

Illinois Real Estate License Act - Administrative Rules

Effective March 21, 2011

TITLE 68: PROFESSIONS AND OCCUPATIONS
CHAPTER VIII: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
SUBCHAPTER b: PROFESSIONS AND OCCUPATIONS

PART 1450
REAL ESTATE LICENSE ACT OF 2000

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AUTHORITY: Implementing the Real Estate License Act of 2000 [225 ILCS 454] and authorized by Section 2105-15(7) of the Civil Administrative Code of Illinois [20 ILCS 2105/2105-15(7)].

SOURCE: Old Part repealed at 35 Ill. Reg. 5414 and new Part adopted at 35 Ill. Reg. 5418, effective March 21, 2011.

SUBPART A: GENERAL

Section 1450.100 Definitions

Unless otherwise clarified by this Part, definitions set forth in the Act also apply for purposes of this Part.

"Act" means the Real Estate License Act of 2000 [225 ILCS 454].

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"Advisory Council" means the Real Estate Education Advisory Council created by Section 30-10 of the Act.

"Affidavit of Non-participation" means a sworn statement made by an unlicensed person associated with or an owner of a licensed real estate corporation, limited liability company, partnership or limited partnership attesting that the unlicensed person is not actively directing or engaging in real estate activities as part of that association or ownership.

"Board" means the Real Estate Administration and Disciplinary Board created by Section 25-10 of the Act.

"Certificate of registration" means the document issued by the Division indicating approval of a continuing education course for which CE credit can be granted.

"Compliance agreement" means an agreement entered into between a licensee and the Division in conjunction with an administrative warning letter.

"Credit hour" means classroom attendance for a minimum of 50 minutes of lecture or its equivalent through a distance education program approved by the Division.

"Department" means the Department of Financial and Professional Regulation.

"Director" means the Director of the Division of Professional Regulation with the authority delegated by the Secretary.

"Discipline" means a refusal to issue or renew a license, probation, suspension or revocation of a license, reprimand, fine or any other sanction explicitly provided for in the Act.

"Division" means the Department of Financial and Professional Regulation-Division of Professional Regulation.

"Electronic signature" means a signature in electronic form attached to or logically associated with an electronic record. [5 ILCS 175/5-105]

"Interactive delivery method" means live instruction and real time discussion via satellite, video, online via webcam or similar communication that occurs between

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the instructor and students in real estate courses approved by the Real Estate Education Advisory Council. (See Section 5-27(a)(5) of the Act.)

"Managing broker" means, prior to May 1, 2011, a broker and, after April 30, 2011, a broker or licensed managing broker who has supervisory responsibilities for licensees in one or, in the case of a multi-office company, more than one office and who has been appointed as such by the sponsoring broker. All licensees acting as a managing broker or self-sponsored broker after April 30, 2012 must have a managing broker license or obtain one within 90 days after being named a managing broker. Refer to the definition of sponsoring broker.

"Moral turpitude" means conduct that is inherently base, depraved or vile.

"Office" means a real estate broker's place of business where the general public is invited to transact business, from which sponsored licensees work and where records may be maintained and licenses displayed, whether or not it is the broker's principal place of business. When determining whether an office exists, the following shall be considered by the Division:

An office is any business location or structure that is owned, controlled, operated or maintained by a person who, at that location or structure, is:

engaging in licensed activities;

offering real estate services to consumers;

holding out to the public that the person is engaged in the practice of real estate brokerage;

maintaining original real estate documents and records related to active or pending transactions;

maintaining current escrow records; or

meeting consumers for the purpose of engaging in real estate licensed activities.

The following places do not constitute an office:

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a motor vehicle primarily used for transportation;

a place whose purpose is solely devoted to advertising real estate matters of a general nature or to making a sponsoring broker's business name generally known;

a place that a licensee uses solely for storage or archiving of records; or

a licensee's residence unless held out to the public as a location at which real estate brokerage services are available to the public.

A licensee engaged in the practice of real estate brokerage shall maintain an office. If the licensee is sponsored by another, then the office shall be the office of the sponsoring broker.

A post office box, mail drop location, or other similar facility shall not constitute an office, so long as none of the activities described in this definition take place at this facility.

"Proctor" means any person, including, but not limited to, an instructor, who has a written agreement to administer examinations fairly and impartially with a licensed pre-license school or a licensed continuing education school. Proctoring may be by electronic means.

"School branch" means a location where a pre-license school provides instruction other than the sponsoring school's principal location.

"Semester hours" shall be converted into quarter hours at a ratio of 2 semester hours to 3 quarter hours.

"Sole owner" when used to describe a licensee means a licensee who has a 100% ownership interest alone, has ownership as a joint tenant or tenant by the entirety, or holds 100% beneficial interest in a land trust.

"Sponsoring broker" means the broker or managing broker who has issued a sponsor card to a salesperson, a broker, a licensed managing broker or a leasing agent, or is self-sponsored.

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There shall be only one sponsoring broker for any one real estate company. According to this definition, the sponsoring broker is the entity holding the company real estate license, whether the entity is an individual who operates as a sole proprietorship, partnership, limited liability company, corporation or registered limited liability partnership.

The entity that is the sponsoring broker for the real estate company may delegate its duties in accordance with company policy to appropriate company personnel authorized to act and sign on behalf of the sponsoring broker.

Some examples include, but are not limited to:

the sponsoring broker could authorize a managing broker for the company to sign sponsor cards in the name of the sponsoring broker;

the sponsoring broker could authorize a qualified company employee or independent contractor to oversee bookkeeping duties relative to the sponsoring broker's escrow account;

the sponsoring broker may delegate authorized signers for the escrow account to sign on behalf of the sponsoring broker; and

the sponsoring broker may delegate to authorized company personnel the ability to sign contracts entered into by the sponsoring broker in accordance with the sponsoring broker's company policy.

Section 1450.110 Sponsor Cards

- a) Leasing Agent
 - 1) Except for a person working under a 120 day leasing agent permit as provided in Section 1450.240, no leasing agent license applicant may engage in the activities of a licensed leasing agent until a valid sponsor card has been issued to the applicant.

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- 2) A sponsoring broker shall prepare, upon forms provided by the Division, and deliver to each leasing agent employed by the broker a sponsor card certifying that the person whose name appears on the card is in fact employed by that broker, and that the applicant has not practiced under a 120 day leasing agent permit for more than 120 days.
- 3) A sponsor card properly issued pursuant to this Section shall serve as a temporary permit allowing the sponsored individual to engage in practice as a leasing agent until the applicant is issued a leasing agent license. An applicant may practice under a sponsor card temporary permit for a maximum of 45 days.
- 4) A sponsoring broker may issue a sponsor card to an individual only in the following circumstances:
 - A) upon presentation of a leasing agent examination pass score report stating that the broker may issue a sponsor card; or
 - B) upon presentation of an original leasing agent license that is endorsed by the broker by whom the leasing agent was previously employed; or
 - C) upon presentation of a license expired for less than 2 years.
- 5) The sponsoring broker shall, within 24 hours after issuance of the sponsor card, submit the following to the Division by regular mail or a signature restricted delivery service determined appropriate by the sponsoring broker.
 - A) For applicants for an initial leasing agent license:
 - i) a copy of the sponsor card and transcript, if applicable;
 - ii) a leasing agent examination pass score report stating that the broker may issue a sponsor card;
 - iii) a leasing agent license application that is signed by the applicant and on which all questions have been answered; and

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- iv) the license application fee required by Section 1450.130.
 - B) For persons already holding a leasing agent license:
 - i) a copy of the sponsor card; and
 - ii) the properly endorsed leasing agent license and pocket card of the sponsored licensee.
 - 6) A sponsoring broker issuing a sponsor card shall retain a copy of the sponsor card until such time as the leasing agent license is received and properly displayed pursuant to Section 1450.730.
- b) Salesperson, Broker and Managing Broker
- 1) A properly issued sponsor card shall serve as a temporary permit allowing the sponsored individual to engage in the practice of real estate for a maximum of 45 days only for the sponsoring broker named on the sponsor card.
 - 2) The sponsoring broker shall issue a sponsor card to an individual only in the following instances:
 - A) Upon presentation of a real estate examination pass score report stating that the sponsoring broker may issue a sponsor card;
 - B) Upon presentation of an original license endorsed by the sponsoring broker by whom the licensee was previously employed or with whom the licensee was previously associated; or
 - C) Upon presentation of a license expired for less than 2 years.
 - 3) Upon issuance of a sponsor card, the issuing sponsoring broker shall, within 24 hours after issuance, submit the following to the Division by regular mail or a signature restricted delivery service determined appropriate by the sponsoring broker:
 - A) For Licensees

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- i) a copy of the sponsor card and transcript, if applicable;
 - ii) appropriate sponsor card fee as set forth in Section 1450.130; and
 - iii) one of the following:
 - the properly endorsed real estate license and pocket card of the sponsored licensee; or
 - an expired license of the sponsored licensee along with the fee required by Section 1450.130 and proof of education, if applicable, as required by Section 5-50 of the Act; or
 - the pocket card of the licensee and a sworn statement by the licensee explaining why the license is not submitted; or
 - if neither the license nor pocket card is available, the status of the license as verified by the Director or his or her designee.
- B) For Salesperson, Broker and Managing Broker Applicants
- i) a copy of the sponsor card and transcript, if applicable;
 - ii) a real estate pass score report stating that the sponsoring broker may issue a sponsor card; and
 - iii) other documentation as required by Section 1450.320, 1450.430 and 1450.520.
- C) Should an applicant be found not to have completed all the requirements, the applicant's sponsor card shall be void, the applicant shall be considered to have never been authorized to practice, and the applicant shall be subject to disciplinary action in

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accordance with Section 20-20 of the Act and Section 1450.900 of this Part.

- 4) A licensed real estate broker, prior to May 1, 2012, or a managing broker may practice as a sole proprietor, partnership, corporation or limited liability company provided that, prior to doing business, the broker complies with the licensing requirements for partnerships, corporations or limited liability companies set forth in Section 1450.600 and submits the following to the Division by regular mail or a signature restricted delivery service:
 - A) a copy of the sponsor card issued to himself or herself;
 - B) the appropriate sponsor card fee required by Section 1450.130; and
 - C) one of the following:
 - i) Prior to May 1, 2012, his or her properly endorsed real estate broker or managing broker license and pocket card. After April 30, 2012, his or her managing broker license and pocket card; or
 - ii) Prior to May 1, 2012, an expired broker license, or, after April 30, 2012, an expired managing broker license along with the fee required by Section 1450.130 and proof of education, if applicable, as required by Section 5-50 of the Act; or
 - iii) the pocket card and a sworn statement by the licensee explaining why the license is not submitted. If neither the license nor the pocket card is available, the status of the license shall be verified by the Director or his or her designee; or
 - iv) a completed consent to audit and examine special accounts form if one is not already on file.
- 5) The Division shall, within 30 days after receipt of the sponsor card, appropriate fees and appropriate documentation, issue a license to the

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- sponsored licensee or notify the applicant why the license cannot be issued.
- 6) Expiration of the Sponsor Card. A sponsor card shall be valid for a period of 45 days from issue date unless extended for an additional 45 days by the Division for good cause.
 - A) Good cause shall be limited to those instances in which the Division has unnecessarily delayed the processing of a license.
 - B) The request for extension shall be considered granted only upon written notice from the Division.
 - 7) The sponsoring broker shall retain a copy of the sponsor card until the license is received.
 - 8) Upon termination of a licensee, a sponsoring broker shall immediately:
 - A) Endorse the licensee's license as provided for on that document;
 - B) Submit a photocopy of the endorsed license to the Division within 2 business days after termination by regular mail or a signature restricted delivery service determined appropriate by the sponsoring broker;
 - C) Retain a copy of the endorsed license at least until the expiration date printed on that license; and
 - D) Give the original endorsed license to the licensee.
 - 9) Once a license has been endorsed, the licensee is prohibited from practicing real estate until the licensee is issued a properly completed sponsor card.
 - 10) Each licensee shall carry either a properly issued sponsor card or a valid pocket card at all times and shall display same upon demand.

Section 1450.120 Assumed Name

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- a) If a sponsoring broker acting as a sole proprietor operates under any name other than that appearing on his or her license, the sponsoring broker shall submit to the Division a certified copy of the broker's registration under the Assumed Business Name Act [805 ILCS 405]. The assumed business name registration shall be obtained in each county in which the assumed business name is used. Any corporation, limited partnership, general partnership or limited liability company operating under any name other than that appearing on its application for a license shall provide to the Division a copy of the filing or certificate authorizing it to do business under an assumed name. Sponsored licensees, including groups of licensees commonly referred to as "teams", may not operate under an assumed business name other than that of their sponsoring broker.
- b) The licensee shall submit the information to the Division within 30 days after use of the assumed name.

Section 1450.130 Fees

- a) License of a Leasing Agent
 - 1) The application fee for an initial leasing agent license shall be \$75.
 - 2) The application fee to renew a leasing agent license shall be \$50 per year.
 - 3) The late renewal fee for leasing agent licenses renewed after the expiration date of the license shall be \$50.
 - 4) The fee for issuing a 120 day leasing agent permit shall be \$25.
- b) License of Real Estate Salesperson
 - 1) The fee for an initial license as a salesperson is \$125. The fee must accompany the application to determine the applicant's fitness to receive a license.
 - 2) The fee for renewal of a salesperson's license that has been expired for not more than 2 years, as provided for in Section 5-50 of the Act, is the sum of all lapsed renewal fees plus \$50. However, no salesperson license will be renewed after April 30, 2011.

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- c) License of Broker
 - 1) The fee for an initial license as a broker is \$125. The fee must accompany the application to determine an applicant's fitness to receive a license.
 - 2) The fee for the renewal of a broker's license that has not expired shall be calculated at the rate of \$75 per year.
 - 3) The fee for the renewal of a broker's license that has been expired for not more than 2 years, as provided for in Section 5-50 of the Act, is the sum of all lapsed renewal fees plus \$50.
- d) License of Managing Broker
 - 1) The fee for an initial license as a managing broker is \$150. The fee must accompany the application to determine an applicant's fitness to receive a license.
 - 2) The fee for the renewal of a managing broker's license that has not expired shall be calculated at the rate of \$100 per year.
 - 3) The fee for the renewal of a managing broker's license that has been expired for not more than 2 years, as provided for in Section 5-50 of the Act, is the sum of all lapsed renewal fees plus \$50.
- e) License of Partnership, Limited Liability Company or Corporation
 - 1) The fee for an initial license for a partnership, limited liability company or corporation is \$125. The fee must accompany the application to determine an applicant's fitness to receive a license.
 - 2) The fee for the renewal of a license for a partnership, limited liability company or corporation shall be calculated at the rate of \$75 per year.
 - 3) The fee for the renewal of a license for a partnership, limited liability company or corporation that has been expired is the sum of all lapsed renewal fees plus \$50.
- f) License for Branch Office

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- 1) The fee for an initial license for a branch office is \$125. The fee must accompany the application to determine an applicant's fitness to receive a license.
 - 2) The fee for the renewal of a branch office license shall be calculated at the rate of \$75 per year.
 - 3) The fee for the renewal of a branch office license that has been expired is the sum of all lapsed renewal fees plus \$50.
- g) Pre-License School, Instructor and Course Fees
- 1) The fee for an application for initial approval of a pre-license school is \$1,025. The fee must accompany the application to determine an applicant's fitness to receive a license.
 - 2) The fee for renewal of approval of a pre-license school shall be calculated at the rate of \$525 per year.
 - 3) The fee for the renewal of approval of a pre-license school that has been expired is the sum of all lapsed renewal fees plus \$50.
 - 4) The fee for an application for initial approval of a branch for a pre-license school is \$175 per branch. The fee must accompany the application to determine an applicant's fitness to receive approval.
 - 5) The fee for renewal of approval of a branch for a pre-license school shall be calculated at the rate of \$125 per branch per year.
 - 6) The fee for the renewal of approval of a branch for a pre-license school that has been expired is the sum of all lapsed renewal fees plus \$50.
 - 7) The fee for transferring a license for a branch location shall be \$25 per transfer.
 - 8) The fee for application for initial approval of a pre-license instructor is \$125. The fee must accompany the application to determine the applicant's fitness for approval.

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- 9) The fee for renewal of approval of a pre-license instructor shall be calculated at the rate of \$125 per year.
 - 10) The fee for the renewal of approval of a pre-license instructor that has been expired is the sum of all lapsed renewal fees plus \$50.
 - 11) The fee for application for initial approval of a pre-license course is \$125. The fee must accompany the application for approval.
 - 12) The fee for renewal of approval of a pre-license course shall be calculated at the rate of \$50 per year.
 - 13) The fee for the renewal of approval of a pre-license course that has been expired is the sum of all lapsed renewal fees plus \$50.
- h) Continuing Education School, Instructor and Course Fees
- 1) The fee for an application for initial approval as a continuing education (CE) school shall be \$2,025. The fee must accompany the application to determine an applicant's fitness for approval.
 - 2) The fee for renewal of approval as a CE school shall be \$2,025 per year.
 - 3) The fee for renewal of approval as a CE school which has expired shall be all lapsed renewal fees plus \$50.
 - 4) The fee for an application for initial approval as a CE instructor shall be \$75. The fee must accompany the application to determine an applicant's fitness to receive approval.
 - 5) The fee for renewal of approval as a CE instructor shall be \$75 per year.
 - 6) The fee for the renewal of approval as a CE instructor that has been expired shall be all lapsed renewal fees plus \$50.
 - 7) The fee for an application for initial approval of a CE course shall be \$125. The fee must accompany the application for approval.

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- 8) The fee for renewal of approval of a CE course shall be \$50 per year.
 - 9) The fee for renewal of approval of a CE course that has expired shall be all lapsed renewal fees plus \$50.
- i) General
- 1) All fees paid pursuant to the Act and this Section shall be made out to the Department of Financial and Professional Regulation and are non-refundable.
 - 2) The fee for the issuance of a duplicate license or pocket card, for the issuance of a replacement license or pocket card for a license or pocket card that has been lost or destroyed, for the issuance of a license with a change of name or address other than during the renewal period, or for the issuance of a license with a change of location of business, is \$25.
 - 3) The fee for a certification of a licensee's record for any purpose is \$25.
 - 4) The fee for a wall license showing registration shall be the cost of producing the license.
 - 5) The fee for a roster of persons licensed under the Act or for a list of licensees sponsored by the sponsoring broker shall be the cost of producing the roster.
 - 6) Applicants for an examination as a leasing agent, broker, salesperson or instructor shall be required to pay a fee covering the cost of providing the examination. If a designated testing service is utilized for the examination, the fee shall be paid directly to the designated testing service. Failure to appear for the examination on the scheduled date, at the time and place specified, after the applicant's application for examination has been received and acknowledged, shall result in the forfeiture of the examination fee.
 - 7) The fee for requesting a waiver of continuing education requirements pursuant to Section 5-70(b) of the Act, or obtained while out-of-state pursuant to Section 5-75 of the Act, shall be \$25.

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- 8) The fee for processing a sponsor card other than at the time of original licensure is \$25.
- 9) The fee for a copy of a transcript of the proceedings under Section 20-62 of the Act shall be the cost of a copy of the transcript. A copy of the balance of the record will be provided at the Division's cost for producing the record.
- 10) The fee for certifying the record referred to in Section 20-73 of the Act is \$1 per page of the record.
- 11) The Division may charge an administrative fee not to exceed \$500, as a part of a compliance agreement issued with an administrative warning letter pursuant to Section 20-20 of the Act .
- 12) Each university, college, community college or school supported by public funds shall be exempt from the school licensure fees provided each university, college, community college or school meets the following criteria and certifies to the Division that:
 - A) the facility is supported by public funds;
 - B) the instructors are considered full-time faculty and are supported by public funds or if the administrator of the real estate school/program/curricula is considered full-time with exclusive responsibility for the administration of the real estate school/program/curricula and is supported by public funds;
 - C) the program, pre-license and/or continuing education revenues are deposited into the general fund of the university, college, community college or school, as are other appropriated public funds; and
 - D) the program, pre-license and/or continuing education is not a for-profit division of the university, college, community college or school.

Section 1450.140 Renewals

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- a) Every leasing agent license issued under the Act shall expire on July 31 of each even-numbered year.
- b) Every salesperson's license issued under the Act shall expire on April 30, 2012.
- c) Every broker's license issued under the Act shall expire on April 30 of each even-numbered year. Sponsoring brokers shall also submit a properly completed consent to audit and examine special accounts form.
- d) Every managing broker's license issued under the Act shall expire on April 30 of each odd-numbered year; except that the initial managing broker renewal after the transition period found in Section 5-47 of the Act will be on April 30, 2013.
- e) Every license issued to a corporation, limited liability company, partnership, limited partnership or branch office under the Act shall expire on October 31 of each even-numbered year. The holder of the license shall submit the following:
 - 1) A properly completed consent to audit and examine special accounts form; and
 - 2) A properly completed change of business information form as provided for in Section 1450.150.
- f) Renewal applications shall be submitted on forms provided by the Division. All renewals shall include the name and license number of the sponsoring broker. Failure to receive a renewal form from the Division shall not constitute an excuse for failure to pay the renewal fee or to renew one's license.
- g) Practicing or offering to practice on an expired or inoperative license shall constitute unlicensed or unauthorized practice and shall be grounds for discipline pursuant to Section 20-20 of the Act.
- h) Any leasing agent, salesperson, broker or managing broker whose license under the Act has expired is eligible to renew the license without paying any lapsed renewal fees or reinstatement fee, provided that the license expired while the licensee was:
 - 1) on active duty with the United States Army, United States Navy, United States Marine Corps, United States Air Force, United States Coast Guard,

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- the State Militia called into the service or training of the United States; or
- 2) engaged in training or education under the supervision of the United States prior to induction into military service; or
 - 3) serving as an employee of the Division. A licensee renewing his or her license in accordance with this subsection (h)(3) may renew the license within a period of 2 years following the termination of service and is not required to take a refresher course or a retest.
 - 4) After April 30, 2011 an individual renewing his or her license pursuant to this subsection (h) shall be issued a license equivalent to the license held when employed by the Division.
- i) In accordance with Section 5-50 of the Act, any licensee whose license has expired for more than 2 years shall not be eligible for renewal of that license. Any licensee whose license has been expired for less than 2 years may renew the license at any time by complying with the requirements of this Part, by paying the fees required by Section 1450.130 and by providing the Division with evidence that the licensee has satisfactorily completed the required continuing education courses, including 6 hours per year for each year during which the license was expired. However, no salesperson license will be renewed after April 30, 2011.
 - j) In accordance with Section 5-50 of the Act, upon request, the Division shall prepare and mail or deliver electronically to the sponsoring real estate broker a listing of licensees who, according to the records of the Division, are sponsored by that broker. The sponsoring broker shall notify the Division concerning any inaccuracies in the listing within 30 days after its receipt.
 - k) A notice of renewal shall be sent to all sponsoring brokers, by mail or electronic means, for all of the sponsored licensees for the sponsoring broker.

Section 1450.150 Licensee Change of Information

- a) It is the responsibility of each licensee to immediately notify the Division of any change of name, address or office location. For example, if the licensee has had a name change either by court order or due to a change in marital status, the licensee shall notify the Division of the name change together with a copy of the marriage certificate or portions of the court order relating to the name change, and

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indicate under which name the license shall issue. If the licensee regularly practices under a diminutive of his or her first name (e.g., Meg for Margaret or Mark for Mariusz or Sam for Shamim), last name or a middle name instead of the licensee's full legal name, the licensee shall notify the Division of the alternate name. To help ensure proper credit, the licensee shall ensure that all continuing education certificates are issued under the name of licensure.

- b) It is the responsibility of each sponsoring broker to immediately notify the Division of any change of business information.
 - 1) When a licensee acquires or transfers any interest in a corporation, limited liability company, partnership or limited partnership licensed under the Act, the sponsoring broker shall submit to the Division a notice prescribed by the Department.
 - 2) When a licensee becomes an officer or manager of a corporation, limited liability company, partnership or limited partnership licensed under the Act, the sponsoring broker shall submit to the Division a notice prescribed by the Department. Any changes in managing brokers, branch or principal offices shall be reported in writing to the Division within 15 days after the change.

SUBPART B: LICENSING AND EDUCATION FOR LEASING AGENT

Section 1450.200 Leasing Agent General Provisions

- a) A licensed leasing agent shall not engage in any licensed activities other than those activities relating to the leasing of residential real property. A licensed leasing agent may not offer or negotiate the sale or exchange of real estate, or engage in any other activities described in Section 1-10 of the Act not relating to the leasing of residential real estate.
- b) No person other than a duly authorized managing broker, broker, salesperson or leasing agent or an individual working under a 120 day leasing agent permit shall engage in, for compensation, residential leasing activities for which a license is required under the Act.
- c) No leasing agent licensee may accept compensation for the performance of leasing agent activities except from the sponsoring broker by whom the licensee is

employed.

Section 1450.210 Leasing Agent Examination Requirement

- a) The Division or its designated testing service shall conduct the examinations at times and places as the Division shall approve.
- b) If a person who has received a passing score on the examination fails to file an application and meet all requirements for a leasing agent license within one year after receiving a passing score on the examination, credit for the examination shall terminate. The person thereafter may make a new application for examination.
- c) If an individual has failed the examination four times, the individual must repeat the education requirement set forth in Section 5-10 of the Act prior to taking the examination again.

Section 1450.220 Issuance of Leasing Agent License

- a) The Division shall, within 30 days after receipt of the copy of the sponsor card and other documentation submitted by the issuing broker, issue a leasing agent license and a pocket card to the sponsored licensee or notify the applicant why the license cannot be issued.
- b) A leasing agent license shall be readily available to the public as provided for in Section 1450.730. Each licensee shall carry on his or her person the pocket card or, if a pocket card has not yet been issued, a properly issued sponsor card, when engaging in any licensed activity. The licensee shall display the pocket card or sponsor card upon demand.

Section 1450.230 Leasing Agent Termination of Employment

- a) Upon termination of employment of a leasing agent licensee, the sponsoring broker shall immediately:
 - 1) endorse the leasing agent's license as provided on that document;
 - 2) submit a photocopy of the endorsed license to the Division within 2 days after termination by regular mail or a signature restricted delivery service

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- determined appropriate by the sponsoring broker;
 - 3) retain a copy of the endorsed license at least until the expiration date printed on that license; and
 - 4) give the original endorsed license indicating the termination to the licensee.
- b) Once a license is endorsed, the leasing agent licensee is prohibited from practicing until the licensee is again issued a properly completed sponsor card.

Section 1450.240 Leasing Agent 120 Day Permit

- a) Pursuant to Section 5-5(d) of the Act, a person engaging in practice under the provisions of this Section may first obtain a 120 day leasing agent permit. A permit holder shall comply with all provisions of the Act and this Subpart as if the permit holder were a licensee, and shall be subject to standards of practice and disciplinary provisions as if the permit holder were a licensee. A broker supervising a permit holder shall be responsible for the activities and actions of a permit holder as if the permit holder were a leasing agent licensee. A student leasing agent may only be sponsored by one sponsoring broker during the 120 day period.
- b) Within 24 hours after employing a permit holder, a broker shall submit the following information to the Division on forms provided by the Division:
- 1) the name, address and other information requested by the Division to identify the permit holder;
 - 2) certification by the permit holder that the applicant has not been a leasing agent licensee within the past 2 years and that the applicant has not been a permit holder within the past 2 years;
 - 3) certification that the permit holder is at least 18 years of age;
 - 4) certification that the permit holder has successfully completed a 4 year course of study in a high school or secondary school or an equivalent course of study approved by the Illinois State Board of Education (e.g., GED); and

- 5) certification that the permit holder is at the time of application, or will be within a period of 90 days, enrolled in a leasing agent course of instruction approved by the Division.
- c) Upon expiration of the 120 day leasing agent permit period, the permit holder shall immediately cease engaging in leasing agent activities unless the person has been issued a leasing agent sponsor card or a leasing agent license.
- d) A person shall not practice under a 120 day leasing agent permit more than once in any 24 month period. A person who has been a leasing agent licensee within the past 24 month period shall not practice as a 120 day permit holder.

Section 1450.250 Leasing Agent Continuing Education Requirements

- a) Each leasing agent licensee shall complete during the pre-renewal period prior to that renewal a minimum of 6 hours of continuing education (CE) that is relevant to leasing residential real property and is approved by the Advisory Council. Approved courses shall, at a minimum, cover recent changes in the Act and other laws affecting the leasing of residential real estate and material regarding fair housing laws relating to the leasing of residential real property.
- b) A renewal applicant is not required to comply with these requirements for the first renewal following the original issuance of the applicant's leasing agent license.
- c) Continuing education schools, instructors and courses must be approved by the Division as provided in Section 1450.1130, 1450.1145 and 1450.1155.
- d) Licensee compliance with CE requirements shall be certified pursuant to the following provisions:
 - 1) Each renewal applicant shall certify, on the renewal application, full compliance with the CE requirements of this Section.
 - 2) The Division may, in the context of compliance audits, require additional evidence demonstrating compliance with the CE requirements (e.g., a certificate of attendance). It is the responsibility of each renewal applicant to retain or otherwise produce evidence of compliance.

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- 3) In the context of a compliance audit, the Division shall accept verification (e.g., original transcript, certificate of attendance) submitted directly from a school on behalf of a renewal applicant as proof of CE compliance.
 - 4) When there appears to be a lack of compliance with CE requirements, a licensee shall be subject to discipline pursuant to this Part and the Act.
- e) The Division shall conduct audits to verify compliance with this Section. When, during an audit or compliance review, the Division determines that a licensee may be deficient in complying with CE requirements, the Division will notify the licensee, and the sponsoring broker of the licensee, by certified or registered mail, return receipt requested, or other signature restricted delivery service, of the possible deficiency. The licensee shall have 60 days from the date the deficiency notification is mailed to submit to the Division evidence of compliance with CE requirements.
- 1) If satisfactory evidence of compliance with CE requirements (as set forth in Section 1450.450(c)(2)) is submitted, the Division shall notify the licensee, by first class mail, that the licensee is in compliance.
 - 2) If the licensee has certified compliance with CE requirements on the licensee's most recent renewal application pursuant to Section 1450.450(c)(1), but cannot submit evidence of having been in compliance on the date the licensee made the certification, the licensee may, during the 60 days notice period, submit evidence of having attained compliance with CE requirements after the date the certification was made. The submission of evidence of post-certification completion must be accompanied by a non-refundable administrative fee of \$25 per course credit hour completed after the date the licensee originally certified compliance. The submission of evidence will not be reviewed or considered if the proper fee does not accompany the submission. Upon submission of the evidence and appropriate fee, the evidence will be reviewed. If the evidence is found to be satisfactory, the Division shall notify the licensee and the sponsoring broker of the licensee that the licensee is in compliance. Any credit hours submitted for post-certification course completion and found satisfactory may not be used as credit for the next renewal requirements.
 - 3) If the licensee fails to submit within the 60 day notice period satisfactory

evidence of compliance with CE requirements, the failure shall be evidence of a violation of Section 20-20 of the Act regarding false or fraudulent representation to obtain a license and the continuing education requirements of Article 5 of the Act. The Division shall send notice, in accordance with Section 20-60 of the Act, indicating the commencement of disciplinary proceedings. A copy of this notice shall be sent to the sponsoring broker of the licensee.

Section 1450.260 Approved Courses, Schools and Instructors for Leasing Agents

All pre-license education courses, continuing education courses, schools and instructors relating to leasing agent licensure must be approved by the Advisory Council and licensed pursuant to Subpart K.

SUBPART C: LICENSING AND EDUCATION FOR SALESPERSON

Section 1450.300 Salesperson Educational Requirements to Obtain a License

An applicant for a salesperson's license must have successfully completed 45 credit hours of instruction in an approved Real Estate Transaction Course as outlined in Section 1450.1105.

Section 1450.310 Salesperson Examination

- a) Each applicant for a salesperson's license shall file an application for examination as determined by the designated testing service. The application shall include:
 - 1) Certification that the applicant is 21 years of age, or 18 if the applicant has attained the education required by Section 5-26 of the Act. Forty-eight semester hours shall meet the minimum requirements of Section 5-26.
 - 2) Certification of graduation from high school or its equivalent (e.g., GED).
 - 3) The required fee as provided in Section 1450.130.
 - 4) Proof of one of the following:
 - A) Currently admitted to practice law by the Supreme Court of Illinois;

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- B) Completion of at least 45 class hours of instruction in real estate courses approved by the Advisory Council;
 - C) Completion of a distance education course approved by the Advisory Council in accordance with Section 1450.1155.
- b) If an applicant has failed an examination 4 times, the applicant must repeat the pre-license education in order to be readmitted to sit for the examination.
 - c) Pursuant to Section 5-35(c) of the Act, the 4 year time period does not apply to high school or its equivalent (e.g., GED) education.
 - d) The salesperson exam will no longer be administered after March 15, 2011.

Section 1450.320 Applications for Salesperson License by Examination

- a) Each applicant for a salesperson's license shall submit to the Division:
 - 1) An application signed by the applicant and on which all questions have been answered;
 - 2) The fee required by Section 1450.130;
 - 3) Proof of successful completion of the examination authorized by the Division;
 - 4) A properly completed sponsor card issued in accordance with Section 1450.110; and
 - 5) Transcript, if applicable.
- b) An applicant shall have until April 30, 2011 to file an application with the Division and to meet all of the requirements for licensure.

Section 1450.330 Application for Salesperson License by Reciprocity

- a) Prior to May 1, 2011, a salesperson's license by reciprocity may be issued to a real estate salesperson under the following conditions:

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- 1) That the salesperson is the holder of an active license by examination in a state that has a reciprocal agreement with the Division;
 - 2) That the standards of that state for licensing as a salesperson are substantially equivalent to or greater than the minimum standards in Illinois; and
 - 3) The salesperson files an application on forms furnished by the Division, along with the required fee and:
 - A) a properly completed 45 day sponsor card form;
 - B) a statement bearing the seal of the licensing authority from each state in which the applicant is licensed, showing:
 - i) that he or she has an active license as a salesperson in that state;
 - ii) that the license is in good standing; and
 - iii) any disciplinary action taken against the salesperson;
 - C) proof of passing an approved test on Illinois specific real estate brokerage laws; and
 - D) if the salesperson's sponsoring broker does not maintain a definite office or place of business within the State of Illinois, a written statement that:
 - i) appoints the Director to act as the salesperson's agent upon whom all judicial and other process may be served;
 - ii) acknowledges and agrees to abide by all of the provisions of the Act with respect to all of the salesperson's activities within and relating to the State of Illinois; and
 - iii) assents to jurisdiction of the Division.
- b) Any licensee who renews a license granted under a reciprocal agreement thereby

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assents to jurisdiction without regard to the location of the licensee's domicile or principal business location or office locations.

- c) All requirements for licensure by reciprocity shall be met within one year after the date of original application or the application shall be denied and the fee forfeited. Thereafter, to be reconsidered for licensure, the applicant shall file a new application and fee.
- d) Salespersons licensed by reciprocity on or before April 30, 2011 must comply with the transition requirements of Section 5-46 of the Act and this Part.

Section 1450.340 Salesperson Continuing Education

- a) Continuing Education Hour Requirements
 - 1) The CE requirement for a salesperson submitting a late renewal for the April 30, 2009 renewal period is 12 hours of CE approved by the Advisory Council.
 - 2) The Division shall conduct random audits to verify compliance with this Section.
- b) Approved Continuing Education
 - 1) CE credit may be earned for verified attendance at or participation in a course offered by an approved CE school that meets the requirements set forth in Section 1450.1130.
 - 2) CE credit may also be earned for completion of a distance education course that is offered by an approved CE school that meets the requirements set forth in Section 1450.1155.
 - 3) Pursuant to Section 5-70 of the Act, the CE in a curriculum approved by the Advisory Council requirement shall be satisfied by successful completion of the following:
 - A) Core Category. A minimum of 6 hours of CE in a curriculum approved by the Advisory Council. Standardized outlines or syllabi for these courses will be provided to CE schools and instructors by

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the Division.

- B) Elective Category. A maximum of 6 hours of CE in CE courses approved by the Advisory Council.
- 4) Pursuant to Section 5-70(g) of the Act, CE credit may be earned by an approved instructor for teaching an approved CE course. Credit for teaching an approved CE course may only be earned one time per course during a prerenewal period. One hour of teaching is equal to one hour of CE.
 - 5) As provided for in Section 5-75 of the Act, if licensees have earned CE hours offered in another state or territory for which they will be claiming credit toward full compliance in Illinois, each applicant shall submit an application along with a \$25 processing fee within 90 days after completion of the CE course and prior to expiration of the license. The Advisory Council shall review and recommend approval or disapproval of the CE course provided the CE school and CE course are substantially equivalent to those approved in Illinois and provided that the course included the successful completion of a proctored examination. In determining whether the CE school and CE course are substantially equivalent, the Advisory Council shall use the criteria in Sections 5-70 through 5-85 of the Act and this Section.
 - 6) CE credit shall not be given for CE courses taken in Illinois from schools not pre-approved by the Division.
 - 7) Except for distance education CE courses, no more than 6 hours of CE may be taken in any calendar day.
 - 8) CE credit shall not be given for pre- and post-licensing education courses except as specifically provided for in Section 5-70(1) of the Act.
- c) Certification of Compliance with CE Requirements
 - 1) Each licensee shall certify on the renewal application full compliance with the CE requirements set forth in subsections (a) and (b).
 - 2) The Division may require additional evidence demonstrating compliance

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with the CE requirements (e.g., certificate of completion, transcript, etc.). It is the responsibility of each renewal applicant to provide proof of CE completed.

- 3) When, during an audit or compliance review, the Division determines that a licensee may be deficient in complying with CE requirements, the Division will notify the licensee, and the sponsoring broker of the licensee, by certified or registered mail, return receipt requested, or other signature restricted delivery service, of the possible deficiency. The licensee shall have 60 days from the date the deficiency notification is mailed to submit to the Division evidence of compliance with CE requirements.
 - A) If satisfactory evidence of compliance with CE requirements set forth in subsection (c)(2) is submitted, the Division shall notify the licensee by first class mail, that the licensee is in compliance.
 - B) If the licensee has certified compliance with CE requirements on the licensee's most recent renewal application pursuant to subsection (c)(1), but cannot submit evidence of having been in compliance on the date the licensee made the certification, the licensee may, during the 60 days notice period, submit evidence of having attained compliance with CE requirements after the date the certification was made. The submission of evidence of post-certification completion must be accompanied by a non-refundable administrative fee of \$25 per course credit hour completed after the date the licensee originally certified compliance. The submission of evidence will not be reviewed or considered if the proper fee does not accompany the submission. Upon submission of the evidence and appropriate fee, the evidence will be reviewed. If the evidence is found to be satisfactory, the Division shall notify the licensee and the sponsoring broker of the licensee that the licensee is in compliance. Any credit hours submitted for post-certification course completion and found satisfactory may not be used as credit for the next renewal requirements.
 - C) If the licensee fails to submit within the 60 day notice period satisfactory evidence of compliance with CE requirements, the failure shall be evidence of a violation of Section 20-20 of the Act

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regarding false or fraudulent representation to obtain a license and the continuing education requirements of Article 5 of the Act. The Division shall send notice pursuant to Section 20-60 of the Act indicating the commencement of disciplinary proceedings. A copy of this notice shall be sent to the sponsoring broker of the licensee.

SUBPART D: LICENSING AND EDUCATION FOR BROKER

Section 1450.400 Broker Educational Requirements to Obtain a License

- a) Prior to May 1, 2011, 120 credit hours of instruction in approved courses are required for broker applicants. Credit shall be given for class hours successfully completed in the following manner:
 - 1) 45 credit hours for a Real Estate Transactions course;
 - 2) 15 credit hours for a Brokerage Administration course;
 - 3) 15 credit hours for Contracts and Conveyances;
 - 4) 15 credit hours of mandatory course work as established by the Education Advisory Council and the Division;
 - 5) Credit for the remaining 30 class hours may be obtained by completing at least 2 of the following courses listed:
 - A) Appraisal;
 - B) Property Management;
 - C) Financing;
 - D) Sales and Brokerage;
 - E) Farm Property Management;
 - F) Real Property Insurance.
- b) Prior to May 1, 2011, an applicant for a broker license who is licensed as an

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Illinois real estate salesperson is presumed to have completed a 45 credit hour Real Estate Transactions course provided that the license has not been nonrenewed for the preceding 2 years or more. Having received 45 class hours credit as a licensed real estate salesperson, an additional 45 class hours credit cannot be earned by taking a Real Estate Transactions course.

- c) After April 30, 2011, an applicant for a broker license must have completed 90 credit hours of instruction as set forth in Section 1450.1105.
- d) Subsection (c) does not apply to applicants who hold an active license as a salesperson or broker on April 30, 2011 and who successfully apply for licensure under the transition provisions in Sections 5-46 and 5-47 of the Act.

Section 1450.410 Broker Post-License Educational Requirement

- a) Brokers first licensed after April 30, 2011 shall be required to complete a 30-hour post-license course and pass a provider administered exam prior to their first renewal of that license. This course is intended to deal with the practical application of these topics to the practice of real estate brokerage as set forth in Section 1450.1105(f).
- b) Those taking the 30 hour post-license broker course during their first renewal cycle shall not be required to complete any other continuing education during that pre-renewal cycle.

Section 1450.420 Broker Examination

- a) Each applicant for a broker's license shall file an application for examination as determined by the designated testing service. The application shall include:
 - 1) Certification that the applicant is 21 years of age, or 18 if the applicant has attained the education required by Section 5-27 of the Act. Forty-eight semester hours shall meet the requirements of Section 5-27;
 - 2) Certification of graduation from high school or its equivalent (e.g., GED);
 - 3) The fee required by Section 1450.130;
 - 4) Proof of one of the following:

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- A) Currently admitted to practice law by the Supreme Court of Illinois; or
 - B) Completion of at least 120 hours, prior to May 1, 2011 and, after April 30, 2011, 90 hours of instruction in real estate courses approved by the Advisory Council in accordance with Section 1450.1105.
- b) An applicant who has failed an examination 4 times must repeat the pre-license education in order to be readmitted to sit for the examination.
 - c) Pursuant to Section 5-35(c) of the Act, the 4 year time period does not apply to high school or its equivalent (e.g., GED) education.

Section 1450.430 Application for Broker License by Examination

- a) Each applicant for a broker's license shall submit to the Division:
 - 1) A signed application on which all questions have been answered;
 - 2) The fee required by Section 1450.130;
 - 3) Proof of successful completion of the examination authorized by the Division;
 - 4) A properly completed sponsor card form issued in accordance with Section 1450.110;
 - 5) Transcript, if applicable; and
 - 6) If the applicant will be a sponsoring broker, a properly completed consent to audit and examine special accounts form.
- b) An applicant shall have one year from the date of receipt of a passing score on the examination to file an application with the Division and to meet all of the requirements for licensure.

Section 1450.440 Application for Broker License by Reciprocity

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- a) A broker's license by reciprocity shall be issued to a real estate broker, which, for the purposes of this subsection (a), shall include a real estate salesperson after April 30, 2011, under the following conditions:
- 1) That the broker is the holder of an active broker's license, or equivalent by examination in a state that has a reciprocal agreement with the Division;
 - 2) That the standards of that state for licensing as a real estate broker are substantially equivalent to or greater than the minimum standards in Illinois;
 - 3) That the broker maintains a definite place of business in his or her state of licensure and, if the application is made prior to May 1, 2012, that the broker has been actively engaged in the real estate business as a broker in the broker's state of licensure during the immediately preceding 2 years; and
 - 4) That the broker files an application, on forms furnished by the Division, along with the required fee and:
 - A) a statement bearing the seal of the licensing authority from each state in which he or she is licensed, showing:
 - i) that he or she has an active license as a broker in that state;
 - ii) that the license is in good standing; and
 - iii) any disciplinary action taken against the broker;
 - B) proof of passing an approved test on Illinois specific real estate brokerage laws;
 - C) if the broker does not maintain a definite office or place of business within the State of Illinois, a written statement that:
 - i) appoints the Director to act as the broker's agent upon whom all judicial and other process may be served;

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- ii) acknowledges and agrees to abide by all of the provisions of the Act with respect to all of the broker's activities within and relating to the State of Illinois; and
 - iii) assents to jurisdiction of the Division;
 - D) a properly completed 45 day sponsor card form.
- b) Any licensee who renews a license granted under a reciprocal agreement thereby assents to jurisdiction without regard to the location of the licensee's domicile or principal business location or office locations.
- c) All requirements for licensure by reciprocity shall be met within one year after the date of original application or the application shall be denied and the fee forfeited. Thereafter, to be reconsidered for licensure, the applicant shall file a new application and fee.
- d) Brokers licensed by reciprocity on or before April 30, 2011 must comply with the transition requirements of Section 5-47 of the Act and this Part.

Section 1450.450 Broker Continuing Education

- a) Continuing Education Hour Requirements
 - 1) Pursuant to Section 5-70 of the Act, each broker, except as otherwise provided in Section 5-70(b), is required to complete 6 hours of continuing education (CE) for each year of the pre-renewal period in courses approved by the Advisory Council. Licensees who complete CE after the expiration of a license are eligible for approval of CE only upon payment of all fees required by this Part and completion of the necessary forms. In addition to the CE required in this subsection (a)(1), any broker filing a late renewal for the pre-renewal period ending April 30, 2010 must complete a 6 hour broker management continuing education course.
 - 2) A renewal applicant is not required to complete CE requirements for the first renewal following original licensure if the initial license was issued less than 90 days prior to the expiration date.
 - 3) Brokers licensed in Illinois but residing and practicing in other states shall

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comply with the CE requirements set forth in this Section, unless they are exempt pursuant to Section 5-70(b) of the Act.

- 4) The Division shall conduct random audits to verify compliance with this Section.
- b) Approved Continuing Education
- 1) CE credit may be earned for verified attendance at or participation in a course offered by an approved CE school that meets the requirements set forth in Section 1450.1130.
 - 2) CE credit may also be earned for completion of a distance education course that is offered by an approved CE school that meets the requirements set forth in Section 1450.1155.
 - 3) Pursuant to Section 5-70 of the Act, the CE in a curriculum approved by the Advisory Council shall be satisfied by successful completion of the following:
 - A) Core Category. A minimum of 6 hours of CE in a curriculum approved by the Advisory Council. Standardized outlines or syllabi for these courses will be provided to CE schools and instructors by the Division.
 - B) Elective Category. A maximum of 6 hours of CE in CE courses approved by the Advisory Council.
 - 4) Pursuant to Section 5-70(g) of the Act, CE credit may be earned by an approved instructor for teaching an approved CE course. Credit for teaching an approved CE course may only be earned one time per course during a pre-renewal period. One hour of teaching is equal to one hour of CE.
 - 5) As provided for in Section 5-75 of the Act, if licensees have earned CE hours offered in another state or territory for which they will be claiming credit toward full compliance in Illinois, each applicant shall submit an application, along with a \$25 processing fee, within 90 days after completion of the CE course and prior to expiration of the license. The

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Advisory Council shall review and recommend approval or disapproval of the CE course provided the CE school and CE course are substantially equivalent to those approved in Illinois and provided that the course included the successful completion of a proctored examination. In determining whether the CE school and CE course are substantially equivalent, the Advisory Council shall use the criteria in Sections 5-70 through 5-85 of the Act and this Section.

- 6) CE credit shall not be given for CE courses taken in Illinois from schools not pre-approved by the Division.
 - 7) Except for distance education CE courses, no more than 6 hours of CE may be taken in any calendar day.
 - 8) CE credit shall not be given for pre- and post-licensing education courses except as specifically provided for in Section 5-70(1) of the Act.
- c) Certification of Compliance with CE Requirements
- 1) Each licensee shall certify on the renewal application full compliance with the CE requirements set forth in subsections (a) and (b).
 - 2) The Division may require additional evidence demonstrating compliance with the CE requirements (e.g., certificate of completion, transcript, etc.). It is the responsibility of each renewal applicant to provide proof of CE completed.
 - 3) When during an audit or compliance review, the Division determines that a licensee may be deficient in complying with CE requirements, the Division will notify the licensee, and the sponsoring broker of the licensee, by certified or registered mail, return receipt requested, or other signature restricted delivery service, of the possible deficiency. The licensee shall have 60 days from the date the deficiency notification is mailed to submit to the Division evidence of compliance with CE requirements.
 - A) If satisfactory evidence of compliance with CE requirements set forth in subsection (c)(2) is submitted, the Division shall notify the licensee, by first class mail, that the licensee is in compliance.

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- B) If the licensee has certified compliance with CE requirements on the licensee's most recent renewal application pursuant to subsection (c)(1), but cannot submit evidence of having been in compliance on the date the licensee made the certification, the licensee may, during the 60 days notice period, submit evidence of having attained compliance with CE requirements after the date the certification was made. The submission of evidence of post-certification completion must be accompanied by a non-refundable administrative fee of \$25 per course credit hour completed after the date the licensee originally certified compliance. The submission of evidence will not be reviewed or considered if the proper fee does not accompany the submission. Upon submission of the evidence and appropriate fee, the evidence will be reviewed. If the evidence is found to be satisfactory, the Division shall notify the licensee and the sponsoring broker of the licensee that the licensee is in compliance. Any credit hours submitted for post-certification course completion and found satisfactory may not be used as credit for the next renewal requirements.

- C) If the licensee fails to submit within the 60 day notice period satisfactory evidence of compliance with CE requirements, the failure shall be evidence of a violation of Section 20-20 of the Act regarding false or fraudulent representation to obtain a license and the continuing education requirements of Article 5 of the Act. The Division shall send notice pursuant to Section 20-60 of the Act indicating the commencement of disciplinary proceedings. A copy of this notice shall be sent to the sponsoring broker of the licensee.

SUBPART E: LICENSING AND EDUCATION FOR MANAGING BROKER

Section 1450.500 Managing Broker Educational Requirements to Obtain a License

- a) After April 30, 2011, an applicant for a managing broker license must have completed 165 credit hours of instruction as set forth in Section 1450.1105.

- b) An applicant for a managing broker license that obtained an Illinois real estate broker license prior to May 1, 2011, or obtained an Illinois real estate broker license after April 30, 2011, by transitioning from a salesperson pursuant to

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Section 5-46 of the Act, is presumed to have completed the 120 credit hour requirement for a broker license and needs to only complete the 45 credit hour managing broker education as set forth in Section 1450.1105(g).

- c) Subsection (a) does not apply to an applicant who holds an active license as a broker on April 30, 2011 and who successfully applies for licensure under the transition provisions in Section 5-47 of the Act.

Section 1450.510 Managing Broker Examination

- a) Each applicant for a managing broker's license shall file an application for examination as determined by the designated testing service. The application shall include:
 - 1) Certification that the applicant is 21 years of age;
 - 2) Certification of graduation from high school or its equivalent (e.g., GED);
 - 3) The fee required by Section 1450.130;
 - 4) Proof of one of the following:
 - A) Currently admitted to practice law by the Supreme Court of Illinois; or
 - B) Completion of at least 165 hours of instruction in real estate courses approved by the Advisory Council in accordance with Section 1450.1100.
- b) An applicant who has failed an examination 4 times must repeat the pre-license education in order to be readmitted to sit for the examination.
- c) Pursuant to Section 5-35(c) of the Act, the 4 year time period does not apply to high school or its equivalent (e.g. GED) education.

Section 1450.520 Application for Managing Broker License by Examination

- a) Each applicant for a managing broker's license shall submit to the Division:

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- 1) A signed application on which all questions have been answered;
 - 2) The fee required by Section 1450.130;
 - 3) Proof of successful completion of the examination authorized by the Division;
 - 4) A properly completed sponsor card form issued in accordance with Section 1450.110;
 - 5) Transcript, if applicable;
 - 6) If the applicant will be a sponsoring broker, a properly completed consent to audit and examine special accounts form; and
 - 7) A certification that the applicant has been actively licensed for 2 of the last 3 years, and any other appropriate documentation prescribed by the Division.
- b) An applicant shall have one year from the date of receipt of a passing score on the examination to file an application with the Division and to meet all of the requirements for licensure.

Section 1450.530 Application for Managing Broker License by Reciprocity

- a) Effective May 1, 2011, a managing broker license by reciprocity shall be issued to a person licensed as a managing broker, or its equivalent, under the following conditions:
- 1) That the broker is the holder of an active managing broker's license, or its equivalent, by examination in a state that has a reciprocal agreement with the Division;
 - 2) That the standards of that state for licensing as a real estate managing broker are substantially equivalent to or greater than the minimum standards in Illinois;
 - 3) That the managing broker maintains a definite place of business in his or her state of licensure and has been actively engaged in the real estate

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business as a managing broker, broker or salesperson during the immediately preceding 2 years; and

- 4) That the managing broker files an application, on forms furnished by the Division, along with the required fee and:
 - A) a statement bearing the seal of the licensing authority from each state in which he or she is licensed, showing:
 - i) that he or she has an active license as a managing broker in that state;
 - ii) that the license is in good standing; and
 - iii) any disciplinary action taken against the managing broker.
 - B) proof of passing an approved test on Illinois specific real estate brokerage laws;
 - C) if the broker does not maintain a definite office or place of business within the State of Illinois, a written statement that:
 - i) appoints the Director to act as the broker's agent upon whom all judicial and other process may be served;
 - ii) acknowledges and agrees to abide by all of the provisions of the Act with respect to all of the broker's activities within and relating to the State of Illinois; and
 - iii) assents to jurisdiction of the Division;
 - D) a properly completed 45 day sponsor card form.
- b) Any licensee who renews a license granted under a reciprocal agreement thereby assents to jurisdiction without regard to the location of the licensee's domicile or principal business location or office locations.
- c) All requirements for licensure by reciprocity shall be met within one year after the date of original application or the application shall be denied and the fee forfeited.

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Thereafter, to be reconsidered for licensure, the applicant shall file a new application and fee.

Section 1450.540 Managing Broker Continuing Education

- a) Continuing Education Hour Requirements
 - 1) Pursuant to Section 5-70 of the Act, each managing broker, except as otherwise provided in Section 5-70(b), is required to complete 6 hours of continuing education (CE) for each year of the prerenewal period in courses approved by the Advisory Council. Licensees who complete CE after the expiration of a license are eligible for approval of CE only upon payment of all fees required by this Part and completion of the necessary forms.
 - 2) In addition to the CE required in subsection (a)(1), all managing brokers renewing must complete a 12 hour broker management CE course. This 12 hour broker management CE course must be completed in the classroom or by other interactive delivery method. In order to promote uniformity and consistency, the Division, with the advice of the Advisory Council, will provide a standardized syllabus or course outline to be utilized by all course providers.
 - 3) A renewal applicant is not required to complete CE requirements for the first renewal following original licensure if the initial license was issued less than 90 days prior to the expiration date.
 - 4) Managing brokers licensed in Illinois but residing and practicing in other states shall comply with the CE requirements set forth in this Section, unless they are exempt pursuant to Section 5-70(b) of the Act.
 - 5) The Division shall conduct random audits to verify compliance with this Section.
- b) Approved Continuing Education
 - 1) CE credit may be earned for verified attendance at or participation in a course offered by an approved CE school that meets the requirements set forth in Section 1450.1130.

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- 2) CE credit may also be earned for completion of a distance education course that is offered by an approved CE school that meets the requirements set forth in Section 1450.1155.
- 3) Pursuant to Section 5-70 of the Act, CE shall be obtained through courses in a curriculum approved by the Advisory Council and the CE requirement shall be satisfied by successful completion of the following:
 - A) Core Category. A minimum of 6 hours of CE in a curriculum approved by the Advisory Council. Standardized outlines or syllabi for these courses will be provided to CE schools and instructors by the Division.
 - B) Elective Category. A maximum of 6 hours of CE in other CE courses approved by the Advisory Council (e.g., real estate tax laws).
- 4) Pursuant to Section 5-70(g) of the Act, CE credit may be earned by an approved instructor for teaching an approved CE course. Credit for teaching an approved CE course may only be earned one time per course during a pre-renewal period. One hour of teaching is equal to one hour of CE.
- 5) As provided for in Section 5-75 of the Act, if licensees have earned CE hours offered in another state or territory for which they will be claiming credit toward full compliance in Illinois, each applicant shall submit an application, along with a \$25 processing fee, within 90 days after completion of the CE course and prior to expiration of the license. The Advisory Council shall review and recommend approval or disapproval of the CE course provided the CE school and CE course are substantially equivalent to those approved in Illinois and provided that the course included the successful completion of a proctored examination. In determining whether the CE school and CE course are substantially equivalent, the Advisory Council shall use the criteria in Sections 5-70 through 5-85 of the Act and this Section.
- 6) CE credit shall not be given for CE courses taken in Illinois from schools not pre-approved by the Division.

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- 7) Except for distance education CE courses, no more than 6 hours of CE may be taken in any calendar day.
 - 8) CE credit shall not be given for pre- and post-licensing education courses except as specifically provided for in Section 5-70(1) of the Act.
- c) Certification of Compliance with CE Requirements
- 1) Each licensee shall certify on the renewal application full compliance with the CE requirements set forth in subsections (a) and (b).
 - 2) The Division may require additional evidence demonstrating compliance with the CE requirements (e.g., certificate of completion, transcript, etc.). It is the responsibility of each renewal applicant to provide proof of CE completed.
 - 3) When, during an audit or compliance review, the Division determines that a licensee may be deficient in complying with CE requirements, the Division will notify the licensee, and the sponsoring broker of the licensee, by certified or registered mail, return receipt requested, or other signature restricted delivery service, of the possible deficiency. The licensee shall have 60 days from the date the deficiency notification is mailed to submit to the Division evidence of compliance with CE requirements.
 - A) If satisfactory evidence of compliance with CE requirements set forth in subsection (c)(2) is submitted, the Division shall notify the licensee, by first class mail, that the licensee is in compliance.
 - B) If the licensee has certified compliance with CE requirements on the licensee's most recent renewal application pursuant to subsection (c)(1), but cannot submit evidence of having been in compliance on the date the licensee made the certification, the licensee may, during the 60 days notice period, submit evidence of having attained compliance with CE requirements after the date the certification was made. The submission of evidence of post-certification completion must be accompanied by a non-refundable administrative fee of \$25 per course credit hour completed after the

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date the licensee originally certified compliance. The submission of evidence will not be reviewed or considered if the proper fee does not accompany the submission. Upon submission of the evidence and appropriate fee, the evidence will be reviewed. If the evidence is found to be satisfactory, the Division shall notify the licensee and the sponsoring broker of the licensee that the licensee is in compliance. Any credit hours submitted for post-certification course completion and found satisfactory may not be used as credit for the next renewal requirements.

- C) If the licensee fails to submit within the 60 day notice period satisfactory evidence of compliance with CE requirements, the failure shall be evidence of a violation of Section 20-20 of the Act regarding false or fraudulent representation to obtain a license and the continuing education requirements of Article 5 of the Act. The Division shall send notice pursuant to Section 20-60 of the Act indicating the commencement of disciplinary proceedings. A copy of this notice shall be sent to the sponsoring broker of the licensee.

Section 1450.550 Managing Broker Licensee Transition Provision

- a) Prior to May 1, 2011, each managing broker shall have an active license as a broker. The transition period for those licensees who are brokers as of April 30, 2011 shall be the one year period from May 1, 2011 to April 30, 2012. During the transition period, the managing broker can supervise licensees if he or she has a managing broker license or broker license issued prior to May 1, 2011. Any licensee named as a managing broker by the sponsoring broker after April 30, 2012 shall have, or obtain within 90 days after being named as a managing broker, a managing broker license.
- b) A salesperson transitioning to a broker is not eligible to transition to a managing broker license.

SUBPART F: CORPORATIONS, LIMITED LIABILITY COMPANIES, PARTNERSHIPS AND LIMITED PARTNERSHIPS

Section 1450.600 Corporations, Limited Liability Companies, Partnerships and Limited Partnerships

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- a) Persons who desire to practice real estate in this State in the form of a corporation, limited liability company, partnership or limited partnership shall, in accordance with Section 5-15 of the Act, file an application with the Division, on forms provided by the Division, together with the following:
 - 1) If an assumed name is to be used, a copy of the assumed name certificate;
 - 2) A Federal Employer Identification Number (FEIN);
 - 3) A properly completed Consent to Examine and Audit Special Accounts form provided in the Division's applicant licensing packet;
 - 4) A properly completed real estate corporation/limited liability company/partnership information form;
 - 5) The fee required by Section 1450.130.

- b) All requirements for a license to practice as a corporation, limited liability company or partnership shall be met within one year after the date of original application or the application shall be denied and the fee forfeited. Thereafter, to be considered for licensure, the applicant shall file a new application and fee.

- c) Corporations, in addition to the items listed in subsection (a), shall submit the following:
 - 1) The name of the corporation and its registered address, a list of all officers, and the license number for each officer who is licensed as a real estate broker or managing broker;
 - 2) A copy of the Articles of Incorporation bearing the seal of the office, in the jurisdiction in which the corporation is organized, whose duty it is to register corporations under the laws of that jurisdiction. If it is a foreign corporation, a copy of the certificate of authority to transact business in this State is also required;
 - 3) All unlicensed officers shall submit affidavits of non-participation with the corporation application. Licensed salespersons or leasing agents shall not be officers of the corporation even if they submit an affidavit of non-participation; and

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- 4) A list of all shareholders, the number of shares of the corporation owned and the license number for each shareholder who is a licensee.
- d) Limited Liability Companies
- 1) Limited liability companies, in addition to the items listed in subsection (a), shall submit the following:
 - A) The name of the limited liability company and its registered address, a list of all members, and the license number for each member who has an Illinois real estate license. If a member of the limited liability company is a business entity, the applicant shall identify any licensees who are owners, officers, managers or partners of the business entity;
 - B) A list of all managers and their broker or managing broker license numbers;
 - C) A copy of the Articles of Organization filed with the Secretary of State or, if it is a foreign limited liability company, a copy of the application for admission endorsed by the Secretary of State.
 - 2) All unlicensed members shall submit with the limited liability company application affidavits of non-participation. Licensed salespersons or leasing agents shall not be managers of the limited liability company even if they submit an affidavit of non-participation.
- e) Partnerships, in addition to the items listed in subsection (a), shall submit the following:
- 1) An application containing the name of the partnership and its business address and the names of all general partners, and the broker license number of each general partner. Licensed salespersons or leasing agents shall not be general partners.
 - 2) An affidavit stating that the partnership has been legally formed.

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- f) Limited partnerships, in addition to the items listed in subsection (a), shall submit the following:
 - 1) A letter of authority from the Secretary of State's Limited Partnership Department or, if it is a foreign limited partnership, a copy of the application for admission endorsed by the Secretary of State;
 - 2) A listing of all general partners and, if any general partner is a real estate licensee, the broker or managing broker license number for each licensed general partner;
 - 3) All unlicensed general partners must submit with the partnership application affidavits of non-participation; and
 - 4) If the general partner is an entity, the identity and license number of any brokerage licensees who are owners, managers, members or partners of the entity.

- g) In assessing the restrictions against a salesperson or leasing agent, or group of salespersons or leasing agents, owning, or directly or indirectly controlling, more than 49% of a corporation, limited liability company, partnership or limited partnership, pursuant to Section 5-15(e) of the Act, the following may be considered:
 - 1) Corporations: the Division may consider the role of any salespersons or leasing agents in any limited liability company partnership or limited partnership that may have an interest in the corporation.
 - 2) Limited Liability Companies: the Division may consider the role of any salespersons or leasing agents in any corporation or partnership that may serve as a member or manager of the limited liability company.
 - 3) Partnerships: the Division may consider the role of any salespersons or leasing agents in any corporation or limited liability company that may serve as a limited partner. Additional information may be requested by the Division as necessary to determine compliance with this restriction.

- h) Upon receipt of the required documents and review of the application, the Division shall issue a license authorizing the corporation, limited liability

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company, partnership or limited partnership to engage in the practice of real estate, or shall notify the applicant of the reason for the denial of the license.

Section 1450.610 Branch Offices

- a) A sponsoring broker wanting to operate a real estate branch office shall, in accordance with Section 5-45 of the Act, file an application with the Division, on forms provided by the Division, together with the following:
 - 1) A properly completed Consent to Examine and Audit Special Accounts form;
 - 2) The name and license number of the managing broker of the branch office; and
 - 3) All required fees under Section 1450.130.
- b) Upon receipt of the required documents and review of the application, the Division shall issue a license authorizing the sponsoring broker to engage in real estate activities at that branch office or shall notify the applicant of the reason for the denial of the license.
- c) The name of the branch office shall be the same as that of the main office, or shall clearly delineate the branch office's relationship with the main office (e.g., affiliated with, associated with, subsidiary of).
- d) The sponsoring broker shall not open a branch office or have licensees working from a branch office until after the branch office license number has been issued.

SUBPART G: COMPENSATION AND BUSINESS PRACTICES

Section 1450.700 Managing Broker Responsibilities

- a) The sponsoring broker shall inform the Division in writing of the name and certificate number of all managing brokers employed by the sponsoring broker and the office or branch offices each managing broker is responsible for managing.

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- b) The sponsoring broker shall be responsible for issuing sponsor cards. However, the sponsoring broker may delegate that responsibility to one or more managing brokers.
- c) Upon written request from the sponsoring broker, within 15 days after the loss of a managing broker who will not be replaced, or upon written request after the death or disability of a sole proprietor, the Division shall issue a written authorization to allow the continuing operation of a licensed office or branch office, provided that the sponsoring broker or representative under a duly executed power of attorney assumes responsibility, in writing, for the operation of the office and agrees to personally supervise the operations. No authorization shall be valid for more than 60 days unless extended by the Division for good cause and upon written request by the sponsoring broker. Good cause includes such circumstances as sales under contract pending closing, loss of livelihood for sponsored licensee, and undue hardship caused to sellers.
- d) When a managing broker receives a renewal application from the Division for a licensee supervised by the managing broker or employed by the sponsoring broker of the manager, he or she shall notify the licensee of the receipt, personally within 7 days or by certified or registered mail or other signature restricted delivery service within 10 days. The notice shall also inform the licensee that any unprocessed renewal form will be returned to the Division by the managing broker. When a managing broker receives a renewal application from the Division for a licensee not supervised by the managing broker or employed by the sponsoring broker of the managing broker, the renewal form shall immediately be returned to the Division.
- e) All managing brokers shall notify the Division on business letterhead of any change of business address of the offices they manage within 24 hours after any change. Change of address is required for all offices and branch offices. A license returned to the Division for the reason described in this subsection shall remain in good standing until the new licenses are issued and in the possession of the licensee.
- f) The Division will honor the order of a court of competent jurisdiction appointing a legal representative for the sole purpose of closing out the affairs of a deceased broker or a broker who has been adjudicated disabled, who was a sole proprietor, until the real estate brokerage is closed, but not to actively engage in the brokerage business as defined in Section 1-10 of the Act.

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- g) Effective May 1, 2012, those licensees holding a managing broker license and named as a managing broker with the Division shall indicate that status in any marketing or advertising that includes their name. Those licensees holding a managing broker license and not named as a managing broker with the Division shall not represent or hold themselves out as a managing broker, but only as a broker.
- h) After April 30, 2012, a licensee doing business as a sole proprietor must have a managing broker license.

Section 1450.705 Supervision

- a) A managing broker shall exercise supervision over the activities of licensees and unlicensed assistants working in those offices managed by the managing broker. This supervision of activities includes, but is not limited to:
 - 1) the implementation of and communication to sponsored licensees of office policies and procedures established by the sponsoring broker;
 - 2) training of licensees or unlicensed assistants;
 - 3) supervise and assist licensees in real estate transactions;
 - 4) supervising those special (escrow) accounts over which the sponsoring broker has delegated responsibility to the managing broker in order to ensure compliance with the special (escrow) account provisions of the Act and this Part;
 - 5) supervising all advertising, in any media, of any service for which a license is required;
 - 6) familiarizing sponsored licensees with the requirements of federal and State laws and local ordinances relating to the practice of real estate; and
 - 7) compliance with this Part for licensees and offices under his/her supervision.

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- b) The sponsoring broker shall establish a written office policy and remain ultimately responsible for compliance with this Part. The sponsoring broker shall name a managing broker for every office.
- c) Any violation of the provisions of the Act on the part of any licensees employed by a sponsoring broker or associated by written agreement with the sponsoring broker, or unlicensed employee of a sponsoring broker, shall not be cause for suspension or revocation of the license of the sponsoring broker or a managing broker of the sponsoring broker, unless the sponsoring broker or managing broker had knowledge of the violation of the Act. However, failure to provide an appropriate company policy or failure to properly supervise shall be cause for discipline, including suspension or revocation, of the license of the sponsoring broker or one or more managing brokers.

Section 1450.710 Discrimination

- a) No licensee shall enter into a listing agreement that prohibits the sale or rental of real estate to any person because of race, color, religion, national origin, sex, ancestry, age, marital status, physical or mental handicap, familial status, sexual orientation, unfavorable discharge from the military service, order of protection status or any other class protected by Article 3 of the Illinois Human Rights Act [775 ILCS 5/Art. 3].
- b) No licensee shall act or undertake to act as a real estate broker or real estate salesperson with respect to any property the disposition of which is prohibited to any person because of race, color, religion, national origin, sex, ancestry, age, marital status, physical or mental handicap, familial status, sexual orientation, unfavorable discharge from the military service, order of protection status or any other class protected by Article 3 of the Illinois Human Rights Act.

Section 1450.715 Advertising

- a) Deceptive and misleading advertising includes, but is not limited to, the following:
 - 1) advertising a property that is subject to an exclusive listing agreement with a sponsoring broker other than the licensee's own without the permission of and identifying that listing broker;

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- 2) failing to remove advertising of a listed property within a reasonable time, given the nature of the advertising, the licensee's control over the removal or stopping of the advertising, the ease of removing or stopping the advertising, knowledge that the advertising was continuing and any other pertinent criteria after the earlier of the closing of a sale on the listed property or the expiration or termination of the listing agreement;
 - 3) advertising a property at auction as an absolute auction or auction without reserve, when there is a minimum bid or opening bid required;
 - 4) advertising a property in a manner that creates a reasonable likelihood of confusion regarding the permitted use of the property. Examples of such advertising would be advertising a property zoned single family as appropriate for multi-dwelling use by using words or phrases such as "apartment", "two units", or "separate living arrangement", unless that use is permitted by the zoning ordinance, a variance from the zoning ordinance, a conditional permitted use or an existing legal non-conforming use; and
 - 5) use of URL, domain name, metatag, keyword or other device or method intended to deceptively direct, drive or divert internet traffic or mislead consumers.
- b) For the purposes of this Section and Section 1450.720 (Internet Advertising), listing information available on a sponsoring broker's or licensee's website, extranet or similar site but behind a firewall or similar device requiring a password, registration or other type of security clearance to access that information shall not be considered advertising.
 - c) For the purposes of this Section and Section 1450.720, unsolicited marketing of a licensee's real estate brokerage services and farming (prospecting) shall be considered advertising.
 - d) Nothing in Section 10-30 of the Act shall require a sponsoring broker to include the name of one of its sponsored licensees on signs or other general advertising of the sponsoring broker.

Section 1450.720 Internet Advertising

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- a) Definitions. For the purposes of this Section, these terms shall be defined as follows:
- 1) Advertising or Marketing Real Property: An Internet site that consists of information regarding properties that have been listed with a real estate brokerage company, the identity of that real estate brokerage company or licensee for each property and information related to those properties.
 - 2) Advertising or Marketing of Real Estate Brokerage Services: An Internet site that includes an offer or solicitation to provide services related to marketing or identifying real property for sale or lease.
 - 3) Page: Each html document. This can include several screens of information that are viewed by scrolling down to the end of the document.
 - 4) Frame: This refers to that portion of the Web page that does not change when the user links to a different site or moves to different pages.
 - 5) Scraping: This term refers to using or altering existing listing information or keywords that are copied from one Internet site and posted or displayed for the benefit of the general public in front of a firewall at another site without written or electronic authorization and disclosure of ownership.
- b) Sponsoring Broker's Advertising or Marketing
- 1) A sponsoring broker that has authorized advertising or marketing real property must include on the page on which the company's or firm's advertisement or marketing appears the following data:
 - A) the city or geographic area in which the property being advertised or marketed is located;
 - B) the company's name as registered with the Division or the assumed name it has registered with the Division (commonly recognized abbreviations are permitted); and
 - C) if the sponsoring broker does not hold a real estate brokerage license for the jurisdiction where the property is located, the

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regulatory jurisdictions in which the sponsoring broker does hold a real estate brokerage license.

- 2) If this information is contained on the frame on the sponsoring broker's site, it does not have to be included on every page of the site.

c) Sponsoring Broker's Home Page

- 1) A sponsoring broker advertising or marketing real estate brokerage services must include on the company's home page or on a clearly identified link appearing on that page the following data:

- A) the company or firm's name registered with the Division or the assumed name it has registered with the Division (commonly recognized abbreviations are permitted); and
- B) the city and state in which the company's principal office is located.

- 2) If this information is contained on the frame on the sponsoring broker's site, it does not have to be included on every page of the site.

d) Licensee's Advertising or Marketing

- 1) Any licensee who has authorized advertising or marketing real property must include on the page of the site on which the licensee's advertisement or information appears the following data:

- A) the licensee's name;
- B) the city or geographic area in which the property being advertised or marketed is located;
- C) the name of the company with which the licensee is affiliated as that company name is registered with the Division or the assumed name it has registered with the Division (commonly recognized abbreviations are permitted);

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- D) if the licensee does not hold a real estate broker or salesperson license for the jurisdiction in which the property is located, the regulatory jurisdictions in which the licensee does hold a real estate broker or salesperson license.
- 2) If this information is contained on the frame on the licensee's site, it does not have to be included on every page of the site.
- e) Licensee's Home Page
 - 1) A licensee advertising or marketing real estate brokerage services must include on his or her home page the following data:
 - A) the licensee's name;
 - B) the name of the company with which the licensee is affiliated as that company name is registered with the Division or the assumed name it has registered with the Division (commonly recognized abbreviations are permitted); and
 - C) the city and state in which the licensee's office is located.
 - 2) If this information is contained on the frame on the licensee's site, it does not have to be included on every page of the site.
- f) Sponsoring Broker – E-commerce or Electronic Communications
 - 1) A sponsoring broker using e-commerce or electronic communications, such as e-mail, e-mail discussion groups and bulletin boards for marketing or transactional purposes, must include on the first or last page of all communications the following data:
 - A) the company or firm's name as registered with the Division or the assumed name it has registered with the Division (commonly recognized abbreviations are permitted); and
 - B) the city and state in which the sponsoring broker's main office or the office from which the communication originated is located.

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- 2) This subsection (f) shall not apply to communications between a sponsoring broker and a member of the public provided that the member of the public has sent a communication to the licensed company and that the sponsoring broker's initial communication contained the information required in this subsection (f).
- g) Licensee – E-commerce or Electronic Communication
 - 1) Any licensee using e-commerce or electronic communications, such as e-mail, e-mail discussion groups, and bulletin boards, for marketing or transactional purposes, must include on the first or last page of all communications the following data:
 - A) the licensee's name;
 - B) the name of the company with which the licensee is affiliated as that company name is registered with the Division (commonly recognized abbreviations are permitted); and
 - C) the city and state in which the licensee's office is located.
 - 2) This subsection (g) shall not apply to communications between a licensee and a member of the public provided that the member of the public has sent a communication to the licensee and that the licensee's initial communication contained the information required in this subsection (g).
- h) It will be considered to be a violation of the Act and this Part if a licensee or sponsoring broker scrapes, as defined in this Section, listing information from another site. Listing information obtained from another Internet site and placed behind a firewall or other device that is password protected or requires registration by the consumer in order to access that information need not identify the original listing broker.
- i) A sponsoring broker or licensee may link to listing information from another Internet site without approval unless the owner of the site linked to specifically requires consent. Any link must be done in a way that does not mislead or deceive the public as to the ownership of any listing information.

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- j) All licensees, including sponsoring brokers, shall periodically review the advertising and marketing information on their site and update as necessary to assure that the information is current and not misleading.

Section 1450.725 Office Identification Signs

- a) An identification sign on the outside of an office shall be of a size and nature that it will be reasonably readable by the public and semi-permanent or affixed to the office. Listings within building directories fulfill the requirements of this Section.
- b) Office identification signs must be professional in appearance and meet all applicable zoning restrictions and applicable restrictive covenants.
- c) The identification sign must be plainly visible from an area accessible to the public.

Section 1450.730 Display of Licenses

- a) The original licenses of all licensees must be readily available to the public in the principal office of the licensee's sponsoring broker.
- b) "Readily available" may include, but is not limited to:
 - 1) being visible on a wall of a public waiting or reception area; or
 - 2) being available for viewing at the sponsoring broker's principal office upon request.
- c) Managing brokers assigned to manage more than one office shall have copies of their license readily available in those offices they manage, but that are not the primary office out of which the manager works.

Section 1450.735 Employment Agreements

- a) Every sponsoring broker shall have a written employment agreement with every sponsored licensee. Sole proprietors shall not be required to have an employment contract with themselves, but shall have an employment agreement with every sponsored licensee.

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- b) The employment agreement shall be dated and signed by the parties. The agreement shall include, at a minimum, the employment or independent contractor relationship terms, including, but not limited to, supervision, duties, compensation, duration and termination. The term "duration", as used in this subsection, is not intended to require a specific termination date, but rather to allow the parties to negotiate the term of the agreement, such as "at will" or a specific length of time, and how the agreement is renewed or terminated. These provisions shall be included in the agreement.
- c) The sponsoring broker shall give to every employee and independent contractor a copy of the employment agreement and any modifications.

Section 1450.740 Unlicensed Assistants

- a) Licensees under the Act may employ, or otherwise utilize the services of, unlicensed assistants to assist them with administrative, clerical or personal activities for which a license under the Act is not required. Compensation for unlicensed personal assistants cannot be transaction based.
- b) An unlicensed assistant, on behalf of and under the direction of a licensee, may engage in the following administrative, clerical or personal activities without being in violation of the licensing requirements of the Act. The following list is intended to be illustrative and declarative of the Act and is not intended to increase or decrease the scope of activities for which a license is required under the Act. An unlicensed assistant of a licensee may:
 - 1) answer the telephone, take messages and forward calls to a licensee;
 - 2) submit listings and changes to a multiple listing service;
 - 3) follow up on a transaction after a contract has been signed;
 - 4) assemble documents for a closing;
 - 5) secure public information from a courthouse, sewer district, water district or other repository of public information;
 - 6) have keys made for a company listing;

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- 7) draft advertising copy and promotional materials for approval by a licensee;
- 8) place advertising;
- 9) record and deposit earnest money, security deposits and rents;
- 10) complete contract forms with business and factual information at the direction of and with approval by a licensee;
- 11) monitor licenses and personnel files;
- 12) compute commission checks and perform bookkeeping activities;
- 13) place signs on property;
- 14) order items of routine repair as directed by a licensee;
- 15) prepare and distribute flyers and promotional information under the direction of and with approval by a licensee;
- 16) act as a courier to deliver documents, pick up keys, etc.;
- 17) place routine telephone calls on late rent payments;
- 18) schedule appointments for the licensee (this does not include making phone calls, telemarketing or performing other activities to solicit business on behalf of the licensee);
- 19) respond to questions by quoting directly from published information;
- 20) sit at a property for a broker tour that is not open to the public;
- 21) gather feedback on showings;
- 22) perform maintenance, engineering, operations or other building trades work and answer questions about that work;
- 23) provide security;

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- 24) provide concierge services and other similar amenities to existing tenants;
 - 25) manage or supervise maintenance, engineering, operations, building trades and security; and
 - 26) perform other administrative, clerical and personal activities for which a license under the Act is not required.
- c) An unlicensed assistant of a licensee may not perform the following activities for which a license under the Act is required. The following list is intended to be illustrative and declarative of the Act and is not intended to increase or decrease the scope of activities for which a license is required under the Act. An unlicensed assistant of a licensee may not:
- 1) host open houses, kiosks, or home show booths or fairs;
 - 2) show property;
 - 3) interpret information on listings, titles, financing, contracts, closings or other information relating to a transaction;
 - 4) explain or interpret a contract, listing, lease agreement or other real estate document with anyone outside the licensee's company;
 - 5) negotiate or agree to any commission, commission split, management fee or referral fee on behalf of a licensee; or
 - 6) perform any other activity for which a license under the Act is required.
- d) Any licensee who employs an unlicensed assistant shall be responsible for the actions of the unlicensed assistant taken while under the supervision of, or at the direction of, the licensee.
- e) Any licensee who is responsible for the actions of an unlicensed assistant by statute, regulation, contract or office policy and who permits, aids, assists or allows an unlicensed assistant to perform any activity for which a license under the Act is required shall be in violation of the Act.

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- f) Stenographic, clerical, maintenance, engineering, building trades, security or office personnel not directly engaged in the practice of real estate brokerage as defined in Section 1-10 of the Act are not required to be licensed.
- g) A licensee is prohibited from acting as an unlicensed assistant, as provided for in this Section, for any licensee other than his or her sponsoring broker or a licensee sponsored by the sponsoring broker.

Section 1450.745 Corporation for Indirect Payment

- a) Every sponsored licensee who forms a corporation pursuant to Section 10-20(e) of the Act, for the purpose of receiving the sponsored licensee's compensation, shall file with the Licensing Section of the Division a copy of the certificate of incorporation issued by the Secretary of State.
- b) A corporation formed pursuant to Section 10-20(e) of the Act may only receive compensation earned by the licensee. The corporation may not be licensed under the Act and shall not be used by the licensee to perform real estate activities, sponsor, employ or associate itself with other licensees, hold itself out to the public, or advertise to the public under the corporation's name.
- c) A corporation formed pursuant to Section 10-20(e) of the Act may receive compensation earned by the licensee arising out of activities unrelated to the practice of real estate.

Section 1450.750 Special Accounts

- a) Escrow Moneys Defined
 - 1) "Escrow moneys" means all moneys, promissory notes or any other type or manner of legal tender or financial consideration deposited with any person for the benefit of the parties to the transaction. A transaction exists once an accepted real estate contract is signed or lease agreed to by the parties. Escrow moneys include without limitation earnest moneys and security deposits, except those security deposits in which the person holding the security deposit is also the sole owner of the property being leased or sold and for which the security deposit is being held.

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- 2) Pursuant to the terms of a written agreement between a licensee and a client, such as a property management agreement, rent moneys paid to a licensee for transmittal to the licensee's client (e.g., the owner) shall not be considered to be "escrow moneys". In addition, other moneys held in a custodial account by a licensee for transmittal to a licensee's client, pursuant to the terms of a written agreement, such as a contract for deed, shall not be subject to these escrow rules.
 - 3) Earnest money constitutes escrow moneys whether in the form of personal checks, cashier's checks, money orders, cash or any other forms of legal tender.
- b) Escrow Accounts. Pursuant to Section 20-20(a)(17) of the Act, sponsoring brokers who accept escrow moneys shall maintain and deposit in a special account (hereinafter referred to as an escrow account), separate and apart from personal or other business accounts, all escrow moneys entrusted to them while acting as the real estate brokers, escrow agents or as the temporary custodians of the funds of others.
- 1) Such escrow account shall be non-interest bearing, unless the character of the deposit is such that payment of interest on the escrow account is otherwise required by law or unless the principals to the transaction specifically require, in writing, that the deposit be placed in an interest bearing account.
 - 2) If an interest bearing account is required, the recipient of the interest shall be specifically indicated, in writing, by the principals of the transaction.
 - 3) A sponsoring broker may maintain more than one escrow account.
 - 4) An escrow account must be maintained by a sponsoring broker who receives escrow moneys entrusted to him or her while acting as a real estate broker, or as escrow agent, or as temporary custodian of the funds of others.
 - 5) Every escrow account, whether interest bearing or non-interest bearing, shall be maintained at a federally insured depository.

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- 6) **Commingling Prohibited.** Each sponsoring broker shall deposit only escrow moneys received in connection with any real estate transaction in an escrow account. The sponsoring broker shall not deposit personal funds in an escrow account, except he or she may deposit from his or her own personal funds, and keep in any escrow account, an amount sufficient to avoid incurring service charges relating to the escrow account. The sum shall be specifically documented as being for service charges and the sponsoring broker shall have proof available that the amount of his or her own funds in the escrow account does not exceed the minimum amount required by the depository to maintain the account without incurring service charges. Transfer of funds as provided for in subsection (i)(4) of this Section shall not constitute commingling.
- c) The sponsoring broker shall provide a receipt to the payor of any cash constituting escrow funds and shall retain a copy of the receipt.
- d) **Time of Deposit of Escrow Moneys.** All escrow moneys accepted by a sponsoring broker shall be placed in the sponsoring broker's escrow account not later than the next business day following the transaction. A transaction exists once an accepted real estate contract is signed or lease agreed to by the parties. If the funds are received on a day prior to a bank holiday or any other day on which the bank or savings and loan association is closed, the funds shall then be deposited on the next business day upon which the depository is open.
- e) A sponsoring broker serving as escrow agent shall notify all principals in writing if a principal fails to tender escrow moneys, when a principal's payment as escrow moneys is dishonored by the financial institution on which it was drawn, or when there appears on the face of the governing contract to be a deficiency in the amount on deposit.
- f) **Maintenance of Escrow Moneys on Deposit in Escrow Account.** The sponsoring broker shall keep all escrow moneys on deposit in an escrow account until a transaction is consummated or terminated, except to the extent that such escrow moneys, or any part of the escrow moneys, shall be disbursed according to the provisions set forth in subsection (g).
- g) **Disbursement of Escrow Moneys.** Pursuant to Section 20-20(a)(17) of the Act, the sponsoring broker shall disburse escrow moneys according to the following

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requirements; however, a sponsoring broker may not disburse funds until they have been honored by the payor's depository.

- 1) The sponsoring broker must disburse escrow moneys upon consummation or termination of the transaction. Such disbursement must be according to the terms of the contract and must be made not later than the next business day following the sponsoring broker's receipt of notice of the consummation or termination, or otherwise in accordance with the written direction of all principals to the transaction or their duly authorized agents.
 - A) Commissions and/or fees earned by a sponsoring broker in any transaction shall be disbursed by that broker from the funds deposited in an escrow account no earlier than the day the transaction is consummated or terminated and not later than the next business day after the transaction is consummated or terminated, or otherwise in accordance with the written direction of all principals to the transaction or their duly authorized agents.
 - B) Authorized disbursements are those that are made on behalf of, and at the written direction of, all principals to the transaction or their duly authorized agents.
 - C) A sponsoring broker shall not withhold, for any period of time, an authorized disbursement of escrow moneys due to any claim for a commission or compensation to any licensee.
 - D) Transfer of escrow moneys to the closing agent for the transaction may be made up to 2 business days prior to the scheduled closing.
- 2) Pursuant to Section 20-20(a)(17)(A)(i) of the Act, if prior to the consummation or termination of the transaction, the sponsoring broker receives written direction from all of the principals to the transaction or their duly authorized agents agreeing to a disbursement of the escrow moneys, that broker must disburse the escrow moneys according to the written directions. Such disbursement must be made not later than the next business day following the sponsoring broker's receipt of the last required written direction.

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- 3) The sponsoring broker may release escrow moneys pursuant to Section 20-20(a)(17)(A)(ii) of the Act that allows a sponsoring broker to disburse escrow moneys prior to the consummation or termination of the transaction in accordance with directions providing for the release, payment, or distribution of escrow moneys contained in any written contract signed by the principals to the transaction or their duly authorized agents. An example of this would be the parties to a transaction signing a contract to purchase that includes language allowing the earnest money to be disbursed by the sponsoring broker if a transaction does not close as provided for in the contract so long as the sponsoring broker:
 - A) provides written notice to the parties as required by the contract at least 14 days prior to the intended disbursement of the earnest moneys; and indicates how the sponsoring broker intends to disburse the earnest money; and indicates the date by which any written objection from a party to the proposed disbursement must be received by the sponsoring broker.
 - B) In any such case, the actual terms of the contract concerning the release of the escrow moneys shall be adhered to by the sponsoring broker holding these escrow moneys.
 - 4) Pursuant to Section 20-20(a)(17)(A)(iii) of the Act and notwithstanding any other requirements or responsibilities in this Part, if the sponsoring broker receives an order from a court of competent jurisdiction providing for the disbursement of the escrow moneys, that broker must disburse the escrow moneys according to the terms of the order.
 - 5) For the purposes of this Section, "duly authorized agent" shall mean an attorney-in-fact, an attorney-at-law who represents that he or she is acting on behalf of one of the principals to the transaction, or any other person the licensee can prove was authorized to act on behalf of a principal to the transaction.
- h) Disputes Regarding Escrow Moneys
- 1) In the event of a dispute in writing over the return or forfeiture of any escrow moneys held by the sponsoring broker or if a sponsoring broker has actual knowledge that any party to a transaction contests or disagrees

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with an anticipated disbursement of escrow moneys held by that broker, he or she shall continue to hold the deposit in his or her escrow account:

- A) until he or she has a written release from all parties or their duly authorized agents consenting to the disposition, in which case the escrow moneys must be disbursed according to the terms of the written direction no later than the next business day after the sponsoring broker's receipt of the last required written release;
 - B) until a civil action is filed, by either the sponsoring broker or one of the parties, to determine its disposition, at which time payment may be made into court;
 - C) until the funds are turned over to the State Treasurer or such other appropriate State agency or officer designated pursuant to the Act or the Uniform Disposition of Unclaimed Property Act [765 ILCS 1025], because of inactivity of the account or inability to locate the parties, or inability of the parties to reach a resolution.
- 2) If an interpleader action is filed by the sponsoring broker, and the broker is authorized by real estate contract to withdraw from the escrow account those amounts as may be necessary to reimburse the sponsoring broker for costs and reasonable attorney's fees associated with that action, excluding costs and attorney's fees associated with that broker's attempt to collect a commission or fee.
- i) Escrow Records. Each sponsoring broker who accepts earnest money shall maintain, in his or her office or place of business, a bookkeeping system in accordance with sound accounting principles, and without limiting the foregoing, the system shall consist of at least the following escrow records as further described below:
- 1) Journal. A journal shall be maintained for each escrow account. The journal shall show the chronological sequence in which funds are received and disbursed by the sponsoring broker.
 - A) For funds received, the journal shall include the date the funds were received, the name of the person on whose behalf the funds

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are delivered to that broker and the amount of the funds so delivered.

- B) For fund disbursement, the journal shall include the date, the payee, the check number and the amount disbursed.
 - C) A running balance shall be shown after each entry (receipt or disbursement).
- 2) **Ledger.** A ledger shall be maintained for each transaction. The ledger shall show the receipt and the disbursement of funds affecting a single particular transaction such as between buyer and seller, or landlord and tenant, or the respective parties to any other relationship. The ledger shall include the names of all parties to a transaction, the amount of funds received by the sponsoring broker and the date of receipt. The ledger shall show, in connection with the disbursements of funds, the date of disbursement, the payee, the check number and the amount disbursed. The ledger shall segregate one transaction from another transaction. There shall be a separate ledger or separate section of each ledger, as the broker shall elect, for each of the various kinds of real estate transactions (e.g., lease). If the ledger is computer generated from the same data entry from which the journal is generated, the sponsoring broker must maintain copies of the bank deposit slips, bank disbursement slips, or other bank receipts, to account for the data on the ledger.
- 3) **Monthly Reconciliation Statement.** Each sponsoring broker shall reconcile, within 10 days after receipt of the monthly bank statement, each escrow account maintained by the broker except when there has been no transactional activity during the previous month. Reconciliation shall include a written work sheet comparing the balances as shown on the bank or savings and loan association statement, the journal and the ledger, respectively, in order to insure agreement between the escrow account and the journal and the ledger entries with respect to the escrow account. Each reconciliation shall be kept for at least 5 years from the last day of the month covered by the reconciliation.
- 4) If escrow moneys are transferred from an escrow account to another account for disbursement, the sponsoring broker must maintain a copy of all records reflecting a disbursement from the other account.

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- 5) Master Escrow Account Log. Each sponsoring broker shall maintain a Master Escrow Account Log identifying all escrow bank account numbers, and the name and address of the bank where the escrow accounts are located. The Master Escrow Account Log must specifically include all bank account numbers opened for individual transactions, even if account numbers fall under another umbrella account number.
- 6) A sponsoring broker may employ a more sophisticated bookkeeping system based on sound accounting principles, including a system of electronic data processing equipment. However, any such system must contain or produce printed records containing the information required by this Section, although it need not be in the same format as provided for in this Section.
- 7) The Division shall have available for distribution, on request, samples of an approved journal, ledger, monthly reconciliation statement and Master Escrow Account Log.
- 8) Pursuant to Section 20-20(a)(18) of the Act, the sponsoring broker shall make available to the real estate enforcement personnel of the Division all escrow records and related documents maintained in connection with the practice of real estate and located in the office pursuant to Section 1450.750(i)(10) within 24 hours after a request.
- 9) Copies of all Escrow Money Instruments. Except as otherwise provided by law, the broker shall retain copies of all escrow money instruments received from a principal as part of a transaction, including copies of all personal checks, cashier's checks, certified checks, money orders, promissory notes or other financial instruments. The broker shall also retain copies and/or documentation of all disbursements or transfers into or out of an escrow account.
- 10) Escrow records shall be retained for 5 years. The escrow records for the immediate prior 2 years shall be available in the office location and shall be produced within 24 hours after request pursuant to Section 1450.750(i)(8). The balance of the records can be available at another location and are subject to request by the Division pursuant to Section 20-

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20 (a)(19) of the Act as soon as available, but no later than within 30 days after the request per Section 1450.755(a)(2) .

- 11) If escrow records are lost, stolen or destroyed due to fire, flood or any other circumstances, the broker must report the loss to the Division's enforcement division within 30 days by signature restricted delivery. The broker must also immediately obtain copies of monthly bank statements, deposit and disbursement receipts, and any other available records, to reconstruct the loss of escrow records.
- 12) A sponsoring broker may delegate the bookkeeping duties under this Part to another person, including a managing broker, a bookkeeper, certified public accountant, unlicensed assistant, licensed assistant or sponsored licensee. However, compliance with the bookkeeping duties remains the responsibility of the sponsoring broker. The sponsoring broker is ultimately responsible for the proper administration of the escrow account pursuant to this Part.
 - j) **Sponsored Licensees.** Sponsoring brokers shall institute office policies to ensure that the sponsored licensees tender escrow moneys received in compliance with this Part. Sponsored licensees, whether salespersons, brokers or leasing agents, may not maintain their own escrow accounts.
 - k) **Branch Offices.** Branch offices may maintain escrow accounts in compliance with this Part or may transmit all escrow moneys received to the main office, but not to another branch office, for compliance with this Part.
 - 1) If the branch office does maintain escrow accounts, all of the requirements of this Part apply, including maintaining all required escrow records, and submitting to the Division all required escrow forms.
 - 2) If the branch office does not maintain escrow accounts but instead transmits all escrow moneys received to the main office, all escrow moneys must be transmitted by the branch office to the main office not later than the next business day following the transaction. A transaction exists once an agreement has been reached and an accepted real estate contract signed or lease agreed to by the parties. Even if the branch office transmits all escrow moneys received to the main office, the branch office must maintain records showing the date the escrow moneys were

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transferred to the main office. The funds received at the main office from a branch office shall be placed in the sponsoring broker's escrow account not later than the next business day following receipt of the funds from the branch office.

- l) Escrow Requirements for Property Management Activities. Security deposits shall be maintained in an escrow account for the duration of the lease, unless the tenant waives this requirement in writing. The waiver, if included in the lease, shall appear in bold print.
- m) Notification to the Division of Identity of Escrow Accounts. Consent to Audit All Accounts.
 - 1) Each sponsoring broker shall, at the time of the original application for licensure and at the time of renewal of licensure, on forms provided by the Division, file with the Division the name of the banks, savings and loan associations or other recognized depositories in which each escrow account is maintained, and the name of each account, and the names of the persons authorized to withdraw funds from such accounts, and shall, as a condition of licensure, consent on those forms to the examination and audit of all escrow accounts, notwithstanding whether the account is identified on the form, by the Division.
 - 2) A new form shall be executed by the sponsoring broker and filed with the Division within 10 days after the time of a change of depository, method of doing business or persons authorized to make withdrawal. A new form shall also be executed each time a new escrow account is opened. However, a new form shall not be required each time a new escrow account is opened for an individual transaction and when the account falls under an umbrella account that has already been identified in a prior form. The identity of each of these individual escrow accounts, however, must be included in the Master Escrow Account Log pursuant to subsection (i)(5).
- n) Violations. Any licensee who violates any of the provisions of this Part may be deemed to have endangered the public interest pursuant to Section 20(a)(21) of the Act and may be subject to a temporary suspension pursuant to Section 20-65 of the Act.

Section 1450.755 Recordkeeping

- a) A sponsoring broker shall keep, or cause to be kept, escrow records, transaction records, employment agreements and records reflecting the payment of compensation, as further described in this Section.
 - 1) Escrow Records for Each Interest Bearing and Non-interest Bearing Escrow Account or Account into which Escrow Funds Have Been Deposited. These records shall include:
 - A) Journals as defined in Section 1450.750(i)(1).
 - B) Monthly bank statements.
 - C) Ledgers as defined in Section 1450.750(i)(2).
 - D) Monthly reconciliations as defined in Section 1450.750(i)(3).
 - E) Master Log of Escrow Accounts as defined in Section 1450.750(i)(5).
 - 2) The escrow records required by subsection (a)(1) shall be maintained for 5 years. The broker shall ensure that the escrow records for the immediate prior 2 year period are maintained in the office location and shall be produced within 24 hours after request pursuant to Section 1450.175(i)(8). Any escrow records more than 2 years old and stored at a location other than the office, whether in hard copy or electronically, shall be made available for inspection during normal business hours as soon as available, but no later than within 30 days after the request.
 - 3) Records relating to transactions shall be retained by the sponsoring broker either in hard copy or electronically.
 - A) These records might include copies of the following:
 - i) Residential Property Transactions: Signed contracts, including offers and counteroffers, written release of escrow funds, Dual Agency Authorization, notices of designated agency or no agency, written direction for

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deposit into interest bearing special account, power of attorney, disclosures (e.g., lead paint, radon, seller disclosure), closing statements and other transaction records required to be retained by the Act.

- ii) Property Management/Leasing: Any rental finding agreement, leases, periodic accounting or statement to the owner regarding the receipts and disbursements and any other documents referred to in subsection (a)(3)(A)(i) that are pertinent to the transaction.
 - iii) Commercial Representation: Tenant or owner representation agreement, letters of intent, leases, any written modifications to an executed lease and any other documents referred to in subsection (a)(3)(A)(i) that are pertinent to the transaction.
- B) The documents listed in subsection (a)(3) are not intended to be all inclusive; rather, they are intended to be examples of pertinent documents to be retained. Any similar documents pertinent to a particular transaction shall also be retained. Any information contained on the outside of a transaction file shall be considered part of that file.
- C) Transaction records shall be maintained for 5 years. The sponsoring broker shall ensure that any transaction records involving any active or pending transaction or representation, or any transaction in which escrow funds or moneys belonging to others were received and have not yet been disbursed for the immediate prior 2 years shall be maintained in the office location. All transaction records maintained at the office location shall be made available for inspection and audit during normal business hours by the Division staff no later than 24 hours after a request for escrow records and related documents. Any transaction records stored at a location other than the office, whether hard copy or electronic copy, shall be made available for inspection during normal business hours as soon as available within 30 days after the request.

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- D) Sponsoring brokers may allow their sponsored licensees to maintain a duplicate of the transaction records.
- 4) Employment agreements, as required by Section 10-20 of the Act, shall be maintained for 5 years after the sponsored licensee is no longer affiliated with the sponsoring broker. The broker shall maintain the written employment agreement for every licensee who is employed by or affiliated with the sponsoring broker. A copy of the employment agreement for each sponsored licensee at a branch office shall be maintained at the respective branch office.
- 5) Records reflecting the payment of compensation for the performance of licensed activities shall be maintained for 5 years.
- b) All records may be kept either in hard copy or electronically. If the records are kept electronically, the sponsoring broker shall ensure that a back up is made at reasonable intervals so as to protect the data but no less frequent than monthly. Backups can be kept either at the sponsoring broker's office or offsite. The escrow journal shall be reduced to hard copy at least monthly and kept at the office of the sponsoring broker for 60 days.
- c) Any disclosure required by the Act or this Part can be made in a paper or, if agreed to by both parties, an electronic format and may use electronic signatures. Copies of all disclosures, whether electronic or in paper, must be retained by the sponsoring broker.

Section 1450.760 Disclosure of Compensation

Pursuant to Section 10-10(b) of the Act, a licensee shall disclose, in writing, any compensation the licensee expects to receive or that he or she knows the licensee's sponsoring broker will receive, arising out of a referral to any person or entity whose services are related to the transaction, including any financial institution, insurance broker, mortgage broker, home inspector or any other third party. The disclosure shall indicate the relationship between the licensee or the licensee's sponsoring broker and the referred person or entity, and any interest greater than 1% (see Section 10-10(c) of the Act) that the licensee or the licensee's sponsoring broker may have in the referred person or entity.

Section 1450.765 Disclosure of Licensee Status

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A licensee is "selling, leasing or purchasing any interest", directly or indirectly, for purposes of Section 10-27 of the Act, when the licensee:

- a) is selling, leasing or seeking to purchase property as sole owner;
- b) is selling or seeking to purchase property as a joint tenant or tenant by the entirety;
- c) holds a beneficial interest in a land trust selling, leasing or seeking to purchase an interest in the subject property;
- d) is a general partner in a partnership selling, leasing or seeking to purchase an interest in the subject property;
- e) is an officer, director, majority or controlling shareholder of a corporation selling, leasing or seeking to purchase an interest in the subject property; or
- f) is a manager or majority or controlling member of a limited liability company selling, leasing or seeking to purchase an interest in the subject property.

Section 1450.770 Brokerage Agreements and Listing Agreements

- a) All exclusive brokerage agreements, including all exclusive listing agreements and exclusive buyer brokerage agreements, shall be in writing and shall indicate the minimum services that must be provided as indicated in Section 15-75 of the Act. Failure to include language in a brokerage agreement providing for minimum services as specified in Section 15-75 of the Act or language in the brokerage agreement waiving those minimum services provided for in Section 15-75 of the Act will, under the definition of "exclusive brokerage agreement" in Section 1-10 of the Act, result in the brokerage being considered to be non-exclusive.
- b) All written buyer brokerage agreements, whether exclusive or non-exclusive, shall contain the following:
 - 1) the agreed basis or amount of compensation and time of payment;
 - 2) the duration of the buyer brokerage agreement clearly set forth;
 - 3) the name of the sponsoring broker and the buyer;

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- 4) the signatures of the buyers and an authorized signator on behalf of the buyer or sponsoring broker;
 - 5) the duties of the buyer's broker.
- c) All written listing agreements, whether exclusive or non-exclusive, shall contain the following:
- 1) the list price;
 - 2) the agreed basis or amount of commission and the time of payment of the commission;
 - 3) the duration of the listing agreement, with a definite termination date clearly set forth;
 - 4) the name of the sponsoring broker and seller;
 - 5) the identification of property involved (address or legal description);
 - 6) the signatures of the owners and an authorized signator on behalf of the owner or sponsoring broker;
 - 7) the duties of the listing broker.
- d) Pursuant to Section 10-25 of the Act, no licensee shall obtain any written brokerage agreement containing a clause automatically extending the period of the contract. Any written brokerage agreement not containing such a provision for automatic expiration shall be void.
- e) Every written brokerage agreement shall expressly provide that no amendment or alteration to the terms, with respect to the amount of commission or with respect to the time of payment of commission, shall be valid or binding unless made in writing and signed by the parties.
- f) No licensee shall use real estate contract forms to change previously agreed commission payment terms.

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- g) If a listing agreement provides that, in the event of a default by a buyer, the broker's full commission or fees will be paid out of an earnest money deposit, with the remainder of the earnest money to be paid to the seller, the provision shall appear in the listing agreement in letters larger than those generally used in the listing agreement.
- h) Each brokerage agreement shall clearly state that it is illegal for either the owner or the broker to refuse to display or sell to any person because of one's membership in a protected class, e.g., race, color, religion, national origin, sex, ancestry, age, marital status, physical or mental handicap, familial status, sexual orientation, unfavorable discharge from the military service, order of protection status or any other class protected by Article 3 of the Illinois Human Rights Act.
- i) Each brokerage agreement for a residential property of 4 units or less that provides for a protection period subsequent to its termination date shall also provide that no commission or fee will be due and owing pursuant to the terms of the brokerage agreement if, during the protection period, a valid, written brokerage agreement is entered into with another licensed real estate broker.
- j) A broker may discuss a possible future brokerage agreement with a consumer whose property is exclusively listed with another broker or who is subject to a written exclusive buyer brokerage agreement only under the following conditions:
 - 1) when the consumer initiates the contact; or
 - 2) when the current broker, upon request, fails to provide, within 10 calendar days, the type and expiration date of the brokerage agreement between the consumer and the current broker. The request and response shall be in writing and mailed return receipt requested. If the above information is not received within 14 calendar days, the broker may then contact the consumer only if this information cannot be obtained from another source of shared broker information.

Section 1450.775 Written Agreements

- a) No licensee shall solicit, accept or execute any contract or other document relating to a real estate transaction that contains any blanks with the intention of filling them in after signing or initialing the contract or other document.

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- b) No licensee shall make any addition to, deletion from or alteration of any signed contract or other document relating to a real estate transaction without the written, telefax or telegraphic consent or direction from all signatories. No licensee shall process any contract or other document that has been altered after being signed, unless each addition, deletion or alteration is signed or initialed by all signatories at the time of the addition, deletion or alteration.
- c) A true copy of the original or corrected contract or other document relating to a real estate transaction shall be delivered or mailed within 24 hours after the time of signing or initialing the original or correction to the person signing or initialing the contract or other document.
- d) All forms used by licensees intended to become binding real estate contracts shall clearly state that fact in the heading in large bold type. No licensee shall use a form designated Offer to Purchase when it is intended that the form shall be a binding real estate contract.

Section 1450.780 Referral Fees and Affinity Relationships

- a) No licensee may pay a referral fee to an unlicensed person who is not a principal to the transaction. In order to meet the license requirement, the person receiving the referral fee must be duly licensed as a real estate broker or managing broker in Illinois or hold an equivalent license of another state or country of domicile. If the person's equivalent country of domicile does not have a licensing statute for real estate agents, then, in order to receive a referral fee, the person must comply with the laws, if any, of his or her country concerning the practice of real estate brokerage business.
- b) Request of Referral Fee
 - 1) No licensee may request a referral fee unless reasonable cause for payment of the referral fee exists. Reasonable cause for payment of a referral fee means that:
 - A) an actual introduction of a client has been made to a licensee; or
 - B) a contractual referral fee relationship exists with the licensee.
 - 2) The fact that reasonable cause to demand a referral fee exists does not

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necessarily mean that a legal right to the referral fee exists.

- 3) A licensee is prohibited from interfering with the agency relationship of another licensee or attempting to induce a client to break a listing or an exclusive representation agreement with another licensee for the purpose of replacing that agreement with a new listing or representation agreement in order to obtain a referral fee. For purposes of this Section, an agency relationship shall be deemed to exist when a written, exclusive agency agreement (either a listing or buyer representation agreement) is entered into. Interfering with the agency relationship of another licensee includes, but is not limited to:
 - A) demanding a referral fee from another licensee without reasonable cause;
 - B) threatening to take harmful action against the client of another licensee because of their existing agency relationship and in order to obtain a referral fee; or
 - C) counseling the client of another licensee on how to terminate or amend an existing agency contract in order to obtain a referral fee.
- 4) Any activities that involve the communication of corporate relocation policies or benefits to a transferring employee, as long as that communication does not involve advice or encouragement on how to terminate or amend an existing agency contract, shall not be considered interference under subsection (b)(3).

Section 1450.785 Rental Finding Services

- a) Definition – Application
 - 1) A rental finding service is any business that finds, attempts to find or offers to find, for any person who pays or is obligated to pay a fee or other valuable consideration, a unit of rental real estate or a lessee to occupy a unit of rental real estate not owned or leased by the business.
 - 2) Any person, corporation, limited liability company, partnership or limited partnership that operates a rental finding service shall be considered a

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broker or salesperson as defined in the Act, shall obtain a license pursuant to the Act and shall comply with the provisions of this Section.

- 3) The provisions of this Section shall not apply to those exempted under Section 5-20 of the Act.
- b) Contract. A rental finding service shall, prior to accepting a fee or other valuable consideration for the services, enter into a written contract with the person for whom services are to be performed and deliver to the individual a copy of the contract. The contract shall include, in the case of a rental finding service that finds, offers or attempts to find a unit of rental real estate for an individual, at a minimum, the following provisions:
- 1) The term of the contract;
 - 2) The total amount to be paid for the services to be performed and a clear designation of the amount paid in advance of the performance of the services;
 - 3) A statement regarding the refund or nonrefund of the fee paid in advance that shall include:
 - A) the precise conditions, if any, upon which a refund is based;
 - B) the fact that the conditions shall occur within 90 days from the date of the contract;
 - C) the fact that the refund shall be paid no later than 10 days after demand, provided the check has been honored;
 - 4) The statements required by subsection (b)(3) shall be uniform in type of a size larger than that used for the balance of the contract;
 - 5) The type of rental unit desired, the geographical area requested, and the rent the prospective tenant is willing to pay;
 - 6) A detailed statement of rental finding services to be performed by the licensee, which shall include, at a minimum, the delivery to the prospective tenant of all rental information listed in subsection (c);

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- 7) A statement that the contract shall be null and void if information concerning possible rental units or locations furnished by the licensee is not current or accurate with respect to the type of rental unit desired and described in subsection (b)(5). A listing for a rental unit that has not been available for rent for over 2 days shall be prima facie proof of not being current;
 - 8) A statement that information furnished by the licensee concerning possible rental units may be up to 2 days old;
 - 9) A statement requiring the licensee to refund all fees paid in connection with the contract if the contract is null and void for any reason. The licensee shall not impose any condition for the refund, and the contract shall state when the refund will be paid.
- c) Disclosure. Pursuant to subsection (b)(6), the following written information for each rental unit shall be provided to the person with whom the contract is entered:
- 1) The name, address and the telephone number of the owner of each rental unit or the owner's authorized agent;
 - 2) A description of the rental unit;
 - 3) The amount of rent requested;
 - 4) The amount of security deposit required;
 - 5) A statement describing utilities that are located in the rental unit and included in the rent;
 - 6) The occupancy date and the term of lease;
 - 7) A statement setting forth the source of the rental information (i.e., owner, agent);
 - 8) All other information that may reasonably be expected to be of concern to the prospective tenant.

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- d) Permission of Owner. A rental finding service shall not list or advertise any rental unit without the express written authority of the owner or agent of each unit.

SUBPART H: AGENCY RELATIONSHIPS

Section 1450.800 Confidentiality

Licenses in receipt of confidential information shall take reasonable steps to safeguard that information from unauthorized disclosure.

Section 1450.810 Failure to Disclose Information Not Affecting Physical Condition

This Section is intended to apply to actions taken by the Division under the Act as well as to all civil actions in Illinois. No cause of action shall arise against a licensee for the failure to disclose:

- a) that an occupant of that property was afflicted with Human Immunodeficiency Virus (HIV) or any other medical condition;
- b) that the property was the site of an act or occurrence that had no effect on the physical condition of the property or its environment or the structures located on that property (Section 15-20 of the Act). These acts shall include, but are not limited to, murder or suicide;
- c) fact situations on property that is not the subject of the transaction; or
- d) physical conditions located on property that is not the subject of the transaction that do not have a substantial adverse effect on the value of the real estate that is the subject of the transaction.

Section 1450.820 Licensee Serving as a Dual Agent in a Transaction in Which a Licensee is a Party to the Transaction

A licensee shall not serve as a dual agent in any transaction to which he or she, or an entity in which he or she has an ownership interest, is a party to the transaction.

Section 1450.830 Disclosure of Contemporaneous Offers

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"Contemporaneous offers" under Section 15-15(b) of the Act shall be offers to purchase or lease on behalf of 2 or more clients represented by the same designated agent for the same real estate parcel or unit that the designated agent knows or has known or has reason to know will be taken under consideration by the owners or owners' representative at the same time. If there are contemporaneous offers from 2 or more clients of a designated agent the written disclosure shall be provided to the clients of the designated agent and referrals made to other designated agents, if requested by the client.

SUBPART I: DISCIPLINE RULES AND PROCEDURES

Section 1450.900 Unprofessional Conduct

Conduct that constitutes dishonorable, unethical or unprofessional conduct of a character likely to deceive, defraud or harm the public includes, but is not limited to:

- a) Failure to act in the best interests of a client.
- b) Deliberately misleading a client as to the market value of the property.
- c) Failing to advertise the property as obligated by the listing agreement.
- d) Deliberately misrepresenting to prospective purchasers or their agents the condition of the property or the availability of access to show the property.
- e) Purchasing or transferring of the property through an intermediary in order to conceal the purchase by the licensee.
- f) Inducing a seller to list the property through false representations.
- g) Inducing a seller through false representations or false promises to transfer the property to the licensee.
- h) Taking unfair advantage of a client's or customer's age, disability or lack of understanding of the English language.
- i) Engaging in conduct with the public or other real estate licensees in the practice of real estate in a manner that is abusive, harassing or lewd.
- j) Representing oneself as a sponsoring broker or managing broker without

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providing the actual supervision and management of the real estate business.

- k) Failing to reasonably safeguard confidential information or improperly using confidential information.
- l) Obstructing an inspection, audit, investigation, examination or disciplinary proceeding.
- m) Violation of Section 1450.750, Special Accounts.
- n) Assisting or inducing a licensee to violate the Act or this Part.
- o) Any conduct that constitutes a breach of duty to the client and causes harm to the client in the future. In establishing harm, the Department need not prove actual economic damage to the client.

Section 1450.905 Temporary Suspension

The Secretary may temporarily suspend the license of a licensee without a hearing, simultaneously with the institution of proceedings for a hearing provided for in Section 20-60 of the Act, if the Secretary finds that the evidence indicates that the public interest, safety, or welfare imperatively requires emergency action. Emergency action is imperatively required when a licensee's conduct poses a threat that the public's or another licensee's money will be stolen or defalcated or that the continued licensure of a licensee will be a threat to the safety of the public or another licensee.

- a) The Division may consider any one or more of the acts committed by a licensee including, but not limited to:
 - 1) Failure to account for or to remit any moneys or documents that belong to others, as set forth in Section 20-20(a)(16) of the Act;
 - 2) Failure to maintain and deposit in a special or escrow account, separate and apart from personal and other business accounts, all escrow moneys belonging to others entrusted to a licensee while acting as a real estate broker, escrow agent or temporary custodian of the funds of others, as set forth in Section 20-20(a)(17) of the Act;
 - 3) Failure to make available to real estate enforcement personnel of the

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Division during normal business hours all escrow records and related documents for the immediate prior 2 years and located in the office and maintained in connection with the practice of real estate, within 24 hours after a request for those documents by Division personnel, as set forth in Section 20-20(a)(18) of the Act and Section 1450.755 of this Part; however, this action in and of itself shall not be sufficient grounds for a temporary suspension;

- 4) Failure to make available to real estate enforcement personnel of the Division during normal business hours all escrow records more than 2 years old and stored in a location other than the office, whether in hard copy or electronically, as soon as available, but no later than within 30 days after the request; and
 - 5) Commingling money or property of others with the licensee's own, as set forth in Section 20-20(a)(22) of the Act.
- b) A petition for temporary suspension shall:
- 1) State the statutory basis for the action petitioned;
 - 2) Allege facts, supported by evidence or affidavit sufficient for temporary suspension; and
 - 3) Be presented to the Director either in person or by telephone and in the presence of a court reporter.
- c) An order for temporary suspension shall:
- 1) Contain sufficient notice regarding the basis for the action;
 - 2) Recite the statutory basis for the action;
 - 3) Demand immediate surrender of the license; and
 - 4) Be signed by the Director.
- d) A notice of temporary suspension shall accompany the order and shall:

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- 1) Set a hearing date within 30 days after the date on which the order takes effect;
- 2) Identify the location where the hearing will take place; and
- 3) Provide information as to where the licensee may obtain the Division's rules for Practice in Administrative Hearings.

Section 1450.910 Otherwise Discipline

Non-disciplinary action may include, but is not limited to:

- a) Restricting a licensee's access to escrow funds;
- b) Requiring the successful completion of any approved real estate course, including courses for those licensees who would otherwise not be required to complete continuing education pursuant to Section 5-70 of the Act;
- c) Requiring the licensee to provide any report, record or document regarding real estate activity the Division deems relevant and appropriate;
- d) Imposition of an administrative fee; or
- e) Require a mental or physical exam pursuant to Section 20-20 of the Act.

Section 1450.915 Dissolution: Effect of Suspension or Revocation of Sponsoring Brokers or Managing Brokers

- a) **Suspension or Revocation of Sponsoring Broker**
Upon the effective date of a temporary or other suspension or revocation of the license of a sponsoring broker corporation, limited liability company, partnership or sole proprietorship and their respective principal or sponsoring broker, unless an interim sponsoring broker or receiver is appointed by the real estate brokerage company or its representative, and subject to approval by the Division:
 - 1) The licenses of all respective sponsored licensees are automatically inoperative. Each broker may resume the practice of real estate only upon securing a properly completed 45 day sponsor card, signed either as a self sponsored broker or by another sponsoring broker. Each salesperson or

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leasing agent may resume the practice of real estate only upon securing a properly completed 45 day sponsor card signed by an active sponsoring broker.

- 2) All brokerage agreements with the sponsoring broker, including listing agreements, are deemed expired pursuant to Section 10-25 of the Act, unless a new sponsoring broker is named within 7 business days. Unless a new sponsoring broker is named within 7 days, the suspended or revoked sponsoring broker shall notify, in writing, all clients with whom the sponsoring broker has an active brokerage agreement, and advise that the brokerage agreement expired as of the date that is 7 business days after the suspension or revocation, and that the clients are legally authorized to enter into another brokerage agreement with any active broker.
- 3) Suspensions or revocations of a sponsoring broker shall not have an effect on the enforceability of any pending, executed real estate contracts.
 - A) The suspended or revoked sponsoring broker shall send a written notice to all clients with a pending, executed real estate contract explaining the suspensions or revocations, and that the suspensions or revocations shall not have an effect on the enforceability of the pending, executed real estate contracts. The notice shall also identify the name, address and telephone number of the person in control of the escrow money. To the extent that the clients require additional real estate services, the notice shall provide that the clients may seek those services from another active broker.
 - B) A suspension or revocation shall not preclude the receipt of any commission or other compensation earned by the suspended or revoked sponsoring broker or other formerly sponsored licensee prior to the effective date of a suspension or revocation of the sponsoring broker.
- 4) A broker shall not be entitled to compensation if the suspension or revocation directly relates to the transaction for which the compensation was earned. If the broker has already received compensation related to the transaction leading to the suspension or revocation of the license, the Department or Board may consider that fact in issuing the discipline and/or fine.

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- b) **Suspension or Revocation of Managing Broker**
In the event of a suspension or revocation of a managing broker, the offices and branch offices managed by that managing broker may resume the practice of real estate upon securing a replacement managing broker. Consistent with Section 5-45(e) of the Act, if a replacement managing broker is unable to be secured immediately after a suspension or revocation of the managing broker, the entity may continue to practice real estate for the first 15 days after the suspension or revocation. If, after 15 days, a replacement managing broker has not been secured, the office may only continue to practice real estate upon securing the written authorization of the Department as provided for in Section 5-45(e) of the Act.

- c) In the event of the voluntary retirement or the voluntary dissolution of a sponsoring broker, the sponsoring broker shall, at a reasonable time prior to the voluntary retirement or voluntary dissolution, provide written notice to all sponsored licensees to allow the sponsored licensees to secure new sponsoring brokers, and shall provide written notice to all active clients to allow the clients to secure brokerage agreements with new brokers.

Section 1450.920 Inspections and Audits

- a) **Inspections**
 - 1) The Division is authorized to inspect those areas of a sponsoring broker's office open and generally available to the public at any time during normal business hours, with or without the sponsoring broker's consent. With the sponsoring or responsible managing broker's consent or, if no consent is given, then upon 24 hours notice, the Division may conduct a visual and physical inspection of the non-public areas of a sponsoring broker's office and interview any person, including any licensee or non-licensee, who may have knowledge or information about the licensee's practice of real estate. The licensee may have an attorney present if he or she so chooses. The Division's action will not be postponed due to an unreasonable delay in the ability of the licensee's attorney to be present.

 - 2) Except as provided in subsection (b), upon any written or oral request by Division personnel for written documentation, a licensee shall produce the requested documentation within 30 days after the request.

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- b) Escrow Audits
The Division is authorized to audit special accounts, escrow records and documents related to any escrow accounts maintained by the licensee. Escrow audits may be conducted at any time with the sponsoring broker's consent or without consent with at least 24 hours notice. The licensee may have an attorney present if he or she so chooses. The Division's action will not be postponed due to an unreasonable delay in the ability of the licensee's attorney to be present. Escrow audits may include:
- 1) A review and examination of all required, original escrow records as set forth in this Part.
 - 2) A review and examination of any document, including originals, related to a licensee's escrow accounts.
 - 3) Interviews of any person, including any licensee or non-licensee, who may have knowledge or information about the licensee's practices for maintaining and administering his or her escrow accounts.
- c) Pursuant to Section 20-20(a)(18) and (27) of the Act, the Division is authorized to obtain a licensee's original records, which would include hard copy or electronic records, for the purposes of inspection, audit and reproduction. The Division shall promptly return all original documents or records to the licensee.

Section 1450.925 Audits of Special Funds by Outside Auditors

- a) General Rule. The Division may cause audits of special accounts of sponsoring brokers to be conducted by licensed certified public accountants under the circumstances and as provided for in this Section.
- b) Basis for Audit. Upon receipt of a complaint from one or more members of the public, information from another regulatory or law enforcement agency, or evidence developed by the Division, any of which causes the Division to reasonably believe that escrow moneys required to be kept in a special account have been misappropriated, the Division may contract with a licensed certified public accountant for the purpose of auditing the special accounts of the sponsoring broker responsible for the accounts in question.

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- c) Definitions. The following terms shall have the meanings set forth in this Section:
- 1) Reasonable Belief. The complaints, information or evidence available to the Division are of a nature or have sufficient credibility that a prudent person in the exercise of good judgment would reasonably rely or act upon that information or evidence.
 - 2) Misappropriated or Misappropriation. The use of escrow moneys for a purpose other than that for which the escrow moneys were deposited or that is permitted by the Real Estate License Act of 2000, this Part or the agreements providing for the handling of the escrow moneys. The mere failure to follow the provisions of Section 1450.750 dealing with the deposit and accounting for escrow moneys shall not constitute misappropriation.
 - 3) Escrow Moneys. Shall have the same definition as set forth in Section 1-10 of the Act.
- d) Notice of Audit. The Division shall notify in writing the sponsoring broker responsible for the special accounts to be audited that an auditor has been retained to audit those special accounts, the identity of the auditor or auditing firm and the fact that the sponsoring broker shall submit all pertinent records for audit within 30 days after receipt of the written notice.
- e) Procedures for Audit. The auditor or the Division shall contact the sponsoring broker responsible for the special accounts for the purpose of scheduling the audit of the special accounts. The sponsoring broker shall provide the records requested at the scheduled time and location or as otherwise agreed by the sponsoring broker and the auditor or the Division.
- f) Written Report. Any licensed certified public accountant performing an audit for the Division under the provisions of this Section and the Act shall provide a written report to the Division, with a copy to the sponsoring broker, detailing the findings of the auditor with specific reference to compliance with the special account requirements of the Act and this Part.
- g) Noncompliance and Cost of Audit. The sponsoring broker shall be liable for the cost of the audit if an order is issued by the Director, pursuant to Section 20-60 of

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the Act, finding that escrow moneys were misappropriated by the sponsoring broker or his, her, or its employees, independent contractors, agents or designees.

Section 1450.930 Case File Review Committee

- a) The Department and the Board may appoint a Case File Review Committee that shall be composed of at least 2 voting members of the Real Estate Administration and Disciplinary Board, the Real Estate Coordinator, the Real Estate Chief of Investigations and the Real Estate Chief of Prosecutions or their designees. The Case File Review Committee members may take the action as set forth in this Section without meeting in person, but through other means of communication.
- b) The Case File Review Committee may exercise the following duties and responsibilities:
 - 1) Recommend whether a case file be closed or refer the case file to Investigations or Prosecutions for further review and action.
 - 2) Recommend that cases of similar types of allegations be offered a standard disposition within a range recommended by the Board. A recommendation of an offer of standard disposition shall not restrict the Board from hearing an individual case at a hearing and issuing a recommendation based upon the individual facts and evidence in rebuttal, mitigation or aggravation in the individual matter nor shall a prior recommendation of standard disposition restrict the Case File Review Committee from recommending a different disposition in individual cases;
 - 3) Review reports and files submitted to the Case File Review Committee;
 - 4) Request and review any investigation or prosecution files that the Department may have closed;
 - 5) Meet, concurrently or independently on an as needed basis and at the discretion of the Department, with members of the regulatory staff or Board members of related professions, including but not limited to Auctioneers or Land Sales, Time Share, Appraisal or Mortgage Brokers, to discuss interrelated professional matters as needed.

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- c) The Division shall prepare a monthly report to be presented to the Case File Review Committee indicating the following information:
 - 1) Number of investigation files closed;
 - 2) Number of prosecution files closed;
 - 3) Number of pending files in the Division's Investigation Unit;
 - 4) Number of pending files in the Division's Prosecution Unit;
 - 5) Number of reports and copies of any reports received from any peer review advisors used by the Division during the preceding month.
- d) The Case File Review Committee shall report a summary of its actions and findings at each Real Estate Administration and Disciplinary Board meeting.
- e) The Case File Review Committee in determining what action to recommend or take or whether to recommend that the Division proceed with a formal complaint, investigation and/or prosecution of a case file, shall consider factors including, but not limited to:
 - 1) the effect on the public's health, safety and welfare;
 - 2) any indication of fraud;
 - 3) commingling or embezzlement;
 - 4) evidence of escrow account shortages or discrepancies;
 - 5) refusal to provide escrow account records or related documents within the required time period; or
 - 6) prosecutorial merit.
- f) Disqualification of a Case File Review Committee member:

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- 1) A Case File Review Committee Board member shall be recused from consideration of a case file when a conflict of interest or prejudice would prevent that Committee Board member from being fair and impartial.
 - 2) Participation in the initial stages of the handling of a case file, including participation on the Case File Review Committee and in informal conferences, shall not bar a Case File Review Committee Board member from later participating in decision making relating to that case file as a formal complaint or prosecution.
- g) Any meetings of the Case File Review Committee are an exception to the Open Meetings Act and shall be closed to the public, in accordance with 5 ILCS 120/2(c)(15).
- h) Nothing in this Section shall require the Department to utilize the services of the Case File Review Committee to close any file; however, the Department shall be required, as set forth in this Section, to advise the Case File Review Committee of such actions that are taken by the Department.

Section 1450.935 Peer Review Advisor

- a) In accordance with Section 25-21 of the Act, the Department may, in its discretion, contract with a licensee to act as an advisor to the Department regarding public complaints and alleged violations forwarded by the Department to the Peer Review Advisor.
- b) The Department shall not be bound by any recommendation or advice provided by a Peer Review Advisor.
- c) The Peer Review Advisor shall only be referred matters by the Department that involve the actions of an unlicensed person or a licensee at the same or lower level of licensure held by the Peer Review Advisor.
- d) The Peer Review Advisor shall issue any recommendation or findings to the Department in writing unless expressly waived by the Department.

Section 1450.940 Hearings

All disciplinary hearings brought before the Board under Article 20 of the Act shall be conducted

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in accordance with the Rules of Practice in Administrative Hearings in 68 Ill. Adm. Code 1110.

Section 1450.945 Real Estate Recovery Fund

- a) **Necessity of Notice**
When any person commences, in the civil courts, an action for a judgment that may result in collection from the Real Estate Recovery Fund, that person shall notify the Division in writing at the time of commencement of the action.
- b) **Time of Notice**
"Time of the commencement of the action" shall be construed to mean within 7 days after:
 - 1) the plaintiff in a civil action files a Complaint or an Amended Complaint in the Circuit Court or the Federal District Court; or
 - 2) the aggrieved party files a proof of claim or an adversary action regarding nondischargeability of the debt in a bankruptcy matter.
- c) **Place and Manner of Notice**
Notice required by Section 20-90 of the Act or by this Section shall be sent by certified mail, return receipt requested, or shall be delivered by hand, to the Division in Chicago, Illinois, Attention: Docket Clerk.
- d) **Contents of Notice**
Every notice required by Section 20-90 of the Act or by this Section shall include:
 - 1) a copy of the Court document:
 - A) the complaint showing the "Filed" stamp of the Clerk of the Court in which the complaint was filed; or
 - B) the proof of claim or an adversary complaint regarding nondischargeability in a bankruptcy matter.
 - 2) copies of relevant documents available to the claimant, including:
 - A) real estate sales contract, lease, closing statement, disbursement directions or other evidence of title to real property on which the

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claim is based, or if the claimant does not possess title, evidence of the interest in real property on which the claim is based (evidence includes documents such as title policy, deed or lease);

- B) proof of any check or money order regarding earnest money or security deposit, other negotiable instruments or dishonored checks issued by the licensee;
- 3) an itemized statement of losses of actual cash money that the claimant alleges occurred as a result of conduct identified in Section 20-85 of the Act by a licensed broker, salesperson, leasing agent or unlicensed employee of a broker. When no itemized statement is possible, the claimant must state under oath that his or her losses are estimated and that his or her calculation of estimated losses is as accurate as circumstances permit him or her to make.
- e) **Necessity of Natural Person as a Defendant**
No notice of claim will be recognized or accepted when the underlying complaint does not name at least one natural person (a licensed broker, salesperson, leasing agent or unlicensed employee of a broker) as a defendant.

Section 1450.950 Automatic Termination Upon Order to Pay Out from the Real Estate Recovery Fund

A licensee who desires to contest an automatic termination for payment out of the Real Estate Recovery Fund pursuant to Section 20-90(i) of the Act must file the appropriate motion or appeal with the Court that ordered the payment from the Fund.

Section 1450.955 Advisory Letters

- a) The Division may issue advisory letters on issues dealing with the interpretation and application of the Real Estate License Act of 2000 and this Part.
- b) A licensee is entitled to rely upon an advisory letter from the Division and will not be disciplined by the Division for actions taken in reliance on the advisory letter. An advisory letter may only be relied upon by the licensee seeking the advisory letter. However, the Division may change its position prospectively, at which time the licensee who sought the advisory letter will have to meet the new position or policy of the Division.

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- c) Although not binding on the Division, licensees other than the licensee who sought the advisory letter may refer to an advisory letter issued by the Division as the reason for a licensee's acts or omissions that result in the Division considering disciplinary action against the licensee. The Division will consider these arguments but will not be bound by the advisory letter except as to the licensee who actually sought the advisory letter from the Division.
- d) Requests for advisory letters shall be submitted in writing to the Division. The request shall include at a minimum the following:
 - 1) the name of the licensee on whose behalf the advisory letter is sought;
 - 2) the factual situation or hypothetical factual situation on which the advisory letter is sought;
 - 3) citations to any provisions of the Act, rules or cases that the licensee or the licensee's advisor believes is relevant to the issue, as well as a discussion of the relevance of the cited material to the issue on which advice is sought; and
 - 4) a statement of the issue or issues on which advice is sought.
- e) Because advisory letters will be available through the Freedom of Information Act and may also be published by the Division, the party requesting the advisory letter should indicate whether the name of the licensee should be disclosed in the advisory letter. If the request for the advisory letter includes a request to keep the name of the licensee or other parties in the letter confidential, then the person requesting the advisory letter shall submit, along with the request, a second letter using generic business names, for example, Licensee A, Company B, for the names to be kept confidential. If the Division receives such a request, then the published response will only use the generic names.
- f) The Division shall respond to the licensee requesting the advisory letter within 60 days after receipt of the request by the Division. The response may be the advisory letter, an estimated time for providing an advisory letter, a request for clarification or additional information, or a statement that the Division declines to issue an advisory letter as requested with an indication of the reason for declining to issue the advisory letter. The Division shall provide a copy of all

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correspondence concerning a request for an advisory letter to the sponsoring broker, if any, of the licensee requesting the advisory letter.

SUBPART J: GRANTING VARIANCES

Section 1450.1000 Granting Variances

- a) The Director may grant variances from this Part in individual cases in which he or she finds that:
 - 1) the provision from which the variance is granted is not statutorily mandated;
 - 2) no party will be injured by the granting of the variance; and
 - 3) the rule from which the variance is granted would, in the particular case, be unreasonable or unnecessarily burdensome.
- b) The Director shall notify the Board of his or her intention to grant a variance, and the reasons for granting the variance, at a meeting of the Board, prior to granting the variance.

SUBPART K: PRE-LICENSE SCHOOLS AND CONTINUING EDUCATION PROVIDERS

Section 1450.1100 Pre-License Schools

- a) In accordance with Section 30-5(a) of the Act, any person or entity seeking approval to provide pre-license education, including the 30 hour post-license course needed to retain a broker license, shall submit to the Division an application on forms provided by the Division, along with the appropriate fee required by this Part. The Division shall, after review by the Advisory Council, approve a pre-license school if it meets certain minimum requirements and pays the required fee as provided in the Act and this Part.
- b) The program of education for a pre-license school shall:
 - 1) Be approved by the school's governing and/or supervising body;

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- 2) Use instructors who have a valid license as a pre-license instructor as set forth in the Act and Section 1450.1115;
 - 3) Have a curriculum that conforms to the standards of Section 1450.1105;
 - 4) Administer a final course examination as outlined in Section 1450.1105.
- c) Facilities
- 1) A pre-license school must provide an office in Illinois for the maintenance of all records, office equipment and office space necessary for customer service.
 - 2) A pre-license school must provide telephone call assistance for customer service.
 - 3) The premises, equipment and facilities of the pre-license school shall comply with all applicable community fire codes, building codes and health and safety standards.
 - 4) The pre-license school is subject to inspection prior to approval or at any time thereafter by authorized representatives of the Division. The inspection shall be during regular business hours, with at least 24 hours advance notice of the inspection.
 - 5) No pre-license school shall be maintained in a private residence.
 - 6) Whenever a pre-license school intends to operate a branch location, an application shall be submitted to the Division for each branch location. Each application shall be accompanied by the fee as required by this Part.
 - 7) No pre-license school shall allow the school premises or classrooms to be used during class time by anyone to directly or indirectly recruit students to become affiliated with a licensee. Instructors and school administrators shall promptly report to the Division any efforts to recruit students.
- d) Administration
- 1) Pre-license schools shall use only licensed pre-license instructors.

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- 2) No licensed pre-license school shall advertise that it is endorsed, recommended or accredited by the Division. The pre-license school, however, may indicate that the school is licensed by and the course of study has been approved by the Division.
 - 3) Every pre-license school shall submit to the Division, upon its request, a schedule of all courses to be taught and when and where they will be taught. The Division shall be notified of any changes to that schedule.
 - 4) The pre-license school shall provide a prospective student prior to enrollment with information that specifies the course of study to be offered, the tuition to be charged, the school's policy regarding refund of unearned tuition when a student is dismissed or withdraws voluntarily or through hardship, any additional fee to be charged for supplies, materials or books that become the property of the student upon payment, and other matters that are material to the relationship between the school and the student.
 - 5) Each pre-license school shall maintain for each student a record that shall include the course of instruction undertaken, dates of attendance and areas of study completed satisfactorily. Each student's record shall be maintained by the pre-license school for a period of 5 years and shall be available for inspection by the student or by the Division or its designee during regular business hours.
 - 6) A licensed pre-license school shall certify on the initial application that the financial resources are available to equip and maintain the school, as documented by, for example, a current balance sheet or an income statement.
 - 7) The Division shall be reimbursed by any out-of-state pre-license school for all reasonable expenses incurred by the inspector to inspect its facilities.
- e) The Division shall notify administrative officials of the applicant in writing within 15 days after its approval or disapproval. In the event the applicant is disapproved, the reasons will be detailed and the applicant advised that the applicant may request a hearing as provided for in Section 30-5 of the Act.

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- f) The Division shall be notified of all proposed changes in ownership of a pre-license school on forms provided by the Division 30 days prior to the change in ownership.
- g) Upon successful completion of a pre-license course, a pre-license school shall issue a student transcript on forms provided by the Division. Each transcript shall be affixed with the school's seal.

Section 1450.1105 Curriculum for Pre-License Schools

- a) Pre-license schools shall offer, at a minimum, the courses provided for in this Section.
- b) The application for licensure as a pre-license school shall include a list of courses to be offered, an outline and course description for each course along with a comprehensive timed examination and answer key. Each outline shall make reference to the textbook used and other material related to the course or subject matter, and shall conform to the standardized curriculum outlines and syllabi prepared by the Division.
- c) Prior to May 1, 2011, a pre-license school must provide the following courses:
 - 1) Real Estate Transactions shall include a minimum of 45 class hours. The course shall include instruction in real estate law, types of interest and ownership in real estate, home ownership, legal descriptions, titles, liens, taxes, encumbrances, listing, advertising, appraisal, finance, closings and professional code of ethics. This course shall be mandatory for all salesperson candidates.
 - 2) Brokerage Administration shall consist of a minimum of 15 class hours and shall be mandatory for all broker candidates. The course shall include instruction in Illinois real estate law and licensure, listings, title search, forms for closing, contract forms and the broker-salesperson relationship.
 - 3) Contracts and Conveyances shall consist of a minimum of 15 class hours and shall be mandatory for all broker candidates. The course shall include instruction in deeds, fixtures, contracts, real estate closings, foreclosure

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and redemption, land use controls, landlord/tenant relationship, cooperatives and condominiums.

- 4) Advanced Principles 2000 shall consist of a minimum of 15 class hours and shall be mandatory for all broker candidates and shall include agency, disclosure, environmental issues, escrow, license law and other topics approved by the Advisory Council and the Division.
- d) Prior to May 1, 2011, a pre-license school shall provide 2 or more of the following courses:
- 1) Appraisal shall consist of a minimum of 15 class hours. The course shall include instruction in the appraisal process, real property and value, economic trends, depreciation and land value.
 - 2) Property Management shall consist of a minimum of 15 class hours. The course shall include, but not be limited to, instruction in fundamentals of tenant-management relationship, property modernization, property maintenance, leases, real property insurance, commercial property, industrial property and advertising.
 - 3) Financing shall consist of a minimum of 15 class hours. The course shall include instruction in types of financing, sources of financing, mortgages, mortgage documents, closing a mortgage, interest, liens, foreclosure, real property insurance, mortgage risk, principles of property value for mortgage credit, mortgage analysis and construction loans.
 - 4) Sales and Brokerage shall consist of a minimum of 15 class hours. The course shall include instruction in qualifications and functions of a real estate broker; land utilization; appraisal principles and methods; office organization; selection, training and supervision of salespersons and office personnel; compensation of salesperson listings; prospects; real estate markets; financial control; and government regulations.
 - 5) Farm Property Management shall include a minimum of 15 class hours. The course shall include instruction in inventorying assets, determining method of operation, tenants, budgeting, crop and livestock production, marketing, tax planning and depreciation, government programs and regulations, insurance and ethics.

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- 6) Real Property Insurance shall include a minimum of 15 class hours. The course shall include instruction in risk, functions of insurance, insurance contracts, types and purposes of insurance.
 - 7) Other courses as approved from time to time by the Division. If additional elective courses are developed, they shall be approved by the Division prior to implementation. The courses shall be approved upon determination that the course is at least 15 clock hours (one clock hour equals 50 minutes) in length and constitutes real estate related material.
- e) After April 30, 2011, pre-license schools must provide the following broker courses:
- 1) A 75 credit hour course including, but not limited to, the following topics: Introduction to License Law, Real Property, State and Federal Law, Real Estate Transactions, and Real Estate Career Paths.
 - 2) A 15 credit hour Applied Real Estate Principles course presented in the classroom or by an interactive delivery method. The course shall consist of any or a combination of the following: Situational and Case Studies, Role Playing and Demonstration of Real Estate Activities primarily dealing with the application of the topics listed above to the practice of real estate brokerage.
- f) After April 30, 2011, pre-license schools must provide the following post-license courses for brokers:
- 1) A 15 credit hour course covering License Law, State/Federal Laws and Agency and Real Estate Transactions.
 - 2) A 15 credit hour Applied Real Estate Practices course presented in the classroom or by an interactive delivery method consisting of any or a combination of the following: Situational and Case Studies, Role Playing and Demonstration of Real Estate Activities primarily dealing with the application of the topics listed above to the practice of real estate brokerage.

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- g) After April 30, 2011, pre-license schools must provide the following managing broker courses:
 - 1) A 30 credit hour Licensing, Operations, Escrow and Management course.
 - 2) A 15 credit hour Applied Management and Supervision course presented in the classroom or by an interactive delivery method consisting of Situational and Case Studies. The course shall consist of any combination of the following: Dispute Resolution Simulations, Supervision Situations, Escrow and Discipline Case Studies primarily dealing with the application of the topics listed above to the practice of real estate brokerage.
- h) The course content of the 30 credit hour course in subsection (f) shall be used to comply with the transition education required for a salesperson transitioning to a broker license pursuant to Section 5-46(a)(1) of the Act. However, there shall not be a classroom or interactive delivery method requirement for the transition education.
- i) The course content of the 45 credit hours required in subsection (g) shall be used to comply with the transition education required for a broker transitioning to a managing broker license pursuant to Section 5-47(a)(1) of the Act. However, there shall not be a classroom or interactive delivery method requirement for the transition education.
- j) Examinations. Each course, including transition courses, shall end in a mandatory proctored final examination prepared and provided by the approved pre-license school consisting of at least 25 questions for each 15 classroom hours for which the minimum passing score shall be no less than 75%. The examination shall be provided by the pre-license school either at the completion of each 15 classroom hours, or at the conclusion of the course. The pre-license school shall indicate in its registration material if the examination will be provided electronically, or in paper format, or both.
- k) Attendance at all classes is mandatory; however, credit for absences not to exceed 10% of the class hours may be made up by attendance at make-up classes as provided in subsection (l). Missing any class hours after having the opportunity to make up class hours as provided in subsection (l) shall result in failure of the course.

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- l) Each school shall provide time and facilities for conducting make-up classes for students who were absent from the regularly scheduled class period.
- m) The Division will supply a recommended comprehensive timed outline for schools to use as a guide in establishing the new curriculum, as of May 1, 2011. The Division will seek input and recommendation of the Advisory Council in formulating this outline.
- n) The Advisory Council shall consider and may approve courses that incorporate various real estate brokerage disciplines in order to make courses such as the Managing Broker course or Post-License course for Broker under this Section more pertinent and helpful to licensees engaged in various disciplines of the real estate brokerage industry.
- o) One hour of approved classroom based pre-license education shall include at least 50 minutes of instruction and shall be exclusive of any time devoted to taking the examination as set forth in subsection (j).

Section 1450.1110 Expiration Date and Renewal Period for Pre-License Schools

- a) Every pre-license school and school branch license, as well as their course approvals, shall expire on June 30 of each odd-numbered year.
- b) Each pre-license school shall be responsible for submitting an application for renewal of the license on forms provided by the Division. Failure to receive a renewal form shall not constitute a valid reason for failure to submit a renewal application or pay the renewal fee or to renew the appropriate license.
- c) The applicable fees shall be those set forth in Section 1450.130.
- d) As part of the renewal application, each pre-license school shall submit a list of courses, course outlines, course descriptions and examination answer keys for each course to be taught.
- e) Operation of a pre-license school on an expired or inoperative license shall constitute unlicensed or unauthorized practice and may be grounds for discipline.
- f) Any pre-license school or school branch whose license under the Act has expired for more than 2 years shall not be eligible for renewal of that license. Any pre-

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license school whose license has been expired for less than 2 years may renew the license only after providing the Division with evidence that all qualifications of Section 1450.1100 have been met and the required fees have been paid.

Section 1450.1115 Pre-License Instructors

- a) An applicant for a license as a pre-license instructor must meet the following criteria:
 - 1) Pass an examination provided and approved by the Division with a minimum score of 75%.
 - 2) Demonstrate expertise in the areas to be taught by virtue of:
 - A) being a broker or managing broker; or
 - B) being admitted to the practice of law by the Supreme Court of Illinois; or
 - C) prior teaching experience; or
 - D) professional background and experience.
 - 3) After April 30, 2011, in addition to the requirements of subsections (a)(1) and (2), attend and successfully complete a 12 hour instructor training program administered over 2 or more days approved by the Advisory Council. Six hours, shall be devoted to instructor training and development and 6 hours shall be devoted to teaching the core content of the pre-license classes to be taught.
- b) In order to renew a license, a pre-license instructor must have maintained a valid instructor's license, have no lapse in licensure greater than 2 years and either have taught at least one course during the period of licensure, or successfully completed the instructor training program approved by the Advisory Council.
- c) No approved pre-license instructor shall be seated for any of the salesperson, broker or managing broker licensure examinations except for the purpose of securing a salesperson, broker or managing broker license. Nothing in this

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subsection shall prevent the Division from using pre-license instructors to monitor and evaluate the examination.

Section 1450.1120 Administration of Proficiency Examinations and Eligibility to Take the Proficiency Exam and Transition Courses

- a) Administration of Proficiency Examinations
 - 1) The proficiency exams provided for in Sections 5-46 and 5-47 of the Act shall be prepared by the Department's real estate testing service and shall be administered and proctored by any approved pre-license school, either in electronic or paper format, acting in accordance with guidelines for delivery and security established by the testing service and the Department. The pre-license school shall indicate in its proficiency examination registration whether the proficiency examination will be provided electronically, or in paper format, or both.
 - 2) The examination shall be administered at the school's address of record or at a licensed school branch location. Schools may also administer and proctor the proficiency examination at an unlicensed location that has been pre-approved by the Department. Schools must comply with any terms and conditions set by the Department.
 - 3) Failure to comply with the requirements of subsections (a)(1) and (2) shall subject the school to discipline under the Act and this Part.
 - 4) A licensee may only take one proficiency exam. The passing score for the proficiency exams shall be 75%.
- b) Anyone licensed as a broker and eligible to be a managing broker on April 30, 2011 may, upon successful completion of the managing broker proficiency examination or the managing broker transition course, file an application to meet the requirements of Section 5-47 of the Act and this Part.
- c) Proficiency exams shall be administered prior to March 16, 2012 in order to allow sufficient time for the exams to be scored and for results to be shared with licensees. Further, in the event that a licensee fails the exam, he or she will have the opportunity to complete the required coursework before the statutory deadline. After this date, transitioning licensees must take the applicable transition course

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required in Section 1450.1105.

Section 1450.1125 Expiration Date and Renewal Period for Pre-License Instructors

- a) Pre-license instructor licenses expire on June 30 of each odd-numbered year.
- b) Each licensed pre-license instructor shall be responsible for submitting an application for renewal of the license on forms provided by the Division verifying that a pre-license course was taught during the pre-renewal period by the applicant or the applicant attended a Division approved instructor training program pursuant to Section 1450.1115(b) during the pre-renewal period. Failure to receive a renewal form shall not constitute a valid reason for failure to submit the renewal form or pay the required renewal fee.
- c) The applicable fees shall be those set forth in Section 1450.130.
- d) Instructing courses on an expired or inoperative license shall constitute the unlicensed or unauthorized practice and may be grounds for discipline.
- e) Restoration
 - 1) Any licensed pre-license instructor whose license under the Act has expired is eligible to renew the license without paying any lapsed renewal fees or reinstatement fees provided that the license expired while the instructor was:
 - A) on active duty with the United States Army, United States Navy, United States Marine Corps, United States Air Force, United States Coast Guard, the Illinois National Guard called into the service or training of the United States; or
 - B) engaged in training or education under the supervision of the United States prior to induction into military service; or
 - C) serving as the Director or as an employee of the Division.
 - 2) A pre-license instructor renewing his or her license in accordance with this subsection (e) may renew the license within a period of 2 years following the termination of service and is not required to retest or reapply.

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- f) Except as otherwise provided in this Section, any pre-license instructor whose license under the Act has expired for more than 2 years shall meet the new applicant requirements found in Section 1450.1115.
- g) Any pre-license instructor whose license has been expired for less than 2 years may renew the license only after providing the Division with a certification that all qualifications of Sections 1450.1115 and this Section have been met, that the instructor taught at least one course within the period of licensure or has completed a Division approved instructor training program and the required fee is paid.

Section 1450.1130 Continuing Education Schools

- a) Approval of Continuing Education (CE) Schools. Those entities seeking approval as CE schools shall maintain an office in Illinois for maintenance of all records, office equipment and office space necessary for customers. The CE school must provide phone call assistance for customer service.
 - 1) The CE school's office may, at any time, be subject to inspection by authorized representatives of the Division during regular working hours and upon at least 24 hours notice when the Division has reason to believe that there is not full compliance with the Act or this Part and that this inspection is necessary to ensure full compliance.
 - 2) The Division shall be reimbursed by any out-of-state CE school for all reasonable expenses incurred by the inspector to inspect its facilities.
 - 3) Entities seeking licensure as CE schools shall file a CE school application, on forms provided by the Division, along with the required fee. The application shall include the following:
 - A) An agreement by the applicant that the applicant shall provide to the Division, upon request, a schedule including location, date, time and name of instructor of each CE course to be offered;
 - B) The CE school's certification that:
 - i) all CE courses offered by the CE school for CE credit will

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- comply with the criteria in the Act and this Part;
- ii) the CE school will be responsible for verifying attendance at each CE course and providing a certificate of completion signed by the CE school;
 - iii) the CE school will maintain its records for not less than 5 years and will make these records available for inspection by the Division or its designee during regular business hours;
 - iv) upon request by the Division, the CE school will submit evidence to establish compliance with this Section and Sections 30-15 through 30-25 of the Act;
 - v) the CE school will only offer CE, other than distance education CE, in an environment that is conducive to learning (i.e., adequate lighting, seating) and does not jeopardize the health, safety and welfare of the attendees;
 - vi) financial resources are available to equip and maintain its office in a manner necessary to enable the CE school to comply with Article 30 of the Act, this Section and this Part, documented by a current balance sheet, an income statement or any similar evidence as requested by the Division;
 - vii) upon request the CE school will make available to a licensee who has taken one or more of the CE school's courses the records dealing with the licensee's participation in those courses; and
 - viii) the CE school will provide a closed book exam (unless excused by the Advisory Council) and a proctor for the exam, or an electronic means of proctoring the exam.
- 4) Validly licensed pre-license schools seeking to offer CE courses shall qualify for a CE school license upon completion of the required application and submission of the required fee.

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- 5) The Division shall issue approval to the CE school or notify the CE school, in writing, why approval cannot be issued.
- b) Licensed CE schools shall comply with the following:
- 1) No licensed CE school shall allow the premises or classrooms utilized during CE courses to be used by anyone to directly or indirectly recruit students. CE schools and CE instructors shall report to the Division any efforts to recruit students.
 - 2) No licensed CE school shall advertise that it is endorsed, recommended or accredited by the Division. The CE school, however, may indicate that the school and the CE course have been approved by the Division.
 - 3) Licensed CE schools shall utilize, in the teaching of approved CE courses, only CE instructors who have been licensed by the Division.
 - 4) Licensed CE schools shall specify in any advertising promoting CE courses the number of CE hours that may be credited toward Illinois CE requirements for license renewal. Further, licensed CE schools shall specify the number of core or elective CE course hours that may be earned by successfully completing the course.
 - 5) Provide core CE courses according to the standardized syllabi provided by the Division with the approval of the Advisory Council.
- c) Administration
- 1) All CE schools shall seek a certificate of registration for all CE courses they plan to offer and shall not offer any CE course until the Division has issued a certificate of registration for that course. All requests for registration of courses shall include a course description, course outline, learning objectives, examination and answer key.
 - 2) Upon request all CE schools shall also notify the Division as to all CE instructors they plan to use.
 - 3) The CE school shall be responsible for assuring verified attendance at

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each CE course or distance education examination. No renewal applicant shall receive CE credit for time not actually spent attending the CE course or when a passing score of 70% on the examination was not achieved.

- 4) Each licensed CE school shall submit to the Division, on or before the 15th of each month, a report of those licensees passing CE courses offered by it during the preceding calendar month.
 - A) The monthly reports shall, at a minimum, include the following information for each licensee:
 - i) the licensee's name, address and license number;
 - ii) the CE school's name and license number;
 - iii) the CE course name, course license number, course category (core or elective) and credit hours; and
 - iv) other information as may be required by the Division.
 - B) If no courses were given by a CE school during the preceding calendar month, that CE school shall report in writing that no courses were given.
 - C) The monthly reports shall be submitted on forms or in a computer readable format provided by the Division.
 - D) There is no processing fee for a monthly report submitted in the computer readable format specified by the Division. Each monthly report submitted on paper or in a format other than that specified by the Division shall be accompanied by a processing fee of \$.50 per licensee, per course listed on the report, payable by check to the Department of Financial and Professional Regulation.
 - E) A monthly report received by the Division with a postmark after the day it is due (the 15th day of the month) shall be accompanied by an administrative fee of \$200 in addition to the fees set forth in subsection (c)(4)(D).

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- F) If a CE school fails to file monthly reports or a statement saying that no CE courses were given, or fails to pay the required fees for 3 successive months, then the courses offered by that school may be disqualified pursuant to procedures set forth in Section 30-15 of the Act until all delinquent reports, processing fees and administrative fees, as set forth in this Section, have been submitted to and are received by the Division. The Division shall send notice to the school of an informal conference, with a representative of the Advisory Council and the Division and of pending disqualification pursuant to Section 30-15(d) of the Act by certified or registered mail, return receipt requested, or by other signature restricted delivery service.

Section 1450.1135 Curriculum for Continuing Education Schools and Course Registration Process

- a) The Division, with the advice of the Advisory Council, shall designate core (mandatory) courses for each cycle and shall provide a standardized syllabus to be used by the CE schools for those courses. This shall be effective for the broker prerenewal cycle beginning May 1, 2010.
- b) Elective courses must be approved by the Division, through its Advisory Council.
- c) Credit hours may be earned for distance education programs approved by the Advisory Council.
- d) A licensee may earn credit for a specific CE course only once during the prerenewal period.
- e) The Division shall issue certificates of registration for approved CE courses upon successful completion of the following process:
- 1) The person or entity seeking approval for the CE course completes and submits the application approved by the Division for a certificate of registration;
 - 2) The CE description, comprehensive timed outline, learning objectives, examination and answer key and any other course and examination

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- materials requested by the Division or the Advisory Council is submitted along with the application;
- 3) The fee required by Section 1450.130 is submitted; and
 - 4) The Advisory Council approves the application for registration of the CE course.
- f) One hour of approved CE shall include at least 50 minutes of classroom instruction and shall be exclusive of any time devoted to taking the examination as set forth in subsection (h).
- g) Each CE course shall include one or more subjects from either the core category or elective category (see Section 1450.340(b)(3)(A) or (b)(3)(B), 1450.450(b)(3)(A) or (b)(3)(B), or 1450.540(b)(3)(A) or (b)(3)(B)) regardless of whether students are in actual attendance or participating in distance education coursework. All CE courses shall be a minimum of 3 hours and shall be offered in 3 hour increments. Each 3 hour increment shall be a course approved by the Advisory Council. The CE school shall clearly indicate on the certificate of completion the number of hours earned from each CE course and identify whether the completed course was from the core or elective category.
- h) Each CE course shall include the successful completion of an examination that measures the attendee's understanding of the course material. A score of at least 70% is required on the examination for successful completion of any CE course.
- 1) The examination shall be given on-site immediately following any CE course. When a sequence of courses is offered, the examination may be given either at the end of each individual course or it may be given at the end of the sequence of courses so long as the examination covers all aspects of the course material.
 - 2) All examinations, including distance education examinations and retake examinations, shall be proctored by a representative of the approved CE school, or shall provide a means of electronic proctoring approved by the Division. All examinations shall include at least 25 questions for each 3-hour increment of CE earned and shall be a closed book exam unless waived by the Advisory Council due to the complexity of the course material and exam.

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- 3) No credit for CE shall be given to any licensee unless the examination is successfully completed. The CE school shall allow the attendee one retake within 30 days after a failed examination in order to receive credit for CE. No more than one retake shall be allowed. A licensee failing a retake shall not receive credit for that CE course unless the entire course is retaken and the examination is successfully completed.
- i) Distance education CE shall comply with all of the requirements of this Section, except that:
 - 1) Verified attendance is only required for taking the examination.
 - 2) Classroom instruction is not required for distance education CE, as the intent is for the licensees to review and learn the material on their own.
 - 3) Acceptable distance education course materials include, but are not limited to, reading material and audio or video content.
 - 4) The examination site for distance education CE shall be determined by the CE school, and it shall be proctored by a representative of the approved sponsor. An approved instructor is not required to proctor the examination.
 - j) All CE courses shall:
 - 1) Contribute to the advancement, integrity, extension and enhancement of professional skills and knowledge in the practice of real estate;
 - 2) Provide experiences (e.g., role playing, lectures, films) that contain subject matter and course materials relevant to that set forth in Section 5-70 of the Act; and
 - 3) Be developed and presented by persons with education and/or experience in the subject matter of the CE course.
 - k) Nothing shall prohibit an approved CE school and its instructors from utilizing audio-visual aides or electronic communications with 2-way voice interaction in assisting in the presentation of CE courses.

Section 1450.1140 Expiration Date and Renewal Period for Continuing Education Schools

- a) Every CE school license shall expire on June 30 of each even-numbered year.
- b) Every certificate of registration of a CE course shall expire on June 30 of each even-numbered year.
- c) Each licensed CE school shall be responsible for renewal of the license on forms provided by the Division. Failure to receive a renewal form shall not constitute a valid reason for failure to submit the proper application for renewal.
- d) The applicable fees shall be those set forth in Section 1450.130.
- e) Each CE school shall submit the renewal application along with the proper fee and a list of courses to be taught. If the course has been updated, the school shall submit the updated course descriptions, course outlines, examinations and answer keys with the renewal applications.
- f) Operation of a CE school on an expired or inoperative license shall constitute unlicensed or unauthorized practice and shall be grounds for discipline under the Act.
- g) Any CE school whose license under the Act has been expired for more than 2 years shall not be eligible for renewal of that license. Any CE school whose license has been expired for less than 2 years may renew the license after providing the Division with evidence that all qualifications of Section 1450.1130 have been met and the proper renewal fees have been paid.

Section 1450.1145 Continuing Education Instructors

- a) An applicant seeking approval from the Division to become a licensed CE instructor shall submit a completed application, on forms provided by the Division, along with the fee required by Section 1450.130 and a certification that the applicant has attended and successfully completed a one-day, 6 hour, instructor development course. This course may be the same as the 6 hour instructor training program provided for pre-license instructors in Section 1450.1115(b). Attendance at the pre-license instructor development 12 hour courses will satisfy this requirement for CE instructor licensees.

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- b) An individual applying to become a licensed CE instructor shall meet at least one of the following criteria:
- 1) Licensed and active in practice as a real estate broker for at least the last 3 years; or
 - 2) Is currently admitted to practice law and for 3 years has been engaged in real estate related work as part of his or her active practice of law or has taught pre-licensure real estate courses; or
 - 3) Is a properly credentialed instructor of real estate courses who is or has been engaged in the practice of teaching for at least 3 years; or as evidenced by a professional designation, such as, but not limited to, a designated real estate instructor (DREI); or approved by a college's or university's governing body to teach in a real estate degree program; or
 - 4) Is properly licensed or certified to engage in the business of appraisal, finance and/or related real estate occupations (not including real estate salespersons or leasing agents) and for at least 3 years has been engaged in that practice; or
 - 5) Is qualified by experience or education as outlined in Section 30-15(b)(9) of the Act. In determining whether a person is qualified to teach CE under that Section, the Director shall consider the following:
 - A) The individual's teaching experience;
 - B) The individual's real estate experience;
 - C) Any real estate, business or legal education of the individual;
 - D) The results of a personal interview with the individual. The personal interview may be conducted via telephone if it would be overly burdensome and unreasonable for the applicant to personally appear for the interview (e.g., applicant living out-of-state); and

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- E) The recommendation of the Advisory Council. The Advisory Council shall make a recommendation to the Director for approval or disapproval of the applicant as a CE instructor.
- c) Individuals validly licensed to teach salesperson, broker and managing broker pre-license courses, pursuant to Section 1450.1115, are qualified as CE instructors as long as they submit an application to the Division for licensure as a CE instructor and pay the required fee.
- d) The Division shall notify the applicant in writing within 15 days after its approval or disapproval. The Division can restrict a CE instructor's license to teaching only certain CE courses or certain types of CE courses. In the event the applicant is disapproved, the reasons will be detailed and the applicant advised that the applicant may request a hearing as provided for in Section 30-5 of the Act and 68 Ill. Adm. Code 1100.

Section 1450.1150 Expiration Date and Renewal Period for Continuing Education Instructors

- a) Every CE instructor license shall expire on June 30 of each even-numbered year.
- b) Each licensed CE instructor shall be responsible for renewal of the license on forms provided by the Division. Failure to receive a renewal form shall not constitute a valid reason to submit the proper application for renewal and for failure to pay the proper renewal fee.
- c) The applicable fees shall be those set forth in Section 1450.130.
- d) Teaching CE courses on an expired license shall constitute unlicensed or unauthorized practice and shall be grounds for discipline.
- e) Restoration
 - 1) Any licensed CE instructor whose license under the Act has expired is eligible to renew the license without paying any lapsed renewal fees or reinstatement fees provided that the license expired while the instructor was:
 - A) on active duty with the United States Army, United States Navy,

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United States Marine Corps, United States Air Force, United States Coast Guard, or the Illinois National Guard called into the service or training of the United States; or

- B) engaged in training or education under the supervision of the United States prior to induction into military service; or
 - C) serving as the Director or as an employee of the Division.
- 2) A CE instructor renewing his or her license in accordance with this subsection (e) may renew the license within a period of 2 years following the termination of service and is not required to reapply.
- f) Any CE instructor whose license under the Act has been expired for more than 2 years shall not be eligible for renewal of that license. Any CE instructor whose license has been expired for less than 2 years may renew the license only after providing the Division with evidence that all qualifications of Section 1450.1145 have been met and the proper renewal fee is paid.
 - g) Any CE instructor applying for renewal must verify he or she has taught at least 2 courses during the last 6 years, or successfully completed the instructor training program approved by the Advisory Council.

Section 1450.1155 Distance Education Courses

Distance education courses are courses in which instruction does not take place in a traditional face to face classroom situation but rather when instruction takes place through other media. Distance education programs include, but are not limited to, those that are presented through on-line courses, interactive classrooms, video conferencing, audio tape, print media, video tape, compact disks and interactive computer. Distance education courses shall be licensed to an approved pre-license or CE school and meet the curriculum requirements set forth in Section 1450.1105 and/or Section 1450.1135, as applicable.

- a) Distance education courses must meet all requirements for pre-license or CE courses, whichever is applicable, and any additional requirements established by the Act and this Part.
- b) Distance education courses shall be submitted to the Division for review and approval as provided for in Section 1450.1105 or Section 1450.1135, whichever is

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applicable.

- c) Pre-license or CE schools providing distance education courses shall establish written policies and procedures for grading examinations and lessons, which shall include provisions for instructor comments, suggestions and written correction of errors. There shall also be written procedures for the prompt return of materials. Copies of these policies shall be provided to the Division upon request.
- d) Schools providing distance education courses shall establish performance objectives for each course.
- e) Pre-license schools offering distance education courses shall maintain an average passing rate of at least 50% for all students who take the licensure examination for the first time over a 6 month period, either January through June or July through December.
- f) Schools providing distance education courses shall provide for a valid licensed instructor to be available during normal business hours to answer student questions.
- g) Each school offering distance education courses shall submit for approval by the Division the general plans for proctoring exams for distance education courses and each school shall be responsible for the security and integrity of course final examinations and the suitability of the sites and proctors utilized by the school.
- h) Each school offering distance education shall provide appropriate technical support throughout the period the courses are offered.
- i) Approved distance education courses shall require the student to spend the same time completing the course as it would take them to complete a classroom course. Pre-license or CE schools shall include a comprehensive timed outline consistent with course hour requirements for each distance education course initial application.
- j) Pre-license or CE schools shall not administer a course final exam to a student until the student has had adequate time to complete the course.

Section 1450.1160 Recruitment at Test Center

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Licensees shall not recruit test takers to become affiliated with a licensee at test facilities where the Illinois Real Estate Licensing Examination is being conducted before, during, or after the examination.

Section 1450.1165 Discipline of Schools or Instructors

- a) The Advisory Council, after notice, can conduct an informal conference for the purpose of reviewing a school's or instructor's compliance with the Act and this Part. The Advisory Council may make a recommendation to the Board based upon its findings and conclusions resulting from that conference.
- b) Upon written recommendation of the Board to the Director, the Division may refuse to issue or renew a license or certificate of registration, reprimand, fine, withdraw approval, place on probation, suspend, or revoke any license or otherwise discipline any license or certificate of registration, of any pre-license school, pre-license instructor, CE school, CE instructor, course, or applicant for the license or certificate of registration when, at any time:
 - 1) The quality of the course, instruction or program fails to meet the established criteria as set forth in the Act and this Part.
 - 2) If the license approval was based upon false or deceptive information.
 - 3) If any other professional license, accreditation or certification of the instructor or school is suspended, revoked or otherwise disciplined.
 - 4) When the applicant or licensee has:
 - A) subverted or attempted to subvert the integrity of any exam or course, including through improper reproduction of an exam, providing an answer key to an exam, cheating, bribery or otherwise aids and abets an applicant or licensee to subvert the integrity of any exam or course;
 - B) made any substantial misrepresentation or misleading or untruthful advertising, including without limitation guaranteeing success or a "pass score" on any exam or in any course or using any trade name or insignia of membership in any educational or any real estate organization of which the applicant or licensee is not a member;

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- C) taught real estate courses without being qualified, including, but not limited to, being unapproved by the Division, being unlicensed, having a nonrenewed license or being uncertified, or aids and abets an unqualified individual to teach a real estate course;
 - D) failed to provide information to the Division as required under any provision of the Act or this Part; or
 - E) disregarded or violated any provision of the Act or this Part.
- 5) Any approved pre-license school fails to maintain an average passing rate of at least 50% for all students who take the licensure examination for the first time over a 6 month period, either January through June or July through December.
- c) Disciplinary proceedings shall be conducted by the Board as provided for in the Act and Subpart I of this Part.
 - d) The Division may temporarily suspend without hearing the certificate of registration for a licensed CE school's courses for failure to comply with the Act or this Part upon recommendation of the Advisory Council. No CE credit shall be granted to any licensee for completing a CE course for which the certificate of registration has been temporarily suspended.

Section 1450.1170 Real Estate Education Advisory Council

The Coordinator shall not be counted as a member of the Advisory Council for the purpose of determining whether a quorum is present.

SUBPART L: CONTINUING EDUCATION TRANSITIONAL PROVISIONS

Section 1450.1200 Continuing Education Requirements for Transitioned Licensees

- a) The CE requirement for April 30, 2012 renewal for salespersons who transitioned to brokers by passing the proficiency examination shall be 18 hours of CE courses taken pursuant to Section 1450.340. The 18 hour requirement shall consist of a minimum of 9 hours of courses approved as core and a maximum of 9 hours of courses approved as elective.

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- b) Salespersons who transitioned to brokers by successfully completing the 30 hour transition courses are not required to take CE for the April 30, 2012 renewal.
- c) The CE requirement for April 30, 2013 for brokers who transitioned to managing brokers by passing the proficiency exam shall be 18 hours of CE courses and the 12 hour broker management CE course taken pursuant to Section 1450.540. The 18 hour requirement shall consist of a minimum of 9 hours of courses approved as core and a maximum of 9 hours of courses approved as elective.
- d) The CE requirement for April 30, 2013 for brokers who transitioned to managing brokers by completing the 45 hour transition courses shall be 18 hours of courses taken pursuant to Section 1450.540. The 18 hour requirement shall consist a minimum of 9 hours of courses approved as core and a maximum of 9 hours of courses approved as elective.



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