



FLORIDA

Real Estate Broker's Guide

Fifth Edition | Linda L. Crawford and Edward J. O'Donnell

Dearborn™
Real Estate Education

5TH EDITION

FLORIDA REAL ESTATE Brokers Guide

Linda L. Crawford and Edward J. O'Donnell

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I N T R O D U C T I O N

Congratulations on taking the next step in your real estate career! Your decision to take the broker prelicense course indicates your commitment to increasing your professional competence.

This textbook follows the Florida Real Estate Commission (FREC) Course II syllabus and meets Florida's requirements for the 72-hour broker prelicense course. The material is designed to build on the knowledge licensees have obtained in education courses taken during their careers as sales associates.

The book is divided into four major sections.

Part I, "Getting Started in the Real Estate Brokerage Business," focuses on the important laws that regulate a broker's daily activities. Knowledge of these laws helps the licensee provide fair and honest service to consumers and reduces exposure to disciplinary action or civil damages. The material covers requirements for obtaining and maintaining a Florida real estate broker's license, the application and registration process, and the advantages and disadvantages of the different business entities that may be registered as brokerage firms. Escrow account management includes the time requirements for deposits, the procedures in case of disputes over the deposits, and the reconciliation requirements. Because the FREC periodically visits real estate offices to ensure compliance, a chapter covering office inspection and discipline is devoted to this. A chapter on owning and operating a brokerage firm covers budgeting for a new brokerage firm, accounting, tax requirements, and recruiting and training sales associates.

Part II, "Valuing Real Property," describes the process appraisers use to estimate a property's value. While brokers usually do not prepare appraisals in the normal course of their business, understanding the valuation process is critical in listing, marketing, and selling real property. Also critical is knowledge of laws and rules governing appraisal, set through the Appraiser Qualifications Board (AQB) and the Appraisal Standards Board (ASB). Licensees who list and sell real property must understand the steps involved in preparing a comparative market analysis, a subject covered in detail. Estimating the value of businesses also is included in this section.

Part III, "Listing and Selling Real Property," begins with a discussion of brokerage relationships with customers and principals. Contract law is described as it relates to a broker's listing and sales agreements. Because financing is the key to nearly every sale, licensees must understand the law as it relates to notes and mortgages, the different types of loan programs, and the qualification process. Every licensee must understand the duties required to close a transaction, as covered in this section. While licensees do not actually prepare closing statements, this section describes the process and contains three practical composite closing statement problems.

Part IV, "Specialties," provides an overview of several important subjects. The investment real estate chapter details the advantages and disadvantages of different types of income properties and provides you with an opportunity to practice financial analysis techniques. Brokers also must understand the laws regulating land planning and the comprehensive plan, as well as environmental issues affecting real estate transactions.

Managing investment property is another important brokerage specialty discussed in this section.

Understanding the vocabulary used in a profession is a key ingredient in mastering a subject area. This is particularly true in the real estate profession. Each chapter begins with key terms that are highlighted in bold print throughout the text, just before their definitions.

We also have included learning objectives at the beginning of each chapter. This is your guide to the most important points to be mastered in the text. End-of-chapter questions emphasize these concepts again.

Throughout the material, you will find important information such as legal references, examples, and case studies. These items were designed to help you better understand and apply each chapter's objectives.

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We wish you well in your career as a Florida broker.

Linda L. Crawford
Edward J. O'Donnell
August 2013

GETTING STARTED IN THE REAL ESTATE BROKERAGE BUSINESS



- CHAPTER 1** BECOMING A LICENSED REAL ESTATE BROKER
 - CHAPTER 2** OPENING A REAL ESTATE OFFICE
 - CHAPTER 3** OWNING, MANAGING, AND SUPERVISING A REAL ESTATE OFFICE
 - CHAPTER 4** ESCROW MANAGEMENT
 - CHAPTER 5** OFFICE INSPECTIONS AND THE DISCIPLINARY PROCESS
-



BECOMING A LICENSED REAL ESTATE BROKER

KEY TERMS

active license
address of record
broker associate
business broker
compensation
current mailing address
group license
involuntary inactive

license
moral turpitude
multiple licenses
mutual recognition agreements
nolo contendere
owner-developer
prima facie evidence

real estate services
real property
reciprocity
register
registration
resident
voluntary inactive
withhold adjudication

OVERVIEW

1 This chapter begins with an explanation of who must be licensed and the qualifications
2 necessary for obtaining a Florida broker license. The prelicense education requirement
3 and the various ways the experience requirement can be satisfied are detailed. Postlicens-
4 ing and continuing education requirements also are presented, as are exemptions from the
5 educational requirements. Finally, the chapter discusses how to obtain a broker's license
6 through mutual recognition and contrasts real estate licensure and registration. It also
7 covers license regulations in detail.
8

9 Once you have completed this chapter, you should be able to:

- 10 ■ explain the postlicensing and continuing education requirements for brokers;
- 11 ■ list exceptions to the broker prelicense course requirement;
- 12 ■ explain the three ways a broker applicant can satisfy the experience requirement;
- 13 ■ discuss the requirements for obtaining a broker license through mutual
14 recognition;
- 15 ■ distinguish between voluntary and involuntary inactive statuses;
- 16 ■ distinguish between licensure and registration;
- 17 ■ distinguish between a group license and multiple licenses;

- 1 ■ understand the rules regarding change of address and residency; and
- 2 ■ identify practices exempt from licensure.

3 REAL ESTATE SERVICES

4 The Florida real estate license law identifies eight real estate-related activities referred to
 5 as *real estate services* that require a Florida real estate license. **Real estate services** include
 6 any real estate activity involving compensation for performing the service for another. To
 7 remember the eight services of real estate, use the memory crutch (mnemonic) acronym
 8 A BAR SALE, where the first letter of each service forms the memory aid.

TO REMEMBER: A BAR SALE	
A	Advertise real estate services
B	Buy
A	Appraise
R	Rent or provide rental information or lists
S	Sell
A	Auction
L	Lease
E	Exchange

9 Real estate services are further defined in law to include the following activities in the
 10 sale, exchange, or lease of real property, including mineral rights, business enterprises, or
 11 business opportunities:

- 12 ■ Offer to, agree to, or attempt to perform real estate activities
- 13 ■ Advertise or otherwise indicate to the public that one is in the business of per-
 14 forming real estate services
- 15 ■ Direct or assist in the procurement of sellers, buyers, lessors, or lessees
- 16 ■ Negotiate or close a real estate transaction (*Note: Case law has determined that*
 17 *the intention to close a real estate transaction is sufficient.*)

18 *Anyone* who performs real estate services for another person for compensation of any
 19 type must be licensed, unless specifically exempted by law. **Compensation** is defined as
 20 anything of value or a valuable consideration, directly or indirectly paid, promised, or
 21 expected to be paid or received. Compensation includes money in the form of a salary,
 22 bonuses, commissions, and gratuities. Compensation is also things of value such as dinner,
 23 flowers, wine, gift certificates, event tickets, and so forth.

24 It is a violation of license law to share a commission with or to pay a fee or other
 25 compensation to an unlicensed person for the referral of real estate business clients, pros-
 26 pects, or customers. However, a Florida broker may pay a referral fee to a broker licensed
 27 in another state so long as the foreign broker does not violate Florida law.



LICENSE APPLICATION

A Social Security number is required to apply for a real estate license. In the Full Legal Name section of the license application, applicants must enter their name as it appears on their Social Security card. Florida law requires that an applicant's Social Security number be disclosed on all professional license applications. The Social Security number is used to determine whether applicants are in compliance with child support obligations.

A real estate license application is good for two years from the date the complete application is received by the DBPR.

1 GENERAL LICENSING PROVISIONS

2 Sales associates and broker associates are employed by and work under the direction and
3 control of a broker or an owner-developer. Sales associates and broker associates are agents
4 of their employer. An **owner-developer** is an unlicensed entity that sells, exchanges, or
5 leases its own property. An example of an owner-developer is a real estate development
6 company that owns land that it develops into subdivisions, and then builds and sells
7 homes. An owner-developer's sales staff must hold active real estate licenses in order to be
8 paid a commission or other compensation based on actual sales (that is, on a transactional
9 basis). The sales staff is exempt from real estate licensure if paid strictly on a salaried
10 basis.

11 A broker is a person who, for another and for compensation (or in anticipation of
12 compensation), performs real estate services. Becoming a broker requires additional edu-
13 cation, experience, and passing the broker license exam. While many sales associates want
14 the prestige of a broker's license, they are not interested in opening their own real estate
15 brokerage business. A **broker associate** is an individual who holds a broker's license but
16 who chooses to register and work in real estate under the direction of another broker.

17 REQUIREMENTS FOR LICENSURE

18 An individual applying for a real estate sales associate or broker license must:

- 19 ■ be 18 years of age or older;
- 20 ■ have a high school diploma or its equivalent;
- 21 ■ possess a Social Security number;
- 22 ■ be honest, truthful, trustworthy, of good character, and have a good reputation
23 for fair dealing; and
- 24 ■ be competent and qualified to make real estate transactions and conduct negotiations
25 with safety to investors and others.



MORAL TURPITUDE

Moral turpitude is conduct contrary to honesty, good morals, justice, or accepted custom. Embezzlement and crimes of larceny, including writing bad checks, are generally considered moral turpitude. A real estate licensee pled guilty to leaving the scene of an accident with injuries. The courts ordered the licensee to pay monthly restitution to the victim. The victim requested in writing that the FREC not impose revocation so that the licensee could continue to pay restitution. The FREC imposed a six-month suspension, \$2,500 fine, costs, and 12 months' probation, and ordered the licensee to attend a two-day FREC meeting.

Reference: DBPR Case Number 2009064637.

1 When completing an application for licensure, the applicant must disclose:

- 2 ■ if ever convicted or found guilty of a crime or ever entered a plea of **nolo**
- 3 **contendere** (no contest); if under investigation for civil or criminal prosecution;
- 4 or if any judgment or decree has been rendered wherein the charges involved
- 5 **moral turpitude** or fraudulent or dishonest dealing (refer to text box, Moral
- 6 Turpitude, on this page);
- 7 ■ if any name or alias other than the full legal name indicated on the application
- 8 has ever been used, including a maiden name (*Note:* Full legal name is the name
- 9 as it appears on the applicant's Social Security card);
- 10 ■ if ever denied licensure or had a license suspended or revoked by the real estate
- 11 licensing agency of another state or nation;
- 12 ■ if ever denied registration or a license to practice any regulated profession, busi-
- 13 ness, or vocation, or had a registration or license suspended or revoked in this or
- 14 any other state or nation; and
- 15 ■ if ever guilty of any conduct or practice that would have been grounds for sus-
- 16 pension or revocation under F.S. 475, had the applicant then been licensed to
- 17 practice real estate in this state or elsewhere. This includes acting, or attempting
- 18 to act, as a real estate sales associate or broker in violation of F.S. 475, during the
- 19 year before the applicant filed an application, or until a valid license was issued,
- 20 regardless of whether compensation was an issue.

21 Applicants guilty of these offenses will be considered qualified for registration only
22 if passage of time, good behavior, or other sufficient reasons cause the Commission to
23 believe that the interest and welfare of the general public will not be endangered.

24 Application Requirements

25 Broker and sales associate applicants must submit an application. The application is fur-
26 nished by the Department of Business and Professional Regulation (DBPR) and may be
27 downloaded from the Internet at the DBPR's Form Center. (See Web link on next page.)
28 Applicants may download, print, and mail the application, or they may apply online.



BACKGROUND CHECK OF CRIMINAL HISTORY

On the license application, applicants are asked if they have ever been convicted of a crime, found guilty, or entered a plea of guilty or *nolo contendere* (no contest) to a criminal charge, even if the applicant received a withhold of adjudication.

When the court determines that a defendant is not likely to again engage in a criminal act and that the ends of justice and the welfare of society do not require the defendant to suffer the penalty imposed by law, the court may withhold adjudication of guilt, stay (stop) the imposition of the sentence, and place the defendant on probation. A withhold of adjudication must be disclosed on the application.

Nolo contendere is a plea of no contest entered in a criminal court of law. The defendant does not admit or deny the charges, though a fine or sentence may be imposed by the court.

WEB LINK



You can apply for a real estate license online at the DBPR's Form Center. The address is <http://www.myfloridalicense.com>. Select "Apply for/Update Licenses."

1 Applicants are cautioned to complete the application carefully, particularly with
 2 respect to past history concerning felonies, misdemeanors, and traffic offenses (other than
 3 parking, speeding, inspection, or traffic signal violations). When responding regarding
 4 past history (background questions on application), applicants who have been convicted
 5 of a crime, found guilty, or entered pleas of guilty or **nolo contendere** (no contest), even
 6 if court action (*adjudication*) was withheld, should attach full details of all cases with dates
 7 and outcomes, including any sentence and conditions imposed. Attach to the application
 8 important documentation such as copies of police records. Failure to truthfully disclose
 9 this information may result in denial of a real estate license. In cases where a license has
 10 already been issued, it may result in revocation of the license. An application number is
 11 assigned when an application is filed online. Applicants who responded "yes" to any back-
 12 ground questions should mail applicable documentation with a cover letter indicating the
 13 application number.

14 Applicants must submit their fingerprints as part of the license application process.
 15 An applicant's fingerprints are scanned and electronically submitted to the Florida Depart-
 16 ment of Law Enforcement (FDLE) and to the Federal Bureau of Investigation (FBI). The
 17 purpose of the fingerprinting process is to determine whether an applicant has a criminal
 18 history. The DBPR has contracted with its test vendor, Pearson VUE, to provide finger-
 19 printing services for real estate applicants. Fingerprints are scanned at Pearson VUE's test
 20 sites and other locations subcontracted by Pearson VUE. Once students have enrolled in
 21 the prelicense course for brokers and have made application for a license, they are encour-
 22 aged to go ahead and complete the fingerprinting process. Students do *not* have to wait
 23 until the application is submitted and the course is completed before getting their fin-
 24 gerprints scanned. In fact getting fingerprints scanned early will allow the application to
 25 be approved sooner because the DBPR will not have to hold up the application approval
 26 pending the results from the criminal history check.

WEB LINK



To schedule a fingerprinting appointment, contact Pearson VUE at www.pearsonvue.com. Select "Book Digital Fingerprinting Appointments." Applicants choose a date and time and are asked to provide demographic information (gender, eye color, and so forth). Payment is due at the time of making the appointment.

For additional facts regarding the fingerprinting process and for instructions regarding how out-of-state applicants should submit fingerprint information, download and print DBPR's "Electronic Fingerprinting Frequently Asked Questions" at <http://www.asivcs.com/publications/pdf/351024.pdf>.

1 The application fee must accompany the application. Checks and money orders are
 2 accepted for applications received by mail. Online applicants may charge the fee to a credit
 3 card. The notice of satisfactory completion of the prescribed course (grade report) must be
 4 presented to the examination site before taking the exam.

5 A 30-day period is allowed after receipt of the application to check for errors and omis-
 6 sions and to send the applicant a *notice of insufficiency* concerning any additional informa-
 7 tion required. An applicant's failure to supply additional information may not be grounds
 8 for denial of a license unless the applicant was notified within the 30-day period.

WEB LINK



To check the status of your application, use the DBPR Online Services at www.myfloridalicense.com/. Select "Verify a License" on the home page. Then select "View Application Status."

9 Any application for licensure that is not processed within the legislated time periods
 10 must be considered approved. An applicant must be informed of approval or denial of the
 11 application within 90 days after receipt of the last correctly submitted application. When
 12 the Commission denies an application, it sends a copy of the denial to the applicant, lists
 13 the reasons for the denial, and advises that there are 21 days from the date of the order to
 14 request a hearing in accordance with Chapter 120, F.S.

15 **Nonresident Applicant Requirements**

16 U.S. citizenship is *not* required of applicants. However, applicants must possess a Social
 17 Security number. Furthermore, applicants do not have to be residents of Florida.

18 **Nonresident licensee requirements.** A Florida real estate licensee who moves out of state
 19 and becomes a nonresident of Florida is required by law to notify the Commission within
 20 60 days of the change in residency. A Florida resident licensee who fails to notify the
 21 Commission of becoming a nonresident may be issued a citation and fined \$300. Nonresi-
 22 dent licensees must satisfactorily complete the post-licensing and continuing education
 23 required of all Florida real estate licensees. Nonresident applicants and licensees must
 24 comply with all other F.S. 475 requirements and FREC rules.

25 **Mutual recognition agreements.** To date, the FREC has mutual recognition agreements
 26 with licensing authorities in eight states: Alabama, Arkansas, Connecticut, Georgia, Indi-
 27 ana, Mississippi, Nebraska, and Oklahoma. The intent of mutual recognition agreements
 28 is to recognize the education and experience of individuals licensed in another state or
 29 nation when the other jurisdiction has education and experience requirements compa-
 30 rable to Florida's requirements. The agreements apply exclusively to *nonresidents* who are
 31 licensed in other jurisdictions. A resident of Florida who is licensed in a mutual recogni-
 32 tion state *cannot* apply for a Florida real estate license under mutual recognition.



MUTUAL RECOGNITION IS NOT RECIPROCITY

Reciprocity is an agreement between two states that allows a real estate licensee with a valid license in one of the states to practice real estate in both states. There is no reciprocity between Florida and any other state.

Florida instead has entered into contractual agreements with some other states known as **mutual recognition agreements**. Florida and another state enter into a contract to recognize each other's real estate license education and experience. Mutual recognition applicants must demonstrate knowledge of Florida's real estate laws by passing a license exam that consists of 40 questions concerning Florida-specific real estate law. After demonstrating knowledge of Florida license law, the applicant is issued a Florida real estate license. Only nonresidents of Florida may use education and experience obtained in a mutually recognized state to obtain a Florida real estate license.

1 If a holder of a real estate license from a state with which Florida has a mutual recog-
2 nition agreement desires a Florida real estate license, the individual submits a Florida real
3 estate license application. The applicant requests mutual recognition on the license appli-
4 cation and indicates from which state mutual recognition is being requested. Mutual rec-
5 ognition eligibility requires that the applicant be a nonresident of Florida. An applicant
6 applying for mutual recognition must obtain a *certificate of license history* from the Real
7 Estate Commission in the state where the applicant is licensed. A certification of license
8 history must contain the applicant's initial license exam information, current license sta-
9 tus, the number of active months of licensure within the preceding five years, and whether
10 any disciplinary action has been taken against the licensee. The certification is submitted
11 with the application.

12 Real estate applicants approved for licensure under mutual recognition are exempt
13 from the prelicense education course. However, the mutual recognition applicant must
14 demonstrate mastery of Florida's real estate license law by passing a written Florida-specific
15 real estate law license exam. The exam consists of 40 questions worth 1 point each. A
16 grade of 30 points (75 percent) or higher is required to pass the exam. After demonstrating
17 knowledge of Florida license law, the applicant is issued a Florida real estate license. Indi-
18 viduals who receive a Florida real estate license under mutual recognition must fulfill the
19 same post-license and continuing education requirements as all other Florida real estate
20 licensees.

21 Mutual recognition agreements also ensure that Florida licensees have equal oppor-
22 tunity for licensure in mutual recognition states. The agreements are state-specific, and
23 what is required of Florida licensees varies among mutual recognition states depending
24 on how another state's license law compares to Florida's license law. A Florida real estate
25 licensee interested in obtaining a license from a mutual recognition state should contact
26 the state's Real Estate Commission for information regarding application procedures.



REGULATIONS PERTAINING TO PRELICENCE COURSES

A student may not miss more than eight hours of instruction. An instructional hour is considered to be 50 minutes. (Section 475.17, F.S.)

A student may attend makeup classes to take the end-of-course exam or a makeup exam if absences were due to student or family illness, if done within 30 days of the regularly scheduled exam time, or later with Commission approval. Makeup classes must consist of the original course material that the student missed. (61J2-3.008, F.A.C.)

The school or institution provides each student passing the end-of-course exam with a FREC-prescribed grade report of successful completion of the course. The school must submit a roster notifying the Commission of the name of each student who has satisfactorily completed the education requirements. (Section 475.175, F.S.)

The student must pass the school-administered end-of-course exam with a grade of 70 or higher. (61J2-3.008, F.A.C.)

A student failing the end-of-course exam must wait at least 30 days from the date of the original examination to retest. Within one year of the original examination, a student may retest a maximum of one time. Otherwise, a student failing the end-of-course exam must repeat the course prior to being eligible to retake the end-of-course examination. Schools must administer a different form of the end-of-course exam to a student who is retaking the exam or repeating the course. (61J2-3.008, F.A.C.)

Students may choose to complete a distance-learning course and satisfactorily complete a timed, distance learning course examination. (Section 475.17, F.S.)

The prelicensure course may be taken by correspondence or other suitable means by anyone who, because of individual physical hardship, cannot attend the course where it is regularly conducted or who does not have access to distance learning courses. (Section 475.17, F.S.)

- 1 **Florida resident defined.** For application and licensing purposes, FREC rules define a resi-
- 2 **dent** of Florida as a person who has resided in Florida continuously for a period of four cal-
- 3 **endar** months or more within the preceding year, regardless of whether the person resided
- 4 **in** a recreational vehicle, hotel, rental unit, or other temporary or permanent location.
- 5 Any person who presently resides in Florida in any of the above-described accommoda-
- 6 **tions** with the intention of residing continuously in Florida for four months or longer,
- 7 **beginning** on the date the person established the current period of residence, is also con-
- 8 **sidered** a legal Florida resident. This is the test used to determine whether an applicant for
- 9 **licensure** qualifies as a nonresident under mutual recognition.



TIME LIMIT FOR PRELICENSE EDUCATION

If an applicant does not pass the state license exam within two years after the course completion date, the course completion expires and the applicant must again complete the prelicense education course. The completion date is the date the student passed the prelicense end-of-course exam.

Reference: Section 475.181(2), F.S

1 Education Requirement

2 Broker applicants must successfully complete the broker course (Course II) or an equiva-
 3 lent FREC-approved prelicense course. Course II consists of 69 hours of instruction and
 4 3 hours for the end-of-course examination in the fundamentals of real estate appraising,
 5 investment, financing, and brokerage operations and management. FREC rules mandate
 6 the content of the state license examination. To the extent subject areas can reasonably
 7 be separated, 45 points are based on law, 40 points on principles and practices, and 15
 8 points on real estate mathematics. The math questions consist of 8 points concerning
 9 HUD-1 closing statement calculations and 7 points of general math calculations. A pass-
 10 ing score of at least 70 is required on the end-of-course exam.

11 **Exceptions to the broker prelicense course requirement.** Broker applicants who have
 12 received a four-year degree in real estate from an institution of higher education are
 13 exempt from the broker prelicense education course (Course II). Although active mem-
 14 bers in good standing with The Florida Bar are exempt from the sales associate course
 15 (Course I), they are *not* exempt from the broker prelicense course. (Refer to the text box,
 16 Summary of Education Exemptions, on page 13.)

17 Broker Experience Requirement

18 Broker applicants must fulfill an experience requirement in addition to the education
 19 requirement. A broker applicant fulfills the experience requirement by having held an
 20 active real estate license for at least 24 months during the five-year period preceding
 21 application to become a Florida real estate broker. A broker applicant can fulfill the expe-
 22 rience requirement in one of three ways:

- 23 ■ The applicant has held an active sales associate license under one or more real
 24 estate brokers for at least 24 months during the five-year period preceding appli-
 25 cation to become a Florida real estate broker. The employment can be under a
 26 Florida real estate broker or a broker licensed in another state or in any foreign
 27 jurisdiction.
- 28 ■ The applicant held an active sales associate license while working as a salaried
 29 employee of a government agency and performing the duties authorized in Chap-
 30 ter 475, F.S., for at least 24 months during the five-year period preceding applica-
 31 tion to become a Florida real estate broker.
- 32 ■ The applicant held an active broker license in another state or in any foreign
 33 jurisdiction for at least 24 months during the five-year period preceding applica-
 34 tion to become a Florida real estate broker.

1 The experience cannot be earned by working for an owner-developer unless the
2 owner-developer is a licensed broker who holds a current, valid, active real estate license.
3 A broker applicant who holds a Florida real estate sales associate license must fulfill the
4 45-hour post-licensing education requirement before the initial sales associate license
5 expires in order to be eligible to obtain a Florida broker license, even if the applicant is
6 applying real estate experience from another state. If the broker applicant does not hold a
7 Florida real estate sales associate license, the 45-hour sales associate post-licensing educa-
8 tion requirement does not apply.

9 **Florida Broker License Examination**

10 When the application processing is complete and the applicant is considered qualified, the
11 DBPR notifies the national testing vendor. The vendor then sends a notice informing the
12 candidate of eligibility to take the state license examination.

13 Applicants schedule examination appointments directly through the testing vendor.
14 License examinations for broker applicants are given at test sites located throughout Flori-
15 da. The license exam may also be taken in any state where the test vendor has a test
16 center.

17 The examination consists of multiple-choice questions and is administered as a com-
18 puterized test. The license exam is offered in English and Spanish. Students who want the
19 Spanish version must request the Spanish language exam when making the test reserva-
20 tion. The passing score on the license exam is a grade of 75 or higher.

21 Students' answers are graded at the test site. Students who pass the exam are given
22 a "pass" notification at the test site. A real estate license is mailed to broker applicants
23 who passed the exam. Active sales associates who pass the broker license exam and plan
24 to continue working for the same employer as broker associates do not need to submit any
25 paperwork—the DBPR records will be updated to indicate that the licensee has upgraded
26 from a sales associate to a broker associate. Inactive licensees that pass the broker exam
27 will receive a broker license but the status of the license will be inactive. Inactive licens-
28 ees must submit form DBPR RE-10 to activate the broker license. There is no charge to
29 change the license status from inactive to active status. (*Note:* There are additional legal
30 requirements concerning broker offices that must be met before broker applicants may
31 legally begin to operate, as discussed in chapter 2.)

32 Students who fail the license exam are given a failure notice at the test site. The failure
33 notice includes a breakdown of the points scored in each major subject area. The notice
34 also includes information about reviewing the exam, retaking the exam, and requesting
35 a hearing to challenge the exam. Requests to review the exam must be received within
36 21 days after the release date on the original grade notification. Review appointments are
37 scheduled with the test vendor. Students may only review the questions they answered
38 incorrectly.

39 An applicant has the right to petition for a formal hearing before the Division of Admin-
40 istrative Hearings. A request for a hearing before an administrative law judge must be filed
41 within 21 days from the date of the on-site grade notice, or 21 days from the date of the
42 letter notifying the student of the DBPR evaluation decision regarding the student's chal-
43 lenges. The request for a hearing is filed with the Chief, Bureau of Education and Testing,
44 DBPR.



SUMMARY OF EDUCATION EXEMPTIONS

	Prelicense Course I	Prelicense Course II	Post-License	Continuing Education
4-Year Real Estate Degree*	Exempt	Exempt	Exempt	Not Exempt
Florida-Licensed Attorney**	Exempt	Not Exempt	Not Exempt	Exempt

* Exempt from Prelicense Courses I and II but must pass license exam.

** Must be an active member of The Florida Bar. Exempt from Course I only. Must pass license exam.

WEB LINK



Download a copy of the Candidate Information Booklet at <http://www.myfloridalicense.com/dbpr/servop/testing/documents/RE.brokercib.pdf>. The Booklet includes important information regarding taking the state license exam.

POST-LICENSING EDUCATION

Broker licensees are required to successfully complete post-licensing education *before the first renewal* of their licenses. The course requirement is satisfied by completing one or more courses totaling 60 hours of 50 minutes each, including the end-of-course exam. To receive credit for the post-license course, students must earn a grade of at least 75 percent on the end-of-course exam. Licensees who fail the post-license end-of-course exam must wait at least 30 days from the date of the original examination to retake a different form of the end-of-course examination. (Alternatively, licensees who do not want to wait 30 days may choose to retake the course and, in such cases, take a different form of the end-of-course exam.)

Failure to complete the post-licensing education requirement will cause the initial license to become null and void. This requirement places the initial license in a conditional (probationary) status. However, brokers may request and receive a sales associate license if they complete 14 hours of continuing education within six months following expiration of the broker license and have complied with all requirements for renewal.

Individuals who have attained a four-year degree in real estate from an institution of higher education are exempt from the post-license education requirements. Florida-licensed attorneys who are also licensed real estate brokers must complete the post-licensing education requirement. (Refer to text box, Summary of Education Exemptions on this page.)

CONTINUING EDUCATION

After completing the post-license education requirement during the initial license period, active and inactive licensees must complete at least 14 hours of continuing education during every two-year license period after that. Three of the 14 hours must consist of core law



TIPS REGARDING BROKER POST-LICENSE EDUCATION

Students should *not* enroll in a post-license course until first becoming licensed. Caution—If you take your post-license course before becoming licensed as a broker, the course will not count.

Students are encouraged to take their post-license education soon after becoming licensed. Do not wait until the last minute. Plan to complete the course at least 30 days before the expiration date on your license. Licensees who fail the broker post-license end-of-course exam must wait at least 30 days from the date of the original examination to retake a different form of the end-of-course examination. Therefore, it is wise to allow yourself ample time so that if you need to retake the exam you can do so prior to the expiration date on your license. If you are taking the course by distance education, your school will need time to grade your exam and electronically submit the results to the state *before* your expiration date. You also need to allow for unexpected events such as computer problems, sickness, and emergencies.

1 which includes updates to applicable rules and statutes. A licensee who takes the three-hour
 2 core law course in each year of the renewal period receives six hours of credit toward the
 3 14-hour continuing education requirement. The continuing education requirement may
 4 be satisfied by attending a classroom course, by completing an approved distance learning
 5 course, or by attending a Commission-approved education seminar or conference.

6 A licensee may substitute attendance at one legal agenda session of the FREC for
 7 three classroom hours of continuing education (CE) credit. A licensee may substitute
 8 three CE credits only one time per renewal cycle. To obtain the credit, the licensee must
 9 notify the DRE at least seven days in advance of the licensee's intent to attend the FREC's
 10 legal agenda session. A licensee may not earn CE credit for attending a legal agenda ses-
 11 sion if the licensee is a party to a disciplinary action slated for that FREC legal agenda.

12 Active members in good standing with The Florida Bar are exempt from the continu-
 13 ing education requirements for real estate licensees. (Refer to text box, Summary of Edu-
 14 cation Exemptions on page 13.)

15 An individual may not operate as a broker or sales associate without having a valid
 16 and current active license. Brokers may not employ, or continue to employ, a sales asso-
 17 ciate who does not hold a valid and current sales associate license. A licensee may *not*
 18 practice real estate following the expiration date of the license. A broker or sales associate
 19 who does so, even accidentally, commits an unlawful act.

LICENSE RENEWAL

21 The initial effective date of a real estate license is the date the applicant passed the
 22 license exam. All real estate licenses are issued with an expiration date of either March 31
 23 or September 30. The expiration date (March 31 or September 30) that is assigned to a
 24 particular license is the date that will give the licensee as close to 24 months of licensure



RECOMMENDED PENALTIES

The penalty range for a first violation of practicing real estate without a valid and current license is a \$250 to \$2,500 administrative fine and suspension to revocation.

The penalty for subsequent violations is a \$1,000 to \$5,000 administrative fine and suspension to revocation.

Reference: 61J2-24.001, F.A.C.

1 as possible, without exceeding 24 months. License law mandates that the initial license
2 period must provide at least 18 months of licensure but not more than 24 months.

3 For example, assume the initial effective date of a license is July 25, 2012. The license
4 will expire on March 31, 2014 (approximately 20 months of licensure). Thereafter, every
5 two years (biennially) on March 31, the real estate license expires and must be renewed.

6 License Renewal

7 Ninety days before the end of a license cycle, the DBPR sends a renewal notice to licens-
8 ees. The DBPR either mails the notice to the licensee's last known address of record or
9 it electronically sends the notice to the licensee's e-mail address of record. Brokers must
10 complete their post-license education *before the first renewal* of their initial license. After
11 the post-license education is satisfied and the initial license is renewed, licensees must
12 complete 14 hours of continuing education during each renewal period.

13 To renew a real estate license, the licensee submits a renewal application and the bien-
14 nial license fee. When a licensee signs and returns the renewal application, the licensee is
15 attesting to have completed the education requirement. A late fee is charged if a license is
16 renewed after the expiration date. If a licensee does not renew the license by the expira-
17 tion date, the license reverts automatically to involuntary inactive status (discussed later
18 in the chapter). An active licensee who fails to renew a license following expiration has
19 24 months in which to renew the license. A real estate licensee must *not* practice real
20 estate following the expiration date of the license. It is also unlawful for a licensee holding
21 a current *inactive* license to perform the services of real estate for compensation.

22 **Armed Forces Exemption.** A licensee in good standing who is a member of the U.S. Armed
23 Forces is exempt from the renewal requirements during the licensee's period of active duty
24 and six months after discharge from active duty. If the military duty is out of state, the
25 exemption also applies to a licensed spouse. The Armed Forces exemption applies provided
26 the licensee is not engaged in any real estate activity in the private sector for profit.

27 The DBPR may issue a temporary real estate license to the spouse of an active duty
28 member of the Armed Forces who is assigned to duty in Florida. The spouse must hold
29 a valid real estate license in another state or foreign jurisdiction. A temporary license
30 expires six months after the date of issue and is not renewable.

1 **Active versus Inactive Status**

2 An **active license** is required to engage in real estate brokerage services. Licensees who
 3 choose not to engage in the real estate business may place their licenses on inactive status.
 4 There are two types of inactive status: (1) voluntary inactive and (2) involuntary
 5 inactive.

Inactive Status	
Voluntary inactive	The licensure status that results when a licensee has applied to the Department to be placed on inactive status and has paid the renewal fee prescribed by rule
Involuntary inactive	The licensure status that results when a license is not renewed at the end of the license period prescribed by the Department

Reference: Section 475.01, F.S

6 **Voluntary inactive.** A licensee who has qualified for a real estate license but who voluntarily
 7 chooses not to engage in the real estate business during a given period and requests such a
 8 change is placed on **voluntary inactive** status. A licensee cannot legally perform any real
 9 estate services for compensation while holding a voluntary inactive license. A licensee may
 10 change an active license to a voluntary inactive license status by submitting to the DBPR
 11 the proper form. The licensee pays no fee to change status other than the renewal fee at the
 12 beginning of each license renewal cycle. Such licensees hold current inactive licenses.

13 Voluntary inactive brokers who subsequently wish to activate their licenses may do so
 14 at any time simply by completing the proper form. Current voluntary inactive and active
 15 licenses may be renewed indefinitely. Voluntary inactive licensees must complete the con-
 16 tinuing education requirement every two years and pay the appropriate fees to renew their
 17 inactive licenses. A license that is not renewed at the end of the license period reverts
 18 automatically to involuntary inactive status (except in the case of initial licenses when post-
 19 license education requirements have not been completed).

20 **Involuntary inactive.** If a licensee fails to renew an active or voluntary inactive license
 21 before the expiration date (other than the first renewal), the license reverts automatically
 22 to **involuntary inactive** status. An individual cannot legally perform real estate services
 23 after the license has expired. A license that has been on involuntary inactive status for
 24 more than two years automatically expires (becomes null and void) by operation of law
 25 without further FREC or DBPR action.

26 Ninety days before expiration of involuntary inactive licenses, the DBPR notifies
 27 licensees of this upcoming deadline. Once the two-year period of involuntary inactive
 28 status has lapsed, an individual who wants to reenter the real estate business must start the
 29 license process over again, beginning with Course I.

30 Involuntary inactive licensees may activate their licenses during the two-year
 31 period following expiration of a valid current license only after satisfactorily completing
 32 FREC-prescribed courses of instruction and paying the appropriate late fee. When a license
 33 has been involuntary inactive for:

- 34 ■ 12 months or less, licensees may satisfy the education requirement by completing
 35 14 hours of FREC-approved continuing education; or
- 36 ■ more than 12 months but less than 24 months, licensees are required to complete
 37 28 hours of a Commission-prescribed education course.



UNDERSTANDING THE TERMS LICENSURE AND REGISTRATION

Generally in order to perform services of real estate for compensation an individual must hold an active real estate license. To be licensed, an individual must demonstrate real estate knowledge and competency by providing proof of education, experience, passing a license examination, and so forth.

To register, it is necessary to submit to the DBPR certain information about a person or entity so that the information can be entered into the DBPR's computer database.

For example: Brokerage entities are registered with the DBPR; officers and directors of a brokerage corporation are registered with the DBPR under the brokerage entity; and sales associates and broker associates are registered under the name of the business brokerage/employer.

1 There is another situation that causes a license to be placed in involuntary inactive
 2 status. If a broker is disciplined and as a result the broker's license is suspended or revoked,
 3 the licenses of the sales associates who are registered under the broker will be automatically
 4 placed in involuntary inactive status. This is because a sales associate can only perform
 5 real estate services for compensation under the direction of the sales associate's employer.
 6 A sales associate's license is returned to active status as soon as a new broker employer is
 7 chosen and the information is filed with the DBPR.

8 **Registration and Licensure**

9 **Registration** is the process of submitting information to the DBPR that is entered into
 10 the Department's records. Information that is placed on record with the DBPR includes
 11 the name and address of each licensed broker and sales associate; the name and business
 12 address of each sales associate's employer; the sales associate's and broker's license status
 13 (active or inactive); and the person's involvement as an officer, director, or partner of a
 14 real estate business. Sales associates and broker associates licensed in Florida must be reg-
 15 istered under their employing broker (or owner-developer, if applicable). Sales associates
 16 and broker associates may have only one registered employer at any given time. Florida
 17 licensees may also hold active licenses in other states. Individuals who do not intend to
 18 engage actively in the real estate business, such as a director of a real estate corporation,
 19 simply register this information with the DBPR so that the information can be entered
 20 into the database. However, an individual who wishes to actively engage in the real estate
 21 industry must be licensed and registered as active with the DBPR.

22 If a broker chooses to form a corporation (or other business structure) to broker real
 23 estate, the corporation must be registered with the DBPR and a registration fee paid. Bro-
 24 kers must renew the brokerage corporation's registration every two years, the same way
 25 brokers must renew their broker licenses. (Refer to the section titled, Real estate broker-
 26 age corporations, under Corporations in chapter 2 for additional information.) All real
 27 estate brokerage entities must be registered with the DBPR including, real estate brokerage
 28 partnerships, limited liability partnerships, corporations, and limited liability companies.



PRIMA FACIE EVIDENCE

Prima facie evidence is a legal term used to refer to evidence that is good and sufficient on its face (at first view) to establish a given fact or prove a case. Unless it is refuted by evidence to the contrary, prima facie evidence will prove a case (presumptive evidence).

A real estate license indicates the licensee's name, issue date, and expiration date, and it serves as prima facie evidence that the licensee holds a current and valid license. Furthermore, official Commission documents become prima facie evidence once they are signed by the FREC chairperson or the chairperson's designee and affixed with the Commission's seal.

1 Failure to ensure that a real estate brokerage business entity is registered properly with the
 2 DBPR, or failure to ensure that each general partner, officer, or director engaged in real
 3 estate brokerage activity is licensed properly, is punishable by a citation and a \$500 fine.

4 A real estate broker must register any involvement the broker has in a real estate
 5 brokerage business. An active broker may serve in a nonbrokerage capacity as an officer
 6 or a director with one or more real estate corporations or as a partner in one or more real
 7 estate partnerships while maintaining an active license with another real estate brokerage
 8 firm. Such involvement is allowable; however, the DBPR must be informed of the broker's
 9 involvement with the various real estate entities and the information is registered into the
 10 DBPR/DRE database. To register such involvement, the broker completes the appropriate
 11 DBPR form. The form is used to provide information on the partners, managers, officers,
 12 and directors of a real estate business entity. Information required on the form includes the
 13 organization name, trade name (if applicable), and management information. Management
 14 information includes the name, office held, percentage of ownership, active or inactive
 15 license status, and residence address. The names of all licensed and unlicensed general
 16 partners, officers, and directors must be disclosed when registering or renewing a real estate
 17 business entity. If a general partner, officer, or a director is added or removed, the change
 18 must be submitted to the DBPR.

19 Owner-developers are not regulated by the DBPR. However, licensed real estate sales
 20 associates may be employed by an owner-developer. In such cases, the name and address
 21 of the owner-developer is registered with the DBPR. Once the owner-developer informa-
 22 tion is registered into the DBPR database, sales associates and broker associates may be
 23 registered under the owner-developer.

24 Licensure is obtained when an applicant passes the state license exam. Passing the
 25 license examination gives the applicant the right to request and be issued a real estate
 26 **license**. The license is a written document that serves as **prima facie evidence** (accepted
 27 at face value) that the licensee (holder) is duly licensed as of the effective date shown on
 28 the license. (Refer to the text box, Prima Facie Evidence on this page.)

1 Multiple Licenses

2 Multiple licenses are issued to a broker who qualifies as the broker for more than one
3 business entity. For each business that a person is a broker, a separate broker license must
4 be obtained. A broker who holds more than one Florida broker license is said to hold
5 **multiple licenses**, which means that the individual legally acts as a broker for more than
6 one brokerage firm. For example, Jane Doe is the broker for both Extra-Fine Real Estate
7 Services and Midnight Realty, two separate brokerage entities. Jane needs multiple broker
8 licenses to qualify both brokerage entities.

9 Because sales associates and broker associates may have only one registered employer
10 at a time, sales associates and broker associates may *not* hold multiple licenses. A broker
11 licensee, therefore, may *not* be licensed as a broker associate for one firm and at the same
12 time be licensed as a broker with another firm.

13 Group License

14 A **group license** is sometimes issued to sales associates or broker associates who are reg-
15 istered under an owner-developer. An owner-developer may own properties in the names
16 of various entities. If the entities are all connected so that ownership and control is with
17 the same individual(s), sales associates and broker associates employed by the owner-
18 developer may be issued a group license. In actual practice, the sales associate (or broker
19 associate) is issued a sales associate license and no distinction regarding group license is
20 made on the face of the license. For example, Joseph Jones is an owner-developer. He owns
21 and controls two development companies, Happy Estates and Excellent Homes. If associ-
22 ate Alice is employed by Mr. Jones to sell properties for both development companies, she
23 has a group license. Alice has one sales associate license and one employer (Mr. Jones).

24 Current Mailing Address

25 Licensees are responsible for notifying the DBPR in writing of their current mailing address,
26 e-mail address, and place of practice. **Current mailing address** is the current residential address
27 a licensee uses to receive mail through the U.S. Postal Service. A post office box is consid-
28 ered an acceptable mailing address. The DBPR sends official communication to a licensee at
29 the last known mailing address or e-mail address, referred to by the DBPR as the **address of**
30 **record**.

31 Licensees must notify the DBPR in writing within ten days of a change in current mailing
32 address. Licensees who fail to timely notify the DBPR of a change of address are in violation
33 of Florida Statute 455 and are subject to a citation and \$500 fine. Florida licensees who move
34 out of state must also comply with all nonresident requirements.

35 If a broker changes business address, the license ceases to be in effect until the DBPR
36 is notified of the new business location and it is properly registered. No brokerage business
37 may be conducted until the location is properly registered. The DBPR must be notified of
38 the new office location within *ten days*. (*Note: If the new business address is a new broker-*
39 *age office location, the new location must be registered and the branch office fee paid. See*
40 *Branch Offices in chapter 2.*)

41 The broker must also submit the names of any sales associates who are no longer
42 employed by the brokerage. The licenses of the sales associates who are no longer employed
43 with the broker will be placed in involuntary inactive status. This notification also fulfills
44 the change of address notification requirements for sales associates who remain employed

1 by the brokerage. The DRE automatically updates the business address information for all
2 of the firm's licensees. The licenses of sales associates working for the brokerage remain
3 effective and in force.

4 Sales associates must be registered under their employing broker (or owner-developer).
5 Therefore, sales associates who change employers may not work under the new broker (or
6 owner-developer) until the FREC has been informed and the associate is registered under
7 the new employer. Section 475.22 of the Florida Statutes imposes a ten-day time period
8 for licensees to notify the Commission of their new employer.

9 **INDIVIDUALS WHO ARE EXEMPT FROM A REAL ESTATE LICENSE**

10 Individuals may buy, sell, exchange, or lease real property for themselves. Therefore,
11 individuals and business entities are exempt from a real estate license in the following
12 circumstances:

- 13 ■ Property owners do not need a real estate license to buy, sell, exchange, or lease
14 their own real estate.
- 15 ■ Corporations, partnerships, trusts, and joint ventures may buy, sell, exchange, or
16 lease their own property. Salaried employees of these business entities may buy,
17 sell, exchange, or lease real property for their employer, provided the activity is
18 incidental to their employment and they are not paid a commission or compensated
19 on a transactional basis.
- 20 ■ Individuals who deal in personal property are exempt from obtaining real estate
21 licenses. *Personal property* is defined as any tangible item that is not permanently
22 attached to real property. Section 475.01, F.S., defines **real property** or "real
23 estate" as any interest or estate in land and any interest in business enterprises
24 or business opportunities, including any assignment, leasehold, subleasehold, or
25 mineral right. (*Note:* Because the definition of real property includes any interest
26 in business enterprises or business opportunities, individuals who specialize in
27 the sale of businesses [known as **business brokers**] must hold Florida real estate
28 licenses.)

29 Also exempt from real estate licensure are salaried employees:

- 30 ■ who work in an on-site rental office in a leasing capacity and who do not receive
31 a commission;
- 32 ■ who are managers of condominiums or cooperative apartment complexes who
33 rent individual units for periods no longer than one year and who are not paid a
34 commission;
- 35 ■ of an owner-developer (real estate broker) provided they do not receive a
36 commission;
- 37 ■ of a governmental agency who perform real estate services for the state or local
38 government and who do not receive commission (*Note:* This exemption includes
39 persons who appraise railroad property for tax purposes.); and
- 40 ■ of business entities who negotiate the sale or purchase of radio, television, or
41 cable enterprises provided the sale does not involve real property. (*Note:* If the
42 transaction involves the sale or lease of land, buildings, or other improvements
43 to land, a real estate license must be retained for that portion of the transaction.)

1 Chapter 475 of the Florida Statutes exempts the following individuals from holding a
2 real estate license:

- 3 ■ Persons who sell cemetery lots. (*Note:* This exemption exists because Chapter 475,
4 F.S., excludes cemetery lots from the definition of real property.)
- 5 ■ Individuals who rent lots in a mobile home park or recreational travel park.
- 6 ■ Attorneys-at-law when acting within the scope of their professional duties in an
7 attorney-client relationship. (*Note:* In Florida, holding a Florida Bar license does
8 not entitle an attorney to compensation for performing real estate services.)
- 9 ■ Certified public accountants (CPAs) when performing accounting duties within
10 the scope of their professional duties.
- 11 ■ A person who has been given a power of attorney (referred to as an attorney-in-
12 fact) in order to sign contracts and conveyances on someone's behalf. (*Note:* A
13 person cannot appoint another individual as an attorney-in-fact for the purpose of
14 conducting real estate services for others.)
- 15 ■ Owners of a time-share periods for their own use and occupancy who later offer the
16 time-share periods for resale.
- 17 ■ State-certified and licensed real estate appraisers who are licensed under Chapter
18 475, Part II, for the purpose of conducting appraisal services.
- 19 ■ Court-appointed individuals acting within the limitations of their duties.
- 20 ■ Hotel and motel clerks who rent lodging accommodations on behalf of the
21 establishment.
- 22 ■ Federally regulated banks and dealers registered with the Securities and Exchange
23 Commission (SEC) selling business enterprises to accredited investors.
- 24 ■ Apartment property owners or property management firms for the purpose of
25 paying a finder's fee of not more than \$50 to a tenant of the complex for a rental
26 referral.

27 S U M M A R Y O F I M P O R T A N T P O I N T S

- 28 ■ Real estate services include any real estate activities involving compensation for
29 performing the service for another. Compensation is anything of value paid or
30 promised to be paid to an individual for performing services of real estate.
- 31 ■ An owner-developer is an unlicensed entity that sells, exchanges, or leases its
32 own property. Sales staff must hold active real estate licenses to be paid commis-
33 sion. The sales staff is exempt from licensure if paid strictly on a salaried basis.
- 34 ■ A broker associate is an individual who meets the requirements of a broker but
35 who chooses to work in real estate under the direction (employ) of another
36 broker.
- 37 ■ Applicants must be at least 18 years of age and have earned a high school
38 diploma or its equivalent. U.S citizenship is not required, and applicants do not
39 have to be Florida residents. However, applicants must possess a Social Security
40 number.
- 41 ■ Resident licensees who move out of the state must notify the Commission within
42 60 days of the change in residency.
- 43 ■ A resident of Florida is a person who has resided in Florida continuously for a
44 period of four calendar months or more within the preceding year.

- 1 ■ Broker applicants must complete at least 24 months of experience during the
- 2 five-year period preceding applicant to become a Florida license real estate
- 3 broker.
- 4 ■ Brokers must complete 60 hours of post-license education before the expiration
- 5 of their initial license. Failure to do so will cause the broker license to become
- 6 null and void.
- 7 ■ Fourteen hours of continuing education each license period is required for all
- 8 real estate licensees following the initial license period.
- 9 ■ There are two types of inactive status: voluntary and involuntary. A licensee
- 10 who has qualified for a real estate license but who voluntarily chooses not to
- 11 engage in the real estate business may request voluntary inactive status. Involun-
- 12 tary inactive status occurs when a licensee fails to renew an active or voluntary
- 13 inactive license before the expiration date.
- 14 ■ “Multiple licenses” refers to those cases in which a broker holds more than one
- 15 broker’s license.
- 16 ■ A group license is issued to a sales associate or a broker associate employed by
- 17 an owner-developer (real estate developer) who owns properties in the name of
- 18 various entities. A group license entitles the licensee to work in the various sales
- 19 projects owned by the owner-developer.
- 20 ■ Licensees must notify the DBPR in writing within ten days of a change in mailing
- 21 address.

FREC Disciplinary Guidelines

475.25(1)(g) Has license disciplined or acted against or an application denied by another jurisdiction.

First violation: \$250 to \$1,000 administrative fine and a 30-day suspension up to revocation

Subsequent violations: \$1,000 to \$5,000 administrative fine and suspension up to revocation

475.25(1)(m) Obtained a license by fraud, misrepresentation or concealment.

First violation: \$250 to \$1,000 administrative fine and a 30-day suspension up to revocation

Subsequent violations: \$1,000 to \$5,000 administrative fine and suspension up to revocation

475.25(2) License issued by error of the Commission. *Usual action:* Commission shall impose a penalty of revocation (*Note:* referred to as revocation or cancellation without prejudice.)

475.42(1)(a) Practice without a valid and current license.

First violation: \$250 to \$2,500 administrative fine and suspension up to revocation

Subsequent violations: \$1,000 to \$5,000 administrative fine and suspension up to revocation

475.42(1)(c) Broker employs a sales associate who is not the holder of a valid and current license.

First violation: \$250 to \$1,000 administrative fine and suspension up to revocation

Subsequent violations: \$1,000 to \$5,000 administrative fine and suspension up to revocation

475.25(1)(s) Has had a registration suspended, revoked or otherwise acted against in any jurisdiction.

First violation: \$250 to \$1,000 administrative fine and a 60-day suspension up to revocation

Subsequent violations: \$1,000 to \$5,000 administrative fine and suspension up to revocation

Reference: 61J2 24.001, F.A.C.

R E V I E W Q U E S T I O N S

1. Mississippi Fuel Company is a publicly traded company (listed on the NYSE) that purchases land and oil rights and drills for oil and gas. A member of the board of directors is responsible for negotiating the company's oil leases. The board member receives an annual salary and an end-of-the-year bonus. Which statement is TRUE of this situation?
 - a. The board member must be a licensed real estate broker.
 - b. The board member must be a licensed real estate sales associate.
 - c. The corporation must be registered with the DBPR on behalf of the FREC because it is involved in real estate sales and lease negotiations.
 - d. The board member does not need a real estate license as long as the salary and bonuses are not associated with any particular real estate transaction.
2. Which individual is NOT exempt from licensure?
 - a. A person who appraises real estate for the county property appraiser's office
 - b. Someone who lists and sells businesses
 - c. An individual who rents mobile home lots in a mobile home park
 - d. Someone who sells cemetery lots
3. A Florida-licensed real estate broker from Tallahassee decides to move to Alabama and open a real estate office there, so that he can be near his grandchildren. What must he do?
 - a. Notify the DBPR of his change of business address within ten days after the change
 - b. Notify the DBPR within 60 days of becoming a nonresident
 - c. Notify the DBPR of the change in current mailing address within ten days after the change
 - d. He must do all of the above.
4. A nonresident holds a Florida real estate broker's license. Which statement is TRUE?
 - a. He is exempted from the broker post-license course because he is a nonresident.
 - b. He must successfully complete 14 hours of continuing education every license period following the initial license period.
 - c. He will be assessed a nonresident fee in addition to his renewal fee every license period.
 - d. His license status is automatically changed to voluntary inactive status until he reestablishes Florida residency.
5. A broker has been licensed for ten years. If the broker does NOT renew his license by the end of the license period, the license will automatically
 - a. expire.
 - b. revert to voluntary inactive status.
 - c. revert to involuntary inactive status.
 - d. be canceled.

6. A developer purchased a tract of land and subdivided the property into individual lots. The developer hired his son, who was not licensed to sell the lots. The father agreed to pay his son a salary of \$200 per week. After two weeks, the son had sold only two lots, so the father decided to add an incentive. The father promised his son that after every fifth lot was sold, he would give his son a lot free and clear. After one more week, the son had sold only one more lot. The son quit his job to go work for another developer who paid a higher weekly salary. Which statement applies to this arrangement?
 - a. There is no violation of F.S. 475.
 - b. The son alone has violated F.S. 475.
 - c. Only the father has violated F.S. 475.
 - d. Both the father and the son have violated F.S. 475.

7. A broker purchased a list of FHA foreclosure properties from an FHA employee. The broker agrees to pay the FHA employee a percentage of any commissions he earns from the sale of properties on the list. Which statement is TRUE?
 - a. The broker may compensate the FHA employee because the FHA pays his salary.
 - b. The fee paid to the FHA employee is a referral fee, which is legal under Florida real estate law.
 - c. FHA foreclosure properties are not covered under Chapter 475, F.S.
 - d. The broker has violated Chapter 475, F.S., by compensating an unlicensed person for performing services that require a real estate license.

8. Which broker applicant(s) is (are) exempt from the prelicense and post-license education requirements?
 - a. Active member in good standing with The Florida Bar
 - b. Individual who became licensed through mutual recognition
 - c. Individual who received a four-year degree in real estate from an accredited institution of higher education
 - d. All of these applicants are exempt.

9. Carla has had an inactive Georgia real estate license since 1980. She also has had an active New York real estate broker license since 1996. Carla now lives in Boca Raton, and she wants a Florida real estate broker's license. Which statement BEST describes Carla's situation?
 - a. Carla may apply for mutual recognition.
 - b. Carla has fulfilled the experience requirement because she has been licensed in Georgia since 1980.
 - c. Carla must enroll in Course I.
 - d. Carla must complete the broker prelicense course successfully.

10. Who must hold an active real estate license under Chapter 475, F.S.?
 - a. Business brokers who negotiate leases on commercial property
 - b. Property managers who pay \$25 finders' fees to tenants who refer prospective renters
 - c. Salaried employees of the owners of apartment complexes who rent units from on-site rental offices
 - d. Salaried employees of corporations involved in buying and selling company-owned property

11. A broker hired a sales associate whose initial license expired on September 30 of this year. At the annual Thanksgiving dinner, the broker learns that the sales associate neglected to complete her post-license education. She reassures the broker that everything is OK because she renewed her license on time, and she promises to take the post-license course immediately. Based on this information, which statement(s) is (are) TRUE?
- The sales associate's license became null and void on October 1 of this year.
 - The FREC can discipline the sale associate for practicing real estate without a valid real estate license.
 - The broker can be disciplined for continuing to employ a sales associate who is not properly licensed.
 - All of the above are true.
12. John holds a valid Florida real estate license. His wife is a corporal in the U.S. Army. She is assigned to duty in Saudi Arabia, so the couple moves overseas. Under these circumstances, which statement is TRUE of John's real estate license?
- John is exempt from all renewal requirements for up to six months after the couple return to the United States.
 - John is exempt from all renewal requirements while his wife is on active duty and for six months after discharge from active duty provided the military duty is out of state.
 - John is exempt from all renewal requirements, and he may perform real estate services in Saudi Arabia, provided he doesn't violate any laws of that nation.
 - John is exempt from continuing education courses while living in Saudi Arabia, but he must continue to renew his real estate license every renewal cycle.
13. A broker has been licensed in Florida for 20 years. When he closes his office and purchases a new sailboat, with plans to retire, he decides to keep his real estate license. If the broker wants to occasionally perform real estate services for compensation, which option is BEST?
- Place his license in voluntary inactive status
 - Place his license in involuntary inactive status
 - Keep his broker license active and not inform the DBPR that he has closed his office
 - Change to broker associate status under another broker
14. A broker owns and operates Root and Toot Realty in St. Petersburg. The broker also owns and operates Root Commercial Realty in Clearwater. Additionally the broker serves in a nonbrokerage capacity as vice president of another real estate company. Based on this information, which statement is TRUE?
- The broker must apply for and hold multiple licenses and have her nonbrokerage involvement registered by the qualifying broker.
 - The broker must apply for a group license and register her nonbrokerage involvement.
 - The broker is in violation of Chapter 475, F.S.
 - The broker needs only one broker license, but must register both offices.

15. Which statement is TRUE regarding a broker who changes business address and does not notify the DBPR?
- The license ceases to be in effect until the broker notifies the DBPR of the new business address.
 - The license is suspended until the broker notifies the DBPR of the new business address.
 - The broker cannot conduct brokerage business; however, the broker's sales associates may continue to conduct new business under the broker.
 - The broker may continue to conduct brokerage business without interruption as long as the broker notifies the DBPR within ten days of the change in business address.

INTERNET EXERCISE

To answer the questions below, you will need to use the Internet. Begin by going to the Division of Real Estate (DRE) Web site at: www.myfloridalicense.com/dbpr/re/index.html. At the DRE Web site, locate and select the link to go to "Statutes and Rules."

Select "Florida Administrative Code Chapter 61J2" to answer the following questions. The FREC's Citation Authority is located in Rule 61J2-24.002.

- A nonresident who fails to file the required irrevocable consent form may be issued a citation and fined what amount?
- A broker who fails to obtain a multiple permit may be issued a citation and fined what amount?
- A licensee who fails to timely notify the DBPR of a change in current mailing address may be issued a citation and fined what amount?

FLORIDA

Real Estate Broker's Guide | Fifth Edition

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Real Estate Math: What You Need to Know helps develop your basic math skills and demonstrates how you will use this knowledge on the job. *Real Estate Math* contains more than 50 practice math problems with step-by-step solutions.

NOTE TO RETAIL PURCHASERS OF THIS BOOK:

You are required to take a prelicense course before sitting for the license exam. This text is used for classroom instruction; therefore, the answer key for the end-of-chapter review questions is not included in this textbook. Your instructor will make the answer key available to you when you take your course.

If you have purchased this textbook for study purposes, please visit www.dearborn-fla.com/brokerkey for information on how to obtain the answer key.

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