

Brokerage Administration

24 Classroom Hours

Brokerage Administration

Approved by the Colorado Real Estate Commission on December 6, 2011. The updated Real Estate Brokerage Administration I course may be taught beginning January 1, 2012. All course providers are required to use the new course outline by July 1, 2012, allowing for a six month transition period.

Course Objective:

To provide a course of study for the practical application of laws, rules and sound business practices for the management, operation and supervision of a real estate brokerage company. The course once completed and passed can be used to upgrade to employing broker level license. Upon completion participants should have obtained an understanding and working knowledge of the necessary components of an office policy, independent contractor agreements, supervision of employed broker associates and an ability to understand and apply the requirements of recordkeeping and trust accounts. Participants should have obtained a basic knowledge of real estate brokerage business planning. Additionally the course should provide an explanation of the functions and role of the Real Estate Commission and the Division of Real Estate.

Reference is made to applicable Commission Rules and Position Statements throughout the course outline. Providers should address each applicable Statute, Rule and Position Statement during the course. Commission Position Statements are clarifications to Statutes and Rules. Course providers are responsible for ensuring that the Statutes, Rules and Position Statements used during the course presentation are accurate and up-to-date.

Testing:

A test is required to establish a participant's satisfactory completion of the statutory requirements for the Real Estate Brokerage Administration course. Courses taught online must meet the requirements set forth in the Online Course Approval Checklist created by the Division of Real Estate.

Introduction to Planning a Brokerage Business (4 hours)

1. Type of Company and Start-up Fees
 1. Single Office Vs. Multi Office
 2. Franchising
 3. Economics of office setup
 1. Space rent
 2. Equipment rent or purchase
 4. Errors & omissions and liability insurance
 5. MLS Fees
2. Office Support
 1. Secretarial
 2. Technology
 1. Contracts
 2. Forms
 3. Bookkeeping
 4. Fax, copier, etc.
 3. Bookkeeper, accountant
 4. Board/Professional memberships
 5. Advertising Rule 6.10.

6. Leads/phone duty
3. Recruiting agents and staff; EEOC guidelines
4. Employees vs. independent contractors
5. Written employment agreement CP-10
6. Compensation
 1. C.R.S §12-10-221, Rules 6.21.B.2 (Accepting fees) CP-38 Disclosure of Affiliated Business Arrangements and Conflicts of Interest
 2. Commissions
 3. Desk fees
 4. Combination
7. Termination policies 3.14.B

Trust Accounts and Record Keeping (4 hours)

1. Broker supervision and oversight
2. Operations Account
 1. Payment of commissions CP-2; CP-11; CP-12; CP-18
3. Trust accounts
 1. Trust accounts require cash accounting method
 2. Transactional liabilities
 3. Separation of duties
 4. Commission audits; brokers may request assistance
 5. Interest bearing accounts CP-4
4. Security and advance deposits CP-5
5. Transaction files; checklists
6. Closings CP -7
 1. In-house
 2. Title companies, closing services
 3. Good funds CP-33
 4. Checklists
7. Escrow Requirements
8. Earnest Money CP-6
9. Property Management Records
10. Change of brokers, principals: disposition of funds, records CP-8
11. Computer accounting, software and bookkeeping services
12. Retention periods CP-9

Office Policies and Procedures (12 hours) **CP-21**

Policy manuals should contain procedures for the following:

1. Sales
 1. Competency Requirements §12-10-217(1)(q), C.R.S.
 2. Typical real estate transactions
 1. Review of contracts
 2. Handling of earnest money deposits, including the release thereof
 3. Back-up contracts
 4. Parties responsible for delegated duties/agreements
 5. Preparation and review of contracts prior to closing
 6. CP-39 Lease Options, Lease Purchase Agreements and Installment Land Contracts
 7. Handling earnest money deposits, disputes and releases
 8. Closing documents and closing instructions and CP- 34
 9. Maintenance/custody of contract files

10. Escrow records and written procedures for handling business operations
3. Guaranteed buyouts CP-23
4. Investor purchases
5. Identifying brokerage relationships offered to public (required by 12-10-408, C.R.S)
 1. CP-31; CP-32
6. Procedures for designation of brokers
 1. who are to work with a seller, landlord, buyer or tenant, individually or
 2. in teams (required by Rule 6.4.A.2) CP-40 Commission Position on Teams
 1. (Does not apply to brokerage firms that consist of only one licensed natural person.)
7. Identify and provide adequate means and procedures for the maintenance and protection of confidential information (required by Rule 6.4.B) CP-22
8. Licensee's purchase and sale of property CP-35
9. Monitoring of license renewals and transfers
 1. High level versus reasonable level of supervision
10. Delegation of authority
11. Listings: property listing procedures, including release of listings CP-2; CP-3; CP-13; CP-15; CP-16; CP-24; CP-25; CP-28; CP-30 CP-36 **-Minimum Service Requirements**
 1. Non-qualifying assumptions and owner financing
 2. Licensee's purchase and sale of property
 3. Rental occupancy before closing
 4. Computer system – data control, backup and physical security
12. Training
 1. Dissemination of information CP-29
 2. Staff meetings
13. Use of personal assistants CP-20
14. Fair housing/affirmative action marketing
15. Internal audit and supervisory reviews of business operations
2. Property Management
 1. Property Management Activity- CP-19; CP-27
 2. Discussions to include how the brokerage can make sure employed brokers are not managing property, when the firm does not offer property management services.
 1. Operating policies and required disclosures
 2. Use of unlicensed on-site managers
 3. Administration of rentals and leasing activity
 4. Items under Sales above where applicable
 5. Supervision of accounting services, records and reporting to others
 6. Cash handling, collection of delinquent rents and deposits
 7. Ownership/management of rental properties by agents
 8. Administration and policies for in-house services
 9. Maintenance of records and business reports by any outside service
 10. Advances of funds on behalf of clients/customers
 11. Cancellation of agreements and termination of services
 12. Related services performed by affiliated entities
 13. Backup and disaster recovery plan for loss of business records
 14. Eviction and legal action
 15. Return of security and advance deposits

Real Estate Commission and the Division of Real Estate (4 hours)

1. The Licensing Section (Processes all licensing applications, including subdivision applications) CP-1; CP-14; CP-26
 1. Inquires about requirements and methods of licensing
 2. Continuing education
 3. Licensee records

4. Renewals
5. Subdivision registrations
 1. Review
 2. Condo conversions
6. Pre-Licensing investigations
7. License applications, transfers, changes, reinstatements
8. Publications
9. Commonly asked questions (see website)
2. The Education and Communication Section (Manages the Commission's educational program, including development of course outlines, publication of the Real Estate Manual and liaison with local and national education providers.)
 1. Approval of Qualifying Education and Continuing Education
 2. Continuing Education Audits
3. The Investigations Section (Processes and investigates complaints)
 1. Complaints
 1. Respondent licensee may retain legal counsel if desired.
 2. Licensee will receive copy of complaint and must respond in writing.
 3. Licensee must provide requested documentation, books or records.
 4. Personal interviews are usually conducted by the investigator.
 5. Employing broker is often named as respondent concerning supervision of employed licensees who are subject of complaint.
 6. When investigation is completed, licensees will be notified if the complaint has been closed or if further action will be taken.
 2. Audits
 1. Random selection of all active brokers.
 2. Broker responsibilities
 1. Respond to audit questionnaire and attestation.
 2. Provide all required books, records and documentation.
 3. Respond to the audit report.
4. Expedited Settlement Section
 1. In-house disciplinary settlement prior to referral to the Office of the Attorney General