

**Real Estate Commission
Property Management
Committee Meeting**

October 21, 2021

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

Anchorage

Call to Order

Approval of Agenda

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

Meeting Minutes

1 STATE OF ALASKA
2 DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT
3 DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING
4

5 REAL ESTATE COMMISSION
6 Property Management Committee
7 MEETING MINUTES
8

9 April 22, 2021
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11 By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a
12 scheduled teleconference meeting of the Real Estate Commission Property Management
13 Committee was held April 22, 2021, at the State of Alaska Atwood Building, 550 W. 7th Avenue,
14 Suite 1550, Anchorage, Alaska.
15

16
17 **Thursday, April 22, 2021**

18 **Agenda Item 1 – Call to Order**

19 Chair, Cassandra Taggart, called the meeting to order at 12:05 p.m.
20

21 Attendees present via ZOOM:

22 Cassandra Taggart, Broker, Real Property Management Last Frontier, Anchorage
23 Cheryl Markwood, Commission Member, Broker, Markwood Realty, Fairbanks
24 Elizabeth Schok, Commission Member, Associate Broker, Somers Sotheby's International Realty,
25 Fairbanks
26 Larry Austin, Salesperson, Herrington and Company, Anchorage
27 Michelle Snell, Associate Broker, Jack White Real Estate, Wasilla
28 Suellen Appellof, Associate Broker, Jack White Real Estate, Wasilla
29 Jim McCall, Alaska Housing Finance Corporation
30 Laura McMillon, Compliance Administrator, The CE Shop
31 Bryan Silva, Public Member
32

33 Staff Present:

34 Shyla Consalo, Executive Administrator
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36

37 **Agenda Item 2 – Introduction of New Commission Member Appointed as Committee**

38 **Liaison**

39 Traci Heaton was not in attendance to introduce herself, so Ms. Taggart gave a brief explanation
40 of Ms. Heaton's role as the Committee Liaison, and the purpose of having a liaison from the
41 Commission appointed to the Committee.
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44 **Agenda Item 3 – Approval of Agenda**
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46 **On a motion duly made by, Ms. Taggart, seconded by Mr Austin, it was,**
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48 **RESOLVED to approve the meeting agenda.**
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55 **Agenda Item 4 – Approval of January 21, 2021 Meeting Minutes**

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

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

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62 **Agenda Item 5 – Public Comment**

63 Bryan Silva, public member, gave public comment on an issue he's encountered with his condo
64 association. Mr. Silva stated he's discovered a great deal of money missing after going through
65 the financial records for the past several years. He expressed frustration that no agency with the
66 state will investigate, and he keeps getting referred to pursue the matter via civil court. Mr. Silva
67 further stated he did not wish to go the civil court route, as it would involve a great deal of
68 expense on his part. He spoke with other individuals who have encountered similar issues, and
69 they told Mr. Silva that the associations just try to outspend the other party, giving them an unfair
70 advantage. Mr. Silva expressed this is a great concern for owners who find themselves in this
71 position.

72
73 Ms. Taggart expressed understanding, and briefly explained the minimal scope the Commission
74 has regarding HOAs and condo associations. She encouraged Mr. Silva to look into the civil and
75 criminal options at his disposal. She stated there are options, but some require a bit of research.

76
77 Mr. Austin recommended an attorney he's worked with that specializes in real estate law, and is
78 familiar with how HOAs and condo associations work.

79
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81 **Agenda Item 6 – Summary of Mission Statement**

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

84
85 Ms. Taggart stated the top 5 goals as a summary that were developed when the Committee was
86 created in December 2019:

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

94
95 Ms. Taggart explained that while the mission statement remains the same, the next agenda item
96 was created to update Committee goals/priorities for 2021.

97
98
99 **Agenda Item 7 – Review/Approve “2021 Mission Statement & Priorities” Memorandum**

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

- 104 1. Develop a best practice document on security and dues deposits
- 105 2. Develop a list of property management FAQs for both licensed property managers &
106 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)

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.

Agenda Item 8 – Review/Approve “Security Deposits/Dues Deposits/Pre-Paid 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.

- 160 c. There were no suggested changes to this section.
- 161 d. There were no suggested changes to this section.
- 162 e. There were no suggested changes to this section.
- 163 f. There were no suggested changes to this section.
- 164

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

- 174 g. All security deposit disbursements should accommodate with a transmittal, detailed
175 descriptions of additions, subtractions, and activities. This document should be submitted
176 to landlords and tenants within the appropriate time in accordance See ULTA Sec.
177 34.03.070 and 12 AAC 64.560 as reference.
- 178

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

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

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185 **All in favor; Motion passed.**

186 187 188 **Agenda Item 9 – Brainstorm Ideas for Property Management FAQs**

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

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198 Ms. Taggart asked Ms. Consalo if she could think of common property management/association
199 questions she receives now and/or when she was an investigator. Ms. Consalo stated she’s
200 received a lot of inquiries regarding security deposit disputes/issues, which falls under the
201 Landlord Tenant Act not the Commission’s statutes and regulations. Ms. Consalo also stated
202 there were a lot of inquiries regarding HOAs and the Commission’s authority on HOA issues.
203 Some of the common complaints/questions were the HOA board taking an action against a home
204 owner for an alleged violation, or the board failing to act on matters brought to their attention. Ms.
205 Markwood agreed and stated she also receives a lot of calls for condo association questions, and
206 a lot of the time, there are no licensed real estate professionals involved with the associations, so
207 the Commission would have no authority over the actions of the association boards. Ms.
208 Markwood stated a big issue she often hears from individuals is how hard it is to get the
209 information needed for resale certificates when the association isn’t being managed by a property
210 management company or licensed real estate professional.
211

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

218
219 Mr. McCall stated he receives a lot of questions about association dues and where that money
220 goes. For example, if the dues are \$350, how much of that goes into the operating account or the
221 reserve account – what's the difference between those accounts? Some other common questions
222 he receives are "What is a fidelity bond and why is it necessary?" "What's a reserve analysis and
223 how is that different from a reserve study?" A lot of home owners don't understand the overall
224 financial management of an association, so there's confusion when dues are being paid, but the
225 associations funds are in the red. Mr. McCall stated another issue that contributes to some of the
226 errors & misunderstandings with handling association accounts is the lack of training for licensees
227 representing these associations. Ms. Taggart stated the Committee did provide to the
228 Commission a list of training resources for property & association management – the list was
229 approved and posted to the Commission website for easy access to those materials. Mr. McCall
230 stated he knows licensees are required to take some specific education courses to comply with
231 continuing education requirements, but wondered if licensees who perform property management
232 had different required education courses to take than those who don't do property management. If
233 not, Mr. McCall strongly suggested this to be looked at and changed if possible because there is a
234 huge need in the industry for it. Ms. Taggart noted that the amount of required continuing
235 education has been a long debate with the Commission over numerous years. The Commission
236 has attempted to increase the number of education hours; however, it has been widely scrutinized
237 and ultimately has failed to gain enough support for approval. Ms. Taggart stated she would be
238 happy to try and add more discussion on association matters/issues in future agendas so they
239 can be brought before the Commission. Ms. Taggart asked the group if they would like to
240 simultaneously add association best guidelines or association directed FAQs – maybe break the
241 FAQs into three different categories: rentals, associations, and commercial. Everyone agreed that
242 would be the best way to move forward with this project.

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245 **Agenda Item 10 – Next Meeting Dates**

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

- 249
- October 21st
 - January 20th (2022)
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253 **Agenda Item 11 – Adjourn**

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

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RESOLVED to adjourn.

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Meeting adjourned at 1:05 p.m.

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Prepared and submitted by:
Real Estate Commission Staff

Approved:

Kasandra Taggart, Chair
REC Property Management Committee

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 COMMISSION 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	<p>With agreement of the appropriate departments, upload informational videos done by appropriate personnel on:</p> <ul style="list-style-type: none"> 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 <p>Additionally, provide best practice “white papers” on various topics as approved by the Commission for placement on our website.</p>	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	<p>Provide the Commission for consideration, what they should have jurisdiction over in property management, i.e., financial responsibilities 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:</p> <ul style="list-style-type: none"> Best practices for security deposits & earnest money Potential for separate Property Management Consumer Disclosure & Waiver 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	<p>Define minimum standards, based on what other jurisdictions have successfully implemented, for team advertising. To include:</p> <ul style="list-style-type: none"> 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	<p>Previous Commission completed a best practice document already approved & on website</p> <p>*Requires a regulation change</p>
Inform Licensees	<p>Assist staff to clear up the following issues:</p> <ul style="list-style-type: none"> 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	<p>Review all regulations & propose one major regulation change (clean up) which will bring regulations into the 21st century.</p>	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	<p>Review & revamp the State of Alaska Residential Real Property Transfer Disclosure Statement.</p>	Commissioner Markwood	<p>Draft form to be discussed at June Meeting & published in the meeting agenda</p> <p>* Requires a Regulation Change</p>
Commission Business/Inform Licensees	<p>Review upcoming licensing renewal cycle fee adjustment, as to conform with the surety fund balance.</p>	Commissioners & Staff	* Requires a Regulation Change
Commission Business/Inform Licensees	<p>Review and make recommendations regarding DCE Education Topics for the next renewal cycle.</p>	Commissioners & Staff	

Brainstorming Session

Next Meeting Dates

Adjournment