

National Exam Content Outline for Salesperson and Broker

Effective: January 1, 2017

The national portion of the real estate exam is made up of eighty (80) scored items, which are distributed as noted in the following content outline. The national examination also contains five (5) pretest items that are not counted toward the score. These items are used to gather statistics on performance and to help assess appropriateness for use on future examinations. Because pretest items look exactly like items that are scored, candidates should answer all the items on the examination.

I. REAL PROPERTY CHARACTERISTICS, LEGAL DESCRIPTIONS, AND PROPERTY USE (SALES 8; BROKER 8)

- A. Real property vs. personal property
 - 1. Fixtures, trade fixtures, emblements
 - 2. Attachment, severance, and bill of sale
- B. Characteristics of real property
 - 1. Economic characteristics
 - 2. Physical characteristics
- C. Legal descriptions
 - 1. Methods used to describe real property
 - 2. Survey
- D. Public and private land use controls – encumbrances
 - 1. Public controls – governmental powers
 - a. Police power, eminent domain, taxation, escheat
 - b. Zoning ordinances
 - 2. Private controls, restrictions, and encroachments
 - a. Covenants, conditions, and restrictions
 - b. Easements
 - c. Licenses and encroachments

II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (SALES 7; BROKER 7)

- A. Ownership, estates, rights, and interests
 - 1. Forms of ownership
 - 2. Freehold estate
 - a. Fee simple absolute
 - b. Fee simple defeasible, determinable, and condition subsequent
 - c. Life estate
 - d. Bundle of rights
 - 3. Leasehold estates and types of leases
 - a. Estate for years and from period to period
 - b. Estate at will and estate at sufferance

Questions pertaining to the education and licensing process should be forwarded to Key Realty School:
Email: Email@KeyRealtySchool.com or Toll Free: 800 472 3893

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- c. Gross, net, and percentage leases
 - 4. Liens and lien priority
 - 5. Surface and sub-surface rights
- B. Deed, title, transfer of title, and recording of title
 - 1. Elements of a valid deed
 - 2. Types of deeds
 - 3. Title transfer
 - a. Voluntary alienation
 - b. Involuntary alienation
 - 4. Recording the title
 - a. Constructive and actual notice
 - b. Title abstract and chain of title
 - c. Marketable title and cloud on title
 - d. Attorney title opinion, quiet title lawsuit, and title insurance

III. PROPERTY VALUE AND APPRAISAL (SALES 7; BROKER 7)

- A. Concept of Value
 - 1. Market value vs. market price
 - 2. Characteristics of value
 - 3. Principles of value
- B. Appraisal process
 - 1. Purpose and steps to an appraisal
 - 2. Federal oversight of the appraisal process
- C. Methods of estimating value and Broker Price Opinions (BPO)
 - 1. Sales comparison approach (market data)
 - 2. Cost approach
 - a. Improvements and depreciation
 - b. Physical deterioration, functional, and economic obsolescence
 - c. Reproduction or replacement costs
 - 3. Income approach
 - 4. Gross rent and gross income multipliers
 - 5. Comparative Market Analysis (CMA)
 - 6. Broker Price Opinion (BPO)
 - 7. Assessed value and tax implications

IV. REAL ESTATE CONTRACTS AND AGENCY (SALES 16; BROKER 16)

- A. Types of contracts
 - 1. Express vs. implied
 - 2. Unilateral vs. bilateral
- B. Required elements of a valid contract
- C. Contract performance
 - 1. Executed vs. executory
 - 2. Valid vs. void
 - 3. Voidable vs. unenforceable

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4. Breach of contract, rescission, and termination
 5. Liquidated, punitive, or compensatory damages
 6. Statute of Frauds
 7. Time is of the essence
- D. Sales contract
1. Offer and counteroffer
 2. Earnest money and liquidated damages
 3. Equitable title
 4. Contingencies
 5. Disputes and breach of contract
 6. Option contract and installment sales contract
- E. Types of agency and licensee-client relationships
- F. Creation and termination of agency
- G. Licensee obligations to parties of a transaction

V. REAL ESTATE PRACTICE (SALES 18; BROKER 18)

- A. Responsibilities of broker
1. Practicing within scope of expertise
 2. Unauthorized practice of law
 3. Privacy and Do Not Contact
- B. Brokerage agreements between the broker and principal (seller, buyer, landlord, or tenant)
1. Seller representation – Types of listing agreements
 - a. Exclusive right-to-sell and exclusive agency listing
 - b. Non-exclusive or open listing
 - c. Net listing (conflict of interest)
 - d. Multiple listing service (MLS)
 2. Buyer representation
 3. Property management agreement
 - a. Accounting for funds
 - b. Property maintenance
 - c. Leasing property
 - d. Collecting rents and security deposits
 4. Termination of agreements
 5. Services, fees, and compensation
- C. Fair Housing
1. Equal opportunity in housing
 2. Protected classes
 3. Fair housing laws
 4. Illegal practices, enforcement, and penalties
 5. Prohibited advertising
 6. Housing and Urban Development (HUD)
 7. Americans with Disabilities Act (ADA)
- D. Risk management
1. Supervision
 2. Compliance with federal regulations

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3. Vicarious liability
4. Antitrust laws
5. Fraud and misrepresentation
6. Types of insurance
 - a. Errors and Omissions
 - b. General Liability

VI. PROPERTY DISCLOSURES AND ENVIRONMENTAL ISSUES (SALES 6; BROKER 5)

A. Property conditions and environmental issues

1. Hazardous substances
 - a. Lead-based paint
 - b. Asbestos, radon, and mold
 - c. Groundwater contamination and underground storage tanks
 - d. Waste disposal sites and brownfields
 - e. Flood plain and flood insurance
2. Clean Air and Water Acts
3. Environmental Protection Agency (EPA)
 - a. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
 - b. Superfund Amendment and Reauthorization Act (SARA)
 - c. Environmental site assessments and impact statements
 - d. Wetlands protection

B. Disclosure obligations and liability

VII. FINANCING AND SETTLEMENT (SALES 10; BROKER 9)

A. Financing concepts and components

1. Methods of financing
 - a. Mortgage financing – conventional and nonconventional loans,
 - b. Seller financing – land contract/contract for deed
2. Lien theory vs. title theory and deed of trust
3. Sources of financing (primary and secondary mortgage markets, and seller financing)
4. Types of loans and loan programs
5. Mortgage clauses

B. Lender Requirements

1. FHA requirements
2. VA requirements
3. Buyer qualification and Loan to Value (LTV)
4. Hazard and flood insurance
5. Private mortgage insurance (PMI) and mortgage insurance premium (MIP)

C. Federal Financing Regulations and Regulatory Bodies

1. Truth-in-Lending and Regulation Z
2. TILA-RESPA Integrated Disclosures (TRID)
 - a. Consumer Financial Protection Bureau (CFPB)
 - b. Loan Estimate (LE)
 - c. Closing Disclosure (CD)

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3. Real Estate Settlement Procedures Act (RESPA)
 - a. Referrals
 - b. Rebates
 4. Equal Credit Opportunity Act (ECOA)
 5. Mortgage fraud and predatory lending
- D. Settlement and closing the transaction

VIII. REAL ESTATE MATH CALCULATIONS (SALES 8; BROKER 10)

- A. Property area calculations
 1. Square footage
 2. Acreage total
- B. Property valuation
 1. Comparative Market Analysis (CMA)
 2. Net Operating Income (NOI)
 3. Capitalization rate
 4. Gross rent multiplier - Broker Only
 5. Gross income multiplier - Broker Only
 6. Equity in property
 7. Establishing a listing price
 8. Assessed value and property taxes
- C. Division/compensation
- D. Loan financing costs
 1. Interest
 2. Loan to Value (LTV)
 3. Amortization
 4. Discount Points
 5. Prepayment penalties
 6. Fees
- E. Settlement and closing costs
 1. Purchase price and down payment
 2. Monthly mortgage calculations - principal, interest, taxes, and insurance (PITI)
 3. Net to the seller
 4. Cost to the buyer
 5. Prorated items
 6. Debits and credits
 7. Transfer tax and recording fee
- F. Investment
 1. Return on investment
 2. Appreciation
 3. Depreciation
 4. Tax implications on investment
- G. Property management calculations
 1. Property management and budget calculations
 2. Tenancy and rental calculations

SALESPERSON SAMPLE QUESTIONS

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1. A buyer's interest in real property, acquired at the moment the seller and the buyer enter into a sales contract, is known as:
 - a. legal title
 - b. equitable interest
 - c. fee simple determinable
 - d. an option to purchase
2. The appropriate time for a selling broker to explain the agency relationship to a prospective buyer is:
 - a. at their initial meeting
 - b. after the buyer has viewed a number of properties
 - c. when the buyer is prepared to sign a purchase agreement
 - d. at closing
3. A geographic region in which similar properties compete with the subject property for potential buyers is called a:
 - a. municipality
 - b. political district
 - c. market area
 - d. demand unit
4. The agency that is charged with enforcing the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) in the case of an owner who allows the dumping of wastes on a property is the:
 - a. Housing and Urban Development
 - b. Federal Emergency Management Agency
 - c. Environmental Protection Agency
 - d. Occupational Safety and Health Administration
5. A lot was purchased as an investment for \$10,500 and sold a year later at a loss of 20%. If the owner paid a 10% commission, what was the owner's net loss on the sale?
 - a. \$2,820
 - b. \$2,920
 - c. \$2,940
 - d. \$3,150

Salesperson Sample Answers 1) b 2) a 3) c 4) c 5) c

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Nevada Salesperson and Broker Content Outline

Effective January 1, 2017

The state-specific examination is made up of forty (40) scored items for salesperson candidates and fifty (50) scored items for broker candidates. The salesperson and broker examinations also contain five to ten (5-10) pretest items. The pretest items are not identified and will not affect a candidate's score in any way. The following examination content outline is applicable to both real estate salespersons and real estate brokers.

I. DUTIES AND POWERS OF THE COMMISSION (5%)

- A. Determining Misconduct
 - 1. Investigations
 - 2. Hearings and Appeals
- B. Enforcement and Disciplinary Action
 - 1. Sanctions and Fines
 - 2. Additional Education
 - 3. License Suspension
 - 4. Revocation
- C. Real Estate Education, Research, and Recovery Fund

II. LICENSING REQUIREMENTS (10%)

- A. Types of Licensing and Permits and Requirements
- B. Activities Requiring a License or Permit
- C. License Maintenance
 - 1. License Renewal
 - 2. Changes in License Status
 - 3. Reasons for Denial of a License or Renewal
- D. Required Timely Notifications to the Division
 - 1. Conviction or entry of a guilty/nolo contendere plea
 - 2. Broker association
 - 3. Changes in personal information
- E. Branch Offices and License Display (Broker Only)
- F. Cooperative Certificates (Broker Only)

III. AGENCY (20%)

- A. Agency
- B. Duties Owed by a Nevada Licensee
- C. Consent to Act
- D. Confirmation of Agency Relationship

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IV. LICENSE PRACTICE (20%)

- A. Licensee Responsibilities
- B. Broker Supervision of Licensees
- C. Commissions and other Compensation
- D. Advertising
- E. Rules for Broker Price Opinions
- F. Handling of Monies

V. DISCLOSURES (20%)

- A. Residential Disclosure Guide
- B. Seller's Real Property Disclosure
- C. Disclosure of Common-Interest Communities
- D. Disclosure of licensee as principal
- E. Other disclosures

VI. CONTRACTS (15%)

- A. Brokerage Agreements, including listing and buyer representation
- B. Preparation and Handling of Documents
- C. Closing Statements
- D. Advance Fees
- E. Handling of Earnest Money Deposits

VII. RECORD KEEPING (5%)

- A. Maintenance of Records
 1. Timely submission of records to broker
 2. Required retention
 3. Protection of confidential information
- B. Inspection of Records (Broker Only)
- C. Trust Account Records and Management (Broker Only)

VIII. SPECIAL TOPICS (5%)

- A. Subdivisions
- B. Time Shares
- C. Environmental Issues
- D. Water Rights

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