

NORTH CAROLINA REAL ESTATE COMMISSION

Miscellaneous Suggestions for Prelicense Instructors on Preparation of Students for “National” Section of License Examination

March 2013

General

- Pay attention to the course syllabus and be careful not to skip over topics/subtopics. Many specific topics or points about topics were added to the syllabus in 2012 because they are known to be tested on the National exam section (though not necessarily on every test form).
- Use examples wherever possible to illustrate definitions, facts or characteristics about a topic. Remember that approximately 70% of the National exam section consists of questions requiring a candidate to *apply his/her knowledge of a topic or to analyze information*. While most of these questions involve rather simplistic application, the extensive use of examples will better prepare students for the exam.

Real Property Ownership

- Joint Tenancy and Tenancy in Common. Note especially the effect of the death of or transfer of interest by one co-tenant.
- PUD – typical features.
- Easements. Don’t skimp on coverage of this topic. Use examples.
- Adverse Possession. Requirements to establish a claim should be understood. Use examples.
- Basic characteristics of real property ownership by various types of business entities; advantages of each from an investment perspective.

Basic Contract Law

- The National exam section will have a number of questions on this general topic, so be certain your students understand: Basic Contract Concepts and Terminology; Essential Elements of a Contract (including Mutual Assent, Reality of Consent and Statute of Frauds); Discharge of Contracts; and Contract Remedies.

Agency Contracts

- Emphasis will be on Types and Characteristics of Listing Contracts. Don’t overlook Employment Contracts (especially independent contractor arrangements) between Firms/Brokers and Affiliated Brokers.

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Sales Contracts

- Focus on the National exam section will be on Sales Contract Procedures (offer, acceptance, counteroffers, etc.), whereas the State exam section questions on this topic will focus on NC contract forms and practices.
- Don't overlook teaching the basic characteristics of Options and Contracts for Deeds.

Finance (No Calculations)

- *This is the most troublesome National exam subject area for NC candidates.*
- Basic Finance Concepts and Terms, including those related to Mortgages and Deeds of Trust, are emphasized.
- General Characteristics of Conventional, FHA and VA Loans will be tested, as will the various Types of Mortgages.
- Finance Legislation is tested. Note especially the Truth-in-Lending Act and Regulation Z (applicability, disclosures, APR and advertising restrictions), and note that questions may refer to "Regulation Z" without mentioning the Truth-in-Lending Act.
- RESPA (Treated by AMP as a Finance topic). Note especially the applicability of the law and that the GFE disclosure is a RESPA requirement rather than a Truth-in-Lending Act requirement.

Landlord-Tenant

- For National exam purposes, note especially basic terminology, the effect on a lease of a sale of the leased property by the landlord, the doctrine of "constructive eviction," and basic types of leases. (Laws Governing Residential Tenancies is tested on the State exam section.)

Property Management

- In addition to generally covering the prescribed topics, note especially fair housing and ADA requirements applied to property management in general and particularly to tenant selection, note that License Law provisions on misrepresentation/omission apply equally to leasing situations as well as to sales, and understand how to prepare an operating budget (including terminology).

Real Estate Calculations

- *This is the subject area where NC candidates are having their greatest success on the National exam, so instructors are obviously doing a good job with teaching this. Interestingly, Real Estate Math was the worst performing subject area on the comprehensive NC exam prior to March 2012.*