

Florida Real Estate Broker's Guide, 6th Edition Errata

Unit 14

Page 368, Line 39, revisions

Change \$1 million to \$750,000

Change \$500,000 to \$375,000

Page 369, Delete Lines 4 – 8 (Home equity loans)

Unit 7 Exam

Page 215, Q3, change order of answer choices to numerical order:

- a. ~~\$224,200~~ \$213,600
- b. ~~\$213,600~~ \$224,200
- c. \$229,200
- d. \$235,200

Page 215, Q4, change order of answer choices to numerical order:

- a. ~~\$231,250~~ \$219,750
- b. ~~\$219,750~~ \$231,250
- c. \$241,250
- d. \$241,750

Page 215, Q6, change order of answer choices to numerical order:

- a. ~~.0020~~ .0018
- b. ~~.0019~~ .0020
- c. .0302
- d. .0312

Page 215, Q7, change order of answer choices to numerical order:

- a. ~~.21~~ .20 percent
- b. ~~.20~~ .21 percent
- c. 3.0 percent
- d. 3.1 percent

Page 216, Q8, change order of answer choices to numerical order:

- a. ~~\$184,293.20~~ \$182,382.20
- b. ~~\$184,295.20~~ \$184,293.20
- c. \$185,391.40
- d. \$186,256.40

Page 216, Q12, revise option b:

- b. ~~\$29,167~~ \$29,173

Unit 13

Pages 253 and 354, add to captions at top:

Figure 13.4 Closing Disclosure, Pages 2 and 3-This is a CFPB Example, not specific to Florida

Unit 3 Exam Answers

Page 521, Q10:

10. c The answer is 133. ~~Such procedures are part of a broker's basic responsibilities regarding taxes and reporting for employees and independent contractors. The broker needs to earn \$170,000:~~ \$120,000 old expenses + \$20,000 new expenses + \$30,000 desired profit = \$170,000. If expenses were \$120,000 last year and the firm broke even with 94 transactions, divide the expenses by the number of transactions to determine how much the broker makes per transaction: \$120,000 divided by 94 = \$1,276.60 per transaction. Lastly, divide \$170,000 by \$1,276.60 to arrive at the number of transactions she needs to pay her new expenses and make a \$30,000 profit: \$170,000 divided by \$1,276.60 = 133.17 = 133 transactions needed.

Unit 7 Exam Answers

(Answers are rounded to four decimal places.)

Page 530, Q2: The solution should be:

To calculate the adjusted sale price, add ~~\$10,000~~ \$15,000 for the missing bedroom, and subtract ~~\$2,500~~ \$5,000 for the presence of the porch: $\$116,000 + \$10,000 - \$2,500 = \$123,500$ $\$226,000 + \$15,000 - \$5,000 = \$236,000$ adjusted sale price.

Page 530, Q3: The solution should be:

(Note: answer key changes because solutions on page 215 are changed to numerical order.) a b The answer is \$224,200. Comp B is 120 square feet smaller x \$90 per square foot = \$10,800. Add ~~\$7,200~~ \$10,800 for the decrease in size, subtract ~~\$1,500~~ \$2,500 for the addition of the fireplace, subtract ~~\$2,000~~ \$3,000 to adjust for the landscaping: $\$118,900 + \$7,200 - \$1,500 - \$2,000 = \$122,600$ $\$218,900 + \$10,800 - \$2,500 - \$3,000 = \$224,200$.

Page 530, Q4: The solution should be:

(Note: answer key changes because solutions on page 215 are changed to numerical order.) a b The answer is \$231,250. Location adjustment: Comp C sale price \$225,000 x .05= \$11,250. Add ~~\$5,750~~ \$11,250 to adjust for location and subtract ~~\$3,500~~ \$5,000 to adjust for the landscaping and sprinkler system: $\$115,000 + \$5,750 - \$3,500 = \$117,250$ $\$225,000 + \$11,250 - \$5,000 = \$231,250$.

Page 531, Q5: The solution should be:

The answer is .0022. To calculate the monthly rate of change, subtract the initial price from the resale price to arrive at the difference in prices: ~~$\$83,500 - \$78,700 = \$183,500 - \$178,700 = \$4,800$~~ (difference in prices). Divide the difference in prices by the initial sales price to arrive at the percentage change: ~~$\$4,800$ divided by $\$78,700 = .0610$~~ $\$4,800$ divided by $\$178,700 = .0269$ percentage change. Divide the percentage change by the number of months between the sales to arrive at the monthly rate of change: ~~$.0610$ divided by $12 = .0051$~~ $.02686 \div 12 = .0022$.

Page 531, Q6: The solution should be:

(Note: answer key changes because solutions on page 215 are changed to numerical order.) a b The answer is .0020. To calculate the monthly rate of change, subtract the initial price from the resale price to arrive at the difference in prices: ~~$\$86,900 - \$81,250 = \$5,650$~~ $\$186,900 - \$181,250 = \$5,650$ difference in prices. Divide the difference in prices by the initial sales price to arrive at the percentage change: ~~$\$5,560 \div \$81,250 = .070$~~ $\$5,650 \div \$181,250 = .0312$ percentage change. Divide the percentage change by the number of months between the sales to arrive at the monthly rate of change: ~~$.070 \div 16 = .0043$~~ $.0312 \div 16 = .0020$ monthly rate of change.

Page 531, Q7: The solution should be:

(Note: answer key changes because solutions on page 215 are changed to numerical order.) a b The answer is .21 percent. To determine the average monthly rate of change for the two properties, add the two rates and divide by two: $\frac{-.0043 + .0051}{2} = .0004$.0022 monthly rate of change from question 5 + .0020 monthly rate of change from question 6 = .0042 ÷ 2 = .0021 average or .21 percent.

Page 531, Q8: The solution should be:

(Note: answer key changes because solutions on page 215 are changed to numerical order.) a b The answer is \$184,293.20. The monthly rate of change can be applied to the past sale prices of comparable properties to determine the prices they should bring under the current market conditions. Multiply the comparable transaction's sale price (~~\$82,000~~) (\$182,000) by the average monthly rate of change in question 7 (~~-.0047~~) (.0021) to determine the monthly rate of change in dollar amount (~~-\$385.40~~) (\$382.20). Multiply the monthly change in dollar amount (~~-\$385.40~~) (\$382.20) by the number of months since the sale (6) (18) to determine the total value added (~~-\$6,937.20~~) (\$2,293.20) since the comparable sold. Add the total value added since the comparable sold to the sale price to determine the market conditions-adjusted normal sales price (~~88,937.20~~) \$184,293.20: $\$82,000 \times .0047 = \385.40 $\$182,000 \times .0021 = \382.20 = monthly rate of change in dollar amount \times ~~18~~ 6 months since comparable sold = ~~\$6,937.20~~ \$2,293.20 = value added over past ~~18~~ 6 months + ~~\$82,000~~ \$182,000 comparable sale price = ~~\$88,937.20~~ \$184,293.20 market conditions-adjusted normal sale price.

Page 531, Q12: The solution should be:

The answer is ~~\$29,167~~ \$29,173. To determine the accrued depreciation, divide the effective age (10 years) by the economic life (60 years), and multiply by the reproduction cost new (\$175,000): $10 \div 60 = .1667$ $0.1667 \times \$175,000 = \$29,166.67$ \$29,172.50 rounded to \$29,173.

Unit 13 Practice Closing Disclosure Answers

Page 546, Q2: The answer is seller \$875; buyer ~~\$616~~ 618.75; page 2.

Unit 14 Exam Answers

Page 551, add answer to question 15.

15 a. The answer is reserves are tax deductible expenses for income properties. In fact, reserves for replacements are not tax deductible. Depreciation, which is similar in some respects, is deductible.