

Washington Real Estate Fundamentals Required Curriculum and Learning Objectives 60 Clock Hours Effective 03-18-2009

Real Estate As A Career

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

1. Explain the services of various types of real estate companies.
2. Identify related business activities associated with real estate.
 - Describe various occupations within the industry including (but not limited to) title work, property management, mortgage broker, etc. and identify which government agency has oversight of each.
3. Identify factors involved in successfully pursuing real estate as a career.
4. Identify the various local, state, and national agencies involved in regulating the real estate industry.
5. Explain the differences and identify specific responsibilities for independent contractors and employees.
6. Identify professional trade associations (including code of ethics) within the real estate industry and explain why they differ from regulatory agencies.
7. Be able to explain the differences in nomenclature for licensees including broker, managing broker, designated broker, and branch manager.
8. Explain in which cases would you as a real estate licensee, might need to involve another “practitioner” rather than perform the function yourself (e.g., to avoid Dual Agency, CMA vs. Appraiser; Home Inspections).
9. Identify real estate business activities or professions in Washington where one is required to hold a broker’s license (after 2010)

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

1. Define and describe land, real estate, real property, personal property, surface rights, subsurface rights, air rights and water rights.
2. Define fixtures, including trade fixtures and apply the legal tests of a fixture.
3. Identify various forms/types of housing.
4. Discuss separation of rights of possession and use under different forms of ownership.
5. Itemize the factors that influence home ownership.
6. Define the concept of real estate as a “bundle of legal rights”.
7. List and define the sources of law relating to real property in the United States and provide examples.
8. Name and define the powers of government that may limit ownership of real property. Provide examples of typical restrictions under each.
9. Describe the various types of estates in land and provide examples of estates in each group.
10. Define fee simple, determinable fee and fee simple subject to condition subsequent.
11. Describe a conventional life estate and differentiate between remainder interests and reversion interests.
12. Define ownership in severalty.
13. Define forms of co-ownership including:
 - Community property
 - Joint tenancy
 - Tenancy by the entirety
 - Tenancy in common
 - Dower and curtesy
 - Land trusts

14. Define ways in which business organizations can hold ownership of real property including:

- Partnerships
- Joint ventures
- Corporations
- Cooperatives
- Condominiums
- Limited liability companies and partnerships
- Syndications
- Real estate investment trusts

15. Describe the provisions of homestead laws.

16. Define and be able to differentiate the terms:

- Encumbrances, lien, deed restriction, encroachment, easement, etc.

17. Describe the creation and termination of easements including by necessity, prescription and condemnation.

18. Describe a license and its effect on real property

19. Define the following forms of liens:

- Voluntary
- Involuntary
- Statutory
- Equitable
- General
- Specific

20. Describe and explain the effects of a lien as an encumbrance on title to real property.

21. Give an example of the priority of liens on a title.

22. State the differences between general taxes and special assessment taxes.

23. Describe the manner by which a governmental body determines and assesses amount of property taxes.

24. Identify the procedures for enforcing tax liens.

25. Describe and give examples of construction liens (mechanic's liens and material-men's liens)

26. Describe judgments and their effect on titles.
27. Name and define the methods by which land use is controlled.
28. Describe the aspects of police power that enable public use and control of land.
29. State the purposes and typical provisions of a comprehensive plan.
30. Discuss the problems of private land use control through deed restrictions.
31. Explain land use control through direct public ownership.

Contract Law

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

1. Define the term contract.
2. Describe the creation of an express contract and an implied contract.
3. State the differences between a bilateral contract and a unilateral contract.
4. Classify a contract as being either executed or executory.
5. Define and illustrate the legal effects of contracts: valid, void, voidable, and unenforceable.
6. List the essential elements of a valid contract.
7. Define the phrase “time is of the essence” as it pertains to performance of a contract.
8. Define “statute of limitations” and the “statute of frauds” as they relate to real estate contracts.
9. Discuss the differences between assignment and novation.
10. Name and describe the differences on how a contract can be discharged or terminated.
11. Describe the rights of both parties in the event of default by either party.

12. Explain and describe the various contracts used in the real estate business:

- Listing agreements
- Purchase and sale agreements/earnest money agreements
- Option agreements
- Real estate contracts
- Leases and escrow instructions

Agency Law and Brokerage Relationships

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

1. Define the terms agency and brokerage relationships and name the involved parties.
2. Describe real estate agency and what is meant by a fiduciary relationship.
3. Describe fiduciary duties and the consequences for breaching them.
4. Define who is a principal and discuss the differences between clients and customers.
5. Define and give examples of the different types of agency brokerage relationships including:
 - Buyer agency
 - Implied (buyer) agency
 - Seller agency
 - Consensual dual agency
 - Split or assigned or designated/appointed agency
 - Sub-agency
 - Non-agency (facilitation)
 - Cooperation and compensation
 - Tenant representation
 - Landlord representationBe able to describe the use and liabilities of each type of relationship.
6. Describe the creation and termination of agency in real estate.
7. List and describe agent responsibilities to principal and third parties.
8. Discuss agency disclosure requirements identified in the Revised Code of Washington and the Washington Administrative Code.

9. Describe the role of multiple listing associations and cooperative brokerage agreements.
10. Explain the reasons for antitrust laws, how they affect real estate brokers and licensees, and the penalties for violating them.

Listing Agreements and Procedures

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

1. List and describe the different types of listing agreements.
2. Describe the key provisions in a listing agreement.
3. Identify the ways a listing agreement can be terminated.
4. Describe the remedies for breach of a listing agreement.
5. Identify various methods for determining broker's compensation.
6. Describe the broker's entitlement to a commission.
7. Explain the necessity for disclosure of material facts and material defects and explain the elements of a Seller Property Condition Disclosure Form.
8. Explain the basic methods of legally describing real property.
9. Discuss the necessity of obtaining and using a correct legal description. Demonstrate familiarity with different measurements and terminology used.
10. Demonstrate proficiency in using the various land units and measurements.
11. Identify and explain types of construction, e.g., modular construction, frame built construction, manufactured home, etc.

The Selling Process

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

1. Define and discuss the term “title” as it pertains to real estate.
2. Identify and describe the methods by which “title” may be transferred.
3. Explain the basic requirements for a valid conveyance.
4. Identify and describe the various forms of deeds and their essential elements.
5. Explain real property excise tax requirements and identify affected real property transactions.
6. Explain the concept of the “unauthorized practice of law”.
7. Define and describe the purpose of a purchase and sale agreement.
8. Describe the key provisions of a purchase and sale agreement.
9. Describe how a purchase and sale agreement may be terminated.
10. Describe the remedies for breach of a purchase and sale agreement.
11. Discuss the significance of contingencies and identify a number of standard contingencies relating to the purchase of real property.
12. Describe the use of purchase and sale agreement addenda.
13. Explain how funds, including deposits, will be handled in a closing, or a cancellation/termination.
14. Explain buyers and sellers responsibilities from sale to closing.
15. Explain licensees responsibilities to facilitate closing.

Real Estate Valuation

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

1. List and give examples of the uses of real property.
2. Explain why the value of real property does not remain the same.
3. Define market, supply and demand; in addition, be able to identify factors that affect supply and demand.
4. Define and explain the differences between market value, market price and cost.
5. Define the concepts of an appraisal.
6. Explain the differences between an appraisal and a market analysis (CMA).
7. Explain the concept of “highest and best use”.
8. Define the three approaches to value and give examples of the general use of each:
 - Market data
 - Cost
 - Income
9. Explain the difference between reproduction cost and replacement cost.
10. Explain the basic concepts of depreciation and discuss what aspects of property this affects.
11. Explain the primary purpose for state license law requirements for licensed and certified appraisers.
12. Explain the advantages, disadvantages and purposes of real estate investment.
13. Define the terms:
 - Leverage
 - Equity
 - Basis
 - Capital gain
14. Describe the tax benefits of real estate ownership, investment, exchanges, depreciation and installment sales.
15. Describe the purpose and effect of tax credits.

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

1. Explain the differences between a lien theory state and a title theory state.
2. Define and describe the following terms:
 - Security instrument
 - Financing instrument
 - Mortgage
 - Usury
 - Deed of trust
 - Promissory note
3. Explain the significant differences of a mortgage and a deed of trust.
4. Define interest and amortization and describe the various methods by which interest is computed.
5. State the reasons for prepayment penalties.
6. Describe various loan payment plans.
7. Explain the priorities involved in recording mortgages and deeds of trusts.
8. Explain tax and insurance reserves and describe how financial institutions insure their payment.
9. Describe the difference between “buying subject to” and “assuming” a mortgage or deed of trust.
10. Describe why a short sale might occur.
11. Explain what happens in a foreclosure action or a forfeiture action.
12. Describe what is meant by conventional, insured, and guaranteed loans.
13. Identify the significant elements and differences between the various government insured and guaranteed loans, including but not limited to FHA, VA, and USDA programs.
14. Define and describe other forms of financing including:
 - Purchase money mortgages
 - Blanket mortgages
 - Wrap-around mortgages
 - Open-end mortgages
 - Construction loans
 - Sale and leaseback
 - Installment/owner contracts
 - Adjustable rate mortgages
 - Graduated payment mortgages
 - Reverse annuity mortgages

- Personal lines-of-credit

15. List and give examples of the various sources of real estate financing.

16. Describe the influence of government in mortgage lending, including the Federal Reserve System, the secondary mortgage market, and the Rural Housing Service.

17. Describe the financing legislation that affects mortgage lending, including:

- Truth-In-Lending Act (Regulation Z)
- Equal Credit Opportunity Act (ECOA)
- Real Estate Settlement Procedures Act (RESPA)
- Federal Flood Insurance Programs

18. Explain why “points” are charged and how to calculate them.

Escrow and Settlement Process

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

1. Define the term closing/escrow/settlement as it relates to a real estate transaction.
2. Identify the participants in a closing and describe who is authorized to perform these services under the Escrow Agent Registration Act.
3. Explain title examination procedures.
4. Explain the purpose for title insurance.
5. Describe the different types of title insurance policies.
6. Explain a chain of title.
7. Describe how the Uniform Commercial Code affects a real estate transfer.
8. Describe and explain the differences between constructive notice and actual notice.
9. Define recordation and explain why it is important in a real property transaction.
10. Identify and describe Internal Revenue Service requirements in the closing process including FIRPTA and 1099 reporting.

11. Identify and describe the significant elements of a uniform settlement statement including:

- Purchase price and earnest money deposit
- Financing
- Loan payoffs
- Closing costs
- Prorations
- Sales commissions
- Buyers cash requirements
- Sellers proceeds

12. Describe the role of the real estate licensee in the escrow closing process.

Leasing, Property Management and the Residential Landlord Tenant Act

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

1. Explain the basic elements of a valid lease.
2. Describe and compare the following four types of leasehold tenancies:
 - Tenancy for years
 - Tenancy from period to period
 - Tenancy at will
 - Tenancy at sufferance
3. Explain how leases are both a conveyance and a contract.
4. Describe the elements of the Residential Landlord Tenant Act
5. Describe the basic provisions in a residential lease.
6. Explain the various ways in which a leasehold agreement may be terminated.
7. Describe the terms default and eviction regarding residential leases.
8. Define the basic purpose of property management; describe the legal and fiscal responsibilities and duties of a property manager to tenants and to property owners.
9. Explain the various elements of a property management agreement outlined in the Washington Administrative Code.

Real Estate License Law (18.85 RCW; 18.86 RCW; 18.235 RCW; WAC 308-124 all parts)

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

1. Describe the general purposes of the real estate license law.
2. Explain how license laws/status and administrative rules are created and describe their differences.
3. Define managing broker, broker, branch manager, and designated broker and explain the significant differences of these licensing terms.
4. Describe the general licensing and application procedures for brokers and managing brokers. Explain the continuing education requirements and renewal process for all Washington licensees.
5. Identify the real estate activities that require a license and those that do not require licensure.
6. Describe the powers and duties of the Director of the Department of Licensing.
7. Describe the powers and duties of the Real Estate Commission.
8. Identify and describe the major grounds for disciplinary action against licensees.
9. Describe the procedures outlined in the license law that address disciplinary actions.
10. Explain the role of the managing broker regarding supervision of affiliated licensees.
11. Describe the purpose of a broker's trust account and explain depositing requirements and disbursement procedures.
12. Describe the required procedures when a licensee leaves a brokerage firm voluntarily, or the managing broker terminates the licensee.
13. Describe the basic office requirement for operating a real estate company in Washington.
14. Describe the licensees' requirements regarding presenting of written offers, counteroffers, and addenda.

Fair Housing Issues and Consumer Protection

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

1. Demonstrate familiarity with the relevant Federal fair housing and non-discrimination statutes, Executive Orders, and regulations. Including but not limited to:
 - 1866 Civil Rights
 - Title VI of the Civil Rights Act of 1964 and as amended in 1988
 - Title VIII of the Civil Rights Act of 1968 (Fair Housing Act)
 - Sections 109 of Title I of the Housing and Community Development Act of 1974
 - Title II of the Americans with Disabilities Act of 1990
 - Executive Order 11063 (1962), as amended by 12259 (1983)
2. Understand the administration and enforcement of fair housing requirements including the protected classes.
3. Demonstrate familiarity with the relevant Washington State statutes against discrimination including (but not limited to) the Washington Law Against Discrimination (RCW 49.60) and state licensing law.
4. Be able to differentiate between illegal discrimination and legal discrimination.
 - Be able to identify such practices when presented with example cases OR be able to explain or provide examples of:
 - Such practices in the sale or rental of a dwelling
 - Discriminatory conduct by members of the real estate industry
 - Discriminatory advertisements, statements, and notices
 - Discrimination in the provision of brokerage services
 - Discrimination in residential real estate-related transactions
 - Blockbusting, steering, and redlining practices
5. Identify and describe exemptions to the Fair Housing Laws, including senior housing.
6. Identify local, state, and federal agencies responsible for the enforcement of the Fair Housing Laws.
7. Describe the penalties for those who violate the Fair Housing Laws.
8. Explain the major provisions of the Americans with Disabilities Act regarding housing and real property transactions.
9. Describe other rights and remedies provided to consumers in real estate transactions and identify appropriate state and federal agencies offering assistance.