

**Lecture Outline**

- I. Department of Financial and Professional Regulation (DFPR)
  - a. Banks and Real Estate
  - b. Enforcement of the License Act
  - c. Disciplinary Board
  
- II. Licensing and Education
  - a. Real Estate Activities defined
  - b. Exemptions to the License Act
  - c. Requirements for a Broker's License
  - d. Requirements for a Salesperson License
  - e. Requirements for a Leasing Agent License
  - f. Personal Assistants
  - g. Activation of a license
  - h. Termination of a license
  
- III. Illinois License Disclosure Laws
  - a. IL. Real Property Disclosure Act
  - b. Lead Based Paint Disclosure
  - c. Licensee Interest in property
  - d. Blind Ads
  - e. Material Information
  - f. Material Defects
  - g. Latent Defects
  - h. Special Compensation
  
- IV. Disciplinary Actions
  - a. How NOT to lose your license
  - b. What happens if a complaint is filed against me?
  - c. Civil Penalties
  - d. Recovery Fund
  
- V. Escrow Funds
  - a. Escrow Monies defined
  - b. Non-interest Bearing Account
  - c. Escrow Money Dispute
  - d. Conversion and Commingling
  - e. Maintenance of Escrow Account
  - f. Journal
  - g. Ledger
  - h. Master Escrow Account Log
  
- VI. Law Changes
  - a. Homestead Exemption
  - b. Eminent Domain (Senate Bill 3086)
  - c. Mortgage Rescue Companies (Senate Bill 2349)
  - d. Carbon Monoxide Detectors ( House Bill 5284)
  - e. Condo Owners and Observation of religious doctrines (Senate Bill 2165)
  - f. Location of Affordable Housing (Senate Bill 2885)
  - g. Mortgage Insurance is now tax deductible
  - h. HB4050 – SUSPENDED
  - i. Recorder of Deeds must notify of quitclaim transfers (Senate Bill 2569)
  - j. Notarized signatures required on any document that transfer ownership of real property (House Bill 4760)

- k. Requires lenders to notify homebuyers of accurate and timely property tax payments (House Bill 1428)

This supplement is based on the Illinois Real Estate License Act of 2000 and the Administrative Code. The purpose of the Illinois Real License Act is to “to evaluate the competency of persons engaged in the real estate business, and to regulate such business for the protection of the public”.

### Overview of the Organization

Department of Financial and Professional Regulation (DFPR)  
*Secretary: Dean Martinez*

*The Department of Financial and Professional Regulation is divided into 4 divisions*

- Division of Banks and Real Estate
- Division of Financial Institutions
- Division of Insurance
- Division of Professional Regulation

### The Division of Banks and Real Estate

- Administers over 80,000 licenses for real estate brokers, salespersons, and leasing agents, real estate corporations, partnerships, limited liability companies and branch offices, real estate pre-license schools, branch schools and instructors and continuing education schools, instructors and courses.
- Managed by a Real Estate Director

### Real Estate Director – Ron Hardgrove

- Serves an indefinite period of term
- Must hold a current valid broker’s license which is surrendered to IDFPFR during the appointment
- Resident of Illinois

### Duties

- acts as Chairperson of the Disciplinary Board, ex-officio, without vote;
- supervise the real estate section of IDFPFR, but may not be actively engaged in the real estate brokerage business
- be the direct liaison between IDFPFR, the profession, and real estate organizations and associations;
- prepare and circulate to licensees any educational and informational material that IDFPFR deems necessary for providing guidance or assistance to licensees;
- appoint any necessary committees to assist in the performance of the functions and duties of IDFPFR under this Act; and
- supervise all real estate activities of the IDFPFR.

### Real Estate Administration and Disciplinary Board

- referred to as the “Board”
- 9 members appointed by the Governor
- all members are citizens and residents of Illinois for at least six years prior to the date of appointment
- 6 members are licensed as brokers or salesperson for at least 10 years prior to the date of appointment
- 3 members of the Board are public members who represent consumer interests

### Duties of the members of the Board

- Investigate Complaints
- Conduct hearings
- Make recommendations to DFPR on questions involving standards of professional conduct, discipline, and examination of candidates under the License Act of 2000

## THE REAL ESTATE LICENSE ACT OF 2000

### **Article 5** **LICENSING AND EDUCATION**

#### **Leasing Agent**

LEASING AGENT LICENSE: A limited scope license that enables persons who wish to engage just the leasing of residential real property. Individuals may perform ONLY those real estate leasing activities provided for by law.

Activities: A licensee may engage in only residential leasing activities. Such activities may include, but are not limited to:

- Leasing or renting residential real property;
- Collecting rent for the use of residential real estate;
- Attempting, offering or negotiating to rent, lease or collect rent for the use of residential real property.

Basic Qualifications:

- Be at least eighteen (18) years of age
- High School diploma or GED
- Be of good moral character
- Successfully complete a 15-hour pre-license course in leasing of residential property. The completed course work may be applied to the requirements to obtain a broker or salesperson's license.
- Pass a leasing agent state exam

#### **Temporary Employment:**

Temporarily, a person may engage in residential leasing activities, without a license. This is limited to a period of 120 consecutive days, provided an active broker is supervising the person. The broker is required to notify DFPR that the person is pursuing licensure, as required by law.

- During the 120-day period, ALL requirements of education, successful exam completion, and payment of ALL required fees must be satisfied.
- DFPR may adopt rules to ensure that the law is not used in a manner that enables an unlicensed person to repeatedly and continually engage in activities for which a license is required.

Employment: Licensed leasing agents must be employed AND supervised by an active real estate broker.

Exemptions: A licensed broker or salesperson is able to perform leasing activities without a leasing agent license.

#### **Real Estate Broker**

BROKER: Any person, partnership, or corporation who for compensation or valuable consideration does any real estate act for another.

Real Estate Activities: A licensee may engage in real estate activities.

- Selling: Sells, exchanges, purchases rents or leases real estate.
- Offers to sell, exchange, purchase, rent or lease real estate.
- Negotiating: Negotiates, offers, attempts or agrees to negotiate the sale, exchange, purchase, rental or leasing of real estate.
- Lists: Lists, offers, attempts or agrees to list real estate for sale, lease, or exchange.
- Options: Buys, sells, offers to buy or sell or otherwise deals in options on real estate or improvements thereon.
- Rents: Collects, offers, attempts or agrees to collect real estate rent.
- Leases: Advertises or makes representations as being engaged in the business of buying, selling, exchanging, renting or leasing real estate.
- Procures: Assists or directs in procuring of prospects, intended to result in the sale, exchange, lease or rental of real estate.

- ❑ Assists: Directs or assists in the negotiation of any transaction intended to result in the sale, exchange, leasing or rental of real estate.
- ❑ Leasing Agent Supervisor: Employs or supervises leasing agents.
- ❑ Opens real estate to the public for marketing purposes.

Basic Qualifications:

- ❑ Be at least twenty-one (21) years of age
- ❑ High School diploma or GED
- ❑ Be of good moral character
- ❑ Successfully complete a (120) classroom hours in IDFPR approved subjects or an approved correspondence course. Credit may be given as follows:
  - Forty-five (45) class hours credit for the Real Estate Transaction Class.
  - Fifteen (15) class hours credit for Brokerage Administration.
  - Fifteen (15) class hours credit for Advanced Principles 2000.
  - Fifteen (15) class hours credit for Contracts and Conveyancing.
  - Credit for the remaining thirty (30) class hours may be obtained by completing at least TWO (2) of the following courses: Appraisal; Property Management; Financing; Farm Property Managing; or Real Property Insurance. A Life and Casualty insurance course may not be an approved broker's course.
- ❑ A "Consent to Audit and Examine Special Account" form must be on file with the DFPR and Real Estate prior to taking the broker state exam.
- ❑ Pass a broker's state exam

**Active Broker**

An active broker must maintain an office in Illinois AND:

- Conspicuously display a brokerage sign at each such location.
  - Conspicuously display the broker's license and the licenses of all real estate salespersons and /or leasing agents employed by the sponsoring broker.
  - Must NOT locate an office in any retail sales or financial business establishment, unless it is distinctly separated.
- ❑ The following places do not constitute an office:
    - A motor vehicle primarily used for transportation;
    - A place whose purpose is solely devoted to advertising real estate matters of a general nature or to making a sponsoring broker's business name generally known;
    - A place which a licensee uses solely for storage or archiving of records; or
    - A licensee's residence unless held out to the public as a location at which real estate brokerage services are available to the public.
    - A licensee engaged in the practice of real estate brokerage shall maintain an office. If the licensee is sponsored by another, then the office shall be the office of the sponsoring broker.
    - A post office box, mail drop location, or other similar facility shall not constitute an office, so long as none of the activities described in this definition take place at this facility.
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  - ❑ There shall be only one sponsoring broker for any one real estate company. According to the definition herein, *the sponsoring broker is the entity holding the company real estate license*, whether the entity is an individual who operates as sole proprietorship, a partnership, limited liability company, corporation or registered limited liability partnership.
    - The sponsoring broker could authorize a managing broker for the company to sign sponsor cards in the name of the sponsoring broker;
    - The sponsoring broker could authorize a qualified company employee or independent contract to oversee bookkeeping duties relative to the sponsoring broker's escrow account.

"Managing broker" means a broker who has supervisory responsibilities for licensees in one or, in the case of a multi-office company, more than one office and who has been appointed as such by the sponsoring broker.

**Real Estate Salesperson**

Salesperson: any individual, other than a real estate broker or leasing agent, who is employed by a real estate broker or is associated by written agreement with a real estate broker as an independent contractor and participates in any activity described in the definition of "broker".

Basic Qualifications:

- Be at least twenty-one (21) years of age
- High School diploma or GED
- Be of good moral character
- Successfully complete a 45-hour course in real estate transactions that has been approved by IDFPR.
- Pass a salesperson's state exam

**All pre-license education is valid for three (3) years from the date of course completion.**

Any applicant who fails a state examination three (3) times must repeat the pre-license education prior to taking the exam again.

**License Application for Broker or Salesperson**

A license application must be on IDFPR approved forms.

An application for either a broker or salesperson license must be completely processed within **one (1) year** of successful completion of the state exam.

All applicants for an Illinois real estate license MUST:

- ✓ Include the applicant's social security number.
- ✓ Submit proper proof of successful completion of any required exam.
- ✓ Complete the appropriate application on which all questions are properly answered and signed by the applicant.
- ✓ Any false statement of a material fact on the application, may be considered sufficient grounds for disciplinary action.
- ✓ The Disciplinary Board may consider the applicant's prior revocation, conduct, or conviction in its determination of the applicant's moral character, and whether to grant a license.
- ✓ Pay the proper fees.
- ✓ Submit a properly completed sponsor card.

**License Application Fees**

Broker: Original application (non-refundable): One hundred twenty-five dollars (\$125) which is allocated in the following manner:

\$110 processing fee  
\$10 Real Estate Recovery Fund  
\$ 5 Real Estate Research and Education Fund  

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\$125

Salesperson: Original application (non-refundable): One hundred twenty-five dollars (\$125) which is allocated in the following manner:

\$110 processing fee  
\$10 Real Estate Recovery Fund  
\$ 5 Real Estate Research and Education Fund  

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\$125

**Process for submitting an application to IDFPR**

The sponsoring broker must submit the following to DFPR (within 24 hours) of hiring a salesperson:

- The original pass notice given by the state exam agency.
- The original answers to the questions asked on the state exam.
- The \$125 license application fee.
- A COPY of the sponsor card issued by the sponsoring broker.

### **Sponsor Card (45 day temporary work permit)**

The sponsoring broker, on DFPR approved forms, is to deliver to each salesperson or broker employed or associated with a broker, a sponsor card. The sponsor card is to certify that the person, whose name appears on it, is in fact employed by or associated with the broker. This document acts as the first evidence of licensure.

- Applicants may not perform any real estate act until an authorized employer issues a sponsor card. The licensee must possess an active license or a passing exam score report before a sponsor card may be issued.
- The sponsor card is a temporary work permit, valid for no more than 45 days, unless extended for a good cause by IDFPR rule. The sponsored licensee may only practice real estate under the supervision of the broker named on the sponsor card. This may be the sponsoring broker or the designated managing broker.
- It is illegal for a broker to improperly issue a sponsor card. If it is found that the card was issued prior to the applicant meeting all requirements, including required experience, the sponsor card is considered void. The involved individuals are subject to disciplinary action under the Act.
- The sponsoring broker must send by certified mail, return receipt requested, or other signature required delivered mail service, a copy of the sponsor issued by the sponsoring broker with 24 hours of issuing the sponsor card.
- The sponsoring broker must retain a copy of the sponsor card until the actual license is received and is properly displayed in the appropriate office.
- IDFPR must, within 30 days of receipt of the sponsor card, appropriate fees, and required documentation, issue a license to the licensee or notify the applicant why a license will not be issued.

### **License and Wall Certificates**

DFPR will issue a license in the form and size prescribed by DFPR to any “qualified” applicant.

The license:

- Must specifically bear the name of the licensee as the person qualified. It must indicate whether the person is qualified to act as a broker or salesperson.
- May contain other information as recommended by the Board AND approved by DFPR Real Estate Division.
- Must be conspicuously displayed in the individual’s place of business on the sponsoring broker’s wall
- Contains licensee’s name, license number and the firm’s name, license number and licensee’s expiration date.

### **Pocket Card**

- The “Mini License”
- The pocket card is issued to each licensee to indicate that the licensee named on the card is authorized by DFPR to engage in the licensed activities appropriate for that person’s status.

The pocket card MUST be carried by the licensee any time the licensee is engaged in any real estate activity, and MUST be displayed upon demand.

### **Renewing a Broker’s or Salesperson License:**

It is the responsibility of each licensee to renew his or her license and that of the sponsoring broker to make sure that each sponsored licensee has renewed his or her license.

**A salesperson may not renew their license without a sponsoring broker.**

It is the responsibility of each licensee to notify DFPR of any residence address change. Failure to receive a renewal form from DFPR is not an excuse for failure to pay the renewal fee or to renew the license.

The license term for either a broker or a salesperson is for two (2) years.

- Broker: Licenses are renewed during April, and must be renewed by April 30<sup>th</sup> of each **even-numbered** year (biannually).
  - Renewal fee: \$150 (bi-annual)
  - 18 hours of Continuing Education required every renewal period
- Salesperson: Licenses are renewed during April, and must be renewed by April 30<sup>th</sup> of each **odd-numbered** year (biannually).
  - Renewal fee: \$100 (bi-annual)
  - 12 hours of Continuing Education required every renewal period

(HINT) "Salesperson are ODD, Brokers get EVEN!"

**Licenses expired for more than 2 years, may not be reinstated and must meet the requirements for a new license.**

### **Continuing Education:**

CE requirement may be satisfied by completion of the following:

- Core Category: A minimum of six (6) hours of CE in core curriculum.
- Elective category: A maximum of six (6) hours of CE in courses approved by the Advisory Council.

The following may NOT be taken for CE credit:

- An exam preparation course or other "Exam Cram Course".
- Courses for office or business skills such as typing, speed reading, memory improvement. Advertising, selling skills, etc.
- Business or office meetings and sales promotions meetings.

No more than 6 hours of Continuing Education may be earned in one calendar day.

### **Exemptions:**

Certain individuals are exempted from completing Continuing Education:

- Elected State or Federal officials.
- Member of the Armed Forces.
- Full-Time employees of the Real Estate Division.
- Licensees admitted to the practice of law in Illinois.
- A salesperson or broker (who never was licensed as a salesperson), who is issued an initial license less than one year prior to the expiration date of that license shall not be required to complete continuing education as a condition of license renewal.

### **Termination/Inoperative Status**

#### **Inoperative**

Inoperative is when a licensee holds a current license, but is **un-sponsored**. This salesperson may NOT engage in ANY real estate activities. A licensee automatically becomes "inoperative" when an employing broker no longer properly sponsors a licensee. If a sponsoring broker has their real estate license revoked by the DFPR, the sponsored licensees licenses are inoperative. The sponsored licensees have no sponsoring broker.

Upon termination of any licensee, the managing or sponsoring broker must:

- Immediately endorse (sign and date) the licensee's license.
- A photocopy of the invalidated certificate must be sent to DFPR, by certified mail return receipt requested, within 2 days of termination.
- The original endorsed license is given to the licensee.

- The sponsoring broker must keep a copy of the endorsed license at least until the expiration date of the license.
- Send a written explanation to DFPR, if, for any reason, the invalidated wall certificate cannot be given to the new employing broker.
- A licensee may not accept employment or association with another broker unless that person has completed the termination process
- The new employing broker must then comply with the rules of “turning a license on”, including sending the proper forms to DFPR within 24 hours.
- It is illegal for a broker to improperly issue a sponsor card. If it is found that the card was issued prior to the applicant meeting all requirements, including the complete termination process, the sponsor card is considered void. The involved individuals are subject to disciplinary action under the License Act.

**Necessity of broker, salesperson, or leasing agent license or sponsor card; ownership restrictions**

- It is illegal for any person, corporation, limited liability company, registered limited liability partnership, or partnership to act as a real estate broker, salesperson or leasing agent or to advertise or assume to act as a broker, salesperson, or leasing agent without a properly issued sponsor card or a real estate license.
- No corporation may be licensed as a broker, unless every officer of the corporation who actively participates in the real estate activities of the corporation holds a license as a real estate broker.
- No partnership may be licensed or engaged in real estate activities, unless every general partner in the partnership holds a license as a real estate broker.
- Salespeople or a group of salespeople may not own more than 49% of a partnership, limited liability company or corporation that is licensed to perform real estate activities.

**Individuals, entities exempted from having to have a real estate license for performing real estate activities**

The following do not require licensure:

- Principal: Any person, partnership or corporation (including employees), who as an owner or lessor, when dealing with that person’s own property:
  - Applies to activities of the property owned or leased, which are performed in the normal course of business, includes property management;
  - Applies to activities incidental to the sale, management, or disposition of the property and investment in the property.
  - Regular employees may NOT perform any activity in connection with a vacation of selling or leasing any real estate or improvements not owned or leased by the employer.
- Attorney-In-Fact: A person authorized to act for another, by a duly executed written and recorded, “power of attorney”. The attorney-in-fact can sign legal documents on behalf o the principal. The attorney-in-fact may not give property away, sell or mortgage it to oneself, or act if the principal dies or is adjudged incompetent.
- Attorney-At-Law: While performing duties as a lawyer.
- Trustee: While performing duties as a lawyer.
- Court Order: A receiver, trustee in bankruptcy, executor, administrator, or any other person such as a guardian, operating under court order or under the authority of a will or testamentary trust.

- Resident Property Manager: Any employee acting for an employed broker, managing an apartment building, duplex or apartment complex. The manager's primary resident must be on the property. The manager may lease units and does not need a license.
- Resident Lessee Referral: Any resident lessee of a residential dwelling unit who, for compensation, refers prospects to the owner or the owner's agent. This only applies to prospective lessees of dwelling units in the same building or complex as the resident lessee's unit. This exemption applies ONLY if the resident lessee:
  - a. Refers no more than three (3) prospective lessees in any twelve- (12) month period.
  - b. Receives compensation of no more than \$1,000 or the equivalent of one (1) month's rent, whichever is less, in any twelve (12) month period; and
  - c. Does NOT show a residential dwelling unit to a prospective lessee. The lessee may not discuss terms or conditions of leasing a dwelling unit with a prospective lessee, or otherwise participate in the negotiation of the leasing of a dwelling unit.
- Government Employees: Any officer or employee of a Federal OR State Agency in the conduct of official duties. This includes any political subdivision of such agencies.
- Newspapers: Any newspaper of general circulation in the routine course of selling advertising, when NO related real estate services are provided.
- Multiple Listing Service: Any not-for-profit organization or association of brokers. This includes any not-for-profit referral system or organization of real estate brokers formed for the purpose of referrals of prospects for the sale or purchase of real estate, such as a multiple listing service.
- Public Utilities: Railroads and other public utilities regulated by Illinois, or other subsidiaries or affiliated corporations, or their officers or regular employees. Exemption does NOT apply to real estate activities, which are unrelated to the regulated business activities of the entity.
- Real Estate Appraisers: The Act provides for voluntary certification and licensing of appraisers. There is no licensing requirement and no mandatory certification required. A person, who is not certified or licensed, may appraise real estate in Illinois for compensation.

### **Change of Broker's Address**

Upon changing place of business, the broker must immediately

- Notify DFPR, in writing, of any change;
- Prepare and deliver new sponsor cards to ALL employed licenses
- The broker must send a duplicate of each sponsor card to DFPR within 24 hours of issuance.

### **Loss of Sponsoring Broker**

Upon the loss of a managing broker, or death or disability of the sole proprietor:

- A written request must be made to the DFPR, within fifteen (15) days of loss for authorization to continue operation of the office or any branch office.
- DFPR, in writing, may authorize the continued operation.
- Office Management: A salesperson may not manage a branch office.

### **SOLE PROPRIETOR**

A broker, who has passed the real estate examination, may operate as a "sole proprietor". The applicant may NOT sponsor or employ any licensees until the applicant has been issued a broker license. Prior to doing business, the prospective broker must submit to IDFP, by certified or registered mail return receipt requested, the following:

- Sponsor Card: A copy of the required sponsor card issued to the sole proprietor license applicant.
- All applicable fees as required by "the act".
- Examination "Pass" Report
- A properly completed DFPR "Consent to Audit and Examine Special Accounts Form".

### **Sponsoring Broker**

- Each sponsoring broker must maintain a definite office or place of business.
- Sponsoring broker means the broker who has issued a sponsor card to a licensed salesperson, another licensed broker or leasing agent.
- There shall be only one sponsoring broker for any one real estate company.
- The sponsoring broker is the entity holding the company real estate license.
- The sponsoring broker could authorize a managing broker for the company to sign sponsor cards in the name of the sponsoring broker.

### **Managing Broker**

- Has a supervisory responsibility for licensees in one, or in the case if multi-office company, more than one office.
- May manage more than one office in a multi-office real estate company.
- Appointed by the sponsoring broker
- IDFPR must be notified who is the designated managing broker of each office.

### **Brokerage Office**

- There must be a sign of adequate size and professional appearance on the outside of the office.
- The original licenses of all licensees must be displayed in the office on the wall of a public waiting or reception area; or the wall of a main hallway the public can frequently walk through.
- The office cannot be located in any retail or financial business establishment unless it is separated from the other business by a separate and distinct area within the establishment.

### **Branch Office**

- The name of each branch must be the same as that of the sponsoring broker's principal office.
- The sponsoring broker cannot open a branch office or have licensees working from a branch office until after receipt of the branch office license.
- The sponsoring broker must provide IDFPR with:
  - A properly completed Consent to Examine and Audit Special Accounts form
  - The name and license number of the manager of the branch office. Each office must have a managing broker at each branch office.
  - A managing broker may manage more than one office in a multi-office real estate company.

### **Non- Resident Licensee**

A broker's license may be issued by DFPR to a broker licensed under the laws of another state of the United States, under the following conditions:

- The broker holds an active broker's license in his or her home state for 2 years immediately prior to the date of application.
- The standards for that state's broker license are substantially equivalent to or greater than the minimum standards in the State of Illinois.
- The broker has filed with DFPR written statements appointing the commissioner to act as the broker's agent upon whom all judicial and other process or legal notices directed to the licensee may be served and agreeing to abide by all of the provisions of this ACT.
- The broker is in good standing, and that no complaints are pending against the broker in that state
- The broker completes a course of education and passes a test on Illinois specific real estate brokerage laws.

## **Article 10**

### **COMPENSATION AND BUSINESS PRACTICES**

#### **Compensation:**

Valuable consideration given by one person or entity to another person or entity in exchange for the performance of some activity or service is referred to as compensation. Compensation shall include the transfer of valuable consideration, including without limitation the following:

- Commissions
- Referral fees
- Bonuses

- Prizes
- Merchandise
- Finder fees
- Performance of services
- Coupons or gift certificates
- Discounts
- Rebates

### **Payment of commission**

Sponsoring broker can only pay compensation directly to:

- Other sponsoring brokers.
- Licensees directly sponsored by their sponsoring broker.
- Any licensee under a previous employment contract who has earned commission but has since terminated their employment agreement prior to the closing and has a new sponsoring broker.
- No licensee sponsored by a broker shall accept compensation for the performance of activities under this Act except from the broker by whom the licensee is sponsored.
- Any person that is a licensed personal assistant for another licensee may only be compensated in his or her capacity as a personal assistant by the sponsoring broker for that licensed personal assistant.

### **Disclosure of compensation**

- A licensee must disclose to a client the sponsoring broker's compensation and policy with regard to cooperating with brokers who represent other parties in a transaction, this is usually done in the listing agreement.
- A licensee must disclose to a client all sources of compensation related to the transaction received by the licensee from a third party, usually in the case of a Home Warranty.
- If a licensee refers a client to a third party in which the licensee has greater than a 1% ownership interest or from which the licensee receives or may receive dividends or other profit sharing distribution, other than publicly held or traded company, for the purpose of the client obtaining services related to the transaction, then the licensee shall disclose that fact to the client at the time of making the referral. (i.e. mortgage company or title company)
- The sponsoring broker must disclose in writing to a client the fact that the compensation is being paid by both buyer and seller or lessor or lessee.
- A sponsoring broker in one state may pay referral fees to another sponsoring broker in a different state.

### **Compensation to unlicensed persons**

- No compensation may be paid to individuals who are unlicensed, have an inoperative license, or an expired license.
- No action or suit may be instituted, nor recovery therein be had, in any court of this State by any person, or legal entity for compensation for any act done or service performed, the doing or performing of which is prohibited by this Act.
- A licensee may offer compensation, including prizes, merchandise, services, rebates, discounts, or other consideration to an unlicensed person who is a party to a contract to buy or sell real estate (Buyer or Seller). i.e. "Furniture gift certificate to buyer at closing"
- A licensee may offer cash, gifts, prizes, awards, coupons, merchandise, services, rebates, or chances to win a game of chance to a consumer as an inducement to that consumer to use the services of the licensee even if the licensee and consumer do not ultimately enter into a broker-client relationship. i.e. "Free Market Analysis", "FREE CMA"

### **Sponsoring broker: Employment Agreements**

- A licensee must have only one sponsoring broker at any one time.
- Every sponsoring broker must have a written employment agreement with each sponsored licensee.
- Every sponsoring broker must have a written employment agreement with each licensed personal assistant who assists a licensee sponsored by the sponsoring broker.
- Each employment agreement should address
  - Employment or independent contractor relationship
  - Supervision

- Duties
- Compensation
- Termination

### **Broker Employment Contracts**

- Broker Employment Contracts are between a principal and a sponsoring broker.
- Examples include listing agreements and buyer agency agreements.
- All exclusive listing agreements and buyer agency agreements must be in writing.

### **Expiration of Listing Agreements or Buyer Agency Agreements**

- Must have definite termination date
- Automatic extension clauses are illegal
- No notice of termination at the final expiration is required
- When the license of any sponsoring broker is suspended or revoked, any brokerage agreement (listing agreement/ buyer agency agreement) shall be deemed to expire on the effective date of the suspension or revocation.
- No change in compensation or commission may occur without the written consent of the principal.

### **Disclosure of licensee status**

- Each licensee must 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.

### **Advertising**

- No advertising may be fraudulent, deceptive, inherently misleading, or proven to be misleading in practice.
- No licensee may use blind advertisement. (Advertising without the broker's name)
- When a licensee is selling their own property the licensee shall disclose licensee status according to the following guidelines:
  - On broker yard signs or in broker advertisements, no disclosure of ownership is necessary. However, the ownership shall be indicated on any property data form and disclosed to persons responding to any advertisement or any sign.
  - On FSBO signs, the licensee must indicate, "broker owned", "agent owned" directly on the sign.
  - All advertisements in a newspaper as a FSBO licensee status must be disclosed. The sponsoring broker's name need not be mentioned.
- A sponsored licensee may not advertise under his or her own name. The sponsored licensee must always include the name of the sponsoring broker.
- No licensee shall list his or her name under the heading or title "Real Estate" in the telephone directory.
- The sponsoring broker's business name and the name of the licensee must appear in all advertisements, including business cards.
- Nothing in this act shall be construed to require specific print size as between the broker's business name and the name of the licensee.

## **Article 15** **Agency Relationships**

The legislature found that it was in the best interests of the public to provide codification of the relationships between real estate brokers and salespersons and consumers of real estate brokerage services. The law was enacted to prevent detrimental misunderstandings and misinterpretations of the relationships between consumers, real estate brokers, and salespersons. The intent was to promote and provide stability in the real estate market.

Article 15 has been enacted to govern the relationships between consumers of real estate brokerage services and real estate brokers and salesperson to the extent not governed by individual written agreements. It applies to the exclusion of the common law concepts of principal and agent and to the fiduciary duties, which have to this date been applied to real estate brokers, salespersons, and real estate brokerage services.

### **Rights of Action**

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Article 15 may serve as a basis for private rights of action and defenses by sellers, buyers, landlords, tenants, real estate brokers, and real estate salespersons. The private rights of action, however, do not extend to the provisions of any other Articles of this Act.

### **Relationships between licensees and consumers**

Licensees are considered to be representing the consumer they are working with as a designated agent unless:

- There is a written agreement between the sponsoring broker and the consumer providing that there is a different relationship
- The licensee is performing only ministerial acts on behalf of the consumer.

### **Duties of licensees representing Clients**

#### **Fiduciary Duties**

1. Perform the terms of the brokerage agreement between a broker and a client.
2. Promote the best interest of the client by:
  - a. Seeking a transaction at the price and terms stated in the brokerage agreement or at a price and terms acceptable to the client
  - b. Timely presenting all offers to and from the client, unless the client has waived this duty.
  - c. Disclosing to the client material facts concerning the transaction of which the licensee has actual knowledge, unless that information is confidential information.
  - d. Timely accounting for all money and property received in which the client has, may have, or should have had an interest.
  - e. Obeying specific directions of the client that are not contrary to applicable statutes, ordinances, or rules.
  - f. Promoting the client's best interests as opposed to a licensee's or any other person's self-interest.
3. Exercise reasonable skill and care in the performance of required duties.
4. Keep confidential all confidential information received from the client. Confidential information include facts obtained by a licensee from a client during the term of a brokerage contract that:
  - (1) Was made confidential by the written request or written instruction of the client;
  - (2) Deals with the negotiating position of the client; or
  - (3) Is information, which if disclosed, could materially harm the negotiating position of the client.

#### *Permitted disclosure of confidential information:*

- (1) The client permits the disclosure by word or conduct;
  - (2) The disclosure is required by law, such as material information about the physical condition of the property; or
  - (3) It becomes public from a source other than the licensee.
5. Comply with all requirements of the License Act and all applicable statutes and regulations, including without limitations fair housing and civil rights.

#### **Limitations**

- It is not a breach to the client (seller) by showing alternative properties to prospective buyers or tenants.
- It is not a breach to show properties, in which the client is interested, to other prospective buyers or tenants.
- A licensee representing a buyer or tenant has not breached a duty or obligation to that client by working on the basis that the licensee will receive a higher fee based on a higher selling price or lease cost.
- A licensee is not liable for providing false information to a client, if the false information was provided to the licensee by a customer. This exception does not apply if the licensee knew or should have known the information was false.

### **Failure to disclose information not affecting physical condition of subject property**

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

- That an occupant of the property had AIDS or any other medical condition.

- That the property was the site of an act or occurrence that had no effect of the physical condition of the property.
- Fact situations on property that is not the subject of the transaction.
- Physical conditions located on property that is not the subject of the transaction and that do not have a substantial adverse effect on the value of the real estate that is the subject of the transaction.

### **Licensees Relationship with Customers**

- Licensees must treat all customers honestly.
- They may not negligently or knowingly give them false information.
- A licensee engaged by a seller client must timely disclose to customers who are prospective buyers all material adverse facts pertaining to the property's physical condition.
- This applies to facts, known by the licensee, which could not be discovered through a reasonably diligent inspection of the property by the customer.
- A licensee is not liable for providing false information to a customer, if the client provided it to the licensee. This exception does not apply if the licensee had actual knowledge the information was false.
- No cause of action may arise against the licensee reveals information in compliance with the law.
- A licensee may perform ministerial acts for the customer and will not be construed to form a brokerage agreement with the customer.

### **Ministerial Acts**

Services that a licensee may do for a consumer that are informative in nature, BUT do not become an active representation for the consumer. Examples include, but are not limited to:

- Responding to phone inquiries by consumers as to the availability and pricing of brokerage services;
- Responding to phone inquiries from a consumer concerning the price or location of property;
- Setting an appointment to view property;
- Attending an open house and responding to questions about the property from a consumer;
- Responding to questions of consumers walking into a licensee's office concerning brokerage services offered for particular properties;
- Accompanying an appraiser, inspector, contractor, or similar third party on a visit to a property;
- Describing a property or the property's condition in response to a consumer's inquiry;
- Completing business or factual information for a consumer on an offer or contract to purchase on behalf of a client;
- Showing a client through a property being sold by an owner on behalf of the owner; or
- Referral to another broker or service provider.

### **Duties after termination of brokerage agreement**

After termination, expiration, or completion of a brokerage agreement, a licensee must continue to:

- To account for all moneys and property relating to the transaction;
- To keep confidential all confidential information received during the course of the brokerage agreement.

### **Agency Relationship Disclosure**

No later than entering into a brokerage agreement with a consumer, a broker must:

- ❑ Advise the consumer of the designated agency relationship that will exist unless there is written agreement between the broker and consumer providing for a different relationship.
- ❑ Advise the consumer of any other agency relationships available through the broker.
- ❑ Advise the consumer of the name or names of the consumer's designated agent or agents.
- ❑ Advise the consumer of the broker's compensation and IF the broker will share it with brokers who represent other parties in a transaction.

### **Written Disclosure**

A licensee must disclose in writing to a customer that the licensee is not acting as the customer's agent. This must be done in time to prevent the customer from disclosing confidential information to the licensee. The written disclosure may not be made later than the preparation of an offer to purchase or lease real property. The law does not apply to residential lease or rental transactions unless the lease or rental contract includes an option to purchase the real estate.

### **Dual Agency**

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A licensee may act as a dual agent ONLY with the informed written consent of all clients. Consent is presumed to have been given by any client who signs a document that includes the following:

"The undersigned confirm that they have previously consented to

\_\_\_\_\_  
(insert name(s)), \_\_\_\_\_  
("licensee"),  
acting as a Dual Agent in providing brokerage services on their behalf and specifically consent to Licensee acting as a Dual Agent in regard to the transaction referred to in this document."

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Before signing this document, please read the following.

*Representing more than one party to transaction presents a conflict of interest since both client's respective [interests may be adverse to each other. Licensee will undertake this representation only with the written consent of ALL clients in the transaction.*

*Any agreement between the clients as to a final contract price and other terms is a result of negotiations between the clients acting in their own best interests and on their own behalf. You acknowledge that Licensee has explained the implications of dual representation, including the risks involved, and understand that you have been advised to seek independent advice from your advisors or attorneys before signing any documents in this transaction.*

#### WHAT A LICENSEE CAN DO FOR CLIENTS WHEN ACTING AS A DUAL AGENT

1. Treat all clients honestly.
2. Provide information about the property to the buyer or tenant.
3. Disclose all latent material defects in the property that are known to Licensee.
4. Disclose financial qualification of the buyer or tenant to the seller or landlord.
5. Explain real estate terms.
6. Help the buyer or tenant to arrange for property inspections.
7. Explain closing costs and procedures.
8. Help the buyer compare financing alternatives.
9. Provide information about comparable properties that have sold so both clients may make educated decisions on what price to accept or offer.

#### WHAT LICENSEE CANNOT DISCLOSE TO CLIENTS WHEN ACTING AS A DUAL AGENT

1. Confidential information that Licensee may know about the clients, without that client's permission.
2. The price the seller or landlord will take other than the listing price without permission of the seller or landlord.
3. The price the buyer or tenant is willing to pay without permission of the buyer or tenant.
4. A recommended or suggested price the buyer or tenant should offer.

*If either client is uncomfortable with this disclosure and dual representation, please let Licensee know. You are not required to sign this document unless you want to allow the Licensee to proceed as a Dual Agent in this transaction.*

*By signing below, you acknowledge that YOU have read and understand this form and voluntarily consent to the Licensee acting as a Dual Agent (that is, to represent BOTH the seller or landlord and the buyer or tenant) should that become necessary."*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

- ❑ A licensee, who offers dual representation, to the client at the time of entering the brokerage agreement, must present the disclosure form. It may be signed at that time or at any time before the licensee acts as a dual agent for the client.
- ❑ Confirmation: A licensee acting as a dual agent must obtain a written confirmation from the licensee's clients of their consent for the licensee to act as a dual agent. The confirmation may be included in another document, such as a contract to purchase. The client must not only sign the document but also initial the confirmation of dual agency provision. At a minimum, the confirmation must state:
  - ❑ No cause of action may arise against a dual agent if the licensee makes disclosures allowed or required by law. Making these disclosures does not terminate the agency relationship.
  - ❑ In dual agency, each client and licensee possesses only "actual knowledge" and information. There is no imputation of knowledge or information among or between the clients, brokers, or affiliated licensees.
  - ❑ In any transaction, a licensee may, without liability, withdraw from representing a client who has not consented to a disclosed dual agency. Withdrawal does not prevent the licensee from representing the other client or limit the licensee from representing a client in other transaction. When a withdrawal occurs, the licensee may not receive a fee for referring a client to another licensee unless WRITTEN disclosure is made to both the withdrawing client represented by the licensee.
- ❑ Compensation does NOT Determine Agency: The payment or promise of payment of compensation to a licensee does not determine whether an agency relationship has been created between any licensee and a consumer.

### **Designated Agency**

A broker designating affiliated licensees to act as agents of clients must take ordinary and necessary care to protect confidential information disclosed by a client to the designated agents.

- A designated agent may disclose, to the sponsoring broker or persons specified by the sponsoring broker, a client's confidential information for the purpose of seeking advice or assistance for the client's benefit.
- Confidential information may not be disclosed by the sponsoring broker or a representative of the sponsoring broker, unless required by law. The client may request or permit the disclosure of the confidential source.
- ❑ No Sub-Agency: A broker is not considered to be a subagent of a client of another broker solely by membership or affiliation by the brokers in a multiple listing service or similar organization. Sub-agency may not be offered through a multiple service or similar information source.
- ❑ Vicarious Liability: A consumer is not vicariously liable for the acts or omissions of a licensee in providing brokerage services for the consumer.

### **Actions for Damages**

- ❑ The court, may award only actual damages.
- ❑ Any action must be commenced within 2 years after the person bringing the action knew or should have known of such act or omission.

## **Disciplinary Provisions** **Article 20**

### **Index of decisions**

IDFPR shall maintain an index of formal decisions regarding the issuance, refusal to issue, renewal, refusal to renew, revocation, and suspension of licenses and probationary or other disciplinary action taken under the License Act.

The index is available to the public on the IDPR.com website.

### **Unlicensed Practice; Civil Penalty**

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- ❑ Any person who practices, offers to practice, attempts to practice real estate without being licensed can be subject to a civil penalty payable to IDFPR not to exceed \$25,000.
- ❑ IDFPR has the authority and power to investigate any and all unlicensed activity.

### **Violations of the License Act**

IDFPR may refuse to issue or renew a license, may place on probation, suspend, or revoke any license, or may censure, reprimand, or otherwise discipline or impose a civil fine not to exceed \$25,000.

- ❑ When the applicant or licensee has, by false or fraudulent representation, obtained or sought to obtain a license.
- ❑ When the applicant or licensee has been convicted of any crime, an essential element of which is dishonesty or fraud or larceny, embezzlement, or obtaining money, property, or credit by false pretenses or by means of a confidence game, has been convicted in this or another state of a crime that is a felony under the laws of this State, or has been convicted of a felony in federal court.
- ❑ When the applicant or licensee has been adjudged to be a person under legal disability or subject to involuntary admission or to meet the standard for judicial admission as provided in the Mental Health and Developmental Disabilities Code.
- ❑ When the licensee performs or attempts to perform any act as a broker or salesperson in a retail sales establishment from an office, desk, or space that is not separated from the main retail business by a separate and distinct area within the establishment
- ❑ Discipline of a licensee by another state, the District of Columbia, a territory, a foreign nation, a governmental agency, or any other entity authorized to impose discipline of at least one of the grounds for that discipline is the same as or the equivalent of one of the grounds for discipline set forth in this Act, in which case the only issue will be whether one of the grounds for that discipline is the same or equivalent to one of the grounds for discipline under this Act.
- ❑ When the applicant or licensee has engaged in real estate activity without a license or after the licensee's license was expired or while the license was inoperative.
- ❑ When the applicant or licensee attempts to subvert or cheat on the Real Estate License Exam.
- ❑ When the licensee on performing, attempting to perform, or pretending to perform any act as a broker, salesperson, or leasing agent or when the licensee in handling his or her own property whether held by deed, option, or otherwise, is found guilty of:
  - Making any substantial misrepresentation or untruthful advertising.
  - Making any false promises of a character likely to influence, persuade, or induce.
  - Pursuing a continued and flagrant course of misrepresentation or the making of false promises through licensees, employees, agents, advertising, or otherwise.
  - Any misleading or untruthful advertising, or using any trade name or insignia of membership in any real estate organization of which the licensee is not a member.
  - Acting for more than one party in a transaction without providing written notice to all parties for whom the licensee acts.
  - Representing or attempting to represent a broker other than the sponsoring broker.
  - Failure to account for or to remit any moneys or documents coming into his or her possession that belong to others.
  - Failure to maintain and deposit in a special account, separate and apart from personal and other business accounts, all escrow moneys belonging to others.

- Failure to make available all escrow records to IDFPR within 24 hours of a request.
- Failing to furnish copies upon request of all documents relating to a real estate transaction to all parties.
- Engaging in dishonorable, unethical, or unprofessional conduct of a character likely to deceive, defraud, or harm the public.
- Failure of a sponsoring broker to timely provide information, sponsor cards, or termination of licenses to IDFPR.
- Commingling the money or property of others with his or her own.
- Employing any person on a purely temporary or single deal basis.
- Permitting the use of his or her license as a broker to enable a salesperson or unlicensed person to operate a real estate business without actual participation therein and control thereof by the broker.
- Any other conduct, whether of the same or a different character from that specified in this Section, that constitutes dishonest dealing.
- Displaying a “for rent” or “for sale” sign on any property without the written consent of an owner.
- Failing to provide information requested by IDFPR, within 30 days of the request.
- Advertising using a “blind ad”.
- Offering a guaranteed purchase plan
  - A licensee offering a guaranteed purchase plan will provide the details and conditions of the plan in writing.
  - A licensee will provide evidence of sufficient resources to satisfy the commitment to purchase undertaken by the broker in the plan.
  - Need to market the property of the seller in the same manner in which the broker would market any other property.
- ❑ Influencing or attempting to influence, by any words or acts, a prospective seller, purchaser, occupant, landlord, or tenant of real estate, in connection with viewing, buying, or leasing real estate, so as to promote or tend to promote the continuance or maintenance of racially and religiously segregated housing or so as to retard, obstruct, or discourage racially integrated housing on, or in any street, block, neighborhood, or community.
- ❑ Engaging in any act that constitutes a violation of any provision of Article 3 of the Illinois Human Rights Act, whether or not a complaint has been filed with or adjudicated by the Human Rights Commission.
  - According to the Illinois Human Rights Act the protected classes include, Race, Color, Religion, National Origin, Familial Status, the Disabled, and, those discharged from the Military, Age, Marital Status, Ancestry, and Sexual Preference
- ❑ Inducing any party to a contract of sale or lease or brokerage agreement to break the contract of sale or lease or brokerage agreement for the purpose of substituting, in lieu thereof, a new contract for sale or lease or brokerage agreement with a third party.
- ❑ Negotiating a sale, exchange or lease of real property directly with an owner or lessor, without authority from the listing broker. This implies that the licensee knows that the owner or lessor has given a written exclusive property listing to another broker.

- ❑ When a licensee is also an attorney, acting as the attorney for either the buyer or the seller in the same transaction in which the licensee is acting or has acted as a broker or salesperson.
- ❑ Advertising or offering merchandise or services as “free” if any condition or obligation for receiving such merchandise or services are not disclosed in the same advertisement or offer. Such conditions or obligations include, but are not limited to, the requirement that the recipient attend a promotional activity or visit a real estate site. As used in the Act, “free” includes terms such as “award”, “prize”, “no charge”, “free of charge”, “without charge”, and similar words or phrases which reasonably lead a person to believe that the person may receive, or has been selected to receive, something of value, without any conditions or obligations on the recipient.
- ❑ Disregarding or violating any provision of the Land Sales Registration act of 1989, the Illinois Real Estate Time-Share Act, or the published rules promulgated by IDFPR to enforce those Acts.
- ❑ Violating the terms of a “disciplinary order” issued by IDFPR.
- ❑ Receiving compensation from a broker other than the sponsoring broker and a broker paying compensation to a licensee other than their sponsored licensee.
- ❑ Requiring a party to a transaction who is not a client of the licensee to allow the licensee to retain portion of the escrow moneys for payment of the licensee’s commission or expenses as a condition for release of the escrow moneys to that party.
- ❑ Disregarding or violating any provision of this Act or the published rules promulgated by IDFPR to enforce this Act or aiding or abetting any individual, partnership, registered limited liability partnership, limited liability company, or corporation in disregarding any provision of this Act or the published rules promulgated by IDFPR to enforce this Act.
- ❑ Failing to include a definite termination date in a written listing. A listing without a definite termination date is void.
- ❑ When there has been an instance that the licensee has discriminated and adjudication in a civil or criminal proceeding.
- ❑ Failure to disclose, in writing, any interest the licensee has, or may have in the subject property.
- ❑ Any attempt to solicit, accept or execute any contract or other document relating to a real estate transaction which contains any blanks to be filled in after signing or initialing the contract or other document.

#### Returned checks

- ❑ There is a fee \$50 per check for all checks that are returned to IDFPR

#### Violations of Tax Acts.

- ❑ IDFPR may refuse to issue or renew or may suspend the license of any person who fails to file a return, pay the tax, penalty, or interest shown in a filed return.

#### Disciplinary action for educational loan defaults.

- ❑ IDFPR shall deny a license or renewal authorized by this Act to a person who has defaulted on an educational loan or scholarship provided or guarantee by the Illinois Student Assistance Commission.

#### Nonpayment of child support.

- ❑ Only individual who is more than 30 days delinquent in the payment of child support IDFPR may refuse to issue or renew or may revoke or suspend that person’s license.

#### Illegal discrimination.

- ❑ When there has been an adjudication in a civil or criminal proceeding that a licensee has illegally discriminated while engaged in any activity for which a license is required under this Act, IDFPR shall suspend or revoke the license of that licensee in a timely manner.

#### Hearing: investigation; notice; disciplinary consent order.

- ❑ IDFPFR may conduct hearings through the Disciplinary Board to suspend, revoke, or to refuse to issue or renew licenses of persons applying for licensure or licensed under this Act or to censure, reprimand, or impose a civil fine to exceed \$25,000.
- ❑ Upon the motion of either IDFPFR or the Board or upon the verified complaint in writing of any persons setting forth facts that if proven would constitute grounds for suspension or revocation under this Act.
- ❑ IDFPFR shall, before suspending, revoking, placing on probationary status, or taking any other disciplinary action as IDFPFR may deem proper with regard to any license.
  - Notify the accused in writing at least 30 days prior to the date set for the hearing.
  - Inform the accused that upon failure to file an answer and request a hearing before the date originally set for the hearing, default will be taken against the accused and his or her license may be suspended, revoke, or placed on probationary status.

#### Guilty knowledge

- ❑ Any unlawful act or violation of any of the provisions of this Act upon the part of any licensees employed by a real estate broker or associated by written agreement with the real estate broker, will not cost the revocation of any such broker, partial or otherwise, unless it appears to the satisfaction of IDFPFR that the broker had knowledge thereof.

#### Index of decisions

- ❑ IDFPFR, at its expense, shall preserve a record of all proceedings at the formal hearing of any case involving the refusal to issue or the revocation, suspension, or other discipline of a licensee.

#### Recovery Fund

- ❑ A fund where any person aggrieved by the Act, representation, transaction, or conduct of a licensee or unlicensed employee of a licensee that is in violation of this Act or the rules constitutes embezzlement of money or property, or results in money or property being unlawfully obtained from any person by false pretenses, artifice, trickery, or forgery or by any reason of any fraud, misrepresentation, discrimination, or deceit by or on the part of any such licensee or the unlicensed employee of a licensee and that results in a loss of actual cash money, as opposed to losses in market value, may recover.
- ❑ The aggrieved person may recover, an amount of not more than \$10,000 from the Fund for damages court costs of suit and attorney's fees incurred in connection therewith of not to exceed 15% of the amount of the recovery ordered paid from that fund.
- ❑ The maximum liability against the fund arising out of the activities of any one licensee or one unlicensed employee of a licensee, shall be \$50,000.

#### Collection from Real Estate Recovery Fund: procedure.

- ❑ No action for a judgment that subsequently results in an order for collection from the Real Estate Recovery Fund shall be started later than 2 years after the date on which the aggrieved person knew.
- ❑ The court before which that action is commenced enters judgment by default against the defendant.
- ❑ The aggrieved person must set out in that verified claim and at an evidentiary hearing to be held by the
  - Has complied with all the requirements of this Section.
  - Has obtained a judgment stating the amount thereof and the amount owing thereon, not including interest thereon, at the date of the application.
  - Has made all reasonable searches and inquires to ascertain whether the judgment debtor is possessed of real or personal property or other assets, liable to be sold or applied in satisfaction of the judgment.
  - By such search has discovered no personal or real property or other assets liable to be sold or applied, or has discovered certain of them, describing them as owned by the judgment debtor and liable to be so applied and has taken all necessary action and proceedings for the realization

thereof, and thereby realized was insufficient to satisfy the judgment, stating the amount so realized and the balance remaining due on the judgment after application of the amount realized.

- Has diligently pursued all remedies against all the judgment debtors and all other persons liable to the aggrieved person in the transaction for which recovery is sought from the Real Estate Recovery Fund, including the filing of an adversary action to have the debts declared non-dischargeable in any bankruptcy petition matter filed by any judgment debtor or person liable to the aggrieved person.
- Should IDFPR pay from the Real Estate Recovery Fund any amount in settlement of a claim or toward satisfaction of a judgment against a licensed broker or salesperson or an unlicensed employee of a broker, the licensee's license shall be automatically terminated.
- No petition for restoration of a license shall be heard until repayment has been made in full, plus 6% interest.

#### Time Limit on action.

- No action may be taken by IDFPR against any person for violation of the terms of this Act or its rules unless the action is commenced within 5 years after the occurrence of the alleged violation.

#### **Special Accounts**

- Escrow Moneys Defined.
  - Escrow moneys include without limitation earnest moneys and security deposits, except those security deposits in which the person holding the security deposit is also the sole owner of the property being leased on sold and for which the security deposit is being held.
  - Earnest money constitutes escrow moneys whether in the form of personal check, cashier's checks, money orders, or any other forms of legal tender.
- Sponsoring brokers who accept escrow moneys shall maintain and deposit in a special account (hereinafter referred to as an escrow account), separate and apart from personal or other business accounts, all escrow moneys entrusted to them while acting as the real estate brokers.
  - Such escrow account shall be non-interest bearing.
  - If an interest bearing account is required, the recipient of the interest shall be specifically indicated, in writing, by the principals of the transaction.
  - A sponsoring broker may maintain more than one escrow account.
  - Every escrow account, whether interest bearing or non-interest bearing, shall be maintained at a federally insured depository.
  - Commingling Prohibited. The sponsoring broker shall not deposit personal funds in an escrow account, except he or she may deposit from his or her own personal funds, and keep in any escrow account, an amount sufficient to avoid incurring services charges relating to the escrow account.
- Time of Deposit of Escrow Moneys. All escrow moneys accepted by a sponsoring broker shall be placed in the sponsoring broker's escrow account not later than the next business day following the transaction.
- A sponsoring broker serving as escrow agent shall notify all principals in writing if a principal fails to tender escrow moneys, when a principal's payment as escrow moneys is dishonored by the financial institution on which it was drawn, or when there appears on the face of the governing contract to be a deficiency in the amount on deposit.
  - The sponsoring broker must distribute escrow moneys upon closing or termination of the transaction, and must be made not earlier than the day the transaction is closed or terminated and not later than the next business day following the sponsoring broker's receipt of notice of the closing or termination.
  - Commission and/or fees earned by a sponsoring broker in any transaction shall be disbursed by that broker from the funds deposited in an escrow account no earlier than the day the transaction is closed or terminated and not later than the next business day.
  - If prior to the closing of the transaction, the sponsoring broker receives written direction from all of the principals to the transaction or their duly authorized agents agreeing to a disbursement of the

escrow moneys, that broker must disburse the escrow moneys according to the written directions.

- Disputes Regarding Escrow Moneys.
  - Until he or she has a written release from all parties or their duly authorized agent consenting to the disposition, in which case the escrow moneys must be distributed according to the terms of the written direction
  - Until a civil action is filed, by either the sponsoring broker or one of the parties.
  - Until the funds are turned over to the State Treasurer or such other appropriate State agency or officer designated pursuant to the Act.

### Escrow Records.

- ❑ Journal. A journal shall be maintained for each escrow account. Such journal shall show the chronological sequence in which funds are received and disbursed by the sponsoring broker.
  - Such journal shall include the date, the name of the party who delivers such funds to the sponsoring broker, the name of the person on whose behalf such funds are delivered to that broker and the amount of such funds so delivered.
  - For fund disbursement, such journal shall include the date, the payee, the check number and the amount disbursed.
  - A running balance shall be shown after each entry
- ❑ Ledger. A ledger shall be maintained for each transaction.
  - The ledger shall show the receipt and the disbursement of funds affecting a single particular transaction such as between buyer and seller, or landlord and tenant, or the respective parties to any other relationship.
  - The ledger shall include the names of all parties to a transaction, the amount of such funds received by the sponsoring broker and the date of such disbursements of such receipt.
  - The ledger shall show, in connection with the disbursement of such funds, the date thereof, the payee, the check number and the amount disbursed.
  - The ledger shall segregate one transaction from another transaction.
  - There shall be a separate ledger or separate section of each ledger, as the broker shall elect, for each of the various kinds of real estate transactions (e.g., lease).
  - The sponsoring broker must maintain copies of the bank deposit slips, bank disbursements slips, or other bank receipts, to account for the data on the ledger.
- ❑ Monthly Reconciliation Statement.
  - Each sponsoring broker shall reconcile, within ten days after receipt of the monthly bank statement, each escrow account maintained by such broker except where there has been no transactional activity during the previous month.
  - Such reconciliation shall include a written work sheet comparing the balances as shown on the bank or savings and loan association statement, the journal and the ledger, respectively, in order to insure agreement between the escrow account and the journal and the ledger entries with respect to such escrow account.
  - Each such reconciliation shall be kept for a least 5 years from the last day of the month covered by such reconciliation.
- ❑ Master Escrow Account Log. Each sponsoring broker shall maintain a Master Escrow Account Log identifying all escrow bank account numbers, and the name and address of the bank where the escrow accounts are located.
- ❑ The sponsoring broker shall make available to the real estate enforcement personnel of the IDFPR during normal business hours all escrow records and related documents maintained in connection with the practice of real estate within 24 hours after a request.
- ❑ Escrow records shall be retained for 5 years. The escrow records for the immediate prior 2 years shall be maintained in the office location and the balance of the records can be maintained at another location.

### Branch Offices

Branch offices may maintain escrow accounts in compliance with this Part or may transmit all escrow moneys received to the main office, but not to another branch office, for compliance with this Part.

- ❑ If the branch office does not maintain escrow accounts but instead transmits all escrow moneys received to the main office, all escrow moneys must be transmitted by the branch office to the main office not later than the next business day following the transaction.

### Notification to IDFPR of Identity of Escrow Accounts. Consent to Audit All Accounts.

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- ❑ A new form shall be executed by the sponsoring broker and filed with IDFP within 10 days after the time of a change of depository, method of doing business, or persons authorized to make withdrawal.

#### Record Keeping of special accounts

- ❑ Records relating to transactions shall be kept in the office involved in the transaction. These records might include copies of the following:
  - Residential Property Transactions: Signed contracts, including offers and counteroffers, written release of escrow funds, Dual agency Authorization, written direction for deposit into interest bearing special account, power of attorney, disclosures (e.g., lead paint, seller disclosure) and closing statements.
  - Property Management/Leasing: Transaction records shall be maintained for 5 years.
- ❑ Employment agreements, as required by Section 10-20 of the Act, shall be maintained for 5 years after the sponsored licensee is no longer affiliated with the sponsoring broker.

#### SELLER DISCLOSURE - RESIDENTIAL REAL PROPERTY DISCLOSURE ACT:

Effective October 1, 1994, the law requires specific disclosure by the seller of residential real property. The seller is REQUIRED to make these disclosures even if the transaction does NOT involve a real estate licensee.

- ❑ Definitions: Terms used in the law have the following meaning:
  - “Residential real property”: Improved real property with not less than one (1) nor more than four (4) residential dwelling units; units in residential cooperatives. This applies to condominium units, including the limited common elements that form an integral part of the condominium unit.
  - “Seller”; Owner, beneficiary of a trust, contract purchaser or lessee of a ground lease, who has legal or equitable interest in residential property.
  - “Prospective buyer”. Person or entity negotiating or offering to become an owner or lessee of residential property through a transfer for value.
- ❑ Requirements: A seller of residential real property must complete all applicable items in the disclosure document. The seller must deliver to the prospective buyer the written disclosure before the signing of a written contract. This provision applies when the property is subject to the satisfaction of any negotiated contingencies, which would require the prospective buyer to accept the property transfer.
- ❑ Limits: The seller is not liable for an error, inaccuracy, or omission of any information delivered pursuant to the Act if:
  - The seller had no knowledge of the error, inaccuracy, or omission.
  - The error, inaccuracy, or omission was based on a reasonable belief that a material defect or other matter not disclosed had been corrected, or
  - The error, inaccuracy, or omission was based on information provided by a public agency, a licensed engineer, a land surveyor, or structural pest control operator. This exception applies to information from a contractor about matters within the scope of the contractor’s occupation and the seller had no knowledge of the error, inaccuracy, or omission.
- ❑ Knowledge: The seller must disclose material defects of which the seller has actual knowledge.
- ❑ Duties: The seller is not obligated to make a specific investigation or inquiry to complete the disclosure statement.
- ❑ Latent Discovery: The seller is under no obligation to amend the disclosure after its delivery to a prospective buyer unless the disclosure contains errors, inaccuracies, or omissions of which the seller had actual knowledge at the time the disclosure was completed and signed by the seller. The seller remains subject to the Act. If the information disclosed is later found to be inaccurate as a result of any act, occurrence, incident, or agreement after the delivery of the required disclosure, the inaccuracy does not constitute a violation.

- ❑ Material Defect: If a material defect is disclosed, the buyer has three (3) business days, after receipt of the disclosure report, to terminate any existing contract or counteroffer.
  - The buyer's recourse is limited to the return of all of the buyer's earnest money deposit or other down payment. The contract may not be terminated once the residential real property has been conveyed.
  - If a Disclosure Report is delivered to a prospective buyer and then buyer and seller enter into a contract, after receiving the Disclosure, the buyer cannot void the contract.
- ❑ Failure to comply: A property transfer will NOT be invalidated solely because a person failed to comply with the law. A person who knowingly violates or fails to perform any prescribed duty or who falsely discloses any information on the Disclosure Report is liable for the amount of "actual damages" court costs, and reasonable attorney fees.

#### WRITTEN AGREEMENTS:

Under a 1966 Illinois Supreme Court ruling in the case of Chicago Bar Association, et al. v. Quinlan and Tyson, a real estate licensee is authorized to fill in the blanks in a pre-printed form of a sales contract. It must be of the type that is customarily used in the community where the broker does business. A licensee may NOT draft a sales contract for another party.

- ❑ Copies: A true copy of the original or corrected contract or other document relating to a real estate transaction MUST be hand delivered or mailed to the respective parties. This must occur within twenty-four (24) hours of the time of signing or initialing such original or correction to the person signing or initialing any such contract or other document.
- ❑ Blanks: A real estate transaction may not contain blank spaces to be filled in after signing or initialing.
- ❑ Changes: A broker may change a written contract to purchase only with the written consent of all parties.
- ❑ SETTLEMENT OR CLOSING STATEMENTS: Usually deals only with earnest money coming into the broker's control. The only type of settlement statement which a broker may complete is an earnest money disposition and a statement of the broker's credits.

#### ILLINOIS SECURITIES LAW OF 1953 (BLUE SKY LAW):

- ❑ The law requires the registration of a security with the Securities Division of the Secretary of State.
- ❑ All dealers (brokers) and salespersons must be registered and must have passed at least one (1) of the series of exams administered by the National Association of Securities Dealers (NASD).

#### Real Estate Practice

Policy Manual: Provides an outline of office procedures.

Title Vesting: Three (3) types of co-ownership in Illinois are: (1) joint tenancy; (2) tenancy in common; and (3) tenancy by the entirety.

Illinois Constitution: Under the Illinois Constitution, the right of local municipalities to enact and enforce ordinances prescribing fair housing practices extends to all communities.

#### Home Rule: Can control land use.

- Provisions: State law provides for Home Rule.
- Municipality with more than twenty-five thousand (25,000) population or a county with an elected Chief Executive Officer may have Home Rule.
- Home Rule district have greater police power than other districts.
- Penalty may be a fine or six (6) months in jail.
- City Home Rule prevails over County Home Rule if a conflict occurs within the City Home Rule jurisdiction. This also includes the power to levy transfer taxes.

GENERAL INFORMATION: The following information is required exam knowledge

Illinois Land Trust: Ownership in which the real estate owned by the trust is the only asset. The legal and equitable title to the property is in the name of the trustee. The beneficial interest of the trust accrues to the beneficiary.

Characteristics: The following are Illinois Land Trust characteristics:

- a. Trustee receives complete title to real estate using a DEED IN TRUST.
- b. The beneficiary usually retains "power of direction" over the trustee.
- c. Beneficial interest is personal property.
- d. Beneficiary has right of possession, income and rights of proceeds from the sale of trust.
- e. 20 years usual limit. If time is not extended, the trustee makes a public sale and distributes net proceeds to beneficiaries of trust.
- f. A judgment against the beneficiary will not create a lien against the property in the trust since the beneficiary no longer owns the real estate.
- g. The trustee may not disclose the names of the beneficiaries of the trust except; (1) Upon receipt of a written complaint of violation of a building ordinance; (2) Pursuant to a court order; or (4) Pursuant to an Internal Revenue Service (IRS) order.
- h. Under certain listing contracts, when the legal title is held in a land trust, the beneficiary is required to sign the contract.

Under a Trust (Not a land trust): real property of personal property may be held in trust; whereas, only real property may be held in a land trust.

1. Legal Title: The legal title to the property is transferred to trustee.

2. Equitable Title: The trust beneficiary hold equitable title.

3. Living Trust: Owner "A" deeds and conveys property to a second party in trust. Second party receives the power to sell or make investments. Income received from sale or investments is returned to original Owner "A" during "A's" lifetime. Upon the death of Owner "A", all future income goes to "A's" spouse. At the time when "A's" spouse dies, the property is distributed to any surviving children.

4. Testamentary Trust: Created by will, A trustee receives a decree of property distribution. When final, the decree is the determination of the terms, setting forth the validity of the trust and the rights of the parties.

In testate Succession

When a person dies without a will, that person's heirs inherit by in testate succession.

1. Married: When a married person dies, the estate is divided with one-half (1/2) of their net proceeds to the surviving spouse and one-half (1/2) to an only child. If the deceased had several children, the one-half (1/2) of the property goes to the children, share and share alike. The other one-half (1/2) goes to the surviving spouse, by Descent and Distribution.

2. Unmarried: If an unmarried person who has no children dies in testate, the property is divided equally among parents, brothers and sisters. If one(1) parent is deceased, the surviving parent receives two (2) shares.

a. In-law relations are not eligible.

b. Ownership of property will escheat to the county a valid will. Illinois only recognizes written wills; it does not recognize oral wills.

Foreign Language Documents:

When recording a document written in a foreign language, such as Spanish, the recorder must permanently record the foreign language document and attach a certified English translation to the document. If a photographic

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method of recording is employed, both the foreign language document and the translation are recorded. The document without the translation is valid but does not impart constructive notice.

### Deed Requirements

The following are the minimum requirements for a valid deed in Illinois:

- Grantor who has legal capacity to execute the deed.
- Grantee, named with reasonable certainty, and the present address
- Recital of consideration, actual consideration usually does not need to be stated unless the deed is a court ordered deed.
- Granting Clause (words of conveyance)
- Accurate legal description
- Signature of the GRANTOR
- Delivery and acceptance of the deed

A deed does not have to be recorded, nor does it have to be acknowledged to be valid in Illinois.

However, if a deed is recorded in Illinois, then it must be acknowledged.

Buyer is responsible for the recording cost.

### Homestead Exemption:

A method of protecting a limited amount of equity in a home against certain debts. It provides protection against a subsequent unsecured debtor, such as a judgment lien.

- Each individual who has an interest in title to property is exempt from claims up to \$15,000 with a total possible exemption of \$30,000.
- The homestead exemption is per individual
- ONLY one homestead is allowed at any one point in time
- Priority of payments in a foreclosure sale
  - Costs, fees and expenses of sale
  - Real Estate taxes and Special Assessments
  - Mortgage lien, Trust Deeds, and mechanic's liens
  - Homestead Claim
  - All other lien holders

### Taxation

Illinois real property is subject to taxation

- Homeowners pay real estate taxes based on assessed values, not market values
- In order to determine the assessed value, one would multiply the market value by the assessment rate.
  - $\$210,000$  (market value)  $\times$  43% (assessment rate) =  $\$90,300$  ASSESSED VALUE
- In computing Illinois real estate taxes, an "equalization factor" is used to counteract the assessment discrepancies in different localities. The ASSESSED VALUE is multiplied by the equalization factor.
  - $\$210,000$  (Market Value)  $\times$  43% (Assessment Rate) =  $\$90,300$  Assessed Value
  - $\$90,300$  (Assessed Value  $\times$  1.75 (Equalization Factor) =  $158,025$  Assessed Equalized Value
- The tax rate in Illinois is per \$1,000 of assessed equalized values.
- Taxes are payable in the year after they are levied. The tax year is a standard calendar year. The tax bill is prepared yearly.
- The real estate taxes are paid in two installments:
  - 1<sup>st</sup> payment is due June 1, of the following year
  - 2<sup>nd</sup> payment is due Sept. 1, of the following year.
- A tax interest in the property is sold if taxes are unpaid. This is called an Annual Sale and the bidder must pay the full amount of outstanding taxes.

- During the next 2 years, an owner may redeem the property. TO do so, the owner must pay back the back taxes and any interest due to the tax sale purchaser, and all costs of the tax sale. If the property owner does not redeem the property from the tax sale purchaser, then the tax sale purchaser may apply for a tax deed to the property. Thus enabling the individual to transfer the property into their name.
  - If a tax deed is not recorded within one year of issuance, the deed would be become null and void.
- Homeowners Tax Exemption:
  - \$3,500 for homeowner's principal residence
  - must be applied for each year
- Senior Citizen 's Homeowners Exemption
  - Homeowners 65 years or age or older receive an ADDITIONAL \$2,000 maximum reduction on property used as their residence
  - Reduction is from the "equalized" assessed value.

#### Intermediate Theory

- Illinois subscribes to the "intermediate theory" of mortgages (not Title theory, or Lien theory)
- The borrower is the legal owner of the property and the title remains in the name of the borrower
- The benefit to the lender is that during foreclosure, the lender can request a court order giving the lender possession of the property and/or to be a receiver for the property.
- The intermediate theory combines elements of lien theory and title theory.

#### Equitable Right of Redemption (Foreclosure Sale)

- The right of the mortgagor (borrower) to redeem the property after a court ordered foreclosure judgment has been entered.
- The property owner has the right to redeem the property anytime prior to the auction sale.
- At the foreclosure sale, the highest bidder receives a "certificate of sale".
- After issuance of the "certificate of sale", the court confirms the sale and orders the sheriff is issue a "sheriff's deed".

#### Illinois Transfer Tax

- Tax levied on the transfer of property and collected when the deed is recorded.
- The tax is based on the consideration (selling price – any existing assumed loans and/or personal property included in the sale of the property)
- The seller pays the rate of :
  - \$.50 per \$500 STATE RATE
  - \$.25 per \$500 COUNTY RATE
  - \$.75 per \$500 (STATE AND COUNTY RATE)

#### Mechanic's Liens

- A contractor who performs work on a property or supplies materials, and plans to file a mechanic's lien, must do so 4 months after the work is completed.
- A contractor has 2 years to foreclose on a mechanic's lien.
- A mechanic's lien is a specific, involuntary, statutory lien.

#### Illinois Plat Act

In the division of acreage, all parcels in subdivision and all sub-divided parcels less than five acres come under the jurisdiction of the Illinois Plat Act. A plat is a survey.

#### U.S. Rectangular Survey System

- Legal description method used in Illinois
- Principal Meridian: main lines of description running north and south
- Base Line: main lines of description running east and west
- Government Lots: fractional pieces of land less than a quarter of a section in size

#### Adverse Possession/Easement by Prescription

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The statutory time to acquire title by adverse possession or an easement by prescription is 20 years

#### Multi-Family Commercial Property

- Residential leaseholds must be maintained in a safe and sanitary condition
- Security Deposits
  - Interest on security deposits must be paid on residential leases of properties with 25 or more units. Deposits withheld on residential leases of properties, containing 5 or more units, may not be withheld as compensation for property damages without providing the tenant with an itemized statement of the alleged damage.
  - Required Notice: A landlord may not forcibly remove a tenant without following court procedures. The Illinois Forcible Entry and Detainer Act requires that landlords give the “at fault” tenant a minimum of 5 days written notice to cure a default (non-payment of rent). If the default is not cured within the stated time period, legal action to evict may be taken by the landlord.

#### **LAW CHANGES for 2007**

##### The Homestead Exemption:

The homestead exemption, which give homeowners limited protection against lien foreclosure was increased from \$7,500 per individual to \$15,000 per individual. The maximum homestead that may be used, however is limited to \$30,000.

##### Eminent Domain (Senate Bill 3086)

Eminent Domain is the states right to acquire property in the name of public good. The process the government must follow is referred to as condemnation. According to the new law the government must provide clear and convincing evidence that private land is necessary for public use before it can be seized. The law also requires that the property owner receive fair market value and reimbursement for relocation expenses and, in some cases legal fees. The law previously only required just compensation.

##### Mortgage Rescue Companies (Senate Bill 2349)

This law gives is intended to protect property owners from mortgage “rescue” firms that claim to help avoid foreclosure, but instead end up taking over the property and not alleviate the debt. The law gives home owner new rights when dealing with companies that offer financial assistance to help them save their homes from foreclosure. It also guarantees that home owners will receive a substantial portion of their equity in the home from companies and creates new disclosure requirements for mortgage rescue companies.

Currently in Illinois, there are two known types of mortgage rescue services: the first are consultants who promise the homeowners they can save the home by negotiating with lenders. These consultants can cost \$1,000 to \$2,500 and often do little or no work for the homeowner.

The second type of mortgage rescue service are property purchasers who offer to help by letting the homeowner rent the property until they can get back on their feet financially. Homeowners do not always understand that they are signing over ownership of the house to these purchasers. In some cases the rent payments end up being more costly than the mortgage payments, making it financially impossible for them to repurchase the house. Once the property purchaser has taken all of the homeowner’s equity out of the house they will resell the house and evict the homeowner.

##### The Law:

- Limits the amount a mortgage rescuer can make if the homeowner is successful in buying back the home to 125% of the total debt on the home paid by the rescuer.
- Requires that all mortgage rescue companies provide disclosures and give homeowners the right to cancel contracts, and increases penalties for violations
- Requires that the mortgage rescuer provide the homeowner with at least 28% of the value of their home if the homeowner is eventually unable to buy back the home from the mortgage rescuer.

##### Carbon Monoxide Detectors (House Bill 5284)

Carbon Monoxide detectors are now required in homes and apartments that use fossil fuel for heating or cooking and sleeping rooms or have an attached garage. A carbon monoxide detector must be installed at least 15 feet

from each bedroom. Homes that have all electric appliances and heaters and do not have an attached garage are exempt from the requirements.

The carbon monoxide detector is not the same as a smoke detector. Carbon Monoxide is an odorless and colorless gas that is deadly!

#### Condo Owners and the right to Religious Freedom

Condo Owners are guaranteed the right to observe the doctrines of their religion at home, including being able to display objects on their front door.

#### Location of Affordable Housing (Senate Bill 2885)

A new law was passed that is designed to help those in need of affordable housing. This law which is designed to help make sure those working families, seniors and the people with disabilities continue to have access to affordable housing through the coordination of state government. This law encourages developers to locate property closer to public transportation and to areas where their workforce lives.

#### Mortgage Insurance

A new tax deduction will make homes more affordable next year by allowing many American home buyers to write-off premiums for private and government mortgage insurance.

The deduction, which will help families who can't afford the traditional 20 percent down payment for a home mortgage, will be effective for the 2007 tax year.

Borrowers closing loans to purchase homes in 2007 who have annual household incomes of \$100, 000 or less will be able to get a low down payment mortgage and deduct the full cost of their mortgage insurance premiums on their federal tax return.

#### Notify Property Owners of Quitclaim transfer (Senate Bill 2569)

The Cook County Recorder of Deeds must send a postcard to notify homeowners when a quitclaim deed has been filed. Quitclaim deeds are often used to transfer property without the legal property owner's knowledge. The Recorder's Office, introduced this bill because of recent problems with mortgage fraud and fraudulent transfers of property, has reported an increase in quitclaim deed filings recently.

#### Deeds in Illinois must notarized! (House Bill 4760)

House Bill 4760 requires that the signatures on any deed or other document that transfers property must be notarized.

#### Homeowners and Accurate Information (House Bill 1428)

House Bill 1428 – Giving homebuyers access to accurate information about their properties. This bill requires lenders to notify homeowners of accurate and timely property tax payment from borrowers escrow account.