

## VACATION RENTAL MANAGEMENT CHECKLIST

Name of Bank: \_\_\_\_\_ Bookkeeper: \_\_\_\_\_

Account # (last 4#): \_\_\_\_\_ Signature(s) on Account: \_\_\_\_\_

Type of Account: \_\_\_\_\_

Bank Account in the name of: \_\_\_\_\_

Computer Software Used: \_\_\_\_\_ Period Examined: \_\_\_\_\_

# Resort Units Managed: \_\_\_\_\_ # Owners: \_\_\_\_\_

# Long-Term Rentals Managed: \_\_\_\_\_

### SUMMARY OF FINDINGS

Bank Reconciliations: \_\_\_\_\_ Satisfactory \_\_\_\_\_ Deficient \_\_\_\_\_ No Reconciliation

Note Deficiencies:

#### Ledger Reconciliations (Trial Balance)

Trial Balance: \_\_\_\_\_ Satisfactory \_\_\_\_\_ Deficient \_\_\_\_\_ No Trial Balance

Could a Trust Account Liability be Calculated? \_\_\_\_\_ If so, do the records indicate:

	<u>Per Broker's Books</u>	<u>Auditor Calculated</u>
Overage:	Amt: _____	Amt: _____
Shortage:	Amt: _____	Amt: _____
Deficit Spending:		
Commingling:		

Other Deficiencies Noted:

### CORRECTIVE ACTIONS & RECOMMENDATIONS

Corrective Actions:

Recommendations:

Deadline for BIC to demonstrate that Corrective Actions have been instituted: \_\_\_\_\_

**G.S. Section 93A-6(g) [Insured Depository Institution]**

1. Is the account in a federally insured depository institution lawfully doing business in North Carolina? .....

**Comments:**

**Rule A.0116(c) [Interest Bearing Trust/Escrow Accounts]**

2. Is the bank account interest-bearing? .....
- (If no, skip to #3)**
- a. If yes, is there written authorization for deposit? .....
- b. Is the written authorization conspicuous? .....
- c. Does it state how/to whom interest will be disbursed? .....
3. Is the bank account a demand account? .....

**Comments:**

**Rule A.0117(b) [Trust/Escrow Account Designation on Bank Accounts]**

4. Are the following designated Trust or Escrow?
- a. Deposit Slips: .....
- b. Checks: .....
- c. Bank Statements: .....

**Comments:**

**Rule A.0117(c)(2) [Canceled Checks]**

5. Do canceled checks or supplemental worksheets for each transaction identify:
- a. The check number and date of the disbursement? .....
- b. The property or owner? .....
- c. The purpose for the disbursement? .....
- d. The amount of the disbursement? .....
6. Are canceled checks or digitally imaged copies of the canceled checks retained? .....
- (If no, skip to #7)**
- a. If digital images are retained, are these images:
- i. Legible reproductions of the original canceled checks? .....
- ii. The front and back of the original canceled checks? .....

**Comments:**

**Rule A.0117(c)(3) [Deposit Tickets]**

7. Do deposit tickets or supplemental worksheets for each transaction identify:
- a. The purpose of the monies deposited? .....
- b. The properties or owners for which monies were deposited? .....
- c. The remitter of the monies deposited? .....
- d. The date of the deposit? .....
- e. Do computer deposit tickets agree with bank deposit tickets? .....

**Comments:**

**Rule A.0117(c)(5) [Journal/Check Stubs]**

8. Is a trust/escrow journal or check stubs maintained? .....

**(If no, skip to #9)**

- a. If yes, Document Examined: \_\_\_\_\_

- b. Are the transactions recorded in the journal in chronological sequence? .....
- c. Does the journal show a running balance of funds in the bank account? .....
- d. Does the journal identify each bank deposit transaction with:
  - i. The amount of the deposit? .....
  - ii. The date of the deposit? .....
  - iii. An appropriate reference to the corresponding deposit ticket? .....
- e. Does the journal identify each bank disbursement transaction with the:
  - i. Amount of the disbursement? .....
  - ii. Date of the disbursement? .....
  - iii. Check number when a check is used to disburse trust funds? .....
  - iv. Payee? .....
  - v. Purpose of the disbursement? .....

**Comments:**

**Rule A.0117(c)(4)(B)[Ledger Sheets]**

- 9. Is a separate ledger sheet maintained for:
  - a. Each owner or property managed? .....
  - b. Each security deposit? .....
  - c. Personal funds? .....

**(If no, skip to #11)**

- 10. Do the ledger sheets identify:
  - a. The property? .....
  - b. The parties to the transaction? .....
  - c. The amount and date of monies deposit? .....
  - d. The purpose of monies deposited? .....
  - e. From whom monies deposited are received? .....
  - f. The check number when a check is used to disburse trust funds? .....
  - g. The amount and date of disbursements? .....
  - h. The purpose of disbursements? .....
  - i. To whom disbursements are paid? .....
  - j. The running balance of funds on deposit? .....

**Comments:**

**Rule A.0117(f) [Subsidiary Ledger Sheets]**

- 11. Is a separate subsidiary ledger or accounts payable ledger sheet maintained for each property/owner for:
 

**(If no, skip to #13)**

  - a. Owner proceeds? .....
  - b. North Carolina sales taxes? .....
  - c. Local occupancy taxes? .....
  - d. Fees due the real estate company? .....
  - e. Tenant security deposits? .....
  - f. Balance on rentals required to be held until occupancy? .....

- 12. Does the total of the property/owner subsidiary ledger sheets equal the total of the property/owner ledger sheet? .....

**Comments:**

**Rule A.0117(d) [Audit Trail and Ledger Reconciliation]**

N/A = Not Applicable  
N/C = Not Checked

- 13. Is there an audit trail from the deposit slips or supplemental deposit worksheets to the journal? .....
- 14. Is there an audit trail from the deposit slips or supplemental deposit worksheets to the ledger sheets? .....
- 15. Is there an audit trail from the canceled checks or supplemental disbursement worksheets to the journal? .....
- 16. Is there an audit trail from the canceled checks or supplemental disbursement worksheets to the ledger sheets? .....

**Comments:**

**Rule A.0117(e) [Reconciliation]**

- 17. Are bank statements reconciled to the journal monthly? .....   
  - a. When was the last reconciliation prepared? \_\_\_\_\_ (date)
  - b. For what month? \_\_\_\_\_
- 18. Is a trial balance prepared monthly reconciling the ledger sheets to the bank statements? .....   
  - a. When was the last trial balance prepared? \_\_\_\_\_ (date)
  - b. For what month? \_\_\_\_\_
- 19. Does the trial balance equal the reconciled bank balance monthly? .....

**Comments:**

**G.S. Section 93 A-6(a)(12) and Rule A.0116(g)**

- 20. Is there any evidence of:
  - a. Shortages? .....
  - b. Overages? .....
  - c. NSF escrow checks? .....
  - d. Deficit spending? .....
  - e. Conversion of trust money to personal use? .....

**Comments:**

- 21. Are any earnest monies, rents, or security deposits collected on properties owned by the listing/selling entity deposited into the listing/selling entity's trust account containing funds on properties owned by 3rd parties? .....

**Comments:**

**Rule A.0104(a) [Agency Agreements]**

- 22. Does the firm use the NCAR Standard Form 402 Exclusive Property Management Agreement for Vacation Rental Property as their agreement with their landlord clients to rent and manage their vacation rental property? .....   

**(If yes, skip to #23)**

  - a. If no, does the firm have written agreements with their landlord clients to rent their vacation rental property? .....
  - b. Do the agreements:
    - i. Provide for its existence for a definite period of time or allow for automatic renewal where the landlord may terminate with notice at the end of any contract period and any subsequent renewal period? .....

ii. Include the licensee's license number? .....

**Comments:**

**Rule A.0109 (a) & (b) [Broker Fees & Compensation]**

23. Does any licensee receive any commission, rebate or other valuable consideration of more than nominal value from a vendor or supplier of goods and services for an expenditure made on behalf of the licensee's principal in a real estate transaction? .....

24. Does any licensee receive any commission, rebate or other valuable consideration of more than nominal value for services which the licensee recommends, procures, or arranges relating to a real estate transaction for any party? .....

a. If yes, is full disclosure made to the party? .....

25. Does the licensee offer security deposit waiver or travel insurance? .....

a. If yes, has the licensee purchased the insurance from the vendor? .....

**Comments:**

**Chapter 42A-11. Vacation Rental Act [Vacation Rental Agreements]**

26. Does that real estate company utilize the NCAR Standard Form 411-T Vacation Rental Agreement with its tenants? .....

**(If yes, skip to #27)**

a. If no, do the vacation rental agreements utilized by the real estate company:

i. Contain the notice as promulgated in § 42A-11(a)? .....

ii. Describe the:

(1) Manner in which funds are received in advance of the tenant's occupancy? .....

(2) Manner in which funds are deposited in advance of the tenant's occupancy? .....

(3) Manner in which funds are disbursed in advance of the tenant's occupancy? .....

(4) Processing fees charged the tenant? .....

(5) Rights & obligations of the landlord and tenant under § 42A-17(b) (fit & habitable)? .....

(6) Applicability of expedited eviction procedures? .....

(7) Rights and obligations of the landlord or real estate company and the tenant upon the transfer of the property? .....

(8) Rights and obligations of the landlord or real estate company and the tenant under § 42A-36 (Mandatory Evacuations)? .....

**Comments:**

**Chapter 42A-16. Vacation Rental Act [Advance Payment Uses]**

27. Is any of the rent collected on behalf of an owner disbursed out of the trust/escrow account prior to occupancy of the property by the tenant? .....

**(If no, skip to #28)**

a. If yes, is the disbursement:

i. Less than or equal to 50% of the total rent for the tenancy? .....

ii. Expressly authorized in the vacation rental agreement? .....

28. Are any of the fees owed to third parties disbursed out of the trust/escrow account prior to the occupancy of the property by the tenant? .....

**(If no, skip to #29)**

a. If yes, is the disbursement expressly authorized in the vacation rental agreement? .....

29. Are administration fees disbursed out of the trust/escrow account prior to the occupancy of the property by the tenant? .....
- (If no, skip to #30)**
- a. If yes, is the disbursement expressly authorized in the vacation rental agreement? .....

**Comments:**

**Chapter 42A-17. Vacation Rental Act [Accounting, Reimbursement]**

30. Does the vacation rental agreement identify the name and address of the bank or saving and loan into which the tenant's security deposit and other advance payments are held in trust/escrow? .....
31. Are tenants charged administration fees for:
- a. Reservation? .....
- b. Transfer? .....
- c. Cancellation? .....
- (If no, skip to #32)**
- d. If yes to any of the above,
- i. Does the vacation rental agreement include administration fees? .....
- ii. Does the vacation rental agreement provide for the amount of the administration fees? .....
- iii. Are administration fees reasonably calculated? .....

**Comments:**

**Chapter 42A-18. Vacation Rental Act [Tenant Security Deposits]**

32. Is a bond obtained in lieu of maintaining security deposits funds in the trust account? .....
33. Are tenant security deposits accounted for within 45 days following the conclusion of the tenancy? .....
34. Does the vacation rental agreement contain language compelling or permitting the automatic forfeiture of all or part of the security deposit? .....

**Comments:**

**Rule A.0116(a) [Depositing Trust Funds]**

35. Are the advance reservation deposits deposited into the bank account not later than three banking days following receipt or acceptance of the lease whichever is later? .....
36. Are the balances due on reservations deposited into the bank account not later than three banking days following receipt? .....
37. Are the dates of acceptance of the vacation rental agreements/leases set forth in the agreements? .....
38. Are all security deposits deposited into the bank account not later than three banking days following receipt? .....

**Comments:**