



## OKLAHOMA REAL ESTATE COMMISSION

### BROKER LICENSING OPTIONS for ACTIVE STATUS

#### **A Broker Associate**

...is a licensed broker who operates in the name of a sponsoring broker **only**, and not in the name of the associate himself.

#### **A Sole Proprietor**

...is a licensed broker who is the sole owner of the real estate business. Individual assets (furniture, personal property, etc.) may be sold or transferred, including the name of the company and goodwill. However, the business life terminates upon the sale or dissolution of the business or the death or bankruptcy of the owner. All current listings will cease to exist upon the sale or dissolution of the company. If the company is sold, the new owner must negotiate new agreements. All pending contracts and trust account monies can either be: 1) held by the original sole proprietor until proper disbursement; 2) or until proper addendum's to contracts are prepared and signed by all parties agreeing to the transfer of contracts and/or monies. On the sale of a sole proprietorship, caution is suggested and you should seek legal advice.

#### **A Managing Broker of a Corporation**

...is a licensed broker who can sponsor associates and is the person answerable to the Commission for all activities of the corporation.

#### **A Managing Broker of an Association (Limited Liability Company)**

...is a licensed broker who can sponsor associates and is the person answerable to the Commission for all activities of the association. To qualify for this type of license the broker must be either a member or a manager of the limited liability company.

#### **A Managing Broker Partner of a Partnership**

...is a licensed broker who can sponsor associates and is one of the persons answerable to the Commission for all activities of the partnership. To qualify for this type of license the broker must be one of the partners of the partnership.

#### **A Branch Office Broker of a Branch Office**

...is a licensed broker who can sponsor associates and is responsible in conjunction with the main office broker for all activities of the branch office.

#### **A Branch Office**

...is an extension of the main office located in a different locale. Each additional office must be licensed as a branch office and have a specified licensed broker. The broker designated to supervise a branch office must be licensed at that office. The branch office broker assumes responsibility for all associates assigned to that office in conjunction with the broker of the main office.

### **A Corporation**

...in the State of Oklahoma must be licensed as a real estate broker prior to conducting business in real estate and/or before receiving a fee, commission or other valuable consideration on real estate transactions, with the exception of Oklahoma Real Estate Commission Rules: Associate's corporation or association 605:10:11-3.

A corporation can be chosen if a licensed **or** unlicensed individual is going to have an interest in the real estate business. The managing member or managing officer must hold an individual license as a real estate broker. Shareholders elect the directors (who set policies) and who in turn elect officers to direct the daily activities. The shareholders may draft bylaws to permit the type of management desired. Corporate shares generally are freely transferable (unless restricted by provisions in the bylaws, articles of incorporation, or by agreement of the shareholders), making it easier for associates to join a corporation than a partnership.

Shareholders are not liable for corporate debts. However, officers and directors may be held liable by the IRS in certain instances such as failure to collect or remit employees' share of withholding and social security taxes. A corporation does not cease to exist upon the death or bankruptcy of an officer, director or shareholder.

Corporations are required to be registered at the Oklahoma Secretary of State (405) 521-3911.

### **A Partnership**

...in the State of Oklahoma must be licensed as a real estate broker prior to conducting business in real estate and/or before receiving a fee, commission or other valuable consideration on real estate transactions.

A Partnership has to consist of at least two or more partners who are actively licensed brokers. Two or more brokers operating jointly may find they have an "apparent" partnership without formal agreement (written or oral) with the entire liabilities incident thereto.

From an income tax standpoint, the general partnership is superior to the corporation as it does not pay taxes. Each partner reports his share of the profit or loss on his individual income return. Each partner is individually liable for partnership debts and may have to pay all debts regardless of any written agreement to the contrary.

There is a mutual agency relationship between the partners, and joint agreement is required for most partnership actions. Generally, the partners must agree before an individual partnership interest (a portion of the "entity") can be sold. A partner may assign his interest in the profits and assets of the partnership, but cannot assign his rights to management participation without permission of the other partner(s). Each partner may exercise his choice and preference (or refusal) as to admission of any new members to the firm.

A general partnership terminates upon: the end of the term fixed by the partnership agreement; by agreement of all partners; the withdrawal or expulsion of a partner either by court order or bankruptcy; death of a partner; or at the will of any partner.

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An association can be chosen if a licensed **or** unlicensed individual is going to have an interest in the real estate business. The managing member must hold an individual license as a real estate broker.

By Oklahoma statute, the limited liability company act defines a limited liability company as an unincorporated association having one or more members that is organized and existing under the laws of this State. The limited liability company is the only entity that is licensed by the Commission as an association.

Associations are required to be registered at the **Oklahoma Secretary of State (405) 521-3911.**

**If you wish to operate your own business, you will need to select a name.**

If you need legal advice regarding what name to choose, what type(s) of broker license(s) you should select, what the requirements are for forming corporations, associations (limited liability co.) or partnerships, you should contact someone who provides legal advice.

**If you have any questions regarding licensing, please contact our Records Department.**