

Post License Instructor Manual

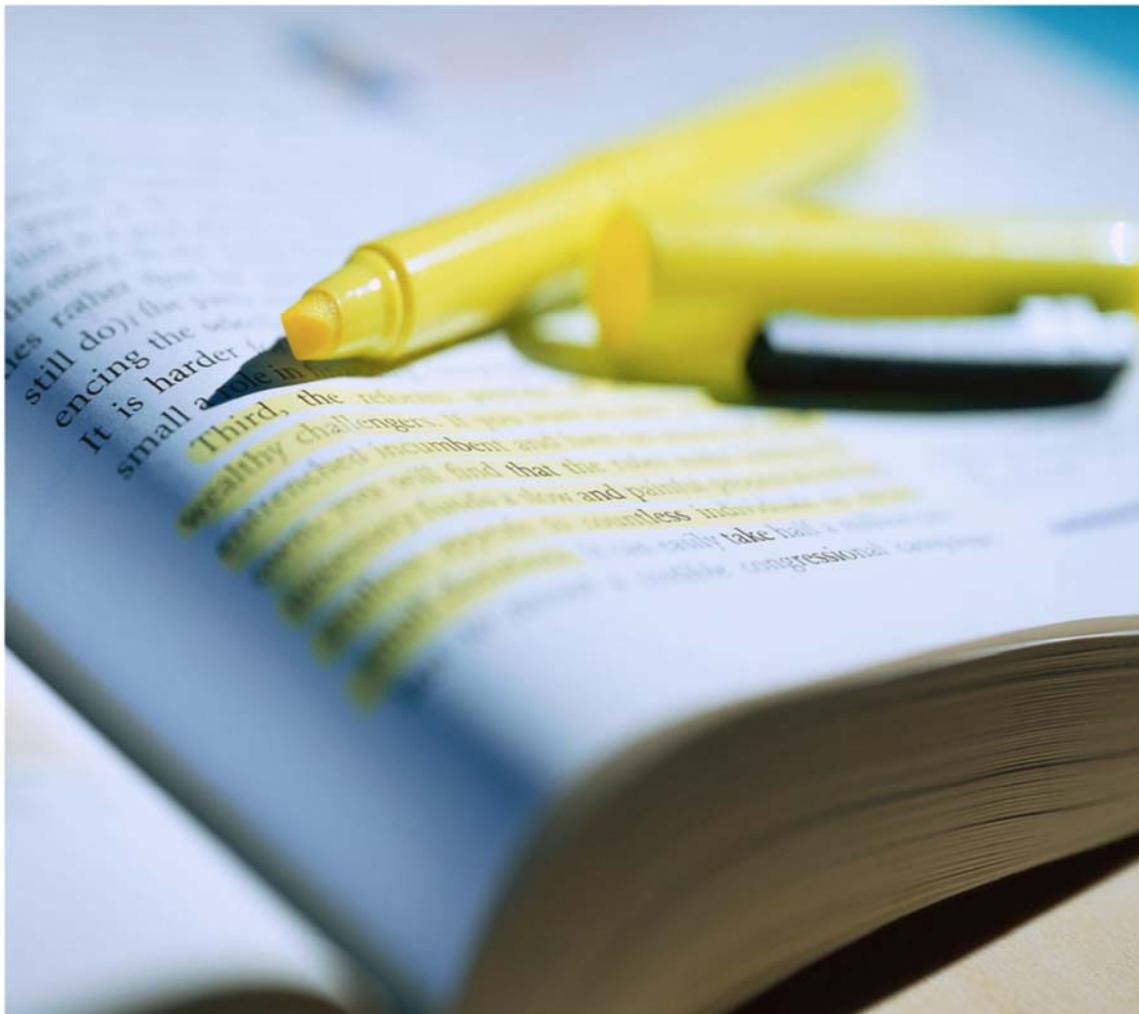


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Introduction

This manual was created as a resource for instructors teaching the 30-hour Post License course and is not intended to require mandatory adherence. We understand that not all instructors have the same width and depth of experience so these resources are meant to merely fill the gap when needed. Within this manual, you will find the following items that may be incorporated into your instruction:

- Module resources
- A guide to developing your own multiple choice exams
- A test bank of questions from the different modules
- Two comprehensive exams
- Project options
- Student handouts

We hope you find these resources useful and will utilize them as needed within your course. If you have any questions regarding the information in this manual, please contact the Education Division of the Alabama Real Estate Commission. Below is a list of staff members, along with their extension numbers, and area of specialization.

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Post License

Content Outline



The following outline is the instructor outline and includes activities that you may use in each module. The student outline may be found in the Education Resources section of our website under the Education heading.

"PREPARING TO USE YOUR REAL ESTATE LICENSE"

AREC'S POST LICENSE COURSE

INSTRUCTOR OUTLINE

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.*

Registration

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]

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

ACTIVITIES:

1. Initial meeting with the buyer

- Use materials (videotapes, DVDs, kits, pamphlets, and case studies) on fair housing. Realtor.org and HUD.org have resources available.
- Create scenarios to help explain RECAD and what can and cannot be said in the various roles (transaction broker, single agent, LCDA, subagent).
- Have students prepare scripts explaining RECAD.
- Role-play using scenarios, props and scripts with RECAD, especially Limited Consensual Dual Agency.

- Role-play establishing prospective purchasers' NEADS before asking them what type of home they are looking for:

Now → What is your present housing situation?

Enjoy → What do you enjoy most right now about your present home?

Alter → What would you alter or change about your present home?

Decision → Who will be deciding or help decide issues about this purchase?

Soon → How soon would you like to be in your new home?

- Have students practice writing open-ended questions (ones that cannot be answered with “yes” or “no”) to help discover the buyer’s wants and needs.
- Have students pretend to be buyers and fill out a “needs” sheet with + and – next to each “need” to show importance. Do the same for a “wants” sheet. What is most important to you?
- Listening activity: Pretend to be a buyer and say what you want in a house. Have the students go to the computer and pull up houses that meet the criteria from the MLS. Compare the student’s results and discuss.
- Role-play a first meeting with a buyer and demonstrate necessary skills.
- Use a flow chart outlining the buying process.
- Put together a “Buyer’s Presentation” or “Buyer’s Package.”

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

ACTIVITIES:

Writing the Purchase Agreement

- Discuss the importance of pre-qualifying or pre-approving buyers with lenders. (*Clarify the difference between pre-qualified and pre-approved.*) Show an example of a mortgage sheet to use at open house. This sheet will show different ways a buyer can finance the house.
- Prepare a purchase agreement case study to include additional offers and presentations. Demonstrate all and discuss meeting of the minds.
- Show students a written purchase agreement containing mistakes or confusing words and see if they can identify them.
- Practice explaining the purchase agreement to buyers by assigning various parts to each student to present to the class the way they would to a buyer.
- Demonstrate how to use a financial calculator.

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

ACTIVITIES:

1. Negotiating skills

- Discuss buyer agency and negotiating. Review how the offer will be presented to the seller when you are in single agency with the buyer.
- Discuss where to present the offer and the important parts of negotiations

2. Presenting offers & counteroffers

- Write items of a contract or negotiation on pieces of paper and place them in a jar. Make some legitimate and others not. Each student pulls an item and decides if it is legitimate and, if not, how to prevent it.
- Divide students into two groups: sellers and agents. Role-play presenting the offer to the seller. Include doing a seller's estimated closing statement.
- Discuss the notice of acceptance – when is it a contract?

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

ACTIVITIES:

A. Buyer considerations

- Make a list of the items that the buyer needs to have completed prior to closing.

2. Seller considerations

- Make a list of the items that the seller needs to have completed prior to closing.

3. Good communications make for a smooth closing

- Do a skit on a mock closing on the purchase agreement done in Module 2.
- Make a list of students' past experiences in the home sales process – what they liked, what they disliked, etc.

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]

ACTIVITIES:

1. RECAD

- Create scenarios to help explain RECAD and what can and cannot be said in the various roles (transaction broker, single agent, LCDA, subagent).
- Have students prepare scripts explaining RECAD.
- Role-play using scenarios, props and scripts with RECAD, especially Limited Consensual Dual Agency.

2. Preparing to take a listing

- Use materials (videotapes, DVDs, kits, pamphlets and case studies) on fair housing. Realtor.org and HUD.org have resources available.
- List the documents that might be sent to a seller in a pre-listing package prior to the listing appointment.
- Have students write down the documents that might be in a listing package.
- Divide students into teams to measure a house on-site, list the amenities, prepare a CMA and pull tax records.

3. Listing presentation and marketing plan

- Students create a marketing plan by identifying what makes them different and what services that they give sellers.
- Discuss communications with the seller – how, when, and how often.
- Role-play a listing presentation including walking the seller through the process from listing to closing. Include the areas of security and owner's responsibilities. Use visuals as much as possible.
- Discuss the difference in pricing a home to sell – 45-day price, 60-day price, and 360-day price.

- Demonstrate the “PET” approach when listing “overpriced” listings – **P**rice, **E**mployment, **T**ime.
- Have students imagine the details on a house they are listing in class and have them write ads for the house they pretend to list. Exchange ads and look for license law or fair housing violations. Note things in the ad that will make the phone ring.
- Ask the seller to help you write the first ad...they know what sold them on the house.

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

ACTIVITIES:

- Review websites that contain valid market data.
 - <http://acre.cba.ua.edu>
 - Alabama Center for Real Estate
 - <http://creed.southalabama.edu>
 - University of South Alabama Center for Real Estate and Economic Development
- Create a CMA.
- Practice presenting a 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 website [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]

ACTIVITIES:

1. Caveat emptor

- List the ways caveat emptor affects the actions of a licensee when dealing with a buyer client or customer.

2. Seller's disclosures

- Practice an explanation to a seller of the Property Condition disclosure form and how to complete it.
- Role-play proper presentation of the seller's Property Condition disclosure to the buyer.

3. Do Not Call laws

- Access www.donotcall.gov for information.

4. Risk Management 101 on Alabama Real Estate Commission website

- Play a version of telephone or old whispering game. Whisper a statement to one person and have the student whisper it to the next and so on. Once everyone has heard the statement have the first and last person state what they heard.

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

- Make a list of license law requirements for licensees who sell their own property.

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
- G. Niche market
- H. Foreclosures
- I. 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

ACTIVITIES:

1. Creating a database

- Demonstrate contact management software. (Examples: Top Producer, Outlook, and ACT)
- Build a database of names of family, friends and prospects and create a contact management ACTION PLAN. (See Developing A Business Plan)

2. Prospecting

- Demonstrate the 3-foot rule...If I meet you or come within 3 feet of you, I will tell you that I am in real estate.
- Pick 6 FSBOs and contact them (remember to check the Do Not Call List for your company.) Track your results.
- Role-play taking calls on floor duty/opportunity time.
- Role-play talking to someone who comes to your Open House.

3. Follow Up

- Show benefits of using database software in follow up with prospects.

4. Time Management

- Tell students to bring their calendar (paper or electronic) to the first class. Make a checklist of all personal and business activities that need to be done. Add to the calendar one week of planned activities in time segments of 30 minutes.
- Take a blank calendar and mark who you can have lunch with each day. Also keep a time log of how you are spending your time. Follow the 50/20/20/10 rule – each day spend 50% of your time in prospecting, 20% in follow-up to yesterday's prospecting, 20% in tasks or paperwork, and 10% in education.

5. Budgeting your money

- Have students write down how much money they want to make or must make. Now have them work backwards to see what they must do. Establish goals.

6. Developing a business plan

- Tell students to bring their calendar (paper or electronic) to the first class. Write one week of activities in time segments of 30 minutes.
- Students create either a full business plan or at least an action plan to begin implementing. A copy of the business plan is emailed to the instructor.

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."

Module Resources



The following resources were made available for your use if desired. Although we currently only have a selected number of resources available, we are continuing to collect items that we feel would provide value to your current instruction. If you have a resource that you would like to donate to this manual, please do not hesitate to contact us.

Role Play

	STUDENT A	STUDENT B	STUDENT C
<p>Round One Explain all agency options available under RECAD</p>	<p>You are the <u>licensee</u> and a potential first-time home buyer visits your office while you are on duty.</p>	<p>You are a <u>potential first-time home buyer</u>. Make sure to ask questions for clarification if you need it.</p>	<p>You are the <u>observer</u>. Take notes and report on what was presented well.</p>
<p>Round Two Explain the Buyer Agency Agreement and Limited Consensual Dual Agency (LCDA)</p>	<p>You are the <u>observer</u>. Take notes and report on what was presented well.</p>	<p>You are the <u>licensee</u>. Using the agency agreement and the LCDA form, offer representation and “sell” it.</p>	<p>You are the <u>potential first-time home buyer</u>. Ask for clarification if you need it. Remember, this is your first purchase</p>
<p>Round Three The Home Search Process</p>	<p>You are the <u>potential first-time home buyer</u>. Ask for clarification if you need it. Remember, this is your first purchase.</p>	<p>You are the <u>observer</u>. Take notes and report on what was presented well.</p>	<p>You are the <u>licensee</u>. Explain the selections, appointments, and pre-approval process.</p>
<p>Round Four The Purchase Agreement</p>	<p>You are the <u>licensee</u>. Use your contract and explain what options the purchaser has when it is time to write an offer.</p>	<p>You are the <u>potential first-time home buyer</u>. Ask for clarification if you need it. Remember, this is your first purchase.</p>	<p>You are the <u>observer</u>. Take notes and report on what was presented well.</p>

Working with Multicultural Buyers

Tips for Working with Non-fluent English-speaking Clients

Relax – Often times, people working with non-English speaking customers become tense, irritable, and tend to raise their voices.

Use simple and straight forward language. Do not use jargon, slang, or colloquialisms.

Tune into your client and repeat yourself if necessary. You should make sure that you are understood.

Be empathetic and try to “walk in their shoes”. Try to appreciate the stress and anxiety that they may be experiencing as they try to communicate with you.

U.S. Population Projections

2008-2050

White.....	51%
Hispanic.....	30%
African American.....	10%
Asian American.....	8%
American Indian.....	1%

Characteristics of the Three Largest Multicultural Populations in the U.S.

Hispanic Population

Family unity is very important. The extended “Familia” is considered more important than in some cultures. Uncles, aunts, cousins, godparents (Madrina-Padrino), and best friends (Comadre) are all invested with a sense of belonging and obligation to the whole group. Children are considered a blessing from God and are an integral part of the family.

They view U.S. real estate as a good investment but have little awareness of programs that can help them purchase a home. Many Latino/Hispanic first-time homebuyers lack the confidence to approach a real estate professional because they have no point of reference for the process.

African American Population

They are family oriented in their approaches to marriage, the family formation, their gender roles, and their parenting styles. The characteristics of the family include:

- Tight, extended family units

- Matrilineal organization

- Often times, past and current discrimination, along with economic inequity are dynamics which influence the African-American family.

- Grandparents (especially grandmothers) play a crucial role in the family.

The African-American culture is influenced by spirituality, ethnic identity, and the ideological and structural support of the Church.

They believe that those who understand them culturally will not judge them through a filter of negative stereotypes.

Asian Population

They are very family-oriented with a great emphasis on strong family relationships. Children may have a strong influence on the family buying decision because they are highly regarded in all Asian cultures. Spending money on their children's welfare, education, and development ranks high in most Asian families. It is common for parents to assist their children with a generous down-payment towards the purchase of a home. It is not uncommon to find the woman in charge of the household finances.

Communication in the Asian culture could be confusing to those unfamiliar.

"Yes" doesn't mean "yes" and "Maybe" means "no." (You will never hear "no.")

They want to avoid embarrassing themselves or others.

The traits of the Asian population are to show humility and avoid discourse or unpleasant situations. They are cooperative and express a spirit of community. They put social relationships BEFORE business relationships. Most Asian-Americans are conservative and reserved by nature but will voice their opinion when necessary.

Creating a Mission Statement

What is my specific business? _____

What services do I provide? _____

What services do I not provide? _____

What types of clients do I work with? _____

What types of clients do I not work with? _____

In what geographic areas do I focus? _____

What are my business values? _____

What attributes differentiate me from other agents? _____

My Real Estate Services Worksheet

Here is a list of real estate agent services. For each service, determine whether you want to provide it, do not want to provide it, or may provide it depending on your business needs. Remember that your decisions affect your strategies and that your choice of services is affected by your ideal customer profile.

<u>Service</u>	<u>Yes</u>	<u>No</u>	<u>Possibly</u>
Residential	—	—	—
Commercial	—	—	—
Condos	—	—	—
Single Family	—	—	—
Duplexes	—	—	—
First-time Buyers	—	—	—
Repeat Buyers	—	—	—
Sellers	—	—	—
Other _____	—	—	—
Other _____	—	—	—

Competitor Profile (External) Worksheet

Your name: _____ Date: _____

Competitor name (company or agent): _____

Address: _____ City: _____

Phone number: _____

Market share (%): _____ Years of experience: _____

Specialties: _____

Strengths: _____

Weaknesses: _____

Differentiators (selling advantages): _____

Reputation in community: _____

Quality and quantity of promotions/advertising: _____

Miscellaneous comments: _____

6. Technology, systems, and tools available, include estimated cost.

7. Mission Statement:

8. State the key OBJECTIVES for your real estate business (where you want to be in 3 to 5 years):

9. State 3 to 4 strategies to meet your objective (measurable, reasonable and observable) and for each strategy, state possible tactics (procedures, steps, events, etc.):

a. Strategy:

i. Tactic:

ii. Tactic:

iii. Tactic:

b. Strategy:

i. Tactic:

ii. Tactic:

iii. Tactic:

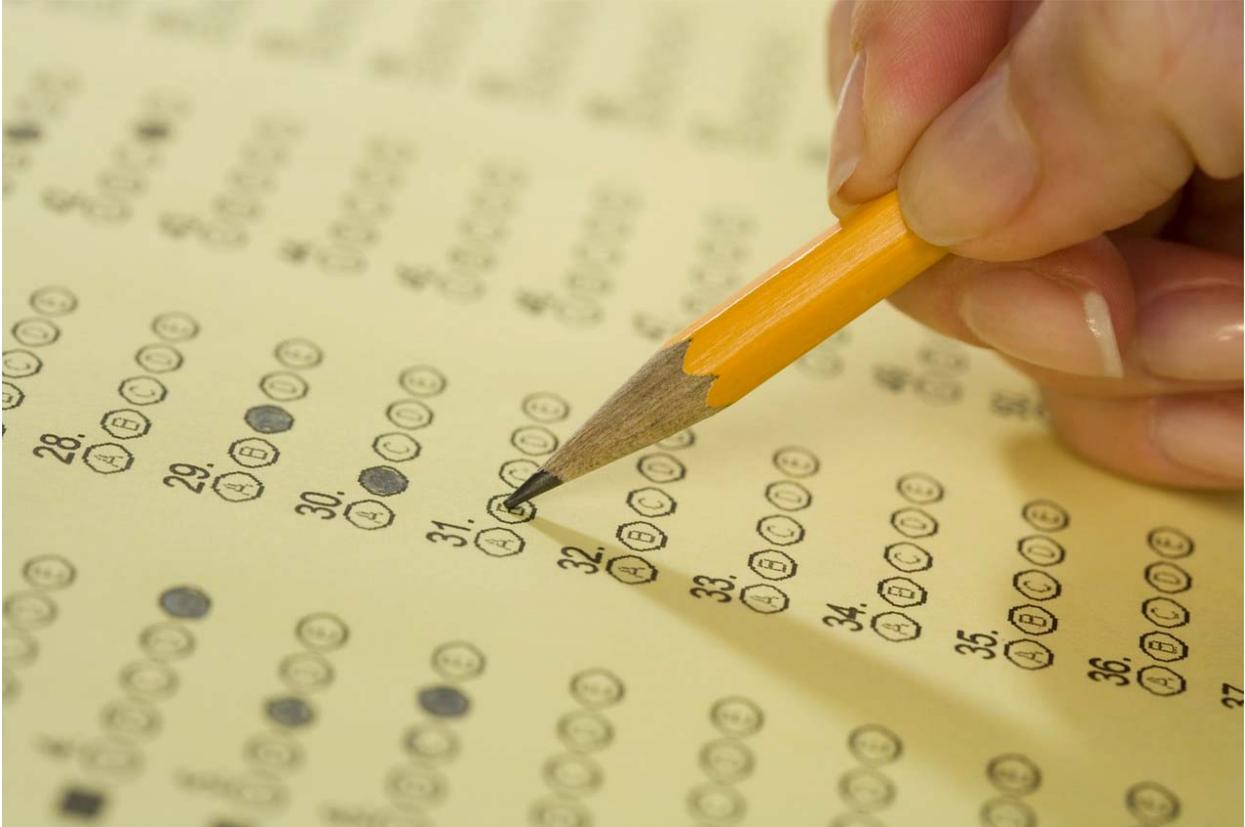
c. Strategy:

i. Tactic:

ii. Tactic:

iii. Tactic:

Testing Resources



Writing Multiple-Choice Exam Questions

Jeanne M. La Mere, Ph.D.
Cengage

Purpose

The general purpose of a final exam is to assess/evaluate what a student has learned and to ensure that the student has acquired the requisite knowledge/skills.

The purpose of a single exam question is to assess whether a student has met one or more specific learning objectives.

Question Format

The most common type of multiple-choice question has four answer choices (labeled "A" "B" "C" "D").

There are generally three formats for multiple-choice questions:

- (1) an incomplete sentence that becomes a complete sentence with the addition of the answer choice
- (2) a complete question that ends with a question mark
- (3) a fill-in-the-blank question

An example of each appears below:

Question 1: Ms. Lane has already accepted one offer when another offer comes in. She accepts the subsequent offer on a contingent basis. This second contract is called a:

- A. contingent contract
- B. blanket contract
- C. backup contract
- D. secondary contract

Question 2: The cap rate for a property is 12%, and the net operating income (NOI) is \$240,000. What is the value of the property using the income approach to valuation?

- A. \$1,500,000
- B. \$2,000,000
- C. \$2,880,000
- D. \$5,000,000

Question 3: If Taxpayer Thomas is an employee, in order to deduct non-reimbursed moving expenses from income for the year of relocation, Thomas must work full-time for at least _____ weeks during the first 12 months after moving.

- A. 24
- B. 39
- C. 50
- D. 52

DOs and DON'Ts of Writing Multiple-Choice Exams

The DOs of Writing Multiple-Choice Exams

- **Do require students to apply what they have learned.**

The majority of questions on an exam should require knowledge of more than one fact or concept, integration of different facts or concepts, or application of facts or concepts to new situations.

An exam should include different types or "levels" of exam questions-- knowledge, comprehension, application, analysis, synthesis, and evaluation. For example, knowledge-level questions require students to recall specific facts, names, date, etc.; whereas application-level questions require students to use the information learned in a new situation.

Exams should not consist solely of knowledge-level questions. A significant number of questions should be at the application-level or above.

- **Do test over all course topics.**

The number of exam questions over the various topics in the course should adequately reflect the amount of course time allocated to the topics. Assume a six-hour course is made up of a 3-hour segment on investment and a 3-hour segment on finance. If the course has a 30-question final exam, approximately 15 questions (1/2 of the exam) should cover investment, and approximately 15 questions should cover finance.

- **Do test over learning objectives.**

Each exam question should address one or more learning objectives. For example, if the learning objective states that the student will be able to *list and explain the provisions* of a particular law, the exam question should address the provisions of that law, rather than asking the student to recall the date the law was enacted. On the other hand, if the learning objective states that the student will be able to *describe the history* of the law, it might be appropriate to have an exam question that asks the student to recall the date the law was enacted.

- **Do maintain consistency in formatting.**

Make sure the formatting of questions and answers is consistent throughout the exam. If a question is an incomplete statement stem, some exam writers use a colon at the end of the stem, while others use no punctuation at all. Also, some writers prefer to begin each answer with a capital letter and/or end each answer with a period, while others only capitalize answers and use periods if the answers are complete sentences.

Whatever format is used, be consistent throughout the exam.

- **Do make sure each question has only one correct answer.**

This might seem obvious, but it's a problem more often than one would expect. Assume that students have been taught that private mortgage insurance is usually required by the lender on any conventional loan with a loan to value ratio of greater than 80%. The following question over this concept actually has more than one correct answer.

Question: Private mortgage insurance is usually required on conventional loans that have a loan to value ratio of:

- A. less than 80%
- B. greater than 80%
- C. greater than 90%
- D. greater than 95%

The exam writer may have intended for B to be the correct answer. However, because 90% and 95% are greater than 80%, these answers are also correct.

The DON'Ts of Writing Multiple-Choice Exams

- **Don't overuse "all of the above," "none of the above," "both A and B", and "neither A nor B" as answer choices.**

Two common mistakes when writing questions are: (1) using too many questions with "all of the above" as one of the answer choices and (2) having "all of the above" as the correct answer every time it appears in the exam.

- **Don't ask questions over insignificant facts.**
- **Don't overuse negatively worded questions (i.e., questions that include the word "except" or "not").**

One common mistake when writing questions is using too many negatively worded questions. However, if a negatively worded question is necessary, emphasize the negative word by using ALL CAPS, *italics*, or underline.

Question: In order to claim title to real property by adverse possession, the claimant must prove all of the following EXCEPT:

- A. her possession was exclusive
- B. her possession was continuous
- C. her possession was open and notorious
- D. she had the owner's permission to occupy the property

- **Don't overuse True/False questions.**

True/False questions tend to be knowledge-level questions rather than application-level questions.

- **If a question is a fill in the blank, don't place the blank at the beginning of the question.**

The blank should appear as close to the end of the question as possible. A student should be able to answer a question after reading it the first time. If the blank appears near the beginning of the question, the student may have to re-read the question in order to answer it.

- **Don't include questions that indicate a gender or ethnic bias.**

For example, if a pronoun is needed, don't always use "he," "him," and "his." Rather, use "he/she," "him/her," and "his/her." Or, alternate gender in the questions. For example, use "she" for one question, and use "he" for the next one.

- **Don't repeat words in the answers that already appear in the question.**

In the following question, the word "the" appears at the end of the question and at the beginning of the answer choices. It needs to be eliminated from either the question or the answers.

Question: Jill offers to buy Alan's house for \$200,000. In this situation, Alan is the:

- A. the offeror
- B . the offeree
- C the pledgor
- D. the pledgee

- **Don't provide cues in the question that identify the correct answer.**

For example, in the following question, the correct answer can be determined by simply knowing that the article "an" is used before a word beginning with a vowel.

Question: Brown agreed to sell her house to Green. They have each signed a contract of sale that calls for settlement within 30 days. During this 30-day period, the contract of sale is an:

- A. executory contract
 - B . parol contract
 - C . voidable contract
 - D. blanket contract
- **Don't let the information provided in one question "give away" the correct answer to another question.**

The following two questions should not appear on the same exam because Question 2 provides the answer to Question 1.

Question 1: The alienation clause is also known as the:

- A. assignment clause
- B. due-on-sale clause
- C. power-of-sale clause
- D. defeasance clause

Question 2: Alienation (due-on-sale) clauses in FHA loans are:

- A. optional
- B. prohibited by law
- C. required by law
- D. included but not enforced

Using "Teaching" Questions

The guidelines for writing questions discussed earlier in this document apply to exam questions, which are used to assess whether a student has met the learning objectives. However, there are other types of questions that can be used in an educational environment--not for assessment purposes but for teaching purposes.

Examples of "teaching" questions include flashcards, pretests, and pop quizzes.

Teaching questions are important because they:

- identify the important concepts
- ensure students have contact with the material
- help students learn the material
- ensure students retain what they have learned over time

Because teaching questions have a different purpose than exam questions, some of the guidelines discussed earlier do not apply to teaching questions:

- An exam question should require knowledge of more than one fact or concept, integration of different facts or concepts, or application of facts or concepts to new situations. On the other hand, questions used for teaching purposes often address a single fact or concept.
- An exam should not have too many knowledge-level or comprehension-level questions. Rather, a significant number of questions should be at the application level or above. On the other hand, knowledge-level and comprehensive-level questions are perfectly acceptable when teaching the material.
- In an exam, asking too many questions over the same topic should be avoided. However, when teaching the material, asking more than one question over the same concept is acceptable and often a very good idea. When students are learning, repetition can be a good thing. Remember, the purpose of teaching questions is to help students learn the material and retain what they have learned over time.

When writing questions for a course, always keep in mind the purpose of the questions: Are they being used for teaching the material or for assessing/evaluating what the students have learned?

WORKING WITH BUYERS

1. Two brokerage firms in a small town refuse to allow any other brokerage firms in the area to join a multiple listing service. This is:
 - A. A violation of antitrust laws
 - B. Unethical, but not illegal
 - C. A good business practice
 - D. A violation of the law of agency

2. The Garcias are looking for a new home. Their sales associate, Joan, only shows them properties on the south side of town, since so many other Hispanic families have moved there in recent years. This is an example of:
 - A. Blockbusting
 - B. Steering
 - C. Driving
 - D. Redlining

3. What kind of toxic gas enters a building from the ground?
 - A. Radon
 - B. Formaldehyde
 - C. Asbestos
 - D. Methane

4. The Patels are excited about purchasing their first home. They ask at what point in the real estate transaction they become the new owners. Alisa, their agent, advises them that the actual transfer of real property ownership occurs:
 - A. When the purchase contract is signed
 - B. When the earnest money is paid
 - C. When they secure a loan
 - D. At closing

Working with Buyers

Exam Answer Key

1. A

2. B

3. A

4. D

WORKING WITH BUYERS

1. Amos, a salesperson, receives a check for an earnest money deposit from potential buyers. What should he do?
 - A. Hold it until the offer is accepted
 - B. Hold it until closing
 - C. Turn it over to his qualifying broker
 - D. Deposit it in his broker's trust account

2. If you are completing an estimated closing cost sheet for a buyer, what would be the interest adjustment required at closing on June 15 if the buyer takes out a loan of \$70,000 at 11%? (Use a 365-day year for your calculations.)
 - A. \$316.44
 - B. \$337.53
 - C. \$342.22
 - D. \$358.63

3. If a lender makes a loan to a buyer without regard to the buyer's ability to repay, it is an example of the practice of:
 - A. Steering
 - B. Blockbusting
 - C. Redlining
 - D. Predatory lending

4. Northside Bank issues an amortized loan to Rose. This loan has initial low payments which gradually increase over the first few years of the loan. This type of loan is called a(n):
 - A. Variable rate loan
 - B. Negotiable rate loan
 - C. Adjustable rate loan
 - D. Graduated payment loan

5. Bigtime Mortgage Company, a federally insured lender, neglects to provide a borrower with a good faith estimate of closing costs. This is a violation of:
 - A. RESPA
 - B. Regulation Z
 - C. The Truth in Lending Act
 - D. The Consumer Credit Protection Act

6. Stan has applied for a VA loan. In order to determine if the property meets certain standards set by the VA, the lender will request a VA appraisal, which will produce an appraisal report called a:
 - A. CVR
 - B. RVC
 - C. VRC
 - D. CRV

7. Collins walks into a brokerage company and is interested in buying his first home. Broker Booker introduces herself to Collins. At this first contact with Collins, Broker Booker is considered:
 - A. A transaction broker
 - B. A limited consensual dual agent
 - C. A subagent
 - D. A single agent for the consumer

8. Broker Taft assists Buyer Beau in the purchase of a home. Which service is Taft permitted to provide to Beau only if Taft and Beau have entered into an agency agreement and Beau is a buyer-client?
 - A. Locate available properties
 - B. Put an offer in writing based on Beau's guidelines
 - C. Negotiate the best price on behalf of Beau
 - D. Present a list of mortgage companies and inspectors

9. If a broker recommends that a buyer obtain a home inspection, and the buyer refuses, the broker should do what?
- A. Recommend that the seller not go through with the sale
 - B. Obtain a home inspection on behalf of the buyer
 - C. Contact an attorney on behalf of the buyer
 - D. Have the buyer sign a form documenting the declination
10. What does the phrase “caveat emptor” mean?
- A. Beware of sellers
 - B. Beware of brokers
 - C. Let the buyer beware
 - D. Let the seller beware
11. Which of the following statements is true regarding earnest money for a real estate sales contract?
- A. It is required by state law
 - B. It is required by the Real Estate Commission
 - C. It is required to make the contract valid
 - D. It is optional, but a good business practice
12. What should a salesperson do when he/she receives earnest money for a sales contract?
- A. Deposit it in his/her trust account as soon as possible
 - B. Turn it over to his/her broker as soon as possible
 - C. Turn it over to the seller as soon as possible
 - D. Hold it until the sale closes

13. Which of the following is the correct order in the process of deciding to purchase a home (taking action to buy)?
- A. Having an unsatisfied need, expecting satisfaction from the decision, recognizing that value = cost
 - B. Value=cost, expectation of satisfaction, having an unsatisfied need
 - C. Expectation of satisfaction, unsatisfied need, value=cost
 - D. None of the above
14. What is the term given to the act of directing home seekers toward or away from particular areas either to maintain or change the character of the area?
- A. Blockbusting
 - B. Redlining
 - C. Steering
 - D. Acceptable
15. Which of the following questions would be inappropriate and/or illegal in a buyer consultation?
- A. "Have you been approved for financing with a lender?"
 - B. "How many children do you have?"
 - C. "What areas are you considering?"
 - D. "How many bedrooms and baths do you require?"

16. You have scheduled a showing appointment for a competitor's listing for a buyer prospect. Arriving at the property, the buyer indicates that the property is unacceptable and does not want to go inside. Which of the following actions would be inappropriate?
- A. Acknowledge that the property choice will be eliminated, but ask prospect to accompany you on a brief tour.
 - B. Call the listing licensee immediately and explain that the prospect asked not to tour.
 - C. Tour property without buyer prospect and notify listing licensee as soon as possible that buyer did not tour.
 - D. Apologize for the selection and drive away.
17. Which of the following might be evidence of predatory lending and a violation of Fair Housing Laws?
- A. A borrower is encouraged to lie about income, expenses, or cash available for down payments in order to get a loan.
 - B. A lender wants to lend more money than a borrower can afford to repay.
 - C. A lender charges high interest rates to a borrower based on race or national origin and not on credit history
 - D. All of the above

Working with Buyers

Exam Answer Key

- | | |
|-------|-------|
| 1. C | 12. B |
| 2. B | 13. A |
| 3. D | 14. C |
| 4. D | 15. B |
| 5. A | 16. D |
| 6. D | 17. D |
| 7. A | |
| 8. C | |
| 9. D | |
| 10. C | |
| 11. D | |

Working with Sellers to Market their Property

1. What must agent Adams do for a home he has listed for sale that was built in 1973?
 - A. ensure the seller tests for and removes any lead-based paint
 - B. ensure the seller discloses any known lead-based paint
 - C. insist the seller conduct a risk assessment
 - D. notify the EPA about the possible existence of lead in a home for sale

2. A written listing agreement must include a(n):
 - A. Fixed expiration date
 - B. Earnest money deposit
 - C. Release of liability
 - D. Advance fee

3. Opal is prospecting in a neighborhood where she has recently sold a home. She informs the neighbors that many recent sales in the area have been to minorities, strongly hinting that the quality of local schools is rumored to be declining and it might be a good time to sell. This tactic is known as:
 - A. Blockbusting
 - B. Steering
 - C. Redlining
 - D. Herding

4. A comparable property lacks a fireplace that the subject property has. When completing a CMA, what is the correct adjustment?
 - A. Add the price of the fireplace to the price of the subject property
 - B. Add the price of the fireplace to the price of the comparable property
 - C. Subtract the price of the fireplace from the price of the subject property
 - D. Subtract the price of the fireplace from the price of the comparable property

5. In Alabama, real property records are filed with:
 - A. The Alabama Real Estate Commission office
 - B. Local Boards of REALTORS®
 - C. The County Probate Court
 - D. The County Clerk office

6. Several local brokers discuss their commission rates and decide to increase their rates city-wide. What law are they guilty of violating?
 - A. Sherman Anti-Trust Act
 - B. Sherman Trade Act
 - C. RESPA
 - D. No law was violated; this is an acceptable business practice.

7. Salesperson Solomon is an agent for Seller Randall who is selling his home to Buyer Jill. In this particular transaction, Randall is the seller-client and Jill is a buyer-customer. Who is required to sign the Real Estate Brokerage Services Disclosure Form?
 - A. Salesperson Solomon and Seller Randall
 - B. Salesperson Solomon and Buyer Jill
 - C. Salesperson Solomon, Seller Randall, and Buyer Jill
 - D. Salesperson Solomon only

8. You are planning to make a listing presentation to the Martins who are thinking about selling their home. Before you attend the listing presentation, you must make sure that:
 - A. The entire family will be there
 - B. Everyone involved in making the decision to sell the home will be there
 - C. At least one of the individuals involved in making the decision to sell will be there
 - D. You are absolutely certain that the listing presentation will result in a listing

9. Amrita of ABC Realty is the listing agent for the Chens' home, which is listed in MLS. Emily, a broker from another firm, sees the listing on MLS and brings a buyer to see the home. Emily is not acting as a buyer agent, but Emily had entered into a written agency agreement allowing Emily to act on behalf of ABC Realty in representing the sellers. In this situation, Emily's relationship with ABC Realty is that of a:
 - A. Dual agent
 - B. Designated agent
 - C. Buyer's broker
 - D. Subagent

10. Mr. Lee calls Sales Associate Applegate to list his home for sale. However, Mr. Lee explains that because the home is in a predominately Asian area of town, he only wishes to sell the home to an Asian family. Is Applegate guilty of violating fair housing laws if she takes this listing?
 - A. Not if she is of the same ethnicity
 - B. Yes, this is an improper listing
 - C. No, only the seller is guilty
 - D. No, this is not a case of discrimination

11. Vance is the listing broker of a used home. If Vance has knowledge of a latent material defect that would affect the health and safety of the buyer, Vance:
- A. Has an affirmative duty to repair the defect
 - B. Has an affirmative duty to disclose the defect to the buyer
 - C. Must disclose the defect only if the buyer asks about it
 - D. Must withhold the defect from the buyer

Working with Sellers to Market their Homes

Exam Answer Key

1. B

2. A

3. A

4. B

5. C

6. A

7. D

8. C

9. D

10. B

11. B

Negotiating Offers

1. Jill offers to buy Alan's home for \$90,000. Alan rejects Jill's offer and offers to sell the home for \$100,000. In this situation, Jill is:
 - A. Bound by the terms of her original offer
 - B. Relieved of her original offer
 - C. Bound by the terms of the counteroffer
 - D. Relieved of her original offer only if she accepts the counteroffer

2. Ms. Lane has already accepted one offer when another offer comes in. She wants to accept the subsequent offer on a contingent basis. This contract is called a:
 - A. Contingent contract
 - B. Blanket contract
 - C. Backup contract
 - D. Secondary contract

3. Joe is acting as a seller's agent under a listing agreement. He received a written offer, but the property is already under contract. Joe should:
 - A. Not accept the offer from the buyer
 - B. Present the offer to the seller promptly
 - C. Hold on to it to see if the contract goes through
 - D. Present it only if it is a higher offer

4. During conflict resolution, licensees should:
 - A. Always advocate for the buyer
 - B. Negotiate for the party who pays higher commissions
 - C. Always advocate for the seller
 - D. Strive for win-win agreements

Negotiating Offers

Exam Answer Key

1. B

2. C

3. B

4. D

From Contract to Closing

1. Buyer Baker and Seller Sorrel have just signed a sales contract. Who should receive a copy of the signed contract?
 - A. Baker and Sorrel
 - B. Sorrel and his listing broker
 - C. Baker and his broker
 - D. Baker, Sorrel, and both of their brokers

2. At closing, title insurance that protects the borrower is:
 - A. Required by law
 - B. Prohibited by law
 - C. Usually required by the lender
 - D. Available at the borrower's option

3. Buyer Branson tells her agent, Arnez, that she wants to bypass the home inspection. Branson believes it is unnecessary, because an appraisal will be done anyway. What should Agent Arnez advise his client?
 - A. To waive the home inspection because an appraisal is being done anyway
 - B. To have the home inspection, because an appraisal and a home inspection are not the same
 - C. That it's okay to bypass the home inspection if there will be a home warranty policy on the home
 - D. Not to worry about an inspection if she obtains a seller's disclosure, which will reveal any problems with the property

4. In Alabama, when a transaction collapses and the parties are in an irresolvable dispute over disposition, the earnest money that was deposited in the broker's trust account may only be released from the broker's trust account when:
 - A. The two sales agents agree in writing
 - B. The seller agrees in writing
 - C. The buyer agrees in writing
 - D. The broker has it interpleaded in court.

5. When the phrase, "Time is of the Essence" appears in a contract and the contract contains times and/or dates for performance, when must any actions called for in the contract be done?
 - A. As soon as possible
 - B. At least by or precisely at the time or date specified
 - C. Approximately according to the schedule provided
 - D. Whenever the parties get around to doing it

6. Earnest money is either an inducement to cause the seller to consider the buyer's offer or evidence that the buyer is acting in good faith and is:
 - A. An amount usually determined by local custom
 - B. An amount suggested by the real estate broker/salesperson
 - C. Required by common law and the rules of the Real Estate Commission
 - D. Not required at all for a valid contract

7. A licensee is required to make sure that the consumer/client signs a copy of the actual detailed settlement statement showing receipts and disbursements by at least when?
 - A. The time the sale is closed
 - B. One day prior to closing
 - C. As soon as possible after the HUD 1 is recorded
 - D. As soon as it is prepared by the closing attorney's staff

From Contract to Closing

Exam Answer Key

1. D
2. D
3. B
4. D
5. B
6. D
7. A

Avoiding Liabilities

1. Licensee White is acting as a buyer's agent for buyer Green, who is interested in buying seller Black's home. White recommends that Green obtain a home inspection, but Green refuses to do so. In this case White should:
 - A. Recommend to seller Black that he not go through with the sale
 - B. Obtain a home inspection on behalf of Green
 - C. Contact an attorney on behalf of Green
 - D. Have Green sign a form documenting the declination

2. Licensee Lisa is employed by Broker Andy. Lisa is interested in buying a property that is listed by her company. Is Broker Andy responsible for Lisa's actions in this transaction?
 - A. Yes, as Lisa's broker, Andy is responsible for her actions
 - B. Only if the property has been advertised
 - C. Only if the property has not been advertised
 - D. NO, because Lisa is buying the property for herself

3. A broker can protect herself against legal actions by those with whom she deals by purchasing:
 - A. Errors and omissions insurance
 - B. Middleman insurance
 - C. Property insurance
 - D. Employee insurance

4. According to the Do Not Call rules, how long can a real estate sales agent contact a past client who is on the Do Not Call list to solicit new business (referrals)?
 - A. Only within the first 30 days after a sales transaction
 - B. Within 18 months after a sales contract
 - C. Within 2 years after a sales transaction
 - D. Indefinitely

5. Licensee Larry's broker authorizes him to purchase an unlisted property for himself without involving his firm in the transaction. In this situation, who is liable for Larry's actions?
 - A. Larry
 - B. The seller
 - C. Larry's broker
 - D. The Real Estate Commission

6. A neighborhood on the east side of the city has always been referred to as Little Chinatown because of the large number of Asians living there. When a Chinese couple came to sales agent Jon to look for a home to buy, he suggested they look at listings only in this neighborhood. Jon has violated the Fair Housing Act because his words and actions are interpreted as:
 - A. Stereotyping
 - B. Redlining
 - C. Blockbusting
 - D. Steering

7. If a licensee is found guilty at a duly called commission hearing, after an investigation and formal complaint of any of the violations listed for disciplinary action as set forth in Alabama license law, the licensee:
 - A. Will be fined no less than \$100 and no more than \$2500
 - B. Will have his or her license suspended or revoked
 - C. Will have to make restitution of funds belonging to others
 - D. At the discretion of the Commission, may suffer any or all of the above

8. John, a new sales licensee, was given an earnest money deposit of \$1000 when he wrote a contingency offer for his buyer-client. Since the offer wasn't yet accepted and the contingencies weren't yet resolved, John put the money in his desk drawer and locked it for safekeeping. The offer was in negotiation for two weeks. When the offer was finally accepted John gave the RECAD forms, net sheet, and contract to his broker for the company's pending file and held on to the earnest money to turn over to the closing attorney. Did John do anything that might be a cause for disciplinary action?

- A. No. John has done exactly what he should have done under the law
- B. Yes. He should have given the earnest money to a trustee with the first offer
- C. No. John was the fiduciary and had a right to personally hold on to the money
- D. Yes. He should have given the money to his broker to deposit in a trust account

9. When assisting a buyer-consumer with preparation of an offer, at the time an offer is signed and upon presentation of a counter-offer from a seller to the buyer, a licensee must furnish the buyer-consumer with:

- A. His/her business card containing an address and telephone number
- B. A complete estimated closing statement containing the licensee's estimate of costs
- C. An actual, detailed closing statement showing all receipts and disbursements
- D. A list of cooperative mortgage brokers and solvent real estate lenders

10. A consumer calls your office with a question about a property. How long can you continue to call the consumer with information about other properties, assuming no transaction occurs between the parties?

- A. Never. You can't call about unrelated properties.
- B. 31 days
- C. Three months
- D. 18 months

11. In Alabama, an unlicensed assistant to a licensee may

- A. Place signs on property
- B. Show property, including holding an open house
- C. Drive a prospect to a property
- D. Present an offer to an owner

Avoiding Liabilities

Exam Answer Key

1. D

2. A

3. A

4. B

5. C

6. D

7. D

8. D

9. B

10. C

11. A

Instructor's Choice

New Construction and Writing Building Contracts

1. An on-site representative who works in a model home of a new home development represents the best interests of:
 - A. The buyer
 - B. The builder
 - C. Both the buyer and the builder
 - D. Either the buyer or the builder but not both

2. Licensee Larry wishes to act as an agent for the buyer of a new home. For Larry to represent the buyer and be entitled to a commission for the sale, Larry must:
 - A. Accompany the buyer on the first visit to the development
 - B. Accompany the buyer on all visits to the development
 - C. Not allow the on-site representative to make a sales presentation
 - D. Not register the buyer with the on-site representative

Investment Property

3. Mrs. Hidalgo decides to invest in commercial property. She buys an office building using \$25,000 of her own money and \$250,000 of borrowed money. This is an example of:
 - A. Leverage
 - B. Liquidity
 - C. Cash Flow
 - D. Debt to equity ratio

4. The cap rate for a property is 12%, and the net operating income (NOI) is \$240,000. What is the value of the property?
- A. \$1,500,000
 - B. \$2,000,000
 - C. \$2,880,000
 - D. \$5,000,000

Commercial Transactions

5. Strawberry Fields Shopping Center has as its major tenant a large grocery. In addition, the shopping center has several smaller compatible stores, including a video rental store, a restaurant, and a liquor store. In this Shopping center, the grocery store is a(n):
- A. Anchor tenant
 - B. Community tenant
 - C. Stand-alone tenant
 - D. Support tenant
6. An office building is in the process of being sold. The landlord asks each tenant to sign a statement recognizing that the lease is in force, acknowledging the correct rent, and stating the tenant has no claims against the old landlord. This document is known as a(n):
- A. Attornment
 - B. Tenant Estoppel
 - C. Waiver of subrogation
 - D. Absolute assignment of rents

Technology in Real Estate

7. Ed would like to use his computer to keep track of his leads and clients. The best software application for him would be a:
 - A. Web browser
 - B. Presentation application
 - C. Word processing program
 - D. Contact management program

8. Following the movement of website visitors in order to monitor and record what pages, links, etc. were used during the visit is known as:
 - A. Trolling
 - B. Tracking
 - C. Trafficking
 - D. Downloading

Additional Financing

9. Ian has an adjustable rate mortgage. His monthly payment is insufficient to cover the interest on the loan. This situation is known as:
 - A. Amortization
 - B. Partial amortization
 - C. Negative amortization
 - D. Insufficient funds penalty

10. Karen obtains a loan to purchase a unit in a condominium along with the furnishings and appliances in the unit. This type of loan is called a:
 - A. Term loan
 - B. Budget loan
 - C. Blanket loan
 - D. Package loan

Condos

11. Martinez purchases a unit in a condominium project. Which of the following statements is true?
- A. Martinez is personally liable for any mortgage loans on common elements.
 - B. Martinez receives a separate tax bill for the taxes on her unit
 - C. Martinez is not permitted to have a mortgage on her unit
 - D. Martinez is jointly liable with other unit owners for loans on individual units
12. If Tony owns an individual condominium unit, he owns:
- A. Fee title to his individual unit only
 - B. A share in the common elements only
 - C. Fee simple title to his individual unit and an undivided interest in common elements
 - D. No property

Property Management

13. A broker has been approached by the owner of an apartment building and asked to manage the property. The apartment owner tells the broker that he prefers to rent to females because he feels that males cause more damage to the property than females. What should the broker advise the owner to do?
- A. Advertise in places that women would notice
 - B. Stipulate "females only" in the lease
 - C. Treat tenant prospects of both sexes equally
 - D. Require a higher security deposit from males

14. A visitor slips on the marble floor in the lobby of an office building and sustains a back injury. The visitor's claim would typically be covered by:
- A. The tenant's fire and extended insurance policy
 - B. The landlord's fire and extended insurance policy
 - C. The tenant's commercial general liability policy
 - D. The landlord's commercial general liability policy

Resort Properties

15. Under the Alabama Vacation Time-Sharing Sales Law, a buyer under a vacation time-sharing ownership plan is allowed to cancel a sales contract:
- A. Within 5 calendar days (excluding Sunday if that is the fifth day)
 - B. Within 30 calendar days (excluding Sunday if that is the 30th day)
 - C. Only if he gives the developer a reason for the cancellation
 - D. At anytime
16. Timeshare projects must be registered with the:
- A. Alabama Timeshare Commission
 - B. Alabama Real Estate Commission
 - C. Alabama Public Service Commission
 - D. Secretary of State

Instructor's Choice Answer Key

1. B
2. A
3. A
4. B
5. A
6. B
7. D
8. B
9. C
10. D
11. B
12. C
13. C
14. D
15. A
16. B

BUSINESS PLAN AND PROSPECTING

1. Sales associate Abigail is developing a business plan. She is attempting to set goals for herself and her business. Which of the following goals would be considered more useful?
 - A. Sell two houses each month.
 - B. Work as hard as possible every day of the year.
 - C. Work harder than all other agents in the office.
 - D. Be the best.

2. When advertising her real estate services, Lucy emphasizes that she is a native of the area and has been selling real estate in town for over 10 years. These qualities are her:
 - A. Indicators
 - B. Weaknesses
 - C. Differentiators
 - D. Mission statement

3. Dave is a newly licensed real estate sales associate. He decides to focus his efforts by identifying his specific business, services, geographic area, ideal customers, and business philosophy. The result is his:
 - A. Financial goal
 - B. Mission statement
 - C. Competitor profile
 - D. Time management strategy

4. Janice is a new real estate sales associate. In order to build her business, she spends time looking for leads through cold calling, knocking on doors, and visiting FSBOs. This practice is known as:
 - A. Advertising
 - B. Prospecting
 - C. Self-promotion
 - D. Time management

5. Under what circumstances may a listing agent make calls to a FSBO who is on the Do Not Call registry?
 - A. If the property has been listed for less than 18 months
 - B. Only if the agent has a buyer interested in the property
 - C. At any time
 - D. Never

BUSINESS PLAN AND PROSPECTING

EXAM ANSWER KEY

1. A

2. C

3. B

4. B

5. B

Miscellaneous Questions

1. In real estate, what is one of the fastest ways to go out of business?
 - A. Sell only low income housing
 - B. Fail to deliver what the customer wants
 - C. Fail to attend office agent tours
 - D. Fail to submit your listing to the multiple listing service

2. Customer orientation
 - A. Identifies the features of a product and stresses those features until the product is sold.
 - B. Attempts to find a market's needs before listing properties
 - C. Avoids conflict between the multiple tasks needed to bring the customer to the product
 - D. Is another term for prospecting

3. A young couple comes into the office after calling about an advertised property. You qualify them and show them a property. The couple did not want to leave the home you showed them because it met absolutely all of their needs. After several hours and some considerable persuasion, you return to the office only to find that the house sold ten days earlier. In what area did the marketing concept break down?
 - A. Customer orientation
 - B. Systems orientation
 - C. Goal orientation
 - D. None of the above

4. Which of the following BEST describes the reason for market research?
 - A. To identify multiple farm areas
 - B. To assist the agent with making decisions
 - C. To discover channels of distribution
 - D. To develop comprehensive primary data collection techniques

5. Which of the following is NOT market research?
 - A. Learning the inventory by participating in office property tours
 - B. Prospecting
 - C. Conducting interviews and surveys
 - D. Identifying commonalities in the market

6. What is the biggest constraint in conducting a marketing research project?
 - A. General lack of data
 - B. Lack of financial resources
 - C. Inability to tie the information together
 - D. Identifying trends in the marketplace

7. If buyers are given all of the same things to consider when making a purchase, which of the following best completes this statement: When buyers consider making an offer, they negotiate
 - A. The price
 - B. Things of value
 - C. Improvements
 - D. The date of possession

8. Which of the following represents the biggest disadvantage of charging a low commission?
- A. Overall company profits decline
 - B. Prospects can't save the services
 - C. Channels of distribution close down
 - D. The turnover ratio increases
9. Offering a bonus commission to the selling agent is a form of:
- A. Advertising
 - B. Publicity
 - C. Sales promotion
 - D. Good publicity
10. Several things occur in the initial steps of a marketing effort. Which of the following words is not a part of these steps?
- A. Referrals
 - B. Preparation
 - C. Qualifying
 - D. Prospecting

Miscellaneous Questions Answer Key

1. B
2. B
3. B
4. B
5. B
6. B
7. B
8. C
9. C
10. C

Project Options

Format A

- Students have the option to complete **one** project of their choice from the options below.
- The project is to be turned in no later than the last day of their final session and will be graded on the attention to detail, quality of the finished product, and accuracy of the information.
- The purpose of these projects is to ensure that the students have obtained the necessary understanding of the material to apply it to everyday situations.
- **No student will be given credit for completing the 30 Hour Post License Course until projects are completed to the instructor's satisfaction.**

1. Listing Package

Project consists of Student preparing a **complete** Listing Presentation for a "Subject Property," including a script for explaining the Agency Disclosure to a Seller, a Competitive Market Analysis, a 30-day Marketing Plan, a completed Listing Agreement, and an Estimate of Net Proceeds.

2. Buyer's Package

Project consists of Student preparing a complete Buyer's Counseling Session for a "Prospective Purchaser," including a script for explaining the Agency Disclosure to a Buyer, a Buyer's Packet of useful information, a completed Purchase Agreement and an Estimated Settlement Cost Statement for the purchase price of \$200,000.

3. Business Plan

Project consists of Student preparing a comprehensive 12-Month Business Plan, including specific measurable goals, strategies, action plans, monthly schedules of activities, and a budget of expenses associated with executing the plan. Plan must include a sphere strategy and at least 2 other prospecting strategies- each with its own set of action steps.

Name _____ Date _____

Post License Final Exam Evaluation Form

	Poor					Excellent				
1. LISTING PACKAGE										
Agency Disclosure Script										
a. Transaction Brokerage	1	2	3	4	5	6	7	8	9	10
b. Single Agency	1	2	3	4	5	6	7	8	9	10
c. Limited Consensual Dual	1	2	3	4	5	6	7	8	9	10
d. Sub-Agency	1	2	3	4	5	6	7	8	9	10
e. Office Policy on Agency	1	2	3	4	5	6	7	8	9	10
Listing Presentation	1	2	3	4	5	6	7	8	9	10
Listing Agreement	1	2	3	4	5	6	7	8	9	10
Competitive Market Analysis	1	2	3	4	5	6	7	8	9	10
30-Day Marketing Plan	1	2	3	4	5	6	7	8	9	10
Seller's Net Sheet	1	2	3	4	5	6	7	8	9	10

2. BUYER'S PACKAGE

Agency Disclosure Script										
a. Transaction Brokerage	1	2	3	4	5	6	7	8	9	10
b. Single Agency	1	2	3	4	5	6	7	8	9	10
c. Limited Consensual Dual	1	2	3	4	5	6	7	8	9	10
d. Sub-Agency	1	2	3	4	5	6	7	8	9	10
e. Office Policy on Agency	1	2	3	4	5	6	7	8	9	10
f. Benefit of Representation	1	2	3	4	5	6	7	8	9	10
Buyer Counseling Session	1	2	3	4	5	6	7	8	9	10
Purchase Agreement	1	2	3	4	5	6	7	8	9	10
Buyer's Packet of Info.	1	2	3	4	5	6	7	8	9	10
Buyer's Estimated Net	1	2	3	4	5	6	7	8	9	10

3. BUSINESS PLAN

Specific Measurable Goals

a. Annual Income	1	2	3	4	5	6	7	8	9	10
b. Listings Taken	1	2	3	4	5	6	7	8	9	10
c. Listings Sold	1	2	3	4	5	6	7	8	9	10
d. Closed Buyer Sides	1	2	3	4	5	6	7	8	9	10
e. Education Goals	1	2	3	4	5	6	7	8	9	10
Sphere Strategy/Action	1	2	3	4	5	6	7	8	9	10
Strategy#2/Action Steps	1	2	3	4	5	6	7	8	9	10
Strategy #3/Action Steps	1	2	3	4	5	6	7	8	9	10
Monthly Schedule	1	2	3	4	5	6	7	8	9	10
Budget of Expenses	1	2	3	4	5	6	7	8	9	10

Areas for Improvement:

Total Score: _____

Individual Project Options

Introductory Letter Project

Please prepare a letter introducing yourself to your sphere of influence. Share the good news about your new real estate career and the services that you offer.

Poor

Excellent

Proper introduction	1	2	3	4	5	6	7	8	9	10
New career	1	2	3	4	5	6	7	8	9	10
Services you offer	1	2	3	4	5	6	7	8	9	10
Market information	1	2	3	4	5	6	7	8	9	10
Contact information	1	2	3	4	5	6	7	8	9	10
Totals										

Project Total _____

Maximum Score is 50.

Passing score is 35= 70%

Contract to Closing – Buyer Checklist Project

Prepare a buyer checklist with all of the forms that need to be completed after the contract is signed and prior to closing.

Points are given based on how the forms are completed.

	Poor										Excellent									
Estimated closing	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
RECAD	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Contract	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Title policy	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Property inspection	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Insurance declarations	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Listing agent/seller & attorney information sheet	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Property inspection	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Addendums (LBP, inspection)	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Home warranty Information	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Totals																				

Project Total _____

Maximum Score is 100.

Passing score is 70 = 70%

Contract to Closing – Seller Checklist Project

Prepare a seller checklist with all of the forms that need to be completed after the contract is signed and prior to closing.

Points are given based on how the forms are completed.

	Poor					Excellent				
Estimated closing	1	2	3	4	5	6	7	8	9	10
RECAD	1	2	3	4	5	6	7	8	9	10
Listing agreement	1	2	3	4	5	6	7	8	9	10
Title policy	1	2	3	4	5	6	7	8	9	10
Property inspection	1	2	3	4	5	6	7	8	9	10
Contract	1	2	3	4	5	6	7	8	9	10
Sellers agent/buyer & attorney information sheet										
Property inspection	1	2	3	4	5	6	7	8	9	10
Addendums (LBP, inspection)	1	2	3	4	5	6	7	8	9	10
Payoff request form	1	2	3	4	5	6	7	8	9	10
Totals										

Project Total _____

Maximum Score is 100.

Passing score is 70 = 70%

Purchase Agreement Project

Prepare a purchase agreement package for a prospective buyer. Please include all exhibits and disclosures and research required to produce the correct documents. Include a RECAD script and a response to the question “How much should I offer?” (the home is listed for 150,000)

Points are given based on how the forms are completed.

Poor

Excellent

Buyer checklist (for buyer)	1	2	3	4	5	6	7	8	9	10
RECAD	1	2	3	4	5	6	7	8	9	10
Contract	1	2	3	4	5	6	7	8	9	10
Purchase agreement	1	2	3	4	5	6	7	8	9	10
Contract	1	2	3	4	5	6	7	8	9	10
Sold comps	1	2	3	4	5	6	7	8	9	10
Home inspection sheet	1	2	3	4	5	6	7	8	9	10
Buyers estimated net	1	2	3	4	5	6	7	8	9	10
Home warranty package	1	2	3	4	5	6	7	8	9	10
Addendums	1	2	3	4	5	6	7	8	9	10
Totals										

Project Total _____

Maximum Score is 100.

Passing score is 70 = 70%

30 HOUR POST LICENSE EXAM

1. If a groundwater test is conducted and indicates contamination, the results of the test must be disclosed to _____.
 - A. The buyer only
 - B. The seller only
 - C. The seller and any potential buyer
 - D. The person requesting the test only

2. The objective of proper pricing is _____:
 - A. A quicker sale
 - B. Less inconvenience to the sellers
 - C. Higher offers
 - D. All of the above

3. If a broker recommends that a buyer obtain a home inspection, and the buyer refuses, the broker should _____.
 - A. Recommend that the seller not go through with the sale
 - B. Obtain a home inspection on behalf of the buyer
 - C. Contact an attorney on behalf of the buyer
 - D. Have the buyer sign a form documenting the declination

4. Under Alabama license law, a licensee is prohibited from all of the following except:
 - A. Placing a "for sale" sign on listed property without the permission of the owner
 - B. Accepting a fee from a mortgage lender for directing prospective purchasers to that company for financing
 - C. If a salesperson, accepting a commission from anyone other than his or her qualifying broker
 - D. Failing to maintain adequate records of withdrawals and disbursements from his or her business account

5. Agency disclosure should be _____:
 - A. Timely
 - B. Meaningful
 - C. Written
 - D. All of the above

6. Which one of the following occupations is not regulated by the Alabama Real Estate License Law?
 - A. Real estate appraiser
 - B. Residential real estate salesperson
 - C. Commercial real estate salesperson
 - D. Real estate auctioneer

7. Which of the following is not grounds for refusal, suspension, or revocation of a license or other punishment of the licensee?
 - A. Taking a net listing
 - B. Acting for more than one party in a transaction without first obtaining the written consent of all parties
 - C. Failing to notify the multiple listing service of a sale of listed property
 - D. Failing to inform buyer and seller of the approximate closing costs each will have to pay

8. Which of the following individuals is (are) protected under the Americans with Disabilities Act (ADA)?
 - A. An individual who has a substantially limiting impairment
 - B. An individual who has a minor impairment
 - C. An individual who is related to an individual with a minor impairment
 - D. All of the above

9. The phrase “caveat emptor” means _____.
 - A. Beware of sellers
 - B. Beware of brokers
 - C. Let the buyer beware
 - D. Let the seller beware

10. Under federal fair housing laws, it is legal to prohibit which of the following in a housing unit?
- A. Smoking
 - B. A live-in caregiver for a resident with a disability
 - C. Drinking alcohol
 - D. Both A and C
11. A real estate salesperson may engage in the real estate business without being under the direct supervision of a broker only if he or she:
- A. Lives in an area where there are no convenient brokers
 - B. Cannot get a licensed broker to sponsor him or her
 - C. Is the manager of a branch office of a licensed broker
 - D. None of the above
12. Earnest money for a real estate sales contract is _____.
- A. Required by state law
 - B. Required by the Real Estate Commission
 - C. Required to make the contract valid
 - D. Optional, but good business practice
13. Radon is _____.
- A. A toxic gas that enters a building from the ground
 - B. A gas emitted by a variety of household products
 - C. A material used for its fire retardant qualities
 - D. None of the above
14. Which of the following are violations or potential violations of the Fair Housing Act?
- A. A seller tells you he does not want to sell to African-Americans
 - B. A sales associate puts the phrase "adults only" in an MLS listing
 - C. Both A and B
 - D. None of the above

15. If a broker terminates the employment of a salesperson, the broker must:
- A. Notify the commission and return the salesperson's license to the commission
 - B. Remit all outstanding brokerage fees to the salesperson within 120 days of termination
 - C. Submit an affidavit to the commission stating the reasons for the salesperson's termination
 - D. Sign a release that permits the salesperson to continue working on existing listings for a period of three months
16. The commission rate (marketing fee) charged by a broker is _____
- A. Set by state law
 - B. Set by federal law
 - C. Negotiated between the broker and the seller
 - D. Collectively set by all brokers in an area
17. A licensed real estate broker who is engaged by or on behalf of a qualifying broker is called:
- A. Broker-salesman
 - B. Broker-salesperson
 - C. Assistant broker
 - D. Associate broker
18. If the listing broker of a used home has knowledge of a latent material defect that would affect the health and safety of the buyer, the broker _____
- A. Has an affirmative duty to repair the defect
 - B. Has an affirmative duty to disclose the defect to the buyer
 - C. Must disclose the defect only if the buyer asks about it
 - D. Must withhold the defect from the buyer
19. Under the federal fair housing law, the seven protected classes are
- A. Race, color, income, handicap, national origin, marital status, religion
 - B. Race, color, religion, sex, handicap, familial status, national origin
 - C. Race, sexual orientation, sex, familial status, handicap, age, national origin
 - D. None of the above

20. On an “Estimated Net to Seller” worksheet, property taxes are usually prorated over a period of _____
- A. One month
 - B. Three months
 - C. Six months
 - D. One year
21. Earnest money may be paid in the form of _____
- A. Cash
 - B. Check
 - C. Services
 - D. All of the above
22. Which of the following statements concerning a broker’s responsibilities to his/her principal (client) is NOT true?
- A. The broker must act in the best interest of the principal
 - B. The broker is responsible for any financial losses to the principal
 - C. The broker should not reveal confidential information about the principal
 - D. The broker should be able to account for all money entrusted to him/her by the principal
23. A broker acting as an agent for the seller must obey _____
- A. All instructions from the seller and the buyer
 - B. All instructions from the seller
 - C. All legal instructions from the seller and the buyer
 - D. All legal instructions from the seller
24. The fair housing laws prohibit all of the following except:
- A. Refusal to show, sell, or rent a property because of disability
 - B. Expressing a preference for young adults in a listing comment
 - C. Evicting a current user for illegal drugs
 - D. Marketing your listings exclusively in a religious publication

25. A listing in which the broker receives a commission regardless of who sells the property is _____
- A. A net listing
 - B. An open listing
 - C. An exclusive agency listing
 - D. An exclusive right to sell listing
26. When a salesperson works as an employee of a broker, the broker has control over _____
- A. The end result of the salesperson's work
 - B. How the salesperson's work is to be performed
 - C. Both A and B
 - D. Neither A nor B
27. When a salesperson receives earnest money for a sales contract, he/she should _____
- A. Deposit it in his/her trust account as soon as possible
 - B. Turn it over to his/her broker as soon as possible
 - C. Turn it over to the seller as soon as possible
 - D. Hold it until the sale closes
28. When the property is listed for sale, having the seller complete a seller's property condition disclosure statement is _____
- A. Permitted but not required by law
 - B. Required by law
 - C. Required on FHA loans only
 - D. Prohibited by law
29. If a seller using a real estate agent refuses an offer because of the buyer's national origin, who may file a federal lawsuit against the seller?
- A. The prospective buyer
 - B. The real estate practitioner
 - C. The federal government
 - D. All of the above

30. When may a salesperson sign a listing agreement for a broker?
- A. With permission from the seller
 - B. With written permission from the seller
 - C. With permission from the broker
 - D. With written permission from the broker
31. Licensee Red works as a salesperson for Broker White. Broker White has a listing agreement with Seller Blue. Which of the following statement(s) is/are CORRECT?
- A. Broker White is an agent for Seller Blue
 - B. Licensee Red is an agent for Broker White
 - C. Both A and B
 - D. Neither A nor B
32. When a seller is considering one offer, the broker receives another written offer on the property. The broker should _____
- A. Refuse to accept the new offer
 - B. Submit the new offer to the seller
 - C. Submit the new offer to the seller only if it better than the first offer
 - D. Hold the new offer as a backup until the seller decides on the first offer
33. In a real estate transaction, a broker may represent _____
- A. The seller only
 - B. The buyer only
 - C. Either the buyer or the seller but not both
 - D. The buyer, the seller, or both the buyer and the seller with informed, written consent and limited representation
34. Which one of the following statements is FALSE?
- A. In the absence of a signed brokerage agreement between the parties, the transaction brokerage relationship exists
 - B. A licensee may be liable for misrepresentation by the client if the licensee knows the information was false
 - C. A limited consensual dual agent provides the full range of services to each client
 - D. Each broker is required by Alabama License Law to adopt a written agency disclosure office policy that enumerates the types of brokerage services arrangements a licensee with the broker may offer

35. Dual agency is_____
- A. Always legal
 - B. Legal if disclosed to all parties involved
 - C. Illegal if disclosed to the parties involved
 - D. Always illegal
36. Which of the following is not true of a typical CMA, Competitive Market Analysis?
- A. An analysis of Active Listings looks at the current competition
 - B. An adjustment for a competitive listing having an additional bedroom, would be to subtract value from the competing listing's price
 - C. The reason that all expired listings did not sell is they were overpriced
 - D. A Competitive Price Line is a useful tool to interpret market data from the CMA
37. When a salesperson works as an independent contractor for a broker, the broker must_____
- A. Provide retirement and insurance coverage for the salesperson
 - B. Pay FICA contributions to the IRS on behalf of the salesperson
 - C. Provide annual and sick leave for the salesperson
 - D. None of the above
38. All of the following are violations of License Law except:
- A. Presenting to the Commission, as payment for a fee or fine, a check that is returned unpaid
 - B. Establishing an association, by employment or otherwise, with an unlicensed person who is expected or required to act as licensee
 - C. Establishing a minimum acceptable commission for your services
 - D. Offering free lots or conducting lotteries for the purpose of influencing a party to purchase or lease

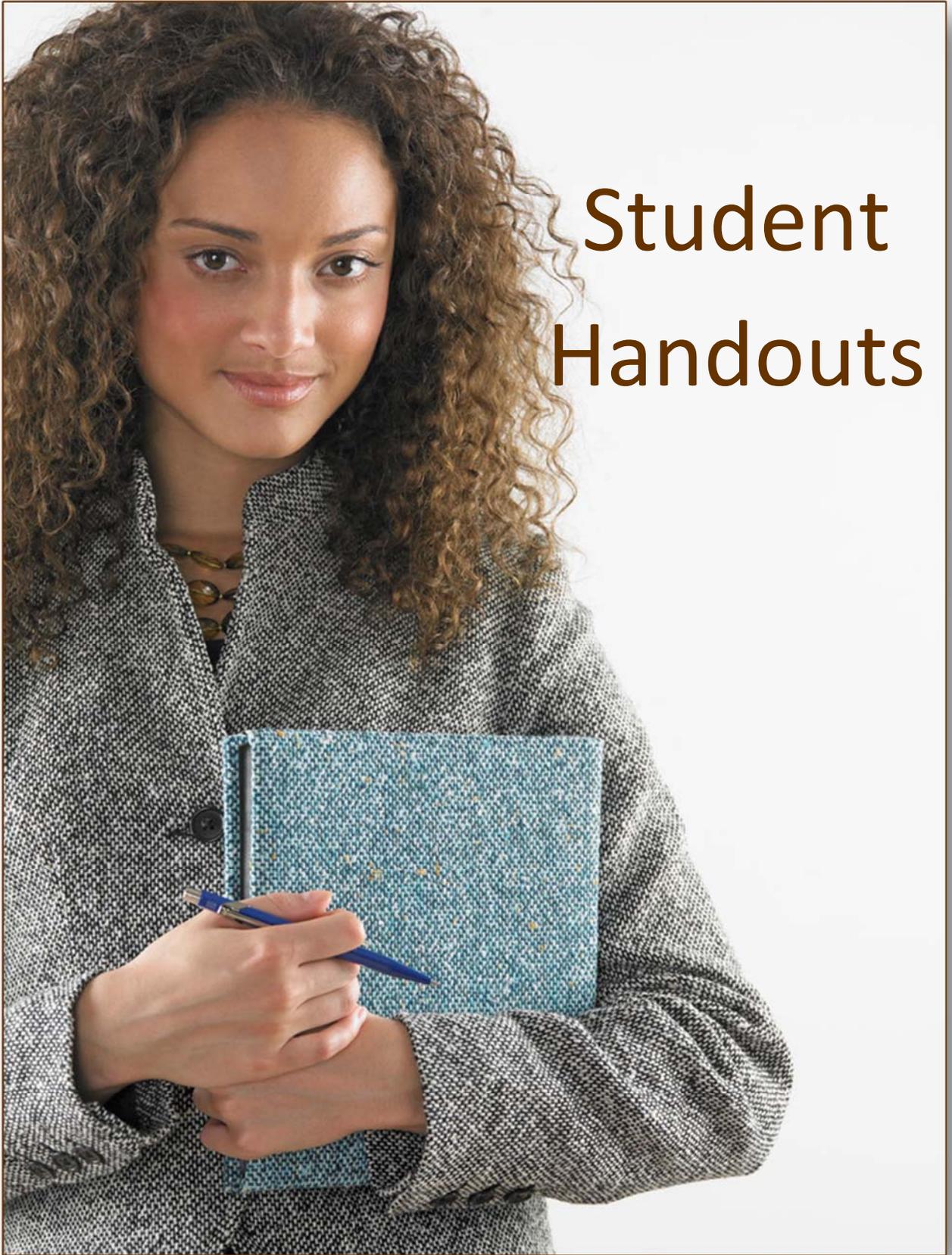
39. Which of the following is a true statement?
- A. It is no longer necessary to have a written agreement with a consumer to represent them
 - B. A customer is a consumer that a salesperson works for and to whom representation is provided
 - C. A licensee should disclose agency options to the consumer prior to obtaining confidential information
 - D. A brokerage arrangement whereby the licensee does not represent either party in the transaction is known as limited consensual dual agency
40. Which of the following is a key component of RISK MANAGEMENT?
- A. Risk shifting
 - B. Risk anticipation
 - C. Risk control
 - D. All of the above
41. Which of the following issues should be considered part of Risk Management?
- A. Agent health and safety
 - B. Sexual harassment
 - C. Megan's Law
 - D. All of the above
42. Which of the following is NOT a ministerial service owed to all customers
- A. Honesty
 - B. Disclosure
 - C. Accountability
 - D. Undivided loyalty
43. Which of the following is a benefit of a fact-finding visit to a property prior to a listing appointment:
- A. Opportunity to build rapport with the property owners
 - B. Being able to measure and inspect property
 - C. Time to assess motivation to sell
 - D. All of the above

44. When selecting competitive listings for a CMA, what is the order of importance?
- A. Same city, similar amenities, similar size
 - B. Similar size, same city, similar amenities
 - C. Same or similar neighborhood or subdivision, similar size, similar amenities
 - D. Similar amenities, similar size, same or similar neighborhood
45. When a seller is presented a purchase agreement, which of the following is NOT an option of the seller?
- A. Accept the offer as written
 - B. Counter any or all provisions of the contract
 - C. Reject the offer as written
 - D. Counter the offer AND a competing offer at the same time with the understanding "The first one to accept the counter is the winner"
46. The following should be included in your personal working file during negotiations of a purchase agreement (buyer side) EXCEPT
- A. Copies of the signed offer and any counter offers
 - B. Phone memos and records of all phone conversation about the transaction
 - C. The earnest money check
 - D. Copies of any documents you have provided the buyer
47. The lines numbered 700 through 704 on the HUD Estimated Closing Statement relate to:
- A. Reserves the borrower must provide the lender
 - B. Inspections and repairs
 - C. The commission owed your broker and co-operating broker
 - D. Loan pay-offs
48. Which of the following is the correct order in the process of deciding to purchase a home (taking action to buy)
- A. Having an unsatisfied need, expecting satisfaction from the decision, recognizing that value = cost
 - B. Value=cost, expectation of satisfaction, having an unsatisfied need
 - C. Expectation of satisfaction, unsatisfied need, value=cost
 - D. None of the above

49. Why do people decide to buy?
- A. In most residential purchases the decision to buy is based on emotion
 - B. Most residential purchasers will support emotional decision with facts
 - C. Both A and B
 - D. Neither A and B
50. Which of the following can be accessed from the Alabama Real Estate Commission website www.arec.alabama.gov?
- A. View current License Law and perform license status search
 - B. Download license application, and education forms
 - C. View current and past copies of newsletters
 - D. All of the above

Exam Answer Key

- | | | |
|-------|--------|-------|
| 1. C | 20. D | 39. C |
| 2. D | 21. D | 40. D |
| 3. D | 22. B | 41. D |
| 4. D | 23. D | 42. D |
| 5. D | 24. C? | 43. D |
| 6. A | 25. D | 44. C |
| 7. C | 26. C | 45. D |
| 8. D | 27. B | 46. C |
| 9. C | 28. A | 47. C |
| 10. D | 29. D | 48. A |
| 11. D | 30. D | 49. C |
| 12. D | 31. C | 50. D |
| 13. A | 32. B | |
| 14. C | 33. D | |
| 15. A | 34. C | |
| 16. C | 35. B | |
| 17. D | 36. C | |
| 18. B | 37. D | |
| 19. B | 38. C | |



Student Handouts

Student Handouts

The following documents are available on the Commission's website and may be provided to your students either during, or upon completion of the post license course.

- **Home Buying Process Flow Chart**

This document may be found in the **Instructor Resources** section after logging into **Online Services**.

- **Color Licensing Process Diagram**

This document may be found in the **Instructor Resources** section after logging into **Online Services**.

- **Licensing Process and Deadlines Form**

This document may be found in **Education Resources** under the **Education** heading or in the **Instructor Resources** section after logging into **Online Services**.

- **Original Salesperson License Application**

This document may be found under the Forms heading on the homepage of the Commission's website.

- **Commission Fee Schedule**

This document may be found in **Education Resources** under the **Education** heading or in the **Instructor Resources** section after logging into **Online Services**.

- **Commission Deadlines**

This document may be found in **Education Resources** under the **Education** heading or in the **Instructor Resources** section after logging into **Online Services**.

- **CMap Student Instruction Sheet**

This document may be found in **Education Resources** under the **Education** heading or in the **Instructor Resources** section after logging into **Online Services**.