

Jordan D. Teuscher proposes the following substitute bill:

Property Manager Requirements

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jordan D. Teuscher

Senate Sponsor:

LONG TITLE

General Description:

This bill modifies the Utah Real Estate Licensing and Practices Act.

Highlighted Provisions:

This bill:

- defines terms;
- grants the Real Estate Commission (commission) authority to make administrative rules relating to property managers;
- requires an individual to hold a license as a property manager before engaging in property management;
- exempts certain individuals from licensure under this act;
- requires that the commission and Division of Real Estate determine the qualifications and requirements for an applicant for a property manager license;
- allows an individual with an active broker, associate broker, or sales agent license to obtain a property manager license without meeting certain examination and education requirements;
- requires that an applicant for a property manager license pay a licensing fee;
- repeals provisions authorizing certain individuals to act as a property manager;
- authorizes a property manager to fill out any form or document related to property management;
- provides parameters for what a property manager may do when engaging in property management;
- requires that a property manager associate with a real estate trust account;
- exempts a property manager with a security bond that protects at least 30% of estimated client funds from the requirement to associate with a real estate trust account; and
- makes technical and conforming changes.

29 **Money Appropriated in this Bill:**

30 None

31 **Other Special Clauses:**

32 This bill provides a special effective date.

33 **Utah Code Sections Affected:**

34 AMENDS:

35 **61-2f-102**, as last amended by Laws of Utah 2024, Chapter 22736 **61-2f-103**, as last amended by Laws of Utah 2022, Chapter 20437 **61-2f-201**, as renumbered and amended by Laws of Utah 2010, Chapter 37938 **61-2f-202**, as last amended by Laws of Utah 2022, Chapter 20439 **61-2f-203**, as last amended by Laws of Utah 2022, Chapter 20440 **61-2f-204**, as last amended by Laws of Utah 2022, Chapter 20441 **61-2f-206**, as last amended by Laws of Utah 2022, Chapter 204

42 ENACTS:

43 **61-2f-202.5**, Utah Code Annotated 195344 **61-2f-307**, Utah Code Annotated 195345 **61-2f-411**, Utah Code Annotated 1953

46

47 *Be it enacted by the Legislature of the state of Utah:*48 Section 1. Section **61-2f-102** is amended to read:49 **61-2f-102 . Definitions.**

50 As used in this chapter:

51 (1) "Associate broker" means an individual who is:

52 (a) employed or engaged as an independent contractor by or on behalf of a principal
53 broker to perform an act described in Subsection [~~(20)~~] (19) for valuable
54 consideration; and55 (b) licensed or is required to be licensed under this chapter as an associate broker.56 (2) "Branch broker" means an associate broker who manages a principal broker's branch
57 office under the supervision of the principal broker.58 (3) "Branch office" means a principal broker's real estate brokerage office that is not the
59 principal broker's main office.

60 (4) "Business day" means a day other than:

61 (a) a Saturday;

62 (b) a Sunday; or

- 63 (c) a federal or state holiday.
- 64 (5) "Business opportunity" means the sale, lease, or exchange of any business that includes
65 an interest in real estate.
- 66 (6) "Commission" means the Real Estate Commission established under this chapter.
- 67 (7) "Concurrence" means the entities given a concurring role must jointly agree for action
68 to be taken.
- 69 (8) "Condominium homeowners' association" means the condominium unit owners acting
70 as a group in accordance with declarations and bylaws.
- 71 (9)(a) "Condominium hotel" means one or more condominium units that are operated as
72 a hotel.
- 73 (b) "Condominium hotel" does not mean a hotel consisting of condominium units, all of
74 which are owned by a single entity.
- 75 (10) "Condominium unit" means the same as that term is defined in Section 57-8-3.
- 76 (11) "Director" means the director of the Division of Real Estate.
- 77 (12) "Division" means the Division of Real Estate.
- 78 ~~[(13) "Dual broker" means a principal broker of a real estate sales brokerage who obtains
79 from the division a dual broker license in order to function as the principal broker of a
80 property management company that is a separate entity from the real estate sales
81 brokerage.]~~
- 82 ~~[(14)]~~ (13) "Entity" means:
- 83 (a) a corporation;
- 84 (b) a partnership;
- 85 (c) a limited liability company;
- 86 (d) a company;
- 87 (e) an association;
- 88 (f) a joint venture;
- 89 (g) a business trust;
- 90 (h) a trust; or
- 91 (i) any organization similar to an entity described in Subsections ~~[(14)(a)]~~ (13)(a)
92 through (h).
- 93 ~~[(15)]~~ (14) "Executive director" means the director of the Department of Commerce.
- 94 ~~[(16)]~~ (15) "Foreclosure rescue" means, for compensation or with the expectation of
95 receiving valuable consideration~~[, to:]~~ :
- 96 ~~[(a) engage, or offer to engage, in]~~

- 97 (a) an act that:
- 98 (i) the person represents will assist a borrower in preventing a foreclosure; and
- 99 (ii) relates to a transaction involving the transfer of title to residential real property; or
- 100 (b) as an employee or agent of another person:
- 101 (i) [~~solicit, or offer~~] a solicitation or an offer that the other person will engage in an
- 102 act described in Subsection [~~(16)(a)~~] (15)(a); or
- 103 (ii) [~~negotiate~~] negotiation of the terms in relationship to an act described in
- 104 Subsection [~~(16)(a)~~] (15)(a).
- 105 [~~(17)~~] (16) "Loan modification assistance" means, for compensation or with the expectation
- 106 of receiving valuable consideration[~~, to~~]:
- 107 (a) [~~act,~~] an act, or an offer to act, on behalf of a person to:
- 108 (i) obtain a loan term of a residential mortgage loan that is different from an existing
- 109 loan term including:
- 110 (A) an increase or decrease in an interest rate;
- 111 (B) a change to the type of interest rate;
- 112 (C) an increase or decrease in the principal amount of the residential mortgage
- 113 loan;
- 114 (D) a change in the number of required period payments;
- 115 (E) an addition of collateral;
- 116 (F) a change to, or addition of, a prepayment penalty;
- 117 (G) an addition of a cosigner; or
- 118 (H) a change in persons obligated under the existing residential mortgage loan; or
- 119 (ii) a substitute of a new residential mortgage loan for an existing residential
- 120 mortgage loan; or
- 121 (b) as an employee or agent of another person:
- 122 (i) [~~solicit, or offer~~] a solicitation or an offer that the other person will engage in an
- 123 act described in Subsection [~~(17)(a)~~] (16)(a); or
- 124 (ii) [~~negotiate~~] negotiation of the terms in relationship to an act described in
- 125 Subsection [~~(17)(a)~~] (16)(a).
- 126 [~~(18)~~] (17) "Main office" means the address [~~which~~] that a principal broker designates with
- 127 the division as the principal broker's primary brokerage office.
- 128 [~~(19)~~] (18) "Person" means an individual or entity.
- 129 [~~(20)~~] (19) "Principal broker" means an individual who[-] :
- 130 (a) is licensed or required to be licensed as a principal broker under this chapter[~~-who~~];

131 and

132 [(a)] (b)(i) sells or lists for sale real estate, including real estate being sold as part of a

133 foreclosure rescue, or a business opportunity with the expectation of receiving

134 valuable consideration;

135 [(b)] (ii) buys, exchanges, or auctions real estate, an option on real estate, a business

136 opportunity, or an improvement on real estate with the expectation of receiving

137 valuable consideration;

138 [(c)] (iii) advertises, offers, attempts, or otherwise holds the individual out to be

139 engaged in the business described in Subsection [(20)(a)] (19)(a) or (b)(ii);

140 [(d)] (iv) is employed by or on behalf of the owner of real estate or by a prospective

141 purchaser of real estate and performs an act described in Subsection [(20)(a),]

142 (19)(b)(i), whether the individual's compensation is at a stated salary, a

143 commission basis, upon a salary and commission basis, or otherwise;

144 [(e)] (v) with the expectation of receiving valuable consideration, manages property

145 owned by another person;

146 [(f)] (vi) advertises or otherwise holds the individual out to be engaged in property

147 management;

148 [(g)] (vii) with the expectation of receiving valuable consideration, assists or directs in

149 the procurement of prospects for or the negotiation of a transaction listed in

150 Subsections [(20)(a)] (19)(b)(i) and [(e)] (v);

151 [(h)] (viii) except for a mortgage lender, title insurance producer, or an employee of a

152 mortgage lender or title insurance producer, assists or directs in the closing of a

153 real estate transaction with the expectation of receiving valuable consideration;

154 [(i)] (ix) engages in foreclosure rescue; or

155 [(j)] (x) advertises, offers, attempts, or otherwise holds the person out as being

156 engaged in foreclosure rescue.

157 [(21)] (20)(a) "Property management" means ~~[engaging in]~~ the management of real estate

158 owned by another person, with the expectation of receiving valuable consideration, [~~the management of real estate owned by another person]~~

159 or advertising or otherwise

160 claiming to be engaged in [~~property management]~~ the management of real estate

161 owned by another person, by:

162 (i) advertising for, arranging, negotiating, offering, or otherwise attempting or

163 participating in a transaction calculated to secure the rental or leasing of real estate;

164 (ii) collecting, agreeing, offering, or otherwise attempting to collect rent for the real

- 165 estate~~[and accounting for and disbursing the money collected]~~; or
- 166 (iii) ~~[authorizing expenditures for repairs to the real estate]~~ signing a lease agreement
- 167 or an addendum with a tenant.
- 168 (b) "Property management" does not include:
- 169 (i) hotel or motel management;
- 170 (ii) rental of tourist accommodations, including hotels, motels, tourist homes,
- 171 condominiums, condominium hotels, mobile home park accommodations,
- 172 campgrounds, or similar public accommodations for a period of less than 30
- 173 consecutive days, and the management activities associated with these rentals; or
- 174 (iii) the leasing or management of surface or subsurface minerals or oil and gas
- 175 interests, if the leasing or management is separate from a sale or lease of the
- 176 surface estate.
- 177 ~~[(22) "Property management sales agent" means a sales agent who:]~~
- 178 ~~[(a) is affiliated with a dual broker through the dual broker's property management~~
- 179 ~~company; and]~~
- 180 ~~[(b) is designated by the dual broker as a property management sales agent.]~~
- 181 (21) "Property manager" means an individual who:
- 182 (a) is licensed or required to be licensed as a property manager under this chapter; and
- 183 (b)(i) engages in property management; or
- 184 (ii) advertises or otherwise holds the individual out to be engaged in property
- 185 management.
- 186 ~~[(23)]~~ (22) "Real estate" includes leaseholds and business opportunities involving real
- 187 property.
- 188 ~~[(24)]~~ (23)(a) "Regular salaried employee" means an individual:
- 189 (i) who performs a service for wages or other remuneration~~[,]~~ ; and
- 190 (ii) whose employer withholds federal employment taxes under a contract of hire,
- 191 written or oral, express or implied.
- 192 (b) "Regular salaried employee" does not include an individual who performs services
- 193 on a project-by-project basis or on a commission basis.
- 194 ~~[(25)]~~ (24) "Reinstatement" means ~~[restoring]~~ the restoration of a license that has expired or
- 195 has been suspended.
- 196 ~~[(26)]~~ (25) "Reissuance" means the process by which ~~[a licensee]~~ an individual may obtain a
- 197 license following revocation of the license.
- 198 ~~[(27)]~~ (26) "Renewal" means ~~[extending]~~ the extension of a license for an additional

- 199 licensing period on or before the date the license expires.
- 200 [~~(28)~~] (27) "Sales agent" means an individual who is:
- 201 (a) affiliated with a principal broker, either as an independent contractor or an employee
- 202 as provided in Section 61-2f-303, to perform for valuable consideration an act
- 203 described in Subsection [~~(20)~~] (19); and
- 204 (b) licensed, or required to be licensed, under this chapter as a sales agent.
- 205 [~~(29)~~] (28) "Vulnerable adult" means the same as that term is defined in Section 26B-6-201.
- 206 Section 2. Section **61-2f-103** is amended to read:
- 207 **61-2f-103 . Real Estate Commission.**
- 208 (1) There is created within the division a Real Estate Commission.
- 209 (2) The commission shall:
- 210 (a) subject to concurrence by the division and in accordance with Title 63G, Chapter 3,
- 211 Utah Administrative Rulemaking Act, make rules for the administration of this
- 212 chapter that are not inconsistent with this chapter, including:
- 213 (i) licensing of:
- 214 (A) a principal broker;
- 215 (B) an associate broker; [~~and~~]
- 216 (C) a sales agent; and
- 217 (D) a property manager;
- 218 (ii) registration of:
- 219 (A) an entity;
- 220 (B) an assumed name under which a person conducts business;
- 221 (C) a branch office; and
- 222 (D) a property management company;
- 223 (iii) prelicensing and postlicensing education curricula;
- 224 (iv) examination procedures;
- 225 (v) the certification and conduct of:
- 226 (A) a real estate school;
- 227 (B) a course provider; or
- 228 (C) an instructor;
- 229 (vi) proper handling of money received by a licensee under this chapter;
- 230 (vii) brokerage office procedures and recordkeeping requirements;
- 231 (viii) property management;
- 232 (ix) standards of conduct for a licensee under this chapter;

- 233 (x) if the commission, with the concurrence of the division, determines necessary, a
234 rule as provided in Subsection 61-2f-306(3) regarding a legal form;
- 235 (xi) the qualification and designation of an acting principal broker in the event a
236 principal broker dies, is incapacitated, or is unable to perform the duties of a
237 principal broker, as described in Section 61-2f-202; and
- 238 (xii) giving or paying an inducement gift or a closing gift to a buyer or seller in a real
239 property transaction;
- 240 (b) establish, with the concurrence of the division, a fee provided for in this chapter,
241 except a fee imposed under Part 5, Real Estate Education, Research, and Recovery
242 Fund Act;
- 243 (c) conduct an administrative hearing not delegated by the commission to an
244 administrative law judge or the division relating to the:
- 245 (i) licensing of an applicant;
- 246 (ii) conduct of a licensee;
- 247 (iii) the certification or conduct of a real estate school, course provider, or instructor
248 regulated under this chapter; or
- 249 (iv) violation of this chapter by any person;
- 250 (d) with the concurrence of the director, impose a sanction as provided in Section
251 61-2f-404;
- 252 (e) advise the director on the administration and enforcement of a matter affecting the
253 division and the real estate sales and property management industries;
- 254 (f) advise the director on matters affecting the division budget;
- 255 (g) advise and assist the director in conducting real estate seminars; and
- 256 (h) perform other duties as provided by this chapter.
- 257 (3)(a) Except as provided in Subsection (3)(b), a state entity may not, without the
258 concurrence of the commission, make a rule that changes the rights, duties, or
259 obligations of buyers, sellers, or persons licensed under this chapter in relation to a
260 real estate transaction between private parties.
- 261 (b) Subsection (3)(a) does not apply to a rule made:
- 262 (i) under Title 31A, Insurance Code, or Title 7, Financial Institutions Act; or
- 263 (ii) by the Department of Commerce or any division or other rulemaking body within
264 the Department of Commerce.
- 265 (4)(a) The commission [~~shall be comprised~~] consists of five members appointed by the
266 governor and approved by the Senate in accordance with Title 63G, Chapter 24, Part

- 267 2, Vacancies.
- 268 (b) Four of the commission members shall:
- 269 (i) have at least five years' experience in the real estate business; and
- 270 (ii) hold an active principal broker, associate broker, or sales agent license.
- 271 (c) One commission member shall be a member of the general public.
- 272 (d) The governor may not appoint a commission member described in Subsection (4)(b)
- 273 who, at the time of appointment, resides in the same county in the state as another
- 274 commission member.
- 275 (e) At least one commission member described in Subsection (4)(b) shall at the time of
- 276 an appointment reside in a county that is not a county of the first or second class.
- 277 (5)(a) Except as required by Subsection (5)(b), as terms of current commission members
- 278 expire, the governor shall appoint each new member or reappointed member to a
- 279 four-year term ending June 30.
- 280 (b) ~~[Notwithstanding the requirements of Subsection (5)(a), the]~~ The governor shall, at
- 281 the time of appointment or reappointment, adjust the length of terms to ensure that
- 282 the terms of commission members are staggered so that approximately half of the
- 283 commission is appointed every two years.
- 284 (c) Upon the expiration of the term of a member of the commission, the member of the
- 285 commission shall continue to hold office until a successor is appointed and qualified.
- 286 (d) A commission member may not serve more than two consecutive terms.
- 287 (e) Members of the commission shall annually select one member to serve as chair.
- 288 (6) When a vacancy occurs in the membership for any reason, the governor, with the advice
- 289 and consent of the Senate, shall appoint a replacement for the unexpired term.
- 290 (7) A member may not receive compensation or benefits for the member's service, but may
- 291 receive per diem and travel expenses in accordance with:
- 292 (a) Section 63A-3-106;
- 293 (b) Section 63A-3-107; and
- 294 (c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and
- 295 63A-3-107.
- 296 (8)(a) The commission shall meet at least monthly.
- 297 (b) The director may call additional meetings:
- 298 (i) at the director's discretion;
- 299 (ii) upon the request of the chair; or
- 300 (iii) upon the written request of three or more commission members.

301 (9) Three members of the commission constitute a quorum for the transaction of business.

302 (10) A member of the commission shall comply with the conflict of interest provisions
303 described in Title 63G, Chapter 24, Part 3, Conflicts of Interest.

304 Section 3. Section **61-2f-201** is amended to read:

305 **61-2f-201 . License required.**

306 (1) Unless a person is licensed under this chapter, it is unlawful for the person to do the
307 following with respect to real estate located in this state:

308 (a) engage in the business of a principal broker, associate broker, or sales agent;

309 (b) act in the capacity of a principal broker, associate broker, or sales agent;

310 (c) advertise or assume to act as a principal broker, associate broker, or a sales agent[-] ;

311 or

312 (d) engage in property management.

313 (2) Except as provided in Section 61-2f-202, an individual is required to be licensed as a
314 principal broker, associate broker, or a sales agent if the individual performs, offers to
315 perform, or attempts to perform one act for valuable consideration of:

316 (a) buying, selling, [~~leasing, managing,~~] or exchanging real estate for another person; or

317 (b) offering for another person to buy, sell, [~~lease, manage,~~] or exchange real estate.

318 (3) Except as provided in Subsection 61-2f-202(1), unless an individual is licensed as a
319 property manager, an individual may not, for consideration:

320 (a) engage in property management; or

321 (b) offer to engage in property management on behalf of another person.

322 Section 4. Section **61-2f-202** is amended to read:

323 **61-2f-202 . Exempt persons and transactions.**

324 (1)(a) Except as provided in Subsection (1)(b), a license under this chapter is not
325 required for:

326 (i) a person who as owner or lessor performs an act described in Subsection [
327 ~~61-2f-102(20)~~] 61-2f-102(19) with reference to real estate owned or leased by that
328 person;

329 (ii) a regular salaried employee of the owner or lessor of real estate who, with
330 reference to nonresidential real estate owned or leased by the employer, performs
331 an act described in Subsection [~~61-2f-102(20)(b)~~] 61-2f-102(19)(b) or (c);

332 (iii) a regular salaried employee of the owner of real estate who performs property
333 management services with reference to real estate owned by the employer, except
334 that the employee may only manage real estate for one employer;

- 335 (iv) an individual who performs property management services for the apartments at
336 which that individual resides in exchange for free or reduced rent on that
337 individual's apartment;
- 338 (v) a regular salaried employee of a condominium homeowners' association who
339 manages real estate subject to the declaration of condominium that established the
340 condominium homeowners' association, except that the employee may only
341 manage real estate for one condominium homeowners' association;
- 342 (vi) a regular salaried employee of a licensed property management company or real
343 estate brokerage who performs support services, as prescribed by rule, for the
344 property management company or real estate brokerage; or
- 345 (vii) in the event a principal broker dies, is incapacitated, or is unable to perform the
346 duties of a principal broker, an individual qualified and designated as the
347 commission determines by rule made in accordance with Title 63G, Chapter 3,
348 Utah Administrative Rulemaking Act, with the concurrence of the division, as an
349 acting principal broker:
- 350 (A) in relation to each transaction pending on the day on which the principal
351 broker dies, becomes incapacitated, or becomes unable to perform the duties of
352 a principal broker, including the distribution of compensation for each
353 transaction; and
- 354 (B) until the day on which each transaction described in Subsection (1)(a)(vii)(A)
355 is completed.
- 356 (b) Subsection (1)(a) does not exempt from licensing:
- 357 (i) an employee engaged in the sale of real estate regulated under:
- 358 (A) Title 57, Chapter 11, Utah Uniform Land Sales Practices Act; or
359 (B) Title 57, Chapter 19, Timeshare and Camp Resort Act;
- 360 (ii) an employee engaged in the sale of cooperative interests regulated under Title 57,
361 Chapter 23, Real Estate Cooperative Marketing Act; or
- 362 (iii) an individual whose interest as an owner or lessor is obtained by that individual
363 or transferred to that individual for the purpose of evading the application of this
364 chapter, and not for another legitimate business reason.
- 365 (2) A license under this chapter is not required for:
- 366 (a) an isolated transaction or service by an individual holding an unsolicited, duly
367 executed power of attorney from a property owner;
- 368 (b) subject to Subsection 61-2f-401(5), services rendered by an attorney admitted to

- 369 practice law in this state in performing the attorney's duties as an attorney;
- 370 (c) a receiver, trustee in bankruptcy, administrator, executor, or an individual acting
371 under order of a court;
- 372 (d) a trustee or employee of a trustee under a deed of trust or a will;
- 373 (e) a public utility, officer of a public utility, or regular salaried employee of a public
374 utility, unless performance of an act described in Subsection [~~61-2f-102(20)~~]
375 61-2f-102(19) is in connection with the sale, purchase, lease, or other disposition of
376 real estate or investment in real estate unrelated to the principal business activity of
377 that public utility;
- 378 (f) a regular salaried employee or authorized agent working under the oversight of the
379 Department of Transportation when performing an act on behalf of the Department of
380 Transportation in connection with one or more of the following:
- 381 (i) the acquisition of real estate pursuant to Section 72-5-103;
- 382 (ii) the disposal of real estate pursuant to Section 72-5-111;
- 383 (iii) services that constitute property management; or
- 384 (iv) the leasing of real estate; and
- 385 (g) a regular salaried employee of a county, city, or town when performing an act on
386 behalf of the county, city, or town:
- 387 (i) in accordance with:
- 388 (A) if a regular salaried employee of a city or town:
- 389 (I) Title 10, Utah Municipal Code; or
- 390 (II) Title 11, Cities, Counties, and Local Taxing Units; and
- 391 (B) if a regular salaried employee of a county:
- 392 (I) Title 11, Cities, Counties, and Local Taxing Units; and
- 393 (II) Title 17, Counties; and
- 394 (ii) in connection with one or more of the following:
- 395 (A) the acquisition of real estate, including by eminent domain;
- 396 (B) the disposal of real estate;
- 397 (C) services that constitute property management; or
- 398 (D) the leasing of real estate.
- 399 (3) A license under this chapter is not required for an individual registered to act as a
400 broker-dealer, agent, or investment adviser under the Utah and federal securities laws in
401 the sale or the offer for sale of real estate if:
- 402 (a)(i) the real estate is a necessary element of a "security" as that term is defined by

- 403 the Securities Act of 1933 and the Securities Exchange Act of 1934; and
- 404 (ii) the security is registered for sale in accordance with:
- 405 (A) the Securities Act of 1933; or
- 406 (B) Title 61, Chapter 1, Utah Uniform Securities Act; or
- 407 (b)(i) it is a transaction in a security for which a Form D, described in 17 C.F.R. Sec.
- 408 239.500, has been filed with the Securities and Exchange Commission pursuant to
- 409 Regulation D, Rule 506, 17 C.F.R. Sec. 230.506; and
- 410 (ii) the selling agent and the purchaser are not residents of this state.
- 411 (4) Except as otherwise provided by statute or rule, the following individuals may engage in
- 412 the practice of an occupation or profession regulated by this chapter, subject to the stated
- 413 circumstances and limitations, without being licensed under this chapter:
- 414 (a) an individual licensed under the laws of this state, other than under this chapter, to
- 415 practice or engage in an occupation or profession, while engaged in the lawful,
- 416 professional, and competent practice of that occupation or profession;
- 417 (b) an individual serving in the armed forces of the United States, the United States
- 418 Public Health Service, the United States Department of Veterans Affairs, or any other
- 419 federal agency while engaged in activities regulated under this title as a part of
- 420 employment with that federal agency if the individual holds a valid license to practice
- 421 the regulated occupation or profession issued by any other state or jurisdiction
- 422 recognized by the department; and
- 423 (c) the spouse of an individual serving in the armed forces of the United States while the
- 424 individual is stationed within this state, if:
- 425 (i) the spouse holds a valid license to practice the regulated occupation or profession
- 426 issued by any other state or jurisdiction recognized by the department; and
- 427 (ii) the license is current and the spouse is in good standing in the state or jurisdiction
- 428 of licensure.
- 429 (5) As used in this section, "owner" does not include:
- 430 (a) a person who holds an option to purchase real property;
- 431 (b) a mortgagee;
- 432 (c) a beneficiary under a deed of trust;
- 433 (d) a trustee under a deed of trust; or
- 434 (e) a person who owns or holds a claim that encumbers any real property or an
- 435 improvement to the real property.
- 436 (6) The commission, with the concurrence of the division, may provide, by rule made in

437 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 438 circumstances under which a person or transaction qualifies for an exemption that is
 439 described in this section.

440 Section 5. Section **61-2f-202.5** is enacted to read:

441 **61-2f-202.5 . Exempt individuals and transactions involving property**
 442 **management.**

443 A license under this chapter is not required for:

- 444 (1) an individual who, as an owner or lessor, performs an act described in Subsection
 445 61-2f-102(20) in connection to real estate owned or leased by that individual;
 446 (2) an individual who is part of a property owner's immediate family, if the individual
 447 performs an act described in Subsection 61-2f-102(20) in connection to real estate
 448 owned by the property owner;
 449 (3) an unlicensed or remote assistant of a property manager;
 450 (4) an individual who exclusively performs the following tasks:
 451 (a) maintenance and repairs on real property; or
 452 (b) bookkeeping and accounting; or
 453 (5) a regional manager or a corporate official of a rental agency who does not engage in an
 454 act described in Subsection 61-2f-102(20).

455 Section 6. Section **61-2f-203** is amended to read:

456 **61-2f-203 . Licensing requirements.**

- 457 (1)(a)(i) The division shall determine whether an applicant with a criminal history
 458 qualifies for licensure.
 459 (ii) If the division, acting under Subsection (1)(a)(i), denies or restricts a license or
 460 places a license on probation, the applicant may petition the commission for de
 461 novo review of the application.
 462 (b) Except as provided in Subsection (6), the commission shall determine all other
 463 qualifications and requirements of an applicant for:
 464 (i) a principal broker license;
 465 (ii) an associate broker license;~~[-or]~~
 466 (iii) a sales agent license~~[-]~~ ; or
 467 (iv) a property manager license.
 468 (c) The division, with the concurrence of the commission, shall require and pass upon
 469 proof necessary to determine the honesty, integrity, truthfulness, reputation, and
 470 competency of each applicant for an initial license or for renewal of an existing

471 license.

472 (d)(i)(A) Except as provided in Subsection (1)(d)(i)(B), the division, with the
473 concurrence of the commission, shall require an applicant for a sales agent
474 license to complete a division-approved educational program consisting of not
475 less than 120 hours, as designated by rule the commission makes in accordance
476 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, with the
477 concurrence of the division.

478 (B) If on the day on which an applicant for a sales agent license applies for the
479 license the applicant is licensed as a real estate sales agent in another state, the
480 division may require the applicant to complete a division-approved,
481 state-specific educational program consisting of the number of hours
482 designated by rule the commission makes in accordance with Title 63G,
483 Chapter 3, Utah Administrative Rulemaking Act, with the concurrence of the
484 division.

485 (ii)(A) Except as provided in Subsection (1)(d)(ii)(B), the division, with the
486 concurrence of the commission, shall require an applicant for an associate
487 broker or a principal broker license to complete a division-approved
488 educational program consisting of not less than 120 hours, as designated by
489 rule the commission makes in accordance with Title 63G, Chapter 3, Utah
490 Administrative Rulemaking Act, with the concurrence of the division.

491 (B) If on the day on which an applicant for an associate broker or a principal
492 broker license applies for the license the applicant is licensed as a real estate
493 broker in another state, the division may require the applicant to complete a
494 division-approved, state-specific educational program consisting of the number
495 of hours designated by rule the commission makes in accordance with Title
496 63G, Chapter 3, Utah Administrative Rulemaking Act, with the concurrence of
497 the division.

498 (iii)(A) Except as provided in Subsection (1)(d)(iii)(B), the division shall require
499 that an applicant for a property manager license complete the educational
500 program described in Subsection (1)(d)(iv).

501 (B) If, on the day on which an applicant for a property manager license applies for
502 the license, the applicant is licensed as a property manager in another state, the
503 division may require the applicant to complete a division-approved,
504 state-specific educational program consisting of the number of hours

505 designated by rule the commission makes in accordance with Title 63G,
506 Chapter 3, Utah Administrative Rulemaking Act, with the concurrence of the
507 division.

508 (iv) The division shall create an educational program for a property manager license
509 that:

510 (A) requires at least 24 hours of training;

511 (B) covers subjects the division determines necessary for the program; and

512 (C) establishes the proportion of hours allocated for each subject in the program.

513 ~~[(iii)]~~ (v) An hour required by this section means 50 minutes of instruction in each 60
514 minutes.

515 ~~[(iv)]~~ (vi) The maximum number of program hours available to an individual is eight
516 hours per day.

517 (e)(i) Except as provided in Subsection (1)(e)(ii), the division, with the concurrence
518 of the commission, shall require an applicant to pass an examination approved by
519 the commission covering:

520 (A) the fundamentals of the English language;

521 (B) the fundamentals of arithmetic;

522 (C) the fundamentals of bookkeeping;

523 (D) the fundamentals of real estate principles and practices;

524 (E) this chapter;

525 (F) the rules established by the commission with the concurrence of the division;
526 and

527 (G) any other aspect of Utah real estate license law considered appropriate.

528 (ii) If on the day on which an applicant applies for a license the applicant is licensed
529 as a real estate broker or a sales agent in another state, the division may, with the
530 concurrence of the commission, require the applicant to pass a division-approved,
531 state-specific examination rather than the examination required under Subsection
532 (1)(e)(i).

533 (iii) Subject to Subsection (1)(e)(iv), the division, with the concurrence of the
534 commission, may modify the length and material of an examination for a property
535 manager license under this chapter if:

536 (A) an applicant is licensed as a property manager in another state;

537 (B) the division determines an applicant's prior experience warrants a modification
538 of the examination; or

- 539 (C) the division determines the applicant has good cause for the modification of
540 the examination.
- 541 (iv) An examination for a property manager license shall:
- 542 (A) cover the topics that appear in the educational program described in
543 Subsection (1)(d)(iv); and
- 544 (B) match the proportion of questions for each topic to the proportion of hours
545 designated by the division in accordance with Subsection (1)(d)(iv)(C).
- 546 (f)(i) Three years' full-time experience as a sales agent or [its] the equivalent is
547 required before an applicant may apply for, and secure a principal broker or
548 associate broker license in this state.
- 549 (ii) The commission shall establish by rule made in accordance with Title 63G,
550 Chapter 3, Utah Administrative Rulemaking Act, subject to concurrence by the
551 division, the criteria by which the commission will accept experience or special
552 education in similar fields of business in lieu of the three years' experience.
- 553 (2)(a) The division, with the concurrence of the commission, may require an applicant to
554 furnish a sworn statement setting forth evidence satisfactory to the division of the
555 applicant's reputation and competency as set forth by rule.
- 556 (b) The division shall require an applicant to provide the applicant's social security
557 number, which is a private record under Subsection 63G-2-302(1)(i).
- 558 (3)(a) An individual who is not a resident of this state may be licensed in this state if the [
559 ~~person~~] individual complies with this chapter.
- 560 (b) An individual who is not a resident of this state may be licensed as an associate
561 broker or sales agent in this state by:
- 562 (i) complying with this chapter; and
- 563 (ii) being employed or engaged as an independent contractor by or on behalf of a
564 principal broker who is licensed in this state, regardless of whether the principal
565 broker is a resident of this state.
- 566 (4) The division, with the concurrence of the commission, may enter into a reciprocal
567 licensing agreement with another jurisdiction for the licensure of a principal broker, an
568 associate broker, or a sales agent, if the jurisdiction's requirements and standards for the
569 license are substantially similar to those of this state.
- 570 (5)(a) The division and commission shall treat an application to be relicensed of an
571 applicant whose real estate license is revoked as an original application.
- 572 (b) In the case of an applicant for a new license as a principal broker or associate broker,

573 the applicant is not entitled to credit for experience gained before the revocation of a
574 real estate license.

575 (6)(a) Notwithstanding Subsection (1)(b), the commission may delegate to the division
576 the authority to:

- 577 (i) review a class or category of applications for initial or renewed licenses;
- 578 (ii) determine whether an applicant meets the licensing criteria in Subsection (1); and
- 579 (iii) approve or deny a license application without concurrence by the commission.

580 (b)(i) If the commission delegates to the division the authority to approve or deny an
581 application without concurrence by the commission and the division denies an
582 application for licensure, the applicant who is denied licensure may petition the
583 commission for de novo review of the application.

584 (ii) An applicant who is denied licensure pursuant to this Subsection (6) may seek
585 agency review by the executive director only after the commission has reviewed
586 the division's denial of the applicant's application.

587 (7) An individual with an active broker, associate broker, or sales agent license may obtain
588 a property manager license without:

- 589 (a) meeting the education requirement described in Subsection (1)(d)(iii); or
- 590 (b) passing an exam required for a property manager license under Subsection (1)(e).

591 Section 7. Section **61-2f-204** is amended to read:

592 **61-2f-204 . Licensing fees and procedures -- Renewal fees and procedures.**

593 (1)(a) Upon filing an application for an examination for a license under this chapter, the
594 applicant shall pay a nonrefundable fee established in accordance with Section
595 63J-1-504 for admission to the examination.

596 (b) An applicant for a principal broker, associate broker, ~~or~~ sales agent, or property
597 manager license shall pay a nonrefundable fee as determined by the commission with
598 the concurrence of the division under Section 63J-1-504 for issuance of an initial
599 license or license renewal.

600 (c) ~~[A license issued under this Subsection (1) shall be issued]~~ The division shall issue a
601 license under this Subsection (1) for a period of not less than two years as the
602 division determines with the concurrence of the commission.

603 (d)(i) Each of the following applicants shall comply with this Subsection (1)(d):

- 604 (A) a new sales agent applicant;
- 605 (B) a principal broker applicant;~~and~~
- 606 (C) an associate broker applicant~~[-]~~ ; and

- 607 (D) a property manager applicant.
- 608 (ii) An applicant described in this Subsection (1)(d) shall at the time the [licensee]
609 applicant files an application:
- 610 (A) submit to the division fingerprint cards in a form acceptable to the Department
611 of Public Safety;
- 612 (B) submit to the division a signed waiver in accordance with Subsection
613 53-10-108(4), acknowledging the registration of the applicant's fingerprints in
614 the Federal Bureau of Investigation Next Generation Identification System's
615 Rap Back Service[~~beginning January 1, 2020~~];
- 616 (C) consent to a criminal background check by the Utah Bureau of Criminal
617 Identification and the Federal Bureau of Investigation; and
- 618 (D) pay the fee the division establishes in accordance with Subsection [~~(1)(d)(vi)~~]
619 (1)(d)(iv).
- 620 (iii) The Bureau of Criminal Identification shall:
- 621 (A) check the fingerprints an applicant submits under Subsection (1)(d)(ii) against
622 the applicable state, regional, and national criminal records databases, including[
623 ~~beginning January 1, 2020,~~] the Federal Bureau of Investigation Next
624 Generation Identification System;
- 625 (B) report the results of the background check to the division;
- 626 (C) maintain a separate file of fingerprints that applicants submit under Subsection
627 (1)(d) for search by future submissions to the local and regional criminal
628 records databases, including latent prints;
- 629 (D) request that[~~beginning January 1, 2020,~~] the fingerprints be retained in the
630 Federal Bureau of Investigation Next Generation Identification System's Rap
631 Back Service for search by future submissions to national criminal records
632 databases, including the Next Generation Identification System and latent
633 prints; and
- 634 (E) ensure that the division only receives notifications for an individual with
635 whom the division maintains permission to receive notifications.
- 636 (iv)(A) The division shall assess an applicant who submits fingerprints under this
637 Subsection (1)(d) or (2)(f) a fee in an amount that the division sets in
638 accordance with Section 63J-1-504 for services that the division and the
639 Bureau of Criminal Identification or another authorized agency provide under
640 this Subsection (1)(d) or (2)(f).

- 641 (B) The Bureau of Criminal Identification may collect from the division money
642 for services provided under this section.
- 643 (v) Money paid to the division by an applicant for the cost of the criminal
644 background check is nonlapsing.
- 645 (vi) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
646 and with the concurrence of the division, the commission may make rules for the
647 administration of this Subsection (1)(d) and Subsection (2)(f) regarding criminal
648 background checks with ongoing monitoring.
- 649 (e)(i) A license issued under Subsection (1)(d) is conditional, pending completion of
650 the criminal background check.
- 651 (ii) If a criminal background check discloses that an applicant fails to accurately
652 disclose a criminal history, the division:
- 653 (A) shall review the application; and
654 (B) in accordance with rules made by the division pursuant to Title 63G, Chapter
655 3, Utah Administrative Rulemaking Act, may:
- 656 (I) place a condition on a license;
657 (II) place a restriction on a license;
658 (III) revoke a license; or
659 (IV) refer the application to the commission for a decision.
- 660 (iii)(A) [~~A person~~] An individual whose conditional license is conditioned,
661 restricted, or revoked under Subsection (1)(e)(ii) may have a hearing after the
662 action is taken to challenge the action.
- 663 (B) The division shall conduct a hearing described in Subsection (1)(e)(iii)(A) in
664 accordance with Title 63G, Chapter 4, Administrative Procedures Act.
- 665 (iv) The director shall designate one of the following to act as the presiding officer in
666 a hearing described in Subsection (1)(e)(iii)(A):
- 667 (A) the division; or
668 (B) the division with the concurrence of the commission.
- 669 (v) The presiding officer shall decide whether to grant relief from an action under this
670 Subsection (1)(e)[~~is granted~~].
- 671 (vi) If a license is revoked or a revocation under this Subsection (1)(e) is upheld after
672 a hearing, the individual may not apply for a new license until at least 12 months
673 after the day on which the license is revoked.
- 674 (2)(a)(i) A license expires if [~~it~~] the license is not renewed on or before the expiration

- 675 date of the license.
- 676 (ii) As a condition of renewal, an active licensee shall demonstrate competence by
677 completing 18 hours of continuing education within a two-year renewal period
678 subject to rules made by the commission, with the concurrence of the division.
- 679 (iii) In making a rule described in Subsection (2)(c)(ii), the division and commission
680 shall consider:
- 681 (A) evaluating continuing education [~~on the basis of~~] based on competency, rather
682 than course time;
- 683 (B) allowing completion of courses in a significant variety of topic areas that the
684 division and commission determine are valuable in assisting an individual
685 licensed under this chapter to increase the individual's competency; and
- 686 (C) allowing completion of courses that will increase a licensee's professional
687 competency in the area of practice of the licensee.
- 688 (iv) The division may award credit to a licensee for a continuing education
689 requirement of this Subsection (2)(a) for a reasonable [~~period of time~~] time period
690 upon a finding of reasonable cause, including:
- 691 (A) military service; or
- 692 (B) if an individual is elected or appointed to government service, the individual's
693 government service during which the individual spends a substantial time
694 addressing real estate issues subject to conditions established by rule made in
695 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- 696 (b) For a period of 30 days after the day on which a license expires, [~~the license may be~~
697 reinstated] the division may reinstate the license:
- 698 (i) if the applicant's license was inactive on the day on which the applicant's license
699 expired, upon payment of a renewal fee and a late fee determined by the
700 commission with the concurrence of the division under Section 63J-1-504; or
- 701 (ii) if the applicant's license was active on the day on which the applicant's license
702 expired, upon payment of a renewal fee and a late fee determined by the
703 commission with the concurrence of the division under Section 63J-1-504, and
704 providing proof acceptable to the division and the commission of the licensee
705 having:
- 706 (A) completed the hours of education required by Subsection (2)(a); or
707 (B) demonstrated competence as required under Subsection (2)(a).
- 708 (c) After the 30-day period described in Subsection (2)(b), and until one year after the

- 709 day on which an active or inactive license expires, the division may reinstate the
710 license [may be reinstated by] if the applicant:
- 711 (i) [~~paying~~] pays a renewal fee and a late fee determined by the commission with the
712 concurrence of the division under Section 63J-1-504; and
- 713 (ii) [~~providing~~] provides proof acceptable to the division and the commission of the
714 licensee having:
- 715 (A) completed the hours of education required by Subsection (2)(a); or
716 (B) demonstrated competence as required under Subsection (2)(a).
- 717 (d) The division shall relicense [~~a person~~] an individual who does not renew that [~~person's~~]
718 individual's license within one year as prescribed for an original application.
- 719 (e) Notwithstanding Subsection (2)(a), the division may extend the term of a license that
720 would expire under Subsection (2)(a) except for the extension if:
- 721 (i)(A) the [~~person~~] individual complies with the requirements of this section to
722 renew the license; and
- 723 (B) the renewal application remains pending at the time of the extension; or
724 (ii) at the time of the extension, there is pending a disciplinary action under this
725 chapter.
- 726 (f) [~~Beginning January 1, 2020, each~~] Each applicant for renewal or reinstatement of a
727 license to practice as a sales agent, principal broker, [~~or~~] associate broker, or a
728 property manager, who is not already subject to ongoing monitoring of the
729 individual's criminal history shall, at the time the application for renewal or
730 reinstatement is filed:
- 731 (i) submit fingerprint cards in a form acceptable to the Department of Public Safety;
732 (ii) submit to the division a signed waiver in accordance with Subsection
733 53-10-108(4), acknowledging the registration of the applicant's fingerprints in the
734 Federal Bureau of Investigation Next Generation Identification System's Rap
735 Back Service;
- 736 (iii) consent to a fingerprint background check by the Utah Bureau of Criminal
737 Identification and the Federal Bureau of Investigation; and
- 738 (iv) pay the fee the division establishes in accordance with Subsection (1)(d)(iv).
- 739 (3)(a) As a condition for the activation of an inactive license that was in an inactive
740 status at the time of the licensee's most recent renewal, the licensee shall supply the
741 division with proof of:
- 742 (i) successful completion of the respective sales agent or principal broker licensing

- 743 examination within six months before the day on which the licensee applies to
 744 activate the license; or
- 745 (ii) the successful completion of the hours of continuing education that the licensee
 746 would have been required to complete under Subsection (2)(a) if the license had
 747 been on active status at the time of the licensee's most recent renewal.
- 748 (b) The commission may, in accordance with Title 63G, Chapter 3, Utah Administrative
 749 Rulemaking Act, subject to concurrence by the division, establish by rule:
- 750 (i) the nature or type of continuing education required for reactivation of a license;
 751 and
- 752 (ii) how long before reactivation the continuing education must be completed.
- 753 Section 8. Section **61-2f-206** is amended to read:
- 754 **61-2f-206 . Registration of person or branch office -- Certification of education**
 755 **providers and courses -- Specialized licenses.**
- 756 (1)(a) A person may not engage in an activity described in Section 61-2f-201, unless the
 757 person is registered with the division.
- 758 (b) To register with the division under this Subsection (1), a person shall submit to the
 759 division:
- 760 (i) an application in a form required by the division;
 761 (ii) evidence of an affiliation with a principal broker;
 762 (iii) evidence that the person is registered and in good standing with the Division of
 763 Corporations and Commercial Code; and
 764 (iv) a registration fee established by the commission with the concurrence of the
 765 division under Section 63J-1-504.
- 766 (c) The division may terminate a person's registration if:
- 767 (i) the person's registration with the Division of Corporations and Commercial Code
 768 has been expired for at least three years; and
 769 (ii) the person's license with the division has been inactive for at least three years.
- 770 (2)(a) A principal broker shall register with the division each of the principal broker's
 771 branch offices.
- 772 (b) To register a branch office with the division under this Subsection (2), a principal
 773 broker shall submit to the division:
- 774 (i) an application in a form required by the division; and
 775 (ii) a registration fee established by the commission with the concurrence of the
 776 division under Section 63J-1-504.

- 777 (3)(a) In accordance with rules made by the commission with the concurrence of the
778 division and in accordance with Title 63G, Chapter 3, Utah Administrative
779 Rulemaking Act, the division shall certify:
- 780 (i) a real estate school;
 - 781 (ii) a course provider; or
 - 782 (iii) an instructor.
- 783 (b) In accordance with rules made by the commission in accordance with Title 63G,
784 Chapter 3, Utah Administrative Rulemaking Act, subject to concurrence by the
785 division, the division shall certify a continuing education course that is required
786 under this chapter.
- 787 (4) Except as provided under this chapter or by rule the commission makes in accordance
788 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, a principal broker may
789 not be responsible for more than one registered entity at the same time.
- 790 (5) A principal broker:
- 791 (a) shall exercise active and reasonable supervision of the principal broker's main office
792 in accordance with this chapter and rules the commission makes in accordance with
793 Title 63G, Chapter 3, Utah Administrative Rulemaking Act; and
 - 794 (b) may supervise a branch office affiliated with the principal broker at the same time
795 the principal broker exercises the supervision required under Subsection (5)(a).
- 796 (6)(a) A principal broker may designate a branch broker to supervise a branch office
797 affiliated with the principal broker.
- 798 (b) A branch broker shall exercise active and reasonable supervision, in accordance with
799 this chapter and rules the commission makes in accordance with Title 63G, Chapter
800 3, Utah Administrative Rulemaking Act, of each branch office the principal broker
801 designates the branch broker to supervise.
- 802 [~~(7)(a) In addition to issuing a principal broker license, associate broker license, or sales
803 agent license authorizing the performance of an act set forth in Section 61-2f-201, the
804 division may issue a specialized sales license or specialized property management
805 license with the scope of practice limited to the specialty.]~~
- 806 [~~(b) An individual may hold a specialized license in addition to a license as a principal
807 broker, associate broker, or a sales agent.]~~
- 808 [~~(c) A sales agent who is affiliated with a dual broker may act as a property management
809 sales agent if:]~~
- 810 [~~(i) the dual broker designates the sales agent as a property management sales agent;~~

811 and]

812 [(ii) the sales agent pays to the division a property management sales agent

813 designation fee in an amount determined by the division in accordance with

814 Section 63J-1-504.]

815 [(d) A property management sales agent may simultaneously provide both property

816 management services and real estate sales services under the supervision of a dual

817 broker as provided by the commission with the concurrence of the division by rule

818 made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.]

819 [(8) The commission may determine, by rule made in accordance with Title 63G, Chapter

820 3, Utah Administrative Rulemaking Act, subject to concurrence by the division,

821 licensing requirements related to this section for a principal broker, associate broker,

822 sales agent, dual broker, property management sales agent, or for a specialized license

823 described in Subsection (7), including:]

824 [(a) prelicensing and postlicensing education requirements;]

825 [(b) examination requirements;]

826 [(c) affiliation with real estate brokerages or property management companies;]

827 [(d) property management sales agent:]

828 [(i) designation procedures;]

829 [(ii) allowable scope of practice; and]

830 [(iii) division fees;]

831 [(e) what constitutes active and reasonable supervision for:]

832 [(i) a principal broker when supervising a branch broker or sales agent; and]

833 [(ii) a branch broker when supervising a sales agent; and]

834 [(f) other licensing procedures.]

835 Section 9. Section **61-2f-307** is enacted to read:

836 **61-2f-307 . Rights and privileges of a property manager to fill out a form or**

837 **document.**

838 A property manager may fill out any form, contract, or lease agreement associated with

839 the renting and management of real property.

840 Section 10. Section **61-2f-411** is enacted to read:

841 **61-2f-411 . Enforcement related to a property manager.**

842 (1) Nothing in this section applies to an individual:

843 (a) buying, selling, or exchanging real estate for another person; or

844 (b) offering to buy, sell, or exchange real estate for another person.

- 845 (2) When engaging in property management, a property manager may:
846 (a) solicit referrals for clients, owners, customers, and renters;
847 (b) pay a finder's fee or exchange valuable consideration to an unlicensed person for
848 referring a prospective client;
849 (c) accept a referral fee from an individual, whether licensed or unlicensed;
850 (d) contract for services, pay bills, and act on behalf of an owner as provided in a
851 management agreement; and
852 (e) advertise properties for rent or lease.
- 853 (3) Except as provided in Subsection (4), a property manager shall associate with at least
854 one real estate trust account in a bank or credit union:
855 (a) located within the state;
856 (b) that, unless otherwise modified by a contract for property management, one or more
857 property managers use for the purpose of securing:
858 (i) tenant security deposits;
859 (ii) rent;
860 (iii) money tendered by a property owner as a reserve fund or for payment of an
861 unexpected expense; and
862 (iv) any other purpose designated by the commission; and
863 (c) that is non-interest bearing, unless the parties to a property management contract:
864 (i) agree in writing to deposit the funds in an interest-bearing account;
865 (ii) designate in writing the individuals to whom the parties will pay the interest on
866 completion or failure of the property management contract; and
867 (iii) ensure that the parties and trust account comply with any other rules established
868 by the commission or division.
- 869 (4) A property manager who obtains and holds a security bond that protects at least 30% of
870 the estimated client funds the property manager holds in the property manager's bank
871 accounts is not required to be associated with a trust account.

872 Section 11. **Effective Date.**

873 This bill takes effect on January 1, 2026.