



# **“CONSIDERING PROPERTY MANAGEMENT?”**

**(Internet)**

**3 Hours of Property Management  
Continuing Education**

*Approved by the Division on Behalf of the Commission*

## **Participant Outline**

**JOSEPH R. FITZPATRICK**

**MEET “COACH”:**

David “Coach” Crete has over 25 years of experience in various aspects of real estate sales, including residential and commercial real estate development, commercial and residential construction, land use/entitlement, and land acquisition. His clientele includes general residential consumers as well as commercial owners, tenants and developers.



Dave is the founder and managing broker of Aspire Realty Group. Calling himself a “Real Estate Economics Geek,” Coach conducts regular presentations on the state of the real estate market in Southern Nevada, including analyzing market conditions and trends so as to provide real estate market forecast for other businesses as well as for training agents on the future of the real estate economy. He is *the* perfect instructor for this course.

You can reach Coach at (702) 683-3815 or [DCreate@aspirelasvegas.com](mailto:DCreate@aspirelasvegas.com).

## ONLINE VIDEO WORKSHEET

The Nevada Real Estate Division, on behalf of the Commission, holds CE course sponsors such as Fitzpatrick Real Estate School accountable for the following regarding online/distance learning courses:

- verify that students watch the complete three-hour presentation and spend the three hours required to earn a three-hour certificate;
- verify that students did not start the presentation and leave the presentation to run on its own without the student viewing it;
- evaluate the student mastery of the material;
- provide the student with support services and interaction;
- having a method to assess student performance during instruction.

To accomplish these goals, we have developed this “Online Video Worksheet” to accompany the videos we use to teach CE courses online. Throughout the videos, have embedded “checkpoints” that will prompt you to fill in the answers below.

In order to receive credit for the online course, you must answer the checkpoints correctly with a score of 80% and submit using the Online Video Worksheet link located above the three videos.

CHECKPOINT #1: \_\_\_\_\_

CHECKPOINT #2: \_\_\_\_\_

CHECKPOINT #3: \_\_\_\_\_

CHECKPOINT #4: \_\_\_\_\_

CHECKPOINT #5: \_\_\_\_\_

CHECKPOINT #6: \_\_\_\_\_

CHECKPOINT #7: \_\_\_\_\_

CHECKPOINT #8: \_\_\_\_\_

CHECKPOINT #9: \_\_\_\_\_

CHECKPOINT #10: \_\_\_\_\_

Student Name: \_\_\_\_\_ Date: \_\_\_\_\_

Course Title: Considering Property Management?

**I. COURSE OVERVIEW:**

Many Nevada real estate licensee choose to specialize in Property Management. This is a unique branch of the real estate industry that requires specialized education and expertise. This course is approved for 3 hours of property management CE and instructed by a true expert in the field.

**Topics Include:**

- Licensing, Permits, and Renewal Requirements
- Designated Property Manager
- Duties of a Property Manager
- Types of Residential Rental Properties
- Property Management Agreements
- Types of Tenancies
- Security Deposits
- Landlord-Tenant Laws
- Evictions
- Statutes and Regulations
- Recent Disciplinary Actions

**II. Licensing, Permits, and Renewal Requirements**

- To engage in property management, you must:
  - o have an active, salesperson's, broker-salesperson's, or broker's *license*, AND
  - o demonstrate 2 years of active experience within the last 4 years
  - o have an active property management *permit*
- To be granted a property management permit, you must (NAC 645.800):
  - o complete a 24-hour classroom property management course; certificate
  - o pass the Pearson Vue property management exam; currently 50 questions, \$75 fee
  - o make application with the Division
  - o pay the application fee (currently \$40)
- To renew a property management permit:
  - o the permit expires the same date as your license
  - o now requires 9 hours of property management CE course work to renew
  - o complete renewal application
  - o pay renewal fee

**III. Designated Property Manager**

- *must* be appointed by the broker; AND
- *must* be a broker-salesperson or broker
- oversees and assures compliance with property management activities
- might be the broker or some other permit holder in the firm

**IV. Duties of a Property Manager**

- PRIMARY: maximize the income from the property while also preserving its value
- work for the owner but also address tenants' needs
- buffer between the owner and the tenants
- finding tenants and keep the property occupied
- show properties, accept applications and fees, screen prospective tenants, collect rents, and address delinquent tenants
- maintain units and grounds, arrange repairs and renovations, advertise, prepare leases, and collect tenants' rental payments
- manage and handle trust accounts
- remain current with state and federal regulations regarding compliance updated paperwork

**V. Types of Residential Rental Properties**

- single-family homes
- condominiums, townhomes, and other common-interest properties
- apartments
- mobile home parks
- housing for the elderly
- military housing

**VI. Screening Tenants**

- a bad tenant can equate to loss of rent, property damage, nuisance and aggravation, and litigation
- difficult to remove a problem tenant
- try to screen tenants before move in
  - o application
  - o pay stubs
  - o employment history
  - o credit worthiness
  - o prior landlord letter/reference
  - o criminal background check (watch legalities)
- no discrimination or altering of terms or non-available statements

**VII. Property Management Agreements**

- In Nevada, exclusive agreements must be in writing, have a fixed termination date, and contain no automatic renewal language.
- owner obligations and property manager obligations
- commission and fees
- termination
- liabilities
- accounting
- repairs
- evictions and terminations of tenancy
- scope of authority
- deposits and return of deposits

## VIII. Types of Tenancies

- **Estate for years.** What may seem confusing about an estate for years is that it has nothing to do with “years.” This lease must have a definite starting and ending date, and that alone, establishes it as an estate for years. The term can be of *any* duration. It does not require notice to terminate as the expiration date of the lease is already identified in the lease. In the event of the death of either party, any unexpired time on the lease is inheritable and binding upon the heirs.
- **Estate from period to period.** This lease is based upon a stated “period” which will automatically renew for the same period over and over again until one party gives notice they no longer wish to continue. The most common example is the month-to-month lease where the parties have agreed to a lease for a month, and if there is no notice to terminate, it shall renew for another month, and so on. The parties should provide for a definite time frame for notice of intent to terminate in the lease or the courts have ruled that where there is no specific period of notice, one period will be the required notice period. This type of lease is binding on the heirs for any unexpired period.
- **Estate at will.** This lease is an open-ended lease with no specific termination date and notice *is* required to terminate. The courts will require a “reasonable” notice be given.
- **Estate at sufferance.** When the lease has expired, and the tenant remains in possession without the landlord’s consent, an estate at sufferance exists. The tenant has no right to be there and is technically a trespasser. The landlord is “suffering” due to the tenant’s continued possession of the property. An eviction is imminent.
- **Holdover tenancy.** If the tenant remains in possession beyond the expiration of the lease, a holdover tenancy has been created. The tenant has “held over.” Such a holdover may be agreeable or objectionable to the landlord. As an example, a lease agreement for one year could state that should the tenant remain in possession after the expiration, a month-to-month tenancy would be established. Or, a holdover could lead to an estate at sufferance as described above.

## IX. Security Deposits

- Best Practices
  - o Security deposits should be addressed upfront and in the rental agreement.
  - o help ensure that the tenant takes care of the property and complies with lease terms
  - o A non-refundable fee cannot be called a “deposit.” Refundable deposits must be distinguished from non-refundable fees.
  - o The lease should include the terms and conditions under which any deposit will be returned. A deposit cannot be withheld for normal wear and tear. If a tenant pays a deposit, the landlord should provide a document describing the rental unit’s condition.
  - o Walk-through inspections should be done on move-in day and the last day of the lease or the day after everything has been removed from the property
  - o landlords may face certain timeframes for addressing the return of a security deposit; tenants also may face deadlines for objecting to a landlord’s claim over a security deposit

- Proper Handling of Monies and Deposits
  - o must be accurate with record keeping when it comes to handling money security deposits
  - o maximum security deposit
  - o notify tenant of bank where deposit is kept; not necessary to provide account number
  - o When must deposit be returned to tenant?
  - o reductions to the deposit must be itemized
  - o if property is sold, must be transferred to new owner or refunded to tenant

**X. Property managers must adhere to the landlord-tenant laws in their state.**

- rent laws
- tenant rights to withhold rent
- required landlord disclosures
- security deposit limits and returns
- termination and eviction rules
- landlord access to the property
- late penalties
- additional requirements

**TIP: Steer Clear of Cash**

There are several risks with accepting cash payments for rent. Cash doesn't leave a paper trail and it's more susceptible to theft and improper handling. To reduce risk, advise prospective tenants of your "no cash" policy, and clearly outline the payment methods you accept, such as check, money order, or direct debit.

Remember, the goal here isn't to make it *harder* for your tenants to pay you. It's to make it *safer* for both you and them.

**XI. Eviction**

- Legal Eviction:
  - o proper notice; pay or quit
  - o time to cure
  - o landlord's filing of an eviction lawsuit
  - o tenant's entitlement to a court hearing
  - o sheriff's involvement to physically remove
- Constructive Eviction:
  - o landlord makes it impossible for tenant to occupy; retaliation
  - o change locks, turns off utilities, and other means

**XII. Statutes and Regulations****NRS 645.6056 Property management agreements: Requirements; contents.**

1. A real estate broker who holds a permit to engage in property management shall not act as a property manager unless the broker has first obtained a property management agreement signed by the broker and the client for whom the broker will manage the property.

2. A property management agreement must include, without limitation:

(a) The term of the agreement and, if the agreement is subject to renewal, provisions clearly setting forth the circumstances under which the agreement may be renewed and the term of each such renewal;

- (b) A provision for the retention and disposition of deposits of the tenants of the property during the term of the agreement and, if the agreement is subject to renewal, during the term of each such renewal;
- (c) The fee or compensation to be paid to the broker;
- (d) The extent to which the broker may act as the agent of the client;
- (e) If the agreement is subject to cancellation, provisions clearly setting forth the circumstances under which the agreement may be cancelled. The agreement may authorize the broker or the client, or both, to cancel the agreement with cause or without cause, or both, under the circumstances set forth in the agreement; and
- (f) If the broker intends to provide asset management services for the client, a provision indicating the extent to which the broker will provide those services. As used in this paragraph, “client” has the meaning ascribed to it in [NRS 645H.060](#).

**NRS 645.615 Duty to report certain convictions and pleas to Division.**

- 1. A licensee, property manager or owner-developer shall notify the Division in writing if he or she is convicted of, or enters a plea of guilty, guilty but mentally ill or nolo contendere to:
  - (a) A felony relating to the practice of the licensee, property manager or owner-developer; or
  - (b) Any crime involving fraud, deceit, misrepresentation or moral turpitude.
- 2. A licensee, property manager or owner-developer shall submit the notification required by subsection 1:
  - (a) Not more than 10 days after the conviction or entry of the plea of guilty, guilty but mentally ill or nolo contendere; and
  - (b) When submitting an application to renew a license, permit or registration issued pursuant to this chapter.

**NRS 645.630 Authorized disciplinary action; grounds for disciplinary action; orders imposing discipline deemed public records.**

- 1. The Commission may require a licensee, property manager or owner-developer to pay an administrative fine of not more than \$10,000 for each violation he or she commits or suspend, revoke, deny the renewal of or place conditions upon his or her license, permit or registration, or impose any combination of those actions, at any time if the licensee, property manager or owner-developer has, by false or fraudulent representation, obtained a license, permit or registration, or the licensee, property manager or owner-developer, whether or not acting as such, is found guilty of NRS 645.630-635.

**NRS 645.633 Additional grounds for disciplinary action: Improper trade practices; violations of certain orders, agreements, laws and regulations; criminal offenses; other unprofessional and improper conduct; reciprocal discipline; violations relating to property management;**

- 1. (f) Failure to include a fixed date of expiration in any written brokerage agreement or failure to leave a copy of such a brokerage agreement or any property management agreement with the client.

**NAC 645.650 Periods for maintenance of certain records by broker and for provision of certain paperwork to broker. ([NRS 645.050](#), [645.190](#))**

- 1. A broker shall keep complete real estate transaction and property management records for at least 5 years after the date of the closing or the last activity involving the property, including, without limitation, offers that were not accepted and transactions that were not completed, unless otherwise directed by the Division.
- 2. A salesperson or broker-salesperson must provide any paperwork to the broker with whom he or she is associated within 5 calendar days after that paperwork is executed by all the parties.

**NAC 645.655 Records of transactions; trust accounts.**

- 8. A real estate broker who is engaged in property management for one or more clients shall maintain two separate property management trust accounts distinct from any trust account that the real estate broker may have for other real estate transactions. One trust account must be used solely for activities relating to rental operations, and the other trust account must be used solely for security deposits. A real estate broker shall maintain a ledger account for each unit of property he or she manages regardless of whether the client owns more than one unit under the real estate broker's management. All rents and deposits for each unit must be deposited into and credited to each property's management trust account, and all authorized repairs and

expenses must be paid out of the corresponding ledger account. For the purposes of this subsection, “unit” means one single-family dwelling unit.

9. Property management and real estate transaction trust accounts must be reconciled monthly by the real estate broker or the designee of the real estate broker within 30 days after receipt of the bank statement. A real estate broker who permits any trust account, including any ledger account, to fall into deficit and remain in deficit for more than 45 consecutive days in 1 year is subject to discipline pursuant to paragraph (h) of subsection 1 of [NRS 645.633](#) or other applicable charges, or both.

**NAC 645.806 Trust accounts: Annual accounting required; declaration of exemption; maintenance of records; administrative fine for violation. ([NRS 645.050](#), [645.190](#), [645.310](#))**

1. A real estate broker who receives money, including, without limitation, rent, a security deposit, a down payment, an advance fee or earnest money deposit, or whose agent or property manager receives such money, shall provide to the Division, on a form provided by the Division, an accounting as required by subsection 5 of [NRS 645.310](#) which shows a reconciliation of each trust account that he or she maintains.

2. The reconciliation required pursuant to subsection 1 must be submitted to the Division annually by the expiration date of the license of the real estate broker. The reconciliation must include the calendar month immediately preceding the calendar month of the expiration date of his or her license as a real estate broker.

3. If a real estate broker is not required to provide a reconciliation to the Division pursuant to subsection 1, the broker shall provide to the Division, on a form prescribed by the Division, a declaration to inform the Division that the broker is not required to provide a reconciliation of trust accounts. The declaration form must be submitted to the Division annually by the expiration date of the license of the broker.

4. A broker who engages in property management or who associates with a property manager who engages in property management shall maintain complete accounting records of each trust account related to property management that he or she maintains for at least 5 years after the last activity by the broker which involved the trust account. If the records are maintained by computer, the broker shall maintain an additional copy of the records on computer disc for at least 5 years after the last activity by the broker which involved the trust account.

**NAC 645.807 Trust accounts: Execution of checks by certain broker-salespersons. ([NRS 645.050](#), [645.190](#))**

A real estate broker-salesperson who holds a permit to engage in property management may sign checks on a trust account without the signature of the real estate broker who employs him or her if the broker-salesperson has obtained the written permission of the broker authorizing him or her to do so. A signature applied by use of a rubber stamp does not constitute the signature of a real estate broker-salesperson for the purposes of this section.

### **XIII. Recent Disciplinary Actions**

Dina: Violated NRS 645.230(1)(b) 38 times by knowingly engaging the business of, acting in the capacity of, advertising or assuming to act as a property manager within the State of Nevada without first obtaining the appropriate permit to engage in property management from the Real Estate Division. \$14,466.51 fine \$1,887.83 in Division costs and fees 3 hours Agency 3 hours Broker Management

Jessie: Violated NRS 645.630(1)(f) by failing to, within a reasonable time, remit to the Complainant the rents she collected for the Property; NRS 645.630(1)(f) by failing to, within a reasonable time, remit to the Complainant the security deposit she collected for the Property; and NRS 645.633(1)(h) pursuant to NAC 645.605(11)(a) & (b) and/or NRS 645.635(6) for failing to respond to the Division's request for a written response to the complaint against her and for failing to provide complete copies of the transactions files for the Property. \$30,000 fine \$1,744.24 in Division costs and fees. Licenses and permits revoked.

Shirley: Violated NRS 645.630(1)(t) by failing, within a reasonable time, to account for or to remit any money which comes into her possession and which belongs to others, specifically by not returning the security deposits held by her to the property owner Complainant upon request to do so.

Tony: Violated NRS 645.235(1)(b) when he assisted or offered to assist David to engage in activities for which a license, permit, certificate, or registration or any type of authorization is required pursuant to NRS Chapter 645, or any regulation adopted pursuant thereto, because David did not hold the required license, permit, certificate, or registration. \$500 fine \$3,442.20 in Division costs and fees. \$2,000 fine \$1,281.16 in Division costs and fees.

Phil: Violated NRS 645.230(1)(b) by engaging in activities for which a property management permit is required from the Division; NRS 645.252(3)(a) by failing to present the buyer of the property with the Duties Owed by a Nevada Real Estate Licensee form; NRS 645.630(1)(c) by collecting a fee from the property owner to place tenants without remitting those fees to his broker; and NRS 645.633(1)(i) pursuant to NAC 645.605(1) by collecting money from property owner and/or tenants without remitting those funds to his broker. \$1,669.24 in Division costs and fees. \$40,000 in restitution to the Complainant. License revoked.

**10-QUESTION QUIZ**

1. Which of these duties are typically NOT handled by the property manager?
  - a. Handle maintenance issues
  - b. Collect rents
  - c. Administer loans
  - d. Screen tenants
  
2. Brett is a tenant who pays rent every week, but he never signed a formal rental agreement with the owner. Brett is technically in a(n) \_\_\_\_\_.
  - a. estate for years
  - b. periodic tenancy
  - c. estate at sufferance
  - d. holdover tenancy
  
3. Deposits are commonly used to address normal wear-and-tear issues after tenants move out.
  - a. True
  - b. False
  
4. A property manager is responsible for:
  - a. keeping the plumbing in reasonably good working condition
  - b. removing trash from individual dwellings
  - c. using and operating all appliances in a reasonable manner
  - d. making the property's mortgage payments
  
5. Janet, a property manager, just rented a five-bedroom house to a group of college students. What should she request regarding rent payment?
  - a. The tenants each pay her individually.
  - b. The tenants designate a single payor.
  - c. Each tenant takes a turn paying the rent.
  - d. The tenants have their parents pay her directly.
  
6. Most evictions start with \_\_\_\_\_.
  - a. a court hearing.
  - b. a lawsuit.
  - c. a sheriff's involvement
  - d. proper written notice.

7. Joey routinely complains to his landlord about the poor upkeep of the building. With several months left on his agreement, Joey receives an eviction notice. He decides to file a complaint against the landlord, claiming the act is a \_\_\_\_\_.
- a. lawful termination of tenancy
  - b. reason for Joey to withhold future rent payments
  - c. retaliatory eviction
  - d. violation of fair housing regulations
8. Missy is in a tenancy-at-will situation, because she doesn't have a formal agreement and \_\_\_\_\_.
- a. doesn't pay rent on a regular basis
  - b. pays rent on a bi-monthly basis
  - c. pays rent on a daily basis
  - d. pays rent on a weekly basis
9. Turning off the utilities or changing the locks is an illegal act known as a(n) \_\_\_\_\_.
- a. actual notice
  - b. actual eviction
  - c. constructive eviction
  - d. constructive notice
10. A Nevada real estate broker *must* maintain a trust account.
- a. True
  - b. False