

IN THIS CHAPTER

- » Uncovering the basics of license exams
- » Recognizing registration rules
- » Understanding what to take (and not to take) to the exam
- » Finding out how exams are scored
- » Figuring out what to do to retake the exam

Chapter 1

Sold! Taking a Glance at Real Estate License Exams

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 show you a few specific details to check out in your state.



REMEMBER

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" later in this chapter 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 websites 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 listed.

Checking Out Licensing and Exam Basics

Most states have at least two license levels for their 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 or types 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



STATE
SPECIFIC

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. And by the way, state exams often contain a few questions about the requirements to get your license, such as how old you have to be or the citizenship requirements. You need to get a copy of your state's license law either from the state website or from your instructor.



STATE
SPECIFIC

Your state licensing system may treat real estate licensing educational requirements and testing in a wide range of ways. Very few states have no educational requirements whatsoever and require only that you pass the state exam. Other states require that you take (and pass) a minimum number of classroom (or online) hours of education before you sit for the exam. And still other states 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. You likely have to take more coursework and pass another exam to become a broker, so expect to become a salesperson first, and get some experience before you can move up to the broker level.

Assume that where education is required — and it is in most if not all states — you 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. Where there is a course exam, it's usually similar to the state exam. This book helps you do well on both exams.



WARNING

As for the state exam, some states allow 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. And the course exam is good practice for the state exam.

Knowing the difference between salesperson and broker licensing and exams

In most cases, you're probably pursuing the first or basic real estate license level — in some states it's a salesperson's license; in others it's some form of salesperson trainee. How you move up the real estate ladder varies among the different states. The following illustrates 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 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. The state has final say over what constitutes a qualifying equivalent but, for example, someone who has bought, sold, and leased a significant number of his own investment properties might have the necessary experience.



REMEMBER

Your job as it relates to this book is to identify the particular exam you 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 or the salesperson trainee 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're required to take coursework to get your license. Figuring out what you're tested on and using this book to help you is 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 and still use this book to provide information and further explanation of the required material.

This book covers as many of the subject areas as are typical on a variety of state 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 subjects you learned at the salesperson's level. For example, a state might test you on property management, which I cover in Chapter 3, 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; however, if you're taking the broker's exam, it's time to brush up on your property management knowledge.



WARNING

If you're using this book to prepare for a broker's exam, be aware that many brokers' 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. So it's a good idea to review all the material from the salesperson's exam as well as the new broker's material you learned if you're taking the broker's exam.

The topics at the salesperson's level are usually covered at a more basic level than on the broker's exam. Definitions and terminology are most important on the salesperson's exam. The broker's exam doesn't cover just additional topics; it may require you to apply your knowledge to specific examples and questions. But don't think the testers won't include a few questions that may require you to apply your knowledge to short problems even in the salesperson exam — what I call mini-case studies. I include fill-in-the-blank questions at the end of each subject matter chapter to give you more practice in understanding important concepts. Whether your state uses fill-in-the-blank questions or not, these practice questions help you strengthen your understanding of that chapter's concepts and terminology.

Two other subjects that should be mentioned for special consideration and preparation are math and ethics. Where appropriate, math formulas and problems are covered in the individual chapters in this book. In addition, Chapter 18 covers a variety of typical real estate math problems. The

amount of math on the state exam varies by state. You need to know real estate math to be an effective real estate agent, but especially for you math-phobics you need to find out how much math is on your state exam.

Ethics is another subject that varies by state. You need to find out if your state has its own code of ethics for real estate agents or if it expects adherence to the code of ethics and standards of the National Association of Realtors. Most importantly for passing the exam, you need to find out how much emphasis there is on ethics questions on the state exam.

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 chose to write most of the practice questions in this book, including the four full-length practice exams, in a multiple-choice format. How's that for service?

Exams are either a single, undivided exam or 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 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.) This book is especially helpful in preparing you to pass the general part of any two-part exam. It also gives you the necessary background to better understand any state specific material.



STATE
SPECIFIC

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. If the exam is given in two parts, must you pass both parts at the same time; if you don't pass one part but pass the other, can you retake the part you didn't pass or must you retake the entire exam.
- »» 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.

There are a few other questions you should ask about exam procedures, such as what to bring to the exam. I give you this information in the following sections, as well as offer some hints in Chapter 2 about successful test-taking strategies.

Sign Me Up: Registering for the Exam

You've fulfilled all your state's requirements. You've taken a course, read the license laws, and so on. These procedures definitely vary by state. In general, though, you have to send 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 have to submit a fee. Your state's exam regulations detail whether the fee needs to be paid with cash, check, credit card, or another method. In the case of the salesperson's exam, some states require you to have your application form signed by a sponsoring broker. (You can find out more about the relationship of a salesperson to a broker in Chapter 3.)

It's likely that you have to register online to get a date to take the exam. After completing and sending the appropriate materials to the state licensing agency, you receive an entry permit in the mail or a printable one online allowing you to take the exam. You 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 some states they may allow you to take the test by simply showing up at the exam site with identification and the fee in hand. 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 passed with flying colors whatever prelicensing course you had to take. You also filled out and sent in your application for the exam and got something back in the mail telling you where and when to show up. You 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 also need to deal with security issues that are specifically pertinent to exam-taking. The key here is simple. Read everything you can in the material, online or hard copy, you receive from your state licensing agency or the testing company your state uses to find out about what you can and can't bring to the exam. (Some states have contracted with private companies to administer exams; if this is the case in your state, you can get contact information about this from your state licensing agency.) If you have a specific question that isn't covered in the material, you can call or email the state agency or testing company and get an answer to your question. In general, the items you need to bring are as follows:

» **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.



TIP

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 enable you to take the exam. Necessary paperwork varies from state to state, so it's pretty difficult to tell you exactly what you 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.



TIP

» **No. 2 pencils:** Some states have gone to a computerized testing format. If that's not the case in your state, then you 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, which by the way, the exam monitors may make you give up. If you need scrap paper, which can be useful even in a computerized exam, ask for it at the testing site.

» **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, so bring a photo ID with you. Not all photo IDs are created equal; for example, your state may not count your new photo ID library card. You may even be required to present two forms of ID. And if you're not a citizen, have the appropriate documentation with you showing your status.

» **A certificate from your prelicensing course:** Your state may require you to bring the certificate you received that shows that you passed your prelicensing course. In some cases, you may have already sent it in with your application and don't need to bring it. In either case, when you get the certificate saying that you passed the course, make sure you make a copy of the certificate and keep it in a safe place before you ever send it or give it to anyone. States have been known to lose documents. Some states require that the real estate school you went to send documentation directly from the school to the state certifying that you successfully completed the course. Check to see if your real estate school does that.

» **Face mask:** At any point a face covering may or may not be required in group settings like an exam site. Bring one just in case.



WARNING

You probably won't be allowed to bring scrap paper, food, books, notes, and so on to the exam. In a worst case, you may be turned away from the exam site if you have any of these items with you. In a situation almost as bad, you may be asked to leave the unauthorized item(s) 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



STATE
SPECIFIC

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

- » 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, whereas some states may be able to give you the results on the same day you take the exam. Your state may just advise you if you passed or failed.
- » 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 get your license in the mail. And in other cases, you have to apply for the license after you get your test results.

Having more than one testing center, a state may vary its procedures from one place to another. One center might be equipped to give you your score and even a temporary license right away; another testing center in the same state may not be able to do that. If getting your license right away is important to you, especially if you have a hot deal ready to go as soon as you have your license, it may be worthwhile to travel a little farther to get instant results.

Take Two: Retaking the Exam



STATE
SPECIFIC

You need to know 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 prelicensing course again. Whichever the case, if you do fail the exam and plan to retake it, don't wait too long. Try to retake it as soon as possible allowing perhaps a few weeks to study. 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 same applies if you have to take an exam to complete your real estate course. Find out how many times you can retake it and when and if you would have to retake the course itself.



REMEMBER

The exam itself is actually pretty good practice for a second try. Remember the areas with which you had difficulty and 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 in which you were weak, use the information to study that specific material. 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.

