



For Additional Information, contact:  
Patrick Gallagher, MBA, Vice President, Sales & Marketing  
Applied Measurement Professionals, Inc.  
913.895.4600  
pgallagher@goAMP.com

## **Synopsis of Changes to AMP's Real Estate Examinations**

### *Planned Implementation Schedule*

An overview of the recent real estate job analysis conducted by Applied Measurement Professionals, Inc. (AMP) and the resulting examination specifications is summarized in a previous document (see *AMP Conducts National Job Analysis and Updates Real Estate Salesperson and Broker Test Specifications* available at [www.goAMP.com/publications.aspx](http://www.goAMP.com/publications.aspx)). The purpose of this synopsis document is to provide preliminary information about the planned implementation schedule in the eleven states using AMP's real estate examinations, and to summarize - differences between the new content outlines and the current outlines. Administration of the new examinations corresponding to the new specifications may begin as early as March 2011. Before the implementation in each state, an updated *Candidate Handbook* will be available through [www.goAMP.com](http://www.goAMP.com). The exact implementation schedule for the new specifications will be published in January, 2011.

### *New Detailed Content Outlines*

An overview of the new content outlines was published previously in the national job analysis summary. To help facilitate preparation and to provide the opportunity for real estate educators, prospective candidates, and other interested parties to be fully informed about the content of the new examinations, the detailed content outlines for the salesperson (or entry-level licensee) examination and the broker (advanced licensee) examinations follow.

<b>Real Estate Salesperson / Entry-level Licensee Detailed Content Outline Approved for use in 2011 based on 2010 Job Analysis</b>	
<b>1. Agency Relationships and Contracts</b>	<b>28 %</b>
<b>A. Agency Relationships</b>	
1. Creating Agency	
2. Types of Agency (including implied agency)	
3. Rights, Duties and Obligations of the Parties	
4. Termination and Remedies for Non-Performance	
5. Disclosure (related to representation)	
<b>B. General Legal Principles, Theory, and Concepts about Contracts</b>	
1. Unilateral / Bilateral	
2. Validity	
3. Void and Voidable	
4. Notice of Delivery / Acceptance	
5. Executory / Executed	
6. Enforceability	
7. Addenda to Contracts	
<b>C. Purchase Contracts (contracts between seller and buyer)</b>	
1. General Principles and Legal Concepts	
2. Purchase Contract (contract of sale, purchase and sale agreement, etc.)	
3. Options (contractual right to buy)	
4. Basic Provisions / Purpose / Elements	
5. Conditions for Termination / Breach of Contract	
6. Offer and Acceptance (counter offers, multiple offers, negotiation, earnest money)	
7. Contingencies	
8. Duties and Obligations of the Parties	
<b>D. Service/Listing Buyer Contracts (contracts between licensee and seller or buyer)</b>	
1. General Principles and Legal Concepts	
2. Basic Provisions / Purpose / Elements	
3. Duties and Obligations of the Parties	
4. Conditions for Termination/Breach of Contract	
5. Remuneration / Consideration / Fees	
6. Types of Service / Listing Contracts	
<b>E. Employment Agreements between Broker and other Licensees (including supervision)</b>	

<b>2. Real Property Ownership/Interest</b>	<b>14 %</b>
<b>A. Freehold Estates (rights of ownership)</b>	
<b>B. Types of Ownership (estates in land)</b>	
1. Joint Tenancy	
2. Tenancy in Common	
3. Condominiums	
<b>C. Leasehold Interest</b>	
1. Basic Concepts and Terminology	
2. Types of Leases	
3. Basic Elements and Provisions of Leases	
4. Rights and Duties of the Parties	
5. Remedies for Default / Non-Performance	
<b>D. Forms of Business Ownership</b>	
1. Sole Proprietorship	
2. General or Limited Partnership	
3. LLC	
<b>E. Private Restrictions on Real Property/Land Use and Matters Affecting Ownership</b>	
1. Liens	
a. Voluntary	
b. Involuntary	
c. Priority	
2. Easements / Rights of Way / Licenses	
3. Preexisting Leases or Other Agreements	
4. Encroachment	
5. Deed Conditions, Covenants, and Restrictions	
6. Property Owner Association Agreements	
<b>F. Government Powers and Control of Land Use</b>	
1. Americans with Disabilities Act (ADA)	
2. Land Use Restrictions and Regulations (i.e., zoning)	
3. Police Powers	
4. Eminent Domain	
5. Property Taxation	
6. Subdivision Regulations (e.g., condominiums, cooperatives, planned unit developments)	

Real Estate Salesperson / Entry-level Licensee Detailed Content Outline, Continued

**3. Finance**

**15 %**

**A. Basic Concepts and Terminology**

1. Equity
2. Loan-to-Value Ratio
3. Term and Payment
4. Principal and Interest
5. Direct and Indirect Costs (points, discounts)
6. Return on Investment / Rate of Return

**B. Types of Financing**

1. Amortized
2. Interest Only
3. ARM
4. Construction Loan
5. Home Equity

**C. Methods of Financing**

1. Government Programs (e.g., FHA, VA)
2. Conventional
3. Owner-financed
4. Land Contract

**D. Financing Instruments (Mortgages, Trust Deeds, Promissory Notes)**

1. Basic Elements and Provisions of Financing Instruments
2. Legal Principles
3. Non-Performance

**E. Government Oversight**

1. RESPA
2. Regulation Z
3. Truth-in-Lending Act
4. Antitrust
5. Mortgage Fraud
6. Equal Credit Opportunity Act

**F. Lending Process**

1. Pre-approval and Pre-qualification (e.g., debt ratios, credit scoring, and history)
2. Parties to the Lending Process (e.g., loan originator, underwriter, mortgage broker)

<b>4. Real Property</b>	<b>14 %</b>
<b>A. Methods of Legal Description of Land</b>	
1. Metes and Bounds	
2. Rectangular Survey	
3. Lot and Block	
<b>B. Methods of Measurement</b>	
1. Structures (space and volume)	
2. Livable Area	
3. Land Measurement	
<b>C. Property Valuation</b>	
1. Basic Concepts and Terminology	
2. Influences and Characteristics Affecting Value	
3. Comparative Market Analysis (performed by a real estate licensee)	
4. Broker Price Opinion	
5. Real Property (e.g., fixtures vs. personal property (e.g., chattel))	
<b>D. Methods of Valuation (Performed by an Appraiser)</b>	
1. Sales Comparison (Market Data) Approach	
2. Cost Approach	
3. Income Analysis Approach	
4. Appraisal Process / Procedure	
<b>E. Conveyance of Real Property</b>	
1. Definition of Clear (Marketable) Title	
2. Matters Affecting Title	
3. Recordation	
4. Title Insurance	
5. Deeds	
6. Will	
7. Court-Ordered Sale (e.g., foreclosure)	
8. Adverse Possession	
9. Settlement Procedures (closing the transaction)	

Real Estate Salesperson / Entry-level Licensee Detailed Content Outline, Continued	
<b>5. Marketing Regulations (purchase and rental)</b>	<b>8 %</b>
<b>A. Property Advertising (including Fair Housing) Disclosures</b>	
1. Environmental Concern (e.g., lead-based paint; radon)	
2. Property Condition	
<b>B. Licensee Advertising</b>	
1. Antitrust	
2. Do-not-Call List	
3. CAN-SPAM Act	
4. Fair Housing (e.g., blockbusting, steering)	
<b>6. Property Management</b>	<b>8 %</b>
A. General Principles of Property Management Agreements	
B. Basic Provisions / Purpose / Elements of Property Management Agreements	
C. Types of Contracts	
D. Duties and Obligations of the Parties	
E. Market Analysis and Tenant Acquisition	
F. Accounts and Disbursement	
G. Property Maintenance and Improvements	
H. Evictions	
<b>7. Real Estate Calculations</b>	<b>13 %</b>
A. Compensation, Commission, and Fees	
B. Valuation / Market Sale Price and Yields	
C. Net to Seller, Cost to Buyer (credits & debits)	
D. Tax and Other Prorations	
E. Amortization	
F. Points	
G. Prepayment Penalties	
H. Loan-to-Value Ratios	
I. Measurement (e.g., square footage, acreage, volume)	
J. Property Management / Investment (e.g., rate of return)	
<i>Cognitive Level:</i> Approximately 30% of the items will require recall on the part of the candidate, 60% will require application of knowledge, and 10% will require analysis.	
<i>Pretest Items:</i> In addition to the 100 items used to compute candidate scores, unscored items will be included for pretesting.	

**Broker Simulation Licensing Examination  
Detailed Content Outline  
Approved for use in 2011 based on 2010 Job Analysis**

Examination forms will include nine scored problems plus unscored pretest problems (one or two pretest problems, generally one if a state specific examination is being administered).

- Primary Issues will define overall problem focus.
- The Section Topics List will define individual section intent.
- Ethical behavior must be incorporated in at least 4 problems.
- All sections require a cognitive level of at least application.

# of Problems	Broker Simulation Specifications	
	Primary Issues	Section Topics
<b>3</b>	Agency Relationships and Property Representations	A. Agency
<b>2</b>	Fair Housing and Other Governmental Regulations	B. Contracts
<b>2</b>	Handling Money	C. Freehold & Leasehold
<b>1</b>	Training and Supervision of Licensees	D. Property management
	Plus one primary issue varying by examination form.	E. Finance
		F. Government Regulations & Private Restrictions
	<b>Property Types</b>	G. Description & Measurement
<b>4</b>	Residential	H. Valuation
<b>2</b>	Commercial	I. Conveyance
<b>1</b>	Property Management	J. Calculations
	Plus two property types varying by examination form.	K. Ethical behavior

*Changes in the Outlines*

All items (questions) in the salesperson item bank have been reclassified to correspond to the new detailed content outline, and all broker simulation problems have been similarly reclassified. The item and problem banks include a sufficient number of previously used items and problem to build new examination forms for administration in 2011.

Regarding differences between the new salesperson outline and the current outline, the overall structure is dramatically different. As shown in the table that follows, the current outline contains six major categories and the new outline includes seven. Two of the categories remain the same, that is, Property Management and Finance, although there will be slightly greater emphasis on Finance and less on Property Management with the new outline. Although not obvious from the table, another similarity is regarding calculations; the current outline includes calculations linked to various major categories, and at least 10 percent of the questions require mathematical calculations. With the new outline there will be exactly 13 questions that require calculations.

Current Outline		Outline to be Implemented in 2011	
Content Area	#	Content Area	#
1. Listing Property	34	1. Agency Relationships and Contracts	28
2. Selling Property	22	2. Real Property Ownership/Interest	14
3. Property Management	12	3. Finance	15
4. Settlement/Transfer of Ownership	17	4. Real Property	14
5. Financing	12	5. Marketing Regulations (purchase and rental)	8
6. Professional Responsibilities/ Fair Practice/Administration	3	6. Property Management	8
		7. Real Estate Calculations	13

While the structure is different, essentially all of the current detailed content remains viable in the new outline. In other words, all items previously in use were able to be reclassified into the new outline. There are some new topics that will be relevant to the new outline that are not directly tested on the current outline, which include (but may not be limited to) those listed in the table below.

New Topics on the New Outline	
3.E.5	Mortgage Fraud
3.F.1	Pre-approval and Pre-qualification (e.g., debt ratios, credit scoring, and history)
4.E.7	Court-Ordered Sale (e.g., foreclosure)
5.B.3	Do-not-Call List
5.B.4	CAN-SPAM Act

The broker simulation examinations are intended for advanced level licensing. In most states that is still referred to as a broker license, but in some states (e.g., IL and WA) the advanced license is a managing broker license. Regarding the broker simulation examination, a significant change is that all AMP broker simulation examinations will include nine scored problems. With the current outline, some states had eight scored problems and others had ten. The distribution of the primary issues for the problems will remain similar to the current outline. As shown in the table that follows, the greatest emphasis will be on agency relationships and property representations. In addition, the majority of the problems corresponding to the new outline will continue to reflect residential property, although commercial properties and property management will still be represented.

<b>Current Outline</b>	<b>Outline to be Implemented in 2011</b>	
<b>Primary Issues</b>	<b>Primary Issues</b>	<b>#</b>
1. Training/Supervision of Licensees	1. Agency Relationships and Property Representations	3
2. Fair Housing	2. Fair Housing and Other Governmental Regulations	2
3. Agency/Non Agency Relationships	3. Handling Money	2
4. Property Representations	4. Training and Supervision of Licensees	1
5. Trust Accounts		

Within each simulation problem, each section is categorized according to the one of the eleven section topics noted previously. Ethical behavior will remain as an important component of the broker simulation problems. Section topics that were not clearly represented on the current outlines but will be categorized on the new outline include: C. Freehold & Leasehold, G. Description & Measurement, I. Conveyance, and J. Calculations. The most significant change that may be noted by examinees is the last section, as calculations have not been included on the current simulation problems, but will be included in the future.

AMP is proud to be the leader in creating innovative, job-related assessment methodologies for real estate licensing. We encourage real estate educators, prospective candidates, and other interested parties to become fully informed about the content of the new examinations by carefully reviewing the outlines contained in this document.