

## STUDY GUIDE TO SALES ASSOCIATE END-OF-COURSE EXAM

Based on Florida Real Estate Principles, Practices & Law, 47th edition

**Note to students.** This study guide is designed to help you focus on the sales associate course content you must master to pass the end-of-course exam. This study guide is extensive and requires a lot of studying on your part. Keep in mind that this guide focuses on the end-of-course exam. You will need to master ALL the topics in your course (not just this study guide) to prepare for the state license exam.

### Unit 1 The Real Estate Business - 1

Review the three areas of expert information real estate professionals provide. (1.1)

Recognize the features of a BPO. (1.4)

### Unit 2 License Law and Qualifications for Licensure - 6

Distinguish among the four parts of F.S. 475. (2.1)

Recognize the fees associated with the license application for low-income applicants. (2.3)

Identify the fee exemption requirements for U.S. armed service members and their spouses when applying for licensure. (2.3)

Identify what information has to be disclosed when completing a license application. (2.3)

Recognize types of criminal pleas required to be disclosed on a license application. (2.3)

Define a Florida resident. (2.4)

Review the requirements for requesting licensing by mutual recognition. (2.4)

Identify the individuals exempt from post-licensing education requirements. (2.6)

Recognize the required types of education needed to maintain a valid real estate license. (2.6)

Define the term prima facie evidence. (2.8)

Recognize the individuals in the five groups exempt from a real estate license. (2.9)

### Unit 3: Real Estate License Law and Commission Rules - 2

Review the FREC composition, qualifications, and compensation. (3.2)

Recognize the time frame for the Armed Forces or their spouses to renew after discharge from active duty. (3.4)

Identify the number of days required to report an address change. (3.4)

Review the requirements for a multiple license. (3.5)

Key Chapters 2(6); 4(7); 5(12); 8(9); 9(7); 10(5); 11(12); 12(9); 13(4); 16(8)

#### Unit 4: Authorized Relationships, Duties, and Disclosure

- 7

Identify the type of relationships that apply to caveat emptor. (4.1)

Distinguish among agency relationships in general business dealings. (4.1)

Recognize what is considered a material defect. (4.3)

Distinguish among each type of brokerage relationship's duties. (4.3)

Recognize the unique features of the single-agent relationship. (4.4)

Identify the type of brokerage relationship presumed in Florida. (4.5)

Recognize the specific duties owed only in a transaction broker relationship. (4.5)

Identify when the form Consent to Transition to Transaction Broker Notice is required. (4.6)

Define residential sale transactions. (4.7)

Identify examples of transactions that don't require brokerage relationship disclosure. (4.7)

#### Unit 5: Real Estate Brokerage Activities and Procedures

- 12

Identify what Florida law requires to be kept in a brokerage office. (5.1)

Review the requirements for advertising. (5.3)

Identify features of the federal telemarketing law. (5.3)

Calculate the timeline for delivering and depositing escrow funds. (5.4)

Recognize types of acceptable depositories for maintaining broker escrow accounts. (5.4)

Review the requirements concerning postdated escrow checks and insufficient funds. (5.4)

Identify broker requirements when a title company is holding escrow funds. (5.4)

Distinguish among the types of settlement procedures and deadlines that apply. (5.5)

Review the exceptions to notice and settlement procedures. (5.5)

Recognize the reporting deadlines when an escrow disbursement order has been requested. (5.5)

Identify regulations and violations concerning kickbacks. (5.6)

Recognize illegal schemes pertaining to antitrust laws. (5.6)

Review when liens can be placed on residential property for unpaid sales commission. (5.6)

Identify business arrangements and entities that may not register as a brokerage. (5.7)

Distinguish between the types of activities performed by licensed and unlicensed personal assistants. (5.7)

**Unit 6 Violations of License Law, Penalties, and Procedures -2**

Distinguish among the actions that warrant a formal hearing vs. an informal hearing. (6.4)

Identify the procedures involved regarding citations. (6.6)

Distinguish among the types of administrative penalties and who is authorized to issue them. (6.6)

Recognize the level of punishment for unlicensed activity. (6.7)

Review the requirements for self-reporting. (6.7)

Identify the purpose of the Florida Real Estate Recovery Fund. (6.8)

**Unit 7 Federal and State Laws Pertaining to Real Estate -4**

Review the purpose and requirements for the Equal Housing Opportunity Poster. (7.1)

Recognize the special exemptions under the Fair Housing Act. (7.2)

Distinguish among prohibited activities under the Fair Housing Act. (7.2)

Recognize which agency oversees the Interstate Land Sales Full Disclosure Act (ILSA). (7.4)

Identify the three ways landlords must handle deposits and advance rents. (7.5)

Recognize the broker's requirements for handling deposits and advance rents for owners. (7.5)

**Unit 8 Property Rights: Estates and Tenancies, Condominiums, Cooperatives, and Time-Sharing -8**

Recognize the definitions associated with water rights. (8.1)

Review the legal test for determining whether an item is a fixture. (8.2)

Identify examples of personal property vs. fixtures. (8.2)

Recognize the size restrictions for homesteaded property. (8.4)

Identify types of debts protected from a forced sale of a homesteaded property. (8.4)

Review the time intervals for a tenancy at will. (8.4)

Distinguish among the concurrent ownership characteristics for tenancy in common, tenancy by entireties, and joint tenancy. (8.4)

Identify who receives the estate when a tenant in common dies. (8.4)

Review the characteristics of a life estate and the types of estates that occur at the end of the life estate. (8.4)

Identify which tenancies feature right of survivorship. (8.4)

Identify rescission periods for new condominiums purchased from a developer. (8.5)

Review the required documents that must be given to a purchaser of a resale condominium unit. (8.5)



Recognize which condominium documents are required to be recorded with the county. (8.5)

Distinguish between the two types of time-share ownership. (8.5)

### Unit 9 Title, Deeds, and Ownership Restrictions - 7

Recognize examples of involuntary alienation. (9.1)

Define eminent domain. (9.1)

Recognize the legal proceedings used to exercise eminent domain. (9.1)

Distinguish between actual notice and constructive notice. (9.2)

Recognize the features of a lender's title insurance policy. (9.3)

Recognize the parts of a deed instrument. (9.4)

Recognize requirements for a valid deed. (9.4)

Identify examples of voluntary liens. (9.6)

Distinguish among the different types of leases. (9.6)

Calculate rent owed for a variable lease. (9.6)

### Unit 10 Legal Descriptions - 5

Identify the compass direction opposite the given metes and bounds description. (10.2)

Recognize the characteristics of a tier or township. (10.2)

Identify a specific township and range number. (10.3)

Identify locations of sections within a township. (10.4)

Calculate the cost per acre to obtain the cost per square foot. (10.5)

Calculate the number of acres when given a government survey system legal description. (10.5)

Review when lot and block descriptions are best used. (10.6)

## Unit 11 Real Estate Contracts - 12

Define enforceable contract. (11.1)

Recognize the essential elements of a valid contract. (11.1)

Identify the requirements under the statute of fraud. (11.1)

Recognize types of contracts that don't fall under the statute of fraud. (11.1)

Identify the types of documents that a real estate licensee may prepare. (11.1)

Review the time periods associated with the statute of limitations. (11.1)

Distinguish between executory contract and executed contract. (11.2)

Recognize examples of a unilateral contract. (11.2)

Recognize the implications of making a counteroffer. (11.3)

Distinguish among the remedies for breach of contract. (11.4)

Distinguish among the types of listings. (11.5)

Define power of attorney. (11.7)

Recognize the lead-based paint disclosure requirements. (11.8)

Recognize the buyer's rights to void a contract for failure to receive the homeowner's association disclosure. (11.8)

Identify which statute governs homeowners' association disclosure requirements. (11.8)

Review the energy efficiency disclosure requirements. (11.8)

## Unit 12 Residential Mortgages

-9

Define hypothecation. (12.1)

Distinguish among the parties to a mortgage. (12.1)

Identify which loan instrument is recorded. (12.1)

Recognize the purpose and contents of the promissory note. (12.1)

Identify the definition of a subordination clause. (12.1)

Identify the required steps that a mortgagee in Florida executes to satisfy the mortgage. (12.1)

Distinguish between lien theory and title theory. (12.2)

Identify the purpose of the acceleration clause. (12.3)

Calculate the approximate increase in yield given the number of points charged. (12.5)

Calculate the loan-to-value ratio given the sale price and down payment. (12.5)

Identify the type of notice given with Lis pendens. (12.8)

## Unit 13 Types of Mortgages and Sources of Financing

-4

Identify the qualifying ratios for a conventional mortgage. (13.2)

Identify the features of VA mortgage loans. (13.5)

Distinguish among the government-insured versus the government-guaranteed loans in the secondary mortgage market. (13.8)

Recognize the duties of the Federal Reserve. (13.9)

Identify the triggering terms associated with TILA. (13.10)

Distinguish among the types of loans the TRID rule applies versus exempt ones. (13.10)

## Unit 14 Real Estate Related Computations and Closing of Transactions

-6

Calculate the sale commission. (14.1)

Identify how unpaid property taxes are entered on the Closing Disclosure. (14.4) (14.6)

Identify how the documentary stamp tax is entered on the Closing Disclosure. (14.5) (14.6)

Identify how various items are entered on the Closing Disclosure. (14.6)

## **Unit 15 Real Estate Markets and Analysis -1**

Identify variables that influence demand. (15.2)

Define a household. (15.2)

## **Unit 16 Real Estate Appraisal -8**

Define a federally related transaction. (16.1)

Identify the four characteristics of value. (16.2)

Recognize the connections between assemblage and plottage. (16.3)

Recognize how to adjust comparable properties to make them like the subject property. (16.5)

Find the adjusted sale price of the comparable property using the adjustment process. (16.5)

Identify examples of physical deterioration, functional obsolescence, and external obsolescence. (16.6)

Identify the type of age used to calculate depreciation in the cost approach. (16.6)

Identify fixed expenses that are deducted to calculate NOI. (16.7)

Recognize how OAR is determined. (16.7)

Identify expenses deducted to calculate EGI. (16.7)

Identify expenses that are deducted to calculate NOI. (16.7)

Recognize types of income used to find GIM. (16.9)

## **Unit 17 Real Estate Investments and Business Opportunity Brokerage -2**

Distinguish among the effects of positive leverage versus negative leverage. (17.1)

Recognize the advantages of REITs. (17.1)

Recognize the disadvantages of investing in real estate. (17.2)

Identify the appraisal methods used to appraise businesses. (17.5)

## **Unit 18 Taxes Affecting Real Estate -3**

Recognize the property owner's protest procedure when disputing an assessed value. (18.1)

Identify the IRS-established useful asset life in years for residential rental property and nonresidential income-producing property. (18.6)

## **Unit 19 Planning, Zoning, and Environmental Hazards -1**

Identify examples of special-use property. (19.3)

Recognize the process for enforcing the Florida building codes. (19.3)

### **Math calculations**

Calculate the rent owed for a variable lease. (9.6)

Calculate the rent owed for a percentage lease. (9.6)

Calculate the loan-to-value ratio given the sale price and down payment. (12.5)

Calculate the total obligations ratio (TOR) for a conventional loan. (13.2)

Calculate the borrower's housing expense ratio (HER) for the FHA loan. (13.4)

Calculate the percent of profit, given the original cost of the investment and the sale price. (14.2)

Calculate the proration for prepaid rent and indicate how the proration will be entered on the closing disclosure. (14.4)

Given the loan balance and interest rate, calculate the prorated amount on an assumed mortgage and how the proration will be entered on the closing disclosure. (14.4)

Calculate state documentary stamp taxes on the deed. (14.5)

Calculate all state transfer taxes to obtain total state taxes due. (14.5)

Calculate the reproduction cost of a new structure given dimensions and cost per square foot. (16.6)

Calculate property taxes for a homesteaded property given the city, county, and school millage on a property assessed at more than \$50,000. (18.2)

Calculate a special assessment for street paving. (18.4)