

A Look Inside Rockwell's Instructor Materials

Principles of California Real Estate

Rockwell's instructor materials provide innovative tools to complement the high-quality content of our textbooks and online courses. Our instructor materials for *Principles of California Real Estate* 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...

Contrast the roles of the primary market and the secondary market

Describe the flow of mortgage funds between buyers, lenders, and secondary market investors

Name the major secondary market agencies and describe their general activities

Differentiate between a promissory note and security instrument

Recognize the various finance document provisions, including acceleration clauses, alienation clauses, prepayment penalties, and subordination clauses

Summarize the judicial and nonjudicial foreclosure processes

Explain how anti-deficiency rules can benefit a defaulting borrower

List at least ten different types of mortgage loans

(For Chapter 9, "Principles of Real Estate Financing")

Suggested Lesson Plan

1. Give students Exercise 2.1 to review the previous chapter, "The Nature of Real Property."
2. Provide a brief overview of Chapter 2, "Estates in Land and Methods of Holding Title," and review the learning objectives for the chapter.
3. Present lesson content:
 - Estates in Land
 - Freehold estates
 - Leasehold estates

EXERCISE 2.2 Types of estates

 - Methods of Holding Title
 - In severalty
 - Concurrent

EXERCISE 2.3 Community property vs. separate property

 - Forms of business ownership

EXERCISE 2.4 Forms of business ownership

 - Condominiums and cooperatives
4. End lesson with Chapter 2 Quiz.

(For Chapter 2, "Estates in Land and Methods of Holding Title")

Chapter 7 Outline: Types of Real Estate Contracts

I. Listing Agreements

A. Earning a commission

1. A listing agreement is a written employment contract between a seller and a broker
 - a. In California, a broker cannot sue to collect a commission without a written listing agreement
2. To earn a commission, the listing broker must locate a ready, willing, and able buyer during the listing period
 - a. A buyer is “ready and willing” if he makes an offer that meets the seller’s terms, and “able” if he has contractual capacity and the financial ability to make the purchase
 - b. The broker will receive the commission if a ready, willing, and able buyer is found, even if the transaction doesn’t close
3. With an open listing, a seller is responsible for a commission only if the broker was the procuring cause of the sale; a seller may take out multiple open listings with multiple brokers
4. With an exclusive agency listing, a seller lists with only one broker, and is responsible for a commission if the property sells during the listing period, unless the seller sells the property herself
5. With an exclusive right to sell listing, a seller lists with only one broker and is responsible for a commission if the property sells during the listing period, regardless of who make the sale

B. Elements of a listing agreement

1. A listing agreement must identify the property, set acceptable terms of the sale, grant the broker authority, and determine the broker’s compensation
 - a. Exclusive listing agreements must also include a termination date
2. In a net listing, the commission is not based on a percentage of the sales price, but rather the broker receives everything over a required net amount; these are illegal in many states
3. Many listing agreements contain commission split and safety clause provisions

EXERCISE 7.2 Types of listing agreements

II. Buyer Representation Agreements

A. A buyer representation agreement is a written agreement between a buyer and a broker

1. Like a listing agreement, a buyer representation agreement may be exclusive or nonexclusive, and must be in writing and signed to be enforceable

B. The agreement should describe the characteristics of the desired property, the acceptable price range, the broker’s duties, and the broker’s compensation

1. A buyer’s agent is usually compensated through a split of the seller-paid commission, but he may also be compensated by a buyer-paid fee or a retainer

(Excerpt of outline for Chapter 7, “Types of Real Estate Contracts”)

EXERCISE 13.4 Home mortgage interest deduction

Discussion Prompt: Federal tax law allows a homeowner to deduct interest on a loan to buy, build, or improve a first or second residence. Why does the government allow this deduction? The U.S. Constitution promises citizens equal protection of the laws. Is it fair to give a tax benefit to one group (homeowners), but not to another group (renters)?

Analysis: Subsidizing home ownership through tax policy helps strengthen a significant portion of the economy. Also, neighborhoods with high percentages of owner-occupied dwellings tend to be better maintained and to have lower crime rates than those with lower rates of ownership. On the other hand, homeowners may tend to demand more in the way of government services than renters. As for fairness, tax policy discriminates in all sorts of ways to achieve social goals. For example, this would include tax breaks provided to: 1) taxpayers with minor children; 2) developers of alternative energy sources; and 3) growers of certain crops.

(For Chapter 13, "Income Taxation and Real Estate")

Chapter 12 Quiz

1. Brown paid \$355.20 for a two-year fire insurance policy that was issued June 1, 2001. As of August 15, 2002, what is the prorated value of the unused portion?
 - A. \$214.60
 - B. \$140.60
 - C. \$177.60
 - D. \$162.80
2. A deed, note, bond, or money held by a third party until certain conditions are satisfied is known as:
 - A. escrow
 - B. surety
 - C. security
 - D. bailment
3. Of the following items, which would be least likely to appear on a closing statement as a debit for the buyer?
 - A. Interest on an assumed loan
 - B. Prorated taxes
 - C. Prorated insurance premiums
 - D. FHA discount points
4. Which of the following is not prohibited by RESPA?
 - A. A buyer designating the lender
 - B. Kickbacks
 - C. Unearned fees
 - D. A seller designating the title insurance company

Answer Key

1. B. A two-year policy at \$355.20 is equal to \$14.80 per month. As of August 15, 2002, there are nine and a half months left on the policy. \$14.80 multiplied by 9.5 is \$140.60, which is the prorated value of the unused portion of the policy.
2. A. Escrow is an arrangement where the parties to a transaction have a neutral third party hold funds and documents until certain conditions in the transaction are satisfied.
3. A. Because loan interest is paid in arrears, any interest due on an assumed loan is the seller's responsibility. Interest would therefore be listed as a credit for the buyer.
4. A. Buyers are permitted to designate the lenders of their choice. However, a seller may not designate the title insurance company used. Kickback and unearned fees are prohibited.

(Excerpt of quiz for Chapter 12, "Closing the Real Estate Transaction")