

RULES GOVERNING REAL ESTATE LICENSEES IN INDIANA

STUDY SHEET

Summary

In this section, you learned how to use the Seller's Residential Real Estate Sales Disclosure form and reviewed your responsibilities related to seller disclosures. Then you took a tour through the rules governing licensees' actions in the areas of operating a brokerage, splitting commission, working with unlicensed assistants, handling escrow funds, disclosing your personal interest in a property, paying referral fees, and performing fee appraisals. Then you learned about the rules regarding real estate advertising. Finally, you learned how Indiana appraisers are licensed, and the rules regulating real estate appraisals.

Top Takeaways

- When selling most residential property, you'll use the Seller's Residential Real Estate Sales Disclosure form. Make sure you know how it works and how to advise your clients about using it properly.
- Licensees are governed by state laws related to all aspects of brokerage operation and real estate transactions.
- Indiana's professional standards of practice outline the behaviors expected of licensees and reiterates those that are unlawful.
- Property advertisements and promotion of your business must be truthful and must follow federal and state regulations.

Take a look back at your notes for these items:

- Proper use of the Seller's Residential Real Estate Sales Disclosure
- Handling disclosure of stigmatized property
- Rules related to:
 - Supervision of brokerage offices
 - Commission splits
 - Unlicensed assistants
 - Handling escrow accounts
 - Disclosing personal interest in property
 - Referral of real estate business
 - Fee appraisals by brokers
- Advertising regulations for real estate property and personal or brokerage business
- Appraisal licensing at the federal and state level
- Professional standards of practice in Indiana, including what constitutes unfair inducement

Stigmatized property

A property that buyers may shy away from for reasons other than physical defects, such as a property being the site of a murder

Seller's Residential Real Estate Sales Disclosure

A form Indiana sellers use to disclose information about the property to prospective buyers

Commission split

A type of compensation arrangement between brokers and their managing brokers in which the two parties split the broker's earned commission

Co-brokerage split

A compensation arrangement between two separate brokerage companies to split the commission for a transaction in which they were both involved

Legal inducement in Indiana

An incentive; legal in Indiana when comprising the characteristics of disclosure, positive intent, and fair play

FIRREA

Requires appraisals in federally related transactions to be in writing and be conducted by a qualified appraiser

USPAP

The federal standards that appraisers must abide by when appraising federally related transactions

Federally related transaction

Any transaction for sale, lease, purchase, investment, or exchange of real property in which a federal financial agency or regulatory authority is involved