



Legislative Inquiry Report

Property Management Licensure

January 2023

Prepared in response to an inquiry submitted by Senator Kirk Cullimore (Senate District 19) and Representative Jordan Teuscher (House District 44)

Context

Representatives Cullimore and Teuscher asked the Office of Professional Licensure Review (OPLR) to conduct an independent review of property management (PM) to determine if a new licensing scheme is necessary to simplify regulation, lower barriers to entry and better protect owners, tenants, and the Utah public. The PM industry may be particularly important in the current moment given Utah's brisk population growth, strong economic expansion, and rapidly increasing housing costs.¹ Renters represent nearly one third of all Utah households, and as the population continues to grow and access to homeownership continues to decline, the proportion of renters will likely expand.^{2,3}

Utah regulates PM via the Division of Real Estate (DRE) within the Department of Commerce.⁴ The activities comprising PM are defined and protected under Utah Code 61-2f, which currently requires individuals to hold a real estate (RE) salesperson license or broker license to engage in PM. Thus property management companies (PMCs) must register with DRE and affiliate with a licensed individual holding either a dual broker's license or principal broker's license. This licensee is primarily responsible for reconciling and managing trust accounts, keeping detailed records, and supervising licensed and unlicensed staff. An RE salesperson or associate broker's license is required to secure, advertise for, and negotiate leasing and rental agreements, as well as to authorize expenditures on behalf of the owner,⁵ while unlicensed staff can complete pre-printed lease agreements, inspect units, and provide bookkeeping and rent collection services, among other tasks.⁶ A license is *not* required for the owner of the property being managed or their paid employees.⁷ For a more detailed description of PM regulation in Utah, please see the Appendix.

DRE currently licenses approximately 18,500 RE sales agents and 4,300 RE brokers, of whom 201 are dual brokers.⁸ The licenses most relevant to PM (broker and dual broker) require 120 hours of pre-licensure education, an exam, and evidence of three years full-time, licensed, active RE experience.⁹

A key role of the principal broker over a company's PM functions is to safeguard the accuracy and integrity of the trust accounts required by law. These trust accounts secure funds from tenants (deposits, rent), owners (reserve funds for expenses), and others, and require strict standards of record keeping and reconciliation on a regular basis. In addition to the trust accounts, the principal broker is required to exercise "active and reasonable supervision" over the conduct of all affiliated staff.

¹ Dean, P., Gouchnour, N. and Robinson, J. (2023). [The New Utah: Keepers of the Flame](#). [online] The University of Utah: Kem C. Gardner Policy Institute.

² "[Utah's Rental Market](#)," Kem C. Gardner Institute. As of January 2023, only 12% of renters could afford the median priced home—a significant decline from 2019 where 23% renters could afford the median priced home

³ Wood, J. (2023). [Housing Prices and Affordability](#). [online] The University of Utah: Kem C. Gardner Policy Institute.

⁴ [UCA 61-2f](#) Real Estate Licensing and Practices Act

⁵ [UCA 61-2f-102](#) Real Estate Licensing and Practices Act-General Provisions

⁶ [UAR R162-2f-401\(i\)](#)

⁷ [UCA 61-2f-202](#)

⁸ Dual Broker licenses enable a licensee to act as principal broker for both a RE brokerage and a property management company, given the two are separate entities.

⁹ [UAR R162-2f-202\(b\)](#)

The vast majority of states (including Utah) require RE licensure as a salesperson or broker to engage in PM.¹⁰ However, Oregon, South Dakota, Montana, and D.C. have a separate license for PM, and South Carolina has two separate licenses for PM. Nevada uses a ‘permit’ model where RE licensees may add a PM permit after completing 24 hours of pre-licensure education and an exam specific to PM knowledge.^{11,12}

Oregon’s property manager license requires applicants to obtain 60 hours of pre-licensure education, pass a 130-question exam,¹³ and once licensed, maintain at least one open client trust account. Licensees may operate independently and may only legally engage in PM-related activities. South Carolina has two property manager licenses—property manager and property manager-in-charge. Licensure as a property manager requires 30 hours of pre-licensure education and a passing score on a 50-question exam,¹⁴ while the in-charge designation requires an additional 7-hour course in trust accounting and record keeping. South Carolina property managers must affiliate with either a property manager-in-charge or a broker-in-charge, as they can not operate independently. Although both states have a separate licensing path for property managers, PM remains in the scope of both RE brokers and sales agents. Across the 5 territories that license property managers, pre-licensure courses average 33 hours.¹⁵

Findings

OPLR engaged in stakeholder outreach and completed case studies on six states with distinctly different regulatory regimes to better understand the necessity and structure of PM licensure. See the Appendix for more detail on methodology, sources, and those interviewed for this review.

First, OPLR found that the current requirements for pre-licensure education are both insufficiently targeted to protecting the public and overly burdensome for PM-focused licensees. Of the 120 hours of pre-licensure education currently required for licensure as a sales agent, OPLR estimates that 3-19% are relevant for PM, with similar estimates for the broker license.¹⁶ This creates wasted cost and effort for those choosing to work primarily in PM. As one licensee put it, “...of the 30 classes, only 2 were relevant to property management,” and “We have no business doing property management as a real estate broker...I had to learn everything from scratch.” More importantly, licensees interviewed felt that the education requirements did not prepare them to practice legally or ethically: “In property management, you [do the same things as in RE transactions, but also] deal with maintenance, attorneys, Fair Housing [laws], finance, asset management, budgeting, and accounting. Property managers need to know far more than

¹⁰ Idaho and Vermont do not regulate PM at all

¹¹ See the Nevada case study in the Appendix.

¹² [Nevada Administrative Code Chapter 645:800](#)

¹³ [PSI Candidate Information Bulletin for Oregon Property Manager Examination](#)

¹⁴ [PSI South Carolina Property Manager Candidate Information Bulletin](#)

¹⁵ Estimate from licensure requirements from OR, SD, SC, MT, and D.C., where D.C. does not require pre-licensure education, but all territories require an applicant to pass an exam. See Case Studies in Appendix.

¹⁶ [Standard Course Outline for Real Estate Principles and Practices](#). There are a few topics that may contain relevant information to PM, such as contracts, agency, and federal law, but they are not tailored to PM. The higher end estimate assumes that half of these other topics are related to PM.

the typical RE agent needs.”¹⁷ Poor understanding of trust accounting by property managers has a direct impact on owners’ and tenants’ financial well-being; inadequate understanding of Fair Housing, habitability laws, leasing guidelines, notice and eviction laws also affect tenants negatively.

Second, trust accounting is complex and mismanagement is common. Larger PMCs may hold millions of dollars in trust and escrow accounts, and these companies must keep detailed records of every transaction (e.g., rent and deposit payments from all tenants; disbursements to owners, investors, and vendors; and fees paid to the management company). Although DRE receives few PM-related complaints each year,¹⁸ one commissioner explained that the most serious cases they’ve received have been related to PM and the mismanagement of funds.¹⁹ Regulators from other states agreed. An Oregon regulator stated that despite having more RE licensees by far, the “majority of issues (in RE versus PM) are against property managers. Most cases we see are property managers who have mismanaged accounts.” Complaints regarding trust accounts range from small recordkeeping issues to those that result in serious financial harm, such as delays in reconciliation and owner reimbursement to the mishandling and refusal to return tenant deposit funds. One regulator viewed PM trust accounts as particularly problematic—property managers have been known to use funds “for personal use for short periods of time to keep the business running, or in worst case scenarios, outright theft.”²⁰

Third, negative impacts on tenants from poor PM knowledge and practice appear to be common. OPLR has received anecdotal reports that bad actors may take multiple applications for the same rental unit (well beyond those they will actually consider) purely to collect the application fees of \$30-70 each.²¹ Similarly, tenant complaints regarding the return of safety deposits are common. Although law requires property managers to record reasons for withholding a deposit, renters have little assurance that deposit funds are strictly applied to recorded issues and have limited recourse if a deposit is withheld illegally. Further, Utah’s Antidiscrimination and Labor Division (UALD) finds that the majority of its complaints relate to property managers misunderstanding Fair Housing laws, such as equal access for tenants with emotional support animals (ESAs). Evictions are another area in which unprepared property managers can harm tenants. One property manager explained that there needs to be a more refined understanding and process around issues of evictions and late payments, as some managers “don’t know the rules... leading to some [improper] execution.”²² In many of these situations, remedies are costly and burdensome, leaving low-income or vulnerable tenants with no practical avenue for recourse. A significant percentage of lower-income Utahns struggle with rental housing issues, and housing-related civil disputes are a large driver of unmet legal need in the state.²³ Eviction cases alone make up nearly 10% of all general civil legal claims filed in Utah District Courts, and many tenant defendants lack legal representation.²⁴

¹⁷ OPLR interviews with PM industry stakeholders, October 2023

¹⁸ DRE estimate. The low number may be more reflective of the lack of infrastructure for taking and recording complaints against property managers rather than a lack of problems in the industry.

¹⁹ OPLR interview with PM industry stakeholders, October 2023

²⁰ OPLR state regulator conversations, November 2023

²¹ OPLR state regulator conversations, November 2023

²² OPLR interviews with PM industry stakeholders, October 2023

²³ Utah Foundation (2020). [The Justice Gap: Addressing the Unmet Legal Needs of Lower-Income Utahns](#).

²⁴ Utah Bar Foundation (2022). [Utah Bar Foundation Report on Debt Collection and Utah’s Courts](#).

Finally, OPLR found that the current licensing regime often applies real-estate focused regulation to PM in ways that are unclear, ineffective, or irrelevant. One property manager explained that, when they read through the code, it was “really confusing to me...trying to figure out what it means for property management.” RE licensing laws are primarily written to apply to RE sales agents, and stakeholders expressed that it can be difficult to determine how those laws should be applied in a PM context. For example, laws around advertising and disclosure of ownership (critical to RE regulation) apply poorly in the context of PM. The result is a confusing legal structure, even for those with extensive experience.²⁵

Recommendations

OPLR’s research supports the creation of a new, separate, and streamlined license structure specific to PM, with the goal of lowering barriers to entry and increasing protections for Utah’s property owners and rental tenants. A PM-specific commission or board (or sub-group of an existing commission or board) should be established to advise regulators. The new license structure should include the following elements, at a minimum:

- *An exclusive scope of practice*, established in statute, that would 1) protect activities such as holding and managing trust accounts on behalf of property owners and tenants and 2) clarify licensees’ affirmative duties in regards to compliance with landlord-tenant laws and the Utah Fit Premises Act (UFPA). The property manager license would be required regardless of any other license (e.g., RE broker) held by an individual.
 - PM activities would be removed from the existing scope of RE brokers and salespersons; all dual brokers, as well as with experience in PM (i.e. X number of experience points in PM), would be “grandfathered” into the new license.
- *Pre-licensure requirements and continuing education requirements* specific to PM (e.g., education, exams) including equivalency with existing degrees and industry certifications²⁶ defined by administrative rule. Any pre-licensure or continuing education requirements should be narrowly focused on protection of Utah’s property owners and rental tenants.
 - In lieu of education hours, legislators may choose a competency-based approach using exams of critical concepts (e.g., trust accounting, eviction noticing, Fair Housing laws).
- *Enforcement authority* for the regulator, including authority to conduct investigations and apply sanctions.
- *Expanded exemptions from licensure* for quasi-governmental housing authorities subject to Utah Code 35A-8-4.
 - Such organizations are subject to multifaceted government oversight and are audited at the local, state, and federal level. Despite this, they must comply with

²⁵ DRE, in consultation with the industry stakeholders, is currently working to update administrative rules and address these issues.

²⁶ For instance, the IREM Certified Property Manager (CPM)

DRE RE licensure requirements to engage in third-party PM. Existing oversight structures negate the necessity of additional regulation.

- *Narrowed exemptions from licensure* for property owners and owners' direct employees, requiring licensure for those managing over a certain threshold of units, to bolster consumer protection.

Concurrent with creation of the new property manager license, OPLR recommends two changes to the PM regulatory structure:

- *Simplification of the current administrative rule, including course and instructor certification and trust accounting requirements for PM*, found in R162-2f.
- *Surety bond or similar requirements*,²⁷ for PM licensees with average trust account balances above a given threshold (e.g., \$100,000) to provide external scrutiny of PM practices and provide some restitution for injured parties.

These two changes should streamline the compliance burden for PM trust accounts while increasing scrutiny by the private insurance market via surety bonds or similar requirements, and by providing funds for restitution for parties harmed by a licensee's negligence, error, or fraudulent behavior. Conversations with insurers and PM stakeholders indicate broad support for these changes. OPLR recommends that RE brokers and all RE sales agents doing PM be required to obtain the new license or affiliate with a licensed property manager within a set period of time.

OPLR strongly believes that a new, streamlined PM licensing scheme would address many of the inefficiencies in the current regulatory regime. Creating PM specific pre-licensure and continuing education requirements will better prepare licensees for the complexity of PM, leading to improved protection for owners and tenants. Further, establishing simplified practice and trust accounting standards will clarify the responsibilities of property managers, likely leading to fewer technical violations and lessening overall administrative burden on the state and licensees. Qualified, licensed property managers with a strong understanding of PM and relevant law may also reduce disputes between landlords, managers, and tenants, thereby strengthening trust in the industry.

There are two potential options for structuring the new licensing scheme:²⁸

1. *A two-tiered license structure*, modeled after the salesperson-broker relationship in real estate, with a low-barrier entry-level license, and a higher-level license for oversight and accountability, or
2. *A single-tiered license structure* with only the higher-level license.

Given the degree of public risk to both property owners and tenants in PM, and the inefficiency in current regulation, OPLR does not recommend either maintaining the status quo or de-regulating PM entirely.

²⁷ This may be a surety bond, fidelity bond, errors and omission insurance, or a combination thereof. The purpose is to drive accountability by the principal licensee of a firm, including their own actions and those of employees.

²⁸ See Appendix for an in-depth discussion and analysis of each model

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Option 1: Two-Tiered License Model

Summary

This model applies the existing regulatory structure in real estate (RE) to the context of property management (PM) licensure, establishing a primary property manager license and an associate-level license. The primary license would require pre-licensure education and authorize practice within an expanded scope, including trust account reconciliation, recordkeeping, and staff supervision. The associate license would require a less intensive educational course and grant licensees a restricted scope of practice.

Implementation

Scope Considerations. License scope would differ substantially between the two licenses. The *primary property manager license*, similar to the principal broker license, would come with additional provisions and allow a licensee to practice more broadly and independently. Their scope and requirements would include trust account reconciliation, staff supervision and training, holding a surety bond, and setting pricing policies. Delegation may be allowed for certain activities, like staff training and pricing, but actively holding this license would make the licensee the responsible party for 1) the actions of their licensed and unlicensed staff and 2) the higher-risk activities associated with PM, like trust accounting. For every property management company (PMC), a single primary property manager licensee must be designated to hold accountability. Although their scope would not differ from other primary property manager licensees, they would hold ultimate responsibility for trust accounting compliance and ensuring proper supervision and training of employees.

The *associate property manager license* would enable the licensee to engage in all other aspects of PM, such as negotiating and signing leases (in accordance with pricing set by the primary), advertising, taking applications, noticing and evictions, and authorizing expenditures on behalf of the owner of RE. However, this license would not permit independent PM practice—associates would be required to affiliate with a licensed principal property manager.

Pre-Licensure and Renewal Qualifications. Due to differences in scope, the licenses would not require the same burden of pre-licensure qualifications. To qualify for the *primary level license*, an applicant would complete 40-45 hours of education on trust accounting, pricing properties, recordkeeping, staff supervision, and other advanced topics in PM. Applicants should then complete, and pass, an exam around 80 questions in length.

Applicants for the *associate level license* would only be required to complete a 15-20 hour training course focused on laws and obligations relevant to tenants and property owners. Curriculum for this course should include the Fair Housing Act, tenant-landlord laws, the Utah Fit Premises Act (UFPA), and negotiations and contracts (only those topics applicable to leasing), among other course topics determined by the regulatory entity with input from the

industry. A corresponding exam, likely shorter in length, should be required to ensure the applicant demonstrates their competency in the fundamentals of PM. Beyond a criminal background check, age-limit, and high-school diploma requirement, OPLR does not believe this license warrants other educational or experiential requirements.

To renew their license, licensees at either level should complete 8-12 hours of continuing education (CE) focused on key topics such as trust accounting, finance, and supervision. Legislators may consider implementing a mandatory New Property Manager course for licensees to complete in their first renewal cycle, similar to requirements for renewal as a Sales Agent.

Surety Bond Compliance. The *primary property manager license* would be required to hold a *surety bond* or show proof that another licensee affiliated with their company already holds a bond covering the entire firm.

Discussion

Establishing a two-tiered license structure provides the lowest entry requirement for licensure (the associate property manager license) while improving tenant protections by strengthening the competency of licensees who have the most contact with tenants. Lowering the burden to entry and tailoring education to PM should incentivize licensure, creating a more knowledgeable, professional, and safe workforce. Currently, the bulk of PM work is done by unlicensed employees, as the current requirements for 120 hours of largely unrelated content and a difficult RE licensing exam constitute substantial barriers. Removing those barriers may help shift the workforce towards those who are licensed specifically in PM and therefore better prepared, which should 1) lead to fewer compliance issues and violations of applicable laws and standards, and 2) improve owner, manager, and tenant interactions.

The primary property manager license offsets the potential risk associated with such low barriers to entry in the associate license through direct oversight of associate licensees. In this model, oversight and supervision will be conducted by licensees (primary property manager licensees) who specialize in and make a career out of PM. This remedies the issue of poor supervision common in PM, currently resulting from the mismatch between transaction-focused broker education and the requirement that brokers supervise employees in PM activities. Additionally, the primary license provides further protection for owners and tenants in the more complex areas of PM such as trust accounting and handling disputes between owners and tenants.

A two-tiered approach comes at the cost of a modest increase in complexity in the market as well as added regulatory burden for the state. A greater number of licensees, and the fees for licensure, would likely offset the increased cost in regulating two licenses, but the two-tiered approach complicates implementation and the transition into new PM licensure. Drafting administrative rules and new education, exams, and CEs for both licenses will take substantially more time and resources than it would for one license.

Option 2: Single License Model

Summary

A single license structure is a simpler alternative to the two-tiered model. In this model, there is one general property manager license, with full scope, practice independence, and the higher level of pre-licensure requirements described in Option 1.

Implementation

Scope Considerations. The general property manager license would authorize a licensee to engage in all PM activities. They could set pricing policies, negotiate and sign leases, authorize expenditures for the property, advertise, and sign eviction notices. They would also be responsible for reconciling trust account accounts, keeping records of all transactions, training and supervising unlicensed staff, and holding a surety bond. Similar to Option 1, one licensed general property manager must be designated as the principal property manager within their PMC and hold ultimate liability for trust accounting and supervision. The scope of unlicensed staff would not differ between the two structural options and would remain heavily restricted, limiting a licensed general property manager's ability to delegate to their staff, unless staff members hold a property manager license as well.

Pre-Licensure and Renewal Qualifications. To qualify for the general license, an applicant would complete a pre-licensure education course and exam similar to those established for the higher-level license in the two-tiered system. Refer to Option 1 for details on length and curriculum. OPLR similarly recommends a licensee complete continuing education courses to renew their license.

Surety Bond Compliance. The general property manager licensee would be responsible for holding a surety bond or submitting proof that another licensee affiliated with the same management company holds a surety bond.

Discussion

This model drastically improves upon the status quo by tailoring pre-licensure education and training to practical, core principles of PM. It shares many of the same safety benefits as the two-tiered model, increasing competency, improving the quality of supervision, and mitigating some risk in trust accounting. It also decreases the burden of current pre-licensure requirements relative to current RE licenses, expanding access to licensure. Further, adopting the single license model requires fewer initial resources and less administrative burden.

However, the one-license structure may sacrifice access for new entrants for gains in simplicity. Those who would be interested in a lower-burden associate license may be turned away from licensure due to greater barriers to entry. Disincentivizing licensure would likely decrease the number of trained professionals working in PM, thereby failing to address issues associated with unlicensed employees doing the majority of PM work. Although any move towards PM licensure provides a marked improvement from the current licensing system, the one-license model would likely fail to address access and consumer protection concerns as thoroughly as the two-tiered structure.

Key Considerations

Exclusive Scope

Creating a separate license for PM with an exclusive scope would require eliminating the dual broker license and completely removing PM from the scope of real estate brokers and sales agents. As there are competent RE licensees currently working in PM, it is necessary to grandfather both dual brokers and brokers with experience in PM into the new license. Evaluating and transitioning existing RE licensees to the new license places a greater upfront burden on the regulator overseeing PM licensure, as they must develop an application and approval process to evaluate interested brokers' experience.

It is important to clarify the affirmative duties of licensees in either statute or rule. Language holding licensees responsible for complying with the UFPA, Fair Housing laws, and landlord-tenant laws would strengthen tenant protections in the state.²⁹ This would create an incentive for property managers to follow best practices regarding deposits and applications and establish an avenue for discipline of those in gross, and potentially repeated, violation of Utah law.

Narrowed Exemptions from Licensure

OPLR only recommends narrowing the owner exemption; this change is not applicable to individuals or organizations exempted for other reasons. Further, the threshold of units managed above which a license is required should differ between the license types. In the two-tiered structure, Option 1, a *primary property manager license* should be required for all those managing over 10-15 units, while an *associate level license* should be required for those managing over 4 units. In the single license model, Option 2, a general property manager license should be required for those managing over 10-15 units.

If adopted, consumer outreach is critical to this recommendation. Current owner-managers should be notified via email, phone, and mail, and allowed a period of 1-2 years to come into compliance with the new law. After the compliance period ends, unlicensed practice by owner-managers who fall just above the 4-15 unit threshold should receive only a letter of warning and instruction on how to achieve licensure. The regulator may find it necessary to take further action if the owner-manager refuses, but initial action should consist of education and assistance to come into compliance.

Removing exemptions from licensure may require increasing resources for the regulator, who will likely receive an increased volume of complaints regarding unlicensed practice, requiring more investigations.

²⁹ It may be best to include qualifying language that a licensee must be found in violation of law *in a court ruling* for a regulatory agency to issue sanctions against a licensee based on these affirmative duties.

Surety Bonds

Surety bonds should provide protection and restitution for owners and tenants in the case of negligence or malfeasance by employees, while adding more personal accountability or liability by the licensee. The bond requirement should be capped at some amount deemed sufficient to repay a significant loss to an owner or tenant. The bond amount could be graduated or tiered in some way (e.g., X% of balance in trust accounts, or \$X for smaller firms and \$Y for larger firms). The value of the bond is meant to incentivize the proper level of scrutiny by the insurance firm providing the bond. Based on conversations with an insurance provider, the cost of a bond (in the range of 0.5-1% of face value of the bond) should not be a barrier for licensees .

Simplification of Administrative Rule

OPLR recommends the creation of a new administrative rule to establish regulation for the new license(s). The current rules regulating PM are overly prescriptive and should be simplified to focus on core principles to enhance public safety rather than to control the minutiae of PM practice. The following examples illustrate the potential benefits of this move.

- **Simplification of R162-2f-403b (4) & (5) Trust Accounting-Property Management Company.** These rules detail recordkeeping requirements for PM trust account withdrawals and deposits and may be both overly prescriptive while also not directly protecting against owner and tenant harm (for example, when property managers fail to make timely payments). Montana recently changed their previously complex administrative rule regarding PM trust account recordkeeping to include only the following:

*Property managers must maintain complete and chronological records of all trust account funds received and disbursed including personal funds per (6). Each record must include a running balance and clearly identify for all transactions: (a) dates; (b) parties, payees, and sources of funds; and (c) amounts received, disbursed, and deposited.*³⁰

Streamlining the code in a similar manner would not alter the purpose of the current rule. However, it would concisely summarize and clarify the requirements, potentially lessening both the risk of technical violations for property managers and the administrative burden of regulating recordkeeping.

- **Alter R162-2f-206, Certification Of Pre-Licensure and Continuing Education Instructors and Courses.** R162-2f-206 details extensive curriculum and certification requirements for RE education courses and instructors, potentially adding that burdensome regulation in an area that is likely not associated with a correspondingly high risk of public harm. Although curriculum requirements should be dictated in rule, regulations around approved courses and instructors could be streamlined to improve clarity for course providers and reduce unnecessary administrative burden. For example, it may be safer to change the oversight model for instructors from certification to a

³⁰ [State of Montana Notice Of Public Hearing On Proposed Adoption of Administrative Rules for Property Management](#)

simpler registration system. This change, while not completely eliminating oversight, could ensure that instructors who are found to be incompetent or dangerous could be barred from teaching courses if necessary by being removed from the registry. Montana has recently made a similar change to related administrative rules—their Department of Real Estate no longer approves instructors. This change was based on the argument that instructor quality should be determined and vetted by the course providers, who have a market incentive to ensure their instructors are competent.³¹

³¹ Ibid.

Additional Ideas & Alternatives

Experience Requirement

In the two-tiered license model, legislators may want to consider an experience requirement, similar to a RE broker, of somewhere between 1-3 years of active, licensed work as an associate property manager. If established, it would be appropriate to use an experience point method similar to the existing system for broker licensure. An experience requirement would provide further protection against negligent and incompetent property managers, leading to heightened standards of practice, greater industry professionalization, and a safer workforce. Property managers with proven experience in PM activities would likely make better supervisors and be more prepared to handle complex trust accounting issues and tenant-landlord disputes.

However, an experience qualification does create a barrier to entry at the higher license level and complicates the transition into a new licensing scheme. Temporary criteria would need to be created in place of the experience requirement, as new applicants would likely not already have records establishing their experience. This criteria must then time-out at a certain date, upon which new applicants must meet the established requirement of a period of active licensure at the associate level.

Alternative Paths to Licensure

OPLR firmly believes in alternative paths to licensure beyond the traditional didactic learning and exam path. Allowing an applicant to prove their competency through equivalent national certification, out-of-state licensure, or supervised experience expands access to licensure without sacrificing quality when well designed.

Auditing of Trust Accounts

Other states, such as Oregon and South Dakota, regularly audit PM trust accounts held by licensees. They do so every 2-5 years, prioritizing reviews for licensees with previous violations and/or a recent complaint filed against them. Both states focus on re-education rather than taking punitive action for minor trust accounting violations. South Dakota allows licensees found with a violation another 30 days to correct the issue before taking any action at all. Auditing with the purpose of correction and re-training may help prevent poor outcomes for tenants and owners and create a more knowledgeable workforce without applying excessive pressure to property managers.

Offering Commercial and Deeply Affordable Housing Courses In Pre-Licensure Education and CEs

Commercial PM requires a largely different set of knowledge and skills than residential PM, and applicants entering the commercial industry should have training specific to their field. Without applicable training, new commercial property managers may be unprepared for the complexity

of practice. Without commercial courses, the new property manager license(s) will 1) fail to address safety concerns in commercial PM and 2) create unnecessary barriers to entry for those applicants.

Deeply affordable and special needs housing management also requires a unique skill set and knowledge base than traditional single-family/multi-unit PM. Property managers working with vulnerable populations must be trained in how to safely interact with tenants and must have more education and awareness regarding the conditions that accompany receiving government grants.

Practical Exam

Legislators may want to consider requiring a practical exam rather than a multiple-choice question quiz, where examiners are asked to address tenant and owner issues and demonstrate a 3-way reconciliation of a trust account. A practical exam could potentially establish an applicant's competency in PM more effectively than a traditional exam dependent on memorization.

2. Policy Landscape

Overview of Utah Property Management Regulation

Definition and Authorized Parties

Utah code 61-2f defines PM as “engaging in the management of real estate owned by another person, which includes engaging in the following activities: 1) advertising for, arranging, negotiating, offering, or otherwise attempting or participating in a transaction calculated to secure the rental or leasing of real estate, 2) collecting, agreeing, offering, or otherwise attempting to collect rent for the real estate and accounting for and disbursing the money collected, and 3) authorizing expenditures for repair of real estate.”^{32,33}

PM activities are protected under Utah law as part of the scope of licensed RE sales agents, property management sales agents, associate brokers, dual brokers, and principal brokers. Sales agents and associate brokers must affiliate with a principal broker to practice lawfully; only principal and dual brokers may practice independently.

However, there are a few key exemptions to licensure for those involved in PM in Utah. Licensure is not required for the following: 1) property owners managing their own RE, 2) regular, salaried employees of property owners,³⁴ 3) tenants of an apartment complex who are performing PM services for in exchange for free or reduced rent, and 4) regular, salaried employees of a licensed PMC or RE brokerage who perform support services³⁵ for the PMC or RE brokerage under supervision by a principal broker.

Property Management Companies

A PMC must register with the Utah Division of Real Estate (DRE), which requires affiliation with a Utah-licensed principal broker. The principal broker must register the main office and any branch offices with the division. The principal broker is statutorily obligated to exercise “active and reasonable supervision” of the main and branch offices, although they may designate a branch broker to supervise the branch office.

Responsibilities of a Principal Broker Within a PMC

Supervision. The principal broker is ultimately personally responsible and accountable for the supervision of all licensed and unlicensed employees affiliated with the principal broker. To satisfy their obligation to perform “active and reasonable supervision,” the broker must do the following:

³² [UCA 61-2f](#)

³³ [UAR R162-2f](#)

³⁴ As long as they are managing only the property that their employee owns

³⁵ Support services include providing a prospective tenant with access to a rental unit; providing secretarial, bookkeeping, maintenance, or rent collection services; quoting rent and lease terms as established or approved by the principal broker; Completing pre-printed lease or rental agreements (excluding terms that may be determined through negotiation); serving or receiving legal notices; addressing tenant or neighbor complaints; inspecting units

- Establish written policies, rules, procedures, and systems that allow the broker to review, oversee, inspect and manage a number of activities (e.g., handling trust funds);
- Ensure that licensees are familiar with federal and state law governing RE transactions;
- Ensure that each person conducting licensed activity is actively licensed;
- Maintain adequate and regular contact with each affiliated licensee;
- Provide guidance, instruction, and oversight of each affiliated employee (whether licensed or unlicensed); and
- Establish a system for monitoring compliance with policies of a brokerage.

Importantly, the principal broker (or branch broker) may use licensed or unlicensed employees to assist in administering appropriate supervision, but the broker remains responsible for the acts of all employees. Therefore, principal and branch brokers are responsible for employees' violations of the RE licensing act, unless they can prove they were successfully exercising active and reasonable supervision.

Trust Accounting. The principal broker is personally responsible for deposits held in the principal broker's trust account,³⁶ and they must maintain records of both deposits to a PM trust account and disbursed funds from a PM trust account.³⁷ The principal broker is also responsible for trust account reconciliation. Reconciliation between brokerage trust account records with bank/credit union records and brokerage client accounts must occur monthly.

If engaged in PM on behalf of seven or more individual units, at least one PM trust account, separate from the principal broker's RE trust account, must be maintained in a bank or credit union in Utah. When managing six or fewer individual units, the principal broker must maintain at least one RE trust account in a bank or credit union located within Utah.

A principal broker may only disburse funds from a PM trust account in accordance with language in the PM contract or tenant lease agreement that authorizes disbursement or with written authorization of the parties with an interest in the funds.

There are strict guidelines on commingling a broker's personal funds in a PM trust account. A principal broker may not deposit more than \$10,000 of their own funds into an account. The broker must maintain records to clearly identify the total amount belonging to them and perform monthly reconciliation of deposits and withdrawals of personal funds.³⁸

³⁶ PM trust accounts are used for the purpose of securing tenant security deposits, rents, money tendered by property owners as a reserve fund or for payment of unexpected expenses, and client funds deposited with the principal broker in connection with a RE transaction (if the principal broker has not established a separate RE trust account).

³⁷ Records must include verification that "1) the money belongs to the property owner; 2) money transferred into an operating account as commission or PM fee is earned according to the terms of the principal broker's contract with the property owner; and 3) that any transfer for maintenance, repair, or similar purpose is either authorized according to the terms of the PM contract, tenant lease agreement, or other instruction of the property owner, or used strictly for the purpose for which the transfer is authorized, with excess returned to the PM trust account".

³⁸ They must transfer earnings for PM services out of the PM trust account into their operating account within 60 days from when the earnings were earned.

Oversight

DRE currently regulates PMCs and all licensees engaged in PM activities. DRE has rulemaking authority, with input from the Board of Real Estate,³⁹ as well as authority to investigate complaints and discipline licensees. DRE may also audit trust accounts associated with a licensee, using their own employees or by hiring a certified public accountant.

³⁹ The Real Estate Board currently only contains one dual broker engaged in PM

Utah Property Management Licensure

License	Conditions	Qualifications	PM-Related Education	Exam Vendor
Sales Agent	Affiliate with a principal broker	<ul style="list-style-type: none"> • 18 years old • High school diploma or equivalent • Complete 120 hours of approved education at a certified RE Pre-License School⁴⁰ • Pass an exam 	<p>Few of the 120 hours are potentially applicable to PM:</p> <ul style="list-style-type: none"> • Four hours on PM • Six hours on federal laws • Twelve hours on agency (<i>few of these hours are related to PM</i>) • Sixteen hours on contracts(<i>few of these hours are related to PM</i>) • Twenty-four hours on Utah law (<i>few of these hours are related to PM</i>) 	Pearson VUE
Property Management Sales Agent ⁴¹	Affiliate with a dual broker through the dual broker's PMC	<ul style="list-style-type: none"> • Be designated by the dual broker as a PM sales agent • Have an active Utah RE sales agent license 	<i>None</i>	<i>Not applicable</i>
Associate Broker	Affiliate with a principal broker	<ul style="list-style-type: none"> • 18 years old • High school diploma or equivalent • Complete 120 hours of pre-licensure education 	<i>Unknown</i>	Pearson VUE

⁴⁰ Alternative paths include membership in the Utah State Bar or completion of equivalent education through an undergraduate or postgraduate degree

⁴¹ This license allows a licensee to simultaneously provide both property management and RE sales services under the supervision of a dual broker

		<ul style="list-style-type: none"> • Three years full-time, licensed, active RE experience⁴² • Within the 5 year period preceding date of application, accumulate at least 60 documented experience points⁴³ • Pass both state and national components of the broker exam 		
Principal Broker	<i>None</i>	<ul style="list-style-type: none"> • Same as associate broker • Establish RE and PM trust accounts • Identify locations where brokerage records will be kept 	Same as associate broker	Pearson VUE

Not included in the table above is the dual broker license. The dual broker license requires the same qualifications as a principal broker; a licensed broker does not have to complete any additional licensure requirements to apply. The license allows a broker to function as the principal broker of a PMC and RE sales brokerage, given the two are separate entities.

⁴² Or two years full-time, licensed, active, RE experience and one year full-time professional RE experience from an optional experience table

⁴³ Experience points may be gained through PM experience or RE sales experience

Case Studies - Other U.S. Jurisdictions

The Office of Professional Licensure Review (OPLR) completed in-depth case studies on the regulatory regimes regarding RE and PM in Oregon, South Carolina, South Dakota, Montana, D.C., and Nevada. These states and territories were chosen due to their unique regulation of PM, as they are the only states offering a distinct property manager license or permit.⁴⁴ OPLR reviewed RE statute, code, and communicated with relevant regulatory agencies to determine the structure, requirements, and oversight of property manager licensure and better understand the RE regulatory environment in each state. This review illuminated novel aspects of established PM regulation potentially applicable to Utah, thereby informing OPLR's recommendations.

⁴⁴ OPLR reviewed the RE statute in all 50 states to make the determination that these states were the only ones offering a distinct property manager license. There are a few states, namely Idaho and Vermont, that do not regulate PM at all.

Oregon

Oregon offers three licenses, all of which enable a licensee to legally manage property either independently or in affiliation with a higher license.^{45,46,47} The scope of a licensed property manager includes only those activities related to PM, while the principal broker/broker licenses include all activities related to the sale and acquisition of RE, in addition to PM.⁴⁸

Oregon's licensing scheme for PM is relatively distinct. Although licensees must follow strict, detailed guidelines for trust accounting⁴⁹ and record keeping (among others), licensees may also delegate authority for nearly every aspect of PM. Employees of licensed principal brokers and property managers have a unique exemption from licensure. If they have received a written delegation of authority from the property manager or broker, they can legally engage in the majority of PM activities.⁵⁰ Detailed, signed, written delegation is required to: 1) negotiate and sign PM agreements, 2) review/approve reconciliations and receive/disburse funds, and 3) review, approve and accept tenant lease agreements. The licensed property manager remains ultimately responsible for client trust accounts and deposit accounts, but may delegate reconciliation and other high-risk accounting activities to both licensed and unlicensed employees.

Additionally, the Oregon Real Estate Agency has the authority to engage in regular or random compliance reviews and mail-in trust account reconciliation audits (three-way reconciliation audits are typically involved in a compliance review). To address the high complaint rate in the PM industry, the agency created a compliance division separate from their regulation division. Compliance is more proactive, focused on preventing severe violations and re-educating licensees, while regulation investigates complaints and may sanction licensees. A property manager licensee has at least 30 days notice before a compliance review, and if they are found noncompliant, they have at least another 30 days to address noncompliance without being sanctioned. However, if the agency has reasonable grounds to believe that the funds of an owner or tenant may be missing or misappropriated, or that the licensed property manager's records are in such poor condition as to place owners and the public at risk, the agency may immediately initiate an investigation before allowing an opportunity to cure noncompliance.

Oregon's renewal requirements are also unique in that they require all PM and RE licensees to take a 3-hour course on Oregon rule and law every renewal cycle. This is meant to improve 1) licensees' compliance with administrative rule, 2) licensees' understanding of the legal landscape and their responsibilities, and 3) licensees' awareness of regulatory changes that may affect their practice.

⁴⁵ A licensee may only hold a single license at a time

⁴⁶ [Oregon Administrative Rule Chapter 863](#)

⁴⁷ [Oregon Revised Statute Chapter 696](#)

⁴⁸ Although brokers and principal brokers may engage in PM, only about 6% of licensed brokers/principal brokers do.

⁴⁹ For example, client trust accounts must be maintained separately from deposit accounts

⁵⁰ Includes: negotiating rental or lease agreements, checking tenant and credit references, physically maintaining the RE, conducting tenant relations, collecting rent, supervising the premises' managers, discussing financial matters relating to the management of RE with the owner, and receiving and distributing funds in a clients' trust account

Oregon Property Management Licensure

License	Conditions	Qualifications	PM-Related Education	Exam Vendor
Property Manager	Must open and maintain at least one client's trust account	<ul style="list-style-type: none"> ● 18 years old; high school diploma or GED ● Complete 60 hour property manager course ● Pass the property manager license exam ● Choose to work under an existing registered business name or own registered business name 	<ul style="list-style-type: none"> ● 12 hours on Oregon RE license statutes and administrative rules relating to the management of rental RE ● 12 hours on clients' trust accounts and 3-way reconciliation of bank statements, ledgers and record of receipts and disbursements for clients' trust accounts, and security deposits accounts ● 12 hours on tenant relations and fair housing laws ● 7 hours on contracts and leases ● 6 hours on risk management and maintenance ● 6 hours on economics and accounting ● 5 hours on real property law 	PSI Services LLC
Principal Broker	<i>None</i>	<ul style="list-style-type: none"> ● 18 years old; high school diploma or GED; 3 years of active RE license experience ● Pass the 40-hour brokerage administration and sales supervision (BASS) course ● Pass both sections of the principal broker license exam ● Choose to work under an existing registered business name or own registered business name 	<p>Out of the 40 hours, these may be related to PM:</p> <ul style="list-style-type: none"> ● 15 hours on brokerage business, supervision and legal requirements: Intro to RE brokerage business practices, supervising and managing other licensees, financial records, clients' trust accounts, required records, PM ● 25 hours of review on RE principles and practices (<i>only around 2 hours of which are related to PM</i>). 	PSI Services LLC

		(need affiliation with a business)		
Broker	Must be associated with and supervised by a principal RE broker who specifically designates that they may engage in PM	<ul style="list-style-type: none"> • 18 years old; high school diploma or GED • Complete 150 hours of broker pre-license education • Pass both sections of the broker license exam • Affiliate with a principal broker 	<p>Out of 150 hours:</p> <ul style="list-style-type: none"> • 10 hours on PM (<i>about 7% of total hours</i>) 	PSI Services LLC

South Carolina

South Carolina, unlike any other state, offers two distinct property manager licenses: property manager and property manager-in-charge, both of which were created recently in 2017.^{51,52} The other three licenses regulated by the South Carolina Real Estate Commission (broker-in-charge, broker, and salesperson) may also legally engage in PM as well as all other RE activities. Only the property manager-in-charge and broker-in-charge may operate independently.

The hierarchical structure imposed by South Carolina's PM licensing scheme is similar to Option 1 of OPLR's recommendations. The in-charge designation establishes a responsible party with specific affirmative duties, such as supervision, recordkeeping, and liability for trust accounts. Both licenses enable a licensee to engage in practically all aspects of PM, including trust account reconciliation, lease negotiation, disbursement from trust accounts, and collection of rents. However, licensees are extremely limited in what they may delegate to unlicensed employees,⁵³ and there are few exemptions.

Interestingly, renewal for either property manager license does not require completion of any CE hours. Additionally, although the Commission has authority to inspect PM firms, the state currently engages in little proactive monitoring.⁵⁴

⁵¹ [South Carolina Code of Regulations Chapter 105](#)

⁵² [South Carolina Code of Laws Unannotated 40-57](#)

⁵³ Unlicensed employees may only engage in the following activities: maintenance, clerical or administrative support, collection of rents made payable to the owner or RE company, showing rental units to prospective tenants, furnishing published information, providing applications and lease forms, and receiving applications and leases for submission to the owner or licensee for approval.

⁵⁴ OPLR interview with the South Carolina Real Estate Commission

South Carolina Property Management Licensure

License	Conditions	Qualifications	PM-Related Education	Exam Vendor
Property Manager	Must be licensed under a property manager in charge or broker in charge	<ul style="list-style-type: none"> • Be 18 years old • Have graduated high school or hold equivalent education • Successfully complete either: <ul style="list-style-type: none"> • 30 hours education in PM • A juris doctor degree, bachelor of law degree, or a baccalaureate or higher in RE • Submit to a background check • Pass the state exam 	<ul style="list-style-type: none"> • Laws affecting property managers • Trust accounting • PM and owner relationship • Rental agreements • Tenant relations • Maintenance, reports, insurance • Office admin • Specialized PM and professional development • Math 	PSI Services LLC ⁵⁵
Property Manager-in-Charge	<i>None</i>	<ul style="list-style-type: none"> • 21 years old • Meet licensure reqs for property manager license (must either have or also apply for property license) • Complete 7 hours of approved Property Manager in Charge accounting and record keeping courses 	Entirely around trust accounts/trust funds	<i>Not applicable</i>
Broker	Must be licensed under a broker-in-charge	<ul style="list-style-type: none"> • 21 years old • Have graduated high school or equivalent • Have 3 years as an actively licensed SC salesperson within the last 5 years and complete a 60 hour Commission-approved Broker IIIA and IIIB courses (unless one has a law degree, a bachelor or higher 	Out of all education, the following may have some connection to PM: <ul style="list-style-type: none"> • 10-14 hours on short and long range planning (<i>A few hours may include scope of property management services</i>) • 4-6 hours on trust 	PSI Services LLC ⁵⁶ 5% of questions are related to PM

⁵⁵ [PSI South Carolina Property Manager Candidate Information Bulletin](#)

⁵⁶ [PSI South Carolina Real Estate Candidate Information Bulletin](#)

		degree in RE) <ul style="list-style-type: none"> • Background check • Pass the national and state exams 	accounting <ul style="list-style-type: none"> • 1-2 hours on due diligence in completing forms (<i>may include PM forms</i>) • 4-6 hours on government controls and laws affecting RE (<i>may include PM relevant content</i>) • 4-5 hours on agency and other brokerage relationships • 3-4 hours on contracts • 1-2 hours on ethics 	
Broker-in-charge	<i>None</i>	<ul style="list-style-type: none"> • Meet reqs for broker license • Either have ownership interest in the company specified on the application OR are actively engaged in the operation and management of the company 	<i>Not applicable</i>	<i>Not applicable</i>
Salesperson	Must be licensed under a broker-in-charge	<ul style="list-style-type: none"> • Be 18 years old • Have graduated high school or equivalent • Complete 60 hours of classroom education in Unit 1 Fundamentals of RE and 30 hours classroom education in Unit 2 Advanced RE Principle Course⁵⁷ 	<ul style="list-style-type: none"> • Unit 1 does not require any PM content (<i>6-8 hours on contracts, which may include leasing/rental contracts</i>) • Unit 2 has an elective module where one may choose PM 	PSI Services LLC ⁵⁸ 3% of questions are related to PM

⁵⁷ Unless applicant has a law degree or bachelors (or higher) degree in RE

⁵⁸ Ibid.

South Dakota

To engage in PM activities in South Dakota, one must hold a license regulated by the South Dakota Real Estate Commission.^{59,60} The broker, broker associate, and property manager licenses allow licensees to operate independently, while the residential RE agent license requires affiliation with a licensed broker or property manager to engage in PM activities. The property manager license is a restricted broker license; the laws and rules governing a broker apply similarly to a property manager (specifically in regard to supervision and trust accounting), but the property manager has a limited scope.

Unlike other states with a distinct property manager license, South Dakota does not require a broker or property manager to maintain a trust account, but it is still common practice. Should a licensee establish a checking account to maintain trust funds, they must follow specific record-keeping practices and complete monthly three-way reconciliation of earnest money accounts.

Similar to Oregon, the Commission regularly audits brokerages and PM companies, reviewing their trust accounts and contracts.

⁵⁹ [South Dakota Administrative Rules Article 20:69](#)

⁶⁰ [South Dakota Codified Laws Chapter 36-21A](#)

South Dakota Property Management Licensure

License	Conditions	Qualifications	PM-Related Education	Exam Vendor
Property Manager	<i>None</i>	<ul style="list-style-type: none"> • 40 hour fundamental PM course • Exam 	<i>Curriculum unknown</i>	PSI Services LLC
Broker Associate	<i>None</i>	<ul style="list-style-type: none"> • 116-Hour pre licensing Course • Pass exam 	Out of the curriculum requirements, these may be related to PM: <ul style="list-style-type: none"> • Agency; • Contracts and contingencies; • PM; • Finance; • Federal laws, including the Fair Housing ACT, Real Estate Settlement Procedures Act, Sherman Antitrust Act, Americans with Disabilities Act, and Real Estate Settlement Procedures Act, and environmental regulations; and • Professional responsibilities and ethics. 	PSI Services LLC
Broker	<i>None</i>	<ul style="list-style-type: none"> • 116-Hour Pre Licensing Course • 24-Hour responsible broker course • 2 years active status • Pass exam 	Out of the curriculum requirements, these may be peripherally related to PM: <ul style="list-style-type: none"> • Business ethics; • Compensation planning; • Policy review and risk management; • State specific contracts; • Human resource essentials • Legal issues; and • Trust accounting and finance. 	PSI Services LLC
Residential Rental Agent	Associate with an RE broker or property manager and be under their direct supervision	<i>No education or exam requirements</i>	<i>None</i>	<i>Not applicable</i>

Montana

To engage in PM in Montana, one must hold a property manager, RE broker, or RE salesperson license. A RE salesperson may not operate independently; they must be affiliated with a property manager or supervising broker.^{61,62}

Interestingly, Montana has a two-tiered license structure for brokers, but not property managers. The Montana Board of Realty Regulation offers a supervising broker endorsement, which holds that broker as the ultimate responsible party in a brokerage.

Additionally, oversight for property managers recently changed from the Board of Realty Regulation to the Department of Labor and Industry.⁶³ Therefore, PM activities are regulated by two distinct agencies in Montana, as RE brokers and salespersons engaged in PM are still overseen by the Board of Realty. Law and rules regarding property managers were also streamlined to accompany the change in oversight, with a massive simplification of education, trust accounting, and recordkeeping standards.

⁶¹ Updated code included in [Montana Senate Bill 455 \(2023\)](#)

⁶² Updated administrative rules included in [Montana Administrative Rules Notice 24-209-1](#)

⁶³ Interview with the deputy administrator for the Montana Department of Labor and Industry

Montana Property Management Licensure

License	Conditions	Qualifications	PM-Related Education	Exam Vendor
Property Manager	<i>None</i>	<ul style="list-style-type: none"> • 18 years of age • High school diploma or equivalent • 30-hour pre-licensure course • Pass an exam 	<ul style="list-style-type: none"> • Trust accounts; • accounting procedures; • landlord tenant law • federal and state fair housing laws; • Americans with Disabilities Act; • state licensing law and rules; • contract law; • leasing principles; • agency; and • definitions and terms commonly used in the industry 	PSI Services LLC
Real Estate Broker	<i>None</i>	<ul style="list-style-type: none"> • 18 years of age • High school diploma or equivalent • 2-years active engagement as a licensed RE salesperson of 2 years (obtain 30 experience points within 36 months) • 60-hour pre-licensure education • Exam 	<ul style="list-style-type: none"> • The course of study must include the subjects of RE principles, RE law, RE finance, and related topics (<i>may include one small section on PM</i>). 	PSI Services LLC
Supervising Broker Endorsement	Must take one 4-hour Supervising Broker course each year	<ul style="list-style-type: none"> • 8-hour Supervising Broker Pre-Endorsement Course • Be licensed as a Broker 	<i>Unknown</i>	<i>Not applicable</i>
Real Estate Salesperson	Must be affiliated with a supervising broker to act as a property manager	<ul style="list-style-type: none"> • 18 years of age • 2 years of high school education or equivalent • 70 hours of pre-licensure education 	<ul style="list-style-type: none"> • The course of study must include the subjects of RE principles, RE law and ethics, RE finance, and related topics (<i>may include a small section on PM</i>). 	PSI Services LLC

D.C.

Similar to most other states, one must hold a property manager, broker, or salesperson license to engage in PM in D.C.^{64,65,66} Unlike any other state, however, D.C.'s property manager license does not require an applicant to complete any pre-licensure education. Applicants must pass a property manager exam, which likely requires a period of study, and the D.C. Real Estate Commission (DCREC) has posted approved providers and courses for those wishing to take a PM educational course. Although the property manager license requires no education, the broker and salespersons licenses do require education, and their pre-licensure education incorporates more PM content than most states. One-fifth of their continuing education hours must be in PM, and brokers from other states must complete a course in PM to practice in D.C.

The DCREC does not heavily regulate escrow/trust accounts. Licensees are not required to hold money in this type of account, and one does not have to be licensed to hold responsibility for the account. The responsible party, licensed or not, is only obligated to inform the Commission of the account's existence and a few pieces of basic information, such as the name and address of the banking institution. There are few requirements for money held in these accounts, other than a restriction on commingling funds.

Although there are few regulations regarding PM, D.C. code spells out the fiduciary duties of a property manager and of a licensee representing a landlord of leased property, a unique provision not found in the other states reviewed in this report.

⁶⁴ [Code of the District of Columbia Subchapter 1-B](#)

⁶⁵ [District of Columbia Municipal Regulations Chapter 17-26](#)

⁶⁶ [District of Columbia Municipal Regulations Chapter 17-27](#)

D.C. Property Management Licensure

License	Conditions	Qualifications	PM-Related Education	Exam Vendor
Property Manager	<i>None</i>	<ul style="list-style-type: none"> • Holds high school degree or equivalent • Pass an exam • 18 years of age 	<i>None</i>	DCREC
Broker	<i>None</i>	<ul style="list-style-type: none"> • Holds high school degree or equivalent • 18 years of age • 135 hours of pre-licensure education • Pass an exam • Been actively engaged as a licensed RE salesperson for 2 years (many alternative pathways) 	Out of 135 hours, these may be related to PM: <ul style="list-style-type: none"> • 4 hours on DC RE Licensing Laws and Regulations • 3 hours on Federal Fair Housing Laws and DC Human Rights Act • 4 Hours on Landlord/Tenant Relationship • 8 hours on PM and community association management • 4 hours on lease administration and management 	DCREC
Salesperson	Must be employed by a licensed RE broker	<ul style="list-style-type: none"> • Holds high school degree or equivalent • 18 years of age • 60 hours of pre-licensure education • Pass an exam 	Out of the 60 hours, these may be related to PM: <ul style="list-style-type: none"> • 1 hour on deposits, escrow, and recordkeeping, • 1 hour on federal fair housing and DC human rights act, • 1 hour on lease administration and management, • 3 hours on PM and community association management, • 3 hours on landlord/tenant relationship 	DCREC

Nevada

Unlike the other states examined in these case studies, Nevada (like Utah) does not offer a property management license.^{67,68} Instead, to engage in PM activities, an entity (i.e., corporation, brokerage, sole proprietor, etc.) must designate one member to hold a property manager permit on behalf of the entity and to supervise all PM activities the entity engages in. To apply for a permit as the designated property manager, an applicant must either 1) hold an active Nevada broker license, or 2) hold an active Nevada broker salesperson license, affiliate with a licensed broker, and have two years of experience as a licensed agent in PM; in either case, the applicant must also take a 24-hour course on PM fundamentals and pass an exam. Any other member of the entity who wishes to engage in the business of PM must apply for a separate permit, as long as they have an active Nevada license, meet the education requirement, and pass an exam.

Nevada does not require licensure or a permit for on-site managers of a single property, likely to exclude apartment managers from licensure requirements.

The Nevada Real Estate Division does not heavily regulate the details of trust accounting. Instead, they simply require property managers to maintain separate client trust accounts, keep records of those accounts, and send the Division proof of trust account reconciliation at least once a year. Additionally, individuals must be licensed and permitted to sign checks on a trust account, and if they are licensed as a broker salesperson and not a broker, they must have written delegation from the broker.

⁶⁷ [Nevada Revised Statutes 645.019](#)

⁶⁸ [Nevada Administrative Code 645.435](#)

Nevada Property Management Licensure

License	Conditions	Qualifications	PM-Related Education	Exam Vendor
Property Manager Permit	<i>None</i>	<ul style="list-style-type: none"> • An active Nevada RE license • 24 hour pre-licensing property manager education • Exam 	<ul style="list-style-type: none"> • Four hours of instruction relating to Contracts for management services; Leases of real property; Applications to rent real property; The Fair Credit Reporting Act; The Fair Debt Collection Practices Act • Three hours of instruction relating to the maintenance of records of money deposited in trust accounts and the requirements for reporting • One hour of instruction relating to the use of a computerized system for bookkeeping; • Two hours of instruction relating to the laws of this State governing property management; • Three hours of instruction relating to the disclosure of required information in RE transactions • Five hours of instruction relating to: The Americans with Disabilities Act; The Residential Landlord and Tenant Act; The Nevada Fair Housing Law; and State and federal law governing unlawful discrimination based on sex, including, without limitation, sexual harassment; • One hour of instruction relating to the duties and responsibilities of a RE broker, including the supervision of employees and RE salespersons and RE broker-salespersons associated with the RE broker; • Two hours of instruction relating to risk management 	Pearson VUE
Real Estate Broker	<i>None</i>	<ul style="list-style-type: none"> • 64 semester college credits required⁶⁹ • 2-years active licensed experience within the last 4 years 	<i>Unknown</i>	Pearson VUE

⁶⁹ Except for the 45 hour Broker Management and 18 hour NV RE law courses, experience may meet college credit requirements

Real Estate Broker Salesperson	Affiliate with a broker	<ul style="list-style-type: none"> • 64 semester college credits required²⁴ • Exam 	<i>Unknown</i>	Pearson VUE
Real Estate Salesperson	Affiliate with a broker	<ul style="list-style-type: none"> • 18 years of age • 120-hours pre-licensure education • Pass general exam • Pass Nevada State exam 	<p>Out of the 120 hours, these are potentially related to PM:</p> <ul style="list-style-type: none"> • 12 hours in Valuation and economics (<i>a few hours may be relevant</i>) • 12 hours Finance (<i>a few hours may be relevant to PM</i>) • 18 hours on Nevada Law and Regulation (<i>a few hours may be relevant</i>) • At least 15 hours on agency, which must include 3 hours in each of the following areas: <ul style="list-style-type: none"> ○ The foundation of the relationship between a broker and an agent; and ○ Risk reduction, including PM, leasing, and information security. 	Pearson VUE

3. Stakeholder Outreach

OPLR conducted stakeholder outreach to gather professional expertise on PM, identify needs and concerns regarding the industry, and discuss how licensing policy and regulation may address those concerns. We engaged with people and organizations with disparate perspectives, from industry associations to tenant advocates to state regulators, to limit potential bias and develop well-rounded recommendations. The table below includes the name and affiliation of each individual that OPLR contacted as part of this outreach.

Much of OPLR’s outreach was conducted through semi-structured interviews. An interview guide was created for each interviewee depending on their associated organization. OPLR asked questions about stakeholders’ relationship and history with the PM industry, perceptions of competency and professionalization in the field, concerns about owner and tenant safety, and opinions regarding the current licensing scheme. Nearly every stakeholder was asked to vet the idea of creating a separate property manager license, allowing interviewees to express how licensing regulation may address, or fail to address, their concerns. All interviews, except for those with DRE administrators and staff, were conducted virtually.

Limited time and resources inhibited OPLR’s ability to either field a survey or utilize random sampling methods to reach out to potential interviewees. Instead, ease of contact (i.e. a convenience sample) largely informed the sample of interviewees. For example, property managers associated with the Rental Housing Authority (RHA) are overrepresented due to the fact that the RHA posts contact information for their members. Therefore, the views expressed in these interviews are not necessarily representative of the entire industry.

Stakeholder Engagement	
Utah State Legislature	
Utah Senate	Sen. Kirk Cullimore Jr.
Utah House of Representatives	Rep. Jordan Teuscher
Utah Regulatory Agencies	
Division of Real Estate	Jonathan Stewart , Division Director Mark Fagergren , Director of Licensing and Education Kadee Wright , Chief Investigator Justin Barney , Hearing Officer and Records Manager
Utah Antidiscrimination and Labor Division- Fair Housing	Ryan McNair , Intake Specialist
Division of Consumer Protection	Adam Watson , Chief Investigator

Other State Regulatory Agencies	
Oregon Real Estate Agency	Steve Strode , Agency Head and Commissioner Madeline Alvarado , Licensing and Education Manager
South Dakota Real Estate Commission	Melisa Miller , Executive Director Tim Bond , Compliance Officer
South Carolina Real Estate Commission	Erica Wade , Board Executive
South Carolina Department of Labor, Licensing and Regulation	Meredith Buttler , Program Director of Business Licensing Boards
Montana Department of Labor & Industry- Employment Standards Division	Dave Cook , Deputy Administrator
Property Management Industry	
Vision Real Estate	Jeremiah Maughan , President and Associate Broker
Welch Real Estate and Property Management	Bradley Randall , Owner
Cowboy Properties & Partners	Daniel Lofgren , Chief Executive Officer
Dwell Realty & Reside Rentals	Andrea Wilson , Principal Broker and Owner
Keyrenter Property Management	Collin Hopkins , President and Broker
Maxfield Property Management	Derek Seal , Master Property Broker
SentryWest Insurance	Craig Crockett , Co-Founder/Partner
Consumer Advocacy and Research Groups	
Housing Connect	Janice Kimball , Chief Executive Officer
Utah Housing Coalition	Tara Rollins , Executive Director
Utah Bar Foundation	Kim Paulding , Executive Director
Utah Foundation	John Salevurakis , Research Analyst
Industry Associations	
Rental Housing Authority	Paul Smith , Executive Director Casey Miller , Former Government Affairs Chair and Property Manager

Other Utah Government Organizations

Salt Lake County Office of Regional Development	Kersten Swinyard , Acting Economic Development Director
Center for Immigration & Integration	Natalie El-Deiry , Director Claudia Gutiérrez Sánchez , Project Coordinator
Housing Authority of Salt Lake City	Daniel Nackerman , Executive Director Britnee Dabb , Deputy Director