

**ADOPTED REGULATION OF THE
REAL ESTATE COMMISSION**

LCB File No. R059-98

Effective July 1, 1998

EXPLANATION – Matter in *italics* is new; matter in brackets [] is material to be omitted.

AUTHORITY: §§2-11, NRS 645.190 and 645.6052.

Section 1. Chapter 645 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 9, inclusive, of this regulation.

Sec. 2. *1. Except as otherwise provided in subsection 2 and section 3 of this regulation, a person who wishes to obtain a permit to engage in property management must submit to the division:*

(a) A completed application on a form prescribed by the division;

(b) A fee of \$40; and

(c) A certificate of completion, in a form that is satisfactory to the division, that indicates his successful completion of the 24 classroom hours of instruction in property management required by paragraph (a) of subsection 2 of NRS 645.6052.

2. If the license of the person as a real estate broker, real estate broker-salesman or real estate salesman expires less than a year before the date he applies for the initial issuance of a permit, the fee for a permit is \$20.

3. The 24 classroom hours of instruction in property management required pursuant to paragraph (a) of subsection 2 of NRS 645.6052 must include, without limitation:

- (a) *Four hours of instruction relating to:*
 - (1) *Contracts for management services;*
 - (2) *Leases of real property;*
 - (3) *Applications to rent real property; and*
 - (4) *The Fair Credit Reporting Act, 15 U.S.C. §§ 1681 et seq.;*
- (b) *Two hours of instruction relating to the maintenance of records of money deposited in trust accounts and the requirements for reporting to the division set forth in chapter 645 of NRS;*
- (c) *One hour of instruction relating to the use of a computerized system for bookkeeping;*
- (d) *Two hours of instruction relating to the laws of this state governing property management;*
- (e) *Two hours of instruction relating to the disclosure of required information in real estate transactions, including, without limitation:*
 - (1) *Disclosures required pursuant to NRS 645.252; and*
 - (2) *Disclosures related to environmental issues as governed by state and federal law;*
- (f) *Five hours of instruction relating to:*
 - (1) *The Americans with Disabilities Act of 1990, 42 U.S.C. §§ 12101 et seq.;*
 - (2) *The Residential Landlord and Tenant Act as set forth in chapter 118A of NRS;*
 - (3) *The Nevada Fair Housing Law as set forth in chapter 118 of NRS; and*
 - (4) *State and federal law governing unlawful discrimination based on sex, including, without limitation, sexual harassment;*

(g) Three hours of instruction relating to property management for a common-interest community as set forth in chapter 116 of NRS;

(h) One hour of instruction relating to the duties and responsibilities of a real estate broker, including the supervision of employees and real estate salesmen and real estate broker-salesmen associated with the broker;

(i) Two hours of instruction relating to risk management, including, without limitation:

(1) Maintenance of real property;

(2) Health and safety of a tenant;

(3) Fire insurance;

(4) Rental insurance; and

(5) Disability insurance; and

(j) Two hours relating to the management of commercial property.

4. The division will not accept a course consisting of 45 hours of classroom instruction in property management that is offered to a real estate salesman to obtain a license as a real estate broker-salesman or a license as a real estate broker to fulfill any part of the 24 classroom hours of instruction required by paragraph (a) of subsection 2, of NRS 645.6052 unless the certificate of completion of the course indicates that the course has been approved by the commission to fulfill all or part of the 24 classroom hours of instruction required by paragraph (a) of subsection 2 of NRS 645.6052.

5. The division may accept a course in property management from a nationally recognized or accredited organization to fulfill the requirements set forth in paragraphs (a), (b), (c), (h),

(i) and (j) of subsection 3, if the successful completion of that course would qualify the applicant to engage in property management pursuant to the requirements of that organization.

6. The applicant must complete the hours of instruction set forth in paragraphs (d), (e), (f) and (g) of subsection 3 at an accredited educational institution in this state.

7. A permit to engage in property management initially issued by the division is effective on the date the application for the permit is submitted to the division or the date on which the fee for the permit is paid, whichever occurs later.

8. As used in this section and paragraph (a) of subsection 2 of NRS 645.6052, the commission will interpret the term "successfully completed" or "successful completion" to include, without limitation, passing an examination with a score of at least 75 percent that:

(a) Includes the subject matter presented in the hours of instruction required pursuant to subsection 3; and

(b) Consists of at least 50 multiple-choice questions.

Sec. 3. *1. A person who is licensed in this state as a real estate broker, real estate broker-salesman or real estate salesman on July 1, 1998, and who wishes to take an examination on the principles of property management to fulfill the educational requirements for a permit to engage in property management set forth in NRS 645.6052 and section 2 of this regulation must pay to the division a fee of \$50 in addition to the fee for the permit required by section 2 of this regulation.*

2. The test:

(a) Will be given only from July 1, 1998, to June 30, 1999;

(b) May only be taken one time during the period set forth in paragraph (a); and

(c) Will be based on the educational requirements set forth in section 2 of this regulation.

3. A person who fails the test and wishes to obtain a permit to engage in property management must meet the requirements set forth in section 2 of this regulation.

Sec. 4. *1. The division may renew a permit to engage in property management if the holder of the permit submits to the division:*

(a) A request for the renewal of his permit with his application to renew his license as a real estate broker, real estate broker-salesman or real estate salesman;

(b) A renewal fee of \$40; and

(c) Documentation of his successful completion of the requirements for continuing education required by paragraph (a) of subsection 4 of NRS 645.6052.

2. The hours of continuing education used to fulfill the requirements set forth in paragraph (c) of subsection 1 must include instruction relating to any amendments to the laws of this state governing property management.

3. The renewal of a permit is effective on the date on which the application for renewal of a license is submitted to the division or on the date on which the renewal fees for the license and the permit are paid, whichever occurs later.

4. A permit expires on the same date as the holder's license expires.

Sec. 5. *1. The division may deny an application for a permit to engage in property management if one or more of the following conditions exist:*

(a) The application is not in proper form;

(b) The proper fees are not enclosed;

(c) The accompanying forms are incomplete or otherwise unsatisfactory;

(d) The application contains a false statement;

(e) Other deficiencies appear in the application;

(f) An investigation fails to show affirmatively that the applicant possesses the necessary qualifications;

(g) The applicant has willfully acted or attempted to act in violation of chapter 119, 119A, 645 or 645A of NRS or the regulations adopted pursuant thereto, or has willfully aided and abetted another to act or attempt to act in violation of those chapters or regulations;

(h) The applicant has had a license suspended or revoked in another state; or

(i) The check used to pay the fee for the application for a permit is not honored by the financial institution upon which it is drawn.

2. An applicant whose application is denied by the division may appeal the denial to the commission as set forth in NRS 645.440. If the commission reverses the original decision and determines that the petitioner qualifies for a permit, the division shall accept the application. The permit shall be deemed to be effective on the date the application was originally submitted or the date on which the fee for the permit was paid, whichever is later. The division shall not charge an additional fee.

Sec. 6. *1. Any course designed to fulfill the educational requirements for the issuance or renewal of a permit to engage in property management must be approved by the commission.*

2. An educational institution that wishes to obtain approval to offer courses that meet the educational requirements for the issuance or renewal of a permit to engage in property management must apply to the division pursuant to the applicable procedures set forth in NAC 645.400 to 645.467, inclusive.

Sec. 7. 1. Except as otherwise provided in subsection 4, if a person to whom a permit is issued pursuant to NRS 645.6054 ceases to be connected or associated with the partnership, corporation, limited-liability company or sole proprietor for whom he is acting as a property manager, the partnership, corporation, limited-liability company or sole proprietor shall not engage in the business of property management unless not later than 30 days after that person ceases to be connected or associated with the partnership, corporation, limited-liability company or sole proprietor, the partnership, corporation, limited-liability company or sole proprietor designates another person to hold the permit on behalf of the partnership, corporation, limited-liability company or sole proprietor pursuant to the requirements set forth in subsection 3 of NRS 645.6054.

2. The real estate broker of a partnership, corporation, limited-liability company or sole proprietorship who is required pursuant to NRS 645.310 to maintain a trust account for money received for property management shall:

(a) Request a statement from the bank in which the trust account is being held not later than 5 days after the date that the designated property manager ceases to be connected or associated with the partnership, corporation, limited-liability company or sole proprietor; and

(b) Submit to the division, on a form provided by the division, a reconciliation of the trust account for the 30 days immediately preceding the date that the designated property manager ceases to be connected or associated with the partnership, corporation, limited-liability company or sole proprietor.

3. A reconciliation required pursuant to paragraph (b) of subsection 2 must be submitted to the division not later than 15 days after the designated property manager ceases to be

connected or associated with the partnership, corporation, limited-liability company or sole proprietor or by the end of the month in which the designated property manager ceases to be connected or associated with the partnership, corporation, limited-liability company or sole proprietor, whichever occurs later.

4. A partnership, corporation, limited-liability company or sole proprietor may petition, in writing, the administrator for an extension of time in which to designate another property manager after the designated property manager ceases to be connected or associated with the partnership, corporation, limited-liability company or sole proprietor. The administrator may grant such an extension, in writing, if he finds the partnership, corporation, limited-liability company or sole proprietor has a severe hardship resulting from circumstances beyond the control of the partnership, corporation, limited-liability company or sole proprietor which has prevented the partnership, corporation, limited-liability company or sole proprietor from meeting the requirements of subsection 1.

Sec. 8. *1. On or before the date of expiration of his license as a real estate broker, a broker who engages in property management or who associates with a property manager who engages in property management shall provide to the division, on a form provided by the division, an annual accounting as required by subsection 5 of NRS 645.310 which shows an annual reconciliation of each trust account related to property management that he maintains.*

2. The reconciliation required pursuant to subsection 1 must include the 30 days immediately preceding the expiration date of his license as a real estate broker.

3. 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 maintains for at least 7 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 7 years after the last activity by the broker which involved the trust account.

Sec. 9. *A real estate broker-salesman 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 if the broker-salesman has obtained the written permission of the broker authorizing him to do so.*

Sec. 10. NAC 645.695 is hereby amended to read as follows:

645.695 1. The real estate administrator may require a licensee to pay an administrative fine in the amount set forth in this subsection for a violation of the following provisions:

	First Offense	Second or Subsequent Offense
NRS 645.252.....	\$500	\$1,000
Subsection 4, 5 [,] or 6 of NRS 645.310.....	500	1,000
NRS 645.530.....	100 per license	200 per license
Subsection 1 of NRS 645.570.....	250	500
Subsection 1 of NRS 645.580.....	250	500
Subsection 1, 2, 3, 4, 5, 6, [7, 9, or] 8, 9, 10, 11 or 12 of NRS 645.630	500	1,000
<i>Subsection 7 of NRS 645.630</i>	<i>1,000</i>	<i>2,000</i>

Subsection 3, 5, 7 [,] or 8 of NRS 645.633.....	500	1,000
Subsection 6 of NRS 645.633.....	250	500
Subsection 1, 2, 5, 6 [,] or 8 of NRS 645.635....	500	1,000
NRS 645.660.....	500	1,000
NAC 645.180.....	500	1,000
Subsection 1, 2 [,] or 4 of NAC 645.610	250	500
Subsection 3 of NAC 645.610	500	1,000
NAC 645.625	250	500
NAC 645.637	250	500
NAC 645.640	500	1,000
NAC 645.645	500	1,000
NAC 645.650	500	1,000
NAC 645.655	250	500

2. In addition to imposing an administrative fine pursuant to subsection 1, the real estate administrator may:

(a) Recommend to the commission that the license of the licensee , *the permit of the licensee if he holds a permit to engage in property management, or both*, be suspended or revoked if the licensee is found guilty of a third or subsequent offense of any of the provisions set forth in subsection 1.

(b) Require a licensee to complete not more than 9 hours of continuing education.

Sec. 10. This regulation becomes effective on July 1, 1998, or the date that it is filed with the secretary of state, whichever occurs later.