

REAL ESTATE SECURITIES LAW

STUDY SHEET

Summary

Sometimes a real estate investment is real estate, but sometimes it's a security. What's the difference and how does selling real property differ from selling a real estate security? This section reviewed the requirements for real estate securities.

Top Takeaways

- A [real estate syndicate](#) (also known as a syndication) is a form of real estate investment where two or more investors contribute capital to a pool for the purpose of acquiring and profiting from an investment property.
- All real estate syndications must register with the [Securities and Exchange Commission \(SEC\)](#) unless the security meets the requirements for an exemption.
- Regardless of whether a security is registered, prospective investors must be given a [prospectus](#).
- Brokers, dealers, and salespeople for real estate syndications must be licensed with [FINRA](#), the [Financial Industry Regulatory Agency](#).
- Real estate syndication principals must hold a [Series 39](#) license.
- Real estate syndication salespeople must hold a [Series 22](#) license.
- [Securities that will be sold](#) in Indiana must be registered in the state.
- There are [two types of securities registration](#) in Indiana: registration by coordination and registration by qualification.
- [Securities brokers, dealers, agents, and investment advisors must all be registered with the state](#).
- [Real estate licensees](#) working with those individuals don't have to be licensed or registered as securities dealers.
- Securities dealers, brokers, agents, and investment advisors are able to receive [commission from transactions](#) involving real estate syndications without having real estate licenses themselves.

Syndication

Real estate investment where two or more investors contribute to a pool designated for the purchase of and profit from an investment property

Prospectus

Document that details the specifics of an investment, including its composition, risk, and contingencies

Series 22

Required license for real estate securities salespersons

Series 39

Required license for real estate securities principals