

GREC OFFICE PRACTICES AND TRUST ACCOUNT REVIEW

The Georgia Real Estate Commission (“GREC”) “Office Practices and Trust Account Review” packages mailed to randomly selected firms by the GREC contain the questionnaire and resources listed below. The questionnaire and resources listed below are also available on the GREC website www.grec.state.ga.us for Brokers and others to review. See “Office Practices and Trust Account Review” at the bottom of the home page.

The term “Broker” as used hereafter shall mean the Qualifying Broker of a Corporation, LLC, or Partnership or the Broker of a Sole Proprietorship.

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OFFICE PRACTICES AND TRUST ACCOUNT REVIEW

A. FREQUENTLY ASKED QUESTIONS (Updated October 2015)

1. What is the GREC “Office Practices and Trust Account Review” and which firms will be reviewed?

Answer: The GREC conducts hundreds of routine “Office Practices and Trust Account Reviews” each year to ensure that the Brokers and firms are in compliance with the current GREC rules and regulations. Routine reviews start with an “Office Practices and Trust Account Review” package mailed to firms which are chosen randomly by the GREC. The packages are mailed from the GREC to the firm’s mailing addresses on file with the GREC. The “Review Package” includes a questionnaire about office practices and trust accounts and related rules and regulations. The “Review Package” also includes instructions and other resources to be used by the Broker for the successful completion and submission of the questionnaire and requested documents. The firm’s Broker is responsible for the completion of the questionnaire and the submission of the questionnaire and requested documents to the GREC on or before the due date shown on the package cover letter. The completed questionnaire and requested documents are due to the GREC from the firm’s Broker within 2 to 3 weeks from the date the package was mailed from the GREC.

2. Can the GREC inform a Broker of an approximate time frame in which the Broker may receive a GREC “Office Practices and Trust Account Review?” How can a Broker prepare for a GREC “Office Practices and Trust Account Review”?

Answer: The “GREC Office Practices and Trust Account Review” packages are mailed out randomly by the GREC Compliance Department. However, Brokers can be proactive in preparation for a future GREC “Office Practices and Trust Account Review” by accessing a complete copy of the GREC “Office Practices and Trust Account Review” package on the GREC website at www.grec.state.ga.us. Look for “Office Practices and Trust Account Review” at the bottom of the home page. The GREC recommends that all Brokers access the online “Review Package” which can be used to ensure that the firm’s current office practices and trust account records are in compliance with the GREC rules and regulations. The questionnaire included in the package provides a good review and reminder of selected rules and regulations related to office practices and trust account requirements. (It should be noted that although the questionnaire addresses many of the GREC rules and regulations related to office practices and trust accounts, there are other related GREC rules and regulations that are not included in the questionnaire.)

3. How will the Broker of a firm be notified that he/she should complete an “Office Practices and Trust Account Review” and who should the Broker call if he/she has questions?

Answer: If the Broker’s firm is chosen by the GREC for an “Office Practices and Trust Account Review,” a complete “Review Package” will be mailed to the firm at the mailing address shown in the GREC records. (It is important that the Broker always notify the GREC of the location and mailing addresses of the firm within 30 days of an address change as required by the GREC.) The Broker should thoroughly review the contents and directions in the package before contacting the GREC with any questions. The “Review Packages” are mailed from the GREC Compliance Department and the package will contain the name and method of contact for one of the investigators in the Compliance Department.

4. When a firm receives an “Office Practices and Trust Account Review”, does that mean that the firm is “under investigation”?

Answer: Yes. A firm receives an “Office Practices and Trust Account Review” because the firm was randomly selected by the GREC for investigation and not because of a “Request for Investigation” from the public. A file is opened for each investigative review and a “case number” is assigned by the GREC Compliance Department. The GREC staff members who conduct the “Office Practices and Trust Account Review” are called “investigators”.

5. Once the Broker receives the Review Package from the GREC, what should the Broker do first?

Answer: The firm’s Broker is responsible for completing the questionnaire and the submission of the requested documents to the GREC. The Broker should first preview the contents of the package and allow enough time to complete the questionnaire and gather the requested documents so that the GREC receives all items by the due date shown on the cover letter received with the package.

6. If a firm has done little or no business, is the firm’s Broker required to complete the questionnaire and submit documents?

Answer: Yes. As instructed in the questionnaire, the Broker of an active firm is required to answer the questions and submit the applicable requested documents even if the firm has had little or no activity.

7. Is the Broker required to meet all of the GREC requirements related to affiliates even if the firm has only a few affiliates who are not actively practicing real estate at the time and/or if an affiliate is a spouse or other relative?

Answer: Yes. The Broker is required to meet all of the GREC requirements for all affiliates even if the affiliates are not doing any real estate business, are related to the Broker, etc.

8. If the firm's trust account records are kept on computer program(s) and/or if the firm's records are maintained by an accounting firm, can the firm's Broker just submit the computer printouts or records from the accounting firm for part of the "Requested documents"?

Answer: Yes. The Broker can submit computer printouts and/or printouts from an accounting firm for the firm's trust account records if the printouts meet the GREC requirements as detailed in the questionnaire and the Trust Account Tutorial (which is included in the "Office Practices and Trust Account Review" package). The printouts must be in a form that is clear and easily understood.

9. What happens if a firm's broker has not been keeping any or all required records or if the records do not meet the GREC requirements?

Answer: It is the responsibility of the Broker of the firm to ensure that the office practices and trust account records of the firm meet the GREC rules and regulations. If the Broker is not in compliance with the GREC rules and regulations addressed in the review questionnaire and requested documents, the Broker should immediately take steps to prepare proper trust account records. The Broker should also see that all office practices are in compliance. The Broker is expected to submit the questionnaire and requested documents to the GREC by the due date shown in the cover letter of the "Review Package".

10. What happens if the firm's Broker fails to respond to the "Office Practices and Trust Account Review" or submits an incomplete questionnaire and/or documents?

Answer: If a Broker does not respond to the "Office Practices and Trust Account Review" and/or does not submit all requested documents to the GREC, the Broker will be in violation of 43-40-21, 43-40-25(b)(27), 520-1-.08(5)(c) and 520-1-.10(4) which provides in part that licensees shall submit documents at the reasonable request of the Commission or any of its agents for their inspection. The Broker will be contacted by an Investigator from the GREC Compliance Department. Depending on the circumstances, the Compliance Department may set up an onsite office examination in which the GREC may review the firm's records for the last three years. It is important

that the Broker respond to the “Office Practices and Trust Account Review” with a completed questionnaire and all requested documents on or before the due date.

11. What happens after the firm’s Broker sends the completed questionnaire and requested documents to the GREC?

Answer: The staff of the GREC Compliance Department receives the questionnaire and requested documents submitted by the firm’s Broker and creates a file for the firm and assigns a case number. The staff reviews the contents of the file and the Broker will be contacted if there are further questions. Because of the number of reviews being processed by the Compliance Department, the staff may not contact the Broker for weeks or even longer at times. The Broker should not call or email for an “update” since the staff works with hundreds of reviews per year and cannot give “updates” on individual files.

If the questionnaire results and requested documents are in compliance with the GREC rules and regulations, the firm’s Broker will be notified and sent a “Clear Letter” stating that no violations were found within the context of the review. If violations of the GREC rules and regulations are found, the decision of the GREC will depend on the number and type of violations. The firm’s Broker will be notified of the violations found and the decision of the GREC. Generally, if one or two simple violations are found, the Broker may receive a Letter of Finding which is a letter identifying the violations and corrections needed. When numerous violations are found, the Broker may receive a Citation which includes identification of the violations and a monetary fine. The Broker may be required to take specified continuing education courses related to the violations found. In reviews where more serious violations are found, the case could be referred to the Georgia Attorney General’s Office for a possible sanction against the Broker and/or the firm.

12. If the Broker successfully completes the “Office Practices and Trust Account Review” process, is there a schedule or time frame within which the Broker can expect to receive another “Office Practices and Trust Account Review” package and go through the process again? Why should all Brokers periodically check the “Office Practices and Trust Account Review” package on the GREC website?

Answer: Although there is no time frame set for each firm to have an “Office Practices and Trust Account Review,” it is unlikely that a firm would have a repeat review within a year or two unless the first review revealed numerous and/or serious violations. All Brokers may benefit from checking the “Office Practices and Trust Account Review” package on the GREC website since it is updated periodically to reflect changes in the GREC rules and regulations. The package is also expanded to include more questions and/or instruction in areas of the license law where many violations have been found.

For example, the review package now contains a tutorial with detailed instruction on basic trust account records required by the GREC. More recently, a “Non-Broker Licensee Owned Property Questionnaire” has been added to the review package to help Brokers and affiliates better understand the rules and regulations related to affiliates’ property ownership and the handling of related trust funds.

13. Can a trust account be a money market deposit account rather than a bank checking account?

Answer: On July 1, 2015 Chapter 40 of Title 43 of the Official Code of Georgia Annotated, related to real estate brokers and salespersons, was amended in Code Section 43-40-20 by revising part of subsection (a) which previously required that all trust accounts had to be a “federally insured bank checking account”.

Code Section 43-40-20, subsection (a) was amended as follows and states in part:

(a) Each broker who accepts down payments, earnest money deposits, security deposits, rents, association fees, or other trust funds in a real estate brokerage transaction or whose affiliated licensees accept such trust funds in a real estate brokerage transaction or whose affiliated licensees accept such trust funds shall maintain a separate, federally insured account at a financial institution in this state which shall be designated a trust or escrow account wherein all down payments, earnest money deposits, or other trust funds received by the broker or the broker’s affiliated licensees, on behalf of a principal or any other person, shall be deposited.

Because of the change in 43-40-20(a), a trust account can be a savings account or a money market deposit account but the account must be federally insured. The trust account can be at a “bank” as previously required but can also be at another type of “financial institution” such as a credit union as long as the account is federally insured. Note that not all “money market accounts” are federally insured. Sometimes the term “money market” is used to describe money market funds which are an investment vehicle not insured or backed by the FDIC. The Broker is responsible to ensure that all trust accounts are federally insured and should maintain documents from the financial institution to ensure compliance.

NOTE: The rules and regulations related to trust accounts refer to “bank accounts” and should be interpreted to mean accounts at “financial institutions” since trust accounts can now be at a “bank” and/or a “financial institution” as long as the trust accounts are federally insured.

B. OFFICE PRACTICES AND TRUST ACCOUNT REVIEW BROKER'S QUESTIONNAIRE AND LIST OF REQUESTED DOCUMENTS

(UPDATED OCT. 2015 USING 2015 EDITION OF GREC RULES/REGULATIONS)

FIRM NAME: _____ FIRM LICENSE # _____
NAME OF BROKER: _____ BROKER LIC. # _____

The term "Broker" as used hereafter shall mean the Qualifying Broker of a Corporation, LLC, or Partnership or the Broker of a Sole Proprietorship.

REQUESTED DOCUMENTS

BROKER TO REMIT TO THE GREC THE FOLLOWING DOCUMENTS IN ORDER:

1. Completed Broker's Questionnaire;
2. The Firm's Letterhead and the Broker's Business Card;
3. A typical broker/affiliate agreement used by the firm (independent contractor agreement);
4. Trust account bank statements and records for EACH of the firm's trust accounts to include:
 - a. trust account bank statements (all pages) for the last six (6) months,
 - b. complete monthly reconciliation statements attached to each bank statement, and
 - c.. trust account journal pages for each trust account for the last six months.

***REVIEW "REQUIRED TRUST ACCOUNT RECORDS & INSTRUCTION" TO ENSURE THAT YOUR TRUST ACCOUNT RECORDS MEET THE MINIMUM REQUIREMENTS BEFORE SENDING THE RECORDS TO THE GREC. The information is included in the GREC package mailed to Brokers and is also on the GREC website at the bottom of the home page. Click on "Office Practices and Trust Account Review".

5. Complete copy of last two (2) sales contracts with closing statements closed within the past two (2) years;
6. Two most recent leases on properties managed by the firm with:
 - a. property management agreements between the firm and owners of the two leased properties, and
 - b. most recent statements of property income & expenses sent to owners of the two leased properties.
7. To be completed by EACH of the firm's affiliates and submitted to the GREC by the Broker -"AFFILIATE NOTIFICATION TO BROKER OF PERSONAL REAL ESTATE ACTIVITIES" (Form on pages 24, 25 & 26 of this questionnaire. See #45 on page 21 of this Questionnaire.)

***THE BROKER IS TO SUBMIT THE QUESTIONNAIRE AND ABOVE DOCUMENTS TO THE COMMISSION EVEN IF THE FIRM HAS HAD LITTLE OR NO BUSINESS, LITTLE OR NO TRUST FUNDS WERE HELD, THE BROKER PLANS TO CLOSE THE FIRM OR TRUST ACCOUNT(S), AND/OR ANY OTHER CIRCUMSTANCES RELATED TO THE BROKER OR THE FIRM. ***

**Rather than supplying copies of bank statements, reconciliation statements, and trust account journals, a broker may elect to provide the Commission a report on the broker's designated trust account(s) from a Certified Public Accountant in the form prescribed by Substantive Regulation 520-1-.08(5) covering the preceding year or the firm's preceding fiscal year. Brokers who do not elect to supply a statement from a Certified Public Accountant in the form prescribed by Substantive Regulation 520-1-.08(5) must enclose the requested bank statements, reconciliation statements, and trust account journals. The Commission, in its discretion, may elect not to accept such a report and conduct its own examination according to Substantive Regulation 520-1-.08(5).*

FIRM'S REAL ESTATE BROKERAGE ACTIVITIES

FIRM'S LICENSE # _____

PLEASE INDICATE BELOW THE NUMBER OF YOUR FIRM'S BROKERAGE TRANSACTIONS PERFORMED DURING THE LAST 12 MONTHS IN WHICH YOU HELD TRUST FUNDS

Residential Sales	<input type="checkbox"/> None	<input type="checkbox"/> 1 - 10	<input type="checkbox"/> 11 - 25	<input type="checkbox"/> over 26
Commercial Sales	<input type="checkbox"/> None	<input type="checkbox"/> 1 - 5	<input type="checkbox"/> 6 - 25	<input type="checkbox"/> over 15
Other Sales (Land, etc.)	<input type="checkbox"/> None	<input type="checkbox"/> 1 - 10	<input type="checkbox"/> 11 - 25	<input type="checkbox"/> over 26
Residential Property Management – Number of Apt. or Condo Units with firm holding security deposits.	<input type="checkbox"/> None	<input type="checkbox"/> 1 - 25	<input type="checkbox"/> 26 - 50	<input type="checkbox"/> over 50
Residential Prop. Management – Number of Single Family Housing with firm holding security deposits.	<input type="checkbox"/> None	<input type="checkbox"/> 1 - 5	<input type="checkbox"/> 6 - 10	<input type="checkbox"/> over 10
Commercial Leasing – Number of Leases with firm holding security deposits.	<input type="checkbox"/> None	<input type="checkbox"/> 1 - 25	<input type="checkbox"/> 26 - 50	<input type="checkbox"/> over 50
Community Association Management – Number of Associations Being Managed by Firm.	<input type="checkbox"/> None	<input type="checkbox"/> 1 - 3	<input type="checkbox"/> 4 - 10	<input type="checkbox"/> over 10

IF NEEDED, FURTHER DESCRIBE THE TYPE OF REAL ESTATE BROKERAGE ACTIVITIES ENGAGED IN BY YOUR FIRM. You may attach a letter describing the brokerage activities of your firm if you need more space than provided below. Just circle the note-----

SEE LETTER ATTACHED.

BROKER'S QUESTIONNAIRE

THE FOLLOWING QUESTIONS SHOULD BE ANSWERED BY THE BROKER OF THE FIRM.

TO RESPOND TO THE QUESTIONS BELOW:

CLEARLY WRITE "YES" FOR A POSITIVE RESPONSE.

CLEARLY WRITE "NO" FOR A NEGATIVE RESPONSE.

CLEARLY WRITE "N/A" TO INDICATE THE QUESTION DOES NOT APPLY TO THE BROKER OR FIRM.

***ATTACH A SEPARATE SHEET(S) TO EXPLAIN A "NO" OR "N/A" RESPONSE WHERE NEEDED.

CLEARLY PRINT/WRITE THE RESPONSE TO THE QUESTIONS THAT REQUIRE A LONGER ANSWER.

BE SURE TO ANSWER EACH QUESTION.

BE SURE THAT ANSWERS AGREE WITH THE INFORMATION ON DOCUMENTS SENT TO THE GREC.

(Example: If the answer is "yes" to all parts of question #30, all trust account journals sent to the GREC should show all the required data listed in question #30.)

I. LICENSING AND OFFICE ADMINISTRATION

1. CONDUCT BUSINESS ONLY UNDER NAME(S) LICENSED WITH THE GREC 520-1-.07(1)

The firm should conduct business only under the exact name licensed with the GREC or the exact dba registered with the GREC. 43-40-7(a)(b) and 520-1-.07(1)

A. List all names used by the firm:

B. Write the name used on the firm's signs?

C. Are all of the names listed above licensed with the GREC?

D. Is the title of the trust account(s) as shown on the bank statements only in the firm's name (or a dba) as registered with the GREC? (The trust account title should not have any personal names.)

E. Does the title on the trust account bank statements contain the broker's name or any other personal name?

F. If the firm operates from more than one place of business, are any of the firm's branches using the name of a separate corporation, limited liability company, partnership, or sole proprietorship?

2. BROKER HAS CUSTODY/CONTROL OF EACH AFFILIATE'S LICENSE

A. How many affiliates (including the Broker) does the firm currently have?

B. Do you have custody and control of each affiliate's license? 43-40-11

C. When an affiliated licensee leaves the firm, do you immediately forward his/her license to the Commission or to the new broker for whom the licensee will act and notify the Commission in writing that the license was forwarded to the new broker? 43-40-19(b) and 520-1-.07(5)(b)&(d)

3. NOTIFY GREC IN WRITING OF ADDRESS CHANGES

A. Are you aware that each licensee must notify the Commission in writing within one month of any change in the licensee's mailing address, residence address, or email address if an email address is maintained by the licensee? 520-1-.05(5)(b)

- _____ B. Do you ensure that your affiliates are aware of and comply with notifying the GREC of any changes described in the rule above?
- _____ C. Are you in compliance with the rule above and have you also notified the GREC within 30 days of any change in the address of the firm's place of business as required by 43-40-19(a)?

4. **NOTIFY GREC OF BANKRUPTCY OR LEGAL ACTION**

- _____ A. Are you aware that if a broker or the firm files a bankruptcy petition, the broker shall immediately notify the Commission in writing of the filing of that bankruptcy petition? 520-1-.08(3)(g)
- _____ B. Have you informed your affiliates that if a licensee who owns a designated trust account(s) files a bankruptcy petition, such licensee shall immediately notify the Commission in writing of the filing of that petition? 520-1-.08(3)(g)
- _____ C. Have you informed your affiliates that every licensee shall notify the Commission in writing within ten days of the final disposition of any administrative, civil, or criminal action filed in any court of competent jurisdiction or any administrative agency whenever that final disposition involves the subject matter of the offenses cited in O.C.G.A. Sections 16-13-111, 43-40-15 or 43-40-25?

5. **BROKER-INDEPENDENT CONTRACTOR OR EMPLOYER-EMPLOYEE RELATIONSHIPS**

- A. Whether Brokers and their affiliated licensees establish employer-employee OR Broker – Independent Contractor relationships shall be at the discretion of the licensees. 43-40-30.1

(1) **BROKER/AFFILIATE AGREEMENTS** 43-40-18(c)(9) and 520-1-.07(5)(a)(c)&(e)

- _____ a. How many affiliates are currently with your firm?
With how many of the firm's affiliates do you have a written Broker – Independent Contractor Agreement (also called Broker-Affiliate Agreement or Independent Contractor Agreement)? 520-1-.07(5)(a)

[NOTE: The Broker-Independent Contractor Agreement is not to be confused with the firm's written policies and procedures addressed in question #13 although the written policies and procedures can be attached to the Broker-Affiliate Agreement as an addendum.]

- _____ b. Does the Broker-Independent Contractor Agreement specify the terms under which the licensee will be compensated for work during the time of their affiliation and how the licensee will compensated for work begun but not completed prior to the termination of their affiliation? 43-40-18(c)(9) and 520-1-.07(5)(a)
- _____ c. Does the agreement require that the departing licensee return (in person) all plats property, keys and other property which the releasing broker owns or for which the releasing broker is responsible, "for sale" signs, notebooks, listing cards or records of any kind that have been used in connection with the listing or selling of property or with the management of property or community associations? 520-1-.07(5)(c)
- _____ d. Does the agreement state that a licensee terminating an affiliation with the firm shall not have any contact with any of the firm's clients that the licensee is serving under a listing, a management agreement, or other brokerage engagement except as may be expressly approved in writing by the broker or qualifying broker of the firm the licensee is leaving? 520-1-.07(5)(e)

(2) **EMPLOYER – EMPLOYEE RELATIONSHIPS**

a. Do you have a written Employer – Employee relationship with any of your licensed affiliates? (An Employer – Employee relationship is one in which the firm deducts social security taxes, state income taxes and federal income taxes on behalf of the employee and issues a W-2 statement annually.)

If so, with how many of the firm’s licensed affiliates do you have a written Employer- Employee relationship with the firm?

b. If so, does each written Employer – Employee Agreement between the Broker and Affiliate contain the same requirements as a written Broker – Independent Contractor Agreement as detailed in the question above? 43-40-18(c)(9) and 520-1-.07(5)(a)(c)&(e)

(3) **UTILIZING SUPPORT PERSONNEL** 520-1-.07(6)(a)(b)(c)(d)(e)&(f)

Does your firm or any of your affiliates utilize support personnel to assist the affiliated licensee in the conduct of real estate brokerage business?

Have you informed your affiliates of the revisions in Rule 520-1-.07(6) effective November 1, 2014? The revised rule states in part:

520-1-.7(6) Utilizing Support Personnel – Task Guidelines.

(a) Whenever a firm or a licensee who is affiliated with the firm engages support personnel to assist the firm or the affiliated licensee in the conduct of the real estate business, both the firm and the affiliated licensee are responsible for the acts of the support personnel and for assuring that the support personnel comply with the requirements of this rule and the license law. Support personnel may not perform any real estate brokerage activities of a real estate licensee when engaged as support personnel and may perform only ministerial duties, that that do not require discretion or the exercise of the support personnel’s own judgment.

(b) Nothing in this rule shall prohibit an individual employed by a firm to assist in the management of property from undertaking those activities permitted by O.C.G.A. Section 43-40-29(10) [which lists limited activities allowed by individuals employed by a broker to assist in property management services – See Question #37, Part A(2) for details].

(c) An individual actively licensed with one firm may work as support personnel for a different firm or for a licensee(s) of a different firm with the written consent of the broker of each firm. An individual whose license is on inactive status may work as support personnel for a firm or any affiliated licensee.

(d) Any firm which employs (or engages under an independent contractor agreement) support personnel to assist such firm or an affiliated licensee of said firm in carrying out his or her real estate brokerage activities must:

1. enter into a written agreement with the support personnel specifying the duties that the support personnel may undertake on behalf of the firm or an affiliated licensee of the firm and the tasks that support personnel are prohibited from performing on behalf of the firm or an affiliated licensee of the firm;

2. if applicable, enter into a written agreement with the affiliated licensee authorizing the use of the support personnel, specifying duties that the support personnel may undertake on behalf of the affiliated licensee of the firm and the tasks that support personnel are prohibited from performing, and approving any compensation arrangement the affiliated licensee has with the support personnel;

3. *if applicable, assure that the affiliated licensee of the firm and the support personnel have entered into a separate written agreement specifying the duties that the support personnel may undertake on behalf of the affiliated licensee of the firm, the tasks the support personnel are prohibited from performing, and the compensation arrangement the affiliated licensee has with the support personnel.*

NOTE: See 520-1-.07(6)(e)(f) for task guidelines that support personnel may/may not perform.

(4) **REAL ESTATE BROKERAGE ACTIVITY AND LICENSEE STATUS**

Real estate brokerage activity as defined in 520-1-.05(2)(g), includes sales, leasing, community association management services, property management services, and any of the activities identified under the definition of "Broker" as detailed in 43-40-1.

_____ Do you ensure that your affiliates are aware that the status of one's real estate license (active, inactive, lapsed) determines whether or not the licensee can lawfully engage in real estate brokerage activity?

- a. **Real estate brokerage activity performed by Broker or Broker's Affiliate 520-1-.05(2)(g)**
Every active licensee seeking to perform real estate brokerage activity must do so as a Broker or on behalf of a real estate Broker (as an affiliate).
- b. **Inactive Licensees 520-1-.05(2)(g)**
Inactive Licensees may not perform real estate brokerage activity on any real estate except real estate owned solely by the inactive licensee.
- c. **Lapsed License 520-1-.05(4)(a)**
Any licensee whose license lapses due to nonpayment of fees or failure to satisfactorily complete any of the education required by the GREC shall be prohibited from engaging in real estate brokerage activities until such time as the license is reinstated.
- d. **Exception – (not available to licensee) 520-1-.05(2)(h)(i)&(j)**
The license law allows an unlicensed person who is a full-time employee of an unlicensed person to perform real estate brokerage activity on property owned by that unlicensed person's employer.
 1. A licensee may not place the licensee's license on inactive status and perform real estate brokerage activity for an unlicensed person. Whenever a real estate licensee wishes to be employed by an unlicensed person in order to perform real estate brokerage activity on real estate owned by that unlicensed person, such licensee must first surrender such licensee's license to the Commission and may not reinstate that license without first qualifying as an original applicant.
 2. A licensee on inactive status may be an employee of an unlicensed person to perform work that does not include real estate brokerage activity for the unlicensed person.

(Note: Numerous exceptions are described in 43-40-29 including limited property management services conducted by unlicensed individuals employed by a broker as detailed in Question #39 herein.)

6. MAINTAIN STATEMENT DELEGATING AUTHORITY TO SIGN LICENSE APPLICATIONS 520-1-.07(5)(f)
_____ A. Have you delegated authority (in writing) to an affiliated associate broker to sign license applications on your behalf?
_____ B. If so, do you permanently maintain a copy of that written delegation?

7. PERSONS PERFORMING ACTS OF LICENSEE AND PAID COMPENSATION
43-40-18(c)(5) and 43-40-25(b)(17)

- _____ A. Have you established procedures to ensure that your firm does not pay brokerage compensation to persons who are not licensed or whose licenses are lapsed?
_____ B. Do you ensure that the firm utilizes only licensed personnel to perform those acts of a licensee which require licensure and that when it pays compensation to an individual licensee, the license of such individual licensee was assigned to the firm by the commission at the time such individual licensee earned the compensation paid?

8. “FIRM” MEANS ANY BUSINESS ENTITY, INCLUDING, BUT NOT LIMITED TO A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR SOLE PROPRIETORSHIP.
43-40-1(4.4) and 43-40-10

The name of a separate business entity such as a corporation, partnership, limited liability company, or sole proprietorship cannot be registered as a dba for a firm already licensed with the GREC. The separate business entity would need to be licensed with the GREC as a separate firm.

_____ Are any of the dba’s used for your firm a separate corporation, limited liability company, partnership, and/or sole proprietorship?

9. THE LEGAL BUSINESS ENTITY OF THE FIRM AND THE BROKER 43-40-18(e)

- _____ A. If your firm is a sole proprietorship, is the firm owned entirely by you (the broker)?
_____ B. If your firm operates as a partnership, are you a partner?
_____ C. If all partners of a partnership are corporations, are you an officer of one of the corporations in the partnership whose actions are binding on both that corporation and the partnership?
_____ D. If your firm operates as a limited partnership, are you the general partner?
_____ E. If the general partner of a limited partnership is a corporation, are you one of the officers of the corporation whose actions are binding on both the corporation and the general partner?
_____ F. If your firm operates as a limited liability company, are you a member -- OR -- are you a manager serving as the qualifying broker in accordance with the articles of organization or a written operating agreement which vests management of the limited liability company in a manager which may serve as the qualifying broker?
_____ G. If your firm operates as a corporation, are you an officer of the corporation?

II. SUPERVISION, ADVERTISING AND DISCLOSURE

10. INFORM AFFILIATES OF LICENSE LAW. NOTIFY GREC OF ANY VIOLATIONS

43-40-10(1), 43-40-18(c)(2)&(d) and 520-1-.07(2)(c)

The real estate brokerage activities of each firm shall be under the direct management and supervision of a broker. While the broker may elect to delegate any of the management duties cited in 43-40-18(c), the broker is responsible for the acts of the person to whom such duty is delegated.

- _____ A. Every broker shall be responsible to instruct licensees affiliated with the firm of the provisions set forth in the GREC License Law and its Rules and Regulations. Do you provide regular programs of study (formal instruction) and review of the GREC rules and regulations for all licensed associates?
- _____ B. Do you keep records of your "formal instruction" with dates, time, topics, attendance, etc. so that you can document your compliance with this requirement?
- _____ C. Do you notify the GREC of any violation of the License Law and its Rules and Regulations that you become aware as required by 520-1-.07(2)(c)?

11. PROPER DISCLOSURE TO ALL PARTIES 43-40-25(b)(6), 520-1-.06(4)(a)(b)(c) and 520-1-.10(6)

Do you ensure that the disclosures below are made in writing to all parties in all of the firm's transactions?

- _____ A. Disclosure of Brokerage Relationships as detailed in 520-1-.06(4)(a)(b)(c).
- _____ B. Disclosure of Commissions, Fees, Rebates, or Other Valuable Consideration as detailed in 43-40-25(b)(6) and 520-1-.10(6).

12. ADVERTISE ONLY IN EXACT FIRM NAME REGISTERED WITH GREC

520-1-.07(1) and 520-1-.09(2.1)(6)&(7)

- _____ A. Does your advertising in all media (print, radio, television, internet, signs, etc.) include the name of the firm (or dba's) as registered with the Commission?
- _____ B. All advertising by associate brokers, salespersons, and community association managers must be under the direct supervision and in the name of the broker who holds their licenses. Have you established procedures for management level review of all advertisements (including websites) made by your licensed affiliates on property they own? 43-40-18(c)(1) and 520-1-.09(2.1)
- _____ C. Have you informed your affiliates of the revisions in 520-1-.09 effective May 2014 that expands the definition of "media" and the requirements in "Internet Advertising" among other revisions?
- _____ D. Have you established procedures for management level review of all of the firm's and licensee's advertising to insure compliance with the Commission requirements?

13. FIRM'S WRITTEN POLICIES & PROCEDURES 43-40-18(c)(8)

Do you provide all licensed personnel with a copy of the firm's written policies and procedures under which they are expected to operate?

14. MANAGEMENT LEVEL PERSONS AVAILABLE 43-40-18(c)(10)

Do you ensure that an individual with appropriate management authority is reasonably available to assist licensees and the public in real estate transactions handled by the firm?

III. CONTRACTS

15. A BROKER OR HIS DESIGNEE REVIEWS WITHIN 30 DAYS CONTRACTS/LEASES/AGREEMENTS
43-40-18(c)(3)

A. Do you review (within 30 days of the date of the offer or contract) for compliance with the GREC rules and regulations all listing contracts, leases, sales contracts, management agreements, and offers to buy, sell, lease, or exchange real property secured or negotiated by the firm's associates?

B. Do you review contracts, leases, etc. in which your licensed affiliates act as principals to see that they disclose their licensure in writing in those contracts, leases, etc.? 520-1-.06(4) and 520-1-.07(2)

C. Do you insure that copies of real estate transaction documents are delivered properly including:

(1) at the time of securing a brokerage engagement (listing), the licensee securing it furnishes each person signing it a true copy of the agreement. 43-40-25(b)(18) and 520-1-.06(1)(b)

(2) licensees deliver, promptly and within a reasonable time, a completed copy of any purchase agreement or offer to buy or sell real estate to the purchaser and to the seller. 43-40-25(b)(19) and 520-1-.10(1)

(3) licensees provide copies of any document used in a real estate transaction to any person signing such document. When an offer to purchase, sell, lease, or exchange is accepted and signed by all parties, copies of that document are distributed – one to each person signing the document and one to each brokerage firm involved in the transaction. 520-1-.10(3)

(4) in every real estate transaction closing, a complete, detailed closing statement showing all of the receipts and disbursements handled by the broker for the seller and the buyer is delivered to the buyer and seller? 43-40-25(b)(20)

16. REAL ESTATE AGREEMENTS – LISTINGS, SALES CONTRACTS, PROPERTY MANAGEMENT, COMMUNITY ASSOCIATION MANAGEMENT, ETC.

43-40-25(b)(18), 43-40-25.1, 520-1-.06(1)(a) and 520-1-.10(2)

Do the firm's real estate agreements (listings, contracts, property management, community association management, etc.) include:

A. A legal description of the property involved,

B. A method of payment,

C. Any special stipulations or addenda the agreement requires,

D. Dates needed to determine timely action of the parties in meeting their responsibilities,

E. License numbers of the firm(s) and licensee(s) in all brokerage agreements, and

F. All firm's listings include fixed expirations dates and fully set forth terms.

17. **GREC REQUIRES COPIES OF RECORDS AND DOCUMENTS TO BE KEPT FOR THREE (3) YEARS**
43-40-25(b)(27) and 520-1-.08(5)(c)&(6)(a) The broker must establish, implement, and continue procedures to keep for at least three years a true and correct copy of the documents listed below. Do you keep for at least three (3) years the following documents:

- _____ A. All sales contracts,
- _____ B. Closing statements,
- _____ C. Any offer or other document that resulted in the depositing of trust funds,
- _____ D. Listing contracts,
- _____ E. Leases,
- _____ F. Management contracts, and
- _____ G. Any other documents relating to real estate closings or transactions (communication notes, emails, repair receipts, etc.)
- _____ H. Copies of accounting system entries for trust or escrow accounts including:
 - _____ (1) Trust account bank statements (all pages - separate statements for each account,)
 - _____ (2) Checks,
 - _____ (3) Detailed records of electronic transfers,
 - _____ (4) Monthly reconciliation statements,
 - _____ (5) Trust account journal for each trust account,
 - _____ (6) Bank deposits and deposit receipts,
 - _____ (7) Any other documents related to the firm's trust account(s), and
 - _____ (8) Records related to trust accounts belonging to affiliates (see Question #43F).
- _____ I. Do you provide continuing and reasonable safekeeping for all records related to real estate transactions which the GREC requires a broker to maintain? 43-40-18(c)(7)
- _____ J. Where are the records kept? _____
- _____ K. In what form are the records kept (paper, electronic, etc.) _____

18. **PRODUCE REQUIRED DOCUMENTS UPON REASONABLE REQUEST BY GREC**
43-40-21, 43-40-25(b)(27), 520-1-.08(5)(c) and 520-1-.10(4)

- _____ A. Are the documents described above readily accessible and in a readily understandable format?
- _____ B. Are the documents described above available (for a period of three (3) years) at the reasonable request of the Commission and at a reasonable cost to the Commission if needed?

IV. TRUST ACCOUNTS

SEE THE TUTORIAL INCLUDED IN THE REVIEW PACKAGE SENT BY THE GREC "BASIC TRUST ACCOUNT RECORDS REQUIRED BY THE GREC" WHICH PROVIDES REVIEW AND INSTRUCTION. BE SURE THAT THE FIRM'S TRUST ACCOUNT RECORDS MEET THE BASIC REQUIREMENTS DESCRIBED IN THE TUTORIAL. THE GREC WEBSITE ALSO INCLUDES THE TRUST ACCOUNT TUTORIAL (ITEM C) IN THE BROKER PREPARATION FOR OFFICE PRACTICES AND TRUST ACCOUNT REVIEW.

[Note: A "Trust" Account may also be called an "Escrow" account. Each trust account must have separate bank statements (not combined with other accounts) and separate trust account records. Only trust funds related to Real Estate Brokerage Transactions are deposited into real estate trust accounts.]

19. MAINTAIN A SEPARATE FEDERALLY INSURED ACCOUNT AT A FINANCIAL INSTITUTION IN GEORGIA WHICH SHALL BE DESIGNATED AS A TRUST OR ESCROW ACCOUNT

43-40-20(a) and 43-40-25(b)(5)

_____ A. Does your firm hold trust funds for others – security deposits, earnest money, rents, etc?

_____ B. If so, does your firm have one or more trust accounts?

_____ C. Is each trust account a federally insured account at a financial institution in Georgia?

NOTE: 43-40-20(a) was amended by the Georgia General Assembly in 2015 to allow a trust account to be a checking account, money market deposit account, savings account or other types of accounts as long as the trust account is a federally insured account at a financial institution in Georgia. Prior to the amendment, all trust accounts had to be a checking account in a bank. The broker is responsible to ensure that all trust accounts are federally insured.

LIST BELOW EACH OF YOUR FIRM'S TRUST ACCOUNT(S). ATTACH SEPARATE SHEET IF NEEDED.

BANK NAME	ACCOUNT NUMBER	TYPE(S) OF TRUST FUNDS*	LAST RECONCILIATION CASH BALANCE	DATE OF RECONCIL.

Examples of types of trust funds are earnest money, rents, prepaid rents, security deposits, association fees.

20. DESIGNATED TRUST ACCOUNT – OPEN STATUS AT ALL TIMES 43-40-20(a)

_____ A. Is the status of each of the firm's trust accounts "open" at all times?

_____ B. When the trust account has not been in use for a period of time, do you communicate with the bank to insure that the trust account stays open and is not automatically closed by the bank?

21. BANK DESIGNATES ACCOUNT FOR HOLDING FUNDS OF OTHERS AS TRUST ACCOUNT

43-40-20(a)

_____ Is each of the firm's trust account(s) designated (titled) a "Trust" or "Escrow" account by the bank which shows in the title of the account on the monthly bank statements?

EXAMPLE: Sell All Realty OR Sell All Realty Trust Account
Trust Account

22. **REGISTER PROPERLY ALL TRUST ACCOUNTS AND CHANGES WITH GREC WITHIN 30 DAYS**

43-40-20(b) and 520-1-.08(1)(a)

- _____ A. Brokers may maintain more than one designated trust (or escrow) account. Are all of the firm's trust accounts properly registered with the GREC within 30 days of the opening or closing of the trust accounts using the proper GREC forms?
- _____ B. Have you registered any changes in the firm's trust accounts such as bank name changes, account number changes, etc. using the proper GREC forms?

23. **BROKER REVIEWS ALL ACCOUNTING PROCEDURES/TRUST ACCOUNT DISBURSALS**

43-40-18(c)(4)(6)&(e) and 520-1-.08

- _____ A. Do you have signatory powers on all of the firm's trust account?
 - _____ B. Do you systematically review the firm's trust accounting practices in order to ensure their compliance with the GREC rules and regulations?
 - _____ C. Do you ensure that proper disbursements are made from the trust accounts?
 - _____ D. Who is in charge of the bookkeeping for the firm's trust account(s)?
-

24. **DEPOSIT ALL TRUST FUNDS PROMPTLY UNLESS WRITTEN INSTRUCTIONS FOR DELAY**

520-1-.08(1)(b)(c)(d)

Do you deposit all trust funds promptly into a trust account including:

- _____ A. Earnest money,
- _____ B. Security Deposits and Pet Deposits,
- _____ C. Rents,
- _____ D. Prepaid Rents (held until date those rents would normally be due),
- _____ E. Association Fees/Dues,
- _____ F. Owner deposits for future repairs/expenses, and
- _____ G. Any other funds owned by others related to Real Estate Brokerage Transactions.

25. **CONTRACTS/LEASES DISCLOSE WHO RECEIVES INTEREST EARNED ON TRUST FUNDS**

43-40-25(b)(29) and 520-1-.08(1)(d)

_____ If the firm's trust account(s) is an interest bearing account, prior to depositing the trust funds, do you obtain the written agreement of the relevant parties indicating to whom the interest earned on deposited trust funds will be paid?

26. **BROKER FUNDS AND TRUST ACCOUNT RECORDS** 520-1-.08(1)(e)

- _____ A. In all trust account records (trust account journal, monthly reconciliation statements, etc.) are the "broker funds" clearly identified as the broker's deposit? 520-1-.08(1)(e)
- _____ B. Do you maintain sufficient "broker funds" in the trust account(s) only for the following:
 - _____ (1) minimum balance required by bank to keep account open,
 - _____ (2) reasonable amount to cover bank service charges and occasional bank charges,
 - _____ (3) to cover the costs of maintaining the account including charges for blank checks and deposit slips, and
 - _____ (4) to cover fees for return of deposited checks which fail to clear.

27. **DISBURSE BROKER FUNDS FROM TRUST ACCOUNT PROPERLY & PROMPTLY 520-1-.08(1)(e)**
- A. When you allow commissions (due to you or the firm) that are being paid from the trust funds of others to be held in the firm's trust or escrow account, do you ensure that:
- _____ (1) the trust account journal and monthly reconciliation statements identify the commissions as broker funds and properly accounts for them, and
- _____ (2) each month – the broker removes from the trust account any excess broker funds except the minimum necessary to cover the expenses described in the question above.
- B. Do you use only checks made payable to the broker/firm to withdraw the broker's funds from the firm's trust account(s)? If no, how do you disburse broker's funds from the trust account(s)?
-

28. **DISBURSEMENT OF TRUST FUNDS BY THE BROKER 520-1-.08(3)(a)(b)(c)&(d)**
- Do you disburse trust funds from the firm's trust account(s) only under the following circumstances?
- _____ A. upon the rejection of an offer to buy, sell, rent, lease, exchange, or option real estate,
- _____ B. upon the withdrawal of an offer not yet accepted to buy, sell, rent, lease, exchange, or option,
- _____ C. at the closing of the transaction,
- _____ D. upon securing a written agreement which is signed by all parties having an interest in the trust funds and is separate from the contract which directs the broker to hold the funds,
- _____ E. upon the filing of an interpleader action in a court of competent jurisdiction,
- _____ F. upon the order of a court of competent jurisdiction,;
- _____ G. upon a reasonable interpretation of the contract which directed the broker to deposit the funds,
- _____ H. broker has reasonable assurance that the bank has credited the funds to the trust account,
- _____ I. when a broker makes a disbursal to which all parties to the contract do not expressly agree, the broker must immediately notify all parties in writing of the disbursal. (Common to send "10 Day Letter" by regular & certified mail to all parties giving 10 day notice of disbursal of trust funds.)

29. **MAINTAIN THE JOURNAL REQUIRED ON A DESIGNATED TRUST ACCOUNT 520-1-.08(2)(a)&(b)**
- _____ A. Do you maintain the journal required on each of the firm's trust accounts?
- _____ B. Do your trust account(s) records whether manual or electronic:
- _____ (1) Include all the components required by law and sound business practices,
- _____ (2) Are readily accessible (can be printed including required components),
- _____ (3) In a readily understandable format (and meet GREC requirements), and
- _____ (4) Reasonably available to any authorized representative of the Commission.

30. **TRUST ACCOUNT JOURNAL(S) INCLUDE ALL DATA REQUIRED? 520-1-.08(2)(a)**
- _____ A. Whole names of buyer and seller OR tenant and landlord OR member and community association manager and broker.
- _____ B. Amount of deposit and date of deposit with complete address of property involved.
- _____ C. Amount, payee, check number, and date of each check drawn on the trust or escrow account related to that deposit.

- _____ D. Complete description of electronic transfer with amount, date, transfer destination, property involved, purpose of transfer, etc.
- _____ E. All entries are in order by date. Ongoing balance in trust account (usually in far right column)/
- _____ F. Bank charges (monthly charge if any,) new check charges, return check charges, etc.

31. **TRUST FUNDS CREDITED TO OWNERS OF FUNDS IN TRUST ACCOUNT RECORDS 520-1.08(2)**

Do the firm's trust account(s) records comply with the requirements below?

- _____ A. Upon the deposit of trust funds, the complete name of the owner of the funds is entered in the trust account journal (with related property address) and also on a separate list of trust funds held used to track the amount of the "broker's liability" (total amount of trust funds supposed to be held by the broker in each trust account).
 - The owner of security deposits is the tenant.
 - The owner of rents collected when due belong to the landlord.
 - The owner of earnest money is the buyer.
 - Prepaid rents are held in a trust account on behalf of the tenant.
- _____ B. All refunds of earnest money must be paid by check or credited at the closing of the transaction. 520-1-.08(3)(e)
- _____ C. The total of all checks written against each trust account deposit should reflect a zero balance in the trust account at the closing of each individual transaction except when a portion (or all) of the trust account deposit is transferred to the broker's (firm's) name for the purpose of paying all or part of the earned commission. When a transfer is made of all or part of the trust money related to the closed transaction, the sum of that transfer and all checks written on that deposit must equal zero. 520-1-.08(3)(f) (The details of the transfer of funds at closing and/or checks written against a specific deposit of trust money can be recorded on in an individual property record for the closed property OR on a list of trust account deposits that shows the date of deposit, the date of total disbursement, and the resulting zero balance.)
- _____ D. The balance of money in the trust account must always be equal to or be more than the sum of trust account deposits supposed to be in the trust account ("Broker's Liability") 520-1-.08(4)(b)
- _____ E. In property management, when paying bills for landlords or community associations, the broker insures that there are enough funds in the trust account that belong to that landlord or community association to cover the amount of those payments. 520-1-.08(4)(a)

32. **MONTHLY RECONCILIATION STATEMENTS ON TRUST LIABILITY AND BANK BALANCES 520-1-.08(6)**

- _____ A. Do you have monthly reconciliation statements for each of the trust account monthly bank statements (for six months for all trust accounts)?
 - Does the top of each monthly reconciliation statement have the following information?
 - (1) the name of the trust account (as shown at the top of the first page of bank statement),
 - Example: Jamison Real Estate Inc. Trust Account
 - (2) the name of the bank, and
 - (3) the trust account number (or last 4 numbers) of the trust account.

- _____ B. Do the reconciliation statements reconcile (compare) the check register (checkbook balance) with the ending balance shown on the monthly trust account bank statement?
 - _____ (1) date the reconciliation was actually done by the broker or other authorized person,
 - _____ (2) date used to reconcile (compare) the balances between the checkbook and monthly bank statement (usually the ending date of the bank statement),
 - _____ (3) the checkbook balances and the monthly bank statement balance,
 - _____ (4) any deposits in transit (not yet showing on bank statement),
 - _____ (5) list of any outstanding checks with amount, check number and date of check, and
 - _____ (6) other items necessary to reconcile the bank account balance with the balance in the trust account checkbook (such as bank service charges, returned check charges, new check charges, interest earned, etc. shown on bank statement)
- _____ C. Each monthly reconciliation statement also compares the broker's "trust liability" with the reconciled bank balance of the trust account. (The broker's "trust liability" is a list of trust funds that SHOULD be in the trust account on the ending date of the bank statement. The monthly reconciliation statement should have:
 - _____ (1) list of trust funds held (and supposed to be held) by the Broker and not yet disbursed,
 - _____ (2) the amount of each,
 - _____ (3) the source of the trust funds (name of the owner of the trust funds),
 - _____ (4) complete address of the related property, and
- _____ D. The "Broker's Funds" are identified in each monthly reconciliation statement.

33. **BROKER REVIEWS MONTHLY RECONCILIATION STATEMENTS** 520-1-.08(6)

- _____ A. Do you review each monthly reconciliation statement for accuracy?
- _____ B. Is the sum of all of the trust funds supposed to be held (broker's liability) equal to or less than the reconciled balance in the trust account each month? (If not – attach a detailed explanation at the end of this questionnaire for this question.)
- _____ C. Have funds been misused from any trust accounts in the last year for any reason including:
 - _____ (1) counter "cash" withdrawals or checks made to "cash,"
 - _____ (2) automatic deductions for personal or unauthorized/inappropriate use,
 - _____ (3) checks for improper disbursement,
 - _____ (4) improper electronic transfers, and
 - _____ (5) transferring trust funds from trust account to another account for any purpose including earning interest or more interest or any other misuse of trust funds?
- _____ D. Have you found funds "missing" from any of your firm's trust accounts in the last year? (If so – attach detailed explanation with documented actions taken to correct the problem.)
- _____ E. Have any of the firm's trust accounts been "out of balance" in the last year? (If so – attach a detailed explanation with documented actions taken to correct the problem.)

34. **METHOD OF DISBURSAL OF TRUST FUNDS** 520-1-.08(3)(e)

All refunds of earnest money must be paid by check or credited at the closing of a transaction. How do you disburse trust funds?

- _____ A. by check,
- _____ B. by electronic transfer of trust funds,
- _____ C. by credit at the closing of a transaction (then transfer funds to firm by check), and
- _____ D. other – describe: _____

35. **ABANDONED FUNDS IN TRUST ACCOUNT 520-1-.08(8)**

- _____
- _____
- _____
- _____
- A. Are there any “abandoned trust funds” in any of the firm’s trust accounts?
 - B. If so, how long have the abandoned trust funds been in the firm’s trust account(s)?
 - C. Have you attempted to contact/find the owner of the funds in every way possible (registered mail, phone calls, internet, etc.) and kept detailed records of your contact attempts?
 - D. Are you aware of the requirements outlined in 520-1-.08(8) describing the legal procedures for disbursement of abandoned funds?

V. PROPERTY OR ASSOCIATION MANAGEMENT

36. **PROPERTY MANAGEMENT AND COMMUNITY ASSOCIATION MANAGEMENT**

- _____
- _____
- A. Does your firm engage in property management services as defined in 43-40-1(7)?
“Property Management Services” means the provision, for a valuable consideration, to another of marketing, including referring prospective tenants; leasing; physical, administrative, or financial maintenance; and overall management of real property; or supervision of the foregoing activities for another pursuant to a property management agreement.
 - B. Does your firm provide community association management services as defined in 43-40-1(4.2)?
“Community Association Management Services” means the provision, for a valuable consideration, to others of management or administrative services on, in, or to the operation of the affairs of a community association, including, but not limited to, collecting, controlling, or disbursing the funds; obtaining insurance, arranging for and coordinating maintenance to the association property; and otherwise overseeing the day-to-day operations of the association.

37. **PROPERTY MANAGEMENT SERVICES BY FIRM’S LICENSEES AND UNLICENSED EMPLOYEES**

- _____
- _____
- A. Whether Brokers and their affiliated licensees establish employer-employee OR Broker – Independent Contractor relationships shall be at the discretion of the licensees. 43-40-30.1
 - (1) If your firm provides property management services or community association services, do you ensure that the firm utilizes only licensed persons to perform those acts which require licensure which include licensed affiliates who have an Employer - Employee relationship with the firm or who have a Broker – Independent Contractor relationship with the firm. 43-40-18(c)(5)
 - (2) If your firm provides property management services or community association services, do you ensure that the firm has a written agreement with each unlicensed employee that describes in detail the employee’s activities that are authorized by the broker which are limited to one or more of the activities described below from 43-40-29(a)(10):
 - (a) delivering a lease application, a lease, or any amendment thereto to any person,
 - (b) receiving a lease application, a lease, or any amendment thereto, a security deposit, rental payment, or any related payment for delivery to and made payable to the Broker or the owner,
 - (c) showing a rental unit to any person, provided that the employee is acting under the direct instruction of the broker, and executing leases or rental agreements,
 - (d) providing information authorized by the Broker about a rental unit, a lease application, or a lease,

- (e) providing information to a tenant about the status of such tenant's security deposit or rent payments or to an owner about the owner's financial accounts and payments from the owner's tenants, and
- (f) performing any ministerial acts that are explicitly authorized by the Broker in a written agreement between the Broker and the employee.

38. GREC REQUIREMENTS IN PROPERTY MANAGEMENT AGREEMENTS

43-40-18(c)(5) and 520-1-.06(2)

- _____ A. If your firm engages in property management activities, are the property management agreements negotiated only by the firm's licensed affiliates?
- _____ B. If your firm engages in property management activities, do the firm's property management agreements meet the GREC requirements below:
 - _____ (1) identify the property to be managed,
 - _____ (2) contain all the terms and conditions under which the property is to be managed,
 - _____ (3) specify terms and conditions on which the broker will remit property income to the owner,
 - _____ (4) specify that the broker provide periodic written statements of property income and expenses to the owner (required at least annually by the GREC),
 - _____ (5) specify which payments of property related expenses are to be made by the broker to third parties and how such payments are to be funded,
 - _____ (6) state the amount of fee or commission to be paid and when (and how) the fee or commission will be paid,
 - _____ (7) specify whether security deposits or prepaid rents will be held by the broker or the owner,
 - _____ (8) contain the effective date of the agreement and its termination date,
 - _____ (9) provide the terms and conditions for termination of the property management agreement by the broker or the property owner, and
 - _____ (10) contain signatures of broker and owner or their authorized agent.
- _____ C. If your firm engages in property management activities, at the time the signature of the owner is obtained, do you and your licensees give to the owner or the owner's authorized agent a legible copy of every written property management agreement or other authorization to manage real property?

39. FIDELITY BOND OR INSURANCE REQUIRED FOR COMMUNITY ASSOCIATION MANAGEMENT

_____ Are you aware that any Broker who provides community association management services as defined in O.C.G.A. Section 43-40-1 and who collects, maintains, controls, has access to, or disburses community association funds shall be covered at all times under a fidelity bond or fidelity insurance policy that complies with the requirements of paragraph 520-1-.06(3)(a) unless such Broker at no time collects, maintains, controls, has access to, or disbursed community association funds totaling more than \$60,000.00. 520-1-.06(3)

40. **TRANSFER OF RECORDS AT END OF PROPERTY MANAGEMENT AGREEMENT**

43-40-25(b)(33)(a)(b)&(c)

- _____ A. Are you aware that when a community association terminates a management contract, within 30 days of the termination, or within such other time period as the management contract shall provide, the broker shall deliver to the community association:
- (1) a complete and accurate record of all transactions and funds handled during the period of the contract and not previously account for,
 - (2) all records and documents received from the community association or received on the association's behalf, and
 - (3) any funds held on behalf of the community association.

VI. LICENSEES AS PRINCIPALS

41. **LICENSEES AS PRINCIPALS**

Have you advised each of your affiliated licensees of the following GREC requirements?

_____ A. **Offers to Buy Associated with a Brokerage Relationship 520-1-11(2)**

Whenever a licensee offers to purchase a property as a condition to obtaining a brokerage engagement to sell, lease, or exchange or on which the licensee is extending the expiration date of an existing brokerage engagement, the licensee must enter into a written contract to purchase which expresses all the terms and conditions of the licensee's purchase prior to or at the time of entering into the proposed brokerage engagement or into the extension of the existing brokerage engagement.

Whenever a licensee offers to purchase a property in order to enable a party to purchase, sell, lease, or exchange another property, the licensee must enter into a written contract to purchase which expresses all the terms and conditions of the licensee's purchase prior to or at the time of the other party's entering into a contract to purchase, sell, lease, or exchange the new property.

_____ B. **Affiliates Disclose Licensure When Acting as Principals 520-1-.06(4)(a)**

No licensee shall buy or lease, take option to buy or lease, any interest in property listed with the licensee or the licensee's firm on which the licensee's firm has been requested to act as a broker, unless the licensee shall clearly disclose the licensee's position as a buyer to the seller or as a tenant to the landlord, as the case may be, and insert a clause to this effect in the contract. No licensee shall sell or lease or otherwise convey any interest in property owned by the licensee to any person, unless the licensee clearly discloses the licensee's position as a seller to the buyer or as a landlord to the tenant, (as the case may be) and insert a clause disclosing the licensee's position in the contract.

42. **LICENSEES ADVERTISING 520-1-.09(2.1)&(8)**

Licensees shall not advertise to sell, buy, exchange, rent, or lease property in a manner indicating that the offer to sell, buy, exchange, rent, or lease such property is being made by a private party not licensed by the Georgia Real Estate Commission.

Have you informed all of your affiliated licensees of the following?

- _____ A. Every associate broker, salesperson, and community association manager is prohibited from advertising under the licensee's own name to buy any property or offering for sale, rent, or lease any property.
- _____ B. All advertising by associate brokers, salespersons, and community association managers must be under the direct supervision of their broker and in the name of their firm.
- _____ C. Licensees Advertising as Principals. A licensee shall not advertise to sell, buy, exchange, rent, or lease real estate in a manner indicating that the offer to sell, buy, exchange, rent, or lease such real estate is being made by a private party not licensed by the Commission.

Every associate broker, salesperson, and community association manager is prohibited from advertising under the licensee's individual name to buy any real estate or offer for sale, rent, or lease any real estate. All advertising by associate brokers, salespersons, and community association managers must be under the direct supervision of their broker and in the name of their firm. However, when a licensee wishes to advertise real estate owned by the licensee and which is not under a brokerage engagement, the licensee may do so provided:

- (1) If the licensee's license is affiliated with a firm, the broker holding the licensee's license has been notified in writing of the specific real estate to be advertised;
- (2) If the licensee's license is affiliated with a firm, the broker gives written consent to advertising the specific real estate and approves the advertisement itself; and
- (3) Regardless of whether the licensee's license is affiliated with a firm or on inactive status, any advertisement must include either
 - (a) the legend "seller, buyer, landlord, tenant (select appropriate name) holds a real estate license; OR
 - (b) the legend "Georgia Real Estate License # (insert licensee's six digit number; (for example, 000001)."

"Georgia Real Estate License" may be abbreviated to "GA R. E. Lic.:"

- _____ D. Licensees advertising to buy, sell, or exchange real property must comply with all of the advertising requirements of Rule 520-1-.09 and 520-1-.11.

NOTE: Much of Rule 520-1-.09 was revised effective May, 2014.

43. **AFFILIATES NOTIFY BROKER WHEN ACTING AS PRINCIPAL IN REAL ESTATE ACTIVITIES**

Written Notification to Broker – Rule 520-1-.11(1) states: "No licensee shall be permitted to list, sell, buy, exchange, rent, lease, or option or offer to list, sell, buy, exchange, rent, lease, or option real estate in the licensee's own name or in the name of any other firm or entity in which the licensee is an officer, employee, beneficiary, or member of such firm or other entity acting as principal without first advising, in writing, the broker for whom the real estate licensee is acting."

How do you ensure that your licensed affiliates notify you in writing when acting as a principal in real estate activities as described in 520-1-.11(1)?

- _____ A. Each affiliate submits written notification of real estate activities upon signing the initial Broker-Affiliate Agreement and periodically thereafter;

- _____ B. The firm's Policies and Procedures explains Rule 520-1-.11(1) and requires that affiliates notify the Broker in writing when acting as principals in real estate activities;
- _____ C. Remind affiliates throughout year of GREC rules/regulations (including 520-1-.11);
- _____ D. other _____
- _____ E. the firm has not had procedures in place to ensure that licensed affiliates submit written notification to the Broker when acting as principals in real estate activities.

44. **TRUST ACCOUNT REQUIREMENTS FOR NON-BROKER LICENSEE OWNED PROPERTY**

Have you advised each of your affiliated licensees of the following?

- _____ A. The GREC allows a licensee to manage outside of the affiliated firm only the property that is 100% owned by that licensee:
 - (1) which must be deeded in the name of the licensee only (not with spouse, relative, etc.,)
 - (2) OR only in the name of a business entity of which the licensee is the sole owner, sole member, or sole stockholder. 43-40-20(h) and 520-1-.08(9)
- _____ B. A licensee who manages rental property which the licensee owns (100%) must maintain any security deposits collected in a designated trust account and may not post a bond in lieu of maintaining such security deposits in a designated trust account. 520-1-.08(4)(c)
Whenever a licensee (a) owns any interest in a property that is less than one hundred percent and (b) receives any trust funds on such property, such licensee must deposit those trust funds into the trust account of a licensed firm. 520-1-.08(9)
- _____ C. Section 43-40-20(f) authorizes a non-broker licensee to open a trust account for the deposit of trust funds received on properties 100% owned by the non-broker licensee if:
 - (1) their affiliated broker approves the opening of the trust account, and
 - (2) if the non-broker licensee provides the broker with regular reports accounting for the funds in the trust account (with trust account records that meet the GREC requirements). 520-1-.08(9)
- _____ D. Any licensee who is the principal in the sale of interests in real estate 100% owned by the licensee, shall deposit in a trust account:
 - (1) those parts of all payments received on contracts which are necessary to meet any amounts concurrently due and payable on any existing mortgages, contracts for deed or other conveyance instruments, reserves for taxes and insurance, or any other encumbrance on such receipts.
 - (2) such deposits shall be maintained until disbursement is made under the terms of the encumbrance pertaining thereto and proper accounting on such property is made to all entitled parties. 43-40-20(f)
- _____ E. Community association managers, salespersons, or associate brokers who receive security deposits or other trust funds or who receive payments as described in 43-40-20(f) above must deposit those funds in a designated trust account maintained by the broker with whom their licenses are affiliated or on property they own 100%, in a designated trust account approved by that broker. If the affiliated licensee's trust account (owned by the licensee) is approved by the licensee's broker:
 - (1) the broker shall assure that the bank in which the account is maintained designates the account as a trust account, and

(2) the broker shall notify the commission of the name of the bank in which the account is maintained, the number of the account, and the name of the licensee who owns the account (and the licensee's license number). 43-40-20(h)

_____ F. The licensee who owns such trust account shall maintain records according to all the GREC applicable rules and regulations for brokers in maintaining their trust accounts. The licensee who owns the account shall provide to such licensee's broker on at least a quarterly basis a written reconciliation statement comparing the licensee's total trust liability with the reconciled bank balance of the licensee's trust account. 43-40-20(h) and 520-1-.08(9)

(Note: For affiliates who own trust accounts, the Broker should provide instruction to the affiliates on keeping trust account records required by the GREC including the checkbook, trust account journal, bank statements with monthly reconciliation statements, individual property records, etc. The affiliates should submit copies of the records to the Broker at least quarterly and the Broker should maintain the copies for at least three (3) years.)

_____ G. If a licensee who owns a designated trust account files a bankruptcy petition, such licensee shall immediately notify the Commission in writing of the filing of the bankruptcy petition? 520-1-.08(3)(g)

45. **COMPLIANCE OF BROKER'S AFFILIATES ACTING AS PRINCIPALS**

As part of the "Office Practices and Trust Account Review," the Broker is to have EACH of the firm's affiliates complete the attached two page form:

"AFFILIATE NOTIFICATION TO BROKER OF PERSONAL REAL ESTATE ACTIVITIES"

(Note: The three page form is located on the last three pages of this questionnaire after the Broker's signature page and can be copied as needed.)

The "Affiliate Notification to Broker of Personal Real Estate Activities" form should be completed and signed by EACH of the firm's affiliates and are to be submitted to the GREC. The completed forms should be submitted to the GREC with the completed Broker's Questionnaire and other requested documents on or before the due date in the cover letter.

THE BROKER IS TO ANSWER THE QUESTIONS BELOW BASED ON THE INFORMATION FROM THE AFFILIATES' COMPLETION OF THE "AFFILIATE NOTIFICATION TO BROKERS OF PERSONAL REAL ESTATE ACTIVITIES."

- _____ A. Other than the Broker, how many are licensees are affiliated with the firm?
 _____ B. Did each of the affiliated licensees complete the above three page form "AFFILIATE NOTIFICATION TO BROKER OF PERSONAL REAL ESTATE ACTIVITIES"? If no, which affiliates did not and why?

- _____ C. How many of the Associate Brokers in your firm serve as Brokers of other firm(s)?
 _____ D. How many of the firm's affiliates have acted as a principal in the purchase and/or sale of properties in the past year? (Question 1A on form completed by affiliates.)
 _____ E. How many of the firm's affiliates currently have ownership interest in properties other than their primary residence? (Question 1B on the form completed by affiliates.)
 _____ F. How many affiliates participate in the management of those properties outside of the firm? (Question #2B-1 on the form completed by affiliates.)
 _____ G. For the affiliates who are participating in the management of those properties, how many of those affiliates have all of the trust funds for those properties in the firm's trust account(s)? (Question #2B-3a on the form completed by affiliates.)
 _____ H. How many of those affiliates have trust funds for any of those properties held in the firm's trust account(s)? (Question #2B-3a on the form completed by affiliates.)

I. **LICENSEE OWNED TRUST ACCOUNTS**

(1) For the affiliates who participate in managing the properties in which they have ownership interest, how many affiliates have trust accounts for holding all or some of the trust funds related to those properties?

(2) For the affiliates who have trust accounts:

(a) How many of the firm's affiliate trust accounts are currently registered with the GREC? List the currently registered affiliate trust accounts below:

Bank Name	Last 4 digits/Acct #	Affiliate Name/License #

(Attach additional pages if needed.)

(b) How many of the firm's affiliate trust accounts are not registered with the GREC?
 (c) Of those trust accounts not yet registered with the GREC, how many of the trust accounts have been approved by you to be registered with the GREC? List those approved trust accounts below and COMPLETE THE GREC TRUST ACCOUNT REGISTRATION FORM (for Firms) which can be found on the GREC website.

Submit the trust account registration forms to the GREC with the questionnaire and requested documents.

Note: When affiliates leave a firm, the registered trust accounts belonging to those affiliates should be removed from the firm's trust account records with the GREC.

BROKERS MUST COMPLETE THIS SECTION

I HEREBY CERTIFY THAT I HAVE ANSWERED THE PREVIOUS QUESTIONS COMPLETELY AND TRUTHFULLY TO THE BEST OF MY KNOWLEDGE ON THIS DATE. INCLUDED WITH THIS COMPLETED QUESTIONNAIRE ARE THE FOLLOWING REQUESTED DOCUMENTS WHICH I HAVE REVIEWED FOR COMPLIANCE WITH THE GREC REQUIREMENTS:

- _____ 1. This completed Questionnaire;
- _____ 2. The Firm's Letterhead and the Broker's Business Card;
- _____ 3. A typical broker/affiliate agreement used by the firm (independent contractor agreement);
- _____ 4. Trust account bank statements and records for EACH of the firm's trust accounts to include:
 - _____ a. trust account bank statements (all pages) for the last six (6) months;
 - _____ b. complete monthly reconciliation statements attached to each bank statement;
 - _____ c. trust account journal pages for each trust account for the last six (6) months; and
- _____ 5. Complete copy of last two (2) sales contracts with closing statements closed within the past two (2) years;
- _____ 6. Two most recent leases on properties managed by the firm with:
 - _____ a. property management agreements between the firm and owners of the two leased properties and
 - _____ b. most recent statements of property income & expenses sent to each of the two property owners
- _____ 7. "AFFILIATE QUESTIONNAIRE AND NOTIFICATION TO BROKER OF PERSONAL REAL ESTATE ACTIVITIES" completed by EACH of the firm's affiliates with lists of properties in which affiliates have "ownership interest". Include completed GREC Trust Account forms to register Broker approved trust accounts belonging to the firm's affiliates.

BROKER'S SIGNATURE: _____ DATE: _____

PRINT BROKER'S NAME: _____ BROKER'S LICENSE # _____

BROKER'S CELL PHONE # _____ OFFICE PHONE # _____ FAX # _____

BROKER'S EMAIL _____

CURRENT FIRM ADDRESS (LOCATION):

CURRENT FIRM MAILING ADDRESS:

CURRENT BROKER'S ADDRESS:

****THE INFORMATION PROVIDED ABOVE WILL BE USED TO UPDATE THE GREC RECORDS.****

AFFILIATE NOTIFICATION TO BROKER OF PERSONAL REAL ESTATE ACTIVITIES

NAME OF BROKER: _____ LIC # _____

NAME OF FIRM: _____ FIRM # _____

NAME OF AFFILIATE: _____ LIC # _____

_____ Salesperson _____ Associate Broker _____ Community Association Manager

List below any firms with firm number for which you currently act as Broker.

Firm Name: _____ Lic # _____

Firm Name: _____ Lic # _____

_____ Are you licensed in another state? _____ If so, which state(s)? _____ Lic # _____

PURPOSE: This 3 page form is to be completed by the firm's affiliates as a method of notification to the Broker in compliance with GREC Rule 520-1-.11(1) which states: "No licensee shall be permitted to list, sell, buy, exchange, rent, lease, or option or offer to list, sell, buy, exchange, rent, lease, or option real estate, either in individual or multiple parcels, in the licensee's own name or in the name of any other firm or entity in which the licensee is an officer, employee, beneficiary, or member of such firm or other entity acting as principal without first advising, in writing, the broker for whom the real estate licensee is acting."

1. LICENSEE OWNED PROPERTIES (Attach extra pages as needed.)

A. Within the past year, have you purchased and/or sold any properties in which you had ownership interests? ("Properties" include but are not limited to a second home, residential rental property, commercial rental property, income producing farmland/woodlands, etc.)

_____ YES _____ NO

(1) If "Yes," describe each property you purchased or sold.

(2) If "Yes," where was the earnest money held that was associated with the purchase or sale of each property? _____

B. Currently, are there any properties (other than the primary home in which you currently reside) in which you have "ownership interest"? See item (4) below for explanation of "ownership interest".

_____ NO If "No" skip to Question #3

_____ YES If "Yes," COMPLETE ATTACHED FORM TO LIST PROPERTIES IN WHICH LICENSEE HAS OWNERSHIP INTEREST AND INCLUDE INFORMATION LISTED BELOW:

- (1) Complete street address of each property,
- (2) County in which each property is located,
- (3) Type of property (single family residence, apartment complex, condo unit, commercial building, industrial warehouse, shopping center, vacation home, vacant land, farmland, etc.)
- (4) Description of licensee's "ownership interest" in each property (to include but not limited to sole owner, co-owner, member of an LLC that owns the property, officer of Corporation that owns the property, stockholder in a company that owns the property, partner in a Partnership that owns the property, etc.)

2. MANAGEMENT OF PROPERTIES IN WHICH LICENSEE HAS OWNERSHIP INTEREST

A. The properties listed above in which you have ownership interest are (check all that apply):

- (1) rental properties (whether or not currently rented/leased),
- (2) properties for sale now or held to be sold at a later time,
- (3) other _____

B. For properties in which you have ownership interest that are rented/leased:

(1) Do you participate in the management of any of the rental properties outside of the firm?

(2) If "Yes," describe your management participation including but not limited to leasing the properties, collecting security deposits, collecting rents, maintenance, etc.

(3) If you do participate in the management of any of the rental properties:

(a) Where are the security deposits deposited and held?

(b) Where are the rental payments deposited?

(4) If you do not participate in the management of the rental properties:

(a) Who manages the rental properties?

(b) Where are Security Deposits deposited and held?

(c) Where are rental payments deposited?

3. TRUST ACCOUNT OWNED BY LICENSEE

A. Do you currently own a trust account? YES NO

B. If "Yes", list the name of the financial institution/bank and the last 4 digits (only) of the trust account(s):

C. If "Yes", is the trust account designated by the bank as a "trust" or "escrow" account? _____

D. Has the above trust account(s) been approved by your current Broker and registered with the GREC?

E. Have you owned a trust account in the past? (other than that listed above) YES NO

If "Yes," is that trust account closed? _____

4. LICENSEE'S AFFIDAVIT

I certify that I have truthfully answered the questions above and submitted to my affiliated Broker complete and accurate information as requested herein.

Print Licensee's Name _____ License # _____

Signature of Licensee _____ Date _____

Contact Information: Email _____

Cell Phone # _____ Office Phone # _____

Notification to Broker Page 3 of 3

THIS FORM IS TO BE USED BY LICENSEES TO LIST ALL PROPERTIES IN WHICH THE LICENSEE HAS
"OWNERSHIP INTEREST" - MAKE COPIES AS NEEDED

____ COMPLETE ADDRESS OF PROPERTY AFFILIATE'S OWNERSHIP INTEREST

COUNTY IN WHICH PROPERTY IS LOCATED: _____
THE PROPERTY DEED IS RECORDED IN DEED BOOK # _____, PAGE # _____

____ COMPLETE ADDRESS OF PROPERTY AFFILIATE'S OWNERSHIP INTEREST

COUNTY IN WHICH PROPERTY IS LOCATED: _____
THE PROPERTY DEED IS RECORDED IN DEED BOOK # _____, PAGE # _____

____ COMPLETE ADDRESS OF PROPERTY AFFILIATE'S OWNERSHIP INTEREST

COUNTY IN WHICH PROPERTY IS LOCATED: _____
THE PROPERTY DEED IS RECORDED IN DEED BOOK # _____, PAGE # _____

____ COMPLETE ADDRESS OF PROPERTY AFFILIATE'S OWNERSHIP INTEREST

COUNTY IN WHICH PROPERTY IS LOCATED: _____
THE PROPERTY DEED IS RECORDED IN DEED BOOK # _____, PAGE # _____

____ COMPLETE ADDRESS OF PROPERTY AFFILIATE'S OWNERSHIP INTEREST

COUNTY IN WHICH PROPERTY IS LOCATED: _____
THE PROPERTY DEED IS RECORDED IN DEED BOOK # _____, PAGE # _____

C1 - BASIC TRUST ACCOUNT RECORDS & TUTORIAL

OUTLINE OF CONTENT

- I. OVERVIEW OF TRUST ACCOUNT RECORDS REQUIRED BY THE GREC**
 - A. TRUST ACCOUNT REQUIREMENTS**
 - B. TYPES OF TRUST ACCOUNTS**
 - C. REQUIRED TRUST ACCOUNT RECORDS**

- II. TRUST ACCOUNT CHECKBOOK, TRUST ACCOUNT JOURNAL AND INDIVIDUAL PROPERTY RECORDS**
 - A. EXAMPLE #1 – TRUST ACCOUNT USED FOR EARNEST MONEY**
 - STEP 1 - TRUST ACCOUNT CHECKBOOK**
 - STEP 2 - THE TRUST ACCOUNT JOURNAL**
 - STEP 3 - INDIVIDUAL PROPERTY RECORDS**
 - B. TYPES OF TRUST ACCOUNTS**
 - 1. PROPERTY MANAGEMENT**
 - 2. EARNEST MONEY DEPOSITS, SECURITY DEPOSITS AND PET DEPOSITS**
 - 3. OTHER TRUST ACCOUNTS**

- III. TRUST ACCOUNT BANK STATEMENTS, CHECKBOOK & MONTHLY RECONCILIATION STATEMENTS**
 - A. TRUST ACCOUNT CHECKBOOK**
 - B. TRUST ACCOUNT BANK STATEMENTS**
 - C. MONTHLY RECONCILIATION STATEMENTS**

I. OVERVIEW OF TRUST ACCOUNT RECORDS REQUIRED BY THE GREC

A. TRUST ACCOUNT REQUIREMENT (Note that the GREC rules/regulations are printed in italics.)

43-40-20(a) states in part: Each broker who accepts down payments, earnest money deposits, security deposits, rents, association fees, or other trust funds in a real estate brokerage transaction or whose affiliated licensees accept such trust funds shall maintain a separate, federally insured account at a financial institution in this state which shall be designated a trust or escrow account wherein all down payments, earnest money deposits, or other trust funds received by the broker or the broker's affiliated licensees, on behalf of a principal or any other person, shall be deposited.

NOTE: Prior to the above update of 43-40-20(a) above in mid 2015, trust accounts were required to be “bank checking accounts”. The updated requirement is that a trust account can be a “federally insured account at a financial institution” in Georgia.

B. TYPES OF TRUST ACCOUNTS

A broker may maintain more than one trust account. A small firm that sells and manages real estate and has limited activity may have only one trust account to hold earnest money, security deposits, rents, etc. Larger firms will generally have separate trust accounts for earnest money, security deposits, and rents.

C. REQUIRED TRUST ACCOUNT RECORDS

The trust account records required for each trust account are the Trust Account Checkbook (sometimes called Check Register), the Trust Account Journal, and Individual Property Records.

II. TRUST ACCOUNT CHECKBOOK, TRUST ACCOUNT JOURNAL AND INDIVIDUAL PROPERTY RECORD

The relationship between the trust account checkbook (STEP 1), the trust account journal (STEP 2) and individual property cards (STEP 3) can be as simple as shown in the example below.

A. EXAMPLE #1 – TRUST ACCOUNT USED FOR EARNEST MONEY

STEP 1 - TRUST ACCOUNT CHECKBOOK (sometimes called check register)

Trust account records begin with the trust account checkbook. The checkbook is the first place where information is recorded of deposits made, checks written and electronic transfers (in and out). Because of limited space in the traditional checkbook, the information recorded is usually brief and incomplete. The trust account checkbook example below shows brief/abbreviated information about each deposit, each check and each electronic transfer into or out of the trust account. The same information should be recorded for traditional checks as well as electronic checks.

FIRM NAME: SUPER LAND AND HOMES

TRUST ACCOUNT: BANK OF GIBRALTER #30003-1886

PURPOSE: HOLD EARNEST MONEY

Assume that at the end of February, the trust account held \$3,145.00 which consisted of

- On 1/15/13 - \$1,000.00 earnest money deposit (check #783) on 305 Valley Drive** from Tom Houston
- On 1/25/13 - \$ 100.00 earnest money deposit (cash) on 231 Oak Street from Joe Smith
- On 2/3/13 - \$1,500.00 earnest money deposit (check #99) on 1967 Chandler Circle** from Mary Watson
- On 2/21/13 - \$ 400.00 earnest money deposit (money order #2398754) on 333 Sophie Lane from Jay & Julie Roberts
- \$ 145.00 Broker's Funds (to cover bank service charge of \$15.00 per month)

<u>Balance in checkbook end of Feb + beginning of March</u>	\$3,145.00
<u>Check #1203</u>	\$ 100.00
Date: 3/1	
To: Joe Smith	
For: Return EM Oak St.	
Balance after check #1203 -----	\$3,045.00
=====	
<u>Deposit(of check # 1503 from Simmons)</u>	\$ 500.00
Date: 3/5	
From: Andrea Simmons	
For: EM – Main St.	
Balance after deposit -----	\$3,545.00
=====	
<u>Deposit – Elec.Transfer</u>	\$1,000.00
Balance after Elec. Transfer-----	\$4,545.00
Date: 3/7	
From: Jackson	
For: EM – Lakeside Dr.	
=====	
<u>Check #1204</u> -----	(\$1,500.00)
Date: 3/10	
To: Mary Watson	
For: Return EM (no loan)	
Balance after check #1204-----	\$3,045.00
=====	
<u>Elec. Transfer to CI Attorney</u> -----	\$1,000.00
Date: 3/21	
To: CI Attorney	
For: Close – 305 Valley Dr.	
Balance after electronic transfer out -----	\$2,045.00
=====	
<u>Deposit (of check #957 from Davis)</u> -----	\$ 700.00
Date 3/30	
From: Janice Davis	
For: EM for 1800 Forest Way – Unit 15	
Balance after deposit -----	\$2,745.00 <u>BALANCE END OF MARCH</u>

Each activity in the trust account checkbook (STEP 1) is next recorded in the trust account journal (STEP 2). The checkbook activity shown on the previous page should be recorded in the trust account journal in order by date along with more details as shown by the examples shown below in STEP 2).

STEP 2 - THE TRUST ACCOUNT JOURNAL (sometimes called trust account ledger)

520-1-.08(2)(a) Every broker required by O.C.G.A. Section 43-40-22 to maintain a trust or escrow account shall maintain an accounting system in which each trust or escrow deposit is detailed in the following manner:

- 1. Names of buyer and seller or tenant and landlord or member and community association or broker.***
- 2. Amount and date of deposit.***
- 3. Identification of the property involved.***
- 4. The amount, payee and date of each check drawn on the escrow account in connection with that deposit. (Also note the reason for the check such as “closing”, “contract did not close”, etc.)***

520-1-.08(2)(b) Licensees may meet the accounting requirements of this or any other Commission rule with either manual or electronic accounting systems as the efficiency of the firm’s business operations dictate. However, whether a manual or electronic, the accounting system must:

- 1. Include all the components required by law and sound business practices,***
- 2. be readily accessible,***
- 3. be in a readily understandable format, and***
- 4. be reasonably available to any authorized representative of the Commission.***

Record all of the activity in the trust account checkbook in the trust account journal. The trust account journal is used to record in detail in order by date the activity from the trust account checkbook. The trust account journal provides the space to record all details related to each deposit (money in by check, cash, or electronic transfer) and each disbursal (money out by check or electronic transfer). (Other information added to the trust account journal may be bank fees, NSF fees, bounced checks, etc-- some of which will be discussed in the section on monthly reconciliation statements.)

THERE ARE MANY CHARTS AND FORMS USED FOR THE TRUST ACCOUNT JOURNAL. The Journal may be "VERTICAL" (using the computer "portrait" page layout) OR "HORIZONTAL" (using the computer "landscape" page layout). In the past, there were many forms recommended that had preset blocks for each category of information related to trust account deposits and disbursements. Usually only one line was allotted to record each deposit or disbursement. More recent trust account journals should have space for all of the information required and for any notes needed to describe the purpose of the deposit or disbursement as well as any other needed information. The journal can be as simple as that typed below using headings and columns without preset "boxes". Any preset journal form should have the flexibility to allow the use of several lines for each deposit or disbursement in order to enter complete information and notes. Leaving spaces between entries makes the journal easier to read. The journal may be handwritten, typed or computer generated using one of the many computer programs available.

EACH JOURNAL PAGE SHOULD HAVE THE FIRM NAME, THE BANK NAME WITH ACCOUNT NUMBER & THE PURPOSE OF THE TRUST ACCOUNT.

FIRM NAME: SUPER LAND AND HOMES

TRUST ACCOUNT: BANK OF GIBRALTER #30003-1886

PUPPOSE OF TRUST ACCOUNT: To hold earnest money deposits

ACCOUNT
BALANCE

<u>MARCH 2013 BELOW</u>			<u>TRUST ACCOUNT BALANCE AT END OF FEB-----</u>		<u>\$ 3,145.00</u>	
<u>DATE</u>	<u>PROPERTY ADDRESS & NOTES</u>	<u>TO/FROM</u>	<u>DEPOSIT</u>	<u>CHECK</u>	<u>AMOUNT</u>	
3/1/13	231 Oak Street Centerville, GA 32458 Return of Earnest Money Buyer's loan denied	To Joe Smith		#1203	(\$ 100.00)	\$ 3,045.00
3/5/13	3400 Main Street Sandy Run, GA 39007 Earnest Money	From Andrea Simmons (Check #1503)	\$ 500.00			\$ 3,545.00
3/7/13	921 Lakeside Drive Watertown, GA 32888 Earnest Money	From James Jackson (Elec.Transfer #00003987 from Bank of Dallas	\$1,000.00			\$ 4,545.00
3/10/13	1967 Chandler Circle** Carmen, GA 39765 Return of Earnest Money Appraisal too low for loan	To Mary Watson		#1204	(\$1,500.00)	\$ 3,045.00
3/21/13	305 Valley Drive** Greer, GA 34501 Closing	To Harris & Abrams Closing Attorney (Elec. Transfer #912877 To Bank of North GA		Elec. Trans.	(\$1,000.00)	\$ 2,045.00
3/30/13	1800 Forest Way – Unit 15 Woodland, GA (Condo unit at Dream Forest development) Earnest Money	From Janice Davis (Check #957)	\$ 700.00			\$ 2,745.00
			<u>TRUST ACCOUNT JOURNAL BALANCE AT END OF MARCH -----</u>		<u>\$ 2,745.00</u>	
<u>APRIL 2013</u>			<u>BEGIN WITH THE TRUST ACCOUNT BALANCE AT END OF MARCH -----</u>			<u>\$2,745.00</u>

PROCEED WITH THE JOURNAL BY ENTERING EACH DEPOSIT AND DISBURSAL OF TRUST FUNDS AS SHOWN ON THE CHECKBOOK. ADD NEEDED DETAILS SUCH AS THOSE SHOWN ABOVE.

** SEE INDIVIDUAL PROPERTY RECORDS ON 305 VALLEY DRIVE AND 1967 CHANDLER CIRCLE IN STEP 3.

STEP 3 - INDIVIDUAL PROPERTY RECORDS (sometimes called sub journal, sub ledger, or property card)

Each deposit and disbursement in the trust account checkbook (STEP 1) and then recorded in the trust account journal (STEP 2) is related to an individual property (other than bank fees, interest earned and broker's funds). Once the information on a property is recorded in the trust account journal as shown in the journal example above, the information should next be recorded in the appropriate individual property record (STEP 3). Each and every property should have an individual property record.

520-1-.08(3)(f) The total of all checks written against each deposit should reflect a zero balance in the designated escrow or trust account relating to the closing of each individual transaction except when a portion of the deposit is transferred to the broker's name for the purpose of satisfying a commission. When such a transfer is made, the total of that transfer and all checks written against that deposit should reflect a zero balance.

Individual property records are required in order to keep track of trust funds related to each property sold, leased, etc. Detailed information kept on individual property records show the amount of trust funds related to each property, how/when the trust funds are disbursed, and for what reason. The individual property record will reflect a zero balance [in compliance with 520-1-.08(3)(f) above] when all of the trust funds are disbursed.

Individual property records should always identify the financial institution and account number of the trust account(s) in which the trust funds are held. The property record on a rental property may show the rents being held in a rental trust account and the security deposit held in a separate trust account for security deposits.

BELOW ARE SEVERAL EXAMPLES OF INDIVIDUAL PROPERTY RECORDS USING THE INFORMATION FROM THE STEP 2 TRUST ACCOUNT JOURNAL

=====

INDIVIDUAL PROPERTY RECORD (for 305 Valley Drive)

305 VALLEY DRIVE Contract Acceptance Date: _____
 GREER, GA 34501 Closing Date: _____

Seller's Name: _____ Buyer's Name: Tom Houston
 Contact Phone Numbers: _____ Contact Phone Numbers: _____

1/15/13	Earnest Money Deposit from Tom Houston ----- (Copy of earnest money check # _____ attached)	\$1,000.00
3/21/13	Closing Date – earnest money sent to closing attorney (Harris & Abrams)----- By Elec. Transfer #912877 to Bank of North GA	-\$1,000.00
	Balance of trust funds held -----	0

TRUST FUNDS ARE HELD IN TRUST ACCOUNT # _____ @ Name of Financial Institution

THE PROPERTY RECORD IS USUALLY AT LEAST ONE WHOLE PAGE WITH SPACE FOR EXTRA NOTES.

=====

INDIVIDUAL PROPERTY RECORD (for 1967 Chandler Circle)

1967 CHANDLER CIRCLE Contract Acceptance Date: _____
 CARMEN, GA 39765 Closing Date: _____

Seller's Name: _____ Buyer's Name: Mary Watson
 Contact Phone Numbers: _____ Contact Phone Numbers: _____

2/3/13	Earnest Money Deposit from Mary Watson ----- (Copy of earnest money check # _____ attached)	+\$1,500.00
3/10/13	Earnest Money returned to Mary Watson ----- Check #1204 (copy attached)	-\$1,500.00
	Balance of trust funds held -----	0

TRUST FUNDS ARE HELD IN TRUST ACCOUNT # _____ @ Name of Financial Institution

NOTE: Appraisal too low for loan approval. No closing.

B. TYPES OF TRUST ACCOUNTS

1. PROPERTY MANAGEMENT – THE TRUST ACCOUNT FOR PROPERTY MANAGEMENT WILL ALWAYS HAVE MORE ACTIVITY BECAUSE:

- a. Rents are being deposited monthly for each of the properties managed. Tenants may pay late fees and/or pay the monthly rent in partial payments. Rents are paid in cash, by check, by money order, bank card, electronic transfers, etc.**
- b. Rents taken in are usually paid out monthly according to the terms of the written property management agreement between the broker and the property owner. The terms may simply state that the broker is paid a management fee and the property owner is paid the remainder of the rent monthly. The property management agreement terms may have the broker paying mortgage payments, property taxes and/or insurance on behalf of the owner.**
- c. The trust account may also hold “owner deposits” of money for repairs or improvements to a property being managed by the firm. When repairs are needed, the money used for the repairs must be money credited to the owner of that property (rents and/or “owner deposits” for repairs). (The property management agreement should contain terms describing the broker’s responsibilities for having repairs done and how the repairs will be paid for.)**
- d. In addition to repairs, other expenses that may be paid from the rental trust account may be legal fees to have nonpaying tenants move from the property, maintenance fees, cleaning fees, etc. The property management agreement should address how the broker pays these fees and any other expenses related to the property.**

When a firm manages property, it is recommended that the firm have a separate trust account for rents because of the amount of activity each month within a trust account holding rents. Firms that manage a large number of properties will usually have computerized trust account records. The complexity of the computerized records will be determined by the needs of the firm and the use of sound business practices

2. EARNEST MONEY DEPOSITS, SECURITY DEPOSITS, AND PET DEPOSITS

The trust account example detailed earlier held earnest money deposits. A similar format could be used to set up a trust account for security deposits and/or pet deposits.

3. TRUST ACCOUNTS FOR OTHER PURPOSES

DEPENDING ON THE NEEDS OF THE FIRM AND THE VOLUME OF REAL ESTATE TRANSACTIONS, THE FIRM MAY HAVE SEPARATE TRUST ACCOUNTS FOR:

- a. Earnest money, security deposits and/or pet deposits
- b. Rents
- c. Prepaid rents
- d. Association fees/dues
- e. Owner deposits for future expenses (repairs, mortgage payments, taxes, insurance, etc.)
- f. Down payments
- g. Payments on land contracts or wraparound mortgages
- h. Any funds paid in advance to be paid as a condition of a real estate transaction

ALTHOUGH THE COMPUTERIZED TRUST ACCOUNT RECORDKEEPING SYSTEM MAY BE COMPLEX, THE TRUST ACCOUNT RECORDS MUST CONTAIN THE BASIC ELEMENTS REQUIRED BY THE GREC AND DESCRIBED HEREIN. THE BROKER MUST BE ABLE TO PRINT TRUST ACCOUNT RECORDS FROM THE COMPUTERIZED SYSTEM THAT CONTAIN ALL OF THE REQUIRED ELEMENTS. THE PRINTOUTS MUST BE CLEAR AND EASILY UNDERSTOOD. EVEN THOUGH THE TRUST ACCOUNT RECORDS ARE COMPUTERIZED, THE BROKER SHOULD KEEP PAPER COPIES OF TRUST ACCOUNT RECORDS ALONG WITH THE COMPUTERIZED RECORDS FOR AT LEAST THREE YEARS.

III. TRUST ACCOUNT BANK STATEMENTS, CHECKBOOK & MONTHLY RECONCILIATION STATEMENTS

A. TRUST ACCOUNT CHECKBOOK

The trust account checkbook (check register) should be kept updated with the information on each check written, each electronic transfer in or out, and each deposit entered into the checkbook at the time of such activity.

B. TRUST ACCOUNT BANK STATEMENTS

1. The trust account bank statements should be separate bank statements showing only information on a single trust account. (Some banks will combine a firm's operating account and/or other trust accounts on the same bank statement but statements should be separate.)
2. The trust account bank statement will usually show the activity in the account from the beginning of the month usually until the last day of the month. The statement will show the beginning balance and the ending balance (usually on the last day of the month).
3. The bank statement will show deposits, checks cleared, electronic transfers, bank fees, account balances on different dates during the month, interest earned for interest bearing accounts, returned checks, etc.

C. MONTHLY RECONCILIATION STATEMENTS

1. REQUIREMENTS

520-1-08(6) Monthly Reconciliation of Trust Accounts. A broker required to maintain a trust or escrow account shall cause to be made, at least monthly, a written reconciliation statement comparing the broker's total trust liability with the reconciled bank balance(s) of the broker's trust account(s). The broker's trust liability is the sum total of all deposits received, required by contract to deposit, and being held by the broker at any point in time.

The minimum information to be included in the monthly reconciliation statement shall be
the date the reconciliation was undertaken,
the date used to reconcile the balances,
the name of the bank(s),
the name(s) of the account(s),
the account number(s),
the account balance(s) and date(s) [of the balances],

*any deposit(s) in transit,
the amount of any outstanding check(s) identified by date and check number,
an itemization of the broker's outstanding trust liability showing the amount and source of
funds received and not yet disbursed, and
other items necessary to reconcile the bank account balance(s) with the balance in the
broker's checkbook(s) and with the amount of the broker's trust liability.
The broker shall review the monthly reconciliation statement and maintain copies in the
broker's files for a period of three years.*

- (a) Whenever the trust liability and the bank balances do not agree, the reconciliation shall contain a description or explanation for the difference(s) and any corrective action(s) taken with reference to shortages or overages of funds in the account(s). Whenever a trust bank account record reflects a service charge or fee for a non-sufficient check being returned or whenever an account has a negative balance, the reconciliation statement shall disclose the cause(s) of the returned check or negative balance and the corrective action(s) taken.*

2. SUGGESTED FORM – TRUST ACCOUNT MONTHLY RECONCILIATION STATEMENT

The next two pages contain a suggested monthly reconciliation statement form. Any form or printout used by the Broker for monthly reconciliation of the trust account(s) must have all of the elements found in the suggested form.

(SEE C2 FOR THE TWO PAGE SUGGESTED MONTHLY RECONCILIATION STATEMENT.)

REVIEW AND INSTRUCTION

C2 --TRUST ACCOUNT MONTHLY RECONCILIATION STATEMENT

FIRM NAME: _____ FOR MONTH/YEAR: _____

TITLE ON TRUST ACCOUNT BANK STATEMENT: _____

BANK NAME: _____ ACCOUNT NO: _____

TRUST ACCOUNT USED FOR: _____

DATE OF RECONCILIATION: _____ PREPARED BY: _____

BANK STATEMENT INFORMATION

Ending Date on Bank Statement _____

Ending Balance on Statement \$ _____

ADD

DEPOSITS NOT LISTED ON STATEMENT BUT LISTED IN CHECKBOOK ON/BEFORE DATE ABOVE

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

TOTAL (A) -----> \$ _____

SUBTRACT TOTAL CHECKS (B) NOT YET CLEARED BUT WRITTEN FROM CHECKBOOK ON OR BEFORE ENDING DATE ABOVE

CHECK NUMBER (B) AMOUNT

_____ \$ _____

_____ \$ _____

_____ \$ _____

_____ \$ _____

TOTAL (B) -----> \$ _____

SUBTRACT TOTAL (B) FROM TOTAL (A)

TO GET TOTAL (C) -----> \$ _____

CHECKBOOK INFORMATION

Date in Checkbook _____

(Use same date as Ending Date on Bank Statement)

Balance on Date Above \$ _____

ADD

DEPOSITS, INTEREST, ETC. NOT IN CHECKBOOK BUT LISTED ON BANK STATEMENT

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

TOTAL (D) -----> \$ _____

SUBTRACT TOTAL CHARGES (E) LISTED ON BANK STATEMENT BUT NOT IN CHECKBOOK (BANK CHARGES, RETURNED CHECKS, ETC.)

ITEM (E) AMOUNT

_____ \$ _____

_____ \$ _____

_____ \$ _____

_____ \$ _____

TOTAL (E) -----> \$ _____

SUBTRACT TOTAL (E) FROM TOTAL (D)

TO GET TOTAL (F) -----> \$ _____

THE TWO TOTALS (C) AND (F) ABOVE SHOULD BE EQUAL.

AFTER THE BALANCES ON THE BANK STATEMENT AND CHECKBOOK HAVE BEEN COMPARED AND RECONCILED ABOVE WITH EQUAL AMOUNTS SHOWING IN (C) AND (F), THE NEXT STEP (ON PAGE 2) IS TO COMPARE THE BROKER'S TOTAL "TRUST LIABILITY" WITH THE RECONCILED BANK BALANCE.

RULE 520-1-.08(6) STATES IN PART: "THE BROKER'S TRUST LIABILITY IS THE SUM TOTAL OF ALL DEPOSITS RECEIVED, REQUIRED BY CONTRACT TO DEPOSIT, AND BEING HELD BY THE BROKER AT ANY POINT IN TIME." THE "POINT IN TIME" ABOVE IS THE BANK STATEMENT ENDING DATE.

BELOW IS A DETAILED LIST OF TRUST FUNDS THAT SHOULD BE IN THE TRUST ACCOUNT (“BROKER’S TRUST LIABILITY”) AS OF THE ENDING DATE OF THE BANK STATEMENT ABOVE. ENTER COMPLETE PROPERTY ADDRESSES AND WHOLE NAMES OF THE OWNER(S) OF THE TRUST FUNDS. ADD SPACE AND PAGES AS NEEDED.

<u>OWNER(S) OF TRUST FUNDS</u>	<u>DATE IN</u>	<u>WHOLE PROPERTY ADDRESS</u>	<u>AMOUNT HELD</u>
1. _____	_____	_____	\$ _____
_____	_____	_____	_____
2. _____	_____	_____	\$ _____
_____	_____	_____	_____
3. _____	_____	_____	\$ _____
_____	_____	_____	_____
4. _____	_____	_____	\$ _____
_____	_____	_____	_____
5. _____	_____	_____	\$ _____
_____	_____	_____	_____
6. _____	_____	_____	\$ _____
_____	_____	_____	_____
7. _____	_____	_____	\$ _____
_____	_____	_____	_____
8. _____	_____	_____	\$ _____
_____	_____	_____	_____
9. _____	_____	_____	\$ _____
_____	_____	_____	_____
10. _____	_____	_____	\$ _____
_____	_____	_____	_____

TOTAL OF ABOVE TRUST FUNDS HELD (G)----- \$ _____

FROM PAGE 1 -TOTAL AMOUNT IN ACCOUNT (F) ----- \$ _____

TO GET AMOUNT OF “BROKER’S FUNDS” IN ACCOUNT
 SUBTRACT (G) FROM (F) ----- \$ _____

(The Broker should always keep extra funds in the account to cover bank fees, etc.)

WHEN FURTHER EXPLANATION IS REQUIRED BY THE COMMISSION

GREC RULE 520-1-.08(6)(b) states *“Whenever the trust liability and the bank balances do not agree, the reconciliation statement shall contain a description or explanation for the difference(s) and any corrective action(s) taken with reference to shortages or overages of funds in the account(s). Whenever a trust bank account record reflects a service charge or fee for a non-sufficient check being returned or whenever an account has a negative balance, the reconciliation statement shall disclose the cause(s) of the returned check or negative balance and the corrective action(s) taken.”*

D. SEE THE GREC WEBSITE FOR THESE AND OTHER BROKER RESOURCES

www.grec.state.ga.us

I. CLASSES SPONSORED BY THE GREC (EARN CE CREDIT!)

A. THREE COURSES ONLINE AT THE GREC WEBSITE

1. "Practicing Real Estate & Staying Out of Trouble"
2. "Being a Broker and Staying Out of Trouble"
3. "Avoiding Trust Account Trouble"

B. BROKERAGE AND TRUST ACCOUNT CLASSES

1. "Brokerage and Trust Account Class"
2. "You Can't Fix Stupid (But We Can Work With Ignorance)"

The classes are offered in different locations across the state.

See recent issues of GREC RENEWS for class dates and locations.

II. BROKER PREPARATION FOR GREC "OFFICE PRACTICES AND TRUST ACCOUNT REVIEW" a/k/a "OFFICE EXAM"

The GREC conducts routine "Office Practices and Trust Account Reviews" on hundreds of firms each year to insure that the firms are in compliance with the license laws related to trust accounts and office practices. See the GREC website at the bottom of the home page for "Office Practices and Trust Account Review" which describes the routine review process and contains the current questionnaires and forms used in the review by the GREC. The information can be used by Brokers to review their current office and trust account practices and prepare for a possible GREC "Office Practices and Trust Account Review" in the future. (The GREC rules and regulations reviewed in the questionnaire relate only to selected office practices and trust account requirements. GREC rules and regulations can be accessed through the GREC website as indicated in Section IV below.)

III. GEORGIA REAL ESTATE INFOBASE 2012

The Georgia Real Estate Infobase 2012 provides 58 specific chapters related to the practice of real estate in Georgia and to the GREC rules and regulations. The site can be accessed through the GREC website at <https://www.grec.state.ga.us/infobase/infobase.html>

IV. GREC RULES AND REGULATIONS AND LICENSE LAW ON THE GREC WEBSITE

See the next two pages for directions to access the rules and regulations and license law.

FIND THE GREC RULES AND REGULATIONS AND LICENSE LAW ON THE GREC WEBSITE www.grec.state.ga.us

ON THE GREC WEBSITE HOME PAGE, A LIST OF CHOICES (QUICK LINKS) WILL SHOW ON THE LEFT SIDE OF THE PAGE IN A GRAY BOX. SCROLL DOWN AND CLICK ON “REAL ESTATE LICENSE LAW” NEAR THE BOTTOM OF THE LIST. THIS WILL BRING UP A PAGE SHOWING THE FOLLOWING INFORMATION:

LICENSE LAW (See the next page for directions to access LICENSE LAW)
Title 43 Chapter 40

***Link is provided here on website to PURCHASE the most recent book edition:

“GEORGIA REAL ESTATE LICENSING AND APPRAISER LAWS AND REGULATIONS ANNOTATED”

OTHER RELATED LAWS

With a list beginning with

Title 10 Chapter 6A Brokerage Relationships in Real Estate Transactions Act (BRRETA)
and ending with

Title 48 Chapter 13 Section 17 Levy of License

RULES AND REGULATIONS (Simply click on the Chapter for detailed rules/regs)

Chapter 520 – 1* Licensure and Brokerage

Chapter 520 – 2* Standards for Real Estate Courses

Chapter 520 – 4* Procedural Rules

Chapter 520 – 5* Standards for Contracts for Education or Research

*Office of Secretary of State electronic version of the Rules & Regulations of Georgia.

APPENDIX

Comparison Guide to the Reorganized Rules Chapter 520-1

NOTE:

THE RULES AND REGULATIONS REFERENCED IN THE GREC “OFFICE PRACTICES AND TRUST ACCOUNT REVIEW” QUESTIONNAIRE ARE FROM Chapter 520-1 Licensure and Brokerage (listed above).

THE LICENSE LAWS REFERENCED IN THE GREC “OFFICE PRACTICES AND TRUST ACCOUNT REVIEW” QUESTIONNAIRE ARE FROM Title 43 Chapter 40.

SEE THE NEXT PAGE FOR DIRECTIONS TO ACCESS “LICENSE LAW Title 43 Chapter 40

LICENSE LAW

Title 43 Chapter 40

AFTER FOLLOWING DIRECTIONS ON THE PREVIOUS PAGE TO ACCESS THE LICENSE LAW

Title 43 Chapter 40, CLICK ON:

LICENSE LAW

Title 43 Chapter 40

THE NEXT PAGE IS TITLED "GEORGIA CODE – FREE PUBLIC ACCESS." READ AND CLICK THE "OK – CLOSE" BOX AT THE BOTTOM OF THE PAGE.

THE FOLLOWING PAGE SHOWS (AFTER A SHORT WAIT) A LIST THAT BEGINS WITH:

TITLE 1. GENERAL PROVISIONS

AND ENDS WITH

TITLE 53. WILLS, TRUSTS, AND ADMINISTRATION OF ESTATES
CONSTITUTION OF THE STATE OF GEORGIA

SCROLL THE SAME PAGE TO FIND AND CLICK IN THE BLUE BOX [+] AT THE LEFT:

TITLE 43. PROFESSIONS AND BUSINESSES

THE NEXT PAGE BRINGS UP THE SUBCATEGORIES OF TITLE 43 WHICH ARE:

CHAPTER 1 THROUGH CHAPTER 53

ON THE SAME PAGE, FIND "CHAPTER 40 REAL ESTATE BROKERS AND SALESPERSONS".

CLICK IN THE BLUE BOX [+] AT THE LEFT WHICH BRINGS UP THE SUBCATEGORIES OF:

43-40-1 THROUGH 43-40-32

SPECIFIC LICENSE LAWS CAN BE FOUND BY CLICKING ON THE UNDERLINED BLUE PRINT.

RESOURCES FOR LICENSE LAW UPDATES

The GREC provides several sources to keep current on changes in the License Law:

1. Each year, the February issue of the GREC RENews contains a recap of the law and rule changes from the previous year. Archives of past issues are accessible from the GREC home page. On the home page go to the heading "Latest News and Announcements" and scroll down to "News and Meetings" in small blue print. Click on "News and Meetings" to reach a new page and scroll down to a large heading "Newsletters" to find a list of GREC RENews issues listed by month/year.
2. Posted on the GREC web site <http://www.grec.state.ga.us/about/readopted.html> are:
 - Adopted legislative or rule changes affecting real estate licensees
 - Proposed and/or Pending legislative or rule changes affecting real estate licensees