



COURSE OBJECTIVES

1 INTRODUCTION TO THE REAL ESTATE BUSINESS

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the various careers available in real estate and the professional organizations that support them. Describe the five categories of real property.

Explain the operation of supply and demand in the real estate market.

Distinguish the economic, political, and social factors that influence supply and demand.

Define the following key terms:

associate licensee, broker, code of ethics, market, real estate licensee, sales associate, sales person, supply and demand

2 REAL PROPERTY AND THE LAW

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the rights that convey with ownership of real property and the characteristics of real estate. Describe the difference between real and personal property.

Explain the types of laws that affect real estate.

Distinguish between the concepts of land, real estate, and real property.

Define the following key terms:

accession, accretion, air rights, annexation, appurtenance, area preference, avulsion, bundle of legal rights, chattel, emblements, erosion, fixture, improvement, land, littoral rights, manufactured housing, nonhomogeneity, personal property, prior appropriation, real estate, real property, riparian rights, severance, situs, subsurface rights, surface right, trade fixture, water rights

LEARNING OBJECTIVES: UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE

Identify the classes of people who are protected against discrimination in housing by various federal laws. Describe how the Fair Housing Act is enforced.

List the exemptions allowed in the Fair Housing Act

Explain how fair housing laws address a variety of discriminatory practices and regulate real estate advertising.

Distinguish the protections offered by the Fair Housing Act, the Housing and Community Development Act, Fair Housing Amendments Act, the Equal Credit Opportunity Act and the Americans with Disabilities Act.

Define the following key terms:

administrative law judge, Americans with Disabilities Act, blockbusting, civil rights act of 1866, conciliation, Department of Housing and Urban Development, fair housing act, fair housing amendments act, housing for older person's act, redlining, steering, title eight of the civil rights act of 1968

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the kinds of limitations on ownership rights that are imposed by government action and the form of conveyance of property.

Describe the various estates in land and the rights and limitations they convey.

Explain concepts related to encumbrances and water rights.

Distinguish the various types of governmental powers and how they are exercised.

Define the following key terms:

condemnation, covenants conditions and restrictions, deed restrictions, easement, easement appurtenant, easement by necessity, easement by prescription, easement in gross, eminent domain, encroachment, encumbrance, escheat, estate in land, fee simple, fee simple absolute, fee simple defeasible, fee simple determinable, fee simple subject to a condition subsequent, freehold estate,

future interest, homestead, inverse condemnation, legal life estate, license, lien, life estate, police power, pur autre vie, remainder interest, reversionary interest, taking, taxation

5 FORMS OF REAL ESTATE OWNERSHIP

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the four basic forms of co-ownership.

Describe the ways in which various business organizations may own property.

Explain how a tenancy in common, joint tenancy, and tenancy by the entirety are created and how they may be terminated.

Distinguish cooperative ownership from condominium ownership.

Define the following key terms:

common elements, community property, condominium, cooperative, coownership, corporation, general partnership, joint tenancy, Limited Liability Company, limited partnership, partition, partnership, PITT, right of survivorship, separate property, severalty, tenancy by the entirety, tenancy in common, timeshare, townhouse, trust

6 LAND DESCRIPTION

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the three methods used to describe real estate. Describe how a survey is prepared.

Explain how to read a rectangular survey description. Distinguish the various units of land measurement.

Define the following key terms:

Air lots, base lines, benchmarks, datum, legal description, lot-and-block (recorded plat) system, metes-and-bounds description, monuments, plat map, point of beginning (POB) point of ending (POE), principal meridians, ranges, rectangular (government) survey system, sections, survey, township lines, townships, township tiers.

7 TRANSFER OF TITLE

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the basic requirements for a valid deed. Describe the fundamental types of deeds.

Explain how property may be transferred through involuntary alienation. Distinguish transfers of title by will from transfers by intestacy.

Define the following key terms:

Acknowledgement, adverse possession, bargain and sale deed, deed, deed of trust, devise, general warranty deed, grantee, granting clause, grantor, habendum clause, heirs, intestate, involuntary alienation, probate, quit claim deed, reconveyance deed, special warranty deed, testate, testator, title, transfer tax, trustee's deed, voluntary alienation, will.

8 TITLE RECORDS

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the various proofs of ownership. Describe recording, notice, and chain of title. Explain the process and purpose of a title search. Distinguish constructive and actual notice.

Define the following key terms:

abstract of title, action to quiet title, actual notice, attorney's opinion of title, certificate of title, chain of title, constructive notice, marketable title, priority, recording, subrogation, title insurance, title search, Torrens system

9 REAL ESTATE BROKERAGE

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the roles of technology, personnel, and license laws in the operation of a real estate business. Describe the various types of antitrust violations common in the real estate industry and the penalties involved with each.

Explain how a broker's compensation is usually determined.

Distinguish employees from independent contractors and explain why the distinction is important.

Define the following key terms:

Antitrust laws, boycott, brokerage, commission, disclaimers, electronic contracting, Electronic Signatures in Global and National Commerce Act (E-Sign), employee, independent contractor, internet data exchange policy, minimum level of services, National Do Not Call Registry, price-fixing, procuring cause, ready, willing, and able buyer, Uniform Electronic Transactions Act (UETA)

10 AGENCY

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the various types of agency relationships common in the real estate profession and the characteristics of each.

Describe the fiduciary duties involved in an agency relationship.

Explain the process by which agency is created and terminated and the role of disclosure in agency relationships.

Distinguish the duties owed by an agent to clients from those owed to customers.

Define the following key terms:

Agency, agent, buyer's agent, client, customer, designated agent, designated agency, dual agent, express agency, express agreement, fiduciary, fiduciary relationship, fraud, general agent, implied agency, implied agreement, latent defect, law of agency, listing agreement, negligent, misrepresentation, nonagent, principal, puffing, special agent, universal agent

11 CLIENT REPRESENTATION AGREEMENTS

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the different types of listing and buyer representation agreements and their terms. Describe the ways in which a listing may be terminated.

Explain the listing process and the parts of the listing agreements.

Distinguish between the characteristics of the various types of listing and buyer representation agreements.

Define the following key terms:

buyer representation agreement, comparative market analysis, exclusive agency listing, exclusive buyer representation agreement, exclusive right to sell listing, multiple listing service, net listing, open listing

12 REAL ESTATE CONTRACTS

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the requirements for a valid contract.

Describe the various types of contracts used in the real estate business. Explain how contracts may be discharged.

Distinguish among bilateral and unilateral, executed and executory and valid, void and voidable contracts.

Define the following key terms:

Addendum, amendment, assignment, bilateral contract, breach of contract, consideration, contingencies, contract, counteroffer, disclosure, earnest money, equitable title, executed contract, executory contract, express contract, implied contract, land contract, liquidated contract, novation, offer and acceptance, option, rescission, statute of frauds, suit for specific performance, "time is of the essence", unenforceable contract, unilateral contract, valid contract, void contract, voidable contract.

13 REAL ESTATE TAXES AND OTHER LIENS

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the various classifications of liens.

Describe how real estate taxes are applied through assessments, tax liens, and the use of equalization ratios. Explain how non tax liens, such as mechanics' liens, mortgage liens and judgment liens are applied and enforced.

Distinguish the characteristics of voluntary, involvement, statutory, and equitable liens.

Define the following key terms:

Ad valorem tax, assessment, attachment, equalization factor, equitable lien, equitable right of redemption, estate tax, general liens, general real estate tax, inheritance tax, involuntary lien.

judgment, lis pendens, mechanic's lien, mill, mortgage lien, redemption, special assessments, specific liens, statutory liens, subordination agreement, tax liens, tax sale, vendor's lien, voluntary lien, writ of attachment

14 REAL ESTATE FINANCING

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the basic provisions of security and debt instruments, promissory notes, mortgage documents, deeds of trust, and land contracts.

Describe the effect of discount points on yield. Explain the procedures involved in a foreclosure. Distinguish between lien and title theories.

Explain the three methods of foreclosure.

Define the following key terms:

alienation clause, amortized loan, assumption of mortgage, balloon payment, beneficiary, comprehensive loss underwriting exchange, debt to income, deed in lieu of foreclosure, deed of reconveyance, deed of trust, defeasance clause, deficiency judgment, discount points, equity, foreclosure, growing equity mortgage, homeowners insurance, hypothecation, index, interest, interest only loan, lien theory, loan origination fee, loan to value ratio, margin, mortgage, mortgagee, mortgagor, negative amortization, negotiable instrument, note, novation, PITI, prepayment penalty, promissory note, release deed, reverse mortgage, satisfaction of mortgage, short sale, straight loan, subject to, title theory, trustor, usury

15 REAL ESTATE FINANCING: THE GOVERNMENTS HAND

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the types of instruments in the primary and secondary mortgage market.

Describe the various types of financing techniques available to real estate purchasers and the role of government financing regulations.

Distinguish among the different types of creative financing techniques that address borrowers' different needs.

Define the following key terms:

blanket loan, buydown, certificate of reasonable value, community reinvestment act of 1977, construction loan, conventional loan, equal credit opportunity act, Fannie Mae, Farmer Mac, FDIC, Federal Reserve system, FHA insured loan, Freddie Mac, Ginne Mae, government-sponsored enterprises, home equity loan, mortgage insurance premium, Office of the Comptroller of the Currency, open end loan, package loan, primary mortgage market, private mortgage insurance, real estate settlement procedures act, regulations Z, sale and lease back, secondary mortgage market, triggering terms, truth in lending act, VA guaranteed loan, wraparound loan

16 REAL ESTATE APPRAISAL

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the different types and basic principles of value.

Describe the three basic valuation approaches used by appraisers. Explain the steps in the appraisal process.

Distinguish the four methods of determining reproduction or replacement cost.

Define the following key terms:

Accrued depreciation, anticipation, appraisal, assemblage, broker's price opinion, capitalization rate, change, competitive market analysis (CMA), competition, contribution, cost approach, depreciation, economic life, external obsolescence, functional obsolescence, gross income multiplier (GIM), gross rent multiplier (GRM), highest and best use, income approach, law of diminishing return, law of increasing returns, market data approach, market value, net operating income (NOI), physical deterioration, plottage, progression, reconciliation, regression, replacement cost new, reproduction cost, sales comparison approach, sales price, substitution, supply and demand, Uniform Standards of Professional Appraisal Practice (USPAP), Value

17 CLOSING THE REAL ESTATE TRANSACTION

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the issues of particular interest to the buyer and the seller as a real estate transaction closes.
Describe the steps involved in preparing a closing statement.

Explain the general rules for prorating.

Distinguish the procedures involved in face-to-face closings from those in escrow closings.

Define the following key terms:

Accrued items, closing, closing statement, credit, debit, escrow accounts, escrow closing, good faith estimate (GFE), impound accounts, Mortgage Disclosure Improvement Act (MDIA), prepaid items, prorations, Real Estate Settlement Procedures Act (RESPA), survey, Uniform Settlement Statement (HUD- 1).

18 LEASES

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the four types of leasehold estates.

Describe the requirements and general conditions of a valid lease and how a lease may be discharged. Explain the rights of landlords and tenants in an eviction proceeding and the effect of protenant legislation and civil rights laws on the landlord-tenant relationship.

Distinguish the various types of leases.

Define the following key terms:

Actual eviction, assignment, constructive eviction, estate at sufferance, estate at will, estate for years, estate from period to period, gross lease, ground lease, holdover tenancy, lease, leasehold estate, lease purchase, lessee, lessor. Month-to-month tenancy, net lease, nondisturbance clause, percentage lease, purchase option, renewal option, reversionary right, right of first refusal, sale-and-leaseback, security deposit, sublease.

19 PROPERTY MANAGEMENT

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the basic elements of a management agreement. Describe a property manager's functions.

Explain the role of environmental regulations and the Americans with Disabilities Act in the property manager's job.

Distinguish the various types of risk management.

Define the following key terms:

Budget comparison statement, cash flow report, corrective maintenance, management agreement, management plan, multiperil policies, operating budget, preventive maintenance, profit and loss statement, property manager, risk management, routine maintenance, surety bonds, tenant improvements, workers' compensation acts.

20 LAND-USE CONTROLS AND PROPERTY DEVELOPMENT

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the various types of public and private land use controls.

Describe how a comprehensive plan influences local real estate development. Explain the various issues involved in subdivision.

Distinguish the function and characteristics of building codes and zoning ordinances. Define the following key terms:

Buffer zone, building code, certificate of occupancy, comprehensive plan, conditional-use permit covenants, conditions, and restrictions (CC&Rs) density zoning, developer, enabling acts, inverse condemnation, Interstate Land Sales Full Disclosure Act, nonconforming use, planned unit development (PUD), plat, restrictive covenants, subdivider, variance, zoning ordinances

21 ENVIRONMENTAL ISSUES AND THE REAL ESTATE TRANSACTION

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the basic environmental hazards an agent should be aware of in order to protect client's interest. Describe the warning signs, characteristics, causes, and solutions for the various environmental hazards most commonly found in real estate transactions.

Explain the fundamental liability issues arising under environmental protection laws. Distinguish lead based paint issues from other environmental issues.

Define the following key terms:

Asbestos, brownfields, carbon monoxide (CO), chlorofluorocarbons (CFCs), Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), electromagnetic fields (EMS) encapsulation, environmental impact statement (EIS), environmental site assessment (ESA), formaldehyde, groundwater, lead, mold, polychlorinated biphenyls (PCBs), radon, Small Business

Liability Relief and Brownfields Revitalization Act, Superfund Amendments and Reauthorization Act (SARA), underground storage tanks (USTs), urea-formaldehyde foam insulation (UFFI), water table

22 INVESTING IN REAL ESTATE

UPON COMPLETION OF THIS SECTION THE LEARNER WILL BE ABLE TO:

Identify the advantages and disadvantages of property investing. Describe the difference between adjusted basis and capital gains. Explain the concepts of pyramiding.

Distinguish between depreciation and appreciation.

Define the following key terms:

adjusted basis, basis, boot, capital gain, cash flow, cost recovery, depreciation, equity buildup, exchanges, income property, inflation, intrinsic value, leverage, liquidity, pyramiding, real estate investment trust (REIT), real estate mortgage investment conduit (REMIC), straight-line depreciation, syndicate