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## REAL ESTATE BROKER ASSOCIATE EXAMINATION CANDIDATE INFORMATION BULLETIN

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## EXAMINATIONS BY PSI SERVICES LLC

This Candidate Information Bulletin provides you with information about the examination and application process for obtaining a real estate license in the State of South Dakota.

South Dakota state laws stipulate that a person may not act as a real estate broker without first obtaining a license issued by the South Dakota Real Estate Commission. To be licensed, you must pass an examination to confirm that you have attained at least a minimum level of knowledge regarding the principles, practices, statutes, and regulations relating to real estate.

The South Dakota Real Estate Commission has contracted with PSI Services LLC (PSI) to conduct the examination testing. PSI provides examinations through a network of computer examination centers in South Dakota. PSI works closely with the State to be certain that examinations meet local as well as national requirements in basic principles and examination development standards.

## STATE LICENSING REQUIREMENTS

All questions and requests for information about licensure should be directed to the South Dakota Real Estate Commission.

South Dakota Real Estate Commission  
217 W. Missouri Ave.  
Pierre, SD 7501  
Phone: 605-773-3600  
Email: [dlr.realestate@state.sd.us](mailto:dlr.realestate@state.sd.us)  
Web: <https://dlr.sd.gov/realestate/>

### REQUIREMENTS FOR OBTAINING A SOUTH DAKOTA REAL ESTATE BROKER ASSOCIATE LICENSE

To obtain a Broker Associate license in South Dakota, you must:

1. Be at least 18 years of age.
2. Be competent to transact the business of a licensee in a manner as to safeguard the interest of the public.
3. Be a citizen of the United States or resident of South Dakota.
4. Have successfully completed at least one hundred sixteen (116) classroom hours in a course of study approved by the commission.
5. Pass both the Broker State and National portions of the examination.
6. Submit completed application form for license furnished by the South Dakota Real Estate Commission within 60 days of passing the last portion of the examination.

Note: If you are currently licensed in another state, you are not required to provide proof of education.

### GROUND FOR DENIAL OF A LICENSE

The Commission may deny an application for license when one or more of the following conditions are present:

1. The applicant has written insufficient funds checks within the calendar year before application or has written an insufficient funds check for the application;
2. The applicant has been convicted of a felony or of a misdemeanor involving moral turpitude;
3. The applicant has been disciplined by a regulatory agency in relation to activities as a real estate salesperson or broker, appraiser, mortgage broker, auctioneer or any other regulated licensee, including insurance, securities, law and commodities trading;
4. The applicant has failed to satisfy the requirements as provided by this chapter;
5. The applicant has failed the prelicense school examination;
6. The applicant has not met education requirements;
7. The applicant made deliberate misstatements, deliberate omissions, or misrepresentations or untruths on the application; or
8. There is a current and unpaid judgment against the applicant.

## EXAMINATION SCHEDULING PROCEDURES

Broker State or National Examination Fee	\$98
Broker Combo State and National Examination Fee	\$98

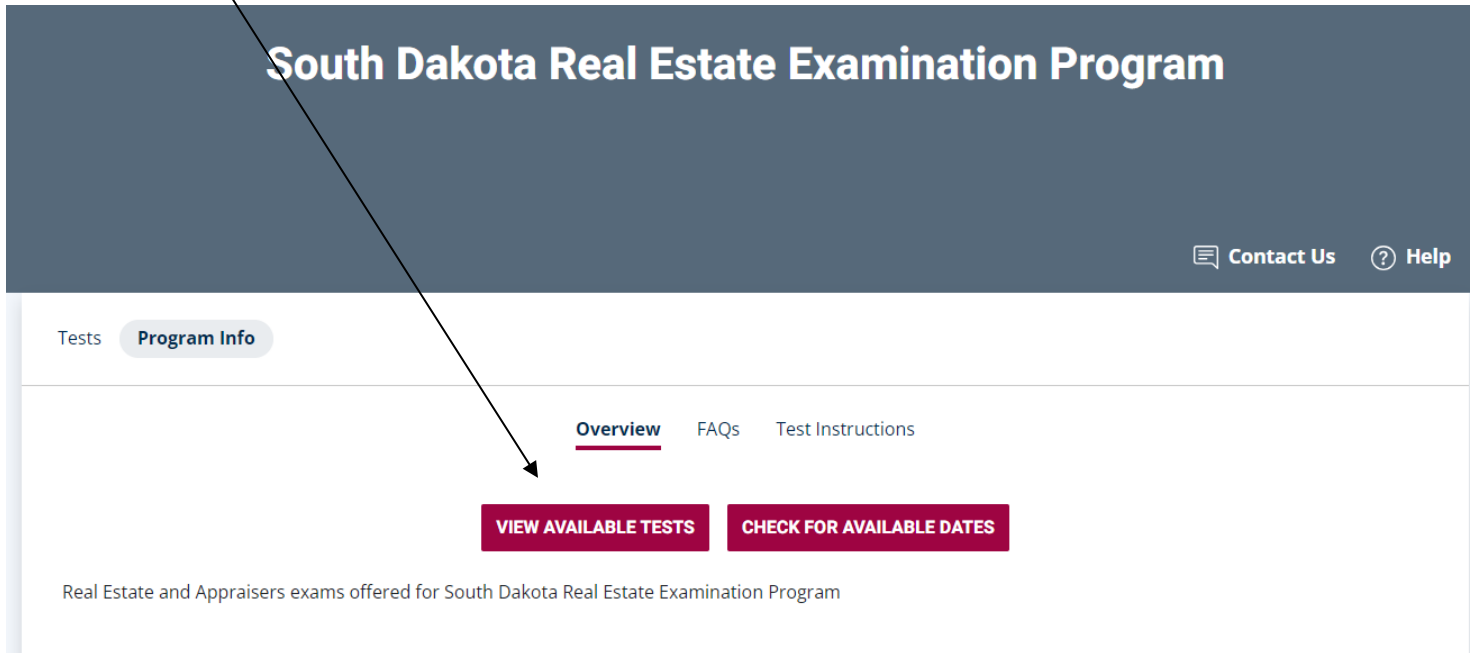
NOTE: EXAMINATION FEES ARE NOT REFUNDABLE OR TRANSFERABLE. Your examination fee will be forfeited if you do not test within 1 year of the date your examination fee is received by PSI.

The combined broker examination is divided into two (2) portions: general and state. Candidates who pass one (1) portion of the examination and fail the other need to retake only the section they failed. Candidates do not need to retake the entire combined exam.



For the fastest and most convenient examination scheduling process, register for your examinations online by accessing PSI's registration Website: [Click Here](https://test-takers.psiexams.com/sdre) (https://test-takers.psiexams.com/sdre).

1. Select View Available Tests



**South Dakota Real Estate Examination Program**

Contact Us Help

Tests **Program Info**

Overview FAQs Test Instructions

**VIEW AVAILABLE TESTS** **CHECK FOR AVAILABLE DATES**

Real Estate and Appraisers exams offered for South Dakota Real Estate Examination Program

2. You will be prompted to **CREATE AN ACCOUNT** with PSI.

*The first and last name must match exactly with your current, valid, government-issued ID.*

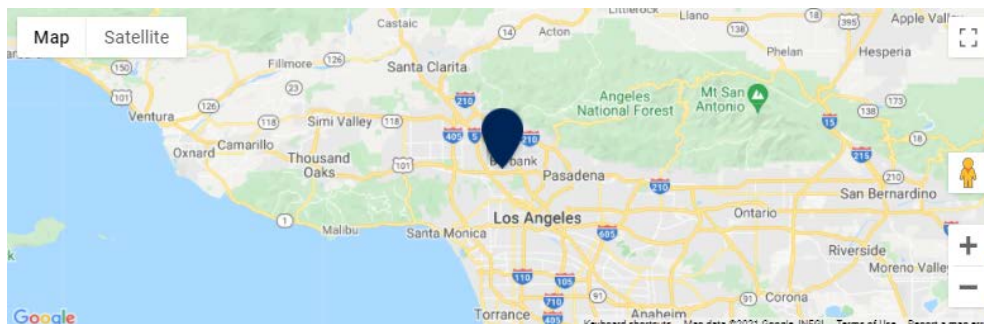
ID *	
First Name *	Last Name *
Middle Name	Generation
Email *	
Password *	<b>Your password must contain:</b> <ul style="list-style-type: none"><li>• At least one capital letter A-Z</li><li>• At least one lower case letter a-z</li><li>• At least one number 0-9</li><li>• At least one special character !@#V\$%^&amp;V*</li><li>• At least 8 and up to 32 characters</li></ul>
Confirm Password *	

## Scheduling at a Test Center

1. Enter the "City or Postal Code" and select **FIND**.

**Search Test Center Location**

Radius



2. Select a date and time to book an appointment.

### Choose a Date and Time

< **October 2021** >

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

☐ Available ☒ Selected

**Time slots available for  
October 08, 2021**

08:00 AM

01:30 PM

3. You are now ready to pay.

**Payment**

**Billing Address**

Address 1 \*

Address 2

Address 3

City \*

**Order Summary**

Commercial Contractor Practice Test

Mechanical Bus and Law \$100.00 USD

**Total Price**

CONTINUE

4. Once payment has been made you will receive a message confirming the test center, booked date, and booked time.

**Booking Confirmed!!** [Print Confirmation](#)

Email Address:  
asingla81@psionline.com

Home Phone:  
111224444

Office Phone:  
2221112345

### TELEPHONE

For telephone scheduling, (855) 557-0623, you will need a valid credit card (VISA, MasterCard, American Express or Discover). PSI registrars are available Monday through Friday between 8:00 am and 10:00 pm, and Saturday-Sunday between 8:30 am and 6:00 pm, Eastern Time.

### RESCHEDULING/CANCELING AN EXAMINATION APPOINTMENT

You may cancel and reschedule an examination appointment without forfeiting your fee if your *cancellation notice is received 2 days before the scheduled examination date*. For example, for a Monday appointment, the cancellation notice would need to be received on the previous Saturday. You may call PSI at (855) 557-0623.

**Note:** A voicemail or email message is not an acceptable form of cancellation. Please use the PSI Website or call PSI to speak directly to a Customer Service Representative.

### RETAKING A FAILED EXAMINATION

It is not possible to make a new examination appointment on the same day you have taken an examination; this is due to processing and reporting results. A candidate who tests unsuccessfully on a Wednesday can call the next day, Thursday, and retest as soon as Friday, depending upon space availability. You may schedule online at <https://test-takers.psiexams.com/mnre>. You may also call PSI (855) 557-0623.

### MISSED APPOINTMENT OR LATE CANCELLATION

If you miss your appointment, you will not be able to take the examination as scheduled, further you will forfeit your examination fee, if you:

- Do not cancel your appointment 2 days before the scheduled examination date;
- Do not appear for your examination appointment;
- Are not checked in by your scheduled start time;
- Do not present proper identification during check-in for the examination.

### EXAM ACCOMMODATIONS (ADA)

All PSI examination centers are equipped to provide access in accordance with the Americans with Disabilities Act (ADA) of 1990, and exam accommodations will be made in meeting a candidate's needs. A candidate with a disability or a candidate who would otherwise have difficulty taking the examination should request alternative arrangements by [Clicking Here](#).

Candidates granted accommodation in accordance with the ADA MUST schedule their examination by telephone and speak directly with a PSI registrar.

### EXAMINATION SITE CLOSING FOR AN EMERGENCY

In the event that severe weather or another emergency forces the closure of an examination site on a scheduled examination date, your examination will be rescheduled. PSI personnel will attempt to contact you in this situation. However, you may check the status of your examination schedule by calling (855) 557-0623. Every effort will be made to reschedule your examination at a convenient time as soon as possible. You may also check our website at <https://test-takers.psiexams.com/mnre>.

## **EXAMINATION SITE LOCATIONS**

The Real Estate Licensing examinations are administered at the examination centers listed below:

Fargo - Madison - Riggin Flight Service 4575 23rd Ave S, Suite 1100 Fargo, ND	Madison - Riggin Flight Service 1600 Airport Dr. Madison, SD 57042	Rapid City - Career Learning Center of the Black Hills 730 E Watertown St Rapid City, SD 57701
Rapid City, South Dakota (HRB) H&R Block Office 1819 W. Main Rapid City, SD 57701	Sioux Falls, South Dakota (HRB) H&R Block Office 5000 W. Empire Mall, Suite 926 Sioux Falls, SD 57106	

Additionally, PSI has examination centers in many other regions across the United States. You may take this examination at any of these locations. Once you have paid for the examination, enter your zip code and a list of the testing sites closest to you will appear.



## REPORTING TO THE EXAMINATION SITE

On the day of the examination, you should arrive 15 minutes before your appointment. This extra time is for sign-in, identification, and familiarizing you with the examination process. *If you arrive late, you may not be admitted to the examination site and you will forfeit your examination registration fee.*

### REQUIRED IDENTIFICATION AT EXAMINATION SITE

✎ You must provide 1 form of identification. The identification must match the name you scheduled with.

NOTE: ID must contain candidate's signature, photo, be valid and unexpired.

- State issued driver's license
- State issued identification card
- US Government Issued Passport
- US Government Issued Military Identification Card
- US Government Issued Alien Registration Card
- Canadian Government Issued ID

### SECURITY PROCEDURES

The following examination protocols apply during any examination. PSI may pause or terminate an examination at any time. Failure to follow the examination protocol, may result in the disqualification of examination results, prohibition from taking future examinations, and may lead to legal action.

#### Prohibited Items:

- ▢ Reference materials of any kind.
- ▢ Electronic devices of any type, including but not limited to; cellular phones, cameras, computers of any type (e.g., laptops, tablets, iPads), earbuds, electronic games, electronic watches, handheld calculators, headsets, mobile devices, music players (e.g., iPods), pagers, radios, recording devices (audio or video), smart watches, televisions, etc.).
- ▢ Hats or headgear not worn for religious reasons or as religious apparel, including hats, baseball caps, or visors.
- ▢ Bulky or loose clothing or coats including but not limited to; open sweaters, cardigans, shawls, scarves, vests, jackets and coats.
  - In the event you are asked to remove bulky or loose outerwear, appropriate attire, such as a shirt or blouse should be worn underneath.
- ▢ Other personal items, including but not limited to; backpacks, briefcases, chewing gum, drinks, food, good luck items, notebooks, paper or other materials on which to write, pens, pencils or other writing devices, purses, reading material, smoking or chewing products, wallets, etc.

#### Prohibited Behavior:

- ▢ Giving or receiving assistance on an examination.
- ▢ Copying or communicating examination content.
- ▢ Using outside references or resources during an exam, examples:
  - Browsing other local resources.
  - Browsing the internet.
  - Attempting to use a computer or computer program not provided or approved by PSI.
  - Attempting to use a telephone or mobile device.
  - Using notepad on the computer.
  - Using an application on the computer not provided by PSI.
- ▢ Engaging in disruptive behavior during check-in or during an exam, examples:
  - Acting in an inappropriate manner.
  - Using abusive language.
  - Speaking aloud.
  - Causing noise unrelated to keyboard typing.
- ▢ Engaging in prohibited behavior during check-in or during an exam, examples:
  - Reading questions out loud.
  - Leaving the room without proctor approval.
  - Using instant messaging, or other electronic communication.
  - Capturing a picture or video of exam items.
  - Attempting to use telephone or mobile device.
  - Obstructing the proctor's view (camera or in person).
  - Having inappropriate materials on desktop (explicit).
  - Changing spaces during the exam without proctor approval.
  - Not focusing eyes on the screen.

During the check in process, all candidates will be asked if they possess any prohibited items. Candidates may also be asked to empty their pockets and turn them out for the proctor to ensure they are empty. The proctor may also ask candidates to lift up the ends of their sleeves and the bottoms of their pant legs to ensure that notes or recording devices are not being hidden there.

Proctors will also carefully inspect eyeglass frames, tie tacks, or any other apparel that could be used to harbor a recording device. Proctors will ask to inspect any such items in candidates' pockets.

No prohibited items are allowed within the candidate's reach or line of sight. If prohibited items are found during check-in, candidates shall put them in the provided secure storage or return these items to their vehicle for test center exams. PSI will not be responsible for the security of any personal belongings or prohibited items.

- ♣ Any candidate seen giving or receiving assistance on an examination, found with prohibited items, or displaying prohibited behavior or violating any security regulations will have his or her examination terminated, and be asked to surrender all examination materials. All such instances will be reported to the examination sponsor.

Additional protocols for testing at a testing center, include but not limited to:

- ▮ Person(s) accompanying an examination candidate may not wait in the examination center, inside the building or on the building's property. This applies to guests of any nature, including drivers, children, friends, family, colleagues, or instructors.
- ▮ Once candidates have been seated and the examination begins, they may leave the examination room only to use the restroom, and only after obtaining permission from the proctor. Candidates will not receive extra time to complete the examination.
- ▮ You may be given a piece of scratch paper and a pencil. You will return the scratch paper and pencil during check-out.

## TAKING THE EXAMINATION BY COMPUTER

The examination will be administered via computer. You will be using a mouse and computer keyboard.

### TUTORIAL

Before you start your examination, an introductory tutorial is provided on the computer screen. The time you spend on this tutorial, up to 15 minutes, DOES NOT count as part of your examination time. Sample questions are included following the tutorial so that you may practice answering questions and reviewing your answers.

### TEST QUESTION SCREEN

One question appears on the screen at a time. During the examination, minutes remaining will be displayed at the top of the screen and updated as you record your answers. After you have entered your responses, you will later be able to return to any question(s) and change your response, provided the examination time has not run out.

### EXAMINATION REVIEW

PSI, in cooperation with the South Dakota Real Estate Commission, will be consistently evaluating the examinations being administered to ensure that the examinations accurately measure competency in the required knowledge areas. While taking the examination, examinees will have the opportunity to provide comments on any questions. Comments may be entered by clicking the Comments link on the function bar of the test question screen.

These comments will be analyzed by PSI examination development staff. PSI does not respond to individuals regarding these comments, all substantive comments are reviewed. **This is the only review of examination materials available to candidates.**

### SCORE REPORTING

Your score will be displayed on screen at the end of the examination and a score report will be emailed to you. If you fail, the emailed score report will include the diagnostic report indicating your strengths and weaknesses by examination type.

You may request a duplicate score report after your examination by emailing [scorereport@psionline.com](mailto:scorereport@psionline.com).

**Now you can take the practice exam online at <https://test-takers.psiexams.com/sdre> to prepare for your South Dakota Real Estate Examination.**

Please note that practice exams are intended only to help testing candidates become familiar with the general types of questions that will appear on a licensing examination. They ARE NOT a substitute for proper education and study. Furthermore, scoring well on the practice exam does not guarantee a positive outcome on an actual licensing examination. Note: You may take the practice exams an unlimited number of times. However, you will need to pay each time.

## EXAMINATION STUDY MATERIALS

The references provided below are some of the available relevant written study materials for the National Broker Examination. However, they are not necessarily recommended by PSI or the South Dakota Real Estate Commission. Computer software is also available from several publishing companies, but it is not listed here. Please use the most current publication.

Armbrust, Betty J.; Bradley, Hugh H. and Armbrust, John W. Practical Real Estate Math. Thompson South-Western.

Burgess, Russell W. Real Estate Home Inspection. Chicago: Dearborn Real Estate Education.

Cortesi, Gerald. Mastering Real Estate Principles. Chicago: Dearborn Real Estate Education.

Gaddy, Wade E., Jr. and Hart, Robert E. Real Estate Fundamentals. Chicago: Dearborn Real Estate Education.

Galaty, Fillmore W.; Allaway, Wellington J. and Kyle, Robert C. Modern Real Estate Practice. Chicago: Dearborn Real Estate Education.

Geschwender, Arlyne. Real Estate Principles and Practices. Thompson South-Western.

Gibson, Frank; Karp, James and Klayman, Elliot. Real Estate Law. Chicago: Dearborn Real Estate Education.

Jacobus, Charles J. Real Estate: An Introduction to the Profession. Thompson South-Western.

Jacobus, Charles J. Real Estate Law. Thompson South-Western.

Kyle, Robert C.; Baird, Floyd M. and Kyle, C. Donald. Property Management. Chicago: Dearborn Real Estate Education.

Lindeman, Bruce. Real Estate Brokerage Management. Thompson South-Western.

Palmer, Ralph. Real Estate Principles and Practices. Thompson South-Western.

Realtors® National Marketing Institute. Real Estate Office Management: People, Functions, Systems. Chicago: Author.

Reilly, John W. The Language of Real Estate. Chicago: Dearborn Real Estate Education.

Shilling, James D. Real Estate. Thompson South-Western.

Sirota, David. Essentials of Real Estate Finance. Chicago: Dearborn Real Estate Education.

Sirota, David. Essentials of Real Estate Investment. Chicago: Dearborn Real Estate Education.

Tamper, Ralph. Mastering Real Estate Math. Chicago: Dearborn Real Estate Education.

Ventolo, William L., Jr. and Williams, Martha R. Fundamentals of Real Estate Appraisal. Chicago: Dearborn Real Estate Education.

Wiedemer, John P. Real Estate Finance. Thompson South-Western.

## DESCRIPTION OF EXAMINATIONS

For the National Broker exam, scenario-based test questions are included to contain more than four options and ONLY ONE BEST option shall be selected to answer the question. Some options are appropriate but not the BEST ANSWER. Please select the option that best answers the question in the exam. A BEST ANSWER reflects the optimal solution or most complete resolution to the scenario presented in the question. These items are associated with scenarios presented in the form of text, graphs, or tables representing a situation in which candidates must identify the best course of action by selecting only one option. Each option is weighted as zero-point, one-point, or two-points based on the completeness and accuracy of the solution. Sample questions are provided.

\*National Broker exam includes questions that are scored up to two points.

### EXPERIMENTAL QUESTIONS

In addition to the number of examination items specified in the "Examination Content Outlines", a small number (5 to 10) of "experimental" questions may be administered to candidates during the examinations. These questions will not be scored. However, these questions will count against examination time. The administration of such unscored, experimental questions is an essential step in developing future licensing examinations.

### EXAMINATION SUMMARY TABLE

Examination	Portion	# of Items	Passing Score	Time Allowed
Broker*	National	90 (100 points)	75%	150 minutes
	State	52 (52 points)	75%	120 minutes

### BROKER GENERAL PORTION

#### I. Property Ownership (*Broker 10%*)

- A. Real and personal property; conveyances
- B. Land characteristics and legal descriptions
  - 1. Metes and bounds method of legal property description



2. Lot and block (recorded plat) method of legal property description
3. Government survey (rectangular survey) method of legal property description
4. Measuring structures (linear and square footage)
5. Land measurement

#### C. Encumbrances and effects on property ownership

1. Types of liens and their effect on the title and value of real property
2. Easements, rights of way and licenses, including their effect on the title, value and use of real property
3. Encroachments and their effect on the title, value and use of real property
4. Potential encumbrances on title, such as probate, leases, or adverse possession
5. Property rights that may be conveyed separately from use of the land surface, such as mineral and other subsurface rights, air rights, or water rights

#### D. Types of ownership

1. Ownership in severalty/sole ownership
2. Implications of ownership as tenants in common
3. Implications of ownership in joint tenancy
4. Forms of common-interest ownership, such as Timeshares, Condominiums and Co-ops
5. Property ownership held in a trust or by an estate
6. Ownership by business entities
7. Life Estate ownership

### II. Land use Controls (Broker 5%)

#### A. Government rights in land

1. Government rights to impose property taxes and special assessments
2. Government rights to acquire land through eminent domain, condemnation and escheat

#### B. Government controls on land use

#### C. Private controls

1. Deed conditions or restrictions on property use
2. Subdivision covenants, conditions and restrictions (CC&Rs) on property use
3. Condominium and owners' associations regulations or bylaws on property use

### III. Valuation (Broker 8%)

#### A. Appraisals

1. Appraisals for valuation of real property
2. Situations which require appraisal by a licensed or certified appraiser and brokerage-related actions that constitute unauthorized appraisal practice
3. General steps in appraisal process

#### B. Estimating Value

1. Economic principles and property characteristics that affect value of real property
2. Sales or market comparison approach to property valuation and appropriate uses
3. Cost approach to property valuation and appropriate uses
4. Income analysis approach to property valuation and appropriate uses

#### C. Comparative Market Analysis (CMA)

1. Competitive/Comparative Market Analysis (CMA), BPO or equivalent
2. Automated Valuation Method (AVM), appraisal valuation and Comparative Market Analysis (CMA)

### IV. Financing (Broker 9%)

#### A. Basic Concepts and Terminology

1. Loan financing (for example, points, LTV, PMI, interest, PITI)
2. General underwriting process (e.g., debt ratios, credit scoring and history)
3. Standard mortgage/deed of trust clauses and conditions
4. Essential elements of a promissory note

#### B. Types of Loans

1. Conventional loans
2. Amortized loans, partially amortized (balloon) loans, interest-only loans
3. Adjustable-rate mortgage (ARM) loans
4. Government Loans
  - a. FHA insured loans
  - b. VA guaranteed loans
  - c. USDA/Rural Development loan programs
5. Owner financing (for example, installment or land contract/contract for deed)
6. Reverse-mortgage loans
7. Home equity loans and lines of credit
8. Construction loans
9. Rehab loans
10. Bridge loans

#### C. Financing and Lending

1. Real Estate Settlement Procedures Act (RESPA), including kickbacks
2. Truth-in-Lending Act (Regulation Z), including advertising
3. Requirements and time frames of TRID (TILA-RESPA Integrated Disclosures)
4. Equal Credit Opportunity Act
5. Lending Process (application through loan closing)
6. Risky loan features, such as prepayment penalties and balloon payments

### V. Contracts (Broker 19%)

#### A. General Contract Law

1. General principles of contract law
2. Elements necessary for a contract to be valid
3. Effect of the Statute of Frauds
4. Offer and a contract
5. Enforceability of contracts
6. Void, voidable and unenforceable contracts
7. Bilateral and unilateral contracts
8. Nature and use of option agreements
9. Notice, delivery, acceptance and execution of contracts
10. Appropriate use, risks, and advantages of electronic signatures and paperless transactions
11. Rights and obligations of the parties to a contract

12. Possible remedies for breach or non-performance of contract
13. Termination, rescission and cancellation of contracts

#### **B. Purchase and Lease Contracts**

1. Addenda and amendments to contracts
2. Purchase agreements
3. Contract contingencies and methods for satisfying them
4. Leases and rental agreements
5. Lease-purchase agreements
6. Types of leases

#### **C. Proper handling of multiple offers and counteroffers**

### **VI. Agency (Broker 13%)**

#### **A. Agency and non-agency relationships**

1. Agency relationships and how they are established
2. Types of listing contracts
3. Buyer brokerage/tenant representation contracts
4. Other brokerage relationships, including transaction brokers and facilitators
5. Powers of attorney and other assignments of authority
6. Conditions for termination of agency or brokerage service agreements

#### **B. Agent Duties**

1. Fiduciary duties of agents
2. Agent's duties to customers/non-clients, including honesty and good faith

#### **C. Agency Disclosures**

1. Disclosure of agency/representation
2. Disclosure of possible conflict of interest or self-interest

### **VII. Property Disclosures (Broker 7%)**

#### **A. Property Condition**

1. Seller's property condition disclosure requirements
2. Property conditions that may warrant inspections or a survey
3. Red flags that warrant investigation of public or private land use controls

#### **B. Environmental and Government Disclosures**

1. Environmental issues requiring disclosure
2. Federal, state, or local disclosure requirements regarding the property

#### **C. Disclosure of material facts and material defects**

### **VIII. Property Management (Broker 5%)**

#### **A. Duties and Responsibilities**

1. Procurement and qualification of prospective tenants
2. Fair housing and ADA compliance specific to property management
3. How to complete a market analysis to identify factors in setting rents or lease rates
4. Property manager responsibility for maintenance, improvements, reporting and risk management (*BROKER ONLY*)
5. Handling landlord and tenant funds; trust accounts, reports and disbursements (*BROKER ONLY*)

6. Provisions of property management contracts (*BROKER ONLY*)

#### **B. Landlord and tenant rights and obligations**

### **IX. Transfer of Title (Broker 6%)**

#### **A. Types of deeds**

#### **B. Title Insurance and Searches**

1. Title insurance policies and title searches
2. Potential title problems and resolutions
3. Marketable and insurable title

#### **C. Closing Process**

1. When transfer of ownership becomes effective
2. Process and importance of recordation
3. Settlement procedures (closing) and parties involved
4. Home and new construction warranties

#### **D. Special Processes**

1. Special issues in transferring foreclosed properties
2. Special issues in short sale transactions
3. Special issues in probate transactions

### **X. Practice of Real Estate (Broker 12%)**

#### **A. Antidiscrimination**

1. Federal Fair Housing Act general principles and exemptions
2. Protected classes under Federal Fair Housing Act
3. Protections against discrimination based on gender identity and sexual orientation
4. Prohibited conduct under Federal Fair Housing Act (Redlining, Blockbusting, Steering, Disparate Treatment)
5. Fair housing advertising rules
6. Americans with Disabilities Act (ADA) obligations pertaining to accessibility and reasonable accommodations

#### **B. Legislation and Regulations**

1. Licensees' status as employees or independent contractors
2. Antitrust laws and types of violations, fines and penalties
3. Do-Not-Call List rule compliance
4. Proper use of Social Media and Internet communication and advertising

#### **C. Duties and Responsibilities**

1. Protection of confidential personal information (written, verbal or electronic)
2. Duties when handling funds of others in transactions
3. Licensee responsibility for due diligence in real estate transactions

#### **D. Supervisory Responsibilities (*BROKER ONLY*)**

1. Broker's supervisory responsibilities (licensees, teams and unlicensed assistants and employees) (*BROKER ONLY*)
2. Broker relationship with licensees (employees or independent contractors and governing rules) (*BROKER ONLY*)

### **XI. Real Estate Calculations (Broker 6%)**

#### **A. Calculations for Transactions**

1. Seller's net proceeds
2. Buyer funds needed at closing
3. Real property tax and other prorations
4. Real property transfer fees
5. PITI (Principal, Interest, Taxes and Insurance) payments estimate given loan rate and term

**B. General Concepts**

1. Equity
2. Rate of return/Capitalization rate
3. Loan-to-Value ratio
4. Discount points and loan origination fees

**SOUTH DAKOTA STATE CONTENT OUTLINE**

Duties and Powers of the Real Estate Commission (4 Items)

Licensing Requirements (6 Items)

Statutory Requirements Governing the Activities of Licensees (42 Items)

**SAMPLE QUESTIONS**

The following questions are offered as examples of the types of questions you will be asked during the course of the National Real Estate Broker examination. They are intended primarily to familiarize you with the style and format of questions you can expect to find in the examinations. The examples do NOT represent the full range of content or difficulty levels found in the actual examinations.

**SAMPLE QUESTIONS**

- A. Which of the following interests in property is held by a person who is granted a lifetime use of a property that will be transferred to a third party upon the death of the lifetime user?
  1. A life estate.
  2. A remainder estate.
  3. An estate for years.
  4. A reversionary estate.
- B. Which of the following statements BEST identifies the meaning of the term, "rescission of a contract"?
  1. A ratification of a contract by all parties.
  2. A return of all parties to their condition before the contract was executed.
  3. A transfer or assignment of a particular responsibility from one of the parties to another.
  4. A review of the contract by the legal counsel of either party that may result in a cancellation without penalty or further obligation.

- C. Which of the following clauses in a mortgage allows the lender to demand loan repayment if a borrower sells the property?
  1. Defeasance
  2. Prepayment
  3. Acceleration
  4. Alienation
- D. How much cash MUST a buyer furnish in addition to a \$2,500 deposit if the lending institution grants a 90% loan on an \$80,000 property?
  1. \$5,500.
  2. \$6,975.
  3. \$7,450.
  4. None of the above.
- E. Which of the following single-family residences would get the MOST accurate appraisal by applying the reproduction cost approach to value?
  1. A rental property.
  2. A vacant property.
  3. A new property.
  4. An historic property.

**Answers to Sample Broker Questions:**

A: 1; B: 2; C: 4; D: 1; E: 4

**SAMPLE BROKER QUESTIONS (SCENARIO-BASED)**

**PSI Broker National Real Estate Examination Instruction**

**IMPORTANT**

Test questions appear on the screen **ONE AT A TIME**. A question may have an associated graphic displayed on the screen, or it may direct the candidate to reference material, such as a chart or diagram.

Each question may contain up to **EIGHT** options and **ONLY ONE BEST** option shall be selected to answer the question. Some options are appropriate but **NOT** the **BEST ANSWER**. Please select the option that best answers the question in the exam. A **BEST ANSWER** reflects the optimal solution or most complete resolution to the scenario presented in the question.

**Scenario:**

You are hosting an open house. Mr. and Mrs. Charles Martin come into the house. You greet them and show them the house. The Martins tell you the house is exactly what they are looking for and they are very interested in purchasing it. You then give them information showing the various types of financing available with down payment options and projected payments.

Mr. Martin tells you they have been working with Mary Hempstead of XX Realty, a competing real estate company. Before leaving, you thank them for coming and give them your business card.

- A. The first thing on Monday morning, Mrs. Martin calls and indicates they have tried to reach Mary and cannot. They indicate they have a written buyer's agent agreement with Mary's broker. They are afraid someone else is going to buy the house. Which of the following should you do? Select the best answer.

1. Seek advice from your supervising broker.
  2. Tell them to come to your office.
  3. Ask them to bring the buyer's agency agreement to you for your interpretation.
  4. Tell them to be patient and continue trying to reach Mary.
  5. Tell them to call Mary's supervising broker or branch manager.
  6. Tell them you are really sorry, but there is nothing you can do.
- B. The Martins come to your office and explain that neither Mary nor her supervising broker are available. They insist you immediately write an offer for the house. How should you proceed? Select the best answer.
1. Write the offer after entering into a buyer's broker agreement with them.
  2. Write the offer after explaining they may owe Mary's broker a commission.
  3. Write the offer after trying to contact Mary's broker yourself.
  4. Refuse to write an offer and explain that doing so would be unethical.
  5. Refuse to write and offer since it would be illegal.
  6. Refuse to write the offer and tell the Martins to contact another Broker in Mary's office.

**Answers (Points) to Sample Principal Broker Questions:**

- A. 1 (2 points), 2 (1 point), 3 (0 point)  
4 (0 point), 5 (1 point) , 6 (0 point)
- B. 1 (1 point), 2 (2 points), 3 (1 point)  
4 (0 point), 5 (0 point) , 6 (0 point))