



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

When To Give Earnest Money To Your Qualifying Broker

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TODAY'S QUESTION

When must a salesperson or associate broker turn over earnest money to their qualifying broker?
Immediately?

THE ANSWER

YES. And what does immediately mean? 1. Occurring or done at once; instant; 2. Nearest in time, relationship, or rank. *New Oxford American Dictionary*

The law requires salespersons and associate brokers to turn over all funds belonging to others IMMEDIATELY upon receipt to their qualifying broker. If earnest money was to be collected but was not, the qualifying broker should also immediately be notified of this. Rule 790-X-3-.03(2).

Salespersons or associate brokers must accept the funds presented to them and take them directly to their qualifying broker. The only exception is if the broker has a written policy in place that directs licensees to take the earnest money directly to a designated party such as a title company who holds funds for the company. Not all companies have escrow accounts; however, "immediately" still stands! These trust funds must be turned over immediately and not put in your wallet until you get around to dropping by the title company in a week or two.

COMMISSION NOTE

Question: - Should your license and renewal fees be sent to the general fund to be used by other agencies?

Answer: Absolutely NOT! As you all know, the legislature is in session. There seems to be an unusual number of bills that affect all boards and commissions. Thank you for responding to our request to contact your Senators to stop the fund sweep bills. YOU HAVE BEEN SUCCESSFUL so far! A fund sweep bill would mean that the legislature would take any funds or portion of funds remaining at the end of the fiscal year along with any reserves and move them—your license fees—to the general fund. Senator Greg Albritton from Atmore has sponsored these bills. Senator Albritton is the Chairman of the Senate Finance and Taxation General Fund committee. He has now hinted that he may sweep funds from boards and commissions in the general fund budget bill. We will keep an eye on this and let you all know if you need to contact your Senators again. If so, we will send an UPDATED list of contact information for them that has the phone number of their Senate office and their Senate email address. Thank you for helping us protect your fees so that you are not paying a back door tax by sending your fee money to the general fund!

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