

REAL ESTATE PRACTICE IN INDIANA

STUDY SHEET

Summary

All real estate brokers in Indiana must affiliate with a broker company, whether that company is a corporation, a partnership, or a sole proprietorship. Each broker company in Indiana has a managing broker who's responsible to the Indiana Real Estate Commission for all of the firm's actions. Affiliated licensees usually operate as independent contractors. All licensees must minimize risk by avoiding misrepresentation and fraud, obtaining errors and omissions insurance, and understanding and following antitrust laws.

Take a look back at your notes for these items:

- The role of the managing broker
- Affiliation and independent contractor status
- Antitrust and the legislation that prohibits actions, such as price fixing

Top Takeaways

- The managing broker is the person responsible for supervising the actions of all licensees affiliated with the broker company and ensuring that the firm's activities are completed legally and ethically.
- Affiliated licensees are usually employed as independent contractors, which affects the amount of control the managing broker has over their work and work hours.
- Broker companies may take any business entity form (corporation, limited liability company, partnership, or sole proprietorship), but each must designate a managing broker.
- Managing brokers are responsible for creating and implementing a Policies and Procedures Manual (PPM), which communicates to licensees the expectations for actions and behavior while working with the firm.
- The PPM is also an excellent tool for mitigating broker company risk.
- To practice legally and ethically, brokers must follow all federal antitrust laws. Awareness of actions that constitute violations is a risk management strategy.
- Managing brokers and affiliated licensees can avoid liability and prevent risk by obtaining errors and omissions insurance and avoiding possible misrepresentation.