



North

Carolina

## Broker Prelicense Course

### 75 Hour Course Outline

#### **I. The Real Estate Business**

- Describe real estate activities
- Identify real estate professions
- Define residential, commercial, investment
- Identify primary brokerage activities
- Define specializations
- List skills & knowledge needed
- Identify major professional organizations
- Identify regulated areas
- List general areas of license law

#### **II. Rights in Real Estate**

- Define land and real estate
- Distinguish categories of property
- Identify the bundle of rights
- Define air, surface, subsurface & water rights
- Identify areas of government & judicial regulations

#### **III. Interests & Estates**

- Define estates in real property
- Define interests & estates in land,
- Distinguish freehold from leasehold estates,
- Describe types of fee simple estate,
- Describe types of life estate,
- Describe types of leasehold estate

#### **IV. Ownership**

- Define the forms of ownership
- Define sole ownership
- Define & distinguish forms of co-ownership
- Describe how joint tenancy is created
- Define the mechanics of an estate in trust
- Identify the features of a land trust
- Define condominium ownership
- Define cooperative ownership
- Define time-share ownership

#### **V. Encumbrances & Liens**

- Define encumbrance
- Identify types and priority of liens
- Describe the types of lien
- Define lien priority
- Describe foreclosure processes
- Describe the types of easements
- Define deed restrictions
- Define encroachment

#### **VI. Transferring & Recording Title**

- Distinguish legal & equitable title
- Define actual and constructive notice
- List & describe processes of voluntary & involuntary transfer
- Describe components of a deed of conveyance
- Identify types of deed • Identify types of will
- Describe probate processes
- Define title & title records
- Describe the forms of title evidence

#### **VII. Real Estate Leases**

- Identify the principal types of leasehold estates
- List the rights & obligations of landlord and tenant
- List the legal requirements of a lease contract
- Describe major lease clauses
- Define the major types of lease
- Define default and termination
- Describe the areas regulated by URLTA

#### **VIII. Land Use Planning & Control**

- Describe the goals and process of land use planning
- Describe the zoning & zoning appeals process
- Define the types of zone
- Describe the process of taking by eminent domain
- Describe the major environmental legislation
- Describe the major types of private land use control

#### **IX. Legal Descriptions**

- Define legal description
- Describe the metes and bounds method
- Interpret a metes and bounds description
- Describe the rectangular survey method
- Identify ranges, tiers and townships
- Identify sections of a township
- Calculate acreage of fractions of a section
- Describe a section fraction
- Interpret a rectangular survey description
- Describe the recorded plat method
- Describe the use of elevation reference points

## **X. Real Estate Contract Law**

- Identify the basic legal concepts of contracts
- Describe requirements for contract validity
- Describe the creation & termination of contracts

## **XI. Agency**

- Define the agency relationship
- Describe the fiduciary duties of agency
- Identify the forms of real estate agency
- Describe the rules of agency disclosure
- Identify problem areas for real estate agents

## **XII. Listing Agreements**

- Describe the basis of listing agreements in contract and agency law
- Identify the types of listing agreement
- Describe how an agent fulfills an agreement and earns compensation
- Identify the basic provisions of a listing agreement

## **XIII. The Brokerage Business**

- Identify the activities, scope & organization of brokerage
- Identify who may/may not broker real estate
- Define broker-salesperson relationships
- Calculate a commission split

## **XIV. Contracts for the Sale of Real Estate**

- Describe the characteristics and provisions of a contract for sale
- Describe the characteristics and provisions of an option-to-buy contract
- Describe the characteristics of a contract for deed

## **XV. Real Estate Market Economics**

- Describe the elements of the market system
- Define the economic characteristics of real estate
- Describe real estate supply and demand

## **XVI. Appraising & Estimating Value**

- Define real estate value
- Describe economic foundations of real estate value
- Identify major types of value
- Define market value
- Define appraisal
- Describe the appraisal process
- Describe the three approaches to value
- Define comparative market analysis
- Perform basic calculations used in appraisal
- Identify regulated appraisal activities and professional standards

## **XVII. Real Estate Finance**

- Define mortgage financing
- Describe loan transactions
- Calculate loan financial components
- Identify major elements of mortgage & trust deed

- Describe the underwriting & loan application processes
- Describe the major laws that affect mortgage lending
- Calculate the loan amount for which a borrower qualifies
- Describe the primary & secondary mortgage markets
- Describe common loan types and structures

#### **XVIII. Real Estate Investment**

- Describe the investment characteristics of real estate
- Identify investment entities & describe the tax treatment of real estate investments
- Perform investment analysis and tax calculations

#### **XIX. Real Estate Taxation**

- Identify taxing entities
- Describe ad valorem taxation
- Perform basic tax calculations
- Describe the enforcement of tax liens

#### **XX. Ethics: Laws & Practices**

- Identify and describe the fair housing laws & fair financing laws
- Identify fair housing and financing problem areas for real estate agents
- Identify acceptable ethical and professional practices

#### **XXI. Closings**

- Describe the process of a real estate closing
- Describe the requirements of RESPA
- Define buyer's & seller's debits and credits
- Define and calculate prorations
- Identify and calculate taxes due at closing
- Complete a closing statement

#### **XXII. Real Estate Licensing & Regulation**

- Describe the role of state license law
- Describe the procedure & requirements for obtaining and retaining a real estate license
- Identify services requiring a license
- Identify the types of real estate license
- Describe the role of the state real estate commission

#### **XXIII. Risk Management**

- Define risk & risk management
- Explain the four basic risk management strategies
- Describe the four primary risk management procedures in real estate practice
- Identify the primary risk areas for real estate licensees

#### **XXIV. Property Management**

- Describe the major functions of the property manager
- Identify the nature and components of a management agreement
- Describe elements of various lease types of most interest to a property manager
- Identify sources of management business, the role of the management plan in securing business, and sources of professional training for property managers

## **XXV. NC License Regulation**

- Identify activities requiring licensure
- Identify exemptions to licensure
- Describe activities permitted without a license
- List all license types

## **XXVI. NC License Requirements**

- Describe the general licensing requirements
- Describe the application process
- Define business entities
- Understand the license term & expiration
- Understand the education requirements
- Understand the continuing education requirements

## **XXVII. NC License Status, Violations & Discipline**

- Describe licensing status
- Understand hearing procedure for complaints
- Describe regulation of appraisals
- Define NC Real Estate Education & Recovery Fund

## **XXVIII. NC Agency Relationships**

- Understand agency relationships
- Understand agency agreements

## **XXIX. NC Brokerage Practice Regulation**

- Understand brokerage practice & ethics
- Describe essential regulations & guidelines regarding commissions
- Identify rules & procedures for handling documents
- Describe trust accounts
- Understand non-agency disclosures
- Define drafting instruments

- Identify CMA & BPO regulations

## **XXX. NC Sales Contracts**

- Describe NC Contracts & addenda
- Understand offer to purchase & contract

## **XXXI. NC Property Management**

- Define property management
- Understand landlord-tenant relations
- Identify NC Vacation Rental Act
- Identify rental notice & document handling

## **XXXII. NC Property Insurance**

- Understand basic insurance concepts
- Identify standard policy features
- Define Flood Insurance
- Describe insurance issues

## **XXXIII. Other NC Laws & Practices**

- Identify rights in Real Estate

- Define ownership
- Understand encumbrances & liens
- Define transferring & recording title
- Describe land use planning & control
- Understand real estate contract law
- Define recording
- Identify construction-related issues
- Understand real estate finance
- Describe real estate taxation
- Define ethics
- Understand closings

#### **XXXIV. Real Estate Mathematics**

- Practice using basic equations to solve real estate mathematical problems