



Affirmation and Questionnaire Concerning Real Estate Activity

Instructions:

Please complete the following questionnaire to the best of your knowledge as of the date that you sign the affirmation. You may attach additional pages, if necessary. Scan and email the completed form and any attachments to: **INSERT AUDITOR EMAIL ADDRESS AND REMOVE HIGHLIGHT**

PLEASE CONTACT ME DIRECTLY IF YOU HAVE ANY QUESTIONS OR CONCERNS REGARDING THIS AUDIT.

THE DIVISION DOES NOT PROVIDE LEGAL ADVICE OR ANSWER PRACTICE-RELATED QUESTIONS. THOSE QUESTIONS SHOULD BE ANSWERED BY YOUR LEGAL COUNSEL, EMPLOYING BROKER, OR COMPLIANCE OFFICER. YOU CAN ALSO CONSULT THE DIVISION'S WEBSITE TO ACCESS RESOURCES INCLUDING THE CURRENT REAL ESTATE MANUAL AND ANY POSITION STATEMENTS REGARDING THE INTERPRETATION AND ENFORCEMENT OF CERTAIN STATUTES AND RULES.

Note: The most current version of the Colorado Real Estate Manual is available for download (abridged version) and for purchase at the following link: <https://dre.colorado.gov/real-estate-manual-and-position-statements>.

Questionnaire:

1. I have ____ have not ____ used my/our real estate license(s) to conduct or perform the types of activities described below during the **12-month** period prior to the date of the attached Notification of Audit Letter. For sales and leasing activity, please list the number of transactions in each category. For property management activity, please list the number of units managed and owners, respectively, for each category. If you think your activity does not fit the items listed, please explain in the blank space below these columns or attach a separate note of explanation to this form.

1.A. BROKERAGE SALES & LEASING ACTIVITY FROM THE LAST 12-MONTHS:

Sales Transactions	Transactions Currently Under Contract	Transactions Closed
Residential		
Commercial/Industrial		
Subdivision/Time Share		
Farm/Ranch		





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Raw Land		
Leasing		
Other		

1.B. BROKERAGE PROPERTY MANAGEMENT ACTIVITY FROM THE LAST 12-MONTHS:

Property Management Activity	# of Units Managed	# of Separate Owners
Residential		
Commercial/Industrial		
Short-term Rentals (30 days or less) and Timeshares		
Homeowner Associations		
Other		

Please provide the following items:

- 1.C.: A list of the transactions stated in #1.A. “BROKERAGE SALES & LEASING ACTIVITY FROM THE LAST 12-MONTHS” that includes the property address, type of property (Residential, commercial, etc.), broker name, team name, status of the transaction (Pending, closed, etc.), and if closed, the date of the closing. Indicate any transactions in which you acted as a “transaction broker” and the circumstances surrounding the reason for that relationship.
- 1.D.: A list of the properties stated in #1.B. “BROKERAGE PROPERTY MANAGEMENT ACTIVITY FROM THE LAST 12-MONTHS” that includes the property address, owner(s) name(s), type of property (Residential, commercial, etc.), broker/property manager name, and team name.
- 1.E.: A list of any properties you personally own/owned in the last 12-months, that you purchased/sold, or are the subject of a pending transaction, that includes the property address, type of property (Residential, commercial, etc.), and percentage (%) ownership in the respective properties. This includes all properties you own/owned personally, jointly, or through a partnership, limited liability company, or corporation.





- 1.F.: A list of any properties you personally own/owned in the last 12-months, that you have rented/leased/managed, that includes the property address, type of property (Residential, commercial, etc.), and percentage ownership in the respective properties. This includes all properties you own/owned personally, jointly, or through a partnership, limited liability company, or corporation.
- 1.G.: If you supervise/supervised any brokers in the last 12-months that have purchased/sold any properties they personally own/owned in the last 12-months, or have any such transactions pending, a list of these transactions that includes the property address, type of property (Residential, commercial, etc.), and percentage (%) ownership in the respective properties. This includes all properties they own or owned personally, jointly, or through a partnership, limited liability company, or corporation.
- 1.H.: If you supervise/supervised any brokers in the last 12-months that have rented/leased/managed any properties they personally own/owned in the last 12-months, a spreadsheet/list of these transactions that includes the property address, the name of the broker, if the property is managed by the brokerage firm or by themselves, and if the property is a long-term or short-term rental. This includes all properties they own or owned personally, jointly, or through a partnership, limited liability company, or corporation.
- 1.I.: In accordance with Commission Rule 6.17, copies of all written disclosures pertaining to the broker's license status and ownership interest in the respective broker-owned properties and transactions listed in Questions #1.E., and #1.F.
- 1.J.: The full transaction file for the three (3) most recently closed/completed sales transactions listed in #1.A. and #1.C.
- 1.K.: The three (3) most recently executed property management accounts/files listed in #1.B. and 1.D. which shall include both the tenant and landlord files: (This includes both long-term and short-term rentals) If you have a combination of short and long-term rentals, please include the three most recent of each.
- 1.K.1.: For the owner files, please provide records of all property management agreements & addendums, brokerage disclosures, owner statements, and invoices and receipts for all maintenance and/or other expenses from the 1-month period prior to the date of this letter. (This should correlate to the reconciliations requested in #6 below)
- 1.K.2.: For the tenant files, please provide all rental applications, leases & addendums, brokerage disclosures, tenant reports/statements, and invoices and receipts for all maintenance or other expenses from the 1-month period prior to the date of this letter. (This should correlate to the reconciliations requested in #6 below)





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2. Have you been audited by the Colorado Division of Real Estate before? If yes, please provide any documentation (correction letter or closing letter), and/or describe any correction required or actions taken by the auditor.

3. Please identify the supervising broker associate/manager and list the address and the telephone number(s) for any “branch office(s)” you currently operate (if ‘none’ please so state).

4. Please identify any key person, office manager or transaction manager to be contacted for scheduling and completing this audit and who may be interviewed concerning the operation of your trust accounts, related documents, and transaction records.

5. What is the address where your transaction files and /or property management files are located? (Please note if this is a private residence.)

6. I do ___ do not___ maintain real estate trust or escrow accounts.

If you hold money belonging to others as part of your real estate business for sales, leasing, property management rents and security deposits, or any other reason, please provide the following information:

Bank Name	Account #	Purpose (Be specific as to whose money is held in each account)

For each of the accounts listed above, please provide:

6.A.: A copy of the most recently executed signature card(s).





6.B.: The prior 1-month trust/escrow account reconciliation(s) including the corresponding bank statement(s), worksheet(s), journals, and ledger(s) per Commission Rule 5.14. (Recordkeeping Requirements) for each account listed above.

6.C.: Please ensure that each trust account reconciliation is sent as a separate pdf in the following order: (1) the Reconciled Bank Statement & Report (2) the Journal (3) and the Ledger. For assistance, you may also use the Reconciliation Template as a cover sheet for each monthly account reconciliation.

If you have more than five (5) accounts, please use the space below to further explain your situation and provide a list of all accounts maintained by the broker and/or brokerage used to hold money belonging to others.

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7. Are any of the trust or escrow accounts listed above in Question #6. interest bearing accounts? If yes, does your brokerage firm's property management agreement and/or lease contain provisions specifying which party is entitled to the interest earned?

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8. Are any of the properties listed in #1.B. "Brokerage Property Management Activity from the Last 12-Months", #1.F., and #1.H., located in the City of Boulder, CO? If yes, how does the brokerage and/or the brokers address the statutory rate of interest that the City of Boulder requires to tenants for any security deposits held for residential housing leased in that city?

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9. If you have/had any ownership interest in any properties used as rentals (Long-Term or Short-Term), as listed in Question #1.F. above, please provide documentation regarding compliance with Commission Rule 5.11. "Money Belonging to Others for deposit by a Broker for Non-Real Estate Brokerage Services" including the most recent 2-way reconciliation(s) for the trust account(s) (*bank statements and journals*), a copy of the signature card(s), a copy of the brokerage disclosure to tenant for each property, and a copy of the current lease for each property. If you do not have an established trust account, please explain why. Please also provide written documentation regarding license status and conflict of interest disclosures as listed in Question #1.I above.
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10. Please indicate on what page, if any, your Office Policy Manual references and addresses broker-owned properties, rentals, purchases, and sales, and how they are to be handled. Does the Office Policy Manual require money belonging to others for non-real estate activity (Ex. Broker-owned rentals, etc.) to be held in the brokerage firm's trust or escrow accounts or the broker's own trust or escrow account?

11. Provide a copy of your written accounting control policies and procedures, which must include adequate checks and balances over the broker, brokerage firm, and any unlicensed persons in accordance with Commission Rule 5.1.

12. Describe the procedures by which you ensure compliance with Commission Rule 5.14. (Recordkeeping Requirements): (Please provide the name of the individual who can be contacted, if someone other than the broker is involved with the trust accounting process)

13. Identify any of your broker associates that currently engage in property management activities:

14. If you (or any of your broker associates) conduct property management on behalf of the brokerage, attach a blank copy of the most current version of your property management agreement & addendums, and lease & addendums that are currently used. Please explain who drafted the property management agreement & addendums and lease & addendums and also explain how these respective documents comply with Rule 7.1 (B). **For assistance or guidance, you may refer to the "Transaction File Checklist" pertaining to the relevant items that should be included in both the property management agreement and lease.**

15. If you (or any of your broker associates) conduct property management on behalf of the brokerage, please describe your/their maintenance procedures and if you/they have an in-house, related, or affiliated maintenance company.





16. Do you charge any sort of mark-up (Percentage (%), flat fee, project management fee, any other type of fee, etc.) or receive any revenue on maintenance, service requests, or homeowner/tenant repair services?

17. Has your company purchased any other property management companies since the formation of your organization? If so, please describe the details of the purchase and provide all sales contracts, a list of the properties acquired, and trust account reconciliations received and performed at the time of acquisition.

18. Please identify any title companies that you or your brokerage firm routinely utilize to hold earnest money deposits for sales transactions:

19. Provide a copy of your written Office Policy Manual AND written Brokerage Relationship Policy in accordance with C.R.S. 12-10-401 and Commission Rule 6.4.

- If you are currently licensed as an “ER” level license (Employing Level Responsible Broker Real Estate Broker) “EI” level license (Employing Level Individual Proprietor Real Estate Broker), you must provide both a written Office Policy Manual and Brokerage Relationship Policy.
 - If you are currently licensed as an “II” level license (Independent Level Individual Proprietor Real Estate Broker), you need only to provide a written Brokerage Relationship Policy.
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20. Provide documentation that all brokers in your office have been given and signed the written Office Policy Manual and Brokerage Relationship Policy as well as any subsequent updates to the manual and policy.

21. Describe the procedures by which you ensure compliance with Commission Rule 6.17. (Duty to Disclose Conflict of Interest and License Status): *(Please also refer to Question #1.I. above.)*





22. In the last 12-months, have you or any of your broker associates utilized contract assignments to facilitate transactions? If so, please list the transactions and broker associate(s):

23. Describe the procedures by which you ensure compliance with Commission Rule 6.3. (Employing Broker's Responsibilities and Supervision):

24. Describe the specific procedures by which you ensure compliance with Commission Rule 6.3.C. (Reasonable-Level of Supervision):

25. Describe the specific procedures by which you ensure compliance with Commission Rule 6.3.D. (High-Level of Supervision):

26. Describe the specific procedures by which you ensure compliance with Commission Rule 6.3.E. (Supervision of Unlicensed On-Site Managers):

27. Describe the specific procedures by which you ensure compliance with Commission Rule 6.3.F. (Delegation of Supervision):

28. Describe the specific procedures by which you ensure compliance with Commission Rule 6.18. (Affiliated Business Arrangement Disclosures):

29. Please provide a copy of the current E&O Insurance for both the registered broker and the registered brokerage firm, if applicable.





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Affirmation:

30. I declare pursuant to C.R.S. 18-8-503 under penalty of perjury in the second degree that the statements and information provided herein are true and complete to the best of my current knowledge and belief on this date.

Printed Name

License Number

Signature

Date

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