



Pennsylvania Compensation Rating Bureau

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PENNSYLVANIA TEST AUDIT PROGRAM BULLETIN # 40

EDUCATIONAL BULLETIN - PROPERTY MANAGEMENT FIRMS

Property management firms are engaged in the management of real property which may be owned by the firm or owned by other concerns and managed under contract. The duties of a property management firm are to enforce the provisions of the lease agreement entered into by the tenant and landlord; to ensure that necessary tax, mortgage, insurance and other payments are made in a timely manner; and to ensure that the property is maintained in such a way as to maximize its value to the owner. In the conduct of such operations, management companies may employ maintenance personnel, resident or on-site managers, leasing agents or property management supervisors, or may subcontract all or portions of these separate responsibilities. The basic functions performed by the personnel of property management firms, and the current classification procedures followed in connection therewith, are presented below:

Maintenance

Maintenance personnel generally perform minor maintenance and repair work at the property site, including but not limited to: cutting the grass, shoveling snow, plumbing, electrical wiring, painting and minor carpentry activities. New construction or structural alterations generally are subcontracted to a specialty contractor. Maintenance employees are properly assigned to Code 971, Buildings.

Resident or On-Site Managers

Resident managers typically are retained in connection with residential apartment complexes, while on-site managers may be employed in connection with either residential or commercial properties. Resident managers usually receive compensation in the form of a salary and an apartment unit located at the site of the managed property. The duties of resident or on-site managers retained in connection with apartment complexes and similar multiple dwelling units may include but are not limited to: performing maintenance and repair work, showing apartments to prospective tenants; preparing lease or rental agreements; collecting rents; handling tenant complaints; inspecting vacated units for damage; coordinating maintenance and repair activities; acting as the liaison between tenants and management supervisors; and directly supervising the overall operations and/or maintenance staff of the property.

As a general rule, managers engaged in the above job duties should have their payroll assigned to Code 971. However, managers who perform no maintenance/repair work or perform no direct supervision of the maintenance staff or do not supervise the overall operations of the complex, may have their payroll assigned to Code 951, Outside Salespersons. The duties of on-site managers retained in connection with commercial buildings are similar to those described above and they are classified the same way.

Leasing Agents

Leasing agents are typically engaged in residential and/or commercial property leasing or real estate sales activities. Leasing agents are paid a commission based upon the total rent paid over the duration of the lease. Leasing agents show available space to prospective tenants and negotiate the terms of the lease including the lease period, tenant improvements, payment schedules, and termination provisions. Leasing agents usually do not perform any property management activities.

Historically, leasing agents engaged exclusively in the aforementioned activities have been assigned to Code 951. Leasing agents who, in addition to leasing activities, perform property management operations such as the direct supervision of employees engaged in the operation, maintenance or repair of properties are assignable to Code 971.

Property Management Supervisors

Property management supervisors normally retain responsibility for several residential complexes, single family residences and/or commercial buildings. Such persons primarily perform administrative duties in the office of the management firm, but will also visit the various properties under management to ensure that the properties are being adequately maintained. The job duties of these employees involve entering into contractual arrangements with real estate property owners for the management of properties; obtaining new properties to be managed; negotiating contracts with firms specializing in the maintenance, repair or alteration of properties; hiring and dismissal of resident or on-site managers; handling the financial arrangements of the property; preparing financial reports; showing available space to potential tenants; renegotiating or extending leases; meeting with resident or on-site managers to discuss problems or complaints; periodically inspecting the physical appearance of the property to ensure that necessary maintenance and repair operations are being performed and to take note of additional needed repairs.

Property management supervisors do not:

- reside at or work from the site of the properties under management
- directly supervise maintenance or repair employees
- directly supervise the operation of the property.

Employees exclusively engaged in the above job duties may have their payroll assigned to Code 951.