

**Case Study** Instructor Notes

## Illinois Broker Management Supplement Instructor Notes

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### ■ Focus points for case studies in supplement

Remember that the case studies and possible answers are intended to generate discussion on key points and there may be no or more than one correct answer.

**chapter** one

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#### Case Study One (page 4)

- Requirements of License Law relating to ownership and participation in brokerage company
- #1 is correct answer

#### Case Study Two (page 5)

- Commercial brokerage company must meet License Law requirements
- 1 (c), 2 (a), 3 (a), 4 (c), 5 (d), 6 (b) and 7 (c) are the best answers but there are close alternatives to provoke discussion

**chapter** Two

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#### Case Study One (page 13)

- Focus on written agency disclosures to buyers  
\*\* Section 15-35
- Brokerage agreement can be oral or written
- Answers to question 1, 2, 4 and 5 are “yes” and to #3 is “no”
- Discuss reasons for answers

**Case Study Two** (page 14)

- Discuss Illinois laws on agency
- Question 1 - yes and yes
- Question 2 - no and statutory duties (discuss)
- Question 3 - might not be permitted and no

**Case Study Three** (page 14)

- Focus on problems inherent in certain dual agencies

**Case Study Four** (page 16)

- Ability to work in related fields
- Necessity of disclosures and ancillary compensation
- Answer is #4

**Case Study Five** (page 17)

- Key point here is discussing the requirement for the sponsoring broker to protect confidential information
- What is ordinary care
- Teams and confidential information – policy to protect confidential information shall be established or approved by sponsoring broker

**Case Study Six** (page 18)

- Agency in a commercial brokerage setting
- Answers - 1 (b), 2 (d), 3 (a), 4 (d), 5 (a), 6 (a) or 6 (d), 7 (c), 8 (a)

**chapter three**

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**Case Study One** (page 29)

- Key point here is to discuss the role of the managing broker in regard to teams and the role of the team within the company
- No – Definition of managing broker
- #2 - Probably not – federal statutory non-employee requirements
- #3 – Yes
- #4 – Yes
- #5 – Yes and yes
- #6 - Probably an independent contractor agreement and an agreement regarding responsibility for taxes, benefits, etc. as well as role of team in office

**Case Study Two** (page 30)

- Discuss development of company policy
- #1 - No - have group give list of ideas
- Supervision and training
- Yes and no - Potential problem with asking other companies for a copy of their policy - possible anti-trust issue

**Case Study Three** (page 30)

- Discuss record-keeping requirements for brokerage companies
- Actually none of the five statements are true
  - You may want to go through each one and discuss why none of there are true

**Case Study Four** (page 32)

- Discuss escrow rules and requirements
- #1 True
- #2 True
- #3 True
- #4 False

**Case Study Five** (page 33)

- Discussion of broker management and escrows in a commercial brokerage company
- Best answers
  - #1 (d)
  - #2 (c), but 2(d) would also be acceptable
  - #3 (a)
  - #4 (d)
  - #5 (c)
  - #6 (b)
  - #7 (a) – based on the facts and possible answers - 7 (c) could also be correct but the facts say earnest money as received
  - #8 (b)

**chapter four**

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**Case Study One** (page 48)

- Discuss antitrust laws and independent business decisions
- Parallel actions are not antitrust if independent business decision
- #6

**Case Study Two** (page 49)

- Discussion of RESPA and affiliated business arrangements
- #1 - Yes - naked referral fee
- #2 - May be OK in Illinois
  - Answer might be different in other states

**Case Study Three** (page 50)

- RESPA and affiliated business arrangements
- #1 - yes - stock varies based on referrals
- #2 - RESPA complaints

**Case Study Four** (page 51)

- RESPA
- #1 - Yes
- #2 - Yes, typically - however, if facts are extenuating, then may be an issue
- #3 - Yes, referring broker drawing

**Case Study Five** (page 52)

- RESPA
- #1 - depends on what federal circuit you live in
  - OK in Illinois
- #2 - generally “no”

**Case Study Six** (page 53)

- Discuss what real estate license gives you a license to do
- #1 - No - activities outside of brokerage of real property
- #2 - Yes, when connected with brokerage transactions
- #3 - No - See #1

**chapter five**

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**Case Study One** (page 56)

- License Law issues
  - \*\* Discipline and marketing
- #s 2 and 3 are both possible courses of action

**Case Study Two** (page 57)

- Use of licensed and unlicensed personal assistants
- #s 1, 2 and 4 are all items to discuss with Sally

**Case Study Three** (page 58)

- Management of licensees who are remote from the office
- #1 (d)
- #2 (b) and 2 (d) are the best answers
- #3 (b)
- #4 (b)
- #5 (d)
- #6 (d)
- #7 (d)
- #8 (c)