REAL ESTATE ASSISTANT CERTIFICATION
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About Your Instructor

Pam Ivey

Pam Ivey, Virtual Business Manager, author speaker and trainer is owner of the Pam Ivey Group of Companies (www.pamivey.com), which encompasses My Creative Assistant (www.mycreativeassistant.com), Visual Persuasions Canada (www.visualpersuasions.ca), the Canadian Virtual Assistant Network (www.canadianva.net), REA University (www.reauniversity.com) and the VA Training Academy. A virtual assistant since 2001, Pam has partnered with top producing real estate professionals since 2003, providing marketing and branding, listing coordination, lead generation and contact management solutions.

Pam holds several designations including Certified Marketing Professional (CMP), Certified in Small Business Management (Cert SBM), Certified Professional Real Estate Assistant (CPREA), Certified Real Estate Support Specialist (CRESS), and Professional Real Estate Virtual Assistant (PREVA)

She has been featured in such publications as Michael Russer’s ePower News and Pennsylvania Realtor Magazine, as well as local publications, and participated as a supporting VA for Michael Russer’s Internet Bootcamp in Chicago. In 2006, Pam became a co-founder of the International Real Estate Assistants Association (IREAA), and led the Canadian division. After a dissolution of IREAA, Pam and Anna Baron co-founded REVA Institute (www.revainstitute.com).

Pam is co-author of the paperback: The Business of Being Virtual: Successful Industry Leaders Reveal Their Virtual Assistant Business Secrets, as well as a busy speaker, who leads seminars and talks about VA and business related topics across North America at various industry and other business events, such as the 2008 and 2009 Forum on Virtual Assistance (FoVA), the 2009 IVAA Live Summit in Montreal, as well as the Coaching Super Summit in Baltimore. Pam’s high-level goal is to help to increase the awareness of the virtual assistant industry with business leaders and influencers in North America and around the world.

Pam is creator of the Professional Real Estate Assistant Certification Program and the Virtual Assistant Business Success Blueprint. She is co-author of The Business of Being Virtual, an instructor at Georgian College, and co-founder of REVA Institute and the Coaches, Authors, Speakers Professional Assistants Association (CASPAA).
Preface

Why the Real Estate Assistant Certification Program Has Been Created

Real estate is an ideal industry for support professionals. Besides listing and selling homes, there are a myriad of details “behind the scenes” that need to be performed for a successful real estate business.

The life of a successful real estate professional is filled with activities and obligations that makes it difficult for them to create time for prospecting and ultimately obtaining more clients.

List of major activities the real estate professional performs a regular basis:

- Lead generation
- Listing homes
- Showing property to buyers
- Desk/office duty
- MLS and office tours
- Regular office meetings (usually weekly)
- Open houses
- Attending home inspections
- Attending member meetings, events and other social and business functions to keep their name “out there”

So, you can see, a successful real estate professional is often busy getting in front of clients and prospects, it leaves them little time to complete necessary “back office” functions and even have a personal life. This is where you can step in and take some of these activities off their plates, creating more time for them to get more business…and have a life too.
What You Will Learn

The course contains eight sections, which are listed as follows:

**Section I:** Introduction to Real Estate Laws – Introduces the basic laws of the real estate industry.

**Section II:** Key Terms – Informs the student of the necessary legal terminology.

**Section III:** Customers vs. Clients – Contrasts the interests and duties to clients and customers.

**Section IV:** Agency Defined – Explains the legal concept of agency.

**Section V:** Fair Housing Requirements – Covers the requirements of fair housing rules and regulations.

**Section VI:** REALTOR® Status – Explains how to legitimately acquire and use the REALTOR® Title.

**Section VII:** Documents for Real Estate – Reviews various important real estate documents needed to complete transactions.

**Section VIII:** Licensed and Unlicensed Assistants – Contrasts the benefits and abilities tied to assistant licensure.
Introduction

The real estate assistant faces the task of knowing many detailed and complex legal matters. Even routine real estate deals require an understanding of a large number of necessary rules and regulations.

Keep in mind that serious legal errors can cost your agent their license and profession. Educating yourself is the best prevention.

For a real estate professional to earn her license, she must have a basic familiarity with the following areas of law:

- contract law
- general property law
- agency law
- real estate license law
- federal regulations
- zoning and land use laws
- federal, state/provincial and local tax laws
- environmental regulations

Assistants are not required to have the same level of expertise as a real estate professional, unless he or she holds a real estate license. They need only to be conscious of them.

The laws of the real estate industry help to shield the general public from a variety of costs in real estate, such as fraud, dishonesty and incompetence. Every state and Canadian province has relevant laws. Everyone in a transaction should understand the licensure laws in one’s state or province. There are websites that cover the laws of each (real estate boards). Visit them for assistance.
Key Real Estate Terms

Obtaining a good understanding of real estate requires knowing some of the basic terms used in the field. The following terms are in common use and an assistant must know them to properly assist her agent.

**Agency** – agency refers to the fiduciary connection between agent and principal.

**Agent** – an agent is any person that has the authority and agrees to represent the interests of someone else. In real estate, the real estate broker from a particular firm is the agent. In the real estate business, a firm’s broker is the agent, and he/she bears these responsibilities along with other licensees in the firm.

**Broker** – Brokers are those persons that act as agents; they bring together parties for transactions and earn a commission for facilitating the transaction. Sometimes agents work for brokers and sometimes they are brokers themselves. Some agents are both.

**Client** – The principal in the real estate transaction. See “Principal” for more.

**Customer** – Customers are those to whom services is provided. Customers must be treated fairly and honestly.

**Disclosure Form** – disclosure forms ‘disclose’ all the problems or flaws of a particular property that the seller is aware of. Nearly all states and provinces have laws that require full disclosure. These forms help buyers to make good decisions about the properties they wish to buy.

**Fiduciary** – a fiduciary relationship is one where the agent has the special trust and confidence of the principal.

**Non-agent** – The non-agent functions as a go-between in a real estate transaction. The non-agent aids parties by being impartial between the interests of both parties. Non-agents typically are required to follow a variety of statues. Non-agents are also called facilitators, transactional brokers, transactional coordinators and contract brokers.
**Principal** – the principal is whoever is responsible for hiring the agent. The principal gives the agent the power to represent his or her interests. In real estate, the principle can be the buyer or the seller, or perhaps a landlord or tenant. Agents don’t generally refer to his clients by this term but they do appear in the contracts you will become familiar with.

**Subagent** – the subagent is the agent’s agent. If the agency agreement allows, an agent can give some of her authority to another party. The subagent is also an agent for the principal.

You will have to know other terms, particularly for specialist markets. We cannot cover them all here. But as you work with agents, you will learn the relevant legal terms and jargon.
Customers vs. Clients

Legal relationships are strictly regulated in real estate transactions. Therefore, you need to know the difference between a customer and a client. Assistants should be familiar with the distinction and should know which relationship his or her agent establishes in each business transaction.

The following tips help to grasp the distinction between client and customer.

A client is the principal the agent advises. The agent keeps the client’s information confidential and acquires fiduciary responsibilities to his/her principal.

Client-agent relationships must be voluntary – both must agree on the relationship’s terms. Agency agreements typically apply here.

A customer has the right to correct information and just treatment in her role as consumer. However, she doesn’t receive advice or information held in confidence that concerns the principal.

An agent works *WITH* her customers and *FOR* her clients.

Your real estate agent is required to look out for the interests of the client but not the customer.

Assistants then, must know which relationship her realtor bears to other individuals. Understanding the distinction will help you to communicate with others appropriately.
Agency Defined

“Agency” is an important topic in today’s real estate market. The notion of agency describes the relationship between a real estate agent and the person the agent represents. The client is an agent, not a customer. The agency relationship is complicated and some of the responsibilities of being an agent extend to the agent’s assistant (i.e., you!).

Both common law and statutory law govern agency relationships. Statutory laws are those laws, rules and regulations that are the results of legislation or other governing bodies, whereas common law are those rules established by courts and tradition.

Agency laws are quite similar to the agency laws of the last several hundred years. But the application of that law has changed.

Agency relationships developed out of medical master and servant relationships that evolved from English common law. The servant was to be steadfastly loyal to her master and fealty was seen as more important than any loyalty servants had to others. In fact, the loyalty relationship was more important than the servant’s individual interests. The same idea applies to agency relationships today. Real estate agents choose whether they are going to serve a seller, buyer or both. (Note that some states bar agents representing buyer and seller at once.)

Agency involves fiduciary responsibilities that agents owe to clients. But these responsibilities aren’t merely moral, but legal as well. Common law and/or statutory law govern these relationships. Under common law, agents owe their clients five duties: care, obedience, accounting, loyalty (this includes confidentiality) and disclosure. We will now cover each duty to see how they apply.
First Duty: Care

Agents must take good care of their clients during a transaction. Clients expect a high level of skill and expertise from their agents; they want it to be much better than the average person. Agents exercise care by employing their skill and expertise to defend and advance their client’s interests.

When agents represent sellers, they are obligated to help sellers determine a realistic list price and help uncover facts that affect the seller. They must also accurately present contracts to the seller. Agents must make a good effort to market the property, which involves advertising and showing the home. The seller has to evaluate the terms and conditions of offers to purchase.

When agents represent buyers, they must help buyers find good properties and assess their property values, neighbourhood conditions, financing options, and dealing with offers and counteroffers.

Agents must make an effort to defend their clients and when they don’t make this effort, courts may find them negligent. Agents face liabilities to their clients if any losses occur due to agent carelessness. Standards of care, of course, will be different between areas, but a general standard of care is nearly universal.

Assistants can help to reduce the liability of their agents. They may work with sellers to make sure they know all the facts about the property they’re selling. Assistants should avoid exaggeration. Nor should they alter photos. Always use the truth in any discussions with the seller.

Next, if assistants are working with buyers, be sure to give them proper and current information, as you are informed by your agent. Follow fair housing guidelines as well. If you do these things, you will significantly reduce your risk, as well as your agent’s.

Second Duty: Obedience

Fiduciary relationships impose duties on agents to act in ‘good faith’ and to obey client instructions so long as they’re compatible with their contract. Yet obedience has limits. Agents may not follow unethical or illegal requests. Illegal acts don’t serve client interests and following these instructions violate the realtor’s duty of loyalty. Agents who exceed the authority outlined in the contract can be held responsible for the losses clients may face as a result.

When clients ask you, the assistant, to provide unethical or illegal services, let your agent handle the situation and refer the issue to her professionally and promptly.
Third Duty: Accounting

Agents must record and report the financial status of any monies received from the principal. State and provincial real estate license law often require the following:

– Parties should have copies of any papers relating to transactions. – Earnest money deposits must be deposited within a quick, set amount of time into an account, trust or escrow. – Documents relevant to transactions have to be kept in the agent’s records for some particular period of time.

As an assistant, you may be responsible to take care of these files and help make sure funds are properly taken care of.

Fourth Duty: Loyalty

Loyalty means that the agent should put her client’s interests above her own self-interest. The agent must be aware of conflicts of interest that may arise.

Remember

Confidentiality about client information is the core component of loyalty in the real estate industry.

Agents cannot reveal the seller’s willingness to accept lower prices or her desperateness to sell, unless the seller gives permission. REPs also may not disclose that their buyers will offer more for a property or home if that is required or that the buyer is desperate to buy. Agents then, are obligated not to reveal information that reveals their clients’ bargaining positions.

Since agents cannot act merely from self-interest, negotiating sales must not include considerations of agent commission. All US states and Canadian provinces ban agents from buying property listed with them for their own accounts where they have a personal interest without disclosing that interest first and acquiring their client’s consent.

Assistants must also follow these guidelines. Assistants must understand how important loyalty is so as to represent their agents effectively.

Fifth Duty: Disclosure

Disclosure involves revealing relevant information or facts that the agent knows or should know. Agents are obligated to inform their clients of any information that will affect transactions. Agents should try to uncover facts that reasonable individuals would
think important in making a buying or selling decision, and agents should do this regardless of whether the information helps or hinders the principal’s position. Agents can actually be held liable for damages due to a failure to disclose.

Agents must disclose the following matters:

All Offers

Identity of Potential Purchasers, including agent relationships to them (such as buyer being a relative)

Purchaser ability to complete a sale or offer higher prices than listed in the first offer

Agreements agents have with buyers. For example, broker agreements to manage properties after purchase

Buyer intention to resell property for profit

Seller agents are expected and often required to disclose any known defects in the property to buyers. This may appear to violate the agent’s duty of allegiance to sellers, but instead if falls under a duty to serve the public and is in the agent’s long-term interest.

Agents that represent buyers have to disclose defects in the property in addition to sales contract provisions and financing that don’t benefit buyers or meet their needs. Agents suggest the lowest price buyers should offer based on the value of similar properties, no matter the listing price. Agents should also reveal information on how long properties have been listed or why owners are selling that affect buyer negotiation
ability to get the lowest price able. If agents represent sellers then disclosure of this information will violate agents’ duties to sellers.

As an assistant, you can make your agent’s life easier by knowing the law. You must know disclosure laws for your agent’s state or province. You may be responsible for preparing proper documentation and see that it is complete and available to the relevant groups. You might also have to process offers promptly. Pay attention to the disclosure process and the role your agent wants you to play in this process.
The Fair Housing Act

The Fair Housing Act of 1968 is included within Title VIII of the 1968 Civil Rights Act. It bars discrimination of the sale, rent, or financing of homes based on race, color, national origin, religion, sex, family status (including children under 18 living with parents of legal custodians, pregnant women, and people securing custody of children) and disabilities. The Act covers most types of housing and properties exempt from the law include buildings where an owner lives that has no more than four single-family units sold or rented without an agent or houses operated by organizations and private clubs that limit residence to their members.

Agents therefore, must not take account of all the relevant differences covered in the act during the following actions:

- Refuse to Rent or Sell
- Refuse to Negotiate
- Make Housing Unavailable
- Deny Dwellings
- Set different terms, conditions or privileges for sale or rent
- Provide different housing services and facilities
- Knowingly deny housing is able to be inspected, sold or rented
- Persuade owners to sell or rent for profit (known as blockbusting)
- Deny membership related to sale or rental of housing (ex. MLS membership)

You have no ethical reason to do these things to anyone, regardless of whether the Fair Housing Act covers them.

You should also familiarize yourself with the terms the Fair Housing Act uses. Credit: www.hud.gov
Blockbusting

An illegal and discriminatory practice whereby one person persuades another to enter into a real estate transaction from which the first person may benefit financially by representing that a change may occur in the neighbourhood with respect to race, sex, religion, color, handicap familial status or ancestry of the occupants. A change possibly resulting in the lowering of the property values, a decline in the quality of schools or an increase in the crime rate. Also called panic selling or panic peddling.

Disability

A physical or mental impairment that substantially limits one or more major life activities, such as walking, seeing, learning and working. Disability includes a record of such impairment or the fact of being regarded as having such impairment. The Americans with Disabilities Act (ADA) protects individuals with disabilities from various forms of discrimination in employment, public services, transportation, public accommodations and telecommunication services. A person abusing illegal drugs or alcohol is not covered, but a person who is rehabilitated in these areas may be protected under ADA.

Familial status

Familial status is defined as one or more individuals who have not obtained the age of eighteen (18) years being domiciled with a parent or other person having custody, or anyone who is pregnant. It is therefore unlawful to refuse housing to anyone with children under the age of 18 or anyone who is pregnant, except when such housing meets the definition of housing for older persons.

Handicap

As defined in the fair housing act, a physical or mental impairment that substantially limits one or more major life activities (walking, seeing, learning, working) or a record of having such an impairment or being regarded as having such impairment. Handicap does not include current, illegal use or addiction to a controlled substance.

Protected Class

Any group of people designated as such by the Department of Housing and Urban Development (HUD) in consideration of federal and state civil rights legislation. Currently includes ethnic minorities, women, religious groups, the handicapped and others.
The Fair Housing Act - Advertising

Assistants should know how they can violate the Fair Housing Act. To know, abide by the following statement from the act:

“Advertise or make any statement that indicates a limitation or preference based on race, color, national origin, religion, sex, familial status, or handicap.”

Again, know these restrictions. Agent marketing that you do must comply. Any promotional materials, like an MLS listing, are under the same requirements.

Caution on Advertising

Ads can be interpreted differently by different individuals. You must choose your ad words carefully to prevent perceived discrimination.

**Avoid the following in ads:**

Words or phrases that communicate a preference for one group or another. Don’t say “great for joggers”, say “near a nice exercise trail”.

Descriptions of a property or the area around it with terms that relate to race, religion, etc. (“Hispanic neighbourhood”).

Catchphrases like “exclusive,” “private,” etc. that communicate preference for one group or another or send signals about community make-up.

Referring to well-known racial, religious, etc. landmarks close by. (“Turn right at the Baptist Church.”)

Some examples of violations by the Dayton Area Board of REALTORS ® and the Miami Valley (Ohio) Fair Housing Center:

"Empty Nester" : Could convey an overt preference for individuals without children and limit families with children.

"Working Singles and Couples" : Might express a preference for families without children.

"The Perfect Retirement Spot" : Could state a tacit preference for families without children.

"Quiet Adult Park" : Might identify an overt limitation on families without children.
Note: The word “adult” has been specifically restricted from use in advertising since the Fair Housing Amendment Act in 1988.
The Fair Housing Act - Avoid Misunderstanding

Here are four important points to learn to avoid misunderstanding in your marketing materials:

Don’t use words, phrases, photographs, illustrations, symbols or forms which indicate that homes or properties are available or not available to groups of persons because of race, color, religion, sex, handicap, familial status, or national origin.

Communicating to agents, brokers, employees, prospective sellers or renters or any other persons a preference for or against purchasers or renters because of race, color, religion, sex, handicap, familial status, or national origin.

Choosing media or locations for advertising that prevent segments of the house market from gaining access due to race, color, religion, sex, handicap, familial status, or national origin.

Choosing not to publish advertising for sales/rentals or requiring different advertising for sales/rents based on race, color, religion, sex, handicap, familial status, or national origin.

The Fair Housing Act - Logo Use

The Fair Housing Act does not mandate use of the equal housing opportunity logo, but if you print it you will show that you’re committed to fair housing. We recommend that you use the logo; you can add it to the bottom of your marketing materials without undermining your design.
The Fair Housing Act - Reference Articles

Many articles on Fair Housing are available. Search for “fair housing” in search engines to find more. The best resource can be found on local, state/provincial and national board sites and of course, the National Association of REALTORS® site for agents, www.realtor.org.

Some articles:


Realty Times articles:
http://realtytimes.com/rtapages/20040113_guidelines.htm


Realtor.org:

Take Quiz:
http:// www.realtor.org/rmoquiz2.nsf/FairHousingQuiz?OpenForm

View violations:


More Tips:
http:// www.realtor.org/rmotoolkits.nsf/pages/prop17

For more, see http:// www.Realtor.org and search for “fair housing”.

These topics matter to your agent, so again, know these restrictions. Also ask your agent for clarification on the terms of the act.
REALTOR® Status

In the real estate market, you will often see the term “REALTOR®.” Strict rules govern the term’s use and must be followed regardless of the medium it appears in. The National Association and the Canadian Real Estate Association’s Membership Marks Manual lists the rules and give examples.

The NATIONAL ASSOCIATION OF REALTORS® and the CANADIAN REAL ESTATE ASSOCIATION owns many trademarks that aren’t limited to REALTOR® and include the following terms: REALTOR®, REALTOR-ASSOCIATE®, REALTORS®, and REALTOR-ASSOCIATE®s. These terms identify members of the Association and separate them from non-members. In 1916, the unique term REALTOR® was trademarked and became public to denote members of the National Association of Realtors (NAR) and the Canadian Real Estate Association (CREA).

Important to Note

REALTOR® Status - Trademark Use

Here are some principles that regulate trademark use of REALTOR®:

If it is used as part of a domain name or another way, it must refer to a member or a member’s firm.

It may not be used with descriptive words or phrases like number1realtor.com.
If you’re going to use the term in a domain name or email address, you don’t have to separate it from the member’s name or firm with punctuation. Johndoerealtor.com is acceptable along with jdoerealtors@webnet.com.

REALTOR® can’t be used as a hypertext link at a website to suggest the Association’s endorsement of the website. The only exception is the National Association’s website.

The term must always have all capital letters. The public uses the lower case term when using domain names. Only in domain names and internet addresses may REALTOR® be used in lower case letters.

If you use print media or internet, use RELATOR® according to the rules of the National Association of Realtors or the Canadian Real Estate Association.

REALTORS® should only be used to communicate membership in the National Association of Realtors or the Canadian Real Estate Association.

REALTOR® Status - Term Use

As an assistant you need to be aware of the proper use of this term, as well as the other NAR and CREA trademarks, and how it will affect your creation of marketing materials for your agent. The complete manual outlining the use of the trademark name REALTOR® can be obtained through your agent. The manual is called Membership Marks Manual and can be obtained at:

www.realtor.org/letterlw.nsf/pages/trademarkmanual
Documents for Real Estate

Real estate markets are contract-driven. You must therefore understand the types of contracts you’ll encounter and how they are important.

Agents and assistants don’t practice law, but they can finish legal documents as direct by clients. Agents or assistants can’t prepare legal documents or give legal advice, but they can complete those documents legally.

Documents vary by region, so you will see many different kinds. The documents below are the minimum you’ll face. They will often have different names.

Documents for Real Estate - Basic Agreements

Summary of Basic Agreements

For Sellers

- Listing Agreement
- Property Disclosure

For Buyers

- Buyer Agency Agreement
- Sales Contract

Other Documents

- Counter offer
- Amendments
- Addendums
- Settlement Statement or HUD1
Documents for Real Estate - Listing Agreements

Listing Agreements

Listing agreements outline the REP’s services to be provided and create an agency relationship. Often the agreement outlines the marketing plan for the home/property to be sold.

* Assistants should ensure that marketing materials don’t violate the listing agreement.

Documents for Real Estate - Disclosures

Some states are beginning to require sellers to disclose property defects or other conditions. This results in disclosure documents. The documents vary by state but some are federally mandated (like lead-based paint disclosures). Some disclosures are voluntary. So real estate firms require sellers to disclose as a condition of listing with them.

Assistant should know the state regulations for their agents and make sure that disclosures are in line with those regulations and are available to all relevant property and stored in the proper file.

Documents for Real Estate - Sales Contract

Sales contracts record the terms and conditions of the agreement between buyers and sellers, including contingencies. Contracts establish price and terms, kind and condition of title, type of financing, and contingencies. Again, these contracts vary across region but are usually approved by a state board of realtors.

Documents for Real Estate - Buyer Agency Agreement

Buyer agency agreements employ agents. This is not an agreement concerning compensation but rather an overview of duties and responsibilities of buyer and agent.

Documents for Real Estate - Addendum & Amendment

Addendum - Addition to an original contract.

Amendment - Change to an original contract.
Settlement Statement or HUD-1

Settlement statements itemized funds that were paid or distributed to all parties at closing. These include commissions, loan fees, points, escrow amounts, etc. and are entered in numbered lines on the sheet. The totals of the HUD-1 statement outline the seller’s proceeds and the buyer’s net payment.

The HUD1 is so named because it is produced by the Department of Housing and Urban Development (HUD). It is sometimes called a "closing statement" or "settlement sheet." It is usually required for a transaction. Assistants should know which states require the document and ask their agents how to get copies of them.

Samples:
## A. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### B. TYPE OF LOAN

<table>
<thead>
<tr>
<th>1. FHA</th>
<th>2. FmHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. CONV.</td>
<td>4. VA</td>
</tr>
</tbody>
</table>

### C. NOTE:
This form is furnished to you as a statement of actual settlement facts. Amounts paid and by whom, settlement agent are shown. Items marked "paid by" are paid outside the closing; they are shown here for informational purposes and are not included in the total.

### D. NAME AND ADDRESS OF BORROWER:

### E. NAME AND ADDRESS OF SELLER:

### F. NAME AND ADDRESS OF LENDER:

### G. PROPERTY LOCATION:

### H. SETTLEMENT AGENT: NAME AND ADDRESS:

### I. SETTLEMENT DATE:

### J. SUMMARY OF BORROWER'S TRANSACTION

<table>
<thead>
<tr>
<th>100. GROSS AMOUNT DUE FROM BORROWER:</th>
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<tbody>
<tr>
<td>101. Contract sales price</td>
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<tr>
<td>102. Personal property</td>
</tr>
<tr>
<td>103. Settlement charges to borrower (line 140)</td>
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<tr>
<td>104.</td>
</tr>
<tr>
<td>105. Adjustment for items paid by seller in advance</td>
</tr>
<tr>
<td>106. City/town taxes to</td>
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<td>107. County taxes to</td>
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<tr>
<td>108. Assessments to</td>
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<td>109.</td>
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<td>110.</td>
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<td>111.</td>
</tr>
<tr>
<td>112.</td>
</tr>
<tr>
<td>120. GROSS AMOUNT DUE FROM BORROWER</td>
</tr>
</tbody>
</table>

### K. SUMMARY OF SELLER'S TRANSACTION

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<td>402. Personal property</td>
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<td>403.</td>
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<tr>
<td>404.</td>
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<tr>
<td>405. Adjustment for items paid by seller in advance</td>
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<td>406. City/town taxes to</td>
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<td>407. County taxes to</td>
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<td>408. Assessments to</td>
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<td>411.</td>
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<tr>
<td>412.</td>
</tr>
<tr>
<td>420. GROSS AMOUNT DUE TO SELLER</td>
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</tbody>
</table>

### L. SETTLEMENT CHARGES

<table>
<thead>
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<th>220. TOTAL PAID BY/ FOR BORROWER</th>
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<tbody>
<tr>
<td>230. CASH AT SETTLEMENT FROM TO BORROWER</td>
</tr>
<tr>
<td>231. Gross amount due from buyer (line 180)</td>
</tr>
<tr>
<td>232. Less amounts due to buyer (line 220)</td>
</tr>
<tr>
<td>233. CASH (TO) FROM BORROWER</td>
</tr>
<tr>
<td>620. TOTAL REDUCTION AMOUNT DUE SELLER</td>
</tr>
<tr>
<td>630. CASH AT SETTLEMENT TO FROM SELLER</td>
</tr>
<tr>
<td>631. Gross amount due to seller (line 140)</td>
</tr>
<tr>
<td>632. Less amounts due from seller (line 120)</td>
</tr>
<tr>
<td>633. CASH (TO) FROM SELLER</td>
</tr>
</tbody>
</table>
Licensed and Unlicensed Assistants

How do licensed and unlicensed assistants differ? Assistants with licenses have passed their certification coursework and their state exam which covers the legal regulation of property in the state. Such assistants are actually licensed realtors working as assistants. The exam is the same for an agent. Both must also gain a number of additional training hours and must renew their licenses at least by paying board dues. Most licensed assistants have to be employed, supervised and paid by the brokerage that holds their license. They must also hold E&O (errors and omissions) insurance. Assistants with active licenses and their brokerages should know that the brokerage is responsible for all licensees, including personal assistants and that all are subject to the state’s relevant rules and regulations.

Licensed vs. Unlicensed Assistants

Unlicensed assistants lack real estate licenses and perform functions like other employees or independent contractors. If you are an unlicensed assistant and perform tasks that violate state or provincial regulations, you put your agent at risk to the following:

- Limitation, Suspension, or Revocation of Agent License
- Denial of License Renewal
- Civil Fine
- Censure
- Probation Restitution
Licensed and Unlicensed Assistants - Unlicensed Assistants

The following guidelines compile the similarities between responsibilities and abilities of unlicensed assistants. Most states have these restrictions and permissions, in other words.

**What Unlicensed Assistants May Do**

These items are common between the states we reviewed and your job may require doing some or all of them. Check your state regulations.

- Call Answering and Forwarding
- Performing Clerical Tasks
- Submitting Listings and Changes to the MLS
- Following up on Loan Commitments
- Ordering Items of Routine Repair
- Preparing Promotion Information
- Typing Contract Forms
- Acting as a Courier Service
- Scheduling Showings
- Securing Documents (public information)
- Having Keys Made
- Writing and Placing Ads
- Furnishing Information from Listing Sheets
- Preparing and Distributing Brochures
- Assembling Closing Documents
- Monitoring Licensees and Personnel Files
- Computing Commission Checks
- Providing Information about a Business Opportunity or Terms of a Transaction (only if the information is prepared in writing and approved by a licensee)
- Unlicensed Assistant Photo May Appear in Ads, as long as unlicensed status is clear

**Remember**

Remember: check your agent’s state/provincial regulatory agency for specific rules and regulations.
What Unlicensed Assistants May **NOT** Do

These items too were ones we found in common between states.

- Engage in Conduct that Procures Prospects
- Show Properties
- Answer Questions or Interpret Information about Property Price or Condition
- Interpret Information about Listings, Contracts, and other transaction information
- Conduct Telemarketing Canvassing to Schedule Appointments
- Negotiate Prices or Contract Terms
- Discuss or Explain Contracts or other Real Estate Documents (with those outside of the firm)
- Prepare Promotional Materials or Ads without Supervising Broker
- Be Paid Based on a Real Estate Sale, like a percentage of commission
- Negotiate or Agree to Commission or Other Payment on Behalf of a Licensee
- List or Sell Real Property
- Attend Real Estate Closings without Supervision
- Access Information that Requires Trade Organization Membership (without supervising licensee in that organization)
- Represent themselves as Agents
- Have Names Printed on Materials that Imply Licensure

Again, remember to check your state’s regulatory agency for the specific rules and regulations.
Licensed and Unlicensed Assistants - Variable Regulations

These items vary across states. Some allow and some forbid these. Again, check with the state regulatory agency.

- Distribute Information on Listed Properties not prepared by broker or brokerage
- Gather New Listing Information
- Provide Property Access to Potential Buyers
- Deliver Paperwork to Buyers/Sellers
- Host Public Open Houses, Fairs, etc.
- Erect or Remove “For Sale” Signs
- Keep Lock Boxes
- Handle Real Estate Monies, including collection and accounting functions
- Gather Information for Comparative Marketing Analysis (CMA) or Broker’s Price Opinion (BPO)
- Disclose Current Sales Status of Listing to Prospective Buyer
- Transport others to and from properties of interest
- Open Discussion for Purposes Relevant to the Transaction as long as Supervising Licensee Receives Owner Consent. (Most regulation states that when assistants open properties, they are barred from answering questions about the property or showing it to consumers. Sometimes this is to allow assistants to aid the licensee by opening doors for inspectors, appraisers, etc.)

In some states unlicensed assistants may provide four pieces of general public information: (1) Which company is listing a property, (2) Which homes/properties are under contract, (3) Which Transactions have Closed, (4) Property listing price
Don’t rely on your agent to tell you the regulations on unlicensed assistants. As professional assistants, you are responsible for learning the relevant regulations.
Related Articles

Top 10 Permitted Duties of an Un-licensed Real Estate Assistant

If you're an un-licensed real estate assistant, or an agent or broker utilizing one, be sure you understand and follow your state/provincial regulations as to what they are allowed to do. This list of permitted activities for an un-licensed assistant is from the New Mexico regulations, but is similar to the rules in other states and provinces (and differ from state-to-state, province-to-province).

1. Obtain Information with Written Instructions

Obtaining information pursuant to written instructions from the responsible person from public records, a multiple listing service, listing exchange or from third party sources including, but not limited to, surveyors, banks, appraisers and title companies is allowed.

2. Open House Duties

Hosting and/or distributing literature at an open house is allowed if: (1) an unlicensed assistant does not discuss, negotiate or solicit offers for the property or provide any information other than printed material prepared and approved by the responsible person; and (2) the responsible person is present at the open house where the unlicensed assistant is located; and (3) all inquiries are referred to the responsible person or other associate brokers or qualifying brokers.

3. Distributing Prepared Information

Disseminating and distributing information prepared and approved by the responsible person is OK for the un-licensed assistant. Note that the information is prepared by someone with a license.

4. Delivery of Documents to Brokers

Rules OK the picking up and delivering of paperwork to associate brokers or qualifying brokers other than the responsible person.

5. Document Delivery to Clients with Limitations

An un-licensed assistant can be assigned the duties of picking up and delivering paperwork to sellers or purchasers after a contract has been executed. This is if the paperwork has already been reviewed and approved by the responsible person, without answering any questions or providing any opinions or advice to the recipient of the paperwork; all substantive questions must be referred to the responsible person.
6. Write and Place Advertising

The assistant can write advertisements, flyers, brochures, and other promotional materials for the approval of the responsible person, and place classified advertisements approved by the responsible person.

7. Place and Remove Signs

Placing and removing signs from real property is OK as directed by the responsible agent or broker.

8. Order Repairs

Under the direction of the responsible agent or broker, an un-licensed assistant can order repairs or services for a property.

9. Banking and Accounting

An un-licensed assistant is approved for receiving and depositing funds, as well as maintaining books and records while under the supervision of the responsible person.

10. Document Processing

If prepared by the responsible person, an un-licensed assistant can engage in typing and word processing of documents.

*Source: http://realestate.about.com/od/realestatebasics/tp/unlicensedasst.htm (By James Kimmons, About.com Guide)
Top 8 Additional Duties for A Licensed Real Estate Assistant

Check the rules in your state, but many are similar to these excerpts from the real estate regulations in New Mexico. If you’re an agent or broker considering hiring an assistant, or someone considering starting a real estate career as an assistant, here’s a list of duties that are allowed for a licensed real estate assistant, but specifically prohibited for the un-licensed.

1. Document Preparation

Preparing legal documents such as listing and sales contracts is allowed. Obviously a help to a busy agent or broker. However, the broker is liable and should review documents.

2. Interpretation and Advice

Interpreting documents, offering opinions or advice is OK for a licensed assistant. When the client phones in for help interpreting a document, the licensed assistant can help.

3. Disseminate Information

A licensed assistant can disseminate and distribute all types of information without having to have it specifically prepared by the supervising agent or broker.

4. Get Client Information

Licensed assistants are able to obtain personal or property information from a client or customer for document and marketing purposes.

5. Delivery of Financial and Title Documents

Picking up from or delivering to customers or clients financial documents prepared by title companies, lenders or other third persons for the purpose of obtaining signatures is a prohibited activity for the un-licensed, but a normal duty of a licensed assistant.

6. Attend a Closing Unsupervised

The un-licensed assistant would be in violation for attending a closing without the responsible person present. This could be a duty assigned to a licensed assistant.

7. Sound Like a Licensee

This is the licensing regulation statement: "representing himself or herself as being an associate broker or a qualifying broker or as being engaged in the business of buying, selling, exchanging, renting, leasing, managing, auctioning or dealing with options on any real estate or the improvements thereon for others" is prohibited for un-licensed
persons. This would be more an avoidance for the un-licensed, while a licensed assistant can act and sound like a licensed agent.

8. Conduct Telephone Marketing

A licensed assistant can conduct telephone solicitation of any kind designed to procure buyers, sellers, listings or appointments for listing presentations.

*Source: http://realestate.about.com/od/realestatebasics/tp/licensedasst.htm (By James Kimmons, About.com Guide)
**Glossary of Real Estate Terms**

**Absorption Rate**
A rate usually expressed in square feet (or its metric equivalent), referring to the total amount of space that have been leased or sold within a specified period.

**Abstract of Title**
A summary of the public records relating to the ownership of a particular piece of land. It represents a short legal history of an individual piece of property, and traces the ownership of that property from the time of the first recorded transfer to present.

**Acceptance**
Consent to an offer to enter into a contract.

**Adjustable-Rate Mortgage (ARM)**
A mortgage that allows the interest rate to be changed periodically.

**Adjustments**
Normally refers to those items requiring apportionment as of the date of closing transaction. Such adjustments include rent, mortgage interest, realty tax, local improvement rates, unmetered public or private utility charges, and non-metered cost of fuel. Adjustments are apportioned and allowed to the date of completion, the day of completion itself to be charged to the buyer.

**Adult Only Housing (Canada)**
Provincial legislation was amended in most provinces to comply with the Canadian Charter of Rights and Freedom making adult only housing illegal.

**Agency**
A legal relationship in which an owner-principal engages a broker-agent in the sale of property or a buyer-principal engages a broker-agent in the purchase of a property.

**Agent**
One who is authorized by a principal to represent that principal in business transactions with another party. An agent acts on behalf of a principal as an extension of that person, and can bring the principal into legal relationships with others.

**Amendment to Agreement/Contract/Offer**
An amending document that formalizes any mutual agreement between buyer and seller, affects an original agreement, and which is acceptable to both parties.
**Amenities**
Features that are agreeable or pleasing. in real estate, items of a beneficial nature arising from the location of, or improvements to, a property.

**American Society of Home Inspectors (ASHI)**
A professional trade association that provides training and education in home inspections. Members must meet qualification requirements to join.

**Amortization**
The gradual repayment of a mortgage by periodic installments.

**Amortization Period**
The time period required to completely retire the debt through scheduled payments of principal and interest.

**Annual Percentage Rate (APR)**
The total finance charge (interest, loan fees, points) expressed as a percentage of the mortgage amount.

**Appraisal**
An evaluation of a piece of property to determine its value.

**Appreciation**
An increase in value due to any cause.

**Arm's Length**
A transaction freely arrived at in the open market, unaffected by abnormal pressure or by factors limiting competitive negotiation, as might be the case in a transaction between related parties.

**Asbestos**
A mineral fiber used in some building materials such as flooring, siding, insulation and roofing. It is presently banned for most uses in real property.

**Assessed Value**
The valuation placed on property by a public tax assessor as the basis of property taxes.

**Assistant**
An individual who assists a real estate practitioner in selected non-trading activities. The issue of unregistered vs. registered assistants including the range of permitted activities is an important issue, as a number of registrants hire assistants. As a general guideline, unregistered persons are prohibited from engaging in any functions that falls within the broad definitions of trade in real estate Acts.
The term *in furtherance* should be particularly noted. The Registrar's office, in responding to specific situations involving assistants, will be guided by the broad definition of *trade* that includes any activity that is perceived to *further* (help to initiate or complete) a real estate deal.

**Assumption of Mortgage**
An agreement whereby the buyer assumes responsibility for a mortgage owned by the seller.

**Balloon Mortgage**
A mortgage where the amount financed is not fully amortized over the period of the loan. When the loan becomes due, a large sum or "balloon" payment is required to satisfy the mortgage.

**Bill of Sale**
A written agreement/contract in which one person sells, assigns, or otherwise transfers right/title to chattels. A bill of sale is typically registered under the applicable provincial statute as evidence of a contract.

**Bridge Loan**
A short-term mortgage made under a longer-term loan can be made; it is sometimes used when a person needs money to build or purchase a home before the present one has been sold.

**Broker**
A person licensed by a state or provincial real estate commission to act independently in conducting a real estate brokerage business. Although requirements vary from state to state and province to province, an individual must usually have at least one year experience in the industry and pass an examination to earn a broker's license.

**Building Codes**
State/provincial and local laws that regulate the construction of new property and the rehabilitation of existing property.

**Canada Mortgage and Housing Corporation (CMHC)**
As the housing agency for the Government of Canada, CMHC has a mandate to encourage:

- Construction of new houses;
- Repair and modernization of existing houses; and
- Improvement of living conditions and housing for Canadians throughout the country.
CMHC provides a range of publications and acts as a resource centre for both private and public organizations related to the housing industry. CMHC advises the government on housing matters and designs, as well as overseeing various federal housing programs. Real estate practitioners are most likely to encounter CMHC regarding mortgage financing alternatives and, in particular, insured high ratio loans offered through approved lenders.

**Canadian Real Estate Association (CREA)**
The Canadian Real Estate Association (CREA) is the national organization for REALTORS throughout Canada, with offices located in Ottawa. CREA focuses on national and international representation of the profession, with liason to such organizations as the Appraisal Institute of Canada, The National Association of REALTORS, the Canadian Construction Association, the Urban Development Institute, and Canada Mortgage and Housing Corporation. CREA is the owner of the trademarks REALTOR and MLS in Canada.

**Cancellation Cause**
A provision in an agreement/contract that confers upon one or both of the parties the right to terminate the agreement/contract upon the occurrence of the condition or contingency set forth in the said clause.

**Cap**
The maximum amount an interest rate or monthly payment can change, either at adjustment time or over the life of the mortgage.

**Certificate of Insurance**
A certificate issued by an insurance company or its agent verifying that a specific insurance policy is in effect for stated amounts and coverage, and sets out the names of those insured.

**Chattel**
Moveable possessions and personal property (usually items that may be removed without injury to the freehold estate).

**Clauses**
Wordings inserted in agreements/contracts to accurately reflect the wishes of the parties.

**Closed Mortgage**
A mortgage that does not provide for any prepayment of principal during the term.

**Closing**
The final step in the sale and transfer of ownership of a property. The title is transferred from the seller to the buyer; the buyer signs the mortgage and pays costs of settlement; any money due the seller and purchaser are paid.
**Closing Costs**
The total cost of buying a home involves not only the purchase price of the property, but also other costs that arise on closing the transaction. These expenses, incurred by the buyer, are necessary to complete the purchase but are outside of the purchase price for the property. Fees, types of services provided, and procedures required in the closing process will vary by provincial/state jurisdiction.

**Closing Statement**
A financial statement rendered to the buyer and seller at the time of transfer of ownership, giving an account of all funds received or expended.

**Cloud on Title**
Any condition with affects the clear title to real property.

**Commercial Bank**
A financial institution authorized to provide a variety of financial services, including consumer and business loans (generally short-term), checking services, credit cards and savings accounts.

**Commission**
Remuneration paid to a brokerage on the sale or lease of property, usually as a percentage of the sale amount.

**Comparables**
Properties similar in size and character to the one being bought or sold.

**Competitive Market Analysis (CMA)**
An analysis used by real estate practitioners to assist the seller in comparing his/her property with others in the marketplace in order to establish a listing price. The competitive market analysis is not designed to establish market value.

**Condominium**
Ownership of a unit only, rather than the entire building with the land.

**Consideration**
Anything of value to induce another to enter into a contract (i.e., money, services, a promise, etc.).

**Contingency**
A condition that must be satisfied before a contract is binding.

**Contract**
An agreement to do or not do a certain thing.
**Conventional Mortgage**
A fixed rate, fixed term mortgage not insured by the federal government.

**Deed**
A legal document conveying title to a property.

**Deed (quit claim)**
A deed that transfers only that title or right to a property that the holder of that title has at the time of the transfer. It does not warrant or guarantee a clear title.

**Default**
Failure to fulfill a promise or obligation.

**Department of Housing and Urban Development (HUD)**
A U.S. Government agency established to implement certain federal housing and community development programs.

**Deposit**
Payment of money or other valuable consideration as a pledge for fulfillment of a contract. If failure of performance occurs, the deposit is usually forfeited. If performance is undertaken, the deposit usually acts as a part of payment toward the purchase price.

**Designations**
A range of real estate designations is offered to brokers and salespeople by institutes and organizations.

**Desk Cost**
The financial cost associated with the employment of salespeople by a brokerage. Desk cost is used as a method to determine and assess the optimum sales force for a particular office and expected minimum production of that sales force to meet office expenses.

**Disclosure Laws**
State/Province and federal regulations which require sellers to disclose such conditions as to whether a house is located on a flood plain or whether there are known defects in or affecting the property.

**Distressed Property**
A property under foreclosure or other legal remedy, or such action is imminent due to default concerning financial obligations relating to that property.

**Dual Agency**
Representation of two people (usually seller and buyer), by the same agent in the same
Real estate practitioners should exercise caution concerning such relationships and only undertake dual agency relationships using recommended disclosure procedures.

**Earnest Money**
A portion of a down payment given to the seller by a potential buyer indicating the buyer's intent to complete the purchase of the property.

**Easement**
A right to use the land of another.

**Encroachment**
A condition that limits the interest in a title to a property such as a mortgage, deed restrictions, easements, unpaid taxes, etc.

**Equity**
The value of real estate over and above the liens against it. It is obtained by subtracting the total liens from the value.

**Equity Mortgage**
A mortgage based on the borrowers' equity in their home rather than on their credit worthiness.

**Escrow**
The placement of money or documents with a third-party for safekeeping pending the fulfillment or performance of a specified act or condition.

**Exclusive Agent**
Generally defined as one who has the exclusive rights to sell, lease, or exchange the property owned by another for a fixed period. The exclusive authority is granted to the real estate brokerage named in the listing agreement.

**Exclusive Listing**
An exclusive listing involves the giving of the sole right to sell the described property according to the terms of the agency agreement.

**Expired Listing**
A signed authority that has expired either as an exclusive or an MLS listing.

**Fannie Mae**
Nickname for the Federal National Mortgage Corp. (FNMA), a tax paying corporation created by U.S. Congress to support the secondary mortgages insured by FHA or guaranteed by VA, as well as conventional home mortgages.
**Federal Housing Administration (FHA)**
An agency within the Department of Housing and Urban Development (HUD) that administers loan guarantee programs and loan insurance programs to make more housing available.

**FHA Insured Mortgage**
A mortgage under which the U.S. Federal Housing Administration insures loans made, according to its regulation, by approved lenders.

**Finder’s Fee**
A fee paid to a person or other entity for information that initiates a business transaction. Various types of finders' fees or referral fees can be generated from real estate transactions, the most common involving listings or selling properties (e.g., client referrals) and arranging financing.

**First Right of Refusal**
An agreement between the owner and a prospective buyer allowing that buyer to make an offer to purchase prior to the real property being sold to another potential buyer.

**Fixed Rate Mortgage**
A loan that fixes the interest rate at a prescribed rate for the duration of the loan.

**Floor Duty**
Floor duty or opportunity time is assigned to salespersons for servicing phone calls and walk-in trade pertinent to enquiries about, and listing of properties. Usually, the requirements for floor duty are related procedures such as handing of prospects and showing is not specified in the salesperson’s employment agreement, but is included in the office policy manual.

**Foreclosure**
Procedure whereby property pledged as security for a debt is sold to pay the debt in the event of default.

**Fractional (Partial) Interest**
An interest in real estate that represents only a part of the total bundle of rights found in fee simple ownership.

**Freddie Mac**
Nickname for U.S. Federal Home Loan Mortgage Corp. (FHLMC), a federally controlled and operated corporation to support the secondary mortgage market. It purchases and sells residential conventional home mortgages.
**Gap Loan**
An interim financing vehicle that provides funding between construction advances and the placement of permanent financing.

**Gross Debt Service Ratio (GDS)**
A ratio based on income in relation to mortgage payments that is used by a lender to qualify a prospective buyer for a mortgage.

**Growing-Equity Mortgage**
A mortgage loan in which the monthly payments increase by a specific amount each year, with the "overpayments" applied to the principal.

**Guaranteed-Payment Mortgage**
A mortgage that starts with low monthly and increases at a predetermined rate.

**Guarantor**
Person providing a separate personal covenant over and above a named party in a contract regarding some obligation, such as a mortgage, personal loan or lease.

**Holdover Provision**
A provision in an agreement/contract remaining from a former period.

**Implied**
Created by the conduct or words of other parties, and not arising from explicit agreements.

**Indemnify**
To secure against loss, hurt, or damage; to provide compensation for incurred hurt, loss, or damage.

**Indemnity**
The obligations to indemnify, i.e., the assurance of one party to make financial compensation or repair and make good for any loss or damage that has been incurred or may be incurred on another party. Alternatively, the right of one party to claim damages against another.

**Indenture**
In real estate, a deed or agreement setting out specific objects executed by the parties to that agreement. Within the broader business context, an indenture refers to a written agreement outlining terms concerning the issuance of bonds or debentures.

**Inducements**
The act of persuading or in some way influencing the actions and/or attitudes of others by means of promises, representations, or the provision of some tangible benefit such as money.
**Inspection Right**
Most agreements/contracts concerning the purchase of real estate contain a provision stating that the buyer, in making the offer, has had the opportunity to personally inspect the property prior to making such offer.

**Installment Debts**
Long-term debts that usually extend for more than one month.

**Investor**
The holder of a mortgage or the permanent lender for whom the mortgage maker services the loan. Any person or institution that invests in mortgages.

**Joint and Survivorship Deed**
(Also known as "Warranty Deed" creating tenants in common with right of survivorship). Upon death of one of the owners, title to the interest transfers "by contract" to survivors.

**Land Contract**
A contract for the purchase of real estate (land) on an installment basis. Upon payment of the last installment, the deed is delivered to the buyer.

**Land Improvements**
A contract for the purchase of real estate (land) on an installment basis. Upon payment of the last installment, the deed is delivered to the buyer.

**Land Transfer Tax (Canada)**
A tax imposed on real property typically calculated on the value of the property being registered in a land registration office. Land transfer tax may not be imposed in all provinces and the means of calculation will vary by provincial jurisdiction.

**Lease Purchase Agreement**
Buyer makes a deposit for the future purchase of a property with the right to lease the property in the interim.

**Lender Holdback**
Funds not advanced by a lender until specific requirements and/or conditions are met by the borrower.

**Licence**
A right or permission given to a person that allows the individual to act in some specific manner that would otherwise not be legally permissible. Alternatively worded, for purposes of real estate activity, permission given by a licensing authority to an individual or corporation to engage with a defined capacity in the trading of real estate.
**Listing Agreement**
An oral or written agreement under which the owner appoints a real estate brokerage for a designated period of time to sell, lease, or exchange a property based on the owner's stated terms, and under which the owner agrees to pay the brokerage a commission.

**Listing Presentation (Process)**
Most owners realize that selling a home is a complicated matter and seek professional, knowledgeable service. A salesperson should be prepared to demonstrate how he/she will provide services and in doing so, should explain how many complications can be minimized through the use of a brokerage.

**Listing Price**
The price at which a property is offered for sale in the market, frequently referred to as the asking price.

**Listing Types (Canada)**
Three basic listing types are found in Canadian markets:

*Open Listing*
Generally described as relatively loose, verbal arrangements in which the owner gives one or more brokerages authority to find a buyer for the property.

*Exclusive Listing*
An exclusive listing gives one brokerage the authority to offer a property for sale, lease, or exchange, during a specified time period.

*MLS Listing*
An MLS listing is an exclusive listing with an added marketing feature. Multiple Listing Services are operated by real estate boards. A signed multiple listing form contains an authority from the seller permitting the listing brokerage to employ the services of co-operating brokerages who are members of the real estate board.

**Loan-to-Value Ratio**
The relationship between the amount of a home mortgage and the total value of the property. Lenders may limit their maximum mortgage to 80-95 percent of value.

**Lock-In-Rate**
A commitment made by lenders on a mortgage loan to "lock in" a civilian rate pending mortgage approval. Lock-in periods vary.

**Market Gap**
A demand for real estate not currently serviced in the marketplace. Market gaps are most
commonly associated with commercial properties but, in fact, apply to all types of real estate. The size of the gap is proportionate to the opportunity for a supplier to satisfy that gap. The extent of the gap, the widening or narrowing of that gap, and the anticipated length of time that the gap will persist are determinative of the opportunity available.

**Market Position**
Based on the concept that market niches exist within the overall marketplace. Theses niches present an opportunity to provide a specific service, offer a unique product, or generally promote a distinctive image to the public.

Market positioning is likened to a horse race. In theory, consumers gain familiarity with a limited number of contenders within a specific product or service range. In simple terms, the leaders occupy a win, place, or show position. Smaller, less visible competitors are often referred to as *also rans*.

**Market Value**
The highest price a buyer will pay for the property and the lowest price the seller will accept for the property.

**Mortgage**
One type of document used to make property the security for the payment of a loan.

**Mortgage Broker**
An individual or company that obtains mortgages for others by finding lending institutions, insurance companies, or private sources to lend the money; may also make collections and handle disbursements.

**Mortgagee**
The lender of money or the receiver of the mortgage.

**Mortgagor**
The borrower of money or the give of the mortgage document.

**Multiple Listing Service (MLS)**
The trademarks known as MLS, Multiple Listing Service and the MLS design marks are certification marks registered and owned by The Canadian Real Estate Association (CREA) in Canada and the National Association of Realtors (NAR) in the U.S. These marks are protected throughout Canada and the United States for the exclusive use of members of NAR and CREA in connection with services defined as listing to effect the purchase and sale of real estate. The certification marks may only be used in association with listing services performed as part of a plural system arrangement and are performed by members in good standing of CREA or NAR.
**Negative Amortization**
An increase in the outstanding balance of a mortgage resulting from the failure of periodic debt service payments to cover required interest charges on the loan.

**New Home Warranty Program**
A form of insurance plan, typically operated by a government agency or self-regulated body, for new homes that involves warranties for specific defects over a prescribed period of time.

**Note**
A written promise to pay a certain amount of money.

**Objective Value**
The value of a property based on the analysis of costs associated with the reproduction of that property (an exact replica), or one of equal utility, (a replacement). Replacement cost is most commonly used given the ease of obtaining accurate information.

**Offer and Acceptance**
A proposal by one party, called the offeror, to another party, called the offeree, to accept the basic terms of the agreement and the offeree's subsequent acceptance of that agreement. Once the acceptance has been communicated to the offeror, the contract will bind both parties to its terms.

**Open House**
The practice of licensed salespersons and brokers demonstrating listed property by inviting other brokerages or the public to inspect properties within selected hours on specific days.

**Open Mortgage**
A mortgage containing some form of prepayment privilege for the partial or total reduction of principal with or without penalty.

**Origination Fee**
A fee or charge for work involved in the evaluation, preparation and submission of a proposed mortgage loan.

**Possession**
Right of an owner to occupy property. When the property is occupied by a tenant, possession is transferred to the tenant by the landlord, however, the landlord has constructive possession by right of title and may re-occupy the property at termination of the tenancy period.

**Power of Sale**
The right of a mortgagee to force the sale of a property, without judicial proceedings, should default occur. The term *power of sale* indicates a sale under the power contained in the
mortgage document and/or pursuant to appropriate legislation. Procedures concerning power of sale will vary from by province/state.

**Pre-Payment Penalty**
A fee paid to the mortgagee for paying the mortgage before it becomes due. Also known as a pre-payment fee or reinvestment fee.

**Private Mortgage Insurance (PMI)**
Insurance issued to a lender by a private company to protect the lender against loss on a defaulted mortgage loan. Its use is usually limited to loans with high loan-to-value ratios. The borrower pays the premiums.

**Promissory Note**
A written contract containing a promise to pay a definite amount of money with a definite future time.

**Prospects**
A term frequently used by real estate practitioners to refer to potential buyers of property. traditionally, under the seller agency, the vast majority of residential buyers were owned honestly and fairness in real estate negotiations. Real estate brokerages represented sellers and owed fiduciary duties to those clients. Over the years, the terms *customer* and *prospect* became almost synonymous.

**Radon**
A colourless, odorless gas formed by the breakdown of uranium in subsoils. It can enter a house through cracks in the foundation or in water and is considered to be a health hazard.

**Real Estate Cycle**
The real estate market generally moves through phases similar to general business cycles. However, real estate may demonstrate more pronounced peaks and valleys. Prosperity can occasionally linger in the marketplace, buoyed by fervently optimistic consumers and speculators. Conversely, recessions deepen unnecessarily as developers flood an overheated market with new structures, only to see consumer demand vanish before their completion. On a more optimistic note, real estate markets have traditionally tended to be on the leading edge of the recovery cycles as improved economic conditions emerge.

**REALTOR® and REALTOR-ASSOCIATE®**
Registered collective membership marks that identify real estate professionals who are members of the National Association of Realtors (NAR) and the Canadian Real Estate Association (CREA) and who subscribe to its strict Code of Ethics.
Rent with Option
A contract which gives one the right to lease property at a certain sum with the option to purchase at a future date.

Savings & Loan Association (S&Ls)
Depository institutions that specialize in originating, servicing and holding mortgage loans, primarily on owner-occupied residential property.

Savings Bank
A financial institution organized to hold individual depositors' funds in interest-bearing accounts and to make long-term investments, such as home mortgage loans.

Second Mortgage/Second Deed of Trust/Junior Mortgage or Junior Lien
An additional loan imposed on a property with a first mortgage. Generally a higher interest rate and shorter term than a "first" mortgage.

Severalty Ownership
Ownership by one person only. Sole ownership.

Shared Equity Mortgage
A home loan in which an investor is granted a share of the equity, thereby allowing the investor to participate in the proceeds from resale.

Statement of Adjustments
A statement, usually prepared by the solicitor for the seller, setting out in balance sheet form, all credits to the seller (e.g., purchase price, prepaid taxes, and prepaid utilities), all credits to the buyer (e.g., deposits and arrears in taxes prior to the date of closing), and the balance due on closing. The statement of adjustments provides all parties to the transaction with a financial breakdown as of the closing date.

Sub-Agent
A brokerage (agent) authorized by another brokerage (agent) to assist in transacting the affairs of the principal (with express or implied consent of the principal), and having the same duties to the principal as the agent. Sub-agency is traditionally associated with seller agency and the authorization of other brokerages to assist in the sale of a listed property. However, sub-agency can also exist in buyer representation when a brokerage representing the interests of the buyer authorizes other brokerages to assist in seeking out property on behalf of that buyer/principal. The popularity of sub-agency has diminished with the growth of buyer agency.

Survey
The process by which a parcel of land is measured and its area ascertained. The accurate
mathematical measurement of land and improvements thereon made with the aid of instruments.

**Target Market**
An identified category of buyers or sellers in a real estate market. Aptly named after the traditional archery target, most target markets are viewed as a single center point with widening concentric circles. The expanding circles are often geographically defined and identified as primary and secondary markets. The circles can also apply conceptually to types of buyers or sellers, e.g., those closely associated with selected properties or services progressively moving outward to lesser degrees of need and motivation.

**Tenancy In Common**
Ownership by two or more persons who hold an undivided interest without rights of survivorship. (In the event of the death of one owner, his/her share will pass to his/her heirs.)

**Title**
A document that's evidence of ownership.

**Title Defect**
An outstanding claim or encumbrance on property that affects marketability.

**Title Insurance**
Protection for lenders and homeowners against financial loss resulting from legal defects in the title.

**Title Search**
A search, for real estate purposes, involves an inspection of records contained within the public land registration office to determine the current state of title to a property including a review of all encumbrances, liens, mortgages and other interests that affect that title.

**Total Debt Service Ratio (TDSR)**
The ratio of annual (or monthly) mortgage charges for principal, interest, and taxes, plus payments on various other debts (normally bank and finance company loans, etc.), compared with gross income of the borrower. The TDS ratio should be clearly differentiated from the gross debt service (GDS) ratio that is calculated based on principal, interest, and taxes only.

**Transaction**
A transaction, for real estate purposes, involves a contractual arrangement between two or more parties that affects and/or alters the legal relationships between those parties. An agreement/contract for the purchase and sale of real estate is viewed as a real estate transaction.
**Transaction Broker**
A person licensed/registered under a regulatory act concerning the trade of real estate who assists one or more parties to the transaction, but is not an agent for the interests of either party.

**Vacant Land**
Land that is not presently being used for a purpose, as opposed to a site with improvements.

**Valuation**
(See also Appraisal.) Estimated worth or price. Also, the act of estimating the worth of real property using accepted procedures such as direct comparison approach, cost approach, or income approach (direct or yield capitalization).

**Variable Rate Mortgage (VRM)**
A mortgage in which the interest rate fluctuates during the term and either payments or balances outstanding are adjusted accordingly.

**Variance**
A special suspension of zoning laws to all the use of a property in a manner not in accord with existing laws.

**Vendor**
A seller of real property. Traditionally, the terms vendor and purchaser have been used in preprinted standard forms, however, during recent years, the preference has been moved to seller and buyer.

**Veterans Administration (VA)**
A U.S. government agency that provides services for eligible veterans of the armed forces. Among other programs, it guarantees mortgage loans made by private lenders to veterans.

**Zoning Restrictions**
Local municipal ordinances that classify property according to specific uses such as a single family, residential, commercial, industrial, multi-family, etc.
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