



South Carolina Department of Labor, Licensing and Regulation  
**South Carolina Real Estate Commission**  
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### **Inspection Instructions for Broker-in-Charge/Property Manager-in-Charge**

*In accordance with S.C. Code §40-57-60(C), the Commission shall conduct periodic inspections of offices of licensees to assist with and ensure compliance with SC Law.*

Your office has been selected for inspection by the SC Real Estate Commission. Prior to the inspection taking place, the Inspection Report Form will need to be completed and submitted, within 5 business days, to your assigned Inspector:

- I. **Real Estate Office Inspection Report Form:** All offices must complete this form. If the office name, phone, physical address, and/or licensee roster are incorrect, the BIC is required to submit corrective information to the Commission office prior to remittance of the forms.
- II. **Written Office Policy:** A copy of the written office policy is to be available to the Inspector at the time of inspection. Failure to have an office policy will result in a citation.
- III. **Appendix A – Records Review:** Required if the office is, or has within the last 5 years, engaged in the following: Contract of Sale and Addenda, Listing Contract or Buyer Agency Agreement, Transaction Broker Agreement, Residential Property Disclosure Statement. For review only, Inspector will complete
- IV. **Appendix A – Trust/Escrow Account:** Required if the office is, or has within the last 5 years, maintained a trust/escrow account. For review only, Inspector will complete. *Resource:* [Commission Trust Account Guidelines](#)
- V. **Appendix B – Property Management:** Required if the office is, or has within the last 5 years, conducted property management. For review only, Inspector will complete.
- VI. **Listing Spreadsheet:** For out-of-state offices only. Out-of-State offices complete the provided spreadsheet listing all active and completed listings and properties under management within the previous 5 years in addition to completed inspection forms.

A completed page 1 & 2 of the inspection form and any other required documents must be sent to the Inspector via email prior to the inspection taking place. Failure to provide the documents will result in a cancelled and rescheduled inspection. Failure to cooperate with an Inspector or make requested records available may result in the submission of a complaint to the Office of Investigations and Enforcement for investigation and/or prosecution. S.C. Code §40-57-710.

In addition to the form(s), the Inspector may request for the BIC to be present during the inspection. For out-of-state offices, Inspectors may request appearance of BIC/PMIC via virtual meeting.

Upon completion of the inspection, a copy of the finalized report will be provided to the BIC/PMIC.



## Real Estate Office Inspection Report Form

### Instructions

BIC/PMIC must be complete pages 1 and 2 prior to returning to the Commission Inspector. Page 3 will be completed at the time of inspection. BIC/PMIC is to review Appendix A, B and/or C in preparation for the inspection and have all documents available to Inspectors at time of inspection.

### I. Contact Information

Office Registration Code.: \_\_\_\_\_ Date of Inspection: \_\_\_\_\_  Initial  Re-inspection

Office Name: \_\_\_\_\_ Office Phone: \_\_\_\_\_

Office Physical Address: \_\_\_\_\_

BIC/PMIC Name & License Number: \_\_\_\_\_

Supervised Licensees & License Number: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

1. Does the BIC/PMIC confirm the above office name, phone, and physical address are correct?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. If No, BIC/PMIC must submit corrected information to the Commission within 10 days (SC Code §40-57-135(A)(8)). Submission Date of Information Correction: _____		
2. Does the BIC/PMIC confirm the above listed licensees are correct? (SC Code §§40-57-330(B) and 40-57-510(E)?)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. If No, can the BIC/PMIC provide proof of correction submission to the Commission?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

### II. Office Activities

Indicate all the activities engaged in by this office:	<input type="checkbox"/> Sales Residential	<input type="checkbox"/> Sales Commercial	<input type="checkbox"/> Property Management – Residential	<input type="checkbox"/> Property Management – Commercial
<i>If above is checked, Inspector will complete Appendix C during inspection</i>				

**III. Office Policy**

1. Has the office established and maintained a written office policy (SC Code §40-57-135(A)(5))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Did all supervised licensees get a copy (physical or digital) of the office policy (40-57-135(A)(5))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**IV. Trust/Escrow Account**

1. Do you maintain a trust/escrow account for sales or property management (SC Code §40-57-135(A)(7))? <i>If Yes, Inspector will complete Appendix B during inspection</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. If No, is an attorney(s) holding the escrow funds for all currently active contracts.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. If Yes, answer the following questions		
i. Financial Institution: _____		
ii. Last Four Numbers of the Account: _____		
iii. Is the financial institution authorized to conduct business in SC (S.C. Code §40-57-136(A)(3))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
iv. Is the Account a demand deposit account that includes the words “trust” or “escrow” in the title (S.C. Code §40-57-136(A)(1))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**V. Records Retention and Review**

**A. Retention**

1. Are records for the items listed below kept for at least five years (SC Code §§40-57-135(D)(1) and 40-57-136(F)(1))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. If maintained electronically, is there a backup copy stored in a separate, off-site or cloud storage location (S.C. Code §40-57-135(D)(2))? If yes, location: _____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**B. Record Review**

Check all boxes that are applicable to this office’s activity (SC Code §40-57-135(D)(1)):

<input type="checkbox"/> Contract of Sale and Addenda <i>(Review Appendix A, Section A)</i>	<input type="checkbox"/> Listing Contract or Buyer Agency Agreement <i>(Review Appendix A, Section B)</i>
<input type="checkbox"/> Transaction Broker Agreement <i>(Review Appendix A, Section C)</i>	<input type="checkbox"/> Residential Property Disclosure Statement <i>(Review Appendix A, Section D)</i>
<input type="checkbox"/> Property Management Agreement/Lease Agreement <i>(Review Appendix C)</i>	

**In-state Offices:** Inspectors will select 3 files, both active and completed within 5 years from the date of inspection, for each of the above checked records. Inspectors may request additional files to complete inspection.

**Out-of-State Office:** The office must submit the provided spreadsheet listing all active and completed listings and properties under management within 5 years of the date of inspection. The inspector will choose 3 records from the list provided. Failure to timely provide the documents will result in an inspection failure.

## Assessment

*To be completed by Inspector*

1. Did the BIC supply all required records to the Inspector (SC Code §40-57-710(A)(25))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Did the Inspector request BIC/PMIC to be present during the inspection (SC Code §40-57-710(A)(25))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. If Yes to #2, was the BIC/PMIC present during the inspection?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Inspection Results:**  Pass  Fail

**Eligible for Reinspection:**  Yes  No

**Areas Needing Correction (list of items and notes if applicable):** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature of BIC/Representative: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Inspector: \_\_\_\_\_ Date: \_\_\_\_\_

Failure to pass the initial inspection will result in a reinspection no greater than 150 days. An office that fails to pass the second inspection for non-compliance or due to exceeding 150 days, or requiring multiple rescheduling of an inspection greater than three (3) times may be forwarded to the Office of Investigations and Enforcement as a disciplinary complaint for investigation and/or prosecution.



## Appendix A – Records Review

### Instructions

BIC/PMIC is to review the document prior to inspection and make all records necessary for the completion of this form available to the Inspector.

### I. Contact Information

Office Registration Code.: \_\_\_\_\_ Office Name: \_\_\_\_\_

BIC/PMIC Name & License Number: \_\_\_\_\_

### II. Record Review

Complete the sections in accordance with the boxes check on Inspection Form Section V, item B:

#### A. Contract of Sale and Addenda

1. Contract(s) dated correctly?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Are all required signatures on the contract(s)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Does the contract(s) show an expiration date ( <i>closing date</i> )?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. If present, are modifications to the contract(s) performed correctly?	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Does the buyer and the seller acknowledge whether they received customer or client services in the real estate transition?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Has the brokerage verified the seller has the legal right to sell the property ( <i>i.e. evidence of ownership such as the deed, estate administrator appointment, etc.</i> )?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Are there offers and/or counter offers associated with the contract of sale?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. Were all offers/counter offers in writing, dated and signed by the offerors (SC Code §40-57-135(I)(4))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. If Yes to Question 6.a., are all changes or modifications in writing and initialed and dated by both parties (SC Code §40-57-135(I)(4)(a))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
ii. If Yes to Question 6.a., are all terms and conditions of the transaction included (SC Code §40-57-135(I)(4)(b))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
iii. If Yes to Question 6, if an offer is rejected without counter, was an offer rejection form completed and signed by licensee (SC Code §40-57-135(I)(5))?	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Did all licensees involved hold an active license at the time of transaction (SC Code §40-57-135(K))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

#### B. Listing Agreement or Buyer's Agency Agreement

1. Is there a signed Acknowledgment of Receipt of the Disclosure of Brokerage Relationship included (SC Code §40-57-370(B))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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2. Agreement includes the following:			
a. Description of agent duties as described in SC Code §40-57-135(I)(2)(a)?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Amount of compensation and explanation of method (SC Code §40-57-135(I)(2)(b))?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. If applicable, is there specified exemptions or variations in the amount of compensation to be paid and the circumstances that would apply (SC Code §40-57-135(I)(2)(j))?	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Explanation of how and when compensation is earned (SC Code §40-57-135(I)(2)(c))?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Explanation of compensation division, if applicable (SC Code §40-57-135(I)(2)(d))?	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes	<input type="checkbox"/> No
e. Amount of any money collected before licensee's performance of service and conditions for refunds or payments to or on behalf of client (SC Code §40-57-135(I)(2)(e))?	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes	<input type="checkbox"/> No
f. Specific dates of agency duration, including beginning and termination (SC Code §40-57-135(I)(2)(f) & (h))?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. Is there a signed, written extension (SC Code §40-57-135(I)(2)(h))?	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes	<input type="checkbox"/> No
ii. Does the written extension cause the agreement to be in effect for greater than one year and include any of the following: (1) agreement binds future owners or heirs; (2) allows for the assignment of the right to provide services without notice to and consent of owner; (3) creates a lien, encumbrance, or other security interest (SC Code §40-57-135(I)(9))?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
g. Signatures of all parties (SC Code §40-57-135(I)(2)(g))?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
h. If applicable, is an 'exclusive agency' agreement or 'exclusive right to represent' contact (SC Code §40-57-135(I)(2)(i))?	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Did all licensees involved hold an active license at the time of transaction (SC Code §40-57-135(K))?		<input type="checkbox"/> Yes	<input type="checkbox"/> No

### **C. Transaction Broker Agreement**

1. Is a compensation agreement signed by agent and the compensating party (SC Code §40-57-135(I)(3))?	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Does the compensation agreement contain the amount of compensation and identify the party responsible for payment (SC Code §40-57-135(I)(3))?	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Did all licensees involved hold an active license at the time of transaction (SC Code §40-57-135(K))?		<input type="checkbox"/> Yes	<input type="checkbox"/> No

### **D. Residential Property Disclosure Statement**

1. Unless exempt under law (SC Code §§40-57-370(G) and 27-50-30), for residential real estate transactions, did the owner provide a completed and signed disclosure statement prior to entering into the contract to buy/sell (SC Code §27-50-40)?	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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## Appendix B – Trust/Escrow Account

### Instructions

BIC/PMIC is to review the document prior to inspection and make all records necessary for the completion of this form available to the Inspector.

### I. Contact Information

Office Registration Code.: \_\_\_\_\_ Office Name: \_\_\_\_\_

BIC/PMIC Name & License Number: \_\_\_\_\_

Financial Institution: \_\_\_\_\_ Last Four Numbers of Account: \_\_\_\_\_

### II. Trust/Escrow Account

1. Does the BIC have and maintain control of and responsibility for the Account (S.C. Code §40-57-136(A)(1))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Are the trust funds deposited in an interest-bearing account?	<input type="checkbox"/> Yes <i>If checked, proceed to 2a.</i>	<input type="checkbox"/> No <i>If checked, proceed to 3.</i>
a. Is the interest retained by the BIC/PMIC?	<input type="checkbox"/> Yes <i>If checked, proceed to 2b.</i>	<input type="checkbox"/> No <i>If checked, proceed to 3.</i>
b. Is there a written agreement between the depositors/owners of the trust funds and the BIC/PMIC acknowledging the depositors/owners of the trust funds right to ownership of interest (S.C. Code §40-57-136(G)(1))?	<input type="checkbox"/> Yes <i>If checked, proceed to 2c.</i>	<input type="checkbox"/> No <i>If checked, proceed to 3.</i>
c. In the agreement, do the depositors/owners of the trust funds relinquish the right of ownership to the BIC/PMIC (S.C. Code §40-57-136(G)(1))?	<input type="checkbox"/> Yes <i>If checked, proceed to 2d.</i>	<input type="checkbox"/> No <i>If checked, proceed to 2d.</i>
d. Is the written agreement part of a preprinted form using conspicuous language (S.C. Code §40-57-136(G)(2))?	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Are deposits made in accordance with license law (S.C. Code §§40-57-135(F)(2); 40-57-136(B)(3); 40-57-136(C) & (D))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. Cash or certified funds deposited within 48 hours of receipt, excluding Saturday, Sunday, and bank holidays.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Checks deposited within 48 hours after lease or rental agreement is signed by parties to the transaction, excluding Saturday, Sunday and bank holidays.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

### III. Journal or Accounting System for Sales

1. Does the journal or accounting system record the chronological sequence in which funds are received and disbursed for real estate sales recorded (S.C. Code §40-57-136(F)(2)(a))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Is each separate account reconciled monthly (exception for no deposit or disbursement) (40-57-136(F)(2)(f))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. If Yes, has a written worksheet been provided comparing the reconciled bank balance with the journal balance and with the ledger total to ensure agreement (40-57-136(F)(2)(f))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. For funds received, is the following included (40-57-136(F)(2)(a))?		
a. Date of receipt	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Name of party from whom the money was received	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Name of the principal	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Identification of the property	<input type="checkbox"/> Yes	<input type="checkbox"/> No
e. Date of deposit	<input type="checkbox"/> Yes	<input type="checkbox"/> No
f. The depository	<input type="checkbox"/> Yes	<input type="checkbox"/> No
g. The payee	<input type="checkbox"/> Yes	<input type="checkbox"/> No
h. Check number, dates, and amounts	<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. Running balance for each entry or disbursement *For property management, running balance may be determined at the time of reconciliation (system must provide means of reconciling the accounts) (S.C. Code §40-57-136(F)(2)(b))	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**IV. Escrow Account Information**

**Real Estate Sales**

1. Contract ( <i>Earnest Money</i> ):	\$ _____	2. Journal Balance	\$ _____
3. Total Ledger Balance	\$ _____	4. Balance of Last Statement as of _____	\$ _____
5. Other ( <i>i.e. coverage for bank charges</i> )	\$ _____	6. Total Deposits	\$ _____
7. Total Liabilities	\$ _____	8. Reconciliation of Bank Statement	\$ _____
9. Checkbook Balance	\$ _____	10. Was the checkbook current?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Journal Ledger**

1. Folios Listed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Balance Listed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Transaction Identified?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Date of Transactions Listed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No



## Appendix C – Property Management

### Instructions

BIC/PMIC is to review the document prior to inspection and make all records necessary for the completion of this form available to the Inspector.

### I. Contact Information

Office Registration Code.: \_\_\_\_\_ Office Name: \_\_\_\_\_

BIC/PMIC Name & License Number: \_\_\_\_\_

### II. Financials

1. Security Deposits:	\$ _____	2. Journal Balance	\$ _____
3. Rents Not Disbursed:	\$ _____	4. Total Ledger Balance	\$ _____
5. Advance Deposits:	\$ _____	6. Balance of Last Statement as of _____	\$ _____
7. Other (i.e. coverage for bank charges):	\$ _____	8. Total outstanding Checks	\$ _____
9. Total Liabilities	\$ _____	10. Total Deposits	\$ _____
11. Checkbook Balance	\$ _____	12. Reconciliation of Bank Statement	\$ _____
13. Was the checkbook current?			<input type="checkbox"/> Yes <input type="checkbox"/> No

### III. Agreements/Lease Agreements

1. Does the Property Management Agreement include the following:		
a. Names and signatures of authorized parties to the agreement (S.C. Code §40-57-135(J)(1))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Identification of the property (S.C. Code §40-57-135(J)(2))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Identification of method of compensation to the licensee (S.C. Code §40-57-135(J)(3))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Compensation for a future lease renewal by tenant (S.C. Code §40-57-135(J)(5))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. If Yes, is there a clause in underlined capital letters on the first page providing for such future compensation (S.C. Code §40-57-135(J)(5))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
e. Expiration date for the lease (S.C. Code §40-57-135(J)(4))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
f. Does the agreement contain language to allow an automatic renewal (S.C. Code §40-57-135(J)(4))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. If Yes, is there a clause of provision allowing either party to cancel the management agreement within 30 days' notice of expiration date (S.C. Code §40-57-135(J)(4))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

g. Terms and conditions of tenant rental or lease arrangements (S.C. Code §40-57-135(J)(6))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
h. Does the agreement contain a provision binding the property under a future listing agreement if the property is to be sold in the future (S.C. Code §40-57-135(J)(6))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. If Yes, do the terms of the future listing agreement include any provisions that are in effect for more than one year?" (S.C. Code §27-28-30(A))	<input type="checkbox"/> Yes	<input type="checkbox"/> No
ii. If Yes to the above question, do the terms of the future listing agreement include any provisions that: 1) run with the land or bind future owners of residential real estate; 2) allow for the assignment of the right to provide service without notice or consent of the owner or buyer; or 3) create a lien, encumbrance, or other real property security interest? (S.C. Code §27-28-30(A)).	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Did all licensees involved hold an active license at the time of transaction (SC Code §40-57-135(K))?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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