

# **A Look Inside Rockwell's Instructor Materials**

## ***California Real Estate Law***

Rockwell's instructor materials provide innovative tools to complement the high-quality content of our textbooks and online courses. Our instructor materials for *California Real Estate Law* contain helpful resources for teachers and students alike.

### **For the instructor:**

- Clearly written learning objectives and lesson plans for each chapter
- Comprehensive outlines to help instructors focus on key topics
- Exercises to assess student learning throughout each lesson
- Cumulative quizzes with detailed answer keys
- PowerPoint presentations to enhance classroom lectures

### **For the student:**

- Active exercises that help students apply new concepts, including:
  - Hands-on exercises that improve their professional skills
  - Role playing exercises that deal with “real world” situations and transactions
  - Critical thinking exercises and discussions that involve legal, regulatory, and ethical issues (and relevant “do’s and don’ts”)

The following excerpts will give you an idea of the quality you can expect.

## Learning Objectives

After completing this lesson, students should be able to...

**Classify** an estate in real property as either a freehold or leasehold estate

**Identify** the characteristics of the different types of estates

**Name** the estate that is the highest and most complete form of real property ownership

**Contrast** the two types of defeasible fees, the fee simple determinable and the fee simple subject to condition subsequent

**Summarize** the rights and duties of the life tenant in a life estate

**Discuss** the consequences that follow termination of a life estate

**List and define** the four generally recognized types of leasehold estates

**Distinguish** between vested and contingent future interests in property

(For Chapter 4, "Estates in Land")

## Suggested Lesson Plan

1. Give students Exercise 6.1 to review the previous chapter, "Co-ownership of Real Property."
2. Give a brief overview of Chapter 6, "Agency Law," and review the learning objectives for the chapter.
3. Present lesson content:

- Agency Law and the Real Estate Profession
- Agency Relationships in Real Estate Transactions
  - Salesperson as broker's agent
  - Agent-client relationships

### *EXERCISE 6.2 Agency alternatives*

- Agency Authority and Liability
  - Scope of authority
  - Actual and ostensible authority
  - Warranty of authority
  - Liability issues
  - Delegation of authority: subagency

### *EXERCISE 6.3 Types of agency authority*

- Creation of an Agency Relationship
  - Agency formation and contract law
  - Intent to create an agency
  - Methods of creation
- Termination of an Agency Relationship
  - Termination by actions of the parties
  - Termination by operation of law
  - Effect of termination on third parties
  - Agency coupled with an interest

### *EXERCISE 6.4 Creating and terminating agency relationships*

4. End lesson with Chapter 6 Quiz.

(For Chapter 6, "Agency Law")

## Chapter 21 Outline: Antitrust Law

### I. Antitrust Law

#### A. Purpose of antitrust law

1. To prevent business agreements and practices that have the effect of restraining trade, to protect free enterprise, and to encourage competition
2. When businesses work together to control prices or supply of goods or services, customer pays higher prices and economy suffers
3. Competitive marketplace leads to better products and services, better prices
4. Also intended to encourage entrepreneurs, small businesses

#### B. History of antitrust law

1. Late 1800s: companies in oil, tobacco, and steel industries began merging and consolidating into huge corporations known as trusts
2. Trusts eliminated competition, grew to be monopolies
  - a. Monopoly: when one seller of goods or provider of services has exclusive control over market; characterized by lack of competition with no reasonable substitutes (many buyers, but only one seller)
4. State governments began enacting antitrust laws (effective only within state)
5. 1890, federal Sherman Antitrust Act passed; regulates restraints on interstate trade (trade between the states)
6. By early 1900s, Sherman Act was used to break up monopolies
7. Over time, courts expanded “trade” to include services as well as goods; in 1950, U.S. Supreme Court ruled antitrust laws apply to real estate industry
8. Cartwright Act: California’s antitrust law, also applies to real estate

### II. Prohibited Acts

#### A. General information

1. Not all business decisions that increase profits or market share violate antitrust laws (market share: amount of business company does in an area)
2. To violate antitrust laws, business activity must:
  - a. be the result of a conspiracy
  - b. be an unreasonable restraint on trade, and
  - c. have an adverse impact on competition

(Excerpt of outline for Chapter 21, “Antitrust Law”)

## EXERCISE 7.4 Disclosure of material facts

Discussion Prompt: An agent is showing a buyer one of her listings. Which of the following circumstances involve material facts that the agent would have to disclose to the buyer?

- Case 1: The agent knows that the previous resident was HIV-positive.
- Case 2: The seller informed the agent that the roof leaks.
- Case 3: The agent observed the roof leaking.
- Case 4: The seller informed the agent that a prior resident was murdered in the house five years ago.
- Case 5: The seller informed the agent that a prior resident was murdered in the house five years ago, and the buyer is now asking the agent whether she knows about any crimes committed on the property.
- Case 6: There are cracks in the foundation that the seller failed to note in the transfer disclosure statement, but the agent noticed them when performing her property inspection.

Analysis: The agent must disclose the information in Cases 2, 3, 5, and 6, but not the information in Case 1 or Case 4. In Case 1, the agent shouldn't reveal the prior resident's HIV status even if the buyer asks whether anyone with HIV or AIDS ever lived on the property, since that disclosure would violate fair housing laws. In Case 4, the agent isn't required to disclose the manner or occurrence of the prior occupant's death on the property because it happened more than three years ago. However, when faced with a direct inquiry (as in Case 5), the agent then has a duty to disclose the information.

(For Chapter 7, "Duties to Clients and Customers")

## Chapter 20 Quiz

1. An apartment building will not be subject to rent control if:
  - A. it was built before 1995
  - B. it was built after 1995
  - C. the landlord demolishes the building and constructs a new one within five years
  - D. the rent control law doesn't allow the landlord a market-rate return on investment
  
2. A tenant may make alterations to a property:
  - A. and require the landlord to pay for the alterations
  - B. and leave the landlord to cover the cost of restoring its original condition when the tenancy ends
  - C. if the tenant is disabled and the modifications are necessary to accommodate the disability
  - D. unless the lease states otherwise
  
3. A sublease is a transfer of:
  - A. a rental unit to a new tenant for only part of the lease term
  - B. only part of the rental unit to a new tenant
  - C. the entire tenancy for the remaining lease term
  - D. Either A or B
  
4. The warrant of habitability requires that:
  - A. floors, stairways, and railings be maintained in good repair
  - B. the tenant waive his right to notice before entry by the landlord
  - C. the landlord not alter the property
  - D. there are undisclosed material facts about the property

## Answer Key

1. B. Under the Costa-Hawkins Rental Housing Act, buildings completed after 1995 are excluded from rent control. However, the Ellis Act provides that if the property owner demolishes a rent-controlled building and rebuilds it within five years, it remains subject to rent control.
  
2. C. Alterations normally require the landlord's consent, but a disabled tenant may make necessary modifications to live in the property. The tenant must pay for the alterations and the landlord may require that the tenant restore the premises to their original condition when the tenancy ends.
  
3. D. A sublease may involve either transferring the entire rental unit for part of the remaining lease term, or transferring only part of the unit.
  
4. A. One of the requirements of the warranty of habitability is for floors, stairways, and railings to be maintained in good repair.

(Excerpt of quiz for Chapter 20, "Landlord-Tenant Law")