

## **Instructor Manual**

# ***Texas Principles of Real Estate II (18<sup>th</sup> Ed)***

### **COURSE DESCRIPTION**

#### **PURPOSE OF THE COURSE**

This course is for individuals studying to become real estate professionals. As a core real estate course, it equips students with the information they need to pass their exam, get licensed, achieve success as a salesperson, and to serve their clients and customers in a way that is fair, ethical, lawful, and respectful. The concepts learned in this course serve as the foundation for more specialized topics in future courses and can be applied in actual real estate practice.

#### **RELEVANCE OF THE COURSE**

This course includes real estate math, appraisal, real estate financing principles, control of land use, specializations within the industry, real estate investment, leasing, property management, estates, transfer of real property, title, and closing procedures. This course has inclusivity when viewing the requirements under the Texas Occupations Code 1101.003.

#### **COURSE CONTENT SUMMARY**

Like Principles I, Principles II provides the basic knowledge of real estate laws, practices, and terminology is essential for anyone desiring to enter the field. This course covers all the topics required by the Texas Real Estate License Act to be included in a principles core course, with both national and state-specific content, and it illustrates the real-life applications of the concepts learned. Specifically, this course examines value and discusses appraisal methods; the principles of mortgage financing; alternative types of financing and payment plans; government involvement in real estate financing; methods of transferring title; conveyance documents; public records; mathematical formulas used in real estate transactions; the licensee's role in real estate closings; leasehold estates and specific provisions of lease agreements; the responsibilities and laws regarding property management; public and private land-use controls; and a basic introduction to real estate investment. This course also provides an overview of some of the many ways individuals can specialize in specific areas of real estate, allowing them to cater both to their interests and to the needs of their customers.

## LEARNING OBJECTIVES

### Unit 13: Real Estate Math (Unit 1)

*When you have completed this unit, you will be able to*

- 13.1 calculate fractions, percentage, broker's commission, sales price, and proration
- 13.2 compute profit and loss, simple interest, a tax rate and amount, an insurance premium, loan discount and a loan amortization
- 13.3 differentiate between the formulas for rectangles, cubes, and triangles; determine linear, area, and volume measurements

### Unit 14: Real Estate Appraisal (Unit 2)

*When you have completed this unit, you will be able to*

- 14.1 explain the steps in the appraisal process
- 14.2 identify the different types, the four characteristics, and the basic principles of value
- 14.3 list and illustrate the steps taken in the sales comparison approach, cost approach, and income approach to value and the process for reconciling those values
- 14.4 distinguish a comparative market analysis from an appraisal in pricing a property to be listed
- 14.5 describe the requirements for becoming a licensed or certified appraiser in Texas

### Unit 15: Real Estate Financing Principles (Unit 3)

*When you have completed this unit, you will be able to*

- 15.1 describe the various primary sources of mortgage money, the loan application process, and the payment plans available to real estate purchasers
- 15.2 explain the provisions of and qualifications for conventional, FHA, VA, agricultural, and Texas loan programs
- 15.3 distinguish among the various types of creative financing techniques that address borrowers' different needs
- 15.4 identify the mechanisms used by the Federal Reserve System ("the Fed") to control the economy and the entities that participate in the secondary mortgage market
- 15.5 review legislation affecting real estate financing and activities that would be classified as predatory lending or mortgage fraud
- 15.6 describe the two theories of mortgage law and the two primary loan instruments executed for a mortgage loan in Texas
- 15.7 identify the basic provisions of a promissory note and a deed of trust
- 15.8 explain the procedures involved in a foreclosure, including the right of redemption
- 15.9 distinguish among the foreclosure-avoidance options

### Unit 16: Control of Land Use (Unit 4, online)

*When you have completed this unit, you will be able to*

- 16.1 identify the various types of public and private land-use controls and subdivision regulations
- 16.2 distinguish the function and characteristics of building codes and zoning ordinances
- 16.3 describe the environmental issues an agent must understand to protect a client's interests: the basic hazards, the discovery methods, the disclosure responsibilities, and the liability issues
- 16.4 explain major real estate industry green initiatives and their goals for reducing the overall impact on human health and the environment

### **Unit 17: Specializations (Unit 5)**

*When you have completed this unit, you will be able to*

- 17.1 identify the various practice areas available in real estate
- 17.2 describe the ways a sales agent becomes competent to practice in a particular area
- 17.3 explain a sales agent's scope of practice
- 17.4 list the various real estate-related disciplines

### **Unit 18: Real Estate Investments (Unit 6)**

*When you have completed this unit, you will be able to*

- 18.1 explain the advantages and disadvantages of investing in real estate
- 18.2 describe major components of the investment decision: property appreciation, income potential, and the use of leverage and pyramiding
- 18.3 identify the key tax benefits of investing in real estate
- 18.4 distinguish the types of real estate investment syndicates and/or trusts

### **Unit 19: Leases (Unit 7)**

*When you have completed this unit, you will be able to*

- 19.1 discuss the requirements of laws related to leasing residential real estate
- 19.2 identify the characteristics of the four types of leasehold estates and the various types of leases
- 19.3 describe the requirements and general provisions of a valid lease
- 19.4 explain the key points of the Texas Landlord and Tenant Act: occupancy limits, rental applications, security deposits, maintenance of premises, smoke alarms, security devices, and breach of lease

### **Unit 20: Property Management (Unit 8)**

*When you have completed this unit, you will be able to*

- 20.1 describe a property manager's functions and the basic elements of a management agreement
- 20.2 explain the property manager's role in budgeting, renting, and maintaining property
- 20.3 identify techniques a manager may use to attract, select, and retain quality tenants; the characteristics of an effective rental collection policy; and a property manager's responsibilities regarding compliance with consumer protection and privacy laws
- 20.4 distinguish the property manager's responsibilities for handling environmental and risk management concerns

### **Unit 21: Estates, Transfers and Titles (Unit 9)**

*When you have completed this unit, you will be able to*

- 21.1 describe the various requirements for a valid deed
- 21.2 identify the four fundamental types of deeds, their functions, and their warranties
- 21.3 explain how property may be transferred through adverse possession and other involuntary means
- 21.4 distinguish transfers of title by will from transfers by intestate succession, including the disposition of community and separate property in each situation
- 21.5 explain the necessity for recording legal documents and the difference between constructive and actual notice
- 21.6 identify the process and purpose of a title search
- 21.7 describe the origin of Texas land titles and the two evidences of title commonly used in Texas
- 21.8 distinguish between lender's and owner's title policies, including covered and excluded risks, and between actual marketable title and good and indefeasible title

### **Unit 22: Closing Procedures/Closing the Real Estate Transaction (Unit 10)**

*When you have completed this unit, you will be able to*

- 22.1 identify the documents required from the buyer and the seller as a real estate transaction closes
- 22.2 describe RESPA—its purpose, covered transactions, major provisions, and forms required—as well as the related requirements and prohibitions of Regulation Z of the Truth in Lending Act and of the Texas Department of Insurance
- 22.3 identify at least six types of expenses incurred by the buyer and/or the seller at closing and who pays each one
- 22.4 distinguish between prepaid and accrued expenses and between statutory- and calendar-year proration methods; compute common prorations, referencing the debit and credit distributions

## EVALUATION TECHNIQUE

Students have access to customer service, technical support, and instructor support if they encounter problems during their study.

Each unit has a multiple-choice exam, which provides a post-assessment at regular intervals throughout the course. Upon completion of the exam, the student is provided with his or her score and has the ability to review the questions and read a rationale that further explains why the correct answer is correct.

In addition, there are three scenario exercises that require the student to read a scenario and then apply the knowledge they have gained in the course to answer five or more application questions based on the scenario.

## OUTLINE OF THE SUBJECT MATTER\*

### PRE-COURSE ANNOUNCEMENT:

- Restroom location.
- Video recording prohibited.
- Building access information: Student cannot go out the glass doors of the second floor, due to not being able to come back in. Must always use first floor security entrance.
- Cafeteria: Hand out the menu.
- Noise level/Police presence

### ATTENDANCE VERIFICATION:

Registration Roster

### BREAKS:

10 Minutes every hour

30 Minutes lunch (Fasttrack and weekend schedules)

**COURSE PARTICIPANTS HANDOUTS:** In some cases, where we ask students to practice filling out forms and complete calculations, we will provide blank forms to fill out, as well as completed forms to check their answers.

### Unit 13: Real Estate Math

- Overview
- Calculators
- Fractions
- Percentages
- Profit
- Interest
- Amortization

Loan Discount  
Property Taxes and Insurance Premiums  
Measurements  
Prorating  
Unit Exam (post-assessment)

Time: 200 minutes

**Instructional Strategies:** Lecture, Audio-Visual Equipment, Responsive Reading-Recitation:

#### **Unit 14: Real Estate Appraisal**

Overview  
Appraising  
Value  
The Three Approaches to Value  
Pricing a Property  
Appraisal Regulations  
Summary  
Unit Exam (post-assessment)

Time: 200 minutes

**Instructional Strategies:** Lecture, Audio-Visual Equipment, Responsive Reading-Recitation:

#### **Unit 15: Real Estate Financing Principles**

Overview  
Sources of Real Estate Financing—The Primary Mortgage Market  
Application for Credit  
Payment Plans  
Conventional, FHA, and VA Loans  
Texas Loan Programs  
Other Financing Techniques  
Government Influence in Mortgage Lending  
Financing Legislation  
Mortgage Theory  
Security and Debt  
Provisions of the Note  
Provisions of the Mortgage Document (or Deed of Trust)  
Duties of the Mortgagor or Trustor  
Foreclosure  
Summary  
Unit Exam (post-assessment)

Time: 210 minutes

**Instructional Strategies:** Lecture, Audio-Visual Equipment, Responsive Reading-Recitation:

#### **Unit 16: Control of Land Use**

Overview  
Land-Use Controls  
Public Ownership  
Interstate Land Sales Full Disclosure Act  
Environmental Legislation and Green Initiatives  
Green Initiatives  
Summary

Unit Exam (post-assessment)

Time: 115 minutes

**Instructional Strategies:** Lecture, Audio-Visual Equipment, Responsive Reading-Recitation:

### **Unit 17: Specializations**

Real Estate—A Business of Many Specializations  
Summary

Unit Exam (post-assessment)

Time: 50 minutes

**Instructional Strategies:** Group Discussion – Audio Visual Equipment

### **Unit 18: Real Estate Investments**

Overview  
Investing in Real Estate  
The Investment  
Tax Benefits  
Real Estate Investment Syndicates  
Real Estate Investment Trusts  
Real Estate Mortgage Investment Conduits  
Summary

Unit Exam (post-assessment)

Time: 110 minutes

**Instructional Strategies:** Group Discussion – Audio Visual Equipment

### **Unit 19: Leases**

Overview  
Leasing Real Estate  
Leasehold Estates  
Common Lease Provisions  
Landlord and Tenant Act  
Discharge of Leases  
Types of Leases  
Summary

Unit Exam (post-assessment)

Time: 95 minutes

**Instructional Strategies:** Lecture, Audio-Visual Equipment

**Unit 20: Property Management**

- Overview
- Property Management
- Management Considerations
- The Management Profession
- Summary

Unit Exam (post-assessment)

Time: 120 minutes

**Instructional Strategies:** Lecture, Audio-Visual Equipment, Scenario Learning

**Unit 21: Estates, Transfers, and Titles**

- Overview
- Title
- Voluntary Alienation
- Involuntary Alienation
- Estate Ownership
- Transfer of a Decedent's Property
- Public Records and Recording
- Chain of Title
- Origin of Texas Land Titles
- Evidence of Title
- Summary

Unit Exam (post-assessment)

Time: 200 minutes

**Instructional Strategies:** Lecture, Audio-Visual Equipment, Responsive Reading-Recitation, Group Discussion

**Unit 22: Closing Procedures/Closing the Real Estate Transaction**

- Overview
- Closing the Transaction—Preclosing Procedures
- Conducting the Closing
- RESPA
- Preparation of Closing Disclosure
- TRID Closing Disclosure
- Case Study
- Summary

Unit Exam (post-assessment)

Time: 200 minutes



**Instructional Strategies:** Lecture, Audio-Visual Equipment, Responsive Reading-Recitation, Group Discussion

## **FINAL EXAM**

The final exam evaluates the student's understanding of the course's core topics/learning objectives and his or her ability to apply these principles in common real estate scenarios. The final exam tests on information throughout the course, with an emphasis on topics that we know can be especially difficult for students to understand. Because important topics are introduced and reinforced several times throughout the course, a given question on the final exam might test students on information presented in multiple units. The exam questions allow students to not just recall information they have memorized from the course, but to apply the knowledge they have gained after completing the course to common real estate scenarios.

The final exam is 60 questions.

## **BIBLIOGRAPHY**

See Dearborn permission letter.