

Sales Associate State Exam Study Review Guide

Chapter 1

Sales Associate License – The first license you obtain.

Brokers License – After being active under a broker for 2 years you can complete the Broker's course (FREC II) and sit for the broker's exam.

Broker Associate - A broker who chooses to continue working under another broker.

Owner Developer – An entity who owns and sell his own property only.

Subdivision Plat Map – This is what a builder has to supply to the planning board before receiving permits to build.

USPAP—Uniform Standards of Professional Appraisal Practices = Guidelines to follow when providing appraisal services.

FREAB — Florida Real Estate Appraisal Board = Regulates Appraisers.

Appraisers charge a fee based on the time and difficulty of the work. Appraisers are not paid a commission to reduce the possibility of a conflict of interest.

Chapter 2

Applicants are cautioned to complete the application very carefully, particularly with respect to past history concerning felonies, misdemeanors, and traffic offenses.

A Nonresidential Applicant who wishes to become licensed in Florida must consent to the irrevocable consent to service section on the license application. The consent must be notarized.

To date FREC has entered into Mutual Recognition Agreements with licensing authorities in eight states: *Alabama, Arkansas, Connecticut, Georgia, Illinois, Mississippi, Nebraska, Oklahoma.*

FREC rules define a resident of Florida as a person who has resided in Florida continuously for a period of four calendar months or more within the preceding year, regardless of whether the person resided in a recreational vehicle, hotel, rental unit, or other temporary or permanent location. Applicants must: *be 18, have a high school diploma or its equivalent. possess a Social Security number, be honest, trustworthy, truthful and be competent and qualified to make real estate transactions and conduct negotiations with safety to investors and others.*

Course one consists of **60 hours of instruction plus** 3 hours for an end-of-course examination. The end-of-course examination consists of 100 questions worth 1 point each and is normally organized with... **45 questions on principles and practices, 45 questions on real estate law 10 math questions.**

Sales associates are required to successfully complete a prescribed post- licensing education requirement before the first renewal period of their license. Sales

associates who do not complete the **45 hour post-licensing requirement** and want to continue in the real estate business are required to re-qualify by taking the pre- licensing course, end-of-course exam and by passing the state licensing exam. After completing the post-licensing education requirement during the initial license period, active and inactive licensees complete at least **14 hours of continuing education during every 2-year license period after** that.

Broker applicants must complete a course of **69 hours of instruction plus 3** hours for the end-of-course examination.

FS 475 - Florida Real Estate Law

FS 455 - Regulation of Professions & Occupations (DBPR)

FS 61j2 – Code of Ethics

Real Estate service include any real estate activity involving compensation for performing the service for another.

A BAR SALE: 8 Services of Real Estate

A Advertise real estate services

B Buy

A Appraise

R Rent or provide rental information or lists

S Sell

A Auction

L Lease

E Exchange

Property owners and salaried employees of business entities are exempt from having a real estate license.

Chapter 475 F.S. exempts the following individuals from holding a real estate license: *selling cemetery lots, attorney-client relationship.*

Chapter 3

FREC members do not receive a salary. However, in lieu of a salary, they are paid **\$50** per day for each day they attend an official meeting and for each day they participate in other Commission business.

The **License renewal period** is the initial effective date of a real estate license; the date the applicant passes the license exam. All real estate licenses are issued with an expiration date of either **March 31st or September 30th.**

Armed Forces exemption states that a licensee who is in good standing and who is a member of the U.S. armed forces is exempt from the renewal provisions during the licensee's period of active duty and six months after discharge from active duty.

A licensee who has qualified for a real estate license but who voluntarily chooses not to engage in the real estate business during a given period and requests such a change is placed on voluntary inactive status.

If a licensee fails to renew an active or voluntary inactive license before the expiration date, the license reverts automatically to involuntary inactive status.

If your license is suspended, the licensee is prevented from working for a period of time. The license is ineffective during a *max suspension of 10 years*. -

A broker who holds more than one Florida broker license is said to hold **multiple licenses**.

A **Group License** is sometimes issued to sales associates or broker associates who are registered under an owner-developer. An owner-developer may own properties in the names of various entities.

Chapter 4

Principal: A person who delegates authority to another Agent: A person entrusted with another's business is authorized to represent and act for the principal.

A **fiduciary** acts in a position of trust or confidence for another. The fiduciary owes complete allegiance to the principal.

A **Transaction Broker** is a broker who provides **limited representation** to a buyer, a seller, or both in a real estate transaction, but who does not represent either party in a fiduciary capacity or as a single agent.

The Florida real estate license law defines a **Single Agent** as a broker who represents, as a fiduciary, either the buyer or the seller, but not both, in the same transaction.
(Full Disclosure)

A real estate licensee working in a no brokerage relationship capacity with a buyer or a seller has the following three duties: *Deal honestly & fairly, Disclose all known facts that materially affect the value of residential real property that are not readily observable to the buyer, Account for all funds entrusted to the licensee.*

To gain the principal's written consent to a change in relationship, the buyer and/or seller must either sign or initial the **consent to transition to transaction broker notice** set forth in Chapter 475 F.S.

Misrepresentation is the misstatement of fact or the omission or concealment of a factual matter.

The following are the elements that can lead to **action for fraud**: 1) *the licensee made a misstatement or failed to disclose a material fact.* 2) *The licensee either knew or should have known that the statement was not accurate.* 3) *The party to whom the statement was made relied on the misstatement.* 4) *The party to whom the statement was made was damaged as a result.*

Chapter 5

Sales associates are not permitted to open offices of their own. They must be registered from and work out of an office maintained and registered in the name of their employer.

Active real estate brokers must display an official sign on either the exterior or interior of the entrance to their principal office and all branch offices... **1) Trade name 2) Broker's name**

3) The words "Licensed Real Estate Broker", or "Lic. Real Estate Broker."

Advertisements must clearly reveal the licensed name of the brokerage firm. Advertisements that fail to disclose the license name of the brokerage firm are **blind advertisements** or a **Blind Ad**.

Sales associates who receive a binder deposit from a customer or principal must deliver it to their broker-employer immediately, which means no later than the end of **the next business day**.

Brokers must place trust funds into an escrow account immediately, which means no later than the end of **the third business day** after their sales associate has received it.

To commingle funds is the *illegal* practice of mixing a buyer's, seller's, tenant's, or landlord's funds with the broker's own money or of mixing escrow money with the broker's personal funds or brokerage funds.

Conversion is the unauthorized control or use of another person's personal property.

Commingle is mixing a customer's money with your money.

If a broker who maintains an escrow account receives conflicting demands on escrow property, the broker must notify the FREC, *in writing*, within **15 business days** of receiving the conflicting demands unless specifically exempted.

Four-settlement procedures:

Mediation — Non-Binding

Arbitration — Binding (Third party makes the binding decision / Arbitrator) Litigation - Lawsuit filed by disputing party so the matter can be resolved in court.

Escrow Disbursement Order (EDO) --- A broker may request that the FREC issue an EDO determining who is entitled to the disputed funds.

Litigation: Court and interpleader is involved.

Sometimes a broker will receive commission or partial compensation before completing a real estate service. The broker is entrusted with funds that must be placed into the broker's escrow, or trust, until the services are completed.

Any broker or sales associate who furnishes rental information to a prospective tenant for a fee must provide the prospective tenant with a contract or receipt that contains a provision for repayment under specific conditions. It must state that a prospective tenant, who does not obtain a rental is entitled to be repaid 75% of the fee paid if requested within 30 days of the contract/receipt date. If the information provided to the prospective tenant is not current or is inaccurate in any material respect; the broker must repay 100% of the fee to the prospective tenant on demand.

Federal Anti-Trust Laws: Sherman-Clayton Act & the Federal Trade Commission acts preserve competition and ensure restraint of trade. *(Under these laws, you may not fix commission rates)*

Kickbacks are unearned fees paid to a licensed associate with a real estate transaction for non-real-estate services. *Kickbacks are legal if it is coming from an unlicensed company, such as the lawn company.*

Legal — *Received from someone who does not have a state issued license. Received from someone who has a license in a field that you too are licensed in.*

Illegal -- *Received from someone who has a license in a field that you are not licensed in.*

Ostensible Partnership (Quasi-Partnership) - The appearance of a partnership. It is considered fraudulent. Brokers, who share an office building, must display separate signs and use separate telephone numbers.

Chapter 6

Seven steps of the complaint process:

1. Complaint is filed
2. Investigation of the complaint
3. Probable cause determination
4. Formal Complaint is filed if probable cause is found.
5. Informal hearing or formal hearing is conducted
6. Final order is issued
7. Judicial review

The most severe penalty that FREC is authorized to impose is revocation of license. Revocation is permanent. (Max suspension is 10 years)

The commission may impose an administrative penalty for violations of the law or rules and regulations: *Denial of application, refusal to rectify a license for renewal and revocation of a license for not more than 10 years.*

(Fines may not exceed \$5,000 for each separate violation)

The courts may enforce Civil Penalties if a person has performed any real estate services without a license.

The DBPR can issue fines up to \$5,000 per count to a person it finds guilty of unlicensed real estate activity. (Pg. 129)

A violation of F.S. 475 or any lawful order, rule, or regulation is legally a misdemeanor of the second degree. It may be punished by a fine of not more than \$500 and/or by imprisonment for not more than 60 days.

The penalty for failing to provide accurate and current rental information, for a fee, is a first-degree misdemeanor and is a fine of not more than \$1,000 and/or up to one year in jail.

The Florida Real Estate Recovery Fund's purpose is to reimburse an individual or business entity judged by a Florida court to have suffered monetary damages as the result of an act committed by a broker or sales associate. A claim for recovery will not be considered unless a civil suit resulted in a final judgment against an individual licensee as defendant.

Monetary limits of claim:

\$50,000 (for one transaction) No more than \$150,000 (for more than one transaction).

Fraud is intentional deceit for the purpose of inducing another to rely on information to part with some valuable asset or legal right.

Chapter 7

The Civil Rights Act 1866 prohibits discrimination based on *RACE*.

The Fair Housing Act *created* protected classes of people and prohibits discrimination when selling or renting residential property when based on the following: *Race, Color, Religion, Sex, Handicap Status, Familial Status, National Origins*. The Fair Housing Act covers Single-family houses and Multi-family housing. (No age)

Equal Credit Opportunity Act (ECOA) ensures credit be made available with fairness without discrimination to: *Race, Color, Religion, National Origin, Sex, Marital Status, Age, or income from public assistance programs*.

Civil Rights Act

Fair Housing Act

Equal Credit Opportunity Act

Steering is the channeling of homeowners away from particular neighborhoods because they are of a *protected class*.

Blockbusting is to use the entry, or rumor of entry, of a *protected class* into a neighborhood to persuade owners to sell.

Redlining is to deny loans or insurance coverage by a lender or insurer that presents different terms or conditions for homes in certain neighborhoods.

Growth management act requires a **concurrency provision**. Requiring the infrastructure to be in place before new development can begin.

Landlords have **15 days** to return the security deposit and any accrued interest, if applicable, provided the landlord does not intend to make a claim on the security deposit.

The landlord has **30 days** to notify the tenant if the landlord intends to impose a claim on the deposit.

A landlord has **7 days** to correct the noncompliance and resolve a problem

Chapter 8

Surface Rights: **Riparian** Rights — associated with land abutting the banks of a **river** or stream

Littoral Rights — associated with land abutting ocean or **lake** (large body of water)

Fee Simple Estate means absolute and complete ownership, subject only to governmental restrictions.

Life Estates give owners fewer rights than the owner of a fee simple estate. The life estate owner owns the property for only the period of the lifetime of the individual. When the life estate ends, the property returns to the original grantor or goes to a third party, called a **Remainderman**.

A lease agreement that has a beginning date, but no fixed termination date, is known, as **tenancy at will**.

When a tenant stays in possession of the property beyond the ending date, it is known as a **tenancy at sufferance**.

When two or more persons wish to share the ownership of a single property, they may choose to do so as **tenants in common**.

(Most common between people who are not married)

Joint Tenancy is characterized by the **right of survivorship**. The surviving co-owner(s) receive a share of the deceased tenants rights.

A **Tenancy by the entirety** is a joint tenancy between husband and wife.

Non-Marital assets are Separate Property and include any property the husband or wife owned separately prior to the marriage.

Florida law provides for the divorcing couple's assets to be divided **equally**.

(Co-Op) The important result of the stock purchase is that ownership of the stock entitles the purchaser to a proprietary lease and the right to occupy the unit for the life of the corporation.

The buyer of a **NEW** condominium can cancel the contract within **15 calendar days** of signing the contract. The Buyer of a **resale condominium** can cancel the contract within **3 business days** after the date of execution of the contract.

Purchasers of timeshares and vacation **plans may cancel their contract within 10 calendar days** of contract signing.

Time-share ownership:

Interval ownership is fee simple ownership and contains the same rights as any other property conveyed by deed.

Right-to-use grants rights with the right-to-use forms of time-sharing that temporary in nature. A lease.

Chapter 9

Voluntary Alienation:

Deeds convey the legal title. **Wills** are a legal instrument used to convey title to real and personal property after a person's death.

Involuntary Alienation: Example (Foreclosure)

Descent leaves the property of the deceased to legal descendants if they don't have a will.

Escheat provides for a government, to take the property of an owner, who dies **intestate** (without a will), and without any known heirs entitled to receive the property.

Adverse Possession arises when the true owner of record fails to maintain possession and another seizes the property.

Eminent domain gives government the right to take land from an owner through a legal process referred to as **Condemnation**, as long as the taking is for public purpose.

Actual Notice - Direct knowledge acquired in the course of a transaction.

Constructive Notice is accomplished by recording the information in the public records.

Title Insurance:

Owner's Policy (not transferable) is issued for the total purchase price of the property.

The Lender's Policy (transferable) is issued for the unpaid mortgage amount.

Clauses in a Deed:

Habendum clause limits the estate or tenancy being conveyed and is entered before or after the restrictions or limitations on the property's use. (To have and to hold)

The **Premises section** of a deed names - **parties to the deed and date of the deed.**

A **Seisin** is a promise that the grantor owns the property and has the right to convey title.

The **Covenant against encumbrances** states that the property is free from liens or other encumbrances, except as noted in the deed.

Deed Restrictions are a part of the deed and affect a particular property.

Restrictive Covenants are recorded along with the subdivision plat and usually affect entire subdivisions.

Easements are rights to use a portion of an owner's [and for a specific purpose.

Easement by Prescription Is created by longtime usage, such as 20 years of open, uninterrupted use.

Encroachment is the unauthorized use of another's property.

Liens are a right or legal interest given to a creditor or a unit of government to have a debt satisfied out of some specific property belonging to a debtor.

Chapter 10

Metes refers to distance and **bounds** refer to direction.

The **beginning reference** is the intersection of a north/south line called a **principal meridian** and an east/west line called a **base line**.

Township: A square tract of land measuring six miles on each side and including 36 sections formed by the crossing of range and township lines.

(Opposite of N is S and the opposite of W is E)

Chapter 11

The **Statutes of Frauds** requires that contracts conveying an interest in real property must be *in writing and signed* to be enforceable.

Statute of Limitations designates the period of time during which the terms of a contract may be enforced.

Written Contracts: 5 years Oral Contracts: 4 years

A **Parol Contract** is an oral agreement and an informal contract. (Some oral real estate contracts are recognized by law as enforceable)

Bilateral Contract obligates both parties

Unilateral Contract obligates only one party.

Counteroffer indicates willingness to contract, but on terms or conditions different from those contained in the original offer. The original offer is **dead and cannot later be accepted**.

Remedies for Breach:

Specific Performance: Wronged party may sue to have the courts force the other party to perform as the contract specifically states.

Liquidated damages: The parties will stipulate an amount of money in the contract to be paid in case of default by the buyer.

Rescission: To rescind is to cancel or withdraw the breach and continue the transaction.

Compensatory damages: Suit for damages in addition to liquidated damages; the party bringing the suit seeks an amount of money equal to the extent of loss suffered.

Open Listing: An employment contract given to any number of brokers who work simultaneously to sell the owner's property. Least advantageous to broker.

Exclusive-right-of-sale listing is when the seller gives the listing to a selected broker, who then becomes the exclusive real estate agent of the owner, for the sale of the property, during the time the listing contract is in affect. Most advantageous to broker.

Radon gas disclosure: A disclosure statement on real estate sale and lease contracts that consists only of what radon is.

Lead-based paint: Disclosures of lead-based paint must be given with any home, purchased or rented, that was built Pre-1978.

Homeowners Association disclosure: Provides buyers with a disclosure summary regarding the association, the existence of restrictive covenants, and any assessments that the association imposes.

Property tax disclosures: Prospective buyers of residential property must be presented a disclosure summary concerning *ad-valorem* taxes before or at the time of execution of the contract for sale.

Chapter 12

Lien Theory: The borrower retains title to the property. The lender is protected with a lien on the real property to secure the payment of the mortgage debt..

Title Theory: Title to mortgaged property goes to the mortgagee/lender or a third party.

Promissory Note: Legal instrument that represents the evidence of a debt.

Mortgage: An instrument that pledges the property as security for a debt. The legal document that represents the lien on the real estate that secures the debt.

Hypothecation: Refers to the pledging of property, as security for payment of a loan, without surrendering possession of the property.

Ownership of a mortgage is transferred from one company or individual to another is an **Assignment**.

Equity of redemption allows the mortgagor to prevent foreclosure by paying the mortgagee the principal and interest due, plus any expenses the mortgagee has incurred in attempting to collect the debt and initiating foreclosure proceedings.

A **receivership clause** allows a receiver to be appointed to collect income from the property and use the income to make mortgage payments in the event of default.

FHA Loans: Federal Housing Administration. FHA **insures** the loan.

VA Loans: this and other acts grant the Department of Veterans Affairs the authority to partially **guarantee** mortgage loans made to veterans by private lenders. The guarantee covers the top portion of the loan.

Maximum VA guarantee is \$104,250 or 25% of the loan amount. The maximum loan amount is \$417,000. But if the veteran/borrower can make a minimum down payment of 25% of the amount over \$417,000, they can borrow a higher loan amount.

Loan-value ratio: relationship between amount borrowed and appraised value of a property.

Chapter 13

A **Primary Market** is a market where securities or goods are actually created.

A **Secondary Mortgage** market is an investor market that buys and sells existing mortgages.

Intermediation is a process practiced by financial thrift institutions that serve as financial middlemen between depositors and borrowers.

Disintermediation occurs when funds are withdrawn from intermediary financial institutions, such as banks and savings associations, and are invested in instruments yielding a higher return.

Fannie Mae, Freddie Mac, & Ginnie Mae are secondary market participants that buy up existing mortgages. Bank gives consumer mortgage at 6%, they might sell it to one of these at 5% and make a point back quickly. This replenishes funds back into the financial system.

Truth-in-lending Act informs consumers of exact credit costs before they make a purchase so they may compare various credit terms and costs.

The Truth-in-lending Act is implemented by Federal Reserve Regulation Z. The law requires lenders to disclose the annual percentage rate of interest and finance charges imposed on consumers within three business days of accepting a **loan application**.

Chapter 17

Liquidity refers to the ability to sell an investment very quickly without loss of one's capital.

Illiquidity is the inability to sell an investment quickly, depending on the market.

Leverage — Investors use other's money (lender)

Equity — Investors use their own money. The difference between what you owe and what it's worth.

Positive leverage (making money) **Negative leverage** (losing money)

Business enterprise brokers normally deal in corporate transactions. the purchase of businesses that provide goods and/or services.

Business opportunity brokers typically deal in the sale and purchase of smaller businesses.

Goodwill is the intangible asset attributed to a business's reputation and the expectation of continued customer loyalty.

The value of an established business property, compared with the value of just the physical assets of a business that is not yet established, is called the **Going Concern Value**.

Chapter 18

Property taxes become a lien on all real estate in Florida on January 1st each year.

Homestead Tax Exemption: Applicants must reside in the home and have legal title to the property as of January 1st to be eligible to file for the homestead tax exemption.

Homeowners are entitled to a **\$25,000** homestead exemption from the assessed value of the home for city, county and school board taxes.

Homeowners are entitled to an additional **\$25,000** exemption from city and county taxes (not school board) on property's assessed value greater than **\$75,000**.

Widows or widowers, Legally blind persons, and Non veterans who are totally and permanently disabled qualify for an additional \$500 exemption from the assessed value of their homesteaded property.

Veterans who are at least 10% disabled by military service-connected misfortune are entitled to an additional **\$5,000** exemption on their homesteaded property.

The Florida Green Belt Law authorizes county property appraisers to assess agricultural land used for agricultural purposes according to its current value as agricultural land.

The Save Our Homes amendment of the Florida Constitution caps how much the assessed value of homestead property may increase in a given year. (3% annually based on the assessed value of the previous year, or the change in the CPI, whichever is less).

When a property owner fails to pay property taxes, the taxing authority must take steps to obtain the tax money... To do this, a **property tax certificate** in the amount of taxes owed is issued for each delinquent property... These are then **auctioned** off to bidders who bid interest rates, rather than dollars, starting at **18%** and going down. The bidder who is willing to accept the lowest interest rate is issued the tax certificate.

The purchaser of the certificate must then pay the face amount of the certificate to the county. For the certificate to be redeemed by the *owner* of the property, the tax collector must collect the amount of the certificate plus all accrued interest. The certificate holder is then paid the face amount of the certificate plus accrued interest.

The IRS allows homeowners to exclude up to **\$250,000** of gain realized on the sale or exchange of a principal residence. (**\$500,000** for married couples filing a joint return)

Chapter 19

Authority: Three areas of responsibility for which city planning commissions are usually delegated final authority are: 1) *Subdivision plat approval*, 2) *Site plan approval*; 3) *sign control*.

Residential Zoning regulated **density** or the number of homes per acre: The purpose of **Commercial Zoning** is to regulate **intensity** of use.

Industrial zoning also is intended to regulate intensity of use.

A Variance allows a property owner to vary from strict compliance with all or part of a zoning code because to comply would force an **undue hardship** on the property owner.

1. Which tax lien is superior?
 - a. Mechanic Lien Jan 2, 2013
 - b. Housing Lien March 30, 2013
 - ☒ c. Property Tax Lien Jan 1, 2013
 - d. Mortgage Lien September 30, 2013
2. A landlord has how many days to make a claim on a deposit?
 - a. 15
 - ☒ b. 30
 - c. 7
 - d. 3.
3. Which of the following ways is NOT a way to determine a fixture.
 - a. Intent
 - ☒ b. Disposition
 - c. Method
 - d. Adaptation
4. What fees does the buyer pay at closing?
 - ☒ a. Attorney Fee & Deed Recording
 - b. Court Costs & Deed Recording
 - c. Attorney Fee & Title Insurance
 - d. Deed Recording & Title Insurance
5. There are only three brokers in the town of Agartha. They make a decision to only accept offers, which pay a commission of 7.2%. Is this allowed, and if not, why?
 - a. Yes, this is legal under the Clayton-Sherman Act
 - ☒ b. No, this is illegal under the Sherman-Clayton Act
 - c. No, this is illegal under Ch. 475 Real Estate Law
 - d. Yes, this is legal under Ch. 455 Real Estate Law
6. To mix your personal funds with escrow funds would be?
 - a. Illegal
 - b. Conversion
 - ☒ c. Commingle
 - d. Mediation
7. The Tenancy that is characterized by a Right-of-Survivorship
 - a. Tenants in Common
 - b. Tenancy at Will
 - c. Tenancy at Sufferance
 - ☒ d. Joint Tenancy
8. If a Broker is selling a mans' home for \$75,000, but the seller tells the broker in private that he will accept \$72,000 for the home, is the broker obligated to tell the buyer this?
 - a. Broker shouldn't disclose this to the buyer because it breaches the relationship with the seller.
 - b. Broker may disclose this to the buyer if he chooses, but is not obligated
 - c. Broker must disclose this to the buyer
 - ☒ d. Broker cannot disclose this to the buyer

9. Which rights are characterized by private ownership along a river or stream and includes access rights to water, boating, or dockage?

- a. Property Rights
- ☒ b. Riparian
- c. Private Property
- d. Littoral

10. A Package Mortgage covers which type of property?

- a. Private and Real
- b. Personal and Private
- ☒ c. Chattel and Real
- d. Personal or Real

11. Which of the following is NOT a concept regarding Escrow Accounts?

- ☒ a. Brokers do not need to be a signatory on the escrow account
- b. If the broker chooses not to open an escrow account, the funds may be held by a title company or in an attorney's trust account.
- c. A Broker must keep a record of real estate transactions for five years regardless of whether escrow funds were pledged.
- d. A Broker may open an escrow account in a Florida bank, savings associations, or credit union.

12. Which of the following does NOT classify a Joint Tenancy?

- a. Possession
- b. Title
- c. Time
- ☒ d. Contract

13. A man owned a piece of property before he got married. Now, even though he is married, that property is still considered what?

- a. Shared
- b. Joint
- ☒ c. Separate
- d. Personal

14. When is a deed considered to be transferred?

- ☒ a. When the deed is signed and delivered by a grantor
- b. Anytime after acceptance of the offer
- c. Anytime after closing
- d. When the deed is only delivered by a grantor

15. What easement benefits a water company maintaining rights to lay pipes along your property line?

- ☒ a. Gross
- b. Prescription
- c. Appurtenant
- d. Allowance

16. This body regulates state-certified and registered trainee appraisers.
- a. Florida Real Estate Commission - FREC
 - b. Uniform Standards of Professional Appraisal Practices - USPAP
 - ☒ c. Florida Real Estate Appraisal Board - FREAB
 - d. Division of Real Estate - DRE
17. Rights that are characterized by rights relating to land abutting an ocean or lake?
- a. Riparian
 - ☒ b. Littoral
 - c. Property Line Rights
 - d. Larotil
18. The rights of a property are held by the lender under the _____ theory.
- ☒ a. Title
 - b. Lien
19. If a seller wishes to sell their home for \$92,000, but market value lists the property at \$102,500, is the Broker obligated to tell the seller of the true market value?
- ☒ a. Yes, the broker is obligated
 - b. No, the broker is not obligated because the seller still wishes to sell their home at the previous price of 92,000.
 - c. No, the Broker is not obligated
 - d. The Broker is only obligated to tell the seller if the market value exceeds \$10,000 of the seller's original selling price.
20. Which of the following is CORRECT?
- a. Property depreciation is deductible from the federal income tax
 - ☒ b. Mortgage interest is deductible from the federal income tax
 - c. Local Taxes are deductible from the federal income tax
 - d. Home Repairs are deductible from the federal income tax
21. An act, promise, love, obligation, or money in exchange for something else is?
- a. Valuable Consideration
 - b. Good Will
 - ☒ c. Consideration
 - d. Good Consideration
22. Which of the following instances require you to hold a real estate license?
- a. Selling Cemetery lots
 - b. An Attorney-Client relationship
 - c. Acting as a salaried employee, with no commission
 - ☒ d. Auctioning Farmland
23. Is a kickback legal if you are receiving it from someone NOT licensed in your field?
- ☒ a. Yes, if the person you are receiving it from works in a field that does not have State issued licenses and if all parties agree, in writing, prior to the kickback being received and it is placed on the HUD-1.
 - b. Only if the kickback is placed on the HUD-1
 - c. No, they are always illegal under Ch. 475
 - d. Sometimes

24. If Joey is ruled unfit or incompetent by the court which deed will be used to determine what happens to his assets?

- ☒ a. Committee deed
- b. Quitclaim deed
- c. Guardian deed
- d. Minor deed

25. The statute dealing with the regulations of the Department Business Professional Relations?

- ☒ a. 455
- b. 475
- c. 61J2
- d. 28

26. Why is a home equity loan more popular than most other loans?

- a. It's easier to obtain
- b. It's safer and more stable
- ☒ c. It has a lower interest rate
- d. It's simply a loan that more than most people choose.

27. How many sq ft are in one acre?

- a. 43,650
- ☒ b. 43,560
- c. 56,430
- d. 34,650

28. An article attached by a commercial tenant as a part of the tenant's trade or business and is personal property?

- a. Fixture
- ☒ b. Trade Fixture
- c. Personal Fixture
- d. Business Fixture

29. When may an agent begin working and operating?

- a. After passing the state real estate exam
- b. After registering with the MLS
- c. After they register with a Broker only and pass their state real estate exam
- ☒ d. After they register with a Broker and that Broker submits them to the DBPR

30. Bob owns $\frac{3}{4}$ of an acre of land and wishes to build a home there. However, local requirements state that any new homes built must be built on a full acre of land. What does the owner need to obtain in order to build their home on the $\frac{3}{4}$ acre of land?

- a. Undue Hardship
- ☒ b. Variance
- c. Hardship
- d. Ordinance

31. If a man owns 958,320 sq ft of property how many acres does he own?

- a. 21 acres
- ☒ b. 22 acres
- c. 135 acres
- d. 351 acres

32. What may the FREC issue in response to an agent committing a minor offense?

- ☒ a. Notice of Non-Compliance
- b. Letter of Non-Compliance
- c. Non-Compliance Statement
- d. Notice of Minor Offense

33. A discount rate is charged to member banks of the Federal Reserve for doing what?

- a. Keeping and maintain their money
- b. For being members of the Federal Reserve
- ☒ c. Borrowing money from the Federal Reserve
- d. Borrowing from other banks if they need too

34. Which mortgage is classified by a balloon payment at the end?

- a. Amortized
- b. Blanket Mortgage
- ☒ c. Partially Amortized
- d. Package Mortgage

35. A clause in which the lender requires the entire debt due and payable if a promise in the contract is not fulfilled?

- a. Exculpatory Clause
- b. Escalator Clause
- c. Due-on-Sell Clause
- ☒ d. Acceleration Clause

36. If Bob owns section 7 and sells the West half of the NW quarter of Section 7, how many acres does Bob sell?

- a. 160
- b. 640
- ☒ c. 80
- d. 40

37. The Statute of Frauds deals with whether contracts are?

- a. In Writing or Signed
- b. In Writing
- c. Signed
- ☒ d. In Writing and Signed

38. A property line at North 90 degrees East runs in which direction?

- ☒ a. East to West
- b. West to East
- c. South to East
- d. North to West

39. Which clause promises the grantor owns the property and has the right to convey title?

- a. Habendum
- b. Premises
- ☒ c. Seizen
- d. Covenant

40. Substitution of a new party and/or new terms to an existing obligation?
- a. Consideration
 - b. Seisen
 - ☒ c. Novation
 - d. Release Clause
41. If a sales associate takes original records from a Brokers' office he/she may (be)?
- a. Guilty of theft
 - b. The Sales associate did nothing wrong
 - ☒ c. Guilty of Larceny
 - d. Subject to penalties imposed by the DBPR
42. A buyer presents an offer. The seller rejects the offer, but presents a counter offer with different terms and a new price, rendering the original offer dead. What does the seller need for the new terms and price to be established?
- ☒ a. Approval from the buyer
 - b. Consultation of an attorney to write up the new contract
 - c. The help of a licensed real estate professional
 - d. All the above
43. Members of city planning commissions are usually?
- a. From one particular background
 - b. Elected
 - c. Selected
 - ☒ d. Appointed
44. A property owner who does not reside on the property and relies on another to look after the property because they live too far away to handle it themselves?
- a. Absent owner
 - b. Landlord
 - c. Property manager
 - ☒ d. Absentee owner
45. What township is one tier south of R3W & T2N?
- a. R4W & T1N
 - b. R1E & T2N
 - ☒ c. R3W & T1N
 - d. R2W & T2N
46. Which of the following is required to be displayed on the exterior or interior of the entrance to a broker's principal office if there is no trade name?
- a. The words "Lic. Real Estate Broker," Phone Number, License Number
 - b. Brokers' Name, Phone Number, Trade Name
 - ☒ c. Brokers' Name, the words "Licensed Real Estate Broker,"
 - d. Broker's Phone Number, the words "Lic. Real Estate Broker," Trade Name
47. If a bathtub were to be installed into a home, making it real property, what is this called?
- a. Personal Fixture
 - b. Trade Fixture
 - ☒ c. Fixture
 - d. Property Fixture

48. Homes built prior to 1978 require what?

- ☒ a. A disclosure of lead based paint
- b. Testing for lead based paint at the sellers cost
- c. Disclosure language in the contract
- d. Testing for lead based paint at the buyers cost

49. If an owner of property dies with no heirs entitled to the property and with no will, what allows the government, usually a state government, to gain possession of the property?

- a. Adverse Possession
- b. Condemnation
- ☒ c. Escheat
- d. Eminent Domain

50. This law requires appraisers, real estate brokers, and sales associates to abide by a set of guidelines when providing any appraisal services.

- ☒ a. Uniform Standards of Professional Appraisal Practices - USPAP
- b. F.S. Chapter 475
- c. FREAB
- d. F.S. 120

51. Which easement benefits an adjacent parcel of land that allows someone to use their neighbor's property to access their own?

- a. Gross
- b. Prescription
- ☒ c. Appurtenant
- d. Encroachment

52. Which of the following is NOT a Private Restriction?

- a. Liens
- ☒ b. Police Power
- c. Easements
- d. Deed Restrictions

53. If a woman's salary is based on her work helping to sell and lease new homes, and she does not receive any additional commission, does she need a real estate license?

- a. She only needs a license if she is showing the homes to prospective buyers
- b. She should probably have a license just to be safe
- ☒ c. She does not need a real estate license because she is a salaried employee
- d. She does need a real estate license because she is a salaried employee

54. Who is debited and who will be credited on a property tax proration?

- a. Debit Buyer & Credit Seller
- b. Debit Seller
- c. Credit Buyer
- ☒ d. Debit Seller & Credit Buyer

55. Section 33 is North of _____?

- ☒ a. Section 4
- b. Section 28
- c. Section 32
- d. Section 3

56. Joey's home is assessed at \$90,000 and he already has homesteaded his property by January 1st. He served in the military for 4 years, and in an unrelated incident became permanently handicap upon returning from service. How much is Joey exempt from paying on property taxes?

- a. \$25,000
- ☒ b. \$50,500
- c. \$55,000
- d. \$30,000

57. If you have a four story storage facility with a total of 4,000 sq ft and each floor is occupied by an elevator shaft that occupies 20% of the entire floor, how many 50 sq ft storage units can you fit in the entire building?

- a. 16 Units in the entire building
- b. 16 Units on each floor
- ☒ c. 64 Units in the entire building
- d. 64 Units on each floor

58. If Ryan agrees to pay all of the property taxes on the \$100,000 purchase price of his new home, but does not agree to pay the doc stamp taxes of his \$89,000 new mortgage, how much will Ryan owe in taxes?

- a. \$1011.50
- b. \$311.50
- c. \$1011
- ☒ d. \$700

59. One of the most common types of ownership for people who are not married is the?

- a. Tenancy by Entireties
- b. Joint Tenancy
- c. Estate in Severalty
- ☒ d. Tenants in Common

60. Statute that deals with FREC & administrative code in relation to business profession?

- ☒ a. Ch 61J2
- b. Ch 455
- c. Ch 28
- d. Ch. 475

61. Who is allowed to submit a Broker Price Opinion (BPO)?

- a. A Broker or an Agent
- b. An Agent may prepare a BPO with Broker's approval
- ☒ c. Only a Broker
- d. Only an agent

62. The making and acceptance of an offer by both parties is referred too as?

- a. Completion
- ☒ b. Mutual Assent
- c. Mutual Agreement
- d. Mutual Completion

63. If a broker fails to notify a buyer of a \$12,000 stipulation in a blanket mortgage, which releases a particular parcel from the blanket mortgage, who broke the law and what law did they break?

- a. the broker violated F.S. Chapter 455
- ☒ b. the broker violated F.S. Chapter 475
- c. the buyer violated F.S. Chapter 475
- d. the buyer and broker violated F.S. Chapter 455

64. A buyer's agreement with a broker is referred to as what?

- a. Buyer Broker Agreement
- ☒ b. Buyer Brokerage Agreement
- c. Brokerage Buyer Agreement
- d. Broker Buyer Agreement

65. Are entertainment expenses refundable?

- ☒ a. No
- b. Yes
- c. Sometimes
- d. Always

66. Which of the following is comprised of professional associations and trade organizations that promote ethics and education in the real estate industry?

- a. Division of Real Estate - DRE
- ☒ b. National Association of Realtors - NAR
- c. Better Business Bureau - BBB
- d. National Association of Real Estate Professionals - NAREP

67. A summary of what was found in a title search is the _____?

- a. Abstract
- b. Opinion of Title
- ☒ c. Abstract of Title
- d. Title Insurance

68. The intangible, legal bundle of rights inherent in the ownership of property?

- ☒ a. Title
- b. Deed
- c. Will
- d. Grant

69. A homeowners' association disclosure must have?

- a. a disclosure summary regarding the association, any assessments that they association imposes, and the existence of deed restrictions
- b. a disclosure summary of all taxes to be paid, a list of any restrictive covenants, a list of any assessments that may be imposed by the association
- ☒ c. a disclosure summary regarding the association, any assessments that the association imposes, and the existence of restrictive covenants.
- d. a disclosure summary regarding the association and a list of assessments the association may impose

70. Attending an official FREC meeting will count for _____ hours of continuing real estate education.

- a. 15 hours
- b. 5 hours
- c. 13 hours
- ☒ d. 3 hours

71. A North/South line and a West/East line is called what in the government survey system?

- a. Metes & Bounds
- b. Lots & Blocks
- ☒ c. Principal Meridian & Base Line
- d. Principal Line & Base Meridian

72. The best way to describe single-family property in a subdivision is by what sort of method?

- ☒ a. Lots & Blocks
- b. Principal Meridian & Base Line
- c. Meters & Bounds
- d. Lots and & Bounds

73. What can a sales associate do if they don't agree with the Real Estate guidelines and wishes to review them?

- a. Petition before the DBPR
- b. Petition before the DRE
- ☒ c. Petition before the FREC
- d. Petition before the USPAP

74. A man who owns the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of section 11 owns how many acres and how many sq feet?

- a. Less than 12 acres & 108,900 sq ft
- b. Less than 5 acres & 109,800 sq ft
- ☒ c. Less than 5 acres & 108,900 sq ft
- d. More than 12 acres and 108,900 sq ft

75. A lead based paint disclosure is NOT required in which of the following types of real estate?

- a. Residential
- b. Community
- ☒ c. Commercial
- d. All the Above

76. Regulation Z requires what type of disclosure summary?

- ☒ a. Annual Percentage Rate - APR
- b. Taxes to be paid
- c. Energy Efficiency Rating - EER
- d. Monthly Percentage Rate - MPR

77. What type of relationship requires a disclosure to be made before showing the property?

- a. Buyer-Brokerage
- ☒ b. No Brokerage
- c. Seller-Brokerage
- d. All the Above

78. Homesteaded property is restricted to how many acres outside of a municipality (city) and how many acres within?

- a. ½ acre for both
- b. 160 acres outside / ¼ acre inside
- c. 160 acres for both
- ☒ d. 160 acres outside / ½ acre inside

79. Which Florida brokerage relationship is automatically assumed if no other relationship is disclosed?

- a. Single Agent
- b. No Brokerage
- ☒ c. Transaction
- d. Dual Brokerage

80. Riparian rights and littoral rights are?

- ☒ a. Surface rights
- b. Ocean rights
- c. River rights
- d. Land rights

81. A broker must request a written verification receipt of a deposit of escrow funds from a title company within how many days of the deposit being made and by which method?

- a. No later than 10 days after the deposit is due / with a letter
- b. No later than 10 calendar days after the deposit is due / with a telephone call
- ☒ c. No later than 10 business days after the deposit is due / in writing
- d. No later than 10 days after the deposit is due / in writing

82. If a sales associate is aware of a cloud in the title, but neglected to inform the purchaser of the cloud, this could be considered?

- a. Unethical
- ☒ b. Misrepresentation
- c. Illegal
- d. Non of the above

83. If Bob does not have a real estate license, what can he not do?

- a. Show a property
- b. Answer detailed questions about the property
- c. Attempt to sell the property himself
- ☒ d. All the Above

84. A real estate licensee who prepared a sale contract must indicate what on the purchase and sale agreement?

- ☒ a. Name of the title company, Address, Phone #
- b. Name of the title company, Phone #
- c. Name of the Agent, Trade name
- d. Name of the Agent, Telephone #, Address

85. Using someone else's money, such as a bank's, to make an investment is called?

- a. Equity
- b. Personal leverage
- c. Personal Equity
- ☒ d. Leverage

86. Bob left town for a weekend in the summer time to visit family. Upon returning home he discovered that his neighbor Jim had built a porch that extended 6 inches over his property line. What is the proper terminology for this situation in relation to Jim's actions on Bob's property?

- a. Easement by Prescription
- b. Variance
- ☒ c. Encroachment
- d. Easement in Gross

87. Who is allowed to place ads when advertising in real estate?

- a. The broker only
- ☒ b. The licensee with the broker's approval
- c. The licensee doesn't need the broker's approval
- d. Licensees only

88. What is the most common and 'effective' form used by the Federal Reserve for implementing monetary policy?

- a. Discount Rates
- b. Reserve Requirements
- ☒ c. Open-Market Operations
- d. Closed-Market Operations

89. What is the maximum time for which your license may be suspended?

- ☒ a. Ten years
- b. Less than ten years
- c. 7 Years
- d. Revocation

90. If Bob just passed his Florida Real Estate Sales Associate State Exam and received his license in the mail, which of the following two dates could be present as relating to the expiration date listed on the license?

- a. March 30th / September 31st
- ☒ b. March 31st / September 30th
- c. May 31st / October 30th
- d. September 30th / May 31st

91. What type of contract is a Parol Contract?

- a. Oral
- b. Formal
- ☒ c. Informal
- d. Agreement

92. What fee is charged per year to Brokers for new and renewed licenses to help replenish the Real Estate Recovery Fund?

- a. \$1.50
- b. \$3.00
- c. \$5.00
- ☒ d. \$3.50