

LEARNING OBJECTIVES AND COMPETENCIES REAL ESTATE FUNDAMENTALS

(Revised January 1996)

- 1. UPON COMPLETION OF THE SECTIONS, "LAND, REAL ESTATE AND REAL PROPERTY" AND "PUBLIC AND PRIVATE LAND CONTROLS," THE STUDENT WILL BE ABLE TO EXTRAPOLATE INFORMATION FROM THE APPROPRIATE SOURCES TO HELP THE CUSTOMER OR CLIENT MAKE AN INFORMED DECISION ABOUT THE PURCHASE OR LEASE OF REAL ESTATE.**
- 2. UPON COMPLETION OF THE SECTION, "ENVIRONMENTAL ISSUES," THE STUDENT WILL BE KNOWLEDGEABLE ABOUT THE HAZARDOUS SUBSTANCES WHICH ARE OF CONCERN TO A REAL ESTATE TRANSACTION IN HIS/HER LOCALE AND BE ABLE TO ALERT CUSTOMERS OR CLIENTS TO SUCH CONCERNS AND THEIR RAMIFICATIONS.**
- 3. UPON COMPLETION OF THE SECTION, "LEGAL DESCRIPTIONS," THE STUDENT SHOULD BE AWARE OF THE NECESSITY FOR AN ACCURATE LEGAL DESCRIPTION OF A PARCEL OF REAL ESTATE.**
- 4. UPON COMPLETION OF THE SECTION, "INTERESTS IN REAL ESTATE," THE STUDENT SHOULD BE FAMILIAR WITH THE TERMINOLOGY OF FREEHOLD, LEASEHOLD AND LIFE ESTATES, ENCUMBRANCES AND GOVERNMENT POWERS AND BE ABLE TO COMMUNICATE SUCH INFORMATION TO CUSTOMERS AND CLIENTS.**
- 5. UPON COMPLETION OF THE SUB-SECTION, "LEASEHOLD ESTATES," THE STUDENT WILL BE ABLE TO APPLY THE LEGAL CONCEPTS AND KNOWLEDGE LEARNED TO ASSISTING CUSTOMERS AND CLIENTS IN LEASING SITUATIONS, SUCH AS PREPARING LEASES AND DETERMINING WHAT TYPE OF LEASE TO USE.**
- 6. UPON COMPLETION OF THE SECTION, "FORMS OF OWNERSHIP," THE STUDENT WILL UNDERSTAND THE BASIC CONCEPTS AND PRINCIPLES OF THE VARIOUS FORMS OF OWNERSHIP AND WILL BE ABLE TO CONVEY SUCH INFORMATION TO THE CUSTOMERS AND CLIENTS.**
- 7. UPON COMPLETION OF THE SECTION, "TITLE MATTERS," THE STUDENT WILL BE ABLE TO RECOGNIZE TITLE PROBLEMS ENCOUNTERED IN A REAL ESTATE TRANSACTION AND THEIR AVAILABLE SOLUTIONS.**

- 8. UPON COMPLETION OF THE SECTION, "REAL ESTATE CONTRACT LAW," THE STUDENT WILL BE ABLE TO INTEGRATE THE KNOWLEDGE GAINED IN THE CONCEPTS AND PRINCIPLES OF REAL ESTATE CONTRACTS TO GUIDE CUSTOMERS AND CLIENTS THROUGH THE CONTRACTUAL ASPECTS OF A REAL ESTATE TRANSACTION.**

- 9. UPON COMPLETION OF THE SECTION, "PRINCIPLES OF FINANCING," THE STUDENT WILL BE ABLE TO APPLY THE KNOWLEDGE TO ASSIST CUSTOMERS AND CLIENTS WITH THE FINANCIAL ASPECTS OF A REAL ESTATE TRANSACTION.**

- 10. UPON COMPLETION OF THE SECTION, "REAL ESTATE LICENSING AND REGISTRATION ACT/RULES AND REGULATIONS," THE STUDENT WILL HAVE THE KNOWLEDGE TO CONDUCT HIS/HER REAL ESTATE ACTIVITIES IN A LEGAL AND ETHICAL MANNER.**

MINIMUM COURSE CONTENT OUTLINE
REAL ESTATE FUNDAMENTALS

(Revised January 1996)

This outline for the Pre-Sales license course, *Real Estate Fundamentals*, specifies the minimum content of the 30-hour course.

The course content may be presented in any order and supplemented in any way an educational provider deems appropriate to achieve the objectives/competencies of the course, consistent with prevailing laws and contemporary business practices.

When educational providers conduct two 30-hour pre-sales license courses, they must present the *Real Estate Fundamentals* course in such a manner so as to cover the topics specified in this outline. This is critically important because students are not required to take the two pre-sales license courses from the same educational provider.

Although several topics are duplicated in the outlines for *Real Estate Fundamentals* and *Real Estate Practice*, the nature of the discussion is different. This is done to enhance understanding, since neither course is a prerequisite for the other.

An educational provider may incorporate the material in *Real Estate Fundamentals* with the content for *Real Estate Practice* if it chooses to achieve the objectives/competencies prescribed for both courses in one 60-hour program.

REAL ESTATE FUNDAMENTALS

PART 1. OWNERSHIP OF REAL PROPERTY; THE RIGHTS OF OWNERSHIP AND LIMITATIONS ON OWNERSHIP: HOW OWNERSHIP IS HELD AND TITLE IS TRANSFERRED

- I. LAND, REAL ESTATE AND REAL PROPERTY
 - A. DEFINITIONS
 - 1. LAND
 - 2. REAL ESTATE
 - 3. REAL PROPERTY
 - B. REAL ESTATE VS. PERSONAL PROPERTY
 - 1. FIXTURES
 - 2. PERSONAL PROPERTY
 - 3. TRADE FIXTURES
 - C. CHARACTERISTICS OF REAL ESTATE
 - 1. ECONOMIC
 - 2. PHYSICAL
 - D. OWNERSHIP OF REAL PROPERTY
 - 1. BUNDLE OF LEGAL RIGHTS
 - 2. LAWS AFFECTING REAL ESTATE PRACTICE
- II. PUBLIC AND PRIVATE LAND USE CONTROLS
 - A. PUBLIC
 - 1. LOCAL, STATE AND FEDERAL OWNERSHIP OF LAND
 - 2. LOCAL PLANNING
 - a. Comprehensive Plans
 - b. Zoning Ordinances
 - c. Subdivision Regulations
 - d. Building Codes
 - 3. ENVIRONMENTAL PROTECTION LEGISLATION
 - 4. INTERSTATE LAND SALES FULL DISCLOSURE ACT
 - B. PRIVATE DEED RESTRICTIONS AND COVENANTS
- III. ENVIRONMENTAL ISSUES
 - A. HAZARDOUS SUBSTANCES/CONDITIONS AFFECTING REAL ESTATE
 - 1. ASBESTOS
 - 2. ELECTRO-MAGNETIC FIELDS
 - 3. GROUNDWATER CONTAMINATION
 - 4. LEAD POISONING
 - 5. RADON
 - 6. UNDERGROUND STORAGE TANKS
 - 7. UREA FORMALDEHYDE FOAM INSULATION
 - 8. WASTE DISPOSAL SITES
 - B. LEGAL CONSIDERATIONS
 - 1. STATUTORY LAW

2. COMMON LAW
3. OBLIGATIONS OF REAL ESTATE PROFESSIONALS
4. RISK MANAGEMENT TECHNIQUES

- IV. LEGAL DESCRIPTIONS
 - A. METHODS OF LAND DESCRIPTION
 1. METES AND BOUNDS
 2. LOT AND BLOCK
 - B. DESCRIPTION OF A CONDOMINIUM INTEREST
 - C. PREPARATION AND USE OF A SURVEY

- V. INTERESTS IN REAL ESTATE
 - A. GOVERNMENT POWERS
 1. POLICE POWER
 2. EMINENT DOMAIN
 3. TAXATION
 4. ESCHEAT
 - B. FREEHOLD ESTATES
 1. FEE SIMPLE
 - a. Absolute
 - b. Determinable
 2. LIFE ESTATE
 - a. Conventional
 - b. Per Autre Vie
 - c. Reversionary Interest
 - d. Remainder Interest
 3. ENCUMBRANCES
 - a. Liens
 - b. Deed Restrictions
 - c. Easements
 - d. Encroachments
 - e. License
 4. WATER RIGHTS
 - a. Riparian Rights
 - b. Littoral Rights
 - C. LEASEHOLD ESTATES
 1. TYPES OF ESTATES
 - a. Estate for Years
 - b. Periodic Estate
 - c. Estate at Will
 - d. Estate at Sufferance
 2. LEASE CONTRACTS
 - a. Offer and Acceptance
 - b. Consideration
 - c. Capacity to Contract
 - d. Legal Objective
 - e. Use of Premises
 - f. Term of Lease

- g. Security Deposits
- h. Confession of Judgment Clauses
- 3. LEGAL PRINCIPLES OF LEASING
 - a. Possession
 - b. Improvements
 - c. Maintenance of Premises
 - d. Assignment and Subleasing
 - e. Options
 - f. Destruction of Premises
 - g. Termination of Lease
 - h. Breach of Lease
 - i. Landlord Tenant Legislation
 - j. Fair Housing Laws
- 4. TYPES OF LEASES
 - a. Gross Lease
 - b. Net Lease
 - c. Percentage Lease
 - d. Variable Leases
 - e. Ground Leases
 - f. Oil and Gas Leases

VI. FORMS OF OWNERSHIP

- A. SEVERALTY
- B. CONCURRENT
 - 1. TENANCY IN COMMON
 - 2. JOINT TENANCY
 - a. Unity of Ownership
 - b. Right of Survivorship
 - c. Creation and Termination
 - 3. TENANCY BY THE ENTIRETY
 - 4. SPOUSAL RIGHTS
- C. TRUSTS
 - 1. LIVING AND TESTAMENTARY TRUSTS
 - 2. LAND TRUST
- D. PARTNERSHIPS
- E. CORPORATIONS
- F. SYNDICATES
- G. CONDOMINIUM OWNERSHIP
- H. COOPERATIVE OWNERSHIP
- I. TIME SHARE OWNERSHIP

VII. TITLE MATTERS

- A. VOLUNTARY ALIENATION
 - 1. TYPES OF DEEDS
 - a. General Warranty
 - b. Special Warranty
 - c. Bargain and Sale

- d. Quit Claim
- e. Court-Ordered Deeds
- f. Deed in Trust
- g. Trustee's Deed
- 2. ELEMENTS OF A DEED
 - a. Grantor, Including Legal Capacity
 - b. Grantee
 - c. Recital of Consideration
 - d. Granting Clause
 - e. Habendum Clause
 - f. Restriction, Covenants, and Limitations
 - g. Legal Description
 - h. Signature of Grantor
- 3. DELIVERY AND ACCEPTANCE
- 4. ACKNOWLEDGEMENT AND ACCEPTANCE
- 5. TRANSFER TAXES
- B. INVOLUNTARY ALIENATION
 - 1. LEGAL PROCESS
 - 2. NATURAL PROCESS
 - 3. ADVERSE POSSESSION
- C. TRANSFER OF A DECEASED PERSON'S PROPERTY
 - 1. WILL AND TESTAMENT
 - 2. DESCENT
- D. PUBLIC RECORDS AND RECORDING
 - 1. NECESSITY FOR RECORDING
 - 2. RECORDING ACTS
 - 3. NOTICE
 - a. Constructive
 - b. Actual
 - 4. PRIORITY
 - 5. TYPES OF LIENS
 - a. Voluntary
 - b. Involuntary
 - c. Equitable
 - d. Statutory
 - e. General
 - f. Specific
- E. CHAIN OF TITLE
 - 1. TITLE SEARCH
 - 2. ABSTRACT OF TITLE
 - 3. ATTORNEY'S OPINION OF TITLE
- F. MARKETABLE TITLE
- G. PROOF OF OWNERSHIP
 - 1. CERTIFICATE OF TITLE
 - 2. TITLE INSURANCE
- H. TITLE PROBLEMS AND METHODS TO "QUIET" THEM
- I. UNIFORM COMMERCIAL CODE

PART 2. LEGAL PRINCIPLES; CONTRACTS; FINANCING; LICENSING LAWS

- VIII. REAL ESTATE CONTRACT LAW
 - A. TYPES OF CONTRACTS
 - 1. EXPRESS
 - 2. IMPLIED
 - 3. BILATERAL
 - 4. UNILATERAL
 - B. LEGAL EFFECTS
 - 1. EXECUTED
 - 2. EXECUTORY
 - 3. VALID
 - 4. VOID
 - 5. VOIDABLE
 - 6. UNENFORCEABLE
 - C. ESSENTIAL ELEMENTS
 - 1. OFFER AND ACCEPTANCE
 - 2. CONSIDERATION
 - 3. LEGALLY COMPETENT PARTIES
 - 4. LEGALITY OF OBJECT
 - 5. IN WRITING (STATUTE OF FRAUDS)
 - D. PERFORMANCE
 - E. ASSIGNMENT AND NOVATION
 - F. DISCHARGE OF CONTRACTS
 - 1. TERMINATION OF AGREEMENT
 - 2. BREACH OF CONTRACT
 - a. Seller Default
 - b. Buyer Default
 - 3. STATUTE OF LIMITATIONS
- IX. PRINCIPLES OF FINANCING
 - A. THEORY OF REAL ESTATE FINANCING
 - 1. PRIMARY MORTGAGE MARKET
 - 2. SECONDARY MORTGAGE MARKET
 - B. THEORY OF MORTGAGE LAW
 - 1. NOTE
 - a. Interest, Including Usury Laws
 - b. Loan Repayment, Including Fully and Partially Amortized and Straight Loans
 - c. Prepayment
 - d. Escalation and Acceleration
 - 2. MORTGAGE
 - a. Rights and Obligations of the Mortgagor and Mortgagee
 - b. Provisions for Default
 - c. Assignment By Mortgagee

- d. Alienation Clause
- e. Release of Mortgage Liens and Satisfaction
- f. Reserves for Taxes and Insurance
- g. Assignment of Rent
- h. Assumption Clauses
- C. RECORDING PROCEDURES AND PRIORITY
 - 1. FIRST
 - 2. JUNIOR
 - 3. SUBORDINATION
- D. FORECLOSURE
 - 1. METHODS
 - a. Judicial
 - b. Deed in Lieu of Foreclosure
 - 2. REDEMPTION
 - 3. DEFICIENCY JUDGMENTS

X. REAL ESTATE LICENSING AND REGISTRATION ACT/RULES AND REGULATIONS

- A. STATE REAL ESTATE COMMISSION
 - 1. MEMBERS
 - 2. RESPONSIBILITIES
- B. DEFINITION OF REAL ESTATE
- C. LICENSURE
 - 1. VARIOUS LICENSES AND CORRESPONDING ACTIVITIES
 - 2. EXCLUSIONS
 - 3. LICENSING PROCEDURES
 - a. Qualifications and Application
 - b. Renewals
 - c. Inactive/Escrowed Licenses
 - d. Out-of-State Licensees
 - e. Change of Employment
- D. OPERATION OF A REAL ESTATE BUSINESS
 - 1. BUSINESS NAME
 - 2. OFFICE REQUIREMENTS
 - 3. BRANCH OFFICES
 - 4. CHANGE OF ADDRESS
- E. PROHIBITED ACTIVITY (RELRA SECTION 604)
- F. DISCIPLINARY ACTIONS
 - 1. CAUSES
 - a. Unlicensed Activity
 - b. Violations of Act and Rules and Regulations
 - 2. COMPLAINT PROCEDURE
 - 3. INVESTIGATION AND ADJUDICATION
 - 4. PENALTIES
 - 5. REAL ESTATE RECOVERY FUND

- G. REAL ESTATE DOCUMENTS
 - 1. PREAGREEMENT DISCLOSURES
 - 2. LISTING AGREEMENTS
 - 3. AGREEMENT OF SALE
 - 4. TIMESHARE AND CAMPGROUND MEMBERSHIP CONTRACTS
- H. ESCROW PROCEDURES
 - 1. DEPOSITS AND WITHDRAWALS
 - 2. RENTAL ACCOUNTS
- I. ETHICAL RESPONSIBILITIES
 - 1. LIMITS OF ADVICE
 - 2. DISCLOSURES
 - a. Conflicts of Interest
 - b. Affiliations
 - c. When Selling or Listing Licensee's Own Real Estate
 - 3. ADVERTISING AND SOLICITATION
- J. PROMOTIONAL LAND SALES