

Helpful Exam Hints for Exam Takers Directly from the DBPR'S Education & Testing Dept.

IMPORTANT INFORMATION: Under the Department of Business and Professional Regulation is the Bureau of Education and Testing. Susan Carr with the Bureau emails out to schools a report on number of students taking the State Exam and the Pass / Fail rate. They don't publish the pass / fail rate for individual schools.

Over the last couple of years in this monthly report it occasionally provides "Helpful Hints for Instructors and Examinees." Here are the subjects the report as stated since 2019. We have provided the hints, answers, and reasons, with a page reference in the current 44th Edition of Florida Real Estate Principles, Practices & Law textbook, a Dearborn Real Estate Education publication.

Personally, Cooke Real Estate School thanks Susan Carr and the Bureau for providing these hints for all our students.

- Review the legal test for fixture—intent of the parties, relationship or agreement of the parties, method of annexation or attachment, and adaptation of the item (IRMA). SEE IN TEXTBOOK - Page 185
 - Fixtures legal test (IRMA)
 - Intent of the Parties
 - Relationship or Agreement of the Parties
 - Method or Degree of Attachment
 - Adaption of the Item
- Review the definitions for special purpose deeds such as the guardian's deed, personal representative's deed, committee's deed and tax deed. SEE IN TEXTBOOK – Page 216
 - Special Purpose Deeds
 - Personal Representative Deed
 - Guardian Deed
 - Committee's Deed
 - Tax Deed
- Review the calculation for interest on assumed mortgages and pay attention to the number of days seller owns the property in the month of closing. SEE IN TEXTBOOK – Page 345
 - Interest on Assumed Mortgage
 - When a loan is assumed, the accrued interest for the month of closing must be prorated. Interest if paid in arrears, therefore, the monthly payment made on the first day of the month pays interest for the entire previous month. Interest is figured from the last date for which interest was paid.
 - Formula: Interest on Assumable Mortgage
 - $\text{Loan balance} \times \text{interest rate} = \text{annual interest divided by } 365 \text{ days} = \text{daily interest rate. The daily rate} \times \text{number of days seller owns property in closing month} = \text{proration amount (credit buyer, debit seller)}$
- Review 61J2-3.009, F.A.C.- All persons holding active or inactive licenses as brokers or sales associates must satisfactorily complete a minimum of 14 hours of instruction of 50 minutes each as the Commission has prescribed or approved during each license renewal period excluding the first renewal period of their current license. SEE IN TEXTBOOK - Page 30
 - Continuing Education Requirement
 - After completing the post-license education requirement during the initial license period, active and inactive licensees must complete at least 14 hours of continuing education during every 2-year license period.
- Review the physical characteristics of the real estate market—indestructible, immobile, and unique. SEE IN TEXTBOOK – Page 361-362
 - There are Physical and Economic Characteristics of real estate that set it apart from other markets
 - Immobility of Real Estate – The geographic location is fixed
 - Land is Indestructible – Land is durability and its fixed location. Relative stable and long term.
 - Real Estate is Unique – No two tracts land are the same.

- Review the calculations for special paving assessments—remember to split the cost of the assessment in half. SEE TEXTBOOK - Page 426
 - Street Paving Assessment – Street paving assessments are calculated on a front foot basis
 - Property owners are to the middle of the street (one-half). The owner on the other side of the street is also charged. Each owner pays half.
- Review the definition of separate property—real property owned by either spouse before marriage. SEE TEXTBOOK – Page 191
 - Separate Property is property that a spouse owns in the spouse’s name only before marriage and property acquired by one spouse during the marriage by inheritance or gift.
- A new Purchase Money Mortgage is entered as a credit to the buyer and as a debit to the seller. SEE TEXTBOOK Page 350.
 - A new purchase money mortgage given to the seller is entered on the Closing Disclosure as a *credit to the buyer* (credited toward purchase price) and as a *debit to the seller* (reduces money seller receives at closing).
- Review Option Contracts—it is a unilateral contract that must be in writing and signed to be enforceable. SEE TEXTBOOK – Page 263
 - Option contracts must be in writing and signed because they fall under the statute of frauds
- Review the different easements such as easement in gross and easement by necessity. SEE TEXTBOOK – Page 219 – 220.
 - An easement in gross does not benefit another specific parcel of land; the easement benefits the company that owns it. (Example: a right-of-way utility easement for power lines)
 - An easement by necessity – conveys part of parcel of property is landlocked, the court may create an easement by necessity to allow the property owner to enter and exit their landlocked property.
- Know that Chapter 720, F.S. is the Florida Law that deals with *Homeowners’ Associations*. SEE TEXTBOOK – Page 268.
 - Chapter 720, Florida Statute is the law that deals with *Homeowner’s Associations*
- Review expenses that *are deductible* on federal income taxes for a principle residence. SEE TEXTBOOK – Page 428 and 429.
 - The homeowner has certain income tax advantages such as: Mortgage interest; property tax; IRA withdrawals for first time homebuyers; Exclusion of gain from the sale of a principal residence; Interest home equity is deductible depending how it used; Mortgage loan origination fee and points are deductible.
- Review Chapter 475.612, F.S., and that Florida Law prohibits real estate licensee from referring to a comparative market analysis as an *appraisal*. SEE TEXTBOOK – Page 7
 - A CMA is a marketing tool and may NOT be referred to or represented as an appraisal: CMA’s do not have to conform to the *USPAP* standards.
- Know that the income capitalization approach is the primary approach in appraising income-producing properties. SEE TEXTBOOK – Page 387
 - The Income Capitalization Approach, also known as the Income Approach, is to measure a flow of income projected into the future. It develops an estimated market value based on present worth of future income from the subject property.
 - It is the primary approach for appraising income-producing property for comparing possible investments
- Have candidates review the formula for Interest on Assumed Mortgages.
 - Mortgage Interest on Assumable Mortgage – When a loan is assumed, the accrued interest for the month must be prorated. Interest is paid in arrears, therefore, the monthly payment made on the first of the month pays the interest for the entire previous month. Interest is figured from the last date which the interest was paid. The exact number of day in each month is used, and interest is figured on a daily basis.
 - Formula: Interest on Assumed Mortgage
 - $\text{Loan balance} \times \text{interest rate} = \text{annual interest divided by } 365 \text{ days} = \text{daily interest rate}$
 - $\text{Daily interest rate} \times \text{number of days the seller owns the property in a closing month} = \text{proration amount (credit buyer, debit seller)}$
- What is the difference between a Unilateral contract and a Bilateral contract? SEE TEXTBOOK – Pages 478 & 496

- A **Unilateral Contract** is an agreement in which only one party promises to perform without receiving a reciprocal promise to perform from the other party
- A **Bilateral Contract** is an agreement wherein both parties are legally obligated to each other to perform
- Review purchase money mortgage and that the mortgage is *taken back by a seller* from a buyer. SEE TEXTBOOK Page 313
 - Purchase Money Mortgage is a mortgage taken back by a seller from a buyer in which the payments are made to the seller (seller financing) rather than to a lending institution.
- Review the definitions of *separate property* versus *personal property*. SEE TEXTBOOK – Pages 490 & 493
 - **Separate Property** is real property owned by a spouse before the marriage with the spouse having no present rights in such property; property owned individually.
 - **Personal Property** is tangible and movable property (transferred by bill of sale;) property not classified as real property. Also called personalty or chattel.
- Review the definition of a *notice of noncompliance* and that the DBPR may issue it for a first time minor violation by a licensee.
 - *Notice of noncompliance* is a warning for a minor violation (and initial offense only) that allows a licensee 15 days to correct the minor infraction without consequence (nonresponse could result in disciplinary action).