

TRUST/ESCROW BANK ACCOUNT

Nature of Funds (Yes/No): Earnest Money: _____ Security Deposits: _____ Rents: _____

Name of Bank: _____ Bookkeeper: _____

Account #
(last 4#'s): _____ Signature(s) on
Account: _____

Type of Account: _____

Bank Account in the name of: _____

Computer Software Used: _____ Period Examined: _____

Number of Sales in the last 12 months: _____

Number of Rental clients: _____ Number of Units Managed: _____

SUMMARY OF FINDINGS

Bank Reconciliations: _____ Satisfactory _____ Deficient _____ No Reconciliation

Note Deficiencies:

Ledger Reconciliations (Trial Balance)

Trial Balance: _____ Satisfactory _____ Deficient _____ No Trial Balance

Could a Trust Account Liability be Calculated? _____ If so, do the records indicate:

	<u>Per Broker's Books</u>	<u>Auditor Calculated</u>
Overage:	Amt: _____	Amt: _____
Shortage:	Amt: _____	Amt: _____
Deficit Spending:		
Commingling:		

Other Deficiencies Noted:

CORRECTIVE ACTIONS & RECOMMENDATIONS

Corrective Actions:

Recommendations:

Deadline for BIC to demonstrate that Corrective Actions have been instituted: _____

G.S. Section 93A-6(g) [Insured Depository Institution]

1. Is the account in a federally insured depository institution lawfully doing business in North Carolina? [checkbox] [checkbox] [checkbox]

Comments:

Rule A.0116(c) [Interest Bearing Trust/Escrow Accounts]

2. Is the bank account interest-bearing? [checkbox] [checkbox] [checkbox]

(If no, skip to #3)

a. If yes, is there written authorization for deposit? [checkbox] [checkbox] [checkbox]

b. Is the written authorization conspicuous? [checkbox] [checkbox] [checkbox]

c. Does it state how/to whom interest will be disbursed? [checkbox] [checkbox] [checkbox]

3. Is the bank account a demand account? [checkbox] [checkbox] [checkbox]

Comments:

Rule A.0117(b) [Trust/Escrow Account Designation on Bank Accounts]

4. Are the following designated Trust or Escrow? [checkbox] [checkbox] [checkbox]

a. Deposit Slips: [checkbox] [checkbox] [checkbox]

b. Checks: [checkbox] [checkbox] [checkbox]

c. Bank Statements: [checkbox] [checkbox] [checkbox]

Comments:

Rule A.0117(c)(2) [Canceled Checks]

5. Do canceled checks or supplemental worksheets for each transaction identify:

a. The check number and date of the disbursement? [checkbox] [checkbox] [checkbox]

b. The property or owner? [checkbox] [checkbox] [checkbox]

c. The purpose for the disbursement? [checkbox] [checkbox] [checkbox]

d. The amount of the disbursement? [checkbox] [checkbox] [checkbox]

6. Are canceled checks or digitally imaged copies of the canceled checks retained? [checkbox] [checkbox] [checkbox]

(If no, skip to #7)

a. If digital images are retained, are these images:

i. Legible reproductions of the original canceled checks? [checkbox] [checkbox] [checkbox]

ii. The front and back of the original canceled checks? [checkbox] [checkbox] [checkbox]

Comments:

Rule A.0117(c)(3) [Deposit Tickets]

7. Do deposit tickets or supplemental worksheets for each transaction identify:

a. The parties involved? (for sales transactions only) [checkbox] [checkbox] [checkbox]

b. The purpose of the monies deposited? [checkbox] [checkbox] [checkbox]

c. The properties or owners for which monies were deposited? [checkbox] [checkbox] [checkbox]

d. The remitter of the monies deposited? [checkbox] [checkbox] [checkbox]

e. The date of the deposit? [checkbox] [checkbox] [checkbox]

f. Do computer deposit tickets agree with bank deposit tickets? [checkbox] [checkbox] [checkbox]

Comments:

Rule A.0117(c)(5) [Journal/Check Stubs]

8. Is a trust/escrow journal or check stubs maintained? [checkbox] [checkbox] [checkbox]

(If no, skip to #9)

- a. If yes, Document Examined: _____
- b. Are the transactions recorded in the journal in chronological sequence?
- c. Does the journal show a running balance of funds in the bank account?
- d. Does the journal identify each bank deposit transaction with:
 - i. The amount of the deposit?
 - ii. The date of the deposit?
 - iii. An appropriate reference to the corresponding deposit ticket?
- e. Does the journal identify each bank disbursement transaction with the:
 - i. Amount of the disbursement?
 - ii. Date of the disbursement?
 - iii. Check number when a check is used to disburse trust funds?
 - iv. Payee?
 - v. Purpose of the disbursement?

Comments:

Rule A.0117(c)(4) [Ledger Sheets]

- 9. Is a separate ledger sheet maintained for:
 - a. Each sales transaction?
 - b. Each owner or property managed?
 - c. Each security deposit?
 - d. Personal funds?

(If no, skip to #11)

- 10. Do the ledger sheets identify:
 - a. The property?
 - b. The parties to the transaction? (for sales transactions only)
 - c. The owner and tenant? (for rental management transactions only)
 - d. The amount and date of monies deposited?
 - e. The purpose of monies deposited?
 - f. From whom monies deposited are received?
 - g. The check number when a check is used to disburse trust funds?
 - h. The amount and date of disbursements?
 - i. The purpose of disbursements?
 - j. To whom disbursements are paid?
 - k. The running balance of funds on deposit?

Comments:

Rule A.0117(d) [Audit Trail]

- 11. Is there an audit trail from the deposit slips or supplemental deposit worksheet to the journal?
- 12. Is there an audit trail from the deposit slips or supplemental deposit worksheet to the ledger sheets?
- 13. Is there an audit trail from the canceled checks or supplemental disbursement worksheet to the journal?
- 14. Is there an audit trail from the canceled checks or supplemental disbursement worksheet to the ledger sheets?

Comments:

Rule A.0117(e) [Reconciliation]

15. Are bank statements reconciled to the journal monthly?
- a. When was the last reconciliation prepared? _____
- b. For What Month? _____
16. Is a trial balance prepared monthly reconciling the ledger sheets to the bank statements?
- a. When was the last trial balance prepared? _____
- b. For What Month? _____
17. Does the trial balance equal the reconciled bank balance monthly?

Comments:

G.S. Section 93 A-6(a)(12) and Rule A.0116(g)

18. Is there any evidence of:
- a. Shortages?
- b. Overages?
- c. NSF escrow checks?
- d. Deficit spending?
- e. Conversion of trust money to personal use?
19. Are any earnest monies, rents, or security deposits collected on properties owned by the listing/selling entity deposited into the listing/selling entity's trust account containing funds on properties owned by 3rd parties?

Comments:

Rule A.0104 (c)

For sales only:

20. Are Working With Real Estate Agents brochures (NCAR Form 160) being completed and maintained?

Comments:

Rule A.0104 (a), (b) and (d) [Listing/Buyer Agency/Rental Property Management Agreements]

21. Does the Firm use all NCAR forms?

Comments:

(If yes, skip to #27)

If no: (for sales only)

22. Are listing agreements reduced to writing?
23. Do the written listing agreements:
- a. Provide for its existence for a definite period of time?
- b. Provide for its termination without prior notice at the expiration of that period?
- c. Contain the required provision for anti-discrimination?
- i. If yes, is the provision clear & conspicuous?
24. Are buyer agency agreements (Form 201) reduced to writing?
25. Do the written buyer agency agreements:
- a. Provide for its existence for a definite period of time?
- b. Provide for its termination without prior notice at the expiration of that period?
- c. Contain the required provision for anti-discrimination?
- i. If yes, is the provision clear & conspicuous?

If no: (for rental property management only)

26. Are rental property management agreements with the owner reduced to writing?

- a. Contain the required provision for anti-discrimination?
- i. If yes, is the provision clear & conspicuous?

Comments:

Rule A.0116(a) [Depositing Trust Funds]

For Sales Only:

27. Are all earnest money deposits paid by means other than currency deposited into the bank account not later than three banking days following acceptance of the offers to purchase?
28. Are all earnest money deposits paid by currency deposited into the bank account not later than three banking days following receipt of the monies?

Comments:

Rule A.0117(c)(7) [Offers to Purchase]

29. Are the dates of acceptance of the offers to purchase set forth in the purchase agreements?

Comments:

Rule A.0116(a) [Depositing Trust Funds]

For Rental Property Management Only:

30. Are all security deposits paid by means other than currency deposited into the bank account not later than three banking days following acceptance of the leases?
31. Are all security deposits paid by currency deposited into the bank account not later than three banking days following receipt of the monies?
32. Are all rents deposited into the bank account not later than three banking days following receipt of the monies?

Comments:

Rule A.0117(c)(8) [Leases]

33. Are the dates of acceptance of the leases (NCAR Form 410-T) set forth in the lease agreements?

Comments: