

Chapter 1

Sold! Taking a Glance at Real Estate License Exams

In This Chapter

- ▶ Uncovering the basics of license exams
- ▶ Recognizing registration rules
- ▶ Understanding what to take (and not to take) to the exam
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A state exam is one of the steps you need to take on your journey to becoming a licensed real estate agent. You may think that it's the most intimidating step, but don't worry; that's where this book comes in. In this chapter, I provide you with information to make sure the exam process isn't a total surprise and a few specific things to check out in your state.



Because individual states issue real estate licenses, the ultimate authority on the state exam is your own home state. You'll probably get a copy of the state license law and the state-specific information you need about the exam from the instructor of the prelicensing course you may have to take. (See "Figuring out licensing procedures" for more details.) If you don't get the information from your instructor, or if you're in one of the few states that doesn't require a prelicensing course, you can write to your state licensing agency or go online to find information. Different states have different agencies that handle real estate licensing, but using a search engine like Google can get you where you need to go. Just type in your state's name followed by the words "real estate license law," "real estate commission," "real estate board," or "real estate licensing agency" and see what Web sites are listed. If you don't have access to a computer, try calling information in your state capital and asking for the agency's phone number, using any of the names I've listed. If all of these names still don't turn up what you need, try contacting your state's department of state or department of law either via e-mail or phone. It can surely guide you to the right place.

Checking Out Licensing and Exam Basics

Every state has at least two license levels for its real estate agents: salesperson and broker. (Briefly, a *real estate broker* is someone authorized by the state to perform certain activities such as sales on behalf of another person for a fee. A *salesperson* is someone licensed to do those activities but only under a broker's supervision. See Chapter 3 for more.) Some states may have other levels of licensing, such as a time-share agent, associate broker, or salesperson apprentice or trainee. In any case, a state agency administers real estate license exams in each state (different states may have different names for their licensing agencies). In the following sections, I give you the lowdown on licensing procedures, the differences between the licensing and exams for salespeople and brokers, and the format of the exams themselves.

Figuring out licensing procedures



After you decide to pursue a career in real estate, the next thing you need to do is get as much information as you can about the procedure for obtaining your license. Every state has specific requirements regarding age, citizenship, criminal background, education, and so on. For specifics about all of these necessities, you need to consult your state's license law directly. Each state's real estate license law typically has provisions about how to become a real estate agent in that state. In addition, it often has specific requirements regarding procedures to follow in your actual real estate business.



Your state licensing system may treat real estate licensing educational requirements and testing in a wide range of ways. Some states may have no educational requirements whatsoever and require only that you pass the state exam. Other states may require you to take (and pass) a minimum number of classroom (or online) hours of education before you take and pass the exam. And still other states may require you to take not only a minimum number of classroom hours, an apprenticeship, and more educational courses, but also a state exam after one or both classroom experiences. Expect to become a salesperson first and get some experience before you can move up to the broker level. You probably will have to take more coursework and pass another exam to become a broker.



Assume that where education is required, and it is in most states, you'll have to pass a course exam in addition to the state exam. Your state may have only an attendance requirement, but be prepared for a course exam nonetheless.



As for the state exam, believe it or not, at least one state allows you to walk in and take the state salesperson exam before you complete the required education. Not much point in doing so in my opinion, because the education always helps prepare you for the state exam.

Knowing the difference between salesperson and broker licensing and exams

In most cases, you'll probably be pursuing the first or basic real estate license level, which in some states is a salesperson's license and in others is some form of salesperson trainee. How you move up the real estate ladder varies among the different states. I'll illustrate two of the many possibilities.

In one case, you complete all of the necessary requirements, including taking and passing a state exam to become a licensed real estate salesperson. And that's it. You can stay a salesperson for the rest of your career. To become a broker in this situation, you'll probably have to gain some experience, take additional coursework, and pass yet another state exam.

In the second case, you begin your real estate career by getting a license at whatever level your state provides as an apprentice or trainee, which can involve taking a course and/or a state exam. After a prescribed period of experience, you're required to move up to the level of a full-fledged, licensed salesperson, which can mean more coursework and another licensing exam. You can remain a salesperson for your entire career in this case, too. Moving up the next rung on the ladder to the broker's level usually involves additional coursework, an exam, and additional experience.

I need to add here that some states may have a way for you to skip part of the salesperson licensing procedure. Although it rarely occurs, doing so usually requires previous real estate experience. The experience may not exempt you from taking all of the required courses, but it may enable you to skip the salesperson exam. You can find out whether your state allows this exemption by checking the license law and speaking with your state licensing agency.



Your job as it relates to this book is to identify the particular exam you're going to have to pass at this stage of your real estate career. If you're taking your first-ever exam, you're at the salesperson level; if you're already a licensed salesperson, you're shooting for the broker level. Then you need to find out the subject matter on the exam. In the vast majority of states, you'll be required to take coursework to get your license. Figuring out what you'll be tested on will be relatively easy. Just match up the material in the course with the various subjects in this book. If you're not required to take coursework to get your license, you can find out your particular exam's subject matter by checking with your state licensing agency.

I've written this book to cover as many of the subject areas as are typical on a variety of exams. In general, fewer topics are covered on the salesperson's exam than on the broker's exam. Broker's exams cover more subjects because more topics have been added to the list of things you learned at the salesperson's level. For example, in one state, property management, which I cover in Chapter 3, is a subject tested on the broker's exam but not on the salesperson's exam. So if you're taking the salesperson's exam in that state, you don't need to worry about property management, but if you're taking the broker's exam, it's time to brush up on your property management knowledge.



If you're using this book to prepare for a broker's exam, be aware that many broker's exams presume that you learned and remembered everything you covered in your salesperson's course. Although the emphasis may be on broker subject matter, topics typically on a salesperson's exam are fair game on the broker's exam.

The topics at the salesperson's level are also covered in a more basic level. Definitions and terminology are most important on the salesperson's exam. The broker's exam will not only cover additional topics but will most likely require you to apply the knowledge you have to specific examples and questions that are like case studies.

Looking at the format and other exam details

At any point in time (for example, a week after this book comes out), a state may decide to change its exam content or structure. Therefore talking with any certainty about exam formats is pretty much impossible. Ultimately the format of the exam really shouldn't matter when compared with a mastery of the material you have to know. Different structures have different approaches to the same material. If you know the material, the structure won't matter.

Most (if not all) states currently use a multiple-choice question format. Most people feel more comfortable with this format, and students believe these exams are easier to pass because the choices already have been narrowed down for you. Because most states use this format, I've chosen to write all the practice questions in this book, including the two full-length practice exams, in a multiple-choice format. How's that for service?

Exams either are a single, undivided exam or are broken into two parts: a general part that covers key concepts, such as forms of real estate ownership, fiduciary responsibilities, and fair housing law, and a state-specific part. In this book you'll see many state-specific icons directing you to information that may vary from state to state. This type of information may end up on the state-specific part of these exams. In addition, any questions about state license law are covered in the state-specific part of the exam. (For more about license law, see Chapter 3.)



You should check with your course instructor or the state licensing agency about the following exam details:

- ✓ Number of questions on the exam you're taking. The salesperson's and broker's exams may have a different number of questions.
- ✓ Whether the exam is a single exam or whether it's broken into general and state-specific parts. If the exam is divided into parts, find out how many questions are in each part.

- ✓ Whether the questions are multiple-choice or whether any other question format is used.
- ✓ The form of the exam (paper and pencil or computer).
- ✓ The time available to complete the exam.

Sign Me Up: Registering for the Exam

You've done all the things your state has told you to do. You've taken a course, read the license laws, and so on. These procedures definitely vary by state. In general, though, you also have to send in an application to the state at some point so you can take the exam. You may have to send the state a completion certificate as evidence that you passed the required prelicensing coursework, and you probably will have to submit a fee. Your state's exam regulations will detail whether the fee needs to be paid with cash or by check, credit card, or another method. In the case of the salesperson's exam, some states require you to have a sponsoring broker sign your application form. (You can find out more about the relationship between a salesperson to a broker in Chapter 3.) After completing and sending the appropriate materials to the state licensing agency, you'll receive an entry permit in the mail allowing you to take the exam. You'll also receive information on where and when to arrive for the exam, as well as a list of anything else you might need to bring with you (see the next section). Read all of the information carefully and follow the instructions exactly. If you have any questions, contact the state licensing agency well before the exam.

Keep in mind that in at least one state, you simply can show up at the exam site with identification and the fee, and you're allowed to take the exam. This is usually referred to as a walk-in exam.



Whatever the procedure may be, find out what it is from your course instructor or the state licensing agency and follow it carefully. It's silly and completely unnecessary to have your application returned because you forgot to sign it or sent in the wrong amount for the fee.

Knowing What to Take to the Exam . . . and What to Leave at Home

The big day is almost here. You've passed whatever prelicensing course you had to take with flying colors, and you've filled out and sent in your application for the exam and gotten something back in the mail telling you where and when to show up for your exam. You've reviewed everything in this book that applies to the test you're taking and you're ready to go. Now start packing.



In some places, the question of what to bring to the exam has produced an art unto itself. General security issues are in effect in many public buildings, and you'll also need to deal with security issues that are specifically pertinent to exam sites. The key here is simple. Read all of the literature you can find from the state licensing agency or the testing company your state uses to find out about what you can and cannot bring to the exam and follow it exactly. (Some states have contracted with private companies to administer exams; if this is the case in your state, you can get contact information from your state licensing agency.) If you have a specific question that isn't covered in the material, you can call or e-mail the state agency and get an answer to your question. In general, the things you need to bring are

- ✓ **A calculator:** Pay attention to the requirements for a calculator. Calculators are usually required to be silent, battery-powered, and nonprogrammable. In general, anything that can carry text won't be permitted. Those of you who have a calculator feature built into your cell phones may not be permitted to use them. In some places, you have to sign a form indicating the kind of calculator you're using.



One other thing: If you're using a battery-powered calculator, change the batteries a few days before the exam or bring two calculators. If changing the batteries in your calculator is really easy (you don't need a screwdriver or some other tool), you can also bring new batteries with you, just in case.



- ✓ **An entry permit:** Make sure that you bring the entry permit that you received in the mail after you sent in your application, because it and any other necessary paperwork may be the only documents that will enable you to take the exam. What is considered necessary paperwork varies from state to state, so it's pretty difficult to tell you exactly what you'll need to bring, but at a minimum you need that entry permit. In states that permit walk-ins at exams, you may need the application itself, plus the fee and probably one or two forms of identification.
- ✓ **No. 2 pencils:** You'll probably need some of those famous No. 2 pencils. Bring more than two with erasers. If you buy new ones, sharpen them before you go to the exam. Don't depend on there being a pencil sharpener at the exam site. Sharpened No. 2 pencils are a little hard to carry. I always put them in a standard-size (No.10) envelope.
- ✓ **A pen:** Bringing along a pen with blue or black ink is a good idea in case you have to fill out some form that's better completed in ink than in pencil.
- ✓ **A photo ID:** An ID of some sort is pretty standard, and you're probably going to need photo ID with you. Check out whether your state requires you to have one, and then make sure you have what you need. You may even be required to present two forms of ID. And if you are not a citizen, have the appropriate documentation with you showing your status.
- ✓ **A certificate from your preclicensing course:** Your state may require you to bring the certificate you received that shows that you passed your preclicensing course. In some cases, you may have already sent it in with your application. In either case, make sure you make a copy of the certificate and keep it in a safe place just in case someone loses it.



You probably won't be allowed to bring scrap paper, food, books, notes, and so on, into the exam. In a worst case, you'll simply be turned away from the exam site if you have any of these things with you. In a situation almost as bad, you'll be asked to leave the unauthorized item in the hallway outside the exam room. If you need to bring food or water because of a medical condition, make sure you get permission first before the day of the exam. In addition, if you need to make accommodations for a handicap, like the use of a wheelchair, make sure those arrangements are made before the day of the exam.

Scoring High: Figuring Out How Scores Are Determined



Information about scores is available from your state licensing agency or the testing agency (if any) used by your state. Here are a few things you may want to think about:

- ✓ Check out whether all the questions have equal weight. For example, a state may give an exam with 100 questions, all worth one point. But another state may give a two-part exam, with the first part having 80 general real estate questions worth one point each and the second part having 40 state-specific questions worth half of a point each. I've found in my teaching that this kind of information seems to provide comfort to the students because they feel like they know what's going on. To some extent, knowing which questions have more weight may guide your studying, but in any case, you have to answer enough questions correctly to pass.
- ✓ Scoring may vary from state to state; most places give you a percentage based on the number of correct answers given. Passing scores vary by state as well. In addition, some states make you wait for the test results, sending them to you by mail, and some states may be able to give you the results on the same day you take the exam.

- ✓ What about getting the big prize — the actual license? In some cases, you can receive a temporary license on the day you pass the exam. In other cases, you'll get your license in the mail. And in a few other cases, you'll have to apply for the license after you get your test results.

Take Two: Retaking the Exam



One of the things you need to find out about from your state licensing agency is how many times you can retake the state license exam. Your state may allow unlimited retakes of the exam, or it may limit you to a certain number of retakes before requiring you to take the pre-licensing course again. Whichever the case, if you do happen to fail the exam and are planning to retake it, don't wait too long. Try to retake it the next time it's offered. If you have to reapply to take the exam, do that right away. (But I know that you'll pass on the first try with the help of this book!)



The exam itself actually is pretty good practice for a second try. You'll remember the areas with which you had difficulty. Concentrate on those areas first as you study for retaking the exam. If you're lucky and live in a state where you receive some idea of the areas you're weak in, use that information to study. You also can use the review questions and practice exams in this book to diagnose your weak areas. Checking out the studying and test-taking tips in Chapter 2 for even more help won't hurt, either. Above all, don't grow discouraged. Anyone can fail an exam, but only you can have the stick-to-itiveness to go back and try it again.