# Real Estate

8191 36 weeks

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Acknowledgments

The components of this instructional framework were developed by the following curriculum development panelists:

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Office of Career, Technical, and Adult Education
Virginia Department of Education
Course Description

Suggested Grade Level: 12

Students learn to apply real estate principles such as sales, real estate financing, ownership rights, investments, ethics, and laws. This course also meets the Virginia Department of Professional and Occupational Regulation’s (DPOR’s) required 60 class/clock hours of real estate salesperson pre-license education. Upon successful completion of the course students are eligible to take the Virginia real estate salesperson licensing exam.* Correspondence with the Virginia Department of Education's marketing specialist will be required to obtain a letter of approval from the Real Estate Board to submit with the testing application. Academic skills (mathematics, science, English, and history/social science) related to the content are a part of this course. Students use computer/technology applications in support of course objectives. Work-based learning opportunities are suggested for this course.

*Individuals must be 18 years of age and have a high school diploma before applying for licensure as a real estate salesperson in Virginia. Additionally, those interested in pursuing licensure should be aware of the costs involved (e.g., application fee, testing fee, continuing education fees). Refer to DPOR regulations for current information. Further details are provided in the Related Material section of this course.

Recommended prerequisites: Marketing (8120) or Principles of Business and Marketing (6115) or Entrepreneurship Education (9093) or Digital and Social Media Marketing (8125)

Task Essentials Table

- Tasks/competencies designated by plus icons (⊕) in the left-hand column(s) are essential
- Tasks/competencies designated by empty-circle icons (○) are optional
- Tasks/competencies designated by minus icons (⊖) are omitted
- Tasks marked with an asterisk (*) are sensitive.

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Legend: ☑Essential ☐Non-essential ☞Omitted

**Curriculum Framework**

**Describing the Economy and Impact of Real Estate**

**Task Number 39**

Describe the role of real estate in American society.
Definition

Description should include the

- importance of home ownership in our society
- real estate options in America
  - owning
  - renting
  - investing.

DPOR correlation: 18VAC135-20-400. 1 (Economy and social impact of real estate); 18VAC135-20-400. 2 (Real estate market and analysis)

Process/Skill Questions

- How does real estate affect our economy?
- Why do people purchase property?
- How does owning property compare with renting property?
- What are the benefits of investing in real estate?
- What is a real estate investment?

Task Number 40

Analyze the economic relationships between the community and the real estate market.

Definition

Analysis should include

- economic factors associated with the community
  - short sales
  - foreclosures
- the impact of the real estate market on schools and the impact of schools on the real estate market
- employment/industries (growth/development)
- long-term effects
- factors affecting supply
- factors affecting demand.

DPOR correlation: 18VAC135-20-400. 1 (Economy and social impact of real estate); 18VAC135-20-400. 2 (Real estate market and analysis)

Process/Skill Questions
How does the growth or decline of industry affect the real estate market?
How do short sales/foreclosures affect home/property values?
How do demographics influence the real estate market?
What is the effect of public and private transportation on real estate property values?
What effect does the perceived value of schools have on the purchase decision?
How much does a school division’s reputation affect real estate prices?

Analyzing the Real Estate Market

Task Number 41

Distinguish among land, real estate, and real property.

Definition

Distinguishing should include definitions and examples of

- land
- real estate
- real property.

DPOR correlation: 18VAC135-20-400. 2 (Real estate market and analysis); 18VAC135-20-400. 11 (Real property and title insurance)

Process/Skill Questions

- What is the difference between real estate and real property?
- What are three examples of real property?
- What types of real estate exist?
- What is the difference between residential real estate and commercial real estate?

Task Number 42

Describe the difference between personal property and real property, including the differences between fixtures and trade fixtures.

Definition

Description should include defining and giving examples of
• personal property
• real property
• fixtures
• trade fixtures.

Description should also include the circumstances surrounding how each of these may change.

Description should include legal definition of these terms as provided by the Real Estate Commission or commission-approved textbooks.

DPOR correlations: 18VAC135-20-400. 2 (Real estate market and analysis); 18VAC135-20-400. 3 (Property rights); 18VAC135-20-400. 11 (Real property and title insurance)

Process/Skill Questions

• What is the difference between personal property and real property?
• What are three examples of personal property?
• What is the difference between a fixture and a trade fixture? Give three examples of each.

Task Number 43

Explain why the value of real property is dynamic.

Definition

Explanation should include the

• influence of rezoning, inflation, crime rate, high density, foreclosures and short sales, and desirability
• increase or decrease of energy costs
• the availability of/access to transportation
• job availability.

DPOR correlations: 18VAC135-20-400. 1 (Economy and social impact of real estate); 18VAC135-20-400. 2 (Real estate market and analysis); 18VAC135-20-400. 20 (Appraisal of residential and income producing property)

Process/Skill Questions

• How does rezoning affect property values?
• What is high density?
• What is down zoning?
• What is inflation?
• What are factors associated with a growing or a declining neighborhood?
Task Number 44

Explain the real estate market as it is affected by supply and demand.

Definition

Explanation should include

- factors that have an influence on listing and selling prices
- housing shortages, energy efficiency, interest rates, and economic conditions
- the influence of local conditions (e.g., zoning/planning)
- new vs. aging properties (cycle of a neighborhood)
- highest/best use of property
- effects related to building supplies (e.g., prices may rise after a natural disaster)
- availability of labor.

DPOR correlations: 18VAC135-20-400. 1 (Economy and social impact of real estate); 18VAC135-20-400. 2 (Real estate market and analysis)

Process/Skill Questions

- What is supply and demand? How does the law of supply and demand affect the housing market?
- What are some factors that affect the sales price of a home?
- What are some factors that affect supply? What are some factors that affect demand?
- What are the four stages of the cycle of a neighborhood?
- How do factors such as the state of the economy, interest rates, real income, and changes in the size of the population affect the real estate market?
- How does housing supply relative to demand affect market price?

Exploring Property Rights

Task Number 45

Explain the bundle of rights.

Definition

Explanation should include rights of
• possession
• enjoyment
• control
• disposition
• exclusion.

DPOR correlation: 18VAC135-20-400. 3 (Property rights)

Process/Skill Questions

• What is included in the bundle of rights?
• How is the bundle of rights conveyed?
• What does the phrase a bundle of sticks mean?
• What does it mean that a bundle of rights can be separated and reassembled?
• What does it mean to have the right of possession, enjoyment, control, and disposition?

Task Number 46

Investigate the concept of land rights (i.e., subsurface, surface, air rights, and air lots).

Definition

Investigation should include the definition of

• land rights
• subsurface rights
• surface rights
• air rights
• air lots

and examples of when these come into play.

DPOR correlation: 18VAC135-20-400. 3 (Property rights)

Process/Skill Questions

• What are subsurface rights?
• What is an example of subsurface rights?
• With what are subsurface rights generally associated?
• What are surface rights? What are some things included in surface rights?
• What are air rights?

Task Number 47
**Explain the various forms of water rights.**

**Definition**

Explanation should include the definition of types of water rights such as

- **riparian**
- **littoral**

and examples of when each comes into play.

Explanation should also include the definition of

- **erosion**
- **accretion**
- **avulsion**
- **doctrine of prior appropriation.**

DPOR correlation: 18VAC135-20-400. 3 (Property rights)

**Process/Skill Questions**

- What are riparian rights?
- How do riparian rights vary depending on the navigability of the river or stream?
- What are littoral rights?
- Littoral rights are appurtenant to the land; what does that mean?
- How does the doctrine of prior appropriation influence riparian rights?
- What are erosion, accretion, and avulsion when it comes to water rights?

**Task Number 48**

Describe the four powers of government that may limit or change ownership of real estate (i.e., eminent domain, police power, taxation, and escheat).

**Definition**

Description should include the definition of PETE:

- **P**—police power
- **E**—eminent domain
- **T**—taxation
- **E**—escheat
and situational examples of when each comes into play (e.g., escheat only comes into play upon death).

DPOR correlation: 18VAC135-20-400. 3 (Property rights)

**Process/Skill Questions**

- What is the process through which the government acquires private property for public benefit?
- How does the government determine the price of the property they want to obtain?
- What are some valuation methods?
- What is police power? Give three examples of it.
- What is escheat?

**Task Number 49**

**Distinguish among types of easement.**

**Definition**

Distinction should include

- definition of *easement*
- definition of *dominant* and *servient tenement*
- listing types of easements
  - easement by prescription
  - easement in gross
  - easement appurtenant
  - easement by necessity.

Distinction should include how easements are created and eliminated/terminated.

DPOR correlation: 18VAC135-20-400. 3 (Property rights)

**Process/Skill Questions**

- What is involved in securing an easement from a property owner?
- Who would be considered the dominant tenement, and who would be considered the servient tenement?
- What is an example of an easement in gross?
- What is an example of an easement appurtenant?
- What is an example of an easement by prescription?
- What is the legal test to acquire a prescriptive easement?
- What are some ways to terminate an easement?
**Task Number 50**

**Describe the use of private restrictive covenants affecting real property.**

**Definition**

Description should include

- the definition of *restrictive covenant*
- various types of restrictive covenants issued by cooperatives, condominiums, and planned communities including restrictions on pets, flags, and statuary.

DPOR correlation: 18VAC135-20-400. 3 (Property rights)

**Process/Skill Questions**

- What is a private restrictive covenant?
- What is the purpose of a restrictive covenant? What is an example of a restrictive covenant?
- What are three common restrictive covenants that affect residential property? What are at least three restrictive covenants that affect cooperatives, condominiums, and planned communities?
- What are covenants, conditions, and restrictions (CC&Rs) as these relate to cooperatives, condominiums, and planned communities?
- How are exceptions to restrictive covenants pursued?

**Task Number 51**

**Explain the term *encumbrance*, including examples.**

**Definition**

Explanation should include the concept that an encumbrance is an impediment to the free and clear ownership and use of a property.

DPOR correlation: 18VAC135-20-400. 3 (Property rights)

**Process/Skill Questions**

- What is an encumbrance? Is it the same as an encroachment? Explain.
- What are three types of encumbrances that apply to real estate?
- What is the best-known encumbrance?
• What are some examples of encumbrances that would limit the marketability of a property?

**Task Number 52**

**Describe the methods by which land use is controlled.**

**Definition**

Description of methods should include defining

- encumbrances
- liens
- easements
- encroachments
- licenses.

Description should also include the concept of a cloud on a title and how it can be eliminated.

DPOR correlation: 18VAC135-20-400. 3 (Property rights)

**Process/Skill Questions**

- What is *grandfathering*?
- What is the difference between private and governmental restrictions?
- Why and how does government restrict land and use?
- What are ways that a property owner may control future use of property?
- What is a cloud on a real estate title? When are they discovered, and how is a cloud on a title resolved?

**Understanding Contracts**

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**Task Number 53**

**Describe the creation of an express contract (both written and oral) and of an implied contract.**

**Definition**

Description should include definition of the following:
• **Express contract**: an exchange of promises in which the terms by which the parties agree to be bound are declared either orally or in writing or a combination of both, at the time it is made
• **Implied contract**: existence of the contract is assumed by the circumstances (actions or conduct of parties)

DPOR correlation: 18VAC135-20-400. 4 (Contracts)

**Process/Skill Questions**

• In real estate, what does a contract do?
• What is an express contract? Give an example of an express contract.
• What are the differences between a written and an oral contract?
• What is an implied contract? Give an example of an implied contract.
• When is an oral contract enforceable?

**Task Number 54**

**Distinguish between a bilateral contract and a unilateral contract.**

**Definition**

Distinction should include legal definition of these contracts as provided by the Real Estate Commission or Commission-approved textbooks:

• **Bilateral contract**: a contract in which each party promises to perform an act for the other party (a sales contract is the most common form of bilateral contract)
• **Unilateral contract**: a contract in which one party makes an obligation to perform without receiving in return any express promise of performance from the other party (a listing agreement is the most common form of unilateral contract used)
  o Exclusive listings vs. nonexclusive
  o General requirements for a valid listing

DPOR correlation: 18VAC135-20-400. 4 (Contracts)

**Process/Skill Questions**

• What is a bilateral contract? What is a unilateral contract? What is an example of a bilateral contract? What is an example of a unilateral contract?
• Under what circumstances would a bilateral contract and a unilateral contract be used?
• What is an exclusive/nonexclusive listing?
• What is the difference between an exclusive and a nonexclusive listing agreement?
• What is a listing agreement? What is generally included in a valid listing agreement?
Task Number 55

Define the legal effects of contracts (e.g., void, voidable, and unenforceable).

Definition

Definition should include legal definition of these effects as provided by the Real Estate Commission or commission-approved textbooks.

Definition should also include illustrations of each/discussion of actions that constitute a breach of contract (cancellation or termination), as well as relevant remedies for and consequences of a breach of contract.

DPOR correlation: 18VAC135-20-400. 4 (Contracts)

Process/Skill Questions

- What is a void contract? What is an example of a void contract?
- What is a voidable contract? What is an example of a voidable contract?
- What is the difference between a void and a voidable contract?
- When can a contract be unenforceable? What is an example of an unenforceable contract?
- What is a breach of contract?

Task Number 56

Identify the essential elements of a valid contract.

Definition

Identification should include the following components of a legal contract:

- COLIC:
  - Competent parties
  - Offer and acceptance (meeting of the minds)
  - Legal purpose
  - In writing and signed (statute of fraud)
  - Consideration (valuable or good)
- Date

DPOR correlation: 18VAC135-20-400. 4 (Contracts)
Process/Skill Questions

- What is meant by a valid contract?
- What is meant by essential elements when referring to a valid contract?
- What are the essential elements of a legal contract?
- Who are legally competent parties?
- What is mutual agreement?
- What is legal purpose?
- What is the statute of frauds and its purpose?
- What are the types of consideration?

Task Number 57

Explain the term *statute of limitations*.

Definition

Explanation should include defining *statute of limitations* and discussing why it is used.

DPOR correlation: 18VAC135-20-400. 4 (Contracts)

Process/Skill Questions

- What is the statute of limitations?
- When is the statute of limitations used and why?

Task Number 58

Describe contracts used in the real estate business.

Definition

Description should include the following types of contracts and definitions of each in real estate:

- Listing agreements
- Client representation agreement, including key elements of provisions of buyer and/or tenant agreement
- Offer/purchase agreement
- Counter offers/multiple counter offers
- Lease
- Options
- Escrow agreements

Description should also include a discussion of the role of e-signatures in contracts:
• Property management agreements
• Owner financing contracts
• Real estate sales

DPOR correlations: 18VAC135-20-400. 4 (Contracts); 18VAC135-20-400.14 (Real estate financing); 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities)

Process/Skill Questions

• When are client representation agreements used?
• What is an exclusive buyer/broker agreement?
• Why would one sign a client representation agreement?
• What are some essential elements of a buyer/broker agreement?
• What are three types of buyer/broker agreements?
• What is a purchase/sales agreement and when is it used?
• What is an option agreement and when is it used?
• What is an installment agreement and when is it used?
• What rights are transferred by a lease?
• How do e-signatures work for real estate agents? What e-signature software options exist?

Examining Types of Mortgages and Deeds of Trust

Task Number 59

Distinguish among the forms of property ownership.

Definition

Distinction should include the following:

• Type of estates
• Forms of co-ownership
  o Tenancy in common
  o Joint tenancy
  o Tenancy of the entirety
  o Community property
• Leaseholds
• Common interest ownership properties
  o Condo
Cooperative
  o Time shares
  • Bundle of rights

DPOR correlations: 18VAC135-20-400. 5 (Deeds); 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 10 (Home ownership)

Process/Skill Questions

• What is freehold ownership? Give examples.
• What is the difference between freehold and leasehold estates?

Task Number 60

Describe the methods by which a title can be transferred.

Definition

Explanation should include transfer

• by deed
• by will (testate)
• without a will (intestate)
• by adverse possession.

DPOR correlations: 18VAC135-20-400. 5 (Deeds); 18VAC135-20-400. 6 (Mortgages and deeds of trust)

Process/Skill Questions

• What is the difference between testate and intestate?
• How is title to property gained by adverse possession?

Task Number 61

Describe the purposes of a land survey.

Definition

Description should include identification of property boundaries, easements, and encroachments.

DPOR correlations: 18VAC135-20-400. 3 (Property rights); 18VAC135-20-400. 10 (Home ownership); 18VAC135-20-400. 11 (Real property and title insurance)
Process/Skill Questions

- How is a land survey arranged?
- What is the purpose of a land survey?
- What is the difference between a property boundary survey with stakes and a non-staked survey?
- How are easements and encroachments marked on a land survey?
- What is a topographic survey?

Task Number 62

Explain the three basic types of land descriptions.

Definition

Explanation should include lot and block, rectangular government survey, and metes and bounds.

DPOR correlations: 18VAC135-20-400. 3 (Property rights); 18VAC135-20-400. 11 (Real property and title insurance)

Process/Skill Questions

- What is a metes and bounds land description?
- Why is an informal reference not a legal land description?
- What is the basis for the rectangular survey system?

Task Number 63

Describe land units and measurements.

Definition

Description should include links, rods, chains, feet, furlong, square (mile, yard, foot), cubic yard, and acres.

DPOR correlations: 18VAC135-20-400. 3 (Property rights); 18VAC135-20-400. 11 (Real property and title insurance)

Process/Skill Questions

- How are links, rods, and chains used in land measurement?
- How many square feet are in an acre?
Task Number 64

Name the essential elements of a valid deed.

Definition

Elements should include

- role of grantor
- role of grantee
- consideration
- granting clause
- legal description of real estate
- exceptions and reservations
- grantor signature
- acknowledgment.

DPOR correlation: 18VAC135-20-400. 5 (Deeds)

Process/Skill Questions

- How is a title transferred by deed?
- Who is the grantor?
- What is the difference between valuable consideration and good consideration?
- What are examples of "words of conveyance"?
- Why must a grantor sign?

Task Number 65

Explain the terms delivery and acceptance.

Definition

Explanation should include definitions of

- delivery
- acceptance

and the role of the grantor and the grantee.

DPOR correlation: 18VAC135-20-400. 5 (Deeds)

Process/Skill Questions
• What is the relationship of delivery and acceptance to title transfer?
• Why doesn't a deed convey without delivery and acceptance?
• What actions can a grantee take to show acceptance?

Task Number 66

Describe situations in which title passes involuntarily.

Definition

Description should include foreclosure, escheat, and police power.

DPOR correlations: 18VAC135-20-400. 3 (Property rights); 18VAC135-20-400. 5 (Deeds)

Process/Skill Questions

• What does involuntary title transfer infer?
• What is the process of foreclosure?
• When is a property transferred by escheat?
• How is police power used in title transfer and why?

Task Number 67

Describe types of deeds.

Definition

Description should include quitclaim deed, grant deed, general warranty deed, special warranty deed, bargain and sale deed, deed of trust, reconveyance deed, trustee’s deed, and deed executed pursuant to a court order.

DPOR correlations: 18VAC135-20-400. 3 (Property rights); 18VAC135-20-400. 5 (Deeds)

Process/Skill Questions

• Under what circumstances is a quitclaim deed used?
• What are the highest rights of property ownership?
• What warranties, if any, are given with a grant deed?
• What are types of special warranty deeds? Under what circumstances would a special warranty deed be used?

Task Number 68
Explain the methods by which a deceased person's property transfers if he/she dies intestate.

Definition

Explanation should include the laws of succession.

DPOR correlations: 18VAC135-20-400. 3 (Property rights); 18VAC135-20-400. 5 (Deeds)

Process/Skill Questions

- What is succession?
- Why is it important for a property owner to write a will?
- When a property transfers intestate, how will the laws of succession apply?

Task Number 69

Define the terms security instrument, financing instrument, and hypothecation.

Definition

Definition should include

- security instrument
- financing instrument
- hypothecation.

Definition should include legal definition of the types as provided by the Real Estate Commission or commission-approved textbooks.

DPOR correlations: 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 14 (Real estate financing)

Process/Skill Questions

- What is succession?
- Why is it important for a property owner to write a will?
- When a property transfers intestate, how will the laws of succession apply?
- What constitutes a security instrument?
- What are two types of financing instruments?
- What is the purpose of hypothecation?
Task Number 70

Describe the provisions of a promissory note.

Definition

The description of a promissory note must

- describe the format (be in writing)
- be between a borrower and a lender, both of whom have contractual capacity
- show the terms of payment.

DPOR correlations: 18VAC135-20-400. 4 (Contracts); 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 14 (Real estate financing)

Process/Skill Questions

- What are the provisions of a promissory note?
- Why must a promissory note be in writing?
- Does a promissory note have the same elements as a contract?
- When is a promissory note used in real estate?

Task Number 71

Describe the requirements of a negotiable instrument.

Definition

Explanation should include information about a

- cashier’s check
- money order
- personal check
- cash
- promissory note.

DPOR correlation: 18VAC135-20-400. 14 (Real estate financing)

Process/Skill Questions

- What constitutes a negotiable instrument?
- What are some types of negotiable instruments?
Task Number 72

Specify the difference between buying subject to and assuming a mortgage or deed of trust.

Definition

Specification should include conditions for subject to vs. assumption.

DPOR correlations: 18VAC135-20-400. 5 (Deeds); 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 14 (Real estate financing)

Process/Skill Questions

- When does the seller remain liable for a loan after property is sold?
- What is a release of liability?
- What must a buyer do to assume a loan?
- Why are all loans not assumable?

Task Number 73

Explain elements of foreclosure proceedings.

Definition

Explanation should include

- definition of foreclosure
- methods of foreclosure
- deed in lieu of foreclosure
- deed given to purchaser at sale
- deficiency judgment
- redemption
- short sale.

DPOR correlation: 18VAC135-20-400. 14 (Real estate financing)

Process/Skill Questions

- Under what circumstances would a property go into foreclosure?
- When might a borrower/owner surrender a deed in lieu of foreclosure?
- What is a deficiency judgment?
Task Number 74

Describe the various types of mortgages.

Definition

Description should include types of mortgages available in the primary mortgage market including conventional, Federal Housing Administration (FHA) insured loans, and United States Department of Veterans Affairs (VA) guaranteed loans.

DPOR correlations: 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 14 (Real estate financing)

Process/Skill Questions

- What three guarantors are included in the primary mortgage market?
- Who guarantees an FHA loan? Who guarantees a VA loan? Who guarantees a conventional loan?
- What are the factors that influence the selection of a mortgage?

Task Number 75

Describe the influence of government on mortgage lending.

Definition

Description should include regulations, loan guarantees, and government fiscal policy.

DPOR correlations: 18VAC135-20-400. 1 (Economy and social impact of real estate); 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Mortgages); 18VAC135-20-400. 13 (Taxes in real estate); 18VAC135-20-400. 14 (Real estate financing); 18VAC135-20-400. 22 (Regulatory statutes); 18VAC135-20-400. 23 (Housing legislation)

Process/Skill Questions

- Which government agencies are involved in mortgage lending?
- How does government economic policy affect mortgage lending?
- What is the Federal Reserve, and what role does it play in mortgage lending?
- Is the influence of government in mortgage lending positive or negative? Why or why not?

Task Number 76
Describe the secondary mortgage market.

Definition

Description should include Fannie Mae, Freddie Mac, Ginnie Mae, and Farmer Mac.

DPOR correlations: 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 14 (Real estate financing); 18VAC135-20-400. 23 (Housing legislation)

Process/Skill Questions

• What is the secondary mortgage market?
• How does the secondary mortgage market differ from the primary mortgage market?
• How important is the secondary mortgage market to the ability to finance property?
• What is the difference between a conforming and nonconforming loan?

Task Number 77

Explain the term lien, including at least three types of liens.

Definition

Explanation should include details about a

• estate and inheritance tax lien
• mortgage lien
• mechanic’s lien
• judgment lien.

DPOR correlations: 18VAC135-20-400. 9 (Liens); 18VAC135-20-400. 13 (Taxes in real estate)

Process/Skill Questions

• How does a mechanic's lien attach to a property?
• What is the purpose of a mechanic's lien?
• What is the instrument used to attach a mortgage lien to a property?

Task Number 78

Explain the purpose of prioritizing liens.

Definition
Explanation should include the fact that real estate property tax liens are always superior to other liens. Other liens are handled in order of when they were recorded.

DPOR correlations: 18VAC135-20-400. 9 (Liens); 18VAC135-20-400. 13 (Taxes in real estate)

**Process/Skill Questions**

- What real estate property lien has the highest priority?
- Outside of tax liens, what determines the order of lien priority?

**Task Number 79**

**Explain the two types of tax liens.**

**Definition**

Explanation should include

- *ad valorem*
- special assessment.

DPOR correlations: 18VAC135-20-400. 9 (Liens); 18VAC135-20-400. 13 (Taxes in real estate)

**Process/Skill Questions**

- What are *ad valorem* taxes?
- What differentiates ad valorem and special assessment liens?

**Describing Leases and Real Property Management**

**Task Number 80**

**Illustrate at least four types of leasehold estates.**

**Definition**

Illustration should include a lease defined as a contract between an owner of real estate (the lessor) and a tenant (the lessee) to transfer the lessor’s rights regarding the possession and use of the property. Description of estates should include
• estate for years—a leasehold estate that continues for a definite period of time
• estate from period to period—a periodic tenancy situation in which the landlord and tenant enter into an agreement for an indefinite time
• estate at will—a leasehold estate that gives the tenant the right to possess property with the landlord’s consent for an unspecified or uncertain term
• tenancy at sufferance—a leasehold estate that arises when a tenant who lawfully possessed real property continues in possession of the premises without the landlord’s consent after the rights expire.

DPOR correlations: 18VAC135-20-400. 4 (Contracts); 18VAC135-20-400. 8 (Leases)

Process/Skill Questions

• What rights are extended to tenants under leasehold estate agreements?
• Who would benefit from each of the forms of leasehold estates?
• When would an estate from period to period be the best application?
• What behavior would demonstrate tenancy at sufferance?
• Why would an estate at will be terminated?

Task Number 81

Describe the primary types of leases.

Definition

Description should include information about

• gross lease—the tenant pays a fixed rental, and the landlord pays all property charges or operating expenses
• net lease—the tenant pays all or some of the property charges in addition to the rent
• percentage lease—a lease in which the rent is based on a minimum fixed rental fee plus a percentage of the gross income received by the tenant doing business on the leased property.

DPOR correlations: 18VAC135-20-400. 4 (Contracts); 18VAC135-20-400. 8 (Leases)

Process/Skill Questions

• What are the requirements of a valid lease?
• What actions constitute a breach of lease?
• What are the circumstances for which a lease may be discharged?
• Why would leasehold estates be preferable to immediate transfer of ownership (freehold estates)?
• Under what circumstances would a lease be implied?
• Why is it important for a lease to be written?
• When is an oral lease valid or enforceable?

**Task Number 82**

**Name the provisions of a typical property management agreement.**

**Definition**

Provisions should include

- description of the property
- definition of the term of the agreement and how it can be terminated
- collection of rent
- repairs
- duration
- compensation.

DPOR correlation: 18VAC135-20-400. 17 (Real property management)

**Process/Skill Questions**

- What are the parts of the management agreement?
- What is the purpose of a typical property management agreement?

**Task Number 83**

**Describe the duties of a property manager.**

**Definition**

Description of responsibilities should include

- financial management
- physical management
- administrative management

Description of duties should include

- qualifying tenants
- collecting rent
- maintaining property
- maintaining good relations with tenants.
Process/Skill Questions

- What are the principal responsibilities of a property manager? What are the duties of a property manager?
- How has the Americans with Disabilities Act (ADA) affected the responsibilities of a property manager?
- What is the purpose of a property management agreement?
- Are problem solving and decision making a part of the property manager's skills? Why or why not?

Examining Home Ownership

Task Number 84

Explore the characteristics of different types of property.

Definition

Explanation should include definitions of and differences among

- single family
- apartment building
- planned unit development (PUD)
- cooperative
- duplex
- high rise (mixed-used developments MUDs)
- condominium
- manufactured homes
- modular homes
- retirement communities
- converted-use properties
- timeshares.

Process/Skill Questions

- How have the types of housing changed over time?
• Why do people choose to buy rather than rent? Explain.
• How does housing affordability impact the real estate consumer?
• What is the difference between single family and multifamily housing?

Task Number 85

Identify the tax benefits of home ownership.

Definition

Explanation should include

• deductibility of home-loan interest and real estate taxes from taxable income
• deductibility of certain loan origination fees, loan discount points, and loan prepayment penalties
• definition of capital gains tax
• introduction of the 1031 exchange as it applies to investment property.

DPOR correlations: 18VAC135-20-400. 10 (Home ownership); 18VAC135-20-400. 13 (Taxes in real estate)

Process/Skill Questions

• How has recent legislation affected the ability of homeowners to claim certain tax deductions?
• How does payment of loan interest affect personal income taxes?
• Under what circumstances can a homeowner defer payment of tax on profit?
• Under what circumstances might a residence be sold at a profit with no tax liability?
• What investment considerations should be made when considering home ownership?

Task Number 86

Define the types of homeowner’s insurance.

Definition

Explanation should include types of homeowner’s insurance and whether each is optional or mandatory

• fire and hazard insurance
• flood insurance
• condominium insurance
• earthquake insurance
• renter’s insurance
• master insurance
• umbrella insurance
• theft insurance
• vandalism and malicious mischief insurance.

Explanation also should address the concepts of replacement cost, actual cash value, and depreciation, and how coinsurance would be applied to a specific homeowner’s policy.

DPOR correlations: 18VAC135-20-400. 10 (Home ownership); 18VAC135-20-400. 11 (Real property and title insurance)

Process/Skill Questions

• What is usually included in a basic form homeowner's insurance policy?
• What is covered under a broad form policy?
• Can flood insurance or earthquake insurance be purchased in areas that routinely flood or experience earthquakes? Why or why not?
• Is condominium insurance the same as renter's insurance? Why or why not?
• Is a home warranty the same as homeowner’s insurance? Explain.

Explaining Real Estate Investment

Task Number 87

Define investment property.

Definition

Definition should include the purpose of an investment property as a way to earn income.

DPOR correlation: 18VAC135-20-400. 12 (Investment)

Process/Skill Questions

• How does an investment property differ from one that is purchased as an owner-occupied residence?
• In what ways can a homeowner financially benefit from the purchase of a home as an investment?

Task Number 88
Explain the advantages and disadvantages of real estate investment.

Definition

Explanation should include

- advantages
  - possibility of appreciation
  - tax benefits in certain situations
  - possibility of an above-average rate of return
  - tax shelter
  - income (cash flow) production
  - greater control than ownership of securities
  - the leverage enabled by the use of borrowed money.

- disadvantages
  - high cost to acquire
  - depreciation of property
  - maintenance and upkeep
  - lack of liquidity
  - requirement of long-term commitment and active management
  - risk of lowering values
  - high degree of risk overall.

Explanation should also include a discussion of how capital gains and 1031 tax-deferred exchange affect investment property.

DPOR correlations: 18VAC135-20-400. 2 (Real estate market and analysis); 18VAC135-20-400. 12 (Investment); 18VAC135-20-400. 20 (Appraisal of residential and income-producing property)

Process/Skill Questions

- What is the role of depreciation of property in real estate?
- How does depreciation affect the profitability of a given real estate investment?
- What are four monetary advantages to real estate investment?
- How is equity build-up calculated?
- What are five disadvantages to real estate investment?
- How might a real estate investor manage his/her risk?
- Why might real estate investment considerations change over time?

Task Number 89

Research the process of buying an investment property.
Definition

Research should include the

- roles involved in real estate investing
- costs involved in real estate investing
- risks involved in real estate investing
- potential rewards involved in real estate investing, to include a discussion of the concept of leverage
- financing options available for investment properties.

DPOR correlations: 18VAC135-20-400. 12 (Investment); 18VAC135-20-400. 14 (Real estate financing); 18VAC135-20-400. 20 (Appraisal of residential and income-producing property)

Process/Skill Questions

- What are the objectives most real estate investors hope to achieve?
- Who qualifies for investment property financing, after considering the buyer’s ability to pay?
- What are the financing considerations that must be made before an investment purchase?

Understanding Taxes in Real Estate

Task Number 90

Define terms related to real estate taxes.

Definition

Definition should include

- assessment
- tax rate
- tax bills
- enforcement of tax liens
- special assessments.

DPOR correlation: 18VAC135-20-400. 13 (Taxes in real estate)

Process/Skill Questions

- How does the need for new schools influence a locality's need to increase taxes?
• How do real estate taxes supply public goods and services?
• How are taxes levied on real estate determined?
• How do changes in the market affect taxation rates?
• Why is understanding your locality’s tax assessment a necessity when considering home ownership?
• What are the factors that affect changes in real estate assessments?
• How do assessments differ from an appraised value in real estate?

Task Number 91

Analyze changes that influence real estate taxes.

Definition

Explanation should include

• influence of schools
• local budget considerations
• improvements in the community
• influence of places of worship
• a fluctuating real estate market
• job availability
• area demographics.

DPOR correlations: 18VAC135-20-400. 2 (Real estate market and analysis); 18VAC135-20-400. 13 (Taxes in real estate)

Process/Skill Questions

• How does a taxing district’s adoption of an annual budget impact real estate taxes?
• How does the need for new schools influence a locality's need to increase taxes?
• How are taxes levied on real estate determined?
• What entities are granted exemptions from real estate taxes?
• How do changes in the market affect taxation rates?
• What are the factors that affect changes in real estate assessments?
• When do assessments take place and by whom?

Exploring Real Estate Financing

Task Number 92
**Explain the effect the Federal Reserve has on interest rates and how that affects real estate.**

**Definition**

Explanation should include

- describing the Federal Reserve and its purpose
- explaining how evolving Federal Reserve policies affect real estate
- determining Federal Reserve requirements of local banks.

DPOR correlations: 18VAC135-20-400. 1 (Economy and social impact of real estate); 18VAC135-20-400. 14 (Real estate financing)

**Process/Skill Questions**

- What is the role of the Federal Reserve?
- In what ways does the Federal Reserve exert influence of the real estate market?
- What is the purpose of Federal Reserve requirements?

**Task Number 93**

**Differentiate between primary and secondary markets.**

**Definition**

Differentiation should include definitions, purposes, examples, and financial institutions involved with

- **primary market**—made up of the lenders who directly originate loans and make money available to borrowers
- **secondary market**—where loans are bought and sold after they have been funded.

DPOR correlations: 18VAC135-20-400. 2 (Real estate market and analysis); 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 14 (Real estate financing)

**Process/Skill Questions**

- Who are some of the major lenders in the primary market?
- How is income on a loan realized?
- How can a lender service a loan without having originated a loan?
Task Number 94

Explain interest and the various methods by which interest is computed.

Definition

Explanation should include

- interest amortized over years
- simple interest
- interest with balloon payment
- graduated interest
- adjustable rate interest.

DPOR correlations: 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 14 (Real estate financing)

Process/Skill Questions

- How is simple interest calculated?
- How do amortized payments differ from those of a straight loan?

Task Number 95

Explain discount points.

Definition

Explanation should state that the number of points charged depends on

- the difference between the loan’s stated interest rate and the yield required by the lender
- how long the lender expects it will take the borrower to pay off the loan.

DPOR correlations: 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 14 (Real estate financing)

Process/Skill Questions

- Why do lenders use discount points?
- How can a buyer “buy down” his/her interest rate on a mortgage?
- Under what circumstances would paying upfront discount points be advisable for the borrower?
• How are discount points calculated?

**Task Number 96**

**Explain loan origination fees and pre-payment penalties.**

**Definition**

Explanation should include the following definitions:

- **Origination fees**—transfer fees charged by some lenders to cover the expenses in generating the loan
- **Prepayment penalty**—a fee paid when a mortgagor would be required to pay when a loan is paid in full before the maturity date in order to compensate the lender for the unearned portion of the interest

DPOR correlations: 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 14 (Real estate financing)

**Process/Skill Questions**

- How are origination fees calculated?
- How is a lender compensated for his/her work?
- How are government loans different from other loans when it comes to prepayment penalties?
- How are prepayment penalties calculated?

**Task Number 97**

**Describe various loan programs for mortgages.**

**Definition**

Description should include mortgage payment plans such as

- conventional
- private mortgage insurance (PMI)
- FHA-insured loans
- VA-guaranteed loans
- agricultural loan programs

Description should also include other financing techniques such as

- package loan
- blanket loan
- wraparound loan
- open-end loan
- home-equity loan.

DPOR correlations: 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 14 (Real estate financing)

Process/Skill Questions

- When is PMI required for a mortgage loan?
- What are the most common types of loan programs used in the real estate market?

Task Number 98

Give examples of sources of real estate financing.

Definition

Examples of sources of real estate financing should include

- savings associations
- owner financing
- commercial banks
- mortgage brokers
- insurance companies
- credit unions
- pension funds
- endowment funds
- investment group financing
- mortgage banking companies.

DPOR correlations: 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 12 (Investment); 18VAC135-20-400. 14 (Real estate financing)

Process/Skill Questions

- What are some sources of real estate financing?
- How is the loan-to-value ratio determined?
- Under what circumstances will owners finance real estate purchases?
- What are the benefits and disadvantages to the borrower in an owner financing agreement?
- What differences in interest rates exist between different sources of real estate financing?
- How do mortgage brokers differ from associates of a commercial bank?
Task Number 99

Explain different types of mortgage loans.

Definition

Explanation should include examples of loans such as

- straight
- amortized
- adjustable-rate mortgage (ARM)
- growing equity
- balloon payment
- reverse
- buying subject to.

DPOR correlations: 18VAC135-20-400. 6 (Mortgages and deeds of trust); 18VAC135-20-400. 7 (Types of mortgages); 18VAC135-20-400. 14 (Real estate financing)

Process/Skill Questions

- Explain the difference between an ARM and a fixed-rate mortgage? How is the rate calculated on an ARM? What are the most common terms for ARMs?
- What are the general qualifications for each type of mortgage?
- What are the circumstances that must apply for a mortgage to be assumed by another borrower other than the original mortgagee?
- How might a growing equity mortgage meet the needs of a customer whose income is expected to continue to increase over time?
- What type of borrower might benefit from the monthly payments of a reverse-annuity mortgage?

Describing Brokerage and Agency Contract Responsibilities

Task Number 100

Define the term agency.

Definition
Definition should include

- agent liabilities
- buyer agent
- seller agent
- designated agent
- dual agent
- unintended dual agency
- independent contractor
- creation and termination
- landlord
- tenant.

DPOR correlations: 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities); 18VAC135-20-400. 25 (Real estate board regulations)

Process/Skill Questions

- What is an agency relationship?
- How is an agency created? What are the different types of agencies?
- What are some of the types of problems in agency relationships and disclosures?
- What methods can be used to terminate an agency relationship?
- What are some agent liabilities?

Task Number 101

**Explain the differences in agent responsibilities toward a customer vs. a client.**

Definition

Explanation should include

- differences between a customer and a client
- responsibilities to a customer
- responsibilities to a client.

DPOR correlation: 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities)

Process/Skill Questions

- What is the difference between a customer and client?
- What is duty of care?
Task Number 102

Define *fiduciary relationship* and the duties included therein.

**Definition**

Description should address the responsibilities of the broker and the responsibilities of the agent and the difference between the fiduciary and the principal.

Description also should include an explanation of the following acronym: COLD-AC (care, obedience, loyalty, disclosure, accounting, and confidentiality).

DPOR correlations: 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities); 18VAC135-20-400. 25 (Real estate board regulations)

**Process/Skill Questions**

- How is a fiduciary relationship created?
- What is a fiduciary duty?
- Why is the fiduciary relationship important in real estate transactions?
- What might be an exception in the fiduciary relationship?

Task Number 103

**Explain how brokerage fees are determined and calculated.**

**Definition**

Explanation should include

- the fact that fees are calculated based upon mutual agreement of the employing broker and the sales associate
- definitions
  - property’s sales price
  - flat rate
  - hourly rate.

DPOR correlations: 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities); 18VAC135-20-400. 25 (Real estate board regulations)

**Process/Skill Questions**

- What is the purpose of brokerage fees?
• How are brokerage fees calculated? Who determines brokerage fees? Is there a standard fee charged for brokerage services?
• What remedies are available if fees are not paid?
• How are the fees split between the broker and agent, if necessary?
• What is the typical commission percentage?

**Task Number 104**

**Identify information needed on various brokerage representation agreements.**

**Definition**

Identification should include

- the concept that the brokerage representation agreement reflects the brokerage relationship
- requirements for agency disclosure, including descriptions of duties, time frame, and signatures
- examples of various types of brokerage representation agreements and required documentation.

DPOR correlations: 18VAC135-20-400. 4 (Contracts); 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities); 18VAC135-20-400. 25 (Real estate board regulations)

**Process/Skill Questions**

- What is included in agency disclosure?
- When should agency disclosure be made?
- What are the types of brokerage agreements?
- How can agreements be terminated?
- Why is an agreement important?

**Task Number 105**

**Determine the seller’s net proceeds.**

**Definition**

The determination of the seller’s net proceeds should be calculated using a standard seller's net equity form.
Process/Skill Questions

• What is the purpose of a net sheet? What is included in a net sheet?
• What are the costs incurred by the seller?
• If using a net sheet electronic generator, what factors must be considered?
• What are the categories of costs included in the net sheet?

Task Number 106

Determine the buyer’s cost of purchase.

Definition

Determination of the buyer’s cost of purchase should be calculated using a standard buyer's purchase contract.

Determination should also take into account other fees the buyer may incur.

DPOR correlations: 18VAC135-20-400. 14 (Real estate financing); 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities)

Process/Skill Questions

• What costs are included in the purchase contract?
• What are contingencies?
• Why are contingencies included in contracts?

Describing Real Estate Marketing

Task Number 107

Describe different types of real estate agencies.

Definition

Description should include

• definition, costs and benefits to the client, and examples of
o full-service agency
o fee-for-service agency
o limited-service agency
o independent contractor

- identification of the types of marketing services offered by most real estate firms.

DPOR correlations: 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities); 18VAC135-20-400. 16 (Real estate marketing)

Process/Skill Questions

- What types of marketing services are offered by most real estate firms?
- What should be included in a limited-service agency agreement?
- What should agents consider when choosing a broker/real estate firm?
- How does the type of agency determine commissions?

Task Number 108

Outline the basic principles of the Multiple Listing Service (MLS).

Definition

Outline should include

- definitions associated with the MLS
- explanation of who can access the MLS
- description of how one becomes an authorized user
- identification of costs associated with MLS access
- explanation of how an agreement to represent a seller can be terminated.

Outline should also include identifying where information is distributed, such as

- MLS
- web-based applications
- home web search providers
- social media applications
- open houses
- broker opens.

DPOR correlation: 18VAC135-20-400. 16 (Real estate marketing)

Process/Skill Questions
• How is e-commerce used to market real estate?
• What other tools are used to market property?
• What are the different types of listings?
• With today’s internet presence, how has MLS been affected?
• What are the advantages and disadvantages of an MLS affiliation?

Task Number 109

Demonstrate personal marketing skills.

Definition

Demonstration should include ways to develop a personal brand, to include

• website
• email address
• social media presence
• image control (personal combined with professional)
• strategies for building one’s sphere of influence
  o identification of business connections
  o use of referral sources.

DPOR correlation: 18VAC135-20-400. 16 (Real estate marketing)

Process/Skill Questions

• What is personal branding?
• How does one protect his/her personal brand?
• How would logos and slogans be beneficial?

Task Number 110

Demonstrate property marketing.

Definition

Demonstration should include outlining a thorough and high-quality property presentation/listing, to include items such as

• agency websites
• social media platforms
• digital photography
• videography
• print advertising (brochures)
- aerial photography
- single-property websites
- home staging.

DPOR correlation: 18VAC135-20-400. 16 (Real estate marketing)

**Process/Skill Questions**

- What is the objective of property marketing?
- How does social media play a role in property marketing?
- What are the dangers of Internet property marketing?

**Understanding Search, Examination, and Registration of Title**

**Task Number 111**

Describe a title search.

**Definition**

Description should include

- purpose of a title search
- identification of who
  - initiates a title search
  - performs a title search
  - pays for the title search
- description of when the title search is ordered and performed.

Description also should include

- defining a cloud on a title
- describing how that cloud is cleared
- identifying a clear title
- describing how a title is transferred
- explaining the chain of title.

Additionally, description should include legal definitions of the types of title searches as provided by the Real Estate Commission or commission-approved textbooks.
Process/Skill Questions

- What is a title abstract?
- What is title insurance commitment?
- What is the umbrella organization of the title insurance industry?

Task Number 112

Outline recording statutes.

Definition

Outline should include

- the determination of the true owner of the property and lien priority
- provision of public notice of property ownership
- determination of assessments
- types of instructions that are recorded.

DPOR correlations: 18VAC135-20-400. 18 (Search, examination, and registration of title); 18VAC135-20-400. 19 (Title closing)

Process/Skill Questions

- Why are recording statutes necessary?
- What is the procedure for recording property?
- How may one become familiar with recording statutes?
- At what level is the recording process maintained (e.g., state, city, county)?
- Which officer is charged with the responsibility of maintaining recordings?

Task Number 113

Differentiate between actual notice and constructive notice.

Definition

Differentiation should include legal definitions and examples of

- *actual notice*
- *constructive notice.*
Additionally, differentiation should identify when each type of notice comes into play.

DPOR correlations: 18VAC135-20-400. 18 (Search, examination, and registration of title); 18VAC135-20-400. 19 (Title closing)

Process/Skill Questions

- What is the purpose of legal notice?
- What is the implication of actual notice?
- What are situations that necessitate actual notice? Constructive notice?
- When does actual notice have the same force as constructive notice?

Task Number 114

Describe the difference between standard (lender’s) and extended coverage (owner’s) title insurance.

Definition

Description should include the definition of

- standard owner’s title insurance
- standard lender’s title insurance
- extended coverage title insurance.

DPOR correlations: 18VAC135-20-400. 11 (Real property and title insurance); 18VAC135-20-400. 18 (Search, examination, and registration of title); 18VAC135-20-400. 19 (Title closing)

Process/Skill Questions

- What is a lender's title insurance policy?
- How does title insurance protect the insured?
- Why is it important to obtain an owner's title policy?
- What is the difference between a lender's and owner's title insurance policy?
- What are the costs of title insurance?
- How is title insurance different from other types of insurance?

Closing the Transaction

Task Number 115
Interpret closing disclosures.

**Definition**
Interpretation should include an example of a closing disclosure and a breakdown of the

- cost to buyer
- cost to seller
- taxes.

DPOR correlations: 18VAC135-20-400. 13 (Taxes in real estate); 18VAC135-20-400. 19 (Title closing)

**Process/Skill Questions**
- What is the purpose of a closing disclosure? How many days before the closing must the disclosure be delivered? What are the parts of a closing disclosure?
- What are points?
- What is the Real Estate Settlement Procedures Act (RESPA)?

**Task Number 116**

Calculate proration items.

**Definition**
Calculation should include proration of seller and buyer items, including

- loan interest
- per diem
- insurance
- fuel
- utility bills
- taxes
- homeowners association (HOA) fees
- rents
- prepaid items.

DPOR correlation: 18VAC135-20-400. 19 (Title closing)

**Process/Skill Questions**
- How are prorated costs calculated?
- Why are costs prorated?
• What happens if the contract does not cover prorations?
• How are prorations listed on the buyer’s closing statement?

Task Number 117

Define the term *escrow*.

Definition

Definition should include

• when escrow is used
• the term *in escrow*
• an escrow account
• when an escrow account is used
• the difference between an escrow closing and a live closing.

DPOR correlation: 18VAC135-20-400. 19 (Title closing)

Process/Skill Questions

• How is escrow defined?
• When is escrow used?
• What is the difference between escrow and an escrow account?
• Does escrow vary from state to state? Explain.
• What is an escrow clause?
• What is Virginia’s Wet Settlement Act? What are the attorney responsibilities as they relate to the Virginia’s Wet Settlement Act?
• How can an escrow be terminated?

Task Number 118

Explain agency compensation.

Definition

Explanation should include

• when an agent is paid
• how an agent is paid
• a breakdown of real estate commissions
  o listing side
  o selling side
  o broker-to-agent
agent-to-team (if applicable)
agent’s tax responsibilities.

DPOR correlations: 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities);
18VAC135-20-400. 25 (Real Estate Board regulations)

Process/Skill Questions

- How can one represent agency compensation using a flow chart?
- What is the process for earning commissions?
- What is a commission?
- Can commissions vary from agency to agency and, if so, how?

Appraising Residential and Income-Producing Property

Task Number 119

Identify the basic principles of value in the real estate market and factors that cause variation in value.

Definition

Identification should include definitions and examples of real estate

- anticipation
- change
- competition
- conformity
- contribution
- highest and best use
- increasing and diminishing returns
- plottage
- regression and progression
- substitution
- supply and demand.

Identification should also include a discussion of how and why real estate values vary.

DPOR correlations: 18VAC135-20-400. 1 (Economy and social impact of real estate);
18VAC135-20-400. 2 (Real estate market and analysis); 18VAC135-20-400. 20 (Appraisal of residential and income-producing property)

Process/Skill Questions

- What is demand? How does high demand affect the values of real estate?
- How does low demand affect the values of real estate?
- What factors make real estate values vary?

Teacher resource: Modern Real Estate Practice, 19th ed., pages 303-304

Task Number 120

Analyze the steps taken to create a comparative market analysis (CMA) to determine property value and market price.

Definition

Analysis should include

- definition and example of a comparative market analysis (CMA)
- a study of a subject property
- differentiation between an appraisal and a CMA
- steps involved in a CMA, including a comparison of the specified property with other sales.

DPOR correlations: 18VAC135-20-400. 1 (Economy and social impact of real estate); 18VAC135-20-400. 2 (Real estate market and analysis); 18VAC135-20-400. 20 (Appraisal of residential and income-producing property)

Process/Skill Questions

- How does the CMA help the real estate agent?
- How does the CMA help the seller of real estate?
- What is the difference between an appraisal and a CMA?

Teacher resource: Modern Real Estate Practice, 19th ed., page 291

Task Number 121

Identify the three types of depreciation.
Definition

Identification should include

- physical depreciation
- functional obsolescence
- external/economic obsolescence

and how each of these affect the real estate market.

DPOR correlations: 18VAC135-20-400. 1 (Economy and social impact of real estate); 18VAC135-20-400. 2 (Real estate market and analysis); 18VAC135-20-400. 20 (Appraisal of residential and income-producing property)

Process/Skill Questions

- What types of factors are included in physical depreciation?
- What is meant by functional obsolescence in real estate?
- What factors decrease the economic value of real estate? What factors increase the economic value of real estate?
- What is the difference between functional and external/economic obsolescence?

Teacher resource: Modern Real Estate Practice, 19th ed., pages 306-307

Task Number 122

Differentiate among cost approach to value, income approach to value, and direct sales approach to value.

Definition

Differentiation should include

- definitions
  - cost approach to value
  - income approach to value
  - direct sales approach to value
- the principle of substitution and how it is used in the cost approach to value
- the difference between replacement and reproduction costs
- determination of value in the income approach to value
- how and when each approach to value is used.
DPOR correlations: 18VAC135-20-400. 1 (Economy and social impact of real estate); 18VAC135-20-400. 2 (Real estate market and analysis); 18VAC135-20-400. 20 (Appraisal of residential and income-producing property)

Process/Skill Questions

- How is the principle of substitution used in the cost approach to value method?
- What is the difference between replacement and reproduction costs?
- How would an appraiser estimate the value of income-producing properties?

Teacher resource: Modern Real Estate Practice, 19th ed., pages 303-309

Task Number 123

Outline the appraisal process.

Definition

Outline should include

- definition of appraisal
- identification of
  - who performs the appraisal
  - when the appraisal is ordered
  - who pays for the appraisal (and whether it is refundable)
- effect the appraisal has on the contract (e.g., whether it is above or below the sales price)
- property factors evaluated in the appraisal.

DPOR correlation: 18VAC135-20-400. 20 (Appraisal of residential and income-producing property)

Process/Skill Questions

- What are duties of an appraiser?
- What are the different methods an appraiser uses to determine the value of real estate?
- What are the consequences of an appraisal being lower than the asking price of a home?

Teacher resource: Modern Real Estate Practice, 19th ed., pages 292-300

Understanding the Planning Process for Residential Communities

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Task Number 124

Define the roles of the subdivider and land developer.

Definition

Definition should include describing the subdivider, the land developer, and the distinctions between the two.

DPOR correlation: 18VAC135-20-400. 21 (Planning subdivision developments and condominiums)

Process/Skill Questions

- What are legal responsibilities of a subdivider and a land developer?
- What are the laws concerning real estate planning and land development?
- What is a plat, and why are they necessary in land development or subdivision planning?

Teacher resource: *Modern Real Estate Practice*, 19th ed., pages 395-397

Task Number 125

Outline the planning process for developing a residential community.

Definition

Outline should include

- purchase of land
- presentation of plan to the local zoning commission
- recommendation by zoning commission to local government bodies
- approval/disapproval of plan
- recommendation/requirement of changes by local government bodies
- waiting period for public comments
- inception of project after final approval from government bodies.

DPOR correlation: 18VAC135-20-400. 21 (Planning subdivision developments and condominiums)

Process/Skill Questions

- Why is it important to have a plan when developing residential communities?
How do zoning laws affect the residential community planning?
Why are public comments important to the development of residential communities?

Teacher resource: *Modern Real Estate Practice*, 19th ed., pages 389-400

**Exploring Federal Legislation and Regulatory Statutes**

**Task Number 126**

Describe the financing legislation that affects mortgage lending.

**Definition**

Description should include defining and distinguishing among

- Regulation Z
- Equal Credit Opportunity Act (ECOA)
- Real Estate Settlement Procedures Act (RESPA)
- Community Reinvestment Act of 1977 (CRA)

Description also should include a discussion of any potential penalties.

DPOR correlations: 18VAC135-20-400. 22 (Regulatory statutes); 18VAC135-20-400. 23 (Housing legislation); 18VAC135-20-400. 24 (Fair housing statutes)

**Process/Skill Questions**

- Should a real estate agency provide mortgage lending information to its clients?
- What are the legal ramifications of breaking a mortgage lending regulation?
- What advice should real estate salespeople provide their clients regarding legal regulations?
- How should real estate salespeople report any law infringements they encounter?

**Task Number 127**

State the United States Internal Revenue Service (IRS) real estate reporting requirements.
Definition

Statement should include explanation of IRS forms

- **1098**
- **1099**
- **1099-S**

and a description of when each is applicable.

DPOR correlations: 18VAC135-20-400. 13 (Taxes in real estate); 18VAC135-20-400. 22 (Regulatory statutes); 18VAC135-20-400. 23 (Housing legislation); 18VAC135-20-400. 24 (Fair housing statutes)

Process/Skill Questions

- Who is required to report real estate transactions on IRS forms 1098, 1099, and 1099-S?
- What are the benefits of using standardized forms (IRS forms 1098, 1099, and 1099-S)?
- What is the procedure used in reporting real estate transactions?
- Who should real estate agents contact with questions regarding IRS reporting requirements?

**Task Number 128**

**Explain the purpose of the federal fair housing laws.**

Definition

Explanation should include reference to the [United States Department of Housing and Urban Development (HUD)’s fair housing laws and presidential executive orders](https://www.hud.gov).  

DPOR correlation: 18VAC135-20-400. 24 (Fair housing statutes)

Process/Skill Questions

- List the importance and the impact of the presidential executive orders.
- Why were the federal fair housing laws created?
- Compare case studies prior to the passage of these laws to instances of illegal actions today.

**Task Number 129**

**Describe blockbusting, steering, and redlining.**
Definition

Description should include legal definitions and examples of

- blockbusting
- steering
- redlining.

DPOR correlation: 18VAC135-20-400. 24 (Fair housing statutes)

Process/Skill Questions

- Why is it important to prevent blockbusting, steering, and redlining?
- What is the difference between blockbusting, steering, and redlining?
- How can a real estate agent prevent these from happening?
- What is an agent’s responsibility when faced with a client’s demands that align with blockbusting, steering, and redlining?

Task Number 130

Explain the implications of fair housing laws for brokers and salespeople.

Definition

Explanation should include reference to the United States Department of Housing and Urban Development (HUD)’s fair housing laws and presidential executive orders.

DPOR correlation: 18VAC135-20-400. 24 (Fair housing statutes)

Process/Skill Questions

- What are the requirements of federal fair housing laws as they apply to brokers and salespeople?
- What are the penalties imposed for violating fair housing laws?
- Why should an agent be thoroughly aware of these laws before meeting with clients?
- What is an agent’s responsibility when he or she encounters a client breaking one of the fair housing laws?

Exploring State Legislation and Regulatory Statutes
Task Number 131

Identify persons who are required to have real estate licenses.

Definition

Identification should include persons who are required to hold a real estate license and those with exceptions (e.g., selling own property, executor of estate, court-appointed attorney).

See DPOR Real Estate Regulations for current requirements and exceptions.

DPOR correlation: 18VAC135-20-400. 25 (Real Estate Board regulations)

Process/Skill Questions

- According to the Virginia State Code, who is required to hold a real estate license?
- How does the licensure of real estate persons influence the real estate industry?
- Why does the state require real estate salespeople to hold a license?
- Are there exceptions to the licensing laws? Explain.

Task Number 132

List the Virginia requirements for licensure qualification.

Definition

List should include

- age requirements (must be 18 years old)
- educational requirements
  - high school diploma or its equivalent
  - mandatory 60-hour approved Principles of Real Estate course
- application requirements
  - before submitting an application, an applicant must submit a set of fingerprints to the Virginia Central Criminal Records Exchange for the purpose of conducting a state and national fingerprint-based criminal history record
  - after fingerprinting is done, the license application must be received by the Board within 45 calendar days of the Board’s receipt of fingerprints
- examination requirements (must pass a Virginia real estate exam that includes both national and state portions)
and reference to DPOR Real Estate Regulations for current/additional requirements.

DPOR correlation: 18VAC135-20-400. 25 (Real Estate Board regulations)

**Process/Skill Questions**

- According to Virginia Code, what are the requirements for holding a Virginia real estate license?
- What are the continuing education requirements to keep a Virginia real estate salesperson license?
- Where would one begin the process of obtaining a real estate license?
- What is the estimated cost of obtaining a real estate license?
- How are real estate agents paid? (e.g., salary, sole proprietorship)
- How does an agent obtain employment with a broker?

**Task Number 133**

**Identify areas of law that are important to real estate.**

**Definition**

Identification should include contract law, tax law, and agency law and should include reference to DPOR.

DPOR correlations: 18VAC135-20-400. 13 (Taxes in real estate); 18VAC135-20-400. 22 (Regulatory statutes); 18VAC135-20-400. 23 (Housing legislation); 18VAC135-20-400. 24 (Fair housing statutes); 18VAC135-20-400. 25 (Real Estate Board regulations)

**Process/Skill Questions**

- Why is the varied knowledge of law important in real estate?
- Why is it illegal for a real estate salespeople to provide legal advice to clients?
- What should a salesperson do when asked a legal question?
- Why should a real estate salesperson have a list of legal experts to provide to the clients? (This list should include experts in contract law, tax law, and agency law.)

**Task Number 134**

**Describe the Real Estate Transaction Recovery Fund.**

**Definition**

Description should include reference to DPOR’s Real Estate Transaction Recovery Fund.
Process/Skill Questions

- Why was the Real Estate Transaction Recovery Fund created?
- How was the Real Estate Transaction Recovery Fund created?
- Who administers the Real Estate Transaction Recovery Fund?
- Where is the source of money in the Real Estate Transaction Recovery Fund?
- Why would a person be paid through the Real Estate Transaction Recovery Fund?

Task Number 135

Explain the procedures in collecting from the Real Estate Transaction Recovery Fund.

Definition

Explanation should include

- steps to file from funds
- eligibility to collect
- maximum amount that can be collected.

Additionally, explanation should reference DPOR's Real Estate Transaction Recovery Fund.

Task Number 136

Identify the penalties imposed upon a real estate salesperson through the Real Estate Transaction Recovery Fund.

Definition
Identification of penalties should reference DPOR's [Real Estate Transaction Recovery Fund](#).

DPOR correlations: 18VAC135-20-400. 22 (Regulatory statutes); 18VAC135-20-400. 25 (Real Estate Board regulations)

**Process/Skill Questions**

- Can a real estate agent contest the findings of the board regarding the recovery fund? Explain.
- Is the agent required to abandon the commission received during the case in question? Explain.
- What is the impact of penalties upon a real estate agent's career in the short term? In the long term?

**Task Number 137**

**Explain the Virginia Residential Landlord and Tenant Act.**

**Definition**

Explanation should include details from the [Virginia Residential Landlord and Tenant Act in the Code of Virginia](#).

DPOR correlations: 18VAC135-2-400. 22 (Regulatory statutes); 18VAC135-20-400. 25 (Real Estate Board regulations)

**Process/Skill Questions**

- How does the Virginia Residential Landlord and Tenant Act protect both the landlord and the tenant?
- Why is the Virginia Residential Landlord and Tenant Act important?
- Who is subject to the Virginia Residential Landlord and Tenant Act?
- What are the landlords' and tenants' obligations under the Virginia Residential Landlord and Tenant Act?
- Whose obligation is it to explain these laws to the tenants?
- When should a violation be reported?

**Task Number 138**

**Compare Virginia fair housing laws to federal fair housing laws.**

**Definition**
Comparison should include reference to the Commonwealth of Virginia Real Estate Board Fair Housing Regulations as well as the United States Department of Housing and Urban Development (HUD)’s fair housing laws and presidential executive orders.

DPOR correlation: 18VAC135-20-400. 24 (Fair housing statutes)

**Process/Skill Questions**

- Who is protected under Virginia fair housing laws vs. federal fair housing laws?
- Why are the penalties different between Virginia and federal laws?
- How would a real estate salesperson report a violation of a Virginia or federal fair housing law?
- When a difference occurs between Virginia fair housing law and federal fair housing law, what determines which one prevails?

### Explaining Virginia Real Estate Board (VREB) Regulations

#### Task Number 139

**Explain the purpose of the Virginia Real Estate Board (VREB).**

**Definition**

Explanation should include the concept that the Virginia Real Estate Board (VREB) licenses salespersons, brokers, and firms representing others in property transactions. VREB also enforces fair housing law in cases involving real estate licensees and their employees.

DPOR correlation: 18VAC135-20-400. 25 (Real Estate Board regulations)

**Process/Skill Questions**

- What actions are regulated by the VREB?
- Who is regulated by the VREB?
- Why is the VREB in existence?
- How is a salesperson’s profession affected by a VREB decision?
- How are members of the VREB paid?

#### Task Number 140
Identify the make-up of the VREB.

Definition

Identification should include the concept that VREB board members are appointed by the governor. To learn more about the gubernatorial appointment process, visit the Secretary of the Commonwealth's website.

DPOR correlation: 18VAC135-20-400. 25 (Real Estate Board regulations)

Process/Skill Questions

- Who serves on the VREB? Why is the composition of the VREB important?
- How are the members of the VREB appointed?
- What influence does the VREB have on licensed real estate salespeople and brokers?
- Are VREB board members permitted to still be licensed, active sales agents and brokers?

Understanding Entrepreneurship in Real Estate

Task Number 141

Describe the structure of a real estate business.

Definition

Description should include

- sole proprietorship
- limited liability corporation
- corporation
- partnership.

Description also should include different types of ownership and the advantages and disadvantages of each.

DPOR correlations: 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities); 18VAC135-20-400. 16 (Real estate marketing)

Process/Skill Questions
• What are the ways a person can own a real estate business?
• What type of business ownership is the most risky? Why?
• What are the different forms a real estate business can take?

Teacher resource: Modern Real Estate Practice, 16th ed., page 65

Task Number 142

Identify ways in which business organizations can hold ownership.

Definition

Identification should include

• partnerships
• corporations (various types)
• sole proprietorships.

DPOR correlations: 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities);
18VAC135-20-400. 16 (Real estate marketing)

Process/Skill Questions

• What are the advantages and disadvantages of a sole proprietorship of a real estate business?
• What are the advantages and disadvantages of a partnership in a real estate business?
• What are the advantages and disadvantages of a corporation in a real estate business?
• What is a limited-liability company (LLC) type of ownership, and what is its advantage?
• What is a corporation?
• Why would an individual choose to become a sole proprietor?

Task Number 143

Identify specialized resources required to establish a real estate business.

Definition

Identification could include

• certified public accountant (CPA)
• legal counsel
• financial adviser
• digital marketing specialist
• information technology (IT) specialist
• business mentor
• area associations.

Identification should also include tools, supplies, and resources for a real estate office.
Identification should include industry partners such as a trusted lender and closing agent.

DPOR correlations: 18VAC135-20-400. 15 (Brokerage and agency contract responsibilities); 18VAC135-20-400. 16 (Real estate marketing); 18VAC135-20-400. 25 (Real Estate Board regulations)

Process/Skill Questions

• How can an IT specialist enhance a real estate business?
• What types of equipment or supplies should a real estate salesperson/broker have to enhance his/her business?
• What other support does the real estate industry give its salespeople/brokers?

Task Number 144

Develop a business plan for a real estate business.

Definition

Development should include following established format to produce the following components:

• Executive summary
• Description of the business
• Product or service
• Marketing plan
• Operation plan
• Financial plan
• Growth plan
• Appendix

Development may also include consideration of the following elements required for success:

• Types of prospecting
• Time management
• Budgeting
• Affiliations
• Presentation development
• Marketing materials
Process/Skill Questions

- Why is a business plan important to the real estate salesperson?
- Why is a business plan important to the real estate broker?
- Why is budgeting important to a real estate salesperson?
- Why is it important for a real estate salesperson to join affiliations?

Investigating Careers in Real Estate Marketing

Task Number 145

Differentiate between a licensed and an unlicensed assistant.

Definition

Differentiation should include responsibilities, costs, training/education, and limitations/permissible activities.

Additionally, description should include the role of a transaction coordinator.

DPOR correlation: 18VAC135-20-400. 25 (Real Estate Board regulations)

Process/Skill Questions

- What is the difference between a licensed and unlicensed assistant in the real estate industry?
- What are the pros and cons of using a licensed assistant vs. an unlicensed assistant?
- What does a transaction coordinator do?

Task Number 146

Outline the steps required to become a real estate salesperson.
Definition

Outline should include reference to Virginia Real Estate Regulations (18 VAC 135-20-30 through 135-20-60).

DPOR correlation: 18VAC135-20-400. 25 (Real Estate Board regulations)

Process/Skill Questions

- How does one become a real estate salesperson?
- How often does a salesperson have to renew his/her license?
- What fees are included in getting and keeping a real estate salesperson’s license?

Task Number 147

Explore career pathways in the real estate industry.

Definition

Exploration of career pathways in the real estate industry should include

- appraiser
- mortgage banker
- investor/rehabber/flipper
- general contractor
- stager
- real estate developer
- home inspector
- real estate educator
- real estate counselor
- builder
- property manager
- title examiner
- advertiser/marketing specialist
- real estate photographer/videographer
- real estate finance professional
- real estate broker
- real estate salesperson.

Process/Skill Questions

- What are career opportunities connected with the real estate industry?
- What are specializations in real estate?
- How does a real estate broker support a real estate salesperson?
Task Number 148

Research postsecondary educational opportunities related to the real estate industry.

Definition

Research of postsecondary educational opportunities should include

- community college
- adult education
- proprietary schools
- continuing education
- four-year colleges
- professional designation classes
- professional organizations
- online courses.

Process/Skill Questions

- What postsecondary opportunities are available in the real estate market?
- Why is the real estate industry a lifelong learning experience?
- How might a student develop a plan to become a real estate salesperson?
- What might be a potential career sequence within the real estate industry?

Task Number 149

Identify potential employment barriers in the real estate industry and ways to overcome those barriers.

Definition

Identification of employment barriers may include

- age requirements
- financial requirements
- requirements related to criminal record
- language barriers (though speaking multiple languages can be a benefit to a real estate salesperson).

Process/Skill Questions

- How can the use of technology enhance employment for nontraditional groups?
• What careers/employment opportunities may be more easily accessed by nontraditional groups?
• What are the support groups that can assist with overcoming employment barriers for nontraditional groups in real estate?
• What group or agency can provide information about potential employment barriers for nontraditional groups and ways to overcome barriers?
• How much should a real estate salesperson budget for start-up costs to begin his/her business?
• How can a bilingual real estate salesperson enhance a real estate business?
• What is the legal age for a real estate salesperson?

SOL Correlation by Task

<table>
<thead>
<tr>
<th>Task</th>
<th>English: 12.5</th>
<th>History and Social Science: GOVT.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe the role of real estate in American society.</td>
<td></td>
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</tr>
<tr>
<td>Analyze the economic relationships between the community and the real estate market.</td>
<td>English: 12.5</td>
<td>History and Social Science: GOVT.15</td>
</tr>
<tr>
<td>Distinguish among land, real estate, and real property.</td>
<td>English: 12.3, 12.5</td>
<td>History and Social Science: GOVT.15</td>
</tr>
<tr>
<td>Describe the difference between personal property and real property, including the differences between fixtures and trade fixtures.</td>
<td>English: 12.3, 12.5</td>
<td>History and Social Science: GOVT.14, GOVT.15</td>
</tr>
<tr>
<td>Explain why the value of real property is dynamic.</td>
<td>English: 12.5</td>
<td>History and Social Science: GOVT.15</td>
</tr>
<tr>
<td>Explain the real estate market as it is affected by supply and demand.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain the bundle of rights.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Investigate the concept of land rights (i.e., subsurface, surface, air rights, and air lots).</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain the various forms of water rights.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe the four powers of government that may limit or change ownership of real estate (i.e., eminent domain, police power, taxation, and escheat).</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Distinguish among types of easement.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe the use of private restrictive covenants affecting real property.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain the term <em>encumbrance</em>, including examples.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe the methods by which land use is controlled.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe the creation of an express contract (both written and oral) and of an implied contract.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Distinguish between a bilateral contract and a unilateral contract.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Define the legal effects of contracts (e.g., void, voidable, and unenforceable).</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Identify the essential elements of a valid contract.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain the term <em>statute of limitations</em>.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe contracts used in the real estate business.</td>
<td>English: 12.3, 12.5, 12.6, 12.7</td>
<td></td>
</tr>
<tr>
<td>Distinguish among the forms of property ownership.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe the methods by which a title can be transferred.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe the purposes of a land survey.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain the three basic types of land descriptions.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe land units and measurements.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Name the essential elements of a valid deed.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain the terms <em>delivery</em> and <em>acceptance</em>.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe situations in which title passes involuntarily.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe types of deeds.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain the methods by which a deceased person's property transfers if he/she dies intestate.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Define the terms <em>security instrument</em>, <em>financing instrument</em>, and <em>hypothecation</em>.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe the provisions of a promissory note.</td>
<td>English: 12.5</td>
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<tr>
<td>Describe the requirements of a negotiable instrument.</td>
<td>English: 12.5</td>
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</tr>
<tr>
<td>Specify the difference between <em>buying subject to</em> and <em>assuming</em> a mortgage or deed of trust.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain elements of foreclosure proceedings.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe the various types of mortgages.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe the influence of government on mortgage lending.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe the secondary mortgage market.</td>
<td>English: 12.5, 12.8</td>
<td></td>
</tr>
<tr>
<td>Explain the term <em>lien</em>, including at least three types of liens.</td>
<td>English: 12.5</td>
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</tr>
<tr>
<td>Explain the purpose of prioritizing liens.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain the two types of tax liens.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Illustrate at least four types of leasehold estates.</td>
<td>English: 12.5, 12.8</td>
<td></td>
</tr>
<tr>
<td>Describe the primary types of leases.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Name the provisions of a typical property management agreement.</td>
<td>English: 12.5</td>
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<tr>
<td>Task</td>
<td>Difficulty</td>
<td></td>
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<td>----------------------------------------------------------------------</td>
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<tr>
<td>Describe the duties of a property manager.</td>
<td>English: 12.5</td>
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<tr>
<td>Explore the characteristics of different types of property.</td>
<td>English: 12.5</td>
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<tr>
<td>Identify the tax benefits of home ownership.</td>
<td>English: 12.5</td>
<td></td>
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<tr>
<td>Define the types of homeowner’s insurance.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Define <em>investment property</em>.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain the advantages and disadvantages of real estate investment.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Research the process of buying an investment property.</td>
<td>English: 12.5, 12.8</td>
<td></td>
</tr>
<tr>
<td>Define terms related to real estate taxes.</td>
<td>English: 12.3</td>
<td></td>
</tr>
<tr>
<td>Analyze changes that influence real estate taxes.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain the effect the Federal Reserve has on interest rates and how that affects real estate.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Differentiate between primary and secondary markets.</td>
<td>English: 12.5</td>
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<tr>
<td>Explain interest and the various methods by which interest is computed.</td>
<td>English: 12.5</td>
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<tr>
<td>Explain discount points.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain loan origination fees and pre-payment penalties.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Give examples of sources of real estate financing.</td>
<td>English: 12.5</td>
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</tr>
<tr>
<td>Explain different types of mortgage loans.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Define the term <em>agency</em>.</td>
<td>English: 12.3</td>
<td></td>
</tr>
<tr>
<td>Explain the differences in agent responsibilities toward a customer vs. a client.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Define <em>fiduciary relationship</em> and the duties included therein.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain how brokerage fees are determined and calculated.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Identify information needed on various brokerage representation agreements.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Determine the seller’s net proceeds.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Determine the buyer’s cost of purchase.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe different types of real estate agencies.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Outline the basic principles of the Multiple Listing Service (MLS).</td>
<td>English: 12.3, 12.5, 12.6, 12.7</td>
<td></td>
</tr>
<tr>
<td>Demonstrate personal marketing skills.</td>
<td>English: 12.2, 12.5</td>
<td></td>
</tr>
<tr>
<td>Demonstrate property marketing.</td>
<td>English: 12.6, 12.7</td>
<td></td>
</tr>
<tr>
<td>Describe a title search.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Outline recording statutes.</td>
<td>English: 12.6, 12.7</td>
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<td>------------------------------------------------------------------------------------------</td>
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<tr>
<td>Differentiate between actual notice and constructive notice.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Describe the difference between standard (lender’s) and extended coverage (owner’s) title insurance.</td>
<td>English: 12.5</td>
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</tr>
<tr>
<td>Interpret closing disclosures.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Calculate proration items.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Define the term <em>escrow</em>.</td>
<td>English: 12.3</td>
<td></td>
</tr>
<tr>
<td>Explain agency compensation.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Identify the basic principles of value in the real estate market and factors that cause variation in value.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Analyze the steps taken to create a comparative market analysis (CMA) to determine property value and market price.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Identify the three types of depreciation.</td>
<td>English: 12.5</td>
<td></td>
</tr>
<tr>
<td>Differentiate among cost approach to value, income approach to value, and direct sales approach to value.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Outline the appraisal process.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Define the roles of the subdivider and land developer.</td>
<td>English: 12.3</td>
<td></td>
</tr>
<tr>
<td>Outline the planning process for developing a residential community.</td>
<td>English: 12.3, 12.6</td>
<td></td>
</tr>
<tr>
<td>Describe the financing legislation that affects mortgage lending.</td>
<td>English: 12.6, 12.7</td>
<td></td>
</tr>
<tr>
<td>State the United States Internal Revenue Service (IRS) real estate reporting requirements.</td>
<td>English: 12.5, 12.8</td>
<td></td>
</tr>
<tr>
<td>Explain the purpose of the federal fair housing laws.</td>
<td>English: 12.5, 12.8</td>
<td></td>
</tr>
<tr>
<td>Describe blockbusting, steering, and redlining.</td>
<td>English: 12.3, 12.5</td>
<td></td>
</tr>
<tr>
<td>Explain the implications of fair housing laws for brokers and salespeople.</td>
<td>English: 12.5, 12.8</td>
<td></td>
</tr>
<tr>
<td>Identify persons who are required to have real estate licenses.</td>
<td>English: 12.5, 12.8</td>
<td></td>
</tr>
<tr>
<td>List the Virginia requirements for licensure qualification.</td>
<td>English: 12.6, 12.7, 12.8</td>
<td></td>
</tr>
<tr>
<td>Identify areas of law that are important to real estate.</td>
<td>English: 12.5, 12.8</td>
<td></td>
</tr>
<tr>
<td>Describe the Real Estate Transaction Recovery Fund.</td>
<td>English: 12.5, 12.8</td>
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<td>Explain the procedures in collecting from the Real Estate Transaction Recovery Fund.</td>
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<td>English: 12.5, 12.8</td>
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<tr>
<td>Explain the Virginia Residential Landlord and Tenant Act.</td>
<td>English: 12.5, 12.8</td>
<td></td>
</tr>
<tr>
<td>Compare Virginia fair housing laws to federal fair housing laws.</td>
<td>English: 12.5, 12.8</td>
<td></td>
</tr>
</tbody>
</table>
Real Estate Salesperson Examination Information

Correlations between Real Estate (8191) and DPOR

Examinations by PSI
PSI has been contracted as the exam vendor to conduct the examination process. PSI provides examinations through a network of computer and paper-and-pencil examination centers in Virginia. One must pass an examination to confirm the attainment of at least a minimum level of knowledge regarding the principles, practices, and statues and regulations relating to real estate.

Each examination consists of state and national portions. A passing score on both portions is necessary for licensure. Refer to PSI Real Estate Candidate Information Bulletin for complete details and to learn registration procedures.

Real Estate Salesperson Examination Qualifications
Applicants must be at least 18 years of age and must meet these additional requirements and complete the required prelicense education before taking the examination.

Instructions for License Qualification
To make the license qualification process go smoothly, be certain to perform the following:

1. Obtain, at a minimum, a high school diploma or its equivalent.
2. Obtain the appropriate number of hours of education in advance of registering for the examination.
3. Prepare for the examination by using the examination outline and the suggested study materials that cover the outline topics.
4. Ensure the examination registration form is complete and accurate, and that you include the correct fees.
5. Take proper identification with you to your scheduled examination appointment.
6. After you have passed the appropriate portions of the PSI licensing examination, submit your license application form, any other required information, and the correct fees to the Virginia Department of Professional and Occupational Regulation.
7. Before submitting an application for a Virginia real estate license, submit a set of fingerprints to the Virginia Central Criminal Records Exchange for the purpose of conducting a state and national fingerprint-based criminal history record. Fingerprinting is mandatory. You will be electronically fingerprinted at one of the PSI Virginia sites, during regular testing hours.
8. Send the license application to the Board within 45 calendar days of the Board’s receipt of the fingerprint results (or you will have to pay to be fingerprinted again before the license will be issued).

**Tips for Preparing for Your License Examination**
1. Start with a current copy of the Virginia Real Estate Candidate Information Bulletin and use the examination content outline as basis of your study covering both the national and state portions.
2. Read study materials that cover all the topics in the content outline.
3. Read the Virginia Real Estate Regulations.

**Examination Study Materials and Textbook for Course Instruction**

**National Portion**


Other resources:


**State Portion**

Recommended Textbook: *Virginia Real Estate Practice & Law*, 10th edition, Barrell, Dearborn
Real Estate Education  (800)-972-2220.

Virginia Real Estate License Laws, Title 54.1 Professions and Occupations, Chapter 21 Real Estate Brokers, Sales Persons, and Rental Location Agents.

Virginia Housing Law

Virginia Real Estate Regulations

Virginia Residential Property Disclosure Act

Virginia Real Estate Time-Share Act

Virginia Condominium Act

Virginia Condominium Regulations

Virginia Underground Utility Damage Prevention Act (Code of Virginia)

Common Interest Community Management Information Fund

Property Owner’s Association Act

DECA, Inc. Information

DECA, the co-curricular student organization for Marketing, provides many opportunities through its program of work for students to apply the knowledge, skills, and processes learned in a variety of courses. The purposes of DECA's program of competitive events are as follows:

- To contribute to the development of skills necessary for careers in marketing, merchandising, management, and entrepreneurship
- To evaluate student achievement of the skills through careful measurement devices (performance indicators)
- To provide opportunities for student and team recognition
- To provide constructive avenues for individual or team expression, initiative, and creativity
- To motivate students to assume responsibility for self-improvement and self-discipline
- To provide a vehicle for students to demonstrate (via performance indicators) their acquired skills through individual or team activities
- To assist students in acquiring a realistic self-concept through individual and team activities
- To help students participate in an environment of cooperation and competition
- To provide visibility for the educational goals and objectives of marketing education.
Common Skills Developed When Participating in DECA Events

- Communication skills—The ability to exchange information and ideas with others through writing, speaking, reading, or listening
- Analytical skills—The ability to derive facts from data, findings from facts, conclusions from findings, and recommendations from conclusions
- Critical thinking and problem-solving skills
- Production skills—The ability to take a concept from an idea and make it real
- Teamwork—The ability to plan, organize, and conduct a group project
- Priorities/time management—The ability to determine priorities and manage time commitments
- Assessment skills—The ability to evaluate presentations

Related DECA, Inc. Competitive Events

CTE student organization information correlates to course content. These DECA, Inc. competitive events available in Virginia enable students to apply and practice tasks they have mastered within the course. Other events may be applicable upon instructor discretion. Refer to the Chapter Management Guide for more information.
Appendix: Course Sequences and Career Cluster Information

Concentration sequences: A combination of this course and those below, equivalent to two 36-week courses, is a concentration sequence. Students wishing to complete a specialization may take additional courses based on their career pathways. A program completer is a student who has met the requirements for a CTE concentration sequence and all other requirements for high school graduation or an approved alternative education program.

- Digital and Social Media Marketing (8125/36 weeks)
- Entrepreneurship (9093/36 weeks)
- Marketing (8120/36 weeks)
- Principles of Business and Marketing (6115/36 weeks)

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