Congratulations on completing the RealEstateU online 75 Hour Real Estate Salesperson course.

Now it's time to pass the RealEstateU final exam!

The exam is computer based and consists of **75 multiple choice questions**. You must answer at least **70%** correctly in order to **pass**.

You can schedule your exam with any of our 50+ proctoring locations throughout New York State. Please visit [http://realestateu.tv/ny-proctoring-locations/](http://realestateu.tv/ny-proctoring-locations/) for more information.

**Important Note:** The Department of State only allows students **2 attempts** at passing the school exam. If you do not pass the final exam after the 2nd attempt, you will have to retake the 75 hour online course.

But rest assured we understand that you want to get through the school and State exams as quickly and easily as possible so that you can change careers and start earning extra income as a real estate salesperson.

So, we put together a study guide that will help you pass the RealEstateU final exam (please note, however, this guide is only designed to pass the RealEstateU final exam, **NOT** the NYS Exam. To pass the NYS Exam, you can check out our [Pass the Exam course here](http://realestateu.tv/ny-proctoring-locations/).

Please study the follow material before taking the RealEstateU final exam.....if you do, you should have no problem passing.

Let's get started!
Lesson 1: License Law and Regulations

Article 12-A of the NYS Real Property Law - The section of the New York Real Property Law pertaining to real estate salespersons and brokers.
- Primary purpose is to “Protect the Public”
- Requires a salesperson to be at least 18 years of age
- Requires a broker to be at least 20 years of age

Sponsor - A licensed real estate broker that holds the license of a salesperson.

“Summary of Your Submission” - Obtained after your register for the New York State Salesperson exam using eAccessNY. You must bring your “Summary of Your Submission” with you when taking the State exam.

Misdemeanor - A crime punishable by up to a year in prison and/or a $1,000 fine.

Listing Agreement - An employment contract between principal and agent, authorizing the agent to perform services for the principle involving the latter’s property.

Pocket Card - A card issued by the Department of State to each licensee which contains the photo, name and business address of the licensee, and, in the case of a real estate salesperson, the name and business address of the broker with whom he or she is associated and shall certify that the person whose name appears thereon is a licensed real estate broker or salesperson.
- Must be carried by the agent at all times when serving as a salesperson.

Lesson 2: Law of Agency

Fiduciary - A person who on behalf of or for the benefit of another transacts business or handles money or property not the person’s own; such relationship implies great confidence and trust.
- OLD CAR
  - Obedience
  - Loyalty
  - Disclosure
  - Confidentiality
  - Accountability
  - Reasonable Care

Disclosure Regarding Real Estate Agency Relationships Form - A written explanation, to be signed by a prospective buyer or seller of real estate, explaining to the client the role that the broker plays in the transaction.
- First document to be submitted to all prospective clients
**Exclusive Agency** - An agreement of employment of a broker to the exclusion of all other brokers; if sale is made by any other broker during term of employment, broker holding exclusive agency is entitled to commissions in addition to the commissions payable to the broker who effected the transaction.  
- Made between a broker and a seller

**Principal** - The employer of an agent or broker; the broker’s or agent’s client.

**Price Fixing** - Conspiring to establish fixed fees or prices for services or products.

**Market Allocation** - An agreement between members of a trade to refrain from competition in specific market areas.

**Independent Contractor Relationship** - A person that provides services to another under terms specified in a contract or within a verbal agreement. An independent contractor is not an employee.  
- The agent does not have to work in a specific location  
- The broker cannot control the agent’s work activities

**Lesson 3.A: Legal Issues: Estates & Interests**

**Bundle of Rights** - The premise that the ownership of real estate consists of the ownership of various rights associated with it. These rights include the right to use and/or occupy, the right to sell in whole or in part, the right to lease, the right to bequeath and the right to do none of the foregoing.  
- Includes the right to quiet enjoyment

**Littoral Rights** - The right of a property owner whose land borders on a body of water, such as a lake, ocean or sea, to reasonable use and enjoyment of the shore and water the property borders on.

**Riparian Rights** - The right of a property owner whose land borders a natural water course, such as a river, to reasonable use and enjoyment of the water that flows past the property. Riparian literally means “riverbank”.

**Lesson 3.B - Legal Issues: Liens & Easements**

**Specific Lien** - A lien that only binds to a specific asset or property (Example: mortgage).

**Voluntary Lien** - A contractual or consensual lien that is created by an action taken by the debtor, such as a mortgage loan to buy real estate (Example: mortgage).
**Tax Lien** - A lien imposed by law upon a property to secure the payment of taxes.

**Easement** - A right to cross or otherwise use someone else's property for a specified purpose.

**Encumbrance** - Any right to or interest in the land interfering with its use or transfer, or subjecting it to an obligation.

**Affirmative Easement Appurtenant** - Parcels without access to a public way may have an easement of access over adjacent land if crossing that land is absolutely necessary to reach the landlocked parcel and there has been some original intent to provide the lot with access.

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**Lesson 3.C: Legal Issues: Deeds**

**Full Covenant and Warranty Deed** - A type of deed where the grantor guarantees that he or she holds clear title to a piece of real estate and has a right to sell it to the grantee. This type of deed contains the strongest guarantee of title.

**Quitclaim Deed** - A deed which conveys simply the grantor's rights or interest in real estate, without any agreement or covenant as to the nature or extent of that interest, or any other covenants; usually used to remove a cloud from the title.

**Habendum Clause** - A clause in a deed or lease that defines the type of interest and rights to be enjoyed by the grantee or lessee. Also known as the "to have and to hold'' clause.

**Delivery and Acceptance** - Legal policy mandates that a deed to real property be a matter of public record; therefore, subsequent to delivery and acceptance, a deed must be properly recorded.

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**Lesson 3.D: Legal Issues: Title Closing & Costs**

**Chain of Title** - The sequence of historical transfers of title to a property. It runs from the present owner back to the original owner of the property.

**Title** - Legal term for a bundle of rights in a piece of property in which a party may own either a legal interest or equitable interest.

**Closing Statement** - A document commonly used in real estate transactions, detailing the fees, commissions, insurance, etc. that must be transacted for a successful transfer of ownership to take place.
Lesson 4: The Contract of Sales and Leases

**Essential Element of a Contract:**
1) Consideration
2) Must be in writing
3) Must have competent parties

**Estate for Years** - A leasehold estate for any specific period of time. An estate for years is not automatically renewed.

**Express Contract** - A contract in which all elements of a contract are specifically stated (offer, acceptance, consideration).

**Attorney Review Clause** - A clause found in real estate contracts that may allow buyers to walk away from an agreed upon sale for any reason.

**Mortgage Contingency Clause** - A clause in a contract that states a mortgage must be obtained in order for the contract to be binding.

**Eviction** - A legal proceeding by a lessor landlord to recover possession of real property.

**Holdover Tenant** - A tenant who remains in possession of leased property after the expiration of the lease term.

**Triple Net Lease** - A lease commonly found in a building with a single, long-term tenant.

Lesson 5: Real Estate Finance

**Mortgage** - Legal agreement by which a bank lends money in exchange for taking title of the debtor’s property, with the condition that the conveyance of title becomes void upon payment of the debt.

**APR** - The actual interest rate charged, including loan fees and points.

**Secondary Mortgage Market** - The market where mortgage loans and servicing rights are bought and sold between mortgage originators, mortgage aggregators (securitizers) and investors.

**Loan-to-Value (LTV)** - A financial term used by lenders to express the ratio of a loan to the value of an asset (property) purchased.
   - Determined by using the Purchase Price or the Appraised Value, whichever is less.

**Satisfaction of Mortgage** - A document acknowledging the payment of a mortgage debt.
**Adjustable rate mortgage (ARM)** - A mortgage loan with the interest rate on the note periodically adjusted based on an index which reflects the cost to the lender of borrowing on the credit markets.

**Fixed Rate Mortgage** - Accounts for the majority of mortgages.

**Amortization** - The process by which a loan principal decreases over the life of a loan.

**Lesson 6: Land Use Regulations**

**Condemnation** - Taking private property for public use, with fair compensation to the owner; exercising the right of eminent domain.

**Police Power** - The right of any political body to enact laws and enforce them, for the order, safety, health, morals and general welfare of the public.

**Variance** - The authorization to improve or develop a particular property in a manner not authorized by zoning.

**Building Codes** - Regulations established by state or local governments stating fully that structural requirements for building.

- Building codes are enforced by the issuance of permits.

**Air rights** - Rights in real property to use the space above the surface of the land.

**Certificate of Occupancy (CO)** - A document issued by a governmental authority that a building is ready and fit for occupancy.

**Lesson 7.A: Construction Issues**

**Stud** - Vertical framing members found in wall construction. Typically placed 12", 16" or 24" on center.

**Beam** - A horizontal structural member that supports a floor. Beams are typically wood, cold formed metal framing or steel.

**Bearing Walls** - Structural walls that transfer building loads down to the foundation. Joists, beams, and roofs are typically supported by bearing walls.

**Bond Beam** - Concrete set in soil
**Circuit Breaker** - The safety valves for electrical systems.

**Construction Drawings** - Drawings produced by Architects that describe the quantities of a building.

**Specifications** - A written document produced by an Architect that describes the quality of construction for a building.

**Mandated warranty for new construction according to the NYS General Business Law 36-B:**
1) 1 year of workmanship
2) 6 years for material defects
3) 2 years for plumbing, electrical, and HVAC systems

**Lesson 7.B: Environmental Issues**

**Title X** - a Federal law that makes real estate licensees liable for the disclosure of lead paint.

**Radon** - A colorless, odorless gas that is emitted from soils, rocks and water as a result of radioactive decay in certain areas of the country.

**Asbestos** - A naturally occurring mineral fiber sometimes found in older homes. It is hazardous to health when a possibility exists of exposure to inhalable fibers. Homeowners should be alert for friable asbestos and always seek professional advice in dealing with it.

**Asbestosis** - A chronic lung disease caused by inhaling asbestos fibers.

**Lead** - A material used in pipes and paint of many older homes.

**Clean Air Act (CAA)** - Federal law designed to control air pollution on a national level.

**Lesson 8: Valuation Process and Pricing Properties**

**Appraisal** - An estimate of a property’s value by an appraiser who is usually presumed to be expert in his work.

**Cost Approach** - A method of estimating the value of real property by calculating a current construction cost, subtracting accrued depreciation and adding a land value obtained from the market.
  - Used for specialized properties that don’t have many comparables.
Income Approach - An appraisal technique whereby the value of an income producing property is estimating by capitalizing its net operating income using an appropriate capitalization rate. Value = Income / Rate.
- Commonly used in commercial properties

Sales comparison approach - Valuation method which compares a subject property’s characteristics with those of comparable properties which have recently sold in similar transactions.

Lesson 9: Human Rights and Fair Housing

Red-lining - The refusal to lend money within a specific area for various reasons. This practice is illegal.

Blockbusting - The practice of inducing homeowners in a particular neighborhood to sell their homes quickly, often at below market prices, by creating the fear that the entry of a minority group or groups into the neighborhood will cause a precipitous decline in property values.

Fair Housing Act of 1968 - A federal prohibition that protects buyer/renter of a dwelling from seller/landlord discrimination with regards to race, color, religion, gender, national origin, familial status, or disability.

Brown vs. Board of Education - Determined that separate is NOT equal.

Testers - Volunteers from state or private agencies who enforce fair housing by claiming to be home seekers, thereby finding out if brokers deal fairly with all clients/customers.

Lesson 10: Real Estate Mathematics

Acre - A measure of land equaling 43,560 square feet.

Lesson 11: Municipal Agencies

Planning Board - Responsible for developing and controlling a municipality's comprehensive strategy for growth and development

Architectural Review Board - Oversees and upholds the quality and aesthetics of a neighborhood, town, or city.

The Office of Receiver of Taxes - Responsible for collecting taxes.
**Building Department** - A town or city agency that oversees and reviews building applications by licensed professionals to ensure compliance with local building code and zoning ordinances.

**Lesson 12: Property Insurance**

**Deductible** - The amount of expenses that must be paid out of pocket before an insurer will pay any expenses.

**Umbrella Policy** - Insurance policy that covers amounts above those covered under one or more other primary policies, and which does not pay until the losses exceed a certain sum. Also called excess insurance.

**Lesson 13: Taxes & Assessments**

**Tax Assessor** - Responsible for determining a municipality’s tax rate.

**Levy** - An assessment of tax.

**Assessed value** - A valuation placed upon property by a public officer or a board, as a basis for taxation.

**Lesson 14: Condominiums and Cooperative**

**Share in a Cooperative Unit** - Considered a proprietary lease and personal property (NOT real property).

**The Offering Plan** - A key document provided during the purchase of a cooperative, which includes information required to be disclosed to the purchaser.

**Board Package** - A series of documents submitted for the review by a cooperative board.

**By-laws** - The owner’s rights and obligations for a condominium.

**House rules** - Rules in a cooperative that cover common issues including garbage disposal, maintenance, noise, pets, and conflict resolution.

**Condominium** - Considered real property, which is conveyed by a deed.

**Maintenance** - Monthly payments by a shareholder to a cooperative corporation.

**Common Charges** - Monthly payment by an owner of a condominium.
Sponsor - The developer or owner organizing and offering for sale a condominium or cooperative development.

Lesson 15: Commercial & Investment Properties

Leverage - The use of borrowed capital (mortgage) to increase the potential return of an investment.

Pro-forma Statement - An accounting statement that forecasts income and expenses for a period of time, typically five or more years.

Cap Rate: \[ \text{NOI} / \text{Purchase Price} \]

Liquid - The ability to have cash readily available to support the demands of running and maintaining real property

Gross Income - The total amount collected from rents and other income producing opportunities.

Lesson 16: Income Tax in Real Estate Transactions

Capital Gain - A profit that results from the sale of a property where the amount realized from the sale exceeds the purchase price.

Boot - Cash received in a tax-deferred exchange.

Tax Shelter - Any method of reducing taxable income resulting in a reduction of the payments to tax collecting entities, including state and federal governments.

Straight-line Depreciation - A method of calculating the depreciation of an asset which assumes the asset will lose an equal amount of value each year.
  - A residential property is depreciated over a 27.5 year period.
  - A commercial property is depreciated over a 39 year period.

1031 Exchange:
  - 45 days to identify a new property
  - 180 days to close on a new property

Lesson 17: Mortgage Brokerages
**Mortgage Broker** - An intermediary who brings mortgage borrowers and mortgage lenders together, but does not use its own funds to originate mortgages.

**Mortgage Banker** - A company, individual or institution that originates mortgages. Mortgage bankers use their own funds, or funds borrowed from a warehouse lender, to fund mortgages.

**Lesson 18: Property Management**

**General Agent** - Someone authorized to transact every kind of business for the principal (Example: Property Manager).

**Operating Budget** - An amount of money set aside by the owner for a specific period for the property manager to manage the property effectively.

**Management Agreement** - A contract between the owner of a property and someone who agrees to manage it.

**Property Management Report** - An accounting report issued periodically by the property manager to the owner outlining all income and expenditures for that accounting period.
For any questions regarding the NYS Salesperson Licensing Course please write to us at: info@realestateu.tv

To visit the site please click on the link bellow:

www.RealEstateU.tv