



Legal Requirements for Property Management



A property manager is an individual or company hired by a property owner to handle the administration, operation, and maintenance of real estate. Their primary responsibility is to protect and enhance the value of the owner’s investment while generating income and ensuring legal compliance.

Managing real estate for a property owner can require a real estate license. It may also require a contractor’s license, depending on the duties that the manager will perform.

A salesperson or associate broker cannot legally set up a rental or property management business that is separate from the brokerage with which he or she is affiliated.

There is no separate license for a property manager.

There are some key differences between a property manager and a rental agent.

	RENTAL AGENT	PROPERTY MANAGER
Shows Property	YES	YES
Procures a tenant	YES	YES
Collects rent throughout the tenancy	NO	YES
Holds a tenant’s security deposit	NO	YES
Oversees maintenance and repairs	NO	YES
Arranges for credit and background checks	YES	YES



Contractors' Registration



Property managers may also need to obtain a contractor's license depending on the type of work that they're doing. Scheduling or arranging for routine maintenance, like cleaning or trash and snow removal does not require a license.

As to the above maintenance activities, the person should consider whether they may fall within the registration exemption set forth in R.I. Gen. Laws § 5-65-2(a)(4) and Regulation 440-RICR-10-00-2.4(B) for nonstructural work on a single structure/project that is of a casual, minor, or inconsequential nature, and that is not health and safety related; and will the price/cost of labor, materials, and expenses be less than \$500.

Property managers who hire contractors, subcontractors, and tradespeople to perform work or renovations for the property owner, are involved with obtaining permits and overseeing the renovations can be required to register as a contractor with the Contractors' Registration and Licensing Board.

Insurance Requirements



All real estate licensees must be covered by errors and omissions insurance but you may need to purchase separate coverage for rentals and property management as well as liability insurance.

Resources



For more information, contact the appropriate division at the **RI Department of Business Regulation Real Estate Division**.



Contractors' Registration and Licensing Board:
crb.ri.gov/contact-us



REALTORS®: For more information, please contact the RIAR Legal Department at **legal@rirealtors.org**.