Take your courses to the next level... with Rockwell's new
Instructor Materials!

Rockwell's Instructor Materials provide innovative tools to complement the high-quality content of our textbooks and online courses. Our materials 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")

Instructor Materials are now available for the following Rockwell courses:

Real Estate Principles

Financing Residential Real Estate

Real Estate Appraisal

Principles of California Real Estate

California Real Estate Practice

California Real Estate Law

A Look Inside Our Instructor Materials

Each set of Rockwell's Instructor Materials contains:

- learning objectives
- a suggested lesson plan
- a complete outline of the chapter
- a brief review quiz on the previous chapter
- engaging exercises
- a full-length chapter quiz
- thumbnails of our PowerPoints with space for instructor notes

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…

Describe the basic steps in the underwriting process
Understand the purpose of underwriting (qualifying) standards
Define the different classifications used in an automated underwriting report
Discuss an underwriter's main considerations: income, net worth, and credit reputation
Define quantity, quality, and durability of income
List the types of income that qualify as stable monthly income
Explain how to use income ratios to measure the adequacy of income
Calculate net worth using an applicant's assets and liabilities
Understand credit history and the different types of credit scores
List other underwriting considerations, such as LTV, repayment period, and property type

(For Chapter 8, "Qualifying the Buyer," *Financing Residential Real Estate*)

Suggested Lesson Plan

1. Give students Exercise 10.1 to review the previous chapter, “Sales Comparison Approach to Value.”
2. Provide a brief overview of Chapter 10, “Income Approach to Value,” and review the learning objectives for the chapter.
3. Present lesson content:
   - Investor’s Perception of Value
     - Rate of return
     - Competing investment opportunities
     - Income capitalization
   - Direct Capitalization
     - Potential gross income
     - Effective gross income
     - Net operating income
     - Pre-tax cash flow
     - Reconstructed operating statements

   EXERCISE 10.2 Direct capitalization

   - Multipliers and Capitalization Rates
     - Comparable sales method
     - Operating expense ratio method
     - Band of investment method
     - Debt coverage method
   - Calculating Value by Direct Capitalization
     - Gross income multipliers
     - Residual techniques

   EXERCISE 10.3 Multipliers and capitalization rates

   - Yield Capitalization
     - Discounting
     - Compounding
     - Reversion factors
     - Yield rates

   EXERCISE 10.4 Yield capitalization

4 End lesson with Chapter 10 Quiz.

(For Chapter 10, “Income Approach to Value,” *Real Estate Appraisal*)

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

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," *Principles of California Real Estate*)

EXERCISE 2.2 Transfer of air rights

Discussion Prompt: In the 1980s, New York City faced a problem: owners of low-rise vintage buildings were tearing down these landmarks to build more profitable high-rise structures. To slow this trend, the city passed an ordinance allowing these owners to sell the right to develop the airspace over their buildings to developers of new buildings who wanted to exceed height limits. For instance, the owner of an old five-story building in a part of the city zoned for 30-story buildings could sell the right to build 25 additional stories to a developer who wanted to build in an area limited to 50-story buildings. By paying the owner of the old building for a so-called "transfer of development rights," the developer could then build a 75-story building. A real life example involving a transfer of development rights is Trump Tower, which was built higher than the zoning allowed by using air rights purchased from a neighbor, Tiffany & Co., a vintage building with comparatively few stories. Do TDR programs seem like a good idea?

Analysis: While transfer of development rights can help owners of historic buildings maintain profitability, what about the neighbors of the new buildings built in excess of height limits—limits enacted to promote neighborhood conformity and livability? This drawback may help explain why only a few U.S. cities and counties have implemented TDR programs.

(For Chapter 2, "The Nature of Real Property," *Real Estate Principles*)

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," *California Real Estate Law*)

EXERCISE 7.4 Construction methods and materials

Activity: Have students examine the house where they live and take notes. (If they live in something other than a single-family home, such as an apartment or condominium complex, they can look at a friend or family member's house instead.)

What kind of foundation does the house have?

What roof style does the house have?

What kind of siding does the house have?

What kind of roofing does the house have?

What kinds of windows does the house have?

What kind of floor finish does each room have?

What kind of heating and air conditioning system does the house have?

(For Chapter 7, "Residential Construction," *Real Estate Appraisal*)

EXERCISE 9.3 Finance document provisions

Fill in the blank in the sentences below with the correct term.

Assumption fee	Acceleration clause
Subordination clause	Deed of reconveyance
Prepayment penalty	Alienation clause

1. The words "or more" in the promissory note indicate that a/an ______________ will not be charged.
2. It is customary to pay a/an ______________ to a lender when a new purchaser becomes primarily liable to the lender for repayment of a loan.
3. Also called a due-on-sale clause, a/an ______________ gives the lender the right to demand that the entire loan balance be paid in full at once if the borrower sells the mortgaged property.
4. Found in some security instruments, a/an ______________ states that the instrument will have lower lien priority than another mortgage or deed of trust to be executed in the future.
5. The lien of a deed of trust is removed by means of a/an ______________.
6. The ______________ in a promissory note allows the lender to call the note if the borrower defaults.

Answers:

1. Prepayment penalty
2. Assumption fee
3. Alienation clause
4. Subordination clause
5. Deed of reconveyance
6. Acceleration clause

(For Chapter 9, "Principles of Real Estate Finance," *California Real Estate Principles*)

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," *California Real Estate Practice*)