

# Principles of California Real Estate

## Chapter 1: The Nature of Real Property

- What Is Real Property
- Appurtenance
  - Air Rights
  - Water Rights
  - Solid Mineral Rights
  - Oil and Gas Rights
  - Other Appurtenant Rights
- Attachments
  - Natural Attachments
  - Man-made Attachments: Fixtures
- Methods of Legal Description
  - Metes and Bounds
  - Government Survey
  - Recorded Map
  - Other Methods of Land Description

## Chapter 2: Estates in Land and Methods of Holding Title

- Estates
  - Freehold Estates
  - Leasehold Estates
- Methods of Holding Title
  - Ownership in Severalty
  - Concurrent Ownership
  - Forms of Business Ownership
  - Condominiums and Cooperatives

## Chapter 3: Transfer of Real Property

- Alienation
  - Voluntary Alienation
    - Patents
    - Deeds
    - Wills
  - Involuntary Alienation
    - Dedication
    - Intestate Succession and Escheat
    - Condemnation
    - Court Decisions
    - Adverse Possession
    - Accession
- Recording
- Title Insurance

## **Chapter 4: Encumbrances**

- Encumbrances
- Financial Encumbrances (Liens)
  - Types of Liens
  - Lien Priority
  - The Homestead Law
- Nonfinancial Encumbrances
  - Easements
  - Profits
  - Licenses
  - Encroachments
  - Nuisances
  - Private Restrictions

## **Chapter 5: Public Restrictions on Land**

- Land Use Controls
  - Comprehensive Planning
  - Zoning
  - Building Codes
  - Subdivision Regulations
  - Environmental Laws
- Eminent Domain
- Taxation
  - General Real Estate Taxes
  - Special Assessments
  - Documentary Transfer Tax

## **Chapter 6: Contract Law**

- Legal Classifications of Contracts
- Elements of a Valid Contract
  - Capacity
  - Mutual Consent
  - Lawful Objective
  - Consideration
  - The Writing Requirement
- Legal Status of Contracts
- Discharging a Contract
- Breach of Contract
- Tender

## **Chapter 7: Types of Real Estate Contracts**

- Broker/Salesperson Agreements
- Listing Agreements
  - Earning a Commission
  - Elements of a Listing Agreement

- Deposit Receipts
  - Typical Provisions
  - Amendments
- Land Contracts
- Option Agreements
- Leases
  - Requirements for a Valid Lease
  - Landlord/Tenant Law
  - Transferring Leased Property
  - Termination of a Lease
  - Types of Leases

## **Chapter 8: Real Estate Agency Law**

- Introduction to Agency
- Creating an Agency Relationship
  - Express Agreement
  - Ratification
  - Estoppel
  - Implication
- The Legal Effects of Agency
  - Scope of Authority
  - Actual vs. Apparent Authority
  - Vicarious Liability
  - Imputed Knowledge
- Duties in an Agency Relationship
  - The Agent's Duties to the Principal
  - The Agent's Duties to Third Parties
  - Breach of Duty
- Terminating an Agency
- Real Estate Agency Relationships
  - Agency Relationships: A Historical Perspective
  - Types of Agency Relationships
- Agency Disclosure Requirements
- The Broker/Salesperson Relationship

## **Chapter 9: Principles of Real Estate Financing**

- The Economics of Real Estate Finance
  - Real Estate Cycles
  - Interest Rates and Federal Policy
- Real Estate Finance Markets
  - Primary Market
  - Secondary Market
- Real Estate Finance Documents
  - Promissory Notes
  - Security Instruments
  - Security Instrument Provisions
  - Foreclosure Procedures
- Types of Mortgage Loans
- Land Contracts

## **Chapter 10: Applying for a Residential Loan**

- Choosing a Lender
  - Types of Mortgage Lenders
  - Loan Costs
  - Truth in Lending Act
  - California Finance Disclosure Requirements
- The Loan Application Process
- Basic Loan Features
  - Loan Term
  - Amortization
  - Loan-to-Value Ratios
  - Secondary Financing
  - Fixed and Adjustable Interest Rates
- Residential Financing Programs
  - Conventional Loans
  - FHA-Insured Loans
  - VA-Guaranteed Loans
  - Cal-Vet Loans

## **Chapter 11: Real Estate Appraisal**

- Introduction to Appraisal
  - Purpose and Function of an Appraisal
  - The Appraiser-Client Relationship
  - Licensing and Certification of Appraisers
- Value
  - Types of Value
  - Principles of Value
- The Appraisal Process
- Gathering Data
- Methods of Appraisal
  - Sales Comparison Approach to Value
  - Cost Approach to Value
  - Income Approach to Value
  - Site Valuation
- Reconciliation and Final Estimate of Value

## **Chapter 12: Closing Real Estate Transactions**

- Escrow
- Closing Costs and Settlement Statements
  - Preparing a Settlement Statement
  - Guide to Settlement Statements
- Income Tax Aspects of Closing
  - 1099-S Reporting
  - FIRPTA
- Real Estate Settlement Procedures Act
  - Transactions Covered by RESPA
  - RESPA Requirements
  - Uniform Settlement Statement

## **Chapter 13: Income Taxation and Real Estate**

- Basic Taxation Concepts
  - Progressive Tax
  - Income
  - Deductions and Tax Credits
  - Gains and Losses
  - Basis
  - Realization
  - Recognition and Deferral
  - Classifications of Real Property
- Nonrecognition Transactions
  - Installment Sales
  - Involuntary Conversions
  - Sales of Low-Income Housing
  - “Tax-Free” Exchanges
- Exclusion of Gain from the Sale of a Principal Residence
- Deductions Available to Property Owners
  - Depreciation and Cost Recovery Deductions
  - Uninsured Casualty or Theft Loss Deductions
  - Repair Deductions
  - Property Tax Deductions
  - Mortgage Interest Deductions
  - Deductibility of Points and Other Loan Costs
  - Rental Payment Deductions
- California Income Tax

## **Chapter 14: Civil Rights and Fair Housing**

- The Civil Rights Act of 1866
- The Civil Rights Act of 1964
- The Federal Fair Housing Act
  - Exemptions
  - Prohibited Acts
  - Handicap and Familial Status
  - Enforcement
- Federal Fair Lending Laws
- Equal Access to Facilities (Americans with Disabilities Act)
- California Antidiscrimination Legislation
  - Unruh Civil Rights Act
  - Fair Employment and Housing Act
  - Housing Financial Discrimination Act
  - Real Estate Law and Regulations
- Discriminatory Restrictive Covenants

## **Chapter 15: Real Estate Construction, Ownership, and Investment**

### Construction

- Architectural Styles
- Building Codes and Regulations
- The Role of the Architect
- Plans and Specifications
- Wood Frame Construction
- Glossary of Construction Terms

### To Rent or to Buy?

### Factors to Consider When Choosing a Home

### Investing in Real Estate

- Types of Investments
- Investment Characteristics
- Advantages and Disadvantages of Investing in Real Estate
- Choices When Investing in Real Estate

## **Chapter 16: California Real Estate License Law**

### Administration of the Real Estate Law

### Real Estate Licenses

- When a License is Required
- When a License is Not Required
- License Qualifications
- License Application and Term
- Miscellaneous License Provisions
- Special Licenses and Activities
- Business Opportunities

### Disciplinary Action

- Disciplinary Procedures
- Grounds for Disciplinary Action
- Examples of Unlawful Conduct
- The Real Estate Fund

### Trust Funds

- Definition of Trust Funds
- Handling Trust Funds
- Trust Accounts
- Trust Fund Records

### Documentation Requirements

### Advertising Regulations

### Antitrust Laws and Their Effect on Licensees

## Chapter 17: Real Estate Math

Solving Math Problems

Decimal Numbers

Area Problems

    Squares and Rectangles

    Triangles

    Odd Shapes

Volume Problems

Percentage Problems

    Solving Percentage Problems

    Commission Problems

    Loan Problems

    Profit or Loss Problems

    Capitalization Problems

Tax Assessment Problems

Seller's Net Problems

Proration Problems

    Property Tax Prorations

    Insurance Prorations

    Rent Prorations

    Mortgage Interest Prorations