

Florida Real Estate Sales Associate Pre-License Course Course Outline and Objectives*

1. Chapter 1 – The Real Estate Business

a. Overview

Real estate professionals provide specialized services to members of the general public. The real estate profession offers a wide variety of opportunities in specialized areas, many of which require substantial education and experience beyond that available in this pre-license course.

This chapter provides you, the student, with information about many of the specialized services provided by real estate professionals, discusses the opportunities available to the real estate licensee, and introduces real estate-related services provided by other licensed professionals. The role of government and the effect of regulation on real estate are also discussed.

b. Objectives

After completing this chapter, you should be able to:

- Describe the various activities of real estate brokerage
- Distinguish among the major areas of specialization within the real estate profession
- Identify the role of property managers
- Understand the role of the appraiser and when a licensed appraiser is required
- Understand the role of mortgage loan originators in the transaction of real estate,
- Explain the three phases of development and construction
- Distinguish among the three categories of residential construction

2. Chapter 2 – Real Estate License Law and Qualifications for Licensure

a. Overview

A brief history of the license law and how the law is implemented and regulated are examined in this chapter. These additional topics are also discussed:

- The qualifications for obtaining a license
- How licenses are issued and maintained
- Post-license and continuing education requirements
- The circumstances that require a license to be renewed or reissued
- The various services that may be provided by real estate licensees
- Exemptions from licensure that are allowed

b. Objectives

After completing this chapter, you should be able to:

- Explain the history and purpose of the license law
- Identify the qualifications for a sales associate's license
- Describe the application requirements for licensure including nonresident application
- Explain the importance of responding accurately and completely to the background information questions on the licensure application
- Understand the background check procedure conducted by the DBPR
- Describe the educational requirements for pre-license and post-license, and continuing education

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- Distinguish among the various license categories
- Identify the services for which a real estate license is required
- Recognize exemptions from real estate licensure
- Distinguish between registration and licensure
- Explain mutual recognition agreements

3. Chapter 3 – Real Estate License Law and Commission Rules

a. Overview

This chapter will inform the student regarding the administrative role of the Department of Business and Professional Regulation, the scope of its authority, and its organizational structure. The organization, operation, and powers of the Florida Real Estate Commission are also discussed. The purpose and duties of the Division of Real Estate, and the type and status of various license classifications are examined.

b. Objectives

After completing this chapter, you should be able to:

- Describe the composition, appointment, and member qualifications of the Florida Real Estate Commission (FREC or the Commission)
- Define the powers and duties of the Commission
- Explain the different licensure statuses: initial issue, reissue, and renewal of license
- Distinguish between active and inactive registration
- Distinguish between multiple and group licenses
- Describe the regulations regarding involuntarily inactive status

4. Chapter 4 – Authorized Relationships: Duties and Disclosures

a. Overview

This chapter examines the obligations and duties of a broker within the alternative relationships specified in F.S. 475. The law provides the following three options under which a broker may be employed: transaction broker, single agent, and nonrepresentation (no brokerage relationship). There are distinct legal differences between the duties of a broker who performs services within these three alternatives.

It is critically important for a sales associate to understand the nature of these relationships, how they are created, and the obligations, duties, and legal ramifications inherent in them.

b. Objectives

After completing this chapter, you should be able to:

- Describe the provisions of the Brokerage Relationship Disclosure Act that apply only to residential real estate sales and list types or real estate activities that are exempt from the disclosure requirements
- Define a residential transaction

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- Distinguish between single agent, transaction broker, and nonrepresentation (no brokerage relationship)
- List and describe the duties owed in the various authorized relationships
- Compare and contrast the fiduciary duties owed in a single agent relationship with the duties owed in a transaction broker relationship
- Distinguish between and explain the disclosure requirements and forms pursuant to Florida Statute for the various agency relationships
- Describe the disclosure procedures for the various authorized relationships
- Explain the procedure for transition from a single agent to a transaction broker
- Describe the disclosure requirements for non-residential transactions where the buyer and seller have assets of \$1 million or more
- List the events that will cause an agency relationship to be terminated

5. Chapter 5 – Real Estate Brokerage Activities and Procedures

a. Overview

The real estate law, F.S. 475, prescribes the requirements for establishing and operating a real estate brokerage office. Rules of the Commission specify and implement the law and establish standards for advertising, record keeping, and the proper handling of funds entrusted to a broker for safekeeping. The rules and regulations of the Commission impose legal responsibilities upon brokers and sales associates alike.

Information concerning how various businesses are formed and those who can register to broker real estate are discussed in this chapter. The relevance of securities licensing and how securities laws interface with real estate transactions are also examined.

b. Objectives

After completing this chapter, you should be able to:

- Identify the requirements for the real estate brokerage office(s) and the types of business entities that may register
- Explain the factors that determine whether or not a temporary shelter must be registered as a branch office
- List the requirements related to office sign regulation
- List the requirements related to the regulation of advertising by real estate brokers
- Explain the term, “immediately”, as it applies to earnest money deposits
- Describe the four settlement procedures available to a broker who has received conflicting demands or who has a good-faith doubt as to who is entitled to disputed funds
- Explain the rule regarding the advertisement of rental property information or lists or negotiation of rentals
- Describe the obligations placed on a sales associate who changes employers and/or address

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6. Chapter 6 – Violations of License Law: Penalties and Procedures

a. Overview

F.S. 455 requires licensing boards and agencies to implement rules that provide for disciplinary actions that may be taken for violation of law or rule under each board or agency's jurisdiction. Accordingly, the Florida Real Estate Commission has adopted disciplinary guidelines that provide a range of penalties that may be imposed against licensees for violations of the real estate license law and rules implemented by the Commission.

The Commission administers and enforces the real estate license law by formulating rules and regulations that prescribe the conduct of licensees. The Commission determines applicant qualifications for licensure, and imposes discipline for violations of the license law. The Division of Real Estate within the Department investigates complaints and prosecutes licensees for violation of the law or rules of the Commission.

b. Objectives

After completing this chapter, you should be able to:

- Identify the requirements for the real estate brokerage office(s) and the types of business entities that may register
- Explain the factors that determine whether or not a temporary shelter must be registered as a branch office
- List the requirements related to office sign regulation
- List the requirements related to the regulation of advertising by real estate brokers
- Explain the term, "immediately", as it applies to earnest money deposits
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7. Chapter 7 – Federal and State Laws Pertaining to Real Estate

a. Overview

Discrimination in housing has been, and continues to be, an issue that has great significance for real estate professionals. Both state and federal laws have been implemented to deal with this problem. This chapter examines those laws and provides you with information concerning the requirements of those laws.

A very large number of real estate licensees become involved in rental and property management activities. This chapter discusses the Florida Residential Landlord and Tenant Act and its requirements.

Several other laws relative to real property development and public safety are also discussed.

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b. Objectives

After completing this chapter, you should be able to:

- Explain the significance of the Jones v. Mayer court case
- List the real estate included under the different Fair Housing Acts
- Recognize the groups protected under the 1968 Fair Housing Act
- List the property that is exempt from the 1968 Fair Housing Act
- Describe the types of discriminatory acts that are prohibited under the 1968 Fair Housing Act
- Describe the HUD process for handling a complaint under the 1968 Fair Housing Act
- Understand the provisions of the 1988 Fair Housing Amendment
- Describe the objectives and major provisions of the Americans with Disabilities Act
- Describe the major provisions of the Florida Residential Landlord and Tenant Act

8. Chapter 8 – Real Property Rights

a. Overview

This chapter examines the concept of real property ownership, what it is, and what it is not. The physical aspect of real estate and the legal rights associated with ownership are discussed. Various methods of owning property and limitations that affect ownership are discussed. Certain rights of use are distinguished from actual ownership of property.

b. Objectives

After completing this chapter, you should be able to:

- Know the F.S. 475 definition of *real property*
- List and explain the physical components of real property
- Explain the four tests used by the courts to determine if an item is a fixture
- Distinguish between real and personal property
- Describe the bundle of rights associated with real property ownership
- List the principal types of estates (tenancies) and describe their characteristics
- Describe the features associated with the Florida Constitutional Homestead Rights
- Distinguish between cooperatives, condominiums and timeshares
- Describe the four main documents associated with condominiums

9. Chapter 9 – Title, Deeds, and Ownership Restrictions

a. Overview

This chapter examines the subject of title to real property, how title may be acquired, what instruments are used, and how title can be protected against fraud and claims against ownership. Of particular importance is the fact that real property ownership is never guaranteed. Ownership is a right that can be protected by law, but owners have an obligation to establish first their claim to such rights or they may be lost to another.

Both public and private limitations affect how a property can be used, thus limiting property

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owners' rights. These limitations on ownership and use are detailed and explained in this chapter.

b. **Objectives**

After completing this chapter, you should be able to:

- Differentiate between voluntary and involuntary alienation
- Explain the various methods of acquiring title to real property
- Describe the conditions necessary to acquire real property by adverse possession
- Distinguish between actual notice and constructive notice
- Identify information that is subject to public record
- Distinguish between an abstract of title and a chain of title
- Explain the different types of title insurance
- Describe the parts of a deed and the requirements of a valid deed
- List and describe the four basic types of deeds and the legal requirements for deeds
- List and describe the various types of governmental and private restrictions on ownership of real property
- Distinguish among the various types of leases

10. Chapter 10 – Legal Descriptions

a. **Overview**

The legal description of property is used to identify property in contracts, deeds, and other legal documents. The method used to describe the property must be precise, accurate, and unambiguous. A court may void a contract that contains an erroneous legal description; therefore, licensees must understand and be able to write these descriptions correctly. A street address is typically insufficient to legally describe a property since street names and numbers are often duplicated from one area to another.

b. **Objectives**

After completing this chapter, you should be able to:

- Describe the purpose for legal descriptions
- Understand the licensee's role and responsibilities as they pertain to legal descriptions
- Explain and distinguish among the three types of legal descriptions
- Describe the process of creating a legal description using the metes-and-bounds method
- Locate a township by tier and range
- Locate a particular section within a township
- Understand how to subdivide a section
- Calculate the number of acres in a parcel based on the legal description, and convert to square feet
- Explain the use of assessor's parcel numbers
- Apply the measurements associated with checks, townships, and sections

11. Chapter 11 – Real Estate Contracts

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a. **Overview**

Real estate licensees must understand the essential elements of a valid contract. A real estate transaction depends on a clear and concise agreement between the parties to the contract. The two most commonly used contracts in real estate brokerage are the listing contract, and the purchase and sale contract. The listing contract is an employment contract for professional services negotiated between a member of the public and a real estate broker. The purchase and sale contract is negotiated between an owner of property and a potential buyer, which specifies the terms and conditions for the transfer of ownership.

Licensees are required to give potential purchasers certain disclosures when listing or selling property. These disclosures are discussed in this chapter.

b. **Objectives**

After completing this chapter, you should be able to:

- List and describe the essential elements of a valid contract
- Distinguish between formal vs. informal (parol), bilateral vs. unilateral, implied vs. express, and executory vs. executed contracts
- Describe the various ways in which an offer is terminated
- Describe the various methods of terminating a contract
- Explain the remedies for breach of a contract
- Describe the effect of the Statute of Frauds and the Statute of Limitations
- Describe the elements of an option
- Differentiate among the various types of listings
- Explain and describe the various disclosures required in a real estate contract
- Recognize what constitutes fraud

12. Chapter 12 – Residential Mortgages

a. **Overview**

Traditionally, individuals have purchased real estate with borrowed money. The financing necessary to complete real estate transactions may involve institutional lenders, private parties, or the government. A sales associate must understand the lending process and the various types of mortgages available. Understanding the fundamentals of real estate finance is necessary in order to provide accurate information to principals and customers.

b. **Objectives**

After completing this chapter, you should be able to:

- Distinguish between title theory and lien theory
- Describe the essential elements of the mortgage instrument and the note
- Describe the various features of a mortgage including down payment, loan-to-value ratio, equity, interest, loan servicing, escrow account, PITI, discount points, and loan origination fee

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- Explain the assignment of a mortgage and the purpose of an estoppel certificate
- Explain the foreclosure process and distinguish between judicial and nonjudicial foreclosure
- Describe the mortgagor's and mortgagee's rights in a foreclosure
- Calculate loan-to-value ratio
- Explain the use of discount points and calculate approximate yield on a loan
- Distinguish among the various methods of purchasing mortgaged property

13. Chapter 13 – Types of Mortgages and Sources of Finance

a. Overview

Buyers depend on real estate licensees to assist them in the choice of financing alternatives. The success of anyone involved in the real estate profession is linked to the lending process.

This chapter describes the key features and uses of popular loan types and repayment methods. An overview of the Federal Reserve System, the participants in the lending process, and the flow of money in the marketplace is also provided. This chapter will help you recognize mortgage fraud and know the laws that promote ethical mortgage practices.

b. Objectives

After completing this chapter, you should be able to:

- Describe the mechanics and components of an adjustable rate mortgage (ARM)
- Describe the features of an amortized mortgage
- Know how to amortize a level-payment plan mortgage when given the principal amount, interest rate, and monthly payment amount
- Distinguish among the various types of mortgages
- Describe the characteristics of FHA mortgages and common FHA loan programs
- Identify the guarantee feature of VA mortgage loans and the characteristics of VA loan programs
- Explain the process of qualifying for a loan and how to calculate qualifying ratios
- Distinguish among the primary sources of home financing
- Describe the role of the secondary mortgage market and know the features of the major agencies that are active in the secondary market
- Describe the major provisions of the federal laws regarding fair credit and lending procedures
- Know how to recognize and avoid mortgage fraud

14. Chapter 14 – Real Estate-Related Computations and Closing of Transactions

a. Overview

The *closing* of a real estate transaction is the final act that concludes the contract between the buyer and seller. All money due is paid, all costs are allocated and paid, and title is conveyed to the buyer. The settlement of a real estate transaction occurs when the seller delivers the deed to the buyer, and the buyer pays the seller the amount agreed upon for the purchase of the

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property. Typically, a real estate settlement is called a closing. On the day of closing, all accounting in the transaction is finalized.

Title companies, attorneys, and real estate brokers conduct closings. Real estate licensees must be capable of explaining the closing process to the parties with whom they deal. Since most buyers and sellers may be involved in the purchase or sale of property only a few times in their lives, they will be uncertain about the process. Various steps must be taken to close a real estate transaction, including obtaining evidence of the seller's ownership, securing mortgage loan information, completing property inspections, obtaining property insurance, itemizing costs and expenses for the buyer and seller, and preparing legal documents.

b. Objectives

After completing this chapter, you should be able to:

- Compute the sales commission
- Define settlement and title closing
- List the preliminary steps to a closing
- Prorate the buyer's and seller's expenses
- Calculate the dollar amount of transfer taxes on deeds, mortgages, and notes
- Allocate taxes and fees to the proper parties and compute individual costs
- Explain the rules of thumb for closing statement entries
- Explain the major section of the HUD-1 Uniform Settlement Statement
- Demonstrate the ability to read and check the HUD-1 Uniform Settlement Statement for errors

15. Chapter 15 - The Real Estate Market and Analysis

a. Overview

The real estate market consists of sellers and buyers; sellers represent supply, and buyers represent demand. The relationship between supply and demand has a significant effect on property values.

In a free enterprise system, the seller and buyer ultimately determine the price at which goods and services are sold. However, the government exerts a major influence on the real estate market. The government establishes policies that limit or control real estate development and the way in which properties may be used. It is essential that real estate licensees understand how government actions impact the real estate market.

b. Objectives

After completing this chapter, you should be able to:

- Describe the physical characteristics of real estate
- Describe the economic characteristics of real estate
- Identify the factors that influence supply and demand
- Distinguish among different ways of interpreting market conditions
- Demonstrate understanding of the different market indicators

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16. Chapter 16 – Real Estate Appraisal

a. Overview

Assisting customers and advising principals regarding the value of property are fundamental to the everyday life of anyone who is engaged in the real estate brokerage profession. Licensees must be knowledgeable concerning values, whether working with buyers or sellers. A basic knowledge of the methods, principles, and procedures that are used by professional appraisers will equip licensees with the ability to properly guide members of the public regarding pricing whenever the need arises.

b. Objectives

After completing this chapter, you should be able to:

- Describe federal and state regulations pertaining to appraising
- Identify the appraiser's fiduciary relationship
- Identify the economic and physical characteristics of real estate that affect market value
- Explain what the Uniform Standards of Professional Appraisal Practice (USPAP) is and how it affects the appraisal of real property
- Distinguish among the various types of value
- Define market value and describe its underlying assumptions
- Distinguish among value, price, and cost
- Describe the four characteristics of value
- Distinguish among the principles of value
- Differentiate among the three approaches to estimating the value of real property
- Estimate the value of a subject property using the sales comparison approach, the cost-depreciation approach, and the income approach
- Reconcile three approaches to establish a final value estimate
- Calculate value using the gross multiplier technique
- Explain how to prepare a comparative market analysis (CMA), comparing and contrasting with the sales comparison approach

17. Chapter 17 – Real Estate Investments and Business Opportunity Brokerage

a. Overview

In this chapter, the following topics are discussed: various types of investment real estate, types of risk associated with the purchase and ownership of real estate, methods of analyzing such investments, the tax consequences of both owner-occupied and investment real estate, and the distinction between most real estate transactions and the sale of a business.

b. Objectives

After completing this chapter, you should be able to:

- Distinguish among the different types of real estate investments
- Identify the advantages and disadvantages of investing in real estate

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- Calculate the percent of profit or loss, given the original cost of the investment, the sale price, and the dollar amount of profit or loss
- Distinguish among the various types of risk
- Explain the importance of investment analysis
- Describe the similarities and differences between real estate brokerage and business brokerage
- Describe the types of expertise required in business brokerage
- Distinguish among the methods of appraising businesses
- Explain how to determine taxable income of investment real estate
- Distinguish between installment sales and like-kind exchange
- Describe the steps in the sale of a business

18. Chapter 18 – Taxes Affecting Real Estate

a. Overview

Taxes which are associated with real estate ownership are of critical importance to individuals when buying a home or making a real estate investment. A real estate professional must be familiar with property taxes in order to provide information and answer customer's questions concerning the effect of taxes. A real estate professional should be capable of discussing the services local government provides that are funded by property tax revenues.

b. Objectives

After completing this chapter, you should be able to:

- Distinguish among immune, exempt, and partially exempt property
- Describe the various personal exemptions available to qualified owners of homestead property
- Compute the property tax on a specific parcel, given the current tax rate, assessed value, eligible exemptions, and transfer of assessment limitation difference (Save Our Homes portability), if applicable
- List the steps involved in the tax appeal procedure
- Describe the purpose of Florida's Green Belt Law
- Calculate the cost of a special assessment, given the conditions and amounts involved
- Describe the tax advantages of home ownership

19. Chapter 19 – Planning, Zoning, and Environmental Hazards

a. Overview

This chapter explores the history and purpose of planning and zoning; the interaction of local, state, and federal programs; and the purposes served by growth management and related issues, such as the national flood insurance program.

b. Objectives

After completing this chapter, you should be able to:

- Describe the composition and authority of the local planning agency

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- Explain the purpose of land-use controls and the role of zoning ordinances
- Identify the provisions of Florida's comprehensive plan and the Growth Management Act
- Distinguish among the five general zoning classifications
- Distinguish among zoning ordinances, building codes, and health ordinances
- Explain the purpose of a variance, special exception, and a nonconforming use
- Calculate the number of lots available for development given the total number of acres contained in a parcel, the percentage of land reserved for streets and other facilities, and the minimum number of square feet per lot
- Describe the characteristics of a planned unit development (PUD)
- Understand the basic provisions of the national flood insurance program
- Describe the impact of the Comprehensive Environmental Response Compensation and Liability Act (CERCLA)
- Explain the various environmental hazards associated with real estate

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