

## **REAL ESTATE**

# National/General Content Outlines

Content Outline for Salespersons and Brokers Examinations:  
Effective June 2020

Content Outline for Salespersons Examinations:  
Effective January 2025 or later

Content Outline for Brokers Examinations:  
Effective January 2025 or later

## **ALABAMA**

# Real Estate State Content Outlines

Content Outline for Alabama Laws, Rules, and  
Regulations Examinations

# National Exam Content Outline for Salespersons and Brokers

Effective: June 01, 2020

The national portion of the real estate exam is made up of eighty (80) scored items, which are distributed as noted in the following content outline. The national examination also contains five (5) pretest items that are not counted toward the score. These items are used to gather statistics on performance and to help assess appropriateness for use on future examinations. Because pretest items look exactly like items that are scored, candidates should answer all the items on the examination.

## **I. REAL PROPERTY CHARACTERISTICS, LEGAL DESCRIPTIONS, AND PROPERTY USE (SALES 9; BROKER 9)**

### **A. Real property vs. personal property**

1. Fixtures, trade fixtures, emblements
2. Attachment, severance, and bill of sale

### **B. Characteristics of real property**

1. Economic characteristics
2. Physical characteristics

### **C. Legal descriptions**

1. Methods used to describe real property
2. Survey

### **D. Public and private land use controls – encumbrances**

1. Public controls – governmental powers
  - a. Police power, eminent domain, taxation, escheat
  - b. Zoning ordinances
2. Private controls, restrictions, and encroachments
  - a. Covenants, conditions, and restrictions (CC&Rs), HOAs
  - b. Easements
  - c. Licenses and encroachments

## **II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (SALES 8; BROKER 8)**

### **A. Ownership, estates, rights, and interests**

1. Forms of ownership
2. Freehold estate
  - a. Fee simple absolute
  - b. Fee simple defeasible, determinable, and condition subsequent
  - c. Life estate
  - d. Bundle of rights
3. Leasehold estates and types of leases
  - a. Estate for years and from period to period (periodic estate)
  - b. Estate at will and estate at sufferance
  - c. Gross, net, and percentage leases
4. Liens and lien priority
5. Surface and sub-surface rights

### **B. Deed, title, transfer of title, and recording of title**

1. Elements of a valid deed
2. Types of deeds
3. Title transfer

- a. Voluntary alienation
  - b. Involuntary alienation
4. Recording the title
    - a. Constructive and actual notice
    - b. Title abstract and chain of title
    - c. Marketable title and cloud on title
    - d. Attorney title opinion, quiet title lawsuit, and title insurance

## **III. PROPERTY VALUE AND APPRAISAL (SALES 11; BROKER 10)**

### **A. Concept of value**

1. Market value vs. market price
2. Characteristics of value
3. Principles of value

### **B. Appraisal process**

1. Purpose and steps to an appraisal
2. Federal oversight of the appraisal process

### **C. Methods of estimating value and Broker Price Opinions (BPO)**

1. Sales comparison approach (market data)
2. Cost approach
  - a. Improvements and depreciation
  - b. Physical deterioration, functional, and economic obsolescence
  - c. Reproduction or replacement costs
3. Income approach
4. Gross rent and gross income multipliers
5. Comparative Market Analysis (CMA)
6. Broker Price Opinion (BPO)
7. Assessed value and tax implications

## **IV. REAL ESTATE CONTRACTS AND AGENCY (SALES 16; BROKER 17)**

### **A. Types of contracts**

1. Express vs. implied
2. Unilateral vs. bilateral

### **B. Required elements of a valid contract**

### **C. Contract performance**

1. Executed vs. executory
2. Valid vs. void
3. Voidable vs. unenforceable
4. Breach of contract, rescission, and termination
5. Liquidated, punitive, or compensatory damages

6. Statute of Frauds
7. Time is of the essence

#### **D. Sales contract**

1. Offer and counteroffer
2. Earnest money and liquidated damages
3. Equitable title
4. Contingencies
5. Disputes and breach of contract
6. Option contract and installment sales contract

#### **E. Types of agency and licensee-client relationships**

#### **F. Creation and termination of agency**

#### **G. Licensee obligations to parties of a transaction**

### **V. REAL ESTATE PRACTICE (SALES 14; BROKER 13)**

#### **A. Responsibilities of broker**

1. Practicing within scope of expertise
2. Unauthorized practice of law

#### **B. Brokerage agreements between the broker and principal (seller, buyer, landlord, or tenant)**

1. Seller representation – Types of listing agreements
  - a. Exclusive right-to-sell and exclusive agency listing
  - b. Non-exclusive or open listing
  - c. Net listing (conflict of interest)
  - d. Multiple listing service (MLS)
2. Buyer representation
3. Property management agreement
  - a. Accounting for funds
  - b. Property maintenance
  - c. Leasing property
  - d. Collecting rents and security deposits
4. Termination of agreements
5. Services, fees, and compensation

#### **C. Fair Housing**

1. Equal opportunity in housing
2. Protected classes
3. Fair housing laws
4. Illegal practices, enforcement, and penalties
5. Prohibited advertising
6. Housing and Urban Development (HUD)
7. Americans with Disabilities Act (ADA)

#### **D. Risk management**

1. Supervision
2. Compliance with federal regulations; including Privacy and Do Not Contact
3. Vicarious liability
4. Antitrust laws
5. Fraud and misrepresentation
6. Types of insurance
  - a. Errors and Omissions
  - b. General Liability

### **VI. PROPERTY DISCLOSURES AND ENVIRONMENTAL ISSUES (SALES 8; BROKER 8)**

#### **A. Property conditions and environmental issues**

1. Hazardous substances
  - a. Lead-based paint
  - b. Asbestos, radon, and mold
  - c. Groundwater contamination and underground storage tanks
  - d. Waste disposal sites and brownfields
  - e. Flood plains, flood zones, and flood insurance
2. Clean Air and Water Acts
3. Environmental Protection Agency (EPA)
  - a. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
  - b. Superfund Amendment and Reauthorization Act (SARA)
  - c. Environmental site assessments (including Phase I and II studies) and impact statements
  - d. Wetlands protection

#### **B. Disclosure obligations and liability**

### **VII. FINANCING AND SETTLEMENT (SALES 7; BROKER 7)**

#### **A. Financing concepts and components**

1. Methods of financing
  - a. Mortgage financing – conventional and non-conventional loans
  - b. Seller financing – land contract/contract for deed
2. Lien theory vs. title theory and deed of trust
3. Sources of financing (primary and secondary mortgage markets, and seller financing)
4. Types of loans and loan programs
5. Mortgage clauses

#### **B. Lender Requirements**

1. FHA requirements
2. VA requirements
3. Buyer qualification and Loan to Value (LTV)
4. Hazard and flood insurance
5. Private mortgage insurance (PMI) and mortgage insurance premium (MIP)

#### **C. Federal Financing Regulations and Regulatory Bodies**

1. Truth-in-Lending and Regulation Z
2. TILA-RESPA Integrated Disclosures (TRID)
  - a. Consumer Financial Protection Bureau (CFPB)
  - b. Loan Estimate (LE)
  - c. Closing Disclosure (CD)
3. Real Estate Settlement Procedures Act (RESPA)
  - a. Referrals
  - b. Rebates
4. Equal Credit Opportunity Act (ECOA)
5. Mortgage fraud and predatory lending

#### **D. Settlement and closing the transaction**

### **VIII. REAL ESTATE MATH CALCULATIONS (SALES 7; BROKER 8)**

#### **A. Property area calculations**

1. Square footage
2. Acreage total

#### **B. Property valuation**

1. Comparative Market Analysis (CMA)

2. Net Operating Income (NOI)
3. Capitalization rate
4. Gross rent multiplier- **Broker Only**
5. Gross income multiplier- **Broker Only**
6. Equity in property
7. Establishing a listing price
8. Assessed value and property taxes

#### C. Commission/compensation

#### D. Loan financing costs

1. Interest
2. Loan to Value (LTV)
3. Fees
4. Amortization, discount points, and prepayment penalties

#### E. Settlement and closing costs

1. Purchase price and down payment
2. Monthly mortgage calculations- principal, interest, taxes, and insurance (PITI)
3. Net to the seller
4. Cost to the buyer
5. Prorated items
6. Debits and credits
7. Transfer tax and recording fee

#### F. Investment

1. Return on investment
2. Appreciation
3. Depreciation
4. Tax implications on investment

#### G. Property management calculations

1. Property management and budget calculations
2. Tenancy and rental calculations

## Real Estate General/National Resources

- Mastering Real Estate Principles, Gerald R. Cortesi, 7th Edition, Dearborn
- Modern Real Estate Practice, Fillmore W. Galaty, Wellington J. Allaway, Robert C. Kyle, etc., 20th edition, Dearborn
- Principles of Real Estate Practice, Stephen Mettling, 6th Edition, Performance Programs Company
- Property Management, Robert C. Kyle, 10th Edition, Dearborn
- Real Estate Finance, J. Keith Baker and John P Wiedemer, 10th Edition, OnCourse Learning Publishing
- Real Estate Fundamentals, Wade E. Gaddy, 10th Edition Dearborn
- Real Estate Law, Charles J. Jacobus, 3rd Edition, OnCourse Learning Publishing
- Real Estate Law, Elliot Klayman, 10th Edition, Dearborn
- The Language of Real Estate, John W. Reilly, 8th Edition, Dearborn

**Pearson VUE does not endorse any particular course provider or study materials.**

# National/General Exam Content Outline for Salespersons

Effective: January 2025 or later. Please check back here for implementation dates.

The national/general portion of the real estate exam is made up of eighty (80) scored items, which are distributed as noted in the following content outline. Each section contains an overall item count and subtotals from each subsection. For example, if a major topic area has three (3) subtopics and ten (10) items, the subtopics will contain the number of items necessary to bring the total to ten (10) items.

In addition to building our real estate national/general exams to content specifications, Pearson VUE also builds our general exams to cognitive level specifications. These cognitive level specifications confirm that candidates have a comprehensive understanding of real estate general knowledge and federal regulation topics. They measure whether candidates have the knowledge, but more importantly, the skills and abilities to protect the public from day one as a real estate licensee. Every test item is classified into one of three categories: knowledge, application, or analysis. A knowledge item requires candidates to recall specific facts or definitions. An application item requires candidates to use their knowledge and apply it to a situation. An analysis item requires candidates to use their knowledge and examine a fact pattern in order to draw a conclusion or make a decision. Cognitive level breakdowns are included after the item count for major topic areas. For example, if a major topic area has ten (10) items, the cognitive level item counts will total to ten (10) items.

The national/general examination also contains five (5) pretest items that are not counted toward the score. These items are used to gather statistics on performance and to help assess appropriateness for use on future examinations. Because pretest items look exactly like items that are scored, candidates should answer all the items on the examination.

## **I. REAL PROPERTY CHARACTERISTICS, LEGAL DESCRIPTIONS, AND PROPERTY USE (SALES 11; 6 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)**

### **A. Real property vs. personal property (3 items)**

1. Fixtures, trade fixtures, emblements
2. Attachment, severance, and bill of sale

### **B. Characteristics of real property (2 items)**

1. Economic characteristics
  - a. Scarcity
  - b. Modification / Improvement
  - c. Permanence of Investment / Fixity
  - d. Area Preference / Situs
2. Physical characteristics
  - a. Immobility
  - b. Indestructibility
  - c. Non-homogeneity / Uniqueness

### **C. Legal descriptions (2 items)**

1. Methods used to describe real property
2. Survey

### **D. Public and private land use controls – encumbrances (2 items)**

1. Public controls – governmental powers
  - a. Police power, eminent domain, taxation, escheat
  - b. Zoning ordinances

2. Private controls, restrictions, and encroachments
  - a. Covenants, conditions, and restrictions (CC&Rs), HOAs
  - b. Easements
  - c. Licenses and encroachments

## **II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (SALES 9; 5 KNOWLEDGE, 2 APPLICATION, 2 ANALYSIS)**

### **A. Ownership, estates, rights, and interests (5 items)**

1. Forms of ownership
2. Freehold estate
  - a. Fee simple absolute
  - b. Fee simple defeasible, determinable, and condition subsequent
  - c. Life estate
  - d. Bundle of rights
3. Leasehold estates and types of leases
  - a. Estate for years and from period to period (periodic estate)
  - b. Estate at will and estate at sufferance
  - c. Gross, net, percentage leases, etc.
4. Liens and lien priority
5. Air, surface and sub-surface rights

**B. Deed, title, transfer of title, and recording of title (4 items)**

1. Elements of a valid deed
2. Types of deeds
3. Title transfer
  - a. Voluntary alienation
  - b. Involuntary alienation
4. Recording the title
  - a. Constructive and actual notice
  - b. Title abstract and chain of title
  - c. Marketable title and cloud on title
  - d. Attorney title opinion, quiet title lawsuit, and title insurance

**III. PROPERTY VALUE AND APPRAISAL (SALES 11; 6 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)**

**A. Concept of value (4 items)**

1. Market value vs. market price
2. Characteristics of value
3. Principles of value

**B. Appraisal process (2 items)**

1. Purpose and steps to an appraisal
2. Federal oversight of the appraisal process

**C. Methods of estimating value and Broker Price Opinions (BPO) (5 items)**

1. Sales comparison approach (market data)
2. Cost approach
  - a. Improvements and depreciation
  - b. Physical deterioration, functional, and economic obsolescence
  - c. Reproduction or replacement costs
3. Income approach
4. Gross rent and gross income multipliers
5. Comparative Market Analysis (CMA)
6. Broker Price Opinion (BPO)
7. Assessed value and tax implications

**IV. REAL ESTATE CONTRACTS AND AGENCY (SALES 16; 7 KNOWLEDGE, 6 APPLICATION, 3 ANALYSIS)**

**A. Types of contracts (1 item)**

1. Express vs. implied
2. Unilateral vs. bilateral

**B. Required elements of a valid contract (3 items)**

1. Voluntary
2. Agreement / Promise
3. Legally competent parties
4. Lawful consideration
5. Legal act / Purpose

**C. Contract performance (3 items)**

1. Executed vs. executory
2. Valid vs. void
3. Voidable vs. unenforceable
4. Breach of contract, rescission, and termination
5. Liquidated, punitive, or compensatory damages

6. Statute of Frauds
7. Electronic contracts and digital signatures
8. Time is of the essence

**D. Sales contract (2 items)**

1. Offer and counteroffer
2. Earnest money and liquidated damages
3. Equitable title
4. Contingencies
5. Disputes and breach of contract
6. Option contract and installment sales contract

**E. Types of agency and licensee-client relationships (2 items)**

**F. Creation and termination of agency (2 items)**

**G. Licensee obligations to parties of a transaction (3 items)**

**V. REAL ESTATE PRACTICE (SALES 10; 5 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)**

**A. Responsibilities of broker (2 items)**

1. Practicing within scope of expertise
2. Unauthorized practice of law

**B. Brokerage agreements between the broker and principal (seller, buyer, landlord, or tenant) (3 items)**

1. Seller representation – Types of listing agreements
  - a. Exclusive right-to-sell and exclusive agency listing
  - b. Non-exclusive or open listing
  - c. Net listing (conflict of interest)
  - d. Multiple listing service (MLS)
2. Buyer representation
3. Property management agreement
  - a. Accounting for funds
  - b. Property maintenance
  - c. Leasing property
  - d. Collecting rents and security deposits
4. Termination of agreements
5. Services, fees, and compensation

**C. Fair Housing (3 items)**

1. Equal opportunity in housing
2. Protected classes
3. Fair housing laws
4. Illegal practices, enforcement, and penalties
5. Prohibited advertising
6. Housing and Urban Development (HUD)
7. Americans with Disabilities Act (ADA)

**D. Risk management (2 items)**

1. Supervision
2. Compliance with federal regulations; including Privacy and Do Not Contact
3. Vicarious liability
4. Antitrust laws

5. Fraud and misrepresentation
6. Types of insurance
  - a. Errors and Omissions
  - b. General Liability

**VI. PROPERTY DISCLOSURES AND ENVIRONMENTAL ISSUES (SALES 9; 5 KNOWLEDGE, 3 APPLICATION, 1 ANALYSIS)**

**A. Property conditions and environmental issues (5 items)**

1. Hazardous substances
  - a. Lead-based paint
  - b. Asbestos, radon, and mold
  - c. Groundwater contamination and underground storage tanks
  - d. Waste disposal sites and brownfields
  - e. Flood plains, flood zones, and flood insurance
2. Clean Air and Water Acts
3. Environmental Protection Agency (EPA)
  - a. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
  - b. Superfund Amendment and Reauthorization Act (SARA)
  - c. Environmental site assessments (including Phase I and II studies) and impact statements
  - d. Wetlands protection

**B. Environmental and property disclosure obligations and liability (4 items)**

**VII. FINANCING AND SETTLEMENT (SALES 7; 4 KNOWLEDGE, 2 APPLICATION, 1 ANALYSIS)**

**A. Financing concepts and components (2 items)**

1. Methods of financing
  - a. Mortgage financing – conventional and non-conventional loans
  - b. Seller financing – land contract/contract for deed
2. Lien theory vs. title theory and deed of trust
3. Sources of financing (primary and secondary mortgage markets, and seller financing)
4. Types of loans and loan programs
5. Mortgage clauses

**B. Lender Requirements (1 item)**

1. FHA requirements
2. VA requirements
3. USDA Loan requirements and rural development financing
4. Conventional requirements
5. Buyer qualification and Loan to Value (LTV)
6. Hazard and flood insurance
7. Private mortgage insurance (PMI) and mortgage insurance premium (MIP)

**C. Federal Financing Regulations and Regulatory Bodies (2 items)**

1. Truth-in-Lending and Regulation Z
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  - a. Consumer Financial Protection Bureau (CFPB)
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  - c. Closing Disclosure (CD)
3. Real Estate Settlement Procedures Act (RESPA)
  - a. Referrals
  - b. Rebates
4. Equal Credit Opportunity Act (ECOA)
5. Mortgage fraud and predatory lending

**D. Settlement and closing the transaction (2 items)**

**VIII. REAL ESTATE MATH CALCULATIONS (SALES 7; 4 APPLICATION, 3 ANALYSIS)**

**A. Property area calculations (1 item)**

1. Square footage
2. Acreage total

**B. Property valuation (1 item)**

1. Comparative Market Analysis (CMA)
2. Net Operating Income (NOI)
3. Capitalization rate
4. Equity in property
5. Establishing a listing price
6. Assessed value and property taxes

**C. Commission/compensation (1 item)**

**D. Loan financing costs (1 item)**

1. Interest
2. Loan to Value (LTV)
3. Fees
4. Amortization, discount points, and prepayment penalties

**E. Settlement and closing costs (1 item)**

1. Purchase price and down payment
2. Monthly mortgage calculations- principal, interest, taxes, and insurance (PITI)
3. Net to the seller
4. Cost to the buyer
5. Prorated items
6. Debits and credits
7. Transfer tax and recording fee

**F. Investment (1 item)**

1. Return on investment
2. Appreciation
3. Depreciation
4. Tax implications on investment

**G. Property management calculations (1 item)**

1. Property management and budget calculations
2. Tenancy and rental calculations



## Notes on Math Calculations

The following information is **NOT** available at the test center and **SHOULD** be memorized:

- 43,560 square feet/acre
- 5,280 feet/mile

If a question requires the calculation of prorated amounts, the question will specify:

- whether the calculation should be made on the basis of 360 or 365 days a year; and/or
- whether the day of closing belongs to the buyer or the seller for purposes of prorations

Where applicable, round off calculations using standard rounding rules.

Please note the content on the exam reflects the real estate industry as a whole and may not reflect any ongoing litigation or settlements.

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- Principles of Real Estate Practice, Stephen Mettling, Performance Programs Company
- Property Management, Robert C. Kyle, Dearborn
- Real Estate Finance, J. Keith Baker and John P. Wiedemer, OnCourse Learning Publishing
- Real Estate Fundamentals, Wade E. Gaddy, Dearborn
- Real Estate Law, Charles J. Jacobus, OnCourse Learning Publishing
- Real Estate Principal, Charles J. Jacobus, OnCourse Learning Publishing
- Real Estate Law, Elliot Klayman, Dearborn
- The Language of Real Estate, John E. Reilly, Dearborn

Please refer to the publishers for the most recent editions.

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# National/General Exam Content Outline for Brokers

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## **I. REAL PROPERTY CHARACTERISTICS, LEGAL DESCRIPTIONS, AND PROPERTY USE (BROKER 10; 2 KNOWLEDGE, 5 APPLICATION, 3 ANALYSIS)**

### **A. Real property vs. personal property (3 Items)**

1. Fixtures, trade fixtures, emblements
2. Attachment, severance, and bill of sale

### **B. Characteristics of real property (2 Items)**

1. Economic characteristics
  - a. Scarcity
  - b. Modification / Improvement
  - c. Permanence of Investment / Fixity
  - d. Area Preference / Situs
2. Physical characteristics
  - a. Immobility
  - b. Indestructibility
  - c. Non-homogeneity / Uniqueness

### **C. Legal descriptions (2 Items)**

1. Methods used to describe real property
2. Survey

### **D. Public and private land use controls – encumbrances (3 Items)**

1. Public controls – governmental powers
  - a. Police power, eminent domain, taxation, escheat
  - b. Zoning ordinances

2. Private controls, restrictions, and encroachments
  - a. Covenants, conditions, and restrictions (CC&Rs), HOAs
  - b. Easements
  - c. Licenses and encroachments

## **II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (BROKER 8; 2 KNOWLEDGE, 3 APPLICATION, 3 ANALYSIS)**

### **A. Ownership, estates, rights, and interests (4 Items)**

1. Forms of ownership
2. Freehold estate
  - a. Fee simple absolute
  - b. Fee simple defeasible, determinable, and condition subsequent
  - c. Life estate
  - d. Bundle of rights
3. Leasehold estates and types of leases
  - a. Estate for years and from period to period (periodic estate)
  - b. Estate at will and estate at sufferance
  - c. Gross, net, percentage leases, and etc.
4. Liens and lien priority
5. Air surface and sub-surface rights

**B. Deed, title, transfer of title, and recording of title (4 Items)**

1. Elements of a valid deed
2. Types of deeds
3. Title transfer
  - a. Voluntary alienation
  - b. Involuntary alienation
4. Recording the title
  - a. Constructive and actual notice
  - b. Title abstract and chain of title
  - c. Marketable title and cloud on title
  - d. Attorney title opinion, quiet title lawsuit, and title insurance

**III. PROPERTY VALUE AND APPRAISAL (BROKER 10; 2 KNOWLEDGE, 4 APPLICATION, 4 ANALYSIS)**

**A. Concept of value (3 Items)**

1. Market value vs. market price
2. Characteristics of value
3. Principles of value

**B. Appraisal process (3 Items)**

1. Purpose and steps to an appraisal
2. Federal oversight of the appraisal process

**C. Methods of estimating value and Broker Price Opinions (BPO) (4 Items)**

1. Sales comparison approach (market data)
2. Cost approach
  - a. Improvements and depreciation
  - b. Physical deterioration, functional, and economic obsolescence
  - c. Reproduction or replacement costs
3. Income approach
4. Gross rent and gross income multipliers
5. Comparative Market Analysis (CMA)
6. Broker Price Opinion (BPO)
7. Assessed value and tax implications

**IV. REAL ESTATE CONTRACTS AND AGENCY (BROKER 15; 3 KNOWLEDGE, 6 APPLICATION, 6 ANALYSIS)**

**A. Types of contracts (2 Items)**

1. Express vs. implied
2. Unilateral vs. bilateral

**B. Required elements of a valid contract (3 Items)**

1. Voluntary
2. Agreement / Promise
3. Legally competent parties
4. Lawful consideration
5. Legal act / Purpose

**C. Contract performance (2 Items)**

1. Executed vs. executory
2. Valid vs. void
3. Voidable vs. unenforceable
4. Breach of contract, rescission, and termination
5. Liquidated, punitive, or compensatory damages

6. Electronic contracts and digital signatures
7. Statute of Frauds
8. Time is of the essence

**D. Sales contract (2 Items)**

1. Offer and counteroffer
2. Earnest money and liquidated damages
3. Equitable title
4. Contingencies
5. Disputes and breach of contract
6. Option contract and installment sales contract

**E. Types of agency and licensee-client relationships (2 Items)**

**F. Creation and termination of agency (2 Items)**

**G. Licensee obligations to parties of a transaction (2 Items)**

**V. REAL ESTATE PRACTICE (BROKER 12; 5 KNOWLEDGE, 5 APPLICATION, 2 ANALYSIS)**

**A. Responsibilities of broker (3 Items)**

1. Practicing within scope of expertise
2. Unauthorized practice of law

**B. Brokerage agreements between the broker and principal (seller, buyer, landlord, or tenant) (3 Items)**

1. Seller representation – Types of listing agreements
  - a. Exclusive right-to-sell and exclusive agency listing
  - b. Non-exclusive or open listing
  - c. Net listing (conflict of interest)
  - d. Multiple listing service (MLS)
2. Buyer representation
3. Property management agreement
  - a. Accounting for funds
  - b. Property maintenance
  - c. Leasing property
  - d. Collecting rents and security deposits
4. Termination of agreements
5. Services, fees, and compensation

**C. Fair Housing (3 Items)**

1. Equal opportunity in housing
2. Protected classes
3. Fair housing laws
4. Illegal practices, enforcement, and penalties
5. Prohibited advertising
6. Housing and Urban Development (HUD)
7. Americans with Disabilities Act (ADA)

**D. Risk management (3 Items)**

1. Supervision
2. Compliance with federal regulations; including Privacy and Do Not Contact
3. Vicarious liability
4. Antitrust laws

5. Fraud and misrepresentation
6. Types of insurance
  - a. Errors and Omissions
  - b. General Liability

**VI. PROPERTY DISCLOSURES AND ENVIRONMENTAL ISSUES (BROKER 9; 4 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)**

**A. Property conditions and environmental issues (5 Items)**

1. Hazardous substances
  - a. Lead-based paint
  - b. Asbestos, radon, and mold
  - c. Groundwater contamination and underground storage tanks
  - d. Waste disposal sites and brownfields
  - e. Flood plains, flood zones, and flood insurance
2. Clean Air and Water Acts
3. Environmental Protection Agency (EPA)
  - a. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
  - b. Superfund Amendment and Reauthorization Act (SARA)
  - c. Environmental site assessments (including Phase I and II studies) and impact statements
  - d. Wetlands protection

**B. Environmental and property disclosure obligations and liability (4 Items)**

**VII. FINANCING AND SETTLEMENT (BROKER 8; 3 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)**

**A. Financing concepts and components (2 Items)**

1. Methods of financing
  - a. Mortgage financing – conventional and non-conventional loans
  - b. Seller financing – land contract/contract for deed
2. Lien theory vs. title theory and deed of trust
3. Sources of financing (primary and secondary mortgage markets, and seller financing)
4. Types of loans and loan programs
5. Mortgage clauses

**B. Lender Requirements (2 Items)**

1. FHA requirements
2. VA requirements
3. USDA loan requirements and rural development financing
4. Conventional requirements
5. Buyer qualification and Loan to Value (LTV)
6. Hazard and flood insurance
7. Private mortgage insurance (PMI) and mortgage insurance premium (MIP)

**C. Federal Financing Regulations and Regulatory Bodies (2 Items)**

1. Truth-in-Lending and Regulation Z

2. TILA-RESPA Integrated Disclosures (TRID)
  - a. Consumer Financial Protection Bureau (CFPB)
  - b. Loan Estimate (LE)
  - c. Closing Disclosure (CD)
3. Real Estate Settlement Procedures Act (RESPA)
  - a. Referrals
  - b. Rebates
4. Equal Credit Opportunity Act (ECOA)
5. Mortgage fraud and predatory lending

**D. Settlement and closing the transaction (2 Items)**

**VIII. REAL ESTATE MATH CALCULATIONS (BROKER 8; 3 APPLICATION, 5 ANALYSIS)**

**A. Property area calculations (1 Item)**

1. Square footage
2. Acreage total

**B. Property valuation (2 Items)**

1. Comparative Market Analysis (CMA)
2. Net Operating Income (NOI)
3. Capitalization rate
4. Gross rent multiplier
5. Gross income multiplier
6. Equity in property
7. Establishing a listing price
8. Assessed value and property taxes

**C. Commission/compensation (1 Item)**

**D. Loan financing costs (1 Item)**

1. Interest
2. Loan to Value (LTV)
3. Fees
4. Amortization, discount points, and prepayment penalties

**E. Settlement and closing costs (1 item)**

1. Purchase price and down payment
2. Monthly mortgage calculations- principal, interest, taxes, and insurance (PITI)
3. Net to the seller
4. Cost to the buyer
5. Prorated items
6. Debits and credits
7. Transfer tax and recording fee

**F. Investment (1 Item)**

1. Return on investment
2. Appreciation
3. Depreciation
4. Tax implications on investment

**G. Property management calculations (1 Item)**

1. Property management and budget calculations
2. Tenancy and rental calculations

## Notes on Math Calculations

The following information is **NOT** available at the test center and **SHOULD** be memorized:

- 43,560 square feet/acre
- 5,280 feet/mile

If a question requires the calculation of prorated amounts, the question will specify:

- whether the calculation should be made on the basis of 360 or 365 days a year; and/or
- whether the day of closing belongs to the buyer or seller for the purposes of prorations.

Where applicable, round off calculations using standard rounding rules.

Please note the content on the exam reflects the real estate industry as a whole and may not reflect any ongoing litigation or settlements.

## Real Estate General/National Resources

- Mastering Real Estate Principles, Gerald R. Cortesi, Dearborn
- Modern Real Estate Practice, Fillmore W. Galaty, Wellington J. Allaway, Robert C. Kyle, etc., Dearborn
- Principles of Real Estate Practice, Stephen Mettling, Performance Programs Company
- Property Management, Robert C. Kyle, Dearborn
- Real Estate Finance, J. Keith Baker and John P. Wiedemer, OnCourse Learning Publishing
- Real Estate Fundamentals, Wade E. Gaddy, Dearborn
- Real Estate Law, Charles J. Jacobus, OnCourse Learning Publishing
- Real Estate Law, Elliot Klayman, Dearborn
- The Language of Real Estate, John W. Reilly, Dearborn

Please refer to the publishers for the most recent editions.

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# Alabama Salesperson Prelicense State Content Outline for Salespersons and Brokers

Effective: January 1, 2023

The state-specific examination is made up of forty (40) scored items for salespersons and broker candidates. The examinations also contain five to ten (5-10) pretest items. The pretest items are not identified and will not affect a candidate's score in any way.

Topic	Number of Questions: Salespersons	Number of Questions: Brokers
<b>I. PURPOSE OF LICENSE LAW/RULES AND REGULATION AND ROLE OF COMMISSION</b>	1	0
<b>II. LICENSING REQUIREMENTS</b>	7	6
A. Activities which require a license		
B. Cobrokering		
C. Qualifications for a license		
D. Renewal of a license		
E. Continuing education		
F. Post-license education		
G. Temporary and original Salesperson licenses		
<b>III. LICENSE STATUS</b>	2	2
A. Transferring a license		
B. Inactive status		
C. Reactivation of a license		
<b>IV. BROKER LICENSES, COMPANY LICENSES, AND PLACE OF BUSINESS</b>	5	6
A. Issuance of company and branch office licenses		
B. Issurance of broker licenses		
C. Who may serve as qualifying broker		
D. Responsibilities of qualitying broker		
E. Termination of qualifying broker status		
F. Serving as qualifying broker for more than one company		
G. Temporary qualifying broker		
H. Associate broker status		
I. Operating from home		
<b>V. RECOVERY FUND</b>	2	1
A. Payment into fund		
B. Payment from fund		

Topic	Number of Questions: Salespersons	Number of Questions: Brokers
<b>VI. DISCIPLINARY ACTIONS AND PROCESS</b>	2	3
A. Complaints		
B. Hearings		
C. Disciplinary actions		
D. Rehearing		
E. Appeals		
<b>VII. ESTIMATED CLOSING STATEMENT</b>	1	2
<b>VIII. TRUST FUNDS</b>	2	3
<b>IX. RECAD</b>	3	5
<b>X. VIOLATIONS WHICH MAY RESULT IN DISCIPLINARY ACTIONS</b>	15	12
A. Misrepresentation and dishonest dealings		
B. Inducing a party to break a contract		
C. Advertising		
D. Listing agreements		
E. Failure to give proper disclosure		
F. Keeping appropriate records		
G. Rebates		
H. Paying or receiving commissions from unlicensed persons		
I. Bad checks		
J. Failure to inform Commission of suit/judgment/ other disposition		
K. Lotteries		
L. Handling of documents		
M. Violation of rule or order of Commission		
N. Offers		