

Calendar

GREC Brokerage Course & Trust Accounts Class

Dates:

- May 18 & 19, 2011
Greater Rome Board
(706) 295-1727
<http://grbor.com/>
- June 15 & 16, 2011
Athens Area Association
(706) 353-1126
www.realtorsathens.com

Common Violations Class

Dates:

- May 2, 2011
Georgia Institute of RE
- May 2, 2011
Savannah Board
- May 5, 2011
Camden Board
- May 10, 2011
Greater Augusta Assoc.

Georgia Instructor Training Workshop Dates:

- May 5 & 6, 2011
GIT - Atlanta
<http://www.grec-git.com/>

[Click here to see GREC Disciplinary Sanctions](#)

Georgia Real Estate Commission
Suite 1000
International Tower
229 Peachtree Street NE
Atlanta, GA 30303-1605
Phone 404-656-3916



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Heads Up on Audits

In addition to investigations initiated by formal complaints, the Georgia Real Estate Commission continues to conduct audits of firms with Trust Accounts. The firms are selected randomly. The Commission also conducts audits of real estate schools. The following audits were conducted in fiscal year 2010 (July to June):

1. Firm Trust Accounts: **454 Audits**
2. Approved Schools: **68 Audits**

Random audits are focused mainly on Trust Accounts; however during the review the investigator also examines other areas of brokerage management. In **39%** of the audits, the investigator finds broker management issues that need correction. Firm audit issues are often minor and can be corrected through a Letter of Finding without the issuance of a Citation which would involve a fine and education.

The possibility of a random audit in the future can serve as a useful reminder to conduct your own in-house review of firm policies and procedures to assure compliance with the License Law, Rules, and Regulations.

Top 10 Violations Found in Firm Audits

Since random audits are primarily concerned with Trust Accounts, 6 of the 10 most common violations relate to Trust Accounts, while the remainder concern general brokerage management. The top 10 are:

1. Did not have monthly reconciliation statements on trust liability and bank balances
2. Failed to properly register all Trust Accounts with GREC
3. Did not include all data required in the Trust Account Journal
4. Did not maintain a Trust Account Journal
5. Failed to identify Broker funds in the Trust Account journal and monthly reconciliations; failed to remove Broker funds monthly except needed for bank charges, etc.; did not disburse Broker funds from the Trust Account properly
6. Failed to ensure the bank designated accounts holding funds of others as Trust Accounts
7. Failed to maintain the Trust Account in a FDIC insured checking account in an open, active status at all times
8. Conducted business in name(s) other than under the name as registered with GREC
9. Broker failed to have adequate written agreements with all licensed affiliates and they did not include GREC requirements
10. Broker failed to make monthly written explanations of differences in the trust liability and bank balances

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Top 10 Violations...

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A random firm audit begins with a questionnaire and can usually be completed without a visit to a firm's office. In a few cases, the investigator comes to the firm's office to complete the audit. The firm's Broker can maintain the documentation and records required for the audit in a digital or electronic format or in a paper form. Whatever form is used, the documents and records must be readily available upon the request of the Commission.

The [Georgia Real Estate Commission School web site](#) has a Resource tab which provides a host of tools to assist the licensee in

understanding and meeting regulatory requirements. In particular, the [Broker Management Summary](#) contains ideas to help the Broker monitor the Trust Account(s) and manage the firm's brokerage activities.

Audits of schools authorized by the Commission to offer education courses are primarily concerned with the administrative requirements. The audit begins with a questionnaire and in most cases can be completed without a visit to the school. Issues that need attention are often minor and can be corrected with a Letter of Finding. While records and documentation related to brokerage activities must be maintained for 3 years, those schools authorized to offer courses for credit must maintain records for 5 years.

The Mission and Vision of the Georgia Real Estate Commission and the Georgia Real Estate Appraisers Board

Mission: To ensure professional competency among real estate licensees and appraisers and to promote a fair and honest market environment for practitioners and their customers and clients in real estate transactions in Georgia.

Vision: Georgians who use the services of real estate brokers and appraisers to facilitate real estate transactions will encounter responsive, knowledgeable, and ethical professionals.



Focus on Terminology: "Compliance"

The term "compliance" as it relates to regulatory issues means that the process, procedure, or actions must meet the minimum requirements of the laws, rules, or regulations related to that industry. In order to ensure that all real estate licensees conform to those requirements, the Real Estate Commission employs several regulatory tools:

- conducts random audits
- requires reporting for Trust Accounts
- initiates and conducts formal investigations as needed
- requires the licensee to inform the Commission of information relating to his/her brokerage firm Trust Account and brokerage activities
- issues Citations and other disciplinary actions such as suspension or revocation of a license.

The purpose of these activities is to ensure compliance to safeguard the public interest. The Georgia Real Estate Commission currently has 15 staff members dedicated solely to investigations and compliance.

In addition, all Brokers are required to report any act of non-compliance of the License Law, Rules and Regulations to the Commission. Finally, by nature, the real estate industry itself adapts to encourage best business practices and maintain professionalism.