



June 12, 2018

Effective October 1, 2018, the National Real Estate Broker and Salesperson Examinations will be updated.

PSI’s validation study included a national job analysis survey completed by over 2,100 licensees and a series of on-site and webinar reviews by 62 expert panelists. Real estate professionals were fully represented from all 50 states and the District of Columbia. The results served as a basis for updating the test content specifications, developing new items, and reviewing the entire item bank to ensure relevance to Brokers and Salespersons nationwide.

The revised test content outlines are summarized in the table below, with the current outlines shown for comparison. As seen in the summary table, the expert committee recommended slight changes in the coverage of certain topic areas. Also note that Topic “Property Condition and Disclosures” was renamed “Property Disclosures” and Topic “Specialty Areas” was replaced with “Leasing and Property Management.” The cut scores for the new exams will remain at 70% for Salesperson and 75% for Broker.

<i>National Real Estate Examination Topic Areas*</i>		<i>Salesperson</i>		<i>Broker</i>	
		<i>2018</i>	<i>2013</i>	<i>2018</i>	<i>2013</i>
<b>I.</b>	Property Ownership	8%	9%	10%	8%
<b>II.</b>	Land Use Controls and Regulations	5%	6%	5%	6%
<b>III.</b>	Valuation and Market Analysis	7%	10%	7%	7%
<b>IV.</b>	Financing	10%	8%	8%	9%
<b>V.</b>	General Principles of Agency	13%	13%	11%	14%
<b>VI.</b>	Property Disclosures ( <i>Property Condition and Disclosures</i> )	6%	10%	7%	11%
<b>VII.</b>	Contracts	17%	14%	18%	15%
<b>VIII.</b>	Leasing and Property Management ( <i>Specialty Areas</i> )	3%	2%	5%	4%
<b>IX.</b>	Transfer of Title	8%	6%	7%	6%
<b>X.</b>	Practice of Real Estate	13%	15%	14%	15%
<b>XI.</b>	Real Estate Calculations	10%	7%	8%	5%

*\*Current topic area name is shown in parentheses if changed in the new exam.*



## ENHANCEMENTS TO PSI'S NATIONAL REAL ESTATE EXAMINATIONS

PSI's new National Real Estate Salesperson and Broker examinations include several noteworthy enhancements. One is an increased emphasis on items that require application and analysis of knowledge for Salesperson examination. Application items were recommended to be increased to 59% of the Salesperson examination, as compared to 53% from 2013 study. Another is the introduction of a higher level of cognitive processing, *Evaluation and Synthesis*, for Broker examination, which requires candidates to integrate and evaluate complex information to formulate and specify a course of action and evaluate a conclusion or outcome. The following table summarizes the cognitive levels and percentage allocated to each level for the Salesperson and Broker exams.

Cognitive Levels and Weightings	
<b>Recall/Recognition</b>	(Salesperson: 41%; Broker: 14%): The ability to identify, recall or recognize terms, facts, methods, procedures, basic concepts, principles and processes.
<b>Application/Analysis</b>	(Salesperson: 59%; Broker: 50%): The ability to apply concepts and principles to situations to identify solutions; calculate solutions to mathematical problems; interpret charts and graphic data; classify items; and interpret information.
<b>Evaluation/Synthesis</b>	(Broker: 36%): The ability to integrate and evaluate complex information from a series of events or circumstances, formulate and specify a course of action, and evaluate a conclusion or outcome.

To assess the Evaluation/Synthesis cognitive level on the Broker exam, a new type of test item was developed. These scenario-based items utilize a multiple-choice format and incorporate multi-point scoring. An example is shown below. These items are associated with scenarios presented in the form of text, graphs, or tables representing a situation in which candidates must identify the best course of action by selecting only one option. Each option is weighted as zero-points, one-point, or two-points based on the completeness and accuracy of the solution.

Example of New Broker Item Type	
<b>Scenario</b>	– Describes the encounter, event, or task that involves the appropriate application of one or more competencies to be assessed. Includes the setting, history (if appropriate), and the issue/problem.
<b>Item</b>	– An evaluation or synthesis level question is presented. It must have a higher cognitive level than recall or application. Example: present various pieces of information and ask candidate to identify the best course of action.
<b>Option</b>	– Includes at least five options but ONLY ONE option shall be selected and considered as the BEST ANSWER <ul style="list-style-type: none"><li>• Two-point option: full resolution with optimal and complete solution, best action to take, or required behaviors</li><li>• One-point option(s): partial resolution with appropriate but not optimal behaviors</li><li>• Zero-point option(s): neutral, irrelevant, incorrect, or harmful resolution or behaviors</li></ul>

The new Salesperson examination is comprised of 80 one-point multiple-choice items and the Broker examination includes 75 one-point multiple-choice items and five two-point multiple-choice items.



## NATIONAL REAL ESTATE EXAMINATION CONTENT SPECIFICATIONS

- I. **Property ownership (Salesperson 8%; Broker 10%)**
  - A. **Real versus personal property; conveyances**
  - B. **Land characteristics and legal descriptions**
    - 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**
    - 1. Liens
    - 2. Easements and licenses
    - 3. Encroachments
    - 4. Other potential encumbrances of title
  - D. **Types of ownership**
    - 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
    - 6. Property ownership held in trust (*BROKER ONLY*)
- II. **Land use controls and regulations (Salesperson 5%; Broker 5%)**
  - A. **Government rights in land**
    - 1. Property taxes and special assessments
    - 2. Eminent domain, condemnation, escheat
  - B. **Government controls**
    - 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**
    - 1. Deed conditions or restrictions
    - 2. Covenants, conditions, and restrictions (CC&Rs)
    - 3. Homeowners association regulations



- III. Valuation and market analysis (Salesperson 7%; Broker 7%)**
  - A. Appraisals**
    - 1. Purpose and use of appraisals for valuation
    - 2. General steps in appraisal process
    - 3. Situations requiring appraisal by certified appraiser
  - B. Estimating Value**
    - 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**
    - 1. Selecting comparables
    - 2. Adjusting comparables
- IV. Financing (Salesperson 10%; Broker 8%)**
  - A. Basic concepts and terminology**
    - 1. Points
    - 2. LTV
    - 3. PMI
    - 4. Interest
    - 5. PITI
    - 6. Financing instruments (mortgage, promissory note, etc.)
  - B. Types of loans**
    - 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**
    - 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 (Salesperson 13%; Broker 11%)**
  - A. Agency and non-agency relationships**
    - 1. Types of agents and agencies
    - 2. Other brokerage relationships (non-agents)
      - a) Transactional
      - b) Facilitators
  - B. Agent's duties to clients**
    - 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**
    - 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**
  - E. Termination of agency**
    - 1. Expiration
    - 2. Completion/performance
    - 3. Termination by force of law
    - 4. Destruction of property/death of principal
    - 5. Mutual agreement
- VI. Property disclosures (Salesperson 6%; Broker 7%)**
  - A. Property condition**
    - 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**
  - C. Government disclosure requirements (LEAD)**
  - D. Material facts and defect disclosure**
- VII. Contracts (Salesperson 17%; Broker 18%)**
  - A. General knowledge of contract law**
    - 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**
  - C. Offers/purchase agreements**
    - 1. General requirements
    - 2. When offer becomes binding
    - 3. Contingencies
    - 4. Time is of the essence
  - D. Counteroffers/multiple offers**
    - 1. Counteroffers
    - 2. Multiple offers
- VIII. Leasing and Property Management (Salesperson 3%; Broker 5%)**
- A. Basic concepts/duties of property management**
  - B. Lease Agreements**
    - 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**
  - D. Property manager's fiduciary responsibilities**
  - E. ADA and Fair Housing compliance in property management**
  - F. Setting rents and lease rates (*BROKER ONLY*)**
- IX. Transfer of Title (Salesperson 8%; Broker 7%)**
- A. Title Insurance**
    - 1. What is insured against
    - 2. Title searches, title abstracts, chain of title
    - 3. Marketable vs insurable title
    - 4. Potential title problems and resolution
    - 5. Cloud on title, suit to quiet title (*BROKER ONLY*)
  - B. Deeds**
    - 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**
    - 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. Foreclosure
    - 2. Short sale
  - E. Warranties**
    - 1. Purpose of home or construction warranty programs
    - 2. Scope of home or construction warranty programs



- X. Practice of real estate (Salesperson 13%; Broker 14%)**
  - A. Trust/escrow accounts**
    - 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**
    - 1. Protected classes
    - 2. Prohibited conduct (red-lining, blockbusting, steering)
    - 3. Americans with Disabilities (ADA)
    - 4. Exemptions
  - C. Advertising and technology**
    - 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**
    - 1. Employee
    - 2. Independent Contractor
    - 3. Due diligence for real estate transactions
    - 4. Supervisory responsibilities (*BROKER ONLY*)
      - a) Licensees
      - b) Unlicensed personnel
  - E. Antitrust laws**
    - 1. Antitrust laws and purpose
    - 2. Antitrust violations in real estate
- XI. Real estate calculations (Salesperson 10%; Broker 8%)**
  - A. Basic math concepts**
    - 1. Loan-to-value ratios
    - 2. Discount points
    - 3. Equity
    - 4. Down payment/amount to be financed
  - B. Calculations for transactions**
    - 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
  - C. Calculations for valuation, rate of return (*BROKER ONLY*)**
    - 1. Net operating income
    - 2. Depreciation
    - 3. Capitalization rate
    - 4. Gross Rent and gross income multipliers