

Illinois Leasing Agent Practice Exam (Sample)

Study Guide



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Questions

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- 1. If a student leasing agent was hired on January 15 but the sponsoring broker completed the 120-day permit on January 30, when does the 120-day period start?**
 - A. January 15**
 - B. January 30**
 - C. The day after hiring**
 - D. The day the permit is issued**
- 2. What does IDFPR stand for?**
 - A. Illinois Department of Financial and Professional Registration**
 - B. Illinois Department of Finance and Property Regulation**
 - C. Illinois Department of Financial and Professional Regulation**
 - D. Illinois Department of Finance and Public Relations**
- 3. An occurrence on a property such as a murder or suicide is classified as what type of property?**
 - A. Distressed Property**
 - B. Stigmatized Property**
 - C. Haunted Property**
 - D. Neglected Property**
- 4. How many days' notice is required to terminate a month-to-month tenancy in Illinois?**
 - A. 14**
 - B. 30**
 - C. 60**
 - D. 90**
- 5. What restriction is placed on unlicensed assistants regarding client interaction?**
 - A. They can discuss any topics with clients**
 - B. They cannot discuss property management with clients**
 - C. They cannot discuss price and terms with clients**
 - D. They can only assist licensed agents**

- 6. How long must sponsoring brokers submit the sponsor card to IDFPR after an employee is hired?**
- A. 24 hours of employment**
 - B. 48 hours of employment**
 - C. 72 hours of employment**
 - D. 1 week of employment**
- 7. What does the acronym COLAN stand for in fiduciary duties?**
- A. Care, Obedience, Loyalty, Accountability, and Notice**
 - B. Compliance, Ownership, Law, Access, and Notification**
 - C. Confidence, Obligation, Legitimacy, Authority, and Negotiation**
 - D. Control, Organization, Limitations, Assurance, and Negotiation**
- 8. In Illinois, who is required to have a real estate license when leasing property?**
- A. A person leasing their own property**
 - B. A family member helping to rent a house**
 - C. A person renting for another in exchange for compensation**
 - D. A friend acting as a leasing agent**
- 9. Which of the following would be a violation of antitrust laws?**
- A. Price-fixing agreements among brokers**
 - B. Market division among agents**
 - C. Cooperation with various brokerage firms**
 - D. All of the above**
- 10. The Residential Disclosure Act applies to what type of sellers?**
- A. Sellers of any residential property**
 - B. Sellers of four units or less**
 - C. Sellers of commercial property**
 - D. Sellers of single-family homes**

Answers

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1. B
2. C
3. B
4. B
5. C
6. A
7. A
8. C
9. D
10. B

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Explanations

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1. If a student leasing agent was hired on January 15 but the sponsoring broker completed the 120-day permit on January 30, when does the 120-day period start?

A. January 15

B. January 30

C. The day after hiring

D. The day the permit is issued

The correct answer is that the 120-day period starts on January 30. This is because the leasing agent's permit, which allows them to engage in leasing activities, is officially recognized only when it is issued by the sponsoring broker. In this scenario, even though the student leasing agent was hired on January 15, they are not able to operate as a licensed agent until the broker completes the necessary paperwork and obtains the permit. Thus, the 120-day period for which the agent can act begins on the date the permit is issued, which is January 30 in this case. Understanding this timeline is crucial for new leasing agents to ensure they're complying with Illinois real estate laws and regulations. The permit must be obtained and issued before one can actively participate in leasing practice, which is why the commencement of the 120-day period aligns with the issuance date rather than the hiring date.

2. What does IDFPR stand for?

A. Illinois Department of Financial and Professional Registration

B. Illinois Department of Finance and Property Regulation

C. Illinois Department of Financial and Professional Regulation

D. Illinois Department of Finance and Public Relations

The abbreviation IDFPR stands for the Illinois Department of Financial and Professional Regulation. This agency is responsible for overseeing various professions and industries within Illinois, including real estate, accounting, and many other licensed professions. The IDFPR's role includes regulating the licensing of professionals, enforcing compliance with relevant laws, and promoting public safety and welfare by ensuring that only qualified individuals and organizations can practice in regulated fields. The correct choice reflects the full name of the agency, which emphasizes its dual focus on both financial matters and professional licensing. Understanding the precise name of this regulatory body is crucial for leasing agents and other real estate professionals operating in Illinois, as it guides them in navigating the legal requirements and responsibilities of their profession. Knowing the correct name of governmental agencies also helps in correctly addressing issues related to regulation and compliance within the industry.

3. An occurrence on a property such as a murder or suicide is classified as what type of property?

- A. Distressed Property**
- B. Stigmatized Property**
- C. Haunted Property**
- D. Neglected Property**

The classification of a property where an occurrence such as a murder or suicide has taken place is identified as a stigmatized property. A stigmatized property is one where events that are unpleasant or undesirable have occurred, which can lead to a negative perception among potential buyers or renters. This classification highlights the idea that the property's value might be affected not due to its physical condition but rather because of the perceived emotional or psychological implications of the events that occurred on it. Understanding this concept is crucial for leasing agents, as they have a responsibility to disclose such information when it could materially affect a prospective tenant's decision. Recognizing that the stigma stems from social perceptions rather than physical flaws helps leasing agents navigate discussions about properties that might carry a troubled past. This knowledge ensures that leasing agents comply with disclosure requirements and maintain transparency in their dealings.

4. How many days' notice is required to terminate a month-to-month tenancy in Illinois?

- A. 14**
- B. 30**
- C. 60**
- D. 90**

In Illinois, the law mandates that a tenant or landlord must provide a 30-day written notice to terminate a month-to-month tenancy. This requirement is designed to ensure that both parties have adequate time to make arrangements for the termination of the rental agreement, whether for the tenant to find a new place to live or for the landlord to find a new tenant. When one party decides to terminate the lease, delivering this notice allows for a smooth transition and upholds the expectations of both parties involved in the agreement. It's important for both landlords and tenants to be aware of this timeframe to comply with legal requirements and avoid any potential disputes. The other options reflect longer notice periods than what is legally required for month-to-month tenancies in Illinois. Understanding the specific notice requirements can help landlords and tenants effectively manage the rental process while adhering to state laws.

5. What restriction is placed on unlicensed assistants regarding client interaction?

- A. They can discuss any topics with clients**
- B. They cannot discuss property management with clients**
- C. They cannot discuss price and terms with clients**
- D. They can only assist licensed agents**

Unlicensed assistants must adhere to strict regulations regarding client interactions to ensure the integrity of the real estate transaction and to protect the interests of all parties involved. The correct answer highlights that unlicensed assistants cannot discuss price and terms with clients, which is a critical restriction. This limitation is in place because discussions concerning price and terms often require specialized knowledge and the authority that only a licensed agent possesses. Engaging in such discussions could mislead clients or result in misunderstandings that could affect the transaction. By prohibiting unlicensed assistants from discussing these aspects, the regulatory framework ensures that clients receive accurate and legally compliant information only from trained professionals. This boundary protects clients and maintains the professional standards of the industry. While unlicensed assistants can support licensed agents in various tasks, such as administrative tasks or preparing marketing materials, they must do so without directly engaging in discussions that could be construed as providing legal or financial advice. This structure upholds the quality of service and compliance within the real estate field, ensuring that all client interactions are managed by those with the necessary licensing and expertise.

6. How long must sponsoring brokers submit the sponsor card to IDFPR after an employee is hired?

- A. 24 hours of employment**
- B. 48 hours of employment**
- C. 72 hours of employment**
- D. 1 week of employment**

The requirement for sponsoring brokers to submit the sponsor card to the Illinois Department of Financial and Professional Regulation (IDFPR) within 24 hours of an employee's hiring is rooted in ensuring prompt registration and adherence to regulatory standards. This swift submission facilitates timely processing and ensures that the new employee is officially acknowledged as part of the brokerage team. The 24-hour timeframe is critical for maintaining compliance with the state's regulations, as it helps to prevent lapses in legal practice and supports accountability within the real estate industry. By adhering to this immediate reporting requirement, brokers help uphold the integrity of the licensing process and ensure that all agents within the company are properly documented and authorized to operate under the brokerage's sponsorship.

7. What does the acronym COLAN stand for in fiduciary duties?

- A. Care, Obedience, Loyalty, Accountability, and Notice**
- B. Compliance, Ownership, Law, Access, and Notification**
- C. Confidence, Obligation, Legitimacy, Authority, and Negotiation**
- D. Control, Organization, Limitations, Assurance, and Negotiation**

The acronym COLAN stands for Care, Obedience, Loyalty, Accountability, and Notice, which encapsulates the core fiduciary duties that a leasing agent or real estate professional must uphold in their relationships with clients. Each component of this acronym represents a fundamental principle that guides ethical and professional conduct: - Care refers to the agent's duty to act with competence and diligence, ensuring that they fulfill their responsibilities with the appropriate skill and attention. - Obedience entails following the lawful instructions of the client, remaining compliant with their wishes within the boundaries of the law. - Loyalty emphasizes the need to prioritize the interests of the client above all else, avoiding conflicts of interest and ensuring that the client's trust is not violated. - Accountability involves maintaining transparency and being responsible for actions taken on behalf of the client, including financial matters and other transactions. - Notice means keeping clients informed about important developments and changes that may affect their interests. This comprehensive understanding of fiduciary duties is crucial for leasing agents to build trust and maintain ethical standards in their practice. This makes the first choice the correct one, as it accurately encompasses the essential responsibilities required of a fiduciary in the context of leasing and real estate transactions. The other choices do not align with these established fiduciary duties and

8. In Illinois, who is required to have a real estate license when leasing property?

- A. A person leasing their own property**
- B. A family member helping to rent a house**
- C. A person renting for another in exchange for compensation**
- D. A friend acting as a leasing agent**

In Illinois, a real estate license is required for individuals who are engaged in activities that involve leasing property on behalf of others, particularly when there is compensation involved. This requirement exists to ensure that leasing agents are knowledgeable about the laws, regulations, and practices pertinent to real estate transactions, thus protecting consumers and promoting professionalism in the industry. When someone is renting property for another person in exchange for compensation, they are essentially acting as an intermediary in a business transaction. This role involves tasks such as advertising the property, showing it to potential tenants, negotiating lease terms, and handling paperwork. Because such activities can significantly impact the rights and obligations of both landlords and tenants, a licensed professional ensures adherence to legal standards and provides a level of accountability. In contrast, individuals leasing their own property, family members helping to rent a house, or friends acting as leasing agents without compensation do not engage in such professional activities that require a license. Their actions are typically seen as personal rather than commercial, which is why they are exempt from the licensing requirement. Therefore, the requirement for a real estate license in Illinois is fundamentally about the nature of the activity and the presence of compensation.

9. Which of the following would be a violation of antitrust laws?

- A. Price-fixing agreements among brokers**
- B. Market division among agents**
- C. Cooperation with various brokerage firms**
- D. All of the above**

Antitrust laws are designed to promote competition and prevent monopolistic practices that can harm consumers and the marketplace. A violation can occur when businesses engage in behaviors that restrict free trade and fair competition. Price-fixing agreements among brokers involve colluding to set prices at a certain level, which eliminates competition and harms consumers by preventing them from benefiting from potentially lower prices. This practice is illegal under antitrust laws because it manipulates the market rather than allowing it to operate freely. Market division among agents occurs when brokers agree to divide markets or clients amongst themselves, which can limit competition and create barriers for new entrants. This kind of behavior restricts consumer choice and can lead to higher prices, also making it a violation of antitrust principles. Cooperation with various brokerage firms, in itself, is not a violation. However, if that cooperation crosses into collusion that results in price-fixing or market division, it may also fall afoul of antitrust laws. In summary, all the outlined activities—price-fixing, market division, and improper cooperation—are practices that can violate antitrust laws, making the choice that includes all of them the correct answer.

10. The Residential Disclosure Act applies to what type of sellers?

- A. Sellers of any residential property**
- B. Sellers of four units or less**
- C. Sellers of commercial property**
- D. Sellers of single-family homes**

The Residential Disclosure Act specifically aims to inform potential buyers about the condition of residential properties and the obligations of sellers regarding the disclosure of material defects. This law applies to sellers of residential properties with four units or fewer, making it essential for those selling single-family homes, condominiums, and small multi-family units to comply with disclosure requirements. The rationale behind focusing on smaller residential properties is to protect buyers by ensuring they have access to vital information about the property's condition, which is particularly significant given that first-time home buyers and smaller landlords are often less equipped to conduct extensive due diligence compared to those dealing with larger commercial properties. Therefore, sellers of four units or less are mandated to provide specific disclosures regarding the property's physical condition to promote transparency and fairness in real estate transactions within this category. This focus helps to maintain a standard of accountability and fortify consumer protection in the residential real estate market.