



Real Estate
Broker and Managing Broker

CONTINUING EDUCATION

18th Edition
Revised

Elective Courses
7 Credit Hours
Self-Study

Real Estate
Broker and Managing Broker

CONTINUING EDUCATION

18th Edition
Revised

AN
ILLINOIS REAL ESTATE
CONTINUING EDUCATION
PROGRAM



InstituteOnline.com
800-995-1700

REAL ESTATE BROKER and MANAGING BROKER CONTINUING EDUCATION

18th Edition Revised

COPYRIGHT © 2022 by Real Estate Institute

All rights reserved. No part of this book may be reproduced, stored in any retrieval system or transcribed in any form or by any means (electronic, mechanical, photocopy, recording or otherwise) without the prior written permission of Real Estate Institute.


A considerable amount of care has been taken to provide accurate and timely information. However, any ideas, suggestions, opinions, or general knowledge presented in this text are those of the authors and other contributors, and are subject to local, state and federal laws and regulations, court cases, and any revisions of the same. The reader is encouraged to consult legal counsel concerning any points of law. This book should not be used as an alternative to competent legal counsel.

Printed in the United States of America.

•P4•

Published by **Real Estate Institute**
6203 W. Howard Street
Niles, IL 60714
800-995-1700
InstituteOnline.com

Table of Contents

Introduction	1
Chapter 1: Ethical Practice	3
<i>3 Credit Hours – Elective</i>	
The REALTOR® Code of Ethics – its enforcement, disclosure of representation, latent defects, conflicts of interest, escrows, litigation, and office policies. An explanation of ethical standards set by the Real Estate License Act.	
<i>REALTOR® members must complete ethics training, meeting specific learning objectives and criteria, within three-year cycles. This course has been reviewed by the Chicago Association of REALTORS® and is approved to satisfy the Code of Ethics training requirement.</i>	
	
Chapter 2: Managing Risk	33
<i>2 Credit Hours – Elective</i>	
The unauthorized practice of law, preparing comparable sales, fair housing, disclosures, litigation, office policies, and programs that can be followed to lessen the chance of error or legal complications.	
Chapter 3: Leasing & Consumer Protection	45
<i>2 Credit Hours – Elective</i>	
Fair credit reporting, security deposits, lease terminations, lead-based paint regulations, property management, leasing commercial property, rental finding services and the Real Estate License Act of 2000.	
Answer Key for Study Questions	62

The courses in this textbook are approved by the Illinois Department of Financial and Professional Regulation (IDFPR) as of this printing. Details regarding the course approvals, including a copy of the licenses issued to the school, are available to be viewed by enrolled students when logged into our website.

INTRODUCTION

Over the past few years, there have been substantial changes to Illinois real estate license law and the corresponding administrative rules.

Specifically, the Real Estate License Act of 2000 was amended with important changes regarding education requirements. Then, a short time later, the Act was due to “sunset”, which is a provision of the law that ensures a thorough review every decade or so. That review led to more substantial updates which became effective on August 9, 2019. Details about those updates are covered in the 4-Hour Core continuing education course.

WHAT IS INCLUDED IN THIS COURSEBOOK?

Real estate Brokers and Managing Brokers must complete 12 hours of core and elective continuing education. As part of this requirement, two courses must be completed in an “interactive” format, which includes class, webinar, and online distance education. These courses are:

- *Core CE (4 Hours - Mandatory)*
- *Sexual Harassment Prevention Training (1 Hour - Elective)*

Therefore, licensees may not complete their entire continuing education requirement in a self-study format. We can, however, provide you with self-study courses for the remainder of your elective continuing education.

This self-study book contains seven hours of elective continuing education and includes the following courses:

- *Ethical Practice (3 Hours - Elective)*
- *Managing Risk (2 Hours - Elective)*
- *Leasing & Consumer Protection (2 Hours - Elective)*

To earn credit for these self-study courses, you must attain a passing score of at least 75% on a proctored final exam for each course.

In addition to the 12 hours of core and elective education mentioned above, most Managing Brokers must also complete the 12-hour Broker Management Continuing Education course.

OUR COMMITMENT

We developed this course material and the corresponding practice exams at the end of each chapter (and online in your student portal) in a manner that should prepare you to pass the proctored final exams for these self-study courses.

We are committed to making continuing education as stress-free as possible. Please call 800-995-1700 or visit us online at InstituteOnline.com if you have any questions about these courses or your license renewal requirements.

ETHICAL PRACTICE

By definition, business ethics are the moral principles that act as guidelines for business transactions. These principles help us to determine what is right, wrong and appropriate in the workplace and to ensure that everyone is treated with respect, fairness and honesty.

The National Association of REALTORS® (NAR) Code of Ethics was first adopted in 1913. Each real estate licensee is expected to practice in the most ethical way possible and the Code of Ethics sets rules or guidelines for members of the NAR to follow when dealing with the public and other REALTORS®. Over the years, the Code of Ethics has been amended many times to reflect changes in the real estate marketplace, the needs of property owners, and the perceptions and values of society.

The Preamble to the Code of Ethics tells us that “REALTORS® should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.” It goes on to say that “Such interests impose obligations beyond those of ordinary commerce. They impose grave social responsibility and a patriotic duty to which REALTORS® should dedicate themselves, and for which they should be diligent in preparing themselves.” REALTORS® are expected to maintain and improve the standards of their profession.

The majority of licensees, both members and non-members of the NAR, use the Code of Ethics as a standard for ethical practice.

As you read the Code of Ethics, you will recognize a number of the same issues being addressed in both the Code of Ethics and the Real Estate License Act of 2000. It is not by accident but by design that the Code of Ethics has had a great impact on real estate license law throughout the country and in Illinois. The Code of Ethics encourages REALTORS® to assist regulatory agencies. REALTORS® accomplish this goal by identifying and taking steps to eliminate practices that may damage the public or bring discredit to the profession.

The basis for the Code of Ethics is the “Golden Rule,” doing unto others as you would have them do unto you. This is obviously a principle we should follow in all our affairs, both private and professional.

The Code of Ethics gives guidance in three areas of practice: duties to clients and customers, duties to the public, and duties REALTORS® have to one another. However, be aware that it is intended for REALTOR® members throughout the country and is not intended to reflect current real estate laws in specific states, such as Illinois. Therefore, as you read these materials, you should pay special attention to instances in which Illinois license law differs from or adds substantially to the standards set forth by the Code of Ethics. When appropriate, we have included explanations of Illinois license law after each of the Code’s standards.

The NATIONAL ASSOCIATION OF REALTORS®, Code of Ethics, quoted herein, is taken from NATIONAL ASSOCIATION OF REALTORS® Form, effective January 1, 2022.

ARTICLE 1

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller,

landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly. *(Amended 1/01)*

Standard of Practice 1-1

REALTORS®, when acting as principals in a real estate transaction, remain obligated by the duties imposed by the Code of Ethics. *(Amended 1/93)*

Illinois licensees must disclose their status as licensees whenever they are a principal in a transaction. This is meant to alert the public of a licensee's special knowledge and training.

Standard of Practice 1-2

The duties imposed by the Code of Ethics encompass all real estate-related activities and transactions whether conducted in person, electronically, or through any other means.

The duties the Code of Ethics imposes are applicable whether REALTORS® are acting as agents or in legally recognized non-agency capacities except that any duty imposed exclusively on agents by law or regulation shall not be imposed by this Code of Ethics on REALTORS® acting in non-agency capacities.

As used in this Code of Ethics, "client" means the person(s) or entity(ies) with whom a REALTOR® or a REALTOR®'s firm has an agency or legally recognized non-agency relationship; "customer" means a party to a real estate transaction who receives information, services, or benefits but has no contractual relationship with the REALTOR® or the REALTOR®'s firm; "prospect" means a purchaser, seller, tenant, or landlord who is not subject to a representation relationship with the REALTOR® or REALTOR®'s firm; "agent" means a real estate licensee (including brokers and sales associates) acting in an agency relationship as defined by state law or regulation; and "broker" means a real estate licensee (including brokers and sales associates) acting as an agent or in a legally recognized non-agency capacity. *(Adopted 1/95, Amended 1/07)*

License law in Illinois gives us the definitions to be used to describe our agency and non-agency relationships based on the concept of designated agency. Since we judge agency relationships based on the individual licensee rather than the firm or managing broker, the definitions of "client" and "customer" as used in the Code of Ethics are different from those used in the Real Estate License Act. It should also be noted that where the Code of Ethics addresses sub-agency, these references do not apply in Illinois. Illinois does not allow the offer of sub-agency through a multiple or cooperative listing service.

Standard of Practice 1-3

REALTORS®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

Standard of Practice 1-4

REALTORS®, when seeking to become a buyer/tenant representative, shall not mislead buyers or tenants as to savings or other benefits that might be realized through use of the REALTOR'S® services. *(Amended 1/93)*

The Real Estate License Act places these same obligations on licensees in Illinois by requiring licensees to place the interests of clients above their own and treat all customers honestly.

Standard of Practice 1-5

REALTORS® may represent the seller/landlord and buyer/tenant in the same transaction only after full disclosure to and with informed consent of both parties.
(Adopted 1/93)

In this instance, Illinois license law and the Code of Ethics both take the same position. However, license law goes further to prescribe the specific requirements for disclosure of dual agency.

Standard of Practice 1-6

REALTORS® shall submit offers and counter-offers objectively and as quickly as possible. (Adopted 1/93, Amended 1/95)

Illinois license law states this same rule when it calls for timely presentation of offers.

Standard of Practice 1-7

When acting as listing brokers, REALTORS® shall continue to submit to the seller/landlord all offers and counteroffers until closing or execution of a lease unless the seller/landlord has waived this obligation in writing. Upon the written request of a cooperating broker who submits an offer to the listing broker, the listing broker shall provide, as soon as practical, a written affirmation to the cooperating broker stating that the offer has been submitted to the seller/landlord, or a written notification that the seller/landlord has waived the obligation to have the offer presented. REALTORS® shall not be obligated to continue to market the property after an offer has been accepted by the seller/landlord. REALTORS® shall recommend that sellers/landlords obtain the advice of legal counsel prior to acceptance of a subsequent offer except where the acceptance is contingent on the termination of the pre-existing purchase contract or lease. (Amended 1/19)

Standard of Practice 1-8

REALTORS® acting as agents or brokers of buyers/tenants shall submit to buyers/tenants all offers and counteroffers until acceptance but have no obligation to continue to show properties to their clients after an offer has been accepted unless otherwise agreed in writing. Upon the written request of the listing broker who submits a counteroffer to the buyer's/tenant's broker, the buyer's/tenant's broker shall provide, as soon as practical, a written affirmation to the listing broker stating that the counteroffer has been submitted to the buyers/tenants, or a written notification that the buyer's/tenant's have waived the obligation to have the counteroffer presented. REALTORS® acting as agents or brokers of buyers/tenants shall recommend that buyers/tenants obtain the advice of legal counsel if there is a question as to whether a pre-existing contract has been terminated. (Adopted 1/93, Amended 1/99)

Both of these standards are in keeping with the basic concept of the agency relationship; the agent is to give advice, but decisions are to be made by the client.

Standard of Practice 1-9

The obligation of REALTORS® to preserve confidential information (as defined by state law) provided by their clients in the course of any agency relationship or non-agency relationship recognized by law continues after termination of agency relationships or any non-agency relationships recognized by law.

REALTORS® shall not knowingly, during or following the termination of professional relationships with their clients:

- 1) reveal confidential information of clients; or
- 2) use confidential information of clients to the disadvantage of clients; or
- 3) use confidential information of clients for the REALTOR®'s advantage or the advantage of third parties unless: a) clients consent after full disclosure; or b) REALTORS® are required by court order; or c) it is the intention of a client to commit a crime and the information is necessary to prevent the crime; or d) it is necessary to defend a REALTOR® or the REALTOR'S® employees or associates against an accusation of wrongful conduct.

Information concerning latent material defects is not considered confidential information under this Code of Ethics. *(Adopted 1/93, Amended 1/01)*

Confidentiality is one of the central issues that led to the changes in our industry's approach to agency relationships and the creation of the form of designated agency practiced in Illinois. Each licensee must be aware of the specific definition of "confidential information" as set forth in the Real Estate License Act and keep such information private.

Standard of Practice 1-10

REALTORS® shall, consistent with the terms and conditions of their real estate licensure and their property management agreement, competently manage the property of clients with due regard for the rights, safety and health of tenants and others lawfully on the premises. *(Adopted 1/95, Amended 1/00)*

Standard of Practice 1-11

REALTORS® who are employed to maintain or manage a client's property shall exercise due diligence and make reasonable efforts to protect it against reasonably foreseeable contingencies and losses. *(Adopted 1/95)*

Property managers must balance the goal of high returns for the owner against proper treatment of tenants.

Standard of Practice 1-12

When entering into listing contracts, REALTORS® must advise sellers/landlords of:

- 1) the REALTOR'S® company policies regarding cooperation and the amount(s) of any compensation that will be offered to subagents, buyer/tenant agents, and/or brokers acting in legally recognized non-agency capacities;
- 2) the fact that buyer/tenant agents or brokers, even if compensated by listing brokers, or by sellers/landlords may represent the interests of buyers/tenants; and
- 3) any potential for listing brokers to act as disclosed dual agents, e.g. buyer/tenant agents. *(Adopted 1/93, Renumbered 1/98, Amended 1/03)*

Standard of Practice 1-13

When entering into buyer/tenant agreements, REALTORS® must advise potential clients of:

- 1) the REALTOR'S® company policies regarding cooperation;

- 2) the amount of compensation to be paid by the client;
- 3) the potential for additional or offsetting compensation from other brokers, from the seller or landlord, or from other parties;
- 4) any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g. listing broker, subagent, landlord's agent, etc., and
- 5) the possibility that sellers or sellers' representatives may not treat the existence, terms, or conditions of offers as confidential unless confidentiality is required by law, regulation, or by any confidentiality agreement between the parties. *(Adopted 1/93, Renumbered 1/98, Amended 1/06)*

License law coincides with Standards 1-12 and 1-13. When meeting with a potential client, we must explain how we practice designated agency, including whether we practice dual agency, where our compensation will come from, who we will share it with, and if we share on a different basis with some managing brokers than others. We are also required to inform clients of the names of their designated agents in writing.

Standard 1-13-5 requires REALTORS® to warn buyers and tenants that owners and owners' agents may share information with other individuals about the terms of offers the buyer or tenant makes to them. Illinois law does not require licensees to warn their buyer and tenant clients in this way; however, it does seem appropriate that clients be made aware of this possibility.

Standard of Practice 1-14

Fees for preparing appraisals or other valuations shall not be contingent upon the amount of the appraisal or valuation. *(Adopted 1/02)*

Standard of Practice 1-15

REALTORS®, in response to inquiries from buyers or cooperating brokers shall, with the sellers' approval, disclose the existence of offers on the property. Where disclosure is authorized, REALTORS® shall also disclose, if asked, whether offers were obtained by the listing licensee, another licensee in the listing firm, or by a cooperating broker. *(Adopted 1/03, Amended 1/09)*

Illinois law is consistent with the idea that the decision as to whether to provide information about the existence of other offers should be made by the seller. A licensee representing a buyer or seller has a duty to keep confidential any information that can affect the client's position in the transaction or harm the client in any way unless the client authorizes the disclosure of such information.

Standard of Practice 1-16

REALTORS® shall not access or use, or permit or enable others to use, listed or managed property on terms or conditions other than those authorized by the owner or seller. *(Adopted 1/12)*

Standard of Practice 1-16 is clearly consistent with Illinois license law, calling for designated agents to follow the lawful instructions of their client.

SCENARIO

Larry Licensee was excited to participate in an office listing contest. He told his neighbor, Sue Seller, that this is the best time to sell for top dollar and convinced them to list it for an overprice of \$295,000.

Larry Licensee did not do anything to help promote the sale of his listing because he knew that it would not sell.

Sue wondered why Larry never advertised or showed her property. She complained to Larry's local REALTOR® board claiming that he failed to promote her best interest, failed to advise her of his opinion of the listing price, and failed to work to find a suitable buyer for the home.

What Is the Central Issue?

Promoting and protecting the interest of clients and to treat all parties with honesty.

What Does the Code Say About the Central Issue?

Licensees are required to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly.

How Does the Code Apply to the Facts of the Case?

Larry took the listing in an effort to win a listing contest. Larry did not provide Sue Seller with accurate pricing information or make any attempts to promote Sue Seller's property.

What, If Anything, Could Have Been Done to Prevent the Problem?

Larry could have provided Sue Seller with an accurate CMA and advised her on best pricing options related to the current market conditions.

ARTICLE 2

REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law. *(Amended 1/00)*

Standard of Practice 2-1

REALTORS® shall only be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in those areas required by their real estate licensing authority. Article 2 does not impose upon the REALTOR® the obligation of expertise in other professional or technical disciplines. *(Amended 1/96)*

Standard of Practice 2-2 (Renumbered as Standard of Practice 1-12 1/98)

Standard of Practice 2-3 (Renumbered as Standard of Practice 1-13 1/98)

Standard of Practice 2-4

REALTORS® shall not be parties to the naming of a false consideration in any document, unless it be the naming of an obviously nominal consideration.

Standard of Practice 2-5

Factors defined as “non-material” by law or regulation or which are expressly referenced in law or regulation as not being subject to disclosure are considered not “pertinent” for purposes of Article 2. (*Adopted 1/93*)

Article 2 simply reminds us of the importance of honesty and full disclosure.

SCENARIO

Broker Bill is leasing an apartment to Tina Tenant, stating to her that according to the owner, everything is in good working order. Since day one, Tina Tenant has experienced a series of problems and has become frustrated with Bill's lack of response. Broker Bill refuses to return her calls insisting that this is not his problem, and she needs to take up the issue with the owner.

Tina Tenant claims that Broker Bill misrepresented the condition of the apartment and that he should be accountable. At the hearing, Broker Bill stated that he had no prior knowledge of these defects and felt that the complaints should have been handled by the owner of the building.

What Is the Central Issue?

Avoiding exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction.

What Does the Code Say About the Central Issue?

Licensees are required to disclose all known latent defects and material facts, protect and promote the interests of their client.

How Does the Code Apply to the Facts of the Case?

Broker Bill claims to have no prior knowledge of the defects. The *Munjal v. Baird & Warner, Inc. et al*, case holds that brokers have no duty to discover “latent material defects” in a property if a seller has not disclosed those defects.

What, If Anything, Could Have Been Done to Prevent the Problem?

Broker Bill could have been more responsive with Tina Tenant and worked with her to remediate the problems she was experiencing.

ARTICLE 3

REALTORS® shall cooperate with other brokers except when cooperation is not in the client's best interest. The obligation to cooperate does not include the obligation to share commissions, fees, or to otherwise compensate another broker. (*Amended 1/95*)

Standard of Practice 3-1

REALTORS®, acting as exclusive agents or brokers of sellers/landlords, establish the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate, cooperating brokers may not assume that the offer of cooperation includes an offer of compensation. Terms of compensation, if any, shall be ascertained by cooperating brokers before beginning efforts to accept the offer of cooperation. *(Amended 1/99)*

Standard of Practice 3-2

Any change in compensation offered for cooperative services must be communicated to the other REALTOR® prior to the time that REALTOR® submits an offer to purchase/lease the property. The listing broker may not attempt to unilaterally modify the offered compensation with respect to that cooperative transaction. *(Amended 1/14)*

Standard of Practice 3-3

Standard of Practice 3-2 does not preclude the listing broker and cooperating broker from entering into an agreement to change cooperative compensation. *(Adopted 1/94)*

Standard of Practice 3-4

REALTORS®, acting as listing brokers, have an affirmative obligation to disclose the existence of dual or variable rate commission arrangements (i.e., listings where one amount of commission is payable if the listing broker's firm is the procuring cause of sale/lease and a different amount of commission is payable if the sale/lease results through the efforts of the seller/ landlord or a cooperating broker). The listing broker shall, as soon as practical, disclose the existence of such arrangements to potential cooperating brokers and shall, in response to inquiries from cooperating brokers, disclose the differential that would result in a cooperative transaction or in a sale/lease that results through the efforts of the seller/landlord. If the cooperating broker is a buyer/tenant representative, the buyer/tenant representative must disclose such information to their client before the client makes an offer to purchase or lease. *(Amended 1/02)*

Illinois law requires licensees to disclose how they will be compensated, and with whom and how they will share their compensation.

Standard of Practice 3-5

It is the obligation of subagents to promptly disclose all pertinent facts to the principal's agent prior to as well as after a purchase or lease agreement is executed. *(Amended 1/93)*

Standard of Practice 3-6

REALTORS® shall disclose the existence of accepted offers, including offers with unresolved contingencies, to any broker seeking cooperation. *(Adopted 5/86, Amended 1/04)*

Standard of Practice 3-7

When seeking information from another REALTOR® concerning property under a management or listing agreement, REALTORS® shall disclose their REALTOR®

status and whether their interest is personal or on behalf of a client and, if on behalf of a client, their relationship with the client. *(Amended 1/11)*

Standard of Practice 3-8

REALTORS® shall not misrepresent the availability of access to show or inspect a listed property. *(Amended 11/87)*

Standard of Practice 3-9

REALTORS® shall not provide access to listed property on terms other than those established by the owner or the listing broker. *(Adopted 1/10)*

Standard of Practice 3-10

The duty to cooperate established in Article 3 relates to the obligation to share information on listed property, and to make property available to other brokers for showing to prospective purchasers/tenants when it is in the best interests of sellers/landlords. *(Adopted 1/11)*

Illinois license law requires a licensee to represent the client in a way that will accomplish the purpose of the listing agreement. The Standards of Practice set forth in this article clearly further that goal by calling for the listing broker to cooperate with other licensees to bring about a sale of the listed property.

Standard of Practice 3-11

REALTORS® may not refuse to cooperate on the basis of a broker's race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Adopted 1/20)*

SCENARIO

A few months ago, Sue Seller accepted an offer on her property only to find that the deal fell through. After another offer was accepted, she instructed her listing agent, Broker Ben, to keep the property on the market until all the contingencies had been waived. A short time later, another offer came through. This time it was for full price and no contingencies. Sue Seller accepted the new offer. Broker Ben had a quick two-week closing and never informed the first buyer's agent that the seller accepted another offer. An ethics complaint was filed against Broker Ben with the REALTOR® association.

What Is the Central Issue?

Cooperation with other Brokers.

What Does the Code Say About the Central Issue?

REALTORS® shall cooperate with other brokers except when cooperation is not in the client's best interest. The obligation to cooperate does not include the obligation to share commissions, fees, or to otherwise compensate another broker.

How Does the Code Apply to the Facts of the Case?

Broker Ben had an obligation to inform the Broker of the first accepted offer that a second offer had been received. The first buyers would then have the option of removing their contingencies or not.

What, If Anything, Could Have Been Done to Prevent the Problem?

Broker Ben should have alerted the first Broker of the receipt of the second offer.

ARTICLE 4

REALTORS® shall not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling property they own, or in which they have any interest, REALTORS® shall reveal their ownership or interest in writing to the purchaser or the purchaser's representative. *(Amended 1/00)*

Standard of Practice 4-1

For the protection of all parties, the disclosures required by Article 4 shall be in writing and provided by REALTORS® prior to the signing of any contract. *(Adopted 2/86)*

Illinois law addresses the issue of a licensee disclosing that he or she is involved as a principal in a transaction; however, since Illinois law provides that licensees be representing any party they work with as a client, it is not necessary for a licensee to disclose specifically that a client is a family member.

SCENARIO

Larry Licensee had a vacancy in an apartment building that he owns as a joint tenant with his sister. Larry's sister is not licensed. Larry and his sister signed a one-year lease with a tenant. Larry did not disclose his status as a licensee to the tenant. A complaint was filed against Larry licensee for failure to disclose his interest to the tenant.

What Is the Central Issue?

Disclosure of license status.

What Does the Law Say About the Central Issue?

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 the subject of the transaction.

How Does the Law Apply to the Facts of the Case?

Even though his sister is not licensed, Larry Licensee is in violation of the law for failure to disclose in writing his status as a licensee.

What, If Anything, Could Have Been Done to Prevent the Problem?

Larry Licensee could have disclosed his status as a licensee in writing to the tenant.

ARTICLE 5

REALTORS® shall not undertake to provide professional services concerning a property or its value where they have a present or contemplated interest unless such interest is specifically disclosed to all affected parties.

ARTICLE 6

REALTORS® shall not accept any commission, rebate, or profit on expenditures made for their client, without the client's knowledge and consent.

When recommending real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.), REALTORS® shall disclose to the client or customer to whom the recommendation is made any financial benefits or fees, other than real estate referral fees, the REALTOR® or REALTOR®'s firm may receive as a direct result of such recommendation. *(Amended 1/99)*

Standard of Practice 6-1

REALTORS® shall not recommend or suggest to a client or a customer the use of services of another organization or business entity in which they have a direct interest without disclosing such interest at the time of the recommendation or suggestion. *(Amended 5/88)*

SCENARIO

Larry Licensee knows that homes have to look their best in order to attract buyers. Every time Larry lists a property, he explains this to his sellers and refers them to his sister, Deborah Decorator, who helps them improve their homes' appearance. Larry receives a small referral fee every time one of his sellers hires Deborah. Larry has just received a notice from his broker, saying that he is violating the law. Larry is confused because he feels he makes it a priority to take care of his sellers.

What Is the Central Issue?

Disclosure of compensation.

What Does the Code Say About the Central Issue?

A licensee must disclose, in writing, any compensation the licensee expects to receive or that he or she knows the licensee's sponsoring broker will receive, arising out of a referral to any person or entity whose services are related to the transaction, including any financial institution, insurance broker, mortgage broker, home inspector, or any other third party. The disclosure must indicate the relationship between the licensee

or the licensee's sponsoring broker and the referred person or entity, and any interest the licensee or the licensee's sponsoring broker may have in the referred person or entity.

How Does the Code Apply to the Facts of the Case?

Larry is not disclosing to his sellers that he will receive a referral fee if Deborah is hired to decorate their homes.

Larry is not disclosing the relationship between himself and Deborah.

What, If Anything, Could Have Been Done to Prevent the Problem?

Larry could have disclosed that he will receive a referral fee if his sellers hire Deborah.

Larry could have disclosed that Deborah is his sister.

Larry could have not referred anyone to Deborah or not accepted referral fees.

ARTICLE 7

In a transaction, REALTORS® shall not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the REALTOR®'s client or clients. (*Amended 1/93*)

Articles 4 through 7 clearly require licensees to make clients aware of any possibility that the licensee may experience financial gain or loss, other than the disclosed compensation, because of the clients' actions in a transaction. This same disclosure is required by Illinois law.

SCENARIO

Buyer Bob agreed to pay Linda Licensee a \$1000 finder's fee if she could find him a property to purchase within 7 days. The next day, Linda arranged to show Bob a home offered for sale by owner. She also managed to secure an open listing agreement entitling her to a commission to be paid by the seller. At the closing, Linda was compensated as agreed by each party.

What Is the Central Issue?

Disclosure of compensation.

What Does the Code Say About the Central Issue?

A licensee shall not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the licensee's client or clients.

How Does the Code Apply to the Facts of the Case?

Linda did not disclose to her seller or buyer that she is receiving compensation from both of them.

What, If Anything, Could Have Been Done to Prevent the Problem?

Linda could have disclosed that she will receive compensation from the buyer and the seller.

A Hearing Panel of the Board's Professional Standards Committee, which heard the complaint, concluded that Linda Licensee had acted in violation of Article 7 of the Code of Ethics. Her efforts to represent the Buyer Bob and the seller at the same time, and the fact that she intended to be compensated by both parties, should have been fully disclosed to all parties in advance.

ARTICLE 8

REALTORS® shall keep in a special account in an appropriate financial institution, separated from their own funds, monies coming into their possession in trust for other persons, such as escrows, trust funds, clients' monies, and other like items.

Illinois has very specific laws and rules regarding the handling of and accounting of funds that are held by licensees.

SCENARIO

Larry Licensee is the sponsoring broker and sole proprietor of a real estate business. Since Larry does not hold earnest money, he does not maintain any escrow accounts. Larry mentioned this to Sue Seller and suggested that earnest money be held by Sue's lawyer, Ali Attorney. When Sue informed Ali that Larry would not hold earnest money, Ali became upset and said Larry was not fulfilling his obligations as a licensed broker.

What Is the Central Issue?

Lack of escrow account.

What Does the Code Say About the Central Issue?

Sponsoring brokers are not required to accept escrow money. It is the choice of the sponsoring broker whether to accept escrow money. The sponsoring broker may recommend to the principals to the transaction that an attorney, or closing agent, or another professional serve as the escrow agent. The sponsoring broker should ensure that the real estate contract, or any other document, does not contain language in conflict with the sponsoring broker's choice to not accept the escrow money.

How Does the Code Apply to the Facts of the Case?

Since he does not accept any earnest money, Larry can choose not to have any escrow accounts. Larry Licensee recommended to his seller that her attorney handle the earnest money. He was within his rights to do so.

What, If Anything, Could Have Been Done to Prevent the Problem?

Larry did nothing wrong. However, he could have opted to accept earnest money and open an escrow account. Larry could have recommended an escrow company and absorbed any fee.

ARTICLE 9

REALTORS®, for the protection of all parties, shall assure whenever possible that all agreements related to real estate transactions including, but not limited to, listing and representation agreements, purchase contracts, and leases are in writing in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement shall be furnished to each party to such agreements upon their signing or initialing. *(Amended 1/04)*

Standard of Practice 9-1

For the protection of all parties, REALTORS® shall use reasonable care to ensure that documents pertaining to the purchase, sale, or lease of real estate are kept current through the use of written extensions or amendments. *(Amended 1/93)*

Standard of Practice 9-2

When assisting or enabling a client or customer in establishing a contractual relationship (e.g., listing and representation agreements, purchase agreements, leases, etc.) electronically, REALTORS® shall make reasonable efforts to explain the nature and disclose the specific terms of the contractual relationship being established prior to it being agreed to by a contracting party. *(Adopted 1/07)*

Standard of Practice 9-2 is one of several additions and changes made to the Code in 2007 to provide new guidance that seemed necessary with the greater use of the internet and other technology.

ARTICLE 10

REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, national origin or sexual orientation. REALTORS® shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation or gender identity. *(Amended 1/14)*

REALTORS®, in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation or gender identity. *(Amended 1/14)*

Standard of Practice 10-1

When involved in the sale or lease of a residence, REALTORS® shall not volunteer information regarding the racial, religious or ethnic composition of any neighborhood nor shall they engage in any activity which may result in panic selling, however, REALTORS® may provide other demographic information. *(Adopted 1/94, Amended 1/06)*

Standard of Practice 10-2

When not involved in the sale or lease of a residence, REALTORS® may provide demographic information related to a property, transaction or professional assignment to a party if such demographic information is (a) deemed by the REALTOR® to be needed to assist with or complete, in a manner consistent with Article 10, a real estate transaction or professional assignment and (b) is obtained or derived from a recognized, reliable, independent, and impartial source. The source of such information and any additions, deletions, modifications, interpretations, or other changes shall be disclosed in reasonable detail. *(Adopted 1/05, Renumbered 1/06)*

Standard of Practice 10-3

REALTORS® shall not print, display or circulate any statement or advertisement with respect to selling or renting of a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation or gender identity. *(Adopted 1/94, Renumbered 1/05 and 1/06, Amended 1/14)*

Standard of Practice 10-4

As used in Article 10 “real estate employment practices” relates to employees and independent contractors providing real estate-related services and the administrative and clerical staff directly supporting those individuals. *(Adopted 1/00, Renumbered 1/05 and 1/06)*

Standard of Practice 10-5

REALTORS® must not use harassing speech, hate speech or slurs based on race, color, religion, sex, handicap, national origin, sexual orientation, or gender identity. *(Adopted and effective November 13, 2020)*

SCENARIO

Larry Licensee manages a large apartment complex that does not allow tenants to keep any pets. Tanya Tenant saw an advertisement for one of Larry’s apartments, which mentioned the building’s no-pets policy. Tanya called Larry and explained that she was interested in an apartment but would need to keep a guide dog because of her vision problems. Larry said he sympathized with Tanya but said pets do too much damage to property. Tanya thought Larry was being unreasonable and filed a Fair Housing complaint against him and the building’s owner.

What Is the Central Issue?

Discrimination on the basis of disability.

What Does the Code and/or Law Say About the Central Issue?

The Fair Housing Amendments Act of 1988 extended the Fair Housing Act to protect the physically and mentally disabled. It is unlawful to discriminate in the sale or rental of a dwelling, or to otherwise make a dwelling unavailable to any buyer or renter based on the disability of:

- The buyer or renter
- A person residing or intending to reside in the dwelling after it is sold, rented or made available
- Any person associated with the buyer or renter.

Disabilities covered under the Fair Housing Act include, but are not limited to: orthopedic, visual, speech, and hearing impairments, and cerebral palsy, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, intellectual disability, emotional illness, dyslexia and other specific learning disabilities, Attention Deficit Hyperactivity Disorder, Human Immunodeficiency Virus infection, tuberculosis, drug addiction, and alcoholism.

If modifications are necessary to provide a disabled person with full enjoyment of an existing premises, the landlord must let the disabled person make reasonable modifications to the premises at the individual's expense. A landlord may require that the disabled person restore the premises to its original condition before the person vacates the property.

The landlord cannot refuse to make reasonable accommodations that are necessary for the disabled person to use the housing.

How Does the Code and/or Law Apply to the Facts of the Case?

Because of her vision problems, Tanya is protected by the Fair Housing Act. Landlords cannot discriminate against her because of her disability.

Allowing a guide dog would have been a reasonable accommodation under the circumstances. Since Larry refused to make a reasonable accommodation, he was in violation of the Fair Housing Act.

What, If Anything, Could Have Been Done to Prevent the Problem?

Larry could have explained the situation to the building's owner and allowed Tanya to keep a guide dog in her apartment.

ARTICLE 11

The services which REALTORS® provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, land brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

REALTORS® shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of

property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client and their contribution to the assignment should be set forth. *(Amended 1/10)*

Standard of Practice 11-1

When REALTORS® prepare opinions of real property value or price, they must:

- 1) be knowledgeable about the type of property being valued,
- 2) have access to the information and resources necessary to formulate an accurate opinion, and
- 3) be familiar with the area where the subject property is located unless lack of any of these is disclosed to the party requesting the opinion in advance.

When an opinion of value or price is prepared, other than in pursuit of a listing or to assist a potential purchaser in formulating a purchase offer, the opinion shall include the following, unless the party requesting the opinion requires a specific type of report or different data set:

- 1) identification of the subject property
 - 2) date prepared
 - 3) defined value or price
 - 4) limiting conditions, including statements of purpose(s) and intended user(s)
 - 5) any present or contemplated interest, including the possibility of representing the seller/landlord or buyers/tenants
 - 6) basis for the opinion, including applicable market data
 - 7) if the opinion is not an appraisal, a statement to that effect
 - 8) disclosure of whether and when a physical inspection of the property's exterior was conducted
 - 9) disclosure of whether and when an inspection of the property's interior was conducted
 - 10) disclosure of whether the REALTOR® has any conflicts of interest.
- (Amended 1/14)*

Standard of Practice 11-2

The obligations of the Code of Ethics in respect of real estate disciplines other than appraisal shall be interpreted and applied in accordance with the standards of competence and practice which clients and the public reasonably require to protect their rights and interests considering the complexity of the transaction, the availability of expert assistance, and, where the REALTOR® is an agent or subagent, the obligations of a fiduciary. *(Adopted 1/95)*

Standard of Practice 11-3

When REALTORS® provide consultative services to clients which involve advice or counsel for a fee (not a commission), such advice shall be rendered in an objective manner and the fee shall not be contingent on the substance of the advice or counsel given. If brokerage or transaction services are to be provided in addition to consultative services, a separate compensation may be paid with prior agreement between the client and REALTOR®. *(Adopted 1/96)*

Standard of Practice 11-4

The competency required by Article 11 relates to services contracted for between REALTORS® and their clients or customers; the duties expressly imposed by the Code of Ethics; and the duties imposed by law or regulation. *(Adopted 1/02)*

ARTICLE 12

REALTORS® shall be honest and truthful in their real estate communications and shall present a true picture in their advertising, marketing, and other representations. REALTORS® shall ensure that their status as real estate professionals is readily apparent in their advertising, marketing, and other representations, and that the recipients of all real estate communications are, or have been, notified that those communications are from a real estate professional. *(Amended 1/08)*

Standard of Practice 12-1

REALTORS® must not represent that their brokerage services to a client or customer are free or available at no cost to their clients, unless the REALTOR® will receive no financial compensation from any source for those services. *(Amended 1/22)*

Standard of Practice 12-2

(Deleted 1/20)

Standard of Practice 12-3

The offering of premiums, prizes, merchandise discounts or other inducements to list, sell, purchase, or lease is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the REALTOR® making the offer. However, REALTORS® must exercise care and candor in any such advertising or other public or private representations so that any party interested in receiving or otherwise benefiting from the REALTOR®'s offer will have clear, thorough, advance understanding of all the terms and conditions of the offer. The offering of any inducements to do business is subject to the limitations and restrictions of state law and the ethical obligations established by any applicable Standard of practice. *(Amended 1/95)*

Standard of Practice 12-4

REALTORS® shall not offer for sale/lease or advertise property without authority. When acting as listing brokers or as subagents, REALTORS® shall not quote a price different from that agreed upon with the seller/landlord. *(Amended 1/93)*

Standard of Practice 12-5

REALTORS® shall not advertise nor permit any person employed by or affiliated with them to advertise real estate services or listed property in any medium (e.g., electronically, print, radio, television, etc.) without disclosing the name of that REALTORS®'s firm in a reasonable and readily apparent manner either in the advertisement or in electronic advertising via a link to a display with all required disclosures. *(Adopted 11/86, Amended 1/16)*

Standard of Practice 12-5 was amended in 2016 to reflect the ways that advertising practices have adapted to advances in technology.

Standard of Practice 12-6

REALTORS®, when advertising unlisted real property for sale/lease in which they have an ownership interest, shall disclose their status as both owners/landlords and as REALTORS® or real estate licensees. *(Amended 1/93)*

Standard of Practice 12-7

Only REALTORS® who participated in the transaction as the listing broker or cooperating broker (selling broker) may claim to have “sold” the property. Prior to closing, a cooperating broker may post a “sold” sign only with the consent of the listing broker. *(Amended 1/96)*

Standard of Practice 12-8

The obligation to present a true picture in representations to the public includes information presented, provided, or displayed on REALTORS® websites. REALTORS® shall use reasonable efforts to ensure that information on their websites is current. When it becomes apparent that information on a REALTOR®’s website is no longer current or accurate, REALTORS® shall promptly take corrective action. *(Adopted 1/07)*

Standard of Practice 12-9

REALTOR® firm websites shall disclose the firm’s name and state(s) of licensure in a reasonable and readily apparent manner.

Websites of REALTORS® and non-member licensees affiliated with a REALTOR® firm shall disclose the firm’s name and that REALTOR®’s or non-member licensee’s state(s) of licensure in a reasonable and readily apparent manner. *(Adopted 1/07)*

Standard of Practice 12-10

REALTORS®’ obligation to present a true picture in their advertising and representations to the public includes internet content, images and the URLs and domain names they use, and prohibits REALTORS® from:

- 1) engaging in deceptive or unauthorized framing of real estate brokerage websites;
- 2) manipulating (e.g., presenting content developed by others) listing and other content in any way that produces a deceptive or misleading result; or
- 3) deceptively using metatags, keywords or other devices/methods to direct, drive, or divert Internet traffic; or
- 4) presenting content developed by others without either attribution or without permission; or
- 5) otherwise misleading consumers, including use of any misleading images.

(Adopted 1/07, Amended 1/18)

Standard of Practice 12-11

REALTORS® intending to share or sell consumer information gathered via the Internet shall disclose that possibility in a reasonable and readily apparent manner. *(Adopted 1/07)*

Standard of Practice 12-12

REALTORS® shall not:

- 1) use URLs or domain names that present less than a true picture, or
- 2) register URLs or domain names which, if used, would present less than a true picture. (*Adopted 1/08*)

Standard of Practice 12-13

The obligation to present a true picture in advertising, marketing, and representations allows REALTORS® to use and display only professional designations, certifications, and other credentials to which they are legitimately entitled. (*Adopted 1/08*)

Standards of Practice 12-8 through 12-13 provide guidance regarding internet-based advertising.

SCENARIO

As sponsoring broker of the Larry Licensee Real Estate Group, Larry Licensee is developing a website to post listings and attract buyers. Larry wants to offer his services to anyone interested in real estate in any part of Illinois. He does not want his company to appear geographically limited to any location. Larry decides to omit the company's exact location from the website and post the following information instead: "The Larry Licensee Group: Serving the Land of Lincoln."

What Is the Central Issue?

Internet advertising.

What Do the Law, Rules, and/or Code Say About the Central Issue?

A sponsoring broker having permission to advertise or market real property must include the following information on the website, digital platform, or any type of social media where the sponsoring broker's advertisement or marketing appears:

- The sponsoring broker's name;
- The city or geographic area and state or country where the property being advertised or marketed is located;
- The city and state where the sponsoring broker's physical principal office or other offices registered with the Division are located or a direct link that connects to the sponsoring broker's virtual office, website, or digital platform; and
- If the sponsoring broker does not hold a real estate license for the jurisdiction where the property is located, the regulatory jurisdictions where the sponsoring broker does hold a real estate license.

A sponsoring broker advertising or marketing licensed activities or soliciting business in connection with licensed activities must include the following information:

- The sponsoring broker's name.

- The city and state where the sponsoring broker's physical principal office or other offices registered with the Division are located or a direct link that connects to the sponsoring broker's virtual office, website, or digital platform.

How Do the Law, Rules, and/or Code Apply to the Facts of the Case?

A sponsoring broker's website must include the company name and the city and state in which the company's principal office is located. By not providing the city and state of his principal office, Larry would be violating license law.

What, If Anything, Could Have Been Done to Prevent the Problem?

Larry could have complied with internet advertisement requirements by including his principal office's city and state on his website.

ARTICLE 13

REALTORS® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.

SCENARIO

Larry Licensee is representing Betty Buyer who has decided to make an offer on a Townhome they toured. While preparing the offer to purchase, Betty Buyer explained that she would like to add some conditions to the purchase agreement before sending the offer to the seller.

At the buyers' request, Larry Licensee added some contingencies to the bottom of the preprinted purchase agreement form. After the buyer signed the contract, Larry Licensee submitted the offer to the seller's brokerage. The seller accepted Betty Buyer's offer and signed the contract.

The contract was forwarded to the attorneys representing both parties to the sale. The buyer's attorney contacted the National Association of REALTORS® and the state's regulatory agency to advise that Larry Licensee was practicing law without a license.

What Is the Central Issue?

Did Larry Licensee engage in the unauthorized practice of law when he added the contingencies the buyer requested?

What Does the Code Say About the Central Issue?

Article 13 indicates that REALTORS® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it

How Does the Code Apply to the Facts of the Case?

Larry Licensee drafted some contingencies and added them to the pre-printed contract, which is a violation of the Code of Ethics and license law.

What, If Anything, Could Have Been Done to Prevent the Problem?

Larry Licensee could have informed the buyer that licensees are only allowed to fill in blanks on pre-printed forms that are often provided by a local REALTOR® association, and referred them to their own attorney, who should be qualified to make the proposed modifications.

ARTICLE 14

If charged with unethical practice or asked to present evidence or to cooperate in any other way, in any professional standards proceeding or investigation, REALTORS® shall place all pertinent facts before the proper tribunals of the Member Board or affiliated institute, society, or council in which membership is held and shall take no action to disrupt or obstruct such processes. (*Amended 1/99*)

Standard of Practice 14-1

REALTORS® shall not be subject to disciplinary proceedings in more than one Board of REALTORS® or affiliated institute, society or council in which they hold membership with respect to alleged violations of the Code of Ethics relating to the same transaction or event. (*Amended 1/95*)

Standard of Practice 14-2

REALTORS® shall not make any unauthorized disclosure or dissemination of the allegations, findings, or decision developed in connection with an ethics hearing or appeal or in connection with an arbitration hearing or procedural review. (*Amended 1/92*)

Standard of Practice 14-3

REALTORS® shall not obstruct the Board's investigative or professional standards proceedings by instituting or threatening to institute actions for libel, slander or defamation against any party to a professional standards proceeding or their witnesses based on the filing of an arbitration request, an ethics complaint, or testimony given before any tribunal. (*Adopted 11/87, Amended 1/99*)

Standard of Practice 14-4

REALTORS® shall not intentionally impede the Board's investigative or disciplinary proceedings by filing multiple ethics complaints based on the same event or transaction. (*Adopted 11/88*)

Article 14 sets forth the ethical standards for dealing with complaints of unethical practice that specifically apply to REALTORS®.

ARTICLE 15

REALTORS® shall not knowingly or recklessly make false or misleading statements about other real estate professionals, their businesses, or their business practices. *(Amended 1/12)*

Standard of Practice 15-1

REALTORS® shall not knowingly or recklessly file false or unfounded ethics complaints. *(Adopted 1/00)*

Standard of Practice 15-2

The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses, and their business practices includes the duty to not knowingly or recklessly publish, repeat, retransmit, or republish false or misleading statements made by others. This duty applies whether false or misleading statements are repeated in person, in writing, by technological means (e.g., the Internet), or by any other means. *(Adopted 1/07, Amended 1/12)*

Standard of Practice 15-3

The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses, and their business practices includes the duty to publish a clarification about or to remove statements made by others on electronic media the REALTOR® controls once the REALTOR® knows the statement is false or misleading. *(Adopted 1/12)*

ARTICLE 16

REALTORS® shall not engage in any practice or take any action inconsistent with exclusive representation or exclusive brokerage relationship agreements that other REALTORS® have with clients. *(Amended 1/04)*

Standard of Practice 16-1

Article 16 is not intended to prohibit aggressive or innovative business practices which are otherwise ethical and does not prohibit disagreements with other REALTORS® involving commission, fees, compensation or other forms of payment or expenses. *(Adopted 1/93, Amended 1/95)*

Standard of Practice 16-2

Article 16 does not preclude REALTORS® from making general announcements to prospects describing their services and the terms of their availability even though some recipients may have entered into agency agreements or other exclusive relationships with another REALTOR®. A general telephone canvass, general mailing or distribution addressed to all prospects in a given geographical area or in a given profession, business, club, or organization, or other classification or group is deemed “general” for purposes of this standard. *(Amended 1/04)*

Article 16 is intended to recognize as unethical two basic types of solicitations:

First, telephone or personal solicitations of property owners who have been identified by a real estate sign, multiple listing compilation, or other information service as having exclusively listed their property with another REALTOR®; and

Second, mail or other forms of written solicitations of prospects whose properties are exclusively listed with another REALTOR® when such solicitations are not part of a general mailing but are directed specifically to property owners identified through compilations of current listings, “for sale” or “for rent” signs, or other sources of information required by Article 3 and Multiple Listing Service rules to be made available to other REALTORS® under offers of subagency or cooperation. *(Amended 1/04)*

Standard of Practice 16-3

Article 16 does not preclude REALTORS® from contacting the client of another broker for the purpose of offering to provide, or entering into a contract to provide, a different type of real estate service unrelated to the type of service currently being provided (e.g., property management as opposed to brokerage) or from offering the same type of service for property not subject to other brokers’ exclusive agreements. However, information received through a Multiple Listing Service or any other offer of cooperation may not be used to target clients of other REALTORS® to whom such offers to provide services may be made. *(Amended 1/04)*

Illinois law prohibits licensees from interfering in the relationship of another licensee and his or her client.

Standard of Practice 16-4

REALTORS® shall not solicit a listing which is currently listed exclusively with another broker. However, if the listing broker, when asked by the REALTOR®, refuses to disclose the expiration date and nature of such listing; i.e., an exclusive right to sell, an exclusive agency, open listing, or other form of contractual agreement between the listing broker and the client, the REALTOR® may contact the owner to secure such information and may discuss the terms upon which the REALTOR® might take a future listing or, alternatively, may take a listing to become effective upon expiration of any existing exclusive listing. *(Amended 1/94)*

Illinois license law and rules set forth specific practices that must be followed when a licensee requests information about expiration dates, before he or she may legally contact the seller of a property that is listed by another brokerage firm.

Standard of Practice 16-5

REALTORS® shall not solicit buyer/tenant agreements from buyers/tenants who are subject to exclusive buyer/tenant agreements. However, if asked by a REALTOR®, the broker refuses to disclose the expiration date of the exclusive buyer/tenant agreement, the REALTOR® may contact the buyer/tenant to secure such information and may discuss the terms upon which the REALTOR® might enter into a future buyer/tenant agreement or, alternatively, may enter into a buyer/tenant agreement to become effective upon the expiration of any existing exclusive buyer/tenant agreement. *(Adopted 1/94, Amended 1/98)*

Standard of Practice 16-6

When REALTORS® are contacted by the client of another REALTOR® regarding the creation of an exclusive relationship to provide the same type of service, and REALTORS® have not directly or indirectly initiated such discussions, they may discuss the terms upon which they might enter into a future agreement or,

alternatively, may enter into an agreement which becomes effective upon expiration of any existing exclusive agreement. *(Amended 1/98)*

Standard of Practice 16-7

The fact that a prospect has retained a REALTOR® as an exclusive representative or exclusive broker in one or more past transactions does not preclude other REALTORS® from seeking such prospect's future business. *(Amended 1/04)*

Standard of Practice 16-8

The fact that an exclusive agreement has been entered into with a REALTOR® shall not preclude or inhibit any other REALTOR® from entering into a similar agreement after the expiration of the prior agreement. *(Amended 1/98)*

Illinois law is consistent with standards 16-6, 16-7, and 16-8 with regard to the contact a licensee has with the client of another licensee.

Standard of Practice 16-9

REALTORS®, prior to entering into a representation agreement, have an affirmative obligation to make reasonable efforts to determine whether the prospect is subject to a current, valid exclusive agreement to provide the same type of real estate service. *(Amended 1/04)*

Standard of Practice 16-10

REALTORS®, acting as buyer or tenant representatives or brokers, shall disclose that relationship to the seller/landlord's representative or broker at first contact and shall provide written confirmation of that disclosure to the seller/landlord's representative or broker not later than execution of a purchase agreement or lease. *(Amended 1/04)*

License law does not require these specific disclosures but does require licensees to be clear about who they do and do not represent in the transaction.

Standard of Practice 16-11

On unlisted property, REALTORS® acting as buyer/tenant representatives or brokers shall disclose that relationship to the seller/landlord at first contact for that buyer/tenant and shall provide written confirmation of such disclosure to the seller/landlord not later than execution of any purchase or lease agreement. *(Amended 1/04)*

REALTORS® shall make any request for anticipated compensation from the seller/landlord at first contact. *(Amended 1/98)*

In this situation, license law would require that you enter into a written agreement describing your non-agency relationship or disclosure of dual agency. License law does not address the issue of requesting compensation.

Standard of Practice 16-12

REALTORS®, acting as representatives or brokers of sellers/landlords or as subagents of listing brokers, shall disclose that relationship to buyers/tenants as soon as practicable and shall provide written confirmation of such disclosure to buyers/tenants not later than execution of any purchase or lease agreement. *(Amended 1/04)*

License law requires disclosure of designated agency and an explanation of how you practice designated agency at a time prior to the client disclosing any confidential information.

Standard of Practice 16-13

All dealings concerning property exclusively listed, or with buyer/tenants who are subject to an exclusive agreement shall be carried on with the client's representative or broker, and not with the client, except with the consent of the client's representative or broker or except where such dealings are initiated by the client.

Before providing substantive services (such as writing a purchase offer or presenting a CMA) to prospects, REALTORS® shall ask prospects whether they are a party to any exclusive representation agreement. REALTORS® shall not knowingly provide substantive services concerning a prospective transaction to prospects who are parties to exclusive representation agreements, except with the consent of the prospects' exclusive representatives or at the direction of prospects.
(Adopted 1/93, Amended 1/04)

License law prohibits a licensee from dealing directly with another licensee's client without that licensee's permission.

Standard of Practice 16-14

REALTORS® are free to enter into contractual relationships or to negotiate with sellers/landlords, buyers/tenants or others who are not subject to an exclusive agreement but shall not knowingly obligate them to pay more than one commission except with their informed consent. *(Amended 1/98)*

Standard of Practice 16-15

In cooperative transactions, REALTORS® shall compensate cooperating REALTORS® (principal brokers) and shall not compensate nor offer to compensate, directly or indirectly, any of the sales licensees employed by or affiliated with other REALTORS® without the prior express knowledge and consent of the cooperating broker.

In Illinois, sponsoring brokers can only pay compensation directly to the licensees they sponsor and to other sponsoring brokers.

Standard of Practice 16-16

REALTORS®, acting as subagents or buyer/tenant representatives or brokers, shall not use the terms of an offer to purchase/lease to attempt to modify the listing broker's offer of compensation to subagents or buyer/tenant representatives or brokers nor make the submission of an executed offer to purchase/lease contingent on the listing broker's agreement to modify the offer of compensation.
(Amended 1/04)

Under Illinois law, if a licensee were to delay or refuse to present an offer for a client because the licensee was not satisfied with the compensation being offered, it would be a violation of the licensee's statutory duties to the client.

Standard of Practice 16-17

REALTORS®, acting as subagents or as buyer/tenant representatives or brokers, shall not attempt to extend a listing broker's offer of cooperation and/or

compensation to other brokers without the consent of the listing broker. (*Amended 1/04*)

Standard of Practice 16-18

REALTORS® shall not use information obtained from listing brokers through offers to cooperate made through multiple listing services or through other offers of cooperation to refer listing brokers' clients to other brokers or to create buyer/tenant relationships with listing brokers' clients, unless such use is authorized by listing brokers. (*Amended 1/02*)

Standard of Practice 16-19

Signs giving notice of property for sale, rent, lease, or exchange shall not be placed on property without consent of the seller/landlord. (*Amended 1/93*)

Illinois law sets forth its own rule regarding the prohibition of placing "for sale" or "for rent" signs without specific written permission.

Standard of Practice 16-20

REALTORS®, prior to or after their relationship with their current firm is terminated, shall not induce clients of their current firm to cancel exclusive contractual agreements between the client and that firm. This does not preclude REALTORS® (principals) from establishing agreements with their associated licensees governing assignability of exclusive agreements. (*Adopted 1/98, Amended 1/10*)

Illinois leaves the content of employment and termination agreements to the discretion of the licensees involved, subject to a group of topics that must be included. Termination is one of the required topics, along with compensation, supervision and the duties of each party.

ARTICLE 17

In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 between REALTORS® (principals) associated with different firms, arising out of their relationship as REALTORS®, the REALTORS® shall mediate the dispute if the Board requires its members to mediate. If the dispute is not resolved through mediation, or if mediation is not required, REALTORS® shall submit the dispute to arbitration in accordance with the policies of the Board rather than litigate the matter.

In the event clients of REALTORS® wish to mediate or arbitrate contractual disputes arising out of real estate transactions, REALTORS® shall mediate or arbitrate those disputes in accordance with the policies of the Board, provided the clients agree to be bound by any resulting agreement or award.

The obligation to participate in mediation and arbitration contemplated by this Article includes the obligation of REALTORS® (principals) to cause their firms to mediate and arbitrate and be bound by any resulting agreement or award. (*Amended 1/12*)

Standard of Practice 17-1

The filing of litigation and refusal to withdraw from it by REALTORS® in an arbitrable matter constitutes a refusal to arbitrate. (*Adopted 2/86*)

Standard of Practice 17-2

Article 17 does not require REALTORS® to mediate in those circumstances when all parties to the dispute advise the Board in writing that they choose not to mediate through the Board's facilities. The fact that all parties decline to participate in mediation does not relieve REALTORS® of the duty to arbitrate.

Article 17 does not require REALTORS® to arbitrate in those circumstances when all parties to the dispute advise the Board in writing that they choose not to arbitrate before the Board. *(Amended 1/12)*

Standard of Practice 17-3

REALTORS®, when acting solely as principals in a real estate transaction, are not obligated to arbitrate disputes with other REALTORS® absent a specific written agreement to the contrary. *(Adopted 1/96)*

In 2012, Article 17 was updated to include references to mediation, which has become a popular means of settling disputes rather than arbitration.

Standard of Practice 17-4 and 17-5

(NOT PRINTED HERE)

Standards of Practice 17-4 and 17-5 include explanations of how certain specific non-contractual disputes are to be handled when brought to arbitration.

When licensees make a firm commitment to ethical practice, they act correctly and stay away from risky situations. When sponsoring brokers apply ethical standards in their business activities, they protect themselves and the licensees they sponsor. By practicing ethical standards, a licensee can build good will and a solid reputation, which will ensure the continued growth of his or her business over time.

ENFORCEMENT

The NAR has set a process in place to enforce the Code of Ethics and Standards of Practice. To file a complaint, you do not need to be a member of the NAR or even a licensee. Anyone is allowed to file a complaint alleging a violation of the Code of Ethics.

When someone files a complaint, he or she must specify which article of the Code of Ethics has been violated. Local REALTOR® associations are responsible for receiving and resolving ethics complaints.

Some “complaints” are relatively easy transactional, technical, or procedural questions that do not expressly allege violations of specific Articles of the Code of Ethics. In these cases, the local association may offer ombudsman procedures to try and resolve the matter. An ombudsman’s role is primarily one of communication and conciliation, not adjudication. Ombudsmen do not determine whether ethics violations have occurred, rather they anticipate, identify, and resolve misunderstandings and disagreements.

If the matter cannot be resolved through an ombudsman, a Grievance Committee then reviews the complaint. The Grievance Committee decides whether or not the alleged wrongdoing would constitute a violation of the Code of Ethics.

In cases where the Grievance Committee decides the accused may have committed an offense, the case is passed to either a Professional Standards Hearing Panel (if the case involves an ethics complaint) or an Arbitration Hearing Panel (if the complaint is of a nature

that would otherwise be dealt with by filing a lawsuit). Arbitration hearings most often deal with commission disputes.

If the Professional Standards Hearing Panel finds an individual guilty, he or she can be given one or more disciplinary sanctions. Possible sanctions include requiring additional education, the payment of fines, suspension or even termination of membership. The accused can appeal to the Board of Directors if he or she disagrees with the finding or the penalty.

The Arbitration Hearing Panel will make a determination based on principles of ethics and law. Once the Arbitration Hearing Panel renders a decision, there is no right of appeal.

If the individuals or firms involved in an arbitration hearing wish to, they can agree to mediation. Mediation is not binding. If the decision of the mediator does not satisfy either party, an arbitration hearing can still be requested.

This process of handling complaints has worked well. It allows judgment by peers who understand the special nature of the real estate business and is cost-efficient when compared to the court system.

Illinois law does not deal with the settling or arbitration of disagreements between brokers regarding commissions or any other private agreements. The Real Estate License Act of 2000 allows anyone, whether licensed or not, to file a complaint regarding a suspected violation and provides a hearing procedure for its enforcement.

CHAPTER 1

Ethical Practice

STUDY QUESTIONS

Answer the following questions “true” or “false”:

1. Decisions of the Professional Standards Hearing Panel can be appealed.
2. Disclosure is a matter of personal discretion.
3. The requirements in the Code of Ethics are similar to Illinois license law in many ways.
4. Agents should give advice but leave decisions up to clients.
5. An agent representing a client in a transaction must disclose any interest the agent has in the subject property.
6. Directly soliciting a listing from a seller whose property is listed with another REALTOR® is considered unethical.
7. Dealing directly with another agent's client is only permitted when specifically authorized by the other agent.
8. Litigation is the only acceptable form of settling disputes among REALTORS®.
9. A firm commitment to ethical practice helps licensees avoid some risks.
10. The process of handling complaints through arbitration allows for judgment by one's peers who are familiar with the nature of real estate transactions.

Answers to Study Questions appear on Page 62

MANAGING RISK

Among the catchy, trendy phrases used in business today, “risk management” is certainly near the top of the list. In order to be able to achieve effective risk reduction in a practical and professional way, one must first be able to comprehend the full meaning of the words and how they apply to the real estate brokerage business.

In this section, we will look at some definitions and concepts of risk management and its direct application to the real estate brokerage industry. We will also discuss a seven-step program for effective risk reduction and review the benefits of retaining legal counsel.

RISK IN THE REAL ESTATE BROKERAGE INDUSTRY

In any given context, risk can take many forms and shapes. This is particularly true in the real estate industry. There are always the obvious risk of making mistakes, the risk of making the wrong statement and the risk of failing to provide important information. But risk can take many other forms as well. Even when licensees have acted correctly, they may still be at risk.

When people involved in a real estate transaction are dissatisfied with the outcome of that transaction, they will look for the persons involved to somehow compensate them. A buyer or seller may claim to have been hurt by a licensee. That person will try to sue to prove that the damages suffered were a direct result of the licensee’s ill-advised actions. In real estate transactions, this risk is often directed at the licensees involved in the sale, simply because they are at the center of the transaction and constitute easy targets.

An important legal concept to remember is that fault must be established. Without fault (also known as “liability”), there cannot be a case. Therefore, every lawsuit has two aspects: liability and damage. First, it must be shown that the other person was responsible for the problem. Once this responsibility has been established, damages can be awarded in favor of the injured party.

When we speak of damages, we must clarify that there are two common types: compensatory and punitive damages. Compensatory damages will result from the court’s decision that the plaintiff lost an amount of money because of the party at fault and should be reimbursed for it. Compensatory damages will be awarded to repay or compensate for the monetary loss incurred. Punitive damages, as their name suggests, will serve to punish someone for an action and serve as a lesson. They are usually monetary awards and are separate from the compensatory damages.

An effective risk management program will allow two possible outcomes to a lawsuit concerning damages. In one possible outcome, the licensee is able to avoid both kinds of damages because he or she acted correctly and can prove it. Alternatively, even if a licensee is at fault and liable for compensatory damages, punitive damages can be prevented by a good paper trail showing that the broker had done everything possible to correct the problem. So, at the very least, a good risk management plan will minimize the potential monetary losses.

Another example of potential risk is when licensees are accused of aiding and abetting someone else’s illegal, discriminatory conduct. The plaintiff may claim that a licensee contributed in some way to the harm done, perhaps not openly, but possibly by aiding and abetting someone else to do so. It may be claimed that by remaining involved in the transaction, the licensee’s actions condoned the behavior of the party accused of discrimination. Even if they do not personally commit discrimination, licensees can be found guilty by association if they participate in a transaction where discrimination is taking place.

Likewise, sponsors or managing brokers can be held responsible for the errors, mistakes or other wrongful acts of the licensees they oversee.

EFFECTIVE RISK MANAGEMENT

Once the potential risks involved in the real estate brokerage profession are clearly understood, we can look at managing those risks in order to minimize them.

To manage risk effectively, the first and seemingly obvious step is to do everything right. However, we can safely assume that is impossible. Even with the best intentions, mistakes will be made and things will go wrong.

A good risk management program should start with identifying the areas of potential risk. In many situations, risk awareness will prevent problems from surfacing. Then, a plan must be formulated and followed to the letter. Finally, a qualified attorney should be consulted to make sure that nothing has been overlooked and that the program is legally sound.

Another important concept of risk management is swift action. If someone is complaining or has a problem regarding a transaction, the critical reaction is to respond quickly and consult an attorney about collecting proof, writing the necessary letters, making phone calls, writing memos to the file, and making sure that everything is documented. This will serve to show that the problem was recognized and that something was done immediately to try to rectify the situation. When complaints are overlooked and the parties feel ignored, a negative environment is created that will usually result in greater, costlier problems later on.

The actions necessary to manage risk effectively in the different areas of real estate brokerage are many, but the whole process can really be summarized by the following statement: Do it right, and be able to prove it!

A SEVEN-STEP RISK MANAGEMENT PROGRAM

In order to achieve an objective, one must have a plan. Although plans, especially in the business world, must remain flexible and adapt to changes, having one will certainly help establish which areas are more susceptible to risk and what needs to be done to manage these risks effectively.

We have established a seven-step program to take a real estate brokerage company from a high-risk situation to a position of minimal risk. By adhering to these steps, the risk and potential liability will be greatly reduced and, in some cases, virtually eliminated. These steps can enable everyone in the firm to work more effectively and earn a living in an environment where risk is under control.

Some of these steps require more explanation than others and will be discussed further throughout this course. However, it is essential to understand that they are all equally important. For the program to work, they must all be followed and integrated in an overall risk management program. Here is a summary of the seven steps to an effective risk management program:

1. Limit Authority for Handling Problems

Delegating authority is an important business management concept that applies to a risk reduction program as well. However, for this delegation of authority to work adequately, it must be limited in scope and directed to the persons who have the most expertise and experience to handle the various situations in a timely manner. This system will provide for orderly referral and resolution of problems through the office hierarchy.

The final authority should rest with the sponsoring and managing brokers. They will make the ultimate decision on how to handle the problems and should therefore always be aware of what is going on at the various levels of authority in the office.

2. Respond Quickly

Problems must be handled thoroughly and quickly. When a problem manifests itself, time becomes the enemy. The quicker the problem is dealt with by someone who is qualified, the better the company will be.

A problem must be handled immediately and professionally. If a licensee decides to “think about it tomorrow,” the opportunity to resolve the problem with little or no expense may have been missed. A swift, well-thought-out, thorough response by somebody who is competent and capable of dealing with the problem is essential.

Avoiding delays is the key. The licensee should always immediately contact a specialist in the appropriate field and/or obtain legal advice from an attorney.

3. Maintain a Good Paper Trail

The paper trail that the brokerage company is leaving should be thoroughly examined. Every piece of correspondence should be part of the paper trail, including but not limited to the following items:

- Multiple listing contract.
- Listing, commission and all other agreements.
- Office procedure manual.
- Written instructions or announcements to sponsored licensees.
- Written record of office meetings.
- Advertising records.
- Memos to the file.
- Copies of telephone messages received.

Each of these documents represents an opportunity for someone to attack and also an opportunity for defense against such an attack. This is undoubtedly an important step in this risk management program, since it constitutes proof for everything else.

4. Transfer Risk to Experts

A time-tested method of risk reduction is to find somebody else to assume the potential risk. This process, known as “risk transference” or “risk shifting,” is not always a complete shield for everyone involved. However, it should at least spread the risk over a number of people who will share the burden of paying a claim for which the licensee would otherwise be solely responsible.

When possible, risks should be transferred to specialists in the real estate industry, such as structural experts and legal consultants. These human resources should be made available and easily accessible to everyone working in the office in order to encourage immediate problem resolutions.

5. Purchase Errors and Omissions Insurance

In today’s business environment, most licensees consider errors and omissions insurance to be an absolute necessity. However, errors and omissions insurance

alone, without the six other elements of an effective risk reduction program, cannot do the job.

Many problems that befall licensees are either excluded from such a policy or do not constitute “errors and omissions” and won’t be covered by a policy. Even those problems that are covered by errors and omissions insurance might not be covered until the licensee has been served with judicial process. By that time, the licensee is already involved in a lawsuit that will prove costly in terms of both money (most errors and omissions policies have deductibles) and time.

Litigation can only harm the licensee. Many hours of the licensee’s time, which could be more profitably spent on business matters, must be diverted to meeting with lawyers and judges and preparing for and attending trials. The more serious the litigation, the more deeply the lawsuit intrudes upon the licensee’s business.

Litigation should be avoided wherever possible. However, no risk reduction program can guarantee that you will not be sued. Errors and omissions insurance is, therefore, an integral part of a good risk management program.

6. Retain Legal Counsel

One of the most invaluable sources of help to a managing broker is a qualified attorney. It is recommended that counsel be retained on an annual basis. The reason for this recommendation is that the managing broker should be encouraged rather than inhibited from consulting with an attorney whenever a possible problem arises. The sponsoring or managing broker is naturally reluctant to pick up the phone and call a lawyer when he or she expects a bill to follow the phone call. When the lawyer is paid by an annual retainer, the licensee is willing to pick up the phone and ask questions, since the licensee has paid for the service and wants to get his or her money’s worth.

7. Include Risk Management in Your Continuing Education Programs

Most managing brokers invest substantial time in educating licensees about sales techniques and motivation. Those managing brokers who also attempt to educate their sponsored licensees about the laws affecting the industry usually provide education that is more theoretical than practical.

Education on the various legal aspects of real estate should be encouraged for all licensees on a continuous basis. It will keep licensees informed and will reduce the risk of mistakes caused by ignorance. All parties will benefit from it.

In summary, the seven steps are: 1) limit authority for handling problems; 2) respond quickly; 3) maintain a good paper trail; 4) transfer risk to experts; 5) purchase errors and omissions insurance; 6) retain legal counsel; and 7) include risk management in your continuing education programs.

This seven-step program is thorough and encompasses all aspects of the brokerage business, leaving little to chance. Adherence to this plan can be effective in greatly reducing risk.

RISK SHIFTING

In wanting to help accomplish the object of their employment and generate a sale, licensees may feel that a casual remark about a certain feature of the property is appropriate. Even with the best intentions, if this remark is directed at an area outside of the licensee’s scope of expertise, it can result in unnecessary risk.

Licensees should avoid making statements that imply that they possess knowledge or expertise that they do not in fact possess. Many lawsuits are initiated by individuals who claim to have been misled by the statements of licensees. In many cases, these statements are not expressed as expert opinions. Instead, they are casual remarks that are made to temporarily address a consumer's concerns.

By encouraging consumers to rely on the advice of experts, licensees become less likely to be accused of misrepresentation.

Second-Hand Information

When a licensee is passing on information originating from the seller or from any other expert source, it should be made very clear that this information is not from the licensee and that the licensee is not acting in an expert capacity regarding a particular situation. The licensee should identify the source and state that the information has not been verified for its accuracy but is simply being passed along as a service. The buyer or seller should be invited to check this information independently.

Various Specialists

Since the purchase or sale of real estate involves a number of complex issues, licensees should encourage all parties to the transaction to freely avail themselves of the services of experts. Such experts include attorneys; professional engineers for independent reports on the condition of the structure; home protection providers for repairs of mechanical defects in the home; termite inspectors; surveyors; title insurance companies; radon inspectors; mortgage brokers; architects; and so many others.

Attorneys

The legal aspect of a real estate transaction is very delicate and can have many different repercussions.

Unauthorized practice of law by a licensee can create serious problems. But even when abstaining from statements of a legal nature, a licensee still needs to transfer risk to attorneys in another context. For instance, if there is an offer document, it would be a mistake for the real estate licensee to encourage the buyer to refrain from having the document reviewed by an attorney. By encouraging the involvement of an attorney, risk is shifted from the licensee to the attorney.

Home Warranties

One possible application of risk shifting is to provide buyers and sellers with the option to purchase a home warranty plan. The buyers' potential costs to maintain covered items in working condition may be eased if something goes wrong. From the sellers' point of view, by protecting the purchaser from the added expense of repairs, they may be eliminating future problems that may come from defects in the property once it has been sold. Finally, licensees may reduce their risk of lawsuits resulting from undisclosed defects of which they had no knowledge.

Proper Procedures for Risk Shifting

Understanding the need to shift risk to the appropriate experts is half the battle. We will now look at the proper procedures for effective risk shifting, keeping in mind that doing it is recommended, but that it will not be enough for a defense against a lawsuit. A broker must be able to prove the absence of wrongdoing.

Let the Consumers Know

It is necessary that consumers understand what they can expect from the licensee. This will not only shift the risk away from the licensee but also help consumers determine what information they can rely on.

Even if no problem is apparent, consumers must be informed of potential risks so that they can make their own decisions as to having items checked by a professional. The consumer must be aware that it is not part of the licensee's responsibility to check every item or answer every question.

If the licensee has disclosed all the pertinent information, has proof that such disclosure was made, and has shifted the risk to other professionals in the real estate industry, then the consumer has full knowledge of what should be done and who should be held responsible. The licensee's attitude should be one of skepticism regarding property condition. To be protected from claims of supplying false information, an Illinois licensee should have evidence of having received the information that he or she has passed along to purchasers.

A Minimum of Three Recommendations

When a licensee recognizes that he or she has only a limited ability to provide information, the licensee should make other sources available to buyers and sellers alike. However, a licensee should be careful to always recommend a minimum of three experts in a given field. If only one expert is recommended, the licensee could be accused of pressuring consumers to work with one particular expert who is perceivably under the licensee's control.

Negligent referrals are a source of concern and can be avoided by always recommending more than three names or companies.

In Writing

The best and most effective way to defend against a lawsuit is, without a doubt, to have documented proof. Written disclosures should be made to both parties as to the extent of the licensee's liability and limit of expertise. There should be documented proof of disclosures and of the companies recommended for each particular problem. It is critical that licensees have proof that disclosure was made regarding a potential problem, that the risk was shifted to experts in the field, and that the licensee is not responsible for the experts' advice or opinion on the matter. Otherwise the parties may claim that they were never told to seek an expert opinion and, because of the lack of documented proof, the court will hold the licensee liable.

PROVING IT

So far, we have talked about everything licensees need to do in the course of their business to protect against accusations of wrongdoing and litigation. As we mentioned earlier, it is still possible for a licensee to have done everything right, to be innocent of any wrongdoing, and still be the victim of a lawsuit.

We will now look at the importance of being able to prove that everything was done correctly and that all disclosures were made. Doing everything right is important, but being able to prove it is crucial.

Licensees shouldn't wait until a lawsuit is underway to start collecting the necessary proof of their actions. Collecting proof should be an ongoing process that must be implemented

in the daily activities of licensees. Information must always be available and on hand so that a licensee can be prepared for any eventuality.

In this section, we will discuss two ways of proving that the correct actions were taken or that attempts were made to correct the situation: a good paper trail and witnesses.

Paper Trail

A good paper trail will help a defense and will thwart the attack of adversaries. Such a paper trail does not happen by accident or in the normal course of business. Such a paper trail only happens by careful planning and adherence to that plan. However, to be admissible evidence in court, it must be shown that this paper trail is part of all business activities of the office and was not used only in one particular case. Therefore, it is important to implement a program at all company levels.

Paper Trail and Office Policies

The managing broker should review and evaluate office policies and procedures with regards to correspondence, forms, agreements and management records, and make any necessary revisions in order to make every document in the office part of a comprehensive risk reduction plan. An effective paper trail is possible only with an effectively trained staff. Therefore, management and sales staff must be instructed in the proper use and operation of each document.

The paperwork in the office files can be the single most important tool in risk management. For example, telephone messages with carbon paper transferring to a message book or a computerized diary can be important to the file. Since these are most likely already being used in the ordinary everyday business, they simply should be incorporated in the files.

The managing broker should incorporate all the procedures deemed necessary for an adequate paper trail into the office's policy manual and make sure the manual is reviewed with all sales associates and support personnel.

Paper Trail and Listings

Whenever sellers consent to something, they should be consenting with full information. This is the legal principle of "informed consent." Written disclosure will prove that they were given all the information necessary to make this informed decision. The licensee has to show that the sellers were given all the options and that it was solely their decision to take a certain course of action.

The documents that licensees will keep should pertain to all aspects of their relationships with sellers under a listing agreement. Comparable property documentation, for example, should be kept in the file, showing that the property was compared accurately and that the estimate of the property's worth was only in conjunction with the seller's best interest.

Documentation should also be kept to show the seller all the efforts that have been expended to market the property. Records should be kept of all open houses held, all advertising done, all phone calls made to other brokers in the field, etc. The licensee should be able to show how many times people came to look at the property, why they were looking, and why they did not submit an offer. There may be certain characteristics of the property that are hindering the sales process, and the sellers should be made aware of these. All of this will help prove that the property is being marketed in a proper manner and that the sellers are well represented.

Paper Trail and Disclosures

All disclosures, whether to buyers or sellers, should always be in writing. The document should show what the disclosure was about as well as its source, and the party to whom the disclosure was made should sign it. If and when there is a problem and a discussion as to whether the disclosure was made or not, there will be proof on hand to settle the matter quickly and efficiently.

When the licensee suspects a problem is arising - such as a seller refusing to disclose a defect to a buyer - written notice should also be given to the sellers to prevent future repercussions. Without the disclosure documents, a licensee would never be able to prove that an attempt on his/her part was made to correct the situation. There must be at least registered letters or certified mail, showing the seller was informed of the problem and advised to take care of it immediately.

Paper Trail and Fair Housing

A thorough paper trail will be the best proof of correct action if there is ever a problem regarding compliance with fair housing laws. If a case is brought to court a year later for alleged violation of the laws, the complainants will have their own recollections of events, which will probably be clearer than those of a licensee who has handled hundreds of clients and customers in the past year. For this reason, a complete paper trail should be kept listing the names, addresses and telephone numbers of prospects along with their requirements for housing and their financial qualifications. Records should be kept of the properties shown to these prospects.

Licensees are required to display the Equal Housing Opportunity poster in their offices and are encouraged to use its logo in their advertising. There should also be a statement of fair housing policy between the sponsoring broker and each sponsored licensee, acknowledging that the sponsor has this policy of complying with the fair housing laws and that each licensee is required to comply. If a sponsored licensee ever disobeys the law, the sponsoring broker will have proof that everything possible was done to stress compliance.

Paper Trail and Risk Shifting

Risk shifting is a very important concept of risk management to minimize potential liability. This procedure should always be done in writing. The licensee should provide the names of the recommended professionals (at least three) in writing. The licensee also should get a statement from the buyer or seller stating that the buyer or seller (1) confirms receipt of this information; (2) understands that the licensee does not provide professional advice in this particular matter; and (3) understands that the services of an expert in the field were recommended to obtain that professional advice.

There should also be a disclosure signed by the buyers acknowledging that licensees are not representing themselves as radon experts, surveyors, or any kind of professional other than real estate professionals. It should also state that if consumers want inspection or testing to be done, it should be done at their expense, with the professional of their choice, and that they are free to test any element of the house.

Witnesses

The only other way to prove a case without documents is by having credible witnesses. When licensees do not have the luxury of having documents signed by all the parties to the transaction, or are unable to produce a thorough paper trail with the necessary documents to substantiate their position, they may want to use the testimony of persons who witnessed their actions or heard their statements. Unfortunately, when the case comes to trial a year

or two later, the witnesses' memories will usually have faded. So, even when there are witnesses, a licensee should try to obtain statements in writing, signed by these witnesses, in order to preserve the information.

There are two kinds of witnesses: interested witnesses and disinterested witnesses. Interested witnesses will have something to gain from the outcome of the lawsuit. Disinterested witnesses are simply relating what they saw or heard without any potential benefit to themselves.

The licensees who are accused of wrongdoing, for example, are classified as interested witnesses because they stand to gain something when the case goes to court. In the eyes of the law, they are not as credible as somebody "off the street" who has nothing to gain from the case and who will simply testify as to what they heard or saw.

By keeping careful records and documents, and combining them with credible disinterested witnesses whenever possible, a licensee will create evidence that can be used to either prove a case in court or eliminate or avoid a lawsuit.

BUILD A SUCCESSFUL TEAM

For this whole process to work and be effective, complete cooperation between the sponsoring broker and the sponsored licensees is necessary. This cannot be the policy of just one associate in the office or only the managing broker. An entire team approach is required for the implementation of office rules and policies.

We have discussed at length the fiduciary relationships with clients and customers, but there are also fiduciary duties within the context of the real estate company. Under a listing contract, a sponsoring broker has a fiduciary relationship with the seller. The sponsored licensees in the office have a fiduciary duty to the sponsoring broker. Cooperation is essential. Without it, confusion will result and the potential for errors increases.

In this section, we will see that in order to manage risk effectively, the risk management plan must be an all-around program covering everyone's activities.

Policies and Procedures Manual

Regardless of the number of licensees in the office, it is good business management in the real estate industry to have a policies and procedures manual. Many managing brokers believe that since they only have two or three agents, they do not need this manual. Their small-office atmosphere is relaxed and informal, and control of the agents' conduct is a lot easier than in a larger real estate company. But risk management is good business management for everyone, and having a procedure manual is an integral part of a good risk-reduction program.

This policies and procedures manual will govern the way that licensees will conduct business within the company structure. It should be reviewed with the assistance of an attorney to make sure that if this manual is ever used as evidence in court or any kind of proceeding, it will contain the necessary information to show compliance with the law. It should also help to show that every effort was made to educate licensees about the correct policies and procedures to be followed.

Inform the Managing Broker Immediately

We all know that a licensee's job is to sell and list real estate. Licensees are not expected to be experts about everything affecting the real estate industry (or the real estate brokerage industry, for that matter).

For that reason, it is necessary for sponsored licensees to inform their sponsoring broker about everything concerning the business that may result in any type of problem. Everything should be reported, no matter how small or seemingly insignificant. Even if it is just a “funny feeling” that something is wrong, it should be reported so that the managing broker can address the problem while it is small. Managers should convey this message very clearly to their sales forces and make themselves accessible.

Delegating and Limiting Authority

It is important to establish well-defined limitations of authority for licensees, including the managing broker.

It is rare that problems surface without any warning whatsoever. In most cases, the clear signs and signals of a potential problem are present long before the problem itself arises. In many instances, either the sales associate or a manager, neither of whom has received sufficient training to recognize its existence, overlooks the problem. In some cases, the problem has been mishandled in an attempt to solve it without involving the proper authority figures or legal counsel.

People should not be authorized to deal with problems that they are not qualified to handle. In order to properly delegate authority, the managing broker should first categorize the different types of problems that can be anticipated in the conduct of a real estate business. Since some of these problems will manifest themselves in various ways, they should be broken down into categories and even sub-categories. Once the managing broker is comfortable that this is a list of virtually every type of problem that can be expected to occur in the office, the list of potential problems should be reviewed with an attorney, who may help identify dangers that were overlooked.

Once this list is complete, a decision must be made as to who will be assigned to handle each type of problem. There should be a clear hierarchy with respect to which problems are to be handled by the various sponsored licensees or the managing broker, and which problems require immediate professional advice or attention. Since licensees do not all have equal experience and qualifications, each licensee should be assigned to a group that will be charged with responsibility for handling a particular type of problem based upon the general education and experience level of that group.

Since sales associates usually get the first indication that a problem is brewing, they must determine whether or not a particular problem is of a nature that falls within the scope of their authority. If so, sponsored licensees should utilize their training to deal with the problem and prepare a short, written report of the problem and its resolution for the managing broker. It is important that the problem be discussed with the managing broker during the day in which it is first discovered, even if the written report cannot be delivered until the following day. Any problem that cannot be solved by a sponsored licensee should be referred to a manager, who might decide whether to handle the situation with or without professional advice.

Continuing Education

In order to have a good team, a managing broker must have competent, well-educated people in the field doing the job. There are two types of education that a managing broker must be concerned about.

The first type of education is the one mandated by the state in order for the sponsoring broker and sponsored licensees to obtain licenses and to keep those licenses current. The managing broker should keep careful records of all the licensees having complied with their licensing requirements. There is nothing worse than having a licensee in the field who is not

properly licensed. If a transaction is put together by such a person, a commission will not be owed.

The other type of education is company-mandated. This type of education is what the sponsoring broker feels is necessary in order to have competent, well-educated licensees. While motivation and sales training can be part of this education, good risk management training should be incorporated with the motivation and sales techniques. Licensees who are motivated and well-trained will also be good risk managers.

An Essential Member of the Team: The Attorney

As we have discussed previously, licensees should have a working relationship with a qualified attorney who will help in the area of risk management. The attorney should be part of the team.

It is important that the attorney be consulted as soon as a problem first arises in order to keep that problem small. The attorney is specialized in how to resolve problems when they first occur. The attorney will also help to prove the case if there is ever a lawsuit. However, the attorney's function is best served as a counselor when problems are first detected.

When the attorney is involved early on and everything has been done correctly with the proper documentation to support it, a simple letter can be written to attempt to dispose of the case. The letter may serve to confirm that the other party's claim should not be directed against the licensee.

Risk management is everyone's concern, from the experienced managing broker to the novice sponsored licensee. Implementation of the seven-step program through adherence to adequate risk shifting and a solid paper trail will lead to successful risk reduction. Involvement at all company levels will generate a team approach that helps everyone minimize liability.

CHAPTER 2

Managing Risk

STUDY QUESTIONS

Answer the following questions “true” or “false”:

1. With proper record keeping, an attorney is unnecessary.
2. Each person should know the limits of their authority in handling problems.
3. It is best not to respond too quickly because many problems go away with time.
4. It is unethical to shift the risk to experts.
5. If a licensee makes a statement about construction, the buyer is likely to consider it an expert opinion.
6. It is safer never to put anything in writing if you don't have to.
7. A witness is the next best thing to written evidence.
8. Fault must be determined before damages can be awarded.
9. A good risk management plan will minimize potential monetary losses if you are sued.
10. In suits related to real estate, punitive damages are always awarded.

Answers to Study Questions appear on Page 62

LEASING & CONSUMER PROTECTION

LEASING

Real estate licensees can better serve clients by developing a greater knowledge of lease agreements and key concepts beyond the generalities of contract law. This is particularly useful for licensees who work in the property management practice area. We will begin our discussion of leases by defining some basic terms.

A “lease” is a bilateral contract in which the lessor promises to provide exclusive possession of the property to the lessee in return for the lessee’s promise to pay rent. The “lessor” is the owner or landlord giving the lease, and the “lessee,” or “tenant,” is the person receiving the lease. The terms “lessee” and “tenant” have identical meaning and are interchangeable. “Rent” is the money paid for the use of leased property.

The rights that the tenant acquires in the lessor’s property can be referred to as a “leasehold estate,” “leasehold interest” or “tenancy.” The rights the tenant acquires through a lease attach to the property rather than the lessor. Therefore, the sale of the property or the transfer of ownership due to the death of the lessor does not affect the lease.

Residential leases can take various forms. The forms of leases are classified as one of the following:

- Tenancy for years.
- Periodic tenancy.
- Tenancy at will.
- Tenancy at sufferance.
- Holdover tenancy.

In some instances, leases are referred to as “estates.” For instance, the terms “tenancy for years” and “estate for years” mean the same thing and can be interchanged.

A “tenancy for years” has a specific timeframe. Despite its name, a tenancy for years can be for any length of time: hours, days, weeks, months or years. A tenancy for years does not require notice to terminate; the lease period ends upon the expiration of the specified time period. State law does not require landlords to send termination notices. A tenancy for years lasts for a specific and definite period of time, and it is unaffected by the sale of the property or its conversion into condominiums. It is also unaffected by the death of the landlord or the tenant.

A “periodic tenancy” has no specific ending date. A periodic tenancy automatically renews itself and goes from period to period, as in a week-to-week, month-to-month or year-to-year lease.

A “tenancy at will” has no definite duration and exists at the will of the parties. In this instance, the lessor allows tenants to remain on the premises as long as they choose, but the lessor retains the right to terminate the lease at the lessor’s discretion. Similarly, the tenants may terminate the lease at any time.

A “tenancy at sufferance” is created when a lessee who was once entitled to occupy the premises (such as a tenant whose lease term has expired) stays after his or her rights have ended, thereby wrongfully possessing the owner’s property.

A “holdover tenancy” is created when a lessor accepts rent from a tenant whose lease has terminated. Acceptance of rent is considered to be ratification of the tenant's right to continue occupying the property. In Illinois, holdover tenancies are treated as month-to-month leases.

The elements essential to the formation of a lease include the same elements required of all contracts plus some additional requirements:

- Consideration.
- Legal purpose.
- Offer.
- Acceptance.
- Competent parties.
- Description of the premises.
- Rights and obligations of each party.
- Starting date.
- Time and method of termination. (Unless otherwise stated in the lease, it is presumed that rent is due at the end of the lease term.)

In order to be enforceable in a court of law, the lease must also be compliant with the statute of frauds. Leases for a year or less can be written or oral and still be enforceable. Leases for more than one year are only enforceable if they are in writing.

Written leases generally require the signatures of both the lessor and the lessee. Acceptance can be presumed if the tenant does not sign the lease but takes possession of the premises. This is called “acceptance by ratification” and is recognized by the courts.

Residential leases often contain clauses to address many topics and potential issues. Some of the most common clauses are:

- Assignment and sublet.
- Repair and maintenance.
- Improvements.
- Destruction.
- Lease renewal and/or purchase options.
- Provisions of law.
- Unenforceable.
- Security deposits.
- Termination.

Tenants may assign or sublet their rights. When a tenant “assigns” his or her rights, the tenant transfers all of his or her rights to another person. When tenants “sublet,” they are transferring less than all of their rights under the lease and will retain some portion of their interest. For example, a tenant might sublease his or her apartment to another person for a period shorter than the original lease term. Or the tenant might sublease only part of the space (such as a bedroom) to a roommate.

In a sublease, the original tenant continues to pay rent to the landlord while receiving rent from the sublessee. A sublease is also called a “sandwich lease” because the original tenant

becomes “sandwiched” between the original lessor and the sublessee. In practice, most landlords limit the tenant’s right to sublet or assign through specific language in the lease.

“Repair and maintenance clauses” should clearly state which repairs or maintenance tasks are the responsibility of the lessor and are the responsibility of the lessee. Under most residential leases, tenants are responsible for any damage they cause, and the landlord is responsible for all other maintenance and repairs.

The “improvements clause” states the lessor’s and the tenant’s rights to make improvements to the property. The improvements clause can help avoid arguments over whether tenant improvements do or do not become fixtures.

The “destruction clause” describes which rights and responsibilities the lessor and lessee have if the property becomes partially or completely destroyed. Most often, the lessor is given a choice to either terminate the lease or repair the damage within a reasonable time period.

“Options” are contractual agreements that keep an offer open for a specified period of time. Options might include a “purchase option” (which gives the tenant an opportunity to buy the property) or a “renewal option” (which gives the tenant the right to extend the lease term under certain circumstances). Some options are only available if the tenant pays a fee for them. If the option expires without being utilized, the fee generally won’t be refunded to the tenant.

Most standard residential leases have a clause stating how the lease can or cannot be renewed. This clause usually specifies that the lease can only be renewed by written agreement of both parties. Generally, periodic leases that renew automatically are for short terms and are not in writing.

Purchase options can take various forms since they can include any terms agreeable to both the owner and tenant. The most common type of option gives the tenant (optionee) the right to purchase the property from the landlord (optionor) at a specific price during a specific period of time. This type of option specifically gives the tenant the right to decide whether or not to purchase the property with no further action by the landlord.

Another type of option grants the tenant the first right of refusal. The first right of refusal operates differently than the option described above. The first right of refusal applies only if the owner receives an acceptable offer to purchase his or her property from someone other than the tenant. Under this type of option, if the owner receives an acceptable offer from someone other than the tenant, the owner must give the tenant the opportunity to purchase the property on the same terms being offered by the other party.

An option may, in some instances, also call for a portion of the rent (paid prior to the exercise of the option) to be applied toward the purchase price, but this is not always the case. Options and their terms are always negotiable between the parties.

“Provisions of law” include statements required by local, state and federal laws. Fair housing and human rights provisions are included, along with other rules we will be discussing in later sections of this text.

The “unenforceable clause” states that each clause of the lease is a separate clause. If one clause is unenforceable or incorrect, it will not invalidate or affect any other part of the lease.

Licensees engaged in residential lease transactions should be familiar with the types of lease provisions or clauses, but they must never actually draft them. That would be the unauthorized practice of law. Licensees are permitted only to fill in the blanks on pre-printed forms that are commonly used by the local real estate community.

Even in cases where they represent landlords, licensees must be aware that a variety of laws and local ordinances grant consumer protections to tenants. In fact, many leasing professionals believe it is good practice to provide copies of these laws and ordinances to all tenants. If tenants have questions about their rights, a licensee should encourage them to speak with an attorney.

Fair Credit Reporting

Before entering into a lease, a landlord will usually have the applicant fill out an application and may charge an application fee. Before running a credit check, the landlord must obtain the applicant's written permission.

Many landlords investigate the credit histories of potential tenants by reviewing credit reports or other kinds of consumer reports. Someone with a legitimate business need (and permission from the individual) can investigate a person's credit history by obtaining a report from a consumer reporting agency.

For identification purposes, a report might include a person's name, address, phone number, Social Security number and other general information that may be applicable and available to the reporting agency. It might list existing and cancelled accounts that the person has been authorized to use, credit limits, outstanding and repaid debts, bankruptcies, tax information, overdue child-support payments and more, depending on the individual's financial obligations.

Individuals are now legally entitled to a free copy of their credit reports from each of the three credit bureaus every year. The free report can be obtained either over the internet or by mail.

One of the most significant federal laws regarding credit reports and other consumer reports is the Fair Credit Reporting Act. Under the law, a landlord who takes adverse action against a potential tenant because of the contents of a report (such as by denying an application or charging higher rent) must inform the tenant. A landlord who takes adverse action is also required to identify the organization that produced the report and provide the organization's contact information. According to Experian (one of the three main credit reporting agencies in the United States), landlords are allowed to give tenants a copy of their report. However, many owners encourage tenants to obtain copies on their own.

The Federal Trade Commission has summarized the law's consumer protections in the following manner:

- Individuals must be told if information in their report has been used against them.
- Individuals can find out what is in their report.
- Individuals can dispute inaccurate information with the agency that issued the report.
- Inaccurate information must be corrected or deleted. However, the reporting agency is not required to remove accurate, unfavorable data from a report unless it is outdated or cannot be verified.
- Individuals can dispute inaccurate items with the source of the information.
- Reporting agencies cannot report inaccurate or outdated information.
- Access to reports must be limited. Reporting agencies can only provide reports to those parties (creditors, landlords, employers) who have a valid need for the information.
- Consent is required for reports that are provided to employers.

- An individual may choose to exclude his/her name from reporting agencies' lists for unsolicited credit and insurance offers.

Security Deposits

The "security deposit" is money taken from the tenant/lessee at the time the lease is created in order to protect the landlord/lessor in the event that the tenant damages the property or does not pay all the rent before vacating the premises. Security deposits are regulated by both state and local laws in Illinois. All residential leases address the handling of security deposits and the amount of interest accruing on the deposit. In Illinois, security deposits are not included in the list of elements necessary for a valid lease.

There are two requirements for all security deposits in Illinois. First, a lessor of residential property of five or more units cannot withhold any portion of a security deposit to cover property damage unless an itemized statement of damages is sent to the lessee. Lessees must receive the statement within 30 days after they vacate, and copies of repair receipts must be furnished within 30 days after the statement is delivered. If the statement or receipts are not given, the landlord must return the full security deposit within 45 days of the tenant vacating. If a court finds that the landlord did not comply with these rules, the landlord must pay the tenant double the security deposit plus all attorney fees.

Second, lessors of residential buildings with 25 or more units must pay interest annually on security deposits that are held longer than six months. The rate must be the same as the interest paid on a minimum deposit passbook savings account of the state's largest commercial bank with its main banking center in Illinois. This interest can be paid in cash or as credit on the rent. If a court finds a landlord guilty of withholding security deposit interest, the owner must pay the tenant a sum equal to the security deposit plus the tenant's court costs and all attorney fees. The payment of annual interest is not required if the tenant is in default.

Sponsoring brokers acting as property managers must place security deposits in bank accounts that are separate from their own funds and separate from the landlord's funds. These bank accounts can be referred to as "special accounts," "trust accounts" or "escrow accounts." The sponsoring broker is not allowed to mix his or her own funds with funds that belong to other people. A sponsoring broker who places his or her own funds in the same account as a tenant's or owner's funds is engaging in "commingling" and is violating Illinois real estate license law.

Lease Terminations And Evictions

Whether a lease will terminate by voluntary or involuntary termination will be stated in the "termination clause." When a lease terminates, the right to possess the property is returned to the lessor.

"Voluntary termination" of a lease is automatic upon expiration of its term or through surrender and acceptance at any time during its term. "Surrender and acceptance" indicates the mutual agreement of parties to terminate the lease.

"Involuntary termination" can occur after there is a breach of a condition in a contract through actual eviction or constructive eviction. Involuntary termination also occurs when the government exercises its power of eminent domain or in a mortgage foreclosure or bankruptcy proceeding.

"Actual eviction" occurs when the lessor initiates court action to have the tenant removed from the premises. In Illinois, before the lessor can begin the eviction process, written notice must be given to the tenant through registered or certified mail with return receipt, posted

on the premises, or delivered in person to the lessee or anyone 13 years of age or older who resides at the premises.

Illinois law requires a five or 10-day notice period before court action can begin. A five-day notice can only be used if the default is due to a failure to pay rent. If the past-due rent is not paid within five days of the notice being received by the lessee, the lessor can bring action to terminate the lease. If the rent is paid within the five-day period, the lease continues uninterrupted. A 10-day notice is required before the lessor can declare a default for a breach of any other term of the lease. After the 10-day period, the lessor can begin action to terminate the lease.

The lessor can continue to pursue eviction even if the lessee corrects the default after the statutory period. When the required notice period has ended, the lessor can bring suit. The suit is called a “forcible entry and detainer action.” The court issues a writ of execution if judgment is for the owner. This allows the lessor to order the sheriff to perform an actual eviction or a sanctioned removal of the lessee from the premises.

A “constructive eviction” may result if a lessor allows a property to fall into a state of disrepair to the extent that it becomes uninhabitable. If the lessor violates the lease terms by failing to make repairs in a reasonable amount of time, the tenant may vacate the premises. If the owner files suit to collect rent due for the remainder of the lease term, the tenant can argue a constructive eviction defense, essentially claiming that the landlord’s actions amounted to the equivalent of an eviction.

The government may exercise authority under the power of “eminent domain” to acquire property from a private owner against the owner’s wishes. The court action taken by the government to seize property under eminent domain is called a “condemnation action.” To win a condemnation action, the government must prove to the court that the public’s need or purpose for the property is greater than the owner’s need or purpose for it. However, the government must pay fair compensation to the owner of the property. In certain cases, a tenant may also be entitled to such compensation. If the government wins the suit, the lease is terminated.

A mortgage foreclosure can also cause termination of a lease. If the mortgage being foreclosed predates the lease, the foreclosing lender is allowed to terminate the lessee’s rights. If the lease predates the mortgage, the lender cannot terminate the lease.

At the discretion of a court, a bankruptcy of either the lessor or the lessee can terminate the lease. Individual circumstances will dictate the court’s decision.

Drug Houses

The office of the Illinois Attorney General has published the following information:

Illinois law allows the state to pursue civil action against the owners of drug houses. Under the Controlled Substance and Cannabis Nuisance Act, a nuisance is any place where controlled substances are unlawfully sold, possessed, served, delivered, manufactured, cultivated, given away or used more than once within a period of one year.

When a drug house is identified, the law requires that authorities send notice of the nuisance to the owner. The owner has 14 days from the date of mailing, or seven days from personal service, to appear at the state's attorney's office and arrange to take action to abate the nuisance. If the owner does not comply or fails to appear within the designated time period, the law allows the state to file a civil suit to prevent the owner from using the property for up to a year. The law also

allows the state to remove and sell any moveable property and fixtures within the property that contributed to drug activity.

Landlords are also given the right to post a five-day notice of eviction if their property is being used for unlawful purposes or if a tenant is charged with committing a Class X felony on the premises. Examples of Class X felonies include aggravated criminal sexual assault, armed robbery and various major drug crimes.

Lead-Based Paint Regulations

The Environmental Protection Agency (EPA) and the Department of Housing and Urban Development (HUD) help to ensure that the public has adequate information to prevent lead-based paint poisoning. Sellers and landlords of housing built before 1978, when lead-based paint was widely used, are required by law to give their respective buyers and tenants a pamphlet explaining the hazards of lead-based paint, as well as practical, low-cost tips to identify and control any problems resulting from the use of lead-based paint.

Lead-Based Paint in Housing

Approximately three-quarters of the nation's housing stock built before 1978 (approximately 64 million dwellings) contain some lead-based paint. When properly maintained and managed, this paint poses little risk. However, 1.7 million children have blood lead levels above safe limits, mostly due to exposure to lead-based paints.

What Does Lead Poisoning Do to Children?

Lead poisoning causes permanent damage to the brain and other organs and may also cause learning and behavioral problems. For example, recent research has linked lead exposure to juvenile delinquency. Lead may also cause abnormal fetal development in pregnant women.

Background

To protect families from exposure to lead in paint and the contaminated dust and soil it generates, Congress passed the Residential Lead-Based Paint Hazard Reduction Act of 1992. Section 1018 of this law directed the EPA and HUD to require the disclosure of known information on lead-based paint and lead-based paint hazards before the sale or lease of most housing built before 1978.

What Is Required

Before ratification of a contract for sale or lease:

- Sellers and landlords must disclose known lead-based paint and lead-based paint hazards and provide available reports to buyers or tenants.
- Sellers and landlords must give buyers and renters the EPA/CPSC/HUD pamphlet "Protect Your Family From Lead in Your Home."
- Home buyers (but not lessees) will get a 10-day period to conduct a lead-based paint inspection or risk assessment at their own expense if desired. The number of days can be changed by mutual consent.
- If an offer to purchase or lease a property is made before the required disclosures, the owner must make the disclosures before accepting the offer and give the potential buyer or tenant time to amend the offer.

Sales and leasing contracts must include certain language to ensure that disclosure and notification actually take place. Sellers, lessors and real estate agents share the responsibility for ensuring compliance.

What the Rule Does Not Require

- No testing, removal or abatement of lead-based paint is required.
- This law does not invalidate leasing and sales contracts.

What Type of Housing Is Covered?

Most private housing, public housing, federally-owned housing and housing receiving federal assistance.

Which Kinds of Housing Are NOT Covered?

The following kinds of housing are not covered by the law:

- Housing built after 1977.
- Zero-bedroom units, such as efficiencies, lofts and dormitories.
- Leases for less than 100 days, such as vacation houses or short-term rentals.
- Housing exclusively for the elderly (unless there are children living there).
- Housing for the disabled (unless there are children living there).
- Rental housing that has been inspected by a certified inspector and found to be free of lead-based paint.
- Houses being sold because of foreclosure.

Why Isn't Housing Built After 1977 Included?

Congress chose not to cover post-1977 housing because the Consumer Product Safety Commission banned the use of lead-based paint for residential use in 1978.

What Is the Effect on States and Local Governments?

Those states and local jurisdictions that already require disclosure and notification will be largely unaffected, since the federal law compliments existing requirements. For example, states can use their own hazard information pamphlets approved by the EPA. Enforcement will be carried out jointly by the EPA and HUD and therefore will not burden local resources.

What Should I Do If I'm Representing the Seller?

- Give the seller the pamphlet.
- Allow buyers a 10-day opportunity to test for lead, if desired.
- Advise the seller to disclose all known lead-based paint and lead-based paint hazards in the house (and provide buyers with any available reports).
- Include standard warning language as an attachment to the contract.
- Have the seller complete and sign statements verifying completion of the requirements.
- Advise the seller to retain the signed acknowledgment for three years.

What Should I Do If I Am Representing a Landlord Renting Out a Dwelling?

- Give renters the pamphlet.
- Advise the landlord to disclose all known lead-based paint and lead-based paint hazards in the dwelling unit (and provide renters with any available reports).
- Include standard warning language in the lease or as an attachment.
- Have the landlord complete and sign statements verifying completion of the requirements.

- Advise the landlord to retain the signed acknowledgment for three years.

Do I Have to Advise My Landlord Client to Give the Pamphlets to All Existing Tenants?

No, but the pamphlet must be provided when a lease is renewed, as is the case for new tenants.

What About Non-English Speaking Buyers or Renters?

The disclosure has to be in the same language as the contract.

Do I Have to Advise My Clients to Check Their House For Lead Before I List It?

No, but they do have to give buyers a 10-day opportunity to have a test done if desired.

Do I Have to Advise My Clients to Correct Any Lead Hazards That Are Found?

No. Nothing in the law requires an owner to remove lead paint or correct hazards. The law also does not prevent the two parties from negotiating hazard reduction as a contingency. This will be handled in the same way as any other housing defect.

Where Can Lead-Based Paint Inspection Services Be Found?

The pamphlet provides phone numbers of state agencies that can help identify certified inspectors or risk assessors. County, city and other local health and environmental agencies may also have such lists.

State-certified, lead-based paint inspectors and risk assessors must be used to qualify for an exclusion from this regulation.

Agent Responsibilities

Agents must ensure that:

- Sellers and landlords are aware of their obligations.
- Sellers and landlords disclose the proper information to buyers and tenants.
- Sellers give buyers the 10-day opportunity to conduct an inspection (or another mutually agreed-upon period).
- Leases and sales contracts include proper disclosure language and proper signatures.

What Is the Agent's Responsibility If the Seller or Landlord Fails to Comply With the Law?

Agents must comply with the law if the seller or landlord fails to do so. However, the agent is not responsible if an owner conceals information or fails to disclose the information.

Do Buyers Have to Get a Lead Test When Buying a House?

No. This law only gives them the right to have a test if they want. If they get a test, buyers must pay for it (or negotiate with the seller as to who will pay for it).

Can the 10-Day Inspection Period Be Waived?

Yes. The buyer and seller can choose any time period they want, as long as it is by mutual consent, or the buyer may waive the 10-day opportunity altogether.

Does a Tenant Also Have the Right to Test For Lead?

No. The 10-day inspection period is limited to sales transactions. But nothing in the law prevents the renter from negotiating an inspection or risk assessment with the landlord or lessor before rental.

What Happens If Sellers, Lessors or Agents Fail to Comply With the Law?

Under the law, they can be sued for triple the amount of damages. They may also be subject to civil and criminal penalties. By clarifying the duties of all parties, this law helps to prevent misunderstandings about responsibilities while making sure that buyers and renters have the information they need to protect themselves and their children.

Property Management

The responsibilities of a good landlord go beyond collecting the rent and fixing the occasional plumbing problem. Marketing, accounting and fostering good relationships with tenants are only a few of the additional tasks that must be addressed by owners of income-producing properties. Rather than tackle all of these tasks on their own, many owners hire property managers to do the work for them. Responsive management, a desirable location and good amenities can all produce a healthy vacancy rate.

A property manager's job is to represent the owner and optimize the value and income from the property. There might be a short-term goal of increasing monthly cash flow, a long-term goal of increasing the property's market value or both.

Through agreements with property owners, a property manager often can show property to tenants, negotiate leases and collect rents. Those activities all require a real estate license. Therefore, individuals in Illinois need a license if they manage a property that they do not own. In Illinois, there are a few exceptions to this rule:

- An individual whose primary residence is at the property and who is performing any of the above tasks for either the owner or the property's licensed manager is called a "resident manager" and does not need a real estate license.
- Someone who lives offsite and works for the owner as a "regular employee" does not need a real estate license. (A regular employee is anyone who is considered an employee for tax purposes and works, on average, at least 20 hours per week.)

Property managers are commonly expected to supervise maintenance of the property, protect the physical integrity of the property and assist tenants on the owner's behalf. In performing those duties, the manager is expected to avoid self-interest and act in ways that best serve the owner. However, a property manager should have a clear understanding of what the owner expects. A manager who makes decisions without proper authority may be exposing an owner to unacceptable risks. Here are a few of the many issues that should be addressed in the management contract with the owner:

- Is the manager allowed to negotiate leases, and to what extent?
- Must the owner be given notice before certain maintenance tasks are performed?
- Is the manager responsible for hiring employees or independent contractors to perform work at the property?
- Is the manager responsible for purchasing and maintaining insurance for the owner?
- Is the manager responsible for setting rental rates?
- Does the manager have the authority to approve or reject applicants and to evict tenants for lease violations?

- Who will be responsible for paying expenses?
- Who will hold security deposits?

The issues mentioned here (as well as any other serious matter that could affect owners or tenants) should be addressed in written agreements between the owner and the manager.

While working under a sponsoring broker and performing the tasks of a property manager, licensees must be clearly aware of which activities the management agreement allows or requires them to perform. They must also be mindful of their obligation to represent the best interests of the owner while still treating tenants honestly and fairly.

Leasing Commercial Property

Commercial leases differ from residential leases in that they are contracts between a commercial tenant and a landlord. The tenant is contracting for a property from which to run a business, and the rented space is not intended to be a place to live.

The complexities and intricacies of creating and successfully overseeing a commercial lease transaction require a specialized and unique set of skills and training. The Real Estate License Act of 2000 and its administrative rules apply to all licensees regardless of the type of real estate transaction the licensee specializes in. Although the act and rules allow all Illinois brokers and managing brokers to choose to engage in any aspect of the real estate field, it is the licensee's responsibility to be familiar with all the laws that regulate the commercial leasing transaction.

In this section, we will provide a brief overview and general introduction to the commercial leasing transaction with the expectation that you will seek additional training if you wish to learn more.

Some of the most common types of commercial property include office space, shopping centers, stores, theaters, hotels and parking facilities. Most commercial leasing agents specialize in specific property types.

A commercial tenant's business should be compatible with the building and the other tenants in the property. Commercial property managers must look at the overall fit of the building tenants and how they will co-exist. The types of services and businesses should be complementary, not competitive. Keeping existing tenants happy will help to increase the profitability of the owner's investment.

Commercial leases are generally more complex than residential leases and have different legal requirements. Commercial leases are not based on standard forms and are customized to the needs of the landlord. They can include complicated calculations of rent and maintenance costs and must be reviewed carefully by the licensee and the landlord's and tenant's attorneys.

Negotiating a commercial lease requires knowledge of the market, zoning laws and the various lease clauses that are particular to commercial leases.

In addition to the common clauses found in most leases (such as name, property address, rent, term, etc.), clauses in a commercial lease can include the following:

- **Holdover clause:** Outlines what can happen when a tenant doesn't move out at the end of the lease term.
- **Exclusivity clause:** Limits who the landlord can lease to and where a tenant can relocate to.
- **Use clause:** Requirements and restrictions on how the rented space may be used.

- **Insurance and indemnity clause:** Outlines which types of insurance a tenant must have.
- **Parking:** Outlines the available parking and who is responsible for paying for it.
- **Repairs:** Outlines how repairs are to be made and who is responsible for paying for the repairs.
- **Options:** Outlines a tenant's right to buy the property in the future.
- **Destruction clause:** Outlines what will happen if all or part of the building is destroyed.
- **Attorney fees:** Outlines how and when attorney fees will be paid if a disagreement ends in litigation.

Commercial leases typically permit tenants to install trade fixtures (personal items installed for use in the course of business), and the lease will dictate how and when trade fixtures are to be removed. Leases will also include language regarding how the premises must be restored to the condition it was in previous to the installation of a trade fixture.

Commercial leases are not always subject to the same consumer protection laws that apply to residential leases. Although some fair housing laws might not apply to commercial properties, commercial property managers need to be aware of federal, state, and local anti-discrimination and equal opportunity laws that impact commercial and industrial properties.

Working in the commercial leasing arena can be a complicated and rewarding endeavor. Commercial real estate agents are expected to have a broad understanding of the terminology used, and a background in business or finance can be helpful. Those interested in commercial leasing can often find mentorship programs for additional on-the-job training.

No matter which avenue you choose to pursue, the underlying traits of courage, patience, integrity and the desire to assist others will help you to build a long and successful career in real estate.

CONSUMER PROTECTION

RENTAL FINDING SERVICES

The administrative rules for the Real Estate License Act of 2000 contain many requirements for "rental finding services." A rental finding service is a business that either helps tenants find rentable properties or helps owners find tenants. Anyone who operates a rental finding service must be licensed as a broker or managing broker. Anyone who works for a rental finding service must also have the appropriate license based on their duties and activities.

Before accepting fees or any other compensation, rental finding services must give a copy of their service contract to the consumer who will be receiving services. If the business will be helping a tenant find a unit, the contract must contain the following provisions:

- The term of the contract.
- The total amount to be paid for the services to be performed and a clear designation of the amount paid in advance of the performance of the services.
- In a typeface that is larger than the balance of the contract, a statement regarding the refund or non-refund of the fee paid in advance that shall include:
 - The precise conditions, if any, upon which a refund is based.
 - The fact that the conditions shall occur within 90 days from the date of the contract.

- The fact that the refund shall be paid no later than 10 days after demand, provided the check has been honored.
- The type of rental unit desired, the geographical area requested and the rent the prospective tenant is willing to pay.
- A detailed statement of rental finding services to be performed by the licensee.
- A statement that the contract shall be null and void if information concerning possible rental units or locations furnished by the licensee is not current or accurate with respect to the type of rental unit desired. A listing for a rental unit that has not been available for rent for over two days shall be prima facie proof (sufficient to establish a fact unless disproved or rebutted) of not being current.
- A statement that information furnished by the licensee concerning possible rental units may be up to two days old.
- A statement requiring the licensee to refund all fees paid in connection with the contract if the contract is null and void for any reason. The licensee shall not impose any condition for the refund, and the contract shall state when the refund will be paid.

In addition, rental finding services that are serving tenants must give the tenants the following information about each unit in writing:

- The name, address and telephone number of the owner of each rental unit, or the owner's authorized agent.
- A description of the rental unit.
- The amount of rent requested.
- The amount of security deposit required.
- A statement describing utilities that are located in the rental unit and included in the rent.
- The occupancy date and the term of the lease.
- A statement setting forth the source of the rental information (i.e., owner, agent).
- All other information that may reasonably be expected to be of concern to the prospective tenant.

Rental finding services must also be aware of certain advertising requirements. A rental finding service cannot list or advertise any rental unit without the express written authority of the owner or agent of each unit.

Real Estate License Act of 2000

The entire Real Estate License Act is consumer protection legislation; however, we will review only those sections that are especially relevant to licensees engaged in leasing activities.

Section 10-20. Sponsoring Broker; Employment Agreement

A licensee can only have one sponsoring broker and cannot perform acts requiring a license for any other broker.

A sponsoring broker must have a written employment or independent contractor agreement with each sponsored licensee. This agreement must include the duties and rights of each party, including those related to supervision, compensation and termination.

A sponsoring broker must also have a written agreement with a sponsored licensee's licensed personal assistants.

If a sponsored licensee opens a corporation to accept compensation and owns 100 percent of the stock in it, the sponsoring broker may pay the licensee's compensation directly to the corporation. A corporation formed for this purpose is not required to be licensed.

Section 10-27. Disclosure of Licensee Status

A licensee must give written disclosure of his or her licensed status to all parties involved in a transaction where the licensee has or may acquire an ownership or leasehold interest.

Section 10-30. Advertising

Advertising must be honest and truthful. All advertising by sponsored licensees must be overseen by their sponsor or managing broker.

Licensees must indicate that they are licensed in all advertising and avoid "blind advertising." Blind advertising includes any real estate advertisement that does not include the sponsoring broker's business name and that is used by any licensee regarding the sale or lease of real estate (including his or her own), licensed activities, or the hiring of any licensee under the act.

A sponsored licensee must use the sponsor's name in all advertising that is part of the brokerage business. Any advertising that includes the licensee's name must also include the sponsoring broker's business name.

If the property being advertised is owned in any way by a licensee, the licensee must obey several additional rules:

- Consumers responding to advertising must be informed that a licensee has an interest in the property.
- When a yard sign or other advertisement states that a broker is advertising, no further disclosure of the ownership interest is required.
- In property data sheets, the term "broker owned" or "agent owned" is sufficient disclosure.
- If a sponsored or inoperative licensee has sole ownership of a property, the property can be advertised for sale or lease "by owner." In this context, "sole ownership" can mean the following kinds of ownership:
 - Ownership of 100 percent of the property.
 - Ownership by joint tenancy.
 - Ownership by tenancy by the entirety.
 - Ownership of 100 percent of a land trust owning the property.
- The terms "broker-owned" or "agent-owned" must be used in "by owner" advertising.
- Sponsored or inoperative licensees must disclose their license status when advertising to purchase or lease real estate.
- A sponsored or inoperative licensee must not use the company's or sponsoring broker's name in connection with the sale, lease, purchase or in advertising in a way that might confuse the public. Use of the broker or company name in a personal transaction could lead a consumer to believe that the company or broker is providing the service or is a principal in the transaction when that is not the case.

Section 10-35. Internet and Related Advertising

Licensees who advertise over the internet must follow additional rules:

- Internet advertising must disclose any intention to sell or share consumer information that is obtained from the public online.
- The use of a deceptive or misleading web address is prohibited.
- Authorization must be obtained before “framing” content from another broker’s or multiple listing service’s website. (Framing occurs when linked content from one site is displayed to look like it is part of your own site.)
- The use of deceptive tactics to increase web traffic is prohibited.

Section 15-15. Duties of Licensees Representing Clients

A licensee representing a client is expected to do the following:

- Honor any agreement between the licensee and the client.
- Try to get the client’s price and terms.
- Present all offers in a timely manner.
- Disclose all material facts to the client, except information that is either confidential or concerns an aspect of physical condition that does not affect value.
- Account for all money and property in which the client has an interest.
- Obey specific directions from the client.
- Act only in the client’s best interest.
- Use care and skill.
- Keep all of the client’s confidential information confidential.
- Obey all laws.

The next four items clarify important aspects of agency relationships. The law states:

- It is permissible and appropriate to show all available and suitable properties to all prospects.
- A licensee preparing offers on the same property at the same time for two or more competing clients must give each client written notice of this fact.
- If the client asks to be referred to a different agent, the original agent must comply.
- When representing a buyer, it is permissible to accept compensation based on the purchase price.

A licensee is not responsible for damages when unknowingly providing false information to a client if the information was provided by a customer. However, if licensees commit fraud or neglect their responsibilities, this section of the law will not protect them.

Section 15-35. Agency Relationship Disclosure

When entering into a brokerage agreement, the licensee must disclose several pieces of information to a consumer:

- The type of relationship being created.
- The name of the client’s designated agents.
- The broker’s policy for compensating other parties.

These disclosures may be made part of a larger agreement.

Licensees not wanting to take on the responsibilities of an agent must warn the consumer in writing before the consumer discloses any confidential information.

SUMMARY

As you can see, licensees involved in leasing and property management have many aspects to consider. Although there are some exceptions, property management requires a real estate license. An individual licensee must perform property management services under the direct supervision of his or her sponsoring broker. There are many opportunities in this field that can lead to a successful property management career, provided that the licensee is aware of the laws that regulate the industry.

CHAPTER 3

Leasing & Consumer Protection

STUDY QUESTIONS

Answer the following questions “true” or “false”:

1. Owners of properties in violation of drug house laws should make sure to avoid taking action or getting involved, since it’s not their problem.
2. Owners of residential buildings that have five or less units must pay interest on security deposits.
3. A licensee must always advertise brokerage services under the sponsoring brokerage firm name.
4. A licensee may perform activities as a licensee for multiple sponsoring brokers.
5. When buying or selling, licensees must always disclose their licensee status.
6. Lessors are not required to provide lessees with lead-based paint information for housing built after 1978.
7. The security deposit is money taken from the lessee at the time the lease is created so that the lessor can make sure that the lessee has enough money to pay the rent.
8. Illinois law requires all rental finding services to be licensed.
9. Lessors are no longer required to provide a lead-based paint pamphlet to the lessee.
10. A managing broker acting as a property manager must place security deposits in the brokerage firm’s business account.

Answers to Study Questions appear on Page 62

ANSWER KEY FOR STUDY QUESTIONS

CHAPTER 1

Ethical Practice

1. T
2. F
3. T
4. T
5. T
6. T
7. T
8. F
9. T
10. T

CHAPTER 2

Managing Risk

1. F
2. T
3. F
4. F
5. T
6. F
7. T
8. T
9. T
10. F

CHAPTER 3

Leasing & Consumer Protection

1. F
2. F
3. T
4. F
5. T
6. T
7. F
8. T
9. F
10. F

Notes

Notes

****NEW****



Brokers and Managing Brokers must complete 12 credit hours of core and elective CE, consisting of:

- ✓ 4-Hour Core
- ✓ 8-Hour Elective, including Sexual Harassment Prevention



Core and Sexual Harassment Prevention training must be completed in an interactive format (including class, webinar or online distance education, not book-based self-study).



The three courses in this booklet satisfy a portion of the 12-credit-hour core and elective CE requirement.

Looking for your **ENTIRE** education requirement?

InstituteOnline.com/MoreCE