

TRUST ACCOUNTS - 2014
Marcia L. Russell, DREI
4 Hour Course Outline

COURSE DESCRIPTION

This course provides the licensee with a complete analysis of the Sales Trust Account, the Property Management Trust Account, the Custodial and Special Trust Accounts. Learn the areas of potential liability according to the Real Estate Commission.

TEACHING TECHNIQUES

L=Lecture, **PP**=Powerpoint, **GE**= Group exercise

LL LEARNING OBJECTIVES

- 1 Identify the four types of trust accounts recognized by the NMREC
- 2 Explain the duties of the qualifying broker regarding trust accounts
- 2 Explain the time requirements for depositing funds
- 4 Examine when a property management trust account is required
- 3 Illustrate the requirements for comingling funds
- 4 Differentiate between associate broker and qualifying duties with respect to these accounts

| | |
|---|---------------------|
| INTRODUCTION Instructor and students | 10 min |
| | |
| I. INTRODUCTION & OVERVIEW | 60 min L, PP |
| a. Why trust accounts are necessary | 10 min |
| b. The Fiduciary Relationship | |
| c. How trust accounts protect other peoples money | |
| d. Types of trust accounts | 15 min |
| e. Duties of the qualifying broker | 20 min |
| f. Special requirements of all trust accounts | 15 min |
| | |
| II. THE SALES TRUST ACCOUNT | 70 min L, PP |
| a. Purpose | 5 min |
| b. Trust account control | 5 min |
| c. Receipts & disbursements | 10 min |
| d. Earnest money deposits | 10 min |
| e. Interpleader actions | 10 min |
| f. Commingling | 10 min |
| g. Wrongful disbursements | 10 min |
| h. Wrongful deposits | 10 min |
| | |
| III. THE PROPERTY MANAGEMENT TRUST ACCOUNT | 70 min L, PP |
| a. When necessary | 5 min |
| b. Special requirements | |
| c. Security deposits | 10 min |
| d. Custodial accounts | 10 min |

| | | |
|-----|---|---------------------|
| | e. Receipts & disbursements | 10 min |
| | f. Commingling | 10 min |
| | g. Payment of management and leasing fees | 5 min |
| | h. Reconciliation requirements | 10 min |
| | i. Reports to owners | 5 min |
| | j. Retention of records | 5 min |
| IV. | CUSTODIAL ACCOUNTS | 10 min L, PP |
| | a. Special requirements | |
| | b. Purpose | |
| | c. Deposits | |
| V. | SPECIAL TRUST ACCOUNTS | 10 min L, PP |
| | a. Special requirements | |
| | b. Examples of when used | |
| | c. | |
| VI. | CHECK ON LEARNING | 10 min GE |
| | Q & A | |