



Welcome to the Florida Sales Associate Pre-License Class

Instructor.

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REAL ESTATE

CLASS INTRODUCTION NOTES

Instructor - PHIL NASH - 941 705 6798

- Please be on time. We will start without you on scheduled time.
- Please turn cell phones down or off and put them away.
- Please feel free to interact with the others and myself in class.
- Become acquainted with your classmates.
- There will be a break every 1-1/12 hrs. of class.
- On day classes, lunch will be about 11.30 for 45 minutes.
- At least equal or more home study time will be required.
- Re-read the chapters that we have just done in class.
- Answer any un-answered unit questions and the extra questions given to you.
- Learn the Key Words. Read the Summary of Important Points.
- Pre-read the next chapters.
- Provided Study Guide highlights class exam subject areas.
- Concentrate on these initially.
- Book fingerprints as soon as you can.
- Wait a few days then put in your application to DBPR.

Important Statutes and Rules

Executive Branch

F.S. 20

DBPR Rules and Regs

Real Estate Prof.
Practice Act

F.S. 475

F.S. 455

Brokerages

Part I

Appraisers

Part II

Comm Sales
Commission Lien
Act

Part III

Comm Leasing
Commission Lien
Act

Part IV

F.S. 120

Admin Procedure Act

F.A.C. 61J2

FREC Admin Rules

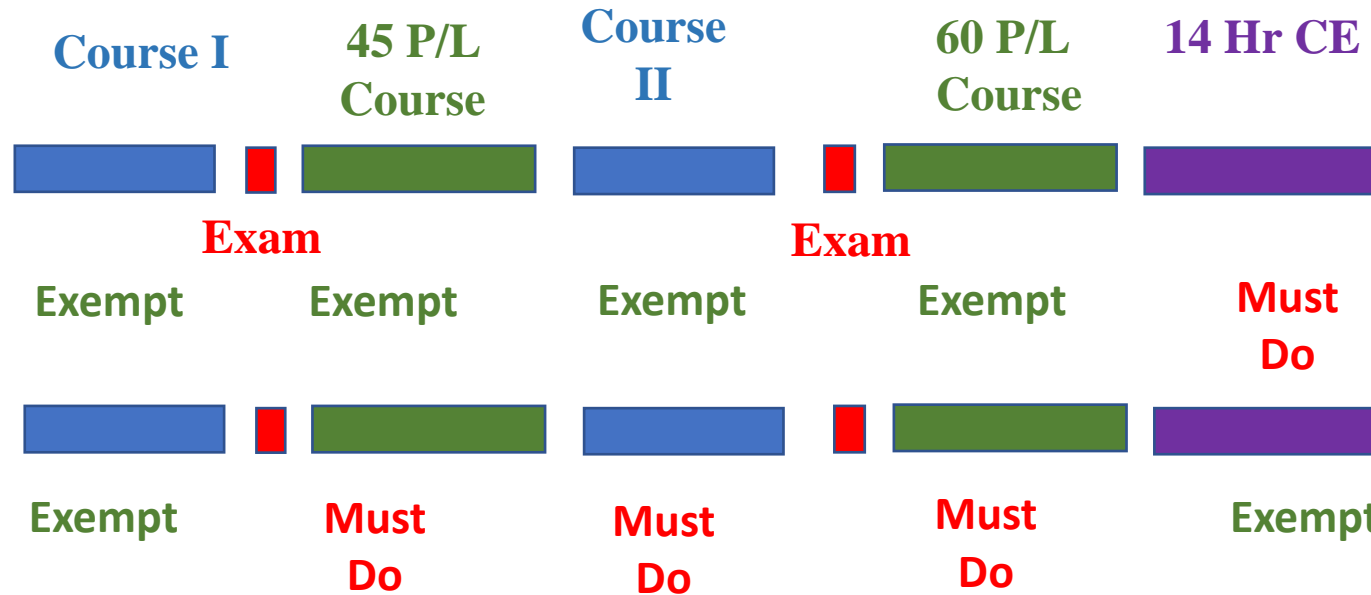


Exemptions To The Courses.

Everyone Must Do State Exams



4 Year Degree



Attorney

Real Estate Services

If you do any of the following for someone else for **compensation** then you will probably need an active license.

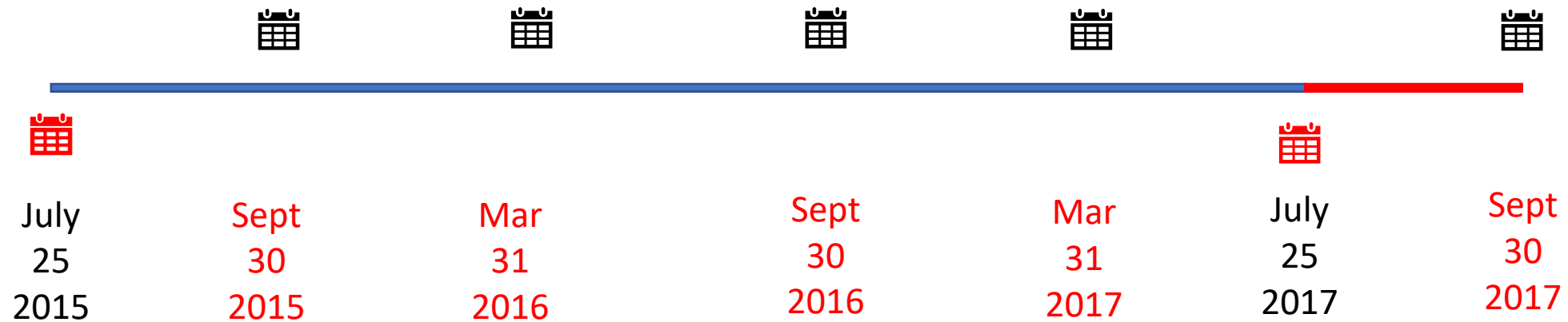
- A** Advertise real estate services
- B** Buy
- A** Appraise (non-federally related transactions)
- R** Rent or provide rental information
- S** Sell
- A** Auction
- L** Lease
- E** Exchange

A BAR SALE



Expiration date example

- License issued July 15th 2015



No Brokerage Duties

- **A** Account for all funds
- **D** Disclose all know material facts that affect the property value
Ghosts, deaths, suicides, HIV/AIDS excluded.
- **D.** Deal Honestly and Fairly

Duties of Single Agents.

- **A Account for all funds**
 - **D Disclose all known material facts that affect value**
 - **D deal honestly and fairly.**
 - **U Use skill, care, and diligence**
 - **P Present all offers and counteroffers.**
 - **C Confidentiality (Full)**
 - **O Obedience (Full)**
 - **L Loyalty (Full)**
 - **D Disclosure (Full)**
-
- Call buyers or sellers your client and principal.

Transaction Broker Duties

- A Account for all funds
- D Disclose all known material facts that affect value
- D Deal honestly and fairly
- U Use skill, care, and diligence
- P Present all offers and counteroffers timely
- E Exercise limited confidentiality, unless waived in writing
- P Perform additional duties mutually agreed to



SAME BROKER(AGE)



Can they work together?

SELLER

Single Agent

Trans Broker

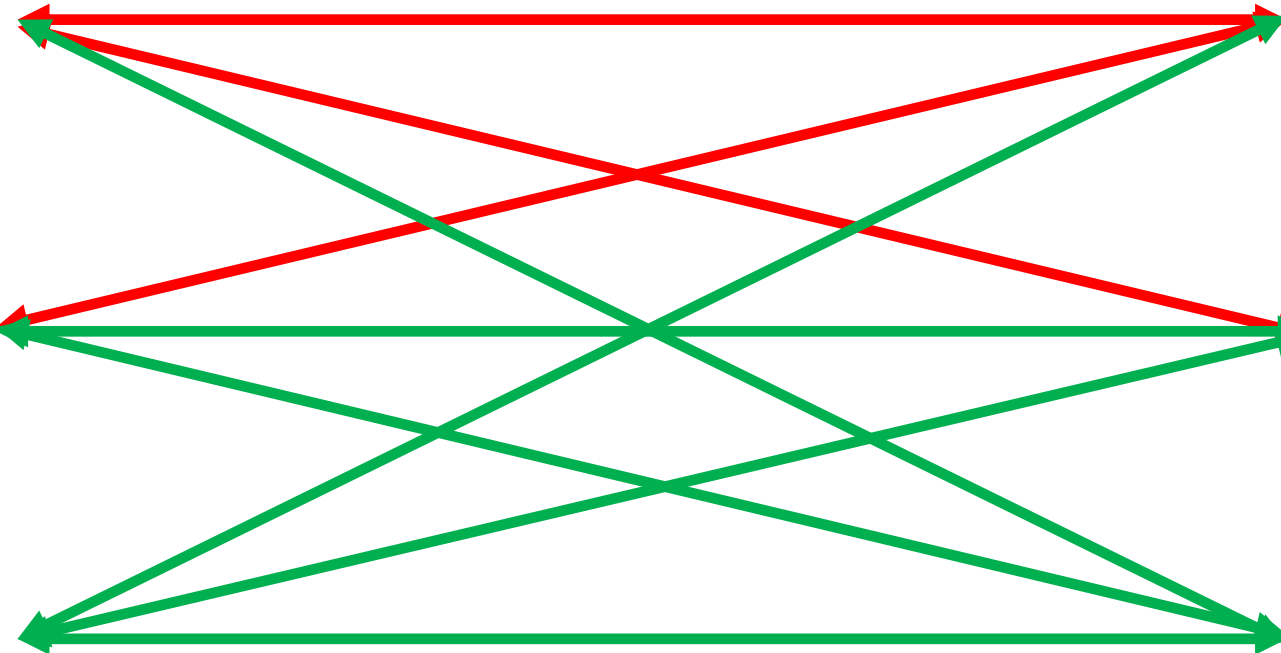
No Brokerage

BUYER

Single Agent

Trans Broker

No Brokerage



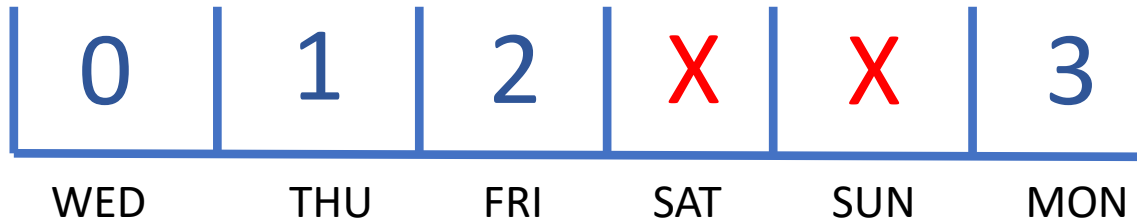
Timely Deposit Example

Example.

- Sales associate received earnest money deposit on Wednesday
- Sales associate must deliver deposit to broker no later than Thursday
- Broker must deposit in escrow account no later than Monday (no holidays)

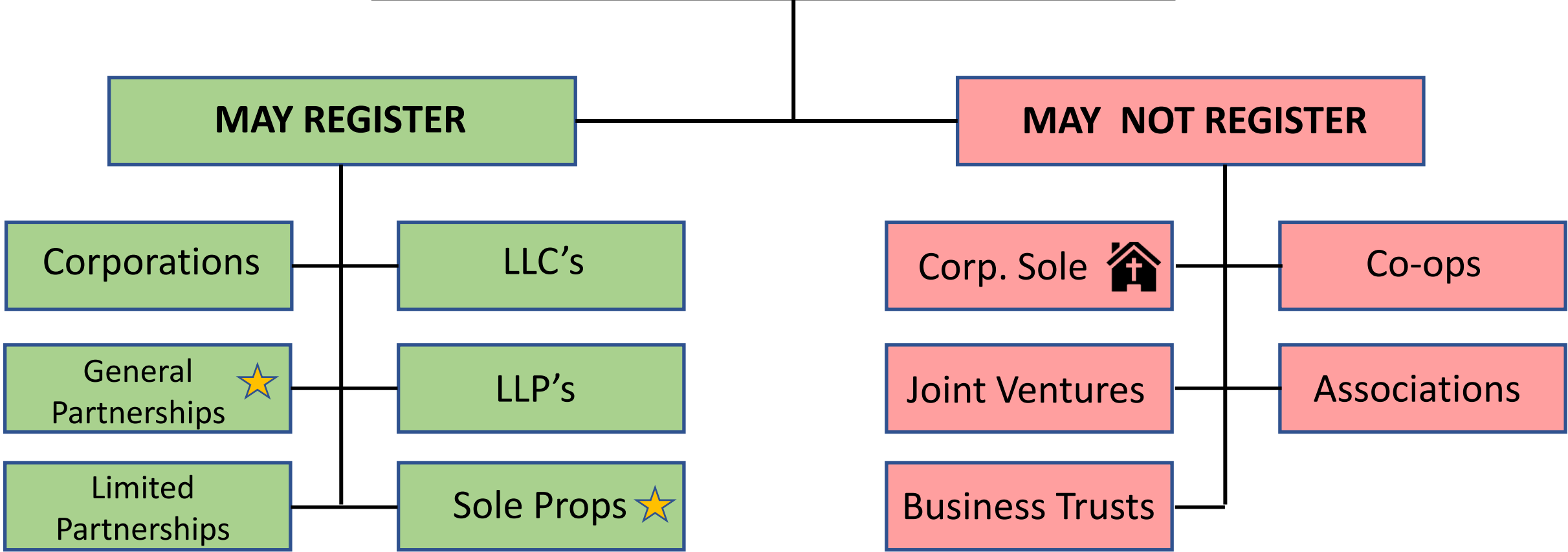


Days start as soon as anyone in brokerage receive funds.
Do not add the two together.



NOTE. Funds received by agent are regarded the same as being received by the broker.

Types of Business Entities



★ General Partners and Sole Proprietorships **DO NOT** have to file with State.



Disciplinary Process

Complaint. DBPR

Legally Sufficient. DBPR

Probable Cause Panel FREC

Back to DBPR

Issues Formal / Admin Complaint
+ Election of rights form

Informal Hearing
In front of FREC
Don't Dispute

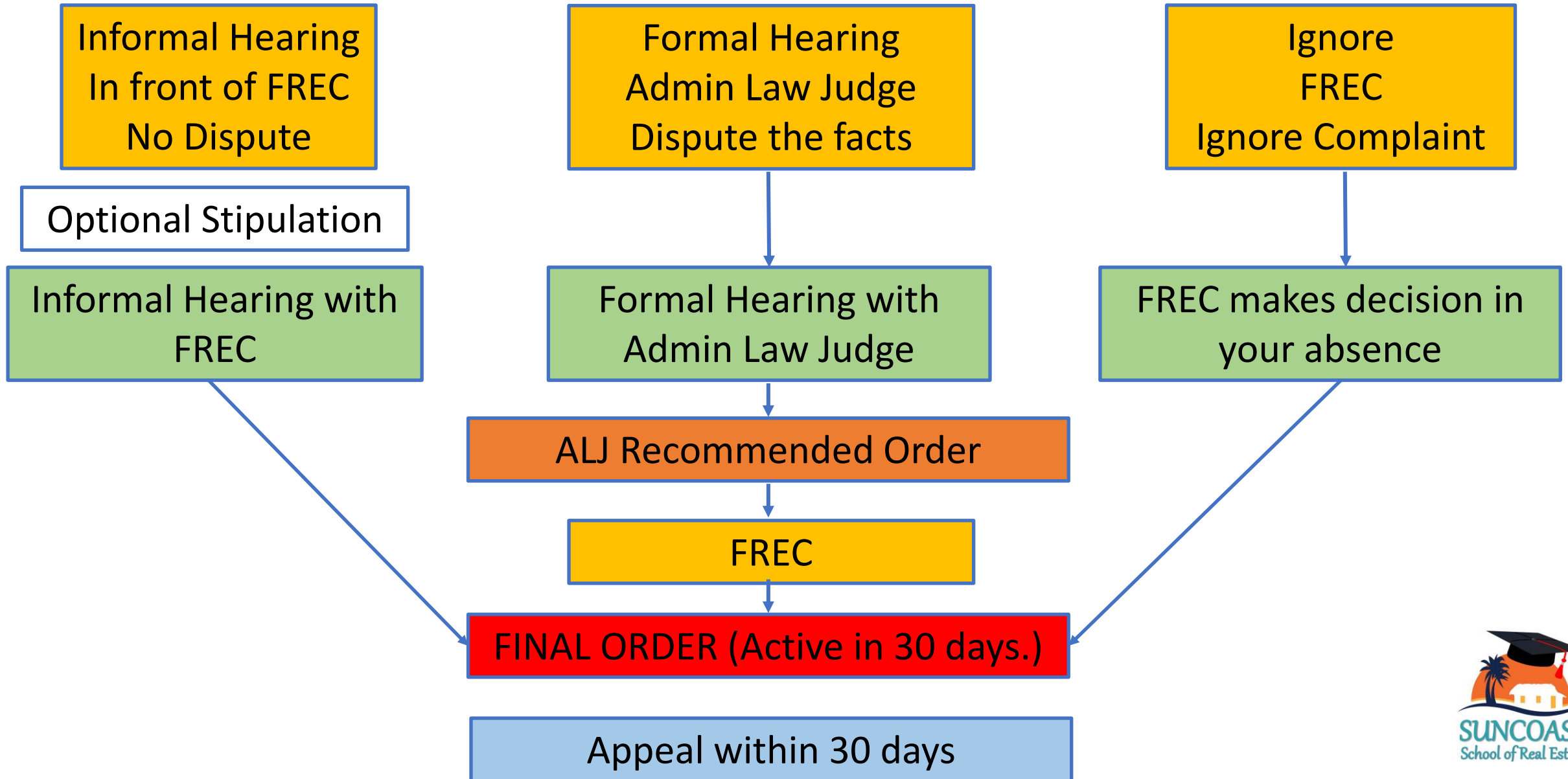
Formal Hearing
Admin Law Judge
Dispute Facts

Ignore
Complaint
FREC

Emerg. Susp. Order

2 Commissioners or
1 Ex and 1 Current
1 must have license

Disciplinary Process (continued)



Fair Housing and Advertising

- Prohibits advertisements that discriminate against protected classes

- **F**amilial status 1988 (under 18 or pregnant)
- **R**ace 1866
- **S**ex 1968
- **H**andicap 1988 (intellectual or physical)

- **C**olor 1968
- **R**eligion 1968
- **N**ational origin 1968

F R S H C R N

Note. No age or marital status class

Types of Ownership



SEVERALTY



100%

HEIRS INHERIT



COMMON



30% 20% 50%

HEIRS INHERIT



JOINT



33% 33% 33%

SURVIVORSHIP

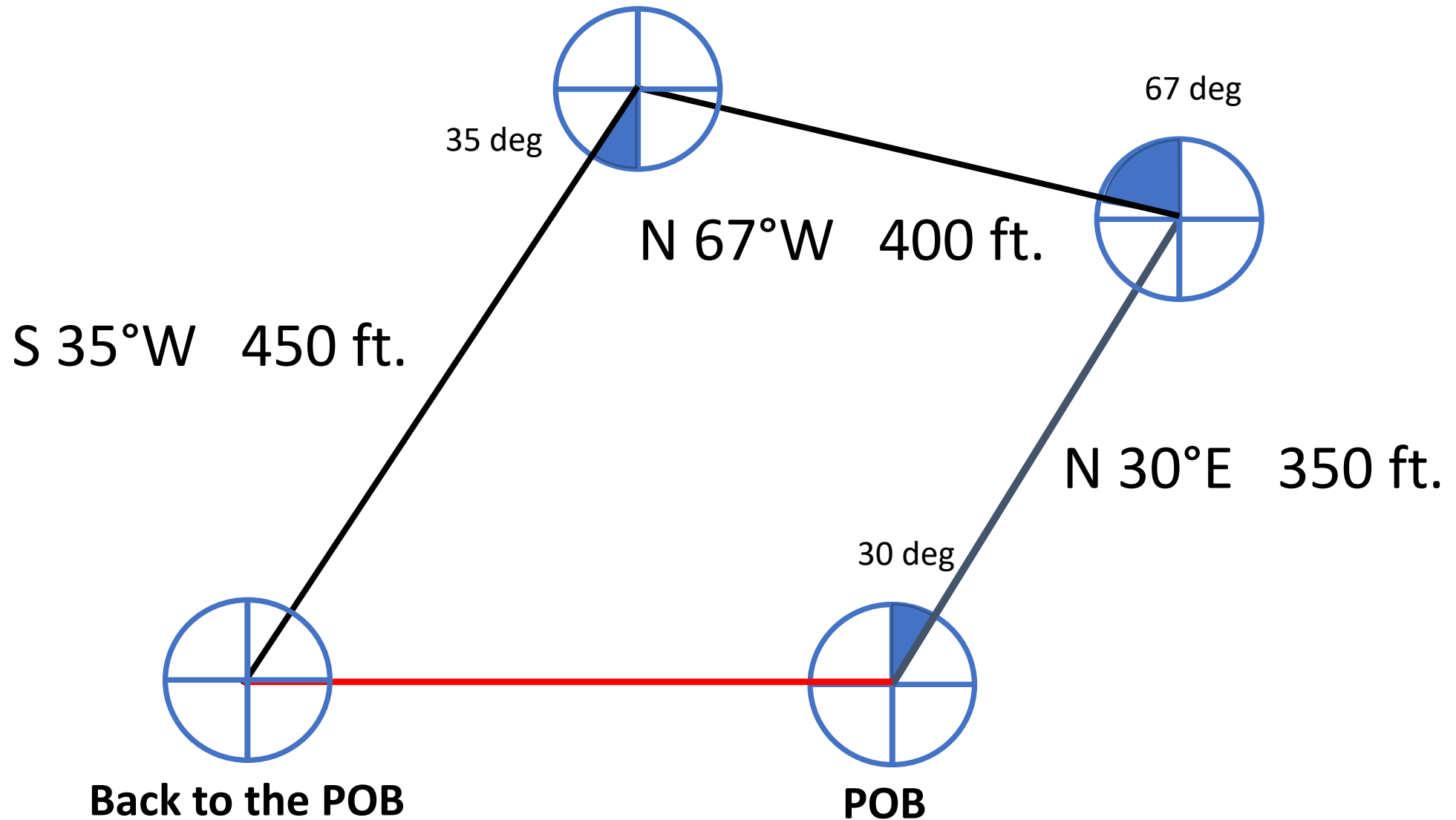


ENTIRETIES



100%

SURVIVORSHIP



FROM POB N 30°E FOR 350 FT, THENCE N 67°W FOR 400FT THENCE S 35°W FOR 450FT THEN BACK TO POB

How Many Acres ?

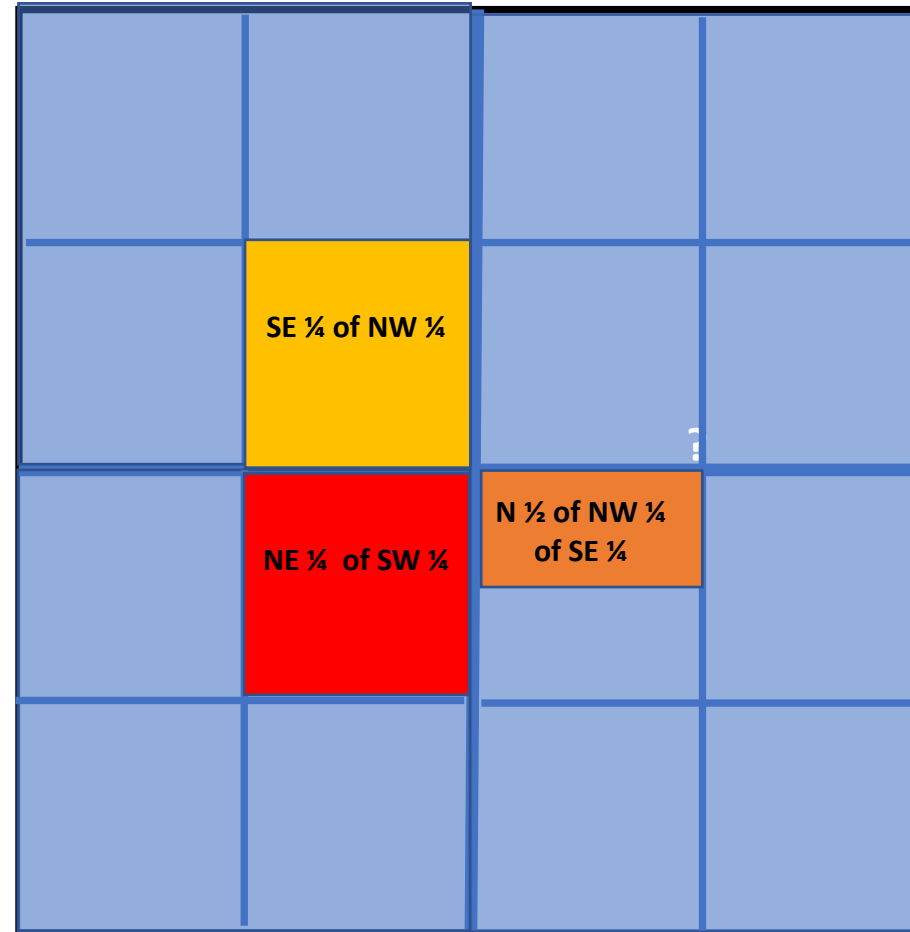


$$640 \div 4 \div 4 = 40.$$

$$640 \div 4 \div 4 = 40.$$

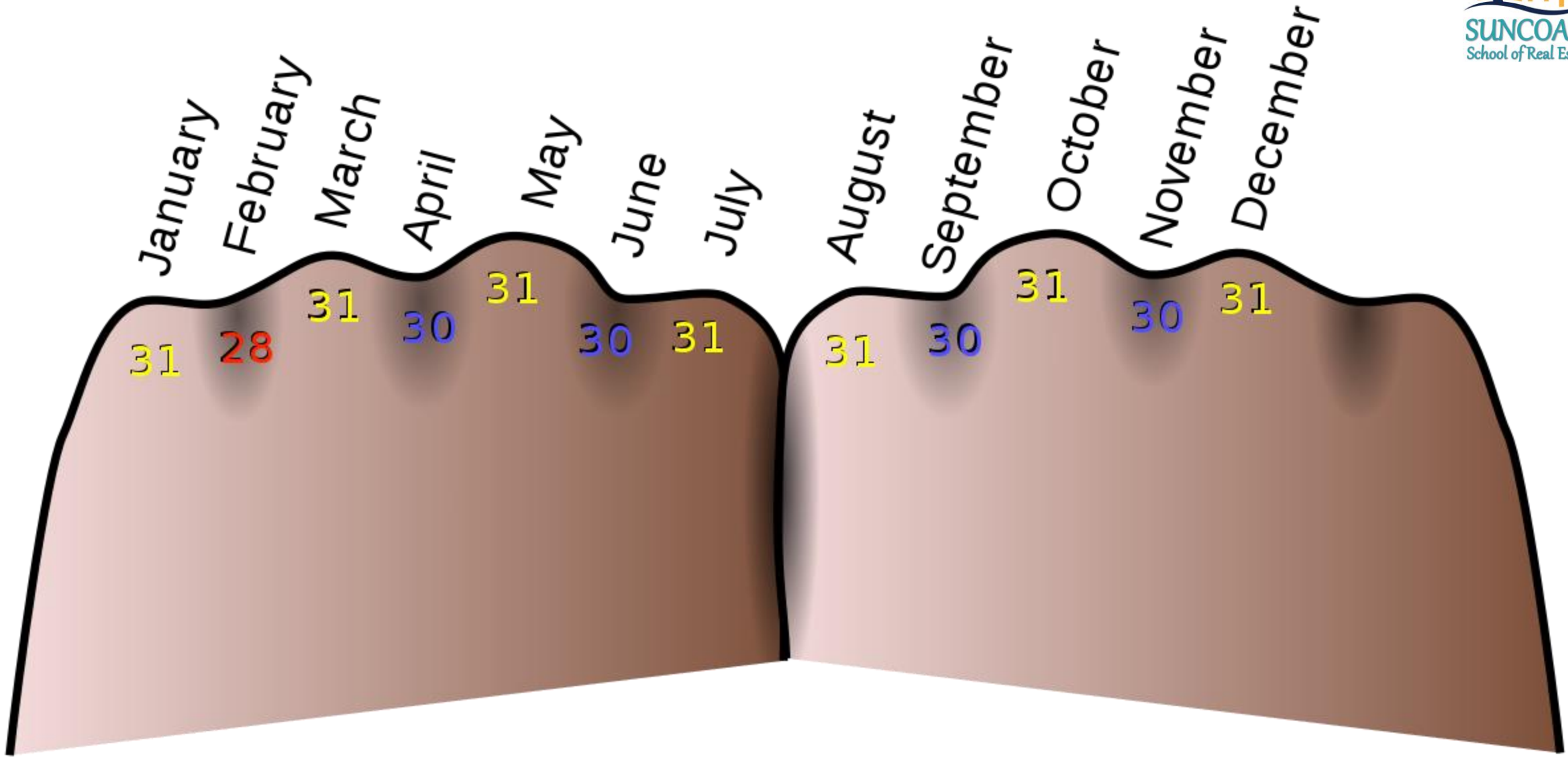
$$640 \div 2 \div 4 \div 4 = 20.$$

$$40 + 40 + 20 = 100 \text{ ac.}$$

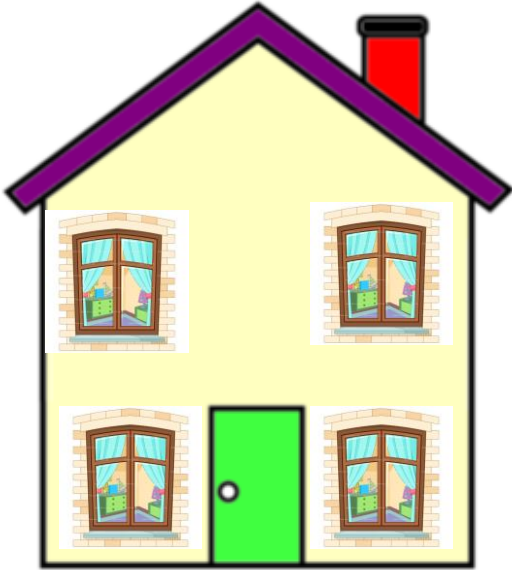


Question ..

SE $\frac{1}{4}$ of NW $\frac{1}{4}$ and NE $\frac{1}{4}$ of SW $\frac{1}{4}$ and N $\frac{1}{2}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$?



Comp 1
3752 Shamrock Dr
\$141,500



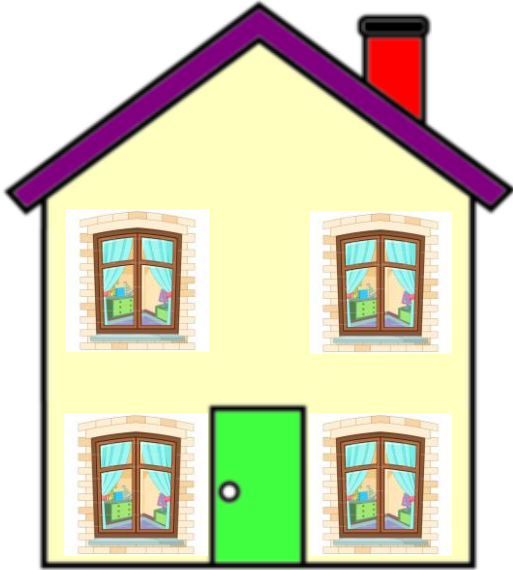
Comp 2
3748 Shamrock Dr.
\$136,000



Comp 3
3619 Shamrock Dr.
\$140,000



Subject Property
?



Home Sold Price	\$141,500
Sold 6 Months ago or 2%	
2% X 141,500 =	+\$2,830
Home is Larger by 160 Sq.Ft	
\$160 X 60 =	- \$9,600
Adjusted Sale Price	\$134,730

Home Sold Price	\$136,000
Sold 3 Months ago or 1%	
2% X 141,500 =	+\$1,360
Home is smaller by 20 Sq.Ft	
\$160 X 20 =	+\$1,200
Adjusted Sale Price	\$138,560

Home Sold Price	\$140,000
Home sold 0 months ago	
Home is same size	
Landscaping Better	-\$1,000
Adjusted Sale Price	\$139,000

Comp 1	\$134,730
Comp 2	\$138,560
Comp 3	<u>\$139,000</u>
Total	\$412,290
÷ 3 =	\$137,430

Market + 4% per year. Cost per Sq. Ft. \$60

Comp 1	\$134,730 X .20 = \$26,946
Comp 2	\$138,560 X .30 = \$41,568
Comp 3	\$139,000 X .50 = <u>\$69,500</u>
Total	\$138,014



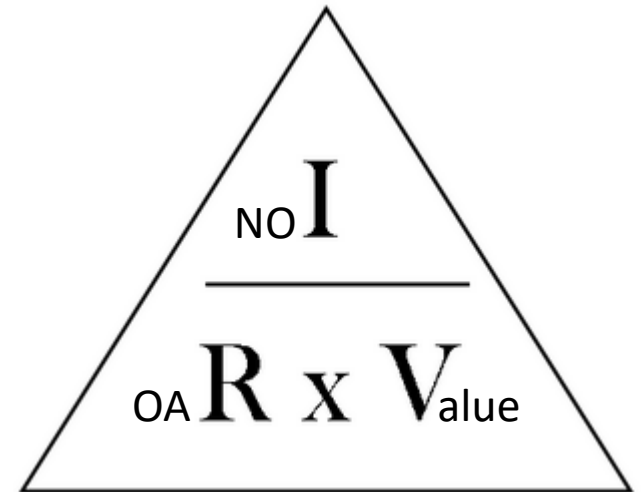
Income Approach

- Potential Gross Income PGI
- Vacancy Losses + Other Income - VAC
- Effective Gross Income = EGI
- Fixed Expenses - FE
- Variable Expenses - VE
- Reserves for Replacements - RFR
- Net Operating Income = NOI

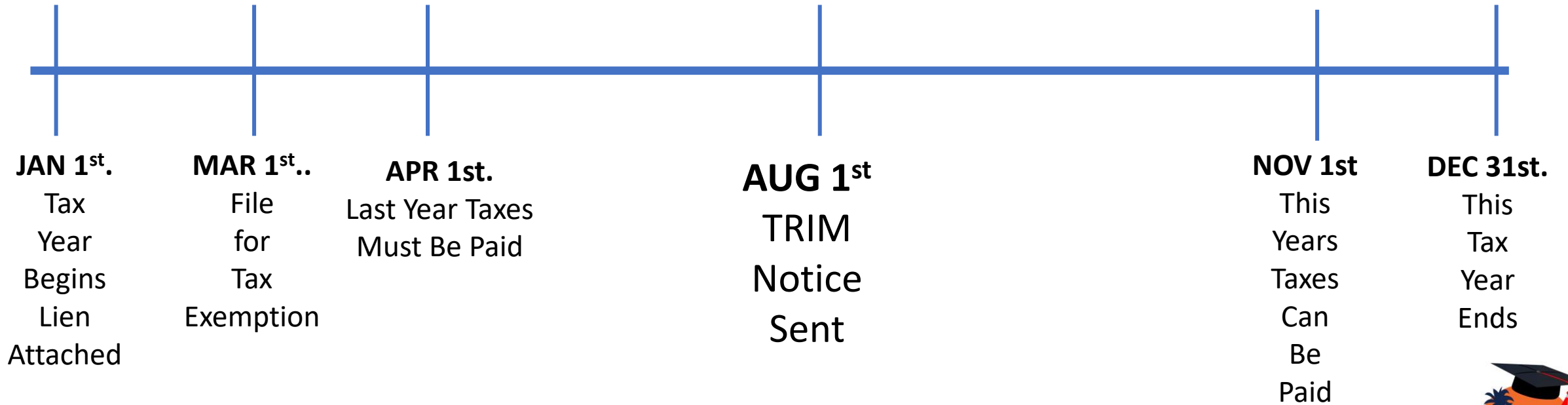
Explaining Overall Cap Rate. $O_{ver}A_{ll}R_{ate}$

(rate of return, return on investment, percentage profit)

- Example 1. Building cost 100,000 (V)
OAR ? NOI = 10,000 (I)
Income / Value = OAR = $10,000/100,000 = 0.1$ or 10%
- Example 2. NOI = 10,000 (I)
Value ? OAR = 10% (R)
Income / OAR = Value = $10,000/10\% = 100,000$
- Example 3. Value = 100,000 (V)
Income ? OAR = 10% (R)
OAR X Value = Income = $10\% \times 100,000 = 10,000$



PROPERTY TAX SCHEDULE



[See Tax Bill Here](#)

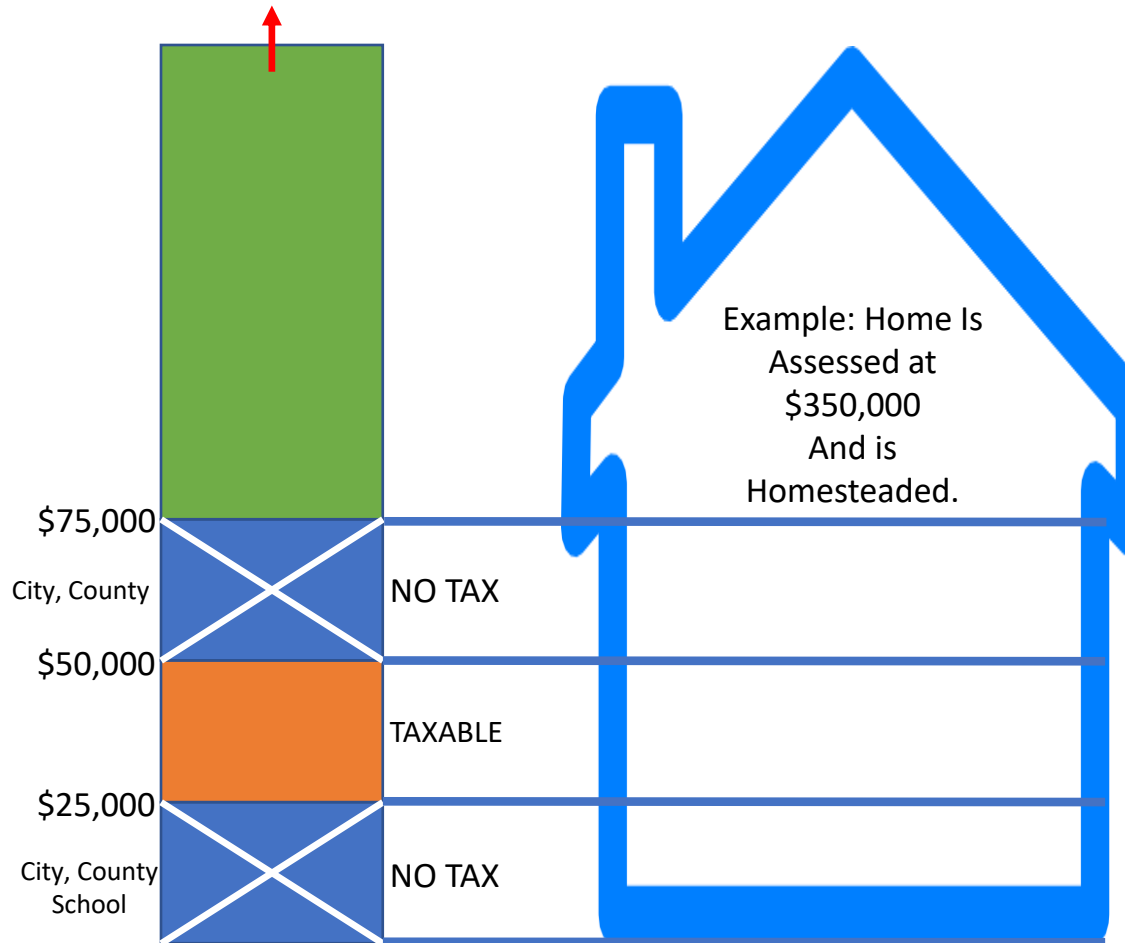


Property Tax Exemptions

Assessed Value 350,000 – 25,000
= 325,000 Taxable Value for Schools

Assessed Value 350,000 – 50,000
= 300,000 Taxable Value for City

Assessed Value 350,000 – 50,000
= 300,000 Taxable Value for County



Fractions. Percentages



$$\frac{1}{1} = 1 \times 100 = 100\%$$



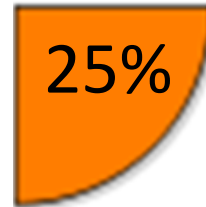
Cost \$6.00

$$\frac{1}{2} = .5 \times 100 = 50\%$$



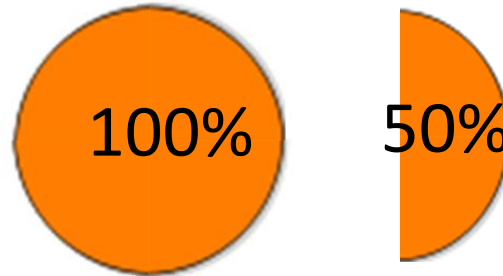
$$\begin{aligned} \$6.00 \times .5 &= \$3.00 \text{ or} \\ \$6.00 \times 50\% &= \$3.00 \text{ or} \\ \$6.00 / 2 &= \$3.00 \end{aligned}$$

$$\frac{1}{4} = .25 \times 100 = 25\%$$



$$\begin{aligned} \$6.00 \times .25 &= \$1.50 \text{ or} \\ \$6.00 \times 25\% &= \$1.50 \text{ or} \\ \$6.00 / 4 &= \$1.50 \end{aligned}$$

$$\frac{3}{2} = 1.5 \times 100 = 150\%$$



$$\begin{aligned} \$6.00 \times 1.5 &= \$9.00 \text{ or} \\ \$6.00 \times 150\% &= \$9.00 \text{ or} \\ \$6.00 / 2 \times 3 &= \$9.00 \end{aligned}$$

\$165,000 Home. Owner is Blind. Taxes. School 6 mills, City 8.7 mills, Cty 9.2

- School Taxes. $\$25,000 + \500 (blind) in exemptions. = $\$25,500$
- $\$165,000 - \$25,500 = \underline{\$139,500}$ Taxable Value.
- City and Cty. $\$50,000 + \$500 =$ (blind) in exemptions. - $\$50,500$
- $\$165,000 - \$50,500 = \underline{\$114,500}$ Taxable Value
- School Taxes
- $139,500 \times .006 = \underline{\$837}$
- City and Cty
- $8.7 + 9.2 = 17.9$ mills = $.0179$
- $\$114,500 \times .0179 = \underline{\$2049.55}$
- Total $\$837 + \$2049.55 = \$2886.55$ in Property Taxes.



- My Example Question
- Home Price \$2,500,700
- First Mortgage for 55% of price
- Assumes second mortgage of \$250,000
- What are the total Taxes due on the transaction?

Taxes on Deed $\$2,500,700 / 100 = 25,007 \times .7 = \$17,504.90$

First Mortgage Note $\$2,500,700 \times 55\% = \$1,375,385$

$\$1,375,385 / 100 = 13,753.85$ round to 13,754 $\times .35 = \$4,813.90$

Intangible Taxes on First Mortgage Doc $\$1,375,385 \times .002 = \$2,750.77$

Taxes on Assumed Note $\$250,000 / 100 \times .35 = \875.00

Total = $\$25,944.57$

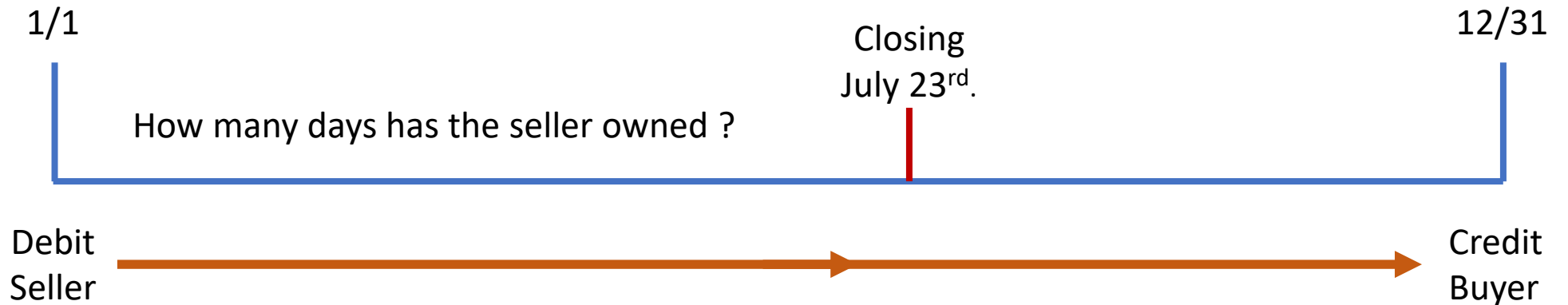
HOW TO PRORATE TAXES THAT HAVE NOT BEEN PAID.

Taxes \$3,467.50 per year. Sale July 23rd. Use 365 day Method.

Who Pays To Whom and How Much?

$$\$3,467.50 / 365 = \$9.50 \text{ per day}$$

Jan 31
Feb 28
Mar 31
Apr 30
May 31
Jun 30
Jul 22
Total 203



$$203 \times \$9.50 \text{ per day} = \$1,928.50$$

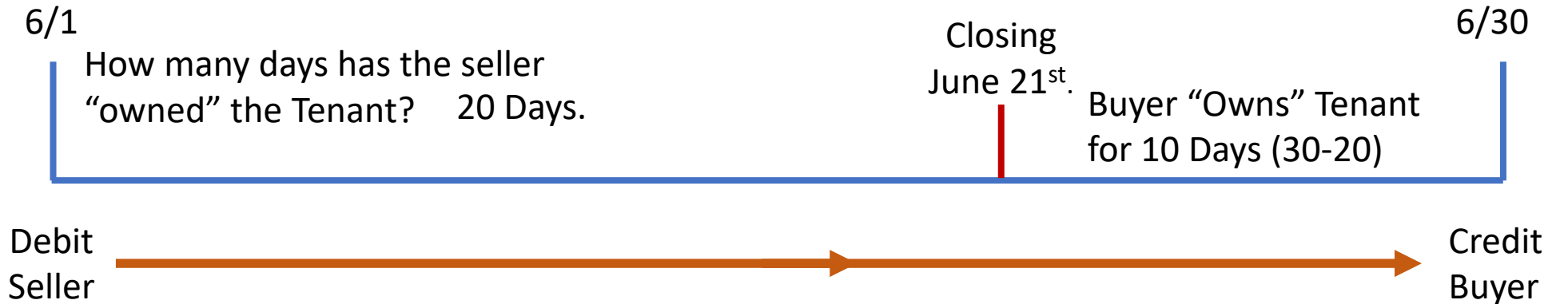


HOW TO PRORATE PRE-PAID RENT.

Rent \$1,245 per month. Sale June 21st.

Who Pays To Whom and How Much

$$\$1,245 / 30 = \$41.50 \text{ per day}$$



$$10 \times \$41.50 \text{ per day} = \$415.00$$



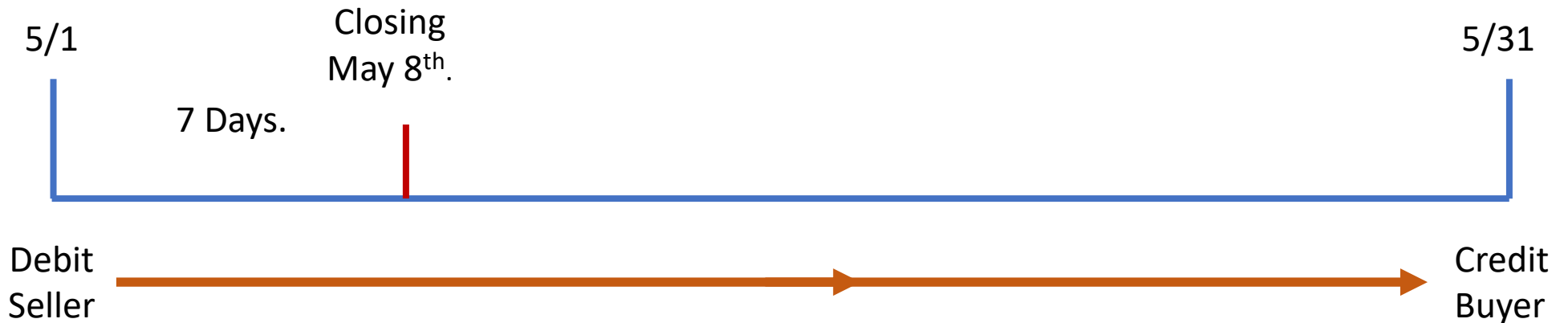
HOW TO PRORATE UNPAID INTEREST ON ASSUMED MORTGAGE.

Balance is \$93,600 at 4.5% Closing on May 8th.

Who Pays To Whom and How Much

$$\$93,600 \times 4.5\% / 365 = \$11.539726 \text{ per day}$$

How many days has the seller not paid interest?



$$7 \times \$11.539726 \text{ per day} = \$80.78$$

HOW TO PRORATE PRE PAID HOA FEES

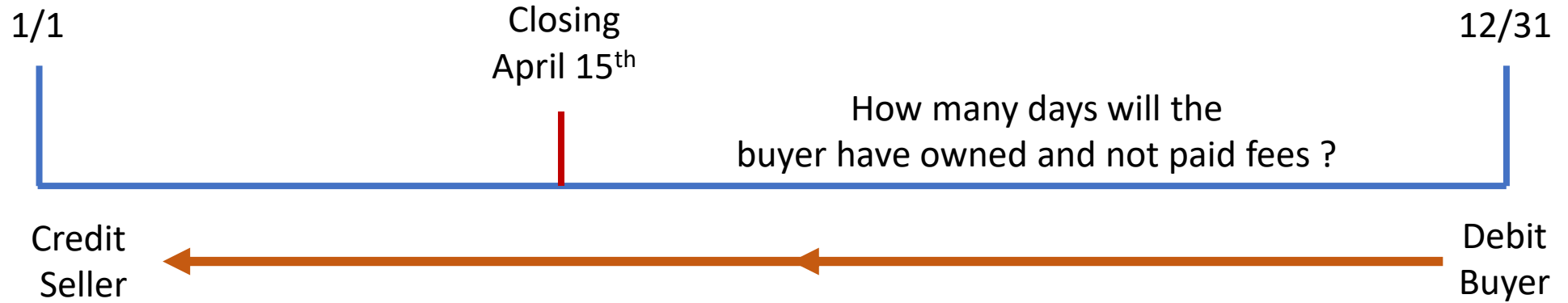
Fees are \$3650 per year. Sale April 15th. Use 365 day Method.

Who Pays To Whom and How Much

$$\$3650 / 365 = \$10.00 \text{ per day}$$

Jan 31
Feb 28
Mar 31
Apr 14
Total 104

$$365 - 104 = 261 \text{ days}$$



$$261 \times \$10.00 \text{ per day} = \$2610.00$$



Statutory Deeds

Deed	Clauses	Grantor Warrants	Uses	Other Points
Quitclaim	Granting ONLY	Non on the condition of Title	<ol style="list-style-type: none"> To Clear Clouds on Title To Walk away from the property 	Best deed for Grantor
Bargain & Sale	Granting, Habendum and Seisen	Conveys on title but no guarantess on the condition of the title	Provides minimal protection. Says the owner owns the property and has right to sell however NO Warranties	Trustees will use
Special Warranty	Granting, Habendum and Seisen	Promises only to clear title for defects while GRANTOR owned Property	Provides minimal protection. Says the owner will clear defects during owners ownership	Used by Banks, Corporations
General Warranty	All clauses and warranties	Grantor gives every possible protection on title	Unless contract states different Florida Law Requires this deed	Best deed for the Grantee

Clauses:

Premises -- Name and Date

Granting -- words of conveyance

Habendum -- type of estate being conveyed

Seisin -- Has the right to sell property

No encumbrances -- no burdens on property except noted

GRANTOR -- Person GIVING title -- Has to be competent

GRANTEE -- Person RECEIVING title

Days Notice Required

3 Days

- Rescission, Resale of Condo

7 Days

- Terminate Week-to-Week Tenancy at Will

10 Days

- Rescission, Time Share Developer Sale or resale

14 Days

- Notice to Defendant of Formal Hearing
- Replace Active Broker in Broker Corporation

15 Days

- File Exception to Recommended Order
- Terminate Month-to-Month Tenancy at Will
- Rescission, Developer Sale of Condo
- Escrow Dispute to Notify FREC
- Probable Cause Request for Additional Information

25 Days

- Protest Tax Assessment

Days Notice Required

30 Days

- Action to resolve Escrow Dispute
- Probable Cause Panel must find cause within
- Applicant must correct error or omission on application
- To request refund of fee due to rental information error
- Appeal Final Order of the District Court of Appeals

90 Days

- Approval of Application from Date of Receipt of Complete Application
- Hearing Officer's Recommended Order must be rendered within
- Mechanic must file Mechanic's Lien after completion of work
- Mediation must be completed within

1 Year

- Mechanic's Lien, Action to Foreclose instituted within



MEASUREMENTS

Here are some basic units of measure that you should commit to memory:

1 foot = 12 inches

1 yard = 3 feet

1 Square yard = 9 feet

1 acre = 43,560 square feet (Helpful hint: Something that helped me remember it was my real estate professor told us to think of the store Seven Eleven to remember how many feet are in an acre, $4+3=7$ and $5+6=11$ so on acre is 43,560.)

1 mile = 5,280 feet

1 square mile = 640 acres ($5,280\text{ft (1 mile)} \times 5,280\text{ft (1 mile)} = 27,878,400\text{ft} \div 43,560\text{ft (1 acre)} = 640$ acres. (You probably don't need to commit the square mile to memory but understanding how it's calculated is good to know.)

