



Alabama Real Estate Candidate Handbook

January 2023

STATE INFORMATION FOR REAL ESTATE LICENSING

Alabama Real Estate Commission

1201 Carmichael Way
Montgomery, AL 36106

Phone

(334) 242-5544

Email

arec@arec.alabama.gov

Website

www.arec.alabama.gov

EXAMINATION INFORMATION

Candidates may contact Pearson VUE with questions about this handbook or about an upcoming examination.

Pearson VUE Alabama Real Estate

Attn: Regulatory Program

5601 Green Valley Dr.
Bloomington, MN 55437

Phone

888-926-9488

Email

pearsonvuecustomerservice@pearson.com

Website

<https://home.pearsonvue.com/AL/realestate>

QUICK REFERENCE

RESERVATIONS

Before making an exam reservation

Candidates should thoroughly review this handbook, which contains examination content outlines and important information regarding eligibility and the examination and licensing application process.

Making an exam reservation

Candidates may make a reservation by either visiting <https://home.pearsonvue.com/al/realestate> or calling Pearson VUE.

Candidates should make a reservation online at least twenty-four (24) hours before the desired examination date. **Walk-in examinations are not available.**

SCHEDULES & FEES

Test centers

A list of test centers appears on the back cover of this handbook. Candidates should contact Pearson VUE to confirm specific locations and schedules.

Exam fees

The examination fee must be paid at the time of reservation by credit card or debit card. Fees may vary. Candidates are authorized for 6 months from their education completion date. A passing exam score is good 90 days. **Payment will not be accepted at the test center. Examination fees are non-refundable and non-transferable.**

EXAM DAY

What to bring to the exam

Candidates should bring to the examination proper identification and other materials as dictated by the state licensing agency. A complete list appears in *What to Bring* (page 6).

Exam procedures

Candidates should report to the test center at least thirty (30) minutes before the examination begins. Each candidate will have from 1 to 3 1/2 hours, depending on the exam, to complete the exam. The candidate will leave the test center with their official score reports.

TABLE OF CONTENTS

QUICK REFERENCE	inside front cover	PREPARING FOR THE EXAM	10
OVERVIEW	ii	Salesperson Exam Content.....	10
INTRODUCTION	1	Broker Exam Content	10
Contact Information.....	1	Math Calculations.....	10
The Licensure Process	1	<u>Real Estate Content Outlines</u>	
Practice Tests	1	General Exam Content Outline	
STATE LICENSING REQUIREMENTS	2	for Salespersons	<i>Content Outlines pages 01-03</i>
Exam Eligibility.....	2	General Exam Content Outline	
Real Estate License Requirements	2	for Broker	<i>Content Outlines pages 04-06</i>
EXAM RESERVATIONS	4	Alabama Real Estate	
Making a Reservation	4	Salesperson and Broker Examination Content	
Exam Fees	4	Outlines	<i>Content Outlines page 07</i>
Change/Cancel Policy.....	4	GENERAL INFORMATION	back cover
Absence/Lateness Policy	5	Test Centers	back cover
Weather Delays and Cancellations	5	Holiday Schedule.....	back cover
Accommodations.....	5		
EXAM DAY	6		
What to Bring.....	6		
Exam Procedures	6		
Available Exams and Time Allotted.....	7		
Score Reporting.....	7		
Review of Exams	7		
Retaking the Exam	7		
Score Explanation.....	8		
Duplicate Score Reports.....	8		
Test Center Policies.....	8		
Questions or Comments About the Exam.....	9		

OVERVIEW

The candidate handbook is a useful tool in preparing for an examination.

It is highly recommended that the Alabama Real Estate Candidate Handbook be reviewed, with special attention given to the [content outlines](#), before taking the examination.

Individuals who wish to obtain a real estate license in the state of Alabama must:

1. Pre-register for a license.

Before taking an examination, candidates must complete all prelicensing or qualifying education and pre-register with the Alabama Real Estate Commission. When the pre-registration requirements are met, and confirmation of course completion is received, authorization files will be sent to Pearson VUE and an authorization to test will be sent to the candidate via email.

Fees vary depending on exams. Authorization is good for six months from approval. Unlimited attempts are permitted. Exam results are good for 90 days. *(See page 2 for additional details.)*

Candidates who fail one or both parts of the examination must retake the entire examination within the six month authorization period. Candidates are not required to return to the Alabama Real Estate Commission for additional authorizations to continue testing.

2. Make a reservation and pay examination fee.

Once you receive your authorization to test by email from Alabama Real Estate Commission, through Pearson VUE, you may sign into your Pearson VUE account and make a reservation for the examination. *(See page 4)*

3. Go to the test center.

Go to the test center on the day of the examination, bringing along all required materials. *(See page 6)*

INTRODUCTION

CONTACT INFORMATION

Candidates may contact Pearson VUE with questions about this handbook or an examination.

Pearson VUE/Alabama Real Estate

5601 Green Valley Dr., Bloomington, MN 55437

Phone: 888-926-9488

Email: pearsonvuecustomerservice@pearson.com

Website: www.pearsonvue/al/realestate

Live Chat is available to address your support inquiries and is the quickest way to reach a customer service agent. It's available from 8:00 AM through 5:00 PM Central Time, Monday through Friday, subject to change during locally designated holidays.

Please visit www.pearsonvue.com/al/realestate/contact for further information.

Candidates may contact the Alabama Real Estate Commission with questions about obtaining or maintaining a license.

Alabama Real Estate Commission

1201 Carmichael Way, Montgomery, AL 36106

Phone: (334) 242-5544

Email: arec@arec.alabama.gov

Website: www.arec.alabama.gov

THE LICENSURE PROCESS

Licensure is the process by which an agency of state government or other jurisdiction grants permission to individuals to engage in the practice of, and prohibits all others from legally practicing, a particular profession, vocation, or occupation. By ensuring a minimum level of competence, the licensure process protects the general public. The state regulatory agency is responsible for establishing the acceptable level of safe practice and for determining whether an individual meets that standard.

The state of Alabama has retained the services of Pearson VUE to develop and administer its real estate examination program. Pearson VUE is a leading provider of assessment services to regulatory agencies and national associations.

PRACTICE TESTS – GENERAL PORTION ONLY

General-portion practice tests are offered exclusively online at www.pearsonvue.com, giving candidates even more opportunity to succeed on real estate examinations. The General-portion practice tests will not only help prepare candidates for the types of questions they will see on the General portion of the licensure examination but also familiarize them with taking computer-based examinations.

Pearson VUE offers a practice test for real estate that contains questions developed by subject matter experts using concepts found in the general portion of the licensure examination. The test closely reflects the format of the general portion of the licensure examination, can be scored instantly, and provides immediate feedback to help candidates identify correct and incorrect answers. Candidates can purchase general-portion practice tests anytime by visiting www.pearsonvue.com/practicetests/realestate.

STATE LICENSING REQUIREMENTS

The Alabama Real Estate Commission established the requirements for qualification for a real estate salesperson or broker license. Applicants must read this candidate handbook and any other information provided by the Commission before applying for any license examination.

EXAM ELIGIBILITY

The candidate must first pre-register with the Commission and complete the appropriate prelicense course. Once the course has been completed, submitted to the Commission (by the school), and your eligibility established, an exam authorization will be sent to Pearson VUE. The candidate will then receive an *Authorization to Test* email from Pearson VUE advising them of next steps.

REQUIREMENTS FOR OBTAINING AN ALABAMA REAL ESTATE LICENSE

To become eligible to obtain a license in Alabama, an applicant must:

1. Be a U.S. citizen or lawful permanent resident.
2. Be at least 19 years old.
3. Show proof of bona fide residency in any state in the U.S.
4. Show proof of high school graduation or GED.
5. Not have been convicted of a felony or a crime involving moral turpitude. If an applicant has such a conviction, he/she may file an "Application for Determination of Licensing Eligibility" form with the Commission prior to completing any other licensing requirements. The Commission will review the applicant's conviction(s) and determine if he/she is eligible to obtain an Alabama real estate license.
6. Not have had a real estate application or license rejected or revoked in any state within the past two years.
7. Pass the licensing examination.

SALESPERSON applicants must:

1. Successfully complete (with a minimum course grade of 70) an approved 60-clock-hour prelicense course prior to taking the licensing examination. Salesperson applicants have six months to pass the licensing examination after completion of the course. If not, the applicant must take the course again.

BROKER applicants must:

1. Successfully complete (with a minimum course grade of 70) an approved 60-clock-hour prelicense course prior to taking the licensing examination. Broker applicants have six months to pass the licensing examination after completion of the course. If not, the applicant must take the course again.
2. Have held an active real estate license in any state for at least 24 months of the 36-month period immediately preceding the date of application.

If broker applicants are not certain they meet broker eligibility requirements, they should check with the Alabama Real Estate Commission.

RECIPROCAL SALESPERSON AND BROKER applicants must:

1. Successfully complete six (6) hours of coursework in Alabama real estate which is approved by the Commission prior to taking the state portion of the examination.
2. Pass the state portion of the salesperson or broker examination within six months after completion of the coursework. If not, the applicant must take the course again.

3. Have a current license in another state verified by submission of certification of licensure from the state where originally licensed by passing the full examination.

NOTE: LICENSE APPLICANTS MUST MEET THE EDUCATION REQUIREMENT BEFORE SCHEDULING AN EXAMINATION. IF NOT ABLE TO SCHEDULE, THEY SHOULD VERIFY COURSE CREDIT ENTRY WITH THE SCHOOL WHERE COURSEWORK WAS COMPLETED.

EXAM RESERVATIONS

MAKING A RESERVATION

Candidates may make a reservation after they have received an email from Pearson VUE indicating that they are authorized to test.

Walk-in examinations are not available. Online reservations are the most efficient way for candidates to schedule their examination. Candidates **must** go to www.pearsonvue.com/al/realestate to make an online reservation for an examination. First-time users are required to create an account. The candidate will need to fill in all required fields, which are preceded by an asterisk (*), on the online form in order to create an ID and be assigned a password. Step-by-step instructions will lead the candidate through the rest of the examination reservation process.

TEST CENTER LOCATIONS

A list of test centers appears on the back cover of this handbook. In addition, candidates may review the test center locations by going to <http://www.pearsonvue.com/vtclocator/>. These exams are available at Pearson VUE test centers through out the United States, Canada, and US territories. If the candidate has questions regarding the confirmation of specific locations and/or examination schedules, please contact Pearson VUE.

Alabama Real Estate exams are available at select Pearson VUE test centers on military installations across the globe. Service members, dependents, and contractors with authorized base access who want to gain Alabama Real Estate licensure from their duty station or assignment in another state or foreign deployment will have the option to take their exam(s) without having to return to Alabama to test.

To locate a Pearson VUE authorized testing center, visit <http://home.pearsonvue.com/military> and select Alabama Real Estate.

Candidates **must** make an online reservation at least twenty-four (24) hours before the desired examination date. Candidates who wish to make a phone reservation at 888-926-9488 must do so at least twenty-four (24) hours before the desired examination date.

Before making a reservation, candidates should have the following:

- Authorization to Test (ATT)
- Legal name, address, daytime telephone number, and email address and a credit card.
- The name of the examination(s)
- The preferred examination date and test center location (a list appears on the back cover of this handbook)

EXAM FEES

The examination fee must be paid at the time of reservation by credit card, or debit card. **Fees will not be accepted at the test center.** Examination fees are non-refundable and non-transferable, except as detailed in the *Change/Cancel Policy*.

CHANGE/CANCEL POLICY

Candidates must either call Pearson VUE or log into their Pearson Profile to change or cancel their appointment at least **forty-eight (48) hours** before the examination. Candidates who change or cancel a reservation with proper notice may either transfer the fee to a new reservation or request a refund. **Candidates who change or cancel their reservations without proper notice will forfeit the examination fee.**

Candidates are individually liable for part of the examination fee once a reservation has been made, whether individually or by a third party.

ABSENCE/LATENESS POLICY

Candidates who are late or absent from an exam may call Pearson VUE within 14 days of the exam date to request an excused absence for the following reasons:

- Illness of the candidate or of the candidate's immediate family member
- Death in their immediate family
- Disabling traffic accident
- Court appearance or jury duty
- Military duty
- Weather emergency

A case number will be assigned and instructions provided for emailing supporting documentation. **Candidates absent from or late to an exam who have not changed or canceled the reservation according to the Change/Cancel Policy will not be admitted to the exam and will forfeit the exam fee.**

WEATHER DELAYS AND CANCELLATIONS

If severe weather or a natural disaster makes the Pearson VUE test center inaccessible or unsafe, the examination may be delayed or canceled. Pearson VUE will notify and reschedule candidates in the case of severe weather.

ACCOMMODATIONS

Pearson VUE complies with the provisions of the Americans with Disabilities Act as amended. The purpose of accommodations is to provide candidates with full access to the test. Accommodations are not a guarantee of improved performance or test completion. Pearson VUE provides reasonable and appropriate accommodations to individuals with documented disabilities who demonstrate a need for accommodations.

Test accommodations may include things such as:

- A separate testing room
- Extra testing time
- A Reader or Recorder, for individuals with mobility or vision impairments and cannot read or write on their own

Test accommodations are individualized and considered on a case-by-case basis. All candidates who are requesting accommodations because of a disability must provide appropriate documentation of their condition and how it is expected to affect their ability to take the test under standard conditions. This may include:

- Supporting documentation from the professional who diagnosed the condition, including the credentials that qualify the professional to make this diagnosis
- A description of past accommodations the candidate has received

The steps to follow when requesting test accommodations vary, depending on your test program sponsor. To begin, go to <http://pearsonvue.com/accommodations>, and then select your test program sponsor from the alphabetized list. Candidates who have additional questions concerning test accommodations may contact the ADA Coordinator at accommodationspearsonvue@pearson.com.

EXAM DAY

WHAT TO BRING

All candidates must bring two (2) forms of signature identification that are unexpired. One must be government issued and photo-bearing.

REQUIRED ITEMS

Candidates who do not present the required items will be denied admission to the examination, will be considered absent, and will forfeit the examination fee.

Acceptable Forms of Candidate Identification

Candidate must present **two (2)** forms of current signature identification. The name on the identification must exactly match the name on the registration. The primary identification must be government issued and photo-bearing with a valid signature. Identification must be in English.

Primary ID (photograph and signature, not expired)

Government-issued Driver's License

- U.S. Dept. of State Driver's License
- U.S. Learner's Permit (plastic card only with photo and signature)
- National/State/Country ID card
- Passport
- Passport Card
- Military ID
- Military ID for spouses and dependents
- Alien Registration Card (Green Card, Permanent Resident Visa)

If the ID presented has an embedded signature that is not visible (microchip), or is difficult or impossible to read, the candidate must present another form of identification from the Primary ID list that contains a visible signature.

Pearson VUE does not accept expired driver's licenses. Newly renewed licenses which result in a temporary paper license will be accepted as long as the expired plastic license is also provided. Temporary licenses alone will not be accepted.

EXAM PROCEDURES

Candidates should report to the test center thirty (30) minutes before the examination and check in with the test center administrator. The candidate's identification and other documentation will be reviewed and they will be photographed for the score report.

Candidates are required to review and sign a **Candidate Rules Agreement** form. If the **Candidate Rules Agreement** is not followed and/or cheating or tampering with the examination is suspected, the incident will be reported as such and the appropriate action will be taken. The examination fee will not be refunded, the exam may be determined invalid, and/or the state may take further action such as prohibiting candidates from retaking the examination and/or denying a license.

Candidates will have an opportunity to take a tutorial on the computer on which the examination will be administered. The time spent on this tutorial will not reduce the examination time. The examination administrators will answer questions, but candidates should be aware that the administrators are not familiar with the content of the examinations or with the state's licensing requirements. Examination administrators have been instructed not to advise candidates on requirements for licensure.

Candidates may begin the examination once they are familiar with the computer. The examination begins the moment a candidate looks at the first examination question. Candidates will be given from 1 to 3 1/2 hours depending on the exam type to complete the examination. The examination will end automatically after the examination time has expired, and candidates will receive an official score report.

AVAILABLE EXAMS AND TIME ALLOTTED

Exam Type	Exam Fee	Pretest Items	Exam Items	Time Allotted	Total Time Allotted
Broker Exam	\$70	10-15 pretest items	General - 80	2.5 hrs	3.5 hrs
			State - 40	1 hr	
Salesperson Exam	\$70	10-15 pretest items	General - 80	2.5 hrs	3.5 hrs
			State - 40	1 hr	
Reciprocal Salesperson Exam	\$50	5-10 pretest	40	1 hr	1 hr
Reciprocal Broker Exam	\$50	5-10 pretest	40	1 hr	1 hr

SCORE REPORTING

Once you have passed the required exam you must complete the application process with the Alabama Real Estate Commission. When candidates complete the examination, they will receive a score report marked "pass" or "fail." After completion of the exam, candidates will receive their official results.

Candidates who fail the examination will receive a score report that includes a numeric score and diagnostic information relating to the general section and the state section of the examination, as well as information about reexamination.

REVIEW OF EXAMS

For security reasons, examination material is not available to candidates for review.

RETAKE THE EXAM

Reservations for reexamination may not be made at the test center.

Candidates get authorized for six months with unlimited attempts to pass the exams that they were authorized for, at any Pearson VUE test center and do not need to return to the Alabama Real Estate Commission for retake authorizations.

The salesperson and broker examination is divided into two parts: General and state law. Candidates will receive an overall score. If you fail the overall exam, you must retake the entire test.

If a candidate is unsuccessful in passing the exam within the first six-month authorization period, the candidate must retake the preclicensing course and be authorized again for the exam.

Once both parts of the exam are passed, the candidate may go back to the Alabama Real Estate Commission to complete the license application process.

SCORE EXPLANATION

Scaled Score

There are multiple versions of each of the licensing examinations. These versions are known as *forms*. Although all forms of an examination are developed based on the content outlines, the difficulty of the forms of an examination may vary slightly because different questions appear on each form. To ensure that no candidate is put at an unfair advantage or disadvantage due to the particular form of an examination that he or she is given, a statistical procedure known as *equating* is used to correct for differences in form difficulty.

The passing score of an examination was set by the Alabama Real Estate Commission (in conjunction with Pearson VUE) after a comprehensive study was completed for each examination. Raw scores are converted into scaled scores that can range from 0 to 100. To avoid misuse of score information, numeric scores are only reported to failing candidates. The scaled score that is reported to you is neither the number of questions you answered correctly nor the percentage of questions you answered correctly. With a passing score of 70 for salespersons and for brokers, any score below 70 indicates how close the candidate came to passing, rather than the actual number or percentage of questions the candidates answered correctly.

DUPLICATE SCORE REPORTS

To obtain a copy of your score report, log into your Pearson VUE account. If testing before January 3, 2023 contact the Alabama Real Estate Commission for exam information.

TEST CENTER POLICIES

The following policies are observed at each test center. **Candidates who violate any of these policies will not be permitted to finish the examination and will be dismissed from the test center, forfeiting the examination fee.**

- **No personal items are allowed in the testing room.** Personal items include but are not limited to: cellular phones, hand-held computers or other electronic devices, pagers, watches, wallets, purses, firearms or other weapons, hats, bags, coats, books, notes, or pens or pencils.
- Candidates must store all personal items in a secure area as indicated by the administrator, or return items to their vehicle. All electronic devices must be turned off before storing them in a locker. **The test center is not responsible for lost, stolen or misplaced personal items.**
- Studying **is not** allowed in the test center. Visitors, children, family or friends **are not** allowed in the test center.
- Dictionaries, books, papers (including scratch paper), and reference materials are not permitted in the examination room (unless permitted by the exam sponsor), and candidates are strongly urged not to bring such materials to the test center. Upon entering and being seated in the testing room, the test administrator will provide the candidate with materials to make notes or calculations and any other items specified by the exam sponsor. **The candidate may not write on these items before the exam begins or remove these items from the testing room.**
- Eating, drinking, chewing gum, smoking, and/or making noise that creates a disturbance for other candidates is prohibited during the exam.
- Break policies are established by the exam sponsor. Most sponsors allow unscheduled breaks. To request an unscheduled break, the candidate **must** raise their hand to get the administrator's attention. **The exam clock will not stop while the candidate is taking a break.**
- Candidates must leave the testing room for all breaks. However, candidates **are not permitted to leave the floor or building for any reason during this time, unless specified by the administrator and the exam sponsor.** If a candidate is discovered to have left the floor or building they will not be permitted to proceed with the examination and may forfeit the exam fees.
- While taking a break, candidates are permitted to access personal items that are being stored during the

exam only if necessary— for example, personal medication that must be taken at a specific time. **However, a candidate must receive permission from the administrator prior to accessing personal items that have been stored.** Candidates are **not** allowed access to other items, including but not limited to, cellular phones, exam notes, and study guides, unless the exam sponsor specifically permits this.

- Any candidate discovered causing a disturbance of any kind or engaging in any kind of misconduct— giving or receiving help; using notes, books, or other aids; taking part in an act of impersonation; or removing examination materials or notes from the examination room—will be summarily dismissed from the examination and will be reported to the state licensing agency. Decisions regarding disciplinary measures are the responsibility of the state licensing agency.

QUESTIONS OR COMMENTS ABOUT THE EXAM

For security reasons, examination material is not available to candidates for review. Candidates who have questions, comments, or concerns related to the exams, scoring or score reports, or who wish to verify any data held in Pearson VUE files, should direct written inquiries to Pearson VUE at the address provided on the inside front cover of this handbook. Candidates may also email their questions directly to Pearson VUE Customer Service at pearsonvuecustomerservice@pearson.com.

In all correspondence, candidates should provide their name and address information. If questions or comments concern an examination already taken, candidates should also include:

- the name of the examination
- the date the examination was taken
- the location of the test center

PREPARING FOR THE EXAM

PRETEST QUESTIONS

The examinations will contain “pretest” questions. Pretest questions are questions on which statistical information is being collected for use in constructing future examinations. Responses to pretest questions do not affect a candidate’s score. Pretest questions are mixed in with the scored questions and are not identified.

The number of pretest questions are listed in the content outline heading of each examination.

SALESPERSON/BROKER EXAM CONTENT

The content of the general section of the examination is based upon information obtained from a job analysis performed by Pearson VUE. Responses from real estate professionals were analyzed to determine the nature and scope of tasks they perform, and the knowledge and skills needed to perform them. This information is the basis upon which examination questions are written and ensures that the examination reflects the actual practice of real estate. Questions on the general section are also reviewed and approved by nationally recognized real estate professionals.

The state law section of the examination has been developed to reflect the laws, regulations, and practice of real estate in Alabama, and has been reviewed and approved by real estate professionals in Alabama.

MATH CALCULATIONS

The information below is NOT available at the test center and should be memorized.

Candidates may use the following information in making mathematical calculations on the general section of the real estate examinations unless otherwise stated in the text of the question:

- 43,560 square feet/acre
- 5,280 feet/mile
- Round off calculations (where applicable)

The information below, if needed, will be contained within the test itself:

If a question requires the calculation of prorated amounts, the question will specify: a) whether the calculation should be made on the basis of 360 or 365 days a year; and b) whether the day of closing belongs to the buyer or seller.

General Exam Content Outline for Salespersons

Effective: January 1, 2023

The general portion of the real estate exam is made up of eighty (80) scored items, which are distributed as noted in the following content outline. The general examination also contains five (5) pretest items that are not counted toward the score. These items are used to gather statistics on performance and to help assess appropriateness for use on future examinations. Because pretest items look exactly like items that are scored, candidates should answer all the items on the examination.

I. REAL PROPERTY CHARACTERISTICS, LEGAL DESCRIPTIONS, AND PROPERTY USE (5 Knowledge, 2 Application, 2 Analysis)

A. Real property vs. personal property (2 items)

1. Fixtures, trade fixtures, emblements
2. Attachment, severance, and bill of sale

B. Characteristics of real property (2-3 items)

1. Economic characteristics
2. Physical characteristics

C. Legal descriptions (2-3 items)

1. Methods used to describe real property
2. Survey

D. Public and private land use controls – encumbrances (2-3 items)

1. Public controls – governmental powers
 - a. Police power, eminent domain, taxation, escheat
 - b. Zoning ordinances
2. Private controls, restrictions, and encroachments
 - a. Covenants, conditions, and restrictions (CC&Rs), HOAs
 - b. Easements
 - c. Licenses and encroachments

II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (4 Knowledge, 3 Application, 1 Analysis)

A. Ownership, estates, rights, and interests (4 items)

1. Forms of ownership
2. Freehold estate
 - a. Fee simple absolute
 - b. Fee simple defeasible, determinable, and condition subsequent
 - c. Life estate
 - d. Bundle of rights
3. Leasehold estates and types of leases
 - a. Estate for years and from period to period (periodic estate)
 - b. Estate at will and estate at sufferance
 - c. Gross, net, and percentage leases

4. Liens and lien priority
5. Surface and sub-surface rights

B. Deed, title, transfer of title, and recording of title (4 items)

1. Elements of a valid deed
2. Types of deeds
3. Title transfer
 - a. Voluntary alienation
 - b. Involuntary alienation
4. Recording the title
 - a. Constructive and actual notice
 - b. Title abstract and chain of title
 - c. Marketable title and cloud on title
 - d. Attorney title opinion, quiet title lawsuit, and title insurance

III. PROPERTY VALUE AND APPRAISAL (5 Knowledge, 5 Application, 1 Analysis)

A. Concept of value (4 items)

1. Market value vs. market price
2. Characteristics of value
3. Principles of value

B. Appraisal process (3 items)

1. Purpose and steps to an appraisal
2. Federal oversight of the appraisal process

C. Methods of estimating value and Broker Price Opinions (BPO) (4 items)

1. Sales comparison approach (market data)
2. Cost approach
 - a. Improvements and depreciation
 - b. Physical deterioration, functional, and economic obsolescence
 - c. Reproduction or replacement costs
3. Income approach
4. Gross rent and gross income multipliers
5. Comparative Market Analysis (CMA)
6. Broker Price Opinion (BPO)
7. Assessed value and tax implications

IV. REAL ESTATE CONTRACTS AND AGENCY (8 Knowledge, 6 Application, 2 Analysis)

A. Types of contracts (2 items)

1. Express vs. implied
2. Unilateral vs. bilateral

B. Required elements of a valid contract (2-3 items)

C. Contract performance (2-3 items)

1. Executed vs. executory
2. Valid vs. void
3. Voidable vs. unenforceable
4. Breach of contract, rescission, and termination
5. Liquidated, punitive, or compensatory damages
6. Statute of Frauds
7. Time is of the essence

D. Sales contract (2-3 items)

1. Offer and counteroffer
2. Earnest money and liquidated damages
3. Equitable title
4. Contingencies
5. Disputes and breach of contract
6. Option contract and installment sales contract

E. Types of agency and licensee-client relationships (2 items)

F. Creation and termination of agency (2-3 items)

G. Licensee obligations to parties of a transaction (2 items)

V. REAL ESTATE PRACTICE

(9 Knowledge, 3 Application, 2 Analysis)

A. Responsibilities of broker (2 items)

1. Practicing within scope of expertise
2. Unauthorized practice of law

B. Brokerage agreements between the broker and principal (seller, buyer, landlord, or tenant) (4 items)

1. Seller representation – Types of listing agreements
 - a. Exclusive right-to-sell and exclusive agency listing
 - b. Non-exclusive or open listing
 - c. Net listing (conflict of interest)
 - d. Multiple listing service (MLS)
2. Buyer representation
3. Property management agreement
 - a. Accounting for funds
 - b. Property maintenance
 - c. Leasing property
 - d. Collecting rents and security deposits
4. Termination of agreements
5. Services, fees, and compensation

C. Fair Housing (4 items)

1. Equal opportunity in housing
2. Protected classes
3. Fair housing laws
4. Illegal practices, enforcement, and penalties
5. Prohibited advertising
6. Housing and Urban Development (HUD)
7. Americans with Disabilities Act (ADA)

D. Risk management (4 items)

1. Supervision
2. Compliance with federal regulations; including Privacy and Do Not Contact
3. Vicarious liability
4. Antitrust laws
5. Fraud and misrepresentation
6. Types of insurance
 - a. Errors and Omissions
 - b. General Liability

VI. PROPERTY DISCLOSURES AND ENVIRONMENTAL ISSUES

(5 Knowledge, 2 Application, 1 Analysis)

A. Property conditions and environmental issues (3-4 items)

1. Hazardous substances
 - a. Lead-based paint
 - b. Asbestos, radon, and mold
 - c. Groundwater contamination and underground storage tanks
 - d. Waste disposal sites and brownfields
 - e. Flood plains, flood zones, and flood insurance
2. Clean Air and Water Acts
3. Environmental Protection Agency (EPA)
 - a. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
 - b. Superfund Amendment and Reauthorization Act (SARA)
 - c. Environmental site assessments (including Phase I and II studies) and impact statements
 - d. Wetlands protection

B. Disclosure obligations and liability (4-5 items)

VII. FINANCING AND SETTLEMENT

(4 Knowledge, 2 Application, 1 Analysis)

A. Financing concepts and components (2 items)

1. Methods of financing
 - a. Mortgage financing – conventional and non-conventional loans
 - b. Seller financing – land contract/contract for deed

2. Lien theory vs. title theory and deed of trust
3. Sources of financing (primary and secondary mortgage markets, and seller financing)
4. Types of loans and loan programs
5. Mortgage clauses

B. Lender Requirements (1 item)

1. FHA requirements
2. VA requirements
3. Buyer qualification and Loan to Value (LTV)
4. Hazard and flood insurance
5. Private mortgage insurance (PMI) and mortgage insurance premium (MIP)

C. Federal Financing Regulations and Regulatory Bodies (2 items)

1. Truth-in-Lending and Regulation Z
2. TILA-RESPA Integrated Disclosures (TRID)
 - a. Consumer Financial Protection Bureau (CFPB)
 - b. Loan Estimate (LE)
 - c. Closing Disclosure (CD)
3. Real Estate Settlement Procedures Act (RESPA)
 - a. Referrals
 - b. Rebates
4. Equal Credit Opportunity Act (ECOA)
5. Mortgage fraud and predatory lending

D. Settlement and closing the transaction (2 items)

VIII. REAL ESTATE MATH CALCULATIONS (0 Knowledge, 4 Application, 3 Analysis)

A. Property area calculations (1 item)

1. Square footage
2. Acreage total

B. Property valuation (1 item)

1. Comparative Market Analysis (CMA)
2. Net Operating Income (NOI)
3. Capitalization rate
4. Equity in property
5. Establishing a listing price
6. Assessed value and property taxes

C. Commission/compensation (1 item)

D. Loan financing costs (1 item)

1. Interest
2. Loan to Value (LTV)
3. Fees
4. Amortization, discount points, and prepayment penalties

E. Settlement and closing costs (1 item)

1. Purchase price and down payment
2. Monthly mortgage calculations- principal, interest, taxes, and insurance (PITI)

3. Net to the seller
4. Cost to the buyer
5. Prorated items
6. Debits and credits
7. Transfer tax and recording fee

F. Investment (1 item)

1. Return on investment
2. Appreciation
3. Depreciation
4. Tax implications on investment

G. Property management calculations (1 item)

1. Property management and budget calculations
2. Tenancy and rental calculations

Real Estate General/National Resources

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General Exam Content Outline for Brokers

Effective: January 01, 2023

The general portion of the real estate exam is made up of eighty (80) scored items, which are distributed as noted in the following content outline. The general examination also contains five (5) pretest items that are not counted toward the score. These items are used to gather statistics on performance and to help assess appropriateness for use on future examinations. Because pretest items look exactly like items that are scored, candidates should answer all the items on the examination.

I. REAL PROPERTY CHARACTERISTICS, LEGAL DESCRIPTIONS, AND PROPERTY USE (2 Knowledge, 3 Application, 4 Analysis)

A. Real property vs. personal property (2 items)

1. Fixtures, trade fixtures, emblements
2. Attachment, severance, and bill of sale

B. Characteristics of real property (2-3 items)

1. Economic characteristics
2. Physical characteristics

C. Legal descriptions (2-3 items)

1. Methods used to describe real property
2. Survey

D. Public and private land use controls – encumbrances (2-3 items)

1. Public controls – governmental powers
 - a. Police power, eminent domain, taxation, escheat
 - b. Zoning ordinances
2. Private controls, restrictions, and encroachments
 - a. Covenants, conditions, and restrictions (CC&Rs), HOAs
 - b. Easements
 - c. Licenses and encroachments

II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (2 Knowledge, 3 Application, 3 Analysis)

A. Ownership, estates, rights, and interests (4 items)

1. Forms of ownership
2. Freehold estate
 - a. Fee simple absolute
 - b. Fee simple defeasible, determinable, and condition subsequent
 - c. Life estate
 - d. Bundle of rights
3. Leasehold estates and types of leases
 - a. Estate for years and from period to period (periodic estate)
 - b. Estate at will and estate at sufferance
 - c. Gross, net, and percentage leases

4. Liens and lien priority
5. Surface and sub-surface rights

B. Deed, title, transfer of title, and recording of title (4 items)

1. Elements of a valid deed
2. Types of deeds
3. Title transfer
 - a. Voluntary alienation
 - b. Involuntary alienation
4. Recording the title
 - a. Constructive and actual notice
 - b. Title abstract and chain of title
 - c. Marketable title and cloud on title
 - d. Attorney title opinion, quiet title lawsuit, and title insurance

III. PROPERTY VALUE AND APPRAISAL (3 Knowledge, 3 Application, 4 Analysis)

A. Concept of value (3 items)

1. Market value vs. market price
2. Characteristics of value
3. Principles of value

B. Appraisal process (3 items)

1. Purpose and steps to an appraisal
2. Federal oversight of the appraisal process

C. Methods of estimating value and Broker Price Opinions (BPO) (4 items)

1. Sales comparison approach (market data)
2. Cost approach
 - a. Improvements and depreciation
 - b. Physical deterioration, functional, and economic obsolescence
 - c. Reproduction or replacement costs
3. Income approach
4. Gross rent and gross income multipliers
5. Comparative Market Analysis (CMA)
6. Broker Price Opinion (BPO)
7. Assessed value and tax implications

IV. REAL ESTATE CONTRACTS AND AGENCY (3 Knowledge, 7 Application, 7 Analysis)

A. Types of contracts (2 items)

1. Express vs. implied
2. Unilateral vs. bilateral

B. Required elements of a valid contract (3 items)

C. Contract performance (3 items)

1. Executed vs. executory
2. Valid vs. void
3. Voidable vs. unenforceable
4. Breach of contract, rescission, and termination
5. Liquidated, punitive, or compensatory damages
6. Statute of Frauds
7. Time is of the essence

D. Sales contract (4 items)

1. Offer and counteroffer
2. Earnest money and liquidated damages
3. Equitable title
4. Contingencies
5. Disputes and breach of contract
6. Option contract and installment sales contract

E. Types of agency and licensee-client relationships (2 items)

F. Creation and termination of agency (2 items)

G. Licensee obligations to parties of a transaction (1 item)

V. REAL ESTATE PRACTICE

(4 Knowledge, 4 Application, 5 Analysis)

A. Responsibilities of broker (2 items)

1. Practicing within scope of expertise
2. Unauthorized practice of law

B. Brokerage agreements between the broker and principal (seller, buyer, landlord, or tenant) (3 items)

1. Seller representation – Types of listing agreements
 - a. Exclusive right-to-sell and exclusive agency listing
 - b. Non-exclusive or open listing
 - c. Net listing (conflict of interest)
 - d. Multiple listing service (MLS)
2. Buyer representation
3. Property management agreement
 - a. Accounting for funds
 - b. Property maintenance
 - c. Leasing property
 - d. Collecting rents and security deposits
4. Termination of agreements
5. Services, fees, and compensation

C. Fair Housing (4 items)

1. Equal opportunity in housing
2. Protected classes
3. Fair housing laws
4. Illegal practices, enforcement, and penalties
5. Prohibited advertising
6. Housing and Urban Development (HUD)
7. Americans with Disabilities Act (ADA)

D. Risk management (4 items)

1. Supervision
2. Compliance with federal regulations; including Privacy and Do Not Contact
3. Vicarious liability
4. Antitrust laws
5. Fraud and misrepresentation
6. Types of insurance
 - a. Errors and Omissions
 - b. General Liability

VI. PROPERTY DISCLOSURES AND ENVIRONMENTAL ISSUES

(3 Knowledge, 3 Application, 2 Analysis)

A. Property conditions and environmental issues (3-4 items)

1. Hazardous substances
 - a. Lead-based paint
 - b. Asbestos, radon, and mold
 - c. Groundwater contamination and underground storage tanks
 - d. Waste disposal sites and brownfields
 - e. Flood plains, flood zones, and flood insurance
2. Clean Air and Water Acts
3. Environmental Protection Agency (EPA)
 - a. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
 - b. Superfund Amendment and Reauthorization Act (SARA)
 - c. Environmental site assessments (including Phase I and II studies) and impact statements
 - d. Wetlands protection

B. Disclosure obligations and liability (4-5 items)

VII. FINANCING AND SETTLEMENT

(3 Knowledge, 2 Application, 2 Analysis)

A. Financing concepts and components (2 items)

1. Methods of financing
 - a. Mortgage financing – conventional and non-conventional loans
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Alabama Real Estate Salesperson and Broker Licensing Examination Content Outline

The state-specific examination is made up of forty (40) scored items for salespersons and broker candidates. The examinations also contain five to ten (5-10) pretest items. The pretest items are not identified and will not affect a candidate's score in any way.

Effective January 1, 2023

Salespersons

- I. PURPOSE OF LICENSE LAW/RULES AND REGULATIONS AND ROLE OF COMMISSION (1 item)**
- II. LICENSING REQUIREMENTS (7 items)**
- III. LICENSE STATUS (2 items)**
- IV. BROKER LICENSES, COMPANY LICENSES AND PLACE OF BUSINESS (5 items)**
- V. RECOVERY FUND (2 items)**
- VI. DISCIPLINARY ACTIONS AND PROCESS (2 items)**
- VII. ESTIMATED CLOSING STATEMENTS (1 item)**
- VIII. TRUST FUNDS (2 items)**
- IX. RECAD (3 items)**
- X. VIOLATIONS WHICH MAY RESULT IN DISCIPLINARY ACTIONS (15 items)**

Brokers

- I. LICENSING REQUIREMENTS (6 items)**
- II. LICENSE STATUS (2 items)**
- III. BROKER LICENSES, COMPANY LICENSES AND PLACE OF BUSINESS (6 items)**
- IV. RECOVERY FUND (1 item)**
- V. DISCIPLINARY ACTIONS AND PROCESS (3 items)**
- VI. ESTIMATED CLOSING STATEMENTS (2 items)**
- VII. TRUST FUNDS (3 items)**
- VIII. RECAD (5 ITEMS)**
- IX. VIOLATIONS WHICH MAY RESULT IN DISCIPLINARY ACTIONS (12 ITEMS)**

GENERAL INFORMATION

Test Center Locations and Schedules	
Location	City
US Military NTC Troy University-Ft Rucker DoD Only	Fort Rucker
Pearson Professional Centers-Birmingham (Hwy 31) AL	Birmingham
Pearson Professional Centers-Birmingham (Hwy280) AL	Birmingham
Pearson Professional Centers-Decatur AL	Decatur
Pearson Professional Centers-Dothan AL	Dothan
Pearson Professional Centers-Mobile AL	Mobile
Pearson Professional Centers-Montgomery AL	Montgomery
Athens State University	Athens
Lawson State Community College	Birmingham
Kelsey's Place	Clanton
Troy University Dothan Campus	Dothan
Wallace Community College Dothan Campus	Dothan
Enterprise State Community College	Enterprise
Gadsden State Community College - Gadsden	Gadsden
Wallace State Community College - Hanceville	Hanceville
J. F. Drake State Technical College	Huntsville
The University of Alabama in Huntsville	Huntsville
Calhoun Community College - Huntsville	Huntsville
The Exam Center A+	Millbrook
Fortis College	Mobile
H. Council Trenholm State Community College	Montgomery
Northwest-Shoals Community College	Muscle Shoals
Southern Union State CC - Opelika Campus	Opelika
Chattahoochee Valley Community College	Phenix City
Northeast Alabama Community College	Rainsville
Calhoun Community College - Decatur	Tanner
Shelton State Community College	Tuscaloosa
Auburn University	Auburn
University of Alabama	Tuscaloosa

Testing occurs between Monday - Saturday. Locations and schedules are subject to change.

There is also a national network of test centers available to take the Alabama Real Estate exams.

Ask about a location when you schedule your exam.

PEARSON VUE HOLIDAY SCHEDULE

No exams on the following holidays or holiday weekends:

New Year's Day

Memorial Day

Labor Day

Christmas Day

Martin Luther King, Jr. Day

Independence Day

Thanksgiving