



Real Estate Agency

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COMPLIANCE REVIEW CHECK LIST - PROPERTY MANAGEMENT

RBN (or License) Number _____ Review Date _____

Business Name _____

Licensee Name _____

License Type: Property Manager Principal Broker Sole Practitioner Broker

Address _____

Phone # _____ Fax # _____ E-Mail _____

A. General Office Inspection

Yes No

1. Business Name Registration and Place of Business **ORS 696.200**

a. Registration of business name obtained? **OAR 863-015-0095(1,2)** _____

b. Proper business sign? **OAR 863-015-0125** _____

2. Licenses

a. Are all required persons licensed? **ORS 696.020, 010, 030** _____

b. All licenses available for inspection? **OAR 863-015-0030(7)** _____

c. Are all licenses current? **OAR 863-015-0030(7)** _____

3. Written Company Policy / Delegations of Authority **OAR 863-025-0015**

a. Is the effective date stated? **(2)** _____

b. Provisions regarding the duties, responsibilities, supervision and authority, including authority to handle client trust funds of:

A) Licensed property managers employed by property manager **(3a)** _____

B) Any real estate licensees managing rental real estate under the supervision and control of a principal broker **(3b)** _____

C) Unlicensed employees of the property manager **(3c)** _____

D) Contractors **(3d)** _____

c. Provisions to ensure confidentiality? **(4)** _____

d. Provisions regarding production and maintenance of records? **(5)** _____

e. Provisions regarding written authorizations? **(6)** _____

B. Records Review

1. Property Management Agreements *OAR 863-025-0020*

- a. Is there a prior, written, signed and dated management agreement for each owner? **(1)** _____
- b. Do the management agreements include the following:
 - A) Address or legal description of the owner’s rental real estate? **(2a)** _____
 - B) Owner and manager duties and responsibilities? **(2b)** _____
 - C) Authority and powers given property manager? **(2c)** _____
 - D) Term of agreement and method of termination? **(2d)** _____
 - E) All other terms and conditions of agreement? **(2e)** _____
 - F) All management fees and other compensation to be paid to the property manager, including when earned and when payable? **(2f)** _____
 - G) Description of monthly statements to be provided the owner? **(2g)** _____
 - H) Disposition of records upon termination of the agreement? **(2h)** _____
 - I) Disclosures regarding use of employees or businesses in which the property manager has a pecuniary interest? **(2i)** _____
 - J) Statement that property manager shall disclose use of employees or businesses where property manager has a pecuniary interest? **(2j)** _____
 - K) An Identifying Code? **(2k)** _____
 - L) Signatures of the owner and property manager (or designee)? **(2l)** _____
 - M) The date of the agreement? **(2m)** _____
- c. If agreed to by the owner and property manager, specific provisions for:
 - A) Payment under **ORS 696.290(2)** of compensation to a tenant. **(3a)** _____
 - B) Ownership and disbursement of earned interest if trust funds are placed in a federally insured interest bearing account. **(3b)**
 - 1) If interest belongs to the owner, when it will be disbursed. **(A)** _____
 - 2) If interest belongs to the property manager, that it will be disbursed within 3 banking days from when it is earned. **(B)** _____
- d. All addenda and amendments written; with owner’s identifying code, date, signatures of all who signed initial management agreement? **(4)** _____
- e. Any listing agreement separate from management agreement? **(5)** _____
- f. Only property manager licensee or broker may negotiate and sign agreements with owners? **(6)** _____
- g. Legible copy of executed management agreement, addenda, and amendments delivered to owner? **(7)** _____

Compliance Review Checklist – Property Management

Yes

No

2. Required Records **OAR 863-025-0035**

- a. Complete and adequate records maintained in licensed location? **(1)**
 - A) Legible copy of executed management agreement, addenda, and amendments? **(1a)**
 - B) Records of client trust and security deposit accounts? **(1b)**
 - C) Owner’s ledger for each management agreement? **(1c)**
 - D) Record of receipts and disbursements for each agreement? **(1d)**
 - E) Legible copy of each tenant agreement? **(1e)**
 - F) Tenant ledger maintained for each tenant? **(1f)**
 - G) Record of all cash receipts? **(1g)**
 - H) Client trust and security deposit account reconciliation? **(1h)**
 - I) Cancelled checks maintained with bank statements? **(1i)**
 - J) Deposit record for each client trust & security deposit account? **(1j)**
- b. Computerized data backed up at least once a month? **(2a)**
- c. Computerized reports maintained in format which readily enables tracing and reconciliation? **(2b)**
- d. All records and supporting data maintained for six years? **(3)**
- e. For records stored at a location other than the licensed location:
 - A) Written notice of intended removal, with date and new storage location, filed with Commissioner prior to removal? **(4a)**
 - B) Written authorization for Commissioner to access and inspect records at new location, including contact person information? **(4b)**

3. Owner Ledger **OAR 863-025-0055**

- a. At least one owner’s ledger for each management agreement? **(1)**
- b. Ledger has same identifying code as management agreement? **(2)**
- c. Does each entry for receipt of funds contain:
 - A) Date of receipt? **(2a)**
 - B) Date of deposit? **(2b)**
 - C) Amount of deposit? **(2c)**
 - D) Identity of from whom funds received? **(2c)**
- d. Does each entry for disbursement of funds contain:
 - A) Date of disbursement? **(2d)**
 - B) Check number? **(2e)**
 - C) Amount of disbursement? **(2f)**
 - D) Identity of payee? **(2f)**

Compliance Review Checklist – Property Management

Yes

No

- e. Is date and amount recorded for any interest earned and credited? **(2g)** _____
- f. Does each entry contain a balance after posting? **(2h)** _____
- g. Was record of the running daily balance available upon demand? **(3)** _____
- h. Is a copy of the monthly report provided to the property owner of all receipts and disbursements preserved and filed by the manager? **(4)** _____
- i. Are all bills and receipts being retained by the property manager? **(5)** _____

- 4. Record of Receipts and Disbursements (Check Register) **OAR 863-025-0040**
 - a. Chronological record prepared at least monthly for each client’s trust account with an entry for each receipt or disbursement of funds? **(1)** _____
 - b. Does each entry for receipt of funds contain:
 - A) Owner’s Identifying Code (pooled accounts only)? **(2)** _____
 - B) Date of deposit? **(2a)** _____
 - C) Amount of deposit? **(2b)** _____
 - D) Identity of from whom funds received? **(2b)** _____
 - c. Does each entry for disbursement of funds contain:
 - A) Owner’s Identifying Code (pooled accounts only)? **(2)** _____
 - B) Date of disbursement? **(2c)** _____
 - C) Check number? **(2d)** _____
 - D) Amount of disbursement? **(2e)** _____
 - E) Identity of payee? **(2e)** _____
 - d. Is date and amount recorded for any interest earned and credited? **(2f)** _____
 - e. Was record of the daily balance available upon demand? **(2g)** _____
 - f. Is the record posted after any activity? **(3)** _____
 - g. Deposit and disbursement detail maintained if aggregated receipts and disbursements are posted to the record? _____
 - h. If there are any negative balances at the close of the day, are they the result of a check or checks returned for insufficient funds? **(5)** _____
 - i. Does the property manager maintain all bills and receipts? **(6)** _____
 - j. For electronic banking transactions, does the property manager:
 - A) Print a copy of any internet transaction records that include the date, time, and nature of the transaction? **(7a)** _____
 - B) Make a written notation of any telephone transactions that includes the date, time, and nature of the transaction? **(7b)** _____
 - C) Create an electronic document readily relates the transaction information in A) or B) above? **(7c)** _____

5. Tenant Agreements *OAR 863-025-0045*

a. Do residential rental agreements contain:

A) The licensed name and business address of the property manager and the name and address of tenant? *(1a)*

B) The name of the licensee executing the agreement on behalf of the licensee’s principal broker? *(1a)*

C) Mailing address or unit number of the property, payment amount and conditions, and term of the rental agreement or lease? *(1b)*

D) The amount of and reason for all funds paid by tenant to the property manager? *(1c)*

b. Is each agreement reviewed and approved by the property manager or their authorized delegate? *(2)*

c. Is written authorization on file if review responsibility was delegated? *(2)*

6. Tenant Ledgers *OAR 863-025-0050*

a. At least one tenant’s ledger maintained for each tenant? *(1)*

b. Ledgers identified by tenant and mailing address or unit number? *(1)*

c. Is the balance of each tenant’s security deposit shown on their ledger for use in the monthly Security Deposits Account reconciliation? *(2)*

d. Are there separate ledgers for prospective tenants? *(3)*

e. Is each receipt of funds posted? *(4)*

f. Does each entry for a receipt of funds contain:

A) the amount of funds received? *(4)*

B) amount and designation of any security deposits received? *(4)*

C) date of receipt? *(4)*

D) cash receipt number? *(4)*

g. Does each entry for a disbursement of funds contain:

A) The date of the disbursement? *(4)*

B) The payee of the check? *(4)*

C) The check number? *(4)*

D) The amount of the disbursement? *(4)*

h. For checks returned uncashed to tenants or prospective tenants, does the property manager retain a photocopy of the check with a receipt, noting the amount, and dates of receipt and return of the check? *(5)*

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Yes

No

7. Tenant Security Deposits **OAR 863-025-0030**

- a. Are all tenant security deposits deposited and maintained in a security deposits account as defined in and conforming to 863-025-0010? **(1)** _____
- b. Are all tenants' security deposits maintained until: _____
 - A) forwarded to the owner per the rental or lease agreement and the applicable property management agreement **(1a)**,
 - B) expended as authorized by the applicable rental, lease, or property management agreement **(1b)**,
 - C) refunded to the tenant **(1c)**, or
 - D) transferred to the owner, a new property manager, or an escrow agent upon termination of the management agreement. **(1d)**
- c. Are security deposits received in a check containing other funds and deposited in the client's trust account deposited into the security deposits account within 3 banking days? **(2)** _____
- d. If the owner holds the security deposits, are the funds first deposited into the client's trust account and then disbursed to the owner within the month received? **(3)** _____

8. Cash Receipts **OAR 863-025-0060**

- a. Written receipt issued for all cash funds received? **(1)** _____
- b. Receipts pre-numbered and in at least duplicate form? **(2)** _____
- c. Does each receipt contain:
 - A) Date of receipt of the cash funds? **(2a)** _____
 - B) The amount of the cash funds received? **(2b)** _____
 - C) The reason for the cash payment? **(2c)** _____
 - D) Identifying code of the owner for whom funds were received? **(2d)** _____
 - E) The tenant's name? **(2e)** _____
 - F) The name of person who received funds and prepared receipt? **(2f)** _____
- d. Copy of receipt maintained in property manager's records? **(3)** _____

9. Deposits **OAR 863-025-0065**

- a. Are all funds deposited within 5 banking days of receipt? **(1)** _____
- b. Do property manager's employees promptly turn over any funds received to the property manager? **(2)** _____
- c. Does each deposit slip entry contain an owner's identifying code (except for funds received pursuant to **863-025-0050(3) & 0025(16)**)? **(4)** _____
- d. Complete record of funds received maintained; including from whom received, receipt date, place and date of deposit, final disposition? **(5)** _____

C. Clients’ Trust Accounts

1. Clients’ Trust Accounts – Statutory Requirements **ORS 696.241**

- a. All funds received or handled by property manager deposited into a clients’ trust account? **(1)** _____
- b. Trust account authorizations provided to the Agency? **(2), (3)** _____
- c. Written approval of all parties obtained to establish federally insured interest bearing accounts? **(5)** _____
- d. Management fees taken only when earned? **(7)** _____
- e. Only trust funds maintained in clients trust accounts? **(9)** _____
- f. Bank acknowledgements on file? **ORS 696.245** _____

2. Clients’ Trust Accounts – Accounting Rules **OAR 863-025-0025**

- a. Is at least one **863-025-0010** client’s trust account maintained? **(1)** _____
- b. Are the CTA funds only owner’s funds and earned interest? **(2a,b)** _____
- c. For tenant security deposits held for the owner, is at least one security deposits account, as defined in **863-025-0010**, maintained? **(3)** _____
- d. Are the SDA funds only security deposits and earned interest? **(5a,b)** _____
- e. Is interest earned by the property manager disbursed within three banking days of when it is earned? **(7)** _____
- f. Are the funds not deposited, held, or disbursed by the owner? **(8)** _____
- g. Is the property manager a signer on all CTA’s and SDA’s? **(9)** _____
- h. Are all checks, including voids, accounted for? **(10)** _____
- i. Do the checks have the account number on them? **(10a)** _____
- j. Are checks pre-numbered, or consecutively numbered if computer-generated? **(10b)** _____
- k. Do the checks include the words “clients’ trust account” or “clients’ trust account - security deposits” as appropriate? **(10c,d)** _____
- l. Are there sufficient funds in the applicable owner or tenant ledger before a disbursement is made from the CTA or SDA? **(11)** _____
- m. For transfers of funds between the ledgers of different owners:
 - A) Did each owner authorize transfer in a written agreement separate from their property management agreement? **(12a)** _____
 - B) Upon transfer, did property manager record amount, date, source or destination of transferred funds on each affected ledger? **(12b)** _____
 - C) Did the property manager account for the transfer to all owners, either in their regular monthly report or separately? **(12c)** _____

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Yes

No

- n. For transfers between the ledgers of the same owner:
 - A) Did the owner give prior written approval? **(13A)** _____
 - B) Upon transfer, did property manager record amount, date, source or destination of transferred funds on each affected ledger? **(13b)** _____
- o. Are earned management fees disbursed at least monthly, or as otherwise specified in the property management agreement? **(14)** _____
- p. Does the monthly cycle for the client’s trust and security deposits accounts begin and end on the same date each month? **(15)** _____
- q. Does the property manager obtain written verification of deposits by wire or electronic fund transfer prior to disbursing those funds? **(16)** _____
- r. Can the property manager demonstrate that each disbursement from a client’s trust or security deposits account did not involve the use of any other owner’s or tenant’s funds? **(17)** _____
- s. For interest-bearing security deposits accounts:
 - A) Does the property management agreement contain a provision for such an account? **(22a)** _____
 - B) Have affected tenants given written approval? **(22b)** _____
 - C) Do the above provisions specify to whom and when the interest earnings accrue and are disbursed? **(22c)** _____
- t. Are all transfers of funds from a CTA or SDA recorded by check or other written proof of transmittal or receipt? **(24)** _____
- u. Are all transfers of other documents recorded by written proof of transmittal or receipt? **(24)** _____
- v. Does property manager retain proofs of transmittal or receipt? **(24)** _____
- w. Are electronic transfers recorded in the owner’s ledger? **(24)** _____
- x. Does the property manager prepare and preserve hard copy records of electronic transfers? **(24)** _____
- y. For bank lockbox collection of payments:
 - A) Has the property manager determined that the security controls are adequate and the accounting is accurate? **(25a)** _____
 - B) Does the lockbox program permit monthly reconciliations and printing of daily deposit records? **(25c)** _____

3. Clients’ Trust Account – Reconciliations **OAR 863-025-0025**

a. For Clients’ Trust Accounts:

- A) Are the CTA’s reconciled monthly? **(19)** _____
- B) Adequate audit trail for accounts reconciled on different days? **(19)** _____
- C) Reconciliations and bank statements filed in monthly order? **(19a)** _____
- D) Reconciliations demonstrate the following balances are equal? **(19b)** _____
 - i) Reconciled bank balance **(A)**
 - ii) Check register or record of receipts and disbursements **(B)**
 - iii) Total of all positive owner ledgers (for accounts containing funds of more than one owner) **(C)**
- E) Did manager or delegate sign and date reconciliations? **(19c)** _____

b. For Security Deposits Accounts:

- A) Are the SDA’s reconciled monthly? **(20)** _____
- B) Adequate audit trail for accounts reconciled on different days? **(20)** _____
- C) Reconciliations and bank statements filed in monthly order? **(20a)** _____
- D) Reconciliations demonstrate the following balances are equal? **(20b)** _____
 - i) Reconciled bank balance **(A)**
 - ii) Check register or record of receipts and disbursements **(B)**
 - iii) Total of all positive tenant ledgers (for accounts containing funds of more than one tenant) **(C)**
- E) Did manager or delegate sign and date reconciliations? **(20c)** _____

- c. Does any delegated authority to approve reconciliations comply with **863-025-0015(6)(b)** requirements? **(21)** _____

D. Termination, Transfer of Property Management **OAR 863-025-0070**

For each terminated property management agreement:

- a. Was management terminated as provided in the agreement? **(1)** _____
- b. Was notice sent to the owner and any tenants? **(2)** _____
- c. Were unobligated funds disbursed to owner within 60 days? **(3)** _____
- d. Within 90 days of termination was the owner provided with:
 - A) A final accounting? **(4a)** _____
 - B) An accounting of any obligated funds being held? **(4b)** _____
 - C) A statement why the obligated funds are being held? **(4c)** _____
 - D) A statement when and to whom the funds will be disbursed? **(4d)** _____

