

What is a brokerage?

The real estate company that employs licensees is called a **brokerage**.

Real estate companies must have a separate real estate license.

The company office must be under the supervision of a **qualifying broker** licensed at that address.

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Responsibilities of the Qualifying Broker

The qualifying broker of a company has many responsibilities. He or she is responsible for **EVERY aspect** of the brokerage and its licensees.

In other words, he or she is the Big Cheese, the Head Honcho, the Queen Bee! (*You get the idea!*)

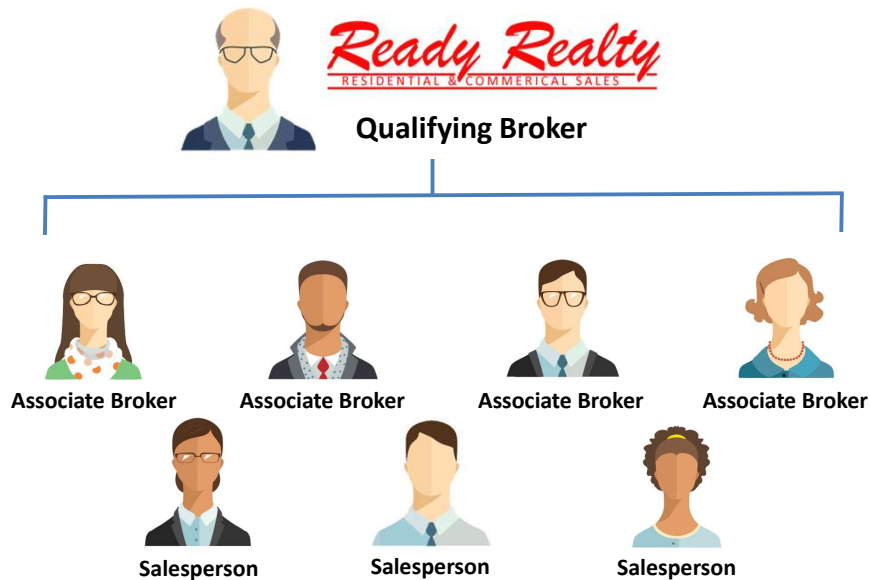
The qualify broker of a company is responsible to and for the following:

- To the Commission and to the public
- For each company he is serving as the qualifying broker
- To an injured party for the damage caused

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Qualifying Broker



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Who applies for the company license?

- The qualifying broker must apply for the company license or branch office license.
- The qualifying broker must be an officer, partner, or employee of the company.



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Can a qualifying broker serve more than one company at a time?

Yes, if certain conditions are met. An individual may serve as the qualifying broker for more than one company if:

- He conducts all real estate business for all companies from **one physical office location**.
- All companies involved **agree and give their consent in writing**; and
- A copy of the written consent is **filed with the Commission**.



**Qualifying Broker
serving three
brokerages**

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All three brokerages must be located at the same physical location: Ex. 555 Carmichael Way

Can an individual serve as the qualifying broker in different physical locations?

Real estate companies may have branch offices (just like a bank), however, each branch office must be under the supervision of a separate qualifying broker.



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555 Carmichael Way



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3601 Pecan Place



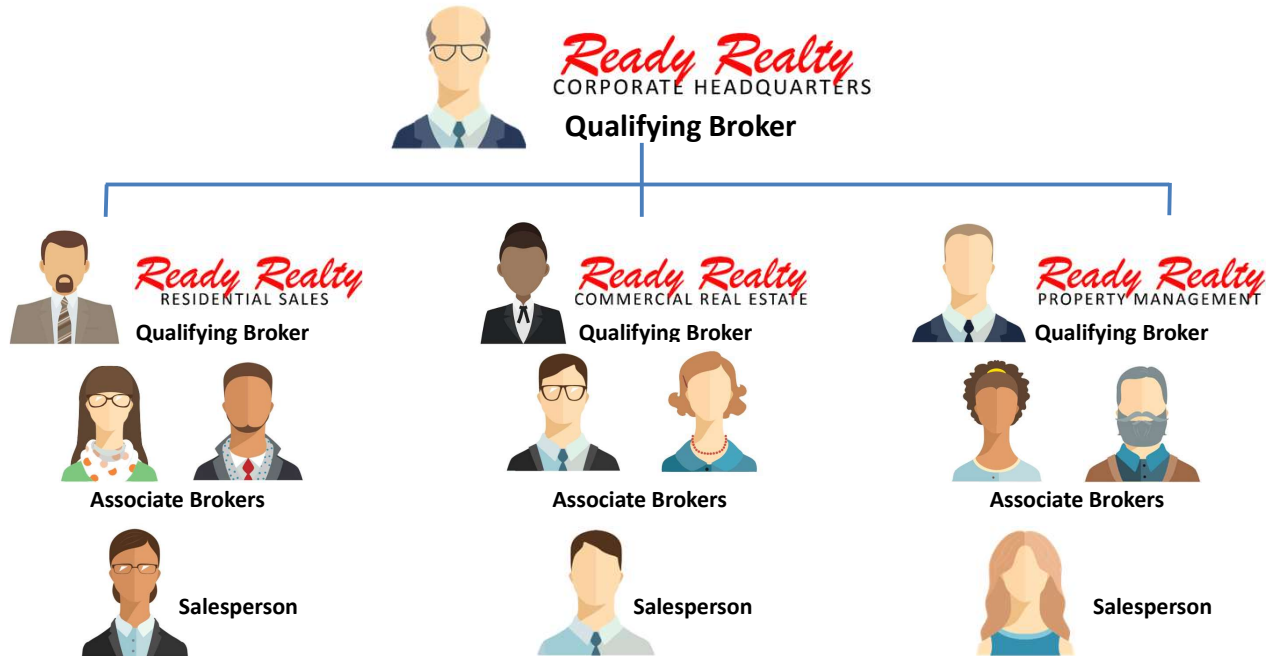
Ready Realty
COMMERCIAL REAL ESTATE

1234 Capstone Drive



Ready Realty
PROPERTY MANAGEMENT

6262 Madison Avenue



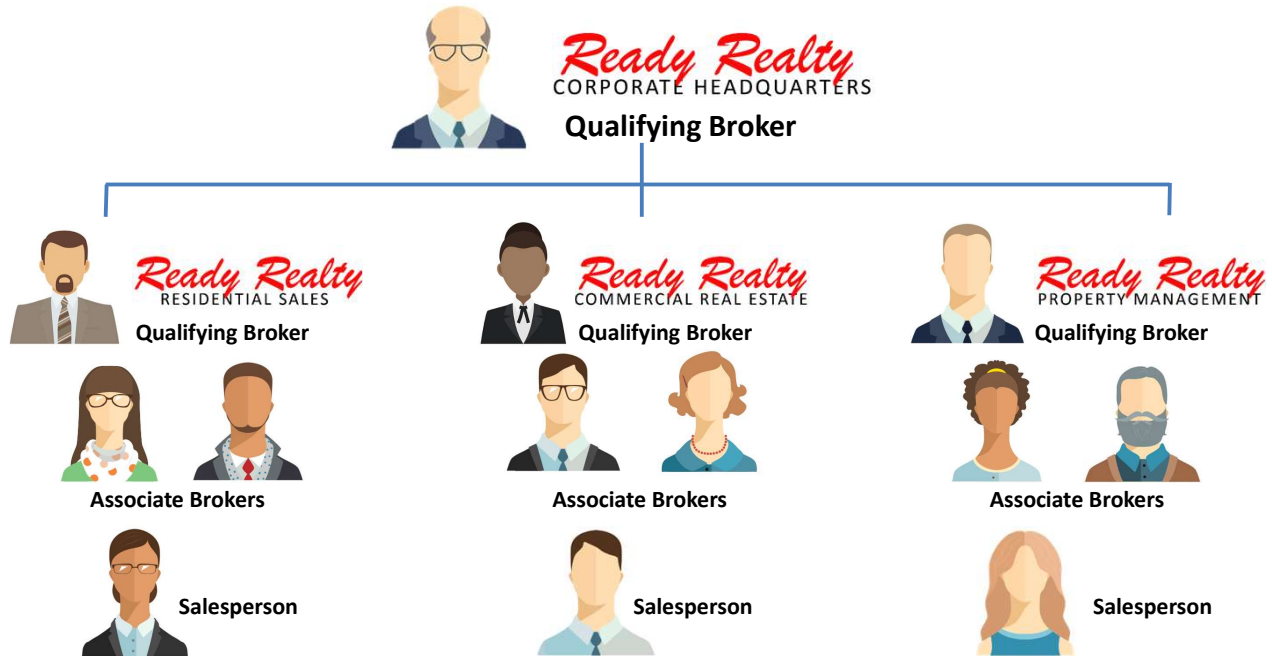
What are the legal responsibilities and liabilities of the qualifying broker?

§ 34-27-32(g)

According to Alabama real estate license law, the qualifying broker for the branch office and the qualifying broker for the company office (also referred to as a corporate office) equally share responsibility for the real estate activities of all licensees assigned to the branch office or company office.

This means that if a consumer sues a licensee at a branch office, the qualifying broker for the branch office and the qualifying broker for the company office are both equally liable.





This is the end of the current unit.
Please proceed to the next unit.

Where are brokerage licenses displayed?**§ 34-27-35(a); 790-X-2-.17.**

The law requires that every real estate license of the company, branch offices, brokers and salespersons must be **publicly displayed** at the place of business, which is the address on license.

**Where can a brokerage be located?****If located inside the city limits:**

If the real estate business is located within the city limits or within a police jurisdiction of a municipality, the brokerage must have a specified place of business away from the owner's home.

The brokerage must:

- Be located in a separate office building, not in a separate room in his home;
- Have a dedicated business telephone line; and
- Must be properly identified as a real estate office with the proper signage.

**555 Carmichael Way**

Brokerage Location

If located outside the city limits or in a rural area:

The brokerage CAN be located in the owner's or broker's home as long as the following criteria are met:

- Can only be used for the business of real estate. No other business activities are allowed;
- Can only be used by the qualifying broker. No other licensees may work from the office;
- Must have a dedicated business phone line and a separate entrance; and
- Must be properly identified as a real estate office with the proper signage.



What happens when a business changes its location?

If a company changes its physical business address:

- The Commission must be notified of the change in writing **within 30 days** after moving.
- The notification must include both the old and new addresses of the company.
- The qualifying broker must return to the Commission the company license, plus all broker and salesperson licenses for this change to take effect.
- The cost is **\$25 per license** for the business address change.



Where are brokerage records kept?

All business records and files must be kept at the brokerage.

In the real world, agents also keep copies of records in their personal home offices, but just remember that according to the Alabama license law, the brokerage must keep either hard copies or electronic copies of all records at the brokerage.

**Brokerage Records and Files**

Business records include items such as the RECAD office policy, files for closed transactions and pending sales, property management contracts, and bookkeeping records for all escrow or trust accounts.

- This requirement applies to every active license registered to the real estate office.
- Copies of brokerage files must be kept for **3 years**. (FYI: Real estate schools must keep all records for **4 years**, not 3 years.)
- Electronic storage is permissible however these records must be retrievable during an audit or investigation.



Brokerage Signage

There are specific guidelines for business signage according to Alabama real estate license law:

- **A place of business must be identified by a sign displaying the name of the company as licensed with the Commission.**
- In locations where an exterior sign is allowed, a sign must be placed outside of the office and be plainly apparent to the public.
- In locations where an exterior sign is not allowed, an interior sign must be posted. The interior sign must adhere with the building restriction and be placed in the entry area and on the door of the offices if allowed.



Can the Commission inspect brokerages or schools?

The staff of the Commission may inspect any real estate company or real estate school to ensure that the company is in compliance with Alabama real estate license law and the rules and regulations of the Commission.

- Copies of brokerage files must be kept for **3 years**.
- Real estate schools must keep all records for **4 years**.



During the inspection:

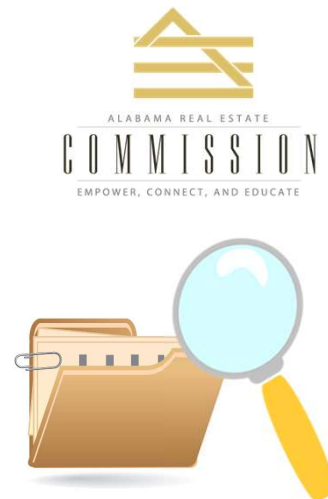
The qualifying broker must make all business records available during the inspection. Business records include items such as:

- RECAD office policy
- Files for closed transactions and pending sales
- Terminated listing or buyer representation files
- Property management contracts, lease agreements and rental records
- Bookkeeping records for all escrow or trust accounts

**What can the Commission do during an inspection?**

The Commission may make photocopies of the records at the Commission's expense.

At the time of an office inspection, the office in question will all also be examined for the place of business signage and place of business requirements.



Condominium Sales and Leasing Offices

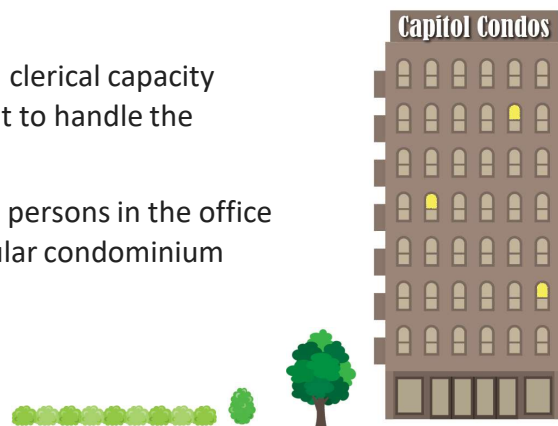
When a real estate company maintains an on-site office in a condominium building or complex, the office is not considered a branch office.

The off-site office is not required to have a branch office license as long as specific requirements are met.



Condominium Sales and Leasing Offices

- Licensed persons must be present to show property for sale or rent and to engage in all other activities requiring a real estate license; and
- Unlicensed staff may work in the office in a clerical capacity only as long as licensed persons are present to handle the rental agreements; and
- The activities of all licensed and unlicensed persons in the office are confined to the business of that particular condominium building or complex.



Model Home Sales Offices

Like the condominium office, when a real estate company maintains an office at a residential subdivision or development, that office is not considered a branch office.

It is not required to have a branch office license as long as specific requirements are met.



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Model Home Sales Offices

- The company must have a listing agreement with the builder covering all first-time sales of all the lots in the subdivision or development; and
- Sales activities are limited to the first-time sales; no re-sales are permitted; and
- Only licensed persons show property for sale and to engage in the other activities requiring a real estate license; and
- No other business activities of the company are conducted at this office. The activities of all persons in the office must be confined to the business of that one subdivision or development.



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**This is the end of the current unit.
Please proceed to the next unit.**