START\_STATUTE32-2175.  Property management records; requirements; audits

A.  Property management firms shall keep a residential rental agreement, including any lease amendments and addenda, and related residential rental agreement documents for one year after the expiration of the rental agreement or until the rental agreement and related documents are given to the owner at the termination of any property management agreement. For the purposes of this subsection, related documents may include copies of any of the following:

1.  Rental applications with tenant-identifying information.

2.  Move‑in forms.

3.  Default notices.

B.  Property management firms shall keep records of all finder fees that are paid to tenants for three years after the payment is made or until the records are given to the owner at the termination of the property management agreement.

C.  Property management firms shall keep all financial records pertaining to clients for at least three years from the date each document was executed, including bank statements, canceled checks or bank generated check images, deposit slips, bank receipts, receipts and disbursement journals, owner statements, client ledgers and applicable bills, invoices and statements.

D.  Only the designated broker or the broker's authorized real estate licensee, on behalf of the broker, may sign nonresidential rental agreements. The broker shall execute in writing and shall file any delegation of authority in the broker's employee file.  Fully executed residential lease agreements are not required to be reviewed and initialed.

E.  The property management firms shall consecutively number or file all signed property management agreements in compliance with a system that is orderly, easily accessible by the commissioner or the commissioner's representative and consistent with generally accepted professional standards of the industry for that type of real estate.

F.  Property management firms shall maintain each nonresidential real estate lease agreement and the transaction folder in which it is kept in a chronological log or other systematic manner that is easily accessible by the commissioner or the commissioner's representatives.  For nonresidential lease transactions, transaction folders shall contain:

1.  Confirmation that the deposits or other monies that were handled by or through the broker were handled according to instructions given by or agreed on by the parties to the transaction.

2.  A complete copy of the nonresidential lease or rental agreement.

3.  If applicable, a copy of the listing agreement.

G.  Property management firms shall number on‑site residential rental transaction folders according to dwelling unit number or other systematic manner that is easily accessible by the commissioner or the commissioner's representative.  A broker is not required to maintain duplicate residential rental transaction folders.

H.  All records required under this section shall be kept at the broker's main office or branch office, electronically or at an off-site storage location in this state if the broker provides to the department prior written notification and a street address of the off-site storage location.  Trust account records shall be kept pursuant to section 32‑2151. For the purposes of this subsection, "off‑site storage location" includes a multifamily leasing office.

I.  On request by the commissioner or the commissioner's representatives for routine audit purposes the broker shall make available within a reasonable amount of time all records relative to property management accounts, including lease agreements, lease related documents and trust account records. The department is limited to auditing those areas that are related to the business activities of a broker and that have a material bearing on the accuracy of the audit. This subsection does not limit the immediacy or scope of an audit if a violation of real estate statutes or rules is suspected. END\_STATUTE