Sales Associate Course

Chapter One

The Real Estate Business
A licensee on a 50/50 split can make $72,000 annually by selling two properties each month.
Farm Area

A specific portion of a city that a broker or sales associate seeks to become an expert
Licensees must have expertise in the following three areas:
Real Estate Specialization

- Residential Sales or Rentals
- Commercial Sales
- Industrial Sales
- Agricultural Sales
- Business Brokerage
- Property Management
- Counseling
- Appraising
- Financing
- Property Insurance
- Construction and Development
Residential Sales (Leasing) Defined

- Four or fewer residential units
- Vacant land zoned for four or fewer residential units
- Agricultural property of ten or fewer acres
Commercial Sales or Leasing

- Extensive knowledge
- Analyze past & future income
- Tax consequences
- Includes
  - Apartment buildings
  - Office buildings
  - Shopping Centers
Industrial Sales or Leasing

- Involves user/owners not investors
- Knowledge required
  - Government regulations – land use
  - Environment
  - Transportation
  - Labor
  - Utilities
Agricultural Sales

- Large tracts of land
- Large sums of money
- Analyze profitability
- Estimate potential of properties under consideration
Business Brokerage

- Listing and sale of businesses
- Analyze financial statements
- Going concern value
  - Income, assets, goodwill
Property Management

- Leasing, Managing, Marketing and Overall Maintenance of property for others
- Owner’s representative
- Produce the greatest amount of Net Income over the longest period of time
- Absentee owner:
  - Primary reason
Counseling

- Professional advice
- Flat fee
- Knowledge and experience
- Alternative investments and strategies
Appraising

Fundamental aspect of Real Estate

- Estimating the value of real property
- An art not a science
- Paid based on time, effort and expense
- Not paid on property value
- Non-biased opinion of value
Appraising

- Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA)
- Federally regulated lenders
  - Appraisals must conform to Uniform Standards of Professional Appraisal Practice (USPAP)
- Florida Real Estate Appraisal Board (FREAB) regulates
  - State-Certified
  - Licensed
  - Registered Appraisers
Appraising

- Real Estate licensees performing appraisals:
  - Non-federally related transaction
  - USPAP
- Usually prepare Comparative Market Analysis (CMA)
# Appraising vs. CMA

<table>
<thead>
<tr>
<th>Appraisal</th>
<th>CMA</th>
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<tbody>
<tr>
<td>1. Recently Sold</td>
<td>1. Recently Sold</td>
</tr>
<tr>
<td>Property Data</td>
<td>2. Currently for Sale</td>
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<tr>
<td>Yes</td>
<td>3. Expired Listings</td>
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<tr>
<td>Nonbiased Party</td>
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<tr>
<td>Yes</td>
<td>USPAP</td>
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Appraisal

Five parties that may be interested in an appraisal:

- Government
- Buyers
- Insurance Companies
- Sellers
- Mortgage Lenders
Financing

- Lifeblood of real estate sales
- Knowledge of availability and cost of credit
- More than 90% of all purchases
- Borrower requirements
- Real Estate licensees if properly licensed as mortgage loan originators or mortgage bankers may collect fees
Property Insurance

- Mandatory on most homes
- Need separate license to sell
- Additional Types
  - Homeowner warranty
  - Flood
Construction and Development

- Dedication:
  - Gift of land
  - To a government
  - For public use
Construction and Development

- Custom Home
  - Built custom to a buyer’s specifications

- Spec Home
  - Built before securing a buyer

- Tract Home
  - Also speculative, but typically on a larger scale featuring several models
Professional Organizations

- National Association of Realtors (NAR)
  - Institute of Real Estate Management (IREM)
  - Realtors National Marketing Institute (RNMI)
  - Realtors Land Institute (RLI)
  - Society of Office REALTORS (SIOR)
  - Commercial Investment Real Estate Institute (CIREI)
- American Society of Real Estate Counselors (CRE)
Florida Association of REALTORS® (FAR) (Doing Business As Florida Realtors)

- Largest trade association in Florida
  - www.floridarealtors.org
  - Real estate forms
  - Technology help
  - Legal advice (FAR Hotline)
    - 407-438-1409
    - Licensed REALTORS® only
Local Association of REALTORS®

- If Broker is a member
- All Sales Associates must join
- Included in FAR
- Provides access to Multiple Listing Service (MLS)
- Code of ethics enforcement
- Networking
- Education
Government Regulation

Local level

- Planning and Zoning
- Property taxes
- Building and Health Codes
- Building Moratoriums
Government Regulation

- State government
  - Development of Regional Impact (DRI)
  - Department of Environmental Protection (DEP)
  - Department of Economic Opportunity (DEO)

- Federal Government
  - Operation of Lending Institutions
  - Federal Reserve Monetary Policy
Homework Assignments

- Gold Coast provides online homework designed to help you succeed in this course and pass your state exam.
- We STRONGLY recommend that you complete each homework assignment based on the chapters discussed in class each day.
- If you haven’t already, you will be receiving an email containing your username and a unique password.
- If you do not receive this email, please contact onlinesupport@goldcoastschools.com.
Accessing Your Online Homework

- Log on to www.goldcoastschools.com
- Click the login link at the top
Login to Your Online Homework

- Enter your email address and password provided to you via email
- *If you did not receive an email with subject “Access to your course homework”, send an email to onlinesupport@goldcoastschools.com
Changing Passwords & Accessing HW

• We recommend changing your password from the one in the email, to something easy to remember
• Simply click on the “Online Chapter Reviews” to access your homework assignments.