

“PREPARING TO USE YOUR REAL ESTATE LICENSE”

AREC’S POST LICENSE COURSE

INTRODUCTION AND OVERVIEW

GOALS: *The goal of this course is to enable the participants to perform the operations involved in the practice of real estate in a professional manner in accordance with license law and in a manner that protects the consumer.*

OBJECTIVES

Participants will be able to:

- *Identify the steps involved in working with a buyer.*
- *Explain important issues to a buyer including RECAD, fair housing, antitrust, inspections, disclosures, and financing.*
- *Apply good communication skills in the practice of real estate.*
- *Educate the buyer during the initial meeting.*
- *Show property in a professional and courteous manner.*
- *Write a clear, unambiguous purchase agreement and create an estimated closing cost sheet for a buyer and seller.*
- *Identify the steps involved in working with a seller.*
- *Explain important issues to a seller including RECAD, fair housing, antitrust, and laws regarding property disclosures.*
- *Prepare a CMA, a listing presentation, and a marketing plan.*
- *Apply good negotiating skills when presenting offers to a client and demonstrate the proper way to present offers and counteroffers.*
- *Identify the steps involved in the completion/closing of a contract.*
- *Recognize areas of liabilities and develop strategies to avoid them.*
- *Identify how license law applies to the daily practice of real estate.*
- *Write a business plan, evaluate prospecting methods and the importance of good follow up, identify ways to manage time and money, and create a database.*

I. Registration

II. **Classroom policies** (No talking on cell phones, 90% attendance required, breaks, must have a license number to begin Post License, etc.) [Rule 790-X-1-.14; 790-X-1-.06; 790-X-2-.03]

III. **Instructions on applying for an original license** [§34-27-33(c)(2); Rule 790-X-2-.03]

MODULE 1

WORKING WITH BUYERS (Suggested Time: 4 Hours)

GOAL: *The goal of this section is to enable the participants to identify the steps in working with a buyer to find property that meets the buyer's needs.*

OBJECTIVES: *Participants will be able to:*

- *Explain caveat emptor to the buyer.*
- *Explain the different types of agency and the appropriate time and way to disclose RECAD.*
- *Apply good communication skills while working with a buyer.*
- *Explain to a buyer the various steps and procedures involved in buying a home.*
- *Apply fair housing and antitrust laws when working with a buyer.*
- *Explain property disclosures, inspections, and financing to a buyer.*
- *Show property in a professional and courteous manner.*

I. Initial meeting with the buyer

- A. RECAD [[§34-27-80 through §34-27-88](#); [Rule 790-X-3-.13](#)]
 - 1. Review of the concept of agency
 - 2. Discussion of transaction brokerage/buyer customer
 - 3. Discussion of buyer agency/buyer client
 - 4. Caveat emptor
 - 5. Real Estate Brokerage Services Disclosure Form [[§34-27-82](#); [Rule 790-X-3-.13](#)]
 - 6. Buyer Agency Agreement
 - 7. Limited Consensual Dual Agency Agreement
- B. Communication Skills
 - 1. Good questioning & listening skills
 - 2. Questioning the buyer regarding his/her wants and needs
- C. Buyer presentation – Educating the buyer
 - 1. The home buying process
 - 2. Caveat emptor
 - 3. Financing [[§34-27-36 \(21\)](#)]
 - a. The mortgage process [[Regulation Z](#)]
 - b. Conventional, FHA, VA
 - c. Other types of financing
 - d. Pre-approval vs. pre-qualification
 - 4. Necessity of professional inspections (*For identification purposes only, not to educate students to be experts in these fields*)
 - a. Lead-based paint [[Federal Law: 42 U.S.C. 4852 d](#)]
 - b. Home (General)
 - c. HVAC
 - d. EIFS
 - e. Chinese Drywall
 - f. Difference between Wood Infestation Report and Termite Contract
 - g. Well

- h. Septic
- i. Mold
- j. Radon
- k. Meth labs
- l. Etc.
- 5. Seller property disclosures
- 6. Home warranties
- 7. Surveys (existing vs. new)
- 8. Title insurance
- 9. The walk-through
- 10. The closing process
- D. Fair Housing & ADA (Americans with Disabilities Act)
 - 1. It is not the intent, it is the effect
 - 2. Steering
 - 3. ADA
 - 4. Testing
- E. Showing property
 - 1. Understanding that the first “showing” takes place on the internet
 - 2. Professional courtesies of setting appointments to show
 - 3. Taking care of the seller’s property
 - 4. Managing the showing schedule
 - a. Scheduling the showings
 - b. Notification of changes/delays in showings
 - 5. Tips on showing property
 - 6. Antitrust
 - a. Boycotting
 - b. Brokerage commissions and co-op splits
 - 7. FSBOs
 - a. RECAD
 - b. Negotiating your commission

MODULE 2

WRITING A PURCHASE AGREEMENT (Suggested Time: 4 Hours)

GOAL: *The goal of this section is to enable the participants to write a purchase agreement and create an estimated closing cost sheet.*

OBJECTIVES: *Participants will be able to:*

- *Write a clear, unambiguous offer to purchase.*
- *Decide on using paper or electronic forms and signatures.*
- *Calculate a buyer's estimated closing costs.*
- *Explain proper practices with lenders.*

II. Writing the Purchase Agreement

- A. Preparing to write the purchase agreement
 1. Contact listing agent.
 - a. Ask if the property is still available.
 - b. Ask for any disclosure forms, lead-based paint or other property related documents the listing broker has on the property to be faxed or emailed.
 - c. Ask if there is a current termite contract on the property and, if so, get the details.
 2. Contact qualifying broker if assistance is needed.
 3. Print current MLS sheet and tax records.
 4. Have buyer contact lender, if necessary, to clarify loan information.
 5. Gather all necessary forms to write a purchase agreement.
- B. Identify comparables or prepare a CMA (Competitive Market Analysis) for the buyer. (Agency discussion appropriate here.)
- C. Writing the purchase agreement (agency discussion appropriate here) [§§34-27-8(c), 34-27-36(10)]
 1. Discuss how to write a clear and unambiguous offer.
 2. Earnest money [§34-27-36 (8); Rule 790-X-3-.03]
 - a. Listed property
 - b. Unlisted property (i.e. FSBOs)
 3. Addenda and exhibits
 4. Seller's and/or buyer's disclosures
 5. Contingencies
 - a. Types of contingencies
 - b. Observing/removing contingencies
- D. Electronic forms and signatures
 1. Consult with your broker
 2. Understanding the best method to use to communicate with the consumer
- E. Buyer's estimated closing costs [§34-27-36(22); Rule 790-X-3-.04]
 1. Preparing an estimated closing cost sheet (Discussion of customary and reasonable charges)
 2. Lender's approval letter
 - a. Pre-qualified

- b. Pre-approved
 - 3. Do's and Don'ts related to lenders
 - a. Good Faith Estimates
 - b. Agreements outside of closing
 - 4. Predatory Lending Practices
 - a. What are they?
 - b. How to identify predatory practices
- F. REOs/foreclosures – seek broker's advice
 - 1. Unique requirements per REO entity
 - 2. Paper offers or electronic offer submissions
- G. Short sales – seek broker's advice
 - 1. Time frame
 - 2. Seller's mortgage holder(s) approval
 - 3. Closing pitfalls

MODULE 3

NEGOTIATING OFFERS (Suggested Time: 2 Hours)

GOAL: *The goal of this section is to enable the participants to develop good negotiating skills, know when they are allowed to use these skills, and know how to present offers and counteroffers.*

OBJECTIVES: *Participants will be able to:*

- *Use good negotiating skills.*
- *Present offers and counteroffers.*
- *Calculating seller's estimate of closing costs.*
- *Demonstrate how to handle multiple offers.*
- *Demonstrate how to handle backup offers.*
- *Recognize the necessity of an agency relationship in order to negotiate.*

I. **Negotiating skills** (agency discussion appropriate here)

- A. Basic steps of good negotiations
- B. Reading people
- C. The art of listening
- D. Silence is golden

II. **Presenting offers & counteroffers**

- A. Face-to-Face vs. Electronically
 1. Value of Face-to-Face negotiations
 2. Using electronic forms and signatures
 3. Using scanners, email, Skype, Facetime, etc.
- B. To a seller [[§34-27-36\(a\)\(10\)](#); [Rule 790-X-3-.03](#); [Rule 790-X-3-.04](#); [Rule 790-X-3-.08](#)]
 1. Explain contents of the offer
 2. Explain the consequences of changing the offer or countering
 3. Create an estimated closing costs sheet
- C. Seller's estimated closing costs [[§34-27-36\(22\)](#); [Rule 790-X-3-.04](#)]
 1. Preparing an estimated closing cost sheet.
 2. Review of Antitrust regarding charges.
- D. FSBOs & other business models
- E. Counteroffers to a buyer
 1. Explain contents of the offer.
 2. Explain the consequences of changing the offer or countering.
 3. Create an estimated closing costs sheet.
- F. Multiple offers
- G. Backup offers
- H. Agency considerations

MODULE 4

FROM CONTRACT TO CLOSING (Suggested Time: 2 Hours)

GOALS: *The goal of this section is to enable the participants to identify the tasks that must be performed to properly complete/close the transaction.*

OBJECTIVES: *Participants will be able to:*

- *Assist/advise a buyer and/or seller in the various steps needed to properly complete/close the transaction.*
- *Apply good communications with a customer or client during this phase of the transaction.*

I. Buyer considerations (customs and practices vary)

- A. Observe time conditions/limitations in the contract
- B. Mortgage application
- C. Appraisal
- D. Home inspections
- E. Homeowner's insurance
- F. Survey
- G. Alabama Wood Infestation Report & contracts
- H. Title insurance
- I. Home warranties
- J. Walk through
- K. Funds to bring to closing (amount and type)

II. Seller considerations (customs and practices vary)

- A. Observe time conditions/limitations in the contract
- B. Mortgage payoff
- C. Title insurance
- D. Repairs
- E. Things to be left in the home
- F. Possessions and change of keys
- G. Cancel utilities and insurance

III. Good communications make for a smooth closing

- A. Schedule the closing
- B. Using emails, scanning
- C. Retention of documents
- D. Communications between agents
- E. Coordinate with the lender, title company, surveyor, termite company, attorney, etc.

IV. Closing

V. Follow Up

MODULE 5

WORKING WITH SELLERS TO MARKET THEIR PROPERTY (Suggested Time: 4 Hours)

GOAL: *The goal of this section is to enable the participants to identify the steps in working with a seller to price and market their property, present offers, write counteroffers, and create an estimated closing cost sheet.*

OBJECTIVES: *Participants will be able to:*

- *Prepare for a listing appointment, including doing a CMA and creating a marketing plan.*
- *Give a listing presentation and discuss property disclosures.*
- *Apply the fair housing and antitrust laws when working with a seller.*
- *Explain the laws regarding property disclosures.*

I. RECAD [§§34-27-80 through 34-27-88; Rule 790-X-3-.13]

- A. Discussion of transaction brokerage/seller customer
- B. Discussion of agency agreement/seller client
- C. Real Estate Brokerage Services Disclosure Form [§34-27-82; Rule 790-X-3-.13]
- D. Review of Seller Agency Agreement
- E. Review of Limited Consensual Dual Agency Agreement

II. Preparing to take a listing [§34-27-36(a)(20),(25)]

- A. What to ask the seller prior to the listing appointment
 1. Reason for selling
 2. Information about the property
 3. Documents the seller needs to gather prior to appointment
- B. Gathering preliminary information
 1. Tax records
 2. MLS solds/current/expireds
 3. Probate records
 4. Drive through the neighborhood
- C. Pre-listing meeting with seller or pre-listing packets

III. Listing presentation and marketing plan [§34-27-36(a) (9-12),(14)]

- A. RECAD
 1. Real Estate Brokerage Services Disclosure form
 2. Transaction broker
 3. Single agency
 4. Subagency
 5. Limited Consensual Dual Agency
- B. Presenting your marketing plan and follow up plan
- C. What things will remain or convey with the property

- D. Fair Housing
 - 1. Blockbusting
 - 2. Advertising
 - 3. Not discussing the race, color, national origin, religion, sex, handicap, or familial status of a buyer
- E. Antitrust and price fixing
- F. Laws regarding disclosure of property condition
 - 1. Seller's disclosure [[§34-27-36\(a\)\(3\)](#)] and caveat emptor
 - 2. Lead-based paint [[Federal Law: 42 U.S.C. 4852 d](#)]

MODULE 6

WORKING WITH SELLERS TO CORRECTLY PRICE THEIR PROPERTY

(Suggested Time - 4 Hours)

GOAL: *The goal of this section is to enable the participants to identify the steps in working with a seller to understand the current market and to assist them in correctly pricing their property.*

OBJECTIVES: *Participants will be able to:*

- *Explain to the seller the current market conditions in the seller's specific market and the larger market that affects their property.*
- *Demonstrate to the seller the impact that the market conditions have on pricing their property to result in a successful sale.*
- *Create a CMA and/or other analysis to assist the seller in establishing a correct price.*
- *Explain the CMA and/or other analysis to the seller.*

CMA and pricing property

- A. Analyzing the market
 - 1. From an overall point of view
 - 2. From a local/specific point of view
- B. Dangers of overpricing
- C. Benefits of proper pricing
- D. Preparing a CMA and other pricing analysis
- E. Explaining CMA and/or other pricing analysis to the seller

MODULE 7

AVOIDING LIABILITIES *(Suggested Time: 3 Hours)*

GOALS: *The goal of this section is to enable the participants to recognize areas of liabilities that exist in the practice of real estate and how to avoid them.*

OBJECTIVES: *Participants will be able to:*

- *Explain agency and the responsibilities associated with agency.*
- *Identify the importance of disclosures and how and when to use them.*
- *Apply Alabama License Law and other laws to the daily practice of real estate.*

I. Caveat emptor

II. Seller's disclosures

III. Do Not Call laws

IV. CAN-SPAM Act

V. Agency

VI. Risk Management 101 on AREC Web site [www.arec.alabama.gov]

(Click on "Professionals" at the top of the homepage and then select "Briefly Legal".)

VII. Risk when you buy and sell property owned by yourself

VIII. CE requirements [[§34-27-33 \(c\)\(4\)](#); [§34-27-35 \(j\)\(1\)](#); [Rule 790-X-1-.11](#); [Rule 790-X-1-.18](#)]

- A. *Completion of the post license course satisfies the CE requirements for the licensee's first renewal.*
- B. *15 hours of CE are needed for renewal of licenses in subsequent years.*

IX. E&O insurance

X. Red flags

XI. Paper trails

XII. Change of name or address [[Rule 790-X-3-.01](#)]

MODULE 8

SESSIONS OF INSTRUCTOR'S CHOICE *(Suggested Time: 3 Hours)*

The instructor may use these hours to cover any of the topics listed below or may use them as additional time to cover the goals and objectives in any other module of this outline.

- I. New construction and writing building contracts**
- II. Investment property**
- III. Commercial transactions**
- IV. Technology in real estate**
- V. Additional financing**
- VI. Farm & land**
- VII. Condos**
- VIII. Property management**
- IX. Resort properties**
- X. Foreclosures**
- XI. Short Sales**

MODULE 9

BUSINESS PLAN AND PROSPECTING *(Suggested Time: 3 Hours)*

GOAL: *The goal of this section is to enable the participants to create an effective business plan and recognize the importance of using this plan to prospect.*

OBJECTIVES: *Participants will be able to:*

- *Create a database.*
- *Identify ways to prospect.*
- *Plan when and how to prospect.*
- *Manage time and money effectively.*
- *Develop a business plan.*

I. Creating a database

- A. Purpose of a business database
 - 1. More than mailing
 - 2. Referred to on a daily/weekly basis
- B. Building of a referral based business
- C. Ways to segment database to maximize opportunities for contact
- D. What medium or software to use
- E. What information should be included
- F. Using your database

II. Prospecting

- A. Sphere of influence
- B. Social media
- C. Geographical farming
- D. Floor duty
- E. Open houses
- F. Niche market
- G. Foreclosures
- H. Cold calls
 - 1. Do Not Call Registry
 - 2. FSBOs
 - 3. Expired listings
 - 4. CAN-Spam

III. Follow Up

- A. Database updating, expansion, and deletion
- B. Ways to follow up
- C. Personal contact
- D. Handwritten notes

IV. Time Management

- A. Balancing work and personal life
- B. Determining where to spend your time
 - 1. Business building
 - 2. All other tasks

V. Budgeting your money

- A. Personal vs. business finances
- B. Advertising your listings [[§34-27-36\(a\)\(6\),\(9\),\(15\)](#)]
- C. Personal promotion
- D. What can I get for free?
- E. Plan ahead
 - 1. Taxes
 - 2. Membership dues/fees
 - 3. Education
 - 4. Equipment

VI. Developing a business plan

- A. Overview - Your mission – What you want to achieve – Where you are going
- B. Introduction - Business purpose
- C. Business environment
 - 1. Market research – Problems and possible solutions
 - 2. Competition
- D. Description of your service
 - 1. Your selling points
 - 2. Benefits to the consumer
 - 3. Launch strategies

- E. Marketing plan
 - 1. Personal promotion
 - 2. Distribution
 - 3. Marketing calendar
 - 4. Pricing
- F. Financial plan
 - 1. Income projection & sales goals
 - 2. Expense projection (marketing material)
- G. Action plan
 - 1. Yearly
 - 2. Monthly
 - 3. Daily

MODULE 10

REVIEW AND TEST (*Suggested Time: 1 Hour*)

The course is over but you're not finished.

The instructor will give each student an Application for Real Estate Salesperson's Original License and review instructions regarding applying for an original (permanent) license. [§34-27-33(c)(2); Rule 790-X-2-.03]

The instructor will review future CE requirements [§34-27-35(j)(1); §34-27-33(c)(4)] and may wish to discuss future educational opportunities or designations.

Note: According to Rule 790-X-1-.08, "An approved instructor shall be present at each session of an approved real estate course. Unapproved guest instructors with expertise in particular areas may be used at any time without limitation so long as an approved instructor is present during their respective presentations."