NEW YORK REAL ESTATE EXAM REVIEW

SIXTH EDITION

The most comprehensive preparation tool available for the salesperson and broker licensing exams, New York Real Estate Exam Review is designed to help you pass your exam the first time.

FEATURES:
- This updated text covers all of the topics in the New York State Board of Real Estate curriculum.
- Topic Review in each chapter explains concepts in student-friendly question-and-answer format.
- Pass-Point Checklist outlines the full range of topics for each chapter.
- Practice Questions in each chapter and four sample exams with answer keys provide practice for the exam.
- Key Terms Glossary section in each chapter provides full definitions for quick reference.
- Test-taking strategies and tips prepare students for the exam.

Based on the New York State Board of Real Estate exam content, this workbook offers over 800 study questions and two salesperson and broker exams to help candidates prepare for their licensing exams.

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Contents

Introduction and Instruction  x

PART  
SALESPERSON’S EXAM REVIEW

CHAPTER 1
License Law  3
  Topic Review  4
  Key Terms Glossary  6
  Pass-Point Checklist  8
  Practice Questions  9

CHAPTER 2
The Law of Agency  12
  Topic Review  13
  Key Terms Glossary  15
  Pass-Point Checklist  18
  Practice Questions  20

CHAPTER 3
Agency and Real Estate Brokerage  22
  Topic Review  23
  Key Terms Glossary  24
  Pass-Point Checklist  26
  Practice Questions  28

CHAPTER 4
Estates and Interests  30
  Topic Review  31
  Key Terms Glossary  34
  Pass-Point Checklist  38
  Practice Questions  39
CHAPTER 5
Liens and Easements 41
Topic Review 42
Key Terms Glossary 44
Pass-Point Checklist 46
Practice Questions 47

CHAPTER 6
Real Estate Instruments: Deeds 49
Topic Review 50
Key Terms Glossary 52
Pass-Point Checklist 55
Practice Questions 56

CHAPTER 7
Real Estate Instruments: Leases 58
Topic Review 59
Key Terms Glossary 61
Pass-Point Checklist 63
Practice Questions 64

CHAPTER 8
Real Estate Instruments: Contracts 66
Topic Review 67
Key Terms Glossary 68
Pass-Point Checklist 72
Practice Questions 75

CHAPTER 9
Title and Closing Costs 77
Topic Review 78
Key Terms Glossary 79
Pass-Point Checklist 81
Practice Questions 83

CHAPTER 10
Mortgages 85
Topic Review 86
Key Terms Glossary 88
Pass-Point Checklist 91
Practice Questions 93
<table>
<thead>
<tr>
<th>CHAPTER 11</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Finance</td>
<td>95</td>
</tr>
<tr>
<td>Topic Review</td>
<td>96</td>
</tr>
<tr>
<td>Key Terms Glossary</td>
<td>98</td>
</tr>
<tr>
<td>Pass-Point Checklist</td>
<td>102</td>
</tr>
<tr>
<td>Practice Questions</td>
<td>103</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHAPTER 12</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage Brokerage</td>
<td>105</td>
</tr>
<tr>
<td>Topic Review</td>
<td>106</td>
</tr>
<tr>
<td>Key Terms Glossary</td>
<td>108</td>
</tr>
<tr>
<td>Pass-Point Checklist</td>
<td>108</td>
</tr>
<tr>
<td>Practice Questions</td>
<td>109</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHAPTER 13</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land-Use Regulations</td>
<td>111</td>
</tr>
<tr>
<td>Topic Review</td>
<td>112</td>
</tr>
<tr>
<td>Key Terms Glossary</td>
<td>113</td>
</tr>
<tr>
<td>Pass-Point Checklist</td>
<td>116</td>
</tr>
<tr>
<td>Practice Questions</td>
<td>117</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHAPTER 14</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Agencies</td>
<td>119</td>
</tr>
<tr>
<td>Topic Review</td>
<td>120</td>
</tr>
<tr>
<td>Key Terms Glossary</td>
<td>124</td>
</tr>
<tr>
<td>Pass-Point Checklist</td>
<td>125</td>
</tr>
<tr>
<td>New York City Agency Web Site Links</td>
<td>126</td>
</tr>
<tr>
<td>Practice Questions</td>
<td>127</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHAPTER 15</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to Construction</td>
<td>129</td>
</tr>
<tr>
<td>Topic Review</td>
<td>130</td>
</tr>
<tr>
<td>Key Terms Glossary</td>
<td>132</td>
</tr>
<tr>
<td>Pass-Point Checklist</td>
<td>134</td>
</tr>
<tr>
<td>Practice Questions</td>
<td>136</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHAPTER 16</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation Process</td>
<td>138</td>
</tr>
<tr>
<td>Topic Review</td>
<td>139</td>
</tr>
<tr>
<td>Key Terms Glossary</td>
<td>142</td>
</tr>
<tr>
<td>Pass-Point Checklist</td>
<td>146</td>
</tr>
<tr>
<td>Practice Questions</td>
<td>148</td>
</tr>
</tbody>
</table>
CHAPTER 17
Human Rights and Fair Housing  150
Topic Review  151
Key Terms Glossary  154
Pass-Point Checklist  156
Practice Questions  158

CHAPTER 18
Environmental Issues  160
Topic Review  161
Key Terms Glossary  162
Pass-Point Checklist  164
Practice Questions  166

CHAPTER 19
Independent Contractor/Employee  168
Topic Review  169
Key Terms Glossary  170
Pass-Point Checklist  171
Practice Questions  172

CHAPTER 20
Income Tax Issues in Real Estate Transactions  174
Topic Review  175
Key Terms Glossary  178
Pass-Point Checklist  180
Practice Questions  181

CHAPTER 21
Commercial and Investment Properties  183
Topic Review  184
Key Terms Glossary  189
Pass-Point Checklist  191
Practice Questions  193

CHAPTER 22
Property Management  195
Topic Review  196
Key Terms Glossary  202
Pass-Point Checklist  204
Practice Questions  206
CHAPTER 23
Taxes and Assessments 208
Topic Review 209
Key Terms Glossary 214
Pass-Point Checklist 215
Practice Questions 217

CHAPTER 24
Condominiums and Cooperatives 219
Topic Review 220
Key Terms Glossary 224
Pass-Point Checklist 226
Practice Questions 228

CHAPTER 25
Property Insurance 230
Topic Review 231
Key Terms Glossary 234
Pass-Point Checklist 235
Practice Questions 237

CHAPTER 26
Real Estate Mathematics 239
Topic Review 240
Key Terms Glossary 241
Pass-Point Checklist 241
Practice Questions 243

PART 2
BROKER’S EXAM REVIEW

CHAPTER 4
The Broker’s Office 247
Topic Review 248
Key Terms Glossary 250
Pass-Point Checklist 252
Practice Questions 254

CHAPTER 5
Real Estate Finance 256
Topic Review 257
Contents

Key Terms Glossary 259
Pass-Point Checklist 261
Practice Questions 263

CHAPTER 6
Real Estate Investments 265
Topic Review 266
Key Terms Glossary 268
Pass-Point Checklist 271
Practice Questions 272

CHAPTER 7
General Business Law 274
Topic Review 275
Key Terms Glossary 276
Pass-Point Checklist 278
Practice Questions 280

CHAPTER 8
Construction and Development 282
Topic Review 283
Key Terms Glossary 285
Pass-Point Checklist 288
Practice Questions 289

CHAPTER 9
Conveyance of Real Property 291
Topic Review 292
Key Terms Glossary 294
Pass-Point Checklist 295
Practice Questions 296

CHAPTER 10
Property Management 298
Topic Review 299
Key Terms Glossary 301
Pass-Point Checklist 303
Practice Questions 305
SALESPERSON'S EXAM REVIEW
License Law
**TOPIC REVIEW**

**Who administers the license law in New York?**
- The license laws governing the real estate profession, as well as the rules and regulations that implement those laws, are administered by the New York Department of State (DOS).

**What is the penalty for violating the license laws?**
- A licensee who violates the license law may have his or her license suspended or revoked. Any violation of Article 12-A is considered to be, at minimum, a misdemeanor.
- Penalties for violation of the New York State (NYS) Real Estate License Law (a.k.a. Article 12-A):
  - Any violation of the license law is considered to be a misdemeanor violation. In NYS, a misdemeanor violation is punishable by a fine of up to $1,000 per violation and/or up to one year in jail.
  - The DOS may suspend or revoke a real estate license for violations of Article 12-A.

**What recourse does a licensee have if charged with a violation of Article 12-A?**
- A licensee charged with a violation is entitled to have a hearing with the DOS and may request an Article 78 Proceeding, which allows for judicial review of any DOS action. At this proceeding the licensee may be represented by legal counsel.

**Are there other license options or exceptions?**
- A qualified broker may elect to continue working as a salesperson by obtaining an associate broker license and designating a licensed, supervising broker.
- Attorneys licensed to practice in New York are exempt from the real estate license law’s licensure provisions (unless they employ real estate salespersons) and do not have to take the licensing examination. However, they must request a broker’s license from the DOS and pay the required license fee.
- The following are also exempt: public officials who are performing official public duties; persons who engage in real estate activities under a court order; and resident managers who collect rent and manage property on behalf of a single owner. Some New York City tenant organizations and not-for-profit corporations are also exempt.

**What are the basic requirements for a real estate salesperson’s license?**
- Be at least 18 years old.
- No licensee may have been convicted of a felony.
- All New York real estate licensees must be citizens or permanent U.S. residents.
Complete a 75-hour approved course and pass the course’s exam.
Pass a state examination.
Be sponsored by a licensed broker.

What are the requirements for a real estate broker’s license?

- Be at least 20 years old.
- Complete an additional 45 hours of approved study and pass the associated exam.
- Have two full years of experience as a licensed salesperson and accumulate a minimum of 1,750 points or show evidence of three full years in related real estate experience.
- Pass a state examination.

What is the licensing term and fee?

- The license period is two years; a broker’s license costs $150; a salesperson’s license costs $50.

With whom may a broker share a commission?

- A broker may share a commission only with the broker’s associated salespersons, associate brokers who work under the broker’s supervision, or other licensed brokers.

What are the continuing education requirements?

- Licensees are required to complete 22.5 hours of approved continuing education. The 22.5 hours must include, at least, a three-hour segment that covers fair housing laws and must be included in each subsequent two-year renewal period. Failure to complete the continuing education requirement by the license renewal date may require a licensee to requalify for a license. Extensions are rarely approved.
- The only exemptions given are to attorneys who hold broker’s licenses and currently licensed brokers who have had a real estate license for at least 15 consecutive years and obtained a broker’s license prior to July 1, 2008.
- If brokers who have an exemption fail to renew their license on time they will lose their exemption.

What are the general rules for a resident New York licensee operating a real estate brokerage business in New York?

- Brokers must operate a principal place of business in New York.
- Brokers must display a readily identifiable sign with the principal broker’s name printed on it that can be read from the sidewalk or is displayed in an office building lobby.
- Each branch office must have an original, separate license for which an additional $150 license fee has been paid.
- Documents related to any real estate transaction must be kept on file for at least three years.
Duplicate originals of all documents must be delivered to the persons who signed them.

Brokers must maintain a separate escrow account to hold any money with which they are entrusted by others.

Advertisements must be easily identifiable as being placed by a real estate broker or agency.

What are the reciprocity guidelines?

NYS has license reciprocity agreements with several other states. It is recommended that a licensee check with the licensing bureau in any other state to verify whether they will recognize an NYS real estate license and if they have any other requirements that must be met.

**KEY TERMS GLOSSARY**

- **administrative discipline**  The use of reprimands and denial, suspension, or revocation of licenses by the DOS to enforce the license law, rules, and regulations.

- **apartment information vendor**  A specially licensed service provider who provides information and services to prospective tenants.

- **Article 12-A**  The section of the New York State Real Property Law that relates to the licensing of real estate service providers.

- **associate broker**  A broker who chooses to work as a salesperson under the name and supervision of another broker.

- **blind ad**  An advertisement that does not indicate that it was placed by a real estate licensee.

- **commingling**  A real estate broker’s illegal act of mixing other people’s money with his or her own personal funds.

- **continuing education**  The requirement that licensees fulfill at least 22.5 hours of professional education courses every two-year licensing period.

- **denial, suspension, or revocation of license**  The action of punishing violations of the license law by refusing to issue a license (denial), or recalling a license temporarily (suspension) or permanently (revocation).

- **Department of State (DOS)**  The state agency that supervises real estate licensees in New York.

- **escrow**  The closing of a transaction through a third party called an escrow agent, or escrowee, who receives certain funds and documents to be delivered upon the performance of certain conditions outlined in the escrow instructions.
irrevocable consent  An agreement in which an out-of-state broker who wishes to participate in real estate transactions in NYS irrevocably submits to the jurisdiction of the courts of the State of New York and designates the secretary of state as their agent upon whom may be served any summons, subpoena, or other process naming the broker in any action commenced in NYS. The broker agrees that service upon the secretary of state will be as valid and binding as if personal service had been made on the broker himself.

kickback  The act of returning a portion of a commission as a gift to buyers or sellers or any other unlicensed party who may have assisted in any way to bring about a real estate transaction.

misdemeanor  Constituted by any violation of Article 12-A but less serious than a felony. In NYS a misdemeanor is punishable by a fine of up to $1,000 and/or up to one year in jail. A violation of Article 12-A may also result in the DOS suspending or revoking a real estate license.

mortgage banker  Mortgage loan companies that originate, service, and sell loans to investors.

net listing  A listing based on the net price the seller will receive if the property is sold. Under a net listing the broker can offer the property for sale at the highest price obtainable and keep the difference between the asking price and the selling price. This type of listing is illegal in New York and many other states.

pocket card  A wallet-size copy of a real estate license that must be carried by the licensee. Pocket cards are now issued with photo ID.

real estate broker  A person, partnership, association, or corporation that sells or offers to sell, buys or offers to buy, or negotiates the purchase, sale, or exchange of real estate, or that leases (or offers to lease) or rents (or offers to rent) any real estate or improvements thereon for others and for a compensation or valuable consideration.

real estate salesperson  A licensee who assists a licensed broker in the field of real estate.

REALTOR®  A licensee who is also a member of the National Association of REALTORS®.

reciprocity  An agreement between states to recognize each other’s licensees, such as real estate salespersons or brokers.

revocation  The act of rescinding a previously granted power of authority, such as power of attorney, a license, or an agency.

sponsoring broker  The principal broker in a firm who is responsible for training and supervising associated licensees.

suspension  The temporary recall of a license.
termination of association notice  A principal broker's notice to the DOS that a licensee is no longer under his or her supervision.

violation  Any activity or action that does not comply with the rules and regulations under Article 12-A.

PASS-POINT CHECKLIST

- The purpose of the licensing law
- The different categories of licensure
  - Real estate broker
  - Real estate associate broker
  - Real estate salesperson
- Responsibilities of Licensure
  - Broker (to the public, to licensees)
  - Associate broker (to broker, to the public)
  - Salesperson (to broker, to the public)
- Education requirements for obtaining licenses
- The duties that are performed that require licensure
- Exemptions for licensure
- Maintaining a license
  - Who physically holds the license?
  - Pocket cards
  - Changes in name/status/location
  - Branch office requirements
  - Fee for licensure
- Changes of association/termination
- Dual licensure—broker/salesperson
- Renewals and continuing education
  - Hours of approved courses/programs
  - Renewal requirements
  - Responsibilities of sponsoring brokers
- Regulations promulgated by the Department of State (DOS)
- Guidelines on advertisements
- Description of most common violations of license law
- Liabilities and penalties for violation of law or regulations
- Unlicensed assistants guidelines
- Article 14—Property Condition Disclosure Act
- Disclosure of uncapped natural gas wells—Section 242 of the Real Property Law
PRACTICE QUESTIONS

1. The salesperson’s and broker’s license MUST be renewed every
   a. year.
   b. four years.
   c. third year.
   d. two years.

2. A person who wants to receive a salesperson’s license must have completed a qualifying course of how many hours?
   a. 45
   b. 75
   c. 120
   d. 22.5

3. All the following are requirements for obtaining a broker’s license in New York EXCEPT
   a. be a permanent resident of the United States.
   b. be 18 years old.
   c. have at least two full years’ experience as a licensed salesperson.
   d. never have been convicted of a felony.

4. Gloria Jones closed her real estate office and went to AW Smith & Co. as the office manager. She is neither a partner nor corporate officer. She should be licensed as a(n)
   a. associate broker.
   b. sponsoring broker.
   c. salesperson.
   d. broker.

5. Broker Ben is a newly licensed real estate broker and a resident of New York. He lives and works in a town that borders Pennsylvania. For tax and marketing purposes, he wants to have his office located in a shopping center in Pennsylvania just across the border from his home. Is his plan permitted under New York’s license law?
   a. Yes, if Ben’s principal place of residence is located within five miles of the state border
   b. Yes, if Ben posts a sign clearly indicating that he is licensed in the State of New York
   c. No, because New York licensees may not practice in other states
   d. No, because a licensed NYS real estate broker must maintain a principal place of business in New York

6. How long must a broker keep documents relating to a transaction on file?
   a. Six months
   b. One year
   c. Two years
   d. Three years

7. In New York, who is entitled to collect commission on the sale of real estate?
   a. The supervising broker only
   b. Any associate broker
   c. Any salesperson
   d. The listing salesperson only

8. Which of the following is required for any advertisement for real property placed by a real estate broker?
   a. The percentage commission split
   b. Clear identification as having been placed by a broker
   c. The license number of any salesperson supervised by the broker who may be involved
   d. The date the listing expires
9. A violation of New York’s Article 12-A governing the real estate profession is, at minimum, considered to be a
   a. felony.
   b. legal error.
   c. misdemeanor.
   d. business offense.

10. What is the term where a broker mixes his or her personal accounts with deposit funds from his or her clients?
   a. Commingling
   b. Extra service
   c. Agency accountability
   d. Net-listing

11. Broker blind ads that contain only a telephone number are
   a. economical.
   b. institutional advertising.
   c. advisable.
   d. prohibited.

12. Reciprocal licensing requires the salesperson to
   a. be licensed with a broker who has reciprocity with that state.
   b. take the licensing courses required by the state they wish reciprocity with.
   c. live in the state they want reciprocity with.
   d. file a certificate of entitlement.

13. The Department of State has the power to
   a. bring criminal charges against an unlicensed broker.
   b. suspend, deny, or revoke any license it has granted.
   c. impose a fine of up to $10,000.
   d. terminate a license without a hearing.

14. What is escrow?
   a. The holding of someone else’s money, as in a trust account
   b. An activity permitted to attorneys only
   c. Disciplinary action of the Department of State
   d. Service performed by a mortgage broker

15. An associate broker is
   a. a partner in a real estate corporation.
   b. any salesperson with at least five years of experience.
   c. a licensed broker working in an office under the supervision of the broker who operates the office.
   d. a licensed broker who does not have an office and co-brokers all of his deals with local brokers.

16. A real estate broker’s license is required when
   a(n)
   a. attorney wants to hire and supervise real estate salespeople.
   b. executor is appointed to dispose of real estate left in a will.
   c. property manager working for a single owner signs leases in behalf of the owner.
   d. city official is given the responsibility for finding tenants for city-owned offices.

17. A broker decides that in addition to his own office he wants to open two branch offices. To be able to do this he MUST
   a. pay the DOS an additional $300 for two more brokers’ licenses.
   b. hire two associate brokers to run the branch offices.
   c. have at least five years of experience operating his own office.
   d. find at least three licensed salespeople for each branch office.

18. A real estate salesperson working with broker Bob decides that he wants to go to work for broker Charlie. The salesperson is required to
   a. reimburse Bob for all office supplies he used while working in the office.
   b. have Bob file a termination with the DOS and have Charlie file a change of association with the DOS.
   c. submit a Change of Address card to the DOS.
   d. submit a Change of Association card to the DOS.
19. The license fee for an apartment-sharing agent is
   a. $100.
   b. $200.
   c. $300.
   d. $400.

20. To maintain an active real estate license the DOS requires completion of continuing education classes
   a. until a licensee has at least 22.5 years of experience.
   b. every two years prior to the license renewal.
   c. only for real estate salespeople.
   d. only for real estate salespeople who want to qualify for a broker’s license.
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