

**Real Estate Commission  
Property Management  
Committee Meeting**

**August 20, 2020**

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

**Anchorage**

# 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*

**August 20, 2020**

**Atwood Building**  
**550 W. 7<sup>th</sup> Ave. Ste. 1550 (ZOOM ONLY)**  
**Anchorage, AK**

*Email [realestatecommission@alaska.gov](mailto:realestatecommission@alaska.gov) for ZOOM information*

**Thursday, August 20, 2020**

- 12:00 p.m.**      1. Call to Order Taggart
2. Approval of Agenda
3. Approval of May 21, 2020 Meeting Minutes
4. Public Comment
5. Summary of Mission Statement & Top 5 Goals
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 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. Research what other states have done in the area of property and association management especially through ARELLO and Florida
5. Connecting property and association management resources to the public
6. Review Goal #1 – Best Practice
- a. Reporting
- b. Contracts and Disclosures
7. 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 Teleconference  
7 MEETING MINUTES  
8

9 May 21, 2020  
10

11 "These draft minutes were prepared by the staff of the Division of Corporations, Business and  
12 Professional Licensing. They have not been reviewed or approved by the Commission." By  
13 authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a  
14 scheduled teleconference meeting of the Real Estate Commission Property Management  
15 Committee was held May 21, 2020, at the State of Alaska Atwood Building, 550 W. 7<sup>th</sup> Avenue,  
16 Suite 1550, Anchorage, Alaska.  
17

18 **Thursday, May 21, 2020**

19 **Agenda Item 1 - Call to Order**

20 Chair, Cassandra Taggart called the meeting to order at 12:06 p.m.  
21

22 Roll Call – 1(a)

23 Attendees present via ZOOM:

24 Cassandra Taggart, Broker, Real Property Management Last Frontier, Anchorage  
25 Cheryl Markwood, Commission Member, Broker, Markwood Realty, Fairbanks  
26 Margaret Nelson, Commission Member, Broker, Denali Real Estate, Anchorage  
27 Sam Goldman, Commission Member, Broker, Alaska Built Real Estate, Wasilla  
28 Dawn Houston, Associate Broker, Double Eagle Real Estate & Investments, Wasilla  
29 Wayne Nelson, Salesperson, Double Eagle Real Estate & Investments, Wasilla  
30 Chavonne Cutright, Associate Broker, Re/Max Dynamic of the Valley, Palmer  
31 Gabe Stephan, Broker, Jack White Real Estate, Anchorage  
32 Kris Abegg, Broker, Paragon Properties, Anchorage  
33 Maude Morse, Alaska Housing Finance Corporation  
34 Erik Boltman, Salesperson, Real Property Management Last Frontier, Anchorage  
35 Eric Bushnell, Broker, Lee Realty, Wasilla  
36

37 Staff Present:

38 Shyla Consalo, Executive Administrator  
39  
40

41 **Agenda Item 2 – Approval of Agenda**

42  
43 **On a motion duly made by, Ms. Markwood, seconded by Ms. Abegg, it was,**

44  
45 **RESOLVED to approve the meeting agenda.**  
46  
47

48 **Agenda Item 3 – Approval of February 20, 2020 Meeting Minutes**

49 Ms. Taggart asked for an amendment regarding a correction to the attendees present.  
50

51 **On a motion duly made by, Ms. Markwood, seconded by Ms. Abegg, it was,**

52  
53 **RESOLVED to approve the February 20, 2020 meeting minutes as amended.**  
54

55 **Agenda Item 4 – Public Comment**

56 There were no public comments.  
57

58  
59 **Agenda Item 5 – Summary of Mission Statement**

60 Ms. Taggart stated the mission statement.

61  
62 Licensed property and association managers be well informed, educated, and supportive of real  
63 estate needs for Alaskans.  
64

65  
66 **Agenda Item 6 – Summary of Top 5 Goals**

67 Ms. Taggart stated the top 5 goals as a summary.

- 68
- 69 1. Clarity and best practices on security deposits and management of client accounts.
  - 70 2. Advocacy for education of all property and association management.
  - 71 3. Audit of Alaska of real estate property management and association regulations to bring  
72 up the standards to today's practice. (12 AAC 64.550 - 580).
  - 73 4. Research what other states have done in property management and association  
74 management, specifically through ARELLO and Florida.
  - 75 5. Connecting property and association management resources to the public.
- 76

77  
78 **Agenda Item 7 – Housekeeping**

79 Ms. Taggart explained this was just an update to explain what the Committee has done in the  
80 past so far.

81  
82 **Education Committee & AREC Letter - 7(a)**

83 The Education Committee reached out asking for the Property Management Committee to make  
84 suggestions regarding the priorities for classes to consider for the next renewal cycle. This was  
85 drafted and approved by the Commission and subsequently passed on to the Education  
86 Committee for consideration. The Education Committee did make their decisions on the classes,  
87 which were approved by the Commission.  
88

89 **Best Practice – Available Education for Property Management - 7(b)**

90 The best practices letter for available education training for property management in general, as  
91 well as an update on resources that could be posted to their website was presented to the  
92 Commission. The Commission approved both the best practices format and available education  
93 training to be posted to the website.  
94

95 Ms. Markwood stated she wanted to applaud Ms. Taggart and the Committee for being able to  
96 move forward this much in the accomplishment of the Committee's goals. She stated it's not often  
97 committees are formed and are successful in accomplishing their goals. She thanked everyone  
98 for a job well done. Ms. Taggart agreed with Ms. Markwood, stating the gathering of the resources  
99 was a collective effort. Ms. Taggart further clarified Ms. Consalo was actively working on getting  
100 the information posted to the website; however, COVID took place first, so it may take some time  
101 before the information is available on the website. Ms. Taggart stated that once the information is  
102 posted, it will be put on the next agenda to inform everyone.  
103

104  
105  
106

**Agenda Item 8 – Review Goal #1 – Best Practice - Accounting**

Goal #1 is to create clarity and best practices on security deposits and management of client accounts.

Ms. Taggart stated that when she gathered all the notes she had from everyone, she ran into a problem with trying to create a best practice template, and decided to break the information down even further. Ms. Taggart requested everyone's input before she moves forward with this format.

Ms. Taggart stated there's different parts to accounting - there's reporting, contracts & disclosures, and security deposits with commercial and residential rentals. Ms. Taggart asked the group if they were okay with splitting this goal into three best practices instead of one large best practice, that way the information could be presented in a more comprehensive way. The best practices would be broken out into the following categories: Best Practices for Accounting Reporting; Best Practices for Contracts & Disclosures; and Best Practices for Security Deposits, Dues Deposits, and Trust Monies. Everyone was in agreeance to have these best practices broken out into three separate categories. Ms. Nelson stated it was a great idea to split the best practices up into smaller categories, as it would provide more clarity and understanding.

Ms. Taggart started discussion on the best practice draft she created regarding accounting reporting. At the moment, Ms. Taggart has been documenting different statutes and regulations that could be used for supporting property management reporting requirements. Ms. Taggart further clarified that these best practices should not be construed as requirements, but rather what is commonly done and expected in the industry as a best practice. There needs to be clarity in not being so exact that it only works for one management company and not others. There also needs to be a balance in the language to assist those who are new to the property management industry, and those who have been in the industry for a while.

Ms. Taggart went through and explained each element of the draft best practice for accounting reporting, starting with the Broker Policy Handbook section. She explained this handbook should encourage a policy on what, how, and when, a property manager will provide property and financial data to the broker for review and record keeping. Ms. Cutright stated she appreciates what is happening with this Committee, and expressed that there needs to be clarity between what a leasing agent is required to report to their broker, and a property manager who is an independent contractor licensed salesperson. Ms. Cutright further explained a leasing agent is an employee of the broker and is not subject to receiving 1099 reports, so there's no clarity between whether a property manager is an employee or if they're a leasing agent because everything is blurred together. Ms. Taggart stated this has not been reviewed from a 1099 vs. W-2 employee perspective when looking at the reporting section of the broker's policy. Ms. Taggart agreed it was a good idea, and she would make a note to look at that embrace that concept within the verbiage. Ms. Nelson commented that it is important to note that while someone may be an employee, the broker still has supervision responsibilities. Ms. Nelson was unsure why there would be a distinction between just a leasing agent and a property manager. Ms. Nelson agreed it was a great question and that the Committee should look at that issue. Mr. Stephan commented that all licensees are required to provide all documents to the broker, and brokers are required to have a complete file as well as account for all monies. Mr. Stephan was unsure why there would be any distinction between someone that is treated as a W-2 employee verses a 1099 employee. Ms. Cutright clarified that her emphasis was on the instances where a required policy for property managers and leasing agents - is it going to be lumped all into one? Is it a policy rewrite for the individual licensees or is it a broker required policy? Ms. Taggart commented that brokers should have their own policy per regulations, and independently contracted licensees should also have their own rules to abide by. Ms. Taggart agreed there should be some clarity provided regarding this topic to avoid accidental violations on both federal and state levels.

159 Ms. Taggart moved forward in explaining the Management Contract section. Ms. Taggart  
160 explained the management contract should encourage the following items:  
161 a. Clarification on what financial duties will or will not be performed by the Property  
162 Manager and/or Broker regarding income and/or expenses related to the real property.;  
163 b. Clarification on who the responsible party is for remitting of funds for certain operational  
164 expenses;  
165 c. Disclosure at termination of management contract a “no later than” date on when the  
166 customer will be receiving applicable financial and contract documents;  
167 d. All monies collected as a form of management commission(s);  
168 e. Clarification on what third party management duties will or will not be performed by the  
169 Property Manager and/or Broker regarding income and/or expenses related to the real  
170 property; and  
171 f. Clarification on maintenance duties will or will not be performed by the Property  
172 Manager and/or Broker regarding income and/or expenses related to the real property.  
173

174 Mr. Goldman commented that item “c” has been a large challenge in the acquiring from other  
175 folks of business, where they are not given anything at all. The owners are being told that they’ll  
176 “get it when they get it”, and they’re being locked out of accounts unless they’ve given notice that  
177 they aren’t using another property manager. One of the challenges he’s had is tenant information  
178 is not being shared with the owner or the property management company, which has caused  
179 issues in being able to send information to collections agencies. Ms. Taggart stated this was an  
180 interesting debate because the federal Privacy Act that sits on the industry, and those laws  
181 cannot be superseded. There are also some jurisdictional issues that arise, as the Commission  
182 does not have jurisdiction over contractual matters or the exchange of information. Ms. Taggart  
183 stated it was a good topic to discuss to see if clarity could be obtained by discussing what other  
184 agencies are doing to get around this hurdle. Back and forth discussion was exchanged on this  
185 issue. Ms. Taggart stated the Committee could encourage brokers to have a policy in place to  
186 address the concern and come up with a solution that works best for their practice.  
187

188 Ms. Nelson commented that it is incumbent upon them to look out for the consumer, and what the  
189 Committee is trying to accomplish is best practices, so a best practice would be to ensure that all  
190 pertinent records be transferred. Ms. Nelson was unsure if that was something that could be put  
191 into the best practices document. Mr. Goldman stated he thinks it needs to be very well spelled  
192 out because there are consumers being negatively affected by the actions or inactions of  
193 licensees in the industry. Ms. Taggart thanked everyone for their comments.  
194

195 Ms. Nelson asked if the Committee should consider a lease template as a foundation for  
196 licensees to build on. Ms. Taggart stated this topic has been debated by the Department of Law,  
197 and they have shied away from doing this. Ms. Taggart is unaware of the specifics as to why it’s  
198 not been done; however, she stated she could find out if that was something the Committee  
199 requested. Ms. Abegg stated it would be interesting to know how many states have a standard  
200 template for a lease contract. Ms. Taggart stated she wasn’t sure if that was information she could  
201 obtain, as that is not something that is tracked by ARELLO. Ms. Taggart also stated she’s  
202 searched a couple of states, and she hasn’t seen a template provided. Mr. Goldman agreed that  
203 having a basic template would be beneficial. Ms. Markwood stated that IREM is a good resource  
204 for property management information, and they provide lease templates and property  
205 management templates. Ms. Markwood used IREM’s resources to establish her office when she  
206 transferred from another brokerage.  
207

208 Ms. Taggart moved forward in explaining the Types of Reports/Data section.  
209 a. The intent is to define the information to be shared, not necessarily the name of the  
210 report;

- 211 b. Balance Sheet;
- 212 c. Income/Expense Sheet; and
- 213 d. Unoccupied/Occupied Data – Commonly known as Rent Roll or Homeowner Directory.
- 214

215 Ms. Taggart mentioned there was a small mix-up in the order of her documents, and clarified the  
216 Management Contract section they discussed was under the Contracts & Disclosures portion of  
217 the best practices. Ms. Taggart proceeded to moved forward in explaining the Management  
218 Contract Section of the best practices for Accounting Reporting. Ms. Taggart explained the  
219 management contract should encourage the following items:

- 220 a. Clarification on how often to report financial data;
- 221 b. Clarification on how the parties intend to deliver the designated financial data to the
- 222 customer(s);
- 223 c. clarification on what the Broker and/or Property Manager intends to report to the
- 224 customer(s);
- 225 d. clarification on what financial data will or will not be provided by the Property Manager
- 226 and/or Broker regarding income and/or expenses related to the real property;
- 227 e. Data to be provided at termination of management contract; and
- 228 f. Data to be released/provided at termination of a lease contract.
- 229

230 Ms. Taggart moved forward in explaining what she currently has documented to look into  
231 regarding the Best Practices for Security Deposits:

- 232 a. Licensees applying commissions to security deposits on commercial deals;
- 233 b. Licensee paying commissions from security deposits to zero out the landlord's balance
- 234 with the company;
- 235 c. Landlords keeping the security deposits rather than the broker;
- 236 d. Defining how funds should be distributed at the time of termination;
- 237 e. Trust accounts to be submitted for broker review;
- 238 f. Brokers being signers for trust accounts that the landlords are holding; and
- 239 g. Leases should match what's in the trust account.
- 240

241 Mr. Goldman commented that security deposits on transfer of sale should be added to the list.  
242 Ms. Taggart stated she wanted to open it up to the group to see what everyone's preference is  
243 regarding this issue. Mr. Goldman stated that sometimes this issue is heavily dependent on the  
244 mortgage company that finances the sale, but there should be a best practice for when and how  
245 checks should be disbursed.

#### 246 **Agenda Item 9 – Review Goal #4 – Comparing States**

247 Goal #4 is to research what other states have done in Property Management and Association  
248 Management, specifically through ARELLO and Florida.

249  
250  
251 Ms. Taggart stated there are still some states that have no regulation over property managers and  
252 do not require them to have a license; some states require property managers to go through  
253 additional training; and some states have trust account auditing.

254  
255 Mr. Goldman commented it appeared Alaska was one of lower education states. Ms. Taggart  
256 stated Alaska is towards the bottom on credit hours, but was not at the bottom. Ms. Taggart  
257 explained that any time the Commission has tried to vote for additional education hours, it has  
258 created issues that have prevented them from being able to implement additional education  
259 requirements. Ms. Taggart proceeded to go through the national statistics. The average required  
260 education hours for a license is 77 hours; 45 states require a real estate license to do property  
261 management; eight (8) states require a specific property management license; nine (9) states

262 have additional mandates regarding HOA management. Even across other states, the regulation  
263 oversight of property management is not as strong as a conversation.  
264

265  
266

**Agenda Item 10 – REC Request**

267 The Commission asked the Property Management Committee to solve a couple of issues for  
268 them:  
269

270  
271

**Consideration of Jurisdiction - 10(a)**

271 Provide the Commission for consideration, what they should have jurisdiction over in property  
272 management; i.e. financial responsibilities of the property owner or property manager. Then,  
273 provide next steps should the Commission agree to move forward with recommendations.  
274

275

275 Ms. Taggart stated there are a lot of questions and concerns about this. Ms. Taggart stated that in  
276 the past when the Commission has tried to add credits for those who want an endorsement in  
277 property management, it has been rejected by the public. There were issues with restriction of  
278 trade. There were also conversations about adding an acronym to show having completed  
279 property management specific training; however, that doesn't give jurisdiction, it just volunteers  
280 credentials to be posted on the website. There's also been conversations that the Commission  
281 does not have a financial auditor. There is the potential to make adjustments to have a financial  
282 auditor, who would obtain permission to conduct routine audits on property management. Ms.  
283 Taggart requested input from the group on this topic. There were no comments, so Ms. Taggart  
284 explained it was her understanding that due to several recent events, it's been realized that  
285 there's a gap in how property management is overseen in respect to what the Commission can  
286 and cannot do. As far as the regulations, the Commission does have clear jurisdiction over trust  
287 accounts; however, outside of that, it's pretty restrictive and most things have to be dealt with in  
288 civil court. Basically, the Commission would like input on if there should be more or less oversight  
289 by the Commission within the property management industry. Ms. Markwood commented that Ms.  
290 Taggart's re-cap on the Commission's request was correct, and the biggest dilemma was if the  
291 Commission was jurisdictional.  
292

293

293 Ms. Consalo commented that the Commission does have some jurisdiction outside of just the  
294 trust account aspect, and that is within the licensee relationship section; however, the jurisdiction  
295 only applies to if those obligations are not being met with their clients. The area that is not  
296 jurisdictional, and is often where a lot of complaints originate, is when the tenants have  
297 complaints against the property managers which falls into the Landlord/Tenant Act statutes.  
298

299

299 Ms. Taggart recommended the Committee go back to the Commission to request additional clarity  
300 on jurisdictional thoughts, so something can be built that the group can have an opinion on. Mr.  
301 Goldman asked if there's been any discussion in expanding the property management regulations  
302 to be more definitive than they currently are. Ms. Taggart stated this was something that would be  
303 good to discuss when the Committee gets into working on Goal #3.  
304

305

**Property Management FAQ for Managers and Landlords - 10(b)**

306 Provide a list of property management FAQs for both licensed property managers and property  
307 owners, to be approved by the Commission then placed on the Commission website.  
308

309

309 Ms. Taggart stated this item would be simple for the Committee to put together.  
310  
311  
312  
313

314 **Agenda Item 11 – Next Meeting Dates**

315 Ms. Taggart proposed the following dates for the next three meetings: August 20, 2020;  
316 October 29, 2020; and January 21, 2021.

317  
318 **On a motion duly made by Ms. Markwood, seconded by Mr. Goldman, it was,**  
319  
320 **RESOLVED to approve the meeting dates.**

321  
322  
323 **Agenda Item 12 – Adjourn**

324  
325 **On a motion duly made by Mr. Goldman, seconded by Ms. Markwood, it was,**  
326  
327 **RESOLVED to adjourn.**

328  
329  
330 **Meeting adjourned at 1:36 p.m.**

331  
332 Prepared and submitted by:  
333 Real Estate Commission Staff

334  
335 Approved:

336  
337  
338 \_\_\_\_\_  
339 Kasandra Taggart, Chair  
340 REC Property Management Committee

341  
342 Date: \_\_\_\_\_

# Oral Comments & Public Comments

**Consalo, Shyla M (CED)**

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**Subject:** RE: Template/Tool Covid Disclosure for In-Person Showings of Occupied Rental Units

**From:** Jenny Weisshaupt [<mailto:jennykathleen@gmail.com>]

**Sent:** Wednesday, August 5, 2020 11:45 AM

**Subject:** Template/Tool Covid Disclosure for In-Person Showings of Occupied Rental Units

Good morning,

The coronavirus/COVID-19 is presenting health and safety issues that landlords and tenants must navigate that were not typically addressed in standard rental agreement verbiage. Some cities and states released mandates, websites or downloadable leaflets for best practice guidance, sometimes directed only to real estate brokers, other times for private rentals. This includes providing example verbiage for new leases that pertains to infectious disease protocols. Alaska has not done so yet.

After contacting multiple parties including speaking to an attorney named Connor on the landlord-tenant hotline last night, I took the COVID-19 disclosure being used statewide by real estate brokers, and modified it for occupied private rental units. I thought that localities, and various agencies related to housing might consider having this document or a variation thereof as a tool that could be downloaded by a landlord or tenant.

I did a lot of research on this topic and I will forward examples of resources from other locations upon request. What I am not addressing are any legal requirements or ramifications to in-person showings. I simply wanted to provide a tool that reminds landlords and prospective tenants of best practice to mitigate risk to current tenants, who do not appear to be protected by standard lease language or the Alaska Landlord & Tenant Act at this time.

Please let me know if there is anything I can do to further the idea of having this document made publically available.

Sincerely,

Jenny Weisshaupt  
(907) 738-4979

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To laugh often and much to win the respect of intelligent people and affection of children; to earn the appreciation of honest critics and endure the betrayal of false friends; to appreciate beauty, to find the best in others; to leave the world a bit better, whether by a healthy child a garden patch or redeemed social condition; to know even one life has breathed easier because you have lived. This is to have succeeded. - Emerson

**Coronavirus/COVID-19 Disclosure Agreement for In-Person Showings of Occupied Rental Units**

The potential for exposure to the novel coronavirus and of contracting COVID-19 is a risk inherent in having contact with other people and in allowing others to enter one's home and entering the home of another. This risk includes the possibility of severe illness, permanent disability, or death of the current tenant, prospective tenant, home owner or of other people the current tenant, prospective tenant or landlord subsequently contact. Alternatives to in-person showings include presenting the rental unit virtually, viewing the rental unit through a window or door, or a combination of both.

If in-person showing of an occupied rental unit must proceed, the home owner and prospective tenant agree to:

- \_\_\_\_\_ Initial      1. Disclose to the home owner if they are experiencing symptoms consistent with COVID-19, if they have had contact with someone known or suspected to have contracted COVID-19, or if they have recently traveled outside of the municipality in which the unit is located; and
- \_\_\_\_\_ Initial      2. Remove shoes and/or cover with booties prior to entering the rental unit, wear protective face coverings, exercise proper hygiene protocols, and maintain a safe distance from each other at all times in the manner recommended by local and state mandates and the Centers for Disease Control and Prevention; and
- \_\_\_\_\_ Initial      3. Keep showing brief, saving conversations for outside the unit if possible; and
- \_\_\_\_\_ Initial      4. Assume the risks of exposure to the novel coronavirus and of contracting COVID-19 associated with their interaction with the home owner, current tenant, and places affected by the foregoing.

Dated: \_\_\_\_\_ Signature: \_\_\_\_\_

Printed Name of Landlord \_\_\_\_\_

Dated: \_\_\_\_\_ Signature: \_\_\_\_\_

Printed Name of Prospective Tenant \_\_\_\_\_

# Summary of Mission Statement & Top 5 Goals

# ALASKA REAL ESTATE COMMISSION STRATEGIC PLAN 2020

GUIDING PRINCIPLE	OBJECTIVE – how will we meet this guiding principle?	Who will complete this task?
Protect the Consumer / Inform the Licensees	With agreement of the appropriate departments, upload informational videos done by appropriate personnel on: 1) how to file a complaint against a licensee and its process; and 2) if a complaint is filled against a license what the process is for that license. Additionally, provide best practices white papers on various topics as deemed appropriate on the website as approved by the Commission.	Staff & Investigator (Shyla & Autumn)
Protect the Consumer	Provide the Commission for consideration, what the Commission 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. And, provide a list of property management FAQs (frequently asked questions) for both licensed property managers and property owners, to review to put in the Commission website.	Property Management Committee of the Commission
Protect the Consumer	Refine and rework current processes, to increase the speed of actions to keep outside licensees or non-licensees from transacting business for which an Alaska real estate license or broker's license is required. Then, put this information on the Commission website and make sure it is easily accessible.	Commissioners Nelson & Pruhs, plus Shyla & Autumn
Protect the Consumer / Inform licensees	Define minimum standards, based on what other jurisdictions have successfully implemented, for team advertising (i.e. the requirement to include brokerage information).	Commissioner Nelson & McConnochie to provide information to staff
Inform licensees	Assist staff to clear up the following issues: <ul style="list-style-type: none"> <li>• How “inactive status” is logged/started and the notification to the affected licensee</li> <li>• How required education, for those who apply for license by endorsement, is defined and verified</li> <li>• Provided a military spouse has a current license in good standing in another state, streamline the process when they apply for an Alaska real estate license</li> <li>• Change how the Commission receives and disseminates license history; i.e. paper versus digital, or some other process</li> <li>• Define and simplify the criteria for getting or upgrading an Alaska real estate license; i.e. referring to <u>criminal history</u> and what specifically constitutes a valid reason a license will not be given/upgraded and the timing since conviction or completion of sentence</li> </ul>	Commissioner McConnochie & Staff (Shyla & Nancy)
Protect the Consumer / Inform licensees	Review all regulations and propose one major regulation change (clean up) which bring regulations into the 21 <sup>st</sup> century.	ALL

## MEMORANDUM

Date: December 14, 2019  
To: Alaska Real Estate Commission  
From: Cassandra Taggart, Chair, Property Management Committee  
Approved: AREC Approved at 12.19.19 Meeting

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At its meeting on December 13, the Property Management Committee came up with the following Mission Statement and prioritized areas to work on in 2020. The Committee asks that the Alaska Real Estate Commission approves the statement and goals and gives the Committee authority to work on these in the coming year.

### **Mission Statement**

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

Five listed areas to focus on (prioritized):

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 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. Research what other states have done in the area of property and association management especially through ARELLO and Florida
5. Connecting property and association management resources to the public

# Review Goals

## MEMORANDUM

Date: February 20, 2020  
To: Alaska Real Estate Commission  
From: Cassandra Taggart, Chair, Property Management Committee  
RE: Best Practice – Property Management Reporting

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The Property Management Committee is requesting the Alaska Real Estate Commission to review and approve the Best Practice – Property Management Reporting listed below. Once approved, the PM Committee is requesting submitting this best practice document to the list serve and add this to the Best Practices list on the AREC – PM section of the public website.

This best practice document is regarding generally accepted practices in the property management industry around the topic of Property Management Reporting for any or all parties involved in property management contracts.

The Property Management Committee completed a brainstorming activity to work on the AREC approved Goal # 1 – Clarity and best practices on security deposits and management of client accounts.

It was determined that there are several different types of management of properties causing a wide variety of different reports and a disconnect between parties on what is expected in the transaction. As a result, it is recommended to document some generally accepted practices to strengthen the defined duties and relationships between licensees and the public.

## BEST PRACTICE

Date: August 20, 2020

Adopted: (Complete when passed)

Title: Best Practice - Property Management - Reporting Information

To: Alaska Real Estate License Practicing Property Management for Commercial, Residential, or Association Management, and Alaska Real Estate Trainers

From: Alaska Real Estate Commission & Property Management Committee

Regulation Reference:

- 12 AAC 64.117 – Broker’s Written Policy
- 12 AAC 64.125 – Supervision
- 12 AAC 64.220 – Record of Trust Account Transactions
- 12 AAC 64.570. – Property Management of Real Property
- 12 AAC 64.250 – Prohibited Trust Account Activity

Statute Reference:

- Sec. 08.88.341 - Listings or management contracts
- Sec. 08.88.351 - Accounts; Records of transaction
- Sec. 08.88.361 - When Commission is earned.
- Sec. 08.88.405 – Preparation of Documents
- Sec. 08.88.90 – Exceptions
- Sec. 08.88.351. Accounts; records of transactions.
- Sec. 08.88.615 (3) . Duties owed by licensee in all licensee relationships - Presentation

Purpose: To provide guide best practices to assist any and all parties in property management transactions regarding what is generally accepted ways reporting information.

Disclosure: All parties in a property management transaction should familiarize themselves with the latest Alaska Real Estate Commission Statutes and Regulations prior to taking on any action affecting your or another person's rights or understanding of these best practices document. This publication is not the law.

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## Statement

### 1. Broker Policy Handbook:

- a. In addition to 12 AAC 64.220, Broker should define what reports are required to be maintained, available for the broker, and when it should be provided to the broker. This should include when the licensee is actively managing, terminated with the brokerage, and terminating of the management contract.
- b. Should define what specific reports are needed/required for the different types of property management services.
  - i. *Examples: Furnished Short-Term, Multi-Family, Residential, Commercial, Homeowner Association*
- c. Encourages a policy and review process for bank account reporting of trust accounts reconciliations.
- d. Encourages a policy on what, how, and when, a licensee will provide property and financial data to the broker for review and record keeping.
  - i. *Example: Whether it is a physical handout, via electronic means, or a website to log in and view there should be something provided to the owner on what reports the owner should be expecting, the frequency of when they will be receiving the reports and how they will be receiving said reports.*
- e. Recommend a policy on how a licensee, client, or other third party can make a request for property management reporting information and what information should be provided by a reasonable deadline.
  - i. *Example: Certified Public Accountant, child of a client, board member of the corporation, lawyer of a client, another real estate licensee working for the client, a homeowner that is a member of the association.*
- f. Define how and what insurances coverage will be reported to the brokerage.
  - i. *Examples: How often the broker/licensee will provide proof of coverage. Or how landlords/tenants report coverage and what type of coverages.*
- g. Encourages a policy and review process for licensees that utilize third-parties' vendors to ensure compliance with brokerages requirements.
  - i. *Example: The vendor, a third-party bookkeeper, still has proper insurance, license, bond, tax documents, and license to handle the financials and this is reviewed yearly by January 30.*

### 2. Management & Leasing Contract:

- a. Encourages a clarification on how often to report property and financial data. It is considered best practice for a Broker and/or Property Manager to provide financial data to the customer no less than every thirty (30) days.
  - b. Encourages a clarification on how the parties intend to deliver the designated property and financial data to the customer(s).
  - c. Encourages a clarification on what the Broker and/or Property Manager intends to report to the customer(s)
    - i. See list of financial reports below as a guide
  - d. Encourages a clarification on what financial data will or will not be provided by the Property Manager and/or Broker regarding income and/or expenses related to the real property.
    - i. Including but not limited to utility bills, HOA costs, third party billings, customer provided invoices, rental income, marketing, leasing, reserve management, investment accounts, commissions to broker/property manager, storage, parking, fines, coin machines
  - e. Clarity around what type of insurance is needed
  - f. Data to be provided at termination of management contract
    - i. A “no later than” date on when the customer will be receiving any of the following but not limited to;
      - 1. Final financial documents and funds, Tenant information/documents (if applicable), Contracts, Property records, Physical access materials, Paid / Unpaid invoices, Passwords/Login Information
  - g. Data that is considered “private information” in relation to Federal Privacy Act and Federal Credit Reporting should have a policy in the how information will be transferred and if information will or will not transferred to the landlord, the next landlord, management companies, or any other third-party.
  - h. Data to be released/provided at termination of a lease contract.
    - i. A “no later than” date on when the customer will be receiving any of the following but not limited to;
      - 1. Security Deposit Transmittal
      - 2. Financial Supporting Documents
3. Types of Reports/Data:
- a. The intent is to define the information to be shared, not necessarily the name of the report.
  - b. Balance Sheet – Ledgers, trust accounts, and other related accounts where the Broker and /or Property Manager is reconciling the financials on behalf of the customer, a report should be provided that discloses the amount in the account(s) and time frame associated for when the report is generated.

- c. Income / Expense Sheet – Ledgers, trust accounts, and other related accounts where the Broker and /or Property Manager is reconciling the financials on behalf of the customer, a report should be provided that discloses any income and/or expenses in those account(s) during the reported period and any income and/or expenses posted in the future of the reported period.
  - d. Unoccupied / Occupied Data – Commonly known as Rent Roll or Homeowner Directory – Real Estate that the Broker and/or Property Manager has under a management contract(s), a reporting sheet that discloses total occupancy, status of occupancy, potential/actual revenue, and/or uncollected balances; whichever is relevant.
4. Definitions
- a. Customer – Included but not limited to the following; a landlord, tenant, entity, vendor, homeowner, government, HOA association/board
  - b. Data – Any information that is relevant to that customer in particular.

## MEMORANDUM

Date: August 20, 2020

To: Alaska Real Estate Commission

From: Cassandra Taggart, Chair, Property Management Committee

RE: Best Practice – Property Management Contracts and Disclosures

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The Property Management Committee is requesting the Alaska Real Estate Commission to review and approve the Best Practice – Property Management Contracts and Disclosures listed below. Once approved, the PM Committee is requesting submitting this best practice document to the list serve and add this to the Best Practices list on the AREC – PM section of the public website.

This best practice document is regarding generally accepted practices in the property management industry around the topic of Contracts and Disclosures for any or all parties involved in property management contracts.

The Property Management Committee completed a brainstorming activity to work on the AREC approved Goal # 1 – Clarity and best practices on security deposits and management of client accounts.

It was determined that there are several different types of management of properties causing a disconnect between parties on what is expected in the transaction. As a result, it is recommended to document some generally accepted practices to strengthen the defined duties and relationships between licensees and the public.

## BEST PRACTICE

Date: August 20, 2020

Adopted: (Complete when passed)

Title: Best Practice – Brokerage & Property Management Contract and Disclosures

To: Alaska Real Estate License Practicing Property Management for Commercial, Residential, or Association Management and anyone on the listserv

To: Alaska Real Estate Trainers

From: Alaska Real Estate Commission & Property Management Committee

### Statute Reference:

Sec. 08.88.341 - Listings or management contracts

Sec. 08.88.351 - Accounts; Records of transaction

Sec. 08.88.361 - When Commission is earned.

Sec. 08.88.695 - Definitions for AS 08.88.600 – 08.88.695

Sec. 08.88.405 – Preparation of Documents

Sec. 08.88.90 – Exceptions

### Regulation Reference:

12 AAC 64.095 – Real Estate Activities of Unlicensed Persons

12 AAC 64.117 – Broker’s Written Policy

12 AAC 64.125 – Supervision

12 AAC 64.140 – Employment of Unlicensed Personnel

12 AAC 64.240 – Broker’s Commission

12 AAC 64.570. – Property Management of Real Property

12 AAC 64.250 – Prohibited Trust Account Activity

Purpose: To provide guide best practices to assist any and all parties in property management transactions regarding what is generally accepted ways of handling contracts and disclosures.

Disclosure: All parties in a property management transaction should familiarize themselves with the latest Alaska Real Estate Commission Statutes and Regulations prior to taking on any action affecting your or another person's rights or understanding of this best practices document. This publication is not the law.

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Statement:

1. Broker / Licensee Policy Handbook and/or Contract:
  - a. Define the handling of the management contracts;
    - i. *Examples can include; Who creates, prepares, and reviews management and lease contracts, Who is allowed to sign the contracts, timeline of when a management contract is provided to the broker for review, and how to secure and properly file the information for the required number of years.*
  - b. Should define the required experience and/or training prior to allowing a licensee to manage different types of property management contracts.
  - c. In addition to 12 AAC 64.095 and 12 AAC 64.140, Encourages a policy for un-licensed personnel.
    - i. *Examples: process of hiring, payment of services, their duties in the realm of property management, and who is the supervisor.*
  - d. Should define what specific types of property management are allowed or not in the brokerage.
    - i. *Examples: Furnished Short-Term, Multi-Family, Residential, Commercial, Homeowner Association*
  - e. Define how and what insurances will be required and maintained.
    - i. *Examples: what the requirements will be for all parties, how additional insured/interests will be listed, coverage amounts what will be provided, and how to follow up to enforce any insurance requirements.*
  - f. Encourages a policy on who is accountable or allowed to perform property management bookkeeping.
    - i. *Examples: only the broker, the property manager, a third-party with a particular insurance coverage, accounting department, or employee of broker or licensee.*
  - g. Define financial activities managed or reviewed by the licensee.



- i. *Bank Account Requirement Examples: customer owned bank accounts, trust accounts with interest allowed or not, or copies of the bank statements.*
  - ii. *Financial Activities Examples: Broker or licensee signs checks, two signers on checks, depositing of funds, collections of funds, association only signs checks, Business Clients sign checks or not etc.*
  - iii. *See Sec. 08.88.351(4) for association financial activity*
- d. Encourages a clarification on who the responsible party is for remitting of funds for certain operational expenses including any of the items listed in (d)(i).
  - i. *Including utility bills, HOA costs, third party billings, customer provided invoices, rental income, marketing, leasing, reserve management, investment accounts, storage, parking, fines, coin machines*
- e. Recommend clarity around all monies collected and paid as a form of management commission(s)
  - i. *Examples: Management, collections, leasing, marketing, violations, applications, mark-up's of any kind, maintenance, administrative, banking, postings/notices, legal, insurance*
  - ii. *Additional services to be determined between broker and/or property manager and the customer*
  - iii. *Examples: Invoices with due date.*
- f. Encourages a clarification on what third party management duties will or will not be performed by the Property manager and/or Broker regarding income and/or expenses related to the real property.
  - i. *Example: Vendor 1099 documents, Vendor Insurance verification, utility forms and documents, How HOA matters will be communicated, who manages the exterior care*
- g. Encourages a statement about insurance requirements per the brokers policy or professional recommendations.
- h. Encourages a clarification on maintenance duties and fees for these duties performed by the property manager and/or broker in regards to income and/or expenses related to the real property.
  - i. *Approvals, communications, large projects, insurance projects, in-house technicians, out-sourced technicians, sub-contracted, confirmation of insurance, licensed, and bonded, who will sign approved work agreements with third-parties, bidding, emergency*
- i. Disclosure at termination of management contract with a “no later than” date on when the customer will be receiving any of the following ;

- i. Final financial documents and funds, tenant information/documents (if applicable), contracts, property records, physical access materials, unpaid invoices, passwords/login Information where feasible.*

3. Lease Contract

- a. Disclosure of what tenant information will be shared with landlords or third parties. This is in reference to the Federal Privacy Act.
- b. Encourages the listed parties to a lease be landlord/tenant and not licensee/tenant.
  - i. Example could be to simply disclose the duties authority the licensee has to negotiate and/or sign on behalf of the landlord.*
- c. Disclosure of the landlord being a licensee.

4. Management Contract Disclosures:

- a. Any type of maintenance income/revenue that may be collected and retained by the broker and/or property manager as a form of commission.
- b. Broker and/or property manager has a potential financial benefit derived from a reciprocity agreement with other companies.
- c. Disclosure of other companies, divisions, and subsidiaries with financial interest.

2. Lease Contract Disclosures:

- a. Lead Base
- b. Utility
- c. Association
- d. Property information disclosures

Adjournment