

South Carolina Prelicensing Curriculum Content Outline for Property Manager

Introduction to the Curriculum Content Outline

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

The intention of the Curriculum is to provide a reasonably comprehensive guide to the subject matter, laws, processes, and activities that are part of the property management profession.

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

Proper instruction will ensure that the student will be prepared for entering the complex practice of the property management profession in South Carolina, and should therefore be able to pass the licensing exam.

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1. Laws Affecting Property Managers

- I . FEDERAL LAWS
 - A. Civil Rights Act of 1866
 - 1. Provisions
 - 2. Jones vs. Mayer
 - B. Fair Housing Act
 - 1. Prohibitions
 - 2. Exemptions
 - 3. Enforcement
 - 4. Penalties
 - 5. Specific violations
 - a. Blockbusting/panic peddling
 - b. Steering
 - c. Redlining
 - 6. Illegal discriminations
 - a. Race
 - b. Creed
 - c. Color
 - d. Sex
 - e. National origin
 - f. Familial status
 - g. Handicapped
 - i. Accommodations
 - ii. Modifications
 - 7. Consistency of policies
 - C. Equal Credit Opportunity Act (ECOA)
 - 1. Applicability to rental applications
 - 2. Protected classes
 - D. Fair Credit Reporting Act
 - 1. Credit reports
 - 2. Criminal checks
 - 3. Denial of applicant
 - E. Federal Anti-Trust Law
 - 1 Price Fixing
 - 2. Allocation of markets
 - 3. Allocation of customers
 - 4. Boycotting competitors
 - F. Chlorofluorocarbons (CFC) Laws
 - 1. Certification for workers
 - 2. Recapture equipment
 - 3. Penalties
 - G. ADA Compliance
 - 1. Public accommodation
 - 2. New facility and/or alterations
 - 3. Penalties

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- H. Lead-based paint
 - 1. Pamphlet
 - 2. Owner's disclosure form
 - a. Tenant and agent acknowledgement
 - 3. Maintain forms for minimum of 3 years

II. SOUTH CAROLINA LICENSE LAW, REGULATIONS, AND OTHER STATUTES

- A. Purpose of licensing laws
 - 1. Exemptions
- B. Real Estate Commission
 - 1. Composition
 - 2. Authority over property managers
 - 3. Fines, suspension, or revocation
 - a. Specific causes
 - b. Procedures
 - c. Penalties
- C. License Requirements
 - 1. Definition of property manager and property manager in charge
 - 2. Eligibility requirements for licensure
 - a. PM
 - b. PMIC
 - 3. Non-residents
 - 4. Renewal of license
 - a. Inactive status
- D. Permissible activities for unlicensed property managers
 - 1. Prohibited activities
 - 2. Penalties
- E. Property Manager-In-Charge duties
 - 1. Location of office
 - 2. Management of Multiple offices 40-57-135 (C) (2)
 - 3. Overseeing licensees
 - a. Reviewing forms
 - b. Available to public.
 - 4. Record Keeping 40-57-135 (D)(1)
 - a. Maintain required records for a minimum of five years
 - b. Make all required records available for inspection on request by the Commission
 - c. Back-up copies 40-57-135 (D)(2)
 - i. Cloud-based storage
 - 5. Ensuring licensee status of agents
 - 6. Death/incapacitation
- F. Licensee duties
 - 1. Contact information and physical address for contact with Commission
 - 2. Notifying Commission when transferring or changing offices, address or contact information
 - 3. Records not required to be maintained 40-57-135 (L)

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- 4. Disclosure
 - a. Advertising
 - b. Personal Transaction
 - c. Material / non-material
- G. Smoke Detector Laws
 - 1. Types of detectors
 - 2. Regulations
 - 3. Penalties
- H. Megan's Law
- I. South Carolina Vacation Rental Act

2. Trust Accounting

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

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

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3. Application fees
4. Others
- B. Transfer of funds from trust accounts

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

VI. DEFINITIONS

- A. Trust account definitions
 1. Commingling
 2. Conversion
 3. Depositable trust items
 4. Trust account
 5. Trust funds
 6. Trustee
 7. Trustor

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)
- I. General ledger
 1. Owner ledger
 2. Tenant ledger

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)
 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

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

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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

3. Property Manager and Owner Relationship

I. MANAGEMENT PLANNING

- A. Economic factors
 1. Neighborhood and regional market analyses
 2. Rental price
 3. Property analysis/appraisal
 4. Evaluation of comparables
 5. Market value
- B. Analysis of owner's objectives
- C. Preparation of the management plan
 1. Purpose

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2. Operating budget
 - a. Establish optimum rents
 - b. Determine gross annual scheduled rental income
 - c. Adjust to reflect anticipated market trends
 - d. Fiscal year
 - e. Calculate yearly operating costs
 - f. Establish necessary reserve funds
 - g. Debt service
 - h. Review cash flow
 - i. Net operating income
3. Five-year forecast
4. Comparative income and expense analysis
5. Policies and procedures

II. MANAGER/OWNER RELATIONSHIPS

- A. Employer-employee relationships
- B. Principal-agent relationships
 1. Contractual agreement
 - a. Special agent
 - b. General agent
 2. Fiduciary responsibilities
- C. Management agreement
 1. Elements per SC license law Section 40-57-135(J)
 2. Renewals
 - a. Cancellation provision
 - b. Compensation for tenant renewal
 - c. Sale conditions
 3. Manager's responsibilities
 - a. Monthly reports and disbursements
 - b. Powers for renting, operating, and managing
 4. Owner's responsibilities
- D. Monthly reports
- E. Ownership and management transfers
 1. Transfer of property and accounts
 2. Transfer of information/records

4. Rental Agreements

I. LEASEHOLD ESTATES AND TENANCIES

- A. Define and explain
 1. Leasehold rights ("Bundle of rights"), i.e., use, possession, control, disposition
 2. Estate/tenancy for years
 3. Estate/tenancy from period to period
 4. Estate/tenancy at will
 5. Estate/tenancy at sufferance
- B. Types of leases

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1. Gross lease
2. Net lease
 - a. Net lease
 - b. Net-net lease
 - c. Triple net lease
 - a. Ground lease/land lease
3. Percentage lease

II. LEASE/RENTAL AGREEMENT

- A. Definition of terms
- B. Statute of Frauds - applicability to leases
- C. Basic elements
 1. Complete and legal names of both parties
 2. Description of property
 3. Term of the lease/rental agreement
 4. Use of Premises
 5. Valuable consideration/rent schedules
 - a. Graduated/escalation leases
 - b. Participation leases
 6. Time and method of payment
 7. Rights and obligations

III. ADDITIONAL LEASE/RENTAL AGREEMENT PROVISIONS

- A. Use of the premises
 1. Restrictive clauses
 2. Rules and regulations
- B. Assignment and subletting
- C. Foreclosure and eviction

IV. QUALIFICATION OF TENANTS

- A. Lease application forms
- B. Basis for evaluation
 1. Prospect's identity
 2. Rental history
 3. Financial status/credit reports
 4. Background checks
 - a. References
 - b. Criminal checks
- C. Signing the agreement

V. NEGOTIATING THE TERMS

- A. Basis for concessions
 1. Owner's financial and strategic position
 2. Competition in the market
 3. Urgency of the prospect to move
- B. Types of concessions
 1. Rent schedules and rebates
 2. Length of lease period

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3. Tenant alterations
4. Expansion options
5. Noncompeting tenant restrictions
6. Defraying the moving costs
 - a. Lease assumptions
 - b. Cancellations
 - c. Allowances

5. Tenant Relations

I. LANDLORD/TENANT RELATIONS

- A. Establishing a sound relationship
- B. Lease renewals
- C. Rent increases
- D. Rent collections
- E. Terminating the tenancy
- F. Security deposits and returns
- G. Quiet enjoyment

II. SOUTH CAROLINA RESIDENTIAL LANDLORD/TENANT ACT

- A. Effective date/purpose
- B. Scope
- C. Jurisdiction
- D. General provisions
- E. Landlord obligations
 1. Security deposit use and deductions
 2. Disclosure requirements
 3. Delivery of possession of unit
 4. Maintenance of premises
 - a. Housing and building codes
 - b. Essential services
 - c. Fit and habitable
 - d. Other repairs
 - e. Common areas
 - f. Assumption of duties by tenant
 5. Limitation of liability
- F. Tenant remedies for landlord's noncompliance
 1. Deductions from security deposit
 2. Return of security deposit
 3. Disclosure
 4. Maintenance of premises
 5. Delivery of possession
 6. Supply of essential services
 7. Fire or casualty damage
 8. Unlawful exclusion or ouster
- G. Unconscionability.
- H. Retaliation

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- I. Constructive eviction
- J. Landlord's noncompliance as defense to actions for nonpayment of rent
- K. Tenant obligations
 - 1. Maintaining the unit
 - 2. Rules and regulations
 - 3. Access
 - 4. Legal use and occupancy
- L. Landlord remedies for tenant's noncompliance
 - 1. Failure to pay rent
 - 2. Actual damages and injunctive relief
 - 3. Health and safety
 - 4. Liens
 - 5. Recovery
 - 6. Holdovers
 - 7. Abuse of access
 - 8. Eviction
 - 9. Payment of rent during pendency of action Appeal process
 - 10. Breach of rental agreement
- M. Abandonment and distress

6. Maintenance, Reports, and Insurance

I. FACILITIES MAINTENANCE

- A. Basic procedures
 - 1. Preventive maintenance
 - 2. Corrective maintenance
 - 3. Routine maintenance
 - 4. New construction
- B. On-site maintenance staff
- C. Contracted maintenance and/or new construction
 - 1. Written contracts
 - 2. Termination provisions
 - 3. Competitive bids
 - 4. Negotiated contracts
 - a. Flat-fee basis
 - b. Cost-plus basis
- D. Maintenance programs
 - 1. Preventive maintenance
 - a. Inventory of building and equipment
 - b. Determine necessary tasks
 - c. Calculate costs
 - d. Schedule tasks
 - e. Keep records
 - 2. Routine inspections
 - a. Interior

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- b. Exterior
- E. Cost efficient programs
 - 1. Long-term plans
 - 2. Short-term plans
 - 3. Control plans
 - a. Scope/location
 - b. Job priority
 - c. Job method
 - d. Materials
 - e. Number of personnel
 - f. Hours of work
- F. Energy management
- G. Building conversions

II. OPERATING REPORTS

- A. Income and expense
- B. Profit and loss statement
- C. Budget forecasts
- D. Tax records
 - 1. Federal and state tax reports (governing employees under the law)
 - 2. Meeting federal and state requirements (necessary forms)
 - 3. Income tax withholding
 - 4. Free rent
 - 5. FICA Insurance
 - 6. Unemployment taxes (FUTA)
- E. Cash flow statements
- F. Determining profitability
 - 1. Break-even analysis
 - 2. Capitalization rates
 - 3. Return on investments

III. RISK MANAGEMENT AND INSURANCE

- A. Theories
 - 1. Avoid it
 - 2. Retain it
 - 3. Control it
 - 4. Transfer it
- B. Property manager's assessment
 - 1. Survey of the property
 - 2. Determination of need for insurance
- C. Owner's insurance coverage
 - 1. Policy amounts
 - 2. Coverage types
 - 3. General liability and workers' compensation
 - 4. Responsibility for providing coverage
- D. Manager's insurance coverage
 - 1. Office and floater

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- 2. Errors and omissions
- 3. Surety and fidelity bonds
- E. Certificate of Insurance
 - 1. Vendors
 - a. General Liability and Workers Compensation
 - 2. Tenants

7. Office Administration

I. MANAGEMENT RESPONSIBILITIES

- A. Management groups
 - 1. Individual managers
 - 2. Management firms
 - 3. Real estate agency management divisions
- B. Office location and space allocation
- C. Files/filing system
- D. Equipment
- E. Staffing
- F. Cost controls
 - 1. Direct
 - 2. Indirect
- G. Management fees
 - 1. Per-unit cost method
 - a. Adjustments
 - b. Percentage rate
 - 2. Management pricing worksheet

8. Specialized Property Management and Professional Development

I. COOPERATIVES, CONDOMINIUMS, PUDS, OTHER COMMUNITY ARRANGEMENTS

- A. Define and explain
 - 1. Cooperative ownership
 - 2. Condominium ownership
 - 3. Planned unit development
- B. Cooperative ownership
 - 1. Structure of cooperative
 - 2. The proprietary lease
 - 3. Role of the property manager
- C. Condominium ownership
 - 1. Fee simple ownership of unit
 - 2. Common elements
 - 3. Conditions, covenants, restrictions, and declarations
 - 4. Role of the property manager
 - 5. State Regulations/South Carolina Horizontal Property Act

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6. Federal Regulations/Fannie Mae (Federal National Mortgage Association)

D. Management of communities

1. Homeowners associations (HOAs)
2. Planned Unit Developments (PUDs)

E. Operating budgets and reports

1. Annual operating budgets
2. Monthly income and expense statements
3. Yearly cash flow reports

F. Management fees

1. Cost per-unit method
2. Pricing worksheet
3. Flat fee vs. percentage fee

II. OFFICE BUILDINGS

A. Regional and neighborhood analyses

B. Property analysis

1. Class A, B, C, D office space
 - a. Age
 - b. Location
 - c. Market position
2. BOMA standard of measurement
 - a. Rentable area
 - b. Usable area
3. Rental schedule

C. Marketing office space

D. Qualifying the tenant/space planning

E. Negotiations and the lease

1. Escalation clause
2. Services
3. Possession
4. Concessions
5. Remodeling

F. Maintenance and staffing of office buildings

1. Maintenance requirements
 - a. Elevator operation
 - b. Housekeeping
 - c. Security
 - d. New construction
2. BOMI training sessions

G. Accounting procedures

III. RETAIL PROPERTIES

A. Classification of shopping centers

1. Market area
2. Pattern
3. Owner
4. Anchor tenant

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- B. Marketing retail space
- C. Qualifying tenants
 - 1. Compatibility of "mix"
 - 2. Financial backing
- D. Percentage leases
 - 1. Fixed minimum rental lease
 - 2. Minimum guaranteed percentage lease
 - 3. Straight percentage lease
 - 4. Variable scale lease
 - 5. Maximum percentage lease
- E. Lease negotiations
 - 1. Rental rates
 - 2. Defining gross sales
 - 3. Payment methods
 - 4. Recapture clauses
 - 5. Tenant improvements and trade fixtures
- F. Common area maintenance (CAM-charges)
- G. Security
- H. Administrative responsibilities
 - 1. Financial reports
 - 2. Insurance

IV. INDUSTRIAL PROPERTIES

- A. Classification of buildings
 - 1. General purpose
 - 2. Special purpose
 - 3. Single purpose
- B. Characteristics
 - 1. Sale-leaseback agreements
 - 2. Functional obsolescence
 - 3. Liquidity/investment risk
 - 4. Long-term leases
- C. Market trends
 - 1. Increased mobility
 - 2. Transportation
 - 3. Plant size and features
 - 4. Land use patterns
- D. Market and property analysis
 - 1. Site selection factors
 - a. Market-oriented industries
 - b. Resource-oriented industries
 - c. Labor-oriented industries
 - 2. Financing/subsidizing/tax-free bonds
- E. Marketing industrial space
 - 1. Industrial brokers
 - 2. Speculative buildings
 - 3. Advertising and promotion
 - 4. Tenant qualification

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- a. Total land area required
- b. Land employment density
- c. Building employment density
- d. Structural density
- e. Access (transportation routes)
- f. Financial capability
- 5. Showing the property
 - a. Large groups
 - b. Prequalifying and follow-up
- 6. Lease negotiations
 - a. Net leases
 - b. Rent factor
 - c. Terms, option clauses
 - d. Building modification
- 7. Types of management fees
 - a. Flat fees
 - b. Percentage fees
 - c. Leasing fees
- F. Continuing owner/manager relationships
 - 1. Monthly reports
 - 2. Personal contact

V. PROFESSIONAL DEVELOPMENT

- A. Professional organizations and designations
- B. Additional education and skill-building
 - 1. Classroom
 - 2. Online

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9. Mathematics

I. PRORATIONS

II. GROSS AND NET RENT POTENTIAL, INCLUDING LEASE AREAS

III. COMMISSIONS

IV. CAPITALIZATION (CAP) RATES

This ends the Property Manager Curriculum Outline