



LEGAL webinar

Business Entities

- Team Definition
- Licensing
- Broker Supervision
- Advertising
- Compensation
- Complying with law



Team Definition

- Two or more individuals, one or more of whom is a real estate salesperson or broker,
- Who:
 - work together as a unit within the same brokerage firm,
 - represent themselves to the public as working together as one unit, **and**
 - designate themselves by a fictitious name.

§ 54.1-2106.1. Licenses required.

No group of individuals consisting of one or more real estate brokers or real estate salespersons, or a combination thereof, shall act as a real estate team without first obtaining a business entity salesperson's license from the Board. A real estate team may hire one or more unlicensed assistants as otherwise provided by law.

Broker Supervision

A. Each ... **real estate team** shall be supervised by a supervising broker. The supervising broker shall exercise reasonable and adequate supervision of the provision of real estate brokerage services by associate brokers and salespersons assigned to the branch office **or real estate team**.

Broker Supervision

- Advertising and marketing of ... any affiliated **real estate teams** or business entities;
- Exercising appropriate oversight and limitations on the use of unlicensed assistants, whether as part of **a team arrangement** or otherwise;
- Ensuring that affiliated **real estate teams** or business entities are operating in accordance with the provisions of this chapter and applicable Board regulations;

Advertising

- Advertise in licensed name
- Include firm name



Compensation

Offering to pay or paying a transaction-based fee ... to any person not licensed in this or any jurisdiction for services that require a real estate license

Complying with the Law

Create Business Entity



Register Business Entity



Obtain Business Entity Salesperson License

STEP 1: CREATE BUSINESS ENTITY

Types of Entities

Partnerships

Corporations

Limited Liability
Companies

Business Trusts

Sole
Proprietorships

	Corporation	LLC
Liability	Interest in corporation, not personal assets	Interest in corporation, not personal assets
Taxation	C Corp – double taxation S Corp – single taxation	Taxed like partnership
Formation	Formal process (Articles of Incorporation)	Formal process (Articles of Organization)
Management	Centralized in BOD	All members
Transfer	Freely transferable	Profit & loss; not management
Dissolution	Action, Failure to File, Judicial	Member leaving
Other	Requires formality in setting up & running	Requires some formality, but less than corporation

	Partnership	Sole Proprietorship
Liability	Personally liable for obligations	Personally liable for obligations
Taxation	Single taxation	Single taxation
Formation	Informal	Informal
Management	Generally, not centralized	Centralized (only 1 person)
Transfer	Consent	Freely transferrable
Dissolution	Life of partners	Life of owner
Other	Little formality	Little formality

Choosing a Business Name

Name Distinguishability

A proposed business entity name must be distinguishable upon the records of the Commission from the names of all active business entities, except general partnerships, and from names that have been designated, registered, or reserved for use by other persons.

<https://sccefile.scc.virginia.gov/NameAvailability>

Name Requirements

Stock Corporation:

- Company (Co.),
- Corporation (Corp.),
- Incorporated (Inc.),
- Limited (Ltd.)

Limited Partnership:

- Limited Partnership (LP)

Limited Liability Company:

- Limited Company (LC),
- Limited Liability Company (LLC)

STEP 2: REGISTER BUSINESS ENTITY

Formation Documents

- All documents for business entity formation and registration are available on the SCC website.
- <https://www.scc.virginia.gov/clk/formsum.aspx>

Formation Fees

Charter and Filing Fees

Entity Type	Charter Fee	Filing Fee	Total
Stock corporation	See Schedule below	\$25	\$75 - \$2,525
Nonstock corporation	\$50	\$25	\$75
Limited Liability Company	N/A	\$100	\$100
Business Trust	N/A	\$100	\$100
Limited Partnership	N/A	\$100	\$100
General Partnership	N/A	\$25	\$25
Registered Limited Liability Partnership	N/A	\$100	\$100

Expedited Service Fees:

Same Day - \$200

Next Day - \$100

Fictitious Name

- A fictitious name is a name that a person (individual or business entity) uses instead of their name in the course of transacting or offering to transact business.
- Referred to as an "assumed name" or "trade name," and it is often identified with the abbreviation "t/a" ("trading as"), "dba" ("doing business as"), or "aka" ("also known as").

Fictitious Name

- Before a person may transact business in Virginia under a fictitious name, the person must file a certificate in the circuit court of the jurisdiction in which the name is to be used.
- Most business entities must also must obtain a certified copy of the certificate from the circuit court and file it in the Clerk's Office of the SCC.
- **Filing Fee = \$10**

Fictitious Name

- An individual or business entity that conducts or transacts business under a fictitious name without making the required filing(s) is subject to being convicted of a misdemeanor, punishable by a fine not exceeding \$2,500 or confinement in jail for not more than one year, or both.

Tax Registration

- The same way a person has a Social Security Number, a business has federal and state tax numbers.
- Register with the IRS and request an EIN
- Register with VA. Department of Taxation (if required)
- Register with Virginia Employment Commission (if required)

STEP 3: OBTAIN BUSINESS ENTITY SALESPERSON LICENSE

Business Entity

- No business entity shall be granted a business entity salesperson's license unless every owner or officer who actively participates in the brokerage business of such entity holds a license as a salesperson or broker from the Board.



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- License Lookup
- Online Renewal & Services
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- Forms & Applications
- Fair Housing Office
- Community Associations
- File a Complaint
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Real Estate Board

The Real Estate Board licenses salespersons, brokers and real estate appraisers. The Board enforces Fair Housing Law in cases involving real estate.

Licensing Section	(804) 367-8526	REBoard
Education Section	(804) 367-2406	RESchool
Board Office	(804) 367-8552	
FAX	(866) 826-8863	

- Learn about Continuing Education Carryover
- Quick Reference Guide: How to Apply for a License



Forms and Applications	Laws and Regulations	Meetings and Minutes	Online Services
	For Military and Veterans		

FORMS & APPLICATIONS

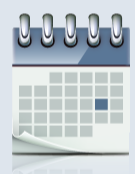
Salespersons | Brokers | **Firms, Branches & Business Entities**

Before you begin . . .

1. Review the [Quick Reference Guide](#)
2. **Application fees are not refundable**
3. Choose your application format:
4. Learn about the [application review process](#)

Choosing **Online Services** allows you to enter information online.

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FOR FIRMS, BRANCHES & BUSINESS ENTITIES

Firms | Branch Offices | Business Entities | Renewals

Which application format is right for you? [Tips on how to choose.](#)

FIRMS

Firm License Application (v04/27/2016)	No online option	Interactive	Static
Firm Name/Address Change Form (v07/28/2016)	No online option	Interactive	Static
Firm Principal Broker/Officer Change Form (v04/20/2016)	No online option	Interactive	Static
Firm/Sole Proprietor Audit Form (v07/28/2014)	No online option	Interactive	Static

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BRANCH OFFICES

Interactive

Branch Office License Application (v11/01/2016)	No online option	Interactive	Static
Branch Office Supervising Broker Certification (v11/01/2016)	No online option	Interactive	Static
Branch Office Supervising Broker Change Form (v11/01/2016)	No online option	Interactive	Static
Branch Office Address Change Form (v04/20/2016)	No online option	Interactive	Static
Branch Affiliation Certification (v03/06/2017)	No online option	Interactive	Static
Termination of Branch Affiliation Application (v01/01/2017)	No online option	Interactive	Static
Add/Change Branch Affiliation (v11/01/2016)	No online option	Interactive	Static
<i>*if currently active (not to be used by INACTIVE licensee)</i>			

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BUSINESS ENTITIES

Business Entity License/Reinstatement Application (v04/28/2016)	No online option	Interactive	Static
<i>*not to be mistaken for FIRM License Application</i>			
Business Entity Transfer Application (v04/20/2016)	No online option	Interactive	Static
<i>*use when Business Entity needs to be transferred, or has been terminated but NOT expired</i>			



Business Entity License

- SCC Registration Number
- Federal EIN
- Fictitious Name documentation
- Email address Affiliated Firm & Broker information
- List of licensees who will be receiving compensation through the business entity
- Initial application - **\$210** (Transfer - **\$60**)

Annual Obligations & Fees

Annual Fees

- Every corporation, limited liability company, limited partnership and business trust is required, by law, to pay an annual registration fee to the State Corporation Commission each year after the year in which it was formed or registered to transact business in Virginia.
- **\$25-\$50** (Nonstock Corp., LLC, Partnerships, Trusts)
- **\$100-\$1700** (Stock Corporations)

Annual Reports

- Every **corporation** that has a certificate of authority to transact business in Virginia is required, by law, to file an annual report with the SCC each year. No other business entity type is required or permitted to file an annual report with the Commission.
- There is no fee associated with the filing of an annual report.

Steps

1. Select business type
2. Register the business
 1. State Corporation Commission
 2. Circuit Court (fictitious name certificate)
 3. IRS
 4. VA Dept. of Taxation
 5. VA Employment Commission (If necessary)
3. Apply for Business Entity Salespersons License from VREB

Questions



Resources

- Virginia REALTORS® Legal Hotline:
<https://www.virginiarealtors.org/legal-hotline/>
- Virginia REALTORS® Legal Videos, Articles & Webinars:
<https://www.virginiarealtors.org/for-members/legal/>

This education is brought to
you by the Virginia REALTORS®
as a **member benefit.**

