

## LICENSE LAW



**Q: I attended a class where the instructor mentioned that a sales associate or broker associate may set up a business entity in order to collect commissions from the broker. The instructor cautioned that the business entity must comply with specific license law before the Florida Real Estate Commission (FREC) will approve it. What kind of entity will satisfy these requirements?**

A: Section 475.161, Florida Statutes, provides that the FREC "shall license a broker associate or sales associate as an individual or, upon the licensee providing the commission with authorization from the Department of State, as a professional corporation (PA), limited liability company (LLC) or professional limited liability (PLLC) company. A license shall be issued in the licensee's legal name only and, when appropriate, shall include the entity designation."

Thus, a sales associate or broker associate may create a PA, LLC or PLLC in the licensee's legal name. For example, an associate whose real estate license reads "John T. Smith" could form the entity "John T. Smith, PA," "John T. Smith, LLC," "John T. Smith, PL" or "John T. Smith, PLLC," and then submit Form DBPR RE 16 to request that the DBPR add the entity designation to the end of the individual's license. #