

# Real Estate License Exam Prep

180+ High-Yield Terms & Concepts for the Real Estate  
License Exam

TemplateForge

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# Real Estate License Exam Prep -- High-Yield Terms & Concepts

*<strong>Category:</strong> Real Estate / Exam Prep |  
<strong>Design:</strong> Navy + gold -- classic brokerage theme*

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# How to Use This Guide

This guide organizes the high-yield terms and concepts that appear across the national/core portion of most state real estate license exams. Each entry gives the term, key facts, a strategy tip, and an example. Study each section, test yourself on the terms, and use the final review to build speed before exam day. Because every state writes its own exam, treat your state's candidate handbook and pre-licensing course as the authoritative source for your specific exam.

## **PART 1 -- THE EXAM & CORE CONCEPTS**

# Section 1.1: The License Exam & Getting Licensed (14 Concepts)

| # | Term                    | Key Facts                                                                                                                      | Strategy Tip                                                                         | Example                                                                |
|---|-------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| 1 | Real Estate License     | State-issued credential required to perform real estate activities (listing, selling, leasing) for compensation in that state. | Know who issues licenses in your state and the specific activities that require one. | A salesperson in Ohio is licensed by the Ohio Division of Real Estate. |
| 2 | Salesperson             | An entry-level licensee who must work under the supervision of a managing broker.                                              | Salespersons generally cannot operate independently -- know the supervision rule.    | A salesperson lists homes under a managing broker's license.           |
| 3 | Broker                  | A licensee with additional education and experience who may own a brokerage and supervise salespersons.                        | Brokers may operate independently; salespersons may not.                             | A broker opens her own real estate company and hires salespersons.     |
| 4 | Brokerage               | A company (or licensed individual) that employs or affiliates licensees to conduct real estate business.                       | The brokerage is the legal entity behind listings and transactions.                  | ABC Realty is the brokerage; its salespersons work under its license.  |
| 5 | Pre-Licensing Education | Mandatory coursework required before sitting for the license exam in most states.                                              | Confirm your state's exact hour requirement -- they vary widely.                     | A candidate completes 90 hours of approved pre-license courses.        |
| 6 | License Exam            | A state-administered exam (often national portion + state portion) testing real estate knowledge.                              | Budget time; national questions are broad, state questions are local.                | A candidate passes the national exam and then the state law exam.      |

|    |                             |                                                                                                                        |                                                                                    |                                                                               |
|----|-----------------------------|------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| 7  | Reciprocity                 | An agreement allowing a licensee licensed in one state to obtain a license in another state with reduced requirements. | Reciprocity varies by state pair -- never assume it applies.                       | A licensed agent moves from State A to State B under a reciprocity agreement. |
| 8  | License Renewal             | Periodic renewal of an active license, typically requiring continuing education and a fee.                             | Track your CE deadlines -- lapsed licenses require reinstatement steps.            | An agent renews her license every two years with 12 CE hours.                 |
| 9  | Continuing Education (CE)   | Post-licensing coursework required to renew a license and stay current.                                                | CE often must include specific mandatory topics like ethics or law.                | A broker completes three hours of fair-housing CE each renewal cycle.         |
| 10 | Managing Broker             | The broker responsible for supervising a brokerage's licensed activities and its salespersons.                         | The managing broker is accountable for transactions completed under the brokerage. | A managing broker reviews every contract before it is submitted.              |
| 11 | Active vs. Inactive License | Active licenses permit practice; inactive licenses are held while not practicing.                                      | An inactive license cannot be used to conduct real estate activities.              | An agent lets her license go inactive while she takes a year off.             |
| 12 | License Law                 | The state statutes that govern real estate licensing, brokerage conduct, and transactions.                             | License-law violations can trigger fines, suspension, or revocation.               | A licensee who commingles trust funds violates license law.                   |
| 13 | Fiduciary Duties            | The duties an agent owes to a client: care, obedience, loyalty, disclosure, accounting, and confidentiality.           | Memorize the full list -- exam questions test each duty.                           | An agent keeps a client's personal financial information confidential.        |
| 14 | Code of Ethics              | Professional standards of conduct, such as the National                                                                |                                                                                    |                                                                               |

|                                                     |
|-----------------------------------------------------|
| Association of<br>Realtors (NAR)<br>Code of Ethics. |
|-----------------------------------------------------|

|                                                                     |                                                                          |
|---------------------------------------------------------------------|--------------------------------------------------------------------------|
| "Realtor" is a<br>membership<br>designation, not<br>a license type. | A member agent<br>follows the NAR<br>Code of Ethics in<br>fair dealings. |
|---------------------------------------------------------------------|--------------------------------------------------------------------------|



## Section 1.2: Real Property & Land Description (14 Concepts)

| #  | Term                        | Key Facts                                                                                             | Strategy Tip                                                                      | Example                                                            |
|----|-----------------------------|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------|
| 15 | Real Property               | Land and everything attached to it, including improvements and the bundle of rights.                  | Distinguish real property (land + attachments) from personal property (moveable). | A house is real property; a refrigerator may be personal property. |
| 16 | Personal Property (Chattel) | Moveable items not attached to the land.                                                              | Trade fixtures and installed items create tricky classification questions.        | A tenant's dining table and sofa are personal property.            |
| 17 | Fixture                     | An item once personal property that becomes attached to real property (bought-in, adapted, attached). | Use the MAST test: Method of attachment, Adaptability, Size, and Tradition.       | A built-in bookshelf bolted to the wall becomes a fixture.         |
| 18 | Trade Fixture               | A fixture installed by a tenant for business purposes; may be removed at lease end.                   | Trade fixtures remain the tenant's personal property while installed.             | A restaurant tenant removes the ovens she installed.               |
| 19 | Land                        | The earth's surface, subsurface, and airspace above.                                                  | Ownership extends down to subsurface and up into airspace (subject to zoning).    | A landowner owns minerals below and the right to build above.      |
| 20 | Appurtenance                | A right or privilege attached to real property that transfers with it.                                | Appurtenances run with the land.                                                  | The right to use a shared driveway appurtenant to the lot.         |
| 21 | Bundle of Rights            | The legal rights of ownership: possession, control, enjoyment, exclusion, and disposition.            | Know all five rights and which can be transferred separately.                     | An owner sells mineral rights but keeps surface rights.            |

|    |                          |                                                                                                                   |                                                                                      |                                                                         |
|----|--------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| 22 | Legal Description        | A formal property description used in deeds and contracts: metes and bounds, lot-and-block, or government survey. | A valid legal description must be unambiguous and traceable.                         | A deed uses metes-and-bounds directions to describe a rural parcel.     |
| 23 | Metes and Bounds         | A description using distances and directions between boundary points.                                             | Metes-and-bounds descriptions often start at a point of beginning (POB).             | A survey describes the lot "from the oak tree, north 60 feet..."        |
| 24 | Lot and Block            | A description referencing a recorded subdivision plat's lot and block numbers.                                    | Lot-and-block is common in subdivisions; requires the plat to be recorded.           | The deed describes "Lot 7, Block 2, Maple Heights Subdivision."         |
| 25 | Government Survey System | A rectangular survey based on meridians, baselines, townships, and sections (public land states).                 | The 36-section township grid is a frequent exam topic.                               | A parcel is described as the NW 1/4 of Section 12, Township 3N.         |
| 26 | Township                 | A 6-mile by 6-mile square in the government survey system, divided into 36 sections.                              | Each township = 36 sections; each section is 1 square mile.                          | Township 2 South, Range 3 West identifies a specific township.          |
| 27 | Section                  | A 1-mile by 1-mile (640-acre) square within a township.                                                           | A section is 640 acres and can be subdivided into halves and quarters.               | The SW 1/4 of a section contains 160 acres.                             |
| 28 | Acre                     | A measure of land equal to 43,560 square feet.                                                                    | Memorize 43,560 sq ft/acre for area math questions.                                  | A rectangular lot of 100 ft x 200 ft is 20,000 sq ft (about 0.46 acre). |
| 29 | Easement                 | A right to use another's land for a specific purpose without owning it.                                           | Easements appurtenant run with the land; easements in gross benefit a person/entity. | A utility easement lets the power company run lines across a lot.       |
| 30 | Easement by Necessity    | An easement created by law when a landlocked                                                                      |                                                                                      |                                                                         |

parcel needs  
access.

|                                                |                                                              |
|------------------------------------------------|--------------------------------------------------------------|
| Created by<br>court/law, not by<br>a document. | A landlocked<br>owner obtains a<br>driveway<br>easement over |
|------------------------------------------------|--------------------------------------------------------------|

the neighbor's  
land.

|    |                          |                                                                                                 |                                                                                                 |                                                                              |
|----|--------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 31 | Easement by Prescription | An easement acquired through open, notorious, continuous, adverse use for the statutory period. | Requires adverse use, not permission.                                                           | After 20 years of using a path, a neighbor acquires a prescriptive easement. |
|    |                          |                                                                                                 |                                                                                                 |                                                                              |
| 32 | Encroachment             | A structure or improvement that extends onto another's land without permission.                 | Encroachments are physical, unlike easements (rights).                                          | A neighbor's fence crosses two feet onto the seller's property line.         |
|    |                          |                                                                                                 |                                                                                                 |                                                                              |
| 33 | Water Rights             | Legal rights to use water: riparian (adjacent to watercourse) and prior appropriation.          | East of the Mississippi tends to use riparian doctrine; western states use prior appropriation. | A riparian owner may use the stream bordering the property.                  |
|    |                          |                                                                                                 |                                                                                                 |                                                                              |
| 34 | Littoral Rights          | Rights of owners whose land borders large lakes or seas.                                        | Compare with riparian rights (watercourses) on exams.                                           | A lakeside owner's land reaches the high-water mark.                         |
|    |                          |                                                                                                 |                                                                                                 |                                                                              |

## Section 1.3: Forms of Ownership & Estates (14 Concepts)

| #  | Term                  | Key Facts                                                                                                       | Strategy Tip                                                                         | Example                                                                              |
|----|-----------------------|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| 35 | Fee Simple Absolute   | The highest and most complete form of ownership; indefinite duration, freely transferable.                      | Fee simple absolute is the best estate -- no conditions or restrictions on duration. | A buyer takes title in fee simple absolute at closing.                               |
| 36 | Fee Simple Defeasible | A fee simple estate subject to a condition or limitation that can end ownership.                                | Watch for language like "as long as" or "so long as."                                | A deed grants land "as long as it is used as a farm."                                |
| 37 | Life Estate           | An estate that lasts for the lifetime of a named person (the measuring life).                                   | The holder owns only for life; the remainder/reversion goes elsewhere.               | A widow holds a life estate; the children hold the remainder.                        |
| 38 | Remainder Interest    | A future interest in a life estate that becomes possessory when the life estate ends.                           | The remainderman takes ownership after the life tenant dies.                         | A son receives the house when his mother's life estate ends.                         |
| 39 | Reversion             | The future interest retained by the original grantor after a life estate or lease ends.                         | Compare reversion (grantor keeps it) with remainder (third party takes it).          | A homeowner grants a life estate; the property reverts to her at the tenant's death. |
| 40 | Tenancy in Severalty  | Ownership by one person or entity alone.                                                                        | "Severalty" means sole ownership -- one owner.                                       | A single individual owns a condo in severalty.                                       |
| 41 | Tenancy in Common     | Co-ownership with undivided interests; no survivorship rights; interests can be unequal and freely transferred. | Tenancy in common has NO right of survivorship.                                      | Two friends each own 50% of a duplex as tenants in common.                           |
| 42 | Joint Tenancy         | Co-ownership with the right of survivorship and equal interests;                                                |                                                                                      |                                                                                      |

requires four  
unities (time,  
title, interest,  
possession).

Joint tenancy  
includes  
survivorship --  
the last owner

takes all.

Two sisters hold  
a house in joint  
tenancy; on one  
death the



survivor owns it  
all.

|    |                            |                                                   |
|----|----------------------------|---------------------------------------------------|
| 43 | Tenancy by the<br>Entirety | A form of joint<br>ownership<br>available only to |
|----|----------------------------|---------------------------------------------------|

married couples,  
with survivorship  
rights.

Only spouses;  
neither may  
sever without the

other's  
agreement.

A married couple  
owns their home  
as tenants by the

entirety.

|    |                                         |                                                                                                                    |                                                                                     |                                                                               |
|----|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| 44 | Community Property                      | A system in some states where property acquired during marriage is owned equally by both spouses.                  | Community-property states treat marital acquisitions as shared.                     | In a community-property state, a house bought during marriage is owned 50/50. |
| 45 | Partition                               | A legal action to divide or sell co-owned property when owners disagree.                                           | Partition ends co-ownership by physical division or sale.                           | Disagreement over a vacation home leads one owner to sue for partition.       |
| 46 | Ownership in Severalty vs. Co-Ownership | Severalty is one owner; co-ownership includes tenancy in common, joint tenancy, and tenancy by the entirety.       | Match the ownership form to the survivorship rule on the exam.                      | A couple owning together with survivorship holds a joint tenancy.             |
| 47 | Transfer on Death (TOD)                 | A beneficiary designation that transfers property at the owner's death without probate.                            | TOD deeds and beneficiary designations avoid probate.                               | An owner names her daughter as TOD beneficiary on the property deed.          |
| 48 | Condominium                             | A form of ownership where the buyer owns a unit and shares ownership of common areas with other unit owners.       | Condo owners get a deed to the unit and a proportional interest in common elements. | A condo owner owns Unit 4 and a share of the lobby and roof.                  |
| 49 | Cooperative (Co-op)                     | A building owned by a corporation; residents own shares entitling them to occupy a unit under a proprietary lease. | Co-op owners hold shares, not a deed to their unit.                                 | A resident owns 200 shares of the co-op corporation and leases her apartment. |
| 50 | PUD (Planned Unit Development)          | A development with individually owned lots plus shared common areas and design rules.                              | PUDs combine individual lots with homeowners-association common areas.              | A homeowner owns her lot and shares the community pool and park.              |
| 51 | Manufactured Home                       | A factory-built home transported to the site, often titled as personal                                             |                                                                                     |                                                                               |

property unless  
permanently  
affixed.

Classification  
(real vs.  
personal) turns  
on permanent  
attachment and

title.

A mobile home  
on a leased pad  
is treated as  
personal  
property.

|    |                |                                                                                       |                                                                    |                                                                          |
|----|----------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|
| 52 | Estate in Land | The degree, quantity, and duration of a person's ownership interest in real property. | Estates are either freehold (ownership) or leasehold (possessory). | A fee simple estate is a freehold estate; a 1-year lease is a leasehold. |
|----|----------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|



## Section 1.4: Encumbrances & Liens (12 Concepts)

| #  | Term                     | Key Facts                                                                                    | Strategy Tip                                                                      | Example                                                               |
|----|--------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| 53 | Encumbrance              | A claim, lien, charge, or liability attached to real property that affects its value or use. | Encumbrances include liens, easements, and deed restrictions.                     | A recorded mortgage lien is an encumbrance on the title.              |
| 54 | Lien                     | A claim against property as security for a debt.                                             | Liens are either voluntary (mortgage) or involuntary (tax, judgment).             | A contractor files a mechanic's lien for unpaid work.                 |
| 55 | Mortgage Lien            | A voluntary lien created when a borrower pledges property as security for a loan.            | The mortgage lien is recorded against the title.                                  | A home buyer signs a mortgage, giving the lender a lien on the home.  |
| 56 | Mechanic's Lien          | An involuntary lien filed by a contractor or supplier for unpaid work or materials.          | Mechanic's liens can attach even without a contract with the owner in some cases. | A roofer files a mechanic's lien after the homeowner refuses payment. |
| 57 | Judgment Lien            | A lien arising from a court judgment when a debtor fails to pay a debt.                      | Judgment liens attach to the debtor's property in the county.                     | A creditor records a judgment lien against a borrower's house.        |
| 58 | Tax Lien                 | A lien for unpaid property taxes; often has priority over other liens.                       | Property taxes generally take priority over mortgage liens.                       | The county files a tax lien for three years of unpaid property taxes. |
| 59 | Lien Priority            | The order in which liens are satisfied from foreclosure proceeds.                            | Tax liens first; then recorded mortgages in recording order; then judgments.      | At foreclosure, unpaid taxes are paid before the mortgage lender.     |
| 60 | Deed Restriction / CC&Rs | Covenants, conditions, and restrictions limiting land use, recorded with the subdivision.    | CC&Rs run with the land and bind future owners.                                   | A subdivision's CC&Rs prohibit commercial vehicles parked overnight.  |

|    |                     |                                                                                                               |                                                               |                                                                                    |
|----|---------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------|
| 61 | Homestead Exemption | A legal protection shielding a portion of a homeowner's equity from creditors.                                | Homestead rules vary by state; protect primary residences.    | A court cannot force the sale of a home for a debt below the homestead exemption.  |
| 62 | Attachment          | The legal seizure of property pending a court judgment.                                                       | Attachment is a process, not a final lien.                    | The court attaches the defendant's property while the lawsuit proceeds.            |
| 63 | Lis Pendens         | A recorded notice of pending litigation affecting a property's title.                                         | Lis pendens warns buyers a property is in legal dispute.      | A buyer backs out when the title search reveals a lis pendens.                     |
| 64 | Estoppel            | A legal principle preventing a person from asserting a fact inconsistent with their prior acts or statements. | Estoppel can bar a landlord from denying a lease's existence. | A landlord signs a lease estoppel certificate confirming the tenant's lease terms. |

## PART 2 -- AGENCY & REPRESENTATION

## Section 2.1: Agency Relationships (14 Concepts)

| #  | Term               | Key Facts                                                                                                              | Strategy Tip                                                                           | Example                                                                       |
|----|--------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| 65 | Agency             | A relationship in which one party (agent) is authorized to act for another (principal) in dealings with third parties. | Agency creates fiduciary duties from agent to principal.                               | A seller hires an agent to market and negotiate the sale of her home.         |
| 66 | Principal          |                                                                                                                        | The principal is the agent's client.                                                   | The seller (principal) signs a listing agreement with the broker.             |
| 67 | Agent              | The party authorized to act on the principal's behalf.                                                                 | The agent owes fiduciary duties to the principal.                                      | The listing agent shows homes and negotiates offers for the seller.           |
| 68 | Fiduciary          | A position of trust requiring loyalty, care, and good faith.                                                           | All agent duties to clients stem from the fiduciary relationship.                      | A buyer's agent holds the buyer's best interests above all.                   |
| 69 | Duties of an Agent | Care, obedience, loyalty, disclosure, accounting, and confidentiality.                                                 | Memorize: COLDAC -- Care, Obedience, Loyalty, Disclosure, Accounting, Confidentiality. | An agent discloses a material defect to the buyer per the duty of disclosure. |
| 70 | Duty of Care       | The duty to exercise reasonable skill, knowledge, and diligence.                                                       | Care means competence, not perfection.                                                 | An agent verifies square footage claims before showing a home.                |
| 71 | Duty of Obedience  | The duty to follow the principal's lawful instructions.                                                                | Obedience does not extend to illegal acts.                                             | A seller instructs the agent not to accept offers below \$300K.               |
| 72 | Duty of Loyalty    | The duty to put the principal's interests ahead of the agent's own and others'.                                        | No self-dealing or undisclosed double commissions.                                     | An agent does not steer buyers toward properties the agent owns.              |
| 73 | Duty of Disclosure | The duty to disclose all material facts                                                                                |                                                                                        |                                                                               |

and conflicts of  
interest.

Material facts  
include defects  
and anything

affecting value or  
desirability.

An agent tells  
buyers about a  
known

water-damage  
history.

|    |                                |                                                                                                       |                                                                                       |                                                                            |
|----|--------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| 74 | Duty of Accounting             | The duty to handle money and documents properly, including earnest money.                             | Trust/escrow money must never be commingled with personal funds.                      | An agent deposits earnest money into the broker's trust account.           |
| 75 | Duty of Confidentiality        | The duty to keep a client's private information confidential.                                         | Confidentiality survives the end of the agency relationship.                          | An agent does not reveal a seller's financial pressure to buyers.          |
| 76 | Buyer's Agent                  | An agent representing the buyer in a transaction.                                                     | A buyer's agent owes fiduciary duties to the buyer.                                   | A buyer's agent negotiates price and terms on the buyer's behalf.          |
| 77 | Seller's Agent (Listing Agent) | An agent representing the seller under a listing agreement.                                           | The listing agent owes duties to the seller, not the buyer.                           | The listing agent markets the home and presents offers to the seller.      |
| 78 | Dual Agency                    | Representing both buyer and seller in the same transaction.                                           | Dual agency requires informed written consent and limits full loyalty to either side. | With consent, one broker represents both parties in a sale.                |
| 79 | Designated Agency              | An arrangement where different agents of the same brokerage represent each side.                      | Designated agency lets one firm represent both parties with separate agents.          | One agent at the firm represents the seller; another represents the buyer. |
| 80 | Subagency                      | An agency relationship created when another broker/agent assists the listing agent.                   | Subagents owe duties to the principal of the listing agent.                           | A cooperating agent acting as subagent for the seller shows the listing.   |
| 81 | Transaction Broker             | A licensee who facilitates a transaction without full fiduciary duties to either party (some states). | Transaction brokers provide honesty and disclosure but not full loyalty.              | In some states, a broker assists both parties as a transaction broker.     |
| 82 | Single Agency                  | Representation of only one party in a transaction.                                                    | Single agency avoids dual-agency conflicts.                                           | A broker represents only the buyer in a transaction.                       |

## Section 2.2: Agency Agreements (12 Concepts)

| #  | Term                            | Key Facts                                                                                                                  | Strategy Tip                                                                 | Example                                                                             |
|----|---------------------------------|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 83 | Listing Agreement               | A contract authorizing a broker to market and sell a property; creates agency with the seller.                             | Listing agreements must be in writing to be enforceable.                     | A seller signs an exclusive right-to-sell listing.                                  |
| 84 | Exclusive Right-to-Sell Listing | A listing where the broker earns a commission if the property sells during the term, regardless of who procures the buyer. | The broker is entitled to the commission even if the seller finds the buyer. | The house sells through a friend's referral; the listing broker still gets the fee. |
| 85 | Exclusive Agency Listing        | A listing where the broker earns a commission unless the owner sells the property personally.                              | Owner can sell to their own buyer without paying the broker.                 | The owner sells to a neighbor herself and owes no commission.                       |
| 86 | Open Listing                    | A non-exclusive listing where the owner may pay any broker who produces a buyer; the first to procure gets the fee.        | No exclusivity; owner retains full freedom.                                  | Several brokers show the home; only the one who finds the buyer gets paid.          |
| 87 | Net Listing                     | A listing where the broker keeps anything above a set net price to the seller.                                             | Net listings are illegal or restricted in many states.                       | A seller nets \$200,000; the broker keeps the excess.                               |
| 88 | Multiple Listing Service (MLS)  | A database of listings shared among participating brokers.                                                                 | The MLS is a cooperation tool, not an agency.                                | A listing appears on the local MLS for other agents to show.                        |
| 89 | Buyer Representation Agreement  | A contract creating agency between a buyer and a broker.                                                                   | Buyer agreements can be exclusive or non-exclusive.                          | A buyer signs an exclusive buyer agency agreement with a broker.                    |
| 90 | Procuring Cause                 | The act that directly brings about the sale --                                                                             |                                                                              |                                                                                     |



determines  
which broker  
earns the  
commission.

The broker  
whose efforts  
produced the

ready, willing,  
and able buyer is  
entitled to the  
fee.

The broker who  
showed the  
home and

negotiated the  
offer is the  
procuring cause.

|    |                                 |                                                                                                            |                                                                         |                                                                    |
|----|---------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------|
| 91 | Commission                      | Compensation paid to the broker for brokerage services, typically a percentage of the sale price.          | Commissions are negotiable -- never fixed or standardized.              | A broker earns a 2.5% commission on a \$400,000 sale.              |
| 92 | Ready, Willing, and Able Buyer  | A buyer who is prepared to buy on the seller's terms (or acceptable terms) and has the ability to perform. | Commission is earned when a ready, willing, and able buyer is produced. | A pre-approved buyer offers the full asking price in cash.         |
| 93 | Binder / Letter of Intent (LOI) | A preliminary document expressing intent to purchase, usually not binding for the actual sale.             | Distinguish binder from a binding purchase agreement.                   | Buyers submit an LOI before a formal purchase contract is drafted. |
| 94 | Termination of Agency           | How agency ends: performance, expiration, mutual agreement, breach, revocation, or operation of law.       | Know all six termination methods.                                       | The listing agreement expires after its six-month term.            |

## PART 3 -- CONTRACTS & TRANSACTIONS

## Section 3.1: Contract Law Basics (12 Concepts)

| #   | Term                | Key Facts                                                                                        | Strategy Tip                                                                            | Example                                                                   |
|-----|---------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| 95  | Contract            | An agreement between parties to do or not do something; legally enforceable if elements are met. | Elements: offer, acceptance, consideration, capacity, legality, and genuine assent.     | A buyer and seller sign a purchase agreement for a home.                  |
| 96  | Offer               | A promise to buy or sell on stated terms, creating the power of acceptance.                      | An offer must be definite and communicated.                                             | A buyer submits an offer at \$350,000 with a 30-day closing.              |
| 97  | Acceptance          | The unqualified agreement to the offer's terms.                                                  | Acceptance must mirror the offer exactly (mirror image rule).                           | The seller accepts the buyer's offer without changes.                     |
| 98  | Counteroffer        | A response that changes the offer's terms; it rejects the original offer.                        | A counteroffer kills the original offer -- the other party may accept or counter again. | The seller counters at \$360,000; the buyer then decides.                 |
| 99  | Consideration       | Something of value exchanged between parties (money, promise, act).                              | Both parties must give consideration for a contract to be enforceable.                  | The buyer pays earnest money as consideration for the purchase agreement. |
| 100 | Capacity            | The legal ability to enter a contract (age and mental competence).                               | Contracts with minors or the incompetent may be voidable.                               | A 17-year-old's purchase contract can be disaffirmed.                     |
| 101 | Legality of Purpose | A contract's subject matter must be lawful.                                                      | Illegal subject matter makes a contract void.                                           | A contract requiring an illegal kickback is void.                         |
| 102 | Genuine Assent      | Agreement given freely without fraud, duress, undue influence, or mistake.                       | Rescission may be available where assent was not genuine.                               | A buyer rescinds after proving the seller misrepresented the roof's age.  |
| 103 | Statute of Frauds   | A law requiring certain contracts to be in writing, including real estate contracts.             | Real estate sales contracts and leases over one year must be written.                   | An oral agreement to sell land is unenforceable.                          |

|     |                             |                                                                                                       |                                                                                |                                                                              |
|-----|-----------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 104 | Executed vs.<br>Executory   | Executed contracts are fully performed; executory contracts have future obligations remaining.        | A purchase agreement is executory before closing.                              | After the deed is delivered and paid, the contract is executed.              |
| 105 | Bilateral vs.<br>Unilateral | Bilateral: both parties exchange promises.<br>Unilateral: one party's promise in exchange for an act. | Real estate sales are usually bilateral.                                       | An offer of "I'll pay \$100 if you walk my dog" is unilateral until the act. |
| 106 | Breach                      | Failure to perform a contractual duty without legal excuse.                                           | Remedies: damages, specific performance, rescission, or forfeiture of deposit. | The buyer fails to close on the agreed date, breaching the contract.         |

## Section 3.2: The Purchase Transaction (12 Concepts)

| #   | Term                                  | Key Facts                                                                                    | Strategy Tip                                                                | Example                                                                           |
|-----|---------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 107 | Purchase Agreement (Contract of Sale) | The contract between buyer and seller covering price, financing, closing, and contingencies. | The purchase agreement is the central document of the transaction.          | A standard purchase agreement includes the closing date and earnest money amount. |
|     |                                       |                                                                                              |                                                                             |                                                                                   |
| 108 | Earnest Money                         | A deposit demonstrating the buyer's good faith.                                              | Earnest money is held in escrow and credited toward the purchase price.     | A buyer deposits \$10,000 earnest money with the closing agent.                   |
| 109 | Contingency                           | A condition that must be met for the contract to proceed.                                    | Common contingencies: financing, inspection, appraisal, sale of prior home. | The contract is contingent on the buyer obtaining a mortgage within 30 days.      |
| 110 | Financing Contingency                 | A condition allowing the buyer to back out if financing cannot be obtained.                  | Protects the buyer's deposit if a loan is denied.                           | The buyer cancels and retrieves earnest money when the loan is denied.            |
| 111 | Inspection Contingency                | A condition allowing the buyer to have the property inspected and negotiate repairs.         | Buyers can request repairs, credits, or withdraw based on findings.         | The buyer's inspection reveals termites and the parties renegotiate.              |
| 112 | Appraisal Contingency                 | A condition tied to the property appraising at or above the contract price.                  | Protects buyers from overpaying and lenders from over-lending.              | The appraisal comes in low, and the seller agrees to reduce the price.            |
| 113 | Title                                 | Legal ownership of real property, evidenced by the deed.                                     | Title must be marketable and free of unacceptable liens and defects.        | The seller provides marketable title at closing.                                  |
| 114 | Title Search                          | An examination of public records to verify the seller's ownership and uncover liens or       |                                                                             |                                                                                   |

defects.

|                                                                              |                                                                    |
|------------------------------------------------------------------------------|--------------------------------------------------------------------|
| The title search covers recorded deeds, mortgages, judgments, and easements. | The title company finds an old unsatisfied mortgage in the search. |
|------------------------------------------------------------------------------|--------------------------------------------------------------------|



|     |                          |                                                                                                   |                                                                                       |                                                                                      |
|-----|--------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| 115 | Title Insurance          | Insurance protecting against title defects, as either a lender's or owner's policy.               | An owner's policy protects the buyer; a lender's policy protects the mortgagee.       | The buyer purchases an owner's title insurance policy at closing.                    |
| 116 | Closing (Settlement)     | The final step where title transfers, funds are paid, and documents are signed and recorded.      | The closing statement itemizes all debits and credits.                                | At closing, the buyer signs the deed documents and the seller receives net proceeds. |
| 117 | Debit / Credit (Closing) | Debits are charges owed by a party; credits are amounts owed to a party.                          | On a closing statement, a debit reduces what a party receives; a credit increases it. | The buyer is debited for the purchase price and credited for earnest money.          |
| 118 | Proration                | The division of ongoing expenses (taxes, HOA fees, interest) between buyer and seller at closing. | Prorations allocate costs for the portion of the year each party owned the property.  | Property taxes are prorated so each party pays for their time in the year.           |

## PART 4 -- FINANCE & VALUATION

## Section 4.1: Financing & Mortgages (14 Concepts)

| #   | Term                             | Key Facts                                                                          | Strategy Tip                                                                                | Example                                                            |
|-----|----------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| 119 | Mortgage                         | A voluntary lien on real property securing a loan.                                 | In title theory states the lender holds title until paid; in lien theory the borrower does. | A borrower gives the lender a mortgage as security for the loan.   |
| 120 | Note (Promissory Note)           | The borrower's promise to repay the loan; evidence of the debt.                    | The note is the debt; the mortgage is the security.                                         | A borrower signs a promissory note for \$300,000.                  |
| 121 | Principal                        | The amount of money borrowed, excluding interest.                                  | Principal is repaid over the loan term along with interest.                                 | A loan's principal is \$250,000 at origination.                    |
| 122 | Interest Rate                    | The cost of borrowing money, expressed as a percentage of the principal.           | Fixed rates stay constant; adjustable rates change at intervals.                            | A 30-year fixed loan carries a 6.5% interest rate.                 |
| 123 | Amortization                     | The gradual repayment of a loan in equal payments covering principal and interest. | Fully amortized loans pay off by the end of the term.                                       | A 30-year amortized loan pays the balance down to zero at year 30. |
| 124 | Down Payment                     | The buyer's cash paid toward the purchase price, reducing the loan amount.         | Larger down payments lower monthly payments and often avoid PMI.                            | A buyer pays 20% down (\$80,000) on a \$400,000 home.              |
| 125 | Loan-to-Value Ratio (LTV)        | The loan amount divided by the property value/appraised value.                     | $LTV = \text{loan} / \text{value}$ ; higher LTV means less equity.                          | An \$80,000 loan on a \$100,000 home is an 80% LTV.                |
| 126 | Private Mortgage Insurance (PMI) | Insurance protecting the lender when a borrower's down payment is below 20%.       | PMI is typically required above 80% LTV.                                                    | A buyer with 10% down pays PMI until reaching 20% equity.          |
| 127 | Adjustable-Rate Mortgage (ARM)   | A mortgage with an interest rate that changes                                      |                                                                                             |                                                                    |

periodically  
based on an  
index.

ARMs have initial  
fixed periods and  
caps on rate

changes.

A 5/1 ARM is  
fixed for five  
years, then

adjusts yearly.

|     |                              |                                                                                                    |                                                                 |                                                                          |
|-----|------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------------|
| 128 | Fixed-Rate Mortgage          | A mortgage with an unchanged interest rate for the full term.                                      | Fixed-rate loans offer predictable payments.                    | A borrower locks a 30-year fixed rate at 6.0%.                           |
| 129 | FHA Loan                     | A government-insured loan with a low down payment, insured by the Federal Housing Administration.  | FHA loans allow lower down payments and credit scores.          | A first-time buyer uses an FHA loan with 3.5% down.                      |
| 130 | VA Loan                      | A loan guaranteed by the Department of Veterans Affairs for eligible veterans and service members. | VA loans may require no down payment.                           | A veteran buys with a \$0-down VA loan.                                  |
| 131 | USDA Loan                    | A government-backed loan for eligible rural and suburban homebuyers.                               | USDA loans can offer zero-down financing in approved areas.     | A family in a rural area uses a USDA loan to buy a home.                 |
| 132 | Conventional Loan            | A mortgage not insured or guaranteed by a government agency.                                       | Conventional loans may be conforming or non-conforming (jumbo). | A borrower with 20% down takes a conventional 30-year loan.              |
| 133 | Points (Discount Points)     | Upfront fees paid to lower the loan's interest rate; one point = 1% of the loan amount.            | Each point paid typically reduces the rate by a set amount.     | A borrower pays two points to reduce the rate from 6.5% to 6.0%.         |
| 134 | PITI                         | Principal, Interest, Taxes, and Insurance -- the full monthly mortgage payment components.         | Lenders often review PITI when qualifying borrowers.            | A monthly PITI payment includes escrowed taxes and homeowners insurance. |
| 135 | Escrow (for taxes/insurance) | Funds collected monthly by the lender to pay property taxes and insurance when due.                | Escrow accounts protect the lender's collateral.                | The lender pays the annual property tax bill from the escrow account.    |

|     |                             |                                                                                     |                                                                       |                                                                                |
|-----|-----------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------|
| 136 | Prepayment Penalty          | A fee charged when a borrower repays a loan early.                                  | Some states restrict prepayment penalties on residential loans.       | A loan charges a penalty if the borrower pays it off in the first three years. |
| 137 | Foreclosure                 | The legal process by which a lender takes the property after the borrower defaults. | Foreclosure ends the borrower's equity interest.                      | The bank forecloses after two years of missed payments.                        |
| 138 | Deed in Lieu of Foreclosure | A voluntary transfer of title to the lender to avoid foreclosure.                   | Often negotiated to avoid the cost and record of foreclosure.         | A struggling owner deeds the home to the lender to cancel the debt.            |
| 139 | Short Sale                  | A sale for less than the mortgage balance, agreed to by the lender.                 | The lender accepts the short payoff to avoid foreclosure losses.      | The bank approves a short sale at \$280,000 on a \$320,000 loan.               |
| 140 | Assumption                  | Taking over an existing mortgage from the seller.                                   | Assumption may require lender approval; some loans are non-assumable. | A buyer assumes the seller's 4% mortgage, avoiding a new loan.                 |

## Section 4.2: Valuation & Appraisal (12 Concepts)

| #   | Term                           | Key Facts                                                                                       | Strategy Tip                                                             | Example                                                                      |
|-----|--------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 141 | Market Value                   | The price a willing, informed buyer and seller would agree to in an open market.                | Market value assumes no duress, full knowledge, and reasonable time.     | A home's market value is \$385,000 based on comparable sales.                |
| 142 | Appraised Value                | A professional appraiser's opinion of a property's value on a given date.                       | Appraisals are used by lenders to size loans.                            | The appraiser values the home at \$400,000 for the mortgage.                 |
| 143 | Assessed Value                 | A value assigned by a government for property tax purposes.                                     | Assessed value is usually a fraction of market value (assessment ratio). | The county assesses the home at \$280,000 for tax purposes.                  |
| 144 | Sales Comparison Approach      | A valuation method comparing the subject to similar recently sold properties, with adjustments. | The most common method for residential appraisal.                        | An appraiser adjusts a comp for a larger garage to value the subject.        |
| 145 | Cost Approach                  | A valuation method: land value + reproduction cost - depreciation.                              | Best for new or special-purpose properties.                              | An appraiser values a church using the cost approach.                        |
| 146 | Income Approach                | A valuation method converting expected income into value (capitalization).                      | Value = net operating income / capitalization rate.                      | A commercial property's \$60,000 NOI at a 6% cap rate values at \$1,000,000. |
| 147 | Gross Rent Multiplier (GRM)    | A quick income-property ratio: price / gross monthly rent.                                      | GRM = price / gross monthly rent; compares income properties.            | A \$240,000 property renting for \$2,000/month has a GRM of 120.             |
| 148 | Capitalization Rate (Cap Rate) | The rate of return on income property: NOI / value.                                             | Higher cap rates mean higher risk and higher return.                     | A property's cap rate = \$60,000 / \$1,000,000 = 6%.                         |
| 149 | Net Operating Income (NOI)     | Effective gross income minus operating expenses (before                                         |                                                                          |                                                                              |



debt service and taxes).

NOI excludes mortgage payments -- operating

expenses only.

NOI = \$85,000  
rent - \$25,000  
operating costs =  
\$60,000.

|     |                      |                                                                                                     |                                                                |                                                                 |
|-----|----------------------|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------|
| 150 | Depreciation         | An accounting deduction for the wearing out of improvements over time.                              | Land does not depreciate; improvements do.                     | A rental property's building is depreciated over 27.5 years.    |
| 151 | Highest and Best Use | The legally permitted, physically possible, financially feasible use that yields the highest value. | Highest and best use often governs the cost approach.          | A corner lot's highest and best use is a small retail building. |
| 152 | Comparables (Comps)  | Recently sold similar properties used to estimate value.                                            | Adjust comps for differences in size, condition, and features. | Three nearby three-bedroom sales serve as comparables.          |

## PART 5 -- FAIR HOUSING, LEASING & SPECIAL TOPICS

## Section 5.1: Fair Housing & Professional Practice (12 Concepts)

| #   | Term                 | Key Facts                                                                                                                                | Strategy Tip                                                          | Example                                                                              |
|-----|----------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| 153 | Fair Housing Act     | Federal law prohibiting discrimination in housing based on race, color, religion, sex, national origin, familial status, and disability. | Memorize the seven protected classes.                                 | A landlord cannot refuse to rent based on a family's children.                       |
| 154 | Protected Classes    |                                                                                                                                          | The federal list is seven; many states add more.                      | Refusing a buyer because of national origin violates the Fair Housing Act.           |
| 155 | Familial Status      | Protection for households with children under 18 and pregnant persons.                                                                   | Refusing to rent to families with children is illegal discrimination. | A landlord may not steer families with children away from a floor.                   |
| 156 | Disability (Housing) | A protected class requiring reasonable accommodations and accessible design.                                                             | Reasonable modifications at the tenant's expense must be allowed.     | A landlord permits a ramp installation for a wheelchair user.                        |
| 157 | Steering             | Directing buyers or renters toward or away from neighborhoods based on protected class.                                                  | Steering is illegal under fair housing law.                           | An agent guides minority buyers only to certain neighborhoods -- illegal.            |
| 158 | Redlining            | Refusing to lend or insure in certain neighborhoods based on their racial or ethnic composition.                                         | Redlining is illegal discrimination in lending.                       | A lender denies mortgages in a minority neighborhood while lending elsewhere.        |
| 159 | Blockbusting         | Panicking homeowners into selling by implying protected-class people are moving in.                                                      | Blockbusting is illegal.                                              | An agent tells owners property values will drop if a new family moves in -- illegal. |

|     |                                       |                                                                                                                                                     |                                                                               |                                                                            |
|-----|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| 160 | Advertising Discrimination            | Discrimination in marketing that indicates a preference based on protected class.                                                                   | Ads must not state preferences or exclusions.                                 | An ad saying "no children" violates fair housing rules.                    |
|     |                                       |                                                                                                                                                     |                                                                               |                                                                            |
| 161 | Americans with Disabilities Act (ADA) | Federal law requiring accessibility in public accommodations and commercial facilities.                                                             | ADA affects commercial properties; Fair Housing Act affects dwellings.        | A retail space must meet ADA accessibility standards.                      |
|     |                                       |                                                                                                                                                     |                                                                               |                                                                            |
| 162 | RESPA                                 | The Real Estate Settlement Procedures Act requiring disclosures about settlement costs and banning kickbacks.                                       | RESPA covers federally related mortgage loans and closing disclosures.        | A lender provides a Loan Estimate within three days of application.        |
|     |                                       |                                                                                                                                                     |                                                                               |                                                                            |
| 163 | Truth in Lending Act (TILA)           | Federal law requiring clear disclosure of credit terms, including APR.                                                                              | TILA requires uniform cost disclosures to borrowers.                          | A lender discloses the APR and total finance charges on the loan.          |
|     |                                       |                                                                                                                                                     |                                                                               |                                                                            |
| 164 | Equal Credit Opportunity Act (ECOA)   | A law prohibiting credit discrimination based on race, color, religion, national origin, sex, marital status, age, or receipt of public assistance. | ECOA applies to lending decisions.                                            | A lender cannot deny a loan because a borrower receives public assistance. |
|     |                                       |                                                                                                                                                     |                                                                               |                                                                            |
| 165 | Antitrust Violation (Real Estate)     | Illegal agreements to fix commissions or divide markets.                                                                                            | Commission agreements among competitors violate antitrust law.                | Two brokers agree to charge a 6% minimum commission -- illegal.            |
|     |                                       |                                                                                                                                                     |                                                                               |                                                                            |
| 166 | Agency Disclosure                     | The duty to disclose whom a licensee represents to all parties.                                                                                     | Many states require a written agency disclosure at first substantive contact. | A broker gives buyers a written disclosure that she represents the seller. |
|     |                                       |                                                                                                                                                     |                                                                               |                                                                            |

## Section 5.2: Leasing & Property Management (12 Concepts)

| #   | Term                  | Key Facts                                                                                    | Strategy Tip                                                                  | Example                                                                             |
|-----|-----------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 167 | Leasehold Estate      | A tenant's right to possess property for a term under a lease.                               | Leaseholds are estates: tenancy for years, periodic, at will, at sufferance.  | A tenant's one-year lease creates a tenancy for years.                              |
| 168 | Tenancy for Years     | A leasehold with a fixed start and end date.                                                 | No notice is required to end a tenancy for years.                             | A lease runs from January 1 to December 31 of the same year.                        |
| 169 | Periodic Tenancy      | A leasehold that continues for successive periods until notice is given.                     | Notice is required to terminate a periodic tenancy.                           | A month-to-month tenancy renews monthly until either party gives notice.            |
| 170 | Tenancy at Will       | A leasehold that can be terminated by either party at any time.                              | No fixed term; ends by notice or death.                                       | A tenant stays with the owner's permission with no lease.                           |
| 171 | Tenancy at Sufferance | A tenant who remains past the lease term without the owner's consent.                        | The tenant is not a trespasser until the landlord acts.                       | A tenant holds over after the lease expires; the landlord may evict.                |
| 172 | Lease                 | A contract granting a tenant possessory rights for a term in exchange for rent.              | Leases longer than one year require writing under the Statute of Frauds.      | A landlord and tenant sign a two-year commercial lease.                             |
| 173 | Gross Lease           | A lease where the tenant pays a flat rent and the landlord pays operating expenses.          | Common in residential and office leasing.                                     | A tenant pays \$1,800/month; the landlord pays taxes and insurance.                 |
| 174 | Net Lease             | A lease where the tenant pays rent plus some property expenses (single, double, triple net). | Triple-net (NNN) leases pass taxes, insurance, and maintenance to the tenant. | A retail tenant pays base rent plus its share of taxes, insurance, and maintenance. |
| 175 | Percentage Lease      | A lease with base rent plus a percentage of                                                  |                                                                               |                                                                                     |

the tenant's sales  
above a  
threshold.

|                              |                                                       |
|------------------------------|-------------------------------------------------------|
| Common in retail<br>centers. | A store pays<br>\$3,000 base rent<br>plus 4% of sales |
|------------------------------|-------------------------------------------------------|

above \$100,000.



|     |                                |                                                                                          |                                                                         |                                                                                     |
|-----|--------------------------------|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 176 | Security Deposit               | Money held by the landlord to cover damage or unpaid rent.                               | State laws govern deposit limits, holding, and return timing.           | The landlord returns the deposit minus documented damages within state time limits. |
| 177 | Eviction                       | A legal proceeding to remove a tenant for cause (nonpayment, breach, holdover).          | Self-help evictions (changing locks) are illegal.                       | The landlord files an eviction action after repeated nonpayment.                    |
| 178 | Property Management Agreement  | A contract authorizing a property manager to operate and lease a property for the owner. | The manager acts as the owner's agent and must handle funds carefully.  | An owner hires a manager to find tenants and collect rent on a rental building.     |
| 179 | Trust Account / Escrow Account | A separate account holding client money (deposits, rent) that must not be commingled.    | Commingling trust funds with personal funds is a license-law violation. | A property manager keeps tenant deposits in a dedicated trust account.              |

## Section 5.3: Land Use, Environmental & Closing Essentials (12 Concepts)

| #   | Term                                 | Key Facts                                                                                                 | Strategy Tip                                                          | Example                                                                    |
|-----|--------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------|
| 180 | Zoning                               | Local government regulation of land use by district.                                                      | Zoning controls use, density, height, setbacks, and parking.          | A commercial zone permits retail but not manufacturing.                    |
| 181 | Zoning Ordinance                     | The local law dividing land into use districts with regulations.                                          | Special uses and variances may be allowed with approval.              | The ordinance allows single-family homes in the R-1 district.              |
| 182 | Nonconforming Use                    | A use that does not comply with current zoning but was legal when established.                            | Nonconforming uses are usually allowed to continue ("grandfathered"). | A corner store predates new zoning and continues as nonconforming.         |
| 183 | Variance                             | A grant to deviate from zoning requirements due to hardship.                                              | Variances address dimensional or use hardships.                       | A homeowner wins a setback variance to extend a garage.                    |
| 184 | Conditional Use Permit (Special Use) | A permitted use requiring review, such as a school or church in a residential zone.                       | Conditional uses are allowed if they meet conditions.                 | A church receives a conditional use permit in a residential district.      |
| 185 | Taking (Eminent Domain)              | Government's power to take private property for public use with just compensation.                        | The Fifth Amendment requires just compensation.                       | The state takes land for a highway and pays the owner fair market value.   |
| 186 | Riparian vs. Appropriation Rights    | Eastern riparian doctrine ties water use to land bordering water; western appropriation is first-in-time. | Water law questions hinge on the doctrine in your state.              | A western rancher holds a prior-appropriation water right.                 |
| 187 | Environmental Site Assessment (ESA)  | A study to identify environmental contamination on a property.                                            | Phase I ESA reviews records and the site; Phase II tests.             | A lender requires a Phase I ESA before financing a former industrial site. |
| 188 | CERCLA / Superfund                   | Federal law governing cleanup liability                                                                   |                                                                       |                                                                            |

for hazardous  
waste sites.

Owners can be  
liable for cleanup  
of contamination

on their land.

An owner faces  
cleanup costs  
after buying a

contaminated  
site.

|     |                         |                                                                                                    |                                                                                         |                                                                                     |
|-----|-------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 189 | Radon                   | A naturally occurring radioactive gas linked to lung cancer.                                       | Radon testing is common in home inspections and some states' disclosures.               | A buyer's inspection finds elevated radon; a mitigation system is installed.        |
| 190 | Lead-Based Paint        | Hazardous paint in homes built before 1978; federal disclosure required for most pre-1978 housing. | Sellers/landlords must provide the lead-based paint disclosure and pamphlet.            | A seller of a 1960 home provides the lead paint disclosure before accepting offers. |
| 191 | Mold                    | Fungal growth damaging structures and health; addressed by inspections and remedies.               | Mold is a material fact if discovered.                                                  | An inspection reveals mold in the crawlspace; the parties agree to remediation.     |
| 192 | Closing Disclosure (CD) | The final settlement form itemizing the loan and closing costs, provided before closing.           | TRID rules require the CD three business days before closing.                           | The borrower receives the Closing Disclosure and reviews fees.                      |
| 193 | Deed                    | The document that transfers title from grantor to grantee.                                         | A deed must identify parties, contain a granting clause, and be delivered and accepted. | The seller signs and delivers a warranty deed at closing.                           |
| 194 | Warranty Deed           | A deed with covenants guaranteeing the grantor's title.                                            | Full warranty deed: covenants of seisin, quiet enjoyment, and defense of title.         | The seller conveys a general warranty deed promising clear title.                   |
| 195 | Quitclaim Deed          | A deed transferring whatever interest the grantor has, without warranties.                         | Quitclaim deeds convey no guarantees.                                                   | A spouse uses a quitclaim deed to remove their name from title.                     |
| 196 | Deed Restrictions       | Private limitations on land use in the deed or subdivision documents.                              | Deed restrictions run with the land and bind successors.                                | A deed restricts the lot to residential use only.                                   |

## PART 6 -- FINAL REVIEW &

# TEST-DAY STRATEGY

## Section 6.1: Final Review (12 Concepts)

| #   | Term                       | Key Facts                                                                | Strategy Tip                                                                     | Example                                                                         |
|-----|----------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| 197 | Test-Day Strategy          | A personal plan for pacing, order of sections, and breaks.               | Answer easy questions first and flag the hard ones.                              | A candidate sets a timer and finishes the national portion with time to review. |
| 198 | Pacing                     | Managing time across questions -- roughly a minute per question or less. | Don't dwell: skip, flag, and return if time permits.                             | A candidate spends 40 seconds per question to finish the 100-question section.  |
| 199 | Keyword Recognition        | Spotting decision words like always, never, must, and except.            | Absolute words often signal false statements.                                    | A statement saying an agent "always" owes a duty triggers suspicion.            |
| 200 | Eliminate Wrong Answers    | Removing clearly incorrect options to improve odds on the rest.          | On two-choice guesses, prefer the option consistent with license-law principles. | A candidate narrows an ethics question to two choices and picks the safer one.  |
| 201 | Reading the Whole Question | Reading questions fully, including the last line, before answering.      | The last qualifier ("except", "not", "all of the following") changes the answer. | A "which is NOT a fiduciary duty" question trips readers who skim.              |
| 202 | Manage Anxiety             | Techniques: deep breathing, arriving early, and positive self-talk.      | Panic lowers accuracy; a calm routine improves recall.                           | A candidate takes three slow breaths before starting the exam.                  |
| 203 | Sleep Before the Exam      | A full night's rest improves memory retrieval and focus.                 | Avoid cramming late into the night before the test.                              | A candidate sleeps eight hours and reviews notes only lightly in the morning.   |
| 204 | Read Your State's Handbook | The candidate handbook lists format, scoring, and what to bring.         | Requirements differ: photo ID, calculator rules, retake policies.                | A candidate confirms the ID and calculator policies in the state handbook.      |
| 205 | Retake Policy              | The rules for re-taking the exam after a failed attempt.                 | Know waiting periods and re-application steps before the                         |                                                                                 |



test.

A candidate  
plans a retake  
after the state's  
30-day waiting

period.

|     |                                    |                                                                                     |                                                       |                                                                                  |
|-----|------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------------|
| 206 | Provisional/Probationary Licensing | Temporary licenses issued under supervision in some states.                         | Not all states offer provisional licenses.            | A new licensee works under a broker while on a provisional license.              |
| 207 | Exam Content Areas                 | National areas: ownership, land use, finance, agency, contracts, and risk transfer. | Match study effort to the heaviest content areas.     | A candidate spends extra time on agency and contracts, the biggest tested areas. |
| 208 | Risk Transfer (Insurance)          | Shifting risk through hazard, liability, and title insurance.                       | Insurance topics cover property, casualty, and flood. | A buyer obtains an owner's title policy to transfer title risk.                  |

## Section 6.2: Post-Licensing & Career Basics (2 Concepts)

| #   | Term                      | Key Facts                                                                               | Strategy Tip                                             | Example                                                             |
|-----|---------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------|
| 209 | Brokerage Operations      | How a brokerage functions: supervision, trust accounts, records, and advertising rules. | Compliance systems protect licensees and clients.        | A brokerage keeps advertising files required by license law.        |
| 210 | Professional Growth Goals |                                                                                         | Designations like ABR or GRI add credentials and skills. | An agent pursues the Accredited Buyer's Representative designation. |

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