

The Colorado Employing Broker Upgrade Roadmap

So there is a very specific and honestly kind of terrifying moment that happens in a real estate agent's career Oh, yeah, and it's not when a deal falls apart or you know when the market crashes It's the moment you decide to stop being a lone wolf and start running your own brokerage, right? It's that massive transition from being the star player doing the deals to being the coach exactly and suddenly realizing you are now Responsible for every single mistake that other people make you go from hunting to herding I mean the state of Colorado knows exactly how dangerous that transition actually is which is why the barrier to entry is Quite a bit higher than most people think much higher and that's exactly what we are unpacking in our discussion today We've pulled the full stack of requirements for upgrading to an employing broker license in Colorado We've got the official division of real estate rules the curriculum for the mandatory brokerage administration course And the actual experience affidavit you have to file to make this happen, right? And our mission here isn't just to read the rules to you We want to decode the logic behind them because the state isn't trying to just annoy you with paperwork No, they're trying to prevent lawsuits, right? So we need to look at the two-year rule the specific supervision mandates that get brokers in trouble and then game plan the math On how you actually prove you're ready using the state's point system. Let's start with those barriers to entry Okay, if you are an independent broker or an associate broker right now and you want to be the boss The state puts up two big gates right out of the gate time and education. Let's hit the education piece first It's pretty straightforward, but it's a heavy lift.

Yeah, you got to take the brokerage administration course It's a mandatory 24-hour classroom requirement I was looking at the catalog from the apex real estate school for this and it struck me that this isn't just a refresher on How to fill out contracts not at all. It's the bridge course Yeah to the employing broker level think of it effectively as a mini MBA for real estate liability That makes sense. The whole curriculum is designed to break your transactional mindset Because as an agent you think about closing you think about commissions exactly But as an employing broker this course forces you to shift gears and think entirely about compliance and risk management But that mindset shift takes time which brings us to the second gate the two-year rule, right? According to the Division of Real Estate you cannot upgrade to employing broker unless you've been an active Independent broker for two years and active is the operative word there.

You can't just hold a license for two years Well, you know working a corporate job or just sitting on the sidelines You have to be in the trenches you have to be doing the work, but is two years actually enough time I mean you could have an agent who does 50 deals in two years and another who does maybe three and they both technically Qualify under the time rule they do and honestly, that is a frequent criticism in the industry Yeah, but the divisions logic and you see this in the intro to the course material. It's about exposure to the market cycle How do you mean? Well, even a high-volume agent might not see a trust account on it or a complex ethics complaint in their first six months Sure, but over two years Things are just statistically more likely to break you're gonna see inspection fights Financing collapses, maybe even a fair housing issue So the state wants you to have seen things break before they hand you the keys to fix them for others exactly You can't supervise what you haven't done yourself. Okay, so you serve your time you're two years in you sit down for this 24-

hour brokerage admin course and The curriculum is dense, but there's one section that eats up 12 full hours Literally half the course half of it and it's all on office policies and procedures.

It sounds incredibly dry I know it sounds like the kind of thing you'd just pay a consultant to write for you But the source material flags this as the absolute core of the supervision mandate. This is the playbook It's where you win or lose your license The state requires you to write a manual but it cannot be a generic template You just downloaded from some national website. It has to be custom It has to define reasonable supervision for your specific firm and that term Reasonable supervision it shows up in the statutes constantly, but it feels so vague.

How do you operationalize? Reasonable by getting incredibly specific the course highlights commission position 21 It demands you outline exactly how you review contracts. Okay, and here is the kicker that always catches people The requirement isn't just to review files so you can put them in storage, right? You have to review them prior to closing prior to closing. That seems logistically impossible If you run a big firm, I mean if you have 50 agents doing 50 deals a month Are you personally reading every single addendum before they sit down at the closing table? You don't have to do it personally, but you have to have a system that does Maybe you have delegated managers.

Maybe you have a compliance officer But if your policy says I review files after the check clears you are totally non-compliant You're essentially admitting to the DRE that you have no mechanism to stop a lawsuit before it happened exactly You're just an archivist at that point. Wow money is the other big friction point in this curriculum, right earnest money specifically Yeah, your manual needs a literal flowchart for it If a deal falls apart and the buyer and seller are fighting over the deposit Your agent cannot be guessing what to do because that's how trust accounts get messed up, right? your policy needs to say we interplead to court or we wait for signed releases if an agent releases money just because they felt like It was the right thing to do and you didn't have a written policy Forbidding that then the liability sits entirely with you. There's also a fascinating section in the outline on Competency requirements.

It really suggests that a real estate license is not a blank check I call it the stay in your lane clause Just because your agent is licensed to sell real estate doesn't mean they know how to sell a gas station or a working farm Right. Those are completely different beasts and as the employing broker You are the gatekeeper Your policy needs to explicitly state that an agent cannot take a listing outside their area of expertise Without your direct mentorship or bringing in a co-lister who actually knows what they're doing exactly Because if you let a residential agent Absolutely bungle a commercial lease because you weren't paying attention. The division doesn't just find the agent No They come after you for failure to supervise and this extends to brokerage relationships and teams, too We see all these mega teams out there that basically operate like mini brokerages within a larger firm Yeah, the branding is all about the team.

The systems are all about the team License is about the brokerage exactly The manual must outline how brokers are designated to work with clients and the curriculum points specifically to Commission position 40 or CP 40 regarding teams, right? It clarifies that the

employing broker cannot outsource supervision to a team leader Even if that team leader is a superstar making millions of dollars You are the employing broker the buck stops with you always Your policy manual has to completely strip away the team autonomy when it comes to actual compliance So you can't just tell an agent. Oh go talk to your team lead about that weird contract issue I mean you can but if the team lead gives them the wrong answer, it's your license hanging on the wall You cannot delegate your liability There's one more I guess modern headache in the policy section that really stood out to me data security Specifically rule six point four point B. Oh, yeah This policy must provide adequate means to protect confidential information Which used to just be about you know, locking your filing cabinets at night, right not leaving folders on your desk But now the course outline explicitly mentions electronic data control, which means what practically for a new boss? it means if your agents are using their personal free email accounts to send contracts or They're storing client social security numbers on an unencrypted laptop at the local coffee shop. You are failing to supervise.

Yes Your manual needs an actual tech policy. We use this server. We use this encryption.

We do backups We do not use public Wi-Fi It's like you're moving from being a sales manager to having to be an IT director and a property management auditor We definitely cannot skip the property management trap danger zone. It really is. The sources are incredibly strict here Even if your firm never touches a rental you absolutely must have a written policy that says we do not do property management Why do you have to explicitly write down what you don't do? That feels a bit redundant because of the side hustle If you don't forbid it in writing and your agent decides to manage a rental for their cousin Which happens all the time all the time and then they mix that security deposit with their personal checking account Commingling the cardinal sin in real estate and if you didn't explicitly ban it in your policy manual The division basically assumes you allowed it to happen Wow And what if you actually do allow property management then your supervision requirements basically triple you are looking at trust accounting cash handling Reconciling bank statements.

What about using unlicensed on-site managers? You have to supervise them to the core spends a massive amount of time on the accounting rules for rentals Because that is exactly where consumer money disappears. It is the highest liability activity in the entire industry Okay, so we've covered the training and the rules you've served your two years. You've taken the course You've drafted this ironclad manual covering everything from data to earnest money Now we have to look at the strategy, right? You have to actually prove to the state You're worthy the math portion of our program.

Yes, so we're looking at the employing broker experience affidavit This is essentially your scorecard for the upgrade and the magic number you're aiming for is 50 points 50 points and there are some very specific constraints here First is the freshness test meaning the five-year window exactly all your points all the experience you're claiming Must have occurred within the five years immediately preceding your application if you were a titan of industry back in 2010 but you haven't sold much recently You're out of luck. And there's the rule that I honestly found the most surprising. I call it the don't overachieve rule This is probably the most valuable tip in the entire stack of documents.

We reviewed Yeah, the instructions say explicitly do not document more than 50 points. It feels so counterintuitive You're applying for a big upgrade. You naturally want to show them you're a heavy hitter You want to submit 200 points just to show how incredibly qualified you are Do not do that.

You were just handing the government a reason to audit you have so the DRE will ask for supporting documentation for every single point claimed if You claim 50 points They might ask to see the transaction files for those 50 points if you claim 200 They are gonna ask for all 200 exactly and if file number 199 is missing a single signature or has a date error Your entire application gets rejected or worse you get fined for record-keeping violations So there is absolutely no award for extra points None you cross the finish line at 50 and you stop that is definitely a crucial takeaway right there stop at 50 So let's break down the scoreboard for you. How do we get to those 50 points efficiently? It's basically a mix-and-match system. Let's look at the free points first Education you get one point per hour of relevant continuing education in your area of expertise And that is capped at 20 points.

Okay, so wait, does that mandatory brokerage admin course count toward that? It does the affidavit explicitly states you can use the brokerage administration course itself to get those 20 points So just by taking the class you literally have to take any way to get the license You are already 40% away there exactly you walk out of that classroom with 20 points in your pocket You only need 30 more that makes the hill look a lot less steep It really does but this is where we get into the grind the actual transactions How does the state value different types of deals they weight them by complexity and risk? So a standard residential sale is worth three points per transaction So if you need 30 points, that's just 10 house sales very doable for a full-time agent over a five-year period Yeah, but if you are in other sectors the math changes a commercial sale is worth six points and vacant Land is also six points. I found that interesting. Why is land worth double what a house is? It's just dirt It's just dirt, but it's dirt with water rights Zoning issues mineral rights and survey discrepancies.

The due diligence on land is usually very messy. That makes sense So the state recognizes that closing a land deal Builds a lot more experience muscle than just selling a standard condo. What about the leasing agents out there? That is a much harder road, but residential lease is only worth one point Wow So you would need to lease 30 apartments to match what a commercial broker gets in just five sales deals Commercial leases are slightly better though.

They sit at two points There is another category on the form called delegated authority and it's worth five points per year What exactly does that mean? That's for the associate broker who is basically already acting like a manager in their office Maybe you're the official mentor or maybe the current boss delegated contract review to you when they went on vacation for a month So, can you just claim that on the form and just say yeah, I helped out around the office. Absolutely not The affidavit demands an executed delegation of authority meaning paper meaning a signed Document from your broker that dates back to when the actual work happened You can't just write it retroactively if you don't have the paperwork You do not get the points which brings up the golden rule of the division of real estate If it isn't written down it didn't happen always speaking of things written down. Let's talk about team members claiming points Because we established that the employing broker is responsible for the team But does the team member actually get credit for the volume on

this affidavit? Yes But with a major caveat the guidelines say you can claim the full Transaction points if and only if you made significant contributions to the transaction So if you're a junior team member who just went and unlocked the door for a showing or you just held an open house on A Saturday that doesn't count.

No, you need to have been genuinely involved in the Negotiating the drafting of the contract handling the inspection resolution You really need to have your fingerprints on the actual mechanics of the deal And I imagine you need to be able to prove that of course you prove it with the settlement statement or the listing agreement Showing your name as part of the transaction that brings us to the documentation side proving your work Yeah, because merely claiming the points clearly isn't enough, right? You need the paper trail What are some examples of what they actually want to see they want MLS listing reports? And they must include your name your license number and it has to show a closed status Okay, some of the statements are great lease agreements If you're claiming leases and like we said that executed delegation of supervisory authority if you're claiming those management points I want to flag a really specific technical glitch that was buried in the source instructions It's totally a technical support issue, but it could seriously ruin your day. If you don't know about it. Oh the PDF glitch Yes, the source specifically warns that the experience affidavit is a smart form It calculates the point values automatically for you But if you open it in a web browser like Chrome or Safari the math totally breaks it is a Classic government form issue.

Mm-hmm. The calculation scripts in the PDF just don't run in a standard browser So what's the fix you have to save the file directly to your desktop first? Then you open it specifically in Adobe Reader If you just click the link and fill it out in your browser You might type in all your deals Scroll to the bottom and see your total sitting at zero and then you're just crying over your keyboard having to redo it all exactly Save it first then fill it out Essential advice. So we've basically built the map here You need two years of active experience to ensure you really understand the market, right? You take the 24-hour course, which gives you the liability knowledge and conveniently 20 of your required points Yep, then you build an office policy manual that specifically addresses reasonable supervision Contract review money handling and data security while remembering to explicitly state what you don't do regarding property management Right, and finally you scrape together your remaining 30 points from transactions whether that's sales leases or management Making sure you do not go over 50 points That's the how but before we sign off we should really touch on the why if we look at the DRE and the regulatory Context of all this why make it this hard why the audits it all comes back to vicarious liability The course outline calls this out specifically the employing broker is responsible for the supervision of employed Licensees who might be the subject of a complaint when a consumer gets financially hurt.

They don't just sue the agent They sue the firm they sue you exactly. So the division uses random audits of active brokers to check this They aren't just looking for bad people. They are really looking for bad systems So the upgrade isn't just a fun title change or a vanity thing It's an acceptance of vicarious liability for the actions of others.

The employing broker license is a contract You are looking at the state and telling them I accept liability for the actions of these people The points in the classes are just the state's way of asking. Are you absolutely sure you're ready for that weight? It's definitely a sobering

thought and it leads me to one final maybe slightly provocative thought for you to chew on before you apply Let's hear it. We've looked at the point system three points for a house six points for land It is entirely based on transactional volume.

It is but the job of an employing broker is management You could be the greatest salesperson in Colorado rack up 500 points on luxury deals and have absolutely no idea how to manage a personality Conflict in the office, right or how to train a newbie who is terrified to make a cold call or how to run a business Profit and loss statement. It's the ultimate paradox of the real estate industry The state heavily tests for technical competency. They thoroughly test for legal knowledge But they do not test for leadership.

So before you submit that affidavit definitely check your points But maybe also check if you actually want to be a manager or if you just want to be a boss Because those are two very different skill sets. I couldn't have said it better myself Thanks for joining us for this discussion on the employing broker roadmap go count your points save your PDFs to your desktop and we'll catch you on the next one

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