

**14-HOUR CONTINUING EDUCATION REQUIRED COURSE
FOR SALESPERSONS TO SATISFY FIRST CONTINUING EDUCATION REQUIREMENT**

This course is composed of two parts: a general module and two practice specific modules. Required attendees must complete the general module plus one practice specific module.

GENERAL MODULE (7 hours = 5 hours, 50 minutes teaching time)

Duties of licensees	1 hour, 5 minutes
Closing costs	1 hour
Agreement of sale, addenda and special clauses	30 minutes
Title reports	30 minutes
Zoning	15 minutes
Agency relationships and representation agreements	2 hours
Environmental concerns	30 minutes

COMMERCIAL MODULE (7 hours = 5 hours, 50 minutes teaching time)

Definitions of commonly used terms	30 minutes
Letters of intent	30 minutes
Agreement of sale	1 hour, 15 minutes
Environmental issues	30 minutes
Leases and clauses	1 hour
Property management	15 minutes
1031 exchanges	15 minutes
Tenant fit out	15 minutes
Floor measurements and load factors	20 minutes
Zoning issues	30 minutes
Local commercial real estate issues	30 minutes

RESIDENTIAL MODULE (7 hours = 5 hours, 50 minutes teaching time)

Uniform construction code and zoning	30 minutes
Environmental issues	45 minutes
Types of construction	20 minutes
Land development	20 minutes
Home inspections and home warranties	20 minutes
Mortgage information	1 hour, 5 minutes
Fair housing	45 minutes
Agreements of sale	30 minutes
Case studies from real estate and disciplinary actions	1 hour, 15 minutes

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RATIONALE:

The goal of continuing education is to protect the public by ensuring that licensees perform their duties in a competent and diligent manner. Licensees are expected to be thoroughly familiar with their duties, responsibilities and obligations. While all licensees should be knowledgeable regarding the standards of conduct and practice expected of them, it is critical that recently licensed salespersons begin their career by building on a solid foundation.

The purpose of this course is to provide recently licensed standard salespersons with a high level of knowledge and understanding regarding key areas of real estate practice. Content areas introduced in pre-license coursework will be further developed, amplified and reinforced. Material presented will enable the salesperson to "bridge" from their pre-license experience to a high level of real world professional practice.

In order to meet the needs of salespersons engaging in various specialty areas of practice, the course consists of two parts: a general module and two practice specific modules. The first module, required to be taken by *all* standard salespersons taking continuing education for the first time, focuses on issues applicable to all salespersons. This seven-hour module serves as the foundation for material presented in each of the two available additional seven-hour modules, which focus on specific areas of practice. A seven-hour commercial module develops key areas in which a salesperson engaging in brokerage and/or management of commercial properties would be expected to be proficient. The seven-hour residential module is designed to help develop appropriate skills to enable the salesperson licensee to provide the highest level of professional services to consumers in residential brokerage transactions.

MAJOR INSTRUCTIONAL OBJECTIVE:

To identify the key responsibilities of licensees and provide a framework to enable recently licensed salespersons to develop strategies and business practices that are consistent with their legal and ethical duties and obligations while providing the highest level of professional service to consumers.

PROGRAM OBJECTIVES:

At the conclusion of this program, participants will be able to:

- Develop professional business strategies that will both maximize professional development and ensure that the consumer is protected in accordance with current law.
- Identify the most common areas of legal and/or disciplinary actions involving licensees providing services to consumers.
- Explain (without practicing law) key elements and essentials of various contracts and other documents utilized by licensees in various transactions.
- Recognize and be familiar with current legal issues affecting real estate practice (environmental, land use, fair housing, etc.).
- List the legal and ethical duties of licensees when working with consumers in relationships permitted under Pennsylvania law.

MODULE REQUIRED FOR ALL SALESPERSONS TO SATISFY FIRST CONTINUING EDUCATION REQUIREMENT**GENERAL MODULE****I. Duties of licensees (65 minutes)****A. Relationships between brokers and consumers (19 minutes)**

1. Basic rule (RELRA)
2. Written agreements required
 - a. Ancillary services that may be provided and disclosures (RELRA 606.1(b) and Section 35.281 of the regulations)
 - b. Mandatory provisions (RELRA 608(a), 608(b) and Sections 35.331-35.333 of the regulations)

B. General duties (19 minutes)

1. RELRA 606.1(a) with specific emphasis on 606.1(a)(6), (7), (8), (9), (10), (11) and applicable disciplinary actions
2. Section 35.292 of the regulations

C. Advertising and solicitation (9 minutes)

1. Sections 35.301-35.308 of the regulations
2. Internet advertising and web pages—Commission Guidelines
3. Disclosure requirements for property owned by licensees

D. Escrow duties (9 minutes)

1. RELRA 604(a)(5)
2. Section 35.321-35.328 of the regulations

E. Violations and disciplinary actions (9 minutes)

1. RELRA 604
2. Regulation subchapter E
3. Act 48 offenses and citations
4. Disciplinary proceedings under RELRA 701-702

II. Closing costs (60 minutes)**A. Seller (Section 35.334 of the regulations) (20 minutes)**

1. Present to seller at time of listing and before agreement of sale is executed
2. What costs are involved
 - a. Transfer tax
 - b. Commission
 - c. Notary fees
 - d. Transaction fees
 - e. Prepayment penalties
 - f. Sales concession
 - g. Use and occupancy
 - h. Points (VA/FHA)
 - i. Home warranty
 - j. Mortgage balance, first and possible equity—payoff
 - k. Any additional
3. HUD sheets/net proceeds
4. Differences between commercial and residential

B. Buyer (Section 35.334 of the regulations) (40 minutes)

1. Present to buyer
 - a. Before agreement of sale is executed
 - b. By agent and by mortgage representative
2. What costs are involved
 - a. Deposit/earnest money
 - b. Closing costs
 - i. Transfer tax
 - ii. Title insurance

- iii. Mortgage fees
- iv. Inspection fees
- v. Appraisal
- vi. Credit report
- vii. Survey
- viii. Home warranty
- ix. Transaction fees
- x. Any additional
- c. Prepays
 - i. Prorated taxes to seller
 - ii. Tax escrows
 - iii. Property insurance
 - iv. PMI
 - v. Per diem interest
 - vi. Condo fees
- d. Seller concession
- e. Calculating closing day monies needed
- f. Calculating mortgage payments
- 3. HUD sheet/actual final costs
- 4. Mock conventional (adjustable versus fixed rate), FHA and VA cost sheets—to be done by hand, not on a computer, so licensees fully understand the procedures
- 5. Differences between commercial and residential

III. Agreement of sale, addenda and special clauses (30 minutes)

A. Principles of real estate contracts (25 minutes)

- 1. Elements for valid contract
- 2. Statute of limitations/statute of frauds
- 3. Compliance with Pennsylvania law
 - a. Plain language contract
 - b. Pre-printed forms
 - c. Market issues impacting contracts
- 4. Addenda/contingencies (examples)
- 5. Special clauses

B. Current issues (5 minutes)

- 1. Electronic transactions
- 2. Electronic signatures

IV. Title reports (30 minutes)

A. Title (5 minutes)

- 1. Definition
- 2. Sources of title information
 - a. Recorder of deeds
 - b. Clerk of courts civil
 - c. Sheriff's office
 - d. Registrar of wills
 - e. Assessment office

B. Title search - information needed (5 minutes)

- 1. Legal description
- 2. Ownership
 - a. Who
 - b. How title held
- 3. Encumbrances
 - a. Liens
 - b. Easements
 - c. Restrictions

4. Judgments
 - a. Municipal, state, federal
 - b. Civil litigation
 - c. Foreclosure actions
 5. Divorce
 6. Secured transactions (more commercial than residential)
- C. Title report - aka title binder (title insurance company's promise to insure) (10 minutes)
1. Proofs required
 - a. Identity of the parties (photo ID) and ownership capacities
 - b. Documents to be provided
 - c. Affidavits
 2. Objections to title to be removed at closing or excepted from insurance coverage
 - a. Standard objections
 - b. Other objections
 3. Legal description
 4. Distribution
- D. Common problems (10 minutes)
- V. Zoning (15 minutes)
- A. Zoning terminology and examples of each
 1. Non-conforming use
 2. Variance
 3. Conditional use
 4. Zoning envelope (set-backs and building height)
 - B. Applicability of local/municipal laws
 - C. Impact of zoning on the real estate transaction
 1. Sellers' responsibilities
 2. Buyers' responsibilities
 3. Licensees' responsibilities
 4. Sources of zoning information and maps
 5. Referral to other professionals regarding zoning issues
- VI. Agency relationships and representation agreements (120 minutes)
- A. Consumer Notice (30 minutes)
 1. Written
 - a. "Who"
 - i. Residential
 - ii. Commercial
 1. Individual
 2. Non-individual
 - b. "When"
 - c. "What"—mechanics of how to present the Notice (Role play/examples/case studies)
 - d. Additional requirements
 - i. Retention of copies
 - ii. Refusal
 2. Oral disclosure
 - B. Agency relationships with a consumer (1 hour total with 45 minutes given to dual and designated agency)
 1. Definition of permitted relationships
 - a. Buyer's agent
 - b. Seller's agent
 - c. Transaction licensee
 - d. Dual agent

- e. Designated agent
 - 2. Advantages/disadvantages of each relationship
 - 3. Methods of conversion from one form of agency to another
 - 4. Distinction between what is permitted by law and what is practiced by a specific broker
- C. Requirements for a written agency agreement (20 minutes)
- D. Allowance of oral, non-exclusive contracts (10 minutes)

VII. Environmental concerns (30 minutes)

- A. Discovery (5 minutes)
 - 1. Typical concerns in residential cases—radon, asbestos, UFFI, lead-based paint, mold, USTs, etc. (very short discussion)
 - 2. Testing by professional v. self-proclamation (examples)
- B. Disclosure (5 minutes)
 - 1. Discussion of seller disclosure—environmental verbiage
 - 2. Consumer—is this known material defect?
 - 3. Consequences of non-disclosure
 - a. Litigation
 - b. Safety and quality of life issues for consumers
 - 4. Brief discussion of the evolution of pro-consumer ideas and thoughts of this issue
- C. Major environmental laws and regulations (2 minutes)
 - 1. Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)
 - 2. Superfund Amendments and Reauthorization Act (SARA)
- D. Role of licensees relating to environmental issues (18 minutes)
 - 1. Focus on relating back to Disclosure in B.2.
 - 2. Inspections with file documentation
 - 3. EPA website (www.epa.gov); click on ENVIROMAPPER for list of “environmentally affected” areas near you
 - 4. Short group discussion, with licensee interaction, of their experiences with this issue

LICENSEES MAY CHOOSE BETWEEN THE COMMERCIAL AND RESIDENTIAL MODULE

COMMERCIAL MODULE

I. Definitions of commonly used terms (30 minutes)

- A. Purchase money mortgage
- B. Option agreement
- C. Uniform commercial code (UCC)
- D. Due diligence
- E. EPA All Appropriate Inquiry Rule
- F. Brownfields
- G. BOMA
- H. Load factor
- I. Common area factor
- J. Lessor/Lessee
- K. Land development plan
- L. Net rental square feet/Net usable square feet
- M. Gross Lease/Net Lease
- N. Parking ratios
- O. CAM charges
- P. Options to renew
- Q. Right of first refusal
- R. Annual expenses/ Capitalized expenses
- S. Base year of lease
- T. Expense stop
- U. Assignment/Sub-leasing
- V. Condemnation/Eminent domain
- W. Estoppel certificate
- X. Holdover
- Y. Americans with Disabilities Act (ADA)

II. Letter of intent (LOI) (30 minutes)

- A. Purpose and difference from a commercial agreement of sale
- B. Content
 - 1. Expiration date
 - 2. Important business terms to be included
 - 3. Due diligence issues
 - 4. Disclaimer clause must be included to clearly state it is a non-binding agreement

III. Agreement of sale (75 minutes)

- A. Parties to the transaction—signing authority
- B. Contingencies/timing
 - 1. Zoning
 - 2. Inspection
 - 3. Finance
 - 4. Soils test
 - 5. As-built survey
 - 6. Access/ingress/egress
 - 7. Zoning/plan approval
 - 8. Off-site requirements
 - 9. Utilities
 - 10. Partial take-downs
- C. Assignment of contract
- D. Specific dates for performance
- E. Escrow instructions

1. Refundable vs. non-refundable earnest money/deposits
2. Applicable vs. non-applicable earnest money/deposits
- F. Title with exceptions, abstracts and ALTA survey—how to reconcile
- G. Environmental—difference between Phase I and II audits
- H. Extensions
- I. Insurance/force majeure/ eminent domain/notices
- J. Provisions for closing

IV. Environmental issues (30 minutes)

- A. Due diligence and EPA All Appropriate Inquiry Rule
- B. Site assessment work—phases I, II and beyond
- C. Agreement of sale provisions
- D. Buyer-seller agreements with state agencies (regarding specific environmental concerns and the agencies associated with them)
- E. Voluntary cleanups and brownfields programs
- F. Compliance issues
- G. Related professional services for environmental issues
 1. Estimating remediation costs
 2. Providing financial assurances
 3. Title issues

V. Leases and clauses (60 minutes)

- A. Leases
 1. Gross lease
 2. Percentage lease
 3. Graduated rental lease
 4. Net lease
 5. Real estate appraisal lease
 6. Sale and leaseback
 7. Ground lease
 8. Sandwich lease
 9. 99 year lease
- B. Common clauses
 1. Escalator clause
 2. Deposit clause
 3. Security clause
 4. Sub-let or assign clause
 5. Option to renew clause
 6. Destruction of property clause
 7. Eminent domain clause
 8. Leasehold improvement clause
 9. Character of use clause
 10. Compliance with government directives clause
 11. Payment of services clause
 12. Percentage lease/rental only clause
 13. Insurance subrogation clause
 14. Broker compensation clause
 15. Purchase option conditions clause
 16. Right of first refusal clause

VI. Property management (15 minutes)

- A. Who is permitted to provide property management services?
 1. When is licensure required? RELRA Section 304(10) and Section 35.202(11) of the regulations
 2. Property management versus property maintenance (FAQ on Commission website)

VII. 1031 exchanges (15 minutes)

- A. Exchange rules and requirements
 1. Definition of IRC section 1031 and IRC section 121 principal residence exclusion
 2. Definition of qualification of "like kind"
 3. Difference between exchange and transfer
- B. Examples and practical applications
- C. Utilization of other professionals/intermediaries

VIII. Tenant fit out (15 minutes)

- A. "Allowance" vs. "Turn Key"
- B. Base building work vs. tenant improvement work
- C. Who does the work?
- D. Plan approval, bid and construction process
- E. Tenant fit out issues in office, retail and industrial properties

IX. Floor measurements and load factors (20 minutes)

- A. Building Owners and Managers Association (BOMA) industry standards of measurement
- B. Gross rentable vs. usable square footage
- C. Calculation of common area and load factors
- D. Floor measurement calculations in office, retail and industrial properties

X. Zoning issues (30 minutes)

- A. Define
- B. Affect on use and value of real property
- C. *Must* be included in the agreement of sale
- D. Explanation of variances, special exceptions, zoning changes, and "spot zoning"

XI. Discussion of local commercial real estate issues (30 minutes)

LICENSEES MAY CHOOSE BETWEEN THE COMMERCIAL AND RESIDENTIAL MODULE**RESIDENTIAL MODULE**

- I. Uniform construction code and zoning (30 minutes)
 - A. History of Pennsylvania Uniform Construction Code (5 minutes)
 - 1. Other codes used in the past
 - 2. Enforcement
 - a. Older codes
 - b. Newer Pennsylvania Uniform Construction Code
 - B. Uniform Construction Code covers in Pennsylvania (10 minutes)
 - 1. Basement egress/windows
 - 2. Foundations, floors, roof, HVAC, electrical
 - 3. Swimming pools, fencing, patio covers
 - 4. Sand mound and other septic systems
 - C. Zoning (15 minutes)
 - 1. In-law suites
 - 2. Duplexes
 - 3. Zoning information for property (locally)
- II. Environmental issues (45 minutes)
 - A. Typical concerns (20 minutes)
 - 1. Asbestos
 - 2. Radon
 - 3. Mold
 - 4. Lead
 - 5. Underground tanks
 - 6. Brief mentions: flood zone, meth houses
 - 7. Additional (use local, contemporary examples if available)
 - B. History of contamination impact (15 minutes)
 - 1. Ground contamination—Love Canal, New York state
 - 2. Ground water contamination—Laurel Gardens, Hazleton, PA
 - 3. Local examples
 - C. Sources of information for consumers and licensees (5 minutes)
 - 1. Environmental Protection Agency (www.epa.gov)
 - 2. Pennsylvania Department of Environmental Protection (www.dep.state.pa.us)
 - 3. Local sources
 - D. Licensee obligations and liability (5 minutes)
 - 1. Seller Property Disclosure Statement
 - 2. Licensee's obligations under Seller Disclosure Act
 - 3. How much disclosure is warranted? How much of contamination history discussion is warranted? Discussion of these items.
- III. Types of construction (20 minutes)
 - A. Stick or site built
 - B. Modular—factory built for permanent installation on a site
 - C. Manufactured—factory built for temporary or permanent installation on a site
 - D. Stick or site built vs. modular vs. manufactured homes with chart comparing the types with regard to:
 - 1. Where built
 - 2. Company/supplier examples
 - 3. Is structure easily moved?
 - 4. Roof pitch
 - 5. Window/door quality and indicators
 - 6. Heating system differences and probable locations in home

7. Attic/attic scuttles
 8. Interior finishes
 9. Wood chassis vs. steel
 10. Certification tags
- E. Differences in financing

IV. Land development (20 minutes)

A. Subdivision

1. Concerns
 - a. Location
 - b. Zoning and density—15% to 20% of land will be used for improvements
 - c. Utilities available—water, sewer, natural gas
 - d. Infrastructure—accessibility to major roads, schools, police, fire
2. Approvals
 - a. Engineering
 - b. Plans
 - c. Presentation
 - d. Time for approvals

B. Land development installation of site improvements

1. Concerns
 - a. DEP permit
 - b. Subdivision and land development ordinances
 - c. Engineering site work
 - d. Off-site improvements
 - e. Fees for utilities and permits
 - f. Bonding/letter of credit
 - i. Contingency fees
 - g. Inspection fees
 - h. Storm water run-off and retention/detention ponds
 - i. Road installation
 - j. Installation of utilities
2. Construction of buildings

V. Home inspections and home warranties (20 minutes)

A. Homeowner's insurance

1. Introduction—clue reports, credit rating on buyers
2. Relationship to agreement of sale
3. Underwriting prices—distance from fire hydrant, underground oil tanks, etc.

B. Home warranties

1. The value of home warranties in today's real estate transaction
2. Contracts—covered vs. non-covered items
3. Disclosure to buyers and sellers
4. Benefits to real estate agents

VI. Mortgage information (65 minutes)

A. Qualification requirements (5 minutes)

B. Note and mortgage (5 minutes)

C. Loan to value ratios—PMI (5 minutes)

D. Types of mortgage loans (20 minutes)

1. FHA
2. VA
3. Sub prime
4. Conventional
5. Fixed rate
6. Adjustable rate

E. Foreclosure (20 minutes)

F. Short sales (10 minutes)

Negotiations with lender, seller and buyer: basic definition and explain that it can be a very complicated process and salesperson should consult with broker and/or mortgage broker for correct information and procedure

VII. Fair housing (45 minutes)

A. Fair housing laws

1. Federal laws

a. Civil Rights Act of 1866

b. Plessy vs. Ferguson

c. Fair Housing Act of 1968

2. Pennsylvania law

B. Application to modern-day practice

1. Steering

2. Marketing and advertising

3. Exceptions

4. Banking and appraising

C. Case studies

VIII. Agreements of sale (30 minutes)

The licensees have already received instruction, as part of the 60-hour pre-license courses, which covers the required components of an agreement of sale. The education provider/instructor should determine which pre-printed form is most commonly used in the local instruction area and use that agreement of sale to instruct licensees how to properly "fill in the blanks" for these 30 minutes.

1. Mortgage contingency section (10 minutes)

2. Property inspection section (10 minutes)

3. How to properly complete the form (10 minutes)