



Pearson  
VUE

# Indiana

## Real Estate

Candidate Handbook

July 2017



## STATE LICENSING INFORMATION

Candidates may contact the state's real estate division with questions about obtaining or maintaining a license after the examination has been passed.

### Indiana Professional Licensing Agency

402 W. Washington Street Room W072  
Indianapolis, IN 46204

#### Phone

(317) 234-3009

#### Web

[www.in.gov/pla/real.htm](http://www.in.gov/pla/real.htm)

#### Email

[pla9@pla.in.gov](mailto:pla9@pla.in.gov)

## EXAMINATION INFORMATION

Candidates may contact Pearson VUE with questions about this handbook or about an upcoming examination.

### Pearson VUE

Indiana Real Estate  
Attn: Regulatory Program  
5601 Green Valley Dr.  
Bloomington, MN 55437

#### Phone

(800) 274-2717

#### Email

[pearsonvuecustomerservice@pearson.com](mailto:pearsonvuecustomerservice@pearson.com)

#### Web

[www.pearsonvue.com](http://www.pearsonvue.com)

# QUICK REFERENCE

## RESERVATIONS

### Before making an exam reservation

Candidates should thoroughly review this handbook, which contains examination content outlines and important information regarding eligibility and the examination and licensing application process.

### Making an exam reservation

Candidates may make a reservation by either visiting [www.pearsonvue.com](http://www.pearsonvue.com) or calling Pearson VUE.

Candidates should make a reservation online at least twenty-four (24) hours before the desired examination date (unless an electronic check is used for payment, as detailed on page 3). **Walk-in examinations are not available.**

## SCHEDULES & FEES

### Test centers

A list of test centers appears on the back cover of this handbook. Candidates should contact Pearson VUE to confirm specific locations and schedules.

### Exam fees

**The examination fee is \$61.** The fee must be paid at the time of reservation by credit card, debit card, voucher, or electronic check. **Payment will not be accepted at the test center. Examination fees are non-refundable and non-transferable,** except as detailed in *Change/Cancel Policy*.

## EXAM DAY

### What to bring to the exam

Candidates should bring to the examination proper identification and other materials listed in *What to Bring* (page 6).

### Exam procedures

Candidates should report to the test center at least thirty (30) minutes before the examination begins. Each candidate will have four (4) hours to complete the examination and will leave the test center with an official score report in hand.

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# OVERVIEW

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## **The candidate handbook is a useful tool in preparing for an examination.**

It is highly recommended that the Indiana Real Estate Candidate Handbook be reviewed, with special attention given to the content outlines, before taking the examination.

## **Individuals who wish to obtain a real estate license must:**

### **1. Complete Prelicensing Education.**

Before taking an examination, candidates must complete all prelicensing education. Contact the Indiana Professional Licensing Agency for more details.

### **2. Make a reservation and pay the examination fee.**

Make a reservation (by phone or online) with Pearson VUE for the examination. (*See pages 2-3.*)

### **3. Go to the test center.**

Go to the test center on the day of the examination, bringing along all required materials. (*See page 6.*)

### **4. Apply for a license.**

After passing the examination, candidates must submit the proper application forms and fees to the Indiana Professional Licensing Agency, as set forth on the Score Report issued at the test center. Application requirements can be found on the Professional Licensing Agency's website at <http://www.in.gov/pla/2788.htm>.

# INTRODUCTION

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## CONTACT INFORMATION

Candidates may contact Pearson VUE with questions about this handbook or an examination.

<b>Pearson VUE/Indiana Real Estate</b> 5601 Green Valley Dr., Bloomington, MN 55437		
<b>Phone:</b> (800) 274-2717	<b>Website:</b> <a href="http://www.pearsonvue.com">www.pearsonvue.com</a>	<b>Email:</b> <a href="mailto:pearsonvuecustomerservice@pearson.com">pearsonvuecustomerservice@pearson.com</a>

Live Chat is available to address your support inquiries and is the quickest way to reach a customer service agent. It's available from 8:00 AM through 5:00 PM Central Time, Monday through Friday, subject to change during locally designated holidays.

Please visit [www.pearsonvue.com/in/realestate/contact](http://www.pearsonvue.com/in/realestate/contact) for further information.

Candidates may contact the Indiana Professional Licensing Agency with questions about obtaining or maintaining a license.

<b>Indiana Professional Licensing Agency</b> 402 W. Washington Street, Room W072 Indianapolis, IN 46204		
<b>Phone:</b> (317) 234-3009	<b>Website:</b> <a href="http://www.in.gov/pla/real.htm">www.in.gov/pla/real.htm</a>	<b>Email:</b> <a href="mailto:pla9@pla.in.gov">pla9@pla.in.gov</a>

## THE LICENSURE PROCESS

Licensure is the process by which an agency of state government or other jurisdiction grants permission to individuals to engage in the practice of, and prohibits all others from legally practicing, a particular profession, vocation, or occupation. By ensuring a minimum level of competence, the licensure process protects the general public. The state regulatory agency is responsible for establishing the acceptable level of safe practice and for determining whether an individual meets that standard.

The state of Indiana has retained the services of Pearson VUE to develop and administer its real estate examination program. Pearson VUE is a leading provider of assessment services to regulatory agencies and national associations.

## PRACTICE TESTS – GENERAL (NATIONAL) PORTION ONLY

General-portion practice tests are offered exclusively online at [www.pearsonvue.com](http://www.pearsonvue.com), giving candidates even more opportunity to succeed on real estate examinations. The general-portion practice tests will not only help prepare candidates for the types of questions they will see on the general portion of the licensure examination but also familiarize them with taking computer-based examinations.

Pearson VUE offers a practice test for real estate that contains questions developed by subject matter experts using concepts found in the general portion of the licensure examination. The test closely reflects the format of the general portion of the licensure examination, can be scored instantly, and provides immediate feedback to help candidates identify correct and incorrect answers. Candidates can purchase general-portion practice tests anytime by visiting [www.pearsonvue.com/practicetests/realestate](http://www.pearsonvue.com/practicetests/realestate).

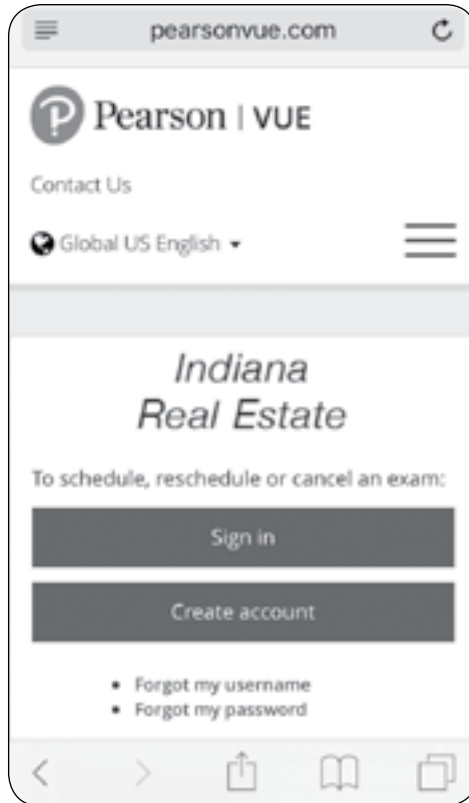
# EXAM RESERVATIONS

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## MAKING A RESERVATION

**Walk-in examinations are not available.** Online reservations are the most efficient way for candidates to schedule their examination. Candidates **must** go to [www.pearsonvue.com/in/realestate](http://www.pearsonvue.com/in/realestate) to make an online reservation for an examination. First-time users are required to create an account. The candidate will need to fill in all required fields, which are preceded by an asterisk (\*), on the online form in order to create an ID and be assigned a password. Step-by-step instructions will lead the candidate through the rest of the examination reservation process.

Our new website has been optimized to work on mobile devices such as phones and tablets as pictured below.



Candidates **must** make an online reservation at least twenty-four (24) hours before the desired examination date. Candidates who wish to make a phone reservation at (800) 274-2717 must do so at least twenty-four (24) hours before the desired examination date (unless an electronic check is used for payment, as detailed on page 3).

**Before making a reservation, candidates should have the following:**

- Legal name, address, daytime telephone number, and date of birth
- The name of the examination(s)
- The preferred examination date and test center location (a list appears on the back cover of this handbook)
- The school code number of your course provider

## MILITARY LOCATIONS

Indiana Real Estate examinations are now available at select Pearson VUE test centers on military installations across the globe. Service members, dependents, and contractors with authorized base access who want to gain Indiana Real Estate licensure from their duty station or assignment in another state and foreign deployment will have the option to take their exams without having to leave their base. In addition to Pearson VUE's standard ID policy, candidates must have valid government ID and authorization to gain access to military testing sites. Civilians without valid government ID will be turned away by the test center and/or military entrance gate security.

## EXAM FEES

**The examination fee is \$61.** The fee must be paid at the time of reservation by credit card, debit card, voucher, or electronic check. **Payment will not be accepted at the test center.** Examination fees are non-refundable and non-transferable except as detailed in *Change/Cancel Policy*.

### Electronic Checks

Candidates who choose to pay the examination fee by electronic check must have a personal checking account, and must be prepared to provide to Pearson VUE at the time of reservation the following information:

- Bank name
- Account number
- Routing number
- Social Security number, state ID number, or driver's license number
- Name and address on the account

Using this information, Pearson VUE can request payment from the candidate's bank account just as if the candidate had submitted an actual paper check.

Candidates paying by electronic check must register at least five (5) days before the examination date in order for their check to be processed.

### Vouchers

Vouchers offer another convenient way to pay for tests. Vouchers can be purchased online at [www.pearsonvue.com/vouchers/pricelist](http://www.pearsonvue.com/vouchers/pricelist) by credit card either singly or in volume. To redeem a voucher as payment when scheduling a test, simply indicate voucher as the payment method and provide the voucher number. All vouchers are pre-paid. Vouchers are non-refundable and non-returnable.

Vouchers expire twelve (12) months from the date they are issued. Voucher expiration dates cannot be extended. The exam must be taken by the expiration date printed on the voucher.

## CHANGE/CANCEL POLICY

Candidates should call Pearson VUE at (800) 274-2717 at least forty-eight (48) hours before the examination to change or cancel a reservation. Candidates who change or cancel a reservation with proper notice may either transfer their fees to a new reservation or request a refund. **Candidates who change or cancel their reservations without proper notice will forfeit the examination fee.** Refunds for credit/debit cards are immediate, while refunds for electronic checks and vouchers will be processed in two to three (2-3) weeks.

Candidates are individually liable for the full amount of the examination fee once a reservation has been made, whether paid individually or by a third party.

## ABSENCE/LATENESS POLICY

Candidates who are late to or absent from an examination may be excused for the following reasons:

- Illness of the candidate or a member of the candidate's immediate family
- Death in the immediate family
- Disabling traffic accident
- Court appearance or jury duty
- Military duty
- Weather emergency

**Candidates who are absent from or late to an examination and have not changed or canceled the reservation according to the *Change/Cancel Policy* will not be admitted to the examination and will forfeit the examination fee.** Written verification and supporting documentation for excused absences must be submitted to Pearson VUE within fourteen (14) days of the original examination date. Written verification and supporting documentation can be sent by fax to (888) 204-6291 or mailed to Pearson VUE.

## WEATHER DELAYS AND CANCELLATIONS

If severe weather or a natural disaster makes the test center inaccessible or unsafe, the examination may be delayed or canceled. Pearson VUE will notify and reschedule candidates in the case of severe weather.

## ACCOMMODATIONS

Pearson VUE complies with the provisions of the Americans with Disabilities Act as amended. The purpose of accommodations is to provide candidates with full access to the test. Accommodations are not a guarantee of improved performance or test completion. Pearson VUE provides reasonable and appropriate accommodations to individuals with documented disabilities who demonstrate a need for accommodations.

Test accommodations may include things such as:

- A separate testing room
- Extra testing time
- A Reader or Recorder, for individuals with mobility or vision impairments and cannot read or write on their own

Test accommodations are individualized and considered on a case-by-case basis. All candidates who are requesting accommodations because of a disability must provide appropriate documentation of their condition and how it is expected to affect their ability to take the test under standard conditions. This may include:

- Supporting documentation from the professional who diagnosed the condition, including the credentials that qualify the professional to make this diagnosis
- A description of past accommodations the candidate has received

The steps to follow when requesting test accommodations vary, depending on your test program sponsor. To begin, go to <http://pearsonvue.com/accommodations>, and then select your test program sponsor from the alphabetized list. Candidates who have additional questions concerning test accommodations may contact the ADA Coordinator at [accommodationspearsonvue@pearson.com](mailto:accommodationspearsonvue@pearson.com).

## BROKER APPLICANTS BY RECIPROcity

If you are Applying by Reciprocity please submit the following to the Indiana Professional Licensing Agency:

1. A check or money order made payable to the Indiana Professional Licensing Agency or "IPLA" in the amount of \$60.00.
2. A completed broker application found at <http://www.in.gov/pla/2788.htm>. Be sure to include an email address as this is how your licensure status will be communicated.
3. An official verification of licensure in the reciprocal state.
4. Documentation showing the licensure requirements in your home state of licensure.
5. An official verification of any license held in any regulated profession in any other state, if applicable.



6. If you will be working under a broker or broker company, your broker must complete the broker information section of the application. If this section is left blank, your license will be issued in unassigned status unless you select inactive. You are required to complete continuing education (CE) in unassigned status. (Inactive and referral status does not require CE for renewal).

Once you are approved for reciprocity, you will receive an *Authorization Letter* to take the state law portion of the licensing examination from the Professional Licensing Agency. You can then schedule your state broker examination with Pearson VUE. **If you are denied reciprocity, you will be required to complete an Indiana Commission-approved 90-Hour Broker Course and to take both the general broker examination and the state broker examination.**

## **CLIENT WAIVERS WILL NO LONGER BE ACCEPTED AT PEARSON VUE TESTING CENTERS**

The process to sit for an exam with a waived test has changed. Non-Resident Licensees who are required to only take the STATE PORTION of the license exam, will need to visit <http://www.pearsonvue.com/waivers/inrel.asp> and follow the documented process. You must complete the required form before scheduling your exam and receive notification that your Client Waiver has been applied successfully. Failure to do so will require that you take both the GENERAL and STATE portions of the Indiana Real Estate exam. The Test Center Administrator will not be able to apply a Client Waiver for you at the test center.

# EXAM DAY

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## WHAT TO BRING

### Required Materials

All candidates must bring to the test center on examination day the following:

- Identification that is deemed acceptable, as listed under *Acceptable Forms of Candidate Identification*
- **Original** proof of completion of prelicense education that was taken within the last year before testing. Proof must be presented each time a candidate takes the examination.
- **Reciprocity candidates are required to bring their *Authorization to Test Letter from the Indiana Professional Licensing Agency (IPLA)*.**

### REQUIRED ITEMS

Candidates who do not present the required items will be denied admission to the examination, will be considered absent, and will forfeit the examination fee.

### Acceptable Forms of Candidate Identification

Candidates must present **two (2)** forms of current signature identification. The name on the identification must exactly match the name on the registration. The primary identification must be government issued and photo-bearing with a signature, and the secondary identification must contain a valid signature. Identification must be in English.

#### Primary ID (with photograph and signature, not expired)

- Government-issued driver's license
- U.S. Department of State driver's license
- U.S. learner's permit (plastic card only with photo and signature)
- National/state/country ID card
- Passport
- Passport Card
- Military ID
- Military ID for spouses and dependents
- Alien Registration Card (Green Card, Permanent Resident Visa)

#### Secondary ID (with signature, not expired)

- U.S. Social Security card
- Debit (ATM) card or Credit card
- Any form of ID on the Primary ID list

If the ID presented has an embedded signature that is not visible (microchip), or is difficult or impossible to read, the candidate must present another form of identification from the Primary ID or Secondary ID list that contains a visible signature.

Pearson VUE does not recognize grace periods. For example, if a candidate's driver's license expired yesterday and the state allows a 30-day grace period for renewing the ID, the ID is considered to be expired.

## EXAM PROCEDURES

Candidates should report to the test center thirty (30) minutes before the examination and check in with the test center administrator. (Candidates should allow themselves sufficient time to find the test center.) The candidate's identification and other documentation will be reviewed and he/she will be photographed for the score report.

Candidates are required to review and sign a ***Candidate Rules Agreement*** form. If the ***Candidate Rules Agreement*** is not followed and/or cheating or tampering with the examination is suspected, the incident will be reported as such and the appropriate action will be taken. The examination fee will not be refunded, the exam may be determined invalid, and/or the state may take further action such as decertification.

Candidates will have an opportunity to take a tutorial on the PC on which the examination will be administered. The time spent on this tutorial will not reduce the examination time. The examination administrators will answer questions, but candidates should be aware that the administrators are not familiar with the content of the examinations or with the state's licensing requirements. Examination administrators have been instructed not to advise candidates on requirements for licensure.

Candidates may begin the examination once they are familiar with the PC. The examination begins the moment a candidate looks at the first examination question. Candidates will be given four (4) hours to complete the examination. The examination will end automatically after the examination time has expired, and candidates will leave the test center with their official scores in hand.

## SCORE REPORTING

When candidates complete the examination, they will receive a score report marked "pass" or "fail." Passing candidates must submit an original Indiana license application, appropriate license fee, and completed prelicense education to Indiana Real Estate Commission, Indiana Professional Licensing Agency, 402 W. Washington St., Room W072, Indianapolis, IN 46204. This application can be found at [www.pearsonvue.com](http://www.pearsonvue.com).

Candidates who fail the examination will receive a score report that includes a numeric score and diagnostic information relating to the General portion of the examination, as well as information about reexamination.

## RETAKE THE EXAM

The examination is divided into two sections: General and State Law. Candidates who pass one section of the exam and fail the other need retake only the section they failed, as long as they retake and pass the failed section within one (1) year of completing the required prelicensing education. **Candidates who are retaking only one section of the examination must bring their failing score report to the test center.**

**Candidates must wait twenty-four (24) hours before making a reservation to retake an examination. Reservations cannot be made at the test center.**

### RETAKE AN EXAMINATION

Candidates should contact Pearson VUE to make a reservation to retake the examination, and should have their failing score report available when they call.

## SCORE EXPLANATION

### Scaled Score

There are multiple versions of each of the licensing examinations. These versions are known as *forms*. Although all forms of an examination are developed based on the content outlines, the difficulty of the forms of an examination may vary slightly because different questions appear on each form. To ensure that no candidate is put at an unfair advantage or disadvantage due to the particular form of an examination that he or she is given, a statistical procedure known as *equating* is used to correct for differences in form difficulty.

The passing score of an examination was set by the Indiana Professional Licensing Agency. Raw scores are converted into scaled scores that can range from 0 to 100. The scaled score that is reported to you is neither the number of questions you answered correctly nor the percentage of questions you answered correctly. With a passing score of 75, any score below 75 indicates how close the candidate came to passing, rather than the actual number or percentage of questions the candidates answered correctly.

## TEST QUESTION REVIEW

Candidates who have concerns regarding the examination content should submit them in writing to Pearson VUE. Include the candidate name, candidate ID number, Social Security number, exam title, date tested, candidate signature, and the general details of the concern. Candidates should provide a rationale of why a test question(s) impacted their pass/fail status and warrants further review by Pearson VUE staff. There is no need to include the test question(s) verbatim; instead, only a general description of the question(s) is needed. Candidates should include their return address in the letter.

Letters should be sent to:

**Pearson VUE/Indiana Real Estate Candidate Services**  
Test Question Review  
PO Box 8588  
Philadelphia, PA 19101-8588

## DUPLICATE SCORE REPORTS

Candidates may request a duplicate score report by completing the appropriate form found in the back of this handbook.

## TEST CENTER POLICIES

The following policies are observed at each test center. **Candidates who violate any of these policies will not be permitted to finish the examination and will be dismissed from the test center, forfeiting the examination fee.**

- **No personal items are allowed in the testing room.** Personal items include, but are not limited to, the following: cellular phones, hand-held computers or other electronic devices, pagers, watches, wallets, purses, firearms or other weapons, hats, bags, coats, books, and/or notes, pens, or pencils.
- Candidates must store all personal items in a secure area as indicated by the administrator, or return items to their vehicle. All electronic devices must be turned off before storing them in a locker. **The test center is not responsible for lost, stolen, or misplaced personal items.**
- Studying **is not** allowed in the test center. Visitors, children, family, or friends **are not** allowed in the test center.
- Dictionaries, books, papers (including scratch paper), and reference materials are not permitted in the examination room (unless permitted by the exam sponsor), and candidates are strongly urged not to bring such materials to the test center. Upon entering and being seated in the testing room, the test administrator will provide the candidate with materials to make notes or calculations and any other items specified by the exam sponsor. **The candidate may not write on these items before the exam begins or remove these items from the testing room.**
- Eating, drinking, chewing gum, smoking, and/or making noise that creates a disturbance for other candidates is prohibited during the exam.
- Break policies are established by the exam sponsor. Most sponsors allow unscheduled breaks. To request an unscheduled break, the candidate **must** raise his/her hand to get the administrator's attention. **The exam clock will not stop while the candidate is taking a break.**
- Candidates must leave the testing room for all breaks. However, candidates **are not permitted to leave the floor or building for any reason during this time, unless specified by the administrator and the exam sponsor.** If a candidate is discovered to have left the floor or building, he/she will not be permitted to proceed with the examination and may forfeit the exam fees.
- While taking a break, candidates are permitted to access personal items that are being stored during the exam only if necessary—for example, personal medication that must be taken at a specific time. **However, a candidate must receive permission from the administrator prior to accessing personal items that have been stored.** Candidates are **not** allowed access to other items, including but not limited to cellular phones, exam notes, and study guides, unless the exam sponsor specifically permits this.
- Any candidate discovered causing a disturbance of any kind or engaging in any kind of misconduct—giving or receiving help; using notes, books, or other aids; taking part in an act of impersonation; or removing examination materials or notes from the examination room—will be summarily dismissed from the examination and will be reported to the state licensing agency. Decisions regarding disciplinary measures are the responsibility of the state licensing agency.

# PREPARING FOR THE EXAM

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## PRETEST QUESTIONS

Many of the examinations will contain "pretest" questions. Pretest questions are questions on which statistical information is being collected for use in constructing future examinations. Responses to pretest questions do not affect a candidate's score. Pretest questions are mixed in with the scored questions and are not identified.

**The number of pretest questions are listed in the content outline heading of each examination for which they are available. If a number is not present then there are no pretest questions for that particular examination.**

## EXAM CONTENT

The content of the general portion of the examination is based upon information obtained from a job analysis performed by Pearson VUE. Responses from real estate professionals were analyzed to determine the nature and scope of tasks they perform, and the knowledge and skills needed to perform them. This information is the basis upon which examination questions are written and ensures that the examination reflects the actual practice of real estate. Questions on the General portion are also reviewed and approved by nationally recognized real estate professionals and are ARELLO certified.

The State Law portion of the examination has been developed to reflect the laws, regulations, and practice of real estate in Indiana, and has been reviewed and approved by real estate professionals in Indiana.

## MATH CALCULATIONS

**The information below is NOT available at the test center and should be memorized.**

Candidates may use the following information in making mathematical calculations on the general section of the real estate examinations unless otherwise stated in the text of the question:

- 43,560 square feet/acre
- 5,280 feet/mile
- Round off calculations (where applicable)

**The information below, if needed, will be contained within the test itself:**

*If a question requires the calculation of prorated amounts, the question will specify: a) whether the calculation should be made on the basis of 360 or 365 days a year; and b) whether the day of closing belongs to the buyer or seller.*



Click below for the appropriate content outline.

REAL ESTATE

General (National) Content Outlines

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INDIANA REAL ESTATE

State Content Outlines

# General Exam Content Outline for 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 (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 (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 (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 (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 (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 (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 (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 (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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# Indiana State Law Exam Content Outline for Brokers

Effective Date: July 1, 2017

The state portion of the examination consists of fifty (50) scored items plus five to ten (5-10) pretest (unscored) items. The pretest items are not identified and will not affect a candidate's score in any way. Because pretest items look exactly like scored items, candidates should answer all the items on the examination.

## **I. THE INDIANA REAL ESTATE COMMISSION (4 ITEMS)**

- A. General powers and duties**
- B. Examination of records**
- C. Investigations, hearings, and appeals**
- D. Disciplinary sanctions**
  - 1. Cease and Desist orders
  - 2. License suspension/revocation
  - 3. Other sanctions and sanctionable conduct, civil penalties
  - 4. Consumer restitution

## **II. LICENSING (8 ITEMS)**

- A. Activities requiring a license**
- B. Exemptions and waivers**
- C. Eligibility for licensure**
- D. Types of licenses**
  - 1. Individual
  - 2. Organizational
  - 3. Resident/Nonresident
  - 4. Other
- E. License maintenance**
  - 1. Post-licensing education
  - 2. Renewals
  - 3. Transfers/changes
    - a. Agents changing brokers
    - b. Broker termination of agent
  - 4. Continuing education
    - a. Managing Broker
    - b. Broker
  - 5. Active/inactive status, Assigned unassigned status
- F. Other Indiana Real Estate Licensing laws and rules**

## **III. STATUTORY & REGULATORY REQUIREMENTS (18 ITEMS)**

- A. Advertising**
- B. Commissions and other compensations**
- C. Listing agreements and offers to purchase**
- D. Recovery Fund**
- E. Appraisal**
- F. Seller's Residential Real Estate Sales Disclosure**
- G. Psychologically Affected Properties**

## **IV. STATUTES & RULES GOVERNING LICENSEES (16 ITEMS)**

- A. Real estate agency relationships**
  - 1. Definitions
  - 2. Agency and disclosures
  - 3. Other
- B. Licensee conduct**
  - 1. Unfair inducements
  - 2. Incompetent practices
  - 3. Managing Broker/broker relationship
    - a. General supervision
    - b. Employment and commissions issues
  - 4. Broker Company/Broker Company relationship
  - 5. Disclosures and other issues

## **V. REAL ESTATE OFFICE PROCEDURES (4 ITEMS)**

- A. Documents and records**
- B. Handling of monies**
- C. Place of business**
- D. Branch offices**
- E. Unlicensed assistants**
- F. Closing procedures**

# Indiana Instructor Examination Content Outline

150 questions

## GENERAL INSTRUCTOR SECTION (100 questions)

### I. OWNERSHIP OF REAL ESTATE

- A. Concepts of property
- B. Concepts of estates in property
- C. How title is held
- D. Forms of ownership
- E. Forms of ownership by business entities
- F. Restrictions and encumbrances
- G. Transferring ownership
- H. Land use controls

### II. REAL ESTATE BROKERAGE AND LAW OF AGENCY

- A. Concepts of agency
- B. Duties of agent to principal
- C. Duties of agent to others
- D. Principal's responsibilities
- E. Federal Fair Housing and ADA laws

### III. REAL ESTATE CONTRACTS

- A. Reality of consent
- B. Listing contract essentials
- C. Offer to purchase/contract for sales
- D. Options

### IV. PROPERTY MANAGEMENT

- A. Types of leases
- B. Rental payments
- C. Duties of a property manager

### V. CLOSING THE TRANSACTION

- A. Closing documents
- B. RESPA

### VI. FEDERAL TAXATION AND INVESTMENT IN REAL ESTATE

- A. Deductions for homeowners
- B. Tax on sale of personal residence
- C. Income and expense consideration in investment real estate
- D. Computing tax on the sale of investment real estate
- E. Security laws
- F. Investment analysis

### VII. REAL ESTATE FINANCE

- A. Mortgage concepts
- B. Role of the federal government in finance
- C. The secondary mortgage market
- D. Sources of money for the borrower
- E. Types of loan programs
- F. Loan underwriting concepts
- G. Consumer legislation
- H. Mathematical calculations

### VIII. VALUATION AND APPRAISAL

- A. Kinds of value
- B. Forces that influence value
- C. Basic economic principles influencing value
- D. Understanding the appraisal process
- E. Approaches to estimating value

## STATE INSTRUCTOR SECTION

(50 questions)

See Indiana broker content outline

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Address		
City	State	ZIP

Exam Taken: <input type="checkbox"/> Broker <input type="checkbox"/> Instructor	
State in which exam was taken	Date Taken
Date of Birth	

# GENERAL INFORMATION

**CANDIDATES MAY CALL (800) 274-2717 TO MAKE AN EXAM RESERVATION.**

TEST CENTERS	
LOCATION	SCHEDULE
Evansville, IN	2-3 days per week
Fort Wayne, IN	2 - 3 days per week
Indianapolis, IN	Monday and Wednesday through Saturday
Merrillville, IN	3 - 4 days per week
Terre Haute, IN	1-2 days per week
Chicago, IL	3 - 5 days per week
Oak Brook, IL	Tuesday through Saturday
Cincinnati, OH	3 - 4 days per week
Lansing, MI	2 - 3 days per week

*Locations and schedules are subject to change.*

## PEARSON VUE HOLIDAY SCHEDULE

No exams on the following holidays or holiday weekends:

New Year's Day

Memorial Day

Labor Day

Christmas Day

Martin Luther King, Jr. Day

Independence Day

Thanksgiving