A Look Inside Rockwell's Instructor Materials

California Real Estate Practice

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 Practice* 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…

Discuss the laws that directly affect the processes of listing and marketing a property

Explain the ways in which antidiscrimination, antitrust, and environmental laws affect the practice of real estate

Describe how the Real Estate Law affects the payment and sharing of commissions

Identify protected classes under federal and state antidiscrimination laws, and penalties for agents and property owners who violate those laws

Describe the actions agents should take when marketing a property, in order to avoid charges of discrimination

Recognize environmental hazards that may be present in a property

(For Chapter 3, "Listing Regulations")

Suggested Lesson Plan

1. Give students Exercise 2.1 to review the previous chapter, "Real Estate Agency Relationships."
2. Give a brief overview of Chapter 2, "Listing Agreements and Property Disclosures," and review the learning objectives for the chapter.
3. Present lesson content:
   - Types of Listing Agreements
     - Open listing
     - Exclusive agency
     - Exclusive right to sell
   - Elements of a Listing Agreement
     - Terms of sale
     - Ready, willing, and able buyer
     - Termination date
     - Broker's authority and listing period
     - Commission
     - Special clauses

   EXERCISE 2.2 Finding key contract provisions

   - Mandatory Property Disclosures
     - Real estate transfer disclosure statement
     - Environmental and natural hazards
     - Other disclosures

   EXERCISE 2.3 Which disclosure is required?

4. End class with Chapter 2 Quiz.

(For Chapter 2, "Listing Agreements and Property Disclosures")

Chapter 9 Outline: Loan Qualifying

I. Prequalifying Buyers

  A. Prequalifying v. preapproval: two ways for buyers to find out maximum loan amount they'll be able to obtain

    1. Prequalifying: informal underwriting process (few questions) by real estate agent or lender; determines a range of home prices buyer should be able to afford
    2. Preapproval: formal process by lender; buyer must complete a loan application and submit income and credit documentation
        a. Similar to full loan application except no property appraisal or title report (no property selected yet); buyer's income and credit have been verified
        b. Lender gives buyer preapproval letter, agreeing to loan amount up to maximum, if property meets lender's standards
        c. Letter expires at end of specified period
    3. Advantages of preapproval over prequalifying
        a. Lender's commitment in preapproval letter valuable in negotiations with seller
        b. Preapproval helps streamline closing process; much of lender's evaluation already done
        c. Lender doing prequalifying may also issue a prequalifying letter, but this doesn't contain loan commitment (not as valuable in seller negotiations)
    4. Preapproval has one (potential) disadvantage: it establishes a maximum home price the buyer will qualify for; if the buyer wants to purchase a lower-priced home, there's a risk this information could hurt negotiations with seller
    5. Brokers may have different policies on prequalification or preapproval

  B. How to prequalify buyers

    1. Discuss process with buyers in a quiet, private place
    2. Explain value of gathering this information
    3. Gather financial information and other information relevant to process
    4. Use prequalifying worksheet, calculator, or software
        a. Income ratios are applied to income and expenses, to calculate buyer's monthly mortgage payment (PITI)
        b. Subtract taxes and insurance, to get maximum principal and interest payment
        c. Apply market interest rate to maximum payment amount to get maximum loan amount
        d. Divide maximum loan amount by loan-to-value ratio to find ceiling price buyer can afford
    5. If buyers have prequalified themselves (online or in other ways), be sure to check the accuracy of their calculations

EXERCISE 9.2 Brokerage policies on prequalifying and preapproval

(Excerpt of outline for Chapter 9, "Loan Qualifying")

EXERCISE 5.3 Unlicensed Assistants

Discussion Prompt: Read the following scenario to the class. Ask the students whether the agent and her assistant are violating the law. Is the assistant performing any tasks that require a real estate license? If so, which of her activities cross the line?

Caroline, a busy real estate agent, has hired Margaret to work as her assistant. Margaret doesn't have a real estate license. One of the tasks Caroline assigns Margaret is arranging and attending open houses for Caroline's listings. In preparing for an open house, Margaret gives the sellers staging tips to help them make the property look as attractive as possible, so that it will sell for as much as possible. When the open house is held, Caroline leaves most of the work to Margaret. It's Margaret who greets prospective buyers and shows them the home, pointing out features and discussing the condition of the property. She hands out flyers (prepared by Caroline) that include detailed information about the listing, including the listing price. Margaret does not, however, engage in any negotiations with buyers or their agents, nor does she write offers to purchase. When buyers appear to be considering making an offer, Margaret schedules an appointment for them to meet with Caroline.

Analysis: Some of Margaret's activities go beyond what the law allows an unlicensed assistant to do. It's legal for Margaret to schedule an open house and make various practical arrangements with the sellers concerning matters such as signs, information sheets, cleaning services, and refreshments. But giving the sellers staging tips probably crosses the line into the province of a licensed real estate agent; an unlicensed assistant shouldn't advise clients about marketing the property. Greeting visitors, handing out flyers, and making appointments with the listing agent are all permissible open house activities for an unlicensed assistant. On the other hand, Margaret shouldn't be the one who shows the property to open house visitors. It's one thing for her to accompany visitors as they walk through the home, but it isn't legal for her to discuss the property's features or its condition with them.

(For Chapter 5, "Sales Techniques and Practices")

Chapter 8 Quiz

1. Which party to a purchase agreement usually benefits from a contingency?
   A. Buyer
   B. Seller
   C. Broker
   D. Second buyer

2. Which of the following is not a necessary element in a contingency?
   A. The deadline by which point the condition must be met or removed
   B. The rights of the parties if the condition isn't met or removed
   C. A clear description of how the condition can be met
   D. The damages that the party not fulfilling the contingency will pay

3. Which of the following financing contingencies would a seller prefer?
   A. A contingency calling for below-market interest rates
   B. A contingency calling for no closing costs for the loan
   C. A contingency calling for a loan on current market terms
   D. A contingency calling for a 15-year loan term

4. A provision that is related to a financing contingency, and often included as part of that contingency is a/an:
   A. purchase of replacement contingency
   B. title insurance contingency
   C. appraisal contingency
   D. closing costs contingency

Answer Key

1. A. The buyer benefits from the most common types of contingencies. He receives protection from being obligated to buy a house if he's unable to get financing, if the subject home has physical problems, or if he is unable to sell his current property.

2. D. If a party is unable to fulfill a contingency, he has not breached the contract. Instead, the agreement will terminate and the buyer will (usually) be entitled to a refund of the good faith deposit.

3. C. A seller would like a financing contingency that will be the easiest for the buyer to fulfill (i.e., one that calls for a loan on current market terms). If the buyer wants special terms, such as a below-market rate, lower costs, or a shortened loan term, this loan may be more difficult to obtain.

4. C. An appraisal contingency is often included with a financing contingency, because most lenders want to see an appraised value that is at least as high as the sales price. The appraisal contingency must be removed at the same time the financing contingency is removed.

(Excerpt of quiz for Chapter 8, "Contingent Transactions")