Candidate Handbook

September 2020
TABLE OF CONTENTS

INTRODUCTION ................................... 1
STATEMENT OF NONDISCRIMINATION ............ 1
EXAMINATION INFORMATION ...................... 1
REQUIREMENTS FOR OBTAINING AN ALABAMA REAL ESTATE LICENSE .......... 1
   ADDITIONALLY, SALESPERSON applicants must: ........ 2
   ADDITIONALLY, BROKER applicants must: ........... 2
   ADDITIONALLY, RECIPROCAL SALESPERSON AND BROKER applicants must: ........ 2
HOW THE EXAMINATION IS ADMINISTERED ......... 2
EXAMINATION FEE ................................ 3
SCHEDULING AN EXAMINATION APPOINTMENT .... 3
   Special Arrangements for Candidates with Disabilities .... 4
EXAMINATION APPOINTMENT CHANGES ............ 4
MISSED APPOINTMENTS .......................... 4
INCLEMENT WEATHER, POWER FAILURE OR EMERGENCY ........... 5
NO REFUNDS ................................... 5
PREPARING FOR THE EXAMINATION .............. 5
   Test-taking Advice ............................. 5
EXAMINATION CONTENT ........................... 5
   Salesperson Examination .......................... 5
      State Salesperson Portion ...................... 5
      National Salesperson Portion ................ 6
      Taking the Multiple-Choice Examination ....... 6
   Sample Questions ................................ 7
   National Real Estate Salesperson Sample Examination .......................... 7
   Broker Examination .............................. 8
      State Broker Portion ........................... 8
      National Broker Portion ...................... 8
   Taking the Simulation Examination ............. 9
   National Real Estate Broker Simulation
      Sample Examination .......................... 9
   Reciprocal Salesperson and Broker Examinations .................... 9
THE DAY OF THE EXAMINATION ................... 10
   Identification ................................. 10
RULES FOR THE EXAMINATION .................. 10
   Security ....................................... 10
   Personal Belongings ............................ 10
   Examination Restrictions ...................... 10
   Misconduct .................................... 11
   Copyrighted Examination Questions ............ 11
   Computer Login ................................ 11
   Practice Examination ......................... 11
   Timed Examination ............................ 11
   Candidate Comments ........................... 11
FOLLOWING THE EXAMINATION ................. 11
   How Passing Scores are Determined .......... 11
   Your Salesperson Examination Score Report .... 12
   Your Broker Examination Score Report ......... 12
   Your Reciprocal Salesperson or Reciprocal Broker Examination Score Report .... 12
   If You Pass the Examination ................... 12
   If You Fail the Examination .................... 12
   If You Do Not Appear for Testing ............... 12
   Duplicate Score Report ....................... 12
EXAMINATION REGISTRATION FORM ............. 13
DUPLICATE SCORE REPORT FORM ............... 15
REQUEST FOR SPECIAL EXAMINATION ACCOMMODATIONS .................. 17
DOCUMENTATION OF DISABILITY-RELATED NEEDS ...... 18
DETAILED CONTENT OUTLINE .................... 19
REAL ESTATE REFERENCES ....................... 22

QUESTIONS ABOUT LICENSING
Questions regarding license application or information concerning licensure requirements should be directed to:

Alabama Real Estate Commission
1201 Carmichael Way
Montgomery, AL 36106
Phone: 334-242-5544

HOW TO CONTACT PSI
For inquiries and general registration information write or call:

PSI Candidate Services
18000 W. 105th St.
Olathe, KS 66061-7543
Phone: 888-818-5824
Fax: 913-895-4651
Website: http://schedule.psiexams.com

Copyright © 2020. PSI Services. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy or recording, or any information and retrieval system, without permission in writing from PSI Services. Rev. 9/3/2020
INTRODUCTION

PSI provides a range of services to the states that use the Real Estate Examination Program (REP). This booklet provides information you will need to register for the Alabama Real Estate Licensing Examinations. Be sure to keep the booklet after you have registered for the examination; you may wish to refer to it later.

The real estate examinations are developed through a combined effort of real estate experts and testing professionals. Real estate practitioners and educators write the questions. Experts in the fields of both real estate and testing review the questions to ensure that they are accurate in their content and representative of good question-writing procedures. Representatives from states participating in the PSI Real Estate Examination Program review the questions to make certain that the content of the questions is accurate and relevant to real estate practices in their own states. Finally, all questions are revised and updated on a continual basis to reflect the current laws and practices in the changing real estate field.

The examination content outline used to develop the examination is based on a job analysis and expert judgment. It reflects areas of knowledge required to perform those tasks that practicing real estate salespersons and brokers judged to be important. Real estate experts who write questions for PSI use this content outline as a guide. Thus, examinees are tested only on subjects judged by real estate brokers and salespersons as most important for beginning licensees to know.

The content outline does not include topics, such as promotional skills, that may be helpful to success in the industry. Since the purpose of licensure testing is to protect the consumer rather than to guarantee success in practice, the examinations focus on the knowledge you must have to protect the consumer and your ability to apply that knowledge to a consumer’s particular situation. Similarly, the examinations include some technical language not used in your everyday conversations. You must learn that language to become a part of the profession and be able to explain its meaning to customers and clients.

STATEMENT OF NONDISCRIMINATION

PSI does not discriminate among candidates on the basis of age, gender, race, religion, national origin, disability, marital status, sexual orientation or gender identity.

EXAMINATION INFORMATION

The Alabama Real Estate Licensing Examinations (Salesperson and Broker) are administered by PSI under a contract with the Alabama Real Estate Commission. This booklet contains general information regarding the examinations and the testing process. Contact the Alabama Real Estate Commission at 334-242-5544 for assistance in determining licensing eligibility.

REQUIREMENTS FOR OBTAINING AN ALABAMA REAL ESTATE LICENSE

To become eligible to obtain a license in Alabama, an applicant must:

1. Be a U.S. citizen or lawful permanent resident.
2. Be at least 19 years old.
3. Show proof of bona fide residency in any state in the U.S.
4. Show proof of high school graduation or GED.
5. Not have been convicted of a felony or a crime involving moral turpitude. If an applicant has such a conviction, he/she may file an “Application for Determination of Licensing Eligibility” form with the Commission prior to completing any other licensing requirements. The Commission will review the applicant’s conviction(s) and determine if he/she is eligible to obtain an Alabama real estate license.
6. Not have had a real estate application or license rejected or revoked in any state within the past two years.
7. Pass the licensing examination.
**ADDITIONALLY, SALESPERSON applicants must:**
Successfully complete (with a minimum course grade of 70) an approved 60-clock-hour prelicense course prior to taking the licensing examination. Salesperson applicants have six months to pass the licensing examination after completion of the course. If not, the applicant must take the course again.

**ADDITIONALLY, BROKER applicants must:**
A. Successfully complete (with a minimum course grade of 70) an approved 60-clock-hour prelicense course prior to taking the licensing examination. Broker applicants have six months to pass the licensing examination after completion of the course. If not, the applicant must take the course again.

   **AND**

B. Have held an active real estate license in any state for at least 24 months of the 36-month period immediately preceding the date of application.

If broker applicants are not certain they meet broker eligibility requirements, they should check with the Alabama Real Estate Commission.

**ADDITIONALLY, RECIPROCAL SALESPERSON AND BROKER applicants must:**
A. Successfully complete six (6) hours of coursework in Alabama real estate which is approved by the Commission prior to taking the state portion of the examination.

   **AND**

B. Pass the state portion of the salesperson or broker examination within six months after completion of the coursework. If not, the applicant must take the course again.

   **AND**

C. Have a current license in another state verified by submission of certification of licensure from the state where originally licensed by passing the full examination.

**NOTE: RECIPROCAL LICENSE APPLICANTS MUST MEET THE RECIPROCAL EDUCATION REQUIREMENT BEFORE SCHEDULING AN EXAMINATION. IF NOT ABLE TO SCHEDULE, THEY SHOULD VERIFY COURSE CREDIT ENTRY WITH THE SCHOOL WHERE COURSEWORK WAS COMPLETED.**

**HOW THE EXAMINATION IS ADMINISTERED**
The Alabama Real Estate Licensing Examinations are administered by computer at PSI Test Centers in Alabama. Test Center locations in surrounding states may be made available if requested. Please visit the PSI website [http://schedule.psiexams.com](http://schedule.psiexams.com) for a complete listing of PSI TestCenter locations. The examinations are administered by appointment only Monday through Friday and also Saturday based on availability at the following locations.

**Location 1: Birmingham, Alabama**
PSI 100 Centerview Dr., Suite 100 Vestavia, AL 35216

*Directions:* Exit I-65 at Hwy 31 and turn North on Highway 31 toward Vestavia Hills. Turn right at first traffic light onto Vestavia Parkway. Turn right at first street onto Centerview Drive. Turn left into the first parking lot.

**Location 2: Dothan, Alabama**
Dothan – A+ Academic Services 3245 Montgomery Hwy. Dogwood Court, Suite 7 Dothan, AL 36303

*Directions:* From 231 North, travel south, cross Westgate Parkway; 1/2 mile on right in Dogwood Court.

From 231 South, cross Ross Clark Circle, drive through Downtown Dothan, stay on Montgomery Hwy instead of taking 431 N. Cross Ross Clark Circle, drive approximately one mile, make U-turn in front of Best Western, then turn right into Dogwood Court.

From 431 North, turn right onto Ross Clark Circle; travel around to 231 North (Montgomery Hwy); turn right, drive approximately one mile, make U-turn in front of Best Western, then turn right into Dogwood Court.

**Location 3: Huntsville, Alabama**
PSI 4900 University Square, Suite 4 Huntsville, AL 35816

*Directions:* From Memorial Parkway (US-431/231), take the University Dr (US-72 W) exit. Turn right on the Boardwalk. You will come to a dead end, facing 4900 University Square.
**Location 4: Mobile, Alabama**

PSI  
Dorsey Center  
6051-B Airport Blvd.  
Mobile, AL 36608

*Directions:* From east or west, take I-10 to I-65. From I-65 take Airport Blvd West exit. The site is approximately 3 miles on Airport Blvd. Dorsey Center is a small red brick office complex on the left side of the road. Make a U-turn at the next traffic light to get to the complex. Office is in the corner of the L.

**Location 5: Montgomery, Alabama**

PSI  
500 Interstate Park Dr., Suite 530  
Montgomery, AL 36109

*Directions:* From I-85, take the Perry Hill Road Exit (#4). Proceed North on Perry Hill Road for less than 1/4 mile. Interstate Park Drive is located on the right (east) side of Perry Hill Road. Turn right on Interstate Park Road and proceed east for approximately 1/4 mile. The office is located on the main road.

**EXAMINATION FEE**

| Examination Fee: $77 |

Payment may be made by credit card (VISA, MasterCard, American Express or Discover), cashier’s check or money order made payable to PSI Services Inc. Payment by company check, personal check or cash is not acceptable.

Credit card transactions that are declined will be subject to a $25 handling fee. You must send a certified check or money order for the amount due, including the $25 handling fee, to PSI to cover declined credit card transactions.

Examination fees are valid for six months.

---

**SCHEDULING AN EXAMINATION APPOINTMENT**

You must pre-register with the Alabama Real Estate Commission to obtain an identification number before completing the salesperson prelicense course. Once you have received an email confirmation for the identification number and your course credit has been submitted, you will receive a confirmation notice from PSI to schedule your examination by one of the following methods:

1. **Online Scheduling:** You may schedule an examination appointment online at any time at [http://schedule.psiexams.com](http://schedule.psiexams.com). To use this service on our website, follow these easy steps:
   - Go to [http://schedule.psiexams.com](http://schedule.psiexams.com) and select “Begin Scheduling.”
   - Follow the simple, step-by-step instructions to choose your examination program and register for the examination. Please have your credit card available for online payment of examination fees.

   OR

2. **Telephone Scheduling:** Call PSI at 888-818-5824 to schedule an examination appointment. This toll-free number is answered from 7:00 a.m. to 9:00 p.m. (Central Time) Monday through Thursday, 7:00 a.m. to 7:00 p.m. on Friday and 8:30 a.m. to 5:00 p.m. on Saturday. Please have your credit card available for payment of examination fees.

   OR

3. **Mail your registration form. This is a two-step process:**

   First, complete the registration form included in this handbook and mail it to PSI with the examination fee (paid by cashier’s check or money order) to the address indicated on the form. All sections of this form must be completed. This form will be returned if it is incomplete, illegible or submitted with an incorrect fee.

   Second, please allow two weeks for your application to be processed and then call PSI at 888-818-5824 to schedule your examination.
When you contact PSI to schedule an appointment, please provide your name and your unique identification number that was provided on your confirmation notice. Also be prepared to confirm a date and location for testing.

<table>
<thead>
<tr>
<th>If you contact PSI by 3:00 p.m. Central Time on...</th>
<th>Depending on availability, your examination may be scheduled beginning...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday</td>
<td>Tuesday</td>
</tr>
<tr>
<td>Tuesday</td>
<td>Wednesday</td>
</tr>
<tr>
<td>Wednesday</td>
<td>Thursday</td>
</tr>
<tr>
<td>Thursday</td>
<td>Friday/Saturday</td>
</tr>
<tr>
<td>Friday</td>
<td>Monday</td>
</tr>
</tbody>
</table>

Depending on availability, your examination may be scheduled beginning on the day following your examination. If you contact PSI by 3:00 p.m. Central Time on Monday, your examination may be scheduled beginning on Tuesday. If you contact PSI by 3:00 p.m. Central Time on Tuesday, your examination may be scheduled beginning on Wednesday. If you contact PSI by 3:00 p.m. Central Time on Wednesday, your examination may be scheduled beginning on Thursday. If you contact PSI by 3:00 p.m. Central Time on Thursday, your examination may be scheduled beginning on Friday/Saturday. If you contact PSI by 3:00 p.m. Central Time on Friday, your examination may be scheduled beginning on Monday.

You will be notified of the time to report to the Test Center. If you provide a valid email address, you will receive an email reminder prior to your scheduled appointment. During scheduling, you may also sign up to receive a text reminder one day prior to your appointment. Please note text message rates may apply. These are courtesy reminders only and delivery cannot be guaranteed, therefore it is your responsibility to arrive on time the day of the examination.

You will only be allowed to take the examination type for which you have applied; no changes in examination type will be made at the Test Center. UNSCHEDULED CANDIDATES (WALK-INS) WILL NOT BE ADMITTED to the Test Center.

**Special Arrangements for Candidates with Disabilities**

If special accommodations are being requested, please submit the two-page Request for Special Examination Accommodations form included on pages 17-18 prior to contacting PSI at 888-818-5824 to schedule your examination.

PSI is interested in ensuring that no individual with a disability is deprived of the opportunity to take the examination solely by reason of that disability. PSI will provide reasonable accommodations for candidates with disabilities.

1. Wheelchair access is available at all established Test Centers. Candidates must advise PSI at the time of registration that wheelchair access is necessary.

2. Candidates with visual, sensory or physical disabilities that would prevent them from taking the examination under standard conditions may request special accommodations and arrangements.

**EXAMINATION APPOINTMENT CHANGES**

You may reschedule an examination appointment at no charge once online at http://schedule.psiexams.com or by calling PSI at 888-818-5824 at least **two business days prior to your scheduled appointment.** (See following table.)

<table>
<thead>
<tr>
<th>If your examination is scheduled on...</th>
<th>You must contact PSI by 3:00 p.m. Central Time to reschedule the examination by the previous...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday</td>
<td>Wednesday</td>
</tr>
<tr>
<td>Tuesday</td>
<td>Thursday</td>
</tr>
<tr>
<td>Wednesday</td>
<td>Friday</td>
</tr>
<tr>
<td>Thursday</td>
<td>Monday</td>
</tr>
<tr>
<td>Friday</td>
<td>Tuesday</td>
</tr>
</tbody>
</table>

**MISSED APPOINTMENTS**

You will forfeit the application and all fees paid to take the examination under the following circumstances. A complete application and examination fee are required to reapply for the examination.

- You wish to reschedule an examination but fail to contact PSI at least two business days prior to the scheduled testing session.
- You wish to reschedule a second time.
- You appear more than 15 minutes late for an examination.
- You fail to report for an examination appointment.
- You fail to provide the identification required and is denied admittance to the examination.

All fees for missed appointments must be paid before you can schedule a subsequent examination appointment.
INCLEMENT WEATHER, POWER FAILURE OR EMERGENCY

In the event of inclement weather or unforeseen emergencies on the day of an examination, PSI will determine whether circumstances warrant the cancellation, and subsequent rescheduling, of an examination. The examination will usually not be rescheduled if the Test Center personnel are able to open the Test Center.

You may visit PSI’s website at http://schedule.psiexams.com prior to the examination to determine if PSI has been advised that any Test Centers are closed. Every attempt is made to administer the examination as scheduled; however, should an examination be canceled at a Test Center, all scheduled candidates will receive notification following the examination regarding rescheduling or reapplication procedures.

If power to a Test Center is temporarily interrupted during an administration, your examination will be restarted. The responses provided up to the point of interruption will be intact.

NO REFUNDS

If you fail to arrive at the Test Center on the date and time you are scheduled for an examination, you will not be refunded any portion of your examination fee and must reregister by contacting PSI; examination fees may NOT be transferred to another appointment.

If you arrive more than 15 minutes late for an appointment, you will not be admitted, will forfeit your examination fee, and must reregister for the examination online at http://schedule.psiexams.com or by contacting PSI.

PREPARING FOR THE EXAMINATION

The study and test-taking advice described here may be helpful as you prepare for the examination. Try to be objective about your individual learning needs when deciding how best to study. Plan your study schedule well in advance. Use learning techniques, such as reading or audiovisual aids. Be sure you find a quiet place to study where you will not be interrupted. We suggest you concentrate your study efforts on a few carefully chosen textbooks.

Test-taking Advice

1. The examination will be timed and the computer will indicate the time remaining on the screen. If you find it distracting, the time feature may be turned off during the examination. If you choose to turn off the time feature, you should pace yourself by periodically checking your progress. This will allow you to make any necessary adjustments. Remember, the more questions you answer, the better your chances of achieving a passing score. The time limit is intended to allow you to complete the entire examination by working quickly and efficiently.

2. For the Salesperson, Broker, Reciprocal Salesperson and Reciprocal Broker multiple-choice examinations, be sure to answer each question, even the ones for which you are uncertain. Avoid leaving any questions unanswered; this will maximize your chances of passing. It is better to guess than to leave a question unanswered. There is no penalty for guessing.

EXAMINATION CONTENT

Salesperson Examination

The Alabama Real Estate Salesperson Examination consists of two portions. The total time allowed for both portions of the examination is 3½ hours. The questions on the two portions will be intermixed and will not appear as separate sections.

STATE SALESPERSON PORTION

The state portion deals with topics relating particularly to Alabama real estate license law. There are 40 multiple-choice questions on the salesperson examination. In addition to the items used to compute your score, the examination may include five items that are being “pretested” for use in future versions of these examinations. These pretest items are not identified, and your answers to them do not affect your score. The following content outline describes the topics covered in the state portion of the salesperson examination.

<table>
<thead>
<tr>
<th>State Salesperson Portion</th>
<th>Number of Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purpose of License Law/Rules and Regulations and Role of Commission</td>
<td>1</td>
</tr>
<tr>
<td>2. Licensing Requirements</td>
<td>7</td>
</tr>
<tr>
<td>3. License Status</td>
<td>2</td>
</tr>
<tr>
<td>4. Broker Licenses, Company Licenses and Place of Business</td>
<td>5</td>
</tr>
<tr>
<td>5. Recovery Fund</td>
<td>2</td>
</tr>
<tr>
<td>6. Disciplinary Actions and Process</td>
<td>2</td>
</tr>
<tr>
<td>7. Estimated Closing Statement</td>
<td>1</td>
</tr>
<tr>
<td>8. Trust Funds</td>
<td>2</td>
</tr>
<tr>
<td>9. RECAD</td>
<td>3</td>
</tr>
<tr>
<td>10. Violations which may result in disciplinary actions</td>
<td>15</td>
</tr>
</tbody>
</table>
NATIONAL SALESPERSON PORTION

The national portion is based upon 11 major content areas. Each of the content areas is briefly described on this page and a detailed content outline is included in the back of this handbook. In addition, the number of questions devoted to the Salesperson examination is indicated for each major content area. The National Salesperson examination is composed of 100 multiple-choice questions that are used to compute your score. In addition to the questions used to compute your score, the examination may include five questions that are being “pretested” for use in future versions of the examination. These pretest questions are not identified, and your answers to them do not affect your score.

<table>
<thead>
<tr>
<th>National Salesperson Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Questions</strong></td>
</tr>
<tr>
<td>1. Property Ownership</td>
</tr>
<tr>
<td>2. Land Use Controls and Regulations</td>
</tr>
<tr>
<td>3. Valuation and Market Analysis</td>
</tr>
<tr>
<td>4. Financing</td>
</tr>
<tr>
<td>5. General Principles of Agency</td>
</tr>
<tr>
<td>6. Property Disclosures</td>
</tr>
<tr>
<td>7. Contracts</td>
</tr>
<tr>
<td>8. Leasing and Property Management</td>
</tr>
<tr>
<td>9. Transfer of Title</td>
</tr>
<tr>
<td>10. Practice of Real Estate</td>
</tr>
<tr>
<td>11. Real Estate Calculations</td>
</tr>
</tbody>
</table>

Please refer to the detailed content outline beginning on page 19 for more information.

**Taking the Multiple-Choice Examination**

The computer monitors the time you spend on the examination. The examination will terminate if you exceed the time allowed. You may click on the “Time” box in the lower right portion of the screen to monitor your time. A digital clock indicates the time remaining for you to complete the examination. The Time feature may be turned off during the examination.

Only one examination question is presented at a time. The question number appears in the lower right portion of the screen. Choices of answers to the examination questions are identified as A, B, C or D. You must indicate your choice by either typing in the letter in the response box in the lower left portion of the computer screen or clicking in the option using the mouse. To change your answer, enter a different option by pressing the A, B, C or D key or by clicking on the option using the mouse. You may change your answer as many times as you wish during the examination time limit.

To move to the next question, click on the forward arrow (>) in the lower right portion of the screen. This action will move you forward through the examination question by question. If you wish to review any question, click the backward arrow (<) or use the left arrow key to move backward through the examination.

An examination question may be left unanswered for return later in the examination session. Questions may also be bookmarked for later review by clicking in the blank square to the right of the Time button. Click on the double arrows (>>) to advance to the next unanswered or bookmarked question on the examination. To identify all unanswered and bookmarked questions, repeatedly click on the double arrows (>>). When the examination is completed, the number of examination items answered is reported. If not all questions have been answered and there is time remaining, return to the examination and answer those questions. Be sure to provide an answer for each examination question before ending the examination. There is no penalty for guessing.
Sample Questions

The following illustrate the type of questions used in the National Salesperson examination. These sample questions do not represent the full range of content or difficulty levels contained in the examinations. They are intended to help you become familiar with the types and formats of questions on the examination. Read each question and decide which answer is best. You may then check your answers with the answer key that follows. The answer key also shows the topic being tested; the topic refers to the content outline included in the back of this handbook.

SALESPERSON SAMPLE QUESTIONS

1. Baird bought two rectangular lots, each of which measures 244' x 250'. Approximately how many total acres will be in the two lots combined?
   A. 2.8
   B. 3.2
   C. 5.6
   D. 7.0

2. A person has been using a property for a long time. That person's rights have been determined to supersede those of the fee simple owner. This is called which of the following?
   A. escheat
   B. homestead
   C. eminent domain
   D. adverse possession

3. A property has been condemned by the city so that the land can be used to build a better approach to the municipal hospital's emergency entrance. Which of the following powers is the city exercising?
   A. power of attorney
   B. police power
   C. eminent domain
   D. escheat

4. A salesperson deliberately shows a buyer homes in only one subdivision where many people of the buyer's religious faith live. Has the salesperson violated any law?
   A. Yes, because a salesperson must show a prospective buyer homes in at least three different areas.
   B. Yes, because a salesperson cannot discriminate on the basis of religion when showing property to a buyer.
   C. No, because the salesperson's broker is responsible for any violations of law.
   D. No, because there was no intent to discriminate on the basis of race or national origin.

5. A licensee who works for ABC Realty obtains a listing. Two days later, the licensee begins working for XYZ Realty. Which of the following is true regarding this listing?
   A. The listing is transferred to XYZ Realty.
   B. The licensee is entitled to compensation when she begins working for XYZ Realty.
   C. The listing remains with ABC Realty.
   D. The listing is automatically terminated.

Salesperson Answer Key

<table>
<thead>
<tr>
<th>Item #</th>
<th>Key</th>
<th>Topic*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>A</td>
<td>XI.A</td>
</tr>
<tr>
<td>2.</td>
<td>D</td>
<td>I.C.4</td>
</tr>
<tr>
<td>3.</td>
<td>C</td>
<td>II.A.2</td>
</tr>
<tr>
<td>4.</td>
<td>B</td>
<td>X.B.2</td>
</tr>
<tr>
<td>5.</td>
<td>C</td>
<td>V.C.1</td>
</tr>
</tbody>
</table>

* Refer to detailed content outline in the back of this handbook.

National Real Estate Salesperson Sample Examination

The Sample National Real Estate Salesperson Examination is available in web-based format. To order the online sample examination, please visit http://schedule.psextams.com and click on “Begin Preparing” and “Real Estate” in the list of Web Tests. Two versions of the web-based Sample Examination are available. The cost of the basic version is $15. The cost of the enhanced version that provides detailed explanations of the answers is $25. Both are available with payment by credit card through the online store. No duplication of the sample examination is allowed. The sample examination is copyrighted by PSI.
Broker Examination

STATE BROKER PORTION

The Alabama state portion consists of 40 multiple-choice questions. The multiple-choice portion contains up to five pretest questions that will not be included in your total score. You will have 60 minutes to complete the state portion of the Broker Examination.

### Broker Multiple-Choice Content Outline

<table>
<thead>
<tr>
<th>Number of Questions</th>
<th>1. Purpose of License Law/Rules and Regulations and Role of Commission</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Licensing Requirements</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>3. License Status</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>4. Broker Licenses, Company Licenses and Place of Business</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>5. Recovery Fund</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>6. Disciplinary Actions and Process</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>7. Estimated Closing Statements</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>8. Trust Funds</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>9. RECAD</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>10. Violations which may result in disciplinary actions</td>
<td>12</td>
</tr>
</tbody>
</table>

NATIONAL BROKER PORTION

The National Broker Examination is presented in simulation problem format and consists of 10 simulation problems. Nine of these problems will be used to compute your score. The other problem is not scored and is being pretested for future examinations.

Each simulation problem will have a designated primary issue and property type. Each section within a problem will carry a secondary topic for that section. The primary issue and property type will remain consistent throughout the simulation problem, but the secondary topic can change with each section of the problem. The distribution of issues and property types is given in the Broker Simulation Examination Content Outline.

Each problem will consist of three components: Scenario, Information Gathering (IG) sections and Decision Making (DM) sections. Each problem begins with a scenario. The scenario provides the setting and introductory client information (e.g., age, gender, presenting problem(s)).

In Information Gathering (IG) sections you are to gather all relevant information for answering the question. Read all responses before uncovering the responses that you consider necessary for responding to the question. You should select all options that are appropriate at the time. If you select more or fewer answer options than are appropriate, this will adversely impact your information gathering score.

Decision Making (DM) sections provide opportunities for making judgments or decisions. These sections may be formatted in one of two ways:

1. Single Best Option – There may be more than one acceptable option, but one option is generally regarded most acceptable.

2. Multiple Options – Several options are considered appropriate. These sections address decisions in which a combination of actions is required.

In the decision making section described in 1 above, the instructions will be to ‘CHOOSE ONLY ONE’ option. You should not assume that your response is incorrect if you are directed to make another selection. The simulation examination format sometimes uses this direction. The multiple option type of decision making described in 2 will have instructions to ‘SELECT AS MANY’ options as are appropriate in the situation.

### Broker Simulation Examination Content Outline

<table>
<thead>
<tr>
<th>Primary Issues:</th>
<th># of Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Agency Relationships and Property</td>
<td>3</td>
</tr>
<tr>
<td>Representations</td>
<td></td>
</tr>
<tr>
<td>2. Fair Housing and Other Governmental</td>
<td>2</td>
</tr>
<tr>
<td>Regulations</td>
<td></td>
</tr>
<tr>
<td>3. Handling Money</td>
<td>2</td>
</tr>
<tr>
<td>4. Training and Supervision of Licensees</td>
<td>1</td>
</tr>
<tr>
<td>One primary issue varying by examination</td>
<td>1</td>
</tr>
<tr>
<td>form</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section Topics:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Agency</td>
<td></td>
</tr>
<tr>
<td>B. Contracts</td>
<td></td>
</tr>
<tr>
<td>C. Freehold and Leasehold</td>
<td></td>
</tr>
<tr>
<td>D. Property Management</td>
<td></td>
</tr>
<tr>
<td>E. Finance</td>
<td></td>
</tr>
<tr>
<td>F. Government Regulations and Private</td>
<td></td>
</tr>
<tr>
<td>Restrictions</td>
<td></td>
</tr>
<tr>
<td>G. Description and Measurement</td>
<td></td>
</tr>
<tr>
<td>H. Valuation</td>
<td></td>
</tr>
<tr>
<td>I. Conveyance</td>
<td></td>
</tr>
<tr>
<td>J. Calculations</td>
<td></td>
</tr>
<tr>
<td>K. Ethical Behavior (must be incorporated</td>
<td></td>
</tr>
<tr>
<td>in at least 4 problems)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property Types:</th>
<th># of Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Residential</td>
<td>4</td>
</tr>
<tr>
<td>2. Commercial</td>
<td>2</td>
</tr>
<tr>
<td>3. Property Management</td>
<td>1</td>
</tr>
<tr>
<td>Plus two property types varying by examination form</td>
<td>2</td>
</tr>
</tbody>
</table>
Taking the Simulation Examination

Three windows appear on the screen at all times during a simulation examination (see Figure 1). The Scenario Window section is displayed across the top of the screen; your picture is displayed in the upper right portion of this window. Each simulation begins with a brief paragraph in this window that provides preliminary information about the situation; subsequent sections contain information about the changing situation. A scroll bar is available when necessary to view all text. Each Scenario Window will also provide you with specific instructions about whether to “CHOOSE ONLY ONE” response in the section or to “SELECT AS MANY” responses as appropriate to gather information.

In sections where you are instructed to “CHOOSE ONLY ONE” unless directed to make another selection,” you should carefully review each option and then choose the one best option. A dialog box will then appear to present the results for the choice or request that you select another response in the section.

A “Help Screen” will be accessible to you throughout the simulation examination to explain how to navigate through the examination.

National Real Estate Broker Simulation Sample Examination

The National Real Estate Broker Simulation Sample Examination is available in web-based format. The sample examination includes four problems that are similar to those found on the National Broker Simulation Examination for those states using this testing format. The sample examination is purchased and taken online at the convenience of the purchaser. To order the online sample examination, please visit http://schedule.psidexams.com and click on “Begin Preparing” and “Real Estate” in the list of Web Tests. The cost of the sample examination is $25. The sample examination is available with payment by credit card through the online store. No duplication of the sample examination is allowed. The sample examination is copyrighted by PSI.

Reciprocal Salesperson and Broker Examinations

The Alabama Reciprocal Salesperson and Broker Examinations consist of 40 multiple-choice questions from the state portions only including topics relating particularly to Alabama real estate license law. The total time allowed for the examination is 60 minutes.

The content outline for the reciprocal salesperson examination appears in the STATE SALESPERSON PORTION section of the handbook. The content outline for the reciprocal broker examination appears in the STATE BROKER PORTION section of the handbook. Instructions for taking a multiple-choice examination also appear in a previous section of the handbook.
THE DAY OF THE EXAMINATION

Your examination will be given by computer at a PSI Test Center. You do not need any computer experience or typing skills to take your examination. On the day of your examination appointment, report to the Test Center no later than your scheduled testing time. Look for signs indicating PSI Test Center Check-in. IF YOU ARRIVE MORE THAN 15 MINUTES AFTER THE SCHEDULED TESTING TIME, YOU WILL NOT BE ADMITTED.

Identification

To gain admission to the Test Center, you must present two forms of identification. The primary form must be government issued, current and include your name, signature and photograph. You will also be required to sign a roster for verification of identity.

- Examples of valid primary forms of identification are: driver’s license with photograph; state identification card with photograph; passport; military identification card with photograph.

- The secondary form of identification must display your name and signature for signature verification (e.g., credit card with signature, social security card with signature, employment/student ID card with signature).

- If your name on your registration is different than it appears on your identification, you must bring proof of your name change (e.g., marriage license, divorce decree or court order).

Failure to provide appropriate identification at the time of the examination is considered a missed appointment. There will be no refund of examination fees.

RULES FOR THE EXAMINATION

Security

PSI administration and security standards are designed to ensure all candidates are provided the same opportunity to demonstrate their abilities. The Test Center is continuously monitored by audio and video surveillance equipment for security purposes.

The following security procedures apply during the examination:

- Examinations are proprietary. No cameras, notes, tape recorders, pagers or cellular/smart phones are allowed in the testing room. Possession of a cellular/smart phone or other electronic devices is strictly prohibited and will result in dismissal from the examination.

- Only silent, non-programmable calculators without alpha keys or printing capabilities are allowed in the testing room.

- No guests, visitors or family members are allowed in the testing room or reception areas.

Personal Belongings

No personal items, valuables or weapons should be brought to the Test Center. Only wallets and keys are permitted. Large coats and jackets must be left outside the testing room. You will be provided a soft locker to store your wallet and/or keys with you in the testing room. You will not have access to these items until after the examination is completed. Please note the following items will not be allowed in the testing room except securely locked in the soft locker.

- watches
- hats
- wallets
- keys

Once you have placed your personal belongings into the soft locker, you will be asked to pull out your pockets to ensure they are empty. If you bring personal items that will not fit in the soft locker, you will not be able to test. The site will not store or be responsible for your personal belongings.

If any personal items are observed or heard (e.g., cellular/smart phones, alarms) in the testing room after the examination is started, you will be dismissed and the administration will be forfeited.

Examination Restrictions

- Pencils will be provided during check-in.

- You will be provided with one piece of scratch paper at a time to use during the examination, unless noted on the sign-in roster for a particular candidate. You must return the scratch paper to the supervisor at the completion of testing, or you will not receive your score report.

- No documents or notes of any kind may be removed from the Test Center.

- No questions concerning the content of the examination may be asked during the examination.

- Eating, drinking or smoking will not be permitted in the Test Center.

- You may take a break whenever you wish, but you will not be allowed additional time to make up for time lost during breaks.
Misconduct

If you engage in any of the following conduct during the examination you may be dismissed, your scores will not be reported and examination fees will not be refunded. Examples of misconduct are when you:

- create a disturbance, are abusive or otherwise uncooperative;
- display and/or use electronic communications equipment such as pagers, cellular/smart phones;
- talk or participate in conversation with other examination candidates;
- give or receive help or are suspected of doing so;
- leave the Test Center during the administration;
- attempt to record examination questions or make notes;
- attempt to take the examination for someone else;
- are observed with personal belongings; or
- are observed with notes, books or other aids without it being noted on the roster.

Copyrighted Examination Questions

All examination questions are the copyrighted property of PSI. It is forbidden under federal copyright law to copy, reproduce, record, distribute or display these examination questions by any means, in whole or in part. Doing so may subject you to severe civil and criminal penalties.

Computer Login

After your identification has been confirmed, you will be directed to a testing carrel. You will be instructed on-screen to enter your identification number. Your photograph will remain on-screen throughout your testing session. This photograph will also print on your score report.

Practice Examination

Prior to attempting the examination, you will be given the opportunity to practice taking an examination on the computer. The time you use for this practice examination is NOT counted as part of your examination time or score. When you are comfortable with the computer testing process, you may quit the practice session and begin the timed examination.

Timed Examination

Following the practice examination, you will begin the actual examination. The following time limits will be in effect for each examination.

<table>
<thead>
<tr>
<th>Examination</th>
<th>Time Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salesperson (national and state portion)</td>
<td>3½ hours</td>
</tr>
<tr>
<td>Broker (national and state portion)</td>
<td>3½ hours</td>
</tr>
<tr>
<td>Broker (multiple-choice portion)</td>
<td>1 hour</td>
</tr>
<tr>
<td>Broker (simulation portion)</td>
<td>2½ hours</td>
</tr>
<tr>
<td>Reciprocal Salesperson (state portion)</td>
<td>1 hour</td>
</tr>
<tr>
<td>Reciprocal Broker (state portion)</td>
<td>1 hour</td>
</tr>
</tbody>
</table>

Candidate Comments

During the examination, you may make comments for any question by clicking on the Comment button to the left of the Time button. This opens a dialogue box where comments may be entered. Comments will be reviewed, but individual responses will not be provided.

FOLLOWING THE EXAMINATION

How Passing Scores are Determined

- Multiple-Choice Examination
  The minimum score required to pass the multiple-choice portions is determined by using a process known as the Angoff method, in which subject-matter experts estimate the difficulty of each item on the examination for the “minimally competent practitioner” (MCP). These judgments are averaged to determine the minimum passing score, which represents the amount of knowledge an MCP would likely demonstrate on the examination.

- Broker Simulation Examination
  The passing score for the broker simulation examination is determined using a method similar to that described for multiple-choice portions. Each section in a simulation was evaluated by content experts when the problem was developed. A minimum passing level (MPL) was established for the section using the scoring weights assigned to the options in that section and represents the level of performance expected of a “minimally competent practitioner.” The overall examination has an Information Gathering (IG) MPL and a Decision Making (DM) MPL, which represent the sums of the MPLs of all IG and DM sections on the examination.

- Equating
  A statistical process called equating is used to ensure consistency in the meaning of the score required to pass an examination. If the raw passing score varies slightly between different versions (or “forms”), the level of
knowledge required to achieve the passing score remains the same, thus assuring that all candidates are treated fairly.

**Scaled Scores**

Scaled scores are reported to emphasize that although different forms of the examination may have slight differences in difficulty, the passing score for an examination is based on a consistent level of performance. Scaled scores are computed by setting the raw passing score equal to the scaled score required to pass. The scaled score is not the same as a percentage. The raw passing score may vary slightly between forms, depending on the difficulty of the items on the form; however, the scaled score required to pass (and the level of knowledge required to pass) does not change. This process is used to ensure fairness to all candidates.

**Your Salesperson Examination Score Report**

After you have completed the Salesperson Examination, you will be instructed to report to the testing supervisor to receive your score report. Your score report will show your score on the examination and your pass/fail result. To pass the Alabama Salesperson Examination, you must attain a scaled score of at least 70.

**Your Broker Examination Score Report**

After you have completed the Broker Examination, you will be instructed to report to the testing supervisor to receive your score report. Your score report will show your score on the examination and your pass/fail result.

For the broker simulation portion of the examination, you will score points for Information Gathering (IG) sections and for Decision Making (DM) sections. The sum of your scores on all IG sections is reported as your IG total raw score, and the sum of your scores on all DM sections is reported as your DM total raw score. Your IG total, your DM total and your number correct score from the multiple-choice broker portion are combined for your total score on the Broker Examination.

The maximum points for the simulation portion combined with the maximum points from the multiple-choice section provides the maximum points possible on the Broker Examination, and the total combined points are then converted to a scaled score with a maximum of 100. To pass the Broker Examination you must attain a scaled score of at least 70.

**Your Reciprocal Salesperson or Reciprocal Broker Examination Score Report**

After you have completed the Reciprocal Salesperson or Reciprocal Broker Examination, you will be instructed to report to the testing supervisor to receive your score report. Your score report will show your score on the examination and your pass/fail result. To pass the Alabama Reciprocal Salesperson or Reciprocal Broker Examination, you must attain a scaled score of at least 70.

**If You Pass the Examination**

If you pass the examination, you will receive a score report and instructions for applying for a license.

**If You Fail the Examination**

If you do not achieve a passing score, your score report will include diagnostic scoring information and reapplication instructions.

**If You Do Not Appear for Testing**

If you do not appear to take the examination for which you are scheduled, you must reapply for another examination, forfeit the fee for the examination that you missed, and submit the fee for the examination for which you will be scheduled. You may reapply online at [http://schedule.psiexams.com](http://schedule.psiexams.com) or call 888-818-5824.

**Duplicate Score Report**

Requests for a duplicate score report must be made in writing within one year of the examination date. Complete the request form enclosed in this handbook, include a check or money order for $25 per copy (made payable to PSI Services Inc.), and mail your request to PSI. Duplicate score reports will be processed and mailed within approximately five business days following receipt of the request.
Submit this form ONLY if you are paying your examination fee by cashier’s check or money order. If payment is to be made by credit card, visit [http://schedule.psiexams.com](http://schedule.psiexams.com) or call PSI at 888-818-5824 to schedule your appointment and do not submit this form.

1. **CANDIDATE ID #**
   ______________________________

2. **NAME**
   First Name _____________________ M.I. ___________________ Last Name ____________________

3. **MAILING ADDRESS**
   Number, Street and Apartment Number ____________________________________________
   City __________________________ State _______________ Zip Code ______________________
   Email Address ________________________________

4. **TELEPHONE NUMBER**
   ____________________ – _______ – ___________  and  ____________________ – _______ – ___________
   Daytime Telephone Number                      Evening Telephone Number

5. **BIRTH DATE**
   Month __   Day __   Year __

6. **TEST TYPE (check one)**
   □ Salesperson  □ Broker  □ Reciprocal Salesperson  □ Reciprocal Broker

7. **EXAMINATION FEE**
   $77
   Your examination fee must be submitted with your registration form. Payment may be made by cashier’s check or money order payable to PSI Services Inc. Payment by company check, personal check or cash is not acceptable. Examination fees are valid for six months.

8. **SIGNATURE AND DATE**
   I have read and understand the information provided in the Candidate Handbook, and the information I have provided on this registration form is true and complete to the best of my knowledge.

   Signature:_________________________________________ Date:__________________________

   Mail this form with cashier’s check or money order to:

   PSI
   18000 W. 105th St.
   Olathe, KS 66061-7543
DUPLICATE SCORE REPORT REQUEST FORM
FOR ALABAMA REAL ESTATE

DIRECTIONS: Use this form to request a duplicate score report. Complete all requested information. This form must be received within one year of the examination date and include a check or money order payable to PSI Services Inc. for $25 per copy. Duplicate score reports will be mailed within approximately five business days following receipt of the request.

Name: ____________________________________________________________ Candidate Identification #: _____________________

Address: _______________________________________________________________________________________________

__________________________________________________________________________________________________________ Daytime Phone: _________________________

Test Taken: ☐ Salesperson ☐ Broker Examination Date: _________________ Test Center: ____________________________

I hereby authorize PSI to send me a duplicate score report.

Signature: ___________________________________________ Date: ______________________________

PSI
18000 W. 105th St.
Olathe, KS 66061-7543
888-818-5824
If you have a disability covered by the Americans with Disabilities Act, please complete this form and provide the Documentation of Disability-Related Needs on the next page and submit it with your application at least 45 days prior to your requested examination date. The information you provide and any documentation regarding your disability and your need for accommodation in testing will be treated with strict confidentiality. Not all accommodations can be made in a short time frame. You must allow reasonable time for PSI to provide the requested accommodations.

Candidate Information
Candidate ID # _________________________    Requested Test Center: _________________________

Name (Last, First, Middle Initial, Former Name)

Mailing Address

City
State
Zip Code

Daytime Telephone Number
Email Address

Special Accommodations
I request special accommodations for the following examination:  
☐ Salesperson  ☐ Broker
☐ Reciprocal Salesperson  ☐ Reciprocal Broker

Please provide (check all that apply):

    ☐ Reader
    ☐ Extended testing time (time and a half)
    ☐ Reduced distraction environment
    ☐ Please specify below if other special accommodations are needed.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

Comments: ____________________________________________________________________________________________
____________________________________________________________________________________________________
____________________________________________________________________________________________________

PLEASE READ AND SIGN:
I give my permission for my diagnosing professional to discuss with PSI staff my records and history as they relate to the requested accommodation.

Signature: ___________________________ Date: ___________________________

Return this form to:
PSI, 18000 W. 105th St., Olathe, KS 66061-7543, Fax 913-895-4650.
If you have questions, call Candidate Services at 888-818-5824.
Please have this section completed by an appropriate professional (education professional, physician, psychologist, psychiatrist) to ensure that PSI is able to provide the required accommodations.

### Professional Documentation

I have known _____________________________ since _____ / _____ / _____ in my capacity as a

<table>
<thead>
<tr>
<th>Candidate Name</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My Professional Title

The candidate discussed with me the nature of the test to be administered. It is my opinion that, because of this candidate’s disability described below, he/she should be accommodated by providing the special arrangements listed on the Request for Special Examination Accommodations form.

<table>
<thead>
<tr>
<th>Description of Disability:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Signed:________________________________________ Title:________________________________________

Printed Name: __________________________________________

Address: __________________________________________________

Telephone Number: __________________________ Email Address: __________________________

Date: ______________________________________ License # (if applicable): ________________________

Return this form to:
PSI, 18000 W. 105th St., Olathe, KS 66061-7543
If you have questions, call Candidate Services at 888-818-5824.
I. Property ownership (Recall/Recognition 3; Application/Analysis 5)
   A. Real versus personal property; conveyances (2)
   B. Land characteristics and legal descriptions (2)
      1. Types of legal descriptions; Metes and bounds, Lot and block, government survey
      2. Measuring structures
      3. Livable, rentable, and usable area
      4. Land Measurement
      5. Mineral, air, and water rights
   C. Encumbrances and effects on property ownership (2)
      1. Liens
      2. Easements and licenses
      3. Encroachments
      4. Other potential encumbrances of title
   D. Types of ownership (2)
      1. Tenants in common
      2. Joint tenancy
      3. Common-interest ownership
         a) Timeshares
         b) Condominiums
         c) Co-ops
      4. Ownership in severalty/sole ownership
      5. Life Estate ownership

II. Land use controls and regulations (Recall/Recognition 2; Application/Analysis 3)
   A. Government rights in land (1)
      1. Property taxes and special assessments
      2. Eminent domain, condemnation, escheat
   B. Government controls (2)
      1. Zoning and master plans
      2. Building codes
      3. Regulation of special land types
         a) Flood zones
         b) Wet lands
      4. Regulation of environmental hazards
         a) Types of hazards
         b) Abatement and mitigation
         c) Restrictions on contaminated property
   C. Private controls (2)
      1. Deed conditions or restrictions
      2. Covenants, conditions, and restrictions (CC&Rs)
      3. Homeowners association regulations

III. Valuation and market analysis (Recall/Recognition 3; Application/Analysis 4)
   A. Appraisals (2)
      1. Purpose and use of appraisals for valuation
      2. General steps in appraisal process
      3. Situations requiring appraisal by certified appraiser
   B. Estimating Value (3)
      1. Effect of economic principles and property characteristics
      2. Sales or market comparison approach
      3. Cost approach
      4. Income analysis approach
   C. Competitive/Comparative Market Analysis (2)
      1. Selecting comparables
      2. Adjusting comparables

IV. Financing (Recall/Recognition 6; Application/Analysis 4)
   A. Basic concepts and terminology (3)
      1. Points
      2. LTV
      3. PMI
      4. Interest
      5. PITI
      6. Financing instruments (mortgage, promissory note, etc.)
   B. Types of loans (4)
      1. Conventional loans
      2. FHA insured loans
      3. VA guaranteed loans
      4. USDA/rural loan programs
      5. Amortized loans
      6. Adjustable-rate mortgage loans
      7. Bridge loans
      8. Owner financing (installment and land contract/contract for deed)
   C. Financing and lending (3)
      1. Lending process application through closing
      2. Financing and credit laws and rules
         a) Truth in lending
         b) RESPA
         c) Equal Credit Opportunity
         d) CFPB/TRID rules on financing and risky loan features
      3. Underwriting
         a) Debt ratios
         b) Credit scoring
         c) Credit history

V. General principles of agency (Recall/Recognition 4; Application/Analysis 9)
   A. Agency and non-agency relationships (2)
      1. Types of agents and agencies
      2. Other brokerage relationships (non-agents)
         a) Transactional
         b) Facilitators
   B. Agent’s duties to clients (4)
      1. Fiduciary responsibilities
      2. Traditional agency duties (COALD)
      3. Powers of attorney and other delegation of authority
   C. Creation of agency and non-agency agreements; disclosure of conflict of interest (4)
      1. Agency and agency agreements
         a) Key elements of different types of listing contracts
         b) Key elements of buyer brokerage/tenant representation contracts
      2. Disclosure when acting as principal or other conflict of interest
   D. Responsibilities of agent to customers and third parties, including disclosure, honesty, integrity, accounting for money (2)
E. Termination of agency (1)
1. Expiration
2. Completion/performance
3. Termination by force of law
4. Destruction of property/death of principal
5. Mutual agreement

VI. Property disclosures (Recall/Recognition 3; Application/Analysis 3)
A. Property condition (2)
1. Property condition that may warrant inspections and surveys
2. Proposed uses or changes in uses that should trigger inquiry about public or private land use controls

B. Environmental issues requiring disclosure (1)

C. Government disclosure requirements (LEAD) (1)

D. Material facts and defect disclosure (2)

VII. Contracts (Recall/Recognition 7; Application/Analysis 10)
A. General knowledge of contract law (10)
1. Requirements for validity
2. Factors affecting enforceability of contracts
3. Void, voidable, unenforceable contracts
4. Rights and obligations of parties to a contract
5. Executory and executed contracts
6. Notice, delivery and acceptance of contracts
7. Breach of contract and remedies for breach
8. Termination, rescission and cancellation of contracts
9. Electronic signature and paperless transactions
10. Bilateral vs. unilateral contracts (option agreements)

B. Contract Clauses, including amendments and addenda (1)

C. Offers/purchase agreements (4)
1. General requirements
2. When offer becomes binding
3. Contingencies
4. Time is of the essence

D. Counteroffers/multiple offers (2)
1. Counteroffers
2. Multiple offers

VIII. Leasing and Property Management (Recall/Recognition 2; Application/Analysis 1)
A. Basic concepts/duties of property management (0-1)

B. Lease Agreements (0-1)
1. Types of leases, e.g., percentage, gross, net, ground
2. Key elements and provisions of lease agreements

C. Landlord and tenant rights and obligations (0-1)

D. Property manager’s fiduciary responsibilities (0-1)

E. ADA and Fair Housing compliance in property management (0-1)

IX. Transfer of Title (Recall/Recognition 5; Application/Analysis 3)
A. Title Insurance (2)
1. What is insured against
2. Title searches, title abstracts, chain of title
3. Marketable vs insurable title
4. Potential title problems and resolution

B. Deeds (2)
1. Purpose of deed, when title passes
2. Types of deeds and when used
3. Essential elements of deeds
4. Importance of recording

C. Escrow or closing; tax aspects of transferring title to real property (2)
1. Responsibilities of escrow agent
2. Prorated items
3. Closing statements/TRID disclosures
4. Estimating closing costs
5. Property and income taxes

D. Special processes (1)
1. Foreclosure
2. Short sale

E. Warranties (1)
1. Purpose of home or construction warranty programs
2. Scope of home or construction warranty programs

X. Practice of real estate (Recall/Recognition 6; Application/Analysis 7)
A. Trust/escrow accounts (2)
1. Purpose and definition of trust accounts, including monies held in trust accounts
2. Responsibility for trust monies, including commingling/ conversion

B. Federal fair housing laws and the ADA (4)
1. Protected classes
2. Prohibited conduct (red-lining, blockbusting, steering)
3. Americans with Disabilities (ADA)
4. Exemptions

C. Advertising and technology (4)
1. Advertising practices
   a) Truth in advertising
   b) Fair housing issues in advertising
2. Use of technology
   a) Requirements for confidential information
   b) Do-Not-Call List

D. Licensee and responsibilities (2)
1. Employee
2. Independent Contractor
3. Due diligence for real estate transactions

E. Antitrust laws (1)
1. Antitrust laws and purpose
2. Antitrust violations in real estate

XI. Real estate calculations (Application/Analysis 10)
A. Basic math concepts (3)
1. Loan-to-value ratios
2. Discount points
3. Equity
4. Down payment/amount to be financed

B. Calculations for transactions (7)
1. Property tax calculations
2. Prorations
3. Commission and commission splits
4. Seller’s proceeds of sale
5. Buyer funds needed at closing
6. Transfer fee/conveyance tax/revenue stamps
7. PITI (Principal, Interest, Taxes and Insurance) payments
In addition, all items will be classified according to the cognitive level that is expected to be required for the entry-level candidate to appropriately respond to the item. The cognitive level classifications are defined in the following table.

<table>
<thead>
<tr>
<th>Level</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recall/Recognition</td>
<td>Requires only recognition of isolated information, such as specific facts, generalizations, concepts, principles or procedures. The information generally does not vary relative to the situation.</td>
</tr>
<tr>
<td>Application</td>
<td>Requires interpretation, classification or manipulation of limited concepts or data, in which the response or outcome is situationally dependent, but not overly complex.</td>
</tr>
<tr>
<td>Analysis</td>
<td>Requires integration or synthesis of a variety of concepts to solve a specific problem situation (for example, evaluating and rendering judgments on complex problems with many situational variables).</td>
</tr>
</tbody>
</table>

**ALABAMA STATE CONTENT OUTLINE FOR SALESPERSON AND BROKER EXAMINATIONS**

The Alabama state-specific examination consists of forty (40) questions for Salesperson and Broker candidates. Each examination also has five (5) pretest questions distributed throughout the examination. These pretest questions are not identified and will not in any way affect the score.

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>NUMBER OF QUESTIONS</th>
<th>TOPIC</th>
<th>NUMBER OF QUESTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Purpose of License Law/Rules and Regulation and Role of Commission</td>
<td>1 0</td>
<td>V. Recovery Fund</td>
<td>2 1</td>
</tr>
<tr>
<td>II. Licensing Requirements</td>
<td>7 6</td>
<td>B. Payment into fund</td>
<td></td>
</tr>
<tr>
<td>A. Activities which require a license</td>
<td></td>
<td>C. Payment from fund</td>
<td></td>
</tr>
<tr>
<td>B. Cobroking</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Qualifications for a license</td>
<td></td>
<td>VI. Disciplinary Actions and Process</td>
<td>2 3</td>
</tr>
<tr>
<td>D. Renewal of License</td>
<td></td>
<td>A. Complaints</td>
<td></td>
</tr>
<tr>
<td>E. Continuing Education</td>
<td></td>
<td>B. Hearings</td>
<td></td>
</tr>
<tr>
<td>F. Post License Education</td>
<td></td>
<td>C. Disciplinary Actions</td>
<td></td>
</tr>
<tr>
<td>G. Temporary and Original Salesperson Licenses</td>
<td></td>
<td>D. Rehearing</td>
<td></td>
</tr>
<tr>
<td>III. License Status</td>
<td>2 2</td>
<td>E. Appeals</td>
<td></td>
</tr>
<tr>
<td>A. Transferring a license</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Inactive Status</td>
<td></td>
<td>VII. Estimated Closing Statement</td>
<td>1 2</td>
</tr>
<tr>
<td>C. Reactivation of license</td>
<td></td>
<td>VIII. Trust Funds</td>
<td>2 3</td>
</tr>
<tr>
<td>IV. Broker Licenses, Company Licenses and Place of Business</td>
<td>5 6</td>
<td>IX. RECAD</td>
<td>3 5</td>
</tr>
<tr>
<td>A. Issuance of company and branch office licenses</td>
<td></td>
<td>X. Violations Which May Result in Disciplinary Actions</td>
<td>15 12</td>
</tr>
<tr>
<td>B. Issuance of broker licenses</td>
<td></td>
<td>A. Misrepresentation and dishonest dealings</td>
<td></td>
</tr>
<tr>
<td>C. Who may serve as qualifying broker</td>
<td></td>
<td>B. Inducing a party to break a contract</td>
<td></td>
</tr>
<tr>
<td>D. Responsibilities of qualifying broker</td>
<td></td>
<td>C. Advertising</td>
<td></td>
</tr>
<tr>
<td>E. Termination of qualifying broker status</td>
<td></td>
<td>D. Listing Agreements</td>
<td></td>
</tr>
<tr>
<td>F. Serving as qualifying broker for more than one company</td>
<td></td>
<td>E. Failure to give proper disclosure</td>
<td></td>
</tr>
<tr>
<td>G. Temporary qualifying broker</td>
<td></td>
<td>F. Keeping appropriate records</td>
<td></td>
</tr>
<tr>
<td>H. Associate broker status</td>
<td></td>
<td>G. Rebates</td>
<td></td>
</tr>
<tr>
<td>I. Operating from home</td>
<td></td>
<td>H. Paying or receiving commissions from unlicensed persons</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>I. Bad Checks</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>J. Failure to inform Commission of suit/judgment/other disposition</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>K. Lotteries</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>L. Handling of documents</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>M. Violation of rule or order of Commission</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>N. Offers</td>
<td></td>
</tr>
</tbody>
</table>
REAL ESTATE REFERENCES

The references provided below are some of the available relevant written study materials for the National Salesperson and Broker Examinations. However, they are not necessarily recommended by PSI or the Alabama Real Estate Commission. Computer software is also available from several publishing companies, but it is not listed here. Please use the most current publication.

Armbrust, Betty J.; Bradley, Hugh H. and Armbrust, John W. Practical Real Estate Math. Thompson South-Western.

Burgess, Russell W. Real Estate Home Inspection. Chicago: Dearborn Real Estate Education.

Cortesi, Gerald. Mastering Real Estate Principles. Chicago: Dearborn Real Estate Education.


Gibson, Frank; Karp, James and Klayman, Elliot. Real Estate Law. Chicago: Dearborn Real Estate Education.

Jacobus, Charles J. Real Estate: An Introduction to the Profession. Thompson South-Western.

Jacobus, Charles J. Real Estate Law. Thompson South-Western.


Lindeman, Bruce. Real Estate Brokerage Management. Thompson South-Western.


Reilly, John W. The Language of Real Estate. Chicago: Dearborn Real Estate Education.

Shilling, James D. Real Estate. Thompson South-Western.


Sirotta, David. Essentials of Real Estate Investment. Chicago: Dearborn Real Estate Education.

Tamper, Ralph. Mastering Real Estate Math. Chicago: Dearborn Real Estate Education.


Wiedemer, John P. Real Estate Finance. Thompson South-Western.