Real Estate Broker License Exam

QUICK REFERENCE CHEAT SHEET | PSI / Pearson VUE

BROKER VS. SALESPERSON

Topic	Salesperson	Broker
Can own brokerage?	No -- must work under broker	Yes -- can operate independently
Experience required?	No prior experience typically	Usually 2-3 years as licensed salesperson
Education hours	Varies (60-90 hrs typical)	Additional 45-90 hrs beyond salesperson
Can supervise agents?	No	Yes -- responsible for agent conduct
Can hold earnest money?	No -- must go to broker's escrow	Yes -- manages trust accounts

TRUST ACCOUNT MANAGEMENT

Rule	Requirement
Commingling	Prohibited -- broker funds must NEVER mix with client escrow funds
Conversion	Illegal use of client funds for personal or business expenses
Reconciliation	Monthly trust account reconciliation required
Records	Transaction records kept minimum 3-5 years (state-specific)
Interest	Interest earned on trust accounts: per state law (some states require IOLTA)

BROKER MATH

Calculation	Formula
Net Listing	Seller gets target net; broker keeps all above that amount (illegal in most states)
Commission Split	Total commission x broker split % = broker portion
Investment Analysis (NOI)	Gross Income - Vacancy - Operating Expenses = NOI
Cash-on-Cash Return	Annual Cash Flow / Total Cash Invested x 100
Internal Rate of Return (IRR)	Discount rate that makes NPV = 0 (use financial calculator)
Cap Rate	NOI / Property Value (or Purchase Price)

EXAM-DAY TIPS

+ Broker responsibility: broker is responsible for ALL acts of affiliated agents.
+ Antitrust: no price-fixing, market allocation, or group boycotts -- Sherman Antitrust Act.
+ Property management: rent collection, maintenance, tenant relations -- broker's responsibility.
+ Designated agency: one agent from brokerage represents buyer, different agent represents seller.
+ License law: know your state's specific post-licensing and CE requirements.
+ Practice 1,000+ questions -> voltexam.com/apps/re-broker

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