

LCB File No. R059-98

**PROPOSED REGULATION OF THE NEVADA REAL ESTATE DIVISION OF THE
DEPARTMENT OF BUSINESS AND INDUSTRY**

The public hearing for the following regulation is scheduled for May 18, 1998, at 9 a.m.

AUTHORITY: Act of July 3, 1997, Ch. 283, § 4, 1997 Nev. Stat. 1118; NRS 645.190

Note: Matter italicized is new; matter in brackets [] is material to be omitted.

Chapter 645 of NAC is hereby amended by adding thereto a new section to read as follows:

“Challenge year” defined. “Challenge year” means July 1, 1998, through and including June 30, 1999.

NAC 645.043 is hereby amended to read as follows:

“Licensee” defined. “Licensee” means any person who holds a license as a real estate broker, broker-salesman or salesman pursuant to chapter 645 of NRS[.] *or any person who holds a license and/or a permit for property management as a real estate broker, broker-salesman or salesman pursuant to chapter 645 of NRS.*

Chapter 645 of NAC is hereby amended by adding thereto a new section to read as follows:

Termination of designated property manager; reconciliation.

- 1. When a designated property manager terminates his association with a broker, the broker has thirty (30) days to replace his designated property manager or cease performing property management.*
- 2. The prior month’s reconciliation must be submitted to the division with the application for the new designated property manager.*
- 3. A broker must request a bank statement from the financial institution where the trust account is being held, within five(5) days of the termination of the property manager’s employment, and must submit a reconciliation of the account within fifteen (15) days or by the end of that month, whichever is later, to the division, on a form provided by the division.*

Chapter 645 of NAC is hereby amended by adding thereto a new section to read as follows:

Fee for property management permit.

The fee for a property management permit is \$40.00.

Chapter 645 of NAC is hereby amended by adding thereto a new section to read as follows:

Annual Accounting; reconciliation.

- 1. A broker-salesman who holds a property management permit may, with the written permission of the employing broker, sign checks on a trust or custodial account without the broker's signature.*
- 2. An annual accounting of all property management trust and custodial accounts must be provided to the division, on a division form, on or before the month and day of the broker's renewal of his license.*
- 3. The reconciliation must be done to reflect the reconciliation for the month preceding the broker's renewal date.*

Chapter 645 of NAC is hereby amended by adding thereto a new section to read as follows:

Administrative fines for property management.

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:

- 1. NRS 645.630(5) First Offense \$500; Second Offense \$1,000*
- 2. NRS 645.630(7)(a) or (b) First Offense \$1,000; Second Offense \$2,000*

Chapter 645 of NAC is hereby amended by adding thereto a new section to read as follows:

Renewal of property management permit.

Renewal property management fees are due on the same date as the permit renewal or expiration date. Fees for the licensee's first application for permit will be prorated on a yearly basis to the permit renewal date. All fees must be paid to the division.

NAC 645.160(1) is hereby amended to read as follows:

Denial of application.

- 1. The division may deny any application for a license or property management permit when one or more of the following conditions exist:*

Chapter 645 of NAC is hereby amended by adding thereto a new section to read as follows:

Application for property management permit.

- 1. The Examination fee shall be \$50.00 payable to the real estate division for the cost of administrating this challenge year.*
- 2. The examination may only be taken 1 time during the challenge year period of July 1, 1998 until June 30, 1999.*
- 3. Exam questions will be based on the curriculum described in NAC 645._____.*
- 4. Anyone who fails the examination will be required to complete the 24 hour pre-permit education and pass that test.*

Chapter 645 of NAC is hereby amended by adding thereto a new section to read as follows:

Computer record retention.

Complete computer records of a trust account must be maintained on back up computer discs and held for at least seven (7) years following the last activity involving the account(s) by the broker.

Chapter 645 of NAC is hereby amended by adding thereto a new section to read as follows:

Requirement for courses of instruction.

- 1. An applicant for an original property management permit must provide proof satisfactory to division that the applicant has successfully completed 24 hours of pre-permit education which includes:
 - (a) four hours in management contracts, leases, rental applications and the fair credit reporting act;*
 - (b) two hours in trust account records and reporting requirements, including the handling of funds;*
 - (c) one hour in use of a computerized bookkeeping system;*
 - (d) two hours in Nevada law governing property management;*
 - (e) two hours of required disclosures including duties owed by a Nevada real estate licensee and environmental disclosures;*
 - (f) five hours in Landlord and Tenant law, including NRS 118A, Fair Housing Law, including NRS 118, the Americans with Disabilities Act and Sexual Harassment;*
 - (g) three hours in community association management, including NRS 116;*
 - (h) one hour in broker supervision and responsibilities;*
 - (i) two hours in risk reduction including maintenance, health and safety, insurance, and disability insurance; and*
 - (j) two hours in management of commercial properties.**
- 2. The Nevada Law portion of the curriculum is defined as sections (d), (e), (f), and (g) of subsection (1).*
- 3. Successful completion of the course includes passing the final examination with a grade of at least 75 percent. The examination shall consist of a minimum of fifty (50) multiple choice questions.*
- 4. A 45 hour course in property management offered for license upgrade to broker or broker-salesman status does not fulfill the property management pre-permit educational requirements.*
- 5. Courses in property management from a recognized or accredited national organization resulting in the granting of a designation relating to property management from that organization may be accepted by the division towards the fulfillment for the pre-permit educational requirements, except for the Nevada law requirements which must be taken in the State of Nevada from an accredited Nevada school.*

6. *Requests for program recognition must be submitted to the division's education officer and will be approved according to the real estate pre-licensing education process.*
7. *Courses for fulfillment of the pre-permit education requirement shall be offered by live classroom presentation only.*

Chapter 645 of NAC is hereby amended by adding thereto a new section to read as follows:

Continuing Education for property management.

The course(s) used to fulfill the requirement for three hours of property management continuing education shall contain information that will meet minimum standards in areas that shall be designated by the commission and shall include Nevada law updates regarding property management.