

South Carolina Prelicensing Curriculum Content Outline for Property Managers-In-Charge

Introduction to the Curriculum Content Outline

The South Carolina Property Manager-In Charge Licensing Curriculum is comprised of the following Sections; each is outlined in greater detail in this Guide.

At the end of this outline are links to suggested activities and assignments to help reinforce the terms, concepts, and processes identified. Throughout this outline you will find suggestions on where to use these activities. The activities are not mandatory nor are the suggestions on where to use them. You should apply your own expertise to create similar or additional reinforcements that actively involve students.

The intention of the Curriculum is to provide a reasonably comprehensive guide to the subject of Trust Accounting which is an important responsibility of the Property Manager-In-Charge.

It is NOT intended to restrict itself to only those facts and details that may appear on the licensing test.

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TRUST ACCOUNTING

SC Code of Laws Sections 40-57-30; -135; -136

[Click here to use the "Trust Account Pre-Test" activity](#)

- I. PURPOSE
 - A. To protect consumer funds
 - B. Fiduciary duty to account for funds/valuables received by a licensee in the course of performing any real estate activity

- II. HOW TRUST FUNDS/TRUST ACCOUNTS DIFFER FROM ORDINARY ACCOUNTS
 - A. Someone else's money
 - 1. Separate it from business operating or personal accounts
 - B. Held for the benefit of another
 - C. PMIC is a trustee for others' money
 - D. Separate bank account into which only trust funds are deposited
 - E. Must provide for withdrawal of funds

- III. TYPES OF TRUST FUNDS
 - A. Rents
 - B. Security deposits
 - C. Advanced rental deposits
 - D. Other, e.g. pet, cleaning, golf, etc.
 - E. Commercial building improvement allowance
 - F. Licensee's personal trust account
 - G. Proper distribution of trust funds
 - 1. interest
 - 2. fees
 - 3. commissions
 - 4. rent proceeds to owner
 - 5. security deposits

- IV. OPERATING ACCOUNT
 - A. Permissible deposits
 - 1. Interest from Trust accounts
 - 2. Pet fees
 - 3. Application fees
 - 4. Others
 - B. Transfer of funds from trust accounts

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- V. HOW MANY TRUST ACCOUNTS ARE REQUIRED
 - A. At least one, if the PMIC holds funds for principal(s)
 - B. May have as many as the PMIC wants

[Click here to use the "Selecting the Correct Fund" activity](#)

- VI. DEFINITIONS
 - A. Trust account definitions
 - 1. Commingling
 - 2. Conversion
 - 3. Depositable trust items
 - 4. Trust account
 - 5. Trust funds
 - 6. Trustee
 - 7. Trustor
 - B. Bookkeeping definitions
 - 1. General ledger (journal)
 - 2. Subsidiary ledger (also called sub-account ledger, or sub-ledger)
 - 3. Owner's ledger
 - 4. Tenant's ledger
 - 5. Folio number or electronic indexing
 - 6. Reconciliation of trust account

- VII. BASIC TRUST ACCOUNT REQUIREMENTS AND COMPLIANCE ISSUES
 - A. Establish a demand account with an insured financial institution authorized to conduct business in South Carolina
 - B. The term "trust" or "escrow" account must be in the name
 - C. Must record all information required by SC Real Estate License Law
 - D. Must be reconciled monthly
 - E. Must identify ownership of funds in the account
 - F. Must provide a consistent and logical record of account activity
 - G. Must maintain required records for a minimum of five years
 - H. Must make all required records available for inspection on request to a representative of the Department of Labor, Licensing & Regulation (LLR)

[Click here to use the "Vocabulary Memory Game"](#)

- VIII. ROLE OF THE TRUSTEE
 - A. PMIC responsibility not transferred if accounting is delegated to others
 - B. Selected duties as detailed in Section 40-57-136 (review that Section closely)

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1. Adequate supervision . . . maintain real estate trust accounts when required
2. Instruct employees and associated licensees on the proper handling of trust funds
3. Ensure that accurate and complete records are maintained for real estate trust accounts
4. Ensure that backup copies are maintained for computerized real estate trust accounts
 - a. Off-site location
5. Centralized single account may be used for multiple offices

IX. BOOKKEEPING REQUIREMENTS

A. Basic requirements

1. Date of receipt
2. Name of party from whom the money was received
3. Name of the principal
4. Identification of property
5. Date of deposit and depository
6. Payee
7. Check number(s), payment identification
8. Dates
9. Amounts
10. Running balance for entries of deposits and disbursements ,monthly reconciliation
11. Method of reconciliation of account(s)

B. Additional tenant, unit, and owner requirements

1. All of the same information as above, plus
 - a. Separate record for each tenant that includes identification of
 - i The unit
 - ii The unit owner
 - iii Rental amount
 - iv Rental due date
 - v Unit security deposit
 - vi All receipts with dates
 - b. Owner's ledger should also include entries for:
 1. Any and all receipts applicable to the property
 2. Disbursements for expenses on the property documented by invoices, contracts, etc.
 3. Disbursements for rental proceeds to the owner and compensation to the PMIC

[Click here to use the "Accounting Exercise"](#)

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- X. DEPOSIT REQUIREMENTS
 - A. Timing of deposits
 - 1. Cash or certified funds must be deposited within 48 hours of receipt, excluding Saturdays, Sundays, and bank holidays
 - 2. Checks must be deposited within 48 hours of lease signing by parties to transaction excluding Saturdays, Sundays, and bank holidays
 - B. Licensees must deliver all real estate related funds no later than next business day to their PMIC
 - C. No commingling, though a clearly identified amount of PMIC money may be kept in the trust fund to cover bank fees and avoid zero-balance closure
 - D. No conversion of funds from trust to other business or personal use
 - E. Interest-bearing accounts are acceptable
 - 1. Interest may be kept by PMIC only if the fund owner(s) agree to it in writing
 - 2. If such agreement is part of a preprinted form, the language must be conspicuous
 - F. Once in a trust account, transaction funds must remain there until consummation or termination of the transaction
 - G. Rent received by a licensee who is directly employed by the owner of rental property may be deposited in an operating or other similar account, but otherwise must be properly accounted for.
 - 1. Exception- advance rents are trust funds
 - H. Trust funds for licensee's personal rental not to be retained in PMIC's trust account unless property managed or owned by firm
- XI. DISBURSEMENT OF FUNDS
 - A. Rental Funds - per contract or mutual agreement
 - 1. Earned Rental Proceeds- within reasonable time to owner after clearance by bank
 - B. Deposits-must remain in the trust account until termination or expiration of the lease
 - 1. Advance rentals- remain until earned
 - 2. Security Deposits – disburse to tenant (refer to the SC Residential Landlord and Tenant Act 27-40-410(a))
 - C. Disputed funds - written agreement, interpleader action, court order, or voluntary mediation
 - D. Incompetency of PMIC - Disbursing contrary to contract terms, or not disbursing when funds undisputed may be grounds for disciplinary action
 - E. Checks drawn on the trust account that are returned for insufficient funds or closed account may be grounds for disciplinary action

[Click here to use the "Common Trust Account Questions" activity](#)

- XII. ACCOUNTING FOR FUNDS
 - A. Headings in general ledger or journal
 - 1. Date of transaction
 - 2. Deposit or check number
 - 3. Payor (landlord or tenant)

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4. Principal (client)
 5. Property address
 6. Payee
 7. Folio number or electronic indexing
 8. Check amount
 9. Deposit amount
 10. Balance in account
 11. Remarks
- B. Other records
1. Subsidiary account ledgers
 2. The checkbook
 3. The bank statement
 4. Leases
 5. Receipts and deposit slips

LINKS TO SUGGESTED CLASSROOM PRACTICAL ACTIVITIES

- 1. Trust Account Pre-Test - Use before section I.**
- 2. Selecting the Correct Fund – Use after section V.**
- 3. Vocabulary Memory Game – Use after section VII.**
- 4. The Accounting Exercise – Use after section IX.**
- 5. Common Trust Account Questions – Use after section XI.**