



Legal Information Lines - Frequently Asked Questions: **Business License Requirements**

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Q: Are new real estate licensees required to have a business license?

A: If you are an independent contractor you need to have a state business license. This is required by the Secretary of State (NRS 602.010). The Real Estate Division (“Division”) is not the agency that requires this. They do however ask on the application if you have a state business license (NRS 353C.1965). When setting up your business classification, a Sole Proprietorship is typically the default legal structure, but the agent should consult a tax attorney/advisor about whether taking the formal legal step of creating a business entity, such as an LLC, is ideal based on the agent’s commission and liability potential.

Q: If a Broker-Salesperson or Salesperson is seeking a real estate license for their corporation, does the Division only accept certain types of corporations?

A: *The Division licenses individuals not corporations*. To clarify the point, do not think of this as setting up a “separate entity” but instead as incorporating your licensee name. With that said, the Division:

- 1) provides two acceptable corporate structures under NRS 86 and 89 for those licensees who want to incorporate their names for tax purposes - LLC or a PC.
- 2) The registered company’s name must be the licensee’s legal individual name as listed on their license (*for example “Carol Clark” would be Carol Clark LLC or Carol Clark PC*).
- 3) Because the Division licenses only individuals pursuant to NRS 645.387, it follows that corporations must be single-membered, and the single-member being of course the licensee. Upon the corporation’s approval from the Division, moving forward commissions should be paid to the LLC or PC, and contracts should be entered into in the name of the corporation.

Seek legal counsel for other strategies on how to effectively wield your corporation in your practice. *Most importantly, ask the Division before you incur the expenses associated with setting up your business!*

Q: What business entity options are there if I’m changing my license status to Broker?

A: For those becoming a broker, refer to the categories and structures provided in the Form 508 for guidance: <http://red.nv.gov/uploadedFiles/rednvgov/Content/Forms/508.pdf>.

Very Helpful Resources

- (1) Nevada Secretary of State - State Business License FAQs:
<https://www.nvsos.gov/sos/licensing/state-business-license/state-business-license-faq>
 - (a) Questions? Call the Secretary of State's Office at (775) 684-5708 or email support@nvsilverflume.gov.
- (2) Nevada State Bar Lawyer Referral Service for a Tax Attorney:
<https://www.nvbar.org/lawyerreferral/lrs/>



- (3) Relevant Nevada Real Estate Division Forms:
- (a) Form 549, Original Licensing Application:
<http://red.nv.gov/uploadedFiles/rednvgov/Content/Forms/549.pdf>
 - (b) Form 504, Real Estate License or Permit Change:
<http://red.nv.gov/uploadedFiles/rednvgov/Content/Forms/504.pdf>
 - (c) Form 508, Instructions for Broker License:
<http://red.nv.gov/uploadedFiles/rednvgov/Content/Forms/508.pdf>
- (4) Nevada Real Estate Division - Licensing Section
- (a) Questions? E: realest@red.nv.gov or P: (702) 486-4033 (Option #1).

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