

## BROKER COMPLIANCE



# KEEP CALM AND COMPLETE ALL THE BLANKS

How to keep agents on the right side of compliance

When it comes to record keeping, **Nathan Klutznick** isn't taking any chances complying with Chapter 475, Florida Statutes.

State law requires that all licensees be competent and that brokers direct, control and manage their associates. To address those issues, some brokers create systems for tracking real estate offers, contracts, closings and other key milestones in the property sales process. To do this, Klutznick, broker of **The K Company Realty LLC** in Pompano Beach, went all out. He hired a compliance director, built a proprietary website and trained his 350 agents to follow specific compliance processes.

“Chapter 475 can be vague,” says Klutznick. “Ensuring compliance isn't



easy, but it's critical for protecting both your office and the public.”

The K Company Realty ensures compliance in four ways:

### 1. Mandates the use of Florida Realtors® forms.

Klutznick believes this simple requirement mitigates roughly 90 percent of the possible risks associated with Chapter 475 document compliance. He says that brokers should make forms training a part of the process of educating new agents. (Check [florida.realtors.org/Education](http://florida.realtors.org/Education), and go to “Calendar” for upcoming classes in your area.)

### 2. Operates a universal filing system.

Chapter 475 states that brokers must retain all transaction-related documen-

“There's no software that will tell you each contract has been signed and dated in the proper places,” says Klutznick. That's why he suggests you hire a transaction coordinator or compliance director to create the checks and balances.

tation for at least five years. Collecting the forms and making sure they don't disappear over the coming five years can present major challenges for brokers. To overcome this hurdle, Klutznick says he stores each digital file on two separate external hard drives, one held by him and the other by the office administrator. “Every file also has a hard copy that, 45 days after the file closes, gets moved into our on-site storage facility,” he adds.

### 3. Uses checklists for all transaction types.

Klutznick developed a proprietary website with an agent dashboard. Agents may download and upload documents and checklists, track pending files and submit documents to the corporate office for review. Checklists help them track necessary documentation for each transaction (rental, sale, etc.). As soon as the contract is signed, the agent prints out the checklist and updates it throughout the transaction.

### 4. Ties checklist completion to the final deal.

Klutznick's agents are trained to complete the checklist before reaching the closing table. The company's compliance director reviews each form in the file, checks all the pertinent dates and ensures that the signatures match. “Only then does it come to me for a final review,” says Klutznick.

With 350 agents whose technical skills range from novice to high tech, Klutznick makes sure the company's compliance system suits different work styles. “Be flexible and offer both tech-savvy and paper solutions.” ○