

Guide to Passing the AMP Real Estate Broker Simulation Exam

Joyce Bea Sterling, DREI



Introduction v

CHAPTER 1

Agency 1

Creating Agency 1

Termination and Remedies for

Nonperformance 3

Disclosure (Related to Representation)

Listing Agreements 4

Basic Provisions/Purpose/Elements 4

Duties and Obligations of the Parties 5

Conditions for Termination/Breach of

Contract 6

Buyer Agency Agreements 7

Compensation as a Buyer's Agent 7

Property Representations 8

Cancellation or Termination of Buyer

Agency 10

CHAPTER 2

Contracts 11

General Principles and Legal Concepts 11

Types of Contracts 11

Validity 12

Void and Voidable 12

Executory/Executed 13

Enforceability 13

Addenda to Contracts 13

Conditions for Termination/Breach of

Contract 15

Offer and Acceptance 15

Notice of Delivery/Acceptance 16

Contingencies 17

Purchase Contract (Contract of Sale, Purchase

and Sale Agreement, etc.) 17

Basic Provisions/Purpose/Elements 17

Duties and Obligations of the Parties 18

Options (Contractual Right to Buy) 18

Seeking Expert Advice 19

CHAPTER 3

Freeholds and Leaseholds 21

Freehold Estates (Rights of Ownership) 21

Types of Ownership (Estates in Land) 23

Leasehold Interest 26

Types of Leases 27

Basic Elements and Provisions of Leases 29

Rights and Duties of the Parties 30

Remedies for Default/Nonperformance 31

Termination of Leases 31

Forms of Business Ownership 31 Corporations, Limited Liability Company

(LLC), and Other Business Terminology 32

CHAPTER 4

Property Management 35

Basic Provisions/Purpose/Elements of Property

Management Agreements 36

Lease Agreements 38

Duties and Obligations of the Parties 40

Market Analysis and Tenant Acquisition 42

Accounts and Disbursement 44

Property Maintenance and Improvements 45

Risk Management 46

Evictions 47

CHAPTER 5

Finance 49

Primary Mortgage Market 49

Secondary Mortgage Markets 50

Federal National Mortgage Association 50

Government National Mortgage

Association 51

Federal Home Loan Mortgage

Corporation 51

Federal Reserve 51

Conventional and Unconventional

Mortgages 52

FHA-Insured Loans 52

VA-Guaranteed Loans 53

Rural Economic and Community

Development 54

Basic Elements and Provisions of Financing

Instruments 54

Amortized 55

Interest Only 55

Adjustable-Rate Mortgage (ARM) 55

Construction Loan 56

Home Equity 56

Private Mortgage Insurance 57

Owner-Financed 57

Land Contract 57

Types of Mortgages 58

Other Information Regarding Financial

Instruments 59

Legal Principles 61

Assumption of Existing Financing 62

Nonperformance 63

Short Sales 63

Foreclosure 63

Mortgage Fraud 65
Preapproval and Prequalification (e.g., debt ratios, credit scoring, and history) 66
Parties to the Lending Process (e.g., loan originator, underwriter, mortgage broker) 67
Regulation Z 68
Antitrust 69
Other Brokerage Business Models 70
Equal Credit Opportunity Act (ECOA) 70
Community Reinvestment Act 70

CHAPTER 6

Government Regulations and Private Restrictions 73

Types of Advertising 73 Antitrust 74 Do-Not-Call List 74 Do Not Fax 75 CAN-SPAM Act 76 Fair Housing (e.g., blockbusting, steering) Affirmative Marketing 80 Government Powers: Police Power, Eminent Domain, Taxation, and Escheat 81 Subdivision Regulations (e.g., condominiums, cooperatives, planned unit developments) 81 Property Owner Association Agreements Land-Use Restrictions and Regulations 84 Lead-Based Paint Disclosure Radon 86 Other Environmental Issues Meth Labs Brownfields 88 Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) 89

CHAPTER 7

Description and Measurement 91

Metes and Bounds 91
Rectangular Survey 92
Lot and Block 94
Structures (Space and Volume) 94
Livable Area 94
Land Measurement 95

CHAPTER 8 Valuation 97

Basic Concepts and Terminology 97 Influences and Characteristics Affecting Value 98 Comparative Market Analysis (Performed by a Real Estate Licensee) 99
Broker Price Opinion 100
Appraisal Process/Procedure 100
Sales Comparison (Market Data)
Approach 101
Cost Approach 102
Income Analysis Approach 103
Real Property and Personal Property 103

CHAPTER 9

Conveyance 107

Definition of Clear (Marketable) Title 107
Matters Affecting Title 108
Recordation 108
Title Insurance 109
Deeds 110
Will 113
Court-Ordered Sale 114
Adverse Possession 114
Settlement Procedures (Closing the Transaction) 114

CHAPTER 10 Ethical Behavior 117

Employment Agreements between Broker and Other Licensees (including Supervision) 118

CHAPTER 1 1 decreased Calculations 123

Compensation, Commission, and Fees Valuation/Market Sale Price and Yields 128 Tax and Other Prorations 134 Net to Seller, Cost to Buyer (credits and debits) 138 Amortization 141 Points 141 Prepayment Penalties 142 Loan-to-Value Ratios 142 Measurement (e.g., square footage, acreage, volume) 146 Property Management/Investment (e.g., rate of return) 150

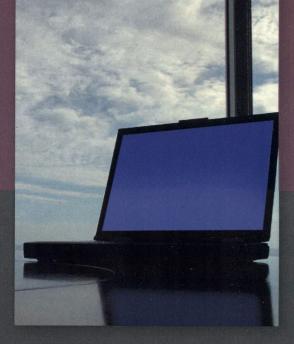
Glossary 153 Index 181

APPENDIX IRS Form 8300 189

Guide to Passing the AMP Real Estate Broker Simulation Exam

This comprehensive and valuable study tool includes:

- Content based on the new AMP national outline
- Explanation and examples of broker simulation format and scoring
- CD-ROM with 12 broker simulations (CD-ROM is compatible with Windows XP, Windows 7, Vista, and Mac OS. Recommended minimum: 128 MB RAM, 1024 x 768 screen resolution with true color 24-bit)



Build Your Successful Career with Additional Resources from Dearborn™ Real Estate Education:

Real Estate Brokerage: A Management Guide & Workbook

Real Estate Office Management

Sales and Marketing 101 for Real Estate Professionals

Before Hitting Send
Power Writing Skills for Real Estate Agents

Power Real Estate E-mails & Letters



332 Front Street South, Suite 501, La Crosse, WI 54601 www.dearborn.com, 800-972-2220

