

# LEASING OF RESIDENTIAL PROPERTY

In Illinois

## Home Study

Patricia L. Trombello, CPM

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630 353-0400  
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# PREFACE

By purchasing this Home Study course, you have taken the first and most important step toward recognizing the need for all individuals who lease residential property to be licensed. This course has been prepared to satisfy the guidelines to meet the State of Illinois' Residential Leasing Agent license 15-hour pre-license requirement. Passing the course exam, and the subsequent license exam, deems you eligible to lease residential property

## **Course Exam**

**STUDENTS CANNOT REGISTER FOR THE LICENSING EXAM PRIOR TO PASSING THE HOME STUDY COURSE EXAM.**

**Students have 180 days from the date of purchase to complete this course and the course exam.** To complete this course, and receive an official transcript, each student must successfully pass a final exam with a minimum score of 75%. The completion and issuance of the transcript allows the student to take the State & National Licensing Exam for Residential Leasing Agents.

**To take the course exam you must have a PSI Student ID number. To obtain a Student ID, students must register with PSI® Testing Excellence. This is the same number that will be used when taking the licensing exam.**

**The directions for registering for a PSI Student ID are on the next page.**

You will be directed to put in your SSN and a password. Once registered, you will receive an email with your assigned student number starting with IL followed by a series of numbers. This number is used to enter your successful completion of the 15-hour Residential Leasing Agent Home Study course and exam.

Please email your PSI Student ID number to [education@illinoisrealtors.org](mailto:education@illinoisrealtors.org) when you're ready to schedule your proctored course exam.

*You have 1.5 hours to take the test. You have four attempts to pass the course exam with 75% or better. You cannot retake the exam in the same day.*

**If you wish to test in-person**, please select from the Illinois REALTORS® [approved proctor locations](#). Once you have made your selection, please email [education@illinoisrealtors.org](mailto:education@illinoisrealtors.org) with your choice. Your exam will be sent to the location, and you will contact the location directly to schedule a date and time.

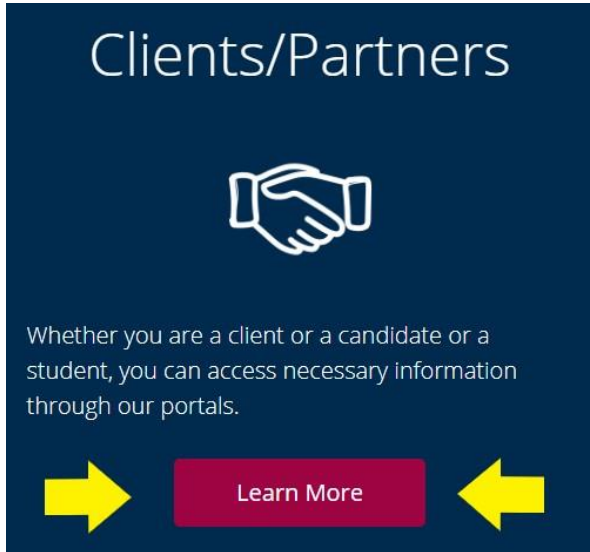
**For online proctoring**, you will need a camera and microphone. If you do not have those on a computer or laptop, you will have to use FaceTime, Zoom or Skype on a smart phone so you can be seen and heard while taking the exam on a computer or laptop. There is no option to test from your phone or other mobile device.

*Online proctoring is available 10 a.m. until 3 p.m. Monday-Friday. Availability may vary based on available staff schedules.*

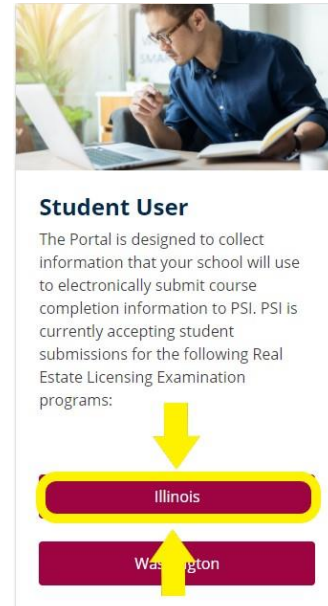
If you have everything you need to be seen and heard, please [education@illinoisrealtors.org](mailto:education@illinoisrealtors.org) with a preferred date and time.

# 1. GO TO: [SCHEDULE.PSIEXAMS.COM](https://SCHEDULE.PSIEXAMS.COM)

**2. CLICK:**  
**Clients/Partners - Learn More**



**3. CLICK:**  
**Student User - Illinois**



**4. CLICK:**  
**New student Registration**



## Student Login

The student portal is designed to collect completion information to AMP.



If you have not previously registered as a student, click on the **New Student Registration** button.

**5. FILL IN:**  
**Required Fields**

## Student Registration

\* Required Fields

SSN:	<input type="text"/>
Password:	<input type="password"/>
Confirm Password:	<input type="password"/>
First Name:	<input type="text"/>
Last Name:	<input type="text"/>
Suffix:	<input type="text" value="--Please Select--"/>
Birth Date:	<input type="text"/>

## CONTACT INFORMATION

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**6. CHECK YOUR EMAIL:**  
**You will receive an email with a student number starting with IL followed by six numbers. Enter that number and your name on your course.**

## **State & National Licensing Exam**

After successful completion of the course exam, Illinois REALTORS® will enter your completion with PSI. You will be contacted by PSI, via email, once they deem you an eligible candidate to schedule a date and location for the State & National Residential Leasing Agent exam. Please review PSI's website and the [PSI Candidate Handbook](#) for licensing exam information.

## **Instructor Information**

Patricia L. Trombello, CPM® is the author and instructor for this Home Study Program.

Pat also offers a two-hour review session for a nominal fee for students prior to their taking the state exam. This program will be offered at various times throughout the year both during the day and evening hours. It is available to any student who has successfully completed the 15-hour Pre-License Residential Leasing Agent course either through classroom study or home study. For further information, please contact her office at [ttcinc01@aol.com](mailto:ttcinc01@aol.com) or (630) 353-0400.

## **After the exam administered by PSI**

You will have TWO documents which must be given to your sponsoring broker and uploaded to IDFPR's online application portal. These are mandatory to activate your license through the Illinois Department of Financial and Professional Regulation (IDFPR).

- Your original transcript issued by Illinois REALTORS®
- The score report from the testing facility (contains online portal link)

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### **IMPORTANT CONTACTS:**

- ❑ **Instructor Patricia L. Trombello, CPM®**      630-353-0400      [ttc01inc@aol.com](mailto:ttc01inc@aol.com)  
Please leave a detailed message and the best time to have your call returned.
- ❑ **ILLINOIS REALTORS® Education Team**  
[education@illinoisrealtors.org](mailto:education@illinoisrealtors.org) with purchase questions or to request final exam

**PSI Testing Service** 855-340-3893    [PSI Illinois Exam Website](#)      [PSI Candidate Handbook](#)



## **LEASING OF RESIDENTIAL PROPERTY In Illinois**

**Patricia L. Trombello, CPM**  
**Technical Training Consultants, Inc.**  
630-353-0400 [ttcinc01@aol.com](mailto:ttcinc01@aol.com)

### **Course Description**

The Real Estate License Act of 2000 includes a provision for a limited scope license to enable persons who want to engage in the leasing of residential property in Illinois to obtain a license from the Department of Financial and Professional Regulation. A Leasing Agent must have a Real Estate Broker or Managing Broker sponsor them as a licensee before engaging in any residential leasing activities. This 15- hour training course contains information on The License Act of 2000, Fair Housing/Owner Tenant Relationships, and Agency/Contracts.

### **Course Objectives**

Upon completion of this course, attendees should be able to:

1. Understand the licensing requirements for obtaining a Leasing License in Illinois
2. Know how to establish good advertising practices
3. Have an understanding of the Federal, State and Local Fair Housing Laws
4. Know what constitutes a Reasonable Accommodation and Modification for people with disabilities under the Americans with Disabilities Act
5. Be equipped with an understanding of Agency (representing clients in a real estate transaction) and Contracts.

### **Course Exam**

A 50-question course exam is required to complete this course. Information on registering for this exam is at the beginning and end of the course. Please follow the instructions for obtaining a PSI Student ID and registering for the course final with Illinois REALTORS®.

# LEASING OF RESIDENTIAL PROPERTY

## In Illinois

### I. SECTION ONE – Real Estate License Act of 2000

[Link to full Real Estate License Act of 2000](#)

- A. Illinois Department of Financial and Professional Regulation (IDFPR)
  - 1. Real Estate Administration and Disciplinary Board
  - 2. Real Estate Research and Education Fund
  - 3. Real Estate Administration Fund
  - 4. Peer Review Advisors
- B. Licensed Activities
  - 1. Necessity of Having a License in Illinois
  - 2. Licensed Activities
  - 3. Leasing Agent License
  - 4. Violations
  - 5. Unlicensed Assistants
  - 6. Exemptions from the Licensing Requirement
- C. Application for a Residential Leasing Agent License
  - 1. Good Moral Character
  - 2. State Leasing Exam
  - 3. 120 Day Student Permit
  - 4. 45 Day Sponsor Card
  - 5. Required Course Work
  - 6. Issuance of Residential Leasing Agent License
  - 7. Termination of Employment
  - 8. Expiration and Renewal of License
- D. Offices
  - 1. Principal Office/Branch Offices
  - 2. Office Identification Signs
  - 3. Display of Licenses
- E. Continuing Education
  - 1. Eight Hours Every Two Years
  - 2. Exempt from CE First Renewal
  - 3. What does Not Meet Continuing Education
- F. Compensation and Business Practices
  - 1. Disclosure of Compensation
  - 2. Disclosure of Licensee Status
  - 3. Rules Regarding Selling Own Property
  - 4. Employment Agreements
  - 5. Reciprocity
  - 6. Office Policy Manual

- G. Disciplinary Actions
  - 1. Unlicensed Practice
  - 2. Causes for Disciplinary Action
  - 3. Violations of Tax Act, Student Loans, Child Support
  - 4. Hearings, Suspension, Revocation, Penalties
  - 5. Real Estate Recovery Fund
  - 6. Injunctions
- H. Escrow Accounts/Deposits
  - 1. Non-interest- Bearing Account
  - 2. Owner Exemption
  - 3. Depositing of Escrow Moneys
  - 4. Disbursement of Escrow Funds
  - 5. Disputes of Escrow Moneys
  - 6. Escrow Record Keeping
  - 7. Maintaining Records for 5 Years
- I. Advertising
  - 1. Advertising the Property
  - 2. Puffing/Misrepresentation
  - 3. Exercise on Words and Phrases
  - 4. Blind Ads
  - 5. Sponsoring Broker's Advertising
  - 6. Licensee's Advertising
- J. Review Questions
  - 1. License Act and Advertising
  - 2. Definitions to Know

## **II. SECTION TWO – Fair Housing Laws/Owner Tenant Relationships**

- A. Civil Rights Act/Fair Housing Laws
  - 1. Civil Rights Act of 1866
  - 2. Civil Rights Act of 1964 (Title VII)
  - 3. Fair Housing Act of 1968 (Title VIII)
  - 4. Exemptions to 1968 Fair Housing Act
  - 5. Rehabilitation Act of 1973
  - 6. Housing and Community Development Act of 1974
  - 7. Fair Housing Amendment Act of 1988
  - 8. Provisions for Senior Housing
- B. Service Animals
  - 1. Assistance Animals
  - 2. HUD's guidelines on Service Animals
  - 3. Types of Animals (HUD vs ADA)
  - 4. No Pet Rent/No Pet Fees
  - 5. Damages Apply
  - 6. Verification
  - 7. Canine Companions for Independence

- C. Americans with Disabilities Act
  - 1. Mental or Physical Disabilities
  - 2. Reasonable Accommodations
  - 3. Reasonable Modifications
  - 4. Who Pays for Modifications
  - 5. Consent to Modifications
  - 6. Hearing Impairments
  - 7. Test your Knowledge on Service Animals and Reasonable Accommodations
  
- D. Illinois Human Rights Act (State Laws)
  - 1. Protected Classes
  - 2. Sexual Orientation 2005
  - 3. Order of Protection 2010
  - 4. Recognizing Discrimination
  - 5. Statements to Avoid
  - 6. Illegal Actions by Property Owners/Management Companies
  - 7. Examples of Discriminatory Treatment
  - 8. Steering
  - 9. Blockbusting (Panic Pedaling)
  - 10. Redlining
  - 11. Enforcement of Fair Housing/Administrative Law Judge
  
- E. Occupancy Standards (HUD Guideline)
  - 1. Guideline, not Law
  - 2. Keating Memo
  - 3. Check Local Laws to Ensure Compliance
  
- F. Anti-Drug Laws
  - 1. Addictions
  - 2. Allow for Persons to be Rehabilitated
  
- G. Review Questions – Fair Housing
  - 1. Practice Questions
  - 2. Definitions to Know
  
- H. Owner/Tenant Relationships/Disclosures
  - 1. Illinois Residential Real Property Disclosure Act
  - 2. Exemptions to Disclosure Act
  - 3. Disclosure of Defects and Material Facts
  - 4. Stigmatized Property
  - 5. Latent and Material Defects
  - 6. Disclosure of Lead Based Paint (1978)
  - 7. Sources of Lead Exposure
  - 8. Mold
  - 9. Accommodating Allergies
  - 10. Radon



- I. Fair Credit Reporting Act
  - 1. Credit Reporting Agencies
  - 2. Prior Landlord References
- J. Rental Applications
  - 1. Same Criteria for All
  - 2. Types of Information Needed from Prospects
  - 3. Lease Violations – Five Day Notices/Ten Day Notices
  - 4. What Should Not be Asked on Rental Applications
- K. Security Deposits/Application Fees
  - 1. Amount – Not Regulated
  - 2. Who Needs to Pay Interest on Security Deposits
  - 3. Illinois Security Deposit Return Act
  - 4. Penalties for Non-compliance
  - 5.
- L. Risk Management
  - 1. Property Insurance
  - 2. Liability Insurance
- M. Property Ownership
  - 1. Real Property (Bundle of Legal Rights)
  - 2. Personal Property (Chattel)
  - 3. Trade Fixtures
- N. Review Questions -Owner/Tenant Relationships
  - 1. Practice Questions
  - 2. Definitions to Know

### **III. SECTION THREE – Agency and Contracts**

- A. Agency
  - 1. Agency Defined
  - 2. Duties of Licensees Representing Clients
  - 3. Duties after Termination of Agreement
  - 4. How is Agency Created
  - 5. How can Agency be Terminated
  - 6. Duties of a Fiduciary
  - 7. Single Agency
  - 8. Dual Agency
  - 9. What a Licensee Can do for Clients
  - 10. What a Licensee Cannot do for Clients
- B. Antitrust
  - 1. Price Fixing
  - 2. Commission Rates are Negotiable
  - 3. Setting up Areas of Trade

- C. Contracts
  - 1. What is a Contract
  - 2. Types of Contracts
  - 3. Options in a Lease
  - 4. Executed Contracts
  - 5. Month to Month Contracts (Periodic Tenancy)
- D. What Makes a Contract Valid, Void or Voidable
  - 1. Valid Contracts
  - 2. Essential Elements to a Contract
  - 3. Void Contracts
  - 4. What Makes a Contract Unenforceable
  - 5. Ways to Terminate a Contract
- E. Statute of Frauds
  - 1. Law in all States
  - 2. Contracts longer than One Year must be in Writing
- F. Fraud and Misrepresentation
  - 1. Punishable by Law
  - 2. Deceit
  - 3. Examples
- G. Residential Lease Terminology
  - 1. Lessor/Lessee
  - 2. Covenant of Quiet Enjoyment
  - 3. Time is of the Essence
  - 4. Holdover Tenant/Tenancy at Sufferance
  - 5. Sublease
  - 6. Constructive Eviction
  - 7. Eviction/Forcible Entry and Detainer
  - 8. Negligence
- H. Review Questions – Agency and Contracts
  - 1. Practice Questions
  - 2. Definitions to Know

## **COURSE EXAM INFORMATION**

- I. Final Review
  - 1. Combination of Practice Questions
  - 2. Appendix A – Answers for Review Questions

# LEASING OF RESIDENTIAL PROPERTY

## *In Illinois*

By: Patricia L. Trombello, CPM

### Introduction

The need for professional, licensed leasing managers has never been greater. Seeking knowledge of the laws in Illinois governing leasing and securing a leasing agent license are no longer optional, but are required for most residential properties. Some exemptions do apply and will be discussed in the first section of this book.

The process of securing a license to lease residential real estate is two fold. First, a person must obtain the training necessary to apply for a licensing license and pass the course exam and the state exam. Secondly, being sponsored by a real estate broker and complying with the laws of the State of Illinois and Real Estate License Act will help a licensee stay free of violations and in compliance with sound fair housing practices. This text will provide you with the tools to succeed at both steps.

The material contained in this text applies only to those individuals who are involved in third party management/leasing. If you manage or lease property for another for compensation, that is what determines if you are required to be licensed in Illinois.

Owners of property who manage and/or lease their own property have never been required to be licensed and none of the disclosures mentioned in this text apply to owners because they are exempt from the License Act. However, sound fair housing practical must be embraced by all real estate professionals, including owners of property.

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# Section One – Illinois Real Estate License Act of 2000

(Amended January 1, 2020)

The most recent Illinois Real Estate License Act was signed into law and become effective January 1, 2020. The revisions included some of the most progressive provisions in many years. The Illinois Department of Financial and Professional Regulation (hereinafter referred to as IDFP) is the State entity that issues real estate licenses. IDFP; however, not only issues real estate licenses, but provides licenses to over one million professionals in over 100 different professions.

This text will focus only on the real estate leasing provisions of the Act.

The complete License Act can be found at [www.idfpr.com](http://www.idfpr.com).

## **IDFP is comprised of the following divisions:**

### **1. Real Estate Administration and Disciplinary Board**

This Board is comprised of persons who have been appointed by the governor.

Members on the Board must represent a geographic distribution of the population of the licensees it serves.

### **2. Real Estate Research and Education Fund**

This Fund is held in trust by the State Treasury. It is funded by the Real Estate Administration Fund and the funds are used for research and education for the advancement of the real estate industry, including scholarships.

### **3. Real Estate Administration Fund**

Again, the Fund is held in trust by the State Treasury. Money is disbursed for the operating expenses of IDFP.

### **4. Peer Review Advisors**

IDFP reserves the right to contract with licensees as “peer review advisor” who would investigate complaints. Such duties may include interviewing of parties to a complaint and to make recommendations to IDFP. Advisors may be compensated up to \$15,000 per year. Advisors will not be allowed to investigate complaints in an area where the advisor conducts business.

### **5. License Categories include:**

- Broker
- Managing Broker
- Residential Leasing Agent

## Licensed Activities

### Necessity of having a License

- (a) It is unlawful for any person, corporation, limited liability company, registered limited liability partnership, or partnership to act as a managing broker, real estate broker or leasing agent or to advertise or assume to act as such broker or leasing agent without a properly issued 45 days sponsor card or a license issued under this Act by the department, either directly or through its authorized designee.
- (b) No corporation shall be granted a license or engage in the business or capacity, either directly or indirectly, of a real estate broker, unless every officer of the corporation who actively participates in the real estate activities of the corporation holds a license as a managing broker or broker.
- (c) No partnership shall be granted a license or engage in the business or serve in the capacity, either directly or indirectly, of a real estate broker, unless every general partner in the partnership holds a license as a managing broker or broker.

The fine for practicing real estate activities without a license is up to \$25,000.

### Licensed Activities Include:

1. Sells, exchanges, purchases, rents, or leases real estate.
2. Offers to sell, exchange, purchase, rent, or lease real estate.
3. Negotiates, offers, attempts, or agrees to negotiate the sale, exchange, purchase, rental, or leasing of real estate.
4. Lists, offers, attempts, or agrees to list real estate for sale, lease or exchange.
5. Buys, sells, offers to buy or sell, or otherwise deals in options on real estate or improvements thereon.
6. Supervises the collection, offer, attempt, or agreement to collect rent for the use of real estate.
7. Advertises or represents him or her as being engaged in the business of buying, selling, exchanging, renting or leasing real estate.
8. Assists or directs in procuring or referring of leads or prospects, intended to result in the sale, exchange, lease or rental of real estate.
9. Assists or directs in the negotiation of any transaction intended to results in the sale, exchange, lease or rental of real estate.
10. Opens real estate to the public for marketing purposes.
11. Sells, leases, or offers for sale or lease real estate at auction.

**“Brokerage agreement”** means a written or oral agreement between a sponsoring broker and a consumer for licensed activities to be provided to a consumer in return for compensation or the right to receive compensation from another. Brokerage agreements may constitute either a bilateral or unilateral agreement between the broker and the broker’s client depending upon the content of the brokerage agreement. All exclusive brokerage agreements shall be writing.

**“Client”** means a person who is being represented by a licensee.

**“Compensation”** means the valuable consideration given by one person or entity to another person or entity in exchange for the performance of some activity or service. Compensation shall include the transfer of valuable consideration, including without limitation the following:

- |                  |                                 |
|------------------|---------------------------------|
| 1. Commissions   | 6. Finder fees                  |
| 2. Referral fees | 7. Performance of services      |
| 3. Bonuses       | 8. Coupons or gift certificates |
| 4. Prizes        | 9. Discounts                    |
| 5. Merchandise   | 10. Rebates                     |

## Leasing Agent License

The residential

leasing agent license is a limited scope license to engage in the leasing of residential real estate only. A leasing agent may NOT engage in any sales activities with this license. No leasing of commercial property.

Leasing agents may perform:

- Leasing or renting of residential property
- Attempt, offer or negotiate to rent or lease residential property
- Collect rent or supervise the collection of rent

Again, the leasing agent license is a limited scope license for residential leasing only. Leasing agents must be sponsored by and employed by a sponsoring broker or broker firm.

If the sponsoring broker’s license is ever revoked, suspended or terminated, all sponsored licenses immediately go

into inactive or inoperative status, because they have no sponsor. New sponsor cards would need to be issued under the new sponsor’s name.

## Violations

A licensee who practices real estate activities that require a license, without obtaining a license, shall be guilty of a Class A misdemeanor and subsequent offenses for unlicensed practice constitute a Class 4 felony. These are in addition to the \$25,000 fine for unlicensed practice.

## Unlicensed Assistants (License Act Rules-Section 1450.74)

1. Licensees under the Act may employ 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.
2. 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 Act. The job duties for an assistant may be:
  - a) Answer the telephone, take messages and forward calls to a licensee
  - b) Submit listings and changes to a multiple listing service
  - c) Follow up on a transaction after a contract has been signed
  - d) Assemble documents for a closing
  - e) Secure public information from a courthouse, sewer district, water district or other repository of public information
  - f) Have keys made for a company listing
  - g) Draft advertising copy and promotional materials for approval by a licensee
  - h) Place advertising
  - i) Record and deposit earnest money, security deposits and rents
  - j) Complete contract forms with business and factual information at the direction of and with approval by a licensee
  - k) Monitor licenses and personal files
  - l) Compute commission checks and perform bookkeeping activities
  - m) Place signs on property
  - n) Order items of routine repair as directed by a licensee
  - o) Prepare and distribute flyers and promotional information under the direction of and with approval by a licensee
  - p) Act as a courier to deliver documents, pick up keys, etc.
  - q) Place routine telephone calls on late rent payments
  - r) 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)
  - s) Respond to questions by quoting directly from published information
  - t) Sit at a property for a broker tour that is not open to the public
  - u) Gather feedback on showings
  - v) Perform maintenance, engineering, operations or other building trades work and answer questions about that work
  - w) Provide security
  - x) Provide concierge services and other similar amenities to existing tenants
  - y) Manage or supervise maintenance, engineering, operations, building trades and security
  - z) Perform other administrative, clerical and personal activities for which a license under the Act is not required
3. An unlicensed assistant of a licensee MAY NOT perform the following activities:
  - a) Host open houses, kiosks, or home show booths or fairs (open to the public)

- b) Show property
- c) Interpret information on listings, titles, financing, contracts, closings or other information relating to a transaction
- d) Explain or interpret a contract, listing, lease agreement or other real estate documents with anyone outside the licensee's company
- e) Negotiate or agree to any commission, commission split, management fee or referral fee on behalf of a licensee
- f) Perform any other activity for which a license under the Act is required

## **Exemptions from the License Requirement**

The Real Estate License Act provides for the following exemptions to the licensing requirement:

- 1.) Any person, partnership or corporation that, as an owner or lessor, performs any of the acts described in the definition of "broker" under Section 1-10 of the Act with reference to property owned or leased by it, or to the regular employees thereof with respect to the property so owned or leased, where such acts are performed in the regular course of, or as incident to the management, sale or other disposition of such property and the investment therein, provided that such regular employees do not perform any of the acts described in the definition of "broker" under Section 1-10 of this Act in connection with a vocation of selling or leasing any real estate or the improvements thereon not so owned or leased;
- 2.) An attorney in fact acting under a duly executed and recorded power of attorney to convey real estate from the owner or lessor or the services rendered by an attorney at law in the performance of the attorney's duty as an attorney at law;
- 3.) Any person acting as a receiver, trustee in bankruptcy, administrator, executor or guardian or while acting under a court order or under the authority of a will or testamentary trust;
- 4.) Any person acting as a "resident manager" for the owner or any employee acting as a "resident manager" for a broker managing an apartment building duplex, or apartment complex, when the "resident manager" resides on the premises, the premises is his or her primary residence and the "resident manager" is engaged in the leasing of the property of which he or she is the "resident manager";
- 5.) Any officer or employee of a Federal agency in the conduct of official duties;
- 6.) Any officer or employee of the State government or any political subdivision thereof performing official duties;



- 7.) Any multiple listing service or other information exchange that is engaged in the collection and dissemination of information concerning real estate available for sale, purchase, lease or exchange along with which no other licensed activities are provided;
- 8.) Railroads and other public utilities regulated by the State of Illinois, or the officers or full time employees thereof, unless the performance of any licensed activities is in connection with the sale, purchase, lease or other disposition of real estate or investment therein not needing the approval of the appropriate state regulatory authority;
- 9.) Any medium of advertising in the routine course of selling, or publishing advertising along with which no other licensed activities are provided;
- 10.) Any resident lessee of a residential dwelling unit who refers for compensation to the owner of the dwelling unit, or to the owner's agent, prospective lessees of dwelling unit in the same building or complex as the resident lessee's unit, but only if the resident lessee:
  - (a) Refers no more than 3 prospective lessees in any 12 month period
  - (b) Received compensation of no more than \$1,500 or the equivalent of one month's rent, whichever is less, in any 12 month period, and
  - (c) Limits his or her activities to referring prospective lessees to the owner, or the owner's agent, and does not show a residential dwelling unit to a prospective lessee, discuss terms or conditions of leasing a dwelling unit with a prospective lessee, or otherwise participate in the negotiation of the leasing of a dwelling unit.

## **Application for a Leasing Agent License**

Persons who are interested in obtaining a leasing license must meet the following requirements:

- Be at least 18 years of age
- Have a good moral character (defined below)
- Have a high school diploma or GED equivalent
- Have a sponsoring broker
- Complete 15 hours at an approved school relating to Leasing Residential Property
- Pass the State & National exam demonstrating competency in Leasing Residential Property

## Good Moral Character

For application purposes, IDFPR shall take into consideration the following areas in determining Good Moral Character:

- Prior revoked license based on violations from Section 20-20 (Grounds for Discipline)
- Convictions or guilty pleas for forgery, embezzlement, larceny, conspiracy to defraud or other offenses...
- Convicted of a felony in Illinois or other states
- Making false statements on application for licensure

## State Leasing Exam

The transcript for successfully attending the 15 hour leasing agent course is valid for (4) years. An applicant may take the state written exam up to 4 times on that transcript. After that, the applicant must take the 15 hour pre-license course again.

An applicant must activate their license within one year of receiving a passing score on the state written exam and meeting all other requirements. If the applicant does not apply for a license within the above stated timeframe, credit for passing the state exam shall terminate and the applicant must retake the state written exam.

## Temporary Permits - (120 Day Student Permit) (45 Day Sponsor Card)

1. Leasing Agent 120 Day Student Permit  
No Residential Leasing Agent applicant may engage in licensed activities until a 120 day Student Permit has been issued by their sponsoring broker. The applicant must be enrolled in the 15-hour pre-license course within the first 60 days of the 120 day Student Permit.
2. A sponsoring broker shall prepare, upon forms provided by IDFPR, and provided to a leasing applicant employed by the broker a 120 day Student Permit certifying that the person whose name appears on the permit is in fact employed by the broker. An unlicensed Residential Leasing Agent may practice as a student only once in a 24 month period.

The Sponsoring Broker, by completing the 120 day permit, is notifying IDFPR that the applicant is pursuing licensure.

3. A 45 day Sponsor Card shall serve as a temporary permit allowing the sponsored individual to engage in practice as a residential leasing agent until the applicant is issued a Residential Leasing Agent License by IDFPR. An applicant may practice under a sponsor card temporary permit for a maximum of 45 days. The first time a 45 day permit would be issued to an unlicensed applicant is after the applicant passes the Residential Leasing Agent Licensing State licensing exam. Then, each time the licensed leasing agent changes sponsoring brokers. All licensees need to have a new sponsor card issued whenever they change brokerage companies.
4. A sponsoring broker may issue a 45 sponsor card to an individual only in the following circumstances.
  - a. Upon presentation of a Residential Leasing Agent examination pass score report stating that the broker may issue a sponsor card; or
  - b. Upon presentation of an original Residential Leasing Agent license that is endorsed by the broker by whom that 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 IDFPR.
  - a. For applicants for an initial Residential 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;
    - iv. The license application fee required by Section 1450.130
6. For persons already holding a leasing agent license;
  - a. A copy of the sponsor card;
  - b. The properly endorsed leasing agent license and pocket card of the sponsored licensee.
7. A sponsoring broker issuing a sponsor card shall retain a copy of the sponsor card until such time as the Residential Leasing Agent license is received and properly displayed.

## Required Coursework

In addition, the coursework required to obtain a leasing agent license includes successful completion of a 15-hour approved course conducted by an IDFPR approved provider/school.

Course work must include:

1. Real Estate License Act of 2000
  - a. Purpose, Authority and Administration of the Act
  - b. Leasing Activities
  - c. Licensing, Education and Exam Requirements
  - d. Issuance, Renewal and Termination of License
  - e. Licensee Conduct
  - f. Disciplinary Provisions
  - g. Leasing Agent/Broker Relationships
2. Laws Governing Fair Housing, Leasing, and Owner/Tenant Relationships
  - a. Civil Rights Acts
  - b. Federal, State and Local Fair Housing Acts
  - c. Discrimination Laws
  - d. Anti-Drug Laws
  - e. Government Assisted Housing Programs
  - f. Americans with Disabilities Act (ADA)
  - g. Owner/Tenant Relationships
3. Definitions and Laws Governing Contracts and Leases
  - a. General Definitions
  - b. Contract Laws
  - c. Lease Agreements
  - d. Handling of Monies and Documents

All applicants and renewal licensees must provide either a Social Security Number, Tax Identification Number, or PSI/AMP registration. Also, a finger print scan will be taken at testing service.

## Issuance of Leasing Agent License (Section 1450.220)

- A. The Real Estate Division of IDFPR shall, after receipt of the 45 day sponsor card, issue a Residential Leasing Agent license to the sponsored licensee or notify the applicant why a license cannot be issued. If all documentation is submitted on a timely basis (after successfully completing the state leasing test), the licensee could receive a license within 3-5 days.
- B. A Residential Leasing Agent license shall be readily available to the public in the sponsoring broker's office. Each licensee shall carry on them either the pocket card version of their license or an electronic version, when engaging in any licensed activity.

## Leasing Agent Termination of Employment

1. Upon termination of employment of a leasing agent licensee, the sponsoring broker shall immediately:
  - a. Endorse the Residential Leasing Agent's license as provided on that document;
  - b. Submit a photocopy of the endorsed license to the Real Estate Division within 2 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 indicating the termination to the licensee.
2. Once a license is endorsed, the leasing agent licensee is prohibited from practicing until the licensee is issued a properly completed sponsor card by their new sponsoring broker. The licensee holds an Inoperative (inactive) license until the new sponsoring broker issues a 45 day sponsor card.

## Expiration and Renewal of License

The leasing agent license is valid for a two year period of time.

All Residential Leasing Agent licenses shall expire on July 31<sup>st</sup> of even numbered years (**2022, 2024 etc.**)

Licensees may renew their license within **90 days** of the expiration date and must meet applicable Continuing Education (CE) requirements (unless "exempt") and pay a renewal fee to IDFPR.

Licensees who have let their license expire (without renewal) have two (2) years to reinstate the license by showing proof of meeting CE and paying the required renewal fees. After the two year period of expiration, the person may be required to take the initial education as required by IDFPR.

**NOTE:** Military exemption: If a licensee is on active duty or training, or called to military duty, they may have their license reinstated without payment of any fees within two years of the expiration of license.

## Offices (Real Estate License Act) Principal Office/Branch Office

If a sponsoring broker maintains more than one office within the State, the sponsoring broker shall notify IDFPR online of each branch location. A branch location would be any property that the broker manages/leases that has an office onsite, stores records there, conducts licensed activities at that location.

The sponsoring broker shall name a Designated Managing Broker for the branch office and the sponsoring broker shall be responsible for supervising all managing brokers. The sponsoring broker shall notify IDFPR in writing of the name of all managing brokers of the sponsoring broker and the office or offices they manage.

Any changes in managing brokers shall be reported to IDFPR in writing within 15 days of the change. Failure to do so shall subject the sponsoring broker to discipline under Section 20-20 of this Act.

The sponsoring broker shall immediately notify IDFPR in writing of any opening, closing, or change in location of any principal or branch office

Except as provided in this Section, each sponsoring broker shall maintain a definite office, or place of business within this State for the transaction of real estate business, shall conspicuously display an identification sign on the outside of his or her office of adequate size and visibility. The office or place of business shall not be located in any retail or financial business establishment unless it is separated from the other business by a separate and distinct area within the establishment. A broker who is licensed in this State by examination or pursuant to the provisions of Section 5-60 of this Act shall not be required to maintain a definite office or place of business in this State provided all of the following conditions are met:

1. The broker maintains an active broker's license in the broker's state of domicile
2. Upon the loss of a managing broker who is not replaced by the sponsoring broker or in the event of the death or adjudicated disability of the sole proprietor of an office, a written request for authorization allowing the continued operation of the office may be submitted to the Department within 15 days of the loss. The Department may issue a written authorization allowing the continued operation, provided that a licensed broker, or in the case of the death or adjudicated disability of a sole proprietor, the representative of the estate, assumes responsibility, in writing, for the operation of the office and agrees to personally supervise the operation of the office. No such written authorization shall be valid for more than 60 days unless extended by the Department of good cause shown and upon written request by the broker or representative.

## Office Identification Signs

The identification sign on the outside of an office in such size and nature must be visible and reasonably readable from an area accessible to the public.

## Display of Licenses

The original licenses of all licensees must be readily available in the office of the sponsoring broker.

## Continuing Education

Leasing agents must complete a minimum of eight (8) hours of IDFPR approved continuing education (CE) **each two year renewal period**, except for the **FIRST** renewal period during which they are exempt from CE. (*Section 5-10 - (d) of the License Act*)

When registering for continuing education, leasing agents should look for courses that are “state approved” or “IDFPR approved”.

NOTE: Leasing agent licensees are exempt from **continuing education** requirements for the **FIRST** renewal period.

## What does NOT meet continuing education requirements?

- Business skill courses (memory skills, typing, speed reading etc.)
- Promotion or general business meetings with employer
- In-house corporate staff training

## Compensation/Business Practices

1. Licensees may ACCEPT compensation only from their sponsoring broker
2. Licensees cannot pay compensation to another licensee
3. No compensation can be paid to unlicensed persons or to persons who are in violation of the License Act
4. Licensees can have only one sponsoring broker at any one time
5. Licensed personal assistants can only receive compensation from their sponsoring broker

## Disclosure of Compensation

- Licensees must disclose all forms of compensation received from a third party
- No compensation can be paid to unlicensed persons
- Inducements are acceptable if they are paid to a party to the transaction
- Licensees may offer inducements to consumers including prizes, discounts, gifts or a chance to win a game

## **Disclosure of licensee status** (Real Estate License Act)

Each licensee shall disclose, in writing, his or her status as a licensee to all parties in a transaction when the licensee is selling, leasing, or purchasing any interest, direct or indirect, in the real estate that is subject of the transaction.

## **Rules Regarding Licensees Selling their Own Property**

Licensees must disclose their status as a licensee when selling, purchasing property when the use of another licensed broker or salesperson is not utilized. Disclosure can be as simple as indicating on For Sale yard signs that the property is “Agent Owned” or “Broker Owned”.

## **Employment Agreements (Sponsoring Broker Shall Retain for 5 years)**

- A written employment agreement must be entered into between the sponsoring broker and the licensee. All licensees must have an employment agreement.
- The agreement must state whether the licensee is an employee or an independent contractor and include details such as supervision, compensation, duties and termination terms.
- A licensee may have their compensation paid into a corporate entity that is owned by a licensee only and used for receiving compensation.
- Each employee and independent contractor shall be provided a copy of the written employment agreement by their sponsoring broker.

## **Reciprocity**

A broker's license can be recognized by another state by *reciprocity*. This means that certain states have agreements to recognize certain Illinois licenses so licensed activities can be conducted between the states, in accordance with the license law. This does not apply to Residential Leasing Agents. Currently Illinois is the only state to have such a modified license for leasing of residential property.

## **Office Policy Manual**

Every real estate company (except sole proprietorships) must have a written office policy.

Recommended topics include:

1. Agency policy
2. Fair housing practices
3. Confidential information obtained
4. Advertising
5. Training and supervision of licensees
6. Disclosure
7. Risk Management
8. Escrow funds/recordkeeping
9. Other issues as deemed necessary or for specific issues within the brokerage office.



## **Disciplinary Actions (Same for all Licensees)**

### **Unlicensed Practice**

- Civil penalty
  - Fine not to exceed \$25,000
  - To be paid within 60 days to IDFPR
  - Establishes criminal offenses for unlicensed practice
- Provides for a private right of action for unlicensed practice

Licensees may be disciplined for any of the following causes, per the Real Estate License Act. In addition, a licensee may also be disciplined if violations occur in the handling of their own property.

1. Fraud or misrepresentation in applying for or in the renewal of a license
2. Conviction of felony or misdemeanor which entails dishonesty, fraud, embezzlement
3. Being unable to practice real estate with reasonable care due to a physical illness or deteriorating condition
4. Operating a real estate office from a retail sales environment
5. Disciplinary action taken against a licensee by another state relating to one of the grounds for discipline in Illinois
6. Practicing real estate without a license or on an expired or inoperative license
7. Cheating on state exams or continuing education
8. Aiding another applicant to cheat on state exams or continuing education
9. Deceptive advertising
10. Misrepresentations in advertising
11. False representations being made to negatively influence someone
12. Setting up a pattern of misrepresentations
13. Untruthful advertising or false representation of membership in real estate organizations
14. Failure to provide written notice when representing more than one party in a transaction
15. Representing anyone other than your sponsoring broker
16. Failing to account for money or property when representing others
17. Failing to maintain good record keeping, including escrow money and keeping escrow in a non-interest bearing account unless the partners agree.
18. Failing to provide escrow records to IDFPR upon request
19. Failing to furnish copies of documents to parties to a transaction
20. Sponsoring broker's failure to remit required sponsor cards and other documentation
21. Dishonorable or unprofessional conduct by a licensee
22. Commingling money/property of business or personal funds
23. Temporary employment of person to evade law for payment of commissions
24. Using a broker's license to assist a salesperson or unlicensed person to operate a real estate business without participating or controlling the business office
25. Dishonest dealing
26. Putting a "for sale" or "for rent" sign on a property without written permission of the

owner or their agent.

27. Failure to comply with requests from IDFPR within 30 days .
28. Blind advertisements
29. Offering a guaranteed sales plan where a licensee makes an agreement with the seller to purchase the property at a certain price within a certain period of time WITHOUT adhering to specified guidelines. Guidelines include not being able to purchase the property until the listing agreement expired and all the details of the purchase such as timeframe, price, and financial capability.
30. Attempting to influence any seller/owner/prospect to encourage any discrimination in housing.
31. Any violation of the Illinois Human Rights Act
32. Encouraging or attempting to alter the terms of a contract in order to introduce a new contract with another party.
33. A licensee's attempt to alter a sale or lease if the licensee has knowledge of an existing exclusive agreement.
34. An attorney who acts in the capacity of attorney at the same time they represent the buyer or seller in the same transaction.
35. Promoting a product or service as "free" without disclosing the specific terms involved.
36. Violation of the Time-Share Act, Land Sales Act, or the Department's rules in enforcing these acts
37. Violation of a disciplinary action levied by the Department.
38. Failure to disclose sources of compensation in violation of Article 10 of License Act.
39. An unrelated party to a real estate transaction allowing the licensee to retain escrow monies for commission conditional upon the release of escrow money to that party.
40. Violating any provision of the License Act or Rules
41. Not providing a client the minimum services per Section 15-75 of this Act.
42. Addiction to alcohol or drugs that limit the licensee's skills in practicing real estate

## **Violations of the Tax Act, Student Loans, Child Support**

If a licensee fails to *file a tax return, pay tax, penalty* or interest in a tax return issue or any other tax related issue by the tax act, IDFPR may refuse to issue a license or renew a license until the terms are satisfied.

Failure to repay an educational loan (Illinois) may be grounds for denying a license or a renewal of a license.

Nonpayment of child support (based on information from the Department of Public Aid) by a licensee can be grounds to deny or not renew a license if the licensee is 30 days or more behind in payment without a hearing.

## Hearing, Suspension, Revocation, Penalties

### Hearings

- Conducted by IDFP to determine if a suspension or revocation of a license should occur
- Investigation is conducted
- Licensee notified within 30 days prior to a hearing

### Suspension/Revocation

- Temporary suspension if public's safety or interest is ever involved
- Restoration of license by IDFP can be made after the outcome of the hearing  
If a Sponsoring Broker's license is suspended or revoked, the licenses of all of all of their sponsored licensees become Inoperative because there is no Sponsoring Broker, of record.

### Penalties

- Commingling money or property
- 1<sup>st</sup> Offense – Fine not to exceed \$2,000
- 2<sup>nd</sup> Offense - Fine not less than \$2,000 and not more than \$5,000

## Real Estate Recovery Fund

IDFP maintain the Recovery Fund from which a person may recover funds based on an aggrieved act or from the conduct of a licensee or their unlicensed employees that violates the License Act. Such violations may include, but not limited to, embezzlement of money/property, misrepresentation, discrimination or deceit by a licensee. There are two (2) criteria; however, to recover funds from the Recovery Fund:

- The aggrieved party may recover an amount not to exceed \$25,000 per occurrence or to a maximum of \$100,000 against one licensee.
- A claim against a licensee must commence no later than two years from the time the aggrieved party knew of or suffered from the act which resulted in the right to recover funds

## Injunctions

- Injunction (temporary restraining order)
- Cease and desist order
- Private right of action (any person who has been damaged as a result of a licensee's actions of unlicensed practice, may take private legal action against the licensee)

## Escrow Accounts/ Deposits

Escrow money belonging to others shall be maintained in a special (trust) or FDIC account. The account shall be non-Interest-bearing unless the parties agree otherwise. Failure to account for escrow monies coming into the brokerage company's possession is a violation of the license act. **(Exception- owners who receive security deposits for property leased or sold.)**

Escrow Requirement (Section 20-20(a) (17) of the License 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 or as the temporary custodians of the funds of others.

1. If an interest bearing account is required, the recipient of the interest shall be specifically indicated, in writing, by the principals of the transaction
2. A sponsoring broker may maintain more than one escrow account
3. 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
4. Every escrow account, whether interest bearing or non-interest bearing, shall be maintained at a Federally insured depository (FDIC).
5. 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 and account 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 shall not constitute commingling
6. The sponsoring broker shall provide a receipt to the payer of any cash constituting escrow funds and shall retain a copy of the receipt.
7. Time of Deposit of Escrow Moneys. All escrow moneys accepted by a sponsoring broker shall be placed in the sponsoring broker's escrow account no 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.
8. Disbursement of Escrow Moneys. The sponsoring broker shall disburse escrow moneys according to the following requirements.
9. 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.

#### 10. Disputes Regarding Escrow Moneys

1. In the event of a dispute in writing over the return or forfeiture of any escrow monies held by the sponsoring broker or if a sponsoring broker has actual knowledge that any party to a transaction contest or disagrees.

### **Escrow Records**

A sponsoring broker shall keep 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 requested.
3. Records relating to transactions shall be retained by the sponsoring broker either in hard copies 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.

# ADVERTISING

Advertising your property today requires adhering to a few simple rules. Remember to avoid discrimination, always direct the advertising details *toward the property and not the intended type of people who you think might occupy it*.

Federal fair housing laws prohibit the printing or publishing of advertisements which indicate a preference for people or that discriminates on the basis of race, color, religion, national origin, sex, handicap or familial status.

Signs are often overlooked as a form of advertising. That includes the monument sign at the property, directional signage and any other form of message that appears in advertising a property.

Remember, for Affordable Property (any property receiving federal funds), HUD requires that the equal housing opportunity logo be used in all ads. For market rate properties, the use of the logo is highly recommended.

Advertising guidelines do not need to be complex. As a general, always advertise the PROPERTY and do not direct advertising toward certain types of people who might lease a unit.

The U.S. Department of Housing and Urban Development (1-800-669-9777) publishes materials on people's rights in Fair Housing. Reprints from the Fair Housing

## Puffing

Describe the features or amenities as accurately as possible. Avoid excessive or exaggerated terms such as "best view" or "best location". These terms would be considered "puffing". While puffing is not illegal, when it escalates to misrepresentation, then it becomes illegal advertising.

Housing providers tend to use creative, colorful words and phrases to describe rental property. For example:

- Tranquil location
- Charming
- Spacious and gorgeous
- Great new home

These words and phrases tend to describe the property without misrepresentation. However, when an advertisement reads "Marble countertops" but they are really faux marble, this can be a problem.

**Evaluate the following list of words and phrases to determine whether they are:**

1 = Unacceptable

2= Caution should be exercised

3= Acceptable

\_\_\_ Security entrances

\_\_\_ Designed to offer adults 55 years and older self-sufficient, secure, pleasant, and affordable living

\_\_\_ 24 hour Doorperson

\_\_\_ Students – Walk to Campus

\_\_\_ Sexy Bathrooms

\_\_\_ Attractive People

\_\_\_ Your perfect location!

\_\_\_ \$500 Resident Referrals – no limit

\_\_\_ Student apartments

\_\_\_ From kids to seniors, Bay Point Village has everything you could want

\_\_\_ Walk-in closets

\_\_\_ Student friendly

\_\_\_ Managed by people who care, maintained by people who care, and occupied by people who care

\_\_\_ In-law Apartment

\_\_\_ We will always look out for your best interests

\_\_\_ Quiet cul de sac locatoin

\_\_\_ Stupendous Location

\_\_\_ Home is ADA compliant

\_\_\_ Located next to other families in the subdivision

\_\_\_ Panoramic views

\_\_\_ Call Brad at XYZ Realty 1-630-999-9999

\_\_\_ Lower level is vacant, so choose your own renter, or rent to your semi-dependent relative

Check your answers in Appendix A at the back of this booklet

## **Blind Ads**

A blind ad contains limited information or is missing key information required by the License Act. It may be an ad that lists only a P.O. Box, street address or a telephone number.

The License Act requires the brokerage company name and contact information to appear in all ads.

The use of any place of worship in an advertisement should be avoided to maintain good fair housing practices. While it is not illegal, it does not constitute good fair housing practices.

The License Act also includes the following criteria for advertising:

1. Ads should never be fraudulent, deceptive or misleading. If there is a chance that your ad may be misunderstood or misinterpreted, rewrite the ad.
2. In advertising, all licensees must disclose that they are a "licensee" in writing to all parties to a real estate transaction that they are a part of. When selling a home owned by a licensee, that licensee must disclose on any yard signs that the home is "agent owned" or "broker owned". In addition, any newspaper ads or internet ads that are placed must also indicate "agent owned" or broker owned".
3. A sponsored licensee (or a licensee who has an inoperative licensee) cannot use their sponsoring broker's name or brokerage company's name in the sale or lease of their own property so as to create confusion by the general public regarding who is listing the property for sale or lease.



4. A licensee who is sponsored by a broker cannot list their individual name in a directory under "Real Estate". All advertising is supervised by the sponsoring broker, except for a licensee personal property which requires disclosure of licensee status.
5. A licensee cannot advertise in their own name.
6. All ads must include the brokerage company's name and contact information
7. Internet advertising guidelines include not using a domain name that may be deceptive or misleading.
8. Internet guidelines also include the use and misuse of key words that may mislead the Public.

Internet ads must also include the geographic location of the property being advertised as well as the Brokerage company's name and contact information.

### **Sponsoring Broker's advertising**

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 IDFPR or the assumed name it has registered with the IDFPR
  - c. If the sponsoring broker does not hold a real estate brokerage license for the jurisdiction where the property is located, the regulatory jurisdictions in which the sponsoring broker does hold a real estate 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.

### **Licensee's Advertising**

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 is located
  - c. The name of the company with which the licensee is affiliated

## Review Questions – License Act

1. The leasing agent license shall expire on July 31 of:
  - a) Even numbered years
  - b) Odd numbered years
  - c) Each year
  - d) Every three years
2. Sponsoring brokers must submit the 45 day sponsor card to IDFPR within:
  - a) 12 hours of employment
  - b) 24 hours of employment
  - c) 36 hours of employment
  - d) 48 hours of employment
3. Leasing agent licensees must complete how many hours of continuing education during the 24 month period prior renewal:
  - a) 12 hours of continuing education
  - b) 15 hours of continuing education
  - c) 3 hours of continuing education
  - d) 8 hours of continuing education
4. The Real Estate Recovery Fund is:
  - a) A fund maintained by the broker for licensee violations
  - b) A fund at IDFPR to reimburse persons who suffer a loss due to a licensee's actions
  - c) A fund that every sponsoring broker is required to keep in case of violations
  - d) A fund at the local Realtor Association to discipline licensees
5. The general requirements for a Residential Leasing Agent to obtain a license include:
  - a) Applicant must be at least 18 years of age
  - b) Applicant must have a high school diploma or GED
  - c) Applicant must have a sponsoring broker or broker firm
  - d) All of the above
6. Which of the following is **TRUE** as it relates to the licensing of Residential Leasing Agents?
  - a) Leasing agents may engage in either sales or rental of all property types
  - b) Leasing agents may engage in only the sale of residential property
  - c) All leasing agent applicants must be 21 years of age
  - d) All licensed leasing agents must be sponsored by a broker or broker firm
7. The Residential Leasing Agent license allows the licensee to engage in:
  - a) Only residential leasing activities for which a license is required by IDFPR
  - b) The sale of commercial real estate
  - c) Only HUD related residential estate
  - d) Shopping center management and leasing

8. Disciplinary actions for leasing agents:
- a) Shall be less than that which is levied on other licensees
  - b) Shall conform with disciplinary actions for licensed real estate brokers
  - c) Are established by the broker
  - d) Are established by IAR
9. An applicant shall not practice as a Student Leasing Agent:
- a) More than once in a 24 month period
  - b) More than twice each year
  - c) More than once a year
  - d) More than once in a 36 month period
10. Which of the following is **TRUE** about sponsor cards?
- a) Sponsor cards are only issued for residential leasing agents
  - b) All sponsor cards are issued by IDFPR
  - c) It is a temporary 45 day permit issued by the sponsoring broker
  - d) It is 180 days student permit
11. The Real Estate Recovery Fund is maintained by IDFPR. Who is eligible to collect damages from this account?
- a) Leasing agents who have been discriminated against by their broker
  - b) Brokers who feel their offices has been treated unfairly by IDFPR
  - c) Any person who files a complaint with IDFPR
  - d) Any person who suffered a loss based on a licensee's conduct, as determined by IDFPR
12. How many times may a person take the state leasing exam before they have to repeat the course again?
- a) 2 times
  - b) 3 times
  - c) 4 times
  - d) No limit
13. The department of Financial and Professional Regulation requires escrow records to be maintained by the sponsoring broker for:
- a) 2 years
  - b) 3 years
  - c) 4 years
  - d) 5 years
14. When must escrow money be deposited by the sponsoring broker?
- a) No later than 24 hours after receipt
  - b) No later than the next week following the transaction
  - c) No later than the next business day following the transaction
  - d) No time limit

15. Where is the original license for a leasing agent kept?
- a) In the licensee's office
  - b) In the sponsoring broker's principal office
  - c) In one of the sponsoring broker's branch offices
  - d) In a file in the licensee's office
16. Mary, a sponsoring broker, was found to be guilty of a license act violation. Her license was suspended. What is the status of the licenses that were sponsored by Mary?
- a) All licenses sponsored by Mary will also be suspended
  - b) The sponsored licensees can appeal to IDFPR for a 15-day extension
  - c) All sponsored licenses immediately go into inoperative status
  - d) Mary's suspended license does not affect the other licenses she sponsored
17. Which of the following is NOT a blind ad?
- a) A large display ad promoting available apartments with the agent's name and contact number
  - b) An advertisement for rental property with the brokerage company name and phone number
  - c) An inconspicuous ad in a local newspaper placed by a small apartment complex
  - d) A medium size advertisement placed by the sponsoring broker with his phone number
18. A licensee seeking an apartment encountered discrimination based on his age. Which one of the following statements is correct regarding the Real Estate Recovery Fund?
- a) The licensee may not file a complaint with IDFPR because the Real Estate Recovery Fund is for members of the general public and not licensees
  - b) The licensee may not file a complaint because there was no witness to the discrimination when the licensee claims the discrimination took place
  - c) The licensee may file a complaint and a hearing will be conducted by IDFPR to determine if any discrimination took place
  - d) The licensee may file a complaint with IDFPR because the discrimination took place 5 years ago and the case was opened within the required time period
19. A licensee owns 1% of a residential property that is being advertised for rent. What is the maximum amount of ownership that a licensee can have in a property before disclosure is required?
- a) The maximum amount of ownership before disclosure of licensee status is required is 10%
  - b) The maximum amount of ownership before disclosure is required is 20%
  - c) There is no minimum or maximum percentage of ownership that is required
  - d) Disclosure of any amount of ownership in a property is only required on residential property
20. A student leasing agent was hired on January 15<sup>th</sup>. The sponsoring broker did not complete the 120-day Student Permit until January 30. When does the 120-day period begin?
- a) The permit begins the day the sponsoring broker completes the 120-day permit online at IDFPR
  - b) The permit begins on their first day of employment
  - c) The permit begins when IDFPR sends a written notification by mail
  - d) The permit begins when the leasing agent starts leasing

21. A sponsor card can be issued by a sponsoring broker to a student after they pass the state exam. Which license category does the sponsor card apply to?
- a) Leasing agents only
  - b) Leasing agents and brokers only
  - c) Real Estate brokers only
  - d) Leasing agents, brokers, and managing brokers
22. Which of the following is not a violation of the License Act?
- a) Failure to maintain good record keeping
  - b) A residential leasing agent decides to not renew their license
  - c) Commingling money/property of business or personal funds
  - d) Failure to comply with requests from IDFPR within 30 days
23. A managing broker must notify IDFPR in all of the following circumstances EXCEPT which of the following?
- a) A branch office was closed
  - b) A new branch office was opened
  - c) A new leasing agent's 45-day permit is due to expire
  - d) The corporate office for the company has relocated
24. A leasing agent was given a \$100 check from another licensee to compensate them for the lease agreement that they worked on together. Which of the following statements is correct?
- a) It is acceptable because the amount is less than \$500
  - b) It is acceptable because the amount is less than \$250
  - c) It is unacceptable because the broker needs to know about this
  - d) It is unacceptable because it is against the License Act to receive payment directly from another licensee
25. The sponsoring broker is required to have a written employment agreement with which of the following?
- a) Licensed residential leasing agents, brokers, and managing brokers
  - b) Administrative staff at all of the properties
  - c) Unlicensed personal assistants working at the corporate office
  - d) Only licensed leasing agents who are sponsored by the company
26. Which of the following is permitted under the Federal Fair Housing Act?
- a) Advertise property for rent only to a special group
  - b) Increase the rent because an applicant is a minority
  - c) Refuse to rent to an individual with a poor credit history
  - d) Inform an applicant that the unit is rented, when in fact, it is not
27. A blind ad refers to:
- a) Ads printed in small, local newspapers
  - b) Inconspicuous ads
  - c) Using only small font
  - d) Using only a street address or telephone number

28. A leasing agent's original, active license should be kept in what location?
- a) The corporate office, wherever the company is located
  - b) The leasing agent's onsite office
  - c) The broker's office
  - d) The sponsoring broker's office
29. A person was found guilty of unlicensed practice by IDFPR. The person has been fined \$25,000 for unlicensed practice. How long does the licensee have to pay that amount?
- a) 30 days
  - b) 60 days
  - c) 90 days
  - d) 120 days
30. A leasing agent is changing employment and has provided notice to the current sponsoring broker. When the current broker returns the license to the licensee, what is the status of that license?
- a) Expired
  - b) Active
  - c) Inoperative
  - d) Terminated
31. Discriminatory advertising shows:
- a) A preference for families only
  - b) Ads featuring pictures of only one race
  - c) A preference based on race, color, religion, sex, national origin, disability or familial status
  - d) All of the above
32. If a leasing agent advertises apartment for rent "For families only", it is a violation of which act?
- a) Fair Housing Amendment Act of 1988
  - b) Civil Rights Act of 1866
  - c) Rehabilitation Act of 1973
  - d) Housing and Community Development Act of 1974
33. The Fair Housing Amendment Act of 1988 reference people with disabilities which includes:
- a) Race and color
  - b) Sex
  - c) Mental or physical impairments
  - d) Pets
34. A license selling their own home must include the following in their advertisement:
- a) Agent owned or broker owned
  - b) Their sponsoring broker's phone number
  - c) Their sponsoring broker's company name
  - d) The licensee's cell phone number only

35. The use of a religious phrase or symbol in an advertisement is:
- a) Permitted in a Christian community
  - b) Acceptable by IDFP
  - c) Permitted only if it's family
  - d) Most likely discriminatory
36. An owner of a single family home restricts the rental of rooms in her home to women only. The owner has:
- a) Not violated any civil rights act
  - b) Violated the Americans with Disability Act
  - c) Is in violation of the Fair Housing Amendment Act of 1988
  - d) None of above
37. Phrases like "Nice area for children" or "Perfect for a large family" are:
- a) Not acceptable under the provisions of the fair housing laws
  - b) Are acceptable if it's true
  - c) Not acceptable under the Illinois Human Rights Act
  - d) Not in violation of the License Act
38. The statement "We have a no pet rule and that includes your guide dog" is discriminatory based on:
- a) The Housing and Community Development Act of 1974
  - b) The Civil Rights Act of 1866
  - c) The Fair Housing Act of 1968
  - d) The Fair Housing Amendment Act of 1988
39. The advertising headline that reads: " Beautiful two bedroom unit with wooded view" is:
- a) Most likely not in violation of federal fair housing laws
  - b) In violation of the Housing and Community Development Act
  - c) Acceptable if you add "for mature couple only"
  - d) In violation of fair housing laws for visually impaired people
40. It is best to advertise:
- a) For families without children
  - b) For certain types of people who will fit in
  - c) The property and its features
  - d) Only for people with mental and physical disabilities

## Real Estate License Act/Advertising – Terminology

Identify each of the following terms. No formal definitions are necessary, but it is important to know the terms or something important about them to assist you in analyzing the options in multiple choice questions.

**Blind ads** \_\_\_\_\_  
\_\_\_\_\_

**Branch Office** \_\_\_\_\_  
\_\_\_\_\_

**Commingleing** \_\_\_\_\_  
\_\_\_\_\_

**Compensation** \_\_\_\_\_  
\_\_\_\_\_

**Continuing Education** \_\_\_\_\_  
\_\_\_\_\_

**Employment agreement** \_\_\_\_\_  
\_\_\_\_\_

**Escrow Money** \_\_\_\_\_  
\_\_\_\_\_

**IDFPR** \_\_\_\_\_  
\_\_\_\_\_

**Real Estate Research & Disciplinary Board** \_\_\_\_\_  
\_\_\_\_\_

**Inducement** \_\_\_\_\_  
\_\_\_\_\_

**Inoperative License** \_\_\_\_\_  
\_\_\_\_\_



Lead/Referral \_\_\_\_\_  
\_\_\_\_\_

ResidentialLeasing Agent \_\_\_\_\_  
\_\_\_\_\_

Licensee \_\_\_\_\_  
\_\_\_\_\_

Managing Broker \_\_\_\_\_  
\_\_\_\_\_

Office \_\_\_\_\_  
\_\_\_\_\_

Unlicensed Assistant \_\_\_\_\_  
\_\_\_\_\_

Pocket Card \_\_\_\_\_  
\_\_\_\_\_

Puffing \_\_\_\_\_  
\_\_\_\_\_

Real Estate Recovery Fund \_\_\_\_\_  
\_\_\_\_\_

Reciprocity \_\_\_\_\_  
\_\_\_\_\_

Sponsoring Broker \_\_\_\_\_  
\_\_\_\_\_

Sponsor Card \_\_\_\_\_  
\_\_\_\_\_

## Section Two

### Fair Housing Laws -- Leasing and Owner/Tenant Relationships

In 2018 the Fair Housing Act celebrated 50 years of providing guidelines for establishing equal opportunity for all citizens. The foundation for the Fair Housing Act of 1968 began over a hundred years earlier with establishing protection for people based on racial discrimination. Listed below is a summary of each of the civil rights/fair housing acts together with the protected classes and any exemptions that may apply.

#### Civil Rights Act of 1866

In 1866, the first civil rights act was passed. This stemmed from the Fourteenth Amendment which made the Bill of Rights binding on all states. The Civil Rights Act of 1866 prohibited discrimination based on race in the purchase or rental of property. The landmark case of *Jones v Alfred H. Mayer Company* upheld the 1866 Civil Rights Act which prohibited racial discrimination in both private and public housing whether selling or renting property.

The Civil Rights Act of 1866 was the first civil rights act and it has no exemptions. The protected class was “racial discrimination”.

#### Civil Rights Act of 1964 (Title VII)

In the early 1960’s there was a movement to guarantee equal rights in federally funded housing. The 1964 Civil Rights Act was passed and discrimination based on *race* was prohibited in all federally funded housing programs.

#### Fair Housing Act of 1968 (VIII)

The assassination Martin Luther King prompted another major change in fair housing. The passage of the Fair Housing Act of 1968 now prohibited discrimination based on *race, color, religion or national origin*.

Reference to “**race**” can be interpreted in a couple of ways. Some agencies say we are all one race; while the government still provides for a breakdown of race into subcategories such as Hispanic, Asian, African American etc. to ensure consistent treatment of all people.

Reference to “**color**” is based on the color of a person’s skin. This includes very light skin to very dark skin.

Reference to “**religion**” is based on the right to have or not have religion beliefs.

Reference to “**national origin**” is based on where a person is from and should not be used as a basis to discriminate.

In 1972, an amendment to the Fair Housing Act of 1968, introduced the use of the equal housing opportunity poster. For federally funded properties, HUD (Housing & Urban Development) requires the use of the fair housing logo in all advertisements. For market-rate properties, it is highly recommended but not required.

### **Exemptions to the 1968 Fair Housing Act**

The following exemptions apply:

1. For residential properties with **four units or less**, an owner may choose who they want to occupy the building, provided that the owner is primary residence on site. This does not mean that the owner may discriminate against a person applying for an apartment.
2. **Religious organizations** that provide housing for their members only and not the general public.
3. **Private clubs** that provide housing for their members only, are exempt from this Act.
4. A person may own **up to three homes at one time** and can choose who they want to occupy the premises. Ownership of over three homes would fall under the Fair Housing Act provisions.

### **Rehabilitation Act of 1973**

Discrimination is prohibited against person with disabilities in *federally assisted/funded housing programs*.

### **Housing & Community Development Act of 1974**

Discrimination based on sex was added to the protected classes under Title VIII of the Federal Housing Act of 1968. (Includes sexual harassment)

Note: Does NOT include sexual orientation – state protected class

### **Fair Housing Amendment Act of 1988**

This Act is an amendment to the Fair Housing Act of 1968. It added two additional protected classes:

**Individuals with disabilities** (based on mental or physical impairment) that may affect one or more of their life's major functions (walking, talking, hearing, seeing, learning, self-care etc., and:

**Familial status** as which defines a family as “an adult with person under the age of 18” and a person that is pregnant, a person who has custody or is getting custody of person under the age of 18.

## Provision for Senior Housing (1988)

The Fair Housing Amendment Act of 1988 included a provision for senior housing which can be defined as operation housing based on:

- a. Individuals 62 years of age or older occupying units, or
- b. At least one person 55 years of age or older in 80% of the units. The remaining 20% of units can be occupied by anyone else who qualifies. Typically persons with disabilities tend to prefer senior housing due to the services provided.

## Service Animals (Assistance & Companion Animals)

A major part of fair housing includes providing accommodations to people with disabilities in the use of assistance animals. Let's clarify for a moment the difference between an assistance animal and companion animal. First, an **assistance animal** is ANY animal (per HUD) that provides assistance or a service to an individual with a disability. The animal may be a dog, miniature horse (used to visually impaired people), monkey, potbellied pig, a bird or other animal.

There is no limit to the number of service animals a person with a disability may have. Verification of the need for the service animal may be requested by the housing provider, but no direct contact should be had with their medical professional or other person who provides information. In addition, there cannot be a weight restriction or breed restriction for service animals. Remember, service animals are not considered pets and do not fall under the housing provider's pet rules. A person's right to have a service animal assist them with their disability is a civil right and no local restriction can be imposed otherwise.

Owners may NOT charge any fees for assistance animals or companion animals. That includes no pet rent (because they are not pets) and no pet related deposit of any kind. No professional training is required for the service animal and the animal is not required to wear a special harness of any kind. Damages caused by service animals (or any one) are certainly applicable and may be levied, except for normal wear and tear, as provided in the lease agreement.

Pet rules do not apply to service animals, however, a housing provider could have an Animal Addendum that might require "all animals" to be picked up after. If that is a burden on a person with a disability, then they would request an accommodation from the housing provider.

You may ask a person with a disability for a verification when they are requesting an accommodation or modification to the unit or property. This would be the only documentation housing providers are able to request.

If a prospect presents “certified papers” on the animal, that is not needed. The new Service Animal Integrity Act that went into effect January 2020 does, in fact, address online services that sell these certifications without having any actual knowledge of a person’s disability or their need for an animal. There are, of course, many professional organizations that train service animals, like the one mentioned below.

The service animal must be allowed full access to all areas of the property.

**Companion animals**, on the other hand, provide emotional well-being for individuals with certain medical conditions. Again, you may ask for verification, but no extra fees can be charged (HUD refers to these animals as Emotional Support Animals aka ESA)

Allowing a service animal is an example of a Reasonable Accommodation, which will be discussed further under the Americans with Disability Act in the next section.

### **Assistance Dog Etiquette & Responsibilities from Canine Companions for Independence**

Here are some tips to follow when meeting or approaching a working assistance dog and his or her partner:

- Don’t be afraid of the dog. Assistance dogs from organizations professional are carefully tested and selected for appropriate temperament. They have been professionally trained to have excellent manners.
- Don’t touch the dog without asking permission first
- Never feed the dog,
- Speak to the person, not the assistance dog.
- Do not whistle or make sounds to the dog as this again may provide a dangerous distraction.

### **Americans with Disabilities Act (ADA)**

This law guarantees equal opportunities for persons with disabilities in employment, public transportation, government services and telecommunications. It prohibits discrimination based on physical or mental disabilities.

The only mention of “Housing” is under Title II of ADA and that refers to public housing and housing for colleges and universities. ADA provides for Accommodations and Modifications to be provided to a person with a disability, upon their request.

ADA requires landlords to make a “**reasonable accommodation**” in their policies, rules, practices or services for a person with a disability. Examples might include a policy on “no pets”, but an assistance animal or companion animals are exempt from this policy and cannot be denied access. Another example would be “Open parking” as a policy, but if a person has a disability that requires them to request an accommodation for close parking, that would be a reasonable request.

ADA also provides that landlords shall consent to “reasonable modification” if requested by a prospect and/or tenant. A resident may request a modification to the interior or exterior of the building in order to make their housing meet their needs.

Examples of interior modifications might be:

- Widening doorways
- Lowering countertops
- Removing the bath tub

What determines whether a landlord/owner must consent to the modification or to pay for the modification? It’s a very simple formula:

**IF** the property receives federal funding, the landlord will pay for the modification with those funds. Otherwise, if it’s a market-rate property, the rule of thumb is: Does it place an “undue financial burden” on the landlord to perform the requested modification? Each property is different. One property might have a very tight budget and can only afford a modest amount over the budget. Another property might have such a strict budget that anything significant would put an undue financial or administrative burden on the property.

**CONSENT** to the modification is different than whether or not the owner/landlord is going to pay for the improvement/modification. We have already established that if the property received federal funding, the owner/landlord will pay for the requested modification. If it’s a conventional property, the owner/landlord cannot withhold their consent for the tenant/prospective tenant to install a modification.

**Remember....**

- Not all disabilities are visible to us, as housing providers
- If the disability “apparent” (obvious), **DO NOT** ask for medical verification. It is not only inappropriate, but illegal to do so, per Access Living of Metropolitan Chicago, who fights for the rights for people with disabilities. **Example:** A visually impaired person using a service animal to guide them, should not be asked for any medical verification. Their disability is “obvious” or apparent. If the disability is NOT apparent (obvious), then the housing provider may ask for medical verification for the use of the service animals. **Example:** A person indicates they have a service animal, but it is not obvious to the housing provider that the prospect/tenant has a disability. In this case, the housing provider may ask for medical verification. The verification does not need to come from a doctor. Any medical professional who is familiar with that person’s disability, could provide

documentation of the prospect/tenant's need for a service animal.

### **Hearing Impairments**

One of the fastest growing areas of complaints being filed against housing providers is by people with hearing impairments. There are approximately 12.2 million hearing-impaired people in the United States (Access Living of Metropolitan Chicago) and 1 in 5 people (age 12 and older) encounter a hearing loss that affects their ability to communicate.

Some of the reasonable modifications that a person might request include flashing smoke detectors for fire safety or increased levels of internet speed or special cabling to accommodate their disability. Whether a landlord pays for these accommodations, however, is based on whether it puts an undue financial or administrative burden on the housing provider. If a housing provider cannot provide the modification requested by a tenant, the landlord could suggest other options (perhaps even less expensive options) to meet the needs of the person's disability. The tenant is under no obligation to accept another option if they feel it does not meet their needs relating to their disability.

Consider – sometimes treating everyone the same could deprive some people of an equal opportunity to use and enjoy their housing and common areas. While housing providers do not need to provide “special” treatment, by making accommodations or allowing modifications, the housing provider should be open to making sure the tenant is able to enjoy the premises the same as any other tenant. If that means the tenant needs a service animal or a closer parking space, that would be considered a reasonable accommodation.

## **Test Your Knowledge on Service Animals and Reasonable Accommodations**

**Answer each statement with “True” or “False”**

- |  |   |   |
|--|---|---|
| 1. Service animals could be any breed of dog                                       | T | F |
| 2. No special training is necessary for service animals                            | T | F |
| 3. A service animal in Illinois must wear a special collar or harness              | T | F |
| 4. There is a limit on the number of service animals a person may have             | T | F |
| 5. No pet rent or pet deposit can be charged to a tenant who uses a service animal | T | F |

- |  |   |   |
|--|---|---|
| 6. A landlord may have a policy on restricting service animals to certain buildings or floors in a building  | T | F |
| 7. Permitting a service animal in a residential property is known as a reasonable modification.  | T | F |
| 8. Service animals must follow the pet rules   | T | F |
| 9. Any type of animal may be used as a service animal  | T | F |
| 10. A companion animal must wear a bandana when in the common areas of a Residential building so they can be easily recognized                               | T | F |
| 11. Residents/tenants are responsible for damage done by service animals   | T | F |
| 12. There can be a weight restriction for service animals  | T | F |
| 13. Guests may bring a pet into a "No Pet" property as long as they are visiting a resident with a disability  | T | F |
| 14. A manager suspects that a resident does not really need a companion animal, so it is best to call the resident's doctor to confirm the resident's needs. | T | F |
| 15. It would be reasonable for a disabled resident to request the management office to provide assistance in walking a service animal                        | T | F |

**Test your Knowledge by responding with "Yes" or "No" (Answers in Appendix A)**

- |   |     |    |
|---|-----|----|
| 16. If the local ordinance restricts certain breeds of dogs, can they ban my service animals? | Yes | No |
| 17. Does a person need to present "certified papers" for their service animal?                | Yes | No |
| 18. Can a person who uses a dog for personal protection claim the animal as a service animal? | Yes | No |
| 19. Does the service animal need to be leashed?   | Yes | No |

**Commonly asked questions or scenarios that managers may encounter. How would you respond?  
Check answers in Appendix A.**

20. A resident has lived at your complex for 8 months and now says his dog is a service animal. What is your response?
21. You have been charging a pet fee to a resident with a service animal. You just learned that you should not be doing this. What action should you take?
22. Your last available unit is next to a person with an allergy to animal dander. A prospect with a



service animal wants to rent that unit. Should you disclose to the prospect that the adjacent resident is allergic to animals?

23. Can you include in your advertisement that service animals are accepted at your property? What is the best way to address this in your ad?
24. What can we, as managers, disclose to other tenants about another resident's use of a service animal?
25. May I restrict all animals (including service animals) from my pool area to prevent any health and hygiene issues?

### **Check your answers to the above questions/statements in the Appendix**

### **Illinois Human Rights Act (State Law)**

In Illinois, complaints based on violations of the Federal fair housing laws, may also be referred to the Illinois Human Rights Commission. The Illinois Human Rights Act prohibits discrimination based on all the federal protected class: race, color, religion, national origin, sex, handicap and familial status AND

*Ancestry, age (over age 40), marital status (single, married, widowed, divorced); perceived disability and unfavorable discharge from the military **are all examples.***

In June of 2005, sexual orientation, (heterosexual, homosexuality, bisexuality or gender related status) was added as a protected class in the Illinois Human Rights Act.

In January of 2010, the protected class of "Order of Protection" (victims of domestic violence) was added to the Illinois Human Rights Act. This means that any person who identifies to an owner/landlord that they have an order of protection against another person, that owner/landlord cannot use that information against the prospect and deny them housing. The same applies in employment for a company not to hire someone solely on the basis of a disclosed order of protection. The protected class of Order of Protection is to protect the person who filed the Order, not the person who is the perpetrator.

### **Recognizing Discrimination**

The Fair Housing Acts protects individual with disabilities (any physical or mental impairment limiting life's major activities). This includes:

- Mental illness
- Epilepsy
- Cerebral palsy
- Visual impairments
- Hearing impairments
- AIDS/HIV
- Obesity

It also protects individual who use service animals and those who need personal care/live-in attendants.

Rarely are owners/landlords or their representatives blatantly discriminating. It usually comes in the forms of a casual remark during a telephone call, a visit to the property or in an advertisement. HUD and the Department of Human Rights regularly list some of the following in their public awareness campaigns.

**Beware when you hear any of the following – All are Discriminatory!**

- This building is for adults only
- We have a no-pet policy and that includes your guide dog
- You can't live here because there is no one to take care of you
- I don't really want all those changes...a ramp, grab bars, etc.
- Children are only allowed in the basement and first floor units.
- Our "kids" buildings are full
- Sorry, a parent and a child cannot share a bedroom

**Illinois Department Human Rights prohibits the following:**

**Actions under the Law**

It is illegal for property owners, landlords, real estate agents or any other person engaging in a real estate transaction to engage in any of the following actions based on a protected class:

**Including:**

- Refuse to rent or sell housing
- Set different terms, conditions or privileges for the sale or rental of a home
- Falsely deny the availability of a property for inspection, rental or sale
- Engage in steering
- Refuse to provide reasonable accommodations or to allow a disabled person to make a reasonable modification to a dwelling
- Intimidate, threaten or interfere with anyone making a fair housing complaint or exercising their household enjoyment"

Additional information and help can be found at:

U.S. Department of Housing & Urban Development (HUD) 1-800-669-9777

U.S. Department of Justice – 1-202-514-4713

Illinois Department of Human Rights – 1-312-814-6200

**Additional Examples of Discriminatory Treatment**

- A rental agent tells you the apartment/house has already been rented when in reality, it is still available
- A landlord refuses to allow a resident to add a ramp, widen doorways, add grab bars, install flashing lights for a doorbell and emergency alarms to make their housing accessible
- A person is deaf or blind and is denied the use of an assistance animal
- A person is refused the right to an accessible parking space
- A rental agent will only show you housing in certain neighborhoods or assigns you to a particular section of a building
- You are given an apartment lease, but not allowed to move in when the landlord learns there is a disabled person living with you
- Your landlord harasses you because you have HIV/AIDs

Sometimes discrimination is based on actions too. By treating certain individuals differently, you may be setting up a pattern of different treatment. For instance, if you only show people with disabilities one unit for lease, but you show all other nondisabled prospect, two or three available units. That may be deemed discriminatory

## **Steering, Blockbusting, Redlining**

As noted above, actions are sometimes deemed discriminatory as well as saying discriminating things to people.

**Steering** is the illegal practice of directing people toward or away from a property, building or neighborhood. Example: Our family building is located next to the playground. It is illegal to have a “family” building.

**Blockbusting** is the illegal practice of prompting owners to rent or sell by making a representation about any protected class (race, color, religion, national origin, sex, handicap or familial status). This practice is also known as “**panic pedaling**”.

**Redlining** is the illegal practice by lending institutions/banks (not licensees) of refusing to grant loans with in certain areas or neighborhoods. It is also illegal to charge different rates and terms for any protected class.

## **Enforcement of Fair Housing**

Fair housing complaint can be directed to IDFP or an aggrieved party may also file a lawsuit in federal court. In lieu of waiting for a jury trial, many fair housing cases are heard by an independent judge assigned by HUD, called an Administrative Law Judge (ALJ). This judge has the authority to levy fines up to \$50,000 and this is a much quicker way of having a complaint heard in court instead of waiting for the jury trial. However, the amount of potential award to the aggrieved may be higher in a federal court.

## **Occupancy Standards (HUD Guideline – not a law)**

An “occupancy standard” establishes a maximum number of “occupants” (not adults, not children) that can occupy a dwelling unit.

This first began in March of 1991 when HUD issued a statement/guidelines (not law) indicating that two persons could reasonably occupy a one bedroom unit. That statement was referred to as “The Keating Memo”.

In July of 1995 general counsel for HUD, recommended using the B.O.C.A. code (Building Owners and Code Administrators) using square footage to establish occupancy standards – a certain amount of square feet per person would be allocated for the standard. This proved to be confusing and burdensome.

In the Fall of 1995, HUD reversed their position and decided to continue their support of the original “Keating Memo” which was originally issued in 1991. To date, the Keating Memo remains HUD’s guideline (not law) that is recommended.

## **Anti-Drug Laws**

The Americans with Disabilities Act specifically states that certain individuals are **NOT** protected. These include:

- Persons who currently use drugs illegally
- Persons who mis-use prescription drugs

However, people who are seeking a cure for the addiction or who are in rehab **ARE** considered “protected”.

## **Review Questions – Fair Housing**

Note: Many Fair Housing questions will be proposed as scenarios and you will need to identify what Fair Housing

Law has been violated. You’ll be applying your knowledge of Fair Housing laws in this next set of Review Questions.

1. The Equal Housing Opportunity poster was introduced in 1972 as an amendment to which Act:
  - a. Rehabilitation Act
  - b. Civil Rights Act of 1866
  - c. Fair Housing Act of 1968
  - d. Housing and Community Development Act
2. The Civil Rights Act of 1866 prohibited discrimination based on:
  - a. Race
  - b. Sex
  - c. National origin
  - d. Religion

3. Under which Act must a landlord allow tenant to make reasonable modifications to an apartment?
  - a. Civil Rights Act of 1866
  - b. Fair Housing Amendment Act of 1988
  - c. Civil Rights Act of 1964
  - d. Housing and Community Development Act
4. The Fair Housing Amendment Act of 1988 includes individuals with:
  - a. Mental Illness
  - b. AIDS/HIV
  - c. Alcoholism with rehab
  - d. All of the above
5. The protected class of individuals with disabilities includes:
  - a. Familial status
  - b. Mental or physical impairments
  - c. Blockbusting
  - d. Steering
6. Familial status refers to:
  - a. An adult with no children
  - b. An adult under 21 years of age, but no children living with them
  - c. An adult with person under the age of 18, a pregnant person, one who has custody or in the process of custody of a person under 18
  - d. Children living alone without an adult
7. The Housing and Community Development Act of 1974 prohibited discrimination based on:
  - a. Sex
  - b. Race
  - c. Disability
  - d. Age
8. A lending institution requiring different rates and terms for minorities is an example of:
  - a. Steering
  - b. Blockbusting
  - c. Panic pedaling
  - d. Redlining
9. The practice of inducing a person to lease or purchase by making representations about the ethnic makeup of the neighborhood or about a particular person's race living in that neighborhood is called:
  - a. Redlining

- b. Familial status
  - c. Blockbusting
  - d. Directing
10. Ancestry and age are protected classes and are part of which Act?
- a. Illinois Human Rights Act
  - b. Fair Housing Amendment Act of 1988
  - c. Americans with Disabilities Act
  - d. Rehabilitation Act of 1973
11. Banks cannot charge different loan rates for individuals based on the neighborhood the home is located in. This practice is called:
- a. Redlining
  - b. Blockbusting
  - c. Panic pedaling
  - d. Steering
12. Lead Based Paint disclosure is required for residential homes in Illinois that were constructed prior to what year?
- a. 1988
  - b. 1978
  - c. 2008
  - d. 1998
13. A resident who is 18 years of age resides in a six flat apartment building. The property has been listed for sale. When the property sells, what happens to the resident's lease?
- a. The lease is not affected
  - b. The lease is terminated
  - c. The rent will increase with 10 days prior notice
  - d. The resident will be given 10 days to vacate
14. The Fair Housing Amendments Act of 1988 includes which of the following protected classes?
- a. Disabilities and age
  - b. Disabilities and familial status
  - c. Familial status and age
  - d. Familial status and sex
15. A visually impaired man inquires about the rental of an apartment. He utilizes the services of an assistance animal. The landlord has a "no pet" policy. The prospective tenant may be responsible for:
- a. A security deposit for the assistance animal

- b. A higher rental rate because of the assistance animal
  - c. Repairs to the unit if the assistance animal or owner damage to the property
  - d. Replacement of the carpet even if there are no damages
16. A prospective tenant visits an apartment complex. The leasing manager shows the prospect two available units. Which of the following criteria CANNOT be used in evaluating the prospect's application?
- a. Criminal background check
  - b. Credit history
  - c. Income verification
  - d. Medical history
17. Which one the following is an example of "blockbusting"?
- a. Showing apartments only in certain buildings
  - b. Limiting the number of children that can occupy a unit
  - c. Limiting the number of occupants per unit
  - d. Informing prospects of the ethnic makeup of the community
18. A landlord of a multi-unit complex places an advertisement for a two bedroom unit for rent. The building does not have an elevator so the landlord states that the unit is not suitable for the disabled. The landlord has had other disabled people in the past who have had difficulties navigating the stairs. By placing this ad, the landlord has:
- a. Protected other individuals from the potentially of having problems with the stairs
  - b. Not violated the Fair Housing Act because it is a safety issue
  - c. Violated ADA and the Fair Housing Act by discriminating against the disabled
  - d. Violated EPA standards
19. A property is located near the airport and some tenants have complained about the noise. In order to minimize complaints, the landlord should:
- a. Disclose the location of the airport
  - b. Disclose that noise has been a problem
  - c. Disclose only factual information about the property
  - d. Disclose that a lot of airport personnel live at the property
20. A residential apartment complex has a "no pet" policy. if a tenant utilizes a service animal for a disability related issue, the landlord may:
- a. Designate certain buildings for the service animal
  - b. Restrict service animals to certain floors within the building
  - c. Inform other residents about the service animal
  - d. Require medical documentation if it is their policy

21. The Illinois Human Rights Act includes age protection for individuals over which age?
- a. 40
  - b. 50
  - c. 60
  - d. 65
22. Which of the following is a Federal protected class?
- a. Age
  - b. Familial status
  - c. Marital status
  - d. Unfavorable military discharge
23. A fire completely destroyed an apartment building. The leases for the current residents are:
- a. Valid and enforceable
  - b. Cancelled/terminated
  - c. In full force and effect
  - d. Only the written leases will be enforced
24. Which of the following is NOT a Federal protected class?
- a. Color
  - b. National origin
  - c. Religion
  - d. Age
25. A housing provider has a person with a disability who constantly plays loud music and is disturbing other residents. Many notices have been sent to the resident indicating they are in violation of the rules and regulations for the property. Can a person with a disability be evicted?
- a. No, different rules apply to people with disabilities
  - b. No, persons with disabilities are protected and may not be evicted
  - c. Yes, but you must notify them verbally
  - d. Yes, they may be evicted, as long as you are not evicting them because of their disability
26. A prospective tenant suspects age discrimination because of being only 18 years of age. Which of the following statements is correct?
- a. Age is a protected class under Federal law
  - b. Age Discrimination Act 1975
  - c. Age is protected under State law for under age 40
  - d. Age is not a protected class under Federal law



27. An owner of a six-unit apartment building had a fair housing complaint filed against him because he would not lease to a 20 year old pregnant female. If the owner is found guilty of discrimination, which of the following Acts would the owner be in violation of?
- a. Fair Housing Act of 1968
  - b. Fair Housing Amendment Act of 1988
  - c. Housing and Community Development Act of 1974
  - d. Rehabilitation Act of 1973
28. A residential apartment building is located in an area that tends to have more crime than other neighborhoods. The leasing manager feels obligated to inform the prospective tenants about the neighborhood's crime issues because many of the prospects are from either out of state or out of the country. Which of the following statements is true?
- a. The leasing manager should immediately bring up the crime statistics and suggest that the prospects contact the police before moving into the neighborhood
  - b. The leasing manager should re-assure the prospects that the property is safe and that this particular property has had very few incidents in the last few months
  - c. The leasing manager should not bring up anything about the crime in the neighborhood but if asked about it, tell them that information is available online or at the local police department
  - d. The leasing manager should get the details from the police department so they are prepared to discuss this in detail with prospective tenants and then let the prospect make their decision if they wish to rent at the property.
29. Leasing agents are often asked, by prospective tenants, about who their neighbors would be if they moved into the building. One prospect inquired about this because they were hoping to find out if there were other Russian people living there. The best response would be:
- a. Most of the tenants in the building are young professionals and families
  - b. We have a variety of Russian, Hispanic and Asian people at this property
  - c. We have a diverse group of people who reside at the property
  - d. Many of our residents are Russian, so I think you will feel very comfortable here
30. A person with a disability requests that their service animal accompany them in the pool area. Does the housing provider need to allow this?
- a. Yes, service animals would be allowed in that area, but only for one hour
  - b. Yes, service animals must have access to all areas of the property
  - c. No, service animals are only allowed in the units
  - d. No, service animals are not allowed in common areas

31. A leasing agent refers all minority renters to a property located on the other side of town. This is an example of:
- a. Pre-qualifying
  - b. Blockbusting
  - c. Redlining
  - d. Steering
32. A leasing agent refuses to rent a third-floor apartment to a disabled person because the agent feels the prospect would not be able to exit the apartment if a fire occurred. There are no elevators in the building. The leasing agent:
- a. Did nothing wrong because he/she was concerned for the prospect's safety
  - b. Has violated fair housing laws
  - c. Has violated the Civil Rights Act of 1866
  - d. Did nothing wrong because disclosure is required for any defects in the building
33. An owner of a single- family home rents rooms in her home only to women. The owner has:
- a. Not violated any civil rights act
  - b. Violated the Americans with Disabilities Act
  - c. Violated the Illinois Human Rights Act
  - d. Not violated state laws because they are under age 40
34. Familial status refers to:
- a. An adult with persons under 18 years of age
  - b. Residents over 18 years of age
  - c. Residents over 21 years of age
  - d. An adult with only one child under age two
35. Which of the following is NOT exempt from Fair Housing laws?
- a. Religious organizations operated for their members only
  - b. Single family homes sold without a broker
  - c. Residential apartments
  - d. Private clubs not open to the public

36. The first Civil Rights Act was passed in what year?
- 1866
  - 1964
  - 1968
  - 1973
37. The Fair Housing Act of 1968 prohibits discrimination based on:
- Race, color, religion
  - National origin, religion, color, race
  - Race, color, religion, sex
  - Color, religion and national origin
38. The Fair Housing Amendments Act of 1988 includes which of the following protected classes?
- Disabilities and age
  - Disabilities and familial status
  - Familial status and age
  - Familial status and sex
39. A visually impaired man inquired about the rental of an apartment. He utilizes the services of an assistance animal. The landlord may charge for which of the following?
- A pet deposit
  - A higher rental rate
  - Repairs to the unit if the assistance animal damages the property
  - Replacement of the carpet after the animal leaves due to pet dander
40. Which of the following is an example of "blockbusting"?
- Showing apartments only in certain buildings
  - Limiting the number of children that can occupy a unit
  - Limiting the number of occupants per unit
  - Informing prospects of the ethnic makeup of the community
41. A residential apartment complex has a "no pet" policy. If a tenant has a service animal relating to their disability, the landlord may:
- Restrict service animals to certain buildings
  - Restrict service animals to certain floor within a building
  - Inform other residents about the service animal
  - Inform the prospect/tenant that medical documentation may be required
42. Which of the following is a Federal protected class?
- Age
  - Familial status
  - Marital status
  - Unfavorable military discharge

43. A person with a disability requests a reasonable modification. Which of the following is not reasonable?
- a. Installation of a grab bar
  - b. Installation of an ADA toilet
  - c. Installation of a ramp
  - d. Installation of an elevator
44. Another name for blockbusting is;
- a. Redlining
  - b. Steering
  - c. Panic pedaling
  - d. Familial status
45. A leasing agent typically places individuals with disabilities in first floor units because that is where the accessible units are located. If the agent does not allow a person to live on other floors, this would be called:
- a. Panic Pedaling
  - b. Steering
  - c. A modification
  - d. Redlining

## Fair Housing Terminology

Identify each of the following terms. No formal definitions are necessary, but it is important to know what they are or something important about them to assist you in analyzing the options in multiple choice questions.

**Blockbusting:** \_\_\_\_\_  
\_\_\_\_\_

**Civil Rights Act of 1866:** \_\_\_\_\_  
\_\_\_\_\_

**Senior Housing:** \_\_\_\_\_  
\_\_\_\_\_

**Familial Status:** \_\_\_\_\_  
\_\_\_\_\_

**Fair Housing Act of 1968:** \_\_\_\_\_  
\_\_\_\_\_

**Illinois Human Act Rights Act:** \_\_\_\_\_  
\_\_\_\_\_

**Occupancy Standard:** \_\_\_\_\_  
\_\_\_\_\_

**Order of Protection:** \_\_\_\_\_  
\_\_\_\_\_

**Reasonable Accommodation:** \_\_\_\_\_  
\_\_\_\_\_

**Reasonable Modification:** \_\_\_\_\_  
\_\_\_\_\_

**Steering:** \_\_\_\_\_  
\_\_\_\_\_

## Owner/Tenant Relationships/Disclosures

### Illinois Residential Real Property Disclosure Act

The Residential Real Property Disclosure Act **requires sellers of residential property with 1 to 4 units to make buyers aware of any known defects affecting the physical condition of the property.** There is no obligation on the part of the seller to make any of the improvements, just to disclose facts that the seller knows about the condition of the property. The only exemptions to this act are **1)** if the transfer of property occurs through a court order (administration of an estate), **2)** transfers between spouses or life partners, **3)** bankruptcies, **4)** eminent domain, or **5)** court decree.

In Illinois when you sell your home, the Realtor will provide you (as the seller) with a form called the Residential Real Property Disclosure. This is a required form for the seller to complete which informs all potential buyers of the current status of the home's condition based on the following checklist. *This only applies for sellers of property containing 1 to 4 units.* This information is direct from the Illinois REALTORS, Disclosure form. It asks the seller whether they are aware of any defects in the following list:

Note: "Material" defect means it affects the property.

- Flooding or recurring leakage problems
- Is property is located in flood plain
- Are there material defects in basement
- Are there material defects in the roof
- Material defects in the walls/floor
- Material defects in the electrical system
- Defects in the plumbing system
- Defects in the well or equipment
- Unsafe drinking water
- Defects in heating, ventilating and air conditioning system
- Defects in fireplace
- Defects in the septic system
- Unsafe levels of radon
- Unsafe levels of asbestos
- Lead paint conditions (prior 1978)
- Earth stability defects
- Termites, insects
- Structural defects
- Underground storage tanks
- Lot line disputes
- Violation of local ordinances
- Was property used for manufacture of meth

This 22 point checklist is to make prospective buyers aware of any defects in the property that may affect their decision to purchase.

Sellers can certainly sell their homes as is; however, they must still complete the disclosure list. They are not forced to fix these items unless they are made part of the negotiations between the buyer and seller.

Many times, buyers use this list as a negotiating tool to get the seller to fix items or to get the seller to lower their asking price to compensate the buyer for the cost of the repair. Everything is negotiable.

### **The Real Estate License Act (section 15-15 (c) states:**

**Disclosure of defects or material facts is required if the licensee has actual knowledge of these, unless that information is confidential information."**

Section 15-20 – failure to disclose information not affecting physical condition

No cause of action shall arise against a licensee for the failure to disclose:

- i. That an occupant of the property was afflicted with HIV or any other medical condition
- ii. That the property was the site of an act or occurrence that has no effect on the physical condition of the property or its environment or the structures located thereon; or
- iii. Fact situations on property that is not the subject of the transaction; or
- iv. Physical conditions located on the 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 subject of the transaction.

### **Failure to disclose information (Stigmatized Property)**

Disclosure is required of any defect that affects the physical condition of the property or the environment. Note, environment is not the same as neighborhood. Sometimes; however, certain perceived defects are introduced, if asked about issues other than the physical condition of the property, you may be required to respond, but only with an acknowledgement and not any specific details. For instance, someone may ask if anyone has ever died at the property or in the unit. If the licensee has knowledge of a situation, then the licensee needs to respond with a "yes". All other details are matter of public records and do not need to be disclosed by the licensee.

The License Act also provides that no cause of action will come against a licensee for failure to disclose that a current or previous occupant had HIV/AIDS. HUD recommends a licensee not answer that question. Consider for a moment that we would never identify who a previous or current resident was. We wouldn't tell another individual anything about a resident, mainly due to the Privacy Act. The best way to answer a question like that is to indicate you are not at liberty to discuss another resident with them.

## **Defects (Latent and Material)**

There are two types of defects that may require disclosure.

**Latent Defects** – are defects that cannot easily be seen. Examples might be mold, or plumbing issues. If the defect affects that property, it would be called a “material” defect. So, if there was a defect that was hidden and it affected the property that would require disclosure, it would be **latent material defect – example – termites.**

## **Lead-Based Paint**

Properties constructed prior to 1978 are required to issue a disclosure to prospective buyers and renters of the possibility that lead-based paint is present at the property. Owners/landlords must provide a copy of the brochure from the Illinois Department of Public Health on the risks of lead-based paint.

## **How Children Come in Contact with Lead Based Paint?**

Each year, more than 300,000 children are exposed to lead-based paint in residential properties. In fact, in Illinois, there are 9,000 children at risk for lead contamination.

The Illinois Department of Public Health publishes pamphlets with guidelines for disclosure of lead paint in residential properties that were built prior to 1978.

Most Illinois properties that were built pre 1978 may contain lead-based paint which can be dangerous to children (mostly under age 6), pregnant women or any other adult with sensitivity to lead. Ingesting lead or lead dust can cause lead poisoning which is one of the most common and serious child health problems. It is estimated that 170,000 child in Illinois who are under age 6 have a blood lead level that is too high and may be hazardous to their health.

## **Sources of Lead Exposure:**

Typically young children are exposed to lead through hand and mouth contamination by ingesting the lead. Listed below are some of the more common sources where children come in contact with lead.

1. Soil around residential properties that are exposed to lead from paint chipping to the previous use of leaded gas car exhaust that has been absorbed in the soil.
2. Consuming goods that were imported from outside of the U.S.
3. Consuming foods from imported glazed pottery
4. Outside playground equipment
5. Consuming water from plumbing that contains lead pipes or soldering

## **The EPA’s Lead-Based Paint Renovation, Repair and Painting Program (RRP)**

**Became effective April 22, 2010 (Environmental Protection Agency)**



This Federal EPA Program applies to residential and child-occupied properties built prior to 1978 that have not been certified to be free of lead-based paint.

Any work performed on residential properties that disturbs lead-based paint must be done by certified contractors. **In addition, landlords/owners must provide tenants with the EPA pamphlet – Renovate Right; Important Lead Hazard Information for Families, Child Care Providers and Schools.**

This EPA program applies whenever renovations are done for compensation. The use of certified contractors is required whenever **six (6) square feet or more** of lead based paint disturbed, unless the property has been certified to be free of any lead-based paint. Apartment Managers - Properties that utilize the on-site personnel to perform the renovation must use certified or trained individuals who work under the direction of a certified contractor.

### **Other Sources of Lead Exposure**

In addition, sometimes children can come in contact with lead based paint through their family's occupations. If a family member or close friend engages in one or more of the following careers or activities, they could be transmitting lead to children via their clothing or touching.

1. Radiator repair
2. Welding
3. Construction, renovation, home repairs or house painting
4. Visiting a firing range
5. Valve and pipefitting activities
6. Spending excessive time on heavily traveled major highways
7. Automotive repairs
8. Bridge, tunnel or highway construction work
9. Refinishing furniture
10. Burning lead paint wood

Family members may also transmit lead to others via the hobbies they participate in. Activities may include:

1. Stained glass
2. Pottery making
3. Target shooting practice

The list goes on and on. The toys children may come in contact with could contain lead as could keys.

Other sources, less known, for lead contamination include:

1. Vinyl mini-blinds
2. Curtain weights
3. Candles made outside the United States (the wick may contain lead)
4. Pewter figurines
5. Lead sinkers used for fishing
6. Children's toys – metal toy soldiers
7. Sometimes the metallic toys that are used in gumball machines contain lead
8. Inexpensive, imported jewelry

**Who is at the most risk?** Children under the age of 6 tend to ingest lead into their bodies at a much quicker and dangerous level.

It may also be hazardous to pregnant women or individuals with breathing sensitivities.

Long term exposure to lead can result in:

1. Learning disabilities
2. Problems paying attention
3. Behavioral problems

## **Mold**

Mold can be found indoors and outdoors. Mold is small organisms that cling to damp surfaces. For example, when wall, floors/carpets are exposed to excessive water, the mold spores multiply and in large quantities, can produce allergic symptoms in some people (all ages).

Sources of Mold

Mold can be found in:

- Flooded basements or sewer overflows
- Leaky roofs
- Humidifiers
- Damp crawl spaces
- Plumbing leaks that go uncorrected

## **Allergic Reactions to Mold**

Airborne mold spores can cause skin irritations, asthma and other respiratory problems in adults and children. High levels of exposure can result in a shortness of breath or tightness of chest and left untreated can perhaps result in pneumonia.

We come in contact with mold every day simply by touching surfaces or breathing in airborne spores. The Illinois Department of Public Health does not recommend testing for mold. If mold is able to be seen, the first step is not to test for it, but to clean it up. Illinois Dept. of Public Health does not enforce or require landlords to clean up the mold. However, local Building and Zoning Ordinances come into play when violations are reported. If the result is that the landlord is cited for a violation, they may be required to take action.

## Radon

Radon is the leading cause of lung cancer for non-smokers. About 1,000 people in Illinois alone each year are diagnosed with lung cancer. The Surgeon General issued the following statement regarding radon:

**“Breathing radon over prolonged periods of time can present a significant health risk to people all over the world.”**

The U.S. Environmental Protection Agency recommends that INDOOR radon levels be below 4.0 picocuries per liter of air. A radon hazard is 4.0 picocuries or above. There is no “safe level or radon, only an “acceptable” level.

How does radon enter our homes? Radon enters building because of air pressure and temperature differences between the home and the outside. Radon and other soil related gases can be re-routed via pipes installed which lead through and out the building. It’s relatively easy to cure, but many health conditions go undiagnosed or misdiagnosed because radon testing has not been done to determine acceptable levels.

The Illinois Radon Awareness Act became effective on January 1, 2008. This Act requires sellers of residential properties (from 1 to 4 units) to provide prospective buyers with two documents before the contract becomes binding on all parties. 1) A brochure entitled “Disclosure of Information on Radon Hazards” 2) a pamphlet on radon testing guidelines. These documents are available from The Illinois Emergency Management Agency (IEMA) at [www.radon.illinois.gov](http://www.radon.illinois.gov) or from the Illinois REALTORS at [www.illinoisrealtors.org](http://www.illinoisrealtors.org). The purpose of the Act is to promote awareness of radon.

The seller is **NOT** required to test for radon to make improvements to redirect it.

Does a seller have to disclose it if they tested for radon? Yes, full disclosure would mean that the seller would disclose it. Radon would represent a “latent” defect.

Homeowners can test for radon using a home radon test kit obtained at hardware stores or your local county health department. Other options or sources would be to contact the Illinois Emergency Management Agency (IEMA) at 1-800-325-1245 or to contact a licensed IEMA mitigation professional.

If a radon test is conducted by the housing provider and the results are 4.0 or above, then disclosure to the affected tenants is required.

Radon is a colorless, odorless radioactive gas in the soil around your home. If radon is found to be present, many homeowners have installed a Passive radon reductions system.

## **Fair Credit Reporting Act**

Along with a company policy on credit checks, if landlords deny housing to a prospect, landlords will need to provide a letter informing them why they were denied housing. Sample letters are available from professional real estate associations. Basically the letter will indicate that tenant is being denied the apartment based on information obtained from XYZ credit reporting agency. The letter may also be modified and used for informing a prospect that their application is being denied based on a prior landlord reference. This should only be done if you check the prior landlord reference on all applicants who apply for an apartment.

## **Rental Applications**

Qualifying prospects requires written policies by the landlord. The criteria establishes a basis on which prospects will be evaluated. The criteria **MUST** be the same for ALL prospects. Landlords may develop whatever policies they desire, but written policies are essential in case they are ever challenged on why one prospect was treated differently than another. If the credit of every applicant is not checked, landlords run the risk of:

1. Legal fees to enforce the lease
2. Rent loss
3. Tenant evictions

There are three types of information you will need to obtain from the prospective tenant:

1. Information needed to approve the applicant (income verifications, credit references)
2. Information needed for lease preparation (who will be occupying the unit) Not the number of adults or number of children, but the number of occupants or persons.
3. Any signature related information (for approval to check the prospect's credit.) Housing providers only need the prospect's social security number to check a prospect's credit. Many credit reporting agencies, however, require a birth date to be entered. If you are checking for a criminal background on an applicant, birth date is helpful, but not essential.

## **Lease Violations**

A Five-Day Notice is typically a notice of default. A Ten-Day Notice is typically a notice to cure a lease violation, such as poor housekeeping. The important thing to remember is that Notices need to be in writing and cannot be verbal.

## **What should not be asked on Rental Applications?**

For market-rate housing, housing providers should not be asking:

- Race
- Number of children
- Relationship

At "affordable" properties, HUD does require housing providers to ask other questions that would not be acceptable in market-rate housing. Questions might include race, number of children etc.

Landlords should also not be asking for the number of children who will be occupying the unit. They can certainly ask for the number of persons over the age of 18 (as they will be required to be listed on the lease as a responsible party to the agreement.) They may also ask for the number of persons under the age of 18 and their names so they can be listed as occupants.

The next point is whether or not housing providers need to ask “relationship”. It is best to charge one fee PER PERSON to check the credit and not break it down into an individual or a “couple”. The term “couple” may be disputed. Currently in Illinois, a couple refers to a man and a woman, however, if two men or two women come in and you ask if they are a couple, they may respond by indicating a “yes”. Unless you are prepared to apply your policy of a joint fee to check the credit of a “couple” to ALL couples, it may be advisable to institute a policy of a fee per person for credit checks.

### **Security Deposits**

Security deposits are NOT rent. They are an advance sum of money paid to the landlord to ensure against damages. If it is called a “deposit”, then interest must be paid on that amount.

The amount of security deposit charged is NOT regulated in Illinois, nor is an application fee. It is whatever the market dictates and whatever your policy is. For instance, you may charge no security deposit at a property, or, you may charge people with good credit, one month’s rent as security deposit or a reduced amount per your policy. It needs to be consistent in whatever policy you choose.

### **Who needs to pay interest on security deposits?**

Residential properties that contain **25 or more units**, landlords need to pay interest annually on security deposits. In order to collect interest on a security deposit, it must have been ***held by the landlord for more than six months***. This is the information for the State of Illinois and not specifically the City of Chicago. Chicago has a landlord Tenant Ordinance and the specifics required for Chicago properties are different than the rest of Illinois.

**In market-rate housing, the amount of security deposit interest that is charged is typically pro-rated based on the lease term. It may be 6 months in one year and 6 months in the next year (assuming it is a 12 month lease agreement).**

## **Return of Security Deposit (Illinois Security Deposit Return Act)**

Strict adherence to when the security deposit needs to be returned to a tenant is critical. This only applies to properties with **FIVE OR MORE UNITS**. Landlords must return a list of damages to the tenant (if there are any damages) within 30 days of the lease termination. OR, landlord must return the security deposit to the tenant no later than 45 days from the day the lease terminates.

If a landlord misses those dates, substantial penalties apply. Courts can order the landlord to pay double the security deposit and court and attorney fees of the tenant in enforcing their right to the security deposit return.

## **Risk Management**

The concept of controlling the risk of owning real estate can be extensive. We control or attempt to control our risk through insuring the property. There are two types of insurance a property needs to have.

1. Property Insurance – to insure against loss by fire and extended coverage.
2. Liability Insurance – to insure against any accidents at the property.

## **Property Ownership**

Real Property – The physical condition of the land, everything above and below the land and all items attached to the land.

- Sometimes referred to as a “bundle of rights” or “bundle of legal rights”
- Air Rights
- Subsurface Rights

Personal Property – Personal items, not permanently attached (movable property)

- Sometimes referred to as “chattel”
- Depending on the item, some can be both real and personal property at different stages (example: a home is real property but if the home is moved to another location, it is considered personal property while it is in transit)

Trade Fixture – Personal property items unique to a business (retail tenant may install built-in shelves or a pizza oven). Even though those items are affixed to the property, it should be noted that those items remain the property of the tenant only IF the lease provides for this. Typically anything “permanently” affixed to the property stays with the property.

## Review Questions – Owner/Tenant Relationships

- 1) When does a landlord need to pay interest on security deposits?
  - a. 10 residential units or more
  - b. 25 residential units or more
  - c. 50 residential units or more
  - d. 100 residential units or more
- 2) The Act that requires landlords to refund the security deposit or provide a list of itemized damages is called:
  - a. Fair Credit Reporting Act
  - b. Forcible Entry and Detainer
  - c. Illinois Security Deposit Return Act
  - d. Americans with Disabilities Act
- 3) Another name for personal property is:
  - a. Bundle of rights
  - b. Chattel
  - c. Bundle of legal rights
  - d. Trade fixture
- 4) Security deposits are:
  - a. Required by law
  - b. A sum paid monthly to the landlord
  - c. Required in leases longer than 3 years
  - d. Safeguards against damages
- 5) How much notice in Illinois is required to terminate a month to month lease?
  - a. 60 days
  - b. No notice
  - c. 10 days
  - d. 30 days
- 6) A “bundle of rights” is another name for:
  - a. Personal property
  - b. A lease agreement
  - c. Real property
  - d. A cancellation agreement

- 7) The security deposit return act applies to how many units?
- a. 1 or more units
  - b. 4 or less units
  - c. 4 or more units
  - d. 5 or more units
- 8) What should not be asked on rental applications?
- a. Race
  - b. Color
  - c. Number of children
  - d. All of the above
- 9) A list of damages must be provided to a vacating tenant within:
- a. 10 days of lease expiration
  - b. 20 days of lease expiration
  - c. 30 days of lease expiration with itemized list of damages
  - d. 45 days of lease expiration with itemized list of damages
- 10) Residential Real Property Disclosure Act applies to how many units?
- a. 1 or more units
  - b. 1-4 units
  - c. 4 or more units
  - d. 5 or less units
- 11) Lead paint disclosure is required for properties built prior to:
- a. 1975
  - b. 1978
  - c. 1980
  - d. 1988
- 12) Radon and Meth were added to which one of the following:
- a. Security Deposit Act
  - b. Fair Credit Reporting Act
  - c. Residential Real Property Disclosure Act
  - d. Fair Housing Act
- 13) An occurrence on a property such as a murder or suicide is an example of:
- a. Stigmatized Property
  - b. Latent defect
  - c. Material defect
  - d. Latent material defect



14) The EPA program requiring the use of certified contractors for removal of lead-based paint went into effect in what year?

- a. 2008
- b. 2009
- c. 2010
- d. 2012

15) When a leasing agent sells their own home, what disclosure must take place?

- a. Broker-owned
- b. Agent-owned
- c. No disclosure
- d. Managing -broker owned

## Owner/Tenant Relationships – Terminology

Identify each of the following terms. No formal definitions are necessary, but it is important to know what they are or something important about them to assist you in analyzing the options in multiple choice questions.

**Chattel** \_\_\_\_\_

\_\_\_\_\_

**Fair Credit Reporting Act** \_\_\_\_\_

\_\_\_\_\_

**Real Property** \_\_\_\_\_

\_\_\_\_\_

**Security Deposit** \_\_\_\_\_

\_\_\_\_\_

**Security Deposit Interest** \_\_\_\_\_

\_\_\_\_\_

**Security Deposit Return Act** \_\_\_\_\_

\_\_\_\_\_

**Latent Defect** \_\_\_\_\_

\_\_\_\_\_

**Material Defect** \_\_\_\_\_

\_\_\_\_\_

**Latent Material Defect** \_\_\_\_\_

\_\_\_\_\_

**Lead Based Paint** \_\_\_\_\_

\_\_\_\_\_

**Residential Real Property Disclosure Act** \_\_\_\_\_

\_\_\_\_\_

**Risk Management** \_\_\_\_\_

\_\_\_\_\_

**Stigmatized Property** \_\_\_\_\_

\_\_\_\_\_

## Section 3 – Agency & Contracts

### Agency as defined by the Real Estate License Act Article as is:

Defined as a relationship in which a real estate broker or other license represents a consumer with the consumer's consent, in a real estate transaction.

**“Designated agent”** means a sponsored licensee named by a sponsoring broker as the legal agent of a client, as provided for in the License Act. When the designated agent changes, the sponsoring broker must notify the client in writing as to who the new designated agent will be.

### Duties of licensees representing clients

#### A licensee's duties consist of:

1. Performing the duties of the agreement between the broker and client
2. Promoting the best interests of the client at all times.
  - a. Presenting all offers, unless the client waives the right
  - b. Disclosing to client, material facts that the licensee has knowledge of
  - c. Accounting for all money and property
  - d. Obeying the directions of the client (according to law)
  - e. Using reasonable care in performing duties
  - f. Keeping confidential information, confidential
  - g. Complying with the license act, fair housing and civil rights
3. A licensee will not be liable to a customer for providing false information, if the false information was provided by the client.

### Duties after termination of agreement

#### Licensees have a duty to:

1. Account for all money and property
2. Keep confidential information that was received during the term of the agreement, Confidential forever

### How is Agency created?

Agency is created through a management agreement between the property owner and the brokerage company through an Express Agreement. Agreements may be oral or written, although it is always best to be in writing.

## How can Agency be terminated?

Termination of agency can be through:

- Expiration of the term
- Death
- Destruction of property
- Bankruptcy of property

## Duties of a Fiduciary

A fiduciary is one who is in position of trust. As a licensee, we have a fiduciary duty to our clients and are responsible for the money (including good recordkeeping) and the property. The duties of fiduciary (referred to as COLAN) consist of:

- Care
- Obedience
- Loyalty
- Accountability
- Notice

**Care** – we owe the person/company we represent, care in handling the property and money of others. We have an obligation not to commingle money of the property with the broker's funds or personal funds.

**Obedience** – we, as licensees, owe the person/company we represent obedience but only according to the letter of the law. If a client asked us to do something outside of the law, we need to educate that client or remove ourselves from the relationship.

**Loyalty** – as licensees, we are loyal to the person/company we represent.

**Accountability** – as licensees, we have a duty to keep accurate records and to account for all monies coming into our possession. Client's funds should be kept separate from the broker's funds and personal funds.

**Notice (disclosure)** – this is probably the most important duty of a fiduciary. Prompt communication to the person/company we represent. In addition, notice or something's called disclosure also requires the licensee to disclose any interest the licensee may have in a property.

## Single Agency

Single agency is when a licensee represents either a buyer or a seller (landlord or tenant) in the same transaction. Or, in the case of rental property, it is representing either the landlord or the tenant in a real estate transaction.

## Dual Agency (2010)

The rewrite of the Licensee Act provides for a licensee to explain what it means to a consumer for a licensee to represent both parties in a transaction. Dual agency is when a licensee represents both the seller and the buyer or in the case of residential leasing, both the landlord and the prospective tenant.

Licensees may only represent both parties in a transaction with the informed, prior, written consent of both parties. **IDFPR** now requires licensees to disclose the following to a client when faced with a dual agency situation.

Before signing this document, please read the following: “Representing more than one party to a transaction presents a conflict of interest since both clients may rely upon Licensee’s advice and the client’s respective interests may be adverse to each other. Licensee will undertake this representation only with the written consent of ALL clients in the transaction. Any agreement between the clients as to a final contract price and other terms is a result of negotiations between the clients acting in their own best interests and on their own behalf. You acknowledge that Licensee has explained the implications of dual representation, including the risks involved, and understand that you have been advised to seek independent advice from your advisors or attorneys before signing any documents in this transaction.”

“If either client is uncomfortable with this disclosure and dual representation, please let Licensee know. You are not required to sign this document unless you want to allow Licensee to proceed as a Dual Agent in this transaction. By signing below you acknowledge that you have read and understand this form and voluntarily consent to Licensee acting as a Dual Agent (that is, to represent **BOTH** the seller or landlord and the buyer or tenant) should that become necessary.”

## What a Licensee can do for clients when acting as a Dual Agent

1. Treat all clients honestly
2. Provide information about the property
3. Disclose all latent material defects in the property known by licensee
4. Disclose financial qualification of buyer or tenant to seller or landlord
5. Explain real estate terms
6. Help buyer or tenant arrange for property inspections
7. Explain closing costs
8. Help buyer compare financing options
9. Provide information on comparable properties

## What a Licensee CANNOT do for clients when acting as a Dual Agent

1. Confidential information that licensee may know about a client, without client's permission
2. Price or terms the seller or landlord will take other than the listed price without the permission of the seller or landlord
3. Price or terms the buyer or tenant is willing to pay without the permission of the buyer or tenant
4. A recommended or suggested price or terms the buyer or tenant should offer
5. A recommended or suggested price or terms the seller or landlord should counter with or accept.

## Antitrust Laws

Antitrust laws were enacted to protect the public against large entities from taking advantage of consumers. Anti-trust can be referred to also as **FEDERAL ANTITRUST** or **SHERMAN ANTITRUST**. Two common examples of antitrust violations are:

1. Price fixing – (compensation rates)
2. Setting up areas of trade

Commission rates are negotiable between the seller and the brokerage company. There is no standard fee to be charged; however, a company may have a policy whereby if a consumer wants to work with that real estate company, the fee is set by the company's policy. They may not; however, set up an agreement with other real estate companies in the area whereby they all agree to charge a specific fee. That is illegal.

It is also illegal to set up areas of trade. For instance, licensees cannot designate one particular block or area of town as their area of trade. Consumers are free to use whatever brokerage company they want regardless of area. Anything less would be a violation of antitrust laws.

## Contracts

According to contract laws, a contract is:

- An agreement between two or more competent parties
- The parties must be a sound mind
- To engage in some legal purpose
- To receive something of value in exchange

The parties must be of sound mind to be able to legally enter into a contract. Persons who are not of sound mind (based on a medically diagnosed condition) would not be responsible for what they signed. For instance, if a person who entered into a contract for an apartment lease had Alzheimer's, that person would not be held responsible for what they signed.

The contract must contain a legal purpose. In the case of an apartment lease, the legal purpose would be to rent a residential property for the purpose of residing there.

Finally, that agreement must have something of value or as we call it in real estate, consideration, for the contract to be valid and binding on the parties.

The essential elements to a contract will be discussed in greater details in this chapter.

## Types of Contracts

There are four basic types of contracts. We will concentrate on a description of each type. If a person was interested in continuing their education in contract law or if one would seek to be licensed as a real estate broker, then a much greater depth of contract law would take place. For the purposes of renting residential property, we will concentrate on understanding what a contract is, the types of contracts and what makes a contract valid, void or voidable.

The four types of contracts to be covered are:

- Express contract
- Implied contract
- Bilateral contract
- Unilateral contract

**EXPRESS** contracts are agreements where the parties (two or more) have agreed on all the terms and conditions. All contracts do not have to be in writing. It is always best to be in writing, but verbal contracts are enforceable too.

- Written contracts
- Oral (verbal contracts)

The only type of contract that must be in writing is an Exclusive Contract. That might be an exclusive right to list or sell a property. An exclusive contract guarantees that the listing broker will receive a commission no matter what, even if the seller decides to sell the property to his brother or sister.

**IMPLIED** contracts are implied by someone's actions. Implied contracts should be avoided, particularly in real estate. They leave the parties open to dispute when something doesn't go as anticipated. For example, if you receive a service without agreed upon terms, you are expected to pay for that service. When the dog groomer gives your dog a bath and all the trimmings, you are expected to pay for the service upon return of your dog. If you forgot to ask about the price, it's a little late after the groomer finishes providing the service. For these very reasons, implied contracts are not advisable for real estate transactions.

**BILATERAL** contracts are two or more parties making a commitment to each other. A great example of this is our apartment lease. The owner/landlord offers the tenant a place to live. A prospective tenant signs a lease and pays rent to the landlord.

**UNILATERAL** contracts are when one person promises the other party something in order to get

that party to react. For instance, if you had a lease that contained an Option to Renew the lease, that would be a unilateral contract. The owner/landlord agreed to lease you the apartment and included the “Option to Renew”. The renter is under no obligation to renew the lease. Therefore, if the owner/landlord decide to take away the option, the tenant could sue the landlord for performance of the contract.

**Optionor - the party who grants the options (owner/landlord)**

**Optionee – the party who receives the options (tenant)**

Another example of a UNILATERAL CONTRACT would be if the company you worked for had a promotional program whereby they promised the leasing agent a bonus of \$100 per apartment leased after a stipulated number of units. For instance, if the leasing agent was to be paid the bonus after leasing ten units that month, that is a unilateral promise to get the other party to react, if the leasing agent leased over ten units that month, the bonus of \$100 extra per unit would apply.

Remember, a lease is a contract (bilateral contract) between the owner (Lessor) and the tenant (Lessee). It is not an agreement between the management company and the tenant. The management company is the agent for the owner.

**Executed Contracts** – a contract where all the terms & conditions have been fully met

**Month to Month Contracts – (also called Periodic Tenancy)** are for an indefinite period of time. They have no specific ending day and require 30 days written notice to terminate.

## **Valid Contracts**

A contract is considered to be “valid” if it contains all, of what we call in real estate, the “Essential Elements” necessary. There are six essential elements that must be present in every contract in order for it to be considered “valid”. They are:

- Offer and acceptance
- Legal Purpose (sometimes referred to be legality of object)
- Legal Capacity of the Parties
- Consideration
- Reality of Consent
- Possibility to Complete



- 1) Offer and Acceptance can be explained in two different ways depending if you are leasing or selling a property. If leasing an apartment to a prospective tenant, you offer your units via advertising. A prospect accepts your offer by signing a lease. If a real estate salesperson or broker offers the subject property to the public, they can do that through any advertising means (newspaper, MLS, internet etc.) The offer can be accepted when a prospective buyer signs a contract to purchase the property.
- 2) The legal purpose in real estate is to either rent or purchase real estate. A contract is enforceable in court only if it has a legal purpose. Sometimes, legal purpose is referred to as "legality of object".
- 3) Legal capacity involves being of legal age, which in Illinois is at least 18 years of age to enter into a contract. It also entails being of sound mind. The process to determine whether someone is competent to enter into a legal contract would have to be determined by a medical professional. The example previously mentioned regarding Alzheimer's or other form of dementia, would render a person to lack the competence to be held accountable for what they signed and would be a void contract.
- 4) Consideration in real estate means "something of value". Consideration must be a part of the contract. That is why we typically collect an application fee, security deposit or first month's rent in advance.
- 5) Reality of Consent means both parties having an understanding of the terms of the contract. If one of the parties does not understand what they are signing, it may not be enforceable in court. When leases are signed, the leasing agent typically will review the terms of the contract. If the person does not speak English, the leasing agent could contract with someone to interpret the lease or ask the prospect to bring in another person to explain the lease to them. If this is not done and the issue goes to court, the court may rule that the prospective tenant was not aware of that they were signing and may not be enforceable.
- 6) Possibility to complete means being able to complete the process of signing a lease and delivering the premises to the tenant. An example of what might make a contract impossible to complete would be an act of nature (or act of God) such as a gas main explosion that renders the building uninhabitable. Other examples would be a fire that destroyed the property or hail, windstorm etc. that would make the property unlivable.

## **Void Contracts**

A void contract would be a contract that does not contain the six essential elements or something is wrong with one of the elements. The one that comes to mind first is if the contract lacked something of value (consideration).

Another example would be if the purpose of the contract is considered to be illegal. If you entered into a lease with a person to sell illegal drugs in the apartment, it would be a void lease and not be enforceable in court.

If a contract was entered into with a person who was not a sound mind, it would be a void contract. A person who is not competent may not be held accountable for signing the agreement

## **Unenforceable**

A contract that would be unenforceable in court could be due to several reasons. It may be unenforceable in court because:

- 1) Purpose is illegal
- 2) Contract may not be in writing (when in fact it needs to be writing if term exceeds one year)
- 3) Statute of Limitations may have lapsed

A contract may be considered both void and unenforceable for any of the reasons stated above.

## **Voidable Contracts**

If one of the parties to the contract deceives the other party, that contract would be voidable on the part of the person who was deceived. If you were selling your home and you intentionally lied to the buyer about the condition of the home, the contract would be voidable on the part of the buyer.

A contract could also be voidable if you entered into a contract with a person under the age of majority, which in Illinois would be a person under the age of 18. The contract would be voidable on the part of the minor because a minor is not legally responsible for their actions until they reach the age of 18, unless they are emancipated minor. Under age persons are not held liable for their actions.

## **Termination/Cancellation or Eviction**

Leases (contracts) can be terminated or cancelled in a variety of ways. The easiest way to end a lease is to let it expire. In market rate properties no notice by law is required to terminate a lease. It follows whatever the owner states in the lease agreement. For instance, if the owner's lease states a 30 or 60 day notice is required, then that is what dictates. Be aware; however, that certain municipalities may have other local provisions that are in force. If a property is located in the City of Chicago, the Landlord Tenant Ordinance states that one 30 day notice is required to terminate a lease and that is what a court would enforce.

If you have month to month lease, thirty (30) day notice is required to terminate *the agreement*. Another name for a month to month lease is Periodic Tenancy (for an indefinite period of time).

Another method of terminating a lease would be through a surrender of lease. You may wish to mutually agree (between the owner/landlord and the tenant) to surrender the lease if circumstances dictate. If there is a concern that cannot be remedied, this may be an option for landlords. This might be used if a person has severe allergies and suffers substantial problems related to this condition. If the landlord has explored all available means without relief, the tenant may welcome the surrender.

Another means of terminating a lease may also be to evict a tenant. Eviction is the process to remove the tenant and their belongings from the premises. After working with your attorney to serve required notice to the tenant, the attorney may file a Forcible Entry and Detainer suit in court, which is part of the eviction process.

Death of one of the parties to a contract could also terminate a contract/lease.

## **Statute of Frauds**

A law in all states that requires certain types of contracts to be in writing and signed by the responsible party to the agreement in order to be enforceable in court.

The Statute of Frauds applies to contracts longer than one year in term and they must be in writing.

The reference to “in writing” can simply be put in writing on paper. There is no formal contract requirement. It can be hand written contract between two people

Sometimes in residential leasing, leases are generated for more than one year. Whether the management company decided to enact that policy to specifically fall under the Statute of Frauds or simply to accommodate a seasonal marketplace or compensate for free rent given, so that lease will net twelve months of rent.

## **Fraud or Misrepresentation**

Fraud is any form of deceit or misrepresentation where one party to an agreement attempts to take unfair advantage over the other party. Fraud is punishable by law. Fraud can be as simple as intentionally putting incorrect information on your application for a leasing license, or a job application.

## Residential Lease Terminology

Most residential leases contain certain terms that non-licensees may not be familiar with. Listed below are some common terms in residential leasing.

**Lessor** – Owner (or landlord representing the owner)

**Lessee** – Tenant of record on the lease as responsible party

**Covenant of Quiet Enjoyment (Undisturbed Occupancy)** – This term is in every residential lease. It promises the tenant that if they pay rent and are not in violation of any of the terms of the agreement, the owner/landlord will not disturb their tenancy.

**Time is of the Essence** – This term references performance by a specified or reasonable period of time.

**Holdover tenant** – Also referred to as Tenancy at Sufferance. The tenant continues to occupy the premises after the lease has expired without the owner's/landlord's consent.

**Sublease** – A lease agreement given by the lessee (tenant) to a third party. The original tenant; however, remains liable on the lease for all terms. There is no contractual agreement between a subtenant and the owner/landlord. The landlord may consent to the sublease, but unless there is a separate agreement to "relet" the premises to the third party, the landlord simply is acknowledging that the tenant has subleased the premises to another party. Sometimes, sublease fees are charged for a landlord to consent.

**Sublessor** – The original tenant takes on a mini landlord role by agreement to sublet the premises to another party. In reality, the subtenant should pay the original tenant the rent and the tenant should pay the landlord.

**Sublessee** – The third party who sublease from the original tenant.

**Constructive eviction** – The actions by the landlord (or lack of action by landlord) or an act of nature that might interfere with the tenant's use of the premises is referred to as contractive eviction. Examples might include failure by the landlord to respond to a serious roof leak which causes damage to the tenant and their belongings, or a lack of utilities to the premises. Tenants can move out of the premises and may be relieved of further obligations to pay rent if a court rules that the conditions were such to make the premises uninhabitable and the landlord has not attempted to resolve these issues.

**Eviction** – is the legal action taken by a court to remove and tenant and their belongings from the leased premises. The attorney would file a Forcible Entry and Detainer suit.

**Law of Negligence** – Sometimes referred to just a "negligence". This is the failure to use care that someone else would in the same circumstances. . Examples include failure by the landlord to put mats down on the marble entry floor when it's raining outside. If a person slips and falls, the landlord may be deemed "negligent". Also, if ice has been known to form at the top of the roof line and ice falls off the building, landlord may be negligent if they did not put up signs to warn tenants/visitors to the property.

## Review Questions – Agency and Contracts

- 1) A fiduciary is:
  - a. The tenant
  - b. One who holds a position of trust
  - c. A type of escrow account
  - d. The seller
- 2) Care, obedience, loyalty, accountability and notice are duties and responsibilities of a:
  - a. Client
  - b. Consumer
  - c. Fiduciary
  - d. Seller
- 3) Dual agency occurs when a broker:
  - a. Represents both the buyer and seller in the same transaction
  - b. Is involved in two transactions with the seller
  - c. Has had a prior listing with the seller
  - d. Represents the buyer in two transactions per year
- 4) Commission rates for properties listed for sale are set by:
  - a. IDFP
  - b. The local realtor association
  - c. The buyer
  - d. Mutual agreement between the broker and the seller
- 5) Agency can be terminated by:
  - a. Expiration of the term of the agreement
  - b. Destruction of the property
  - c. Fulfillment of the agreement
  - d. All of the above
- 6) "COLAN" is the abbreviated term for the :
  - a. Duties between a tenant and subtenant
  - b. Duties of a principal
  - c. Duties of a fiduciary
  - d. Duties of IDFP
- 7) The notice provision of a fiduciary's duties means:
  - a. Keeping the owner informed through prompt disclosure
  - b. Presenting all offers to the seller, unless seller waives the right
  - c. Disclosing any ownership interest the licensee may have in a property
  - d. All of the above

- 8) Keeping accurate records for principals (owners) falls under which duty of a fiduciary:
- a. Accountability
  - b. Obedience
  - c. Loyalty
  - d. None of above
- 9) Which of the following can a licensee disclose when acting as a dual agent?
- a. A recommended price the buyer should offer to a seller
  - b. Disclose all latent material defects regarding property that are known
  - c. Confidential information to the seller that the licensee may know about the buyer, without the buyer's permission
  - d. A price the seller is willing to accept from the buyer as his rock bottom price, without the seller's permission
- 10) Express, implied, bi-lateral and unilateral are all types of:
- a. Options
  - b. Contracts
  - c. Cancellation provisions
  - d. Surrenders of lease
- 11) Fraud is defined as:
- a. Misunderstandings
  - b. True statements
  - c. Intentional deceit or lying
  - d. Undue influence
- 12) The Statute of Frauds requires:
- a. All leases to be oral
  - b. All leases to be longer than six months
  - c. All leases longer than one year to be in writing to be enforceable in court
  - d. All leases to be approved by the landlord
- 13) When a tenant claims "constructive eviction" it means:
- a. The tenant must pay all rent within 24 hours
  - b. The tenant claims the unit is uninhabitable
  - c. Tenant is exercising their option to renew
  - d. Tenant is a holdover tenant
- 14) A holdover tenant is one who:
- a. Moves out of the unit because there is no heat
  - b. Acknowledges there is lead-based paint in the unit
  - c. Refuses to adhere to quiet enjoyment
  - d. Continues to occupy the unit after the lease has expired without the landlord's written consent

- 15) Offer and Acceptance are:
- a. Part of the essential elements to a contract
  - b. Part of the Fair Credit Reporting Act
  - c. The only two items needed for valid contract
  - d. Part of the Uniform Landlord Tenant Act
- 16) A voluntary agreement between two competent parties is known as:
- a. Void contract
  - b. Valid contract
  - c. Invalid contract
  - d. Unenforceable contract
- 17) A contract between an adult and a minor is usually:
- a. Voidable by the minor
  - b. Voidable by the adult
  - c. Voidable by either party
  - d. Void
- 18) Which essential element is based on all parties having an accurate knowledge of the terms and conditions of the contract?
- a. Consideration
  - b. Offer and acceptance
  - c. Reality of Consent
  - d. Legal Capacity
- 19) Tenant rents a single-family home and the lease began on February 1<sup>st</sup> and month to month thereafter. This is referred to as:
- a. Year to year tenancy
  - b. Periodic tenancy
  - c. Tenancy at sufferance
  - d. Tenancy in common
- 20) When an apartment building is sold, the existing leases are:
- a. Given 30 days' notice to vacate
  - b. Terminated as of the date of sale
  - c. Remain in full force and effect
  - d. Tenant decides if they want to stay
- 21) In a lease agreement, the Lessor is the:
- a. Management company
  - b. Owner of the property
  - c. The tenant noted on the lease
  - d. The mortgage holder for the property

- 22) Contracts must contain the essential elements in order for a contract to be considered valid. Which one of the following is not an essential element?
- a. Consideration
  - b. Offer and Acceptance
  - c. Care
  - d. Legal Purpose
- 23) The Optionor has decided not to honor the Option to Renew in a lease agreement. What rights does the Optionee have?
- a. The optionee can sue to change the renewal rate
  - b. The optionee can sue for performance of the lease
  - c. The optionee cannot sue because the landlord can change the agreement
  - d. The optionee cannot sue because the landlord gave written notice to rescind
- 24) A tenant agreed to a six-month lease but never signed it. Which of the following is correct?
- a. All contracts must be in writing
  - b. Contracts up to 12 months can be verbal
  - c. Contracts up to one year must be in writing
  - d. All contracts must be at least one year in term
- 25) An agency relationship can be terminated at any time for any of the following reasons except:
- a. Death of either party
  - b. Mutual agreement
  - c. Disclosure
  - d. Expiration of the agreement
- 26) A residential lease is a contract between:
- a. An owner and his/her agent
  - b. A lessor and lessee
  - c. A mortgagor and mortgagee
  - d. A tenant and the leasing agent
- 27) A voluntary agreement between two competent parties is known as:
- a. An unenforceable contract
  - b. A valid contract
  - c. A void contract
  - d. An invalid contract
- 28) Price fixing is an example of a violation of:
- a. Fair Housing laws
  - b. Illinois Human Rights Act
  - c. Antitrust laws
  - d. Disclosure laws



- 29) Which is not an essential element to a valid contract?
- a. Agreement must be in writing
  - b. Competent parties
  - c. Offer and acceptance
  - d. Consideration
- 30) A contract entered into between a competent adult and a minor is:
- a. Void
  - b. Valid
  - c. Voidable by either party
  - d. Voidable by the minor
- 31) When do escrow funds need to be deposited?
- a. Within 48 hours of acceptance
  - b. Immediately
  - c. The next day after acceptance
  - d. The next business day after acceptance
- 32) One of the essential elements to a contract is “consideration”. Consideration means:
- a. All parties understand what they signed
  - b. Offer and acceptance
  - c. Legality of object
  - d. Giving of something of value
- 33) Escrow records and employment agreements must be maintained for how many years?
- a. 2 years
  - b. 3 years
  - c. 5 years
  - d. 7 years

## Terminology – Contracts

Agency: \_\_\_\_\_

Antitrust laws: \_\_\_\_\_

Bilateral contract: \_\_\_\_\_

COLAN: \_\_\_\_\_

Commingling: \_\_\_\_\_

Contract: \_\_\_\_\_

Designated Agent: \_\_\_\_\_

Dual Agency: \_\_\_\_\_

Essential Elements to a Contract: \_\_\_\_\_

Exclusion Contract: \_\_\_\_\_

Executed Contract: \_\_\_\_\_

Express Contract: \_\_\_\_\_

Fiduciary: \_\_\_\_\_

Optionee: \_\_\_\_\_

Optionor: \_\_\_\_\_

Periodic Tenancy: \_\_\_\_\_

Unenforceable Contract: \_\_\_\_\_

Unilateral Contract: \_\_\_\_\_

Valid Contract: \_\_\_\_\_

Void Contract: \_\_\_\_\_

Voidable Contract: \_\_\_\_\_

## **Course Exam**

**STUDENTS CANNOT REGISTER FOR THE LICENSING EXAM PRIOR TO PASSING THE HOME STUDY COURSE EXAM.**

**Students have 180 days from the date of purchase to complete this course and the course exam.** To complete this course, and receive an official transcript, each student must successfully pass a final exam with a minimum score of 75%. The completion and issuance of the transcript allows the student to take the State & National Licensing Exam for Residential Leasing Agents.

**To take the course exam you must have a PSI Student ID number. To obtain a Student ID, students must register with PSI® Testing Excellence. This is the same number that will be used when taking the licensing exam.**

**The directions for registering for a PSI Student ID are on the next page.**

You will be directed to put in your SSN and a password. Once registered, you will receive an email with your assigned student number starting with IL followed by a series of numbers. This number is used to enter your successful completion of the 15-hour Residential Leasing Agent Home Study course and exam.

Please email your PSI Student ID number to [education@illinoisrealtors.org](mailto:education@illinoisrealtors.org) when you're ready to schedule your proctored course exam.

*You have 1.5 hours to take the test. You have four attempts to pass the course exam with 75% or better. You cannot retake the exam in the same day.*

**If you wish to test in-person**, please select from the Illinois REALTORS® [approved proctor locations](#). Once you have made your selection, please email [education@illinoisrealtors.org](mailto:education@illinoisrealtors.org) with your choice. Your exam will be sent to the location, and you will contact the location directly to schedule a date and time.

**For online proctoring**, you will need a camera and microphone. If you do not have those on a computer or laptop, you will have to use FaceTime, Zoom or Skype on a smart phone so you can be seen and heard while taking the exam on a computer or laptop. There is no option to test from your phone or other mobile device.

*Online proctoring is available 10 a.m. until 3 p.m. Monday-Friday. Availability may vary based on available staff schedules.*

If you have everything you need to be seen and heard, please [education@illinoisrealtors.org](mailto:education@illinoisrealtors.org) with a preferred date and time.

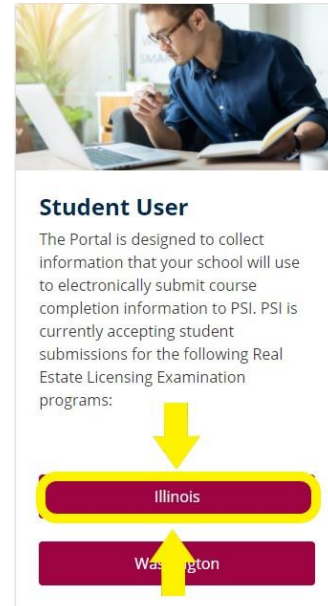
**STUDENTS CANNOT REGISTER FOR THE LICENSING EXAM PRIOR TO PASSING THE HOME STUDY COURSE EXAM.**

# 1. GO TO: [SCHEDULE.PSIEXAMS.COM](https://SCHEDULE.PSIEXAMS.COM)

**2. CLICK:**  
**Clients/Partners - Learn More**



**3. CLICK:**  
**Student User - Illinois**



**4. CLICK:**  
**New student Registration**



## Student Login

The student portal is designed to collect completion information to AMP.



If you have not previously registered as a student, click on the link below:  
**New Student Registration**

**5. FILL IN:**  
**Required Fields**

## Student Registration \* Required Fields

SSN:	<input type="text"/>
Password:	<input type="password"/>
Confirm Password:	<input type="password"/>
First Name:	<input type="text"/>
Last Name:	<input type="text"/>
Suffix:	<input type="text" value="--Please Select--"/>
Birth Date:	<input type="text"/>

## CONTACT INFORMATION

...

## 6. CHECK YOUR EMAIL:

**You will receive an email with a student number starting with IL followed by six numbers. Enter that number and your name on your course.**

## **State & National Licensing Exam**

After successful completion of the course exam, Illinois REALTORS® will enter your completion with PSI. You will be contacted by PSI, via email, once they deem you an eligible candidate to schedule a date and location for the State & National Residential Leasing Agent exam. Please review PSI's website and the [PSI Candidate Handbook](#) for licensing exam information.

## **Instructor Information**

Patricia L. Trombello, CPM® is the author and instructor for this Home Study Program.

Pat also offers a two-hour review session for a nominal fee for students prior to their taking the state exam. This program will be offered at various times throughout the year both during the day and evening hours. It is available to any student who has successfully completed the 15-hour Pre-License Residential Leasing Agent course either through classroom study or home study. For further information, please contact her office at [ttcinc01@aol.com](mailto:ttcinc01@aol.com) or (630) 353-0400.

## **After the exam administered by PSI**

You will have TWO documents which must be given to your sponsoring broker and uploaded to IDFPR's online application portal. These are mandatory to activate your license through the Illinois Department of Financial and Professional Regulation (IDFPR).

- Your original transcript issued by Illinois REALTORS®
- The score report from the testing facility (contains online portal link)

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### **IMPORTANT CONTACTS:**

- ❑ **Instructor Patricia L. Trombello, CPM®**    630-353-0400    [ttc01inc@aol.com](mailto:ttc01inc@aol.com)  
Please leave a detailed message and the best time to have your call returned.
- ❑ **ILLINOIS REALTORS® Education Team**  
[education@illinoisrealtors.org](mailto:education@illinoisrealtors.org) with purchase questions or to request final exam
- ❑ **PSI Testing Service**    855-340-3893    [PSI Illinois Exam Website](#)    [PSI Candidate Handbook](#)

## FINAL REVIEW

The following 35 question Review consists of the most frequently missed questions that many Leasing Agents struggle to recall. While the state test will ONLY be multiple choice questions, the following Review will consist of a combination of multiple choice, true/false, and fill in the blank. Sometimes, asking questions in different ways will help a student think beyond just multiple answers so they will recall definitions, dates, and laws.

1. If a property consisted of over 25 units, a tenant is entitled to interest on their security deposit if the deposit was held for more than how many months? \_\_\_\_\_
2. Which of the following does not require disclosure?
  - a. Radon
  - b. Felons living onsite
  - c. Lead-based paint
  - d. Termites
3. What is the date of the first Civil Rights Act? \_\_\_\_\_
4. Is it permissible to refuse to rent to a person with a poor credit history? Yes      No
5. Redlining by leasing agents is acceptable.      T      F
6. Occupancy standard is a Federal law.      T      F
7. What is it called when a leasing agent directs people, especially protected classes, toward a specific neighborhood or building? \_\_\_\_\_
8. The definition of familial status refers to residents over the age of 18.      T      F
9. A licensee advertises a 15 year- old building as new. This is called "puffing".      T      F
10. A blind ad is an inconspicuous advertisement      T      F
11. An unlicensed personal assistant can sit at an open house for local brokers.      T      F
12. When could a tenant claim constructive eviction? \_\_\_\_\_
13. Where should the leasing agent's original license be kept? \_\_\_\_\_
14. When a leasing agent directs an elderly resident to a quiet building, this is called \_\_\_\_\_  
\_\_\_\_\_

15. A leasing agent refuses to rent a third-floor unit to a disabled resident because there are no elevators in the building. Which of the following statements is correct?
- Did not violate fair housing laws
  - Violated fair housing laws
  - Violated the Fair Housing Act of 1968
  - Disabled individuals need accessible units on the first floor
16. A lease with an indefinite ending date is called:
- Tenancy at Sufferance
  - Void Lease
  - One-year lease
  - Periodic tenancy
17. The Residential Disclosure Act applies to:
- Buyers purchasing 6 units or less
  - Seller of six units or less
  - Buyers of 4 units or less
  - Sellers of 4 units or less
18. When are sponsor cards issued? \_\_\_\_\_  
Who issues the sponsor cards? \_\_\_\_\_
19. A tenant installed a new light fixture in the dining room of their apartment. What kind of Property is the light fixture when they install it? \_\_\_\_\_
20. An owner of a 12-unit apartment building lives onsite. In his absence, the maintenance person shows vacant apartments. Is this acceptable? \_\_\_\_\_  
Why or why not? \_\_\_\_\_
21. Sarah is a pregnant 19-year-old woman who wants to rent a unit in a 4-flat apartment building. The owners live onsite and has denied Sarah's application. Which statement is correct?
- The owner is exempt from fair housing laws for 4 units or less
  - The owner has discriminated because Sarah is pregnant
  - The owner is exempt because he is an immigrant
  - The owner has discriminated because pregnancy needs to be disclosed
22. A person with a disability added the following features to make the unit accessible. Which feature, most likely, would not have to be returned to its' original condition.
- Lowered the viewing hole in the door
  - Lowered the countertops
  - Widened the doorways
  - Changed the lighting



23. A husband and wife rented an apartment. The husband passed away and the wife did not renew the lease at the expiration and continued to occupy the apartment. This created a:
- Tenancy in common
  - Tenancy at sufferance
  - Tenancy at will
  - Tenancy for life
24. Two large brokerage firms agree to charge their clients a standard fixed fee for brokerage services. Which of the following are they in violation of?
- Law of Negligence
  - Local laws
  - Anti-trust laws
  - Disclosure laws
25. The appliances in a residential apartment unit are considered:
- Trade fixtures
  - Real Property
  - The tenant's personal property
  - The landlord/owner's property
26. A tenant was given an Option to Renew by the landlord. Later the landlord decides to revoke the Option. Which of the following statements is true?
- The landlord can revoke the Option at any time
  - The landlord can revoke the Option with 10 days' notice
  - The tenant can sue the landlord for performance of the lease
  - The tenant has no recourse
27. A consumer hired a leasing agent to rent their condominium for them. The leasing agent placed an ad online and the ad read "Call Kim at 312-222-2222. Which of the following statements is true?
- The consumer can hire a leasing agent directly to rent their condominium
  - The leasing agent can take on side jobs without their sponsoring broker's knowledge
  - The online ad was considered puffing
  - The online ad did not list the sponsoring broker's company name
28. Which of the following cannot be criteria for renting to new prospects?
- The number of occupants who will live in the unit
  - The prospect's ethnicity
  - The results of the credit check
  - The results of the criminal background check

29. Which statement is true regarding a sublet of an apartment lease?
- a. The landlord does not need to approve the sub-tenant
  - b. The landlord becomes the Sublessee
  - c. The tenant becomes the Sublessee
  - d. The tenant becomes the Sublessor
30. A tenant needs short-term housing. They sign a month to month lease. This is considered a:
- a. Random tenancy
  - b. Periodic tenancy
  - c. Unilateral contract
  - d. Tenancy at sufferance
31. A 120-day Student Permit is issued by the sponsoring broker for which of the following licensees?
- a. Leasing agents
  - b. Leasing agents and brokers
  - c. Leasing agents, brokers, and managing brokers
  - d. Brokers only
32. A prospective tenant felt they were discriminated against by a leasing agent. Who does the prospective tenant report the discrimination to?
- a. The leasing agent
  - b. The sponsoring broker
  - c. Department of Financial and Professional Regulation
  - d. Department of Disciplinary Actions
33. A sponsoring broker's license is revoked by IDFPR for a violation of the Real Estate License Act. What happens to the licenses held by that sponsoring broker?
- a. All licenses held by the sponsoring broker are also revoked
  - b. All licenses held by the sponsoring broker immediately go into inoperative status
  - c. The licenses continue to be active until a new sponsoring broker is assigned
  - d. The licenses only go into inoperative status if the time exceeds two years
34. A 12-unit apartment building is sold to a new owner. What happens to the leases for the tenants in the building?
- a. All leases are cancelled upon 10 days' notice
  - b. The leases remain in effect
  - c. The leases are cancelled when the new owner takes over
  - d. The leases will not be renewed

35. Which of the following statements is true regarding lease agreements in Illinois between a property owner and a tenant?
- a. The lease can be terminated at any time without notice
  - b. The lease can be terminated at the expiration of the term with 90 days' notice
  - c. The landlord is under no obligation to renew the lease
  - d. The landlord must renew the lease if the tenant is not in arrears in rent

# **APPENDIX - A**

## **ANSWER KEY By Section**

### **SECTION ONE – License Act and Advertising**

- |       |       |
|-------|-------|
| 1. A  | 21. D |
| 2. B  | 22. B |
| 3. D  | 23. C |
| 4. B  | 24. D |
| 5. D  | 25. A |
| 6. D  | 26. C |
| 7. A  | 27. D |
| 8. B  | 28. D |
| 9. A  | 29. B |
| 10. C | 30. C |
| 11. D | 31. D |
| 12. C | 32. A |
| 13. D | 33. C |
| 14. C | 34. A |
| 15. B | 35. D |
| 16. C | 36. A |
| 17. B | 37. A |
| 18. C | 38. D |
| 19. C | 39. A |
| 20. A | 40. C |

## **Advertising – Words and Phrases**

**1= Unacceptable**

**2= Caution should be used**

**3= Acceptable**

**2-Security entrances (use caution – we cannot promise safety. Should be Controlled Access**

**1-Designed to offer adults 55 years and older self-sufficient, secure, pleasant and affordable**

**3-24 hour Doorman (amenity but would be better if it read 24 hour controlled access)**

**1-Students – walk to campus (steering)**

**3- Sexy bathrooms (describes the property, not people)**

**1-Attractive People (describes people)**

**2-Your perfect location (puffing)**

**1-\$500 Resident Referrals – no limit (there is a limit 3 referrals in 12 month period of time)**

**1-Student Apartments (steering)**

**2-From kids to seniors, Bay Point Village has everything you could want**

**3-Walk in closets (describes the property)**

**1-Student friendly (steering)**

**2-Managed by people who care, maintained by people who care, and occupied by people**

**2-Inlaw apartment (may be used if it is customary in your area to see this type of housing)**

**1-We will always look out for your best interests (we represent the owner, not the prospect)**

**2-Quiet cul de sac location (what is quiet)**

**2-Stupendous location (puffing)**

**3-Home is ADA compliant (describes the property)**

**1-Located next to other families in the subdivision (describes people)**

**3-Panoramic views**

**3-Call Brad at XYZ Realty 1-630-999-9999**

**1-Lower level is vacant, so choose your own renter, or rent to your semi-dependent relative**

## **Test Your Knowledge on Service Animals and Reasonable Accommodations**

**1.True**

**2.True**

**3.False**

**4.False**

**5.True**

**6.False**

**7.False**

**8.False**

**9.True**

**10.False**

**11.True**

**12.False**

**13.False**

**14.False**

**15.False**

**16.No. Restricted breed policy does not affect service animals**

**17.No, but the housing provider may ask for medical verification. Remember the service animal use must be related to a person's disability**

**18.No, service animals are not trained for protection purposes. They assist a person relating to their disability**

**19.No, per American's with Disabilities Act, the animal must be under control. ADA defines "under control" as leashed, harnessed, tethered. Therefore, housing providers can certainly have a policy that "All animals must be leashed and under control".**

**20.If the resident did not notify the housing provider previously, then the animal was treated as a "pet". Once the resident identifies the animals as a service animal, all fees must stop from that point on.**

21. Apologize and tell the resident that it has come to your attention that a fee was charged for the animal and a refund will be issued and no further fees will be charged in the future. Housing providers should remember that if the animal damages the property, however, damages do apply.

22. No disclosure needs to be made. If either resident is affected, treat that individually and offer to relocate the one who is experiencing discomfort.

23. No need to address service animals in advertisements. People with disabilities know their rights to have a service animal.

24. No disclosure to other residents should be made. If one resident inquires about there being an animal in their “no pet” building, simply address it by acknowledging that you are aware of the animal and that your policy has not changed. If they persist, you may always say that you follow all fair housing laws. Do not tell another resident that the animal is a service animal. That violates the person with the disability’s rights to privacy.

## SECTION TWO – Fair Housing

1. C
2. A
3. B
4. D
5. B
6. C
7. A
8. D
9. C
10. A
11. A
12. B
13. A
14. B
15. C
16. D
17. D
18. C
19. C
20. D

21. A
22. B
23. B
24. D
25. D
26. D
27. B
28. C
29. C
30. B
31. D
32. B
33. A
34. A
35. C
36. A
37. B
38. B
39. C
40. D

41. D
42. B
43. D
44. C
45. B

## **SECTION TWO – Owner/Tenant Relationships**

- |       |       |
|-------|-------|
| 1. B  | 11. B |
| 2. C  | 12. C |
| 3. B  | 13. A |
| 4. D  | 14. C |
| 5. D  | 15. B |
| 6. C  |       |
| 7. D  |       |
| 8. D  |       |
| 9. C  |       |
| 10. B |       |

## **SECTION THREE – Agency/Contracts**

- |       |       |
|-------|-------|
| 1. B  | 21. B |
| 2. C  | 22. C |
| 3. A  | 23. B |
| 4. D  | 24. B |
| 5. D  | 25. C |
| 6. C  | 26. B |
| 7. D  | 27. B |
| 8. A  | 28. C |
| 9. B  | 29. A |
| 10. B | 30. D |
| 11. C | 31. D |
| 12. C | 32. D |
| 13. B | 33. C |
| 14. D |       |
| 15. A |       |
| 16. B |       |
| 17. A |       |
| 18. C |       |
| 19. B |       |
| 20. C |       |



### ANSWER KEY –Final Review – Leasing Agent Licensing

1. 6 months
2. Felons living onsite (b)
3. 1866
4. Yes. Most landlords have set up a policy on establishing criteria for approving lease applications.
5. False – redlining is not done by licensees. It is banks/lending institutions charging different rates for different people.
6. False – It is a HUD guideline (not law)
7. Steering
8. False – Familial status is defined as an adult over 18, a person who is pregnant, a person who has custody or is getting custody of persons under age 18
9. False – This would be considered misrepresentation or fraud. Puffing is defined as exaggerating the terms. This would be more than an exaggeration.
10. False – Inconspicuous means not-prominent. A blind ad would be missing key information.
11. True – They just cannot be at an open house that is open to the public.
12. No heat, no water. Anything that interferes with their occupancy.
13. In the sponsoring broker's office. Or, if most of a licensee's time is spent at a branch office, then their license would be maintained in the Branch Office.
14. Steering
15. Violated Fair Housing laws (b)
16. Periodic tenancy (d)
17. Sellers of four units or less (d)
18. 45-day sponsor cards are issued by the sponsoring broker/managing broker. The first time a sponsor card is issued is when a licensee first successfully completes the state leasing exam and then thereafter whenever they change sponsoring brokers.
19. Real property
20. Yes, because owners are exempt from the licensing laws as are their direct employees.
21. A
22. C
23. B
24. C
25. D
26. C
27. D
28. B
29. D
30. B
31. A
32. C
33. B
34. B
35. C

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