



Summary of SB 1872 The Real Estate License Act of 2000 (RELA)

“Global” themes:

- Leasing agents are now known as Residential Leasing Agents
- Ability to operate electronically—provisions throughout accommodate paperless processes
 - No paper license requirement
 - No sponsor cards, but evidence of sponsorship
 - “One-click away” rule for information after clicking on a link
 - Possibility open for “virtual office”
- More detailed and specific oversight requirements for designated managing brokers over new broker licensees
- Reconfiguration of pre-license and post-license education for new broker licensees

Article 1 – General Provisions

- Section 1-10 – (Selected) Definitions
 - Blind advertising – if ad is electronic, must provide direct link to required information, i.e. complete business name with franchise if applicable
 - Delete definition of “branch office” – just list of office locations for sponsoring brokerage company
 - Broker –
 - New language in (5) to consider pattern of practice commonly referred to as “wholesaling” or a pattern of using contract assignments as a business practice
 - Designated managing broker (MB) – the MB designated by the sponsoring broker (SB) who is responsible for oversight and registered as such with IDFPR
 - Delete “inoperative” in favor of “inactive” – makes point that entity must be in good standing in IL to be active
 - License – definition changed to accommodate paperless business practices
 - Managing broker – status of license where licensee could act as designated MB with IDFPR – Also MB can be his/her own SB if sole proprietor
 - Delete “ministerial acts” as defined term – led to confusion where licensees thought might be a way to provide “no agency” to both sides/consumers in transactions
 - Delete “personal assistant” – led to confusion. Person who is licensed personal assistant still subject to RELA requirements
 - Delete “pocket card” – paperless evidence of licensure allowed
 - Delete “pre-renewal period”
 - Renewal period – a window of time beginning 90 days prior to a current term of licensure during which a licensee may apply to renew his or her existing license
 - Residential leasing agent – license status formerly known as leasing agent



- **Team – new definition – group of 2 or more licensees who together hold themselves out to public as team or group with a different name than the SB. Teams are NOT separately organized as a legal entity, i.e. corp or LLC**
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Article 5 – Licensing and Education

- Section 5-10(d) – Changes continuing education for residential leasing agents from 6 to 8 hours and describes subjects to be included in the 8-hour course
- Section 5-20
 - 5-20(10) – Increases the amounts for resident tenants’ referral fees allowed
 - 5-20(15) – Includes on-line short-term rentals in the hotel exemption
 - 5-20(16) - Exempts IDFPR employees while working at IDFPR; also, IDFPR can offer continuing education courses without a license
- Section 5-25 – Good moral character (much of this language added to licensing statutes across the board at Department)
 - 5-25(b) includes a lot of language about how to assess past conduct including criminal history
 - 5-25(c) includes non-reportable items re background, i.e. juvenile records, arrests etc.
 - 5-25(d) includes grounds to deny license if false statements made by applicant
 - 5-25(e) adds a reporting requirement if certain criminal convictions occur during term of licensure
- Section 5-27 – Broker licensing
 - 5-27(a)(1) - Applicant can now be 18 years old
 - 5-27 (a)(5) - Pre-license education **changes** from 90 hours **to 75 hours with 15 of those 75 in live, interactive manner**
- Section 5-28 – Managing broker licensing
 - 5-28(a)(1) - Applicant must be at least 20 years old
 - 5-28(a)(3) - Applicant must have been licensed as broker for 2 consecutive years of last 3
- Section 5-29 – Provision for temporary practice as a designated managing broker requires someone to be appointed as managing broker for no more than 60 days and subject to IDFPR approval (ability of broker licensee to act as MB for 90 days deleted- IDFPR initiative)
- Section 5-40 – Sponsorship; establishing and terminating sponsorship
 - 5-40(b) – Procedure for changing sponsorship and a licensee is able to terminate on his own with IDFPR, or vice versa (agreement with IDFPR to keep discussing this important issue); Licensee must not operate until re-sponsored with new SB



Section 5-45 – Offices

- 5-45(d) - Describes offices and recordkeeping; provides for electronic storage of records
- 5-45(f) – IDFPR to adopt rules to permit “virtual” offices
- Section 5-50 – Expiration of licenses
 - 5-50(b) – New provisions for **initial broker licensee: must complete 45-hour post-license course requiring passing of test(s); consists of three 15-hour courses covering**
 - **Applied brokerage principles**
 - **Risk management/discipline**
 - **Transactional issues**
 - **50 question tests after each section given by the education provider**
 - **Will have, at most, 2.5 years to complete the 45 hours prior to first or second renewal date**
 - 5-50(e) – Carry a license or e-version of license
- Section 5-70 – Continuing education (CE) for managing broker or broker
 - 5-70(f) – Subjects for CE (additions)
 - (9) – Transaction management
 - (15) – Broker supervision and MB responsibility
 - (16) – Professional conduct
 - (17) – Use of technology
 - 5-70(j) – Can now do 12 hours of CE in a day (IDFPR initiative)

Article 10 – Compensation and Business Practices

- Section 10-20(e) – Changes this provision to allow formation of an entity to receive licensee compensation from SB where licensee is sole owner; or licensee spouses sponsored by same SB are owners; or licensee and unlicensed spouse are owners of the entity
- Section 10-30 – Advertising
 - **10-30(a) – now has a provision where team names must not contain “inherently misleading terms,” such as**
 - **Company**
 - **Realty**
 - **Real estate**
 - **Agency**
 - **Associates**
 - **Brokers**
 - **Properties**
 - **Property**



- Section 10-30(c)(1) – Disclose licensee status on MLS data form that is accessible to consumer
- Section 10-30(f) – Adds back to RELA a type size limit for team names or licensee’s names compared to the SB name. The SB name must be equal to or larger than the team name or the licensee’s name
- Section 10-30(g) – Designated MB must identify himself/herself as such in any ad (except yard signs) where name is used
 - **MB may now advertise himself or herself as MB**
- **Section 10-50 – New section** that sets out very specific requirements for Guaranteed Sales Plans
 - Specific provisions included in this section
 - Still ground for discipline under Section 20-20 of RELA
- **Section 10-55 – New section** that sets forth specific Designated MB responsibilities
 - 10-55(a) – Basic oversight requirements for MB
 - 10-55(b) – **Specific oversight responsibility for Designated MB related to new broker licensees prior to completion of 45-hour post-license education**
 - **Includes oversight and handling of escrow**
 - **Involvement in contract negotiations**
 - **Approval of advertising**
 - **Brokers who have not completed 45-hour post-license education cannot bind SB to contracts**

Article 15 – Agency Relationships

- Section 15-10 – Relationships between licensees and consumers – condensed due to removal of ministerial acts from defined terms, but meaning of section remains unchanged
- Section 15-25 – Licensees’ relationships with customers (or No Agency) – disclosure requirement to customers for no agency remains
- Section 15-50 – Changes SB may name designated agents for clients to **shall** designate licensees who will be the legal agent(s) for clients

Article 20 – Disciplinary Provisions

- Section 20-20 – Nature and grounds for discipline
 - 20-20(a)(29) – failure to follow Section 10-50 related to guaranteed sales plans
 - 20-20(a)(45) – failure to notify IDFPR of conviction within 30 days



- 20-20(a)(46) – Designated MB’s failure to provide company policy or failure to oversee new brokers as set forth in Section 10-55
- Section 20-20.1 – Citations (IDFPR initiative)
 - Program to provide abbreviated, non-disciplinary process for failure to complete CE in a timely manner. Can pay and complete CE or ask for a hearing. No change in license status while awaiting a hearing if sought.
- Section 20-75 – Administrative Review venue
 - 20-75(b) – if judicial review involves a party who is not a resident of Illinois, venue shall be Cook County
- Section 20-90 – Collection from real estate recovery fund; procedure
 - Generally speaking, procedure for recovery for actual loss by an aggrieved person has been substantially streamlined to allow for actual recovery from the fund if there is a basis for recovery

Article 30 – Education Providers and Courses

- Section 30-15 – Licensing of Education Providers; approval of courses
 - 30-15(i)(3) – requirement for a polling question every 50 minutes instead of 30 in an interactive webinar situation
- Section 30 – 25 – Licensing of education provider instructors
 - 30-25(a-5) – Pre-license instructors permitted to teach pre-license, post-license, core and elective courses. CE instructors permitted to teach elective courses only.