



Alabama Real Estate Commission
Empowering | Connecting | Educating
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BRIEFLY LEGAL AND COMMISSION NOTE

Death or Disability of Qualifying Broker and Company Audits

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TODAY'S QUESTION

What should I do upon the death or disability of a qualifying broker?

THE ANSWER

Section 34-27-32(i) of the License Law states, **“(i) A company license shall become invalid on the death or disability of a qualifying broker. Within 30 days after the death or disability, the corporation, or the remaining partners or the successor partnership, if any, may designate another of its officers, members, or salespersons to apply for a license as temporary qualifying broker.”**

A company has 30 days to designate a new permanent qualifying broker or a temporary qualifying broker. If a company gets a temporary broker, that license is issued for only six months. What are the requirements for a **temporary** qualifying broker?

- Someone who has been a Salesperson for at least one year prior to application.
- Complete a Temporary Broker Application, which can be downloaded from arec.alabama.gov under “forms” and mail it and the fee to the Commission.
- Include in the mailing a \$25.00 transfer fee with proof of the death or disability of the qualifying broker so that the company license can be changed to reflect the new broker.
- If there are branch licenses involved, please call the Commission’s Licensing Division.

There are two important things to remember: 1) The company cannot operate without a qualifying broker so it is imperative to resolve the issue and get a permanent or temporary qualifying broker as soon as possible; 2) if no **permanent** qualifying broker is designated and licensed within six months, the company’s license and all those licensed with the company will be placed INACTIVE.

NOTE: None of this applies if the qualifying broker resigns. The option described above is available only in the event of the death or disability of the qualifying broker.

COMMISSION NOTE -Company Audits

Now that the Commission is scheduling audits, brokers who have an active license but do little to no business, are calling to see if they must be audited. We are getting the same question from those companies that do not hold trust money. The answer to both circumstances is YES, if you have an active license, we will come see you. The audit may be short, but we will check your records from transactions along with your RECAD office policy.