

Calendar

TBA

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Estate License
Laws, Rules,
and Regulations

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Disciplinary
Actions
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Suspensions and
Revocations

Link to Proposed
Rule Changes

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Trust Account Tips & Reminders

Rule 520-1-.08 Managing Trust Accounts and Trust Funds

- A Broker must notify the Commission of the name of the financial institution in which each trust (real estate escrow) account is maintained and each account's name or number.
- This notification must be made **within one (1) month of** opening each trust account.
- A trust account can be registered with the Commission using the [Online Services of the GREC web site](#).
- A Broker may maintain more than one trust account.
- A Broker shall not be entitled to any part of the earnest money, security deposit, or other trust funds paid to the broker in connection with any real estate transaction as part or all of the broker's commission or fee until the transaction has been consummated or terminated.

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Job Opportunity at the Georgia Real Estate Commission

Position of [Investigator](#)

For more information, go to

[Job Opportunity at GREC – Georgia \(state.ga.us\)](http://state.ga.us)

April 2021 Commission Actions Taken

| | |
|--|-----------|
| Cases Sent to the Attorney General for Review and Disposition by Consent Order or by Hearing | 2 |
| Cease & Desist Orders Issued | 2 |
| Citations Issued | 6 |
| Letter of Findings Issued | 0 |
| Consent Orders Entered Into | 0 |
| Final Orders of Revocation of Licensure | 1 |
| Cases Closed for Insufficient Evidence or No Apparent Violation | 10 |
| Licensing Cases - Applicant has a Criminal Conviction - License Issued | 9 |
| Licensing Cases - Applicant has a Criminal Conviction - License Denied | 0 |
| Total | 30 |

[Click here to review a legend of the disciplinary actions the Commission may impose.](#)

Trust Account Tips

...continued from page 1

[O.C.G.A. 43-40-20 Trust Accounts](#)

- A Broker who does not accept trust funds in real estate brokerage transactions is not required to maintain a designated trust account.
- However, if a Broker does not maintain such a trust or escrow account and later receives trust funds in a real estate brokerage transaction, the Broker must open the designated trust required by this subsection within one business day of the receipt of such trust funds. The Broker must then register the account with the Commission within one (1) month.
- Community association managers, salesperson, or associate brokers who receive trust funds on properties they own must follow the requirements of 43-40-20 (h)



Absolutely Must Know Section

[Rule 520-1-.08 Managing Trust Accounts and Trust Funds](#)

Trust funds include down payments, earnest money deposits, security deposits, rents, association fees, or other trust funds in a real estate brokerage transaction. Generally, any funds that have the potential to be returned or refunded or belonging to others are considered trust funds and must be maintained in a separate, federally insured account designated as a trust or escrow account. A Broker must maintain clear records of the accounting of trust funds, reconcile the account monthly, and provide access to those records to the Commission upon its request. "A licensee shall place all cash, checks, or other items of value received by the licensee in a brokerage capacity into the custody of the broker holding the licensee's license as soon after receipt as is practicably possible."

(1) (a) Each broker who is required to maintain a trust or escrow account shall notify the commission of the name of the bank in which the trust account is maintained the number or name of the account.

520-1-.04 (4) The Broker must notify the Commission in writing of a change of address, a change of email or the opening or closing of a designated trust account [Use GREC's Online Services to Report these Changes](#)



Focus on Terminology: "Bank and Fidelity Bond"

[Rule 520-1-.02 Definitions](#), states the definition of "Bank means any financial institution regulated by a member of the Federal Financial Institutions Examination Council and authorized to provide federally insured checking accounts."

Depending on the level of trust funds held by a Broker providing property management services or community association management, the Broker may need to set up a Fidelity bond or insurance policy. Reference [Rule 520-1-.06 and O.C.G.A. Section 43-40-1](#).

A fidelity bond is defined by John Reilly, in [The Language of Real Estate](#) as: "A fidelity bond is purchased by an employer to cover employees who are entrusted with sums of money or are responsible for valuable assets. Such bonded persons are required by the bonding or insurance company to carry out their duties and responsibilities effectively and honestly. Property managers and escrow companies are often required to post a fidelity bond."

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2. Avoiding Trust Account Trouble
3. Practicing Real Estate & Staying Out of Trouble

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