

JIM GIBBONS
Governor



MENDY ELLIOTT
Director

DEPARTMENT OF BUSINESS AND INDUSTRY
REAL ESTATE DIVISION

**TRUST FUND ACCOUNTING
AND RECORD KEEPING
FOR NEVADA BROKERS**

**A reference manual published
by the Education Section**

ANN M. MCDERMOTT
Administrator

Carson City Office
788 Fairview Drive, Suite 200
Carson City, NV 89701-5453

Las Vegas Office
2501 E. Sahara Avenue, Suite 101
Las Vegas, NV 89104-4137

website: www.red.state.nv.us
email: realest@red.state.nv.us

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STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
REAL ESTATE DIVISION
2501 E SAHARA AVENUE, SUITE 101
LAS VEGAS, NV 89104-4137

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INTRODUCTION

Proper accounting for trust funds and adequate record keeping are basic to the management of a brokerage office and the legal responsibility of the broker. This booklet will assist real estate brokers to understand the statutory and regulatory requirements of Nevada's license law for the handling of trust funds.

Failure of a real estate broker to manage properly or account for "funds belonging to others" can result in license revocation whether that failure is one of ignorance or negligence, whether intentional or unintentional. A broker's fiduciary responsibility makes the maintenance of adequate records necessary.

The broker is personally responsible for the supervision and maintenance of the trust fund accounts and records. Neither delegation of duties, ignorance of daily brokerage or management activities, nor failure to establish internal control relieves the broker of the responsibility and potential liability that can result from a failure to account adequately for money or maintain records.

Inadequate records or failure to maintain control of the trust funds can result in internal theft, commingling of funds, misuse of trust funds, litigation and/or disciplinary action. The use of an outside record keeping or accounting service does not eliminate the need for broker supervision or substitute for the broker's fiduciary responsibility.

▶ ***WHAT CONSTITUTES TRUST FUNDS?***

Provisions of Chapter 645 of Nevada Revised Statutes, (NRS 645) and Chapter 645 of Nevada Administrative Code (NAC 645) set forth the responsibilities of real estate brokers with regard to record keeping and the handling of trust funds.

Trust funds are money or things of value that are received by the broker or salesperson on behalf of a principal or client or other person in the performance of duties for which a real estate license is required, which are not the property of the broker but are being held for the benefit of others.

Trust funds do not include money relating to any property in which the broker or his personnel have an ownership interest. No matter how small the percentage of ownership, the intermingling of these funds with those of clients would constitute commingling. A separate bank account, not a trust account, may be established

to hold funds for the broker/company owned properties.

► ***WHO HOLDS TRUST FUNDS?***

A broker may hold money or things of value for the benefit of others for many reasons. For example, earnest money deposits are funds held pending consummation of a sale transaction. Funds are held as payment of final settlement costs. In the property management field, a broker may keep security and maintenance deposits on rental properties, may hold mortgage payments for a client/principal, or may hold rents collected but not yet disbursed to the property owner.

The money or things of value may include a check written to a title company or a mortgage company, a personal note made payable to the seller, title to a motor vehicle, jewelry or other personal property. The handling and safe keeping of all of these must be accounted for in a broker's internal records and to a broker's principal.

► ***WRITTEN CONTRACT GOVERNS***

Proper accounting for money in a transaction begins with the written contract between the seller and buyer, between the lessor/landlord and lessee/tenant, and the broker and client. The broker must specify in the contract how trust funds are to be held and where they are to be deposited.

Nevada brokers are not mandated by law to maintain a bank trust account, however, they must account for all funds. A broker may instead deposit money directly to escrow, if the contract so specifies. He may also pay funds directly to the seller or landlord in a transaction if all persons having an interest in the money agree in writing to that arrangement. Under any circumstance, the broker is personally responsible and liable for the deposit at all times, even if the funds were delivered directly to the seller or landlord to hold.

When depositing funds directly to an escrow account, the licensee may not deposit to any escrow company in which he or anyone associated with him in the real estate business has an interest unless proper disclosures are made. A proper disclosure must be made in writing and state the interest the broker or member of his staff has in that escrow company. Further, the disclosure must be acknowledged by the parties to the transaction.

► ***BROKER HAS OWNERSHIP INTEREST***

In the event that any type of trust funds are received from a cooperating broker or other third party regarding a property in which the broker/company has an ownership interest, full disclosure of the interest held must be made, and one of the following procedures should be followed:

1. Place the funds in the cooperating broker's trust account;
2. Obtain the informed consent from the other principal in the transaction thereby permitting the funds to be held by the broker/company acting as a principal and not held "in trust"; or
3. Deposit the funds with an escrow or title company.

Even though the broker may deposit directly to escrow, without a deposit to the trust account, he must maintain a record of what happened to those funds while in his custody. Minimum documentation for that record is a copy of the check and a receipt from the escrow agent which must be held in the transaction file. It is suggested that the Cash Receipts Journal also have a notation that the funds were received and delivered to escrow rather than deposited into the broker's trust account. The client ledger for the transaction should record the disposition of the funds.

ESTABLISHING A TRUST ACCOUNT

The trust account must be established in a bank in the state of Nevada and clearly identified as a trust account. The broker must be a trustee for the funds. The only sole signatories acceptable on a trust account would be a broker or, in the instance of a property management account, a designated property manager. Dual signatories on the trust account may be employees of the broker, salespersons licensed with the broker or the designated property manager. Whenever possible, the broker should use an employer's tax identification number instead of a personal social security number to establish a trust account.

Branch offices are not required to establish a trust account separate from the home office trust account. But, if the broker does establish a trust account for the branch, the branch manager, or designated property manager of the branch office must be a signer on that trust account.

▶ ***NOTIFY THE DIVISION OF LOCATION OF TRUST ACCOUNT***

Whenever a broker establishes a trust account, statutes require that he notify the Division of the account number and the name and location of the depository. Whenever a broker changes a trust account, or the broker's bank changes name and/or account number, the new account information must be supplied to the Division. A form for these notices is available from the Division. The form is also an authorization for properly identified Division representatives to inspect the records of this account. NRS 645.310 and NAC 645.655.

A trust account must allow the broker to withdraw money from that account without prior notice and without penalties for such withdrawals.

▶ ***SERVICE CHARGES***

Because most financial institutions levy a service charge on a checking account, the Nevada Real Estate Commission permits a broker to deposit adequate personal funds to cover this charge. This minimal amount a broker is permitted to deposit must be accounted for in the journals and ledgers in the same manner as client funds but clearly identified as broker's funds. Following this procedure will not be considered commingling by the Division. The maximum dollar amount of broker funds should not exceed \$100.00.

▶ ***INTEREST AND OTHER ECONOMIC BENEFITS***

Nevada law does not specifically address the establishment of interest-bearing trust accounts to hold trust funds. Such accounts must be handled with extreme caution because of prohibitions against commingling, conversion, breach of fiduciary duty, and practical considerations.

Federal law generally prohibits financial institutions from paying interest on commercial demand accounts. Interest may be paid on such accounts if the entire beneficial interest in the account "is held by one or more individuals or by an organization which is operated primarily for religious, philanthropic, charitable, educational, political, or similar purposes and which is not operated for profit", or on deposits of public funds. See 12 United States Code, Sections, 1828, 1832.

On the basis of this provision, several states have enacted legislation which



authorizes the payment of interest on real estate trust accounts to certain non-profit charitable organizations. Such authorization is typically limited to client funds which are nominal in amount or held for a short period of time. Nevada has **not** enacted such legislation.

Since brokers are required to account for and remit client's money "on demand", federal law will preclude the establishment of an interest-bearing trust account in most situations. A discussion of the limited circumstances in which an interest-bearing checking account may be established under federal law is beyond the scope of this booklet.

Assuming one's ability under federal banking law to establish an interest-bearing trust account, additional considerations will limit or, as a practical matter, preclude their use. There must be full disclosure and consent of the parties to the transaction as to the disposition of any interest earned. This requires an agreement between the broker and the parties as to who will receive interest and how it will be remitted to the parties. If the broker is to benefit from any of the interest earned, that money must be withdrawn from the account and separately accounted for to prevent commingling. Such an arrangement may result in income tax liability to the client under assignment of income rules. A tax expert should therefore be consulted if the broker is to benefit from interest on trust funds.

Accounting for and payment of interest must be done in accordance with the broker/client agreement, and done in a timely manner.

TYPES OF FUNDS AND ACCOUNTS

Any time that a real estate broker handles funds in his office there is a need to identify the nature of the funds. All staff who handle funds in the office should be adequately trained regarding how to distinguish the nature of the funds. Funds can be of two types and can be placed in any of three types of bank accounts.

The two types of funds are company funds and client funds. The three types of bank accounts are company (proprietary) operating accounts, broker trust accounts and custodial client accounts.

▶ ***COMPANY OPERATING FUNDS***

Company funds are received for services rendered, such as brokerage commissions, lease fees, property management fees, etc. These funds belong to the company/broker and must always be maintained separately from client funds.

▶ ***COMPANY (PROPRIETARY) OPERATING ACCOUNTS***

Company operating accounts are established in the name of the broker or company and should be used to hold only broker or company funds. No client funds should ever be deposited into these accounts. The bank records should indicate that the account is owned by the broker or company and the records should reflect that entity's federal tax identification number.

▶ ***CLIENT FUNDS***

Client funds are any funds received that are to be held for the benefit of a client. Examples of client funds are earnest money deposits, security deposits, rent receipts from management account tenants, etc. These funds ***MUST ALWAYS*** be kept separate from company funds. Clerical or unlicensed staff may not be aware of the distinction between the types of funds and so must be properly supervised by the broker to avoid accidental commingling of company and client funds, thereby placing the broker's license in jeopardy.

▶ ***BROKER TRUST ACCOUNT***

Broker's trust accounts are established in the name of the company/broker but must have the words "trust account" on the bank statement and on the printed checks. The bank must clearly understand that funds in these accounts do not belong to your company or broker in order to eliminate the possibility of attachment in the case of a judgment, IRS action or other liability which may arise to the company or broker. These accounts are used to hold client funds only.

▶ ***OUT OF STATE BROKERS***

A broker licensed in another state and performing brokerage functions in the state of Nevada under a Cooperative Broker Agreement will look to the cooperating Nevada broker for an accounting of all money. Any money received in the transaction shall be handled only by the Nevada broker.

▶ ***CUSTODIAL CLIENT ACCOUNTS***

Custodial client accounts are bank accounts which are opened in the name of a client and are primarily used for property management accounts. The name and ownership of the account with the bank should be that of the client and should show the broker only as the mailing address for statements and communications.

The client as well as the broker must be a signer on this type of account. If an account holds client funds and does not have the client as a signer on the account, it is by definition a trust account and must be treated as such.

When funds are received for a client, for whom the broker is using a custodial account, the funds are considered “trust funds” until they are actually deposited into the custodial account at the bank. The broker has the same level of responsibility for these funds before depositing as for any other trust funds. Once they are deposited, they are considered ***delivered*** to the client because the client has access to the funds by his signature. Handling disbursements from this type of account holds similar fiduciary responsibilities for the broker and care must always be exercised.

There is some risk for a broker who uses a custodial account rather than a trust account because the broker does not have exclusive control over the funds. Since the client may withdraw funds without consent of the broker, the broker may write checks on the account and discover that the client has withdrawn the funds necessary to cover the checks, resulting in returned checks on the account. For this reason brokers are urged to exercise great caution when using a custodial account.

HANDLING TRUST FUNDS

Handling client funds or “trust funds” is one of the most important responsibilities that a real estate broker has. The broker’s attention to detail, his commitment to professionalism, his personal and professional integrity and ethical conduct are all reflected in how trust funds are handled. Although the actual processing of the administrative procedures may be delegated to staff or other licensed broker/salesmen within the firm, the ultimate responsibility always lies with the broker of record.

▶ ***TIMELY DEPOSITS***

All trust funds are to be deposited in a timely manner, whether the funds were received as part of a sale or lease negotiation or as a property management function. Before the funds are actually deposited into a bank trust account, they should be adequately secured in a locked cash box, locked filing cabinet, or other secure location from where they are not likely to “disappear”. A broker should have a clear office policy regarding the care of the trust funds from the time they are received to the time they reach the bank. This policy should be carefully monitored within the office.

Unless specifically stipulated otherwise in the written contract between the parties to a transaction, a licensee who receives any type of trust funds on behalf of a broker shall pay over those funds to that broker, or to the escrow company designated in the contract, within one business day after receiving those funds. NAC 645.657. When an offer to purchase ripens into a contract or when the broker receives funds related to a property management account, the broker should deposit the trust funds into the broker’s trust account or deliver the funds to the authorized escrow agent before the end of the next banking day. Holding the trust funds beyond these deadlines is a violation of NRS 645 and NAC 645.

▶ ***ACCURATE ACCOUNTING***

The real estate broker must maintain a sufficient “paper trail” regarding the trust funds within his files so that at any future time, a client, an auditor or other investigator can reconstruct what happened to the trust funds and when. Copies of deposit receipts, along with a copy of the check, money order, or even a photocopy of the cash if payment was made in cash, should be maintained in the appropriate file. Accurate references on check book registers and trust account

records regarding the identification of the parties and properties should be maintained.

RECORD KEEPING

▶ *ACCOUNT RECORDS*

All trust account checks should be imprinted with sequential numbers and deposit slips should be printed in duplicate with the name of the real estate brokerage imprinted on them.

▶ *REQUIRED RECORDS*

The minimum records required for a broker's trust account are:

- Cash receipts journal;
- Cash disbursements journal, or an itemized check stub;
- Client ledger, or sub-ledgers if using a consolidated trust account;
- Transaction files, numbered or indexed;
- Bank account statements and checks.

The broker must keep a record of all of the money that is received by him whether for deposit to the trust account or for deposit directly to escrow. This record must show:

- The date and amount of money that was received;
- The date and amount of money that was deposited;
- The dates and amounts of all withdrawals;
- Parties for whom the deposit or withdrawal was made;
- To whom the money belongs.

A **cash receipts journal** is the diary or daily chronological record of trust funds (things of value) received for the benefit of another. This journal is used to record the date of receipt, the amount of money or value received, and the form of funds received (i.e., cash, check, note, etc). It also records from whom

received, for whom received, property identification, and transaction file number. (See exhibit #1)

If the funds were not deposited to the broker's trust account, the cash receipts journal should record the location of the funds or assets.

A **cash disbursement journal**, like the check stubs or check register, is used to keep track of all disbursements. It must show the date and amount of disbursement, to whom the money was paid, on whose behalf it was paid, the transaction file number, and the resulting balance.

Depending upon the bookkeeping used, the cash receipts and cash disbursements journals may be combined into one journal (exhibit #1). The cash receipts journal and disbursements journal are maintained for the entire trust account sequentially. However, these journals do not segregate the transactions by the various clients whose funds are held in trust. This separate cumulative record for each beneficiary or transaction is the client ledger.

The **client's ledger** is maintained for each client whose funds are held in the trust account. When a transaction is entered into the cash receipts journal or the cash disbursement journal, it is also entered into the individual client ledger. By recording these transactions chronologically, and immediately, the client ledger will always show the balance in the trust account belonging to this client. These amounts must always match those listed in the journal. The combined total of the balances of the client ledgers should always equal the running balance in the trust account check book register and in the cash receipts/disbursement journals.

The client's ledger should contain a separate sheet or record for each transaction. It must name the parties to the transaction, the property address or location, the amount and dates of deposits, withdrawals and balances. (See exhibit #2)

Transaction files, their contents and identification, will be discussed in the section on audits and inspections.

🕒 **ACCOUNT RECONCILIATION - aka KEEPING YOUR BALANCE**

The broker's trust account balance must always equal the trust liability. The balance of the trust account bank records must equal the balance of the clients' ledgers. The monthly statements on the bank account must be promptly reconciled to the check register, the journals, and the client's ledgers. In the case

of property management and real estate transaction trust accounts, bank statements must be reconciled within 30 days after receipt by the broker or his designee. NAC 645.655. A monthly account reconciliation will help discover math or posting errors before they become problems. Timely and regular account reconciliations can prevent unpaid commissions from becoming commingled funds.

When balancing the ledgers, only positive balances may be added. If any ledger shows a negative balance, there is a problem which needs immediate correction. This could show a conversion of trust funds. Keep the balance current in the journals, ledgers and checkbook. It will be easier to prepare a trial balance at the end of the month.

► *EMBEZZLEMENT*

The stated balance on the bank statement should equal the checkbook balance minus outstanding checks and charges plus outstanding deposits. These should equal the balance of the clients' ledgers. Sample forms of the required journals and ledgers are shown in the exhibits. These are suggested forms for the minimum records required. The complexity of business conducted may demand more sophisticated record keeping.

In spite of the broker's best efforts and good intentions, it is possible to have an employee who embezzles. There are some standard procedures that may help prevent employee theft. Remember, the broker will ultimately be held responsible to the client and to the Real Estate Division for any shortage in the account.

Suggested management techniques to prevent embezzlement:

- Each month the broker should calculate the dollar value of the trust funds for which he is liable, and then examine the bank account to see that the money is there. This is the sum of the balances of all the client ledgers and the broker funds deposited to pay bank charges.
- An outside accounting firm can prepare an audited financial statement for the trust accounts.
- Monthly, the broker should personally audit the trust accounts.
- The broker should, if possible, separate the bookkeeping responsibilities from the office responsibilities that require access to the bank accounts.

- Receipts and deposits should be handled by a different staff person than the one who handles disbursements and payments, if possible.
- The broker must exercise supervision over all employees and independent contractors in his office.

In addition to the above, an employee fidelity bond will help the broker in replacement of any missing funds. Persons handling money on behalf of the broker should be bonded. The broker should exercise caution regarding the kind of fidelity coverage obtained to be assured that the policy provisions fit his needs.

► ***ACCOUNTING TO PRINCIPALS***

All trust fund deposits that are received by a broker are the personal responsibility of the broker and must be fully accounted for to the client. This accounting must be done within a reasonable time. For example, in sales transactions the complete closing statement must be provided to the client within ten days after close of the transaction; property management reports are normally made on a monthly basis.

The information that must be supplied to a broker's client includes the dates and amounts of all money received and disbursed, as well as to whom and from whom the funds were disbursed or received. This information must also include the purpose of each receipt or disbursement. Accounting to the client must be done in writing and include invoices and/or disbursements.

► ***UNCLAIMED MONEY***

Rarely, money may be held in your trust account which belongs to a person or persons that cannot be located. A sincere effort must be made to locate that person and such effort should be documented. For example, send written notice of the money that must be disbursed to the party at the last known address. Send it by certified/return receipt mail. Include a change of address request. If the mail is returned, keep the letter intact and filed with the appropriate transaction file.

If all efforts to locate the owner of the trust money fail, the funds must be turned over to the Office of the State Treasurer, Unclaimed Property. For further information, contact the Office of the State Treasurer, Unclaimed Property at (702) 486-4140 or on the internet at www.nevadatreasurer.com/unclaimed.



COMMINGLING AND CONVERSION

A primary purpose of having a separate trust account and for keeping detailed records of that account is protection of the client. A broker who commingles the money or other property of his principals with his own or who converts the money of others to his own use may be guilty of a disciplinary violation under NRS 645 or a criminal offense.

Commingling can occur in unintentional ways. For example, a broker who has earned a commission or management fee, but leaves the money in the trust account instead of transferring the money to the general operating account, may be guilty of commingling. When a commission or other fees for brokerage services are earned and payable, they become the broker's money. Such fees should be paid to the broker's general operating account before disbursement of commissions payable to sales associates. However, property management referral fees may be paid directly from trust to another brokerage (see property management section). Another example of commingling would be a broker who runs his personal rental properties through his clients' trust accounts.

Conversion is using money in the trust account for the benefit of anyone other than the rightful beneficiary. This can occur when the broker "overdraws" the account balance of a client in order to pay expenses such as property repairs on behalf of another client. Any amount over the balance belonging to the client whose property is being repaired will belong to another client. Thus money belonging to one client is spent on behalf of another client and conversion occurs.

An example of conversion is shown below:

Checkbook balance		\$10,050.00
Cash Receipt/Disbursement Journal		\$10,050.00
Client Ledger		
Client 'A'	\$5,000.00	
Client 'B'	\$5,500.00	
Client 'C'	\$(500.00)	
Broker Ledger	50.00	
		\$10,050.00

In this example, the checkbook balances and the journal balances, but Client “C” has a negative balance of \$500.00 which means that money of another client has been used to cover an expense of Client “C”, thus conversion has occurred.

Until a check clears the bank on which it was drawn, funds are not considered deposited. If a broker refunds the earnest money, rents or security deposit of a buyer/tenant before that buyer’s/tenant’s check has cleared the bank on which it was drawn, he is using money of one principal to benefit another. If the check tendered is returned for insufficient funds, the broker will be obligated to make up the shortage in the account. Conversion may have occurred.

If a broker 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, he will be subject to discipline (NAC 645.655(9)).

AUDITS AND INSPECTIONS

All trust account records and transaction files are subject to audit and inspection by authorized personnel. When Division personnel request documents and/or access to inspect office files and money accounts, the broker is obligated to comply. When obtaining a broker license, a form is submitted with the license application that authorizes Nevada Real Estate Division representatives to inspect bank records. The office transaction file inspection is authorized by NAC 645.645.

The actual inspection of office files will include checking the items listed in NAC 645.670, which are:

- the office address
- the office sign
- the procedure used to deposit money
- the trust records
- the indexing or numbering system used in filing records
- advertising
- the availability of current statutes and regulations in the office
- any affiliation with a developer as defined in NRS chapters 119 & 119A
- any documentation required by NRS chapters 119 or 119A or the federal Land Sales Act

▶ **INDEXING AND NUMBERING**

An index is a guide or reference. It may use letters or numbers or a combination of both. Whatever system is used, the purpose is to identify and keep an accurate count of the transactions that are handled in the office.

The index or numbering system can be as simple as 1-2-3, if the volume of business allows. However, the system can be considerably more complicated. The type of business and volume of business will help determine just how complex the system needs to be. The Division recommends using separate sequences to index listing contracts, sales contracts and property management contracts.

Some systems include coding which details the year and month of the transaction, the branch office that originated the transaction, as well as the actual transaction number. For example, 08-01-B-87 indicates transaction number 87 was originated in the branch office in August of 2001. The index L129-01 indicates listing number 129, taken in 2001.

Whatever system is used, it must be sequential. NAC 645.655. It must be consistent. It must include completed transactions and those that have canceled. We recommend that the open and closed transactions be filed separately. The separation of finished and currently operating or pending transactions will assist in keeping track of the activity in the office.

▶ **INSPECTIONS AND TRANSACTION FILES**

Bank records that are examined during an office inspection (NRS 645.195) include the trust account records of:

- Cash Receipts Journal;
- Cash Disbursement Journal or itemized check stubs;
- Client Ledgers;
- Bank statements.

What must be kept in the transaction files?

Office records or transaction files must include documentation for all actions that have been taken in order to process and/or complete the performance of the duties owed by the broker. General guidelines which help determine what must be kept in the file are:

1. Keep copies of all documents concerning the completion of any sales, exchange, option, purchase, rental or lease which have been prepared by the broker or his salespersons, or where the client or customer's signature is required. Effective January 21, 2000, all offers not accepted and transactions not completed also must be retained per NAC 645.650.
2. Keep all documents received that pertain to monetary proration, charge or adjustment of items that appear on the closing statement, rental or lease agreements, or that affect the fiduciary duties of the broker.
3. Keep any additional documents necessary to show proper performance of the broker's duties.

The following list of documents and records (continued on next page) is a guideline regarding the minimum records to be maintained by the broker. Separate lists are shown for the transactions conducted by seller's broker and buyer's broker:

AGENCY RECORDS	SELLER'S BROKER	BUYER'S BROKER
Listing agreement	yes	no
Buyer agency agreement	no	yes
Duties Owed, Confirmation, Consent to Act	yes	yes
Retainer fees paid to buyer's broker	no	yes
Sales agreements and related documents	yes	yes
Amendments, extensions and addenda	yes	yes
Earnest money promissory note	copy	copy
Earnest money payments (per contract)	copy	copy
Power of Attorney, Seller	yes	no
Power of Attorney, Buyer	recommended	yes
Installment land contract	yes	yes
Buyer's credit statement (seller financing)	optional	optional
Buyer's financial information	no	no
Loan applications and lender's representations	no	no
Escrow instructions	yes	yes



AGENCY RECORDS	SELLER'S BROKER	BUYER'S BROKER
Preliminary title report	recommended	recommended
Seller Real Property Disclosure form (SRPD)	yes	yes
Common Interest Communities Disclosure (CIC)	yes	yes
Disclosure - hazards, conditions required by local or federal statutes	yes	yes
Loan application (seller financing)	yes	yes
Home Protection Plan	yes	yes
Agreements to adjust settlement statements at closing	yes	yes
Promissory Note and Deed of Trust	recommended	recommended
Settlement statements, buyer and seller	yes	yes
Rental/Lease agreement	yes	yes
Property management agreement	yes	no

The broker must keep all original transaction/property files in his possession, during and after completion of the transaction. Salespersons must not be permitted to keep the original files as this weakens, or even destroys, the broker's ability to control and supervise the transactions which he is responsible for controlling. It also reduces the broker's ability to detect and correct problems, real or potential, during the course of the transaction.

The broker's possession may include off-site storage. When the retention of required records takes more space than is available in the office, a storage area in the building may be used or a rented storage unit outside of the office may be used. When this happens, the broker must notify the Division of the location of storage. This notice must be given to the Division before the records are moved. Records must be accessible during normal business hours (see exhibit #7).

▶ TIME REQUIREMENT FOR RECORD KEEPING

NAC 645.650 Time requirement for recordkeeping involving real estate transactions and property management. (NRS 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 salesman or broker-salesman must provide any paperwork to the broker with whom he is associated within 5 calendar days after that paperwork is executed by all the parties. NAC 645.650.*

[Real Estate Adv. Comm'n, §VII subsecs. 7 & 10 par. c, eff. 10-31-75]—(NAC A by Real Estate Comm'n, 8-21-81; A by Real Estate Div., 3-1-96; A by Real Estate Comm'n by R186-99, 1-21-2000)

PROPERTY MANAGEMENT

In 1997, amendments were added to the NRS 645 and NAC 645 relating to property management activity.

According to the 2004 amendments to NAC 645.655(8), a broker who is engaged in property management for one or more clients must maintain two (2) separate property management accounts distinct from any trust account that the broker may have for other real estate transactions. One trust account must be used solely for rental operating activities, and the other trust account must be used solely for security deposits.

NAC 645.8005 specifies that a “designated property manager” must be a broker or a broker-salesperson with two years of full-time active experience within the four years immediately preceding the date the person applies for a permit to engage in property management on behalf of a broker. NAC 645.805 states that a broker has thirty days to replace a terminated designated property manager or cease the property management activity. Upon termination of the designated property manager, a reconciliation of the trust account must be submitted to the Division to account for the thirty days immediately preceding the date that the designated property manager ceases to be associated with the broker. This reconciliation must be submitted no later than fifteen days after the designated property manager ceases to be connected with the broker.

NAC 645.807 states that a broker may give a broker-salesperson permission to be a sole signer of checks drawn on a trust account. A signature applied by use of a rubber stamp does not constitute the signature of a real estate broker-salesman for the purposes of this section. NAC 645.807.

▶ **MANAGEMENT ACCOUNT RECORDS**

Records for property management accounts must include at least the property management file, including the management agreement; tax reports and individual tenant/lease files; cash journal, the chronological record of money received and disbursed; an owner ledger; a tenant ledger; bank statements and checks.

▶ **MANAGEMENT AGREEMENTS**

A written contract for services between the property owner and the managing broker is required. NRS.645.6056. The agreement must list the broker's responsibility and authority and contain at least the following items:

1. A description of the subject property and its type, including the number of units managed.
2. The broker's duties to be itemized; i.e. collection of rents, holding of deposits, payment of mortgages, physical maintenance, etc.
3. Broker's compensation.
4. Accounting and reporting requirements.
5. Procedure for repair and payment of repair bills, both emergency and routine.
6. Effective dates of the agreement with a specific termination date, 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.
7. 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.
8. If the agreement is subject to cancellation by broker and/or client, with and/or without cause, provisions stating the circumstances under which the agreement may be cancelled.
9. Names and signatures of the owner(s)/broker(s)/designated property managers.

▶ ***MANAGEMENT FILES***

A complete filing system for property management must include the information and documentation of all transactions and business dealings of the manager, owner, vendor and tenant. A very small property may require only one file, but larger properties will need several file folders to maintain this data. The file(s) must include at least the following:

1. Property management agreement
2. Rental/Lease agreement
3. Duties Owed
4. Correspondence
5. Invoices and receipts for repairs, purchases
6. Monthly owner reports (See exhibit #10)
7. Other documentation that supports the discharge of the broker's obligation such as insurance information, inspection reports, pictures, advertising, etc.

▶ ***PERSONNEL AND INCOME TAX REPORTS***

Property managers who collect more than \$600 per year for a client must provide that client (unless a corporation) with an IRS form 1099 by January 31st of the following year. Property managers who pay more than \$600 per year for services for a client must provide the service provider (unless a corporation) with an IRS form 1099 by January 31st of the following year. Property managers have to send copies of form 1099 to the IRS by February 28th of that year. These forms are available from the Internal Revenue Service or an office supply store.

Property managers should keep income and expense records of such detail that the property owner can rely upon those records when preparing income tax returns. It is recommended that the broker consult a tax accountant for competent tax advice.

▶ **INDIVIDUAL TENANT/LEASE FILE**

It is recommended that each tenant's records be maintained in a separate tenant/lease file. This file should contain the rental agreement, correspondence, documentation of charges to the tenant, legal actions, etc. When the tenant vacates, the final security deposit reconciliation should be maintained in this file.

▶ **MAINTENANCE OF RECORDS**

The following regulation amplifies the record keeping requirement found at NAC 645.650, regarding property management records:

NAC 645.806 Trust accounts: Annual accounting required; maintenance of records. (NRS 645.190 & NRS 645.6052)

- 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 five 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 five years after the last activity by the broker which involved the trust account.*

(Added to NAC by Real Estate Comm'n by R059-98, eff. 7-1-98; A by R092-00, 8-29-2000)

▶ **CASH JOURNAL**

The journal provides a chronological record of all funds received and disbursed. For cash receipts, it must include the date, the account, the name of the party paying the money, name of the principal, and property identification.

Disbursement records must include the date, the amount, check number, the payee and property identification.

The journal should keep a running balance and be reconciled with the bank statement each month.

► ***OWNER'S LEDGER***

An owner ledger summarizes all property income and expenses for the property managed that are handled by the broker. Each property should have its own ledger and must identify the property or properties for each owner.

This ledger should itemize the source of money received, such as rent or owner funds, the use of money that is disbursed, and the current balance for this owner. A broker must account to his client on a monthly basis for all money and this ledger may be used to provide that accounting (see exhibit #3).

► ***TENANT LEDGER***

The tenant ledger must identify the tenant and the property. The purpose of the ledger is to record the amounts and dates of all charges and payments (rent, deposits, damage fee) from a tenant.

This record should be maintained separately for each tenant (see exhibit #4).

► ***BANK STATEMENTS AND CHECKS***

Bank statements need to be reconciled each month along with determining the account trial balance or account liability.

To determine the trust account liability, list the account balances of each sub-ledger (owner/tenant ledger) for the account. There should not be ledgers with negative balances as this would indicate conversion of trust funds from one client's account to another.

The account liability, the reconciled check register and the reconciled bank statement must all show the same balance. If these three do not agree, the broker needs to locate the error. Errors may be from math, a missing check, an item improperly posted, or a commission not withdrawn. Whatever the reason, the problem needs to be corrected before it compounds.

If a staff person performs the account reconciliation, the broker must sign the trust account reconciliation form to document that he has reviewed the work.

Every year, a reconciliation of property management trust account is due to the Division on a form provided by the Division. NAC 645.806 and NRS 645.310. The due date is on or before the broker's license anniversary month. Example: Broker's license renews on June 30th, therefore, annual trust account reconciliation is due every year on or before June 30th (see exhibit #8).

► ***SECURITY AND OTHER TENANT DEPOSITS***

Security deposits are most commonly held in trust by the broker. They must be kept in a separate security deposit trust account per NAC 645.655.

A security deposit may also be held by the property owner. If the security deposit is transferred to the owner, the tenant and all parties to the transaction must be notified in writing of the transfer.

Deposits may be made by the tenant for security, cleaning, damage, pets, etc. The deposit may be refundable or non-refundable as stated in rental/lease agreement. But when a deposit is received or disbursed, it must be accounted for to the owner and tenant.

A deposit must be listed on the tenant ledger and must be identified as to its use, i.e. security, damage. The rental or lease agreement should include provisions for the broker holding the deposit for transfer of the deposit to another owner/manager, or for refund to the tenant. The tenant must be notified in writing of the transfer of the deposit to another owner/manager. Even if there are provisions for the transfer of the deposit within the rental or lease agreement, it is recommended that a written agreement acknowledging the transfer of the deposit to an owner/manager occur at the time of the transfer of the deposit.

Like all trust funds, deposits must be deposited to the appropriate trust account by the next banking day after receipt, unless written agreement of all parties requires otherwise.

► ***MANAGEMENT REFERRALS***

When paying a property management referral to an outside brokerage, a check can be issued directly from the broker's trust account (it does not have to flow

through the broker's operating account). The outside broker becomes, in essence, a vendor to the owner.

CLOSING A BANK ACCOUNT AND/OR BROKER'S OFFICE

▶ ***BANKRUPTCY***

If a broker files for relief under the bankruptcy laws of the United States, the broker must immediately terminate each trust account that has been established for the operation of the real estate business. All money deposited to the trust account must be moved, or redeposited, to an escrow. The escrow agent must be given written instructions for disbursement of the money. Those instructions must comply with the contract that caused the trust funds to be deposited.

▶ ***CLOSING AN OFFICE***

When a broker closes his office, a few simple steps are required to comply with Division regulations:

- Broker's license must be inactivated and surrendered to the Division.
- All salesman and broker-salesman licensees associated with that broker must be terminated at the same time and their licenses surrendered to the Division.
- Broker must file a notice with the Division stating the location of the office records. Location must be within the state of Nevada in a storage facility, home, office or other facility. Records must be accessible during normal business hours. Records must be maintained by the broker for a minimum of five years (see NAC 645.650 & NAC 645.806).
- Any trust or custodial account monies must be accounted for and properly disbursed. The accounts must then be closed.



CONCLUSION

The intent of this booklet is to clarify trust fund deposit and record keeping requirements for real estate licensees. It is not designed nor intended to cover all possible situations in the brokerage industry.

In all situations, however, the broker remains responsible and liable for money or other things of value entrusted to him. Careful supervision of employees and licensees who handle money is essential. Often, standardized office procedures and management procedures will help prevent the violations of commingling and conversion that can result in the loss of license.

Always consult the Division if you have any questions:

Nevada Real Estate Division

788 Fairview Drive, Ste 200

Carson City, NV 89701

Voice: 775-687-4280

Fax: 775-687-4868

Nevada Real Estate Division

2501 E Sahara Ave, Ste 101

Las Vegas NV 89104

Voice: 702-486-4033

Fax: 702-486-4275

Internet: <http://www.red.state.nv.us>

Email: realest@red.state.nv.us

SELECTED SECTIONS FROM NRS 645

NRS 645.195 Inspection of records of broker and owner-developer by division; regulations.

- 1. The division shall regularly inspect the transaction files, trust records and pertinent real estate business accounts of all real estate brokers and owner-developers to ensure compliance with the provisions of this chapter.*
- 2. The commission shall adopt regulations pertaining to those inspections.*

(Added to NRS by 1973, 989; A 1975, 1542; 1979, 1537)

NRS 645.310 Deposits and trust accounts: Accounting; commingling; records; inspection and audit.

- 1. All deposits accepted by every real estate broker or person registered as an owner-developer pursuant to this chapter, which are retained by him pending consummation or termination of the transaction involved, must be accounted for in the full amount at the time of the consummation or termination.*
- 2. Every real estate salesman or broker-salesman who receives any money on behalf of a broker or owner-developer shall pay over the money promptly to the real estate broker or owner-developer.*
- 3. A real estate broker shall not commingle the money or other property of his client with his own.*
- 4. If a real estate broker receives money, as a broker, which belongs to others, he shall promptly deposit the money in a separate checking account located in a bank or credit union in this state which must be designated a trust account. All down payments, earnest money deposits, rents, or other money which he receives, on behalf of his client or any other person, must be deposited in the account unless all persons who have any interest in the money have agreed otherwise in writing. A real estate broker may pay to any seller or the seller's authorized agent the whole or any portion of such special deposit. The real estate broker is personally responsible and liable for such deposit at all times. A real estate broker shall not permit any advance payment of money belonging to others to be deposited in the real estate broker's business or personal account or to be commingled with any money he may have on deposit.*

5. Every real estate broker required to maintain a separate trust account shall keep records of all money deposited therein. The records must clearly indicate the date and from whom he received money, the date deposited, the dates of withdrawals, and other pertinent information concerning the transaction, and must show clearly for whose account the money is deposited and to whom the money belongs. The real estate broker shall balance each separate trust account at least monthly. The real estate broker shall provide to the division, on a form provided by the division, an annual accounting which shows an annual reconciliation of each separate trust account. All such records and money are subject to inspection and audit by the division and its authorized representatives. All such separate trust accounts must designate the real estate broker as trustee and provide for withdrawal of money without previous notice.

6. Each real estate broker shall notify the division of the names of the banks and credit unions in which he maintains trust accounts and specify the names of the accounts on forms provided by the division.

7. If a real estate broker who has money in a trust account dies or becomes mentally disabled, the division, upon application to the district court, may have a trustee appointed to administer and distribute the money in the account with the approval of the court. The trustee may serve without posting a bond.

[27.5:150:1947; added 1955, 76]—(NRSA 1963, 1073; 1975, 1543; 1979, 1539; 1981, 1606; 1983, 152; 1995, 2074; 1997, 958; 1999, 1538)

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; and

(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.

(Added to NRS by 1997, 955; A [2003, 932](#))

SELECTED SECTIONS FROM NAC 645

NAC 645.645 Inspection and audit.

A broker shall, upon demand, provide the Division with the documents and the permission necessary for the Division to complete fully an inspection and audit, including an inspection and audit of any money accounts as provided in [NRS 645.310](#) and [645.313](#). Permission may be given on a form provided by the Division. The form must provide a bank, depositor or other holder of information with release from liability which might result from disclosure of the information required by the Division.

[Real Estate Adv. Comm'n, § VII subsec. 15, eff. 10-31-75]—(NAC A by Real Estate Comm'n by R031-04, 11-30-2004)

NAC 645.650 Time requirement for recordkeeping involving real estate transactions and property management.

- 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 salesman or broker-salesman must provide any paperwork to the broker with whom he is associated within 5 calendar days after that paperwork is executed by all the parties.*

[Real Estate Adv. Comm'n, § VII subsecs. 7 & 10 par. c, eff. 10-31-75]—(NAC A by Real Estate Comm'n, 8-21-81; A by Real Estate Div., 3-1-96; A by Real Estate Comm'n by R186-99, 1-21-2000; R031-04, 11-30-2004)

NAC 645.655 Records of transactions; trust accounts.

- 1. Each real estate transaction of a brokerage must be numbered consecutively or indexed to permit audit by a representative of the Division.*
- 2. A complete record of each real estate transaction, together with records required to be maintained pursuant to [NRS 645.310](#), must be:*
 - (a) Kept in this State; and*

(b) Open to inspection and audit by the Division upon its request during its usual business hours, as well as other hours during which the licensee regularly conducts his business.

3. If any records the Division requests to inspect or audit pursuant to subsection 2 are stored electronically, access to a computer or other equipment used to store the information must be made available to the Division for use in its inspection or audit.

4. The real estate broker shall give written notice to the Division of the exact location of his records and shall not remove them until he has delivered a notice which informs the Division of the new location.

5. A licensee shall not maintain a custodial or trust account from which money may be withdrawn without the signature of a licensee. A signature applied by use of a rubber stamp does not constitute the signature of a licensee for the purposes of this subsection.

6. A real estate salesman may not be the only required signatory on a custodial or trust fund account. A real estate salesman may be a cosigner of an account with his real estate broker.

7. A real estate broker who files for relief under the bankruptcy laws of the United States shall immediately terminate each trust account established pursuant to [NRS 645.310](#) and deposit all money from each trust account into escrow with executed instructions to the escrow agent or officer to disburse the money pursuant to the agreement under which it was originally deposited.

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 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 his designee 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.

[Real Estate Adv. Comm'n, § VII subsec. 10 pars. a, b, d & e, eff. 10-31-75]—(NAC A by Real Estate Comm'n, 6-3-86; A by Real Estate Div., 3-1-96; A by Real Estate Comm'n by R111-01, 12-17-2001; R031-04, 11-30-2004, eff. 7-1-2005)

NAC 645.657 Payment of deposit to broker or owner-developer.

A licensee who receives a deposit on any transaction in which he is engaged on behalf of a broker or owner-developer shall pay over the deposit to that broker or owner-developer, or to the escrow business or company designated in the contract, within 1 business day after receiving a fully executed contract.

(Added to NAC by Real Estate Comm'n, eff. 8-21-81; A 12-16-82; R031-04, 11-30-2004; R123-06, 6-1-2006)

NAC 645.660 Disclosure of certain interests required before deposit of money.

A licensee shall not deposit money received by him in any escrow business or company in which he or anyone associated with him in the real estate or time-share business has an interest without disclosing this association to all parties to the transaction.

[Real Estate Adv. Comm'n, § VII subsec. 11, eff. 10-31-75]—(NAC A by Real Estate Comm'n, 8-21-81; 4-27-84; R031-04, 11-30-2004)

NAC 645.670 Inspections.

- 1. The Division may use a form of its design to conduct any inspection and require the broker or office manager in charge of the office being inspected to sign such a form.*
- 2. Such an inspection must include, but need not be limited to:*
 - (a) The address of the real estate office or time-share office.*
 - (b) The sign identifying the office.*
 - (c) The procedure used to deposit money.*

- (d) *The trust records.*
- (e) *The indexing or numbering system used in filing records.*
- (f) *Advertising.*
- (g) *The availability of current statutes and regulations at the place of business.*
- (h) *Any affiliation with a developer as defined in [chapter 119](#) or [119A](#) of NRS.*
- (i) *Any documentation required by [chapter 119](#) or [119A](#) of NRS or the federal Land Sales Act.*

[Real Estate Adv. Comm'n, § VII subsec. 17, eff. 10-31-75]—(NAC A by Real Estate Comm'n, 8-21-81; 4-27-84)

NAC 645.805 Termination of association of designated property manager; reconciliation of trust accounts; extension of time to designate another property manager.

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.

(Added to NAC by Real Estate Comm'n by R059-98, eff. 7-1-98)

NAC 645.806 Trust accounts: Annual accounting required; maintenance of records.

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 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.

(Added to NAC by Real Estate Comm'n by R059-98, eff. 7-1-98; A by R092-00, 8-29-2000)

NAC 645.807 Trust accounts: Signatures on checks.

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. A signature applied by use of a rubber stamp does not constitute the signature of a real estate broker-salesman for the purposes of this section.

(Added to NAC by Real Estate Comm'n by R059-98, eff. 7-1-98; A by R031-04, 11-30-2004)

Exhibits

DOCUMENT TITLE	EXHIBIT #
Trust Acct Receipts and Disbursements Journal	1
Client's Trust Acct Property Ledger	2
Owner Ledger Card	3
Tenant Ledger Card	4
Owner Monthly Statement	5
Authorization to Inspect Records	6
Location of Records	7
Trust Account Reconciliation Form	8

CLIENT'S TRUST ACCOUNT PROPERTY LEDGER

ADDRESS NAME	NAME			
MEMO	TERMS	LIMIT	ACCOUNT NO.	SHEET

DATE	ITEM	DEBIT	CREDIT	BALANCE

CLIENT'S TRUST ACCOUNT PROPERTY LEDGER

ADDRESS NAME	NAME			
MEMO	TERMS	LIMIT	ACCOUNT NO.	SHEET

DATE	ITEM	DEBIT	CREDIT	BALANCE

**STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
REAL ESTATE DIVISION**

788 Fairview Drive, Suite 200 * **Carson City**, NV 89701-5453 * (775) 687-4280
2501 East Sahara Avenue, Suite 102 * **Las Vegas**, NV 89104-4137 * (702) 486-4033
e-mail: realest@red.state.nv.us http://www.red.state.nv.us

AUTHORIZATION TO INSPECT RECORDS

DATE: _____

TO: _____

Bank Name

Branch

Number and Street

City

State & Zip Code

RE: Account Number: _____

As required by NRS 645.310, paragraph 5, and NAC 645.645, I/We hereby authorize the Nevada Real Estate Division, or its authorized representatives, to make inspection of all records in your possession pertaining to that certain account labeled

without notice and upon demand during regular banking hours. I/We above hereby waive any and all rights to proceed against the above-named bank for any liability arising from providing the within described information to the Nevada Real Estate Division.

Signature (Broker)

Signature

Signature

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
REAL ESTATE DIVISION

788 Fairview Drive, Suite 200 * **Carson City**, NV 89701-5453 * (775) 687-4280
2501 East Sahara Avenue, Suite 102 * **Las Vegas**, NV 89104-4137 * (702) 486-4033
e-mail: realest@red.state.nv.us <http://www.red.state.nv.us>

LOCATION OF RECORDS

Date: _____

TO THE REAL ESTATE DIVISION: Real Estate
 Appraiser

_____, hereby notify the Real Estate Division that my
(Name - Please Print)

records for the business known as _____

Business Name

will be kept at the following address: _____

Street

City

State

Zip Code

I understand that I must give written notice to the Real Estate Division of the exact location of these records if they should change.

Signature

Home Address

City

State

Zip Code

Home Telephone

Business Telephone

**STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
REAL ESTATE DIVISION**

788 Fairview Drive, Suite 200 * **Carson City**, NV 89701-5453 * (775) 687-4280
2501 East Sahara Avenue, Suite 102 * **Las Vegas**, NV 89104-4137 * (702) 486-4033
e-mail: realest@red.state.nv.us http://www.red.state.nv.us

TRUST ACCOUNT RECONCILIATION

Check one: Custodial or Trust Account

Date: _____

Account Title: _____

Prepared by: _____

For month of: _____

Bank: _____

Trust Account No. _____

Office Phone: _____

Office Fax: _____

PART I:

Bank Statement Balance (*attach copy of most recent bank statement*) \$ _____

Plus: Deposits not yet recorded on bank statement but posted to
check register & ledgers (Total of Schedule A) \$ _____

SUBTOTAL \$ _____

Less: Outstanding checks (Total of Schedule B) \$ _____

Plus or Minus: Other adjusting entries (Total of Schedule C) \$ _____

Reconciled bank balance as of _____ **TOTAL** \$ _____

PART II:

Checkbook, Check Register or Journal of Receipts and

Disbursements: Balance as of _____ **TOTAL** \$ _____

PART III: (*attach program or hard copy ledgers*)

Ledger Cards: As of _____

(Total of Schedule D) **TOTAL** \$ _____

*Totals of Parts I, II and III must be reconciled to the
same date and must be identical

Amount of difference between these totals, if any: \$ _____

Explanation of difference and corrective action taken to bring Parts I, II and III into balance:

Broker Validation: _____ Date _____

NOTE: Trust accounts must be reconciled at least monthly. This form is utilized by Real Estate Division auditors for trust account reconciliation. It may be copied.

MAIL COMPLETED FORMS TO THE LAS VEGAS ADDRESS LISTED ABOVE.

Recommended format or headings for schedules

SCHEDULE "A" (Deposits not yet posted by bank)

Date	Amount	Date	Amount	Date	Amount
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

SCHEDULE "B" (Outstanding checks)

Date	Check No.	Amount	Date	Check No.	Amount
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

SCHEDULE "C" (Adjusting entries)

Date	Amount	Explanation	Corrective Action Taken
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

SCHEDULE "D" (Ledgers)

Account I.D. (Name or No.)	Ledger Balance	Account I.D. (Name or No.)	Ledger Balance
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Note: This form may be copied and utilized for lower volume accounts. For higher volume accounts, it may be necessary to prepare separate schedules.