**Section 1450.755 Recordkeeping**

a) A sponsoring broker shall keep, or cause to be kept, at the sponsoring broker's physical or virtual principal office, escrow records, transaction records, employment agreements and records reflecting the payment of compensation, as set forth in this Section.

1) Escrow Records for Each Interest Bearing and Non-Interest Bearing Escrow Account or Account Where Escrow Funds Have Been Deposited. These records shall include:

A) Journals required by Section 1450.750(i)(1);

B) Monthly bank statements;

C) Ledgers required by Section 1450.750(i)(2);

D) Monthly reconciliations required by Section 1450.750(i)(3); and

E) Master Log of Escrow Accounts required by Section 1450.750(i)(5).

2) The escrow records required by subsection (a)(1) shall be maintained for 5 years. The sponsoring broker shall ensure that the escrow records for the immediate prior 2 year period are maintained in the sponsoring broker's office or place of business and shall be produced within 24 hours after a request by the Division pursuant to Section 1450.750(i)(7). The balance of the records can be available at another location and is subject to request by the Division as set forth in Section 20-20(a)(27) of the Act. Any escrow records more than 2 years old and stored at a location other than the sponsoring broker's office, whether physical or virtual, shall be made available for inspection during normal business hours, through physical or secure electronic means, as soon as available, but within 30 days after the Division's request.

3) Records relating to transactions shall be retained by the sponsoring broker physically or electronically.

A) These records might include, but are not limited to, copies of the following:

i) Residential Property Transactions. Signed contracts, including offers and counteroffers, written release of escrow funds, consent to dual agency disclosure, notices of designated agency or no agency, written direction for deposit into interest bearing special account, power of attorney, disclosures (e.g., lead paint, radon, seller disclosure), closing statements and other transaction records required to be retained by the Act.

ii) Property Management/Leasing. Any rental finding agreement, property management agreements, leases, periodic accounting or statement to the owner regarding the receipts and disbursements, and any other documents set forth in subsection (a)(3)(A)(i) that are relevant to the transaction.

iii) Commercial Representation. Tenant or owner representation agreement, letters of intent, leases, any written modifications to an executed lease and any other documents set forth in subsection (a)(3)(A)(i) that are relevant to the transaction.

B) The documents set forth in this subsection (a)(3) are not all inclusive and are examples of relevant documents to be retained. Any similar documents pertinent to a particular transaction shall also be retained. Any information contained on the outside of a physical transaction file shall be considered part of that file.

C) Transaction records shall be maintained for 5 years. The sponsoring broker shall ensure that any transaction records involving any active or pending transaction or representation, or any transaction in which escrow funds or moneys belonging to others were received and have not yet been disbursed for the immediate prior 2 years shall be maintained in the office or place of business. All transaction records maintained at the office shall be made available for inspection and audit during normal business hours by the Division staff no later than 24 hours after a request for escrow records and related documents. Any transaction records more than 2 years old and stored at a location other than the sponsoring broker's office, whether physical or virtual, shall be made available for inspection during normal business hours, through physical or electronic means, as soon as available but no later than 30 days after the request.

D) Sponsoring brokers may allow their sponsored licensees to maintain duplicate transaction records.

4) Employment or independent contractor agreements required by Section 10-20 of the Act shall be maintained for 5 years after the sponsored licensee is no longer associated with the sponsoring broker. The sponsoring broker shall maintain a written employment or independent contractor agreement for every licensee who is employed by or associated with the sponsoring broker. A copy of the employment or independent contractor agreement for each sponsored licensee shall be maintained at the sponsoring broker's office location registered with the Division.

5) Records reflecting the payment of compensation for the performance of licensed activities shall be maintained for 5 years.

b) All records may be kept in physical or electronic form. If the records are kept electronically, the sponsoring broker shall ensure that a back-up is made at reasonable intervals, but at least once a month, so as to protect the data. Back-ups can be kept either at the sponsoring broker's office or offsite.

c) Any disclosure required by the Act or this Part may be provided in physical form or, if agreed to by both parties, in electronic format and may incorporate electronic signatures. Copies of all disclosures, whether in physical or electronic form, must be retained by the sponsoring broker.

d) If escrow records are lost, stolen or destroyed, the sponsoring broker must:

1) Report the loss to the Division's enforcement division within 48 hours; and

2) Immediately obtain copies of monthly bank statements, deposit and disbursement receipts, and any other available records, to reconstruct the escrow records.

(Source: Amended at 45 Ill. Reg. 2851, effective February 23, 2021)