ARIZONA DEPARTMENT OF REAL ESTATE (ADRE)

Licensing Division

www.azre.gov

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ENTITY/BROKER STATUS CHANGE (LI-216) Instructions
Designated Broker (DB) Change for Existing Entity
Guidelines & Submittal Checklist

INCOMING DB SHALL SUBMIT:

- ☐ LI-216 Entity/ Broker Status Change Form (TO HIRE ON). Make sure to complete the following:
  - ○ <u>Section 1</u>- complete in full with DB info
  - ○ <u>Section 2</u>- complete in full with entity info
  - ○ <u>Section 3</u> – complete title or trust account information at the top of page
  - ○ <u>Section 4</u> – complete Non-Resident Broker section, <u>if applicable</u>.
  - ○ <u>Section 5</u> – Print, Sign, and Date
- ☐ Copy of articles of amendment stamped "FILED" by the Arizona Corporation Commission (ACC), proving that DB is listed within the documentation to qualify as DB if it's a Limited Liability Company**.**
  - *****Corporations do not need to have the DB listed in the articles.**
  - ○ Make sure DB is listed as <u>member</u> within the entity on the ACC website, if it's a <u>member-controlled</u> entity
  - ○ Make sure DB is listed as <u>manager</u> within the entity on the ACC website, if it's a <u>manager-controlled</u> entity
- ☐ Copy of Corporate Status from the ACC proving entity is in "Good Standing"
- ☐ Resolution on a separate piece of paper to appoint the incoming DB as officer/member/manager, signed by all officers/members/managers and DB. Please see verbiage below:
  - ○ Corporations (CO) – "_____ is appointed DB and holds the office of _____ for <u>(NAME OF CO)</u> effective immediately". Whoever is authorized to sign must sign.
  - ○ <u>Manager</u> Controlled – "_____ is appointed DB and <u>manager</u> of <u>(NAME OF LLC)</u> effective immediately". All members/managers must sign.
  - ○ <u>Member</u> Controlled – "_____ is appointed DB and <u>member</u> of <u>(NAME OF LLC)</u> effective immediately". All members must sign.
- ☐ Nine hours Brokers Management Clinic Certificates (BMC #1, BMC #2, BMC #3) taken within the past 23 months

***** SUBMIT THE FOLLOWING IN ADDITION IF INCOMING DB IS AN ACTIVE DB FOR ANOTHER ENTITY
- ☐ LI-216 Entity/ Broker Status Change Form (TO SEVER FROM CURRENT EMPLOYER)
- ☐ Letter of Resignation
- ☐ Broker Audit Declaration (only if not completed within one year)
  ****Additional Documentation is needed if there is an incoming DB for <u>this</u> entity****

******SUBMIT THE FOLLOWING IN ADDITION IF INCOMING DB IS CURRENTLY A BRANCH MANAGER
- ☐ LI 204 Delegation of Authority form (TO SEVER AS BRANCH MANAGER)
- ☐ LI 219 Branch Application (TO CLOSE BRANCH OFFICE IF NO BRANCH MANAGER IS COMING IN)
- ☐ LI 204 Delegation of Authority form (TO HIRE NEW BRANCH MANAGER IF SOMEONE IS COMING IN)
  New Branch Managers with FULL AUTHORITY <u>must</u> complete 9 hours of Broker Management Clinic within the past 23 months

OUTGOING DB shall submit:

- ☐ LI-216 Entity/ Broker Status Change Form
  - ○ <u>Section 1</u>- complete in full with DB info
  - ○ <u>Section 2</u>- complete in full with entity info
  - ○ <u>PAGE 2</u>: Print, Sign, and Date
- ☐ Letter of Resignation, signed and dated, stating:
  - ○ " I _____ resign as DB for _____ company effective immediately"
- ☐ Broker Audit Declaration (ONLY if not completed within the past year)

There may be a fee for Designated Broker Changes: How to determine if there is a fee:
1. Check to see if the entity has branch offices. If there are no branch offices, there is no fee.
2. If there are branch offices, look at the expiration dates of the incoming DB and the outgoing DB.
   a. If the outgoing DB's expiration date is later than the incoming DB's expiration date, there is no fee.
   b. If the incoming DB's expiration date is later than the outgoing DB, there is a fee for each branch (branch realignment fee) no matter how many months out the incoming DB's license expires.

This form is available in alternate formats by contacting the Operations Office at 602-771-7760. Questions regarding this communication can be sent to Jim Knupp, ADRE Deputy Commissioner, at 602-771-7769 or online through the ADRE Message Center.