Quack, Quack! Calling Property Management Activities Like It Is

Part II: A Discussion About Property Management & Lease Agreements

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It has come to the Legal Information Line that some members are having difficulty reconciling the legal definition of brokerage agreement (NRS 645.005) and why it explicitly excludes property management agreements from that definition, but in other sections the brokerage agreement and the property management seem to be treated the same way (such as NRS 645.009 "Client" defined and NRS 645.0192 "Property management agreement" defined). This is a pretty nuanced question that doesn't come up quite often but we can certainly appreciate that our members are reading the law and trying to grasp the legalese.

To answer this we can look at the Nevada law and Reference Guide for guidance. To summarize, some contracts extend the authority of the licensee to act for the client beyond the traditional limits of special agency. The Guide gives an example of this:

> ***a property manager is given a greater range of authority to act for the landlord than the usual authority afforded to a listing broker***.

See, *pg. 17/171 PDF, or Pg. I-12 of the Guide: https://red.nv.gov/uploadedFiles/rednvgov/Content/Publications/References/lawguide2014.pdf*.

While we're on the topic of agreements, be sure to **use the right lease agreement!** Some local associations provide a lease agreement for real estate licensees who do not hold a property management permit. It's different from the one permitted property managers use, and is often identified as an "owner managed" lease agreement and will include right at the top a legal disclaimer citing NRS 205.0813 - 205.0817 with a bunch of scary legal language. ***This owner-managed lease agreement must be notarized to create the rebuttable presumption that a particular real estate licensee who does not hold a property management permit has the legal right to do so***.