

MEMORANDUM

Date: February 20, 2020
To: Alaska Real Estate Commission & Education Committee
From: Kassandra Taggart, Chair, Property Management Committee
Approved: AREC Reviewed and Approved to Send to Education Committee at 3.25.20 Meeting

The Education Committee requested the Property Management Committee to provide a top three list of challenges faced in Property Management Industry that could be enhanced or addressed with education via the CE credit platform.

The Property Management Committee asks that the Alaska Real Estate Commission to review and approve the statement and to have it submitted to the Education Committee for their discussions and/or projects.

1. Trust Accounting

- a. Situation: Property Managers have seen an increase in Security Deposit complaints when working with the public. Also, the investigator has reported there to be many calls questioning handling of rental property funds.
- b. Law in reference: Sec. 08.88.351. Accounts; Records of Transactions
- c. Specific Concerns.
 - i. Processing a Security Deposit in and out of a Trust Account for Residential and Commercial Property Management.
 1. An example is one brokerage depositing the first month's rent and security deposit then taking it as commissions earned. Essentially confusing these types of funds to process like an earnest money does in a transaction that has closed at title.
 - ii. Types of financial reports that are transparent with the public to avoid confusion.
 1. An example is a brokerage may take too long to provide transparent documents or not enough documents for the public to understand the flow of the funds.

2. Federal Housing

- a. Situation: There has been a large increase in landlord(s), associations, and commercial tenant(s), wanting to charge or limit the allowance of "animals". The public has been utilizing the service animal and emotional

support regulations so they may not have to follow the rules of landlord(s), association(s) and commercial tenant(s). HUD has created documents

- b. Law in reference: Federal Fair Housing Notices; FHEO-2013-01 and FHEO-2020-01
 - c. Situation: There is still a large concern around landlord(s) doing advertising of real estate properties that are not in compliance with HUD-Fair Housing.
 - d. Training on how to build a rental property advertising that describes the property and not the “ideal” tenant.
3. Contracts
- a. Situation:
 - b. Law in reference:
 - c. Due to the reliance on the purchase and sale agreements in MLS, it is easy to become complacent on what should and should not be in a basic contract.
 - d. There are now Alaska case laws that now support what should and shouldn't be charged in Property Management contracts.