

# Washington Real Estate Fundamentals

## Chapter 1: The Nature of Real Property

- What is Real Property?
- Appurtenances
  - Air Rights
  - Water Rights
  - Solid Mineral Rights
  - Oil and Gas Rights
  - Other Appurtenant Rights
- Attachments
  - Natural Attachments
  - Man-made Attachments: Fixtures
  - Distinguishing Fixtures from Personal Property
  - Mobile Homes as Fixtures
- Methods of Legal Description
  - Metes and Bounds
  - Government Survey
  - Lot and Block
  - 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**

### Financial Encumbrances (Liens)

- Types of Liens

- Lien Priority

- The Homestead Law

### Non-Financial 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

- Real Estate Excise 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

### Types of Real Estate Contracts

- Listing Agreements

- Purchase and Sale Agreements

- Land Contracts

- Leases

- Escrow Instructions

- Option Agreements

## **Chapter 7: Real Estate Agency Law**

- Creating an Agency Relationship
  - Express Agreement
  - Ratification
  - Estoppel
  - Implication
- Creating a Real Estate Agency
- The Legal Effects of Agency
- Duties in an Agency Relationship
  - The Licensee's Duties in General
  - Agent's Duties to the Principal
  - Breach of Duty
- Terminating an Agency
- Real Estate Agency Relationships
  - Agents in a Typical Transaction
  - Agency Relationships: a Historical Perspective
  - Types of Agency Relationships
- Agency Disclosure Requirements
- The Broker/Salesperson Relationship

## **Chapter 8: Listing Agreements**

- Earning a Commission
  - Ready, Willing, and Able Buyer
  - Types of Listing Agreements
- Elements of a Listing Agreement
  - Basic Requirements
  - Provisions of a Typical Listing Agreement Form

## **Chapter 9: Purchase and Sale Agreements**

- Purpose and Effect of a Purchase and Sale Agreement
- Who May Prepare a Purchase and Sale Agreement
- Elements of a Purchase and Sale Agreement
- Contingency Clauses
  - Financing Contingencies
  - Contract Conditioned on Sale of Buyer's Home
  - Inspection Contingencies
  - Second Buyer Contingencies
- Property Disclosure Laws
  - Seller Disclosure Law
  - Lead-Based Paint Disclosure Law

## **Chapter 10: 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
  - Land Contracts
- Types of Mortgage Loans

## **Chapter 11: Applying for a Residential Loan**

- Choosing a Lender
  - Types of Mortgage Lenders
  - Loan Costs
- 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

## **Chapter 12: Real Estate Appraisal**

- Value
  - Market 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
- Reconciliation and Final Estimate of Value

## Chapter 13: Closing Real Estate Transactions

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

## Chapter 14: Federal Income Taxation and Real Estate

- Basic Taxation Concepts
  - Progressive Tax
  - Income
  - Deductions and Tax Credits
  - Gains and Losses
  - Basis
  - Adjusted 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
  - Repair Deductions
  - Property Tax Deductions
  - Mortgage Interest Deductions

## Chapter 15: 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
- Fair Lending Laws
- Equal Access to Facilities

- Washington Antidiscrimination Legislation
  - Washington Law Against Discrimination
  - Washington Fairness in Lending Act
  - Washington Real Estate License Law

## **Chapter 16: Property Management**

- Investing in Real Estate
- Types of Managed Properties
- The Management Agreement
- The Management Plan
  - Preliminary Study
  - The Management Proposal
- Management Functions
  - Leasing and Tenant Relations
  - Recordkeeping and Manager/Owner Relations
  - Maintenance
- Landlord/Tenant Law
  - Requirements for a Valid Lease
  - Lease Provisions
  - Transferring Leasehold Estates
  - Terminating a Leasehold Interest
  - Types of Leases

## **Chapter 17: Washington Real Estate License Law**

- Administration of the License Law
- Real Estate Licenses
  - When a License is Required
  - Exemptions from Licensing Requirements
  - Types of Licenses
  - Licensing Qualifications and Applications
  - License Expiration and Renewal
- Regulation of Business Practices
  - Agency Relationships
  - Broker's Supervisory Responsibilities
  - Affiliations and Termination
  - The Broker's Office
  - Advertising
  - Trust Accounts
  - Records
  - Commissions
  - Handling Transactions
  - Discrimination
- Disciplinary Action
  - Grounds for Disciplinary Action
  - Disciplinary Procedures
  - Sanctions for License Law Violations
- Antitrust Laws and their Effect on Licensees

## Chapter 18: Real Estate Math

Solving Math Problems

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