

“PREPARING TO USE YOUR REAL ESTATE LICENSE”

AREC’S POST LICENSE COURSE

INTRODUCTION AND OVERVIEW

GOALS: *The goal of this course is to enable the participants to perform the operations involved in the practice of real estate in a professional manner in accordance with license law and in a manner that protects the consumer.*

OBJECTIVES

Participants will be able to:

- *Write a business plan, evaluate prospecting methods and the importance of good follow up, identify ways to manage time and money, and create a database.*
- *Identify the steps involved in working with a buyer.*
- *Explain to a buyer important issues including RECAD, fair housing, antitrust, inspections, disclosures, and financing.*
- *Apply good communication skills in the practice of real estate.*
- *Educate the buyer during the initial meeting.*
- *Show property in a professional and courteous manner.*
- *Write a clear, unambiguous purchase agreement and create an estimated closing cost sheet for a buyer and seller.*
- *Identify the steps involved in working with a seller.*
- *Explain to a seller important issues including RECAD, fair housing, antitrust, and laws regarding property disclosures.*
- *Prepare a CMA, a listing presentation and a marketing plan.*
- *Apply good negotiating skills when presenting offers to a client and demonstrate the proper way to present offers and counteroffers.*
- *Identify the steps involved in the completion/closing of a contract.*
- *Recognize areas of liabilities and how to avoid them.*
- *Identify how license law applies to the daily practice of real estate.*

A. Registration

B. Classroom policies (No cell phones, 90% attendance required, breaks, must have a license number to begin Post License, etc.) [Rule 790-X-1-.14; 790-X-1-.06(5)(f),(g),(h), (i),(l); 790-X-2-.03]

C. Instructions on applying for an original license. [§ 34-27-33(c)(2); Rule 790-X-2-.03]

MODULE I

BUSINESS PLAN AND PROSPECTING (3 Hours)

GOAL: *The goal of this section is to enable the participants to create an effective business plan and recognize the importance of using this plan to prospect.*

OBJECTIVES: *Participants will be able to:*

- *Create a database*
- *Identify ways to prospect*
- *Plan when and how to prospect*
- *Manage time and money effectively*
- *Develop a business plan*

A. Creating a database

1. Purpose of a business database
2. Building of a referral based business
3. Ways to segment database to maximize opportunities for contact
4. What medium or software to use
5. What information should be included

B. Prospecting

1. Sphere of influence
2. Geographical farming
3. Floor duty
4. Open houses
5. Niche market
6. Foreclosures
7. Cold calls
 - a) Do Not Call Registry
 - b) FSBOs
 - c) Expired listings

C. Follow Up

1. Database updating
2. Ways to follow up
3. Importance of personal contact
4. Importance of handwritten notes

D. Time Management

1. Balancing work and personal life
2. Determining where to spend your time
 - a) Business building
 - b) All other tasks

E. Budgeting your money

1. Advertising your listings [§34-27-36(a)(6),(9),(15)]
2. Personal promotion
3. What can I get for free?
4. Plan ahead

F. Developing a business plan

1. Cover page - Your name, business and date
2. Business summary - Describe your business
3. Overview - Your mission – What you want to achieve – Where you are going
4. Introduction - Business purpose
5. Business environment
 - a) Market research – Problems and possible solutions
 - b) Competition
6. Description of your service
 - a) Your selling points
 - b) Benefits to the consumer
 - c) Launch strategies
7. Marketing plan
 - a) Sales goals
 - b) Personal promotion
 - c) Marketing material
 - d) Distribution
 - e) Marketing calendar
 - f) Pricing
8. Financial plan
 - a) Income projection
 - b) Expense projection
9. Action plan
 - a) Yearly
 - b) Monthly
 - c) Daily

MODULE II

WORKING WITH BUYERS (9 HOURS)

GOAL: *The goal of this section is to enable the participants to identify the steps in working with a buyer to find property that meets the buyer's needs, write a purchase agreement and create an estimated closing cost sheet.*

OBJECTIVES: *Participants will be able to:*

- *Explain caveat emptor to the buyer*
- *Explain the different types of agency and the appropriate time and way to disclose RECAD.*
- *Apply good communication skills while working with a buyer.*
- *Explain to a buyer the various steps and procedures involved in buying a home.*
- *Apply fair housing and antitrust laws when working with a buyer.*
- *Explain property disclosures, inspections, and financing to a buyer.*
- *Show property in a professional and courteous manner.*
- *Write a clear, unambiguous offer to purchase.*
- *Calculate a buyer's estimated closing costs.*

A. Initial meeting with the buyer

1. Caveat Emptor
2. RECAD [§§34-27-80 through 34-27-88; Rule 790-X-3-.13]
 - a) Review of the concept of agency
 - b) Discussion of transaction brokerage/buyer customer
 - c) Discussion of buyer agency/buyer client
 - d) Real Estate Brokerage Services Disclosure Form [§34-27-82; Rule 790-X-3-.13]
 - e) Buyer Agency Agreement
 - f) Limited Consensual Dual Agency Agreement
3. Communication Skills
 - a) Good questioning & listening skills
 - b) Questioning the buyer regarding his/her wants and needs
4. Buyer presentation – Educating the buyer
 - a) The Home Buying Process
 - b) Financing [§34-27-36 (21)]
 - 1) The Mortgage Process [Regulation Z]
 - 2) Conventional, FHA, VA
 - 3) Other types of financing
 - 4) Getting pre-approved vs. getting pre-qualified
 - c) Necessity of professional inspections (*For identification purposes only, not to educate students to be experts in these fields*)
 - 1) Lead Based Paint [Federal Law: 42 U.S.C. 4852 d]
 - 2) Home (General)
 - 3) HVAC
 - 4) EIFS
 - 5) Termite letter vs. Contract
 - 6) Well
 - 7) Septic
 - 8) Mold

- 9) Radon
- 10) Etc.
- d) Property disclosures
- e) Home warranties
- f) Surveys
- g) Title insurance
- h) The Walk Through
- i) The Closing Process
- 5. Fair Housing & ADA (Americans with Disabilities Act)
 - a) It is not the intent, it is the effect
 - b) Steering
 - c) ADA
 - d) Testing
- 6. Showing property
 - a) Professional courtesies of setting appointments to show
 - b) Taking care of the seller's property
 - c) What to do if your showing schedule is not working out
 - d) Tips on helping the buyer as they look at property
 - e) Antitrust
 - 1) Boycotting
 - 2) Brokerage commissions
 - f) FSBO's & other business models
 - 1) RECAD (agency discussion appropriate here)
 - 2) Negotiating your commission
 - 3) Presenting the offer
 - 4) Earnest money – who's holding the money
 - 5) Estimated closing costs sheet [§34-27-36 (22); Rule 790-X-3-.04]
 - 6) Ordering the documents to close

B. Writing the Purchase Agreement

- 1. Preparing to write the purchase agreement
 - a) Contact listing agent
 - 1) Ask if the property is still available
 - 2) Ask for any disclosure forms, lead-based paint or other property related documents the listing broker has on the property to be faxed or emailed.
 - 3) Ask if there is a current termite contract on the property and, if so, get the details
 - b) Contact qualifying broker if assistance is needed.
 - c) Print current MLS sheet and tax records
 - d) Have buyer contact lender, if necessary, to clarify loan information
 - e) Gather all necessary forms to write a purchase agreement
- 2. Identify comparables or prepare a CMA (Competitive Market Analysis) for the buyer (agency discussion appropriate here)
- 3. Writing the purchase agreement (agency discussion appropriate here) [§§34-27-8(c), 34-27-36(10)]
 - a) Discuss how to write a clear and unambiguous offer
 - b) Earnest money [§34-27-36 (8); Rule 790-X-3-.03]
 - c) Addenda and exhibits
 - d) Seller's and/or buyer's disclosures

- e) Contingencies
 - 1) Types of contingencies
 - 2) Observing/removing contingencies
- 4. Buyer's estimated closing costs [[§34-27-36\(22\)](#); [Rule 790-X-3-.04](#)]
 - a) Preparing an estimated closing cost sheet (Discussion of customary and reasonable charges)
 - b) Lender's approval letter
 - 1) Pre-qualified
 - 2) Pre-approved
 - c) Do's and Don'ts related to lenders
 - 1) Good Faith Estimates
 - 2) Agreements outside of closing
 - d) Predatory Lending Practices
 - 1) What are they?
 - 2) How to identify predatory practices

MODULE III

WORKING WITH SELLERS TO MARKET THEIR PROPERTY (7 Hours)

GOAL: *The goal of this section is to enable the participants to identify the steps in working with a seller to price and market their property, present offers, write counteroffers, and create an estimated closing cost sheet.*

OBJECTIVES: *Participants will be able to:*

- *Prepare for a listing appointment, including doing a CMA and creating a marketing plan.*
- *Give a listing presentation and discuss property disclosures.*
- *Apply the fair housing and antitrust laws when working with a seller.*
- *Explain the laws regarding property disclosures.*

A. RECAD [§§34-27-80 through 34-27-88; Rule 790-X-3-.13]

1. Discussion of transaction brokerage/seller customer
2. Discussion of agency agreement/seller client
3. Real Estate Brokerage Services Disclosure Form [§34-27-82; Rule 790-X-3-.13]
4. Review of Seller Agency Agreement
5. Review of Limited Consensual Dual Agency Agreement

B. Preparing to take a listing [§34-27-36(a)(20),(25)]

1. What to ask the seller prior to the listing appointment
 - a) Reason for selling
 - b) Information about the property
 - c) Documents the seller needs to gather prior to appointment
2. Gathering preliminary information
 - a) Tax records
 - b) MLS Solds/Current/Expireds
 - c) Probate records
 - d) Drive through the neighborhood
3. Pre-listing meeting with seller or pre-listing packets
4. CMA and pricing property
 - a) Dangers of overpricing
 - b) Benefits of proper pricing
 - c) Preparing a CMA

C. Listing presentation and marketing plan [§34-27-36(a) (9),(10),(11),(12),(14)]

1. RECAD
 - a) Real Estate Brokerage Services Disclosure form
 - b) Transaction broker
 - c) Single agency
 - d) Subagency
 - e) Limited Consensual Dual Agency
2. Presenting your marketing plan and follow up plan
3. What things will remain or convey with the property

4. Fair Housing
 - a) Blockbusting
 - b) Advertising
 - c) Not discussing the race, color, national origin, religion, sex, handicap, or familial status of a buyer.
5. Antitrust and price fixing
6. Laws regarding disclosure of property condition
 - a) Seller's disclosure [§34-27-36(3)] and caveat emptor
 - b) Lead-based paint [Federal Law: 42 U.S.C. 4852 d]

MODULE IV

NEGOTIATING OFFERS (2 Hours)

GOAL: *The goal of this section is to enable the participants to develop good negotiating skills, know when they are allowed to use these skills, and know how to present offers and counteroffers.*

OBJECTIVES: *Participants will be able to:*

- *Use good negotiating skills*
- *Present offers and counteroffers*
- *Demonstrate how to handle multiple offers*
- *Demonstrate how to handle backup offers*
- *Recognize the necessity of an agency relationship in order to negotiate*

A. Negotiating skills (agency discussion appropriate here)

1. Basic steps of good negotiations
2. Reading people
3. The art of listening
4. Silence is golden

B. Presenting offers & counteroffers

1. To a seller [[§34-27-36\(a\)\(10\)](#); [Rule 790-X-3-.03](#); [Rule 790-X-3-.04](#); [Rule 790-X-3-.08](#)]
 - a) Explain contents of the offer
 - b) Explain the consequences of changing the offer or countering
 - c) Create an estimated closing costs sheet
2. FSBOs & other business models
3. Counteroffers to a buyer
 - a) Explain contents of the offer
 - b) Explain the consequences of changing the offer or countering
 - c) Create an estimated closing costs sheet
4. Multiple offers
5. Backup offers
6. Agency considerations

MODULE V

FROM CONTRACT TO CLOSING (2 HOURS)

GOALS: *The goal of this section is to enable the participants to identify the tasks that must be performed to properly complete/close the transaction.*

OBJECTIVES: *Participants will be able to:*

- *Assist/advise a buyer and/or seller in the various steps needed to properly complete/close the transaction.*
- *Apply good communications with a customer or client during this phase of the transaction.*

A. Buyer considerations (customs and practices vary)

1. Observe time conditions/limitations in the contract
2. Mortgage application
3. Appraisal
4. Home inspections
5. Homeowner's insurance
6. Survey
7. Alabama Wood Infestation Report & contracts
8. Title insurance
9. Home warranties
10. Walk through
11. Funds to bring to closing (amount and type)

B. Seller considerations (customs and practices vary)

1. Observe time conditions/limitations in the contract
2. Mortgage payoff
3. Title insurance
4. Repairs
5. Things to be left in the home
6. Possessions and change of keys
7. Turn off of utilities and cancel insurance

C. Good communications make for a smooth closing

1. Schedule the closing
2. Communications between agents
3. Coordinate with the lender, title company, surveyor, termite company, attorney, etc.

D. Closing

E. Follow Up

MODULE VI

AVOIDING LIABILITIES (3 Hours)

GOALS: *The goal of this section is to enable the participants to recognize areas of liabilities that exist in the practice of real estate and how to avoid them.*

OBJECTIVES: *Participants will be able to:*

- *Explain agency and the responsibilities associated with agency.*
- *Identify the importance of disclosures and how and when to use them.*
- *Apply Alabama License Law and other laws to the daily practice of real estate.*

A. Caveat emptor

B. Seller's disclosures

C. Do Not Call laws

D. Agency

E. Risk Management 101 on AREC Web site [www.arec.alabama.gov]

(Click on "Legal" at the top of the page and then click on "Risk Management 101" in the drop down menu.)

F. Risk when you buy and sell property owned by yourself

G. CE requirements [§34-27-33 (c)(4); §34-27-35 (j)(1); Rule 790-X-1-.11; Rule 790-X-1-.18]

1. Completion of the post license course satisfies the CE requirements for the licensee's first renewal.
2. 15 hours of continuing education needed for renewal of licenses in subsequent years

H. E&O insurance

I. Red flags

J. Paper trails

K. Change of name or address [Rule 790-X-3-.01]

MODULE VII

SESSIONS OF INSTRUCTOR'S CHOICE (3 Hours)

The instructor may use these hours to cover any of the topics listed below or may use them as additional time to cover the goals and objectives in Modules I – VI of this outline

- A. New construction and writing building contracts**
- B. Investment property**
- C. Commercial transactions**
- D. Technology in real estate**
- E. Additional financing**
- F. Farm & land**
- G. Condos**
- H. Property management**
- I. Resort properties**

MODULE VIII

REVIEW AND TEST (1 Hour)

The course is over but you're not finished.

The instructor will give each student an Application for Real Estate Salesperson's Original License and review instructions regarding applying for an original (permanent) license. [§34-27-33(c)(2); Rule 790-X-2-.03]

The instructor will review future CE requirements [§§34-27-35(j)(1); 34-27-33(c)(4)] and may wish to discuss future educational opportunities or designations.

Note: According to Rule 790-X-1-.08, "An approved instructor shall be present at each session of an approved real estate course. Unapproved guest instructors with expertise in particular areas may be used at any time without limitation so long as an approved instructor is present during their respective presentations."