Introduced 2/21/2013, by Rep. Robert Rita

SYNOPSIS AS INTRODUCED:

225 ILCS 454/1-10

Amends the Real Estate License Act of 2000. Includes within the definition of "broker" an individual, partnership, limited liability company, corporation, or registered limited liability partnership who negotiates, facilitates, offers, attempts, or agrees to negotiation or facilitate the short sale of residential property or otherwise engages in short sale facilitation. Defines "short sale facilitation". Effective immediately.
AN ACT concerning regulation.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Real Estate License Act of 2000 is amended by changing Section 1-10 as follows:

(225 ILCS 454/1-10)

(Section scheduled to be repealed on January 1, 2020)

Sec. 1-10. Definitions. In this Act, unless the context otherwise requires:


"Address of Record" means the designated address recorded by the Department in the applicant's or licensee's application file or license file as maintained by the Department's licensure maintenance unit. It is the duty of the applicant or licensee to inform the Department of any change of address, and those changes must be made either through the Department's website or by contacting the Department.

"Advisory Council" means the Real Estate Education Advisory Council created under Section 30-10 of this Act.

"Agency" means a relationship in which a real estate broker or licensee, whether directly or through an affiliated licensee, represents a consumer by the consumer's consent, whether express or implied, in a real property transaction.
"Applicant" means any person, as defined in this Section, who applies to the Department for a valid license as a real estate broker, real estate salesperson, or leasing agent.

"Blind advertisement" means any real estate advertisement that does not include the sponsoring broker's business name and that is used by any licensee regarding the sale or lease of real estate, including his or her own, licensed activities, or the hiring of any licensee under this Act. The broker's business name in the case of a franchise shall include the franchise affiliation as well as the name of the individual firm.

"Board" means the Real Estate Administration and Disciplinary Board of the Department as created by Section 25-10 of this Act.

"Branch office" means a sponsoring broker's office other than the sponsoring broker's principal office.

"Broker" means an individual, partnership, limited liability company, corporation, or registered limited liability partnership other than a real estate salesperson or leasing agent who, whether in person or through any media or technology, for another and for compensation, or with the intention or expectation of receiving compensation, either directly or indirectly:

(1) Sells, exchanges, purchases, rents, or leases real estate.

(2) Offers to sell, exchange, purchase, rent, or lease
(3) Negotiates, offers, attempts, or agrees to negotiate the sale, exchange, purchase, rental, or leasing of real estate.

(4) Lists, offers, attempts, or agrees to list real estate for sale, lease, or exchange.

(5) Buys, sells, offers to buy or sell, or otherwise deals in options on real estate or improvements thereon.

(6) Supervises the collection, offer, attempt, or agreement to collect rent for the use of real estate.

(7) Advertises or represents himself or herself as being engaged in the business of buying, selling, exchanging, renting, or leasing real estate.

(8) Assists or directs in procuring or referring of leads or prospects, intended to result in the sale, exchange, lease, or rental of real estate.

(9) Assists or directs in the negotiation of any transaction intended to result in the sale, exchange, lease, or rental of real estate.

(10) Opens real estate to the public for marketing purposes.

(11) Sells, leases, or offers for sale or lease real estate at auction.

(12) Negotiates, facilitates, offers, attempts, or agrees to negotiation or facilitate short sale of residential property or otherwise engages in short sale
"Brokerage agreement" means a written or oral agreement between a sponsoring broker and a consumer for licensed activities to be provided to a consumer in return for compensation or the right to receive compensation from another. Brokerage agreements may constitute either a bilateral or a unilateral agreement between the broker and the broker's client depending upon the content of the brokerage agreement. All exclusive brokerage agreements shall be in writing.

"Client" means a person who is being represented by a licensee.

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

1. commissions;
2. referral fees;
3. bonuses;
4. prizes;
5. merchandise;
6. finder fees;
7. performance of services;
8. coupons or gift certificates;
9. discounts;
10. rebates;
(11) a chance to win a raffle, drawing, lottery, or similar game of chance not prohibited by any other law or statute;

(12) retainer fee; or

(13) salary.

"Confidential information" means information obtained by a licensee from a client during the term of a brokerage agreement that (i) was made confidential by the written request or written instruction of the client, (ii) deals with the negotiating position of the client, or (iii) is information the disclosure of which could materially harm the negotiating position of the client, unless at any time:

(1) the client permits the disclosure of information given by that client by word or conduct;

(2) the disclosure is required by law; or

(3) the information becomes public from a source other than the licensee.

"Confidential information" shall not be considered to include material information about the physical condition of the property.

"Consumer" means a person or entity seeking or receiving licensed activities.

"Continuing education school" means any person licensed by the Department as a school for continuing education in accordance with Section 30-15 of this Act.

"Coordinator" means the Coordinator of Real Estate created
in Section 25-15 of this Act.

"Credit hour" means 50 minutes of classroom instruction in
course work that meets the requirements set forth in rules
adopted by the Department.

"Customer" means a consumer who is not being represented by
the licensee but for whom the licensee is performing
ministerial acts.

"Department" means the Department of Financial and
Professional Regulation.

"Designated agency" means a contractual relationship
between a sponsoring broker and a client under Section 15-50 of
this Act in which one or more licensees associated with or
employed by the broker are designated as agent of the client.

"Designated agent" means a sponsored licensee named by a
sponsoring broker as the legal agent of a client, as provided
for in Section 15-50 of this Act.

"Dual agency" means an agency relationship in which a
licensee is representing both buyer and seller or both landlord
and tenant in the same transaction. When the agency
relationship is a designated agency, the question of whether
there is a dual agency shall be determined by the agency
relationships of the designated agent of the parties and not of
the sponsoring broker.

"Employee" or other derivative of the word "employee", when
used to refer to, describe, or delineate the relationship
between a real estate broker and a real estate salesperson,
another real estate broker, or a leasing agent, shall be construed to include an independent contractor relationship, provided that a written agreement exists that clearly establishes and states the relationship. All responsibilities of a broker shall remain.

"Escrow moneys" means all moneys, promissory notes or any other type or manner of legal tender or financial consideration deposited with any person for the benefit of the parties to the transaction. A transaction exists once an agreement has been reached and an accepted real estate contract signed or lease agreed to by the parties. Escrow moneys includes 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 and for which the security deposit is being held.

"Exclusive brokerage agreement" means a written brokerage agreement that provides that the sponsoring broker has the sole right, through one or more sponsored licensees, to act as the exclusive designated agent or representative of the client and that meets the requirements of Section 15-75 of this Act.

"Inoperative" means a status of licensure where the licensee holds a current license under this Act, but the licensee is prohibited from engaging in licensed activities because the licensee is unsponsored or the license of the sponsoring broker with whom the licensee is associated or by whom he or she is employed is currently expired, revoked,
suspended, or otherwise rendered invalid under this Act.

"Leads" means the name or names of a potential buyer, seller, lessor, lessee, or client of a licensee.

"Leasing Agent" means a person who is employed by a real estate broker to engage in licensed activities limited to leasing residential real estate who has obtained a license as provided for in Section 5-5 of this Act.

"License" means the document issued by the Department certifying that the person named thereon has fulfilled all requirements prerequisite to licensure under this Act.

"Licensed activities" means those activities listed in the definition of "broker" under this Section.

"Licensee" means any person, as defined in this Section, who holds a valid unexpired license as a real estate broker, real estate salesperson, or leasing agent.

"Listing presentation" means a communication between a real estate broker or salesperson and a consumer in which the licensee is attempting to secure a brokerage agreement with the consumer to market the consumer's real estate for sale or lease.

"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.

"Medium of advertising" means any method of communication intended to influence the general public to use or purchase a
particular good or service or real estate.

"Ministerial acts" means those acts that a licensee may perform for a consumer that are informative or clerical in nature and do not rise to the level of active representation on behalf of a consumer. Examples of these acts include without limitation (i) responding to phone inquiries by consumers as to the availability and pricing of brokerage services, (ii) responding to phone inquiries from a consumer concerning the price or location of property, (iii) attending an open house and responding to questions about the property from a consumer, (iv) setting an appointment to view property, (v) responding to questions of consumers walking into a licensee's office concerning brokerage services offered or particular properties, (vi) accompanying an appraiser, inspector, contractor, or similar third party on a visit to a property, (vii) describing a property or the property's condition in response to a consumer's inquiry, (viii) completing business or factual information for a consumer on an offer or contract to purchase on behalf of a client, (ix) showing a client through a property being sold by an owner on his or her own behalf, or (x) referral to another broker or service provider.

"Office" means a real estate broker's place of business where the general public is invited to transact business and where records may be maintained and licenses displayed, whether or not it is the broker's principal place of business.

"Person" means and includes individuals, entities,
corporations, limited liability companies, registered limited
liability partnerships, and partnerships, foreign or domestic,
except that when the context otherwise requires, the term may
refer to a single individual or other described entity.

"Personal assistant" means a licensed or unlicensed person
who has been hired for the purpose of aiding or assisting a
sponsored licensee in the performance of the sponsored
licensee's job.

"Pocket card" means the card issued by the Department to
signify that the person named on the card is currently licensed
under this Act.

"Pre-license school" means a school licensed by the
Department offering courses in subjects related to real estate
transactions, including the subjects upon which an applicant is
examined in determining fitness to receive a license.

"Pre-renewal period" means the period between the date of
issue of a currently valid license and the license's expiration
date.

"Proctor" means any person, including, but not limited to,
an instructor, who has a written agreement to administer
examinations fairly and impartially with a licensed
pre-license school or a licensed continuing education school.

"Real estate" means and includes leaseholds as well as any
other interest or estate in land, whether corporeal,
incorporeal, freehold, or non-freehold, including timeshare
interests, and whether the real estate is situated in this
"Regular employee" means a person working an average of 20 hours per week for a person or entity who would be considered as an employee under the Internal Revenue Service eleven main tests in three categories being behavioral control, financial control and the type of relationship of the parties, formerly the twenty factor test.

"Salesperson" means 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" under this Section.

"Secretary" means the Secretary of the Department of Financial and Professional Regulation, or a person authorized by the Secretary to act in the Secretary's stead.

"Short sale facilitation" means, for compensation or gain, either directly or indirectly offering or negotiating on behalf of a borrower or homeowner to facilitate the sale of residential real estate subject to one or more residential mortgage loans or debts constituting liens on the property in which the proceeds from selling the residential real estate will fall short of the amount owed and the lien holders are contacted to agree to release their lien on the residential real estate and accept less than the full amount owed on the debt.
"Sponsoring broker" means the broker who has issued a sponsor card to a licensed salesperson, another licensed broker, or a leasing agent.

"Sponsor card" means the temporary permit issued by the sponsoring real estate broker certifying that the real estate broker, real estate salesperson, or leasing agent named thereon is employed by or associated by written agreement with the sponsoring real estate broker, as provided for in Section 5-40 of this Act.

(Source: P.A. 96-856, eff. 12-31-09.)

Section 99. Effective date. This Act takes effect upon becoming law.