



CHARLES D. BAKER
GOVERNOR

KARYN E. POLITO
LIEUTENANT GOVERNOR

MIKE KENNEALY
SECRETARY OF HOUSING AND
ECONOMIC DEVELOPMENT

Commonwealth of Massachusetts
Division of Occupational Licensure
BOARD OF REGISTRATION OF REAL ESTATE
BROKERS AND SALESPERSONS
1 Federal Street, Suite 0600
Boston, Massachusetts 02110-2012

EDWARD A. PALLESCHI
UNDERSECRETARY OF CONSUMER
AFFAIRS AND BUSINESS
REGULATION

DIANE M. SYMONDS
COMMISSIONER, DIVISION OF
PROFESSIONAL LICENSURE

FREQUENTLY ASKED QUESTIONS
REAL ESTATE TEAMS

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1. Is the supervision of a team any different than the supervision of all affiliated associate brokers and salespersons?

No. Massachusetts law does not acknowledge teams. Therefore, the Principal Broker must adhere to all requirements regarding supervision, money handling and payment of commissions as if each licensee in the firm is working individually. See generally, 254 CMR 3.00.

2. Can a team form a corporation for the purpose of collecting its commissions from the Principal Broker?

No. While an affiliated licensee may create a corporation or LLC to receive commission payments, such an entity may only collect commissions if it has a broker's license. Payments to an unlicensed entity violate 254 CMR 3.00(8).

- An affiliated licensee of a principal broker may create a wholly owned corporation or limited liability company for the purpose of receiving commission payments from the principal broker. Any entity receiving compensation must have a broker's license in accordance with Mass. Gen. Laws Chapter 112, Sec. 87UU.
- A principal broker may pay the earned commission of an affiliated licensee to that person's wholly owned corporation or Limited Liability Company. To do so, the affiliated licensee must submit written instructions to the principal broker directing him or her to pay the affiliated licensee's share of the commission to the wholly owned corporation or Limited Liability Company. It is the principal broker's obligation to assure that the corporation or limited liability company is properly licensed.



Mass. Gen. Laws Chapter 112, Sec. 87UU, requires a broker's license for a corporate entity that owns a real estate brokerage firm.

3. Can a team have its own escrow account?

No. Escrow accounts must be under the supervision of the Principal Broker. See 254 CMR 3.00(10).

4. Can a team pay its own members?

No. Only the principal broker can make payments to affiliated brokers and salespersons.

5. Can a salesperson or associate broker hold client funds?

No. An affiliated licensee shall immediately turn over all deposit monies received to his or her principal broker to be deposited into the escrow account. 254 CMR 3.00(10).

6. What are the obligations of disclosure when a team is involved in a real estate transaction?

They are the same as if no team was involved. The Mandatory Relationship Disclosure form must disclose the relationship as a buyer's agent, seller's agent, or facilitator to the buyer or seller in any transaction. This means that the nature of the relationship of each affiliated licensee on the team to the client must be disclosed on the Mandatory Relationship Disclosure form.

7. Can you use one Mandatory Disclosure Form when there is more than one licensee involved in the transaction?

Yes. Provided that all licensees involved in or potentially involved in any part of the transaction are identified by name and type of relationship on the disclosure form. You may attach an addendum or extra sheet as long as it includes all required information.

8. Do you need to amend the Mandatory Disclosure Form if any licensee's relationship changes during the course of the transaction?

Yes. It must always be clear to the client the nature of the relationship with each licensee.

9. In advertising, can the name of the team be bigger than that of the brokerage?

There is no regulatory or statutory size ratio, but brokerages may have internal policies dictating specific size requirements.

- All advertising shall include the name of the brokerage or principal broker under which the licensee is licensed to do business.
- All advertising must be in a manner in which consumers would know that they are dealing with a team or group that is part of a licensed brokerage.
- Advertising includes, but is not limited to: business cards, yard signs, websites, social media, building signs, e-mail signatures, bumper stickers, pens, etc.

10. Can a team have its own logo, emblem, trade name, insignia, or other form of identification in advertising?

Yes, so long as the brokerage is properly identified.

11. Can a team use the words "realty" or "real estate" in name?

No. Best practices for Team Names:

- Include the word "Team" or "Group"
- "The [blank] Team", examples: The Tom Seaver Team, The Jerry Grote Group, etc.
- Team names should not include the words "realty" or "real estate". or any similar derivation that would imply that the team is an independent brokerage.
- Team names should not indicate in any way that the team is its own business entity,

Here is a list of words that should be avoided in Team Names:

- Advisors
- Agency

- Associates
- Brokerage
- Brokers
- Company
- Consultants
- Corporation, Corp. or Inc.
- LLC, LP, LLP
- Partners, Partnership
- Properties
- Property
- Real Estate, Realty

At all times a consumer should be able to easily identify the brokerage the team is affiliated with. (See paragraph 9)

12. What are the penalties for violating any real estate statutes or regulations?

Monetary penalties may be imposed, after the opportunity for a hearing. Depending upon the nature of the violation(s). The Board may also initiate proceedings to suspend or revoke a license or place a licensee on probation.

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