

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

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

9 April 22, 2021  
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11 "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 April 22, 2021, at the State of Alaska Atwood Building, 550 W. 7<sup>th</sup> Avenue,  
16 Suite 1550, Anchorage, Alaska.  
17

18  
19 **Thursday, April 22, 2021**

20 **Agenda Item 1 – Call to Order**

21 Chair, Cassandra Taggart, called the meeting to order at 12:05 p.m.  
22

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 Elizabeth Schok, Commission Member, Associate Broker, Somers Sotheby's International Realty,  
27 Fairbanks  
28 Larry Austin, Salesperson, Herrington and Company, Anchorage  
29 Michelle Snell, Associate Broker, Jack White Real Estate, Wasilla  
30 Suellen Appellof, Associate Broker, Jack White Real Estate, Wasilla  
31 Jim McCall, Alaska Housing Finance Corporation  
32 Laura McMillon, Compliance Administrator, The CE Shop  
33 Bryan Silva, Public Member  
34

35 Staff Present:

36 Shyla Consalo, Executive Administrator  
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39 **Agenda Item 2 – Introduction of New Commission Member Appointed as Committee**  
40 **Liaison**

41 Traci Heaton was not in attendance to introduce herself, so Ms. Taggart gave a brief explanation  
42 of Ms. Heaton's role as the Committee Liaison, and the purpose of having a liaison from the  
43 Commission appointed to the Committee.  
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46 **Agenda Item 3 – Approval of Agenda**  
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48 On a motion duly made by, Ms. Taggart, seconded by Mr Austin, it was,  
49

50 **RESOLVED to approve the meeting agenda.**  
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55 **Agenda Item 4 – Approval of January 21, 2021 Meeting Minutes**

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

58  
59 **RESOLVED to approve the January 21, 2021 meeting minutes as presented.**

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62 **Agenda Item 5 – Public Comment**

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

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

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

79  
80  
81 **Agenda Item 6 – Summary of Mission Statement**

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

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

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

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

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

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

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

- 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.**

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

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

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

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

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

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

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

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

- 158 a. There were no suggested changes to this section.

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

164  
165 Ms. Markwood commented that she noticed there was nothing in the document that mentioned  
166 the security deposit offsets statement required per the Landlord Tenant Act. This statement is  
167 required to accompany a security deposit that is not returned in full due to any charges needing to  
168 be assessed against the account. Ms. Markwood felt there should be an additional section added  
169 to mention this. Ms. Taggart stated she thought about this while drafting the document, and was  
170 trying to keep the balance in how far she went with the Landlord Tenant Act side of this verses the  
171 Commission statutes and regulations; however, she agreed the more clarity that can be provided,  
172 the better it will be for everyone. Ms. Taggart requested input on wording for the additional  
173 subsection. The following subsection was added:

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

178  
179 **On a motion duly made by, Ms. Markwood, seconded by Ms. Taggart, it was,**

180  
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.**

184  
185 **All in favor; Motion passed.**

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

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

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

211  
212 Ms. Taggart asked for clarification on the funds/accounts that the Commission has the authority to  
213 audit – if it was only trust accounts for brokerages and not association accounts. Ms. Consalo  
214 confirmed that was correct, and the only way the Commission would have authority to look at  
215 association accounts is if a real estate licensee was managing those accounts for an association  
216 and a complaint was received alleging that licensee was comingling or misusing the funds in  
217 those accounts.

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

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

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

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

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253 **Agenda Item 11 – Adjourn**

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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259 **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: \_\_\_\_\_

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