

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 §5-15

Rules  
§1450.600

Sole proprietor – no additional real estate license needed but you must 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

**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

See Rules  
§1450.600

**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

See Rules  
§1450.610  
&  
§1450.725

- 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?**

See License  
Act §10-20

See Rules  
§1450.735  
&  
§1450.740

- 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**

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

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

**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
  - Agency Disclosure Forms
    - Designated Agency Disclosure – usually part of written brokerage agreement
    - 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?**