**Do I Need a Trust Account?**

What is a Trust Account? Also called an Escrow Account, a Trust Account is

1) separate
2) custodial
3) available on demand

Separate means that you only deposit other people’s money into the account and not your own money or your company’s money.

Custodial means you've taken custody of the money, and the persons who have an interest in the monies, like the parties to the transaction or managers of the HOA, may NOT access the money.

Available on Demand means the funds can be withdrawn at any time without prior notice.

Who needs a Trust Account?
Brokers working in Property Management, or any broker who will hold earnest money or other monies in trust for others, must have a trust account.

What are Trust Monies?
Trust Money is any money belonging to others that has been received by a real estate broker, who is acting as an agent in a real estate transaction.

Examples of Trust Money include
Earnest Money Deposits
Tenant Security Deposits
Rent Payments
Repair Reserves
HOA Dues & Assessments

How do I create a Trust Account? (Creating a trust account is easy.)
First pick a bank, savings and loan, or credit union that is federally insured
Then make sure they agree to provide your account records to the Commission upon request.

Next include "Trust Account" or "Escrow Account" in the account name and be sure the full account name – including “trust account” or “escrow account” - pre-printed on all bank statements, deposit tickets and checks.

Finally, deposit enough of your money (usually $100 or less) into the account to cover bank fees, or have the fees drafted from a separate operating account.

May I have an interest-bearing trust account?
Brokers may legally use interest-bearing trust accounts, provided they have written permission from all parties to do so that specifies how and to whom the interest will be disbursed. Brokers
must also carefully account for all accrued interest and remove it from the account regularly to avoid having more than $100 of their own funds in the trust account.

There is no need for a separate trust account for the different types of deposits that you will make. However, you may choose to keep them in separate trust accounts for record keeping purposes.

If I am handling trust money, how many Trust Accounts do I need? You only need one account, unless you also manage your own personal properties or you manage HOAs/POAs.

Any broker managing HOAs/POAs must have a separate trust account for each association.

Remember! If you are managing properties owned by you and/or your firm, you may need a separate trust account to avoid commingling, which means mixing your money with other people's money.

Do You Need a Trust Account?
If the answer is yes, visit NCREC.GOV today and register for the Commission’s Trust Account course to learn how to keep and maintain correct records.