



## About a FREC Audit

### First, the Notification

This is typically done by email, notifying the broker that he/she has been selected for a random audit:

From: **Murray-Watson, Lynne** <[Lynne.Murray-Watson@myfloridalicense.com](mailto:Lynne.Murray-Watson@myfloridalicense.com)>

Date: Wed, Jan 7, 2015 at 11:25 AM

Subject: DBPR

To:

Mr. XXXXXX,

Please be advised that Lisa Spurlin is contacting you for a random audit.

### Then the Follow-Up

The DBPR auditor will contact the broker to arrange a time for the auditor to visit the brokerage office.

### Your Preparation

1) First, don't Panic!

You have time to get your stuff together before the auditor arrives.

2) Review the attached Checklist to make sure you have everything the auditor might request

3) Prepare the materials so they are at hand when the auditor arrives

## The Audit

### I. Office Inspections and Audits

#### A. Inspection of real estate offices of brokers with active licenses

1. Minimum office requirements
2. Office entrance sign
3. Licenses and registrations of broker, brokerage entity, salespeople and branch offices
  - a. Verify licenses are current and valid
  - b. Verify that licensees have complied with continuing education requirements
4. Agency disclosures

#### B. Escrow account audit

1. Monthly reconciliation statements
2. Bank statements and canceled checks
3. Checkbook(s), deposit book(s) and bank deposit receipts
4. Ledger book(s) or computer records for sale and/or property management records
5. Pending sale contracts (files)
6. Voided contracts/offers with escrow funds presently being held
7. Any earnest money deposit disputes
8. Property management contracts, agreements and leases (files)

#### C. Investigator is authorized to:

1. Issue a Notice of Noncompliance
2. Issue a Citation
3. Docket (file) a complaint

## CHAPTER 475

**475.23 License to expire on change of address.**—A license shall cease to be in force whenever a broker changes her or his business address, a real estate school operating under a permit issued pursuant to s. [475.451](#) changes its business address, or a sales associate working for a broker or an instructor working for a real estate school changes employer. The licensee shall notify the commission of the change no later than 10 days after the change, on a form provided by the commission. When a broker or a real estate school changes business address, the brokerage firm or school permitholder must file with the commission a notice of the change of address, along with the names of any sales associates or instructors who are no longer employed by the brokerage or school. Such notification shall also fulfill the change of address notification requirements for sales associates who remain employed by the brokerage and instructors who remain employed by the school.

**475.22 Broker to maintain office and sign at entrance of office; registered office outside state; broker required to cooperate in investigation.**—

(1) Each active broker shall maintain an office, which shall consist of at least one enclosed room in a building of stationary construction. Each active broker shall maintain a sign on or about the entrance of her or his principal office and each branch office, which sign may be easily observed and read by any person about to enter such office. Each sign must contain the name of the broker, together with the trade name, if any. For a partnership or corporation, the sign must contain the name of the firm or corporation or trade name of the firm or corporation, together with the name of at least one of the brokers. At a minimum, the words “licensed real estate broker” or “lic. real estate broker” must appear on the office entrance signs.

(2) If a broker’s registered office is located outside the State of Florida, prior to registering such office or branch office, the broker shall agree in writing to cooperate and shall cooperate with any investigation initiated in accordance with this chapter or commission rules including, but not limited to, the broker promptly supplying any documents requested by any authorized representative of the department and by personally appearing at any designated office of the department or other location in the state or elsewhere as reasonably requested by the department. If the department sends, by certified mail to the broker at the broker’s last known business address as registered with the department, a notice or request to produce any documents or to appear for an interview with an authorized representative of the department and the broker fails to substantially comply with that request or notice, then such failure by the broker is a violation of the license law, subject to the penalties of s. [475.25](#).

**475.24 Branch office; fees.**—Whenever any licensee desires to conduct business at some other location, either in the same or a different municipality or county than that in which she or he is licensed, such other place of business shall be registered as a branch office, and an annual registration fee prescribed by the commission, in an amount not exceeding \$50, shall be paid for each such office. It shall be necessary to maintain and register a branch office whenever, in the judgment of the commission, the business conducted at a place other than the principal office is of such a nature that the public interest requires registration of the branch office. Any office shall be deemed to be a branch office if the name or advertising of a broker having a principal office located elsewhere is displayed in such a manner as to reasonably lead the public to believe that such office is owned or operated by such broker.