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Positions Statements Related to Real Estate Business Entities Issued by the Real Estate Examining Board

IS A BROKER REQUIRED TO MAINTAIN A BOOKKEEPING SYSTEM FOR THE BROKER'S OFFICE?

[REEB 18.13](#) states that each broker shall maintain and be responsible for a bookkeeping system in the broker's office that consists of at least:

A cash journal ([REEB 18.13\(1\)](#)). A record that shows the chronological sequence in which real estate funds are received and disbursed. For funds received, the journal should have the date, the name of the party giving the money and the amount. For disbursements, the journal should include the date, the payee, the number of the check, and the amount. The journal shall also identify each transaction by including the name of the principal, an ID number, and a running balance for each day which receipts or disbursements are entered.

A ledger ([REEB 18.13\(2\)](#)). A record that shows receipts and disbursements as they affect a particular transaction. Each ledger shall include the names of both parties to a transaction, the dates and the amounts received and the name of the party giving the money if it differs from the buyer. The broker needs a different ledger for each kind of real estate transaction (e.g. sales, rental, or collections).

Account reconciliation ([REEB 18.13\(3\)](#)). A broker must reconcile each real estate trust account in writing each month, except if there has been no activity that month. The written reconciliation must include the ending statement balance, date and amounts of deposits or transit, the number of the checks written but not paid, and the reconciled statement ending balance.

Trial balance ([REEB 18.13\(4\)](#)). A written listing of all open items in the real estate trust account, in accordance with [REEB 18.13\(3\)](#). The list must show the names of the parties to the transaction, and the amount held in trust for the parties at the time corresponding to the account reconciliation.

Validation ([REEB 18.13\(5\)](#)). The broker or designee must make sure that the reconciled account statement balance, the open ledger account listing, and the journal running balance are valid and in agreement as of the date the account was reconciled.

CAN A BROKER USE A COMPUTERIZED BOOKKEEPING SYSTEM?

[REEB 18.13\(6\)](#) states that a broker may use a computerized system if the system complies with [REEB 18.13\(1\)-\(5\)](#) and if all bookkeeping entries required by the chapter are made in the computerized system, even if other records are maintained at the same time.

WHAT ARE THE BACK-UP REQUIREMENTS FOR A COMPUTERIZED BOOKKEEPING SYSTEM?

[REEB 18.13\(6\)\(c\)](#) states that a back up copy of the bookkeeping records required under (1) to (2) must be made on any day on which the entries are made in the system, and the back -up copy must be made on a disk or other medium which is separate and distinct from that on which the source documents reside.

[REEB 18.13\(6\)\(d\)](#) states that the document which records account reconciliation, trial balance, and validation must be immediately copied to a back-up medium and maintained by the broker.

[REEB 18.13\(6\)\(e\)](#) states that all records which are not maintained as written paper records must be immediately available without charge to the Department for the purposes a Department audit or investigation.

[REEB 18.13\(6\)\(f\)](#) states that all computerized trust account records must be retained, pursuant to RL 15.04.