



Alabama Real Estate

Candidate Handbook

August 2024

STATE INFORMATION FOR REAL ESTATE LICENSING

Alabama Real Estate Commission

1201 Carmichael Way Montgomery, AL 36106

Phone

(334) 242-5544

Email

arec@arec.alabama.gov

Website

www.arec.alabama.gov

EXAMINATION INFORMATION

Candidates may contact Pearson VUE with questions about this handbook or about an upcoming examination.

Pearson VUE Alabama Real Estate

Attn: Regulatory Program 5601 Green Valley Dr. Bloomington, MN 55437

Phone

888-926-9488

Email

pearsonvuecustomerservice@pearson.com

Website

https://www.pearsonvue.com/us/en/al/ realestate.html

QUICK REFERENCE

RESERVATIONS

Before making an exam reservation

Candidates should thoroughly review this handbook, which contains examination content outlines and important information regarding eligibility and the examination and licensing application process.

Making an exam reservation

Candidates may make a reservation by either visiting https://www.pearsonvue.com/us/en/al/realestate.html or calling Pearson VUE.

Candidates should make a reservation online at least twentyfour (24) hours before the desired examination date. **Walkin examinations are not available.**

SCHEDULES & FEES

Test centers

A list of test centers appears on the back cover of this handbook. Candidates should contact Pearson VUE to confirm specific locations and schedules.

Exam fees

The examination fee must be paid at the time of reservation by credit card or debit card. Fees may vary. Candidates are authorized for 6 months from their education completion date. A passing exam score is good 90 days. **Payment will not be accepted at the test center. Examination fees are non-refundable and non-transferable.**

EXAM DAY

What to bring to the exam

Candidates should bring to the examination proper identification and other materials as dictated by the state licensing agency. A complete list appears in **What to Bring** (page 6).

Exam procedures

Candidates should report to the test center at least thirty (30) minutes before the examination begins. Each candidate will have from 1 to 3 $^{1}/_{2}$ hours, depending on the exam, to complete the exam. The candidate will leave the test center with their official score reports.

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OVFRVIFW

The candidate handbook is a useful tool in preparing for an examination.

It is highly recommended that the Alabama Real Estate Candidate Handbook be reviewed, with special attention given to the content outlines, before taking the examination.

Individuals who wish to obtain a real estate license in the state of Alabama must:

1. Pre-register for a license.

Before taking an examination, candidates must complete all prelicensing or qualifying education and pre-register with the Alabama Real Estate Commission. When the pre-registration requirements are met, and confirmation of course completion is received, authorization files will be sent to Pearson VUE and an authorization to test will be sent to the candidate via email. Fees vary depending on exams. Authorization is good for six months from approval. Unlimited attempts are permitted. Exam results are good for 90 days. (See page 2 for additional details.) Candidates who fail one or both parts of the examination must retake the entire examination within the six month authorization period. Candidates are not required to return to the Alabama Real Estate Commission for additional authorizations to continue testing.

2. Make a reservation and pay examination fee.

Once you receive your authorization to test by email from Alabama Real Estate Commission, through Pearson VUE, you may sign into your Pearson VUE account and make a reservation for the examination. (See page 4)

3. Go to the test center.

Go to the test center on the day of the examination, bringing along all required materials. (See page 6)

INTRODUCTION

CONTACT INFORMATION

Candidates may contact Pearson VUE with questions about this handbook or an examination.

Pearson VUE/Alabama Real Estate

5601 Green Valley Dr., Bloomington, MN 55437

Phone: 888-926-9488

Email: pearsonvuecustomerservice@pearson.com

Website: https://www.pearsonvue.com/us/en/al/realestate.html

Live Chat is available to address your support inquiries and is the quickest way to reach a customer service agent. It's available from 8:00 AM through 5:00 PM Central Time, Monday through Friday, subject to change during locally designated holidays.

Please visit https://www.pearsonvue.com/us/en/al/realestate.html#contact for further information.

Candidates may contact the Alabama Real Estate Commission with questions about obtaining or maintaining a license.

Alabama Real Estate Commission

1201 Carmichael Way, Montgomery, AL 36106

Phone: (334) 242-5544

Email: arec@arec.alabama.gov

Website: www.arec.alabama.gov

LICENSURE PROCESS

Licensure is the process by which an agency of state government or other jurisdiction grants permission to individuals to engage in the practice of, and prohibits all others from legally practicing, a particular profession, vocation, or occupation. By ensuring a minimum level of competence, the licensure process protects the general public. The state regulatory agency is responsible for establishing the acceptable level of safe practice and for determining whether an individual meets that standard.

The state of Alabama has retained the services of Pearson VUE to develop and administer its real estate examination program. Pearson VUE is a leading provider of assessment services to regulatory agencies and national associations.

PRACTICE TESTS - NATIONAL/GENERAL PORTION ONLY

General-portion practice tests are offered exclusively online at https://www.pearsonvue.com/us/en/practice-tests/realestate.html, giving candidates even more opportunity to succeed on real estate examinations. The General-portion practice tests will not only help prepare candidates for the types of questions they will see on the General portion of the licensure examination but also familiarize them with taking computer-based examinations.

Pearson VUE offers a practice test for real estate that contains questions developed by subject matter experts using concepts found in the general portion of the licensure examination. The test closely reflects the format of the general portion of the licensure examination, can be scored instantly, and provides immediate feedback to help candidates identify correct and incorrect answers. Candidates can purchase general-portion practice tests anytime by visiting https://www.pearsonvue.com/us/en/practicetests/realestate.html.

STATE LICENSING REQUIREMENTS

The Alabama Real Estate Commission established the requirements for qualification for a real estate salesperson or broker license. Applicants must read this candidate handbook and any other information provided by the Commission before applying for any license examination.

EXAM ELIGIBILITY

The candidate must first pre-register with the Commission and complete the appropriate prelicense course. Once the course has been completed, submitted to the Commission (by the school), and your eligibility established, an exam authorization will be sent to Pearson VUE. The candidate will then receive an *Authorization to Test* email from Pearson VUE advising them of next steps.

REQUIREMENTS FOR OBTAINING AN ALABAMA REAL ESTATE LICENSE

To become eligible to obtain a license in Alabama, an applicant must:

- 1. Be a U.S. citizen or lawful permanent resident.
- 2. Be at least 19 years old.
- 3. Show proof of bona fide residency in any state in the U.S.
- 4. Show proof of high school graduation or GED.
- 5. Not have been convicted of a felony or a crime involving moral turpitude. If an applicant has such a conviction, he/she may file an "Application for Determination of Licensing Eligibility" form with the Commission prior to completing any other licensing requirements. The Commission will review the applicant's conviction(s) and determine if he/she is eligible to obtain an Alabama real estate license.
- 6. Not have had a real estate application or license rejected or revoked in any state within the past two years.
- 7. Pass the licensing examination.

SALESPERSON applicants must:

1. Successfully complete (with a minimum course grade of 70) an approved 60-clock-hour prelicense course prior to taking the licensing examination. Salesperson applicants have six months to pass the licensing examination after completion of the course. If not, the applicant must take the course again.

BROKER applicants must:

- 1. Successfully complete (with a minimum course grade of 70) an approved 60-clock-hour prelicense course prior to taking the licensing examination. Broker applicants have six months to pass the licensing examination after completion of the course. If not, the applicant must take the course again.
- 2. Have held an active real estate license in any state for at least 24 months of the 36-month period immediately preceding the date of application.

If broker applicants are not certain they meet broker eligibility requirements, they should check with the Alabama Real Estate Commission.

RECIPROCAL SALESPERSON AND BROKER applicants must:

- 1. Successfully complete six (6) hours of coursework in Alabama real estate which is approved by the Commission prior to taking the state portion of the examination.
- 2. Pass the state portion of the salesperson or broker examination within six months after completion of the coursework. If not, the applicant must take the course again.

3. Have a current license in another state verified by submission of certification of licensure from the state where originally licensed by passing the full examination.

NOTE: LICENSE APPLICANTS MUST MEET THE EDUCATION REQUIREMENT BEFORE SCHEDULING AN EXAMINATION. IF NOT ABLE TO SCHEDULE, THEY SHOULD VERIFY COURSE CREDIT ENTRY WITH THE SCHOOL WHERE COURSEWORK WAS COMPLETED.

EXAM RESERVATIONS

MAKING A RESERVATION

Candidates may make a reservation after they have received an email from Pearson VUE indicating that they are authorized to test.

Walk-in examinations are not available. Online reservations are the most efficient way for candidates to schedule their examination. Candidates **must** go to https://www.pearsonvue.com/us/en/al/realestate.html to make an online reservation for an examination. First-time users are required to create an account. The candidate will need to fill in all required fields, which are preceded by an asterisk (*), on the online form in order to create an ID and be assigned a password. Step-by-step instructions will lead the candidate through the rest of the examination reservation process.

TEST CENTER LOCATIONS

A list of test centers appears on the back cover of this handbook. In addition, candidates may review the test center locations by going to the <u>Alabama Real Estate home page</u> and clicking on **Find a Test Center**.

These exams are available at Pearson VUE test centers through out the United States, Canada, and US territories. If the candidate has questions regarding the confirmation of specific locations and/or examination schedules, please contact Pearson VUE.

Alabama Real Estate exams are available at select Pearson VUE test centers on military installations across the globe. Service members, dependents, and contractors with authorized base access who want to gain Alabama Real Estate licensure from their duty station or assignment in another state or foreign deployment will have the option to take their exam(s) without having to return to Alabama to test.

To locate a Pearson VUE authorized testing center, visit https://www.pearsonvue.com/us/en/military.html and select Alabama Real Estate.

Candidates **must** make an online reservation at least twenty-four (24) hours before the desired examination date. Candidates who wish to make a phone reservation at 888-926-9488 must do so at least twenty-four (24) hours before the desired examination date.

Before making a reservation, candidates should have the following:

- Authorization to Test (ATT)
- Legal name, address, daytime telephone number, and email address and a credit card.
- The name of the examination(s)
- The preferred examination date and test center location (a list appears on the back cover of this handbook)

EXAM FEES

The examination fee must be paid at the time of reservation by credit card, or debit card. **Fees will not be accepted at the test center.** Examination fees are non-refundable and non-transferable, except as detailed in the **Change/Cancel Policy**.

CHANGE/CANCEL POLICY

Candidates must either call Pearson VUE or log into their Pearson Profile to change or cancel their appointment at least **forty-eight (48) hours** before the examination. Candidates who change or cancel a reservation with proper notice may either transfer the fee to a new reservation or request a refund. **Candidates who change or cancel their reservations without proper notice will forfeit the examination fee.**

Candidates are individually liable for part of the examination fee once a reservation has been made, whether individually or by a third party.

ABSENCE/LATENESS POLICY

Candidates who are late or absent from an exam may call Pearson VUE within 14 days of the exam date to request an excused absence for the following reasons:

- · Illness of the candidate or of the candidate's immediate family member
- · Death in their immediate family
- Disabling traffic accident
- Court appearance or jury duty
- Military duty
- Weather emergency

A case number will be assigned and instructions provided for emailing supporting documentation. **Candidates** absent from or late to an exam who have not changed or canceled the reservation according to the Change/Cancel Policy will not be admitted to the exam and will forfeit the exam fee.

WEATHER DELAYS AND CANCELLATIONS

If severe weather or a natural disaster makes the Pearson VUE test center inaccessible or unsafe, the examination may be delayed or canceled. Pearson VUE will notify and reschedule candidates in the case of severe weather.

ACCOMMODATIONS

Pearson VUE complies with the provisions of the Americans with Disabilities Act as amended. The purpose of accommodations is to provide candidates with full access to the test. Accommodations are not a guarantee of improved performance or test completion. Pearson VUE provides reasonable and appropriate accommodations to individuals with documented disabilities who demonstrate a need for accommodations.

Test accommodations may include things such as:

- A separate testing room
- · Extra testing time
- A Reader or Recorder, for individuals with mobility or vision impairments and cannot read or write on their own

Test accommodations are individualized and considered on a case-by-case basis. All candidates who are requesting accommodations because of a disability must provide appropriate documentation of their condition and how it is expected to affect their ability to take the test under standard conditions. This may include:

- Supporting documentation from the professional who diagnosed the condition, including the credentials that qualify the professional to make this diagnosis
- A description of past accommodations the candidate has received

The steps to follow when requesting test accommodations vary, depending on your test program sponsor. To begin, go to https://www.pearsonvue.com/us/en/test-takers/accommodations.html, and then select your test program sponsor from the alphabetized list. Candidates who have additional questions concerning test accommodations may contact the ADA Coordinator at accommodationspearsonvue@pearson.com.

EXAM DAY

WHAT TO BRING

All candidates must bring two (2) forms of signature identification that are unexpired. One must be government issued and photo-bearing.

REQUIRED ITEMS

Candidates who do not present the required items will be denied admission to the examination, will be considered absent, and will forfeit the examination fee.

Acceptable Forms of Candidate Identification

Candidate must present **two (2)** forms of current signature identification. The name on the identification must exactly match the name on the registration. The primary identification must be government issued and photobearing with a valid signature. Identification must be in English.

Primary ID (photograph and signature, not expired) Government-issued Driver's License

- · U.S. Dept. of State Driver's License
- U.S. Learner's Permit (plastic card only with photo and signature)
- National/State/Country ID card
- Passport
- Passport Card
- · Military ID
- Military ID for spouses and dependents
- Alien Registration Card (Green Card, Permanent Resident Visa)

If the ID presented has an embedded signature that is not visible (microchip), or is difficult or impossible to read, the candidate must present another form of identification from the Primary ID list that contains a visible signature.

Pearson VUE does not accept expired driver's licenses. Newly renewed licenses which result in a temporary paper license will be accepted as long as the expired plastic license is also provided. Temporary licenses alone will not be accepted.

EXAM PROCEDURES

Candidates should report to the test center thirty (30) minutes before the examination and check in with the test center administrator. The candidate's identification and other documentation will be reviewed and they will be photographed for the score report.

Candidates are required to review and sign a *Candidate Rules Agreement* form. If the *Candidate Rules Agreement* is not followed and/or cheating or tampering with the examination is suspected, the incident will be reported as such and the appropriate action will be taken. The examination fee will not be refunded, the exam may be determined invalid, and/or the state may take further action such as prohibiting candidates from retaking the examination and/or denying a license.

Candidates will have an opportunity to take a tutorial on the computer on which the examination will be administered. The time spent on this tutorial will not reduce the examination time. The examination administrators will answer questions, but candidates should be aware that the administrators are not familiar with the content of the examinations or with the state's licensing requirements. Examination administrators have been instructed not to advise candidates on requirements for licensure.

Candidates may begin the examination once they are familiar with the computer. The examination begins the moment a candidate looks at the first examination question. Candidates will be given from 1 to 3 ½ hours depending on the exam type to complete the examination. The examination will end automatically after the examination time has expired, and candidates will receive an official score report.

AVAILABLE EXAMS AND TIME ALLOTTED

Exam Type	Exam Fee	Pretest Items	Exam Items	Time Allotted	Total Time Allotted
			General - 80	2.5 hrs	3.5 hrs
Broker Exam	\$70	10-15 pretest items	State - 40	1 hr	5.51115
			General - 80	2.5 hrs	3.5 hrs
Salesperson Exam	\$70	10-15 pretest items	State - 40	1 hr	5.51115
Reciprocal Salesperson Exam	\$50	5-10 pretest	40	1 hr	1 hr
Reciprocal Broker Exam	\$50	5-10 pretest	40	1 hr	1 hr

SCORE REPORTING

Once you have passed the required exam you must complete the application process with the Alabama Real Estate Commission. When candidates complete the examination, they will receive a score report marked "pass" or "fail." After completion of the exam, candidates will receive their official results.

Candidates who fail the examination will receive a score report that includes a numeric score and diagnostic information relating to the general section and the state section of the examination, as well as information about reexamination.

The Real Estate examination is a minimum competency examination. Therefore, if your score is a 70 or higher, you will be advised that you PASSED. Numerical scores are not provided to candidates who PASS.

REVIEW OF EXAMS

For security reasons, examination material is not available to candidates for review.

RETAKING THE EXAM

Reservations for reexamination may not be made at the test center.

Candidates get authorized for six months with unlimited attempts to pass the exams that they were authorized for, at any Pearson VUE test center and do not need to return to the Alabama Real Estate Commission for retake authorizations.

The salesperson and broker examination is divided into two parts: General and state law. Candidates will receive an overall score. If you fail the overall exam, you must retake the entire test.

If a candidate is unsuccessful in passing the exam within the first six-month authorization period, the candidate must retake the prelicensing course and be authorized again for the exam.

Once both parts of the exam are passed, the candidate may go back to the Alabama Real Estate Commission to complete the license application process.

SCORE EXPLANATION

Scaled Score

There are multiple versions of each of the licensing examinations. These versions are known as *forms*. Although all forms of an examination are developed based on the content outlines, the difficulty of the forms of an examination may vary slightly because different questions appear on each form. To ensure that no candidate is put at an unfair advantage or disadvantage due to the particular form of an examination that he or she is given, a statistical procedure known as *equating* is used to correct for differences in form difficulty.

The passing score of an examination was set by the Alabama Real Estate Commission (in conjunction with Pearson VUE) after a comprehensive study was completed for each examination. Raw scores are converted into scaled scores that can range from 0 to 100. To avoid misuse of score information, numeric scores are only reported to failing candidates. The scaled score that is reported to you is neither the number of questions you answered correctly nor the percentage of questions you answered correctly. With a passing score of 70 for salespersons and for brokers, any score below 70 indicates how close the candidate came to passing, rather than the actual number or percentage of questions the candidates answered correctly.

DUPLICATE SCORE REPORTS

To obtain a copy of your score report, log into your Pearson VUE account. If testing before January 3, 2023 contact the Alabama Real Estate Commission for exam information.

TEST CENTER POLICIES

The following policies are observed at each test center. Candidates who violate any of these policies will not be permitted to finish the examination and will be dismissed from the test center, forfeiting the examination fee.

- **No personal items are allowed in the testing room.** Personal items include but are not limited to: cellular phones, hand-held computers or other electronic devices, pagers, watches, wallets, purses, firearms or other weapons, hats, bags, coats, books, notes, or pens or pencils.
- Personal calculators are NOT permitted, but an online calculator is available as part of the exam.
- Candidates must store all personal items in a secure area as indicated by the administrator, or return items
 to their vehicle. All electronic devices must be turned off before storing them in a locker. The test center is
 not responsible for lost, stolen or misplaced personal items.
- Studying is not allowed in the test center. Visitors, children, family or friends are not allowed in the test center.
- Dictionaries, books, papers (including scratch paper), and reference materials are not permitted in the
 examination room (unless permitted by the exam sponsor), and candidates are strongly urged not to
 bring such materials to the test center. Upon entering and being seated in the testing room, the test
 administrator will provide the candidate with materials to make notes or calculations and any other items
 specified by the exam sponsor. The candidate may not write on these items before the exam begins
 or remove these items from the testing room.
- Eating, drinking, chewing gum, smoking, and/or making noise that creates a disturbance for other candidates is prohibited during the exam.
- Break policies are established by the exam sponsor. Most sponsors allow unscheduled breaks. To request an unscheduled break, the candidate **must** raise their hand to get the administrator's attention. **The exam clock will not stop while the candidate is taking a break**.
- Candidates must leave the testing room for all breaks. However, candidates are not permitted to leave
 the floor or building for any reason during this time, unless specified by the administrator and the
 exam sponsor. If a candidate is discovered to have left the floor or building they will not be permitted to
 proceed with the examination and may forfeit the exam fees.

- While taking a break, candidates are permitted to access personal items that are being stored during the
 exam only if necessary— for example, personal medication that must be taken at a specific time. However,
 a candidate must receive permission from the administrator prior to accessing personal items that
 have been stored. Candidates are not allowed access to other items, including but not limited to, cellular
 phones, exam notes, and study guides, unless the exam sponsor specifically permits this.
- Any candidate discovered causing a disturbance of any kind or engaging in any kind of misconduct—
 giving or receiving help; using notes, books, or other aids; taking part in an act of impersonation; or
 removing examination materials or notes from the examination room—will be summarily dismissed
 from the examination and will be reported to the state licensing agency. Decisions regarding disciplinary
 measures are the responsibility of the state licensing agency.

QUESTIONS OR COMMENTS ABOUT THE EXAM

For security reasons, examination material is not available to candidates for review. Candidates who have questions, comments, or concerns related to the exams, scoring or score reports, or who wish to verify any data held in Pearson VUE files, should direct written inquiries to Pearson VUE at the address provided on the inside front cover of this handbook. Candidates may also email their questions directly to Pearson VUE Customer Service at pearsonvuecustomerservice@pearson.com.

In all correspondence, candidates should provide their name and address information. If questions or comments concern an examination already taken, candidates should also include:

- the name of the examination
- the date the examination was taken
- · the location of the test center

PREPARING FOR THE EXAM

PRETEST QUESTIONS

The examinations will contain "pretest" questions. Pretest questions are questions on which statistical information is being collected for use in constructing future examinations. Responses to pretest questions do not affect a candidate's score. Pretest questions are mixed in with the scored questions and are not identified.

The number of pretest questions are listed in the content outline heading of each examination.

SALESPERSON/BROKER EXAM CONTENT

The content of the general section of the examination is based upon information obtained from a job analysis performed by Pearson VUE. Responses from real estate professionals were analyzed to determine the nature and scope of tasks they perform, and the knowledge and skills needed to perform them. This information is the basis upon which examination questions are written and ensures that the examination reflects the actual practice of real estate. Questions on the general section are also reviewed and approved by nationally recognized real estate professionals.

The state law section of the examination has been developed to reflect the laws, regulations, and practice of real estate in Alabama, and has been reviewed and approved by real estate professionals in Alabama.

MATH CALCULATIONS

The information below is NOT available at the test center and should be memorized.

Candidates may use the following information in making mathematical calculations on the general section of the real estate examinations unless otherwise stated in the text of the question:

- 43,560 square feet/acre
- 5,280 feet/mile
- Round off calculations (where applicable)

The information below, if needed, will be contained within the test itself:

If a question requires the calculation of prorated amounts, the question will specify: a) whether the calculation should be made on the basis of 360 or 365 days a year; and b) whether the day of closing belongs to the buyer or seller.



REAL ESTATE

National/General Content Outlines

Content Outline for Salespersons and Brokers Examinations: Effective June 2020

Content Outline for Salespersons Examinations: Effective January 2025 or later

Content Outline for Brokers Examinations: Effective January 2025 or later

ALABAMA

Real Estate State Content Outlines

Content Outline for Alabama Laws, Rules, and Regulations Examinations

National Exam Content Outline for Salespersons and Brokers

Effective: June 01, 2020

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 9; BROKER 9)

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 (CC&Rs), HOAs
 - b. Easements
 - c. Licenses and encroachments

II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (SALES 8; BROKER 8)

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 (periodic estate)
 - b. Estate at will and estate at sufferance
 - 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 11; BROKER 10)

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
 - 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 17)

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
- 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 14; BROKER 13)

A. Responsibilities of broker

- 1. Practicing within scope of expertise
- 2. Unauthorized practice of law

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; including Privacy and Do Not Contact
- 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 8; BROKER 8)

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 plains, flood zones, 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 (including Phase I and II studies) and impact statements
 - d. Wetlands protection

B. Disclosure obligations and liability

VII. FINANCING AND SETTLEMENT (SALES 7; BROKER 7)

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)
- 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 7; BROKER 8)

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. Commission/compensation

D. Loan financing costs

- 1. Interest
- 2. Loan to Value (LTV)
- 3. Fees
- 4. Amortization, discount points, and prepayment penalties

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

Real Estate General/National Resources

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National/General Exam Content Outline for Salespersons

Effective: January 2025 or later. Please check back here for implementation dates.

The national/general portion of the real estate exam is made up of eighty (80) scored items, which are distributed as noted in the following content outline. Each section contains an overall item count and subtotals from each subsection. For example, if a major topic area has three (3) subtopics and ten (10) items, the subtopics will contain the number of items necessary to bring the total to ten (10) items.

In addition to building our real estate national/general exams to content specifications, Pearson VUE also builds our general exams to cognitive level specifications. These cognitive level specifications confirm that candidates have a comprehensive understanding of real estate general knowledge and federal regulation topics. They measure whether candidates have the knowledge, but more importantly, the skills and abilities to protect the public from day one as a real estate licensee. Every test item is classified into one of three categories: knowledge, application, or analysis. A knowledge item requires candidates to recall specific facts or definitions. An application item requires candidates to use their knowledge and apply it to a situation. An analysis item requires candidates to use their knowledge and examine a fact pattern in order to draw a conclusion or make a decision. Cognitive level breakdowns are included after the item count for major topic areas. For example, if a major topic area has ten (10) items, the cognitive level item counts will total to ten (10) items.

The national/general 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 11; 6 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)
 - A. Real property vs. personal property (3 items)
 - 1. Fixtures, trade fixtures, emblements
 - 2. Attachment, severance, and bill of sale
 - B. Characteristics of real property (2 items)
 - 1. Economic characteristics
 - a. Scarcity
 - b. Modification / Improvement
 - c. Permanence of Investment / Fixity
 - d. Area Preference / Situs
 - 2. Physical characteristics
 - a. Immobility
 - b. Indestructibility
 - c. Non-homogeneity / Uniqueness
 - C. Legal descriptions (2 items)
 - 1. Methods used to describe real property
 - 2. Survey
 - D. Public and private land use controls encumbrances (2 items)
 - 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 (CC&Rs), HOAs
 - b. Easements
 - c. Licenses and encroachments
- II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (SALES 9; 5 KNOWLEDGE, 2 APPLICATION, 2 ANALYSIS)
 - A. Ownership, estates, rights, and interests (5 items)
 - 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 (periodic estate)
 - b. Estate at will and estate at sufferance
 - c. Gross, net, percentage leases, etc.
 - 4. Liens and lien priority
 - 5. Air, surface and sub-surface rights

B. Deed, title, transfer of title, and recording of title (4 items)

- 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 11; 6 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)

A. Concept of value (4 items)

- 1. Market value vs. market price
- 2. Characteristics of value
- 3. Principles of value

B. Appraisal process (2 items)

- 1. Purpose and steps to an appraisal
- 2. Federal oversight of the appraisal process

C. Methods of estimating value and Broker Price Opinions (BPO) (5 items)

- 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; 7 KNOWLEDGE, 6 APPLICATION, 3 ANALYSIS)

A. Types of contracts (1 item)

- 1. Express vs. implied
- 2. Unilateral vs. bilateral

B. Required elements of a valid contract (3 items)

- 1. Voluntary
- 2. Agreement / Promise
- 3. Legally competent parties
- 4. Lawful consideration
- 5. Legal act / Purpose

C. Contract performance (3 items)

- 1. Executed vs. executory
- 2. Valid vs. void
- 3. Voidable vs. unenforceable
- 4. Breach of contract, rescission, and termination
- 5. Liquidated, punitive, or compensatory damages

- 6. Statute of Frauds
- 7. Electronic contracts and digital signatures
- 8. Time is of the essence

D. Sales contract (2 items)

- 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 (2 items)

- F. Creation and termination of agency (2 items)
- G. Licensee obligations to parties of a transaction (3 items)

V. REAL ESTATE PRACTICE (SALES 10; 5 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)

A. Responsibilities of broker (2 items)

- 1. Practicing within scope of expertise
- 2. Unauthorized practice of law

B. Brokerage agreements between the broker and principal (seller, buyer, landlord, or tenant) (3 items)

- 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 (3 items)

- 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 (2 items)

- 1. Supervision
- 2. Compliance with federal regulations; including Privacy and Do Not Contact
- 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 9; 5 KNOWLEDGE, 3 APPLICATION, 1 ANALYSIS)

A. Property conditions and environmental issues (5 items)

- 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 plains, flood zones, 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 (including Phase I and II studies) and impact statements
 - d. Wetlands protection

B. Environmental and property disclosure obligations and liability (4 items)

VII. FINANCING AND SETTLEMENT (SALES 7; 4 KNOWLEDGE, 2 APPLICATION, 1 ANALYSIS)

A. Financing concepts and components (2 items)

- 1. Methods of financing
 - a. Mortgage financing conventional and non-conventional 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 item)

- 1. FHA requirements
- 2. VA requirements
- 3. USDA Loan requirements and rural development financing
- 4. Conventional requirements
- 5. Buyer qualification and Loan to Value (LTV)
- 6. Hazard and flood insurance
- 7. Private mortgage insurance (PMI) and mortgage insurance premium (MIP)

C. Federal Financing Regulations and Regulatory Bodies (2 items)

- 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)
- 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 (2 items)

VIII. REAL ESTATE MATH CALCULATIONS (SALES 7; 4 APPLICATION, 3 ANALYSIS)

A. Property area calculations (1 item)

- 1. Square footage
- 2. Acreage total

B. Property valuation (1 item)

- 1. Comparative Market Analysis (CMA)
- 2. Net Operating Income (NOI)
- 3. Capitalization rate
- 4. Equity in property
- 5. Establishing a listing price
- 6. Assessed value and property taxes

C. Commission/compensation (1 item)

D. Loan financing costs (1 item)

- 1. Interest
- 2. Loan to Value (LTV)
- 3. Fees
- 4. Amortization, discount points, and prepayment penalties

E. Settlement and closing costs (1 item)

- 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 item)

- 1. Return on investment
- 2. Appreciation
- 3. Depreciation
- 4. Tax implications on investment

G. Property management calculations (1 item)

- 1. Property management and budget calculations
- 2. Tenancy and rental calculations

Notes on Math Calculations

The following information is **NOT** available at the test center and **SHOULD** be memorized:

- 43,560 square feet/acre
- 5,280 feet/mile

If a question requires the calculation of prorated amounts, the question will specify:

- whether the calculation should be made on the basis of 360 or 365 days a year; and/or
- whether the day of closing belongs to the buyer or the seller for purposes of prorations

Where applicable, round off calculations using standard rounding rules.

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Real Estate General/National Resources

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National/General Exam Content Outline for Brokers

Effective: January 2025 or later. Please check back here for implementation dates.

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In addition to building our real estate national/general exams to content specifications, Pearson VUE also builds our general exams to cognitive level specifications. These cognitive level specifications confirm that candidates have a comprehensive understanding of real estate general knowledge and federal regulation topics. They measure whether candidates have the knowledge, but more importantly, the skills and abilities to protect the public from day one as a real estate licensee. Every test item is classified into one of three categories: knowledge, application, or analysis. A **knowledge** item requires candidates to recall specific facts or definitions. An **application** item requires candidates to use their knowledge and apply it to a situation. An **analysis** item requires candidates to use their knowledge and examine a fact pattern in order to draw a conclusion or make a decision. Cognitive level breakdowns are included after the item count for major topic areas. For example, if a major topic area has ten (10) items, the cognitive level item counts will total to ten (10) items.

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- I. REAL PROPERTY CHARACTERISTICS, LEGAL DESCRIPTIONS, AND PROPERTY USE (BROKER 10; 2 KNOWLEDGE, 5 APPLICATION, 3 ANALYSIS)
 - A. Real property vs. personal property (3 Items)
 - 1. Fixtures, trade fixtures, emblements
 - 2. Attachment, severance, and bill of sale
 - B. Characteristics of real property (2 Items)
 - 1. Economic characteristics
 - a. Scarcity
 - b. Modification / Improvement
 - c. Permanence of Investment / Fixity
 - d. Area Preference / Situs
 - 2. Physical characteristics
 - a. Immobility
 - b. Indestructibility
 - c. Non-homogeneity / Uniqueness
 - C. Legal descriptions (2 Items)
 - 1. Methods used to describe real property
 - 2. Survey
 - D. Public and private land use controls encumbrances (3 Items)
 - 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 (CC&Rs), HOAs
 - b. Easements
 - c. Licenses and encroachments
- II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (BROKER 8; 2 KNOWLEDGE, 3 APPLICATION, 3 ANALYSIS)
 - A. Ownership, estates, rights, and interests (4 Items)
 - 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 (periodic estate)
 - b. Estate at will and estate at sufferance
 - c. Gross, net, percentage leases, and etc.
 - 4. Liens and lien priority
 - 5. Air surface and sub-surface rights

B. Deed, title, transfer of title, and recording of title (4 Items)

- 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 (BROKER 10; 2 KNOWLEDGE, 4 APPLICATION, 4 ANALYSIS)

A. Concept of value (3 Items)

- 1. Market value vs. market price
- 2. Characteristics of value
- 3. Principles of value

B. Appraisal process (3 Items)

- 1. Purpose and steps to an appraisal
- 2. Federal oversight of the appraisal process

C. Methods of estimating value and Broker Price Opinions (BPO) (4 Items)

- 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 (BROKER 15; 3 KNOWLEDGE, 6 APPLICATION, 6 ANALYSIS)

A. Types of contracts (2 Items)

- 1. Express vs. implied
- 2. Unilateral vs. bilateral

B. Required elements of a valid contract (3 Items)

- 1. Voluntary
- 2. Agreement / Promise
- 3. Legally competent parties
- 4. Lawful consideration
- 5. Legal act / Purpose

C. Contract performance (2 Items)

- 1. Executed vs. executory
- 2. Valid vs. void
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- 4. Breach of contract, rescission, and termination
- 5. Liquidated, punitive, or compensatory damages

- 6. Electronic contracts and digital signatures
- 7. Statute of Frauds
- 8. Time is of the essence

D. Sales contract (2 Items)

- 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 (2 Items)

- F. Creation and termination of agency (2 Items)
- G. Licensee obligations to parties of a transaction (2 Items)

V. REAL ESTATE PRACTICE (BROKER 12; 5 KNOWLEDGE, 5 APPLICATION, 2 ANALYSIS)

A. Responsibilities of broker (3 Items)

- 1. Practicing within scope of expertise
- 2. Unauthorized practice of law

B. Brokerage agreements between the broker and principal (seller, buyer, landlord, or tenant) (3 Items)

- Seller representation Types of listing agreements
 - a. Exclusive right-to-sell and exclusive agency listing
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 - c. Net listing (conflict of interest)
 - d. Multiple listing service (MLS)
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- 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 (3 Items)

- 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 (3 Items)

- 1. Supervision
- 2. Compliance with federal regulations; including Privacy and Do Not Contact
- 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 (BROKER 9; 4 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)

A. Property conditions and environmental issues (5 Items)

- 1. Hazardous substances
 - a. Lead-based paint
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 - e. Flood plains, flood zones, 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 (including Phase I and II studies) and impact statements
 - d. Wetlands protection

B. Environmental and property disclosure obligations and liability (4 Items)

VII. FINANCING AND SETTLEMENT (BROKER 8; 3 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)

A. Financing concepts and components (2 Items)

- 1. Methods of financing
 - a. Mortgage financing conventional and non-conventional 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)
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B. Lender Requirements (2 Items)

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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 (2 Items)

VIII. REAL ESTATE MATH CALCULATIONS (BROKER 8; 3 APPLICATION, 5 ANALYSIS)

A. Property area calculations (1 Item)

- 1. Square footage
- 2. Acreage total

B. Property valuation (2 Items)

- 1. Comparative Market Analysis (CMA)
- 2. Net Operating Income (NOI)
- 3. Capitalization rate
- 4. Gross rent multiplier
- 5. Gross income multiplier
- 6. Equity in property
- 7. Establishing a listing price
- 8. Assessed value and property taxes

C. Commission/compensation (1 Item)

D. Loan financing costs (1 Item)

- 1. Interest
- 2. Loan to Value (LTV)
- 3. Fees
- 4. Amortization, discount points, and prepayment penalties

E. Settlement and closing costs (1 item)

- 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 Item)

- 1. Return on investment
- 2. Appreciation
- 3. Depreciation
- 4. Tax implications on investment

G. Property management calculations (1 Item)

- 1. Property management and budget calculations
- 2. Tenancy and rental calculations

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- whether the day of closing belongs to the buyer or seller for the purposes of prorations.

Where applicable, round off calculations using standard rounding rules.

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Alabama Salesperson Prelicense State Content Outline for Salespersons and Brokers

Effective: January 1, 2023

The state-specific examination is made up of forty (40) scored items for salespersons and broker candidates. The 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.

Topic	Number of Questions: Salespersons	Number of Questions: Brokers
I. PURPOSE OF LICENSE LAW/RULES AND REGULATION AND ROLE OF COMMISSION	1	0
II. LICENSING REQUIREMENTS	7	6
A. Acitvities which require a license		
B. Cobrokering		
C. Qualifications for a license		
D. Renewal of a license		
E. Continuing education		
F. Post-license education		
G. Temporary and original Salesperson licenses		
III. LICENSE STATUS	2	2
A. Transferring a license		
B. Inactive status		
C. Reactivation of a license		
IV. BROKER LICENSES, COMPANY LICENSES, AND PLACE OF BUSINESS	5	6
A. Issuance of company and branch office licenses		
B. Issurance of broker licenses		
C. Who may serve as qualifying broker		
D. Responsibilities of qualitying broker		
E. Termination of qualifying broker status		
F. Serving as qualifying broker for more than one company	1	
G. Temporary qualifying broker		
H. Associate broker status		
I. Operating from home		
V. RECOVERY FUND	2	1
A. Payment into fund		
B. Payment from fund		

	Number of Questions:	Number of Questions:
Topic	Salespersons	Brokers
VI. DISCIPLINARY ACTIONS AND PROCESS	2	3
A. Complaints		
B. Hearings		
C. Disciplinary actions		
D. Rehearing		
E. Appeals		
VII. ESTIMATED CLOSING STATEMENT	1	2
VIII. TRUST FUNDS	2	3
IX. RECAD	3	5
X. VIOLATIONS WHICH MAY RESULT IN DISCIPLINARY ACTIONS	15	12
A. Misrepresentation and dishonest dealings		
B. Inducing a party to break a contract		
C. Advertising		
D. Listing agreements		
E. Failure to give proper disclosure		
F. Keeping appropriate records		
G. Rebates		
 H. Paying or receiving commissions from unlicensed persons 		
I. Bad checks		
J. Failure to inform Commission of suit/judgment/ other disposition		
K. Lotteries		
L. Handling of documents		
M. Violation of rule or order of Commission		

N. Offers

Test Center Locations and Schedules		
Location	City	
US Military NTC Troy University-Ft Rucker DoD Only	Fort Rucker	
Pearson Professional Centers-Birmingham (Hwy 31) AL	Birmingham	
Pearson Professional Centers-Birmingham (Hwy280) AL	Birmingham	
Pearson Professional Centers-Decatur AL	Decatur	
Pearson Professional Centers-Dothan AL	Dothan	
Pearson Professional Centers-Mobile AL	Mobile	
Pearson Professional Centers-Montgomery AL	Montgomery	
Athens State University	Athens	
Lawson State Community College	Birmingham	
Kelsey's Place	Clanton	
Troy University Dothan Campus	Dothan	
Wallace Community College Dothan Campus	Dothan	
Enterprise State Community College	Enterprise	
Gadsden State Community College - Gadsden	Gadsden	
Wallace State Community College - Hanceville	Hanceville	
J. F. Drake State Technical College	Huntsville	
The University of Alabama in Huntsville	Huntsville	
Calhoun Community College - Huntsville	Huntsville	
The Exam Center A+	Millbrook	
Fortis College	Mobile	
H. Councill Trenholm State Community College	Montgomery	
Northwest-Shoals Community College	Muscle Shoals	
Southern Union State CC - Opelika Campus	Opelika	
Chattahoochee Valley Community College	Phenix City	
Northeast Alabama Community College	Rainsville	
Calhoun Community College - Decatur	Tanner	
Shelton State Community College	Tuscaloosa	
Auburn University	Auburn	
University of Alabama	Tuscaloosa	

Testing occurs between Monday - Saturday. Locations and schedules are subject to change.

There is also a national network of test centers available to take the Alabama Real Estate exams.

Ask about a location when you schedule your exam.

PEARSON VUE HOLIDAY SCHEDULE

Testing may be unavailable on U.S. federal holidays and, in some cases, holiday weekends.