

QUICK NOTES

Trust Account Guidelines:

1. Trust monies: Monies belonging to others that come into possession of a Real Estate Licensee acting as agent for another for compensation.
2. Trust monies include but are not limited to: earnest money, tenant security deposit, time share downpayment, rent and property owner association funds collected by licensee.
3. Commingling: To mix funds held in trust for others with your personal or business funds.
4. Commingling also includes situations in which the Broker does not take earned commissions out of the trust account within 30 days of closing. Often called Reverse-Commingling.
5. Trust accounts are often referred to as escrow accounts.
6. Trust accounts must be a separate custodial account that allows withdrawals on demand.
7. The FDIC insures each depositor within the trust account up to \$100,000 against losses.
8. Trust accounts must be opened and maintained in an insured (State or Federal) bank or savings and loan(not a credit union) in N.C. Trust accounts must be in the state the property is in not the office.
9. A practicing Broker licensee is not required to open a trust account until such time as one is needed.
10. Only one trust account is required although more than one is allowed and may be preferable for handling various types of trust monies.
11. A property owner's association's trust funds may not be in the same trust account as another propertyowner association's funds.



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12. Brokers who sell or lease their own property must not commingle these funds in the same trust account that is being used to hold funds for another.

13. Brokers who sell or lease their own property, in their own name, can place trust monies on these properties in their corporation's trust account since the corporation is a separate legal entity.

14. A trust account must be designated as a trust or escrow account and all bank statements, deposit tickets and checks drawn on the account must say Trust or Escrow Account.

15. A Broker may deposit and maintain up to \$100 of his/her personal funds in the trust account (or such other amount as may be required by the bank).

16. Trust accounts are typically non-interest bearing.

17. Trust accounts may be interest bearing if:

1. The Broker has written consent of the parties
2. The written authorization states who gets the interest
3. If the written consent is contained within another document, this portion must be distinguished from the other portions of the agreement (i.e. bold, underlined, etc.)

18. Trust monies may be maintained in a Certificate of Deposit only if the CD is insured and allows withdrawal upon demand without penalty.

19. Custom and tradition has the trust monies being held by the listing firm.

20. All trust monies received by a Provisional Broker licensee must be delivered immediately to the Provisional Broker's supervising Broker.

21. A Provisional Broker licensee does not have any number of days in which to deposit trust monies. (i.e. they must be given to the Broker or Bookkeeper)



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22. The Broker will be held responsible for all trust monies even if handled by another clerical employee(i.e. Bookkeeper).

23. Periodic audits and bonding of such staff is recommended but not required.

24. Earnest Money and Tenant Security Deposits must be deposited in a Trust account no later than three banking days following acceptance of the contract (Remember, Salesperson does not deposit.) The rule is not how early it can be deposited but rather how late.



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