



# Indiana Real Estate Candidate Handbook

March 2025

## State licensing information

Candidates may apply for a real estate broker license through the Indiana Professional Licensing Agency after passing both examinations.

### Website

<https://www.in.gov/pla/professions/real-estate-home/>

## Examination information

Candidates may contact Pearson VUE with questions about this handbook or about an upcoming examination.

### Pearson VUE

#### Indiana Real Estate

Attn: Regulatory Program  
5601 Green Valley Drive  
Bloomington, MN 55437

### Phone

(800) 274-2717

### Email

[pearsonvuecustomerservice@pearson.com](mailto:pearsonvuecustomerservice@pearson.com)

### Website

<https://www.pearsonvue.com/us/en/in/realestate.html>

# Quick reference

## Reservations

### Before making an exam reservation

Candidates should thoroughly review this handbook. It contains important examination information regarding eligibility for the examination and the licensing application process.

### Making an exam reservation

Candidates may make a reservation by either visiting <https://www.pearsonvue.com/us/en/in/realestate.html> or calling Pearson VUE.

Candidates are encouraged to make their exam reservation at least forty-eight (48) hours in advance.

**Walk-in examinations are not available.**

## Schedules & fees

### Test centers

Candidates should visit <https://www.pearsonvue.com/us/en/in/realestate.html> for a complete list of testing center locations.

### Exam fees

The examination fee must be paid at the time of reservation by credit card, debit card, or voucher.

**Fees will not be accepted at the test center.**

**Examination fees are non-refundable and non-transferable, except as detailed in the Change/Cancel Policy.**

## Exam day

### What to bring to the exam

Candidates should bring to the examination proper identification as outlined in the **What to Bring** section.

### Exam procedures

Candidates should report to the test center at least thirty (30) minutes before the examination begins to complete registration. Each candidate will receive a score report at the completion of the exam.

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# Overview

This handbook provides information about the examination and licensing process for Indiana Real Estate testing candidates. It is highly recommended that candidates review this information and the examination content outlines before taking the examination.

**Individuals who wish to obtain a real estate license in the state of Indiana must:**

- 1. Complete pre-licensing education requirements.**

Before taking an examination, candidates must complete all pre-licensing education. See **Exam eligibility** for more information. For questions, visit <https://www.in.gov/pla/professions/real-estate-home>.

- 2. Make a reservation and pay the examination fee.**

Make a reservation (by phone or online) with Pearson VUE for the examination. Online reservations can be made at <https://www.pearsonvue.com/us/en/in/realestate.html>.

- 3. Go to the test center.**

Go to the test center on the day of the examination, bringing along all required identification items. See **What to bring** for details.

You will receive your results immediately after the exam. If successful, you will receive instructions for completing the licensure process with your state licensing board.

- 4. Apply for a license through the Indiana Professional Licensing Agency.**

# Introduction

## About the Indiana Professional Licensing Agency

Individuals who engage or conduct business as a real estate broker in Indiana must apply to the Indiana Professional Licensing Agency (IPLA) for licensure. The IPLA ensures citizens have access to robust, safe, and reliable professional services by providing licensure to professionals in a fair and efficient manner.

## Contact information

Candidates may contact Pearson VUE with questions about this handbook or about an upcoming examination.

### Pearson VUE Indiana Real Estate

Attn: Regulatory Program  
5601 Green Valley Drive  
Bloomington, MN 55437

**Phone:** (800) 274-2717

**Website:** <https://www.pearsonvue.com/us/en/in/realestate.html>

**Email:** [pearsonvuecustomerservice@pearson.com](mailto:pearsonvuecustomerservice@pearson.com)

Live chat is available to address candidate support inquiries and is the quickest way to reach a customer service agent. It is available from 7:00 A.M. to 10:00 P.M. CST Monday through Friday, 7:00 A.M. to 4:00 P.M. CST on Saturday, and 9:00 A.M. to 3:00 P.M. CST on Sunday. Availability is subject to change during locally-designated holidays.

Please visit <https://www.pearsonvue.com/us/en/in/realestate.html#contact> for more information.

Candidates may contact IPLA with questions about obtaining or maintaining a license.

### Indiana Professional Licensing Agency (IPLA)

402 W. Washington St., Room W072  
Indianapolis, IN 46204

**Phone:** (317) 232-2960

**Website:** <https://www.in.gov/pla/professions/real-estate-home/>

**Email:** [pla5@pla.in.gov](mailto:pla5@pla.in.gov)

## Licensure process

Licensure is the process by which an agency or state government or other jurisdiction grants permission to individuals to engage in the practice of a particular profession, vocation, or occupation and prohibits all others from legally practicing that profession. By ensuring a minimum level of competence, the licensure process protects the general public. The state regulatory agency is responsible for establishing the acceptable level of safe practice and for determining whether an individual meets that standard.

The IPLA has commissioned the services of Pearson VUE to develop and administer its licensing examination program. Pearson VUE is a leading provider of assessment services to regulatory agencies and national associations.

## Practice tests

Practice tests for the national portion of the examination are available exclusively online through Pearson VUE, giving candidates an additional opportunity to succeed on their real estate examinations. The practice tests help candidates prepare for the types of questions they will see on the national portion of the licensure examination and familiarize themselves with taking computer-based examinations.

Pearson VUE real estate practice tests contain questions developed by subject matter experts using concepts found in the national portion of the licensure examination. The tests closely reflect the format of the national portion of the licensure examination, and they are scored instantly to provide candidates with immediate feedback regarding correct and incorrect answers. Candidates can purchase practice tests anytime by visiting <https://www.pearsonvue.com/us/en/practicetests/realestate.html>.

# Exam reservations

Schedule an exam appointment online at <https://www.pearsonvue.com/us/en/in/realestate.html> or by calling Pearson VUE at (800) 274-2717.

## Test center locations

Pearson VUE test centers are available throughout the United States and U.S. territories. Visit <https://www.pearsonvue.com/us/en/in/realestate.html> to find a local testing center.

## Exam eligibility

For additional information, visit <https://www.in.gov/pla/professions/real-estate-home>.

### Broker New Applicants

Candidates taking the broker exam must first complete a 90-hour pre-licensing course. Both parts of the exam (national and state) must be taken and passed within one (1) year of the date that the pre-licensing course was completed.

### Broker by Endorsement

Candidates need to take the state portion of the exam only. The 90-hour pre-licensing course is not required.

Approval is required from the Indiana Real Estate Commission before candidates can take the state exam. Pearson VUE does not receive or need any information regarding this approval.

### Broker Instructor

Candidates must pass both portions of the instructor exam (national and state) before applying for licensure with the IPLA. There are no pre-licensing requirements for this exam.

## Making an exam reservation

Online reservations (<https://www.pearsonvue.com/us/en/in/realestate.html>) are the most efficient way for candidates to schedule their examinations. Candidates must make an online reservation at least forty-eight (48) hours before the desired examination date. **Walk-in examinations are not available.**

Candidates who wish to make a phone reservation at (800) 274-2717 must do so at least forty-eight (48) hours before the desired examination date.

**Before making a reservation, candidates should have the following:**

- Legal name, address, email address, daytime telephone number, and date of birth
- Name of the examination(s)
- Preferred examination date and test center location



## Available exams

The following is a list of the Indiana Real Estate licensing examinations offered by Pearson VUE:

### Real estate exams

Exam Type	Series Code	Seat Time	Total Questions	Passing Score (scaled)	Exam Fee
Real Estate Broker	ReIN-Broker	240 minutes	145	75	\$55
Real Estate Broker by Endorsement	ReIN-BrokerEnd	90 minutes	60	75	\$55
Real Estate Broker Instructor	ReIN-Instr	240 minutes	130	75	\$55

### Appraiser exams

Exam Type	Series Code	Seat Time	Total Questions	Passing Score (scaled)	Exam Fee
Indiana Appraiser Trainee	ReIN-AppTrain	240 minutes	200	75	\$65
Certified Residential Appraiser	22-IN-B	240 minutes	125	75	\$65
Certified General Appraiser	22-IN-C	360 minutes	125	75	\$65

Refer to the [Indiana Appraiser Candidate Handbook](#) for additional information on the Indiana Appraisers exams.

## Exam fees

Exam fees must be paid at the time of the reservation by credit card, debit card, or voucher.

**Fees will not be accepted at the test center.** Examination fees are non-refundable and non-transferable, except as detailed in the **Change/cancel policy**.

### Vouchers

Vouchers offer another convenient way to pay for exams. They can be purchased online at <https://voucherstore.pearsonvue.com/order?clientCode=INREL> by credit card, either individually or in bulk. To redeem a voucher as payment when scheduling an exam, select voucher as the payment method and provide the voucher number. All vouchers are prepaid, non-refundable, and non-returnable.

Vouchers expire twelve (12) months from the date they are issued, and expiration dates cannot be extended. An exam must be taken by the expiration date printed on the voucher.



## Candidates licensed in another state

Candidates who hold a real estate broker license in another state and wish to only take the Indiana state laws, rules, and regulations portion of the exam may opt to take the Broker by Endorsement exam.

Once the candidate has successfully passed the endorsement exam, they can apply for licensure through the IPLA and follow the instructions for licensure by endorsement.

## Change/cancel policy

Candidates wishing to cancel or reschedule their examination without penalty must do so at least **forty-eight (48) hours** before the examination.

Visit <https://www.pearsonvue.com/us/en/in/realestate.html> to cancel online or call Pearson VUE at (800) 274-2717 to cancel by phone. Candidates who wish to change or cancel a reservation and have provided proper notice may transfer the fees to a new reservation or request a refund. Refunds for credit or debit card payments are processed immediately while refunds for payments made with vouchers are processed within 2-3 weeks. **Candidates who change or cancel their reservations without proper notice are responsible for the examination fee.**

Candidates are individually liable for the full amount of the examination fee once a reservation has been made, whether paid individually or by a third party.

## Absence/lateness policy

Candidates who are absent from or late to an exam may call Pearson VUE within fourteen (14) days of the exam date to request an excused absence for the following reasons:

- Illness of the candidate or of the candidate's immediate family member
- Death in the candidate's immediate family
- Disabling traffic accident
- Court appearance or jury duty
- Military duty
- Weather emergency

A case number will be assigned and instructions will be provided for the candidate to email supporting documentation. **Candidates absent from or late to an exam who have not changed or canceled the reservation according to the Change/Cancel Policy will not be admitted to the exam and will forfeit the exam fee.**

## Weather delays and cancellations

If severe weather or a natural disaster makes the Pearson VUE test center inaccessible or unsafe, the examination may be delayed or canceled. Pearson VUE will notify and reschedule candidates in the case of severe weather.

## Pearson VUE holiday schedule

Testing may be unavailable on U.S. federal holidays and, in some cases, holiday weekends.

## Accommodations

Pearson VUE complies with the provisions of the Americans with Disabilities Act as amended. The purpose of accommodations is to provide candidates with full access to an exam. Accommodations are not a guarantee of improved performance or exam completion.

Pearson VUE provides reasonable and appropriate accommodations to individuals who demonstrate a need for accommodations. Test accommodations may include things such as:

- Separate testing room
- Extra testing time
- Reader or recorder (for individuals with mobility or vision impairments who cannot read or write on their own)

Test accommodations are individualized and considered on a case-by-case basis. All candidates who are requesting accommodations because of a disability must provide appropriate documentation of their condition and how it is expected to affect their ability to test under standard conditions. This may include:

- Supporting documentation from the professional who diagnosed the condition, including the credentials that qualify the professional to make this diagnosis
- Description of past accommodations that the candidate has received

The steps to follow when requesting test accommodations vary, depending on the test program sponsor. To begin, visit [pearsonvue.com/accommodations](https://pearsonvue.com/accommodations) and select the test program sponsor from the alphabetized list. Candidates who have additional questions concerning test accommodations may contact the ADA coordinator at [accommodationspearsonvue@pearson.com](mailto:accommodationspearsonvue@pearson.com).

**All registrations with accommodations must be rescheduled and/or canceled through the Pearson VUE call center at (800) 466-0450, option 3.**

# Preparing for the exam

## Helpful hints

- Double check the physical address of the testing center to ensure that you can arrive thirty (30) minutes prior to your exam time
- Ensure that you have the proper identification for exam admission

## Timed examination

Following a practice tutorial, candidates begin the timed examination. Candidates should read all on-screen instructions carefully before beginning the exam. The exam time starts as soon as the candidates look at the first question, and a digital clock on the screen indicates the time remaining on the exam. When the maximum allowed time is reached, the exam will terminate automatically.

One examination question is presented at a time, and answer choices to the question are identified as A, B, C, or D. Candidates type a letter on the keyboard or use the computer mouse to select the chosen response. Candidates can navigate forward and backward through the exam, question by question, and may change answers as many times as desired during the exam time limit.

A question may be left unanswered and can be returned to later within the session if needed. If not all questions have been answered, it is recommended that candidates use any time remaining to answer those questions. There is no penalty for guessing, so candidates should be sure to answer all questions before ending the exam.

## Answering exam questions

A candidate's exam score is based on the number of questions answered correctly, and there is no penalty for guessing. Since it is to the candidate's advantage to respond to each question, it is recommended to answer questions that are known first and then, if time permits, return to any more difficult questions that may have been left unanswered initially.

## Pretest questions

In addition to the scored questions, many exams also include non-scored, pretest questions. Candidates are asked to answer these questions, but they are not included in the scored examination result. Pretest questions are dispersed throughout the exam and are not identified separately from scored questions. This ensures that candidates answer pretest questions in the same manner as scored questions and allows the pretest questions to be validated as accurate and appropriate before they are included in future exams.

## Broker exam content

The content of the national portion of the examination is based upon information obtained from a job analysis performed by Pearson VUE. Responses from real estate professionals were analyzed to determine the nature and scope of tasks they perform and the knowledge and skills needed to perform them. This information is the basis upon which examination questions are written and ensures that the examination reflects the actual practice of real estate. Questions on the national portion are also reviewed and approved by nationally recognized real estate professionals.

The state law portion of the examination has been developed to reflect the laws, regulations, and practice of real estate in Indiana, and it has been reviewed and approved by real estate professionals in Indiana.

### Math calculations

**The information below is not available at the test center and should be memorized.**

Candidates may use the following information in making mathematical calculations on the national portion of the real estate examinations unless otherwise stated in the text of the question:

- 43,560 square feet/acre
- 5,280 feet/mile
- Round off calculations (where applicable)

**The information below, if needed, will be contained within the exam itself:**

If a question requires the calculation of prorated amounts, the question will specify: A) whether the calculation should be made on the basis of 360 or 365 days a year; and B) whether the day of closing belongs to the buyer or the seller.

## Reference materials

The following are resources for the national real estate examinations:

- Mastering Real Estate Principles  
Gerald R. Cortesi, 7<sup>th</sup> edition, Dearborn
- Modern Real Estate Practice  
Filmore W. Galaty, Wellington J. Allaway, Robert C. Kyle, etc., 20<sup>th</sup> edition, Dearborn
- Principles of Real Estate Practice  
Stephen Mettling, 6<sup>th</sup> edition, Performance Programs Company
- Property Management  
Robert C. Kyle, 10<sup>th</sup> edition, Dearborn
- Real Estate Finance  
J. Keith Baker and John P. Wiedemer, 10<sup>th</sup> edition, OnCourse Learning Publishing
- Real Estate Fundamentals  
Wade E. Gaddy, 10<sup>th</sup> edition, Dearborn
- Real Estate Law  
Charles J. Jacobus, 3<sup>rd</sup> edition, OnCourse Learning Publishing

# Exam day

Candidates who do not present the required items will be denied admission to the examination, will be considered absent, and will forfeit the examination fee.

## What to bring

All candidates are required to bring identification that is deemed acceptable to the test center on the day of the examination.

### Acceptable forms of identification

Candidates must present **one (1) form of current signature identification**. The identification must be government-issued and photo-bearing with a signature. It must also be in English and exactly match the name used to register for the exam.

**If the name on the exam registration does not exactly match the name on the ID presented, the candidate will not be allowed to test and the exam fees will be forfeited.**

### Acceptable forms of ID (including photograph and signature, not expired)

- Government-issued driver's license
- U.S. Department of State driver's license
- U.S. learner's permit (plastic card only, with photo and signature)
- National/state/country identification card
- Passport
- Passport card
- Military ID
- Military ID for spouses and dependents
- Alien Registration Card (Green Card, Permanent Resident Visa)

If the ID presented has an embedded signature that is difficult or impossible to read or is not visible (microchip), the candidate must present another form of identification from the ID list that contains a visible signature.

Pearson VUE does not recognize grace periods. For example, if a candidate's driver's license expired yesterday and the state allows a 30-day grace period for renewing the ID, the ID is considered to be expired and will not be accepted for testing. Newly renewed licenses which result in a temporary paper license will be accepted as long as the expired plastic license is also provided.

## Exam procedures

Candidates should report to the test center thirty (30) minutes before the examination and check in with the test center administrator. The candidate's identification and other documentation will be reviewed, and they will be photographed for the score report. Candidates are required to review and sign a Candidate Rules Agreement form. If the Candidate Rules Agreement is not followed and/or cheating or tampering with the examination is suspected, it will be reported as such, and the appropriate action will be taken. The examination fee will not be refunded, the exam may be determined invalid, and/or the state may take further action, such as prohibiting candidates from retaking the examination and/or denying a license.

Candidates will have an opportunity to take a tutorial on the computer on which the examination will be administered. The time spent on this tutorial will not reduce the examination time. The test administrators will answer questions, but candidates should be aware that administrators are not familiar with the content of the examinations or with the state's licensing requirements. Test administrators have been instructed not to advise candidates on the requirements for licensure.

Candidates may begin the examination once they are familiar with the computer. The examination begins as soon as the candidate looks at the first examination question. The examination will end automatically after the examination time has expired, and candidates will leave the test center with their official scores in hand.

## Pearson VUE testing policies

The following policies are observed at each test center. **Candidates who violate any of these policies will not be permitted to finish the examination and will be dismissed from the test center, forfeiting the examination fee.**

- **No personal items are allowed in the testing room.** Personal items include but are not limited to: cellular phones, hand-held computers or other electronic devices, pagers, watches, wallets, purses, firearms or other weapons, hats, bags, coats, books and/or notes, pens, and pencils.
- Candidates must store all personal items in a secure area as indicated by the administrator or return items to their vehicle. All electronic devices must be turned off before storing them in a locker. **The test center is not responsible for lost, stolen, or misplaced personal items.**
- Studying is **not** allowed in the test center. Visitors, children, family, or friends are **not** allowed in the test center.
- Dictionaries, books, papers (including scratch paper), and reference materials are not permitted in the examination room (unless permitted by the exam sponsor), and candidates are strongly urged not to bring such materials to the test center. Upon entering and being seated in the testing room, the test administrator will provide the candidate with eraseable notebooks to make notes or calculations and any other items specified by the exam sponsor. **The candidate may not write on these items before the exam begins or remove these items from the testing room.**
- Eating, drinking, chewing gum, smoking, and/or making noise that creates a disturbance for other candidates is prohibited during the exam.

- Break policies are established by the exam sponsor. Most sponsors allow unscheduled breaks. To request an unscheduled break, the candidate must raise their hand to get the administrator's attention. **The exam clock will not stop while the candidate is taking a break.**
- Candidates must leave the testing room for all breaks. However, **candidates are not permitted to leave the floor or building for any reason during this time, unless specified by the administrator and the exam sponsor.** If a candidate is discovered to have left the floor or building, they will not be permitted to proceed with the examination and may forfeit the exam fees.
- While taking a break, candidates are permitted to access personal items that are being stored during the exam only if necessary — for example, personal medication that must be taken at a specific time. However, **a candidate must receive permission from the administrator prior to accessing personal items that have been stored.** Candidates are not allowed to access other items, including but not limited to cellular phones, exam notes, and study guides, unless the exam sponsor specifically permits this.
- Any candidate discovered causing a disturbance of any kind or engaging in any kind of misconduct — giving or receiving help; using notes, books, or other aids; taking part in an act of impersonation; or removing examination materials or notes from the examination room — will be summarily dismissed from the examination and will be reported to the state licensing agency. Decisions regarding disciplinary measures are the responsibility of the state licensing agency.

## Exam security

Pearson VUE maintains examination administration and examination security standards designed to ensure that all candidates are given the same opportunity to demonstrate their abilities and to prevent any candidates from gaining an unfair advantage because of testing irregularities or misconduct. Pearson VUE routinely reviews irregularities and examination scores believed to have been earned under unusual or non-standard circumstances.

Pearson VUE maintains the right to question any examination score whose validity is in doubt because the score may have been obtained unfairly. Pearson VUE first undertakes a confidential review of the circumstances contributing to the questions about score validity, and if there is sufficient cause to question the score, Pearson VUE will refer the matter to the state licensing board, which makes the final decision on whether or not to cancel the score.

For security reasons, examination materials are not available to candidates for review.

## Copyrighted examination questions

All examination questions, each form of the examination, and any other examination materials are copyrighted and are the property of Pearson VUE and/or the state licensing board. Consequently, any distribution of the examination content or materials through any form of reproduction or oral or written communication is strictly prohibited and punishable by law.



## Score reporting

When candidates complete the examination, they receive a score report marked “pass” or “fail” before leaving the test center.

Candidates who pass the examination will receive a score report with information on how to complete the licensure process with their state licensing board. Candidates who fail an examination will receive a score report that includes a numeric score and diagnostic information for the exam as well information about re-examination.

Exam results are good for one (1) year from the date of passing the exam.

### Scaled score

There are multiple versions of each of the licensing examinations. These versions are known as forms.

Although all forms of an examination are developed based on the content outlines, the difficulty of the forms of an examination may vary slightly because different questions appear on each form. To ensure that no candidate is put at an unfair advantage or disadvantage due to the particular form of an examination that he or she is given, a statistical procedure known as equating is used to correct for differences in form difficulty.

With equating, scores are reported on a scale common to all forms of the examination (scaled score). On this converted scale, a passing score of 75 was set by the IPLA (in conjunction with Pearson VUE).

To avoid misuse of score information, numeric scores are only reported to candidates who failed the exam. The scaled score that is reported to candidates who passed the exam is neither the number of questions answered correctly nor the percentage of questions answered correctly.

### Duplicate score reports

Candidates may log in to their Pearson VUE account to obtain a duplicate score report.

## Retake requirements

Candidates who fail an examination will need to make a new reservation to retake the exam, either online or by calling Pearson VUE. Reservations for re-examination cannot be made at the test center.

Real estate broker examinations are divided into two parts: national and state. Candidates who pass one (1) part of the examination and fail the other need to retake only the failed part.

Both parts of the exam (national and state) must be taken and passed within one (1) year of the date that the pre-licensing course was completed. Once both parts of the examination are passed, the candidate can complete the licensure process with their state licensing board.

## Questions or comments about the exam

Candidates who have questions, comments, or concerns related to the exams, score, or score reports, or those who wish to verify any data held in Pearson VUE files, should direct written inquiries to Pearson VUE at the address provided at the beginning of this handbook. Candidates may also email their questions directly to Pearson VUE Customer Service at [pearsonvuecustomerservice@pearson.com](mailto:pearsonvuecustomerservice@pearson.com).

In all correspondence, candidates should provide their name and address information. If questions or comments concern an examination already taken, candidates should also include:

- the name of the examination
- the date the examination was taken
- the location of the test center

## **REAL ESTATE**

# National/General Content Outlines

[Content Outline for Broker Examinations](#)

[Content Outline for Instructor Examinations](#)

## **INDIANA**

# Real Estate State Content Outlines

[Content Outline for Indiana Broker Examinations](#)

[Content Outline for Indiana Instructor Examinations](#)

[Content Outline for Indiana Appraiser Trainee Examinations](#)

# National/General Exam Content Outline for Brokers

Effective: March 1, 2025

The national/general portion of the real estate exam is made up of eighty (80) scored items, which are distributed as noted in the following content outline. Each section contains an overall item count and subtotals from each subsection. For example, if a major topic area has three (3) subtopics and ten (10) items, the subtopics will contain the number of items necessary to bring the total to ten (10) items.

In addition to building our real estate national/general exams to content specifications, Pearson VUE also builds our general exams to cognitive level specifications. These cognitive level specifications confirm that candidates have a comprehensive understanding of real estate general knowledge and federal regulation topics. They measure whether candidates have the knowledge, but more importantly, the skills and abilities to protect the public from day one as a real estate licensee. Every test item is classified into one of three categories: knowledge, application, or analysis. A **knowledge** item requires candidates to recall specific facts or definitions. An **application** item requires candidates to use their knowledge and apply it to a situation. An **analysis** item requires candidates to use their knowledge and examine a fact pattern in order to draw a conclusion or make a decision. Cognitive level breakdowns are included after the item count for major topic areas. For example, if a major topic area has ten (10) items, the cognitive level item counts will total to ten (10) items.

The national/general examination also contains five (5) pretest items that are not counted toward the score. These items are used to gather statistics on performance and to help assess appropriateness for use on future examinations. Because pretest items look exactly like items that are scored, candidates should answer all the items on the examination.

## **I. REAL PROPERTY CHARACTERISTICS, LEGAL DESCRIPTIONS, AND PROPERTY USE (BROKER 10; 2 KNOWLEDGE, 5 APPLICATION, 3 ANALYSIS)**

### **A. Real property vs. personal property (3 Items)**

1. Fixtures, trade fixtures, emblements
2. Attachment, severance, and bill of sale

### **B. Characteristics of real property (2 Items)**

1. Economic characteristics
  - a. Scarcity
  - b. Modification / Improvement
  - c. Permanence of Investment / Fixity
  - d. Area Preference / Situs
2. Physical characteristics
  - a. Immobility
  - b. Indestructibility
  - c. Non-homogeneity / Uniqueness

### **C. Legal descriptions (2 Items)**

1. Methods used to describe real property
2. Survey

### **D. Public and private land use controls – encumbrances (3 Items)**

1. Public controls – governmental powers
  - a. Police power, eminent domain, taxation, escheat
  - b. Zoning ordinances

2. Private controls, restrictions, and encroachments
  - a. Covenants, conditions, and restrictions (CC&Rs), HOAs
  - b. Easements
  - c. Licenses and encroachments

## **II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (BROKER 8; 2 KNOWLEDGE, 3 APPLICATION, 3 ANALYSIS)**

### **A. Ownership, estates, rights, and interests (4 Items)**

1. Forms of ownership
2. Freehold estate
  - a. Fee simple absolute
  - b. Fee simple defeasible, determinable, and condition subsequent
  - c. Life estate
  - d. Bundle of rights
3. Leasehold estates and types of leases
  - a. Estate for years and from period to period (periodic estate)
  - b. Estate at will and estate at sufferance
  - c. Gross, net, percentage leases, and etc.
4. Liens and lien priority
5. Air surface and sub-surface rights

**B. Deed, title, transfer of title, and recording of title (4 Items)**

1. Elements of a valid deed
2. Types of deeds
3. Title transfer
  - a. Voluntary alienation
  - b. Involuntary alienation
4. Recording the title
  - a. Constructive and actual notice
  - b. Title abstract and chain of title
  - c. Marketable title and cloud on title
  - d. Attorney title opinion, quiet title lawsuit, and title insurance

**III. PROPERTY VALUE AND APPRAISAL (BROKER 10; 2 KNOWLEDGE, 4 APPLICATION, 4 ANALYSIS)**

**A. Concept of value (3 Items)**

1. Market value vs. market price
2. Characteristics of value
3. Principles of value

**B. Appraisal process (3 Items)**

1. Purpose and steps to an appraisal
2. Federal oversight of the appraisal process

**C. Methods of estimating value and Broker Price Opinions (BPO) (4 Items)**

1. Sales comparison approach (market data)
2. Cost approach
  - a. Improvements and depreciation
  - b. Physical deterioration, functional, and economic obsolescence
  - c. Reproduction or replacement costs
3. Income approach
4. Gross rent and gross income multipliers
5. Comparative Market Analysis (CMA)
6. Broker Price Opinion (BPO)
7. Assessed value and tax implications

**IV. REAL ESTATE CONTRACTS AND AGENCY (BROKER 15; 3 KNOWLEDGE, 6 APPLICATION, 6 ANALYSIS)**

**A. Types of contracts (2 Items)**

1. Express vs. implied
2. Unilateral vs. bilateral

**B. Required elements of a valid contract (3 Items)**

1. Voluntary
2. Agreement / Promise
3. Legally competent parties
4. Lawful consideration
5. Legal act / Purpose

**C. Contract performance (2 Items)**

1. Executed vs. executory
2. Valid vs. void
3. Voidable vs. unenforceable
4. Breach of contract, rescission, and termination
5. Liquidated, punitive, or compensatory damages

6. Electronic contracts and digital signatures
7. Statute of Frauds
8. Time is of the essence

**D. Sales contract (2 Items)**

1. Offer and counteroffer
2. Earnest money and liquidated damages
3. Equitable title
4. Contingencies
5. Disputes and breach of contract
6. Option contract and installment sales contract

**E. Types of agency and licensee-client relationships (2 Items)**

**F. Creation and termination of agency (2 Items)**

**G. Licensee obligations to parties of a transaction (2 Items)**

**V. REAL ESTATE PRACTICE (BROKER 12; 5 KNOWLEDGE, 5 APPLICATION, 2 ANALYSIS)**

**A. Responsibilities of broker (3 Items)**

1. Practicing within scope of expertise
2. Unauthorized practice of law

**B. Brokerage agreements between the broker and principal (seller, buyer, landlord, or tenant) (3 Items)**

1. Seller representation – Types of listing agreements
  - a. Exclusive right-to-sell and exclusive agency listing
  - b. Non-exclusive or open listing
  - c. Net listing (conflict of interest)
  - d. Multiple listing service (MLS)
2. Buyer representation
3. Property management agreement
  - a. Accounting for funds
  - b. Property maintenance
  - c. Leasing property
  - d. Collecting rents and security deposits
4. Termination of agreements
5. Services, fees, and compensation

**C. Fair Housing (3 Items)**

1. Equal opportunity in housing
2. Protected classes
3. Fair housing laws
4. Illegal practices, enforcement, and penalties
5. Prohibited advertising
6. Housing and Urban Development (HUD)
7. Americans with Disabilities Act (ADA)

**D. Risk management (3 Items)**

1. Supervision
2. Compliance with federal regulations; including Privacy and Do Not Contact
3. Vicarious liability
4. Antitrust laws

5. Fraud and misrepresentation
6. Types of insurance
  - a. Errors and Omissions
  - b. General Liability

**VI. PROPERTY DISCLOSURES AND ENVIRONMENTAL ISSUES (BROKER 9; 4 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)**

**A. Property conditions and environmental issues (5 Items)**

1. Hazardous substances
  - a. Lead-based paint
  - b. Asbestos, radon, and mold
  - c. Groundwater contamination and underground storage tanks
  - d. Waste disposal sites and brownfields
  - e. Flood plains, flood zones, and flood insurance
2. Clean Air and Water Acts
3. Environmental Protection Agency (EPA)
  - a. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
  - b. Superfund Amendment and Reauthorization Act (SARA)
  - c. Environmental site assessments (including Phase I and II studies) and impact statements
  - d. Wetlands protection

**B. Environmental and property disclosure obligations and liability (4 Items)**

**VII. FINANCING AND SETTLEMENT (BROKER 8; 3 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)**

**A. Financing concepts and components (2 Items)**

1. Methods of financing
  - a. Mortgage financing – conventional and non-conventional loans
  - b. Seller financing – land contract/contract for deed
2. Lien theory vs. title theory and deed of trust
3. Sources of financing (primary and secondary mortgage markets, and seller financing)
4. Types of loans and loan programs
5. Mortgage clauses

**B. Lender Requirements (2 Items)**

1. FHA requirements
2. VA requirements
3. USDA loan requirements and rural development financing
4. Conventional requirements
5. Buyer qualification and Loan to Value (LTV)
6. Hazard and flood insurance
7. Private mortgage insurance (PMI) and mortgage insurance premium (MIP)

**C. Federal Financing Regulations and Regulatory Bodies (2 Items)**

1. Truth-in-Lending and Regulation Z

2. TILA-RESPA Integrated Disclosures (TRID)
  - a. Consumer Financial Protection Bureau (CFPB)
  - b. Loan Estimate (LE)
  - c. Closing Disclosure (CD)
3. Real Estate Settlement Procedures Act (RESPA)
  - a. Referrals
  - b. Rebates
4. Equal Credit Opportunity Act (ECOA)
5. Mortgage fraud and predatory lending

**D. Settlement and closing the transaction (2 Items)**

**VIII. REAL ESTATE MATH CALCULATIONS (BROKER 8; 3 APPLICATION, 5 ANALYSIS)**

**A. Property area calculations (1 Item)**

1. Square footage
2. Acreage total

**B. Property valuation (2 Items)**

1. Comparative Market Analysis (CMA)
2. Net Operating Income (NOI)
3. Capitalization rate
4. Gross rent multiplier
5. Gross income multiplier
6. Equity in property
7. Establishing a listing price
8. Assessed value and property taxes

**C. Commission/compensation (1 Item)**

**D. Loan financing costs (1 Item)**

1. Interest
2. Loan to Value (LTV)
3. Fees
4. Amortization, discount points, and prepayment penalties

**E. Settlement and closing costs (1 item)**

1. Purchase price and down payment
2. Monthly mortgage calculations- principal, interest, taxes, and insurance (PITI)
3. Net to the seller
4. Cost to the buyer
5. Prorated items
6. Debits and credits
7. Transfer tax and recording fee

**F. Investment (1 Item)**

1. Return on investment
2. Appreciation
3. Depreciation
4. Tax implications on investment

**G. Property management calculations (1 Item)**

1. Property management and budget calculations
2. Tenancy and rental calculations

## Notes on Math Calculations

The following information is **NOT** available at the test center and **SHOULD** be memorized:

- 43,560 square feet/acre
- 5,280 feet/mile

If a question requires the calculation of prorated amounts, the question will specify:

- whether the calculation should be made on the basis of 360 or 365 days a year; and/or
- whether the day of closing belongs to the buyer or seller for the purposes of prorations.

Where applicable, round off calculations using standard rounding rules.

Please note the content on the exam reflects the real estate industry as a whole and may not reflect any ongoing litigation or settlements.

## Real Estate General/National Resources

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- Property Management, Robert C. Kyle, Dearborn
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- Real Estate Fundamentals, Wade E. Gaddy, Dearborn
- Real Estate Law, Charles J. Jacobus, OnCourse Learning Publishing
- Real Estate Law, Elliot Klayman, Dearborn
- The Language of Real Estate, John W. Reilly, Dearborn

Please refer to the publishers for the most recent editions.

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# National/General Exam Content Outline for Instructors

Effective: March 1, 2025

The national/general portion of the real estate exam is made up of eighty (80) scored items, which are distributed as noted in the following content outline. Each section contains an overall item count and subtotals from each subsection. For example, if a major topic area has three (3) subtopics and ten (10) items, the subtopics will contain the number of items necessary to bring the total to ten (10) items.

In addition to building our real estate national/general exams to content specifications, Pearson VUE also builds our general exams to cognitive level specifications. These cognitive level specifications confirm that candidates have a comprehensive understanding of real estate general knowledge and federal regulation topics. They measure whether candidates have the knowledge, but more importantly, the skills and abilities to protect the public from day one as a real estate licensee. Every test item is classified into one of three categories: knowledge, application, or analysis. A **knowledge** item requires candidates to recall specific facts or definitions. An **application** item requires candidates to use their knowledge and apply it to a situation. An **analysis** item requires candidates to use their knowledge and examine a fact pattern in order to draw a conclusion or make a decision. Cognitive level breakdowns are included after the item count for major topic areas. For example, if a major topic area has ten (10) items, the cognitive level item counts will total to ten (10) items.

The national/general examination also contains five (5) pretest items that are not counted toward the score. These items are used to gather statistics on performance and to help assess appropriateness for use on future examinations. Because pretest items look exactly like items that are scored, candidates should answer all the items on the examination.

## **I. REAL PROPERTY CHARACTERISTICS, LEGAL DESCRIPTIONS, AND PROPERTY USE (BROKER 10; 2 KNOWLEDGE, 5 APPLICATION, 3 ANALYSIS)**

### **A. Real property vs. personal property (3 Items)**

1. Fixtures, trade fixtures, emblements
2. Attachment, severance, and bill of sale

### **B. Characteristics of real property (2 Items)**

1. Economic characteristics
  - a. Scarcity
  - b. Modification / Improvement
  - c. Permanence of Investment / Fixity
  - d. Area Preference / Situs
2. Physical characteristics
  - a. Immobility
  - b. Indestructibility
  - c. Non-homogeneity / Uniqueness

### **C. Legal descriptions (2 Items)**

1. Methods used to describe real property
2. Survey

### **D. Public and private land use controls – encumbrances (3 Items)**

1. Public controls – governmental powers
  - a. Police power, eminent domain, taxation, escheat
  - b. Zoning ordinances

2. Private controls, restrictions, and encroachments
  - a. Covenants, conditions, and restrictions (CC&Rs), HOAs
  - b. Easements
  - c. Licenses and encroachments

## **II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (BROKER 8; 2 KNOWLEDGE, 3 APPLICATION, 3 ANALYSIS)**

### **A. Ownership, estates, rights, and interests (4 Items)**

1. Forms of ownership
2. Freehold estate
  - a. Fee simple absolute
  - b. Fee simple defeasible, determinable, and condition subsequent
  - c. Life estate
  - d. Bundle of rights
3. Leasehold estates and types of leases
  - a. Estate for years and from period to period (periodic estate)
  - b. Estate at will and estate at sufferance
  - c. Gross, net, percentage leases, and etc.
4. Liens and lien priority
5. Air surface and sub-surface rights

**B. Deed, title, transfer of title, and recording of title (4 Items)**

1. Elements of a valid deed
2. Types of deeds
3. Title transfer
  - a. Voluntary alienation
  - b. Involuntary alienation
4. Recording the title
  - a. Constructive and actual notice
  - b. Title abstract and chain of title
  - c. Marketable title and cloud on title
  - d. Attorney title opinion, quiet title lawsuit, and title insurance

**III. PROPERTY VALUE AND APPRAISAL (BROKER 10; 2 KNOWLEDGE, 4 APPLICATION, 4 ANALYSIS)**

**A. Concept of value (3 Items)**

1. Market value vs. market price
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4. Gross rent and gross income multipliers
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**IV. REAL ESTATE CONTRACTS AND AGENCY (BROKER 15; 3 KNOWLEDGE, 6 APPLICATION, 6 ANALYSIS)**

**A. Types of contracts (2 Items)**

1. Express vs. implied
2. Unilateral vs. bilateral

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**C. Contract performance (2 Items)**

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6. Electronic contracts and digital signatures
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**D. Sales contract (2 Items)**

1. Offer and counteroffer
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4. Contingencies
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**E. Types of agency and licensee-client relationships (2 Items)**

**F. Creation and termination of agency (2 Items)**

**G. Licensee obligations to parties of a transaction (2 Items)**

**V. REAL ESTATE PRACTICE (BROKER 12; 5 KNOWLEDGE, 5 APPLICATION, 2 ANALYSIS)**

**A. Responsibilities of broker (3 Items)**

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  - c. Leasing property
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**C. Fair Housing (3 Items)**

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2. Protected classes
3. Fair housing laws
4. Illegal practices, enforcement, and penalties
5. Prohibited advertising
6. Housing and Urban Development (HUD)
7. Americans with Disabilities Act (ADA)

**D. Risk management (3 Items)**

1. Supervision
2. Compliance with federal regulations; including Privacy and Do Not Contact
3. Vicarious liability
4. Antitrust laws

5. Fraud and misrepresentation
6. Types of insurance
  - a. Errors and Omissions
  - b. General Liability

## **VI. PROPERTY DISCLOSURES AND ENVIRONMENTAL ISSUES (BROKER 9; 4 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)**

### **A. Property conditions and environmental issues (5 Items)**

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### **A. Financing concepts and components (2 Items)**

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  - a. Mortgage financing – conventional and non-conventional loans
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### **D. Settlement and closing the transaction (2 Items)**

## **VIII. REAL ESTATE MATH CALCULATIONS (BROKER 8; 3 APPLICATION, 5 ANALYSIS)**

### **A. Property area calculations (1 Item)**

1. Square footage
2. Acreage total

### **B. Property valuation (2 Items)**

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2. Net Operating Income (NOI)
3. Capitalization rate
4. Gross rent multiplier
5. Gross income multiplier
6. Equity in property
7. Establishing a listing price
8. Assessed value and property taxes

### **C. Commission/compensation (1 Item)**

### **D. Loan financing costs (1 Item)**

1. Interest
2. Loan to Value (LTV)
3. Fees
4. Amortization, discount points, and prepayment penalties

### **E. Settlement and closing costs (1 item)**

1. Purchase price and down payment
2. Monthly mortgage calculations- principal, interest, taxes, and insurance (PITI)
3. Net to the seller
4. Cost to the buyer
5. Prorated items
6. Debits and credits
7. Transfer tax and recording fee

### **F. Investment (1 Item)**

1. Return on investment
2. Appreciation
3. Depreciation
4. Tax implications on investment

### **G. Property management calculations (1 Item)**

1. Property management and budget calculations
2. Tenancy and rental calculations

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# Indiana Real Estate Broker Examination Content Outline

Effective: March 1, 2025

The state-specific examination consists of fifty (50) scored items for broker candidates. Examinations also include five to ten (5–10) pretest items, which are not identified on the examination and do not affect the candidate's score in any way.

## **I. THE INDIANA REAL ESTATE COMMISSION (5 ITEMS)**

- A. General Powers and Duties**
- B. Examination of Records**
- C. Investigations, Hearings, and Appeals**
- D. Disciplinary Sanctions**
  - 1. Cease and Desist Orders
  - 2. License Suspension/Revocation
  - 3. Other Sanctions and Civil Penalties
  - 4. Consumer Restitution/Recovery Fund

## **II. LICENSING (9 ITEMS)**

- A. Activities Requiring a License**
- B. Exemptions and Waivers**
- C. Types of Licenses**
  - 1. Individual
  - 2. Organizational
  - 3. Resident/Nonresident
  - 4. Other
- D. License Maintenance**
  - 1. Post-Licensing Education
  - 2. Renewals
  - 3. Transfers/Changes
    - a. Agents Changing Brokers
    - b. Broker Termination of Agent
  - 4. Continuing education
    - a. Managing Broker
    - b. Broker
  - 5. Active/Inactive Status, Assigned, Unassigned Status, Referral Status

## **III. STATUTORY & REGULATORY REQUIREMENTS (12 ITEMS)**

- A. Advertising**
- B. Commissions and Other Compensations**
- C. Brokerage Agreements**
  - 1. Listing Agreements
  - 2. Exclusive Buyer/Tenant Agency Agreement

- 3. Leasing
- 4. Property Management Agreements

## **D. Offers to Purchase**

## **E. Earnest Money and Trust Accounts**

## **F. Appraisals**

## **G. Seller's Residential Real Estate Sales Disclosure**

## **H. Psychologically Affected Properties**

## **IV. STATUTES & RULES GOVERNING LICENSEES (17 ITEMS)**

### **A. Real Estate Agency Relationships**

- 1. Types of Agency and Definitions
- 2. Agency and Disclosures
- 3. Written Office Policies on Agency

### **B. Licensee Conduct**

- 1. Unfair Inducements
- 2. Incompetent Practices
- 3. Professional Standards
- 4. Disclosures and Other Issues

## **V. REAL ESTATE OFFICE PROCEDURES (7 ITEMS)**

### **A. Documents and Records**

### **B. Handling of Monies**

### **C. Place of Business**

### **D. Branch Offices**

### **E. Unlicensed Assistants**

### **F. Closing Procedures**

### **G. Managing Broker/Broker Relationship**

- 1. General Supervision
- 2. Employment and Commissions Issues

### **H. Broker Company/Broker Company Relationship**

# Indiana Real Estate Instructor Examination Content Outline

Effective: March 1, 2025

The state-specific examination consists of fifty (50) scored items for instructor candidates. Examinations also include five to ten (5–10) pretest items, which are not identified on the examination and do not affect the candidate's score in any way.

## **I. THE INDIANA REAL ESTATE COMMISSION (5 ITEMS)**

### **A. General Powers and Duties**

### **B. Examination of Records**

### **C. Investigations, Hearings, and Appeals**

### **D. Disciplinary Sanctions**

1. Cease and Desist Orders
2. License Suspension/Revocation
3. Other Sanctions and Civil Penalties
4. Consumer Restitution/Recovery Fund

## **II. LICENSING (9 ITEMS)**

### **A. Activities Requiring a License**

### **B. Exemptions and Waivers**

### **C. Types of Licenses**

1. Individual
2. Organizational
3. Resident/Nonresident
4. Other

### **D. License Maintenance**

1. Post-Licensing Education
2. Renewals
3. Transfers/Changes
  - a. Agents Changing Brokers
  - b. Broker Termination of Agent
4. Continuing education
  - a. Managing Broker
  - b. Broker
5. Active/Inactive Status, Assigned, Unassigned Status, Referral Status

## **III. STATUTORY & REGULATORY REQUIREMENTS (12 ITEMS)**

### **A. Advertising**

### **B. Commissions and Other Compensations**

### **C. Brokerage Agreements**

1. Listing Agreements
2. Exclusive Buyer/Tenant Agency Agreement

### **3. Leasing**

### **4. Property Management Agreements**

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### **G. Seller's Residential Real Estate Sales Disclosure**

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## **IV. STATUTES & RULES GOVERNING LICENSEES (17 ITEMS)**

### **A. Real Estate Agency Relationships**

1. Types of Agency and Definitions
2. Agency and Disclosures
3. Written Office Policies on Agency

### **B. Licensee Conduct**

1. Unfair Inducements
2. Incompetent Practices
3. Professional Standards
4. Disclosures and Other Issues

## **V. REAL ESTATE OFFICE PROCEDURES (7 ITEMS)**

### **A. Documents and Records**

### **B. Handling of Monies**

### **C. Place of Business**

### **D. Branch Offices**

### **E. Unlicensed Assistants**

### **F. Closing Procedures**

### **G. Managing Broker/Broker Relationship**

1. General Supervision
2. Employment and Commissions Issues

### **H. Broker Company/Broker Company Relationship**

# Indiana Real Estate Appraiser Trainee Examination Content Outline

Effective: March 1, 2025

The state-specific examination consists of fifty (50) scored items for appraiser trainee candidates. Examinations also include five to ten (5–10) pretest items, which are not identified on the examination and do not affect the candidate's score in any way.

## **I. INFLUENCES ON REAL ESTATE VALUE (5 ITEMS)**

- A. Physical and Environmental**
- B. Economic**
- C. Governmental and Legal**
- D. Social**

## **II. LEGAL CONSIDERATIONS IN APPRAISAL (8 ITEMS)**

- A. Real Estate vs. Real Property**
- B. Limitations on Real Estate Ownership**
  - 1. Private
    - a. Deed Restrictions
    - b. Leases
    - c. Mortgages
    - d. Easements
    - e. Liens
    - f. Encroachments
  - 2. Public
    - a. Police Power
      - i. Zoning
      - ii. Building and Fire Codes
      - iii. Environmental Regulations
    - b. Taxation
      - i. Property Tax
      - ii. Special Assessments
    - c. Eminent Domain
    - d. Escheat
- C. Legal Rights and Interests**
  - 1. Fee Simple Estate
  - 2. Life Estate
  - 3. Leasehold Interest
  - 4. Leased Fee Interest
  - 5. Other Legal Interests
    - a. Easement
    - b. Encroachment
- D. Forms of Property Ownership**
  - 1. Individual
  - 2. Tenancies and Undivided Interests

- 3. Special Ownership Forms
  - a. Condominiums
  - b. Cooperative
  - c. Timesharing

## **E. Legal Descriptions**

- 1. Metes and Bounds
- 2. Government Survey
- 3. Lot and Block
- 4. Transfer of Title
  - a. Basic Types of Deeds
  - b. Recordation

## **III. DEFINITIONS AND TYPES OF VALUE (5 ITEMS)**

### **A. Market value**

### **B. Price**

### **C. Cost**

### **D. Investment Value**

### **E. Value in Use**

### **F. Assessed Value**

### **G. Insurable Value**

## **IV. ECONOMIC PRINCIPLES (9 ITEMS)**

### **A. Anticipation**

### **B. Balance**

### **C. Change**

### **D. Competition**

### **E. Conformity**

### **F. Contribution**

### **G. Increasing and Decreasing Returns**

### **H. Substitution**

### **I. Supply and Demand**

### **J. Surplus Productivity**



## **V. REAL ESTATE MARKETS AND ANALYSIS (10 ITEMS)**

### **A. Characteristics of Real Estate Markets**

1. Availability of Information
2. Changes in Supply vs. Demand
3. Immobility of Real Estate
4. Segmented Markets
5. Regulations

### **B. Absorption Analysis**

1. Demographic Data
2. Competition
3. Absorption
4. Forecasts

### **C. Role of Money and Capital Markets**

1. Competing Investments
2. Sources of Capital

### **D. Real Estate Financing**

1. Mortgage Terms and Concepts
  - a. Mortgagor
  - b. Mortgagee
  - c. Principal and Interest
  - d. Mortgage
  - e. Note
2. Mortgage Payment Plans
  - a. Fixed Rate, Level Payment
  - b. Adjustable Rate
  - c. Buydown
  - d. Other
3. Types of Mortgages
  - a. Conventional
  - b. Insured Conventional
  - c. Government-Insured

## **VI. VALUATION PROCESS (10 ITEMS)**

### **A. Identification of the Problem**

1. Identify the Client and Intended Users
2. Identify the Intended Use
3. Identify the Type of and Definition of Value
4. Identify the Effective Date of Opinion
5. Identify the Relevant Characteristics of the Property
6. Identify Any Assignment Conditions

### **B. Scope of Work Determination**

### **C. Data Collection and Property Description**

1. Market Area Data - General Characteristics of Region, City, and Neighborhood
2. Subject Property Data - Subject Characteristics of Land Use and Improvements, Personal Property, Business Assets, Etc.
3. Comparable Property Data - Sales Listings, Offers, Vacancies, Cost and Depreciation, Income and Expenses, Capitalization, Etc.
4. Site and Improvements

### **D. Data Analysis**

1. Market Analysis
2. Demand Studies
3. Supply Studies
4. Marketability Studies

### **E. Analysis of Highest and Best Use**

1. Land as Vacant
2. Ideal Improvement
3. Property as Improved

### **F. Land Value Opinion**

### **G. Application and Limitations of Each Approach to Value**

1. Sales Comparison
2. Cost
3. Income Capitalization

### **H. Reconciliation and Final Value Estimate**

### **I. The Appraisal Report**

## **VII. PROPERTY DESCRIPTION (12 ITEMS)**

### **A. Site Description**

1. Utilities
2. Access
3. Topography
4. Size
5. Land Use Regulations
  - a. Zoning
  - b. Legal Nonconforming
6. Excess Land
7. Surplus land

### **B. Improvement Description**

1. Size (Gross Living Area)
2. Calculations
3. Condition
4. Quality
5. Utility

### **C. Basic Construction and Design**

1. Techniques and Materials
  - a. Foundations
  - b. Framing
  - c. Finish Exterior and Interior
2. Functional Utility

## **VIII. HIGHEST AND BEST USE ANALYSIS (12 ITEMS)**

### **A. Four tests**

1. Legally Permitted
2. Physically Possible
3. Financially Feasible
4. Maximally Productive

### **B. Site as if Vacant**

### **C. As Improved**

**D. Interim Use**

**E. Consistent Use Rule**

**IX. APPRAISAL STATISTICAL CONCEPTS (5 ITEMS)**

**A. Mean**

**B. Median**

**C. Mode**

**D. Range**

**E. Standard Deviation**

**X. APPROACHES TO VALUE (12 ITEMS)**

**A. Cost Approach**

1. Steps in Cost Approach
  - a. Site Valuation
  - b. Reproduction vs. Replacement
  - c. Accrued Depreciation
    - i. Physical Depreciation
    - ii. Functional Obsolescence
    - iii. External obsolescence
    - iv. Economic
    - v. Locational

**B. Income Approach**

1. Estimation of Income and Expenses
  - a. Market Rent Vs. Contract Rent
  - b. Potential Gross Income
  - c. Effective Gross Income
  - d. Operating Expenses
  - e. Net Operating Income
2. Operating Expense Ratios
3. Capitalization Methodology
  - a. Gross Income Multipliers
  - b. Direct Capitalization of a Single Year's Income
  - c. Yield Capitalization (i.e., Discounted Cash Flow Modeling)

**C. Sales Comparison Approach**

1. Research and Selection of Comparables
  - a. Data Sources
  - b. Verification
  - c. Units of Comparison
  - d. Represents the Most Likely Buyer for the Subject
2. Elements of Comparison
  - a. Property Rights Conveyed
  - b. Financing Terms and Cash Equivalency
  - c. Conditions of Sale
  - d. Post-Purchase Expenditures
  - e. Market Conditions
  - f. Location
  - g. Physical Characteristics
3. Adjustment Process
  - a. Dollar Adjustments
  - b. Percentage Adjustments
  - c. Paired Sales Analysis

- d. Depreciated Costs
- e. Regression Analysis

**XI. USPAP (12 ITEMS)**

**A. Definitions**

**B. Conduct**

**C. Management**

**D. Confidentiality**

**E. Record Keeping Rule**

**F. Competency Rule**

**G. Scope of Work Rule**

**H. Jurisdictional Exception Rule**

**I. Standard Rule 1**

**J. Standard Rule 2**

**K. Standard Rule 3**

**L. Standard Rule 4**

