

**STUDENT REVIEW AND PROBABLE TEST MATERIAL :**  
**INVESTIGATE AND KNOW THE FOLLOWING MATERIAL**

Consult Oklahoma License Code for any topic covering Licensing Codes or Rules here: [Oklahoma Real Estate Commission - Oklahoma Real Estate Commission](#)  
Go To: Tab on the right side of the page and click: ***“License Code and Rules”***

**I. Questions to know:**

- What a licensee must disclose when selling own property. Including when license is expired or when it expires, and whether that must be disclosed.
- Inactive license and what must be disclosed.
- Radon: Possibility of at least two questions.
- Asbestos: Possibility of at least one question.
- Exclusive broker listing and exclusive right to sell. As well as why broker might be slightly less likely to sell or be motivated.
- Does exclusive broker receive commission no matter what?
- Steering.
- Block busting?
- Redlining?
- Puffing questions: Possibility of at least two questions.
- Fraud questions: Possibility of at least two questions.
- Antitrust questions: Possibility of at least one question.
- Know what happens to the deal when licensee dies during transaction.
- Types of Listings
- Net lease questions: If lessee pays taxes?
- What title insurance covers? For example: Defects discovered after closing, or defects and liens listed in the policy.

- Questions about non-money escrow. What broker must do, must tell all parties in writing? Have appraisal? Place with 3<sup>rd</sup> party?
- Metes and bounds question: For example, point of beginning indicates what type of legal description?
- Government survey question: For example, Meridian and Base line, townships are indicative of, what?
- Know what a closing statement is and what it represents
- Know Agency
- Dual Agency questions: For example, what is created if agent represents both parties in agency. (Not applicable in the State of Oklahoma but need to know.)
- Questions about licensee working for other brokers.
- Questions about when a broker is entitled to a fee?
- Questions on non-residential landlord tenant: For example, when can landlord take property after default? Number of days?
- What is the explanation for when two brokers agree to the same price?
- What must a broker tell and or complete for IRS to make licensee an independent contractor?

## **II. Key Terms/Definitions and information you need to know:**

- Assessor's Value?
- Covenants, Conditions, Restrictions: Only owners of a subdivision.
- Non-Deposit-able Escrow items: Should be evaluated, deposited with an authorized escrow agent, and all parties are informed.
- Tax against specific property: Special assessment.
- Secondary Mortgage Market: Fannie Mae
- OREC requirement: Satisfy them with good moral character.
- Tax free capital-Gain up to: \$500,000

- Radioactive: Radon Gas
- Industrial Property: Seek to work with.
- Broker has NO duty to? Verify all accuracy of inspection reports.
- Landlord and Tenant. Any damage or security deposit: Must be kept in an escrow account.
- Restrictive Covenant Current owner and subsequent owner.
- Purpose of Regulation Z: Inform public of accurate credit costs.
- In surveying, monuments are used in? Real Estate Boundaries.
- Balloon Payment: Small monthly payments and then one large one at a later date
- Agreement Transmit: Accidentally learned confidential material?
- All Encumbrances on a property? Exception? A credit Card lien
- What does a mortgage lender mostly rely on? -Appraisal Report.
- What statute has been specifically enacted to prohibit lenders from over charging? -Usury Law.
- In the state of Oklahoma, termination date in a listing contract is? Required by the Oklahoma Real Estate Commission.
- An important Zoning law: Ensure conforming use.
- Seller property disclosure form states: Disclosure the existence of Asbestos to all potential buyers.
- Standard title insurance protects against: Title defects found after closing.
- Which of the following documents transfer possession of Real Estate but not ownership: A Lease.
- Regulation Z is the law that regulates Real Estate advertising. Which law regulates the Internet? - Regulation Z also.

- Legal descriptions that give directions and distance is one by: Metes and Bounds.
- Which of the appraisal approaches most often use investment purchase? – Income.
- The Broker Relationship Act: Replaces and abrogates the common Law of Agency.
- Which of the following could be included in Building codes: Materials for items such as plumbing.
- Which of the following best defines material fact: A fact significant enough to influence an individual's decision on whether or not to purchase.
- An example of Modular Construction is: Prefabricated Housing.
- When should 1<sup>st</sup> year licensee not do commercial transactions?
- Which of the following is true about Asbestos? - Encapsulation can be safer than removal.
- The person conveying ownership in a real property is known as the: Grantor
- What is inappropriate for a Real Estate license to consider when preparing a Market Analysis to recommend a listing price for a subject property? Ethnic and age demographics or owner of the comparable and subject property.
- Real Estate taxes that are paid in advance are prorated on the closing statements and shown as: **Debit** to the buyer and a **Credit** to a seller.
- The purpose of reverse mortgage is? To supplement the mortgagor's income.
- Risk to lender of taking deed in lieu? First lien may be subject to creditors claims and interest is secondary to those claims.

- Standard Title insurance protects against: Existing but undiscovered title defects, when title is given the creation of an ordinary life estate, the recipient is permitted until the recipient dies.
- A subordination agreement is used to? Change the priority of mortgages.
- Is it illegal for a licensee to commingle operating funds with trust funds? – Yes. **Why?** – The funds may then subject to creditors claims in addition to violation of duty to account.
- What should buyers insert into their purchase afterwards to make sure they will not have to go through the purchase life and not obtain necessary financing? – Contingency.
- A loan to value ratio (LTV) indicates: An equity amount in a property
- Know how to determine the number of acres.
- FHA loan characteristics and the purpose of them.
- Broker disclosures regarding commissions.
- 1978: Lead paint
- G- stigmatized property and Oklahoma requirements
- **Know the following terms:**
- Unilateral contract
- Option contract
- Counter offer
- Buyers protection
- Types of deed
- Legal Vs. Equitable title.
- **Questions to review:**
- VA Loan makes sure: Veterans do not suffer from a loss.
- Who should not used adjustable mortgages?

- What type of loan is fixed to indexes?
- Penalty for unauthorized practice of real estate?
- When must release of escrow occur? When agreed by both parties via a mutual release of contract, closing credit to buyer or broker option of interpleader in case of potential breach or claim to keep.
- What kind of contract decides property, states the amount: A listing contract.
- NOT have to go through if they can't obtain necessary financing: Contingency.
- Broker protection clause
- Transaction broker
- Specialty areas
- Restrictive covenants.

**III. Scenario questions/examples to consider: Go to OREC licensing laws to get many of these answers**

- How much money must a buyer have to close if 15% down on \$160,000 home and lender wants to points?
- A buyer and seller have an agreement to release escrow after inspections. Seller tells broker to release before inspections. What should the broker do?
- If license is expired, yet you are licensed and working for a property company, must you disclose your license status?
- What to do if seller tells how much property taxes were and those put on listing: Tell broker what seller said, look up and verify, etc.
- If an inspector gives a fee to broker for using him, what must broker disclose?

- In estimating the value of a property using sales comparison approaches, you would typically.... Not factor in the accrued depreciation.
- If buyer wants to know about sex offenders located near the area, although there is no duty in Oklahoma? Identify where a buyer can get the information and tell buyer where to find this information.
- Eminent domain: If seller is motivated to sell or lease, yet seller must move due to a job transfer, but airport is condemning land within one year, what should broker tell him? If he leases, whether the lease will be good after condemnation, any yes, explain what has been officially stated which is, the airport will exercise power of eminent domain through condemnation
- A buyer wants to purchase a home for \$160,000 with a 15% down payment. The lender charges 2 points. How much money does the buyer need up front to make the purchase? : \$26,720.
- If a tenant abandons/surrenders possession or evicted from non-residential rental property and leaves personal property: 10 days after tenant receives personal service of notice, or 15 days after notice is mailed, whichever is latest.
- The increase in a value of a home due to the addition of central air conditioning is best estimated by using? The difference in the sales price of comparable homes with and without air conditioning.
- Two own a property as Tenancy and Common: Survivor becomes a Tenant and Common with heir of deceased.
- Licensee observes a house, sees water stains, what should he/she do? Ask why there are water stains.

- Tenant may be evicted if fails to pay: Can evict in 5 days.
- Licensee working for an employment company? Does not have to disclose.
- Buying property at a fixed price: An option
- In a Mortgage Trust/Deed from the loan terms of payment, percent would be found on: Promissory note.
- 3 months Exclusive Buyer Agency: Broker entitled commission or compensation even if buyer purchases a property they located.
- Terry Hill, Ms. Hill: Under no obligation to have to accept or make a counteroffer.
- When can a licensee represent both buyer and seller: When both agree in writing.
- If a city builds a new library: Its Replacement Cost
- Payment to Oklahoma Real Estate Commission with a dishonored check: Suspension or Revocation?
- Salesperson selling a leased commercial property. What happens to the lease? The Lease is assigned to new owner.
- If an associate fails to respond to a written complaint? Associate may be found in violation of licensing rules and disciplined.
- A seller's property disclosure contingencies: A statement of the seller's actual knowledge.
- An appraisal made by a certified appraiser is required? When a buyer uses a FHA loan to purchase.
- A protection or extension clause in a listing contract provides what? It permits the Broker who procured the Buyer before expiration date of the listing to be paid a commission.



- When a Broker provides brokerage services to a landlord under Property Management agreement, the service provided? Shall not be continued as creating a Broker relationship between Tenant and the Broker.
- City added curbs and gutters to six blocks to benefit of the adjacent property owners? The city can initiate a special assessment levied against the adjacent property owners.
- When a license is on a inactive status? Must continue to pay renewal fees and maintain the educational requirements to maintain the license status
- The sale of a property was subject to buyers being able to assume an existing loan? Is a Due-On-Sale-Clause
- You are meeting with an owner about listing a property and are asked to recommend listing price? Determine a listing price by utilizing the Competitive Market Analysis. (CMA)
- The recommendation or use by a Broker or sales associate of a fictitious or fake contract for the purpose of including any lender or Government agency to loan or insure any sum of money is? Substantial Misrepresentation.
- For a lender, a major disadvantage of a deed in a lieu of foreclosure is: The lender takes the property subject to all secondary lines.
- If a sales associate is an independent contractor? : If a complaint with IRS regulations, the sales staff exempt from withholding.
- The heir to a large estate will be legal in 30 days: Voidable.
- A property was listed with a broker, but the owners advertising the property found a buyer and negotiated the sale themselves. After

the closing owner paid full commission. Due to this occurrence, the broker must have had? An exclusive Right to Sell.

- The IRS depreciation of commercial property at 39 years. An office building purchased for \$500,000. What is the depreciated value after 11 years? \$385,974
- Buyer is trying to decide whether it would be cost effective to buy a home that only has one bath? A licensee should address the principle of contribution by determining the market value of a second bath.
- The buyer is trying to decide whether it would be cost effective to buy a home with a second bath: Address the principle of contribution by determining the market value of a second bath would add to the property compared cost.
- The foundation is badly cracked. The owners refinish the basement and cover the cracked walls. They do not tell the listing agent about the cracks. The buyer may sue the seller for? Deliberately concealing a major defect.
- High tenant turnover rate? Can result in less profit for the property owner when measuring all metrics together.
- The broker principle is the seller. The buyer is the customer from a different brokerage company. The broker may be guilty of misrepresentation if he or she shows, but chooses NOT to disclose the following issue? A park behind the house will become a highway in two months.
- Duty of broker to disclose if seller/client counter offers buyer? That the buyer will pay brokers commission.