

Florida Salesperson PLE

UNIT III: Real Estate Sales and Marketing

Module 1: Practical Real Estate Application

Learning Objectives

- Understand the authority and functional role of the Department of Business and Professional Regulation (DBPR)
- Be familiar with the DBPR organizational structure
- Identify documents a DBPR investigator would review in an audit
- Describe the composition, appointment and member qualifications of the Florida Real Estate Commission
- Define the powers and duties of the Commission
- Know what The National Association of REALTORS® can offer real estate agents
- Understand what Florida Realtors® can offer Florida real estate agents

Florida Real Estate Oversight Authority

Definitions (FS 455.01)

Under Florida law, a “**board**” refers to a statutorily created entity within the Department of Business and Professional Regulation that has authority to regulate a profession, such as the Florida Real Estate Commission.

A “**department**” refers specifically to DBPR, the agency responsible for overseeing professional licensing in Florida.

While the statutory definition is broad, in practice, real estate licensees primarily interact with **FREC as their governing board**. This distinction helps clarify who creates the rules versus who administers them.

Department of Business and Professional Regulation (DBPR)

The Department of Business and Professional Regulation is the **primary regulatory agency** for real estate professionals in Florida. It operates under the executive branch and is led by a Secretary appointed by the Governor and confirmed by the Senate. The department’s mission is to protect the health, safety, and welfare of the public through licensing and enforcement. In real-world practice, DBPR is the entity behind your license and disciplinary oversight.

- ✓ Issues and renews licenses
- ✓ Investigates complaints
- ✓ Enforces discipline (fines, suspension, revocation)

DBPR Organizational Structure

Division of Professions: The Division of Professions operates within DBPR and oversees the licensing of hundreds of thousands of professionals, including real estate licensees. It works alongside various boards and councils to ensure compliance with Florida law and administrative rules. While the exact number of boards may change, its role as a central administrative hub remains consistent.

For real estate, this division supports the structure that allows FREC to function effectively.

 Think of it as: The “umbrella division” that houses many licensed professions

Division of Service Operations: The Division of Service Operations provides administrative and customer support for DBPR and its divisions. It serves as a key point of contact for licensees regarding licensing, renewals, and general inquiries. This division ensures that applications, records, and communications are handled efficiently behind the scenes. Most routine interactions with DBPR flow through this operational arm.

 Real-World Application: You're likely dealing with this division when you:
Update your license  Check application status  Call with general questions

Division of Florida Condominiums, Timeshares, and Mobile Homes: This division regulates condominiums, cooperatives, timeshares, and mobile home parks throughout Florida. It also oversees yacht and ship brokers, which is a unique regulatory function. While agents may not interact with this division daily, it becomes highly relevant in transactions involving common interest communities. Knowing its role helps you direct clients to the correct authority for governance issues.

 Practical Tip: Working with condos or associations?

 This division—not FREC—often governs those rules

Division of Real Estate (DRE): The Division of Real Estate (DRE) operates under DBPR and is the core administrative body for real estate regulation. It supports both the Florida Real Estate Commission and the Florida Real Estate Appraisal Board in licensing, examinations, and enforcement. While FREC sets the rules, the DRE handles the day-to-day execution of those rules. This includes processing applications, coordinating exams, and maintaining license records.

 Simple Breakdown:

DBPR → The agency  DRE → The operations  FREC → The rules & discipline

Legislative Intent (FS 455.201)

Under Florida law, the Legislature recognizes that individuals have the right to work in a regulated profession—including real estate—if they are properly qualified. Regulation is not meant to create barriers, but to ensure that professionals meet minimum standards. The goal is to balance public protection with fair access to employment opportunities. This principle applies to the Florida Real Estate Commission and the Department of Business and Professional Regulation in all rulemaking and enforcement.

 Big Idea:

Licensing laws exist to **protect the public**—not to block entry into the profession

When Regulation is Appropriate: The Legislature limits regulation to situations where it is truly necessary to protect the public’s health, safety, and welfare. This means real estate (and other professions) are regulated only when the risks of unregulated practice clearly outweigh any negative impact on competition. Regulation must also be justified when other protections—such as federal law or local ordinances—are not sufficient.

Additionally, the state must always consider whether less restrictive alternatives could achieve the same goal.

- Unregulated practice could cause real harm to the public
- Other laws or protections are not enough
- No less restrictive option is available

 Practical Tip:

This is why real estate brokerage activities **require a license**—because mishandling contracts, funds, or disclosures can cause serious financial harm

Limits on Overregulation: Florida law specifically prohibits DBPR and its boards, including Florida Real Estate Commission, from creating rules that are unreasonably restrictive. Regulations cannot be used to limit competition or make it unnecessarily difficult for qualified individuals to enter the profession.

The Legislature also makes clear that calling something a “profession” does not change its classification under other areas of law. This ensures that regulation remains fair and does not create artificial barriers.

 Practical Application: Regulation must be reasonable—not excessive or anti-competitive

Impact on Jobs and the Economy: The Legislature requires that any regulation consider its effect on job creation, job retention, and employment opportunities. Neither DBPR nor its boards may adopt rules that negatively impact employment without clear justification.

When new regulations are proposed, the state evaluates whether they could unnecessarily restrict individuals from working in the profession. This reinforces the idea that regulation must support—not hinder—the workforce.

 Why This Matters to You: Rules affecting your business must be justified and reasonable, not arbitrary

Efficiency and Cost Control: Florida law also requires DBPR to operate in a way that is cost-effective and efficient. Regulatory policies must aim to minimize licensing costs, promote competition, and ensure public access to meetings and decision-making processes. The department is expected to engage in long-term planning to improve operations and eliminate inefficiencies. This helps maintain a system that is both transparent and accessible to licensees and the public.

 Practical Takeaway: Regulation should be:

- Affordable for licensees
- Transparent to the public
- Efficient in operation

Department Powers and Duties (FS 455.203)

The Department of Business and Professional Regulation has broad authority to administer and enforce licensing laws for regulated professions, including real estate. This includes establishing procedures for license issuance and renewal, typically on a biennial basis, although longer license periods may be permitted in certain cases.

The department is also responsible for budgeting, oversight, and coordination of the various boards it supports. These powers ensure consistent regulation across all licensed professions.

 Practical Tip: Your license lifecycle (application → renewal → compliance) is all controlled by DBPR systems and rules

Board Support and Administration: DBPR plays a key role in supporting boards like the Florida Real Estate Commission. It appoints each board's executive director (with board approval) and provides administrative and operational support.

The department also develops training programs for new board members to ensure they understand applicable laws, rules, and procedures. This helps maintain consistency and professionalism in regulatory decision-making.

 **Why This Matters:** Even though FREC makes decisions, DBPR keeps everything running behind the scenes

Use of Expert Advice and Investigations: The department establishes procedures to rely on the expertise of boards during investigations, application reviews, and enforcement actions. It also ensures that investigators and consultants meet specific qualifications when conducting inspections or evaluations.

All board proceedings must be electronically recorded to ensure accurate records. These requirements promote transparency and accountability in the regulatory process.

 **Real-World Insight:** If a complaint is filed against a licensee, both DBPR investigators and FREC expertise may be involved

Coordination with Other Agencies: DBPR works with other state agencies, including the Department of Revenue, to enforce compliance with certain legal obligations.

For example, a license may be denied or suspended if a licensee fails to comply with child support orders or related legal requirements.

Once compliance is achieved, the license must be reinstated without additional charge. This reflects the state's broader enforcement authority beyond real estate law alone.

 **Key Takeaway:** Your real estate license can be affected by non-real estate legal issues

Application Processing Authority: DBPR has the authority to approve qualified applicants who meet all statutory and rule requirements.

It may also close incomplete or deficient applications if the applicant fails to correct issues within 2 years of notification. This ensures that the licensing process remains efficient and up to date. Applicants are responsible for timely compliance with all requirements.

 Exam Tip: Incomplete application? → 2 years to fix it before closure

Office Inspections and Audits: DBPR has the authority to inspect and audit brokerage offices to ensure compliance with real estate law. These inspections are conducted by the Division of Real Estate (DRE) and typically begin with an audit notification. Investigators review office setup, signage, licensing, and operational compliance. This is a critical enforcement tool used to monitor brokers and firms.

- ✓ Verifies office requirements (principal/branch)
- ✓ Checks office signage (broker name, trade name, licensure)
- ✓ Reviews licenses and continuing education compliance

Escrow Account Audits: If a broker maintains an escrow account, investigators will conduct a detailed review of all escrow records and transaction files. This includes verifying proper handling of funds and compliance with recordkeeping requirements. Escrow violations are one of the most serious issues in real estate regulation. Proper documentation and reconciliation are critical.

- Monthly reconciliation statements (last 6 months)
- Bank statements, checks, and deposit records
- Transaction files (pending, closed, disputed)
- Property management and lease records

 High-Risk Area  : Escrow mishandling = major disciplinary action

Record Retention Requirements (FS 475.5015): Brokers are required to maintain complete and accurate records of their real estate activities. These records must be kept for **at least 5 years**, regardless of whether a transaction closes. If litigation is involved, records must be retained for **at least 2 years after the case concludes**, but

never less than the 5-year minimum. This ensures that records are available for audits, disputes, or investigations.

 What Must Be Retained: Contracts, agreements, and transaction files, Escrow records (if applicable) and Brokerage relationship disclosures

 Simple Rule: 5 years minimum—longer if litigation is involved

Investigator Authority and Enforcement: Investigators document any violations discovered during audits or inspections for further review. Depending on the severity, the department may take different enforcement actions. Minor, first-time violations may result in a Notice of Noncompliance, while more serious issues can lead to citations or formal complaints. These actions may ultimately be reviewed by Florida Real Estate Commission for discipline.

- Notice of Noncompliance (minor, first offense)
- Citation (fines or penalties)
- Formal Complaint (possible disciplinary action)

The Florida Real Estate Commission (FREC) FS 475.02, FAC 61J2

The Florida Real Estate Commission operates **under** the Department of Business and Professional Regulation to regulate the real estate profession in Florida. Its authority comes from Florida Statutes Chapter 475 and rules found in FAC 61J2 (note: this is an administrative code—not “FS 61J2-20”).

FREC is responsible for **rulemaking, licensing oversight, and discipline** of licensees. In practice, this is the body that determines whether a licensee has violated real estate law.

 Think of FREC as: The rulemaker + disciplinarian for real estate licensees

Composition of the Commission: FREC is composed of 7 members appointed by the Governor and confirmed by the Senate. The membership is designed to balance industry expertise with public representation.

- 4 licensed brokers (active for at least 5 years)
- 1 broker associate or sales associate (active for at least 2 years)
- 2 consumer members (never licensed)

At least 1 member must be age **60 or older**. Members serve **4-year terms** and may not serve more than two consecutive terms.

If a vacancy occurs, the Governor appoints a replacement to complete the unexpired term, and members may continue serving until a successor is appointed.

 **Practical Insight:** FREC is not just “industry insiders”—consumer members help represent the public’s interest

Removal and Oversight: The Governor has the authority to remove a FREC member for cause, ensuring accountability within the commission. This structure reinforces that FREC operates as part of the executive branch, not as an independent body.

Term limits and appointment controls help prevent long-term concentration of regulatory power. This keeps the commission aligned with legislative intent and public policy.

Legal Counsel: FREC may obtain legal counsel when needed, typically through the Office of the Attorney General. An attorney advising the commission may provide guidance on legal matters presented during meetings or disciplinary cases.

However, that same attorney cannot prosecute a case in which they provided legal advice. This separation helps avoid conflicts of interest and preserves fairness in proceedings.

 **Why This Matters:** Ensures due process in disciplinary actions against licensees

Meetings and Operations: FREC elects a chairperson annually at its first meeting of the year. The commission typically meets monthly, often on the third Tuesday and Wednesday, at the Division of Real Estate offices in Orlando. These meetings are open to the public and include licensing matters, rule discussions, and disciplinary hearings. Meeting dates and agendas are published on the DBPR website.

 Practical Application: You can:

- ✓ Attend FREC meetings
- ✓ Review disciplinary cases
- ✓ Stay updated on rule changes affecting your business

Duties and Powers of the Commission

The Florida Real Estate Commission may regulate the real estate profession only as authorized by the Florida Legislature. Its authority comes from FS Chapter 475 and is implemented through rules in FAC 61J2.

FREC does not have unlimited power—it must act within the scope of the law. In practice, this means all rules, licensing decisions, and disciplinary actions must be legally supported.

 Key Concept: FREC enforces the law—but cannot go beyond what the law allows

Core Regulatory Powers: FREC regulates licensees through several primary powers that directly impact your day-to-day business. These powers ensure that agents meet standards for competency, honesty, and compliance. Understanding them helps you see where risk exists in your practice. Most disciplinary issues stem from violations tied to one of these areas.

- **Rulemaking:** Creates and enforces administrative rules (FAC 61J2)
- **Licensing:** Issues, renews, and regulates licenses and fees
- **Education:** Sets requirements for pre-license, post-license (PLE), and continuing education (CE) and approves schools

- **Enforcement Authority:** FREC has the power to enforce real estate license law and discipline licensees who violate it. This includes actions against licenses, registrations, and permits (such as real estate schools). Penalties are administrative in nature and can significantly impact a licensee's ability to work. However, FREC does not have criminal authority.
 - Deny license application or renewal
 - Place a licensee on probation
 - Suspend (up to 10 years) or revoke a license
 - Issue a reprimand or fine (up to \$5,000 per violation)

Executive Powers: FREC exercises executive authority by overseeing the conduct of all real estate licensees in Florida. This includes the ability to investigate complaints and initiate disciplinary proceedings when violations occur. These powers are carried out with the support of the Department of Business and Professional Regulation and its investigators. In practice, this is how complaints turn into formal cases.

 **Real-World Insight:** A consumer complaint → investigation → possible FREC discipline

Quasi-Legislative Powers: FREC has quasi-legislative authority, meaning it can create rules to implement and enforce the law. These rules are found in FAC 61J2 and provide the detailed guidance licensees must follow.

While the Legislature creates the law, FREC fills in the operational details through rulemaking. This allows the regulatory system to adapt without rewriting statutes.

 **Simple Breakdown:** Legislature = law | FREC = rules

Quasi-Judicial Powers: FREC also has quasi-judicial authority, meaning it can hear cases and make decisions regarding licensing and discipline. This includes the power to grant or deny licenses and determine appropriate penalties in disciplinary matters.

These decisions are made based on evidence, hearings, and legal standards. This function is similar to a court, but limited to administrative matters.

 Exam + Practice Tip: License denial or discipline = quasi-judicial action

Professional Organizations

The National Association of REALTORS®

The National Association of REALTORS® was founded in 1908 in Chicago as the National Association of Real Estate Exchanges, with the goal of uniting real estate professionals to influence the industry. Over time, it evolved into the largest trade association in the United States, now representing over 1.5 million members. The organization plays a major role in shaping industry standards, advocacy, and professional development. Membership is voluntary, but widely recognized as a mark of professionalism.

 Key Distinction: Real estate licensee $\neq$ REALTOR® (REALTOR® = member of NAR)

The REALTOR® Trademark: The term “REALTOR®” was created in 1916 to identify members of NAR who agree to follow its Code of Ethics. It is a registered trademark, meaning it can only be used by active members of the association. NAR actively protects this designation to maintain its professional significance. Proper use of the term is important in advertising and branding.

 Practical Tip: You can only call yourself a REALTOR® if you are a member of NAR

Code of Ethics: The NAR Code of Ethics, adopted in 1913, is one of the first formal ethical standards established for any profession. It requires REALTORS® to act in the best interests of clients and to cooperate with other brokers.

While highly influential, the Code is not law—it does not override federal or state statutes. Violations of the Code are handled within the association, not by state regulators.

 Important: If there is a conflict → Law prevails over the Code of Ethics

Growth and Structure: NAR became the largest trade association in the U.S. by the 1970s and continues to grow today. It includes:

1. 54 state/territory associations
2. 1,000+ local associations
3. Over 1.5 million members

In 1972, the organization officially became the National Association of REALTORS®, and the recognizable “Block R” logo was adopted shortly after. These branding elements reinforce the identity and professionalism of its members.

Mission and Vision: NAR’s mission is to empower REALTORS® to preserve, protect, and advance property ownership rights. Its vision is to serve as a trusted ally for both members and the public in an evolving real estate landscape.

These guiding principles shape advocacy efforts, education, and ethical standards. They also reinforce the organization’s role beyond just membership services.

Florida Realtors®

Florida Realtors® is one of the largest state associations affiliated with NAR. It provides education, legal updates, market data, and advocacy specific to Florida licensees. The organization plays a key role in promoting professionalism and consistency across the state. Many brokers and firms rely on its resources for forms, guidance, and training.

 Real-World Application: Agents commonly use:

- Florida Realtors® forms
- Legal hotline & updates
- Market data and business tools

Why This Matters to You: While NAR is not a regulatory body like the Florida Real Estate Commission, it plays a major role in professional standards and daily practice. Membership provides access to tools, education, and ethical guidance that can directly impact your business.

Successful agents actively use these resources to stay informed and competitive. Understanding the difference between law vs ethics vs trade organizations is critical in practice.

 Simple Breakdown:

FREC → Law & discipline

NAR → Ethics & professional standards

Progress Check - Real Estate Oversight

1. Florida Real Estate Commission members are appointed:

- A. By the State Attorney General
- B. By the Governor
- C. By the National Association of Realtors
- D. By the Department of Business and Professional Regulation

2. The NAR Code of Ethics:

- A. Is every licensee's duty to follow
- B. Is statutory law
- C. Not statutory law
- D. Prevails over statutory law

3. Which of the following operates specifically to regulate both the real estate and appraisal professions?

- A. DBPR
- B. FREC
- C. NAR
- D. DRE

LICENSEE VIOLATIONS & THE DISCIPLINARY PROCESS

Learning Objectives

- Recognize events that would cause a license application to be denied
- Distinguish actions that would cause a license to be subject to suspension or revocation
- Differentiate among the various penalties that may be issued by a court of law
- Explain the procedures involved in the reporting of violations, the investigation of complaints and the conduct of hearings
- Define the elements of a valid complaint
- Discuss the composition of the probable-cause panel

Violations

Violations Applicable to All Licensees

The Florida Real Estate Commission establishes disciplinary guidelines for violations of real estate license law (see FAC 61J2-24.001). These guidelines outline potential penalties for misconduct identified during investigations and hearings.

Violations generally fall into categories involving dishonesty, mishandling funds, noncompliance, or failure to meet professional duties. Licensees should focus on avoiding patterns of conduct that put consumers or transactions at risk.

Common Licensee Violations: Rather than memorizing every statute, focus on the types of conduct that lead to discipline. These are the most common and most heavily enforced:

- Fraud / Misrepresentation / Dishonest dealing
- False, misleading, or deceptive advertising
- Escrow violations (failure to account, deposit, or deliver funds)
- Violation of FREC or DBPR rules
- Criminal activity (especially fraud, dishonesty, or moral turpitude)
- Improper compensation (paying or sharing commissions with unlicensed persons)

- Failure to fulfill brokerage duties or disclosures
- Failure to maintain proper records or documentation

 **High-Risk Areas**  : Escrow mishandling, Advertising violations and Unlicensed activity

Additional Conduct Leading to Discipline: Certain actions can result in discipline even if no actual harm occurs to a consumer. The law focuses on the conduct itself, not just the outcome. This includes failing to comply with reporting requirements or engaging in behavior that reflects untrustworthiness. Licensees are expected to act competently and honestly at all times.

- Failure to report criminal convictions within required timeframes
- Obtaining a license through fraud or misrepresentation
- Acting while incapacitated (drugs, alcohol, or mental condition)
- Providing opinions outside scope (e.g., title opinions without attorney basis)

Broker-Specific Violations: Brokers are held to a higher standard due to their supervisory responsibilities. In addition to all general violations, brokers must ensure proper oversight of their firm and licensees. Many broker violations stem from failure to supervise or maintain compliance systems. This is one of the most tested and enforced areas in practice.

- Failure to supervise licensees
- Failure to maintain a proper office or signage
- Failure to register branch offices
- Failure to properly handle escrow funds
- Failure to maintain required records (5 years)

 **Real-World Insight:** Broker liability often comes from what they didn't catch, not what they personally did

Penalties

Administrative Penalties

The Florida Real Estate Commission has the authority to enforce real estate license law through a range of administrative penalties. These penalties apply to licenses, registrations, and permits (including real estate schools). The severity of the penalty depends on the nature of the violation and prior disciplinary history. FREC does not have criminal authority but will refer criminal matters to the appropriate prosecuting agency.

- Denial of application or renewal
- Probation
- Suspension (up to 10 years)
- Revocation
- Reprimand or fine (up to \$5,000 per violation)

Denial of Licensure: FREC may deny an application for licensure if the applicant fails to meet required qualifications or demonstrates untrustworthiness. This includes errors or omissions on the application, failure to pay required fees, or misconduct during the licensing process. Certain actions—such as cheating on the state exam—can also result in denial. Additionally, conduct that would justify discipline of an active licensee can be grounds for denial.

 **Practical Tip:** You can be denied before ever getting licensed based on conduct

Citation (FAC 61J2-24.002): A citation may be issued when a violation does not pose a current threat to the public's health, safety, or welfare. This is typically used for minor violations and results in a preset fine.

The licensee has **30 days to pay**, or the case may escalate into a formal complaint. If disputed, the matter proceeds through the standard disciplinary process.

 Think of a citation as: A “ticket” for a minor violation 

Probation: Probation allows a licensee to continue working under specific conditions, **usually for 90 days** unless otherwise stated. Conditions are designed to correct behavior and ensure compliance moving forward.

These may include additional education, reexamination, or increased oversight. Brokers may face additional requirements due to their supervisory role.

- Complete pre-license, post-license (PLE), or CE courses
- Pass the state exam
- Submit to inspections or reporting requirements

 Real-World Insight: Probation = “fix the problem while staying licensed”

Administrative Fines (FAC 61J2-10.031): FREC may impose fines up to \$5,000 per violation, depending on the severity of the misconduct. In addition to fines, the Commission may assess investigation and prosecution costs (excluding attorney fees).

Payment is typically required within 30 days of the final order. Failure to pay can result in further disciplinary action.

 Important: Fines can stack—multiple violations = multiple fines

Revocation (FS 475.25): Revocation is the most severe administrative penalty and results in permanent loss of the license. It is typically reserved for serious violations involving dishonesty, fraud, or repeated misconduct. A license may also be revoked if it was issued in error.

In some cases, revocation does not prevent a future application, depending on the circumstances.

 Simple Rule: Revocation = starting over (if allowed at all)

Criminal Prosecution

Licensee Violations That May Lead to Criminal Prosecution (FS 475.42)

The Florida Real Estate Commission does not have the authority to impose criminal penalties. However, certain violations of real estate license law are also classified as misdemeanors or felonies under Florida law. When these occur, FREC must refer the matter to the appropriate prosecuting authority. This means a licensee could face both administrative discipline and criminal charges for the same conduct.

 Key Concept: FREC = discipline | Courts = criminal penalties

Common Criminal Violations: Most criminal violations fall into a few high-risk categories involving unlicensed activity, fraud, or intentional misconduct. These are taken seriously because they directly impact public trust and financial safety. Licensees should be especially cautious in these areas, as they carry the highest legal consequences. Many of these violations are also among the most frequently tested.

- ✓ Unlicensed activity (operating without a valid license)
- ✓ Acting outside your role (e.g., sales associate acting as a broker)
- ✓ Improper handling of funds (collecting money without broker authorization)
- ✓ False or misleading advertising or representations
- ✓ Falsifying documents or testimony (affidavits, records, or statements)
- ✓ Recording false or unauthorized documents
- ✓ Knowingly concealing violations of license law

 High-Risk Area  : Unlicensed activity = felony offense

Broker-Specific Criminal Violations: Brokers face additional exposure due to their responsibility for firm operations and supervision.

- Employing unlicensed individuals
- Operating under an unregistered trade name
- Acting as a brokerage entity without proper registration

Other Criminally Actionable Conduct:

- Disseminating false or misleading information
- Advertising inaccurate or obsolete rental listings (for a fee)
- Timeshare activity without proper licensure or disclosures
- Interfering with investigations or ignoring subpoenas

Criminal Prosecution

Violations of Florida's real estate license law can result in criminal prosecution in addition to disciplinary action against a license. Under F.S. 475.42, most violations listed in the statute are second-degree misdemeanors, unless a different penalty is specifically provided.

General violation of F.S. 475.42

→ Second-degree misdemeanor

→ Up to 60 days in jail and/or a \$500 fine

Performing real estate services without a valid, current active license

→ Third-degree felony

→ Up to 5 years in prison and/or a \$5,000 fine

Remember: Criminal penalties are imposed by the court system, not FREC. The same conduct may also result in administrative action against a real estate license.

Reporting Violations

Requirement to Self-Report (FS 455.227(1)(t))

Florida law requires licensees to self-report certain criminal matters to the Florida Real Estate Commission or the Department of Business and Professional Regulation. A licensee must report in writing within 30 days if they are convicted, found guilty, or enter a plea of guilty or nolo contendere (no contest) to a crime in any jurisdiction. This requirement applies regardless of adjudication, meaning even withheld adjudication must be reported. Failure to report is itself a separate violation and can result in discipline.

 **Key Concept:** You must report the event—not just a conviction

What Must Be Reported:

- ✓ Conviction or finding of guilt
- ✓ Plea of guilty or nolo contendere
- ✓ Applies in any jurisdiction (not just Florida)

Why This Matters:

 Real-World Insight: It's often not the crime—it's the failure to report that causes bigger problems

Disciplinary Procedures

The Florida Real Estate Commission has the authority to discipline licensees for violations of real estate law. This process follows the Administrative Procedure Act and ensures fairness through a structured review.

 Big Picture: Complaint → Investigation → Decision → Penalty

Basic Disciplinary Process

1. Complaint or Audit
2. Investigation
3. Probable Cause Panel
4. Formal Complaint
5. Hearing (if requested)
6. Final Order
7. Judicial Review (appeal)

Complaint and Investigation

The process begins with a **written complaint or a DBPR audit**. Complaints must be legally sufficient, though anonymous complaints may be investigated if credible. The Department of Business and Professional Regulation may request additional documentation and conduct a full investigation. Even if a complaint is withdrawn, the investigation may continue if a violation is suspected.

 Key Rule: Complaints must generally be filed within 5 years

Notice of Noncompliance (Minor Violations)

For minor, first-time violations that do not harm the public, DBPR may issue a Notice of Noncompliance instead of formal discipline. This gives the licensee an

opportunity to correct the issue within a specified timeframe (typically 15 days). If the licensee complies, no further action is taken. Failure to comply may result in a citation or formal complaint.

 Think of it as: A “warning with a chance to fix it”

Probable Cause Panel

The FREC Probable Cause Panel reviews the investigative report to determine whether sufficient evidence exists to proceed. The panel consists of **2 members** and must decide within a set timeframe.

- If no probable cause is found, the case is dismissed or a letter of guidance may be issued.
- If probable cause is found, the case moves forward as a formal complaint.

 Important: This stage determines whether the case becomes public

Formal Complaint and Election of Rights

If probable cause exists, a formal complaint is filed against the licensee. The licensee then has **21 days to respond** and choose how to proceed. This is done through an Election of Rights, which determines the next step in the process.

- ***Dispute facts*** → Formal hearing (before ALJ)
- ***Accept facts*** → Informal hearing (before FREC)
- ***Waive hearing*** → Settlement or final decision

 Exam Tip: No response = waiver of hearing rights

Hearings and Final Order

If a hearing is held, the case is presented either before an **Administrative Law Judge** (ALJ) or FREC, depending on whether facts are disputed. After the hearing, a final order is issued, which includes findings of fact and the disciplinary action. This order

represents the Commission's official decision. Penalties are enforced unless successfully appealed.

Simple Breakdown:

- ALJ = decides facts
- FREC = decides penalty

Emergency Suspension

In rare cases where a licensee poses an immediate danger to the public, DBPR may issue an Emergency Suspension Order (ESO). This temporarily suspends the license before the full process is complete. It is used only in urgent situations. The case will still proceed through the normal disciplinary process afterward.

Judicial Review (Appeal)

After a final order is issued, the licensee has 30 days to appeal the decision to a court. Filing an appeal does not automatically stop enforcement of the penalty. However, the licensee may request a stay of enforcement. If the appeal is successful, the licensee's rights may be restored.

 Key Concept: Appeal $\neq$ automatic delay of punishment

Progress Check - Licensee Violations & Disciplinary Procedures

1. At what point in the disciplinary process does the Department file a formal complaint against a licensee?

- A. Once the complaint received is validated for legal sufficiency
- B. Once the probable cause panel determines probable cause exists
- C. If the investigation results in a guilty finding

D. If a notice of non-compliance is issued

2. Formal disciplinary hearings are conducted by:

- A. The Florida Real Estate Commission Chairperson
- B. The Department Legal Counsel
- C. An Administrative Law Judge
- D. A Real Estate Arbitrator

3. When a licensee violates the terms of a listing agreement, under what circumstances would the licensee NOT face disciplinary action for the violation?

- A. If the person filing the complaint sustained no damage or loss
- B. If the licensee could provide justification for the violation
- C. If the violation was the licensee's first infraction as a licensed agent
- D. There are no circumstances where the licensee could evade the disciplinary process after a violation

REAL ESTATE CASE LAW

Learning Objectives

- Be familiar with real estate licensee violations that led to legal cases
- Review Florida Real Estate Commission disciplinary activity summaries

Florida Real Estate Recovery Fund – Misappropriation Case Example

In this Florida administrative case, a licensed real estate professional accepted an earnest money deposit while acting as a broker and then **improperly converted the funds for personal use**. The injured consumer obtained a court judgment and later sought reimbursement through the Florida Real Estate Recovery Fund after being unable to collect from the licensee directly.

The Florida Real Estate Commission determined that the claimant met the statutory requirements for payment from the Fund. Once payment was ordered, the licensee's real estate license became subject to automatic suspension until the amount paid, plus applicable interest, was repaid as required by law.

Why this matters to agents in the field: escrow violations are among the most serious violations in real estate practice. Mishandling deposits can lead to civil judgments, license discipline, repayment obligations, and long-term damage to professional reputation.

Practical lessons for licensees:

- ✓ Deposit escrow funds properly and on time.
- ✓ Never mix client funds with personal or business funds.
- ✓ Maintain complete transaction records.
- ✓ When in doubt, ask your broker immediately.

Florida Recovery Fund Case Example – Erzene v. FREC

In this case, a buyer gave a licensed broker \$6,000 in deposits for two planned home purchases. Neither transaction closed, and the **broker failed to return the money**. The buyer sued and obtained a judgment that included compensatory damages, interest, and costs after the broker failed to properly defend the case.

The buyer then applied to the Florida Real Estate Recovery Fund. FREC attempted to limit payment mainly to the lost deposit amount, but the appellate court ruled that the Commission could not ignore the final court judgment after choosing not to defend the earlier lawsuit. The court ordered reimbursement based on the unsatisfied compensatory portion of the judgment within statutory limits.

In *Erzene v. FREC*, the broker's failure to return a deposit led to a lawsuit and judgment exceeding \$30,000, while the consumer ultimately sought Recovery Fund reimbursement for the unsatisfied compensatory damages. The case shows how a mishandled \$6,000 deposit can grow into far greater financial liability.

Why this matters to working agents: if deposits are mishandled, the consequences may extend far beyond the original escrow amount. A small transaction problem can grow into a much larger judgment involving damages, costs, and license discipline.

Practical lessons for licensees:

- ✓ Handle escrow funds exactly as required by law and broker policy.
- ✓ Document all deposits, releases, and disbursements carefully.
- ✓ Respond promptly to legal disputes or complaints.
- ✓ Never assume liability is limited to the deposit itself.

Florida Discipline Case Example – Boynton Beach

In this disciplinary case, a Florida licensee was found to have **committed multiple violations** involving escrow funds, trust account records, and reporting duties. The allegations included failing to properly account for money belonging to others, failing to timely place entrusted funds into the required escrow or trust account, and failing to report a criminal adjudication to the Commission within the required time period.

Additional violations involved poor trust account reconciliation practices and failure to maintain records needed to demonstrate compliance. Accurate monthly reconciliations and complete banking records are critical because escrow violations are among the most serious issues reviewed by regulators.

Penalty Imposed:

2. Revocation of license
3. \$3,500 administrative fine
4. \$1,625.25 investigative costs
 - Total direct cost: \$5,125.25 (not including lost income or legal expenses)

This shows that recordkeeping failures can become just as damaging as mishandling the money itself.

Practical lessons for licensees:

- ✓ Deliver deposits immediately according to broker instructions and Florida law.
- ✓ Maintain complete escrow and transaction records.
- ✓ Report required criminal matters timely.
- ✓ Ask your broker or compliance officer when handling deposits or trust funds.

Florida Discipline Example - Funds Mishandled

A Florida sales associate accepted a rental deposit from a consumer but **failed to deliver the funds to the broker** within one business day as required. The licensee also **failed to appear** and present mitigating evidence during the disciplinary process.

FREC imposed the penalty of license revocation. This is a powerful reminder that even rental deposits must be handled with the same seriousness as purchase escrow funds.

Practical lessons:

- ✓ Deliver deposits to the broker immediately.
- ✓ Never hold consumer funds personally.
- ✓ Rental transactions can create full disciplinary exposure too.

Florida Discipline Example - Misleading Website Advertising

A licensee was disciplined for having **misleading information on a website** and also **failing to timely respond** when an investigator contacted them. Advertising violations now commonly arise from websites, social media, and online lead generation.

Penalty imposed: \$500 fine. Smaller than revocation cases, but still a public disciplinary mark.

Practical lessons:

- ✓ Audit websites and profiles regularly.
- ✓ Remove false claims, fake rankings, or outdated statuses.
- ✓ Respond promptly to DBPR investigators.

Florida Discipline Case Example – Clearwater

In this disciplinary matter, a Florida licensee **failed to notify the Commission** in writing within the required 30-day period after entering a plea or being found guilty of a crime, including a felony matter. Florida law requires timely written disclosure of certain criminal events, even when the conduct did not occur during a real estate transaction.

The *penalties imposed* were a \$500 administrative fine plus \$174.89 investigative costs. While less severe than fraud or escrow cases, this type of violation creates a permanent disciplinary record and can lead to harsher penalties if repeated.

Practical lessons for licensees:

- ✓ Report required criminal matters immediately.
- ✓ Do not assume non-real-estate crimes are irrelevant.
- ✓ Ask legal counsel or your broker if unsure.
- ✓ Delayed reporting often creates a second violation beyond the original event.

Florida Compliance Topic (Common Violation) - Failure to Self-Report Felony Matter

Florida sources continue to identify **failure to notify FREC** after felony pleas or convictions as a common disciplinary issue. Many agents mistakenly think only real-estate-related crimes must be reported.

Practical lessons:

- ✓ Report required criminal matters in writing.

- ✓ Do not assume adjudication withheld means no duty exists.
- ✓ Seek legal counsel immediately.

Florida Discipline Case Example – Boca Raton

In this matter, a Florida licensee **failed to timely comply** with a lawful order issued by the Florida Real Estate Commission. Commission orders may require payment of fines, completion of education, submission of records, probation compliance, or other corrective actions by a specific deadline.

Even when the original violation is minor, failing to obey a Commission order can create a new disciplinary violation. Regulators expect prompt compliance once an order becomes final.

The *penalties imposed* were a \$250 administrative fine plus \$85.50 investigative costs. This demonstrates that ignoring deadlines can become expensive and damage a licensee's compliance history.

Practical lessons for licensees:

- ✓ Read every DBPR/FREC notice immediately.
- ✓ Calendar all deadlines the same day received.
- ✓ Complete ordered education or payments early.
- ✓ Failure to comply can be worse than the original issue.

Florida Discipline Case Example – Sharing a Lockbox Code

In this case, a Florida licensee provided buyers with a lockbox access code so they could enter a property without proper supervision. While this may seem convenient, **unauthorized access** creates serious concerns involving security, liability, and protection of the seller's property.

FREC imposed a \$2,000 fine and required attendance at a future Commission meeting. The case shows that convenience should never override proper access procedures.

Why this matters to working agents: lockboxes are security tools, not shortcuts. Improper access can expose agents and brokers to discipline and civil liability.

Practical lessons for licensees:

- ✓ Never share access codes improperly.
- ✓ Follow showing and supervision rules.
- ✓ Protect seller property at all times.
- ✓ Convenience can become liability quickly.

Florida Discipline Case Example – Paying an Unlicensed Referral Source

In this disciplinary matter, a Florida licensee **paid compensation to an unlicensed person** who brought a buyer to the transaction. Florida carefully regulates who may receive compensation tied to brokerage services or procuring prospects.

FREC imposed a \$250 fine, reinforcing that even informal referral arrangements can violate licensing law. Agents should never assume “everyone does it” makes the payment lawful.

Florida Broker Convicted in Mortgage Fraud Scheme

A Florida broker was convicted after helping buyers qualify for loans by **creating false pay stubs and fake W-2 forms** to inflate borrower income. Courts treated the conduct as mortgage fraud because false documents were used to influence lending decisions.

The broker was reportedly sentenced to 4 months imprisonment. This case is a strong reminder that helping a deal close through false paperwork can become a criminal matter—not just a licensing issue.

Practical lessons for licensees:

- ✓ Never alter or create borrower documents.
- ✓ “Helping qualify” can equal fraud.

- ✓ Loan fraud can bring jail time and license loss.

Miami Real Estate Broker Convicted for Money Laundering

A Miami-area real estate broker was convicted after assisting sanctioned foreign owners with renting, selling, and managing luxury Florida properties. Federal prosecutors alleged the broker **handled transactions involving blocked assets and unlawful proceeds**.

The case was described as a landmark prosecution showing that real estate professionals can face criminal exposure when ignoring sanctions and financial compliance laws.

Practical lessons for licensees:

- ✓ High-end deals still require compliance.
- ✓ Know your client and source of funds.
- ✓ International transactions can create federal risk.

Homeowner Lawsuit Against Brokerage for Fraud / Negligence

A Florida homeowner filed suit against a national brokerage and related parties alleging an agent improperly acted as a contractor on properties the agent represented. Claims reportedly included **fraud, conspiracy, and negligence** with substantial damages sought.

Whether proven or not, the case demonstrates how conflicts of interest and side-business relationships can quickly become litigation.

Practical lessons for licensees:

- ✓ Avoid undisclosed side interests in transactions.
- ✓ Contractor relationships can create conflicts.
- ✓ Written disclosure is critical.

A few others:

- Licensee pled guilty to **misdemeanor DUI** – \$250 fine.
- Licensee pled guilty to **bank fraud and aggravated identity theft** – license revoked.
- Licensee **failed to deliver** a fully signed copy of the listing agreement when it got stuck in an archive folder – \$500 fine.

Additional real estate disciplinary case summaries can be found at:

<https://www.floridarealtors.org/news-media/news-articles/2026/02/closer-look-frec-discipline>

Progress Check - Real Estate Case Law

1. An unlicensed friend says, “I found you a buyer—pay me \$1,000 at closing.” What should the licensee do FIRST?
 - A. Pay the friend only if the seller approves
 - B. Agree because the payment is small
 - C. Pay the friend as a marketing expense
 - D. Consult the broker and verify whether any payment would comply with Florida licensing law
2. A licensee’s website still states she is the “#1 Realtor in Florida” and advertises listings that sold months ago. What is the BEST action to reduce legal and disciplinary risk?
 - A. Move the statements to social media where rules are less strict
 - B. Immediately review and correct misleading, outdated, or unverifiable advertising claims
 - C. Leave the site unchanged because websites are informal marketing tools
 - D. Keep the claims unless a competitor complains first

3. A Florida sales associate receives a tenant's security deposit on Monday afternoon. To best avoid the type of disciplinary issue seen in recent Florida cases, the associate should:

- A. Hold the deposit until the lease is fully signed by all parties
- B. Deposit the funds into the associate's personal account temporarily
- C. Deliver the deposit to the broker or follow the broker's escrow procedure immediately
- D. Wait until the end of the week to submit all collected deposits together

TITLES & CLOSING PROCEDURES

Learning Objectives

- Explain the purpose of title searches, title commitments, and title insurance in real estate transactions.
- Differentiate among chain of title, abstract of title, title opinion, and title commitment concepts.
- Differentiate between owner's and lender's title insurance policies.
- Recognize common title insurance exclusions, exceptions, and subrogation rights.
- Explain how recording acts establish constructive notice and priority among competing claims.
- Explain the purpose of surveys and legal descriptions in identifying real property.
- Recognize common 1099-S reporting obligations associated with certain closings.
- Explain the purpose of settlement and the role of title companies, attorneys, and closing agents.
- Identify common pre-closing, closing day, and post-closing procedures.

- Identify who may lawfully sign closing documents through a power of attorney or estate authority.
- Differentiate among the Loan Estimate, Closing Disclosure, and HUD-1 settlement forms.
- Recognize common TRID timing rules that may affect closing dates.

Titles

Before a property is sold, financed, or refinanced, the parties usually want confirmation that the seller can transfer good title. Title refers to the **legal ownership rights in the property**—the owner’s claim and interest in the real estate.

A deed, by contrast, is the **written instrument used to transfer those ownership rights** from one party to another.

A title search helps uncover recorded issues such as liens, unpaid taxes, judgments, easements, boundary matters, or breaks in ownership history that could interfere with closing. For real estate professionals, understanding the basics of title work helps agents better guide clients, spot red flags early, and coordinate with title companies or attorneys during the transaction.

Title Searches

A title search is an examination of public records to determine the ownership history of property and identify recorded matters that may affect title. Today, searches are commonly performed by title companies, attorneys, or professional title examiners using digital and courthouse records rather than only by traditional “abstractors.” The goal is to determine whether title appears marketable and whether a title insurer is willing to issue coverage.

In many transactions, the results are reflected in a title commitment (promise to insure subject to listed requirements and exceptions) or, in some states, an abstract of title. Buyers and lenders rely on this review before closing.

Procedures: Often, title is searched before closing and then updated again just prior to recording or funding to check for newly filed matters. Sellers may also sign an affidavit stating no new liens, bankruptcies, divorces, or other ownership issues have arisen since the earlier examination. This helps reduce the risk of last-minute title defects.

Common public record sources include:

1. Deed records
2. Mortgage and lien records
3. Judgment records
4. Probate or estate filings
5. Tax records
6. Plat or survey records

Search periods vary by state and underwriting standards. Many states use a marketable title period or a practical search period based on local law rather than a **universal 40-year rule**.

Chain of Title vs. Abstract of Title

The chain of title is the **sequence of ownership transfers** from the current owner back through prior owners. Examiners review the chain to confirm each transfer appears valid and that no gaps or conflicting claims exist. Breaks in the chain can create major closing problems.

An abstract of title is a **condensed written history** of the recorded matters affecting the property, including deeds, mortgages, easements, judgments, and other documents. While once common, many modern transactions rely more heavily on title commitments and electronic title reports than traditional abstracts.

Title Opinion / Certificate of Title

In some states, an attorney may issue a title opinion stating **whether title appears marketable** based on the records examined. In other situations, a title company may issue a commitment for title insurance before closing and a final policy after closing. Terminology and practice vary by state.

Lenders commonly require a lender's title insurance policy as a condition of making the loan, and buyers may choose to purchase an owner's policy for additional protection.

Recording Acts

Recording acts are state laws that establish how documents affecting real estate are recorded and how priority is determined among competing claims. Recording creates

public notice and helps protect purchasers, lenders, and owners who rely on the public record.

These laws generally address:

- ✓ Where documents are recorded
- ✓ What documents may be recorded
- ✓ Priority between competing interests
- ✓ Notice to future buyers or lenders

Title Insurance

Title insurance is a **risk management tool** that protects against certain title defects, liens, or ownership claims connected to events that occurred before the policy date. Unlike hazard insurance, which protects against future losses such as fire or storms, title insurance generally **protects against past problems** that were unknown at closing. If a covered claim arises, the insurer may defend the title, pay losses, or both, subject to the policy terms.

Examples of covered risks may include forged documents, undisclosed heirs, recording errors, mistakes in legal descriptions, or defective prior transfers. Coverage depends on the exact policy language and any listed exceptions.

Owner's Policy vs. Lender's Policy: There are two common types of title insurance. A lender's policy **protects the mortgage lender's security interest** and is commonly required when a buyer obtains financing. Coverage usually decreases as the loan balance is paid down.

An owner's policy **protects the buyer's ownership interest**, typically up to the purchase price or insured amount stated in the policy. It is often optional but strongly considered because lender coverage does not protect the owner personally.

Key distinction:

- **Lender's policy** = protects the lender
- **Owner's policy** = protects the buyer/owner

Exclusions and Exceptions: Title insurance does not cover every possible issue. Policies contain exclusions (standard items not insured) and exceptions (specific matters listed for that property). Buyers should review these carefully. Common exclusions or exceptions may include:

- Governmental regulations such as zoning or police power matters
- Taxes not yet due and payable
- Matters created after the policy date
- Rights of parties in possession
- An accurate survey and review of the title commitment can help identify concerns before closing
- Easements or encroachments shown by survey
- Defects known to the insured but not disclosed

Subrogation: Most title insurance policies contain a subrogation clause. If the insurer pays a covered claim, it may step into the policyholder's legal position and pursue recovery from the party responsible for the defect or loss.

In simple terms, after paying the claim, the insurer may seek reimbursement from the person or entity that caused the title problem. This helps prevent double recovery and shifts liability to the responsible party.

Legal Descriptions

Legal Descriptions of Real Property

A legal description is a precise **method of identifying real estate** that is sufficient for use in a deed, mortgage, survey, court action, or other formal instrument. Unlike a street address, a legal description is intended to uniquely identify the land itself. A description is generally sufficient if a competent surveyor can locate the property with reasonable certainty.

Legal descriptions are important because ownership rights, financing documents, and boundary determinations depend on accurate land identification. Errors can delay closings, create title issues, or cause boundary disputes.

Survey

A survey is a professional **measurement and mapping of a parcel's boundaries** and visible improvements. It helps confirm where property lines are located and may show structures such as buildings, fences, driveways, pools, and other improvements. Surveys are valuable because boundary problems can become expensive disputes after closing.

A current survey may also reveal easements, encroachments, setback issues, access concerns, or overlaps with neighboring parcels. Lenders or title insurers may request a survey depending on the transaction.

Why Surveys Matter: A current survey can help prevent surprises such as:

- Fence or driveway crossing a property line
- Neighbor improvements encroaching onto the land
- Access or utility easements affecting use
- Setback violations or placement concerns
- Boundary disputes with adjoining owners

Legal Descriptions of Real Property: Three Principal Survey Methods

Metes and Bounds – Uses distances, directions, monuments, and boundary lines.

Government Survey System – Uses townships, ranges, sections, and aliquot parts.

Lot, Block, and Subdivision (Plat) – Refers to a recorded subdivision map or plat.

In some cases, property may also be described by reference to another recorded document, such as a prior deed or mortgage, if that referenced document contains a valid legal description.

A surveyor typically relies on the property's legal description to locate boundaries, dimensions, and land corners. The legal description identifies the land itself, while a street address is mainly used for mail and everyday reference. Many recorded documents use the legal description rather than only the address. Examples include:

- ✓ Deeds
- ✓ Mortgages
- ✓ Certain affidavits or powers of attorney affecting real estate
- ✓ Easements

- ✓ Subdivision plats

Because addresses may change, the legal description remains the more reliable method of identifying real property.

Closing

The Closing Process

A real estate closing is the final stage of the transaction where ownership is transferred, documents are signed, and funds are disbursed. Although the closing date is often set in the contract, the parties usually spend several weeks completing inspections, financing, title work, insurance, and other requirements before settlement can occur. Many closings today are coordinated by a title company or attorney and may involve remote or separate signings.

Florida Closings and Title Companies

In Florida, many residential closings are commonly handled by title companies or attorneys, although customs may vary by county, contract terms, lender requirements, or the parties' agreement. The closing agent coordinates documents, collects funds, pays authorized charges, and helps complete the settlement process.

After closing, the closing agent typically arranges recording of the deed, mortgage (if financed), satisfactions or payoffs, and other necessary documents in the public records. Title companies may also issue lender's and owner's title insurance policies to protect against covered title defects.

For real estate professionals, understanding the closing process helps agents better prepare clients for timelines, fees, and final document signing.

Common Pre-Closing Steps

- ✓ Title search and title commitment
- ✓ Loan approval and appraisal
- ✓ Property inspections and repairs
- ✓ Survey, if required
- ✓ HOA/condo document review
- ✓ Insurance arrangements
- ✓ Final walkthrough
- ✓ Buyer receives final closing figures

Closing Day

- Once contingencies are satisfied, the buyer signs loan documents, the seller signs the deed, and final funds are collected and disbursed.
- The settlement agent coordinates signatures, confirms funds, and prepares documents for recording.

Post-Closing

After settlement, the closing agent typically:

- ✓ Records the deed and mortgage
- ✓ Pays off prior liens if required
- ✓ Disburses proceeds to seller and vendors
- ✓ Issues title insurance according to policy terms

Authorization to sign closing documents

A seller may authorize another person to sign through a valid power of attorney. The document should clearly grant the needed authority and comply with Florida law and closing requirements. Lenders or title companies may also require advance review and approval.

If an owner is deceased, authority to sign usually belongs to the court-appointed personal representative of the estate, subject to probate law. An heir does not automatically gain authority to sell simply because they expect to inherit. A power of attorney, including a durable power of attorney, generally **ends upon the death of the principal**.

IRS 1099-S Reporting Obligations

Certain real estate sales must be reported to the Internal Revenue Service using Form 1099-S. This form helps the federal government track proceeds from real estate transfers and may assist taxpayers in reporting gain, loss, or other tax consequences related to the sale. It is commonly associated with the closing process rather than loan disclosures.

Reportable transactions may include transfers of ownership interests in land, homes, condominiums, cooperative interests, and many other real estate interests.

Exemptions and special rules may apply, particularly for qualifying principal residences.

Who Usually Files? The person responsible for closing the transaction is often responsible for filing Form 1099-S, which may include:

1. Settlement agent
2. Title company
3. Closing attorney

Practical Lesson for Agents: Licensees should not provide tax advice, but they should know that many closings involve federal reporting requirements. Clients with questions about tax consequences should be directed to a qualified CPA or tax advisor.

Escrow Account Statement

At settlement or **within the next 45 days**, the loan servicer generally provides an initial escrow account statement if an escrow account is established. This statement estimates future deposits and disbursements for items such as taxes and insurance.

Each year, the servicer also performs an escrow analysis and notifies the borrower of shortages, surpluses, or payment changes for the upcoming year.

Closing Disclosure

The Closing Disclosure (CD) is a federal loan disclosure used in many residential mortgage transactions under the TRID Rule, which combines requirements from TILA and RESPA. It provides the borrower with the **final loan terms, projected payments, closing costs, cash needed to close, and other key settlement information.**

In most covered transactions, the borrower must receive the Closing Disclosure at least **3 business days before consummation of the loan.**

If certain major loan terms change after delivery—such as a significant APR change, addition of a prepayment penalty, or change in loan product—a new 3-business-day waiting period may be required. Because of this rule, last-minute loan changes can delay closing.

Delivery and Seller Disclosure: The lender is responsible for the Closing Disclosure, but it may authorize the settlement agent to deliver or help prepare the form. The seller must also receive required closing cost information on or before settlement, either through a seller-specific disclosure or through the applicable portions of the buyer's disclosure.

For real estate professionals, this means final numbers should be reviewed early to avoid closing delays.

Disclosure Exceptions: Some transactions are generally not subject to full TRID Closing Disclosure rules, including certain:

- HELOCs
- Reverse mortgages
- Loans secured by mobile homes not attached to land (some cases)
- Certain non-creditor/private financing situations

Different federal disclosure forms may apply in those transactions.

Revised Loan Estimates and Closing Delays: Under federal TRID rules, lenders may issue revised disclosures when certain legitimate changes occur during the loan process. Common examples include appraisal issues, borrower-requested loan changes, rate lock changes, changes in credits or points, or unexpected settlement cost adjustments.

Some revisions may affect waiting periods and can delay the scheduled closing date. For real estate professionals, this is why contract changes, late negotiations, or financing changes near closing should be handled carefully and communicated quickly to all parties.

Loan Estimate and Older Disclosure Forms

For most modern residential mortgage loans, the older Good Faith Estimate (GFE) has been replaced by the Loan Estimate (LE) under the TRID Rule. The Loan Estimate provides borrowers with projected loan terms, estimated closing costs, and important financing information shortly after application. In many covered transactions, it must generally be delivered or placed in the mail **within 3 business days** after receiving a completed application.

Because these figures are estimates, some charges may change before closing depending on the transaction, provider choices, or lawful tolerance limits.

What the Loan Estimate Helps Show: Typical projected costs may include:

- ✓ Loan origination charges
- ✓ Prepaid interest
- ✓ Homeowners insurance reserves
- ✓ Taxes and escrow deposits
- ✓ Title and settlement charges
- ✓ Recording or government fees

HUD-1 / Uniform Settlement Statement

The older HUD-1 Settlement Statement was once the primary closing cost form used in many mortgage transactions. Today, it is generally limited to certain transactions not covered by TRID, such as some reverse mortgages or HELOCs.

When used, the HUD-1 itemizes charges to the borrower and seller, showing how funds are collected and disbursed at closing.

Practical Lesson for Agents: Most buyers today will see a Loan Estimate early in the loan process and a Closing Disclosure before closing. Agents should know the older HUD-1 form still exists in limited situations, but it is no longer the standard form for most financed residential sales.

Progress Check - Titles and Closing Procedures

1. Title insurance typically does not automatically cover which of the following if listed as a policy exception?

- A. Forged prior deed

- B. Unrecorded easements discoverable by survey
- C. Undisclosed heir claim
- D. Title defects

2. Which of the following actions takes place prior to closing?

- A. Recording of the deed
- B. Earnest money is transferred to the settlement agent
- C. Parties sign the settlement statement
- D. Third party fees are paid

3. The Closing Disclosure under the TRID Rule is generally not required for which type of loan?

- A. HELOC loan
- B. FHA loan
- C. VA Loan
- D. Refinance loan

CALCULATIONS FOR CLOSING & PRORATIONS

Learning Objectives

- Compute the sales commission
- Calculate the percent of profit or loss, given the original cost of the investment, the sale price and the dollar amount of profit or loss
- Prorate the buyer's and seller's expenses
- Calculate the dollar amount of transfer taxes on deeds, mortgages and notes
- Allocate taxes and fees to the proper parties and compute individual costs

- Explain the rules of thumb for Closing Disclosure entries
- Explain the major sections of the Closing Disclosure
- Demonstrate ability to read and check the Closing Disclosure for errors

Compute Sales Commissions

Real estate commissions are commonly calculated as a percentage of the sales price, although commission amounts and methods are always negotiable. In practice, agents should remember that compensation is based on agreement, not a fixed state rate. Understanding commission math helps licensees explain proceeds, listing terms, and estimated closing figures to clients.

Common Formulas

Sales Price x Commission Rate = Commission Amount

Commission Amount / Sales Price = Commission Rate

Commission Amount / Commission Rate = Sales Price

*Example 1 – Find the Commission Amount: A property sells for \$120,000 and the agreed commission rate is 6%. Convert 6% to 0.06 and multiply.
 $\$120,000 \times 0.06 = \$7,200$ The total commission is \$7,200.*

*Example 2 – Find the Commission Rate: A property sells for \$120,000 and the commission earned is \$7,200. Divide the commission by the sales price.
 $\$7,200 / \$120,000 = 0.06 = 6\%$ The commission rate was 6%.*

Practical Tip for Agents: Always confirm whether the commission shown is the total brokerage commission or an individual agent's share after splits, referral fees, or brokerage agreements.

Calculate Sales Proceeds and Profit

When a seller transfers property, the gross sale proceeds are the contract sales price before expenses. Net proceeds are the amount remaining after deducting items such as mortgage payoff, commissions, taxes, and closing costs. In exam math, questions sometimes simplify this concept by focusing only on purchase price and commission

to calculate profit. For real-world practice, remember that true seller net proceeds usually involve more than just commission.

Seller Profit: Many sellers want to know how much money they will make on the sale overall.

Common Formulas

Sale Price - Purchase Price - Selling Expenses = Profit

Profit / Purchase Price = Rate of Return (Percent Profit)

Example 1 – Find Dollar Profit: A property was purchased for \$120,000 and later sold for \$200,000 with a 6% commission.

$\$200,000 \times 0.06 = \$12,000$ commission

$\$200,000 - \$120,000 - \$12,000 = \$68,000$ profit The dollar profit is \$68,000.

Example 2 – Find Percent Profit: Use the same facts and compare the profit to the original purchase price.

$\$68,000 / \$120,000 = 0.5667 = 56.67\%$ The percent profit is 56.67%.

Seller Net Proceeds: Many sellers want to know how much money they will actually receive after closing. Seller net proceeds are not the same as profit because net proceeds focus on the cash remaining after mortgage payoff and closing expenses. This is one of the most common real-world questions agents receive before listing or accepting an offer.

Common Formula

Sale Price - Mortgage Payoff - Closing Costs - Commission - Other Seller Debits + Seller Credits = Seller Net Proceeds

Example: A home sells for \$300,000. The seller owes \$180,000 on the mortgage, pays a 6% commission (\$18,000), and has \$4,000 in other closing costs.

$\$300,000 - \$180,000 - \$18,000 - \$4,000 = \$98,000$ The seller's estimated net proceeds are \$98,000.

Practical Tip for Agents: Actual seller proceeds may also be reduced by mortgage payoff, title charges, taxes, repairs, concessions, HOA fees, and other closing costs, so always review the estimated settlement figures carefully.

Loan Amount and Down Payment

Buyers often ask how much they need to put down and how much they can finance. These figures are commonly based on the loan-to-value ratio (LTV) provided by the lender.

Understanding this math helps agents explain financing basics and estimated cash needed to close.

Common Formulas:

Sale Price x LTV = Loan Amount

Sale Price - Loan Amount = Down Payment

Example: A buyer purchases a home for \$250,000 and obtains an 80% loan.

$\$250,000 \times 0.80 = \$200,000$ loan amount

$\$250,000 - \$200,000 = \$50,000$ down payment

The buyer finances \$200,000 and provides a \$50,000 down payment.

Prepaid Interest

At many closings, the buyer prepays interest from the day of closing through the end of the month. This is often called per diem interest and is collected by the lender at settlement. The first regular mortgage payment usually begins the following month.

Common Formula:

Loan Amount x Interest Rate / 360 x Number of Days = Prepaid Interest

Example: A buyer obtains a \$200,000 loan at 6% interest and closes with 10 days of prepaid interest due.

$\$200,000 \times 0.06 = \$12,000$ annual interest

$\$12,000 / 360 = \33.33 daily interest

$\$33.33 \times 10 = \333.30 The prepaid interest due at closing is \$333.30.

Prorations

Prorated Expenses

A proration is the proportionate division of certain expenses or income between the buyer and seller as of the closing date. The goal is to make each party pay only for the time they owned or benefited from the property. Common prorated items include property taxes, rent, HOA dues, utilities, and interest.

Whether a party receives a credit or debit depends on whether the item was prepaid or remains unpaid at closing. If the seller prepaid an expense, the buyer may reimburse the seller. If the seller owes an unpaid item covering the seller's ownership period, the buyer may receive a credit.

In actual transactions, prorations are often based on calendar days and local closing practice. For classroom or exam questions, use the method specifically provided in the problem.

Common Formula:

Annual Expense / 360 = Daily Rate

Daily Rate x Number of Days = Proration Amount

Example – Seller Reimbursement for Prepaid Taxes: The seller prepaid annual county taxes of \$720. Closing occurs on October 10. The buyer reimburses the seller for the remainder of the year.

\$720 / 360 = \$2 per day

20 days (Oct) + 30 days (Nov) + 30 days (Dec) = 80 days

\$2 x 80 = \$160 The seller is reimbursed \$160 at closing.

Common Buyer Credits and Debits

The buyer commonly receives credits for the earnest money deposit, loan proceeds or an assumed mortgage balance, unpaid taxes or HOA dues owed by the seller, transferred security deposits, and prorated rent due after closing. These credits reduce the amount of cash the buyer must bring to settlement.

The buyer is commonly debited for the purchase price, loan charges, prepaid interest, escrow reserves for taxes and insurance, title or settlement fees, recording costs, survey charges, and other agreed closing expenses.

Common Seller Credits and Debits

The seller commonly receives a credit for the sales price of the property and may also receive reimbursement for prepaid taxes, HOA dues, or other prepaid items benefiting the buyer after closing. These credits increase the seller's gross proceeds.

The seller is commonly debited for mortgage payoff amounts, broker commissions, unpaid taxes or dues for the seller's ownership period, prorated rent or security deposits owed to the buyer, transfer taxes where applicable, deed preparation charges, and other agreed seller closing costs.

Property Taxes

Real estate is commonly taxed by local governments to fund services such as schools, roads, police, and public operations. Property taxes are usually based on the property's assessed value, which may differ from market value.

For real estate professionals, understanding tax calculations helps explain ownership costs, escrow payments, and closing prorations to clients.

Assessment methods, exemptions, and due dates vary by jurisdiction.

Property Taxes - Key Terms

- **Assessed Value** = value assigned for tax purposes by the taxing authority. It may be lower or different than market value.
- **Tax Rate** = the rate used to calculate taxes, often expressed as a percentage or as dollars per \$100 or \$1,000 of assessed value.
- **Annual Property Tax** = yearly tax due based on the assessed value and applicable rate.

Common Formulas

Property Taxes / Assessed Value = Tax Rate

Tax Rate x Assessed Value = Annual Taxes

Property Taxes / Tax Rate = Assessed Value

Example 1 – Find the Tax Rate: A property has an assessed value of \$100,000 and annual taxes of \$5,600.

\$5,600 / \$100,000 = 0.056 = 5.6% The tax rate is 5.6%.

Example 2 – Find Annual Property Taxes: A property has an assessed value of \$100,000 and a tax rate of \$5.60 per \$100.

$$\$5.60 / \$100 = 0.056$$

0.056 x \$100,000 = \$5,600 The annual property taxes are \$5,600.

Example 3 – Find Assessed Value: A property has annual taxes of \$5,600 and a tax rate of \$5.60 per \$100.

$$\$5.60 / \$100 = 0.056$$

\$5,600 / 0.056 = \$100,000 The assessed value is \$100,000.

Practical Tip for Agents: Buyers often confuse market value with assessed value. A recent purchase price does not always equal the taxable assessed value, especially after reassessment caps, exemptions, or local tax rules.

Transfer Taxes and Mortgage Taxes

Some states impose taxes or recording charges when real estate is transferred or financed. These charges may be called transfer taxes, documentary stamp taxes, excise taxes, or revenue stamps depending on the jurisdiction. Responsibility for payment often depends on state law, local custom, or contract agreement.

For exam purposes, always use the rate and payer stated in the problem. For Florida students, the most commonly tested items are documentary stamp taxes on deeds, documentary stamp taxes on notes, and intangible tax on new mortgages.

General Transfer Tax Formula:

(Sale Price / Tax Unit) x Tax Rate = Transfer Tax

Example: A property sells for \$150,000. The local tax is \$1 per \$1,000 and the state tax is \$0.50 per \$1,000.

$$\$150,000 \times 0.001 = \$150$$

$$\$150,000 \times 0.0005 = \$75$$

\$150 + \$75 = \$225 Total transfer tax is \$225.

Florida Documentary Stamp Tax on Deeds

Florida commonly charges documentary stamp tax on deeds based on the sales price or consideration paid for the transfer. In most Florida counties, the common rate is \$0.70 per \$100 of consideration (rates can vary in some counties, such as Miami-Dade). This charge is commonly a seller expense, unless the contract states otherwise.

Formula: $(\text{Sale Price} / \$100) \times \$0.70 = \text{Doc Stamps on Deed}$

Example: A home sells for \$450,000.

$\$450,000 / 100 = 4,500$

$4,500 \times \$0.70 = \$3,150$ The documentary stamp tax on the deed is \$3,150.

Florida Documentary Stamp Tax on Notes

Florida also taxes many written obligations to pay money, including new mortgages and certain assumed notes.

This charge is commonly paid by the buyer/borrower.

Formula: $(\text{Loan Amount} / \$100) \times \$0.35 = \text{Doc Stamps on Note}$

Example: A buyer obtains a \$25,000 mortgage.

$\$25,000 / 100 = 250$

$250 \times \$0.35 = \87.50 The documentary stamp tax on the note is \$87.50.

Florida Intangible Tax on New Mortgages

Florida imposes a nonrecurring intangible tax on many new mortgage notes secured by Florida real estate. It generally does not apply to a simple assumption of an existing mortgage unless new indebtedness is created.

Formula: $\text{Loan Amount} \times 0.002 = \text{Intangible Tax}$

Example: A buyer obtains a \$25,000 new mortgage.

$\$25,000 \times 0.002 = \50 The intangible tax is \$50.

Other Closing Charges

In addition to the purchase price, many real estate closings include various transaction costs allocated between the buyer and seller. Responsibility for these charges may be based on contract terms, local custom, lender requirements, or state law. Agents should review estimates early so clients understand expected costs before settlement.

These charges usually appear as debits to the party responsible for payment on the closing statement.

Common Examples: The seller often pays costs connected with transferring ownership, such as deed preparation, broker compensation if agreed, mortgage payoff charges, and certain transfer taxes where customary. The buyer commonly pays expenses related to financing and acquiring the property, such as loan costs, recording fees, lender charges, survey costs, and mortgage-related taxes if applicable.

Title-related charges may include settlement fees, title search fees, title insurance premiums, or attorney/title company charges depending on the transaction.

Total Money Needed by Buyer at Closing

Buyers often ask how much money they must bring to closing. The final amount depends on down payment, loan proceeds, closing costs, credits, and deposits already paid.

Common Formula:

Purchase Price - Loan Amount + Closing Costs - Credits/Deposits = Cash Needed to Close

Example: A buyer purchases a home for \$247,000 and finances 90% of the purchase price. Estimated closing costs are \$1,225, and the buyer already paid a \$5,000 deposit.

$0.90 \times \$247,000 = \$222,300$ loan amount

$\$247,000 - \$222,300 + \$1,225 - \$5,000 = \$20,925$ The buyer needs \$20,925 to close.

Understanding Closing Statements

Real estate professionals should understand how to read a Closing Disclosure or settlement statement so they can help clients review charges and avoid surprises. Agents should be comfortable with basic math involving commissions, prorations, taxes, credits, and debits.

Buyer items typically appear in the buyer summary section, while seller charges and proceeds appear in the seller summary section.

Important Items to Review: Clients should carefully review:

- ✓ Name spelling and property address
- ✓ Loan amount and interest rate
- ✓ Loan type and loan term
- ✓ Monthly payment estimate
- ✓ Cash needed to close
- ✓ Closing costs compared to prior estimates
- ✓ Prepayment penalty or balloon payment terms
- ✓ Taxes, insurance, and escrow amounts

Progress Check - Calculations & Prorations

1. A buyer purchases a property for \$247,000, finances 90%, has \$1,225 in closing costs, and already paid a \$5,000 deposit. How much cash is needed to close?

- A. \$19,700
- B. \$20,925
- C. \$24,700
- D. \$29,925

2. A home sells for \$300,000. The seller owes \$180,000 on the mortgage, pays a \$18,000 commission, and has \$4,000 in other closing costs. Approximately how much are the seller's net proceeds?

- A. \$82,000

- B. \$98,000
- C. \$102,000
- D. \$120,000

3. On the closing disclosure which item will be a credit to the seller?

- A. Earnest money
- B. Survey fees
- C. Prorated taxes
- D. Closing fee

MODULE 2: Marketing and Advertising Guidelines

MARKETING OVERSIGHT AND GUIDELINES & SOLICITATION

Learning Objectives

- Identify advertising and marketing oversight agencies
- Understand general marketing rules
- Be familiar with the DO NOT CALL Registry
- Know the key requirements of the Florida Telephone Consumer Protection Act
- Be familiar with the CAN-SPAM Act and email advertising guidelines

Advertising and Marketing Oversight

Marketing Oversight, Guidelines & Solicitation

Real estate agents market properties, services, and themselves in many ways—social media, websites, email, text messaging, phone calls, mailers, and online advertising. Because consumers rely on advertising when making decisions, marketing is heavily regulated.

For Florida licensees, advertising must be truthful, professional, and compliant with both Federal law and Florida real estate rules. The primary regulators include:

- Federal Trade Commission (FTC) – unfair or deceptive advertising practices
- Federal Communications Commission (FCC) – certain calling and texting communications rules
- Florida Real Estate Commission (FREC) – licensee advertising and disciplinary enforcement

General Marketing Guidelines

Truth in Advertising

Under the law, advertising claims must be honest, supported when necessary, and not likely to mislead a reasonable consumer. This applies to print ads, websites, email campaigns, social media, video marketing, and online lead generation. For real estate agents, common advertising concerns include:

- Misrepresenting property features or condition
- Advertising unavailable listings to attract leads
- False “just sold” or production claims
- Misleading pricing or financing claims
- Omitting required brokerage identification
- Using deceptive testimonials or fake reviews



If an advertisement would confuse a typical consumer, it may create risk.

Florida Real Estate Advertising Rules

Florida licensees must also follow state real estate advertising requirements. Advertisements should clearly identify the licensed brokerage and must not be fraudulent, false, deceptive, or misleading.

Examples of risky conduct include:

- Advertising as an independent company when licensed under a broker
- Hiding the brokerage name in tiny print
- Claiming to be the “#1 agent” without support
- Using another agent’s listing without permission
- Promoting a property after it is no longer available without clarification

Solicitation

Telephone prospecting can be effective, but it is regulated by Federal and Florida law.

Two important laws agents should recognize are:

- TCPA – Telephone Consumer Protection Act (Federal law)
- Florida Mini-TCPA – Florida restrictions on certain solicitation calls, texts, and voicemail transmissions

These laws often affect:

- ✓ Cold calling
- ✓ Mass texting campaigns
- ✓ Auto-dialing systems
- ✓ Ringless voicemail drops
- ✓ CRM marketing automations
- ✓ Purchased lead follow-up systems

 Many violations occur when agents use technology without understanding the rules.

Robocalls & Automated Prospecting

A robocall generally refers to a prerecorded or automated telephone call delivering a message without a live caller. Examples in real estate may include:

- prerecorded “I have buyers for your area” calls
- automated listing promotion calls
- ringless voicemail campaigns
- AI-generated prospecting voice messages
- mass follow-up dialing systems

Improper robocall campaigns may result in:

1. civil lawsuits
2. statutory damages per call
3. regulatory enforcement
4. broker discipline
5. reputational damage

National Do Not Call Registry

Consumers may place their number on the National Do Not Call Registry to limit telemarketing calls.

General compliance rules include:

- ✓ Do not make prohibited solicitation calls to registered numbers
- ✓ Call lists should be updated regularly
- ✓ Callers should identify themselves and the business represented
- ✓ Requests to stop calling should be honored promptly

Company-Specific Do Not Call Requests

Even if a consumer is not on the National Registry, they may still tell your brokerage, team, or agent directly not to call again.

That "Entity Specific" request should be documented and honored immediately.

 Internal Do Not Call requests are just as important as National Registry compliance.

Existing Business Relationships (EBR)

Some telemarketing rules may treat an Established Business Relationship (EBR) differently than cold prospecting. Examples may include:

1. Up to **18 months** after a transaction with a consumer
2. Up to **3 months** after a consumer inquiry or application

These exceptions are limited and may end sooner if the consumer asks not to be contacted.

 A past client can still become a future complaint if follow-up is excessive or unwanted.

Florida Telephone Solicitation Rules

Florida law contains additional restrictions (added to Federal Law) that agents should understand.

Common examples include:

- No solicitation calls before 8:00 a.m. or after 8:00 p.m. local time
- Limits on excessive repeated solicitation attempts
- Restrictions on concealing caller identity
- Restrictions on certain automated calls or texts without required consent

 Florida law can apply even when calling a Florida resident from another state

Text Messaging & Automated Marketing

Many agents assume texting is casual communication. It is not always casual under the law. Marketing texts or automated outreach may create legal exposure, especially when sent in bulk or without proper consent. **High-risk examples:**

- Mass texting internet leads
- Automated nurture campaigns without consent review
- Ringless voicemail marketing
- Repeated texts after a consumer opts out
- Purchased lead lists with unclear consent history



Always obtain consent when required and preserve records.

Prior Express Written Consent

Some marketing methods may require prior express written consent depending on the communication method used. **Best practice:**

- ✓ Obtain consent clearly and voluntarily
- ✓ Keep records showing when and how consent was obtained
- ✓ Save vendor contracts and lead source terms
- ✓ Preserve opt-in forms and timestamps

If consent cannot be proven later, it may be difficult to defend the campaign.

Potential Penalties

Violations may create serious financial exposure.

- ***Federal Do Not Call / Telemarketing violations:*** substantial civil penalties per violation may apply.
- ***TCPA lawsuits:*** consumers may seek \$500 per violation, and up to \$1,500 per willful violation in many cases.
- ***Florida Mini-TCPA claims:*** consumers may seek \$500 per violation, with possible treble damages for knowing or willful conduct.
- ***FREC discipline:*** misleading or improper advertising may also result in fines, suspension, or license discipline.

Cold Calling Lawsuit

Summary: A class action lawsuit alleged that agents affiliated with a prominent real estate brokerage made unsolicited prerecorded telemarketing calls and calls to people listed on the National Do Not Call Registry, violating the TCPA. The case was filed in Florida state court and later resolved through a reported \$40 million settlement. The brokerage denied wrongdoing as part of the settlement.

Why It Matters to Agents: Even very large brokerages can face massive exposure when affiliated agents use aggressive prospecting methods without compliance controls.

Teaching Point: 📞 Cold calling is not “old school harmless prospecting” if done illegally.

Multiple Florida Brokerages Sued Over Spam Text Campaigns

Summary: Industry reporting noted lawsuits against several Florida real estate companies alleging unsolicited autodialed text message marketing without consent. These suits focused on mass texting campaigns used to generate business and were framed as violations of the Telephone Consumer Protection Act (TCPA). TCPA claims can seek \$500 to \$1,500 per unlawful text, making bulk campaigns financially dangerous.

Why It Matters to Agents: The risk is not limited to national firms. Small and mid-size brokerages can also become targets when agents or vendors run bulk text campaigns.

Teaching Point: 💰 One inexpensive text-blast campaign can create expensive legal problems.

Practical Compliance Tips for Agents

Good marketing is not just effective—it is compliant.

- ✓ Use approved brokerage marketing templates
- ✓ Include brokerage identification on ads
- ✓ Verify claims before publishing
- ✓ Check Do Not Call requirements before cold calling
- ✓ Stop calls/texts immediately after opt-out requests

- ✓ Keep records of written consent when used
- ✓ Review team advertising with your broker

Guidelines for Email Advertising (FS 501.604 (25))

Email remains one of the most effective and affordable marketing tools available to real estate professionals. It can be used to stay in touch with past clients, send market updates, promote listings, announce open houses, and build long-term referral relationships.

However, **commercial email marketing is regulated by Federal law**. Florida agents should understand that email advertising must be truthful, identifiable, and respectful of consumer opt-out rights.

💡 A good email campaign builds relationships. A bad one builds complaints.

The CAN-SPAM Act

The primary Federal law governing commercial email is the CAN-SPAM Act (Controlling the Assault of Non-Solicited Pornography and Marketing Act), enacted in 2003. It applies to commercial email messages promoting products or services, including real estate services.

The law does not prohibit all unsolicited marketing email. Instead, it establishes rules businesses must follow when sending commercial messages.

Under the CAN-SPAM Act, each separate violating email may be subject to civil penalties of **up to \$53,088**, so noncompliance can be costly.

Enforcement of the CAN-SPAM Act: The CAN-SPAM Act is generally enforced by:

1. Federal Trade Commission (FTC)
2. State Attorneys General
3. Certain Internet Service Providers (ISPs) and email providers

4. Other government regulators in specific sectors

Individual email recipients generally do not have a private right of action solely under CAN-SPAM.

 A consumer may still complain, report the conduct, or sue under other laws depending on the facts.

Examples of real estate emails covered may include:

- Listing announcements
- Open house invitations
- Home valuation offers
- Buyer or seller service promotions
- Newsletter emails containing promotional content
- Recruiting emails promoting brokerage opportunities

 If the primary purpose of the message is commercial promotion, CAN-SPAM may apply.

Key CAN-SPAM Requirements

Accurate Header Information:

The “From,” “To,” reply-to address, and sending domain must accurately identify the sender. Do not disguise who is sending the message.

No Deceptive Subject Lines:

The subject line must honestly reflect the content of the email. Examples of risky subject lines:

- “Urgent Closing Issue” when it is really an ad
- “Your Offer Was Accepted” when it is marketing
- “Re: Your Inquiry” when no inquiry occurred

 If the subject line tricks the recipient into opening the email, it may create liability.

Valid Physical Mailing Address:

The email must contain a valid physical postal address, such as:

- brokerage office address
- business mailbox
- registered business location

Easy Opt-Out Method

Recipients must have a clear way to stop future commercial emails. Examples:

- unsubscribe link
- reply email opt-out option
- web-based removal request

Opt-out requests must generally be honored within 10 business days.

 Once a consumer opts out, do not keep marketing to that address.

Easy Opt-Out Method - Honor Opt-Out Requests Promptly

Opt-out mechanisms must remain functional for at least 30 days after the message is sent. Opt-out requests must generally be honored within 10 business days. You may not:

- charge a fee to unsubscribe
- require unnecessary personal information
- force multiple steps to opt out

Subscribers and Members Still Have Rights

Even subscribers, members, or past customers may opt out of future marketing emails. Do not assume an existing relationship eliminates unsubscribe rights. If the message is promotional rather than purely transactional or relationship-based, opt-out rights still matter.

Do Not Transfer Opt-Out Addresses

Once someone opts out, their email address generally may not be sold or transferred as part of a mailing list. A limited exception may apply when sharing with a company hired to help process CAN-SPAM compliance.

You Are Responsible for Third-Party Vendors

Hiring another company to send marketing emails does not remove your legal responsibility. Both the company being promoted and the company sending the email may be held responsible.

◆ If a brokerage, CRM vendor, assistant, or marketing company sends emails for you, compliance still matters.

Florida Deceptive Practices Law

Florida also **prohibits deceptive or unfair trade practices**. Misleading real estate emails may create liability under Florida law in addition to Federal law. Examples include:

- A. False claims about listings or pricing
- B. Fake urgency (“Only one home left!”)
- C. Misrepresenting experience or production
- D. False rebates or incentives
- E. Impersonating another brokerage or company

Why This Matters to Agents

Spam and deceptive email practices create real problems:

- ✓ Consumers miss legitimate messages
- ✓ Email providers may block future messages
- ✓ Your brokerage reputation may suffer
- ✓ Complaints may trigger enforcement action
- ✓ Marketing costs increase with poor deliverability

For real estate professionals, trust is everything. Misleading email damages trust quickly.

Best Practice Reminder

 The best email marketing strategy is permission-based communication with past clients, prospects who requested information, and contacts who find your content valuable.

Trust-based email marketing usually outperforms spam-style promotion over time.

Progress Check - Marketing Oversight & Solicitation

1. The fine for a violation of the CAN-SPAM act can be as high as:
 - A. \$25,200 per email
 - B. \$38,560 per email
 - C. \$53,088 per email
 - D. \$64,100 per email

2. Agents are within the do not call registry rules if they contact persons with whom they have a pre-existing relationship with and may do so for up to _____ after the relationship began.
 - A. 3 months
 - B. 6 months
 - C. 12 months
 - D. 18 months

3. Florida's mini-TCPA statute applies to telephonic sales calls, which means a telephone call, text message, or voicemail transmission to a consumer for the purpose of:
 - A. Solicitation
 - B. Recruiting
 - C. Debt collection

ADVERTISING LAWS AND AGENT RESPONSIBILITIES

Learning Objectives

- Identify Florida and federal laws governing real estate advertising, including truthful advertising and fair housing compliance.
- Recognize advertising responsibilities of licensees and brokers, including supervision of team, vendor, assistant, and social media marketing.
- Evaluate common advertising risks involving misleading claims, discriminatory language, online audience targeting, testimonials, and outdated listings.

Florida Real Estate Advertising Laws

Advertising is one of the most visible activities performed by real estate licensees. Because the public often relies on advertising when selecting an agent or responding to a property promotion, Florida closely regulates real estate advertising.

All advertising should be truthful, professional, and clear to consumers. Misleading ads can result in complaints, fines, lawsuits, and disciplinary action.

Primary Florida Advertising Rule

Florida real estate advertising is governed primarily by Rule 61J2-10.025, Florida Administrative Code.

- Advertisements may not contain fraudulent, false, deceptive, or misleading information.

- Advertising should also make it clear that the public is dealing with a real estate licensee or brokerage.

This rule applies to many forms of advertising, including print advertisements, signs, flyers, websites, email marketing, social media, digital lead advertisements, video marketing, and text-based promotions.

Brokerage Name Requirement

Real estate advertisements must clearly include the name of the registered brokerage as required by Florida law. The brokerage name used should match the name properly registered with the Florida Department of Business and Professional Regulation (DBPR), including any properly registered trade name if authorized.

A telephone number is not universally required in every advertisement by state rule, although many brokerages require one as office policy.



Always follow both Florida law and your broker's internal marketing rules.

Licensee Name Rules

If a licensee's personal name appears in advertising, the licensee's last name should appear as registered with the Florida Real Estate Commission. This helps consumers identify the licensee accurately and reduces misleading identity claims.

Nicknames may be used if they are not misleading and do not hide the licensee's true identity. For example, Maria "Mia" Lopez would generally be acceptable when properly presented.



A nickname should support branding, not create confusion.

Team or Group Advertising

Florida regulates team and group advertising under Rule 61J2-10.026, Florida Administrative Code.

A team or group generally consists of **one or more licensees working under the supervision of the same broker** who advertise themselves to the public as a team or group. The broker remains legally responsible for supervision and compliance.

A team name may include words such as team or group, but it may not falsely suggest that the team is an independent brokerage. Terms such as brokerage, brokers, realty, real estate, company, corporation, LLC, or similar business entity words may create compliance issues if used improperly.

When a team name is used in advertising, the **registered brokerage name must remain clear and prominent** enough that a reasonable consumer understands who the brokerage is. The team name should not overshadow the brokerage identity.

Websites, Social Media & Online Ads

Internet advertising must comply with the same rules as traditional advertising. Websites and online ads should display the brokerage name above, below, or adjacent to contact information, or in another compliant manner that clearly identifies the brokerage.

This applies to personal websites, landing pages, Facebook business pages, Instagram profiles, YouTube channels, Google Business profiles, Zillow or portal branding pages, and paid lead-generation advertisements.



If consumers can contact you through it, advertising rules likely apply.

Truthful Claims & Rankings

Advertising claims should be truthful and supportable. Agents should use caution with statements such as “#1 Agent,” “Top Producer,” “Best Realtor in Town,” or “Guaranteed Sale” unless those claims can be verified.



Strong marketing language is not a substitute for proof.

Listing Advertising

Agents should not advertise another brokerage’s listing without proper authority. Property descriptions, prices, incentives, and availability should be accurate and current.

Common problems include advertising sold properties as available, false price reductions, unauthorized use of listing photos, inaccurate square footage claims, or misleading “coming soon” promotions.

 Outdated advertisements can be just as misleading as false ones.

Fair Housing Advertising

Advertising must also comply with Federal and Florida fair housing laws. Advertisements should avoid language that suggests a preference, limitation, or discrimination based on a protected characteristic.

For example, phrases such as “perfect for singles,” “Christian neighborhood,” “no children,” or “ideal for young professionals” may create fair housing concerns.

 Describe the property, not the type of person who should live there.

National Advertising Laws

National Real Estate Advertising Laws

Real estate advertising is regulated not only by state law, but also by important Federal fair housing laws. These laws are designed to ensure that housing opportunities are marketed fairly and without discrimination.

The primary Federal law is the Fair Housing Act, which prohibits discrimination in housing-related advertising based on protected classes such as race, color, religion, sex, disability, familial status, and national origin.

Because advertising is often the first point of contact with consumers, real estate professionals should understand that marketing choices—especially online—can create fair housing liability.

NAR Advertising Tips

Broad Marketing Is Best

Housing opportunities should be marketed broadly whenever possible. Agents should not rely on only one platform or one narrow audience source. Best practice may include using multiple lawful channels such as:

1. MLS systems
2. brokerage websites
3. major real estate portals
4. social media platforms
5. email campaigns
6. yard signs
7. local print or community media

Digital Advertising & Fair Housing Risk

According to the National Association of REALTORS® (NAR), some housing advertisements placed on social media platforms have raised fair housing concerns. Digital platforms may allow advertisers to select audiences, demographics, interests, or locations, which can unintentionally exclude protected groups.

Targeted advertising should never be used in a way that excludes or discourages a protected class from seeing housing opportunities.

For example, limiting housing ads only to certain age groups, genders, family types, ethnic groups, or neighborhoods may create legal risk.

Accessibility, Disability & Advertising Compliance

Real estate advertising should comply not only with fair housing laws, but also with broader accessibility and disability considerations. Consumers with disabilities must have an equal opportunity to learn about available housing and real estate services.

Disability is a protected class under the Federal Fair Housing Act. Advertising that excludes, discourages, or stereotypes persons with disabilities may create legal risk.



Marketing should welcome qualified buyers and renters—not screen them out.

Avoid Discriminatory Advertising Language

Advertisements should not suggest that persons with disabilities are unwelcome or less desirable. Examples of risky wording may include:

- not suitable for wheelchairs
- perfect for able-bodied buyers
- no service animals
- independent living only
- must be fully mobile

Florida Market Relevance: Accessibility awareness is especially important in Florida due to its large retiree population, veterans, aging-in-place buyers, and consumers relocating for lifestyle or health reasons. Many buyers actively search for features such as:

- ✓ one-story homes
- ✓ elevators
- ✓ wider entries
- ✓ first-floor bedrooms
- ✓ walk-in showers
- ✓ low-maintenance communities

Testimonials & Reviews

Testimonials and reviews should be used honestly. Licensees should not create fake reviews, pay for undisclosed endorsements, edit reviews in a misleading manner, or imply endorsements that do not exist.

Consumers often rely heavily on reviews when selecting an agent, making honesty especially important.

Vendor & Assistant Advertising

Many licensees use marketing companies, assistants, CRMs, or lead vendors. However, agent responsibility does not disappear when someone else creates the advertisement.

If another party advertises on your behalf, both the licensee and brokerage may still face risk for noncompliant advertising.



Review vendor-created advertising before it goes live.

Agent Advertising Responsibilities

Responsibility for Advertising

Using Facebook, Google, a CRM company, or a digital marketing vendor does not automatically remove liability from the agent or brokerage.

If advertising is placed on your behalf, you may still be responsible for ensuring the campaign complies with fair housing and advertising laws.



Delegating the task **does not** delegate legal responsibility.

Use Qualified Marketing Help

Digital advertising changes quickly. Algorithms, ad tools, audience settings, and platform rules are frequently updated.

Many brokerages choose to work with trained marketing staff or outside professionals who understand housing advertising restrictions and current platform rules.

Even when outside help is used, the broker and licensee should still review campaigns carefully.

Reach Underserved Markets

Even when a listing is entered into the MLS, that alone may not reach every segment of the community.

If part of the market may be missed, consider additional lawful outreach methods that expand visibility rather than narrow it.

Examples may include community publications, multilingual marketing, accessible media formats, and broader online distribution.

 The goal is wider access—not selective exclusion.

Social Media Conduct

If you see another person post content that may violate fair housing laws, avoid interacting with the post in a way that increases visibility. Instead, document the content and report it through appropriate channels such as your broker, local association, or platform reporting tools.

Social media engagement can sometimes amplify problematic content.

Brokerage Consistency Matters

Brokers should establish consistent marketing standards for all licensees. Consistency helps reduce risk and creates clearer supervision. Examples include:

- Equal Housing Opportunity logo use
- required brokerage identification
- approved ad templates
- social media rules
- fair housing wording standards
- review procedures for online ads

Personal Pages vs. Business Pages

Agents sometimes post listings from personal social media pages to increase visibility. However, promoting real estate services from a personal page may still be treated as advertising.

That means brokerage identification, fair housing compliance, truthful claims, and advertising rules may still apply.

 If you are using the page to market real estate, treat it like advertising.

Examples of Risky Advertising Language

 Avoid wording that suggests a preference or limitation, such as:

- perfect for singles
- ideal for young professionals
- Christian neighborhood
- no children
- safe area for your family

Potential Consequences

Fair housing and other advertising violations may lead to:

- complaints
- investigations
- civil penalties
- lawsuits
- license discipline
- brokerage discipline
- mandatory training
- reputational harm



A poorly targeted online ad can become a very expensive mistake.

Real-World Example

An agent creates a Facebook ad for a condo and limits the audience to ages 25–40 with interests matching only young professionals.

Possible concerns include age-based exclusion, discriminatory audience narrowing, and fair housing liability.

Progress Check - Advertising Laws and Agent Responsibilities

1. Which statement best reflects Florida advertising rules for a real estate licensee's social media page?

A. Advertising rules apply only to printed advertisements

- B. If the page markets real estate services, advertising rules may still apply
 - C. Personal social media pages are always exempt from regulation
 - D. Social media advertising is regulated only by federal law
2. Which phrase is MOST likely to create a fair housing advertising concern?
- A. Spacious fenced backyard
 - B. Newly renovated kitchen
 - C. Perfect for young professionals
 - D. Close to shopping and parks
3. Which claim should a real estate agent use ONLY if it can be verified?
- A. Quiet street location
 - B. Three-bedroom home
 - C. Community pool included
 - D. Top Producer in the county

MODULE 3: Real Estate Marketing

REAL ESTATE MARKETING TOOLS

Learning Objectives

- Identify common real estate marketing tools
- Explain how CMA supports listing presentations
- Recognize the value of professional photography
- Be familiar with how using market data tools can improve communication with clients

- Understand the SunStats marketing tool and how it can benefit licensees

Marketing Tools for Real Estate Success

Successful real estate agents use a variety of marketing tools to attract clients, market listings, generate referrals, and build long-term business. Some tools help locate buyers, some help present homes professionally, and others help agents stay organized and maintain relationships.

 Great marketing is usually a **system**—not a single advertisement.

Multiple Listing Service (MLS)

The Multiple Listing Service (MLS) is one of the most important tools available to real estate professionals. It allows brokers and agents to share listings, search available properties, review comparable sales, monitor market activity, and cooperate in transactions.

The MLS can also feed listings to public websites and marketing platforms, expanding visibility to buyers.



The MLS is both a marketing tool and a market research tool.

Comparative Market Analysis (CMA)

A Comparative Market Analysis (CMA) helps estimate a likely price range for a property by comparing similar recently sold, pending, expired, or active listings.

Agents often use a CMA during listing presentations to explain pricing strategy and help sellers understand market conditions.



A strong CMA can win listings and build seller confidence.

Professional Listing Presentations

A listing presentation is the agent's opportunity to explain services, pricing strategy, marketing plans, communication methods, and experience. Strong presentations often

include a CMA, local market trends, marketing examples, professional photos, timelines, and clear explanations of the selling process.

 Sellers often hire the agent who appears most prepared.

Professional Photography

Photos are often the first showing a buyer experiences. High-quality photography can improve online interest, showing requests, and perceived property value.

Good listing photos should be bright, clear, well-composed, and professionally edited when appropriate. Poor photos can reduce clicks and buyer interest.

 Buyers often decide whether to view a home based on photos alone.

Video Tours & Virtual Showings

Video marketing allows buyers to experience a property remotely. Agents may use walkthrough videos, drone footage, 3D tours, live virtual showings, or narrated highlight reels.

Video tools are especially useful for relocation buyers, out-of-state clients, busy professionals, and social media promotion.

 Video often creates stronger emotional engagement than still photos.

Staging & Property Preparation

Staging helps present a home in its best possible condition. This may include cleaning, decluttering, depersonalizing, improving lighting, minor repairs, furniture placement, or virtual staging when appropriate.

Well-presented homes may photograph better, show better, and create stronger buyer impressions.

 Buyers often purchase based on emotion first, logic second.

CRM & Follow-Up Systems

A Customer Relationship Management (CRM) system helps agents organize leads, past clients, prospects, appointments, reminders, notes, and follow-up tasks.

Many successful agents use CRMs to stay in touch with contacts consistently through calls, emails, texts, and scheduled reminders.

 Most business is lost through poor follow-up, not lack of leads.

Email Marketing & Newsletters

Newsletters help agents stay visible to past clients and prospects. Useful content may include local market updates, homeowner tips, maintenance reminders, new listings, community news, and financing trends.

All email marketing should comply with CAN-SPAM and brokerage policies.

 Consistent value-based emails often outperform constant sales pitches.

Social Media Marketing

Social media platforms allow agents to market listings, share local knowledge, build trust, and stay visible in the community.

Common content includes new listings, just sold announcements, open houses, neighborhood highlights, market tips, client testimonials, and behind-the-scenes business activity.

 Consumers often research the agent online before making contact.

Branding Basics

A brand is how consumers remember and perceive an agent. Strong branding usually includes consistent colors, logos, tone, professionalism, and message. Your brand may be based on expertise, service, luxury markets, first-time buyers, military moves, relocation, investment property, or local market knowledge.

 Branding should communicate value—not just look attractive.

Open Houses & In-Person Marketing

Open houses can create exposure for listings, generate buyer leads, and help neighbors learn about the property.

Successful open houses often include professional signage, clean presentation, follow-up systems, digital sign-in tools, and prompt contact after the event.



Every open house is both a property event and a lead-generation event.

Community & Local Area Marketing

Many buyers purchase not only the home, but also the neighborhood. Marketing tools may include local photos, school information, commute routes, parks, shopping areas, recreation, and community events.

Agents who know the local area often create stronger value than agents who only know the property.



In Florida, lifestyle often sells as much as square footage.

Online Reviews & Reputation Management

Many consumers choose agents based on online reviews. Encourage satisfied clients to leave honest reviews on approved platforms. Respond professionally to feedback and maintain a positive online presence.



Reputation is one of the most valuable marketing assets an agent owns.

SunStats Marketing Tool

Ownership Acknowledgement

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Florida Market Research Tools: SunStats

Successful real estate agents do more than show homes and write contracts—they understand the market. Buyers and sellers often expect agents to explain pricing trends, inventory levels, timing, competition, and local activity.

Florida Realtors® provides SunStats, an interactive market research platform designed to help members analyze housing trends and communicate market data professionally.



Agents who understand the numbers often build stronger client confidence.

Why Market Data Matters: Consumers frequently ask:

- Is now a good time to sell?
- Are prices rising or falling?
- How fast are homes selling?
- Is this a buyer's or seller's market?
- Are homes receiving multiple offers?

Tools such as SunStats can help agents answer these questions using current data rather than guesswork.

Main Features of SunStats

The SunStats platform includes three primary tools: the Dashboard, Chart Builder, and Infographic Creator. Each tool is designed to help agents understand and present local housing trends in a practical format.

Dashboard

The Dashboard gives users an at-a-glance summary of recent market activity. It presents current metrics, prior-year figures, year-over-year comparisons, and 12-month trendlines.

Users can customize geographic areas and property types so they can quickly view the information most relevant to their market. This makes the Dashboard especially useful before listing appointments, buyer consultations, or weekly market updates.



Quick access to current trends helps agents stay prepared.

Chart Builder

The Chart Builder allows users to visualize data through graphs and tables. Users may select geographic area, property type, metric, reporting period, price tier, and other filters. The tool also allows side-by-side comparisons. Users can compare multiple areas, property types, metrics, price ranges, or sale categories on one graph.

Charts may be downloaded with or without branding and used in presentations, social media, marketing materials, or client communications. Historical data may also be exported through CSV or Excel files.



Good charts can simplify complex market conversations.

Infographic Creator

The Infographic Creator helps users build colorful visual summaries of recent market activity for a selected area. Agents may choose one property type or compare categories such as single-family homes and townhouse/condo markets in the same graphic.

These visuals can be shared online to attract attention, educate clients, and increase engagement.



Many consumers respond better to visuals than spreadsheets.

Evolving Features

As market tools continue to develop, Florida Realtors® has indicated additional interactive features such as report generators and heat maps. This reflects an industry trend toward faster, easier, and more visual data analysis.

SunStats Resource Guide

Florida Realtors® also provides educational resources explaining how to interpret market statistics and apply them to real business situations.

Knowing where to find data is important—but knowing how to use it is what separates average agents from trusted advisors.

Summary

Legal & Risk Management Tips for Marketing Tools

Marketing tools can help grow a real estate business, but they must be used lawfully and professionally. Many advertising complaints arise not from bad intentions, but from careless marketing practices.

Agents should remember that the same rules often apply whether the advertisement appears in print, email, social media, video, text message, or on a website.



New technology does not replace old legal responsibilities.

Practical Uses for New Agents

SunStats and similar tools can help with listing presentations, pricing discussions, buyer consultations, social media content, newsletters, farming strategies, and local market updates.

Clients often remember the agent who brought clear facts instead of vague opinions.

Best Practice Reminder:  Market data should inform decisions—not guarantee results. Use statistics carefully, explain local differences, and combine data with professional judgment.

Progress Check - Real Estate Marketing Tools

1. Which of the following is a primary benefit of using a Customer Relationship Management (CRM) system in real estate marketing?
 - A. It replaces the need for advertising guidelines
 - B. It automatically prices listings accurately
 - C. It organizes leads, contacts, and follow-up tasks
 - D. It guarantees higher commission income

2. Which of the following is a practical use of the SunStats tool for a Florida real estate agent?
 - A. Drafting legally sufficient deeds
 - B. Accurately predicting future home prices
 - C. Issuing title insurance policies
 - D. Reviewing local housing trends and market statistics

3. A real estate agent uses another brokerage's listing photos in a social media advertisement without permission. What is the greatest concern?
 - A. Unauthorized use may create legal or copyright liability
 - B. The ad may generate too many leads
 - C. The photos may load slowly online
 - D. No concern, social media ads never require permission

REAL ESTATE MARKET TRENDS

Learning Objectives

- Identify common real estate market indicators such as inventory levels, pending sales, closed sales, days on market, dollar volume, and pricing trends.
- Differentiate between buyer's market and seller's market conditions using supply, demand, and negotiating leverage concepts.

- Recognize demographic, economic, seasonal, and financing trends that may influence housing demand and market activity.
- Explain how local factors such as employment, migration, insurance costs, and regional conditions can affect specific real estate markets.
- Apply market trend data, comparable sales, and professional judgment when advising buyers and sellers on pricing, timing, negotiation, and opportunities.

Real Estate Market Trends

Successful real estate agents do more than show property—they understand the market. Buyers and sellers often expect agents to explain pricing trends, competition, inventory levels, timing, and changing demand.

Agents who understand market trends are better prepared to advise clients, price listings, negotiate effectively, and identify opportunities.

 Market knowledge is one of the most valuable services an agent provides.

Why Market Trends Matter

Real estate markets constantly change. Interest rates, employment, population growth, seasonality, inventory levels, and consumer confidence can all affect housing activity.

Clients often ask whether now is a good time to buy or sell. Agents who can explain the market clearly often earn greater trust.

 Opinions are common. Useful market insight is valuable.

Real Estate Market Demographics

Demographics are characteristics of a population such as age, income, family size, mobility, and lifestyle preferences. These trends help explain who may be buying, selling, renting, downsizing, or relocating.

Growing families may seek larger homes, retirees may seek lower-maintenance living, and remote workers may value home office space.

 Demographics should be used to understand demand—not stereotype consumers.

Florida Buyer Groups

Florida markets often attract retirees, military households, first-time buyers, relocation buyers, investors, vacation-home purchasers, and multi-generational families.

Each group may have different goals, financing needs, timing concerns, and property preferences.

Understanding common buyer groups helps agents provide better service.

Real Estate Market Indicator

Buyer's Market vs. Seller's Market

A seller's market usually occurs when demand exceeds supply. Homes may sell faster, multiple offers may be common, and sellers often have stronger negotiating power.

A buyer's market usually occurs when inventory exceeds demand. Buyers may have more choices, stronger negotiating leverage, and less urgency.

 Markets can shift over time and may vary by neighborhood or price range.

Supply and Demand

Supply refers to the number of available properties.

Demand refers to the number of buyers actively seeking property.

When supply is low and demand is high, prices may rise. When supply is high and demand is weaker, pricing pressure may soften.

 Supply and demand remains one of the most important market indicators.

New Listings and Pending Sales

New listings show fresh inventory entering the market. Pending sales show properties going under contract and often reflect current buyer demand.

When new pending sales exceed new listings, demand may be stronger than supply. When listings exceed pendings, supply may be outpacing demand.

This comparison can help agents anticipate pricing and competition.

New Listings & Supply vs. Demand

An increase in new listings generally means more available inventory. More supply may increase seller competition and give buyers more options.

When new pending sales exceed new listings, demand may be stronger than supply. When listings exceed pendings, supply may be outpacing demand. This relationship can help agents anticipate pricing pressure, negotiation leverage, and market direction.

Closed Sales

A closed sale is a transaction that successfully reaches settlement and transfers ownership from seller to buyer. Closed sales can help indicate real demand and actual pricing strength in an area. Higher closed sales volume may suggest:

- ✓ stronger buyer demand
- ✓ quicker absorption of inventory
- ✓ more successful transactions
- ✓ competitive pricing environments

For buyers, strong closed sales may signal the need for faster or stronger offers. For sellers, it may support confident pricing strategies.

Cash Sales

Cash sales often close faster because there may be fewer financing-related delays. In competitive markets, all-cash offers may appeal strongly to sellers because they can reduce uncertainty.

An increase in cash sales may sometimes indicate investor activity, second-home demand, or higher-net-worth purchasers entering the market.

 Cash activity can change negotiation strategies for both buyers and sellers.

Timing Metrics

Two timing metrics are especially useful: The first is the time from listing to pending or under contract. The second is the time from contract to closing.

Longer time to contract may suggest slower demand or pricing resistance. Longer time from contract to closing may reflect financing timelines, inspections, appraisal issues, or transaction complexity.

Median timing figures are often more useful than averages because they reduce the impact of outliers.

 Timing data helps set realistic client expectations.

Days on Market

Days on Market (DOM) measures how long a property remains listed before going under contract or selling.

- Low DOM may indicate stronger demand or competitive pricing.
- High DOM may suggest overpricing, weaker demand, condition issues, or poor marketing.

Agents should compare DOM to similar local properties rather than statewide averages.

Dollar Volume

Dollar volume is the total dollar amount of sales during a specific period. It helps measure overall market activity.

- **High dollar volume** may indicate a more active or higher-priced market.
- **Lower dollar volume** may suggest slower activity or reduced demand.

Large changes in dollar volume can also reflect shifts in pricing, transaction count, or luxury market movement.

 Dollar volume helps show the market's overall strength—not just unit count.

Comps vs. Stats

Comps vs. Market Statistics: A comparable sale (comp) is a recently sold property used to help estimate the value of a specific property in a Comparative Market Analysis (CMA).

Comps are narrow and property-specific. Market statistics are broader and reflect trends across a neighborhood, city, county, or region.

 Smart agents use both. Comps help price one property; market statistics help explain the overall market.

Seasonal Trends

Seasonal Market Trends: Real estate markets often experience seasonal changes. School calendars, holidays, tourism cycles, weather, and local economic patterns may all affect activity levels.

Understanding seasonal trends can help agents time marketing campaigns, adjust seller expectations, and identify slower periods that may create buyer opportunities.

 A slower month does not always mean a weak market—it may simply be seasonal.

Pricing Trends

Price trends may be reviewed through median sales price, average sales price, and price-per-square-foot data. No single number tells the full story. Luxury sales, distressed sales, and neighborhood differences can affect averages.

Agents should use multiple indicators when discussing pricing.

Interest Rates and Affordability

Mortgage interest rates can significantly affect buyer affordability. Rising rates may reduce purchasing power, while lower rates may increase demand. Even small rate changes can impact monthly payments and buyer behavior.



Financing trends often influence the housing market quickly.

Employment and Local Economy

Job growth, wages, employer relocations, tourism strength, and local economic confidence can all influence housing demand. Areas with strong employment growth often experience increased housing activity, while economic weakness may reduce demand.



Real estate markets are closely tied to the economy.

Consumer Search Trends

Most buyers begin their home search online. Photos, mobile-friendly listings, accurate data, and quick response times are increasingly important. Poor listing presentation can reduce showings before a buyer ever visits the property.



Online first impressions matter.

Seller Trends

Many sellers list due to downsizing, relocation, retirement, job changes, family needs, or a desire to capture equity gains. Understanding seller motivation can help agents recommend pricing, timing, and marketing strategies.

Investor Trends

Investors may focus on rental demand, appreciation potential, cap rates, neighborhood growth, or renovation opportunities. Increased investor activity may reduce inventory for owner-occupants in some markets.



Investor trends can change competition levels quickly.

Florida-Specific Market Considerations

Florida markets may be influenced by retiree migration, second-home demand, tourism, insurance costs, hurricane risk, HOA/condominium costs, and seasonal population shifts.

Different regions of Florida may perform very differently at the same time.

 Statewide headlines do not always reflect local reality.

How Agents Use Market Trends

Agents use market trends to help price listings, advise buyers, negotiate offers, explain timing, identify opportunities, and create marketing content. Clients often remember the agent who clearly explained the market.

Caution When Using Statistics

Statistics should inform decisions, not guarantee outcomes. Markets can change quickly and vary by neighborhood, property type, and price range. Avoid promises such as “prices always rise” or “this market cannot slow down.”

Progress Check - Real Estate Market Trends

1. When the number of new pending sales is higher than the number of new listings, which market condition is most likely indicated?
 - A. Demand is stronger than supply
 - B. The market is frozen
 - C. Supply is exceeding demand
 - D. Property values must decline
2. Why are closed sales often useful to review when analyzing a market?
 - A. They eliminate the need for a CMA
 - B. They show future listing prices with certainty
 - C. They reflect completed transactions and actual pricing activity
 - D. They only matter in commercial real estate
3. A rise in mortgage interest rates may have what effect on the housing market?

- A. It always creates a seller's market
- B. It guarantees higher home prices
- C. It reduces the ease in obtaining financing
- D. It may reduce buyer affordability and soften demand