

DESCRIPTION OF EXAMINATIONS & EXAMINATION CONTENT OUTLINES

The Examination Content Outlines have been approved by the Louisiana Real Estate Commission. These outlines reflect the minimum knowledge required by real estate professionals to perform their duties to the public in a competent and responsible manner. Changes in the examination content will be preceded by changes in these published examination content outlines.

Use the outlines as the basis of your study. The outlines list all of the topics that are on the test and the number of items for each topic. Do not schedule your examination until you are familiar with all topics in the outlines.

The Examination Summary Table below shows the number of questions and the time allowed for each exam portion.



EXAMINATION SUMMARY TABLE			
Exam	Portion	No. of Questions	Time Allowed
Salesperson	National	80	105 minutes
	State	55	75 minutes
	Both	135	180 minutes
Broker	National	80	105 minutes
	State	55	75 minutes
	Both	135	180 minutes
Continuing Education Instructor	Single Portion	80	105 minutes
Prelicensing Instructor	National	80	105 minutes
	State	55	75 minutes
	Both	135	180 minutes

Real Estate Principles and Practices (National Portion)

CONTENT OUTLINE

Property ownership (Salesperson 7 items/Broker 6 items)

1. Classes of property
 - a. Real versus personal property
 - b. Defining fixtures
2. Land characteristics and legal descriptions
 - a. Physical characteristics of land
 - b. Economic characteristics of land
 - c. Types of legal property descriptions
 - d. Usage of legal property descriptions
 - e. Physical descriptions of property and improvements
 - f. Mineral, air and water rights
3. Encumbrances and effects on property ownership
 - a. Liens (types and priority)
 - b. Easements and licenses
 - c. Encroachments
4. Types of ownership
 - a. Types of estates
 - b. Forms of ownership
 - c. Leaseholds
 - d. Common interest ownership properties
 - e. Bundle of rights

Land use controls and regulations (Salesperson 5 items/Broker 5 items)

1. Government rights in land
 - a. Property taxes and special assessments
 - b. Eminent domain, condemnation, escheat
 - c. Police power
2. Public controls based in police power
 - a. Zoning and master plans
 - b. Building codes
 - c. Environmental impact reports
 - d. Regulation of special land types (floodplain, coastal, etc.)
3. Regulation of environmental hazards
 - a. Abatement, mitigation and cleanup requirements
 - b. Restrictions on sale or development of contaminated property
 - c. Types of hazards and potential for agent or seller liability
4. Private controls

- a. Deed conditions or restrictions
- b. Homeowners association (HOA) regulations

Valuation and market analysis (Salesperson 8 items/Broker 6 items)

1. Value
 - a. Market value and market price
 - b. Value
 - i. Types and characteristics of value
 - ii. Principles of value
 - iii. Market cycles and other factors affecting property value
2. Methods of estimating value/appraisal process
 - a. Market or sales comparison approach
 - b. Replacement cost or summation approach
 - c. Income approach
 - d. Basic appraisal terminology (e.g., replacement versus reproduction cost, reconciliation, depreciation, kinds of obsolescence)
3. Competitive/Comparative Market Analysis (CMA)
 - a. Selecting and adjusting comparables
 - b. Contrast CMA and appraisal
 - i. Price per square foot
 - ii. Gross rent and gross income multipliers
 - iii. Capitalization rate
4. Appraisal practice; situations requiring appraisal by a certified appraiser

Financing (Salesperson 6 items/Broker 7 items)

1. General concepts
 - a. LTV ratios, points, origination fees, discounts, broker commissions
 - b. Mortgage insurance (PMI)
 - c. Lender requirements, equity, qualifying buyers, loan application procedures
2. Types of loans and sources of loan money
 - a. Term or straight loans
 - b. Amortized and partially amortized (balloon) loans
 - c. Adjustable rate mortgage (ARM) loans
 - d. Conventional versus insured
 - e. Reverse mortgages; equity loans; subprime and other nonconforming loans
 - f. Seller/owner financing
 - g. Primary market
 - h. Secondary market
 - i. Down payment assistance programs
3. Government programs
 - a. FHA
 - b. VA
 - c. Other federal programs
4. Mortgages/deeds of trust
 - a. Mortgage clauses (assumption, due-on-sale, alienation, acceleration, prepayment, release)
 - b. Lien theory versus title theory
 - c. Mortgage/deeds of trust and note as separate documents
5. Financing/credit laws
 - a. Lending and disclosures
 - i. Truth in lending
 - ii. RESPA
 - iii. Integrated Disclosure Rule (TRID)*
 - iv. Equal Credit Opportunity
 - b. Fraud and lending practices
 - i. Mortgage fraud
 - ii. Predatory lending practices (risks to clients)
 - iii. Usury lending laws



- iv. Appropriate cautions to clients seeking financing

*The new TRID rule regarding the integrated loan estimate and closing disclosure forms took effect on October 3, 2015.

General principles of agency (Salesperson 10 items/Broker 11 items)

1. Nature of agency relationships
 - a. Types of agents and agencies (special, general, designated, subagent, etc.)
 - b. Nonagents (transactional/facilitational)
 - c. Fiduciary responsibilities
2. Creation and disclosure of agency and agency agreements (general, not state specific)
 - a. Agency and agency agreements
 - b. Disclosure when acting as principal or other conflict of interest
3. Responsibilities of agent/principal
 - a. Duties to client/principal (buyer, seller, tenant or landlord)
 - b. Traditional common law agency duties; effect of dual agency on agent's duties
4. Responsibilities of agent to customers and third parties, including disclosure, honesty, integrity, accounting for money
5. Termination of agency
 - a. Expiration
 - b. Completion/performance
 - c. Termination by force of law
 - d. Destruction of property/death of principal
 - e. Mutual agreement

Property condition and disclosures (Salesperson 8 items/Broker 9 items)

1. Property condition disclosure
 - a. Property owner's role regarding property condition
 - b. Licensee's role regarding property condition
2. Warranties
 - a. Purpose of home or construction warranty programs
 - b. Scope of home or construction warranty programs
3. Need for inspection and obtaining/verifying information
 - a. Explanation of property inspection process and appropriate use
 - b. Agent responsibility to inquire about "red flag" issues
 - c. Responding to non-client inquiries
4. Material facts related to property condition or location
 - a. Land/soil conditions
 - b. Accuracy of representation of lot or improvement size, encroachments or easements affecting use
 - c. Pest infestation, toxic mold and other interior environmental hazards
 - d. Structural issues such as roof, gutters, downspouts, doors, windows, foundation
 - e. Condition of electrical and plumbing systems, and of equipment or appliances that are fixtures
 - f. Location within natural hazard or specifically regulated area, potentially uninsurable property
 - g. Known alterations or additions
5. Material facts related to public controls, statutes of public utilities
 - a. Zoning and planning information

- b. Boundaries of school/utility/taxation districts, flight paths
- c. Local taxes and special assessments, other liens
- d. External environmental hazards
- e. Stigmatized/psychologically impacted property, Megan's Law issues

Contracts (Salesperson 11 items/Broker 12 items)

1. General knowledge of contract law
 - a. Requirements for validity
 - b. When contract is considered performed/discharged
 - c. Assignment and novation
 - d. Breach of contract and remedies for breach
 - e. Contract clauses
2. Listing agreements
 - a. General requirements for valid listing
 - b. Exclusive listings
 - c. Non-exclusive listings
3. Buyer/tenant representation agreements, including key elements and provisions of buyer and/or tenant agreements
4. Offers/purchase agreements
 - a. General requirements
 - b. When offer becomes binding (notification)
 - c. Contingencies
 - d. Time is of the essence
5. Counteroffers/multiple counteroffers
 - a. Counteroffer cancels original offer
 - b. Priority of multiple counteroffers
6. Leases
 - a. Types of leases, e.g., percentage, gross, net, ground
 - b. Lease with obligation to purchase or lease with an option to purchase
7. Other real estate contracts
 - a. Options
 - b. Right of first refusal

Transfer of title (Salesperson 5 items/Broker 5 items)

1. Title insurance
 - a. What is insured against
 - b. Title searches, title abstracts, chain of title
 - c. Cloud on title, suit to quiet title
2. Deeds
 - a. Purpose of deed, when title passes
 - b. Types of deeds (general warranty, special warranty, quitclaim) and when used
 - c. Essential elements of deeds
 - d. Importance of recording
3. Escrow or closing; tax aspects of transferring title to real property
 - a. Responsibilities of escrow agent
 - b. Prorated items
 - c. Settlement Statements
 - d. Estimating closing costs
 - e. Property and income taxes
4. Special processes
 - a. Foreclosure/short sale
 - b. Real estate owned (REO)

Practice of real estate (Salesperson 12 items/Broker 12 items)

1. Trust/escrow accounts (general, not state specific)
 - a. Purpose and definition of trust accounts, including monies held in trust accounts



- b. Responsibility for earnest money and other trust monies, including commingling/conversion
- 2. Federal fair housing laws
 - a. Protected classes
 - i. Covered transactions
 - ii. Specific laws and their effects
 - b. Compliance
 - i. Types of violations and enforcement
 - ii. Exceptions
- 3. Advertising and technology
 - a. Incorrect “factual” statements versus “puffing”
 - i. Truth in advertising
 - ii. Fair housing issues in advertising
 - b. Fraud, technology issues
 - i. Uninformed misrepresentation versus deliberate misrepresentation (fraud)
 - ii. Technology issues in advertising and marketing
- 4. Agent supervision and Broker-Associate Relationship
 - a. Liability/responsibility for acts of associated licensees (employees or independent contractors) and unlicensed employees
 - b. Responsibility to train and supervise associated licensees (employees or independent contractors) and unlicensed employees
- 5. Commissions and fees
 - a. Procuring cause/protection clauses
 - b. Referrals and other finder fees
- 6. General ethics
 - a. Practicing within area of competence
 - b. Avoiding unauthorized practice of law
- 7. Antitrust laws
 - a. Antitrust laws and purpose
 - b. Antitrust violations in real estate

- 2. Commercial, industrial and income property
 - a. Trade fixtures
 - b. Accessibility
 - c. Tax depreciation
 - d. 1031 exchanges
 - e. Trust fund accounts for income property

Louisiana Laws, Rules, and Regulations (State Portion)

CONTENT OUTLINE

Duties and Powers of the Real Estate Commission

Salesperson-5 Items, Broker-5 Items)

- General Powers
- Examination of Records
- Investigations, Hearings, and Appeals
- Sanctions
 - Fines
 - License Suspension and Revocation

Licensing Requirements (Salesperson-6 Items, Broker-6

Items)

- Activities Requiring License
- Types of Licenses
- Eligibility for Licensing
- License Renewal
- Change in License Status
- Education

Statutory Requirements Governing the Activities of

Licensees (Salesperson-17 Items, Broker-17 Items)

- Advertising and Use of Name for Business
- Broker/Salesperson Relationship
- Commissions
- Disclosures
- Conflict of Interest
- Handling of Documents
- Handling of Moneys
- Listings
- Place of Business
- Record Keeping
- Property Management

Louisiana Civil Law System (Salesperson-16 Items, Broker-

16 Items)

- Property
 - Classification
 - Immovables
 - Movables
 - Legal Descriptions
- Rights in Immovables
 - Ownership
 - Servitudes
 - Usufruct
 - Habitation
 - Right of Use
 - Building Restrictions
- Ownership
 - Co-ownership
 - Community Property

Real estate calculations (Salesperson 6 items/Broker 4 items)

- 1. Basic math concepts
 - a. Area
 - b. Loan-to-value ratios
 - c. Discount points
 - d. Equity
 - e. Down payment/amount to be financed
- 2. Calculations for transactions, including mortgage calculations
- 3. Property tax calculations
- 4. Prorations (utilities, rent, property taxes, insurance, etc.)
 - a. Commission and commission splits
 - b. Seller’s proceeds of sale
 - c. Transfer tax/conveyance tax/revenue stamps
 - d. Amortization tables
 - e. Interest rates
 - f. Interest amounts
 - g. Monthly installment payments
 - h. Buyer qualification ratios
- 5. Calculations for valuation
 - a. Competitive/comparative market analyses (CMA)
 - b. Net operating income
 - c. Depreciation
 - d. Capitalization rate
 - e. Gross rent and gross income multipliers (GRM, GIM)

Specialty areas (Salesperson 2 items/Broker 3 items)

- 1. Subdivisions, including development-wide CC & Rs



- Separate Property
- Partnerships and Corporations
- Condominiums
- Transfer of Ownership without the Aid of a Broker
 - Donations inter Vivos
 - Successions
 - Terminology
 - Testate
 - Intestate
 - Usufruct of the Surviving Spouse
 - Eminent Domain
 - Possession
 - Acquisitive Prescription
- Obligations and Contracts
 - Types of Contracts
 - Novation
 - Revocable Offers
 - Irrevocable Offers
 - Expiration
 - Acceptance of Offer
 - Revocation
 - Counteroffers
 - Cause
 - Nullity
 - Earnest Money
 - Designation of Deposit
- Sales
 - Requirements
 - Transfer
 - Price
 - Seller's Warranties
 - Bond for Deed
- Privileges and Mortgages
 - Definitions
 - Priorities
 - Foreclosure
 - Usury
 - Property Taxes
- Leases
 - Verbal and Written Leases
 - Reconduction
 - Eviction
 - Security Deposits

- Licensees Relationship with Customers
 - Dual Agency
 - Consent and Disclosure
 - Dual Agent's Duties
 - Other Details
 - Vicarious Liability (of client)
 - Agency Disclosure Informational Pamphlet
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Louisiana Law of Agency (Salesperson-11 Items, Broker-11 Items)

- Definition of Terms
 - Ministerial Acts
 - Confidential Information
 - Designated Agent/Agency
 - Dual Agent/Agency
- Customer/Client
 - Section 3892 Relationships between Licensees and Persons
 - Duties of Licensees Representing Clients
 - While contract is in effect
 - After agency relationship is terminated