

Welcome to Property Management in Oregon

Oregon Real Estate Agency



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Interested in property management in Oregon?



MANAGING RENTAL PROPERTIES means handling tenant relations, maintaining owners' properties, and complying with landlord-tenant laws. In Oregon, it also means understanding the accounting principles needed to maintain clients' trust accounts.

The Oregon Real Estate Agency is the state agency that issues real estate licenses. Applying with us for a real estate license is your first step to a property management career in this state.



Get a License

A PROPERTY MANAGER LICENSE OR PRINCIPAL BROKER LICENSE allows you to engage in property management on you own or with other licensees. To manage property with a broker license, you need the supervision of a principal broker.

[VIEW LICENSE REQUIREMENTS](#)



Doing Business



AFTER YOU MEET THE REQUIREMENTS for a principal broker or property manager license, you will choose to work under one of the following options:

- An existing registered business name (RBN).
- Your own RBN.

An RBN is the business name recorded with the Oregon Real Estate Agency. All licensees work under an RBN.

Working for an existing RBN

The authorized licensee of the RBN must transfer (or associate) your license with the RBN in eLicense. This must be done before you can manage property under your license.

Registering your own RBN

When you register an RBN with the Agency, you will log into your personal eLicense account. Remember that, after you register it, the RBN will have its own eLicense account and login. The RBN's account and login are different from your personal eLicense account and login.

In most cases, an RBN must also be registered with the Corporation Division of Secretary of State exactly as it is registered with Agency.

AUTHORIZED LICENSEE

An authorized licensee is the principal broker or property manager responsible for an RBN. The authorized licensee is named when business name is registered.

The authorized licensee must keep the RBN's information updated in eLicense. This includes mailing address, email address, associated licensees, and clients' trust accounts. They are also responsible for renewing the RBN annually.

Physical address

The physical address of the RBN's main office must be located in Oregon. You can designate a separate mailing address.

Property Management Agreements

YOU NEED A SIGNED, UNEXPIRED PROPERTY MANAGEMENT AGREEMENT with the property owner before managing a property.

When considering what to include in a property management agreement, try to think of any issues that normally come up in the day-to-day management of property. You should fit the agreement to the unique needs of your client, to special problems associated with the property, and to your skills as a property manager.

What's in a Property Management Agreement?

A property management agreement must include, but is not limited to:

- The address of the owner's property.
- Your duties and responsibilities.
- The duties and responsibilities of the owner. The specific charges that will be paid by the owner.
- The authority and powers given by the owner to you.
- The term (length) of the agreement.
- How either you or the owner can terminate the agreement.
- The terms and conditions of the agreement.
- The fees and any other form of compensation you will receive for managing property, including when such compensation is earned and when it will be paid.
- A description of the monthly statements of accounting you must provide to the owner.
- How the property management records for the owner's property will be transferred after termination of the agreement.
- Disclosure if you are using your employees or a business you have any financial interest in that will provide services for the owner's property.
- A statement that you will disclose, in writing, the planned use of your employees or a business you have any financial interest in to provide services for the owner's property, if you didn't disclose this when the property management agreement was signed.

- A unique identifying code you assign to the property management agreement. Use this code on all transactions and records to reference the agreement.
- The signatures of both you and the owner.
- The date of the agreement.
- Specific charges to be paid by the owner.

You can't sell or exchange a property under a property management agreement. If you are a broker or principal broker and the owner wants to list their property for sale, you must negotiate a listing agreement with the owner separately. Licensed property managers cannot list a property for sale or exchange.

Limit your activities to those authorized by the property management agreement. If you need to take on additional duties, or if you change office procedures, management fees, or tenant relations procedures, amend the agreement in writing. Amendments must be signed and dated.

Each property management agreement must be retained for six years after termination or expiration of the agreement.

For more information on property management agreements, see [OAR 863-025-0020](#).

Clients' Trust Accounts

THE OREGON REAL ESTATE AGENCY focuses a lot on how licensees manage clients' trust accounts. Many of the real estate license laws and rules we regulate are about clients' trust accounts.

When you manage rental property, you are usually handling other people's money. We want to make sure that money is protected through good accounting practices.

What is a clients' trust account?

A clients' trust account is a bank account that you open to hold clients' funds. The "trust account" status protects the money from your creditors and legal judgments against you.

TYPES OF CLIENT'S TRUST ACCOUNTS

Rent/owner account

This account is for holding and disbursing funds for owners. Any money you receive for an owner, such as rent, non-refundable deposits, and fees, must be run through the clients' trust account. No matter what the funds are for, they must be deposited when received. They can then be disbursed as allowed by the property management agreement.

You can open one clients' trust account for all your owners, an account for each owner, complex, or unit managed, or a combination.

Security deposit account

This is an account for holding tenants' security deposits.

Three parties have an interest in tenants' conditionally refundable security deposits:

- The property owner has an interest because the funds may be used for repairs or to cover costs per the rental or lease agreement upon the termination of tenancy.
- The tenant has an interest because any portion of the funds left after the termination of tenancy must be refunded within 31 days with a full accounting as

provided in the rental or lease agreement.

- The property manager has an interest if they are holding the funds under the property management agreement. The property manager is responsible for disbursing the money as set out in the property management agreement, the rental or lease agreement, and landlord-tenant law.

Handling security deposits

You can manage security deposits in different ways as long as it says you can in the property management agreement:

- You can deposit the funds into a security deposit account.
- You can regularly transfer security deposits to the owner.
- The property owner can collect and hold security deposits directly.

If an owner receives and holds the tenants' security deposits, make sure to notify the tenants in writing.

This written notice should include the owner's name and contact information. Make sure to keep a record of the notice.

Opening clients' trust accounts

A clients' trust account must be opened in a federally insured bank in Oregon.

If you are an active property manager, you must open at least one clients' trust account even if you are not receiving clients' funds. If you plan to hold security deposits for owners and tenants, you must also open at least one clients' trust account just for the security deposits.

If you are a principal broker and you are managing property, you have to open at least one clients' trust account to hold clients' funds. You will also open a clients' trust account for security deposits if you hold them.

A note about choosing a bank: Some banks will not open bank accounts that meet the requirements below. Research ahead of time and choose a bank that will meet your needs and the needs of a clients' trust account.

NAMING THE CLIENTS' TRUST ACCOUNTS

When you open an account at the bank, label it with the words "Clients' Trust Account" or "Client Trust Account." If the account is a security deposit account, it must have the words "Clients' Trust Account – Security Deposits" or "Client Trust Account SD."

AUTHORIZED SIGNER

You must be a signer on the clients' trust account. Other people who work for you can be signers, but only when you have written policies and delegations of authority in place. Remember, property owners cannot be authorized signers.

You are ultimately responsible for the supervision and control of clients' trust accounts even if you delegate the day-to-day maintenance of the accounts to someone else.

NOTICE OF CLIENTS' TRUST ACCOUNT

Have a bank representative sign a completed [Notice of Clients' Trust Account and Authorization to Examine form](#). You will upload a copy of the form into eLicense.

CHECKS

Label checks with "Clients' Trust Account," "Client Trust Account," "Clients' Trust Account – Security Deposits," or "Client Trust Account SD." Checks must include the account number and be pre-numbered or, if computer-generated, consecutively numbered.

BANK SERVICE CHARGES AND OPENING BALANCES

Any bank fees or service charges you are responsible for related to a clients' trust account must be paid out

of your business operating account or billed directly to you. Examples of service charges are check orders, nonsufficient funds, monthly service charges, or minimum balance charges. You cannot put your own money into a clients' trust account to cover these costs.

Also, you cannot deposit money into a clients' trust account to open the account. When starting your property management business, you must find a bank that will open an account with a \$0 balance.

Keeping any of your money in a clients' trust account is called commingling. Commingling places your clients' funds at risk and may result in disciplinary action on your license.

ENTER YOUR CLIENTS' TRUST ACCOUNTS IN ELICENSE

You have 10 business days to enter a new clients' trust account in eLicense.

- Log into your personal eLicense account.
- [Enter the clients' trust account information](#) and upload a copy of the completed and signed Notice of Clients' Trust Account and Authorization to Examine form.



Interest-bearing clients' trust accounts

You can use an interest-bearing bank account as a clients' trust account as long as you have written approval from everyone with an interest in the funds. The written document must say who the interest goes to and when.

Three parties have an interest in security deposits:

- Tenants.
- Property owners.
- The property manager.

The interest must be accounted for separately:

- Enter disbursements to a tenant on the tenant's ledger account.
- Record disbursements to an owner on the owner's ledger account and in the required report to the owner.
- Withdraw interest going to you as soon as possible to avoid commingling.

Maintaining a client's trust account

For each clients' trust account you open, you are responsible for its maintenance. This includes establishing, updating, and maintaining the following for each account:

- Owners' ledgers.
- Tenants ledgers.
- Receipts and disbursements.
- Checks.
- Deposits.
- Bank Statements.

OWNERS' LEDGERS

An owner's ledger is a record that shows all money received and paid out, such as rent and bills, in chronological order for a specific owner. You must maintain a ledger for each owner. If you wish, you may keep individual ledgers for each property managed for the same owner.

An owner's ledger shows the owner's current balance of funds in your clients' trust account. You need it to prepare the owner's monthly statement. The owner's ledger is also the statement of your liability for clients' trust funds held for each owner. As such, the ledger is an important part of your responsibility in reconciling your rent/owner clients' trust account each month.

"Deficit" owner's ledger account

A deficit owner's ledger account is an account with a negative balance. You cannot have a deficit balance in any owner's ledger account. A deficit balance indicates that you used other clients' funds for payment of the owner's bills.

You can't "pool" the clients' trust account funds of various owners to make loans to other owners. You also can't advance funds from your clients' trust account to pay an owner's monthly expenses prior to receiving rental income from the property, even if you are sure that the tenant will pay as scheduled or that the owner can repay the advance.

If you find at any time that an owner's receipts are not going to cover outstanding expenses (that the debits will exceed the credits), you have a few options:

- If the owner has two or more properties managed by you, the owner may give you written permission to transfer funds from one property to another. If the funds for the properties are in the same clients' trust account, the transfers may be made by ledger entries.

If the transfer is between different accounts, you must use separate billings and receipts as a record of the transfer.

- You may arrange a transfer or loan between two owners by a written loan agreement. The agreement must specify the method and terms of repayment.
- You may use whatever revenue the owner has available to pay the portion of the outstanding bills not exceeding the revenues in the owner's ledger account. Then immediately contact the property owner to inform them of the situation. Ask them to provide additional funds so you can pay the rest of the expenses as provided in the property management agreement.

If you experience a deficit owner's ledger account, you should find out why there wasn't enough money to cover costs. Cut costs, increase revenues, or determine another solution so that a deficit does not happen again.

TENANTS' LEDGERS

A tenant's ledger details all money paid by and to an individual tenant. You are required to prepare and maintain at least one tenant's ledger for each tenant or individual you receive money from under a property management agreement. You must do this even if the person doesn't have a signed rental or lease agreement when they make a payment.

The total of tenant security deposits in individual tenant's ledgers is used as part of the required monthly reconciliation of the security deposit account.

A tenant's ledger must contain at least the following:

- The name of the tenant or individual.
- The legal description of the property, the mailing address of the property and the unit number, or a unique code that establishes an audit trail to the tenant agreement.
- The identifying code of the corresponding property management agreement.
- For each deposit of funds:
 - The amount received.
 - The purpose of the funds and the person who tendered the funds.
 - The check number, cash receipt number, or a unique code that established an audit trail to the receipt of funds.
 - The date deposited.
- For each disbursement of funds:
 - The date disbursed.
 - The amount disbursed.
 - The check number or bank-generated electronic tracking number.
 - The payee.
 - The purpose of the disbursement.
 - The balance after each recorded entry.



CHECKS

All checks written on a clients' trust account or security deposit account must be accounted for, including voided checks.

Canceled checks, or bank-supplied images of canceled checks, must be kept with the appropriate bank statements.

DEPOSITS

You must deposit all funds you receive under a property management agreement into a clients' trust account or security deposit account within five banking days of receipt. You have to account for all the funds you receive.

When you deposit funds into your clients' trust account, you must obtain a deposit slip and write the identifying code assigned to the property management agreement

on the deposit slip. As used in this rule, "deposit slip" means an independently verifiable third party document created by the third party at the time of the deposit.

BANK STATEMENTS

These records are created by the bank holding your clients' trust account. They give a record of the activity in your clients' trust account for the preceding month. You use the statement to reconcile your clients' trust account each month with your record of receipts and disbursements and owners' ledgers or tenants' ledgers.

RECEIPTS AND DISBURSEMENTS

A receipts and disbursements journal is a chronological record of the money going in and out of the clients' trust account. A check register can also serve the same purpose.

Every time you receive or disburse funds, you must also record the activity in the receipts and disbursements journal and in the appropriate owner's ledger or tenant's ledger.

A record of receipts and disbursements must contain at minimum:

- For each receipt of funds:
 - The date received, unless the date is recorded in a separate document with an established audit trail that shows when the funds were received and deposited.
 - The amount.
 - The purpose of the funds and identity of the person who tendered the funds.
 - The date deposited.
- For each disbursement of funds:
 - The date disbursed.
 - The amount disbursed.
 - The check number and payee of the disbursement.
 - The purpose of the disbursement.
- If there is more than one property in a clients' trust account, each entry for a receipt, deposit, or disbursement must be identified with the identifying code for the applicable property management agreement.
- If the trust account is an interest-bearing account, the amount of interest earned and the date the interest was credited to the account.
- The account balance after each entry.

If you maintain a separate clients' trust account for only one owner per property management agreement, you can keep a receipts and disbursement journal, a check register, or an owner's ledger.

Paid bills and receipts

You must keep copies of all paid bills and receipts that explain the amounts entered into the receipts and disbursements journal.

Negative balances

A receipts and disbursements journal or check register may show a negative balance during the course of the day as long as the records show a positive balance at the end of the day.

Electronic banking

You can use electronic banking if you create a record of each transaction one of the following ways:

- Print a copy of online transactions that include the date, time, and nature of each transaction.
- Make a written notation of telephonic transactions including the date, time, and nature of each transaction.
- Create an electronic document that readily relates to the transaction containing the information above.

Checks for failed tenancy

If you receive a check from a tenant or prospective tenant for rent, tenant's security deposits, or fees and the tenancy fails for any reason within three banking days after you received it, you can return the check without depositing and processing it through your clients' trust account. Keep a photocopy of the check and a dated receipt for the check in your records. Enter the amount of the check and the dates of receipt and return of the check on the tenant ledger.

If you receive a security deposit as part of a larger check containing funds other than security deposits, you can deposit the check into your owner/rent clients' trust account. The part of the funds that are security deposits must be then transferred into the security deposit clients' trust account within three banking days.

Cash receipts

Prepare a written receipt for any cash funds you receive under a property management agreement. This includes any cash you may collect, including vending machines and laundry machines located on the owner's property.

Cash receipts must be consecutively pre-numbered and printed in at least duplicate form. The receipts must contain:

- The date of receipt.
- The amount.
- The reason for the payment or collection of the funds received.
- The identifying code associated property management agreement.
- The tenant's name or the machine the cash was collected from.
- The payee of the funds.
- The name and signature of the individual who received the cash and prepared the receipt.





Monthly three-way reconciliation

You must reconcile each client's trust account once a month within 30 days of the date of the bank statement. [View the Agency's video about trust account reconciliations.](#)

RECONCILIATION FORM

The Oregon Real Estate Agency's [Trust Account Reconciliation Form](#) is available to use for your monthly reconciliations.

OWNER/RENT ACCOUNT

The three-way reconciliation of an owner/rent clients' trust account must have all the following:

- The bank statement balance, adjusted for outstanding checks and other reconciling bank items.
- The balance of the record of receipts and disbursements or the check register as of the date of the bank statement.
- The sum of all positive owners' ledgers as of the date of the bank statement.

The balances of each of the above components must be equal to and reconcile with each other.

If you need to make an adjustment, it must be clearly identified and explained on the reconciliation document. Resolve all adjustments before the next reconciliation, or document

your good faith efforts to resolve the adjustment.

List outstanding checks by check number, issue date, payee, and amount.

Complete, sign, and date the reconciliation document within 30 days of the bank statement date.

Keep and file in logical sequence:

- The reconciliation document.
- The bank statement.
- All supporting documentation including, but not limited to:
 - Copies of the record of receipts and disbursements or check register.
 - A listing of each owner's ledger balance as of the date of the bank statement.

SECURITY DEPOSIT ACCOUNT

The three-way reconciliation of a security deposit clients' trust account must have all the following components:

- The bank statement balance, adjusted for outstanding checks and other reconciling bank items.
- The balance in the records of receipts and disbursements or the check register as of the date of the bank statement.

- A listing of all balances of individual security deposits and fees as of the date of the bank statement.

The balances of each of the above components must be equal to and reconcile with each other.

Any adjustments must be clearly identified and explained on the reconciliation document. Take corrective action to resolve all adjustments before the next reconciliation or document the good faith efforts you have taken to resolve the adjustment.

You must list outstanding checks by check number, issue date, payee, and amount.

Within 30 calendar days from the date of the bank statement, complete, sign and date the reconciliation document.

Keep in your property management records, in logical sequence:

- The reconciliation document.
- The bank statement.
- All supporting documentation including, but not limited to:
 - Copies of the record of receipts and disbursements or check register.
 - A listing of each tenant's ledger balance as of the date of the bank statement.

Commingling

Commingling is the mixing of funds from any source, including personal funds, with trust funds.

The “trust fund” status of a clients’ trust account gives the funds protection from your creditors. When you put your own or business funds into a clients’ trust account, you put your clients’ funds and your license at risk.

Commingling is a violation of Oregon Real Estate License Law and can result in disciplinary action against your license.

WHEN COMMINGLING HAPPENS

Opening clients’ trust accounts

Some banks will not open a bank account without funds in the account. Since every active licensed property manager must have at least one clients’ trust account opened, there may be times, like when you are newly licensed, when you do not have clients’ funds to hold in a clients’ trust account.

Using personal or business funds to open a clients’ trust account is commingling. It is not allowed by law. You must arrange with the bank to pay any fees from your business account or to be invoiced for those fees.

Covering bank fees

Placing your own or business funds into a clients’ trust account to cover bank fees is considered commingling. Arrange with the bank to pay the fees from your business account or to be invoiced for those fees.

Depositing funds for personally owned properties

If you manage your own rental properties in addition to the properties of other, you can’t deposit rents or security deposits from your personal rental properties into the clients’ trust accounts. Doing so is commingling. These funds must be kept separate from the funds in designated clients’ trust accounts.

Keeping earned compensation

In a property management agreement, you and a property owner may agree that management fees are paid out of the clients’ trust account. In this case, you must make sure your management fees are paid out monthly unless a different schedule is specified in the property management agreement. If you do not disburse management fees monthly, or in accordance with the schedule in the property management agreement, you are commingling your funds with trust funds.

You and a property owner may agree that the interest from an interest-bearing clients’ trust account is part of your compensation. In this case, you must disburse the interest out of the clients’ trust account 10 days from the date of the bank statement on which the interest first appears. If such disbursements are not made in a timely manner, you are commingling your funds with trust funds.

Monthly owner statements

You must provide a monthly statement of accounting to each owner reporting any changes to the owner’s ledger. The reports must show all receipts and disbursements for the account of the owner during the prior monthly period. The statement provided to the owner must contain any other information listed in the property management agreement.

A copy of each report must be preserved and filed in your records.

Closing a clients’ trust account

When you close a clients’ trust account, you have 10 days to notify the Agency through your personal eLicense account. All records pertaining to the clients’ trust account must be kept for six year after it is closed.



Record-Keeping

You need to keep the following records for six years:

- A copy of each property management agreement and any addenda or amendments.
- All clients' trust account and security deposit account records, including the signed Notice of Clients' Trust Account and Authorization to Examine form.
- An owner's ledger for each property management agreement.
- A record of receipts and disbursements or check register maintained for each clients' trust account or security deposits account.
- A legible copy of each tenant agreement.
- A tenant's ledger for each tenant.
- A record of all cash receipts.
- All paid bills and receipts.
- A record of electronic bank transactions.
- All records of each required 3-way reconciliation completed monthly for each clients' trust account and security deposits account, including the reconciliation document.
- All canceled checks or bank-supplied images of canceled checks with the related bank statements.
- A record of all deposits for each clients' trust account and security deposits account.
- All monthly owner's statements.

You must also keep the Notice of Clients' Trust Account and Authorization to Examine forms for six years from the date the account was closed.



Computer records

There are a lot of choices when it comes to computer applications that manage the major accounting functions of property management. The Oregon Real Estate Agency does not review or approve such applications for compliance with license law and rules. You must carefully review any computer application to make sure that it complies with Oregon's accounting and reporting requirements. The names of report templates that meet Oregon's requirements vary from application to application.

Owner ledgers, a record of receipts and disbursements, and tenant ledgers must be maintained in a format that will allow you to reconcile and provide the required documents to clients and the Agency. You must have a way to track the manipulation of information and data stored in the application.

When using a computerized system for creating, maintaining, and producing the required records and reports, you must back up any data that is stored in the computerized system at least once a month.

Agency record requests

The Oregon Real Estate Agency has the right to inspect records of professional real estate activity, including property management. You must cooperate with any request for property management records or face disciplinary action against your license and a civil penalty of up to \$1000 a day per violation, not to exceed \$10,000.

Offsite storage

You can keep your required property management records at a location other than your main office location if you notify the Real Estate Commissioner in writing at least five banking days before establishing a new location. When notifying the Commissioner, you must include:

- Your name, main office address, and telephone number.
- A statement that you intend to establish a new location for records.
- Address of the new location.
- How the Agency can get access to the records at the new location.
- The names, addresses, and telephone numbers of all contact persons who can provide access to the records during regular business hours.
- If you have sole custody, control, and access to the records, written, signed, and dated authorization from you for the Commissioner to freely access and inspect all records at the new location.
- If you have authorized a third party authority over custody, control, or access to records, joint authorization from you and the third party for the Commissioner to freely access and inspect all records at the new location.
- Your signature attesting to the accuracy of the information and the date the notice is signed.

You must maintain an inventory of any records stored offsite and the information necessary to retrieve specific records.

Clients' Trust Account Reconciliation Review

THE OREGON REAL ESTATE AGENCY REVIEWS CLIENTS' TRUST ACCOUNTS EACH MONTH. Agency staff will reach out to you by email if your clients' trust account is selected. *You must keep your email address updated with the Agency.*

If a owner/rent clients' trust account is selected, you must submit electronic copies of:

- The signed, dated 3-way trust account reconciliation for the month requested.
- The bank statement issued for the month requested.
- A list of all outstanding checks, withdrawals, transfers, and deposits that are not on the bank statement. The list must include:
 - Check number or other identifying information
 - Issue date
 - Payee
 - Amount
- The receipts and disbursements journal or check register entries up to the date of the bank statement.
- All positive owners' ledger balances as of the date of the bank statement.
- The completed and signed Notice of Clients' Trust Account and Authorization to Examine.

If a security deposit clients' trust account is selected, you must submit electronic copies of:

- The signed, dated 3-way trust account reconciliation for the month requested.
- The bank statement issued for the month requested.

- A list of all outstanding checks, withdrawals, transfers, and deposits that are not on the bank statement. The list must include:
 - Check number or other identifying information
 - Issue date
 - Payee
 - Amount
- The receipts and disbursements journal or check register entries up to the date of the bank statement.
- All positive balances of individual security deposits and fees held in the account as of the date of the bank statement.
- The completed and signed Notice of Clients' Trust Account and Authorization to Examine.

If you receive a reconciliation review notice, you must respond in a timely manner with all documents requested. Failure to respond will result in a civil penalty of up to \$1000 a day per violation, not to exceed \$10,000, and possible administrative action against your license.

If you are maintaining your clients' trust accounts monthly as you should, a reconciliation review is a simple matter of gathering the requested documents to send in.

Oregon Residential Landlord and Tenant Act

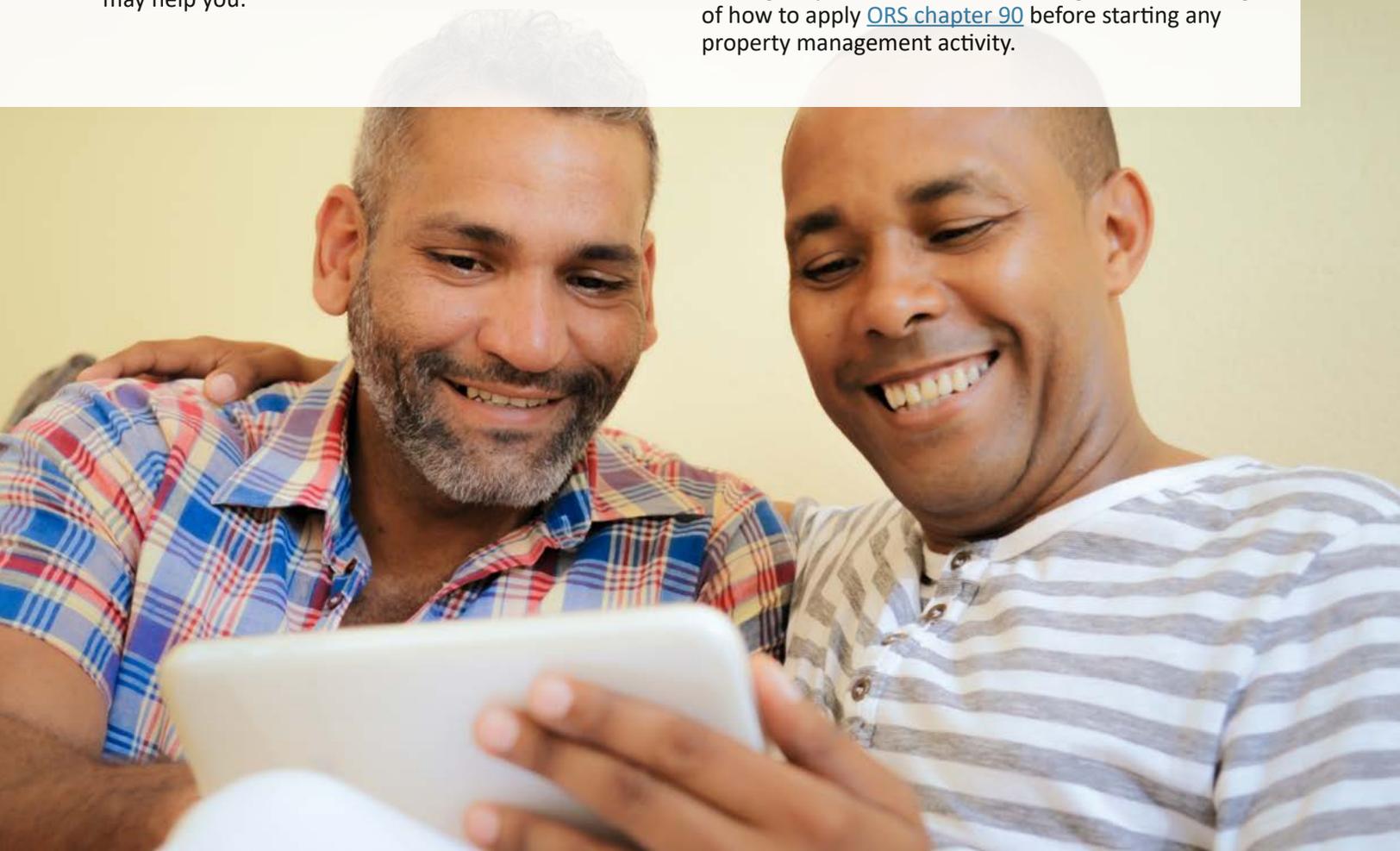
THE OREGON RESIDENTIAL LANDLORD AND TENANT ACT describes the rights, responsibilities, duties, and legal remedies of both the property owner and the tenant. The minimum requirements for tenant agreements are spelled out.

This law is important to you because, in most cases, you will act as the agent for the property owner. Success in managing rental real estate depends on your knowledge of landlord and tenant law.

No state government agency administers or regulates the landlord and tenant act. Although your pre-license education covers the law, you may need to do research and seek additional training so you can fully understand and apply it. Here are some resources that may help you:

- [Oregon State Bar – Landlord Tenant Law](#): This webpage is designed to help answer some questions about landlord and tenant law. The information provided does not cover every situation and should not be used as a substitute for legal advice.
- [Multifamily NW](#): An industry membership organization that offers forms and educational courses.
- [National Association of Residential Property Managers](#): A membership organization that certifies its members and promotes continuing education.

If you are new to the property management business in Oregon, you should have a thorough understanding of how to apply [ORS chapter 90](#) before starting any property management activity.



Termination of Property Management Agreement

WHEN A PROPERTY MANAGEMENT AGREEMENT IS TERMINATED BY YOU OR THE OWNER, you must stop all property management activity.

Within 60 days after the effective date of the termination, you must:

- Disburse all funds.
- Provide the owner with the following:
 - A final accounting of the owner's ledger account.
 - All funds belonging to the owner as shown on the owner's ledger, unless the owner directs you, in writing, to transfer the funds to another property manager, escrow agent, or person.
 - An accounting of all security deposits and fees held for tenants.
 - All tenant security deposits and fees held for tenants, unless the owner directs you, in writing, to transfer the security deposits and fees to another property manager, escrow agent, or person.
 - Copies of all current tenant rental or lease

agreements, unless the owner waives such requirement in writing or directs you, in writing, to provide such documents to another property manager, escrow agent, or person.

- A notice that the property management records related to the agreement may be destroyed after six years.

The day after the effective date of the termination, you have to notify each tenant of the name and address of the party you are transferring the security deposit to.

If a tenant ends tenancy on or before the effective date of the termination of the property management agreement, you must complete any final accounting, inspection, or other procedures within the time required per the following:

- The tenant rental or lease agreement.
- The Residential Landlord and Tenant Act.
- The property management agreement, unless the owner otherwise directs in writing.

Get written proof that you transferred the documents, and keep the proof in your records.

Security deposits when a property is sold

When you hold tenants' security deposits in a security deposit clients' trust account, you may find yourself holding such deposits from current tenants in rental units being sold to a new owner. As the trustee of the security deposits, you can only dispose of these funds with the prior written approval of the owner who has sold the property.

Usually, the escrow agent closing the transaction will request the tenants' security deposits to be disbursed to the new owner. The escrow agent's written instructions from your property owner, the seller of the property, will serve as adequate authorization to comply with the demand. This applies whether or not you continue to manage the property for the new owner.

If you continue to manage the property for the new owner under a newly negotiated and signed a property management agreement, you may be able to transfer the tenants' security deposits with ledger entries, closing out the old owner's ledger and establishing the new owner's ledger. You must make this transfer with receipts and a written authorization explaining when and why the transfer was made and under what authority. The escrow agent would then document that the transfer of tenants' security deposits was handled outside of escrow.

If you do not stay on as property manager for the new owner of the property, you must tell the current tenants where the security deposits are located and who to contact if they have questions.

Oregon Revised Statutes & Oregon Administrative Rules

YOU CAN FIND LINKS to Oregon Revised Statute chapter 696 and Oregon Administrative Rule chapter 863 division 25 on the Oregon Real Estate Agency's website at www.oregon.gov/rea/Pages/laws_rules.aspx.



