



ILLINOIS REALTORS® OFFICE/COMPANY START-UP CHECKLIST



- Designated Managing Broker for Company (DMB) _____
- Attorney for Company _____
- Accountant for Company _____
- Insurance Providers for Company:
 - Errors & Omissions Carrier _____
 - General Commercial Liability Carrier _____

****Consultations with the above professionals are highly recommended before proceeding.****

- Business organization
 - Determine what entity type (corporation, LLC, etc.) will best serve your needs for the brokerage company – seek legal advice here.

See License Act
§15-15

Rules § 1450.600

- Sole proprietor – no additional real estate license needed if you hold managing broker license – sponsor yourself
- Corporation
 - Establish with Illinois Secretary of State
 - Once established, apply to Illinois Department of Financial and Professional Regulation (IDFPR) for entity license
- Limited Liability Company (LLC)
 - Establish with Illinois Secretary of State
 - Once established, apply to IDFPR for entity license
- Partnership
 - Check with attorney to draft the partnership agreement
 - Once established, apply to IDFPR for entity license
- Limited Partnership or Limited Liability Partnership
 - Establish with Illinois Secretary of State
 - Once established, apply to IDFPR for entity license

See Rules
§1450.600

- Determine who will have ownership in the company
 - Once determined:
 - Licensed owners _____; % ownership _____
 - Unlicensed owners _____; % ownership _____
 - File Affidavits of Non-Participation for unlicensed owners with IDFPR
- Will you be a franchise?

- Review franchise agreement and requirements
- Determine the name under which your brokerage will operate
 - If sole proprietor
 - If operating under name on managing broker license, no registration needed
 - If operating under name other than name on managing broker license, register assumed name (DBA) at local county courthouse
 - If entity
 - If operating under registered entity name, no further action required
 - If operating under assumed name, register assumed name at Illinois Secretary of State, then file with IDFPR referencing the entity license number
- Determine the location(s) of your business

See Rules
§1450.120

See License
Act §5-45

See Rules
§1450.610 &
§1450.725

See License
Act §10-20

See Rules
§1450.735 &
§1450.740

- Physical office must be identified with a sign that the public can see and in an area that is separate and distinct from other businesses or whether you will operate via digital platform
- Will you operate from more than one location?
 - If so, register those locations with IDFPR
- Keep an up-to-date list of all sponsored licensees and the primary office location or website and managing broker of each
- Will you sponsor other licensees?
 - If so, make sure you have a written Independent Contractor Agreement/employment contract with each one; including yourself if you have formed a separate legal entity
 - If you sponsor a licensee(s) that will be treated as an assistant, make sure you have a written agreement with them
 - If truly an assistant with a lot of oversight, consider whether licensed assistant is an employee
- Will you hire unlicensed assistants?
 - If so, they are likely employees so tax withholdings and some benefits could be required
- Will you allow for Teams within your office?
 - See <https://www.illinoisrealtors.org/legal/legal-a-z/teams/> (Logon required)

- Office Policies & Procedures

- If you are operating as anything other than a sole proprietor with no sponsored licensees, you will need a written office policy manual.
 - Prepare the written manual for your company

See License
Act §10-40

- Prepare a schedule for regular training on items/procedures contained in the manual

- Agency Questions

- Will you operate under the presumption of designated agency (default presumption under the Illinois Real Estate License Act)

- If so, set up procedures and recordkeeping in order to protect confidential information of opposing parties

- Will you allow disclosed dual agency?

- If so, be sure to include in your policies/procedures proper timing and written forms for disclosure and informed consent from parties

- Secure written forms for

- Brokerage Agreements – listing and selling (Buyer side – if any)

- Agency Disclosure Forms

- Designated Agency Disclosure
- Notice of No Agency Disclosure

- Will you handle Escrow Money?

- If so, set up non-interest bearing FDIC insured account, and be sure escrow is contained in title

- File a Consent to Audit form with IDFPR

- If not, find a reliable escrow company (i.e., local title company)

- Determine how you will set up your recordkeeping system

- Will you keep physical or electronic files?

- Protect confidential information by locking or password protection

- If electronic, make sure you have appropriate monthly back up plans

- Check special recordkeeping rules if you hold escrow money

- Review rules regarding managing broker duties to supervise sponsored licensees, especially regarding new broker licensees who have not completed the 45 hour post license course.

- Have you considered a diversity/equality/inclusion plan for your staff and sponsored licensees?

See License Act Article 15 – review all sections

License Act § 15-50 (Designated Agency)

See Rules §1450.800

See License Act §15-45

See Rules §1450.820

See Rules §1450.770 & §1450.775

See License Act §20-20(a)(17)

See Rules §1450.750

See Rules §1450.755

See Rules §1450.700 & §1450.705