



# JANUARY 2019 TEAMS

## ★ HB 862 | SB 758

This is a law that clarifies and pulls together some of the existing Code provisions regarding teams. There is a delayed enactment date on this law of January 1, 2019 to allow licensees and DPOR to prepare.

Virginia REALTORS® will be providing additional resources, including a webinar on August 22 to help members understand how to comply with this law. Additionally, an episode of Caveat REALTOR® covers Teams.

### *Definitions*

The bill provides for two new definitions in the law: **“Real Estate Team”** means two or more individuals, one or more of whom is a real estate salesperson or broker, who (i) work together as a unit within the same brokerage firm, (ii) represent themselves to the public as working together as one unit, and (iii) designate themselves by a fictitious name.

Note this is a three-part definition. You must work together as a unit within the same firm, represent yourselves to the public (e.g. market) as a unit, AND designate yourselves by a fictitious name (e.g. The Smith Team). Any one of these alone will not make you a team.

**“Supervising Broker”** means a real estate broker who has been designated by a principal broker to supervise the provision of real estate brokerage services by associate brokers and salespersons assigned to a branch office or a real estate team.

This was added to clarify what was already in the regulations, that the principal or supervising broker is responsible for supervising teams in their offices, as well as individual licensees.

### *License Requirements*

The law also now states that no group of individuals consisting of one or more real estate brokers or real estate salespersons, or a combination thereof, shall act as a real estate team without first obtaining a business entity salesperson’s license from the Board. The requirement to obtain a Business Entity License already exists in the Code and DPOR has indicated it believes that a Real Estate Team should already be obtaining a Business Entity Salesperson License. However, there was previously some confusion in the Code where a real estate salesperson was defined as any person or business entity of not more than two persons unless related by blood or marriage . . . Etc. This has now been removed and the definition now states that a real estate salesperson means any individual, or business entity, who for compensation or valuable consideration is employed either directly or indirectly by, or affiliated as an independent contractor with, a real estate broker, . . . Etc.

This change in the statute clarifies that a real estate team now functions as a real estate salesperson and requires a business entity salesperson license. It also allows consumers and other members of the general public to search on-line at DPOR for a Real Estate Team. The new law also clarifies that a real estate team may hire one or more unlicensed assistants.

Additionally, if any principal broker maintains more than one place of business within the Commonwealth, such principal broker shall be required to obtain a branch office license from the Board for each place of business maintained. A copy of the branch office license shall be kept on the premises of the branch office.



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## *Duties of Supervising Broker*

Three things have been added to the duties of a supervising broker Code provision:

1. Undertaking reasonable steps to ensure compliance by all licensees assigned to a branch office with the provisions of this chapter and applicable Board regulations, including ensuring that licensees possess a current license issued by the Board;
2. Ensuring that affiliated real estate teams or business entities are operating in accordance with the provisions of this chapter and applicable Board regulations;
3. Ensuring that brokerage agreements [buyer and seller] include the name and contact information of the supervising broker

This third change will require that the supervising broker's name and contact information are included on every brokerage agreement, eliminating any consumer confusion as to who the supervising broker is in all transactions.

Virginia REALTORS® updated the Property Management Agreement (Form 900) on July 1, 2018 to include fields for the supervising broker name and contact information. All additional Virginia REALTORS® brokerage agreements will be updated for the January 1, 2019 release with these fields.