

91

92

93

82

Ms. Taggart stated the top 5 goals as a summary that were developed when the Committee was created in December 2019:

- 1. Clarity and best practices on security deposits and management of client accounts. 2. Advocacy for education of all property and association management.
 - 3. Audit of Alaska of real estate property management and association regulations to bring up the standards to today's practice. (12 AAC 64.550 - 580).
 - 4. Research what other states have done in property management and association management, specifically through ARELLO and Florida.
 - 5. Connecting property and association management resources to the public.

94 95 96

Ms. Taggart explained that while the mission statement remains the same, the next agenda item was created to update Committee goals/priorities for 2021.

97 98

Agenda Item 7 - Review/Approve "2021 Mission Statement & Priorities" Memorandum

99 100 101

102

103

104

105

106

Ms. Taggart explained the Committee's 2021 goals/priorities were created based on the Commission's 2021 Strategic Plan, which was developed at their March meeting. Ms. Taggart stated the top 5 priorities for 2021 – a couple of which are long-term goals that will carry over into the next year:

- 1. Develop a best practice document on security and dues deposits
- Develop a list of property management FAQs for both licensed property managers & property owners

REC Property Management Committee Teleconference Meeting Minutes April 22, 2021 Page 3 of 6

 Look into developing a separate consumer disclosure & waiver of right to be represented form specific to property management

 4. Review & make recommendations to the property management regulations regarding trust account & security deposit issues (long-term goal)

 5. Review the Landlord Tenant Act & look at changes in conjunction with the real estate industry (long-term goal)

On a motion duly made by, Ms. Taggart, seconded by Mr. Austin, it was,

RESOLVED to approve the "2021 Mission Statement & Priorities" memorandum to the Commission as presented, and submit to the Commission for consideration at their June meeting.

All in favor; Motion passed.

<u>Agenda Item 8 – Review/Approve "Security Deposits/Dues Deposits/Pre-Paid</u> Rents/Reserves" Best Practice

Ms. Taggart stated the document being reviewed is best practices regarding Security Deposits, Dues Deposits, Pre-Paid Rents, and Reserves within property management. Ms. Taggart explained the best practice document is regarding generally accepted practices in the property management industry around the topic of how security deposits, dues deposits, pre-paid rents, and reserves should be handled. Ms. Taggart suggested the best way to review the document would be to go through each section individually and work through any suggestions or edits there may be. The goal is to see if there's enough put together to get an approval through the Committee, to provide to the Commission for consideration at their next meeting in June.

Ms. Taggart started with the statute and regulation reference section. There were no suggested changes to be made to this section.

Ms. Taggart moved to the Purpose and Disclosure sections. There were no suggested changes to be made to these sections.

Ms. Taggart moved on to the Broker Policy Handbook section. She explained this section's purpose is to encourage brokers to consider things to address within their brokerage to avoid potential problems, complaints, and challenges. Each subsection was looked at and worked through individually:

- a. There were no suggested changes to this section.
- b. There were no suggested changes to this section.
- c. There were no suggested changes to this section.
- d. There were no suggested changes to this section. e. There were no suggested changes to this section.
- f. There were no suggested changes to this section.
- g. There were no suggested changes to this section.
- h. There were no suggested changes to this section.
- i. There were no suggested changes to this section.j. There were no suggested changes to this section.
- k. There were no suggested changes to this section.

Ms. Taggart moved on to the Processing of Funds section. Each subsection of this section was looked at and worked through individually:

- a. There were no suggested changes to this section.
- b. There were no suggested changes to this section.

REC Property Management Committee Teleconference Meeting Minutes April 22, 2021 Page 4 of 6

- c. There were no suggested changes to this section.
- d. There were no suggested changes to this section.
- e. There were no suggested changes to this section.
- f. There were no suggested changes to this section.

Ms. Markwood commented that she noticed there was nothing in the document that mentioned the security deposit offsets statement required per the Landlord Tenant Act. This statement is required to accompany a security deposit that is not returned in full due to any charges needing to be assessed against the account. Ms. Markwood felt there should be an additional section added to mention this. Ms. Taggart stated she thought about this while drafting the document, and was trying to keep the balance in how far she went with the Landlord Tenant Act side of this verses the Commission statutes and regulations; however, she agreed the more clarity that can be provided, the better it will be for everyone. Ms. Taggart requested input on wording for the additional

g. All security deposit disbursements should accommodate with a transmittal, detailed descriptions of additions, subtractions, and activities. This document should be submitted to landlords and tenants within the appropriate time in accordance See ULTA Sec. 34.03.070 and 12 AAC 64.560 as reference.

On a motion duly made by, Ms. Markwood, seconded by Ms. Taggart, it was,

RESOLVED to approve the best practice document on Security Deposits, Dues Deposits, Pre-Paid Rents, and Reserves as amended, and submit to the Commission for consideration at their June meeting.

All in favor; Motion passed.

subsection. The following subsection was added:

Agenda Item 9 – Brainstorm Ideas for Property Management FAQs

Ms. Taggart explained that the Commission has asked the Committee to provide a list of property management FAQs to better aid licensees, property owners, and the public on common questions that arise within the property management industry. Ms. Taggart requested ideas and input from everyone in the meeting. Ms. Taggart stated a common question that is asked is "What is a dues deposit?", as not a lot of home owners are familiar with what that entails. Ms. Taggart also stated that there's a lot of confusion between the Landlord Tenant Act and the Real Estate Commission's statutes and regulations – providing information in an FAQ document to help clarify the distinction between the two would be helpful to the public.

Ms. Taggart asked Ms. Consalo if she could think of common property management/association questions she receives now and/or when she was an investigator. Ms. Consalo stated she's received a lot of inquiries regarding security deposit disputes/issues, which falls under the Landlord Tenant Act not the Commission's statutes and regulations. Ms. Consalo also stated there were a lot of inquiries regarding HOAs and the Commission's authority on HOA issues. Some of the common complaints/questions were the HOA board taking an action against a home owner for an alleged violation, or the board failing to act on matters brought to their attention. Ms. Markwood agreed and stated she also receives a lot of calls for condo association questions, and a lot of the time, there are no licensed real estate professionals involved with the associations, so the Commission would have no authority over the actions of the association boards. Ms. Markwood stated a big issue she often hears from individuals is how hard it is to get the information needed for resale certificates when the association isn't being managed by a property management company or licensed real estate professional.

REC Property Management Committee Teleconference Meeting Minutes April 22, 2021 Page 5 of 6

Ms. Taggart asked for clarification on the funds/accounts that the Commission has the authority to audit – if it was only trust accounts for brokerages and not association accounts. Ms. Consalo confirmed that was correct, and the only way the Commission would have authority to look at association accounts is if a real estate licensee was managing those accounts for an association and a complaint was received alleging that licensee was comingling or misusing the funds in those accounts.

217218219

220

221222

223

224

225

226

227

228

229

230

231

232

233234

235236

237

238

239

240241

212213

214

215

216

Mr. McCall stated he receives a lot of questions about association dues and where that money goes. For example, if the dues are \$350, how much of that goes into the operating account or the reserve account – what's the difference between those accounts? Some other common questions he receives are "What is a fidelity bond and why is it necessary?" "What's a reserve analysis and how is that different from a reserve study?" A lot of home owners don't understand the overall financial management of an association, so there's confusion when dues are being paid, but the associations funds are in the red. Mr. McCall stated another issue that contributes to some of the errors & misunderstandings with handling association accounts is the lack of training for licensees representing these associations. Ms. Taggart stated the Committee did provide to the Commission a list of training resources for property & association management – the list was approved and posted to the Commission website for easy access to those materials. Mr. McCall stated he knows licensees are required to take some specific education courses to comply with continuing education requirements, but wondered if licensees who perform property management had different required education courses to take than those who don't do property management. If not. Mr. McCall strongly suggested this to be looked at and changed if possible because there is a huge need in the industry for it. Ms. Taggart noted that the amount of required continuing education has been a long debate with the Commission over numerous years. The Commission has attempted to increase the number of education hours; however, it has been widely scrutinized and ultimately has failed to gain enough support for approval. Ms. Taggart stated she would be happy to try and add more discussion on association matters/issues in future agendas so they can be brought before the Commission. Ms. Taggart asked the group if they would like to simultaneously add association best guidelines or association directed FAQs - maybe break the FAQs into three different categories: rentals, associations, and commercial. Everyone agreed that would be the best way to move forward with this project.

243244245

246247

248

249

250

242

Agenda Item 10 - Next Meeting Dates

As a reminder, Ms. Taggart informed everyone of the Committee's next meeting dates. Ms. Taggart explained for the new participants that the dates were staggered around the Commission's regular meetings with summers off. The next meeting dates are as follows:

- October 21st
- January 20th (2022)

251252253

Agenda Item 11 – Adjourn

254255

On a motion duly made by Ms. Taggart, seconded by Ms. Markwood, it was,

256257

RESOLVED to adjourn.

258 259

Meeting adjourned at 1:05 p.m.

260261262

263264

REC Property Management Committee Teleconference Meeting Minutes April 22, 2021 Page 6 of 6

265	Prepared and submitted by:
266	Real Estate Commission Staff
267	
268	Approved:
269	••
270	
271	Kasandra Taggart, Chair
272	REC Property Management Committee
273	
274	
275	Date:

Oral Comments & Public Comments

MEMORANDUM

Date: April 22, 2021

To: Alaska Real Estate Commission

From: Kassandra Taggart, Chair, Property Management Committee

Approved: June 16, 2021

At its meeting on April 22, 2021, the Property Management Committee came up with prioritized areas to work on in 2021. These priorities were established based on the Alaska Real Estate Commission's 2021 Strategic Plan.

Mission Statement

Licensed property and association managers be well informed, educated, and supportive of real estate needs for Alaskans.

Objectives (approved 12/19/19):

- 1. Clarity and best practices on security deposits and management of client accounts
- 2. Advocacy for education of all property and association management
- 3. Review of Alaska Real Estate Commission property management and association regulations to bring up the standards to today's practice, 12 AAC 64.550, 12 AAC 64.560, 12 AAC 64.570
- 4. Consistently research what other states have done in the area of property and association management
- 5. Connecting property and association management resources to the public

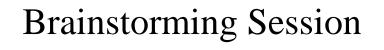
2021 Priorities:

- 1. Develop a best practice document on security and dues deposits
- 2. Develop a list of property management FAQs for both licensed property managers & property owners
- 3. Look into developing a separate consumer disclosure & waiver of right to be represented form specific to property management
- 4. Review & make recommendations to the property management regulations regarding trust account & security deposit issues (long-term goal)
- 5. Review the Landlord Tenant Act & look at changes in conjunction with the real estate industry (long-term goal)

ALASKA REAL ESTATE COM MISSION STRATEGIC PLAN 2021

The Commission recognizes we have a very small, yet extremely competent staff for the number of licensees we oversee, and to assist affected consumers. We have every confidence that our Executive Administrator Shyla Consalo, Project Assistant Nancy Harris, and Investigator Autumn Miller, will all support us in reaching our goals.

GUIDING PRINCIPLE	OBJECTIVE - how will we meet this guiding principle?	Who will complete this task?	Status/Notes
Protect the Consumer/Inform Licensees	With agreement of the appropriate departments, upload informational videos done by appropriate personnel on: • How to file a complaint against a licensee & its process • If a complaint is filed against a license what the process is for a license Additionally, provide best practice "white papers" on various topics as approved by the Commission for placement on our website.	Commissioners, Staff & Investigator	Goal to have recorded presentation done & submitted to Chief Investigator for review/approval by the next year's Strategic Planning meeting
Protect the Consumer/Inform Licensees	of the property owner or property manager. Then, provide next steps should the Commission agree to move forward with recommendations. Provide a list of property management FAQ's (Frequently Asked Questions) for both licensed property managers & property owners, to be approved by the Commission then placed on our website. To include: • Best practices for security deposits & earnest money • Potential for separate Property Management Consumer Disclosure & Wavier of Right to be Represented form • Long-term goal to review the Landlord Tenant Act & look at changes in conjunction with the real estate industry • Review and make recommendations to the property management regulations with regard to trust account and security deposit issues	Property Management Committee of the Commission & Property Management Liaison, Commissioner Heaton	Work in Progress – PM Committee continuing to develop best practices for REC consideration, several already approved & on website
Protect the Consumer/ Inform Licensees	Define minimum standards, based on what other jurisdictions have successfully implemented, for team advertising. To include: Define requirements to include brokerage information, minimum size, etc. Review, make recommendations if necessary, and provide a draft Disclosure Statement regarding teams Review, make recommendations if necessary, and draft regulation changes	Commissioners Schok & Heaton to provide information to staff	Previous Commission completed a best practice document already approved & on website *Requires a regulation change
Inform Licensees	Assist staff to clear up the following issues: How "inactive status" is logged/started & the notification to the affected licensee. Define & Verify how required education, for those who apply for license by endorsement. Define & Simplify the criteria for getting or upgrading a license. Sharing of Information	Commissioner Markwood & Staff	
Protect the Consumer/Inform Licensees	Review all regulations & propose one major regulation change (clean up) which will bring regulations into the 21st century.	Commissioners & Staff	Complete – Currently has been reviewed by the regulatory specialist, approved by Commission and is being sent out for public comment
Protect the Consumer	Review & revamp the State of Alaska Residential Real Property Transfer Disclosure Statement.	Commissioner Markwood	Draft form to be discussed at June Meeting & published in the meeting agenda * Requires a Regulation Change
Commission Business/Inform Licensees	Review upcoming licensing renewal cycle fee adjustment, as to conform with the surety fund balance.	Commissioners & Staff	* Requires a Regulation Change
Commission Business/Inform Licensees	Review and make recommendations regarding DCE Education Topics for the next renewal cycle.	Commissioners & Staff	



Next Meeting Dates

Adjournment