



REAL ESTATE

General Content Outlines

DELAWARE

Real Estate State Content Outlines

General Exam Content Outline for Salespersons and Brokers

Effective: February 1, 2017

The 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.

The 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 8; BROKER 8)

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
 - b. Easements
 - c. Licenses and encroachments

II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (SALES 7; BROKER 7)

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
 - 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 7; BROKER 7)

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 16)

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 18; BROKER 18)

A. Responsibilities of broker

1. Practicing within scope of expertise
2. Unauthorized practice of law
3. Privacy and Do Not Contact

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
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 6; BROKER 5)

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 plain 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 and impact statements
 - d. Wetlands protection

B. Disclosure obligations and liability

VII. FINANCING AND SETTLEMENT (SALES 10; BROKER 9)

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 8; BROKER 10)

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. Amortization
4. Discount Points
5. Prepayment penalties
6. Fees

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 Galaty, 19th Edition, Dearborn
- Principles of Real Estate Practice, Stephen Mettling 5th 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, 9th Edition, Dearborn
- Real Estate Law, Charles J. Jacobus, 3rd Edition, OnCourse Learning Publishing
- Real Estate Law, Elliot Klayman, 9th Edition, Dearborn
- The Language of Real Estate, John W. Reilly, 7th Edition, Dearborn

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State Content Outline Delaware Laws, Rules, and Regulations

Effective Date: March 1, 2017

The Delaware state examination consists of forty (40) scored items for the salesperson examination and fifty (50) scored items for broker examination. Both examinations also contain 10 pretest items. These pretest items are not identified on the examination and will not affect the candidate's score in any way.

I. DUTIES AND POWERS OF THE REAL ESTATE COMMISSION (4 ITEMS)

A. Purpose, powers, and composition

B. Investigations, hearings, and appeals

C. Sanctions

1. Reprimand, suspension, revocation, fines, and probation

D. Guaranty Fund

II. LICENSING REQUIREMENTS (3 ITEMS)

A. Activities requiring a license

B. Types of licenses

C. Eligibility for licensing

D. License renewal

E. Continuing education

F. Change in license

III. STATUTORY REQUIREMENTS GOVERNING THE ACTIVITIES OF LICENSEES (17 ITEMS)

A. Advertising

B. Broker/associate broker/salesperson relationship

C. Disclosures

1. Seller's Disclosure of Real Property Condition Report form and Exemption Property Certification form
2. Radon disclosure and exemptions
3. Other (leases, agricultural-related disclosures, etc.)

D. Handling of documents

E. Handling of monies

F. Public responsibility

1. Unfair inducements
2. Unauthorized practice of law
3. Unauthorized appraisals and CMAs

G. Agency relationships and issues

1. Consumer Information Statement
2. Confidentiality
3. Permitted actions
4. Statutory duties
5. Presumed agency and dual agency

IV. ADDITIONAL STATE TOPICS (16 ITEMS)

A. Unit Property Act (condos)

B. Delaware Uniform Common Interest Ownership Act (DUCIOA)

1. Resale certification form and its contents

2. Applicability of the statute

3. Escrow deposits for homebuilders

C. Landlord-Tenant code

D. Transfer taxes

E. Ownership and deeds

1. Title

2. Forms of ownership

3. Unimproved land- Notice to Buyer Regarding Sewer/Water

F. Delaware Fair Housing Act

1. Protected Statuses

2. Enforcement

G. Survey

H. DNREC Wastewater Regulations and site evaluation

I. Sign placement – Clear Zone Safety Law

J. Seller financing

1. Purchase money mortgages

2. Conditional/installment sales agreements

K. Tax ditch

L. Manufactured housing right of first offer/refusal

M. Uniform Electronic Transactions Act (UETA)

N. Real Estate Tax Return, Declaration of Estimated Income Tax Form 5403

O. Mortgage Loan Modification Services – Coverage and Exemption

P. Consumer Fraud Act – Consumer protection and applicability to licensees

Q. Home Inspectors Statute

V. BROKER ONLY (10 ITEMS)

A. Escrow accounts

B. Examination of records

C. Eligibility for licensing

D. Place of business

1. Supervision

E. Foreclosure consultants

F. Manufactured homes/departments of motor vehicles (DMV)

G. New Home Buyer Protection Act – Escrow unfinished work

H. Commercial Broker's Lien