

Instructions for Submitting Trust Account Reconciliations and Supporting Documents with ADRE Form COM-500

What is required?

Your consent order requires that you monthly trust account reconciliations along with supporting documents. The supporting documentation must be submitted for every month during the term of your Order. The supporting documents generally include:¹

1. Complete (all pages) bank statements for each trust account.
2. Reconciliation reports (a list of uncleared deposits and checks/disbursements) for each trust account.
3. Receipts & Disbursements Journal or check register for each trust bank account.
4. Consolidated Owners Ledger or list by owner of all monies held for owners at the end of the month.
5. Deposit Ledger, which is a list by tenant, owner or property of all security, pet, cleaning and other deposits held at the end of the month.
6. Other Trust Liabilities Report, which is a listing of “other trust account liabilities” such as prepaid rents, occupancy taxes, etc. held at the end of the month.
 - Items 3, 4 & 5 are sometimes contained in a single report depending on your PM accounting software.

Due Dates:

All submissions are due by the fifteenth (15th) of the month following the close of the pervious month. If the 15th falls on a weekend or holiday, your submission is due the next business day.

You are to submit the reconciliations on ADRE form COM-500 (enclosed). Additional forms are available in the auditing forms section of the Department’s website: www.azre.gov/Aud/Forms/Form_AUD-101_PM_Trust_Account_Reconciliation_rev_01132015.pdf.

How to prepare the reconciliation package for submittal:

1. Trust accounts reconciliations must be done using AZDRE form [COM-500](#) (enclosed). Complete the top section of the form. Enter the **ending bank balance** and uncleared items in Part 1; section B & C are obtained from your bank account reconciliation report. If you do not have such a report, you must list individual outstanding checks and other debits and list all uncleared deposits on a separate page. List the total owner funds held in section G and total tenant funds held in section H. These amounts are usually obtained from monthly reports generated by your property management software. If you do not have such reports, you must list individual balances and totals on a separate page. If you combine “other liabilities,” such as prepaid rents or taxes due into owner or tenant funds, use the “explanation” area to provide a breakdown. For example “owner funds included \$35,000 of owner reserves and \$50,000 of prepaid rents.”
2. Clearly label all documents and reports used in the reconciliation as exhibits, with the Bank Statements always being exhibit A.

You are required to submit a trust account reconciliation form (COM-500) for each trust bank account and one for all accounts combined. For example, if you have an owner’s account and a security deposits account, you must submit a reconciliation form for each account **and** a reconciliation that combines the

¹ You may be required to submit additional documents beyond those listed above.

totals from both accounts.^{2 3} Only the last four numbers of the bank account numbers are required on the form.

How to submit your information:

Department encourages you to submit records electronically via the Department's Message Center. Whether submitting documents in hard copy or electronically, you must still follow the requirements set forth below:

1. **File Type:** generally, electronic records may be submitted in excel or pdf format. When possible, submit property management reports in excel format. Do not submit records in any picture or other format that requires viewing or printing one page at a time.
2. **Folder & File Names:** all folders and files must be named in a manner that allows for easy identification of the month and nature of the records. Submissions containing folders or files that do not clearly indicate the month and/or type of records will be rejected as non-compliant with Order.
3. **Folder & File Organization:**
 - Create a folder for each month of the submission period.
 - Within the month folder, create a subfolder for each trust bank account identifying the account by name and number i.e. "owner's trust #1234" or "security deposits #5678" or "tax account 9101."
 - Within the bank account folder, create files containing:
 - i. Bank statement
 - ii. Bank account reconciliation report or list of uncleared items.
 - iii. Receipts & disbursements journal (check register) for that account.
 - iv. The completed COM-500 form for that account.
 - Within the month folder, create a file for the "consolidated trust account reconciliation" (the COM-500 that combines all trust accounts).
 - Within the month folder, create and clearly identify files for the other reports and documents used in the reconciliation process such as "Owner Balances –month", "Security Deposits-month," "Prepaid Rents-month" etc.
 - Create a clearly labeled file for a scanned copy of your COM-103 form. The original form must be maintain for 5 years and made available to the Department upon request.
 - Create and clearly identify folders and files for any other documents you are required to submit such as account signature cards etc. +
 - **Repeat the process for each month of the submission period.**
4. **Combine all files and folders in one Zipped folder for sending to the Department.**

Failure to follow the above instruction when submitting trust account reconciliations is considered non-compliance with the Consent Order and may result in your case being referred to the Attorney General's office for further disciplinary action.

² You are not required to list uncleared (outstanding) items for the combined accounts reconciliation.

³ If you maintain separate bank accounts for each owner or property, do not submit the combined accounts reconciliation.

Submitting Compliance Documents

The Department prefers that submissions of affidavits, forms, supporting documents and compliance questions be submitted through the **Message Center** located on the Department's website, <http://www.azre.gov/Contacts/EmailAdre.aspx>. You benefit from using the Message Center for all your submissions. The Message Center provides a date and time stamp as soon as you send the documents and it maintains a permanent record of your submissions and any Department response.

SUBMISSIONS THROUGH THE MESSAGE CENTER

To access the Message Center, click on the blue box "Message Center" located in the lower middle of the home page and then select "submit compliance forms and affidavits" in the Enforcement and Compliance section.

Complete the required name, phone and email information and attach your documents. Each form, statement or ledger submitted must be a separate file. Do not submit multiple forms as a single scanned file. Combine multiple files in a single compressed (Zipped) folder and attach the Zipped folder to your Message Center submission. This means **you will attach one Zipped folder** containing all files and folders.

The first line of your message must contain only the following information:

Last Name- order/file number- forms or documents being submitted.

Example 1: Jones - 17F-DI-000-COM 101, COM-200

Example 2: Jones – 17F-DI-000-Monthly Trust Accounts June 2017

You may follow the first line with any pertinent message regarding your submissions. Questions or comments on other subjects must be address in a separate Message Center message.

The Department will accept electronic copies of affidavits/declarations of compliance; however, you are required to maintain the original for five (5) years. That includes both notarized and non-notarized submissions.

SUBMISSIONS THROUGH THE UNITED STATES POSTAL SERVICE or DELEVERY SERVICE

Hard copy documents or documents on a USB or CDs may be mailed to the Department via USPS or a package delivery service such as UPS or Fed-EX. The package must be addressed as follows:

**Arizona Department of Real Estate
Compliance Division – (your file/order number)
100 North 15th Avenue, Suite 201
Phoenix, Arizona 85007**

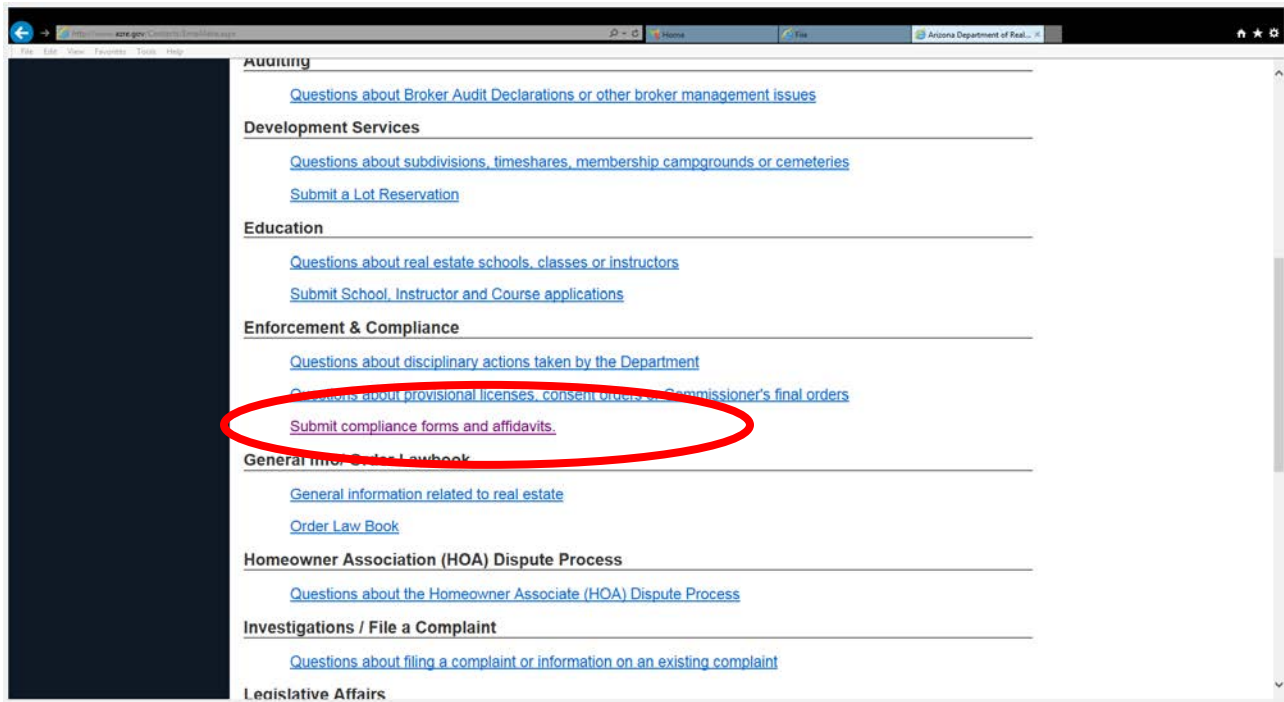
Drop-off submissions must be addressed in the same format.

Submitting Documents Through The Message Center

Select "Message Center" from the Department's home page.



Select "Submit compliance forms and affidavits" from the Enforcement & Compliance section.





Arizona Department of Real Estate (ADRE)

Auditing Division

www.azre.gov

100 N. 15th AVE., SUITE 201, PHOENIX, AZ 85007

DOUGLAS A. DUCEY
GOVERNOR

JUDY LOWE
COMMISSIONER

PROPERTY MANAGEMENT TRUST ACCOUNT RECONCILIATION (Form COM-500)

Date:	Prepared by:	For Month of:
Trust Account Title:		
Bank Name:	Trust Acct No:	

Part I – Bank Statement

Check if this form is for combined accounts

Bank Statement Balance on:	
Plus Deposits not yet credited to bank statement	
Less Outstanding Checks & Withdrawals.	
Reconciled Bank Balance as of:	

Part II – Check Register or Journal of Receipts and Disbursements

Your Check Register or Journal of Receipts and Disbursements Balance as of:	
---	--

Part III – Total of Owner/Tenant Ledgers or Security Deposits

Owner Ledgers or Owner Reserves Balance	
Tenant Ledgers or Tenant Security Deposits Balance	
Total of Owner Ledgers/Reserve and Tenant Ledgers/Tenant Security Deposits	

Part IV – Reconciliation Summary

(Parts I, II & III should be reconciled on the same date to the same amount)

Amount of difference in Totals of Parts I & II (Should be zero)	
Amount of difference in Totals of Parts I & III (Should be zero)	

Explanation of differences and details of corrective action taken: Explain any differences in owner/tenant ledger balances and amount(s) entered above.

Reviewed by (Designated Broker):	X	Date:
----------------------------------	----------	-------