Questions and Answers Regarding Trust Fund Requirements and Record Keeping

- Q. Are security deposits on rental units the property of the owner or should they be held in trust by the broker for the tenant?
- A. They are trust funds. As such, control and disbursement of the security deposits are at the instruction of the property owner.
- Q. Am I permitted to wait until checks deposited to my trust account have cleared before I issue a trust check to fund a customer's check?
- A. Although the Real Estate Law is silent on this, good business practice dictates that you wait until a customer's check deposited to your trust account has cleared prior to the issuing of your trust check as a refund.
- Q. How should I handle an earnest money check which is to be deposited into escrow upon acceptance of the offer?
- A. Such a check may be held until the offer is accepted and then placed in escrow but only when directed to do so by the buyer, provided you disclose to the seller the fact the check is being held in uncashed form. In such cases, it is good practice to include such a provision in the deposit receipt. You must keep a columnar record of the receipt of the check, the name of the escrow company and the date the check was forwarded to the escrow.
- Q. As a broker-owner of rentals, do I have to put security deposits in a trust account?
- A. Money you receive on your own property is received as a principal, not as an agent. As such, these are not trust funds and should not be placed in the trust account.
- Q. Must I keep a deposit receipt signed only by the buyer and rejected by the seller?
- A. Yes. Such a record must be maintained for three years.
- Q. May I maintain one trust fund account for both collections from my property management business and deposits on real estate sales transactions?
- A. Since property management funds usually involve multiple receipt of funds and several monthly disbursements, it is suggested that separate trust fund accounts be maintained for property management funds and earnest money deposits. However, all trust funds can be placed in the same trust fund account as long as separate records for each trust fund deposit and disbursement are maintained properly and the account is not an interest-bearing account.
- Q. If the buyer and seller decide to go directly to escrow and the buyer makes out a check to the escrow company and hands it directly to the escrow clerk, do I have to maintain any records of this check?
- A. No. You must maintain records only of trust funds which pass through your hands for the benefit of a third party.
- Q. How long must I keep deposit receipts?
- A. Deposit receipts must be maintained for three years.

SUMMARY

We might say this publication presents the three R's of trust funds: Responsibility, Requirements, and Records.

It is a real estate broker's responsibility to protect clients' funds at all times and keep clients fully informed of the nature and disposition of all trust funds.

To aid brokers in carrying out this responsibility, the Real Estate Commissioner's Regulations include requirements concerning trust funds. A real estate broker also needs to meet other requirements from a practical business point of view. To protect clients' funds adequately and in the business-like fashion expected, the broker must keep accurate records.

COLUMNAR RECORD OF ALL TRUST FUNDS RECEIVED AND PAID OUT TRUST FUND BANK ACCOUNT

Froot Wiston Remarked December of Secret	2013 Aur.)		Recent		RECEIVED		t		PATE OFF		Γ	DAILY BALANCE
B. Hamus Reut. 1538 South Ave. 1,700.00 #2 5.3 Factor	DATE	FROM WHOM RECHVED OR TO WHOM PAID	DESCRIPTION	Amount	Reference	Date of Deposit	XX		Check	Date of Check		OF TRUST BANK ACCOUNT
B. Hamns Rent: 1538 South Ave. 1,700.00 #2 5-3 P R. Robertson Rent: 2351 Kingston Way 1,230.00 #4 5-3 P I. Warren Rent: 2351 Kingston Way 1,230.00 #4 5-3 P I. Sundance Rent: 2351 Kingston Way 1,230.00 #5 5-6 P Mr. & Mrs. Dennis White Deposit 615 Lake Dr. 5,000.00 #5 5-6 P W. Allen Owner Contribution 1,000.00 #6 5-9 L,300.00 1001 AbC Mortgage Co. Mig. Pmt. 1538 South Ave. S.9 1,300.00 1002 5-10 Professional Cleaners Cleaning: 3490 Tower St. Professional Cleaners Cleaning: 3490 Tower St. 1155.00 1002 5-10 Mr. Handyman Repairs: 2351 Kingston Repairs: 2551 Kingston S.000.00 1004 5-10 First Title Co. Deposit: 615 Lake Drive St. Repairs: 2551 Kingston Repairs: 2550 Mig. 1005 1006 5-31 First County Bank May Bank Service Charge Repairs: 1000 M	5-1-13	James Adams	Open TA Account	100.00		5-1-13						100.00
R. Robertson Rent: 3490 Tower St. Unit 1 700.00 #3 5-3 Procession I. Warren Rent: 2351 Kingston Way 1,250.00 #4 5-3 Procession T. Sundance Rent: \$1,250; Dep. \$1,000 #5 5-6 Procession Mr. & Mrs. Dennis White Deposit 615 Lake Dr. 5,000.00 #6 5-6 Procession W. Allen Owner Contribution 1,000.00 #6 5-9 Procession ABC Mortgage Co. Mtg. Put. 1538 South Ave. 1,300.00 1001 5-10 Amycity Treasury Utilities: 1538 South Ave. 135.00 1002 5-10 Professional Cleaners Cleaning: 3490 Tower St. 135.00 1002 5-10 Mr. Handyman Repairs: 2351 Kingston 95.00 1003 5-20 James Adams Mgmt Fees: See Schedule 5,000.00 1006 5-31 First County Bank May Bank Service Charge 7.00 DM 5-31	5-3	B. Hamms	Rent: 1538 South Ave.	1,700.00	#5	5-3						1,800.00
I. Warren Rent: 2351 Kingston Way 1,250,00 #4 5-3 P T. Sundance Rent: \$1,250, Dep. \$1,000 #5 5-6 P P Mr. & Mrs. Demnis White Deposit. 615 Lake Dr. \$,000,00 #5 5-6 P W. Allen Owner Contribution 1,000,00 #6 5-9 P P ABC Mortgage Co. Mrg. Part. 1538 South Ave. \$5-9 1,300,00 1001 5-10 Anycity Treasury Utilities: 1538 South Ave. \$5-9 135.00 1002 5-10 Mr. Handyman Repairs: 2351 Kingston \$6 \$5-9 \$5-10 \$5-10 First Title Co. Deposit: 615 Lake Drive \$500.00 1003 \$5-10 First County Bank May Bank Service Charge 7.00 DM \$5-31	5-3	R. Robertson	Rent: 3490 Tower St. Unit 1	700.00	#3	5-3						2,500.00
T. Sundance Rent: \$1,250; Dep. \$1,000 #5 5-6 Processional Claude Dr. \$250,000 #5 5-6 Processional Claude Dr. \$3000.00 #6 5-6 Processional Claude Dr. \$3000.00 #6 5-9 Processional Claude Dr. \$3000.00 #6 5-9 Processional Claude Dr. \$3000.00 \$30000 \$3000 \$3000 </td <td>5-3</td> <td>І. Warren</td> <td>Rent: 2351 Kingston Way</td> <td>1,250.00</td> <td>#</td> <td>5-3</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>3,750.00</td>	5-3	І. Warren	Rent: 2351 Kingston Way	1,250.00	#	5-3						3,750.00
Mr. & Mrs. Dennis White Deposit 615 Lake Dr. 5,250.00 #5 5-6 F W. Allen Owner Contribution 1,000.00 #6 5-9 F F ABC Mortgage Co. Mtg. Pmt. 1538 South Ave. 1,300.00 1001 5-10 Anycity Treasury Utilities: 1538 South Ave. 135.00 1002 5-10 Professional Cleaners Cleaning: 3490 Tower St. 125.00 1002 5-10 Mr. Handyman Repairs: 2351 Kingston 95.00 1004 5-10 First Title Co. Deposit: 615 Lake Drive 5,000.00 1005 5-20 James Adams Mgmt Fees: See Schedule 5,000.00 1005 5-20 First County Bank May Bank Service Charge 7.00 DM 5-31	2-6	T. Sundance	Rent: \$1,250; Dep. \$1,000									
Mr. & Mrs. Dennis White Deposit 615 Lake Dr. 5,000.00 5-6 W. Allen Owner Contribution 1,000.00 #6 5-9 ABC Mortgage Co. Mfg. Pmt. 1538 South Ave. 1,300.00 1001 5-10 Anycity Treasury Utilities: 1538 South Ave. 135.00 1002 5-10 Professional Cleaners Repairs: 3490 Tower St. 125.00 1003 5-10 Mr. Handyman Repairs: 2351 Kingston 95.00 1004 5-10 James Adams Mgmt Fees: See Schedule 5,000.00 1005 5-31 First County Bank May Bank Service Charge 7.00 DM 5-31			7365 Meadow Circle	2,250.00	£	5-6						6,000.00
W. Allen Owner Countribution 1,000.00 #6 5-9 Head ABC Mortgage Co. Mtg. Pmt. 1538 South Ave. 1,300.00 1001 5-10 Anycity Treasury Utilities: 1538 South Ave. 135.00 1002 5-10 Professional Cleaners Cleaning: 3490 Tower St. 125.00 1003 5-10 Mr. Handyman Repairs: 2351 Kingston 95.00 1004 5-10 First Title Co. Deposit 615 Lake Drive 5,000.00 1005 5-20 James Adams Mgmt Fees: See Schedule 590.00 1006 5-31 First County Bank May Bank Service Charge 7.00 DM 5-31	2-6	Mr. & Mrs. Dennis White	Deposit: 615 Lake Dr.	5,000.00		5-6						11,000.00
e Co. Mtg. Pmt: 1538 South Ave. 1,300.00 1001 5-10 uny Utilities: 1538 South Ave. 135.00 1002 5-10 leaners Cleaning: 3490 Tower St. 125.00 1003 5-10 Peposit: 2351 Kingston 5,000.00 1004 5-10 Mgmt Fees: See Schedule 5,000.00 1005 5-20 May Bank Service Charge 7.00 DM 5-31 hank	5-9	W. Allen	Owner Contribution	1,000.00	9#	5-9						12,000.00
may Utilities: 1538 South Ave. 135.00 1002 5-10 Heaners Cleaning: 3490 Tower St. 125.00 1003 5-10 n Repairs: 2351 Kingston 95.00 1004 5-10 Deposit: 615 Lake Drive 5,000.00 1005 5-20 Mgmt Fees: See Schedule 590.00 1006 5-31 May Bank Service Charge 7.00 DM 5-31		ABC Mortgage Co.	Mtg. Pmt. 1538 South Ave.					1,300.00	1001	5-10		10,700.00
Ieanners Cleaning: 3490 Tower St. 125.00 1003 5-10 n Repairs: 2351 Kingston 95.00 1004 5-10 Deposit: 615 Lake Drive 5,000.00 1005 5-20 Mgmt Fees: See Schedule 590.00 1006 5-31 Jank May Bank Service Charge 7.00 DM 5-31		Anycity Treasury	Utilities: 1538 South Ave.					135.00		5-10		10,565.00
n Repairs: 2351 Kingston 95.00 1004 5-10 Deposit: 615 Lake Drive 5,000.00 1005 5-20 Mgmt Fees: See Schedule 590.00 1006 5-31 Nank May Bank Service Charge 7.00 DM 5-31		Professional Cleaners	Cleaning: 3490 Tower St.					125.00		5-10		10,440.00
Deposit: 615 Lake Drive 5,000.00 1005 5-20 Mgmt Fees: See Schedule 590.00 1006 5-31 May Bank Service Charge 7.00 DM 5-31		Mr. Handyman	Repairs: 2351 Kingston					95.00		5-10		10,345.00
Mgmt Fees: See Schedule 590.00 1006 5-31 May Bank Service Charge 7.00 DM 5-31		First Title Co.	Deposit: 615 Lake Drive					5,000.00	1005	5-20		5,345.00
May Bank Service Charge 7.00 DM 5-31		James Adams	Mgmt Fees: See Schedule					590.00		5-31		4,755.00
		First County Bank	May Bank Service Charge					7.00		5-31		4,748.00

RE 4522 (Rev. 7/13)

EXHIBIT 1

SEPARATE RECORD FOR EACH BENEFICIARY OR TRANSACTION FOR CLIENT'S FUNDS PLACED IN TRUST FUND BANK ACCOUNT

James A. Adams
Trust Fund Balance - Broker

Description	For	FUNDS PAID	OUNTABILITY OUT	FOR FUND	OUNTABILITY S RECEIVED	Account
100 300-00039800-00000000	Date of Check	Check Number	Amount	Date of Deposit	Amount	BALANCE
Open TA Account				5-1-13	100.00	100.00
May '13 Bank Service Charge	5-31-13	SM	7.00			93.00

RECORD OF ALL TRUST FUNDS RECEIVED — NOT PLACED IN BROKERS TRUST ACCOUNT (Include Notes and Uncashed Checks Taken As Deposits)

	Ватк ор Виронтом	5-6-13	5-17	5-24									
	DISPOSITION OF FLACES (To escrew, principal, trust account, or returned)	To Trust Account upon acceptance	To Title Escrow Company	Returned to Buyer									
(Include Notes and Uncashed Checks Jaken As Deposits)	DESCRIPTION OF PROPERTY OR OTHER IDENTIFICATION	615 Lake Drive	915 Galaxy	31009 Technology Street									EXHIBIT 3
(Incinde Notes and C	RECEIVED FROM	Mr. & Mrs. Dennis White	B. Sun	R. Olive									
	AMOUNT	5,000.00	4,000.00	3,000.00									
	DATE RECEIVE CONT. NOT. SEC.	Check	Check	Check									w. 7/13)
	2013 0×1 DATE RECEIVED	5-6-13	5-14	5-22									RE 4524 (Rev. 7/13)

I. Eddie					DEPOSIT	8		
5439 Alverta	6439 Alverta Way, Anycity				Момтн.у Ввит	RENT \$		
1538 South A	1538 South Avenue, Anycity				COMMISSION:	ON:		
B. Hamns					LEASES	5	24	
NTS					COLLECTION	CTION		
REMARKS					Mana	MANAGEMENT	-	
DATE	RECEIVED FROM OR PAID TO	Description	RECEIPT/ CHECK No.	AMOUNT	DATE DEPOSITED	AMOUNT		BALANCE
5-3-13	B. Hanns	Rent - May 2013	#2	1,700.00	5-3-13		-	1,700.00
5-10	ABC Mortgage Company	Mortgage Payment	1001			1,300.00		400.00
5-10	Anycity Treasury	Utilities	1002			135.00	1000	265.00
5-31	James Adams	Management Fee	1006			170.00	_	95.00
							+	
							-	
							+	
							+	
							+	
							+	
10 4606 mm 2424	i e							

OWNER L. Stewart					Deposit	s	
10037 Airline	10037 Airline Place, Anycity				MONTHLY RENT	r Rent \$	
3490 Tower S	3490 Tower Street, Anycity				COMMISSION:	JON:	
R. Robertson					LEASES	9	
UNTS					Cottle	COLLECTION \$	
REMARKS					Mana	MANAGEMENT \$	
DATE	RECEIVED FROM OR PAID TO	DESCRIPTION	RECEIPT/ CHECK NO.	AMOUNT	Date	AMOUNT DESEURSED	BALANCE
5-3-13	R. Robertson	Rent - May 2013	#	700.00	5-3-13		700.00
5-10	Professional Cleaners	Cleaning	1003			125.00	575.00
5-31	James Adams	Management Fee	1006			70.00	905.00
RE 4525 (Rev. 7/13)	(3)	EXHIBITS	BITS				

OWNER S. Manly					Deposit	6	
950 Crosswo	950 Crosswoods Road, Anycity				MONTHLY RENT	RENT	
2351 Kingsto	2351 Kingston Way, Anycity				COMMISSION:	ON:	
I. Warren					LEASES	69	
UNTS					COLLE	COLLECTION \$	
REMARKS					Massa	MANAGEMENT S	
DATE	RECEIVED FROM OR PAID TO	DESCRIPTION	RECEIPT/ CHECK No.	AMOUNT	DATE	AMOUNT DISBURSED	BALANCE
5-3-13	І. Warren	Rent - May 2013	#	1,250.00	5-3-13		1,250.00
5-10	Mr. Handyman	Repairs	1004			95.00	1,155.00
5-31	James Adams	Management Fee	1006			125.00	1,030.00
RE 4525 (Rev. 7/13)	3)	FXHIBIT 6	3TT 6				

J. Bird					DEPOSIT	6	
882 Flight Lane, Anycity	ane, Anycity				MONTHLY RENT	Y RENT \$	
7365 Meador	7365 Meadow Circle, Anycity				COMBABSTON:	JON:	
T. Sundance					LEASES	\$	
UNTS					Cotta	COLLECTION \$	
Security Deposit	osit				Mana	MANAGEMENT \$	
DATE	REGIVED FROM OR PAID TO	DESCRIPTION	RECEIPT/ CHECK No.	AMOUNT	Date Deposited	AMOGNT DEBURSED	BALANCE
5-6-13	T. Sundance	Security Deposit	±2	1000.00	5-6-13		1000.00
RE 4525 (Rev. 7/13)	13)	EXHIBIT 7	11.7				

J. Bird					Deposit	6	
882 Flight La	882 Flight Lane, Anycity				MONTHLY RENT	RENT S	
7365 Meado	7365 Meadow Circle, Anycity				COMMISSION:	ION: S	
T. Sundance					LEASES	69	
UNTS					COLLE	COLLECTION \$	
REMARKS					Massa	MANAGEMENT \$	
DATE	RECEIVED FROM OR PAID TO	DESCRIPTION	RECEIPT/ CHECK No.	AMOUNT	DATE DEPOSITED	AMOUNT DISBURSED	BALANCE
5-6-13	T. Sundance	Rent - May 2013	#2	1,250.00	5-6-13		1,250.00
5-31	James Adams	Management Fee	1006			125.00	1,125.00
RE 4525 (Rev. 7/13)	13)	EXHIBIT 8	118				

SEPARATE RECORD FOR EACH BENEFICIARY OR TRANSACTION FOR CLIENT'S FUNDS PLACED IN TRUST FUND BANK ACCOUNT

IDENTIFICATION OF TRANSACTION (names, addresses, account n	umbers, etc.)
Mr. & Mrs. White/Mr. & Mrs. Jensen	
RE: 615 Lake Drive, Anycity	

Description	DISCHARGE (OF TRUST AC FUNDS PAIR	COUNTABILITY	TRUST ACC FOR FUND	OUNTABILITY 8 RECEIVED	Account
vii (1994) 74 (1994)	Date of Check	Check Number	Amount	Date of Deposit	Amount	BALANCE
Purchase Deposit				5-6-13	5,000.00	5,000.00
Deposit to First Title Company	5-20-13	1005	5,000.00			0.00
2						
5						
5						

RE 4523 (Rev. 7/13) EXHIBIT 9

W. Allen					DEPOSIT		6	
B River Lak	Asserts 43 River Lake Drive, Anycity				MONTHLY RENT	RBM	s	
9152 High Way, Anycity	ay, Anycity				COMMESSION:	ON:	69	
UNTS					LEASES	95	6	
					COLLECTION	CTION	s	
REMARKS					Massa	Мамадемент	s	
DATE	RECEIVED FROM OR PAID TO	DESCRIPTION	RECEIPT/ CHECK No.	AMOUNT	DATE DEPOSITED	AMOUNT DEBURSED	- E	BALANCE
5-9-13	W. Allen	Owner Contribution	9#	1,000.00	5-9-13			1,000.00
5-31	James Adams	Management Fee	1006			100:00	8	00:006
RE 4525 (Rev. 7/13)	13)	EXH	EXHIBIT 10					