

# **Real Estate Commission Property Management Committee Meeting**

**October 29, 2020**

**Atwood Building  
550 W. 7th Avenue,  
Suite 1560  
(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 29, 2020

**Atwood Building  
550 W. 7<sup>th</sup> Ave. Ste. 1560 (ZOOM ONLY)  
Anchorage, AK**

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

**Thursday, October 29, 2020**

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

2. Approval of Agenda
  3. Approval of August 20, 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. Contracts and Disclosures
  7. Discuss/Draft Information Piece Re: Rent Assistance (to be sent out ListServ once complete)
  8. 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

5 REAL ESTATE COMMISSION  
6 Property Management Teleconference  
7 MEETING MINUTES

8  
9 August 20, 2020  
10

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 August 20, 2020, at the State of Alaska Atwood Building, 550 W. 7<sup>th</sup> Avenue,  
14 Suite 1550, Anchorage, Alaska.

15  
16 **Thursday, August 20, 2020**

17 **Agenda Item 1 – Call to Order**

18 Chair, Kassandra Taggart, called the meeting to order at 12:06 p.m.  
19

20 **Attendees present via ZOOM:**

21 Kassandra Taggart, Broker, Real Property Management Last Frontier, Anchorage  
22 Terry Fields, Broker, Fields Real Estate, Wasilla & Professor, University of Alaska, Anchorage  
23 Diane Byker, Salesperson, Re/Max Dynamic Properties, Anchorage  
24 Toni Brewer, Salesperson, NextHome Arctic Sun, Fairbanks  
25 Chavonne Cutright, Associate Broker, Re/Max Dynamic of the Valley, Palmer  
26 Yvette Belisle, Associate Broker, Realty One Group Aurora, Anchorage  
27 Julie Wrigley, Professor, University of Alaska, Anchorage  
28 Maria Celli, Alaska Housing Finance Corporation  
29 Maude Morse, Alaska Housing Finance Corporation  
30 Joe Notetaker  
31

32 **Staff Present:**

33 Shyla Consalo, Executive Administrator  
34

35 **Agenda Item 2 – Approval of Agenda**

36  
37 On a motion duly made by, Ms. Byker, seconded by Mr. Fields, it was,  
38

39 RESOLVED to approve the meeting agenda.  
40

41  
42 **Agenda Item 3 – Approval of May 21, 2020 Meeting Minutes**

43  
44 On a motion duly made by, Ms. Byker, seconded by Ms. Brewer, it was,  
45

46 RESOLVED to approve the May 21, 2020 meeting minutes as presented.  
47

48  
49 **Agenda Item 4 – Public Comment**

50  
51 There was one written public comment submitted via email for Committee review. The email was  
52 submitted by a member of the public, Jenny Weisshaupt, regarding a template/tool on COVID  
53

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54 disclosure for in-person showings of rental units. Ms. Taggart asked everyone to read the email  
55 and provide additional comments, if applicable. The email read:

56

57 Good morning,

58

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

65

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

71

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

77

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

80

81 Sincerely,

82

83 Jenny Weisshaupt

84

85 Ms. Brewer asked if Ms. Weisshaupt was just trying to ask what licensees are currently doing to  
86 protect the tenants during showings or inspections.

87

88 Ms. Taggart stated the intent was very vague, and she thinks Ms. Weisshaupt was trying to  
89 spread awareness and bring it to the Commission's attention; however, the issue is more of a  
90 Department of Law matter under the Landlord Tenant Act than it is a matter for the Commission.  
91 Ms. Taggart wanted to make the documents a part of the record for discussion.

92

93 Ms. Brewer stated, in her office, they do ask specific questions to the people who are in the unit  
94 and to the licensee/individual who's visiting the unit. However, they've also been doing a lot of  
95 FaceTime, and a lot of videos where potential customers will view the video first. If, after viewing  
96 the video, the customer insists on needing to see the property, then they will show the unit to  
97 them after requiring them to wear a mask and sign their release. They also don't allow children to  
98 attend viewings. Ms. Brewer further stated that licensees have been doing their due diligence  
99 since COVID started, and it's been going on for a while now, so she thinks most companies have  
100 similar policies/protocols in place to deal with in-person showings.

101

102 There were no other public comments.

103

104

105

**Agenda Item 5 – Summary of Mission Statement & Top 5 Goals**

Ms. Taggart stated the mission statement:

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

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

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.

**Agenda Item 6 – Review Goal #1 – Best Practice**

Agenda Item 6(a) – Reporting

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

Ms. Taggart stated the first document being reviewed is best practices regarding Property Management Reporting. Ms. Taggart explained the 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. 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 September.

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 was a change made to the wording within the Purpose section for better clarity. There were no suggested changes to the Disclosure section.

Ms. Taggart moved on to the Broker Policy Handbook section. She explained this section's purpose is to encourage the Broker 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 was a change made to the wording of this subsection for better clarity.
- b. Additional examples were added to include a broader list of property management services Brokers should be considering.
- c. There was a change made to the wording of this subsection for better clarity.
- d. The language "owner" was changed to "client" to better suit all types of property management.
- e. There was a change made to the wording of this subsection for better clarity.
- f. There were no suggested changes to this section.
- g. Additional examples were added to include a broader list of third-party services Brokers should be considering.

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158 Ms. Taggart moved on to the Management & Leasing Contract section. She explained this  
159 section's purpose is to provide guidance regarding reporting of information within the  
160 management and leasing contract. Each subsection of this section was looked at and worked  
161 through individually:

- 162 a. There were no suggested changes to this section.
- 163 b. There were no suggested changes to this section.
- 164 c. There were no suggested changes to this section.
- 165 d. There were no suggested changes to this section.
- 166 e. There were no suggested changes to this section.
- 167 f. There were no suggested changes to this section.
- 168 g. There were no suggested changes to this section.
- 169 h. There were no suggested changes to this section.

170  
171 Ms. Taggart moved on to the Types of Report/Data section. She explained this section's purpose  
172 is to provide guidance on defining different types of reports and data for disclosure within the  
173 different types of property management. Each subsection of this section was looked at and  
174 worked through individually:

- 175 a. There were no suggested changes to this section.
- 176 b. There were no suggested changes to this section.
- 177 c. There were no suggested changes to this section.
- 178 d. There was a change made to the grammatical aspects of this subsection for better  
179 clarity.

180  
181 Ms. Taggart moved on to the last portion of the document, the Definitions section. Ms. Taggart  
182 explained this section was recommended to provide clarity on some of the terms used throughout  
183 the document. Each subsection of this section was looked at and worked through individually:

- 184 a. There were no suggested changes to this section.
- 185 b. There was a change made to the wording of this subsection for better clarity.

186  
187 **On a motion duly made by, Ms. Brewer, it was,**

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189           **RESOLVED to approve the best practice document on Property Management**  
190           **Reporting as amended, and submit to the Commission for consideration at**  
191           **their September meeting.**

192  
193       **All in favor; Motion passed.**

194  
195 **Agenda Item 6(b) – Contracts and Disclosures**

196       **On a motion duly made by, Ms. Cutright, it was,**

197  
198           **RESOLVED to suspend this item until the next meeting.**

199  
200       **All in favor; Motion passed.**

201  
202 **Agenda Item 7 – Adjourn**

203  
204       **On a motion duly made by Ms. Byker, seconded by Ms. Brewer, it was,**

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206           **RESOLVED to adjourn.**

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208       **Meeting adjourned at 1:19 p.m.**

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Prepared and submitted by:  
Real Estate Commission Staff

Approved:

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Kasandra Taggart, Chair  
REC Property Management Committee

Date: \_\_\_\_\_

# Oral Comments & Public Comments

# 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 filed 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	<p>Assist staff to clear up the following issues:</p> <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: Kassandra 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: August 20, 2020

To: Alaska Real Estate Commission

From: Kassandra 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 unlicensed 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. 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.
  - ii. See Sec. 08.88.351(4) for association financial activity
- h. Define bank account policies.
  - i. Examples: title of the bank account, signers of the bank account, reconciliation procedures, programs utilized, customer owned bank accounts, Trust accounts with interest allowed or not, or copies of the bank statements.
  - i. Define proper handling of commissions paid to licensee.
    - i. Examples: The transfer of the funds between the trust account, manager operating account, association accounts, and brokerage trust accounts.
    - ii. Examples: Licensee as an employee vs an independent contractor and how they are compensated.
  - j. Encourages a definition of handling of maintenance as a service.
    - i. Examples: Can licensee perform maintenance and be compensated? Disclosures of maintenance revenues, vendor verification, communication standards, use of the clients contractor, negotiation of contractor rates and bids, bid requirements, maintenance tasks, and records of maintenance and vendor information.
  - k. Encourages broker to define handling and disclosures of licensee owned properties.
- 2. Management Contract
  - a. Encourages a clarification on what financial 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. Examples: utility bills, HOA costs, third party billings, customer provided invoices, rental income, marketing, leasing, reserve management, investment accounts, storage, parking, fines, coin-op washing machines
  - b. Recommend a statement on how a licensee, client, or other third party can make a request for property management transaction information and what information should be provided by a reasonable deadline.
    - i. Examples: Certified Public Accountant, family member 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.
  - c. Define bank account requirements and financial activities in those accounts.

- 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 technicities, 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