Legal Update for Teams

Effective January 1, 2019, all real estate teams must be registered with VREB

Required by Virginia Code §54.1-2100 and §54.1-2106.1 D

Some of the required steps involve different government agencies and possible lengthy processing times.

You should start the registration process NOW to ensure your team is in compliance by 2019.

What is a team?

The new law defines a team as two or more individuals, one or more of whom is a licensed salesperson or broker, who:

- ✓ Work together as a unit within the same real estate firm
- ✓ And represent themselves to the public as working together as a unit
- ✓ And designate themselves by a fictitious [team] name

What you must do to be in compliance:

1. **Establish your legal entity**
The most common type of legal business entity utilized by teams is a limited liability company, but there are other types of entities, such as a corporation or partnership. Your attorney or accountant should advise you with selecting the best entity type for your team.

2. **Obtain a Federal Employer Identification Number (FEIN)**
An FEIN is your taxpayer ID. It's not only required for tax purposes, but DPOR requires it for legal entities other than a sole proprietorship. You can apply online at IRS.gov.

3. **Register with the Virginia State Corporation Commission**
If your business entity is a corporation, LLC or limited partnership, you must register your business entity name and any trade name(s) to obtain an SCC number required by the DPOR application. You can start this process on the SCC website. If your business is a partnership, obtain a certificate for your fictitious name/DBA from the Clerk of the Court in the locality where you will be conducting business.

4. **Complete DPOR's Business Entity License Application**
Submit your application as early as possible to avoid processing delays. The application is available on the DPOR website. NOTE: You will need to submit a Business Entity Add On/ Removal Form if at any time you add or delete licensees compensated by your team.

5. **Check with your local government about business license requirements**
Business license requirements can be found on the websites for your local government.
City of Richmond | Henrico | Charles City | Chesterfield | Goochland | Hanover
King William | New Kent | Powhatan

6. **Update E & O and other business insurance policies**
Once you have established your business entity, update all business insurance policies to include your business entity name as a covered insured.

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