



ILLINOIS REALTORS® OFFICE/COMPANY START-UP CHECKLIST



- Managing Broker for Company to be “designated MB” _____
- 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.
 - 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
 - Link to Illinois Secretary of State website:
https://cyberdriveillinois.com/departments/business_services/home.html
 - Link to IDFPR website: <https://www.idfpr.com>

Determine who will have ownership in the company

- Once determined:
 - Licensed owners _____; % ownership _____
 - Unlicensed owners _____; % ownership _____

See License Act §15-15
Rules § 1450.600

See Rules §1450.600

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

See Rules
§1450.120

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 License
Act §5-45

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

Will you operate a branch(es) or other location(s)?

If so, register those locations with IDFPR

See Rules
§1450.610 &
§1450.725

Keep an up-to-date list of all sponsored licensees and the primary office location and managing broker of each

Will you sponsor other licensees?

See License
Act §10-20

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

See Rules
§1450.735 &
§1450.740

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

See License Act §10-40

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

See License Act Article 15 – review all sections

License Act § 15-50 (Designated Agency)

- 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

See Rules §1450.800

See License Act §15-45

See Rules §1450.820

See Rules §1450.770 & §1450.775

- 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?

See License Act §20-20(a)(17)

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

See Rules §1450.750

- 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

See Rules §1450.755

- Will you keep hard copies 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

See Rules §1450.700 & §1450.705

- Review rules regarding managing broker duties to supervise sponsored licensees