

*WA Real Estate Practices  
Required Curriculum and Learning Objectives  
30 Clock Hours  
Effective 03-18-2009*

**Instructions to Education Provider:**

- **Emphasis on calculations**
- **Emphasis on examples, forms, and checklists**
- **Use of practice problems and/or case studies (where applicable) are recommended**

***Business Skills and Procedures***

Upon completion of this section, the student should be able to:

1. Differentiate between working as an individual and as an independent contractor.
2. Describe what skills are necessary to operate as a broker and begin a new business practice (e.g., knowledge of bookkeeping, business & tax regulations, etc.)
3. Describe what equipment is necessary to operate as a broker and begin a new business practice.
4. Discuss the steps necessary to develop a business plan and operating budget.
5. Describe factors that may guide a decision regarding selection of brokerage affiliation.
6. Describe what is an independent contractor relationship and what this means for compensation and benefits.
7. Describe the business relationship between the Broker and Managing Broker, including each party's obligations to the other.
8. Describe how you would go about developing a client base.
9. Identify sources for obtaining listings.
10. List the types of business records a licensee needs to maintain such as:
  - Tax records and expenses
  - Transaction records
11. Describe the DOL requirements for transaction recordkeeping and subsequent delivery to the firm.

12. Describe common rookie mistakes.

13. Be able to describe the necessary process/checklist to follow at each step of a conventional real estate transaction to avoid common areas of difficulties or mistakes.

## ***Agency Relationship***

Upon completion of this section, the student should be able to:

1. Define the following terms, describing the way each relationship could be established:
  - Seller Agency
  - Buyer Agency
  - Implied Agency
  - Dual Agency
  - Non Agency (Facilitator)
  - Designated (Split) Agency
2. Describe potential conflicts of interest arising from each type of relationship.
3. Identify services a licensee can provide a prospective purchaser that would establish an agency relationship.
4. Describe how implied agency could occur. Discuss when “implied buyers agency” would not apply, even when dealing with a prospective buyer.
5. Define “client” and “customer” relationships between prospective purchasers and real estate licensees and describe how Washington’s limited fiduciary duties to a client differ from general duties owed to a customer.
6. Explain the relationship between managing broker (including designated brokers and branch managers) and their affiliated licensees relating to agency relationships.
7. Explain the disclosure requirements of a licensee when he/she is acting as a principal.
8. Identify what type of information would be considered “confidential” information.
9. Discuss what duty you have to warn others that information will be shared with client-where licensee would be obligated to disclose information.
10. Explain why an agreement to pay compensation does not necessarily create an agency relationship.
11. Describe how multiple listing associations deal with the agency issue through an “offer of cooperation and compensation”.
12. Define the terms “vicarious liability” and “imputed knowledge” and give examples of their limited application in agency relationships.

13. Identify the disciplinary actions the Director of the Department of Licensing may impose if a licensee's conduct is not consistent with the agency disclosure representation.
14. Explain the material contained in the "Law of Real Estate Agency" pamphlet and related disclosure forms.
15. Discuss principles of ethical behavior (not Code of Ethics) as related to relationships with sellers and buyers.

## *Listing Property*

Upon completion of this section, the student should be able to:

1. Explain the reason(s) for creating a transaction file, and describe the types of information it should contain.
2. Identify the information that you should gather prior to completing a listing agreement. Accurately complete an Exclusive Right to Sell Listing Agreement and explain the major elements of the agreement.
3. Explain the difference between these types of listings, and be able to show how to complete appropriate listing agreement (identify appropriate language/clauses to be included):
  - Exclusive Agency Listing
  - Exclusive Right to Sell Listing
  - Open Listing
  - Net Listing
4. Distinguish between the following types of Buyer's Agreement, be able to identify key clauses related to representation, rights and responsibilities, termination, commission, etc., and demonstrate the ability to complete the required form(s):
  - Exclusive buyer agency agreement
  - Exclusive agency/buyer agency agreement
  - Open buyer agency agreement
5. Describe how a compensation agreement may differ from a listing agreement.
6. Describe the relationship between the affiliated licensee, the managing broker, and the firm, especially in regards to listing agreements (e.g., covered under RCW 18.85 § 275 (2)).
7. Identify methods of determining who has title to the property to be listed list. Describe less familiar ways of holding title.
8. When contacted by a prospective buyer about a listing, discuss what options a listing agent has to avoid agency conflicts. Be able to explain what steps should be taken to guard against dual agency.
9. Explain when the seller must be provided a copy of the listing agreement.

10. Explain who has the authority to sign, modify, or cancel a listing agreement.
11. Identify ways a listing agreement can be terminated.
12. Describe the major sections of the Residential Seller Property Condition Disclosure in Washington requirements and identify potential trouble spots for sellers.
13. Identify the categories forming the basis for discrimination under the Fair Housing Law and give a practical example of why a listing should be refused under each category.
14. Explain what constitutes fair housing discrimination in advertising and accurately compose two advertisements demonstrating compliance.
15. Identify and explain real estate practice activities controlled by antitrust laws.
16. Explain how real estate commissions are determined and demonstrate how to calculate commission (pro-ration).
17. Describe who is entitled to initiate an action for payment of a commission under a listing agreement.
18. Describe how a broker may be entitled to a commission following expiration of a listing agreement.

### ***Evaluating and Pricing Property***

Upon completion of this section, the student should be able to:

1. Accurately complete a comparative market analysis (CMA) worksheet and explain the major components of the CMA.
2. Discuss how the value of a property is established.
3. Identify the parties involved in determining what a property is worth.
4. Define the difference between cost, value, and price.
5. Describe how the role of the appraiser differs from the role of the real estate licensee in the evaluation process.
6. Identify sources of information needed for preparing a market analysis.
7. Compare the effects of different financing terms on the market value of a property.
8. Discuss how you (as a Seller's Representative) would go about suggesting a listing price based upon considerations of:
  - Owners Wishes
  - Market Conditions (CMA)

- Time to Sell

9. Describe how zoning laws affect the market value of real property.

## ***Marketing Property***

Upon completion of this section, the student should be able to:

1. Describe a marketing plan for a residential property.
2. Discuss how to meet any goals established with the seller such as time-to-sell or target price.
3. What are typical costs incurred by the broker when marketing a property.
4. Explain the elements of preparing a property for marketing and identify typical improvements that will make the property more marketable.
5. Explain the process for conducting an open house for agents and the public.

## ***Negotiation and Sales Techniques***

Upon completion of this section, the student should be able to:

1. Describe the process or mechanism of making an offer and the process of negotiation and counter-offer.
2. Discuss elements of structuring an offer to represent your clients' best interest and make it appealing to the other party.
3. Describe the concept of "effective" representation (agency).
4. Demonstrate how to present offers, counter-offers, and multiple offers including short-sales.
5. Explain the opportunities and challenges involved in multiple offer situations when representing a seller.
6. Explain the opportunities and challenges involved in multiple offer situations when representing a buyer. Describe what rights or duty a Buyer's Representative has to present an offer.
7. When representing the Buyer, discuss the desirability of having financing pre-approval before presenting a buyer's offer.
8. Describe the process of how offers become contracts.
9. Identify appropriate circumstances to consult your broker during the negotiation process.

10. Discuss successful sales techniques and their relationship to consumer protection.
11. Discuss the role of home inspection and difference between “home inspector” and licensed “structural pest inspector”.
12. Explain how the use of a good faith deposit should be used to secure an option on a property.
  - Describe the amount of the deposit to be expected based upon market conditions (buyers or sellers market).
  - Describe what deposit amount to advise a client to consider.
  - Describe how the funds should be handled (e.g., escrow and closing or refund.)
  - Discuss the various components of the Agreement including clauses related to time limitations, damages for breach, contingencies, refunds, etc.
13. Identify situations where Federal, state or local fair housing laws impact the negotiation process.
14. Identify permitted and unlawful activities for unlicensed personal assistants.

### ***Purchase and Sale Agreements with Earnest Money Provisions***

Upon completion of this section, the student should be able to:

1. Accurately complete a Purchase and Sale Agreement and various addenda for a residential transaction and a vacant residential lot.
2. Explain or discuss the typical contingency clauses that would be used in a residential Purchase and Sale Agreement; Be able to explain these to a client. Identify the necessary components that will make the agreement an enforceable contract.
3. Identify the main types of contracts most used in residential sales transactions and explain their functions.
4. Identify the appropriate circumstances to consult your broker when completing a Purchase and Sale Agreement.
5. Explain when to seek competent legal assistance when completing a Purchase and Sale Agreement.
6. Explain possible problem areas such as modifying a signed contract, canceling a contract, attaching additional pages to a contract, and common law issues.
7. Discuss the necessity of obtaining and using a correct legal description in a Purchase and Sale Agreement. Also explain when a street address is not sufficient.

8. Describe appropriate methods of addressing the following circumstances in the written agreement:
  - A pending divorce action
  - Partnership or corporate sellers or buyers
  - Builder or seller guarantees
  - Pending foreclosure action
  - Pending personal bankruptcy of seller
  - Sales involving estates
9. Explain the importance of notification of acceptance.
10. Explain the legitimacy of facsimile and electronic copies versus original copies.
11. Describe the importance of the Statute of Frauds regarding real estate contracts.
12. Explain the terms “contingency” and “subject to” and explain how they are used in a Purchase and Sale Agreement.
13. Define the term “enforceable” and explain what conditions are necessary for a Purchase and Sale Agreement to be enforceable.
14. Define the term “earnest money”, describe acceptable forms of earnest money, demonstrate proper handling procedures, and describe the Interpleading Process.
15. Describe appropriate conduct and behavior when showing property and presenting offers regarding Fair Housing Laws.
16. Discuss the importance of communication with all parties in the transaction.
17. Discuss the fine line between multiple contract addenda and unauthorized practice of law.
18. Understand that forms change periodically, emphasizing the necessity to review the content of forms.

### ***Residential Financing and The Closing Process***

Upon completion of this section, the student should be able to:

1. Discuss the role of qualification and preapproval from a lender in the home search/closing process, and identify the guidelines used for this process.
2. Discuss the influence of the value of the property when qualifying the purchaser.
3. Demonstrate how to arrive at the maximum price a purchaser can pay for a home.
4. Explain the different elements of conventional and government-sponsored financing and describe the different requirements for each.

5. Describe the elements of an adjustable rate mortgage (A.R.M.)
6. Identify sources of special financing programs available for first time buyers.
7. Describe the following events and processes and explain how they affect the closing of a residential transaction:
  - Loan application
  - Lender verifications
  - The appraisal
  - Inspections
  - Loan underwriting
  - Title insurance
  - Commitment
  - Loan approval
  - Document preparation
  - Escrow signing
  - Recording
  - Disbursement of funds
  - Possession
8. Demonstrate a knowledge of what practices are permissible and non-permissible under RESPA and applicable state laws.
9. Accurately estimate seller's proceeds for a residential sale.
10. Accurately estimate buyer's cash requirements to close.
11. Demonstrate how taxes and insurance are handled at closing, including proration, prepayment, and reserve accounts.
12. Explain how closing dates and different financing methods affect closing costs.
13. Explain the importance of Regulation Z in residential financing.
14. Explain the role of credit scoring in loan underwriting and obtaining purchaser credit.



Upon completion of this section, the student should be able to:

1. Demonstrate basic computational skills, including but not limited to:
  - Use of fractions and decimals
  - Calculations using percentages (base and rate)
  - Calculations using interest rates (simple and compound)
2. Demonstrate the ability to apply these techniques to tasks related to real estate such as:
  - Calculation of area (e.g., lot size, home square footage)
  - Pro-rations and escrow calculations
  - Mortgage math: loan amortization/calculation of monthly payments
3. Demonstrate the ability to use a calculator/personal computer to perform these tasks.