



## NATIONAL REAL ESTATE EXAMINATION CONTENT SPECIFICATIONS

- I. **Property ownership (Salesperson 8%; Broker 10%)**
  - A. **Real versus personal property; conveyances**
  - B. **Land characteristics and legal descriptions**
    - 1. Types of legal descriptions; Metes and bounds, Lot and block, government survey
    - 2. Measuring structures
    - 3. Livable, rentable, and usable area
    - 4. Land Measurement
    - 5. Mineral, air, and water rights
  - C. **Encumbrances and effects on property ownership**
    - 1. Liens
    - 2. Easements and licenses
    - 3. Encroachments
    - 4. Other potential encumbrances of title
  - D. **Types of ownership**
    - 1. Tenants in common
    - 2. Joint tenancy
    - 3. Common- interest ownership
      - a) Timeshares
      - b) Condominiums
      - c) Co-ops
    - 4. Ownership in severalty/sole ownership
    - 5. Life Estate ownership
    - 6. Property ownership held in trust (*BROKER ONLY*)
- II. **Land use controls and regulations (Salesperson 5%; Broker 5%)**
  - A. **Government rights in land**
    - 1. Property taxes and special assessments
    - 2. Eminent domain, condemnation, escheat
  - B. **Government controls**
    - 1. Zoning and master plans
    - 2. Building codes
    - 3. Regulation of special land types
      - a) Flood zones
      - b) Wet lands
    - 4. Regulation of environmental hazards
      - a) Types of hazards
      - b) Abatement and mitigation
      - c) Restrictions on contaminated property
  - C. **Private controls**
    - 1. Deed conditions or restrictions
    - 2. Covenants, conditions, and restrictions (CC&Rs)
    - 3. Homeowners association regulations



- III. **Valuation and market analysis (Salesperson 7%; Broker 7%)**
  - A. **Appraisals**
    - 1. Purpose and use of appraisals for valuation
    - 2. General steps in appraisal process
    - 3. Situations requiring appraisal by certified appraiser
  - B. **Estimating Value**
    - 1. Effect of economic principles and property characteristics
    - 2. Sales or market comparison approach
    - 3. Cost approach
    - 4. Income analysis approach
  - C. **Competitive/Comparative Market Analysis**
    - 1. Selecting comparables
    - 2. Adjusting comparables
- IV. **Financing (Salesperson 10%; Broker 8%)**
  - A. **Basic concepts and terminology**
    - 1. Points
    - 2. LTV
    - 3. PMI
    - 4. Interest
    - 5. PITI
    - 6. Financing instruments (mortgage, promissory note, etc.)
  - B. **Types of loans**
    - 1. Conventional loans
    - 2. FHA Insured loans
    - 3. VA guaranteed loans
    - 4. USDA/rural loan programs
    - 5. Amortized loans
    - 6. Adjustable-rate mortgage loans
    - 7. Bridge loans
    - 8. Owner financing (installment and land contract/contract for deed)
  - C. **Financing and lending**
    - 1. Lending process application through closing
    - 2. Financing and credit laws and rules
      - a) Truth in lending
      - b) RESPA
      - c) Equal Credit Opportunity
      - d) CFPB/TRID rules on financing and risky loan features
    - 3. Underwriting
      - a) Debt ratios
      - b) Credit scoring
      - c) Credit history



- V. General principles of agency (Salesperson 13%; Broker 11%)**
  - A. Agency and non-agency relationships**
    - 1. Types of agents and agencies
    - 2. Other brokerage relationships (non-agents)
      - a) Transactional
      - b) Facilitators
  - B. Agent's duties to clients**
    - 1. Fiduciary responsibilities
    - 2. Traditional agency duties (COALD)
    - 3. Powers of attorney and other delegation of authority
  - C. Creation of agency and non-agency agreements; disclosure of conflict of interest**
    - 1. Agency and agency agreements
      - a) Key elements of different types of listing contracts
      - b) Key elements of buyer brokerage/tenant representation contracts
    - 2. Disclosure when acting as principal or other conflict of interest
  - D. Responsibilities of agent to customers and third parties, including disclosure, honesty, integrity, accounting for money**
  - E. Termination of agency**
    - 1. Expiration
    - 2. Completion/performance
    - 3. Termination by force of law
    - 4. Destruction of property/death of principal
    - 5. Mutual agreement
- VI. Property disclosures (Salesperson 6%; Broker 7%)**
  - A. Property condition**
    - 1. Property condition that may warrant inspections and surveys
    - 2. Proposed uses or changes in uses that should trigger inquiry about public or private land use controls
  - B. Environmental issues requiring disclosure**
  - C. Government disclosure requirements (LEAD)**
  - D. Material facts and defect disclosure**
- VII. Contracts (Salesperson 17%; Broker 18%)**
  - A. General knowledge of contract law**
    - 1. Requirements for validity
    - 2. Factors affecting enforceability of contracts
    - 3. Void, voidable, unenforceable contracts
    - 4. Rights and obligations of parties to a contract
    - 5. Executory and executed contracts
    - 6. Notice, delivery and acceptance of contracts
    - 7. Breach of contract and remedies for breach
    - 8. Termination, rescission and cancellation of contracts
    - 9. Electronic signature and paperless transactions
    - 10. Bilateral vs. unilateral contracts (option agreements)



- A. Contract Clauses, including amendments and addenda**
- B. Offers/purchase agreements**
  - 1. General requirements
  - 2. When offer becomes binding
  - 3. Contingencies
  - 4. Time is of the essence
- C. Counteroffers/multiple offers**
  - 1. Counteroffers
  - 2. Multiple offers
- VIII. Leasing and Property Management (Salesperson 3%; Broker 5%)**
  - A. Basic concepts/duties of property management**
  - B. Lease Agreements**
    - 1. Types of leases, e.g., percentage, gross, net, ground
    - 2. Key elements and provisions of lease agreements
  - C. Landlord and tenant rights and obligations**
  - D. Property manager's fiduciary responsibilities**
  - E. ADA and Fair Housing compliance in property management**
  - F. Setting rents and lease rates (BROKER ONLY)**
- IX. Transfer of Title (Salesperson 8%; Broker 7%)**
  - A. Title Insurance**
    - 1. What is insured against
    - 2. Title searches, title abstracts, chain of title
    - 3. Marketable vs insurable title
    - 4. Potential title problems and resolution
    - 5. Cloud on title, suit to quiet title (*BROKER ONLY*)
  - B. Deeds**
    - 1. Purpose of deed, when title passes
    - 2. Types of deeds and when used
    - 3. Essential elements of deeds
    - 4. Importance of recording
  - C. Escrow or closing; tax aspects of transferring title to real property**
    - 1. Responsibilities of escrow agent
    - 2. Prorated items
    - 3. Closing statements/TRID disclosures
    - 4. Estimating closing costs
    - 5. Property and income taxes
  - D. Special processes**
    - 1. Foreclosure
    - 2. Short sale
  - E. Warranties**
    - 1. Purpose of home or construction warranty programs
    - 2. Scope of home or construction warranty programs



- X. Practice of real estate (Salesperson 13%; Broker 14%)**
  - A. Trust/escrow accounts**
    - 1. Purpose and definition of trust accounts, including monies held in trust accounts
    - 2. Responsibility for trust monies, including commingling/conversion
  - B. Federal fair housing laws and the ADA**
    - 1. Protected classes
    - 2. Prohibited conduct (red-lining, blockbusting, steering)
    - 3. Americans with Disabilities (ADA)
    - 4. Exemptions
  - C. Advertising and technology**
    - 1. Advertising practices
      - a) Truth in advertising
      - b) Fair housing issues in advertising
    - 2. Use of technology
      - a) Requirements for confidential information
      - b) Do-Not-Call List
  - D. Licensee and responsibilities**
    - 1. Employee
    - 2. Independent Contractor
    - 3. Due diligence for real estate transactions
    - 4. Supervisory responsibilities (*BROKER ONLY*)
      - a) Licensees
      - b) Unlicensed personnel
  - E. Antitrust laws**
    - 1. Antitrust laws and purpose
    - 2. Antitrust violations in real estate
- XI. Real estate calculations (Salesperson 10%; Broker 8%)**
  - A. Basic math concepts**
    - 1. Loan-to-value ratios
    - 2. Discount points
    - 3. Equity
    - 4. Down payment/amount to be financed
  - B. Calculations for transactions**
    - 1. Property tax calculations
    - 2. Prorations
    - 3. Commission and commission splits
    - 4. Seller's proceeds of sale
    - 5. Buyer funds needed at closing
    - 6. Transfer fee/conveyance tax/revenue stamps
    - 7. PITI (Principal, Interest, Taxes and Insurance) payments
  - C. Calculations for valuation, rate of return (*BROKER ONLY*)**
    - 1. Net operating income
    - 2. Depreciation
    - 3. Capitalization rate
    - 4. Gross Rent and gross income multipliers