



By: Tiffany Banks, NVAR General Counsel

The Nevada Real Estate Division published the 5<sup>th</sup> edition of its reference manual titled *Trust Fund Accounting and Record Keeping for Nevada Brokers*. It is a wonderful resource for all licensees. The Division sees violation after violation revolving around improper trust fund accounting. We encourage you to take the time to read and understand the material provided in this manual. A few of the key areas are discussed below. The intent of the booklet is to clarify trust fund deposit and record keeping requirements for real estate licensees.

A real estate broker's failure to account for or properly manage trust fund accounts can result in license revocation whether or not the failure is unintentional or intentional. Trust funds are received by brokers on behalf of their client and held for the benefit of another. When establishing a trust account, the bank account must be established at a bank in Nevada and clearly identified as a trust account.

Any time that a real estate broker handles funds they must identify the nature of such funds. Record keeping is of the utmost importance when handling trust funds. This booklet discusses the minimum records required for a broker's trust accounts. All transaction files and trust account records are subject to an inspection by the Nevada Real Estate Division. NAC 645.645 provides that a broker shall, upon demand, provide the Division with the documents necessary for the Division to complete an inspection and audit of any money accounts held. A broker shall keep complete real estate transaction and property management records for at least five years after the date of the closing or the last activity involving the property, including, without limitation, offers that were not accepted and transactions that were not completed (NAC 645.650.)

While the facts of each scenario may vary, this booklet is an overview of the applicable statutes and regulations that apply to these activities. The conclusion of this booklet states:

**“In all situations, however, the broker remains responsible and liable for money or other things of value entrusted to him/her. Careful**



**supervision of employees and licensees who handle money is essential. Often, standardized office procedures and management procedures will help prevent the violations of commingling and conversion that can result in the loss of license.”**

When in doubt, contact the Real Estate Division at 702-486-4033, or the Nevada Association of Realtors® Legal Information Line at 800-748-6999.

You can find a link to the 5<sup>th</sup> Edition here:

[http://red.nv.gov/uploadedFiles/rednvgov/Content/Publications/References/TAB\\_April2017.pdf](http://red.nv.gov/uploadedFiles/rednvgov/Content/Publications/References/TAB_April2017.pdf)

Statements made by the NVAR Information Line attorneys on the telephone, in e-mails, or in legal e-news articles are for informational purposes only. NVAR's staff attorneys provide general legal information, not legal representation or advice regarding your real estate related questions. No attorney-client relationship is created by your use of the Legal Information Line and any information you receive. You should not act upon this information without seeking independent legal counsel. Information given over the Legal Information Line or in these articles is for your benefit only. Do not practice law! Inform your clients they must seek their own legal advice