

OFFICE/COMPANY START-UP CHECKLIST



Designated Managing Broker for Company (DMB) _____

Attorney for Company _____

Accountant for Company _____

Insurance Providers for Company:

☐ Errors & Omissions Carrier _____☐ General Commercial Liability Carrier _____****Consultations with the above professionals are highly recommended before proceeding.******BUSINESS ORGANIZATION**☐ **Determine what entity type (corporation, LLC, etc.) will best serve your needs for the brokerage company – seek legal advice here.**☐ Sole proprietor – no additional real estate license needed but you must hold managing broker license – sponsor yourself☐ Corporation☐ Establish with Illinois Secretary of State☐ Once established, apply to Illinois Department of Financial and Professional Regulation (IDFPR) for entity license☐ Limited Liability Company (LLC)☐ Establish with Illinois Secretary of State☐ Once established, apply to IDFPR for entity license☐ Partnership☐ Check with attorney to draft the partnership agreement☐ Once established, apply to IDFPR for entity license☐ Limited Partnership or Limited Liability Partnership☐ Establish with Illinois Secretary of State☐ Once established, apply to IDFPR for entity license☐ **Determine who will have ownership in the company**☐ Once determined:☐ Licensed owners _____; % ownership _____☐ Unlicensed owners _____; % ownership _____☐ File Affidavits of Non-Participation for unlicensed owners with IDFPR☐ **Will you be a franchise?**☐ Review franchise agreement and requirementsSee License
Act §5-15Rules
§1450.600See Rules
§1450.600

☐ **Determine the name under which your brokerage will operate**

See Rules
§1450.120

- ☐ If sole proprietor
 - ☐ If operating under name on managing broker license, no registration needed
 - ☐ If operating under name other than name on managing broker license, register assumed name (DBA) at local county courthouse
- ☐ If entity
 - ☐ If operating under registered entity name, no further action required
 - ☐ If operating under assumed name, register assumed name at Illinois Secretary of State, then file with IDFPR referencing the entity license number

☐ **Determine the location(s) of your business**

See License
Act §5-45

See Rules
§1450.610
&
§1450.725

- ☐ Physical office must be identified with a sign that the public can see and in an area that is separate and distinct from other businesses or whether you will operate via digital platform
- ☐ Will you operate from more than one location?
 - ☐ If so, register those locations with IDFPR
- ☐ Keep an up-to-date list of all sponsored licensees and the primary office location or website and managing broker of each

☐ **Will you sponsor other licensees?**

See License
Act §10-20

See Rules
§1450.735
&
§1450.740

- ☐ If so, make sure you have a written Independent Contractor Agreement/employment contract with each one; including yourself if you have formed a separate legal entity
- ☐ If you sponsor a licensee(s) that will be treated as an assistant, make sure you have a written agreement with them
- ☐ If truly an assistant with a lot of oversight, consider whether licensed assistant is an employee

☐ **Will you hire unlicensed assistants?**

- ☐ If so, they are likely employees so tax withholdings and some benefits could be required

☐ **Will you allow for Teams within your office?**

- ☐ See <https://www.illinoisrealtors.org/legal/legal-a-z/teams/> (**Logon required**)

OFFICE POLICIES & PROCEDURES

See License
Act §10-40

☐ **If you are operating as anything other than a sole proprietor with no sponsored licensees, you will need a written office policy manual.**

- ☐ Prepare the written manual for your company
- ☐ Prepare a schedule for regular training on items/procedures contained in the manual

☐ **Agency Questions**

See License
Act Article
15 - review
all sections

License
Act §15-50
(Designated
Agency)

- ☐ Will you operate under the presumption of designated agency (default presumption under the Illinois Real Estate License Act)
 - ☐ If so, set up procedures and recordkeeping in order to protect confidential information of opposing parties

See Rules
§1450.800

See License
Act §15-45

See Rules
§1450.820

See Rules
§1450.770
&
§1450.775

See License
Act §20-20
(a)(17)

See Rules
§1450.750

See Rules
§1450.755

☐ **Will you allow disclosed dual agency?**

- ☐ If so, be sure to include in your policies/procedures proper timing and written forms for disclosure and informed consent from parties
- ☐ Secure written forms for
 - ☐ Brokerage Agreements – listing and selling
 - ☐ Agency Disclosure Forms
 - ☐ Designated Agency Disclosure – usually part of written brokerage agreement
 - ☐ Notice of No Agency Disclosure

☐ **Will you handle Escrow Money?**

- ☐ If so, set up non-interest bearing FDIC insured account, and be sure escrow is contained in title
 - ☐ File a Consent to Audit form with IDFP
- ☐ If not, find a reliable escrow company (i.e., local title company)

☐ **Determine how you will set up your recordkeeping system**

- ☐ Will you keep physical or electronic files?
 - ☐ Protect confidential information by locking or password protection
 - ☐ If electronic, make sure you have appropriate monthly back up plans

☐ **Check special recordkeeping rules if you hold escrow money**

See Rules
§1450.700
&
§1450.705

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

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