

Brokers Trust Account Record



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Excerpts from The Kansas Real Estate Brokers' License Law & Rules and Regulation of the Commission

58-3061. Trust accounts.

Unless exempt under subsection (f), each broker shall maintain, in the broker's name or the broker's firm name, a separate trust account in this state, or in an adjoining state with written permission of the Commission, designated as such. All down payments, earnest money deposits, advance listing fees or other trust funds received in a real estate transaction by the broker or by the broker's associate brokers or salespersons on behalf of a principal or any other person shall be deposited or invested in such account unless all parties having an interest in the funds have agreed otherwise in writing. The account shall be with an insured bank or savings and loan association or credit union which is insured with an insurer or guarantee corporation as required under K.S.A. 17-2246 and amendments thereto. A broker shall not retain any interest accrued on moneys held in an interest-bearing trust account without the written consent of all parties to the transaction.

58-3062. Prohibited acts.

a. No licensee, whether acting as an agent, transaction broker or a principal, shall:

1. Fail to account for and remit any money which comes into the licensee's possession and which belongs to others.
19. Fail to deposit any check or cash received as an earnest money deposit or as a deposit on the purchase of a lot within five business days after the purchase agreement or lot reservation agreement is signed by all parties, unless otherwise specifically provided by written agreement of all parties to the purchase agreement or lot reservation agreement, in which case the licensee shall deposit the check or cash received on the date provided by such written

agreement.

C. No broker shall:

1. Pay a commission or compensation to any person for performing the services of an associate broker or salesperson unless such person is licensed under this act and employed by or associated with the broker.
2. Fail to deliver to the seller in every real estate transaction, at the time the transaction is closed, a complete, detailed closing statement showing all of the receipts and disbursements handled by the broker for the seller, or fail to deliver to the buyer a complete statement showing all money received in the transaction from such buyer and how and for what the same was disbursed, or fail to retain true copies of such statements in the broker's files, except that the furnishing of such statements to the seller and buyer by an escrow agent shall relieve the broker's responsibility to the seller and the buyer.

86-3-10 Retention of records.

Each broker shall retain in the broker's files for a period of at least three years true copies of all records relating to the broker's real estate business, including:

- a. contracts;
- b. closing statements;
- c. correspondence; and
- d. records required by K.A.R. 86-3-18.

(Authorized by K.S.A. 74-4202(b); implementing K.S.A. 1990 Supp. 58-3061(e), as amended by 1991 SB 194, Sec. 4; effective Jan. 1, 1966; amended, E-81-18, July 16, 1980; amended May 1, 1981; amended Nov. 18, 1991.)

86-3-18. Trust account records. (a) Each supervising broker, and each branch broker who

maintains a separate trust account for a branch office as provided by K.S.A. 58-3061 and amendments thereto, shall maintain in the broker's office a complete record of all monies received or escrowed on real estate transactions, including the following:

- (1) Deposit slips showing the transaction number assigned pursuant to K.A.R. 86-3-22, the date of deposit, the amount, and where deposited;
- (2) monthly trust account bank, savings and loan association or credit union statements, including canceled checks and deposit slips;
- (3) all voided trust account checks;
- (4) a check register which shows the chronological sequence in which funds are received and disbursed. For funds received, the check register shall include the date of deposit, the transaction number assigned pursuant to K.A.R. 86-3-22, and the amount. For disbursement, the check register shall include the date, the transaction number assigned pursuant to K.A.R. 86-3-22, the payee, and the amount. The names of the principals may be included. A balance shall be shown, and the balances shall be kept current;
- (5) a ledger for each transaction. The ledger shall include the names of the principals, the property address, and the transaction number assigned pursuant to K.A.R. 86-3-22; the amount and date of deposit of all monies received; and the check number, the date, the payee, and the amount of each disbursement. A balance shall be shown for each ledger account, and balances shall be kept current.

(Authorized by K.S.A. 74-4202(b), implementing K.S.A. 1986 Supp. 58-3061, effective May 1, 1975; amended, E-81-18, July 26, 1980; amended May 1, 1981; amended, T-88-32, Jan. 1, 1988; amended May 1, 1988.)

Points to Remember

1. Read the contract. Be sure you have complied with all agreements, i.e. (1) What does the contract say about the earnest money deposit and who is to hold it: (2) Does the contract call for a deed to be signed and placed in escrow until closing.
2. Be sure to keep your records so that if you were completely indisposed someone else could pick up at that point and continue without any confusion.
3. Debit items are sums that are deducted from the account and credit items are added to the account.
4. Payments to yourself or salespersons cannot be paid directly from the trust account. Execute a check from the trust account to your account and then disburse.
5. The “Brokers Account” is the proper place to keep records of bank charges and check printing costs.

How to use the Account Record Book

Example #1:

Broker John Doe deposits his check for \$50.00 into his Trust Account to cover account service charges and expenses on May 15.

This transaction requires an entry in the Brokers Account and a like entry in the Deposit and Check Register as shown below.

Trust Account Record Brokers' Account

<u>Date</u>	<u>Transaction</u>	<u>Check #</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
5-15-20xx	Deposit to cover expenses of acc't	3675	,	50.00	50.00
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Trust Account Record Deposit and Check Register

<u>Date</u>	<u>Deposit/ Check #</u>	<u>Payee/Payor</u>	<u>Reason for Payment</u>	<u>Ledger #</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
5-15-20xx	3675	John Doe—Payor	For account expense	B.A.		50.00	50.00
6-2-20xx	Dep.	Bill Buyer—Payor	Earnest Money deposit	016		3,500.00	3,550.00
9-1-20xx	Dep.	Bill Buyer—Payor	Balance due on sale	016		32,503.00	36,053.00
9-1-20xx	403	Title Co.—Payee	Title Policy (Buyer)	016	250.00		35,803.00
9-1-20xx	404	County Treas.—Payee	Record Deed	016	3.00		35,800.00
9-1-20xx	405	John Doe—Payee	Commission	016	2,502.50		33,297.50
9-1-20xx	406	Sam Seller—Payee	Balance due on sale	016	33,247.50		50.00
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How to use the Account Record Book

Example #2:

Broker's salesman, Joe Ketchem, sells the property at 6006 Prosperity Lane to M/M Bill Buyer. Seller was M/M Sam Seller and contract was signed and delivered on June 2, at a price of \$35,750.00. An earnest money deposit check of \$3,500.00 was given by M/M Buyer. A closing date of September 1 was shown on contract. At the time of closing the broker disbursed \$250 to the Title Company for the title

policy; \$3.00 to the County Treasurer for filing the deed; \$2,502.50 to himself for the real estate commission; and \$33,247.50 to the seller.

Assume a ledger number of 016 and enter it on the **Sale Transaction Record** as well as all of the above data. On the **Deposit and Check Register** make the applicable entries as shown.

Ledger # 016

Sale Transaction Record

Property Address 6006 Prosperity Lane Seller M/M Sam Seller
 Date of Contract June 2, 20xx Buyer M/M Bill Buyer
 Sale Price 35,750 Salesperson Joe Ketchem
 Date of Closing September 1, 20xx Company John Doe, Realtor
 Money Received Earnest Money Only
 Earnest Money Deposit 3,500.00 Check Cash Money Order
 Other _____ For _____

<u>Date</u>	<u>Transaction</u>	<u>Check #</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
6-2-20xx	Contract signed and earnest money received	Dep.		3,500.00	3,500.00
9-1-20xx	Balance received from Bill Buyer	Dep.		32,503.00	36,003.00
9-1-20xx	Pay Title Co. for title policy	403	250.00		35,753.00
9-1-20xx	County Treasurer—Record Deed	404	3.00		35,750.00
9-1-20xx	John Doe—Commission on sale	405	2,502.50		33,247.50
9-1-20xx	Sam Seller—Proceeds on sale	406	33,247.50		-0-
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