

# **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. 7<sup>th</sup> Ave. Ste. 1550 (ZOOM ONLY)**  
**Anchorage, AK**

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

**Thursday, October 21, 2021**

- |                   |  |         |
|-------------------|--|---------|
| <b>12:00 p.m.</b> | 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<br>Property Management |         |
|                   | 8. Next Meeting Date<br>- 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

5 REAL ESTATE COMMISSION  
6 Property Management Committee  
7 MEETING MINUTES

8  
9 April 22, 2021  
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 April 22, 2021, at the State of Alaska Atwood Building, 550 W. 7<sup>th</sup> Avenue,  
14 Suite 1550, Anchorage, Alaska.

15  
16 **Thursday, April 22, 2021**

17 **Agenda Item 1 – Call to Order**

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

20 Attendees present via ZOOM:

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

32 Staff Present:

33 Shyla Consalo, Executive Administrator  
34

35  
36 **Agenda Item 2 – Introduction of New Commission Member Appointed as Committee  
37 Liaison**

38 Traci Heaton was not in attendance to introduce herself, so Ms. Taggart gave a brief explanation  
39 of Ms. Heaton's role as the Committee Liaison, and the purpose of having a liaison from the  
40 Commission appointed to the Committee.  
41

42  
43 **Agenda Item 3 – Approval of Agenda**

44 On a motion duly made by, Ms. Taggart, seconded by Mr Austin, it was,  
45

46  
47 RESOLVED to approve the meeting agenda.  
48

**Agenda Item 4 – Approval of January 21, 2021 Meeting Minutes**

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

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

**Agenda Item 5 – Public Comment**

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

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

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

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

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

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

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

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

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

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

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

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- 107        3. Look into developing a separate consumer disclosure & waiver of right to be represented  
108        form specific to property management  
109        4. Review & make recommendations to the property management regulations regarding trust  
110        account & security deposit issues (long-term goal)  
111        5. Review the Landlord Tenant Act & look at changes in conjunction with the real estate  
112        industry (long-term goal)

113  
114        **On a motion duly made by, Ms. Taggart, seconded by Mr. Austin, it was,**

115  
116        **RESOLVED to approve the “2021 Mission Statement & Priorities”**  
117        **memorandum to the Commission as presented, and submit to the**  
118        **Commission for consideration at their June meeting.**

119  
120        **All in favor; Motion passed.**

121  
122        **Agenda Item 8 – Review/Approve “Security Deposits/Dues Deposits/Pre-Paid**  
**Rents/Reserves” Best Practice**

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

131  
132        Ms. Taggart started with the statute and regulation reference section. There were no suggested  
133        changes to be made to this section.

134  
135        Ms. Taggart moved to the Purpose and Disclosure sections. There were no suggested changes to  
136        be made to these sections.

137  
138        Ms. Taggart moved on to the Broker Policy Handbook section. She explained this section's  
139        purpose is to encourage brokers to consider things to address within their brokerage to avoid  
140        potential problems, complaints, and challenges. Each subsection was looked at and worked  
141        through individually:

- 142        a. There were no suggested changes to this section.  
143        b. There were no suggested changes to this section.  
144        c. There were no suggested changes to this section.  
145        d. There were no suggested changes to this section.  
146        e. There were no suggested changes to this section.  
147        f. There were no suggested changes to this section.  
148        g. There were no suggested changes to this section.  
149        h. There were no suggested changes to this section.  
150        i. There were no suggested changes to this section.  
151        j. There were no suggested changes to this section.  
152        k. There were no suggested changes to this section.

153  
154        Ms. Taggart moved on to the Processing of Funds section. Each subsection of this section was  
155        looked at and worked through individually:

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

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- 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         **Agenda Item 9 – Brainstorm Ideas for Property Management FAQs**

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

196  
197 Ms. Taggart asked Ms. Consalo if she could think of common property management/association  
198 questions she receives now and/or when she was an investigator. Ms. Consalo stated she's  
199 received a lot of inquiries regarding security deposit disputes/issues, which falls under the  
200 Landlord Tenant Act not the Commission's statutes and regulations. Ms. Consalo also stated  
201 there were a lot of inquiries regarding HOAs and the Commission's authority on HOA issues.  
202 Some of the common complaints/questions were the HOA board taking an action against a home  
203 owner for an alleged violation, or the board failing to act on matters brought to their attention. Ms.  
204 Markwood agreed and stated she also receives a lot of calls for condo association questions, and  
205 a lot of the time, there are no licensed real estate professionals involved with the associations, so  
206 the Commission would have no authority over the actions of the association boards. Ms.  
207 Markwood stated a big issue she often hears from individuals is how hard it is to get the  
208 information needed for resale certificates when the association isn't being managed by a property  
209 management company or licensed real estate professional.

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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.

243

244

**Agenda Item 10 – Next Meeting Dates**

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

- 249 • October 21<sup>st</sup>
- 250 • January 20<sup>th</sup> (2022)

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**Agenda Item 11 – Adjourn**

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

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256           **RESOLVED to adjourn.**

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258           **Meeting adjourned at 1:05 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

## MEMORANDUM

Date: April 22, 2021

To: Alaska Real Estate Commission

From: Kassandra Taggart, Chair, Property Management Committee

Approved: June 16, 2021

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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"> <li>• How to file a complaint against a licensee &amp; its process</li> <li>• If a complaint is filed against a license what the process is for a license</li> </ul> <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 &amp; property owners, to be approved by the Commission then placed on our website. To include:</p> <ul style="list-style-type: none"> <li>• Best practices for security deposits &amp; earnest money</li> <li>• Potential for separate Property Management Consumer Disclosure &amp; Waiver of Right to be Represented form</li> <li>• Long-term goal to review the Landlord Tenant Act &amp; look at changes in conjunction with the real estate industry</li> <li>• Review and make recommendations to the property management regulations with regard to trust account and security deposit issues</li> </ul> | 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"> <li>• Define requirements to include brokerage information, minimum size, etc.</li> <li>• Review, make recommendations if necessary, and provide a draft Disclosure Statement regarding teams</li> <li>• Review, make recommendations if necessary, and draft regulation changes</li> </ul>   | Commissioners Schok & Heaton to provide information to staff                                       | <p>Previous Commission completed a best practice document already approved &amp; 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"> <li>• How “inactive status” is logged/started &amp; the notification to the affected licensee.</li> <li>• Define &amp; Verify how required education, for those who apply for license by endorsement.</li> <li>• Define &amp; Simplify the criteria for getting or upgrading a license.</li> <li>• Sharing of Information</li> </ul>  | Commissioner Markwood & Staff  |   |
| Protect the Consumer/Inform Licensees | Review all regulations & propose one major regulation change (clean up) which will bring regulations into the 21 <sup>st</sup> century.  | Commissioners & Staff  | Complete – Currently has been reviewed by the regulatory specialist, approved by Commission and is being sent out for public comment        |
| Protect the Consumer                  | Review & revamp the State of Alaska Residential Real Property Transfer Disclosure Statement.   | Commissioner Markwood  | <p>Draft form to be discussed at June Meeting &amp; published in the meeting agenda</p> <p>* Requires a Regulation Change</p>               |
| Commission Business/Inform Licensees  | Review upcoming licensing renewal cycle fee adjustment, as to conform with the surety fund balance.  | Commissioners & Staff  | * Requires a Regulation Change  |
| Commission Business/Inform Licensees  | Review and make recommendations regarding DCE Education Topics for the next renewal cycle.   | Commissioners & Staff  |   |

# Brainstorming Session

# Next Meeting Dates

# Adjournment