

Property Management Pre-Licensing Course

Approved by Montana Property Manager Program

PRESENTED BY

SABRINA MURPHY

About Me:

- ✓ Licensed Property Manager
- ✓ Licensed Supervising Broker
- ✓ Licensed Real Estate Agent
- ✓ Owner & Operator of MT Properties Group
- ✓ Certified Education Instructor, CEI
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- ✓ Property Management Consultant
- ✓ Instructor, Property Management PreLicensing
- ✓ Instructor, Continuing Education (CE)
- ✓ 2020 NARPM President

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Our discussion regarding property management law and regulations, Landlord/Tenant Law, and residential property management includes personal views and opinions of the instructor based on experience, research, and conversations with other property managers. We cannot represent specific situations you may encounter, nor make assurances or warrant that what we say will apply to your situation.

When we talk about prices, fees, or commissions, we want to make it clear that we are not suggesting fees or commissions to be set or agreed upon. Any mention of fees or commissions is only to clarify our discussion by giving examples. Fees are determined by competition and the marketplace. Each market is different, and therefore, fees differ from company to company.

Information used in the case studies of problems and solutions is fictional. Any similarity to actual events or people is coincidental.

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What to Expect From Your Instructor and This Class

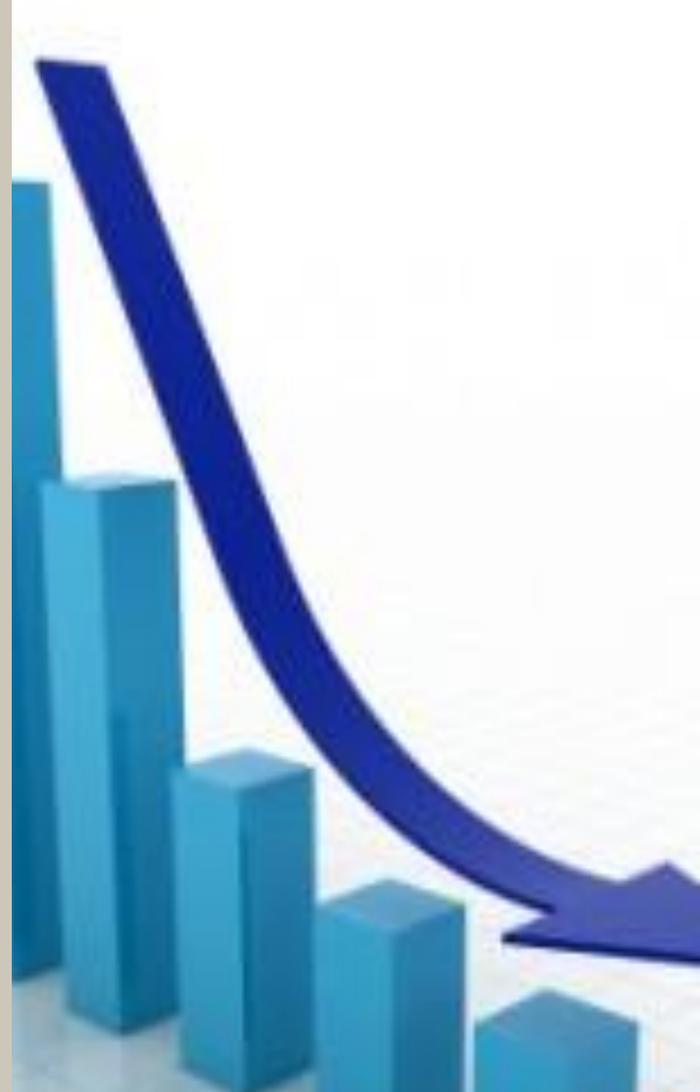
- **Pass the exam!!**
- Instruct you on how to practice as a property manager once you get your license.
- I am not an attorney.
- For the purpose of this class, all assumptions will be black or white when it comes to any interpretation of the law.
- If you are currently in property management, I respectfully ask that you put that knowledge aside. If you don't, you will over analyze the materials and confuse yourself.
- The Process: Classroom participation in reading all theory covered.
- I will thoroughly review all material through the use of PowerPoint presentation and daily tests as preparation for the exam.
- When possible, real life business examples will be used.
- If a question is asked and the material will be covered later in the class, I will say “we will cover that topic later.” Make a note of your question as a reminder to yourself.

What to Expect From Your Instructor and This Class

- Please signal me if I'm going too fast!
- I encourage questions that are pertinent to the material being covered.
- If my answer to your question is not clear, it is your responsibility to let me know, I'm here to help you learn and understand the materials.
- I will make myself available during breaks and after class.
- I will give you my personal opinions on various topics – do not misinterpret the opinion for what you should do in your business.

Speaker Attention Statistics

- 0-15 Seconds 100% Attention
- 15-30 Seconds 75% Attention
- After 45 Seconds 50% Attention
- After 60 Seconds 25% Attention



Course Outline

Day 1

Intro to Class

License Law – Chapter 37

Rules & Regulations – Chapter 24

Landlord/Tenant Law – Chapter 70

Day 2

Security Deposit Act - Chapter 25

Mobile Home Act - Chapter 33

Montana Fair Housing – Pam Bean

Day 3

Contract, Leasing, & Agency Principles

Trust Accounting

Day 4

Math

Class Review

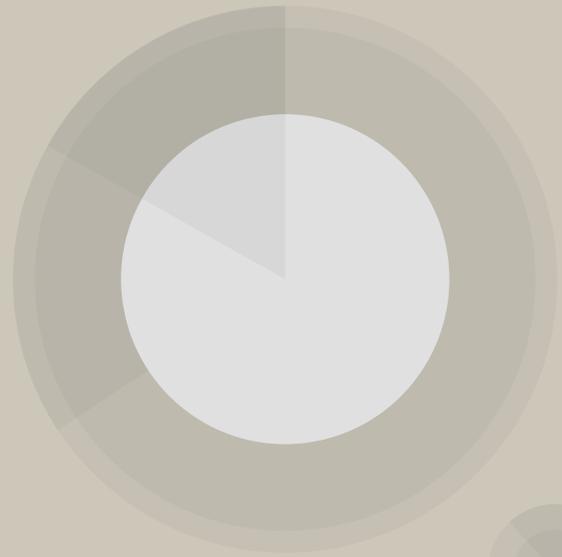
The exam is comprised of approximately 70 multiple choice questions.

ADA	2	3%
Business	11	15%
Contracts	4	5%
Fair Housing	7	10%
Landlord Tenant Law	20	28%
Lead Based Paint	2	3%
Leasing Principles	4	6%
Calculations	8	12%
State Licensing Law	8	12%
Trust Accounts	4	6%

The exam info...

- **80%** is considered a passing grade.
- You may schedule an appointment to take your exam by calling 800-733-9267 or going to **www.candidate.psiexams.com**
- You will have **2 hours** to complete the exam.
- The testing agency SHOULD supply a calculator.
- Math Level – 8th Grade
- Exam Fee of **\$140**
- You will receive a passing test score print out upon passing the exam and applying for your license

**What the actual
Exam looks like:**





Click Here To Begin



- Please enter your Candidate ID and click the **Enter** button.
- To clear your Candidate ID and re-enter, click the **Erase** button

<input type="text"/>	
Candidate ID	<input type="text"/>
	<input type="button" value="Enter"/> <input type="button" value="Erase"/>

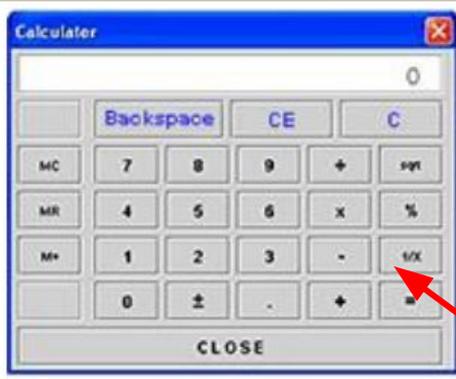


Enter your SSN,
The Proctor will be
with you until you
start the Sample
questions

PSI Examination Tutorial:



1. Offers the candidate BASIC INFORMATION about the test.
2. Shows the candidate how to navigate through the test with the function bar buttons.
3. Demonstrates how the candidate can REVIEW the test.
4. Allows the candidate to take a SAMPLE TEST.

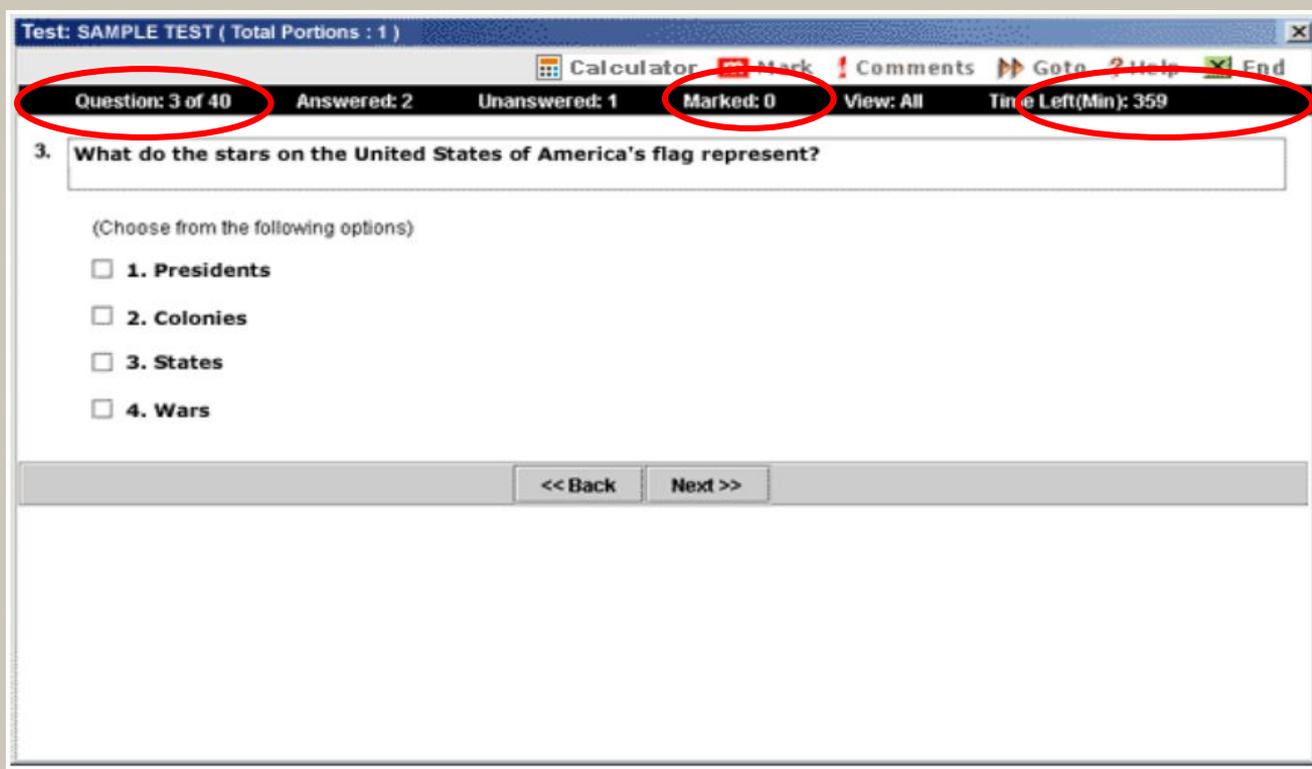


To end the portion, first click on the **End** button on the upper right corner of the window.



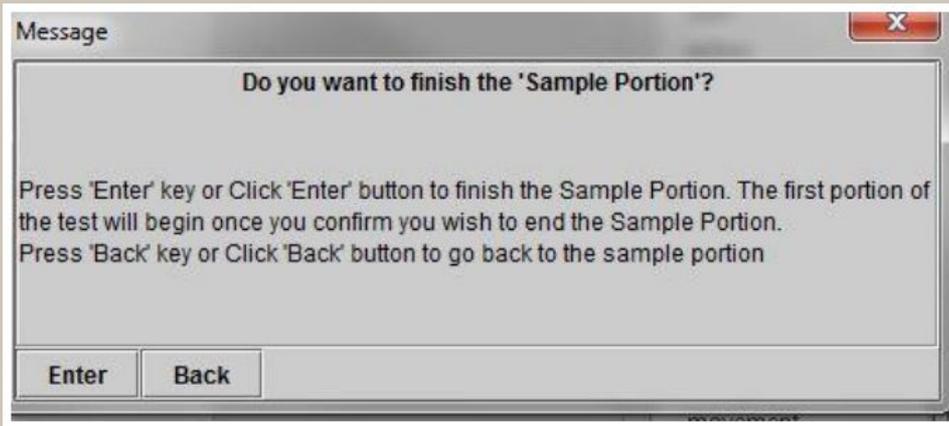
You are provided with the opportunity to either *return* back to the exam or **END** the exam.

It will ask you to type “END” if you are finished

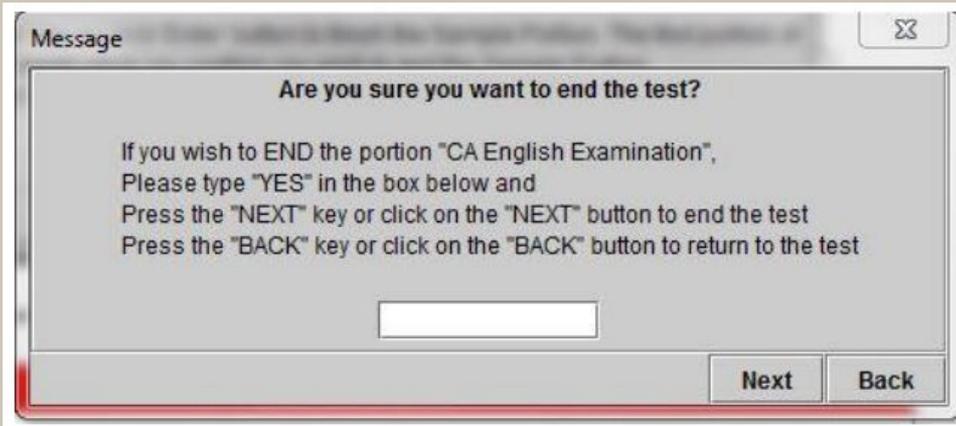


NOTE: The time you spend on the tutorial WILL NOT count against your time.

You may repeat the tutorial as many times as they like until they are ready to start the test.



To confirm you are ready to take the next portion or end the exam, they will need to enter YES in the box and then click on the Next button.

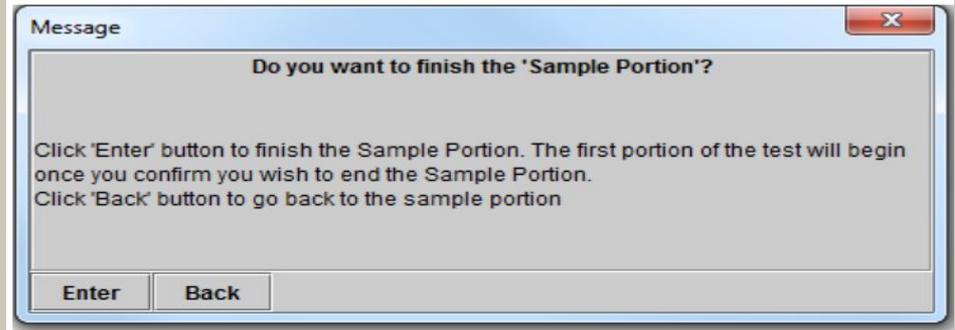
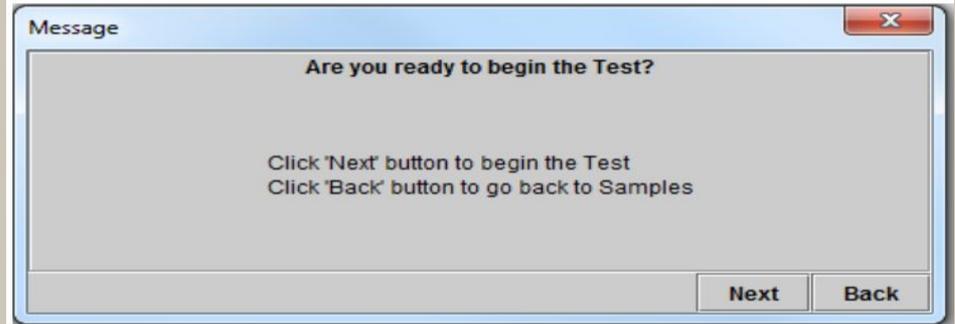
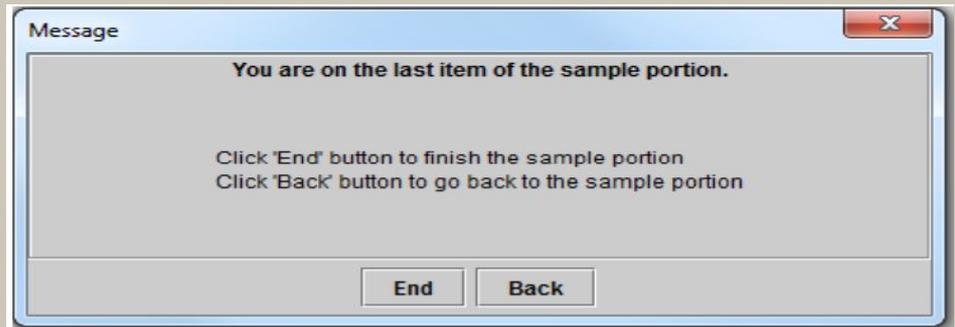


The Back button will allow you to go back to the portion you were on

By clicking on Next the candidate will end the portion/exam and cannot go back

On last **Sample** question,
you will see a series of
messages

It will ask multiple times to
make sure you want to
continue to the Exam
portion of the test

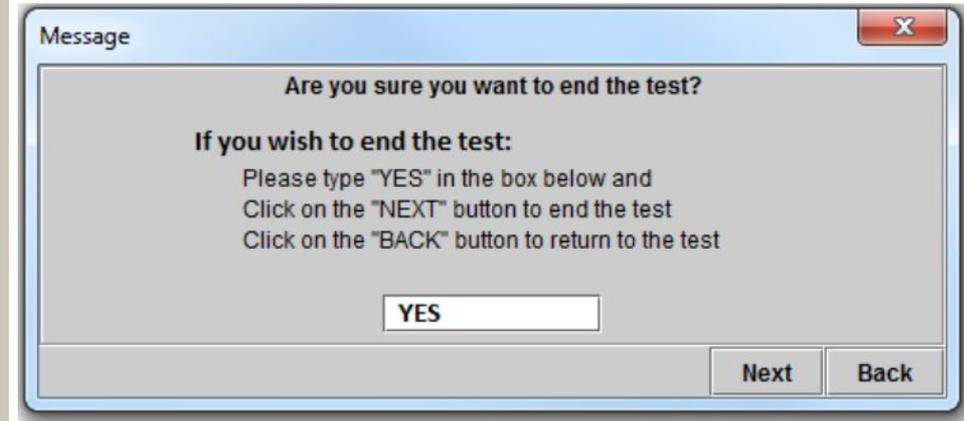
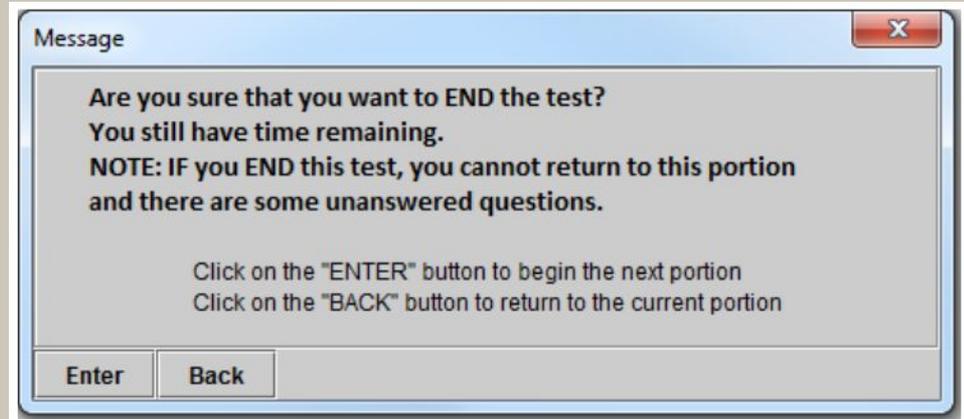


When you are on the last question of the Exam, you will see a series of messages:

At the end of the exam, 10 optional survey questions will appear.

The survey items will provide feedback and suggestions about the test center and the exam.

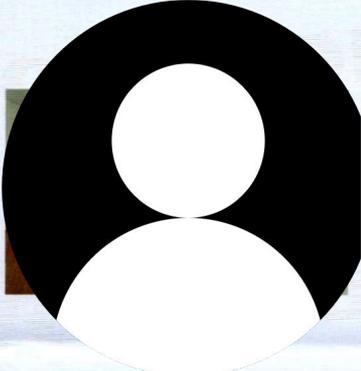
You can answer those questions and click on End when you are finished.



What it looks like: (FAIL)

MONTANA BOARD OF REALTY REGULATION

Score Report



MISSOULA, Montana 59803-8505
CANDIDATE ID: [REDACTED]
EXAM DATE: 10/22/2024
EXAM NAME: MT Property Manager
EXAM RESULT: FAIL

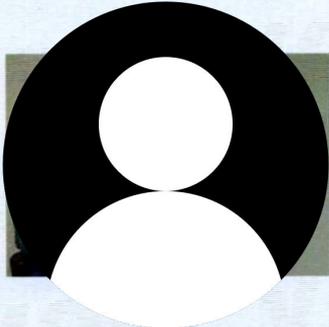
The following is an analysis of your examination:

Topic	# Questions	# Points (Score)
Americans with Disabilities Act	2	2.0
Business	11	10.0
Contracts	4	4.0
Fair Housing	7	6.0
Landlord Tenant Law	20	15.0
Lead Based Paint	2	2.0
Leasing Principles	4	4.0
Calculations	8	3.0
State Licensing Law	8	4.0
Trust Accounts	4	4.0
RESULT ** FAIL **	Total:	70
		54.0

What it looks like: (PASS)

MONTANA BOARD OF REALTY REGULATION

Score Report



[REDACTED]
[REDACTED]

MISSOULA, Montana 59804-5035

ID: [REDACTED]

EXAM DATE: 12/01/2023

EXAM NAME: MT Property Manager

EXAM PORTION: MT Property Manager

EXAM RESULT: PASS

Congratulations on passing your examination!

You are responsible for obtaining an application for licensure from the Montana Board of Realty Regulation and submitting it to the Board. You may obtain a license application from the Board's website at www.realestate.mt.gov. You may also obtain an application from the Board's office by writing to 301 South Park Avenue, 4th Floor, PO Box 200513, Helena, Montana 59620 or by calling (406) 841-2300. Keep your score reports for any portion of the test that you passed. You will be required to submit original score reports verifying that you have passed both the state and national portions of the examination with your application for licensure.

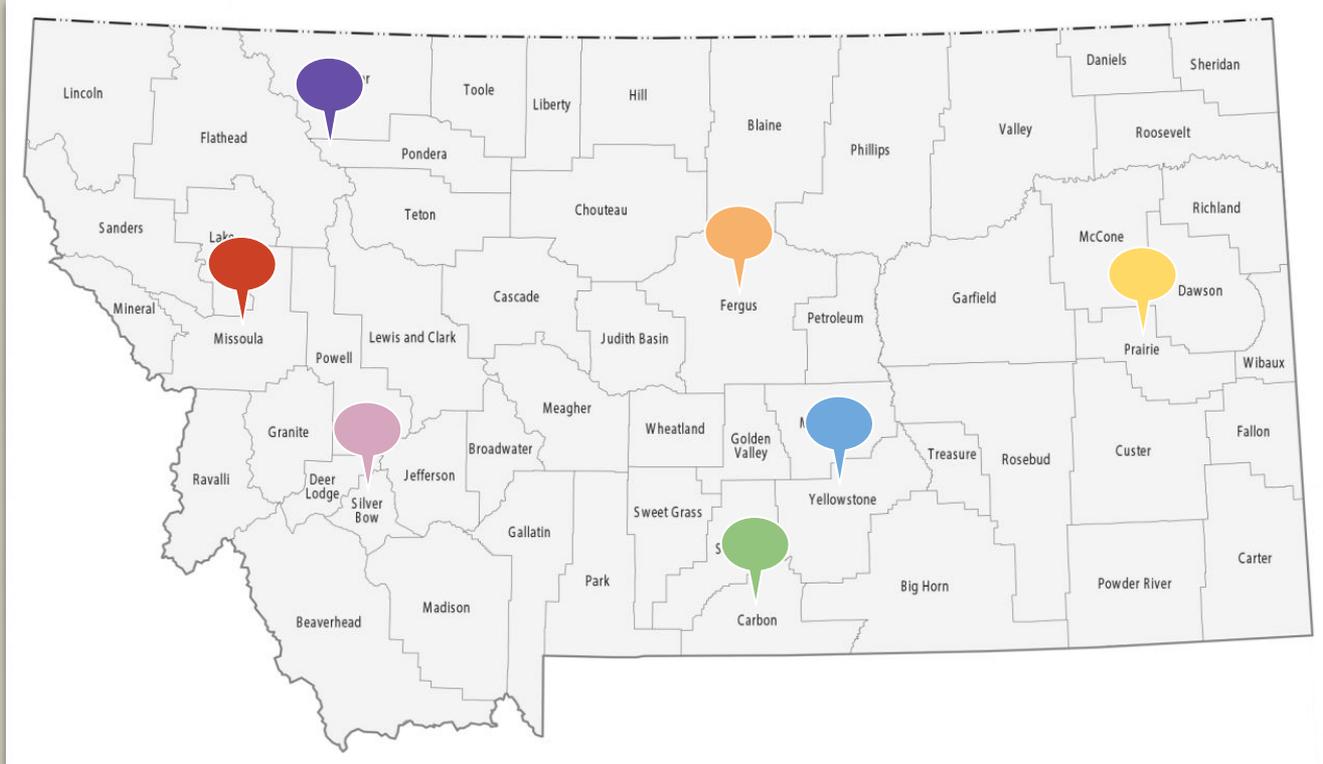


Remember...

- Use your practice tests to review for the exam.
- Exam: **Pass/Fail**
 - No score is displayed
 - If you fail, you will be given sections where you missed questions and how many questions missed.
- Don't be discouraged if you fail!
- Whether or not you pass the test is NO indication of whether you will succeed in this business.

Before We Start

Let's see where everyone is from! (Poll)



Rules & Laws



The difference between a statute and a rule...

- What is the **Montana Code Annotated**?
 - Apply to everyone in Montana (unless otherwise specified)
 - Passed by legislature
 - “MCA”

- What are **Administrative Rules**?
 - Written by state agencies to enforce statutes
 - Authority given via 37-51-203, MCA
 - “ARM”

What are some of the Rules & Laws applicable to Licensed Property Managers?

ARM 24.209 - Property Management Program

- Property Management:
 - 24.209.601 – Trust Account Requirements
 - 24.209.2301 – Unprofessional Conduct
 - 24.101 - Business Standard Division
 - 24.121.209 - Property Management

Title 37 Chapter 1, MCA - Department of Labor

Title 37 Chapter 56, MCA – Property Managers

Title 70 Chapter 24 - 26, MCA – Landlord & Tenant-Related



License Law, Rules & Regulations

37-1-130 Review

- **Expired license** is a license that has not been renewed within 46 days to 2 years after renewal date.
- **Lapse license** is a status of license within the 45 days of renewal. You may still use license during this time.
- **Terminated license** mean a license that you can no longer use without activating entirely.

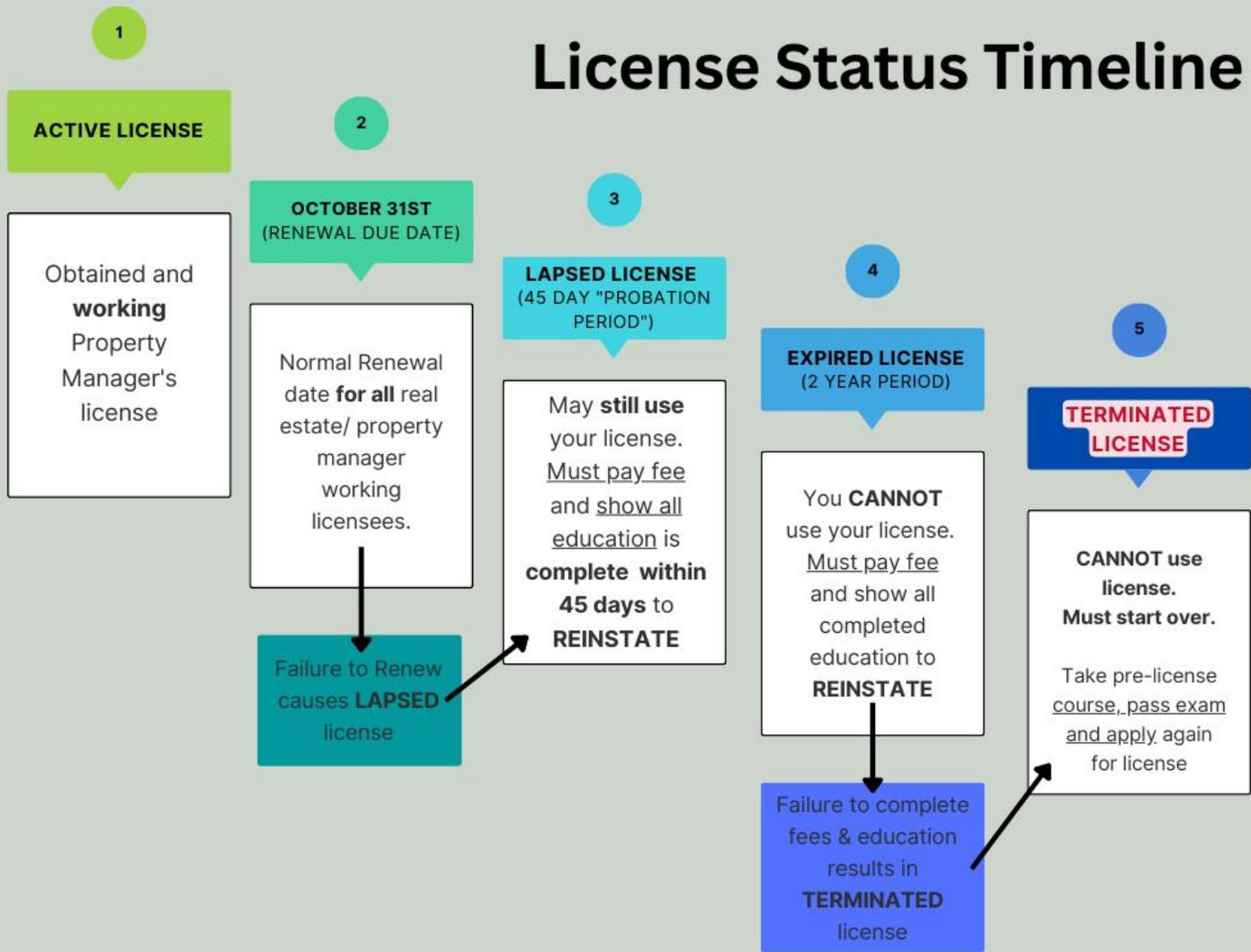
37-1-141 Review

- A licensee may reactivate a **lapsed license** within 45 days after the renewal date.
- A licensee may reactivate an **expired license** within 2 years after the renewal date.
- To reactivate, a licensee shall: Submit a completed renewal form, Pay the late fee, Pay the renewal fee and submit CE accrued.
- A licensee who practices with a lapsed license is not considered to be practicing without a license.

37-1-141 Review

- A license that is not renewed within 2 years automatically terminates. The terminated license may not be reactivated. A new license must be obtained.
- The department responsible for licensing a licensee retains jurisdiction for disciplinary purposes over the licensee for a period of 2 years after the date on which the license lapsed.

License Status Timeline



37-1-401. Review

- **“License”** is permission to practice a profession occupation governed by the state.
- **“Complaint”** means a written allegation filed with the department.

37-1-402, 403, & 404 Review

- If the department receives a written complaint or otherwise obtains information that a licensee or license applicant may have violated a requirement of this part, the department may investigate.
- Notify the department of any change of address **within 30 days** during the hearing period.
- A request for a hearing must be in writing and must be received in the offices of the department within 20 days after the licensee's receipt of the notice.

37-1-405 & 406 Review

- If the department finds that a violation has occurred, shall prepare and serve such an order. If no violation is found, the department shall serve an order of dismissal.
- The department shall within a reasonable amount of time report to the public the issuance of a summary suspension.
- Upon a decision applicant has violated this part the department may issue an order: Revocation, suspension, restrict, monitor, censure, payment of a fine, denial of a license application. Fine not to exceed \$1,000 for each violation.

37-1-407, 408, 409 Review

- A licensee whose license has been suspended or revoked under this part may petition the department for reinstatement.
- If payment of a fine is included in an order and timely payment is not made the department may enforce the order for payment in court.

37-1-410 Review

- Unprofessional conduct for a licensee or applicant:
 - Committing fraud, misrepresentation, deception
 - Signing a document that contains a false or misleading statement
 - Making a misleading, deceptive, false, or fraudulent advertisement
 - Offering to a federal, state, or local government employee
 - Failing to comply with a term of the department
 - Interfering with an investigation
 - Assisting in the unlicensed practice
 - Using alcohol in the performance of licensed professional duties
 - Exhibiting conduct that does not meet generally accepted standards of practice

37-1-411, 412, 413 Review

- The department may investigate a complaint or other information received concerning practice by an unlicensed person.
- A person subject to an injunction for practicing without a license may be held in contempt of court and shall pay a civil penalty, as determined by the court, of not more than \$5,000. They may also be subject to criminal prosecution.
- Person is guilty of a misdemeanor punishable by a fine of not less than \$250 or more than \$1,000, imprisonment in the county jail for not less than 90 days or more than 1 year, or both.

37-1-420 & 37-57-321 Review

- The department on behalf of a program without a board may require licensees to participate in flexible, cost-efficient, effective, and geographically accessible continuing education.
- As a precondition of license renewal the department may not audit or require proof of continuing education or certification of a program that requires continuing education or state, regional, or national certification. However, a licensee who reactivates a license after the license has expired, as provided in 37-1-141, is subject to a mandatory continuing education audit.
- The department shall provide a licensee not in compliance with continuing education or certification requirements with an opportunity to cure the noncompliance as provided in 37-1-321.

37-56-101 Review

- **“Department”** means the department of labor and industry.
- **“Property manager”** means an individual who engages in the business of leasing, renting, subleasing, or other transfer of possession of real estate located in this state without transfer of the title to the property. Promotes, assists, procures, aids, advertises, shows, and oversees properties.
- **“Trust account”** means an account for real estate trust funds maintained at a depository institution from which withdrawals or transfers can be made.

37-56-102 through 104 Review

The department shall:

- License and renew the licenses of qualified applicants
- Adopt rules
- Define unprofessional conduct that is not included in 37-1-410.

The property manager licensing provisions of this part DO NOT apply to:

- An owner of a business entity that owns the property
- The spouse of the property owner
- The child, descendant of a child, sibling, parent, niece, nephew, aunt, or uncle of either the property owner or the spouse of the property owner
- A person who leases no more than four residential real estate units
- A person acting as attorney-in-fact under a power of attorney
- An attorney at law in the performance of duties as an attorney

37-56-105 & 106 Review

- An applicant for a property manager license must:
 - Be at least 18 years of age
 - Graduated from high school or equivalent
 - Apply for license to the department
 - Completed Pre-Licensing course
 - Passed State Exam
- An employee of the department may issue a citation to a property manager responsible for maintenance of a trust account for failure to comply with trust account maintenance requirements as provided by rule under 37-1-319(4).
- The applicable civil fine for failure to comply with trust account maintenance requirements is \$1,000 for each cited violation. The person who is issued the citation may pay the fine or file a written dispute within the 5 business days of the date of issuance.

37-56-107 & 108 Review

- A property manager shall maintain a designated fixed office.
 - If the property manager changes the location of the office, he must notify the department in writing of the new address, within 10 days after the change of address.
- The designated address of the property manager must be indicated on the property manager's license.
- It is unlawful for a licensed property manager to employ or compensate, directly or indirectly, a person who is not a licensed property manager.
- A person seeking to collect compensation for the lease of real estate shall demonstrate licensure or exemption from licensure.



Rules & Regulations - Chapter 24

24.101.402 Review

- **"Active status"** means a license status that affords a licensee the rights and privileges to practice.
- **"Administrative fee"** means a fee established by the department to cover the cost of administrative services.
- **"Department"** means the Department of Labor and Industry.
- **"Disciplinary action"** means the procedure by which unprofessional conduct is addressed.
- **"Expired license"** means a license not renewed within 45 days to two years after the renewal date. An expired license may be reactivated within these two years.
- **"Lapsed license"** means a license not renewed by the license renewal date. A lapsed license may be reactivated within 45 days following the license renewal date.

24.101.402 Review Cont.

- **"Late penalty fee"** means the fee that a licensee must pay when renewing a license after the renewal date. The department may assess late penalty fees for each renewal period in which a license is not renewed.
- **"New original license"** means a license issued to an individual whose previous original license terminated and was not reinstated. To receive a new original license, all current requirements for obtaining an original license must be met.
- **"Reactivated license"** means a lapsed or expired license that is renewed between the renewal date and two years following the renewal date by meeting all renewal requirements.

24.101.402 Review Cont.

- **"Renewal date"** means the date by which an existing license must be renewed.
- **"Suspended license"** means a license following a final disciplinary action against the licensee that no longer affords a licensee the rights and privileges to practice for a period of time specified in a final order.
- **"Terminated license"** means a license not renewed or reactivated within two years of the renewal date. A terminated license may not be reactivated.

24.101.403-404 Review

- Reinstatement fee for an administratively suspended license - \$120
- Renewal fee for a license suspended through a final disciplinary action is 50 percent of the regular renewal fee.
- Renewal fee for a probationary license is the same as the renewal fee.
- Late penalty fee is 100 percent of the license renewal fee, is in addition to the renewal fee, and must be paid for each renewal period in which the license was not renewed on or before the renewal date.

24.101.403-404 Review Cont.

- When a renewal fee is abated, the late penalty fee that must be paid is 100 percent of the renewal fee that would have been charged had the renewal fee not been abated.
- Any final order imposing a sanction against a professional or occupational license holder that is based on competence to practice issues or based on an allegation that generally or specifically is a violation of law or regulation, is a "disciplinary action" that must be published and noted on the licensee lookup.

24.101.406 Review

- An applicant will not be required to report:
 - Arrests
 - Convictions (juvenile adjudications) received when under 18, unless convicted as an adult; or
 - Misdemeanor driving violations, including driving under the influence, if sentenced more than five years before the application date.

24.101.408 & 413 Review

- If the license has not been renewed, the license shall be considered a lapsed, expired, or terminated license.
- A lapsed license may be reactivated within 45 days of the renewal date by submitting the required, completed renewal information and paying the required fees.
- Licenses not renewed within 45 days from the renewal date automatically expire. An expired license may be reactivated within two years of the renewal date by submitting the required, completed renewal information and paying the required fees.

24.101.408 & 413 Review Cont.

- Licenses not renewed within two years from the renewal date automatically terminate. A terminated license may not be reactivated. A new original license must be obtained by completing the current requirements for a new application, including successfully passing the licensing examination if applicable.

24.101.408 & 413 Review Cont.

- A licensee whose license has lapsed or expired, may not apply for a new license. A licensee must renew the license if it has lapsed or expired. All renewal requirements must be met and fees paid in order for a lapsed or expired license to be renewed.
- An existing license ends on the renewal date specified. October 31st!
- A submitted renewal on or prior to such date, the applicant's continued practice is governed.
- If the requirements of this rule are not met, a late penalty fee will be required.
- **Renewal date: October 31st.**

24.209.401 through 24.209.501 Review

- Applications : \$50
- Renewals : \$50
- **Exam Fee paid directly to PSI Exams**
- Must complete 30-hour approved course before exam.
- You have 2 year after the course to get you license.
- You have 12 months after passing the exam to apply for license.

24.209.2201 through 2205 Review

- CE Courses must be re-approved every 3 years.
- CE Courses must cover all topics in relation to Property Management Business and Laws.
- Instructors must also be approved & have ARELLO certification.
- New licensees must take 4 hours of PM trust account CE before 1st renewal date, unless none are offered.
- **You must take 12 hours of CE each year after that.**
- You must keep records of all CE credits, and noncompliance is subject to suspension.

Continuing Education Example:

I am required to take 4 hours of CE in Trust Accounting before the first renewal date (if available) and...

I am required to take a total of 12 CE hours before the second renewal date.

12 TOTAL CE HOURS ARE REQUIRED each renewal period

24.209.2301 Review

- Unprofessional conduct is:
 - Violating laws or rules
 - Engaging in business without informing consent
 - Disclosing confidential information
 - Accepting or charging undisclosed commission
 - Failing to supervise employees
 - Failing to cooperate with the Department
 - Using PM license when expired or terminated
 - Committing any sexual misconduct, business related or not

Approved CE Topics

- Agency
- Brokerage Management
- Contract Law
- Escrow, Closing, and Settlement Procedures
- Ethics
- Fair Housing
- Finance
- Financial Strategies
- Forms
- Land Use Planning
- Montana Licensing Laws and Rules
- Property Inspection Process
- Property Manager Topics
- Real Estate Law
- Trust Accounts



ANY QUESTIONS?