



National Managing Brokers Exam

Number of questions

The National Managing Brokers Exam is based on 11 major content areas. There are 90 questions on the National portion of the test. They are multiple choice with some scenerio based questions where the “best answer” is chosen. In addition to the questions used to compute your score, there are 5 unidentified “pretest questions” that are not used to determine your score.

Topic	Scored Questions	Scored Points	% of test
1. Property Ownership	9	10	10%
2. Land Use Controls and Regulations	5	5	5%
3. Valuation and Market Analysis	6	7	7%
4. Financing	8	8	8%
5. General Principles of Agency	11	11	11%
6. Property Disclosures	6	7	7%
7. Contracts	15	18	18%
8. Leasing and Property Management	4	5	5%
9. Transfer of Title	7	7	7%
10. Practice of Real Estate	11	14	14%
11. Real Estate Calculations	8	8	8%

There are 90 multiple choice and scenario based questions on the National Portion of the Managing Brokers Exam. There are 5 unidentified questions that are “pretest questions” that do not affect your score.

The national portion of the exam was written several years ago. It does not include current events including Covid and eviction moratoriums, for example. . The State portion of the exam tests on certain State laws. See a separate outline for the Washington State portion of the exam.

The National and State Managing Brokers Exam includes information for Residential, Property Management and Commercial real estate. Make sure if you practice primary residential, that you understand questions that are about commercial and property management.

The curriculum for the three Washington State Department of Licensing required classes (Advanced Real Estate Law, Brokerage Management and Business Management) was written a couple decades ago. It does NOT match the Managing Brokers Exam.

The Professional Direction Courses DO include most of the information that is on the National and State Managing Brokers Exam National and Washington State Outline.

The Difference between Broker and Managing Broker Exam with regards to Knowledge Level and Testing

Cognitive Level Classifications	Definition	Prelicense Broker Exam	Managing Broker Exam
Recall/ Recognition	The ability to identify, recall or recognize terms, facts, methods, procedures, basic concepts, principles, and processes.	41%	14%
Application/ Analysis	The ability to apply concepts and principles to situation to identify solutions; calculate solutions to mathematical problems; interpret charts and graphic data; classify items; and interpret information.	59%	50%
Evaluation/ Synthesis	The Ability to integrate and evaluate complex information from a series of events or circumstances, formulate and specify a course of action, and evaluate a conclusion or outcome.	0%	36%

National

Managing Brokers Exam Outline

1. Property Ownership

- A. Real vs personal property and conveyances
- B. Land Characteristics and Legal Descriptions
 - Types of legal descriptions: Metes & Bounds, Lot & block, Government Survey
 - Measuring structure
 - Livable, rentable, and usable area
 - Land Measurement
 - Mineral, air and water rights
- C. Encumbrances and effects on property Ownership
 - Liens. Do you understand liens, priority, types?
 - Easements and Licenses. Do you know the difference?
 - Encroachments. Do you know what an encroachment is?
 - Other potential encumbrances of title.
- D. Types of Ownership
 - Tenants in Common and Joint tenancy. What happens when someone passes away?
 - Common-Interest ownership. Who owns what? Timeshares, Condo's, and Co-ops
 - Ownership in severalty and sole ownership? Do you know what that means?
 - Life Estate Ownership. Why have a life estate? What happens when that person dies?
 - Property Ownership held in trust. What are the responsibilities and signatures?

2. Land Use Controls and Regulations

- A. Government rights in land.
 - Property taxes and assessments. What are property taxes based on? Who sets? What is assessment?
 - Eminent domain, Condemnation, Escheat. Do you understand the purpose and rights?
- B. Government Controls
 - Zoning and Master Plans.
 - Building Codes.
 - Regulation of special land types. Consider flood zones and Wetlands.
 - Regulation of environmental Hazards. Types of hazards, Abatement/ Mitigation, Restriction on Contaminated property
- C. Private Controls
 - Deed Conditions and restrictions. What is an example?
 - Covenants, Conditions and Restrictions (CCR's) When used? What if illegal? Enforcement?
 - Homeowners Association Regulations

3. Valuation and Market Analysis

- A. Appraisals
 - Purpose and use of appraisals for valuation.
 - General steps in appraisal process
 - Situations requiring appraisals by certified appraiser.
- B. Estimating Value
 - Effect of economic principles and property characteristics
 - Sales or market comparison approach. When is this used?
 - Cost Approach. What is cost approach and when used?
 - Income analysis approach. When is this used?
- C. Competitive/ Comparative Market Analysis
 - Selecting comparables and adjusting comparables.

4. Financing

- A. Basic Concepts and terminology. Know the following terms and what they are used for.
 - Points, LTV, PMI, Interest, PITI
 - Know financing instruments including mortgage, promissory note,
- B. Types of Loans
 - Conventional
 - FHA, VA, and USDA (rural loan programs)
 - Amortized loans and understand the calculation of amortization
 - Adjustable-rate mortgages
 - Bridge Loans
 - Owner Financing (installment and land contract/ contract for deed)
- C. Financing and Lending
 - Know the Lending process from Application through Closing.
 - Financing and Credit laws and rules
 - Truth in Lending, RESPA, Equal Credit Opportunity, CFPB TRID rules and risky loan features
 - Underwriting
 - Debt Ratios Credit Scoring and Credit history

5. General Principles of Agency

This is the National portion of the Exam... Not on WA specific Agency Laws.

- A. Agency and Non-Agency relationships
 - Types of agents and agencies
 - Other brokerage relationships (non-agents) including transactional and facilitators
- B. Agent's Duties to Clients
 - Fiduciary responsibilities. An agent is a fiduciary... but WA state laws Agents have "Statutory Duties"
 - Traditional Duties Basic duties owed from the agent to the principle
 - Care, Obedience, Accountability, Loyalty and Disclosure (COALD)
 - Power of Attorney and other delegation of Authority
- C. Creation of Agency and NON-Agency agreements; Disclosing conflict of Interest
 - Agency and Agency agreements
 - Key elements of different types of Listing Contracts.
 - Key elements of buyer brokerage/tenant representation contracts
 - Disclosure when acting as principal or other conflict of interest
- D. Responsibilities of Agent to Customers and Third Parties
 - Disclosure, Honesty, Integrity, accountability for money
- E. Termination How does an agency relationship terminate?
 - Expiration of the term
 - Completion/ performance. When you have performed your duties
 - Termination by force of law
 - Destruction of property or death of principal
 - Mutual Agreement

6. Property Disclosure

- A. Property Condition
 - Property condition that may warrant inspection and surveys
 - Proposed uses or change in uses that should trigger inquiry about private/public land use controls.
- B. Environmental issues requiring disclosure.
- C. Government Disclosure Requirements including Lead Paint
- D. Material Facts and defect disclosure

7. Contracts

- A. General knowledge of Contract Law.
 - When is the contract Valid?
 - Understand factors of enforceability of contracts
 - When is a contract void, voidable, and unenforceable?
 - Rights and Obligations of parties to a contract
 - Know the difference between executory and executed contracts.
 - Notice, delivery, and acceptance of contracts
 - Breach of contract and remedies for breach
 - Termination, rescission and cancellation of contracts
 - Electronic signature and paperless transactions
 - Bilateral vs Unilateral contracts and option agreements
- B. Contract Clauses including amendments and addenda
- C. Offers and Purchase Agreements
 - General requirements
 - When does an offer become binding
 - Contingencies including types and performance
 - Time is of the Essence
- D. Counteroffers and Multiple Offers

8. Leasing and Property Management

- A. Basic concepts and duties of Property Management
- B. Lease Agreements
 - Types of leases. Know Percentage, Gross, Net and Ground lease agreement.
 - Key elements and Provisions of Lease Agreements
- C. Landlord and tenant rights and obligations
- D. Property Manager's fiduciary responsibilities
- E. AD and Fair Housing Compliance in property Management
- F. Setting rents and Lease Rates.

9. Transfer of Title

- A. Title Insurance
 - What does Title Insurance cover
 - Title searches, title abstracts, chain of title
 - Marketable vs Insurable title
 - Potential title problems and resolution
 - Cloud on title and quiet title suits.
- B. Deeds
 - Purpose of deeds and when does title pass?
 - Types of deeds and when are they used
 - Essential elements of deeds
 - Importance of recording
- C. Escrow or Closing. The Tax aspects of transferring title to Real Property
 - Responsibilities of escrow agents
 - Prorated items
 - Closing Statements/ TRID disclosures
 - Estimated Closing Costs
 - Property and Income Taxes
- D. Special Processes including Foreclosure and Short Sales
- E. Warranties
 - Purpose of home or construction warranty Programs
 - Scope of home or construction warranty programs.

10. Practice of Real Estate

- A. Trust/ Escrow accounts
 - Purpose and definition of trust accounts including monies held in trust accounts
 - Responsibility for trust monies including comingling/ conversion
- B. Federal Fair Housing laws and the ADA
 - Federal Protected classes (Race, Color, Religion, Sex, National Origin, Familial Status and Disability)
 - Know what is prohibited conduct and definition of Red-Lining, Blockbusting, and Steering
 - Americans with Disabilities Act (ADA)
 - Exemptions
- C. Advertising and Technology
 - Advertising practices including Truth in Advertising and Fair Housing issues in Advertising
- D. Licensee and Responsibilities
 - Employee vs Independent Contractor
 - Due Diligence for Real Estate Transactions
 - Supervisory Responsibilities for licensees and Unlicensed personnel
- E. Antitrust Laws
 - Know the purpose and definition of the Antitrust Laws
 - Understand how violations can occur in Real Estate

11. Real Estate Calculations

- A. Basic Math Concepts
 - Loan to value Ratios, Discount Points, Equity, Down Payment/Amount Financed
- B. Calculations for Transactions
 - Property Tax calculations
 - Understand how to do prorations
 - Calculate commission and Commission splits
 - Know how to compute Sellers's proceeds of sale
 - Know how to determine Buyer funds needed at closing
 - Understand Transfer fee/ Conveyance Tax/ Revenue stamps
 - PITI Principal, Interest, Taxes and Insurance Payments
- C. Calculation for valuation and rate of return
 - Net Operating Income
 - Depreciation
 - Capitalization Rate
 - Gross Rent and Gross income multipliers