

Idaho Real Estate Salesperson Prelicensing Course Module 1

*Student Course Outline
for the 45-hour course*

Effective November 1, 2003

Developed by the
Idaho Real Estate Commission and the
Idaho Real Estate Education Council

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ATTENDANCE POLICY

For Live Course Presentations

Regular attendance means 100% attendance at all sessions of a live (including courses taught by interactive video conference) prelicense or continuing education (CE) course. The Commission obligates instructors and course providers to monitor student attendance and strictly enforce this attendance policy. A certified instructor or course provider may have his/its certification withdrawn for failure to enforce the 100% attendance policy at all course offerings.

A student who misses any portion (even a few minutes) of a course taken for CE elective credit may not receive credit for the course unless the provider allows the student to attend the corresponding class session(s) in a subsequent offering of the same course.

*A student who misses any portion (even a few minutes) of a prelicense course may, at the discretion of the instructor and provider, complete make-up work to satisfy the 100% attendance requirement. **Make-up work is allowed ONLY for prelicense courses.** Make-up work is defined as one or more of the following:*

- 1. Extra homework or other assignment given by the instructor; or*
- 2. Attendance in the corresponding class session(s) in a subsequent offering of the same course; or*
- 3. Supervised presentation of an audio or video recording of the class session(s) missed.*

A student who does not complete the required make-up work for a prelicense course may not receive credit for the course and will be issued an “incomplete”.

PREFACE

COURSE OBJECTIVES

This course is for the beginner in real estate who has little, if any, previous knowledge in the field. It is designed as a minimum level competency to practice in the field of real estate. *It is not tailored as an exam preparatory course.* Idaho requires 90 hours of approved prelicense education for a salesperson's license. Successful completion of both modules of this curriculum will satisfy the educational requirements for a salesperson's license.

This material is by no means complete and should not be used as a substitute for competent legal or other professional advice. Personal opinions expressed by the instructors in this course are not necessarily the opinions of the Idaho Real Estate Commission or Education Council. Because the Idaho Real Estate Commission does not design, revise, sell, or approve forms for real estate transactions, any actual forms used herein are as samples only, and used with permission of copyright owners. They are not intended to be an endorsement of any particular form. If the instructor wishes, he/she may provide information concerning the examples used in the case study on the forms generally in use in his/her area of the state.

REFERENCES

The following are approved references used in the course.

-  *Mastering Real Estate Principles. (2001, 3rd ed.). Cortesi, Gerald R. Dearborn Financial Publishing, Inc.; **OR***
- Modern Real Estate Practice. (2003, 16th ed.). Galaty, Allaway, Kyle. Dearborn Financial Publishing, Inc.*
-  *Realty Bluebook – Financial Tables (2003, 33rd ed.). Dearborn Financial Publishing, Inc.*
-  *Idaho Real Estate: Practice and Law (2002). Dearborn Financial Publishing, Inc.*
-  *Idaho Real Estate License Law and Rules (July 2003). Idaho Real Estate Commission.*

SALESPERSON PRELICENCE - MODULE 1

I. REAL ESTATE BUSINESS AND IDAHO LICENSE LAW

-  *Mastering (Chapter 1-1, 16-1)*
-  *Modern (Chapter 1)*
-  *Idaho Real Estate: Practice & Law (Chapter 10)*

- ✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*

A. The Real Estate Business Is a Very Big Business

- ✓ *List and describe the various services provided by the real estate business*
- ✓ *List the five classes of real estate and give examples of each*
- ✓ *Define the general term brokerage and the specific term real estate brokerage*

1. Services and Specializations

- a) Brokerage
- b) Appraisal
- c) Counseling
- d) Education
- e) Financing
- f) Property Development
- g) Property Management
- h) Other

2. Classes

- a) Residential
- b) Commercial
- c) Industrial
- d) Agricultural
- e) Special Purpose

B. The History of the Real Estate Business

- ✓ *Recognize the history and development of real estate licensing.*
- ✓ *State the name of the agency responsible for administering the real estate law in Idaho*
- ✓ *State how many members are on the Commission and what is their term of office*
- ✓ *State the difference between the Commission and REALTORS⁷ Association*

1. National

- a) Formation of National Association of REALTORS®
- b) Code of Ethics
- c) Licensing Laws

2. Idaho
 - a) First License Laws in Idaho
 - b) Idaho Real Estate Commission
 - c) Commissioners
 - (1) How many
 - (2) How appointed
 - (3) Districts
 - d) Idaho Real Estate Education Council
 - e) Commission Staff
3. Trade Organizations, Related Government Agencies and Other Professionals
 - a) Association of REALTORS⁷
 - b) Government Agencies (FHA, VA, IHFA, RHD and others)
 - c) Association of Real Estate License Law Officials
 - d) Brokers and Associates
 - e) Appraisers
 - f) Attorneys
 - g) Accountants
 - h) County Assessor=s Office
 - i) Planning and Zoning Commission
 - j) City Council and County Commissioners
 - k) School District
 - l) Utility Companies
 - m) Engineering Surveyors
 - n) Home Inspectors
 - o) Title Companies

C. Purpose of License Laws

- ✓ *Describe the reasons for licensing real estate professionals*
- ✓ *Identify activities for which licensure is required and those that are exempt*
- ✓ *Describe Idaho=s license laws regulating the operation of a real estate business*
- ✓ *Describe the difference between a salesperson, broker and associate broker*

1. Why Have License Laws?
2. Who Must be Licensed?
 - a) Licensure Required (I.C. 54-2002)
 - b) Salesperson Defined (I.C. 54-2004)
 - c) Broker Defined (I.C. 54-2004)
3. Exceptions (I.C. 54-2003)

4. Difference between Standards of Conduct and Realtor® Ethics
5. Enforcement of Standards and Ethics
 - a) Real Estate Commission Enforcement Process
 - b) Other

D. Grounds for Disciplinary Action

- ✓ *Discuss the specific activities that are prohibited by Idaho Licensing Law*
 - ✓ *Describe the reasons that a real estate license may be suspended or revoked*
1. Fraudulent misrepresentations (I.C. 54-2060)
 2. Continued or flagrant course of misrepresentation
 3. Failure to account
 4. Failure to keep adequate records
 5. Failure or refusal, upon lawful demand, to disclose information
 6. Acting as a real estate broker or salesperson under assumed name
 7. Employment of fraud, deception, misrepresentation, misstatement in applying for a license
 8. Using, proposing to use, or agreeing to use a double contract
 9. Seeking or receiving a kickback or rebate
 10. Violation of any provision of sections 54-2001 through 54-2097 of Idaho Code
 11. Any other conduct which constitutes dishonest or dishonorable dealings
 12. Gross negligence or reckless conduct
 13. Other (I.C. 54-2061 - 2062)

E. Real Estate Recovery Fund

- ✓ *State the reason for a real estate recovery fund and describe the specific procedures for using the fund in Idaho*
1. Procedure (I.C. 54-2069 – 2078)
 2. Grounds
 3. Amounts

II. PREPARING FOR REAL ESTATE PRACTICE

 *Mastering (Chapter 16-2)*

 *Modern (Chapter 8)*

 *Idaho Real Estate: Practice & Law (Chapter 10)*

✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*

A. Licensing Requirements

- ✓ *List and describe the licensing requirements*
- ✓ *Describe licensing procedures in general and then the specific procedures for your jurisdiction*
- ✓ *Describe the various licenses issued in Idaho and the procedures for obtaining each license*
- ✓ *Complete a real estate license examination application form*

1. Fingerprinting (*I.C. 54-2012[1-i]*)
2. Education (High School, Real Estate Education) (*I.C. 54-2012[1-c] and 2012[1-g]*)
3. License Examination (*I.C. 54-2012[1-h]*)
4. Errors and Omissions Insurance (*I.C. 54-2012[1-m]*)
5. License Application Form

B. License Period

- ✓ *Calculate your first license renewal date*
- ✓ *Describe requirements to renew a license and to make changes to a license*

1. Calculate Your License Period

<i>First Licensed:</i>
<i>Date of Birth:</i>
<i>License Expires:</i>

2. License Renewal
3. License Changes

C. Continuing Education

- ✓ *Describe the CE requirement*
- ✓ *Determine sources for CE courses*

1. Required (*I.C. 54-2023*)
 - a) Core Course
 - b) Elective Courses
2. Other Training (Broker Courses, Salesmanship, Designation Courses, etc.)
3. Resources

D. Start-up Costs

- ✓ *Discuss the costs involved in starting a real estate career*

1. Licensure Costs
 - a) Education (Tuition, Books, Lodging)
 - b) License Exam
 - c) Fingerprinting

- d) License Application
 - e) Errors and Omissions Insurance
2. Other Costs
- a) Professional Affiliation (Realtor's Dues if applicable)
 - (1) National, State and Local Associations of Realtors
 - (2) Multiple Listing Service
 - b) Monthly Fees
 - c) Automobile Maintenance
 - d) Tools/Equipment (Briefcase, Business cards, Measuring tape, Computer, Cell phone, etc.)
 - (1) Tools and Equipment
 - (2) Promotional Items
 - (3) Reference Aids (Maps, Guides, Tables and Charts, Checklists, Other)
 - (4) Brief Case, File Folders or Binder, Other
 - (5) Vehicle
 - (6) Tape Measure, Screwdriver, Hammer, Pliers, Nuts and Bolts
 - (7) Calculator
 - (8) Cell Phone, Pager, Camera, and Other Communication Devices
 - (9) Computer, Software, Printer, Internet
 - (10) Listing Presentation PowerPoint/Book, Kit
 - (11) Appointment Book, Journal, PDA, and Other Contact Management Devices
 - (12) Tickler (Follow-Up) File System
 - (13) Forms
 - (14) Wardrobe
 - (15) Other

E. Selecting a Broker and Company

- ✓ *Explain the forms that the broker-salesperson relationship may take*
- ✓ *Describe the difference between an employee and independent contractor*

- 1. Resume and Interview
- 2. Broker/Salesperson Relationship (IREC Guideline #3)
 - a) Independent Contractor or Employee
 - b) Tax Implications
 - c) Employment Contract (Example)

3. Your Work Location
 - a) Main Office
 - (1) Equipment
 - (2) Staffing
 - (3) Floor Time
 - b) Home Office
 - c) Mobile
4. Personal Assistants (IREC Guideline #17)
 - a) Licensed
 - b) Unlicensed
5. Office Policy and Procedure Manual
6. Review Broker=s Office Policy on Brokerage Relationships (Agency)
7. Insurance
 - a) Avoid Claim Rather than Defend One
 - b) Errors and Omissions
 - c) Liability
 - d) Collision
8. Sales Meetings
9. Training Programs
10. Advertising Policies (Name of Business Required) (IREC Guideline #6)
11. Does the Company Pay the Costs of:
 - a) Business Cards
 - b) Automobile Signs
 - c) Phone
 - d) Signs
 - (1) Yard Signs
 - (2) Name Riders
 - (3) Open House
 - e) Multiple Listing
 - (1) Lock Boxes
 - (2) Monthly Fees
 - (3) Computer Access Fee
 - f) Client Follow-Up Mailings
12. Franchise Office Affiliation or Independent Office

F. Compensation

✓ *Explain how the broker=s and the salesperson=s compensations are determined and the forms that such compensations may take*

1. Allowed and Prohibited Sources
2. Non-Financial Compensation
3. Does Company Have a Bonus Arrangement
4. Commission (I.C. 54-2054[9])
 - a) From Employing Broker
 - b) Listing Properties
 - c) Selling Company=s Listings
 - d) Selling Another Company=s Listings
 - e) Selling Own Listings
 - f) Selling Own Properties
 - g) Referral Fees

G. Real Estate Math Basics

✓ *Calculate basic commission and compensation problems using basic math and finance concepts.*

1. Basic Math Facts & Formulas
2. Realty Bluebooks

EXERCISE SET—“MATH—BASIC SKILLS”
EXERCISE SET—“MATH—CALCULATING COMMISSIONS”

H. Antitrust Laws

✓ *Enumerate the reasons for antitrust laws, how they relate to real estate brokerage practices and the penalties for violating them*

1. Price-Fixing
2. Group Boycotting
3. Allocation of Customers or Markets
4. Tie-In Agreements
5. Penalties

III. GOING TO WORK FOR A BROKER

 *Idaho Real Estate: Practice & Law (Chapter 1)*

- ✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*
- ✓ *Construct a business plan*
- ✓ *Analyze personal communication skills*

A. Goals

- ✓ *Calculate the number of transactions necessary per determined real estate budget*
 1. Income
 - a) Income from Real Estate Activities
 - b) Income from Other Sources
 - c) Personal Expenses
 - d) Business Expenses
 - e) Taxes
 2. Real Estate Transactions
 3. Real Estate Activities

EXERCISE SET—"MATH—COMMISSION GOALS"

B. Time Management

1. Importance
2. Daily Work Plan

C. Record Keeping

1. Income
2. Expenses
3. Budgeting
4. Taxes
 - a) Quarterly Estimates
 - b) Self-Employment Taxes
 - c) Mileage Log
5. Client/Customer Records
 - a) How to Set Up and Maintain Files
 - b) Documentation
 - c) Computer Programs for Client Contacts
6. Appointments
7. Prepare Personal Organizational System

D. Your Marketing Area and How/Where to Find the Information

1. Population
 - a) Households
 - b) Growth Patterns
 - c) Economic Trends
 - d) General Type of Employment
 - e) Income Levels
2. Zoning
3. Schools
4. Taxing Districts

E. Client and Customer Sources

✓ *Locate sources for buyers and sellers*

1. Advertising (Classified, Institutional, Fliers, Mailers, etc.) (I.C. 54-2053)
2. Cold Calling/Canvassing
3. For Sale By Owners
4. Open Houses
5. Sphere of Influence
 - a) Personal (Banker, Attorney, Accountant, Friends, Relatives, etc.)
 - b) Brokerage Firm
 - c) Repossessed or Reacquired Properties (REOs)
 - d) On-line Computer Services
6. Expired Unsold Listings
7. Transfer Announcements
8. Personnel managers
9. Previous Satisfied Customers and Clients/Referrals
10. Moving and Storage Companies
11. Other Possible Sources
12. Listings Belong to the Broker

F. Communication

1. Listening Skills
2. Presentation Skills
3. Common Buyer and Seller Complaints

IV. DIFFERENT PERSPECTIVES OF THE REAL ESTATE MARKET

 *Mastering (Chapter 1-2, 1-3, 3-2, 5-2, 25, 26)*

 *Modern (Chapter 2)*

 *Idaho Real Estate: Practice & Law (Chapter 6)*

✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*

A. The Characteristics of Real Estate

✓ *List three physical characteristics of real estate.*

✓ *List four economic characteristics of real estate.*

1. Physical Characteristics

- a) Immobility
- b) Indestructibility
- c) Non-Homogeneity

2. Economic Characteristics

- a) Scarcity
- b) Modification or Improvements
- c) Fixity or Permanence
- d) Area Preferences (Situs)

B. The Real Estate Market and its Characteristics

✓ *List and describe factors affecting supply.*

✓ *List and describe factors affecting demand.*

1. Characteristics of Real Estate Market

- a) Local in Nature
- b) Stratified Demand
- c) Decentralized Demand
- d) Private
- e) Uninformed Consumer
- f) Supply Fixed In Short Run
- g) Long Closing Times
- h) Dependent on Money Market

2. Factors Affecting Supply and Demand of Real Estate

- a) Wage Levels and Stability of Income
- b) Employment Opportunities
- c) Personal Savings and Supply of Mortgage Funds
- d) Interest Rates and Taxation
- e) Land Use Controls
- f) Rent Levels and Vacancies
- g) Supply of Land

- h) Cost of Land, Labor and Materials
- i) Changes In Population
- j) Family Size and Composition
- k) Births, Deaths and Divorce Rates

C. Advantages of Real Estate

- ✓ *Itemize the factors that influence home ownership*
- ✓ *Identify the tax benefits of home ownership*
- ✓ *Define capital gain and equity*

1. Tangible vs. Intangible
2. Appreciation Potential is Good
3. Equity – What Is It?
4. Income Producing
5. Hedge Against Inflation
6. Leverage
7. Tax Treatment
 - a) Income Tax Deductions
 - b) Capital Gain (loss)
 - c) Personal Residence
 - d) Investment Property
 - e) Trade or Business Property
 - f) Dealer Property
 - g) 1031 Exchange

D. Disadvantages of Real Estate

1. Not Liquid
2. Requires Management
3. Large Dollar Amounts
4. Immobility (Fixed Location)

V. REAL PROPERTY AND THE LAW

📖 *Mastering (Chapter 1-2, 2-1,2-2)*

📖 *Modern (Chapter 2)*

📖 *Idaho Real Estate: Practice & Law (Chapter 3)*

✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*

A. What Is Land, Real Estate and Real Property

✓ *Define and describe land, real estate, and real property*

1. LAND

Defined: The earth's surface extending downward to the center of the earth and upward to infinity, including permanent natural objects such as trees and water.

2. REAL ESTATE

Defined: Land at, above and below the earth's surface, plus all things permanently attached to it, whether natural or artificial.

NOTE: The words land, real estate and real property are often used interchangeably, you must be aware of the subtle yet important differences in the meaning of these three terms.

B. Personal Property “chattels”

1. Cultivated Growing Crops “Fructus Industriales” - Emblements
2. Movable Items
3. Trade fixtures
4. Chattel Real

C. Real Property

✓ *Explain the differences between a fixture and a trade fixture.*

✓ *List and describe the tests for a fixture*

✓ *Explain the concept of a bundle of rights*

✓ *Define and describe surface rights, subsurface rights and air rights*

✓ *List and describe the terms used to describe the forces of nature on land*

✓ *Discuss and give examples of riparian water rights, littoral water rights, and the doctrine of prior appropriation*

1. Tangible Elements

- a) Land
- b) Uncultivated Growing Crops
- c) Minerals, Oil and Gas
- d) Appurtenances
- e) Geothermal Energy (ASui Generis@)
- f) Fixtures
 - (1) Defined
 - (2) Tests of a Fixture
 - (a) *Intent of the parties*

- (b) *Method of attachment*
- (c) *Adaptation of the item*
- (d) *Agreement of the parties*

2. Intangible Elements

- a) Elements of Bundle of Rights
 - (1) Occupy and Use
 - (2) Build, Mine, Drill and Farm
 - (3) Mortgage
 - (4) Restrict Use
 - (5) Sell
 - (6) Exclude Others
 - (7) Give Away
 - (8) Abandon
 - (9) Rent, Lease, or License
 - (10) Devise by Will
 - (11) Refuse to Exercise Any of the Above
- b) Separable and/or Divisible
- c) Subjacent Support and Lateral Support
- d) Water Rights B General Terminology
 - (1) Riparian Rights
 - (2) Littoral Rights
 - (3) Accretion, Erosion, Avulsion
 - (4) Doctrine of Prior Appropriation
- e) Idaho Water Rights
 - (1) Who Owns the Water
 - (2) What is a Water Right
 - (3) Surface Water
 - (4) Ground Water
 - (5) Procedure for Establishing a Water Right
 - (6) Snake River Basin Adjudication
 - (7) Filing a Drilling Permit
 - (8) Measurement of Water

3. Manufactured Housing

- a) Manufactured Home Dealer and Broker Licensing (Title 44, Chapter 21, Idaho Code)
- b) Other Laws (I.C. 54-2003(3), 63-204, 63-300 et al)

VI. LEGAL DESCRIPTIONS

📖 *Mastering (Chapter 6)*

📖 *Modern (Chapter 9)*

📖 *Idaho Real Estate: Practice & Law (Chapter 5)*

- ✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*
- ✓ *Describe various units of measurement.*
- ✓ *Explain the importance of an accurate legal description.*
- ✓ *Discuss the three methods of legally describing real estate.*

A. General and Useful References

1. Informal
2. Tax Parcel Number
3. Size of an Acre = _____ ft.

B. Requirement of an Adequate Legal Description

1. Exact Location
2. Shape
3. Size

C. Government Rectangular Survey System

- ✓ *Explain the process of creating a legal description using rectangular survey method*
- ✓ *Describe the various lines that are used in the rectangular survey method*
- ✓ *Divide sections and determine the number of acres*

1. When Established
2. Where it is Used
3. How the System is Built
 - a) Standard parallels and guide meridians
 - b) Initial point
 - c) Principal meridians
 - d) Base lines
 - e) Ranges (rows)
 - f) Townships (tiers)
 - g) Sections
 - h) Fractional sections & government lots

D. Metes and Bounds Legal Descriptions

- ✓ *Explain the process of creating a legal description using the metes-and-bounds method*
- ✓ *Explain the role of POB, monuments, and directions in metes-and-bounds descriptions*

1. Point of Beginning (POB)
2. Real Point of Beginning
3. Monuments (Natural and Man-Made)
4. Boundary Lines
5. Bearing Lines
 - a) Direction (degrees, minutes and sections)
 - b) Distance
6. Curved Lines

E. Recorded Plat B Lot and Block B Subdivisions

- ✓ *Explain the process of creating a legal description using the plat of survey method.*

1. Lots
2. Blocks
3. Recordation of Plat
4. Record of Survey

F. Measuring Elevation B Vertical Land Descriptions

- ✓ *Describe how benchmarks and datum are used in measuring elevations*
- ✓ *Describe how elevations are measured, including their measurements in the legal description of a condominium*

1. Datum
2. Benchmarks
3. Air Lots – Condominiums
4. Subsurface Rights

G. Contour Maps

VII. REAL ESTATE INTERESTS

📖 *Mastering (Chapter 7, 8)*

📖 *Modern (Chapter 7, 16)*

📖 *Idaho Real Estate: Practice & Law (Chapter 3, 12)*

✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*

A. Freehold Interests – An Estate in Land

- ✓ *Describe the concepts of estates in land and the allodial system.*
- ✓ *Describe the characteristics of freehold estates*
- ✓ *Describe the difference between a fee simple absolute and defeasible estate.*
- ✓ *List and describe the two types of defeasible fee estates.*
- ✓ *Describe the difference between ordinary and pur autre vie life estates.*
- ✓ *Describe the difference between conventional and statutory life estates.*
- ✓ *List and describe the three legal life estates.*
- ✓ *Describe the difference between a remainder and reversion interest*
- ✓ *Describe the general provisions of homestead laws*

1. Fee Estates B Highest Form of Ownership, Unlimited or Indefinite Period of Time, Inheritable

- a) Fee Simple (Fee Simple Absolute, Estate of Inheritance, Perpetual Estate)
- b) Fee Simple Qualified B Subject to a Condition
 - (1) Fee Simple Defeasible (Can Be Made Void)
 - (a) *Condition Precedent*
 - (b) *Condition Subsequent*
 - (2) Fee Simple Determinable (Automatic Terminates)
 - (a) *So Long As, Until, During, While*

2. Life Estates

- a) Conventional Life Estate
 - (1) Life Tenant
 - (2) Ordinary Life Estate B Life Tenant
 - (3) Pur Autre Vie Estate B Life of Another
 - (4) Upon Termination B Death of Measuring Life
 - (a) *Estate In Reversion*
 - (b) *Estate In Remainder (Remainder Man)*
- b) Legal Life Estates
 - (1) Curtesy
 - (2) Dower
 - (3) Homestead

B. Leasehold Estates

- ✓ *Describe the characteristics of four types of leasehold estates*
- ✓ *Calculate the rent amount for a percentage lease.*
- ✓ *List and describe the requirements for a valid lease.*
- ✓ *Explain the difference between an assignment and a sublease.*
- ✓ *List and describe various ways leases can be terminated.*
- ✓ *List and describe the landlord's and tenant's remedies for breach of a lease*
- ✓ *Describe other types of leases, such as ground leases, oil and gas leases, and lease purchase contracts*
- ✓ *Relate the civil rights laws to leasing practices*
- ✓ *Describe the differences between a written lease and an oral lease as they relate to the Statute of Frauds in Idaho*

1. Personal Property
2. Parties Involved In Lease
 - a) Lessor (Landlord) B Leased Fee Interest
 - b) Lessee (Tenant) B Leasehold Interest
3. Contract and Conveyance
4. Types of Leasehold Estates
 - a) Estate for Years (Tenancy for Years)
 - b) Periodic Tenancy (Estate From Period to Period)
 - c) Estate at Will (Tenancy at Will)
 - d) Estate at Sufferance
5. Types of Leases
 - a) Fixed Rental Leases
 - (1) Gross Leases
 - (2) Net Leases
 - (3) Triple Net Leases
 - b) Percentage Leases
 - c) Variable Leases
 - (1) Step or Graduated Leases
 - (2) Indexed Leases
 - d) Ground Lease
 - e) Oil & Gas Leases
 - f) Re-Evaluation or Reappraisal Leases
 - g) Agricultural Leases
 - (1) Cash Rental
 - (2) Crop B Livestock Share
 - (3) Share B Cash
 - h) Sale and Leaseback
6. Assignment and Subleasing
7. Recording a Lease

8. Discharge or Termination of Lease
 - a) Notice
 - b) Expiration of Term
 - c) Breach of Conditions
 - (1) Tenant Breaches B Actual Eviction
 - (2) Landlord Breaches B Constructive Eviction
 - d) Surrender and Acceptance
 - e) Destruction of Property
 - f) Merger
 - g) Foreclosure
 - h) Death of Parties

C. Idaho Statutes Related to Leases

✓ *Relate the current status of landlord-tenant laws in Idaho*

1. Written or Oral (If Over One Year, It Must Be In Writing)
2. Rights and Responsibilities of Landlord and Tenant
 - a) Possession
 - b) Entry by the Landlord
 - c) Security Deposits
 - d) Care of Property
 - e) Tenant's Property – Abandoned or Unclaimed Property Laws
 - f) Rent Increase – 15 Days
 - g) Other Changes in Lease Agreement Terms – 15 Days
3. Termination Due to Breach
 - a) Landlords Remedies
 - b) Tenant's Remedies
4. Floating Homes Residency Act (Title 55, Chapter 27, Idaho Code)
5. The Mobile Home Park Landlord-Tenant Act (Title 55, Chapter 20, Idaho Code)

VIII. FORMS OF OWNERSHIP AND HOW OWNERSHIP IS HELD

📖 *Mastering (Chapter 9)*

📖 *Modern (Chapter 8)*

📖 *Idaho Real Estate: Practice & Law (Chapter 4, 12)*

- ✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*
- ✓ *List and describe the forms of ownership available to businesses, and how they are created.*
- ✓ *Explain why the form of real estate ownership is important when the property is being transferred.*

A. Severalty Ownership

1. Same as Sole Ownership
2. Simplest Form of Ownership
3. Corporation

B. Concurrent Ownership – Co-Ownership

- ✓ *Explain the differences between joint tenancy and tenants in common*
- ✓ *List and describe the four unities for forming a joint tenancy*
- ✓ *Explain how co-ownership can be created and terminated*
- ✓ *Describe the characteristics of severalty, tenancy in common, joint tenancy, tenancy by entirety and community property*

1. Tenants in Common
2. Joint Tenancy
 - a) Four Unities
 - (1) Unity of Possession
 - (2) Unity of Interest
 - (3) Unity of Time
 - (4) Unity of Title
 - b) Right of Survivorship
3. Tenancy by the Entirety
4. Community Property
 - a) Separate Property
 - b) Community Property

C. Business Ownership of Real Estate

- ✓ *Explain the differences between general and limited partnerships*
- ✓ *List the ways business organizations can own real estate*
- ✓ *List and describe the parties to a trust*
- ✓ *List and describe the different types of trusts*
- ✓ *List and describe the advantages of using the land trust form of ownership for real estate*
- ✓ *Explain the differences and similarities between the cooperative and condominium forms of ownership*
- ✓ *Give an overview of the creation and operation of a condominium*
- ✓ *Give an overview of the operation of a cooperative*
- ✓ *Describe the concept of time-sharing*

1. Partnerships
 - a) General
 - b) Limited
2. Corporations
3. Limited Liability Companies
4. Syndications
5. Joint Venture
6. Trusts in General
 - a) Trustor
 - b) Trustee
 - c) Beneficiary
7. Living Trusts (Inter Vivos Trust)
8. Land Trusts
9. Real Estate Investment Trust
10. Cooperatives
11. Condominiums
12. Time-Sharing
 - a) Fee Simple
 - b) Right to Use
13. Options

IX. TRANSFERRING TITLE TO REAL ESTATE

 *Mastering (Chapter 10)*

 *Modern (Chapter 12)*

 *Idaho Real Estate: Practice & Law (Chapter 9)*

- ✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*
- ✓ *Define and discuss the term title as it pertains to real estate.*
- ✓ *Name and discuss the basic requirements for a valid deed.*
- ✓ *Describe the basic rules affecting corporate deeds.*
- ✓ *Identify and describe each of the types of deeds listed in the text.*
- ✓ *Discuss transfer taxes, if they are applicable.*
- ✓ *Explain involuntary alienation.*

A. Death of Owner

- ✓ *Discuss the ways a deceased person=s property is transferred*
- ✓ *List and describe the general requirements for a will*
- ✓ *Describe a spouse's rights concerning wills.*
- ✓ *Distinguish transfers of title by wills from transfer by in intestacy*

1. Terminology

- a) Deceased
- b) Decedent
- c) Probate

2. By Devise, Testate, Has a Will

- a) Executor
- b) Types of Wills
 - (1) Witnessed
 - (2) Holographic
 - (3) Nuncupative (Oral)
 - (4) Codicil
- c) Requirements for Making a Will
 - (1) Legal Age
 - (2) Sound Mind
 - (3) Written and Signed
 - (4) Free Will
 - (5) Last Will
 - (6) Witnessed
- d) Types of Property
 - (1) Legacy
 - (2) Bequest
 - (3) Devise

3. By Succession (Descent), Intestate, No will
 - a) Administrator
 - b) Statutes of Succession (Descent and Distribution) Intestate succession
 - c) Heirs
 - d) No Heirs, State (Escheat)

B. By Accession

1. Man-Made (Annexation of Fixtures)
2. Natural Gains
 - a) Accretion
 - b) Reliction
3. Natural Losses
 - a) Erosion
 - b) Avulsion

C. By Occupancy

1. Adverse Possession – Requirements
 - a) Actual Possession
 - b) Open and Notorious
 - c) Hostile to Owner
 - d) Exclusive
 - e) Continuous and Uninterrupted
 - f) Payment of Taxes and Assessment
 - g) Quiet Title Action
2. Prescription – Easement – Requirements
3. Abandonment

D. By Transfer – Alienation

✓ *List and describe the methods by which title to real estate can be transferred*

1. Original Titles
2. Public Grant
 - a) Homestead
 - b) Auction
3. Derivative Titles

4. Voluntary Alienation

- a) Private Grant (Sale)
- b) Dedication
- c) Gift
- d) Lease
- e) Deed of Trust
- f) Abandonment

5. Involuntary Alienation

- a) Confiscation
- b) Forfeiture
- c) Eminent Domain
 - (1) Power to Take – Eminent Domain
 - (2) Actual Taking – Condemnation
 - (3) Just Compensation
- d) Partition Action
- e) Foreclosure
- f) Bankruptcy

X. CONVEYANCE DOCUMENTS

 *Mastering (Chapter 10, 11)*

 *Modern (Chapter 12)*

 *Idaho Real Estate: Practice & Law (Chapter 8, 9)*

- ✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*
- ✓ *List and describe the methods by which title to real estate can be transferred.*
- ✓ *List and describe four evidences of title.*
- ✓ *Describe the process of recording under the Torrens system.*
- ✓ *Explain why recording statutes are necessary.*
- ✓ *Explain the difference between constructive and actual notice.*
- ✓ *Discuss priority as it applies to recording.*

A. Requirements of a Valid Deed

- ✓ *List the general requirements for a deed*
 1. In Writing
 2. Identification of Competent Parties
 - a) Grantor
 - b) Grantee
 3. Words of Conveyance
 - a) Conveys, Grants and Warrants
 - b) Convey, Release, Remise and Forever Quit Claim
 - c) Grant, Bargain and Sell
 - d) Bargain and Sell, or Grant and Release
 4. Legal Description
 5. Consideration
 - a) Good
 - b) Valuable
 6. Signature of Grantor
 7. Delivery and Acceptance B Intent to Deliver

B. Four Major Parts of the Usual Deed

- ✓ *List and describe the parts of a deed*
 1. The Premises Section
 - a) Name of Grantor and Grantee
 - b) Granting Clause (Present Interest Transferred)
 - c) Consideration
 - d) Legal Description
 2. The Habendum Clause
 - a) Description of Estate to be Taken (Fee Simple, Etc.)
 - b) Conditions Affecting the Grant
 - c) Covenants of Title

3. The Execution Clause (Testimonial)
 - a) Date
 - b) Signature of Grantor
 - c) Seal (If Required)
 - d) Signature of Witnesses (If Required)
4. The Acknowledgment
 - a) Notary for Recording
 - b) Constructive Notice and Actual Notice

C. Classification of Deeds

- ✓ *List and describe the covenants included in a general warranty deed*
- ✓ *Describe the function and purpose of the various types of deeds included in the chapter*

1. Warranty Deeds
 - a) General Warranty Deeds
 - b) Special Warranty Deeds
 - c) Warranty Deed Covenants
 - (1) Present Covenants
 - (a) *Covenant of Seisin*
 - (b) *Covenant of Right to Convey*
 - (c) *Covenant Against Encumbrances*
 - (2) Future Covenants
 - (a) *Covenant of Further Assurance*
 - (b) *Covenant of Quiet Enjoyment*
 - (c) *Covenant of Warranty*
2. Quit Claim Deeds or Special Types of Deeds
3. Bargain and Sale Deeds

XI. LIMITATIONS ON RIGHTS OF OWNERSHIP B ENCUMBRANCES

📖 *Mastering (Chapter 4, 5, 17)*

📖 *Modern (Chapter 7, 10, 19, 20, 21)*

📖 *Idaho Real Estate: Practice & Law (Chapter 6, 14, 15)*

✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*

A. Encumbrances that Affect the Physical Use and Enjoyment

- ✓ *Name and explain the three methods with which land use can be controlled.*
- ✓ *State the purpose and typical provisions of a comprehensive or master plan.*
- ✓ *Discuss zoning ordinances, including the purpose of zoning, types of zoning, and zoning procedures common in the student=s area.*
- ✓ *Define non-conforming use, variances, and conditional-use permits.*
- ✓ *Describe the typical provisions of subdivision and land development ordinances.*
- ✓ *Describe the purpose of building codes and typical codes in the student=s area.*
- ✓ *Explain land use control through direct public ownership*

1. Public Limitations

- a) Escheat
- b) Air Rights
- c) Water Rights
- d) Land-Use Controls and Property Development
 - (1) Police Powers
 - (2) State Land-Use Planning Act (I.C. 67-6501 to 67-6529)
 - (3) The Comprehensive Plan
 - (4) Zoning
 - (a) *Zoning Objectives*
 - (b) *Hearing Process*
 - (c) *Zoning Districts*
 - (d) *Zoning Permits (Non conforming use; Variances; Conditional Use Permits; Sign Ordinance)*
 - (5) Subdivisions, Gross Density
 - (6) Annexation
 - (7) Building Codes and Certificates of Occupancy
 - (a) *Inspections - Permits*
 - (b) *Certificates of Occupancy*
 - (8) Potential Takings of Private Property (I.C. 67-8001 et seq.)
 - (9) Interstate Land Sales Full Disclosure Act

e) Environmental Issues and the Real Estate Transaction

- ✓ *Define and describe landfill.*
- ✓ *Identify and describe CERCLA.*
- ✓ *Define and describe asbestos, radon, polychlorinated biphenyl, and urea-formaldehyde.*
- ✓ *Identify the problems presented by hazardous substances.*
- ✓ *Identify problems presented by underground storage tanks.*
- ✓ *List the liabilities of real estate professionals in the environmental area.*
- ✓ *Identify the Legislative agencies concerned with environmental issues.*
- ✓ *Define encapsulation*

(1) Asbestos (Encapsulation)

(2) Lead-Based Paint Hazard and Reduction Act (homes built prior to 1978 are designated as targeted and require disclosures in writing)

(3) Radon Gas (radioactive gas produced by the natural decay of granite)

(4) Urea Formaldehyde

(5) Carbon Monoxide

(6) Electromagnetic Fields

(7) Mold

(8) Methamphetamine (meth labs)

(9) Underground Storage Tanks

(10) Waste Disposal Sites

(11) CERCLA and Superfund

(12) Liability of Real Estate Professionals

(a) *Discovery and Disclosure of Environmental Hazards*

(b) *Level Audits*

f) Fair Housing – Equal Opportunity In Housing

- ✓ *Describe the purpose of the fair housing laws and regulations and their impact on the practices of real estate licensees.*
- ✓ *Describe the exemptions to the Fair Housing Act*
- ✓ *List and describe the type of discriminatory acts that are prohibited under the 1968 Fair Housing Act.*
- ✓ *Describe the process and options for filing a fair housing complaint and its enforcement.*
- ✓ *Describe the objectives and major provisions of the Americans with Disabilities Act*
- ✓ *Identify and describe the Equal Credit Opportunity Act.*
- ✓ *Discuss how blockbusting, steering, and redlining affect licensees and the difference between intent and effect.*
- ✓ *Identify and describe Idaho=s fair housing laws*
- ✓ *Discuss affirmative actions including the use of the equal housing opportunity poster*

(1) Historical Overview

(a) *Civil Rights Act of 1866*

(b) *Shelley vs. Kramer Case in 1948 (Racial restrictive covenants)*

(c) *Civil Rights Act of 1964 (Prohibited discrimination in public accommodations, in federally assisted programs and in employment on the basis of race, color, religion or national origin)*

(d) *Civil Rights Act of 1968 (Prohibited discrimination on the basis of race, color, religion or nation origin)*

(e) *Jones vs. Mayer Case in 1968*

(f) *Rehabilitation Act of 1973 (Prohibited discrimination against*

persons with disabilities in all federally assisted programs, including housing.)

(g) Housing and Community Development Act of 1974 (Added gender as another basis on which discrimination was prohibited)

(h) 1988 Fair Housing Amendment Act (Added familial status and physical and mental handicap as protected classes.)

(2) Prohibits Discrimination Based on:

- (a) *Race*
- (b) *Color*
- (c) *Religion*
- (d) *National origin*
- (e) *Gender*
- (f) *Handicap*
- (g) *Familial Status*

(3) Prohibited Acts

- (a) *In sale or rental of housing or residential lots*
- (b) *In advertising the sale or rental of housing*
- (c) *In the financing of housing*
- (d) *In the provision of real estate brokerage services*
- (e) *In the appraisal of housing*

(4) Real Estate Transactions Exempted Under the Act

- (a) *Sale or rental of single-family home if all of the following apply:*
 - (i) *Does not own more than three single-family dwellings at one time*
 - (ii) *Only one sale is exempt within a 24-month period*
- (b) *Rental in buildings with four or fewer family units if owner occupied*
- (c) *Private clubs*

(5) Prohibited Practices

- (a) *Blockbusting*
- (b) *Steering*
- (c) *Redlining*
- (d) *Exclusionary Land Use*
- (e) *Advertising*

(6) Enforcement

- (a) *The complaint*
- (b) *Penalties and fines*
- (c) *Jail*
- (d) *Private Enforcement – Civil action*

g) Americans with Disabilities Act

h) Eminent Domain

2. Private Limitations

- ✓ *List the common types of easements and their distinguishing characteristics*
- ✓ *List and describe several common ways easements are created and terminated.*
- ✓ *Explain the difference between an easement, an encroachment, and a license*
- ✓ *Describe the control of land using deed restrictions and restrictive covenants, including typical provisions and the procedures for creating and enforcing these restrictions*

a) Easements

(1) Appurtenant Easements

(2) Easements in Gross

(3) Agreement

(4) Grant or Reservation

(5) Condemnation

(6) Reference in Subdivision Plat

(7) Necessity

(8) Solar Easements

(9) Conservation Easements

(10) Party Wall Agreement

(11) Termination of Easements

(a) *Expiration*

(b) *End of Purpose*

(c) *Merger*

(d) *Agreement*

(e) *Abandonment*

(f) *Destruction of Servient Estate*

b) Boundary by Agreement (Acquiescence)

c) Licenses

d) Deed Restrictions – CC&R=s

e) Encroachments

B. Encumbrances that Affect the Title to Real Estate

- ✓ *Explain the differences between specific and general liens, voluntary and involuntary liens, statutory and equitable liens*
- ✓ *List and explain how liens can be created*
- ✓ *Explain how liens are prioritized and give examples*
- ✓ *State the differences between general real estate taxes (ad valorem taxes) and special assessments.*
- ✓ *Describe the manner by which the assessments and the amount of real estate taxes are determined in the student=s area.*
- ✓ *State the procedures for filing and the enforcement of the various liens.*
- ✓ *Give the general requirements for filing of a mechanic=s lien.*
- ✓ *Describe property taxes and their affect of title*

1. General Information About Liens

- a) Priority of Liens
- b) Subordination Agreements

2. Specific Equitable Liens – Voluntary

- a) Mortgages
- b) Vendor=s Liens (seller=s lien)
- c) Vendee=s Liens (buyer’s lien)
- d) Bail Bond Lien

3. Specific Statutory Liens

- a) Mechanic=s Liens
 - (1) Who can file
 - (2) Notification
 - (a) *Lienholder’s Notification*
 - (b) *Builder’s Required Disclosure*
 - (3) Time for filing
 - (4) Time to perfect lien
 - (5) How to protect against mechanic’s liens
- b) Property Taxes
 - (1) Ad valorem taxes, tax on value of property
 - (2) Exemptions from general property taxes
 - (a) *Cities, state, federal governments*
 - (b) *Various municipal organizations*
 - (c) *Religious and charitable organizations*
 - (d) *Hospitals and education institutions*
 - (e) *Circuit breaker*
 - (f) *Homeowner’s exemption*
 - (g) *Homestead exemption*

(3) Property Taxation Process

(a) *Assessment*

(b) *Budget*

(c) *Appropriation*

(d) *Tax statements*

(e) *Delinquency*

(f) *Tax sale*

(4) Important Tax Dates

c) Special Assessment, LID (local improvement district)

4. General Statutory Liens

a) Judgments

b) Lis Pendens

c) Federal estate tax lien

d) State inheritance tax lien

e) IRS and state income tax liens

XII. AGENCY RELATIONSHIPS WITH CUSTOMERS AND CLIENTS

 *Mastering (Chapter 13)*

 *Modern (Chapter 4)*

 *Idaho Real Estate: Practice & Law (Chapter 1, 2)*

✓ *LEARNING OBJECTIVES: After completing this chapter students should be able to*

A. General Agency Terminology

✓ *Define the terms agency, agent, principle, fiduciary, client, and customer.*

1. Agent
2. Subagent
3. Principal
4. Agency
5. Fiduciary
6. Client
7. Customer
8. Nonagent (*IREC Guideline #20*)

B. Fiduciary Responsibilities Under Common Law Agency

✓ *Describe the concept of a fiduciary.*

✓ *List and describe fiduciary responsibilities to the principle.*

1. Care
2. Obedience
3. Accounting
4. Loyalty
5. Disclosure

C. Types of Agency Relationships

✓ *List and explain the different types of agency relationships.*

1. Universal Agent
2. General Agent
3. Special Agent
4. Single Agency
 - a) Seller as principal
 - b) Subagency
 - c) Buyer as principal
 - d) Owner as principal
5. Dual Agency
 - a) Disclosed Dual Agency
 - b) Undisclosed Dual Agency

D. Creation of Agency Relationships

- ✓ List and explain the ways an agency relationship can be created and terminated.
- ✓ List and describe four agency situations involving a broker.
- ✓ Describe the application of the Idaho Brokerage Representation Act.
- ✓ Differentiate between client-level and customer-level services as they relate to the seller and the buyer.

1. Common Law Agency
 - a) Implied Agency (unintentional, inadvertent or accidental)
 - b) Expressed Agency
 - c) Compensation Does Not Determine Agency
2. Idaho Agency Requirements (Idaho Code)
 - a) Real Estate Commission Blue Brochure
 - b) First Substantial Business Contact
 - c) Agency Representation Agreements
 - (1) Seller representation agreement
 - (2) Buyer representation agreement
 - d) Confidential Client Information
 - e) Agreement for payment of a commission only is not enough to create an agency relationship
 - f) Confirmation
3. Statute Replaces Common Law Agency in Idaho
4. Vicarious Liability Abolished
5. Broker must create and maintain a written agency office policy which must be available upon request
6. Puffing
7. Negligent Misrepresentation

4 Steps to Agency Representation			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<i>Office Agency Policy (54-2090)</i>	<i>Blue Brochure (54-2085[1])</i>	<i>Separate Signed Agency Representation Agreement (54- 2085[6])</i>	<i>Confirmation of Relationship (54-2085[4])</i>
<i>Required for each office</i>	<i>Given at first substantial business contact</i>	<i>Executed no later than purchase contract</i>	<i>Required language in all purchase contracts</i>
	<i>Receipt required (signed and dated)</i>	<i>Required language regarding Limited Dual Agent</i>	
		<i>Not required for customer relationships</i>	

E. Duties Owed

- ✓ *List and describe five agent's duties to the principal.*
- ✓ *List and describe four principal's duties to the agent.*
- ✓ *Describe what a broker must disclose to potential buyers.*
- ✓ *Describe two antitrust practices and how they affect real estate brokers*

1. Customer Relationship (I.C. 54-2086)

a) Duties Owed to Customer

- (1) Non agent duties
- (2) Assist the customer
- (3) Honesty, good faith, reasonable skill and care
- (4) Account for customers money or property
- (5) Disclose all “material facts”

b) Duties NOT Owed to a Customer

- (1) Independently inspect the property
- (2) Verify customer=s financial condition

c) Customer Level Services

d) Environmental Hazards

e) Opinions versus Fact

f) Latent Defects

g) Psychologically Impacted (Stigmatized) Properties

2. Client Relationship (I.C. 54-2087)

a) Perform all terms of the written representation agreement

b) Use reasonable skill and care

c) Promote best interest of client in good faith, honesty and fair dealing. This includes but is not limited to:

- (1) Disclosure of any adverse material facts that the agent knows, or reasonably should have known
- (2) Seek an acceptable property and assist in negotiation
- (3) Advise buyer client to obtain inspections or seek appropriate legal, tax or other counsel
- (4) Confidentiality
- (5) Properly account for money or property

3. Limited Dual Agency (I.C. 54-2088)

a) Brokerage must have consent to limited dual agency signed by all parties

b) Duties to both clients

- (1) Duties to extent they do not unreasonably conflict
- (2) Without written consent, cannot disclose:
 - (a) *Buyer will pay more than listed price*
 - (b) *Seller will accept less than listed price*
 - (c) *Personal factors motivating the parties to buy or sell*

(d) Buyer or seller will agree to price or terms other than as agreed

F. Duration of Client Relationship

1. Begins on date and time of signed agreement
2. Representation ends at occurrence of the first of:
 - a) Agreement is completed
 - b) Client and brokerage agree to end relationship
 - c) Expiration date set out on the agreement

G. Duties after Representation of Client Ends

1. Proper accounting of money or property
2. Keeping confidential client information confidential

H. Licensees Dealing with Their Own Property

✓ Describe the licensee's duties when purchasing property.

3 Choices of Agency Relationships and Duties		
Customer (54-2086)	Client (54-2087)	
<i>Nonagent</i>	<i>Agent</i>	<i>Limited Dual Agent (54-2088)</i>
<i>Act with honesty, good faith, reasonable skill and care</i>	<i>Act with honesty, good faith, reasonable skill and care</i>	<i>Act with honesty, good faith, reasonable skill and care</i>
<i>Properly account for money or property</i>	<i>Properly account for money or property</i>	<i>Properly account for money or property</i>
<i>Disclose all adverse material facts actually known or which reasonably should have been know.</i>	<i>Disclose all adverse material facts actually known or which reasonably should have been know.</i>	<i>Disclose all adverse material facts actually known or which reasonably should have been know.</i>
<i>Perform ministerial acts to assist in sale or purchase</i>	<i>Perform terms of written agreement</i>	<i>Perform terms of written agreement</i>
	<i>Advise client to obtain professional advice or counsel, when appropriate</i>	<i>Advise client to obtain professional advice or counsel, when appropriate</i>
	<i>Maintain confidentiality of client</i>	<i>Maintain confidentiality of clients</i>
	<i>Seek acceptable buyer and negotiate</i>	<i>Seek acceptable buyer, but cannot disclose that buyer is willing to pay more than that offered</i>
	<i>Seek acceptable property and negotiate</i>	<i>Seek acceptable property, but cannot disclose that seller is willing to accept less than that offered</i>
NO DUTY TO VERIFY STATEMENTS OF SELLER OR BUYER OR OTHER RELIABLE SOURCE		NO DUTY OF UNDIVIDED LOYALTY

EXERCISE SETS

Math – Basic Skills

Math – Calculating Commissions

Math – Commission Goals

**EXERCISE SET
MATH—BASIC SKILLS**

1. Units of Measurement

- | | |
|--|-----------------------------------|
| a. 1 foot = _____ inches | h. 1 township = _____ sections |
| b. 1 yard = _____ feet | i. 1 section = _____ square miles |
| c. 1 rod = _____ feet | j. 1 square mile = _____ acres |
| d. 1 mile = _____ feet | k. 1 acre = _____ square feet |
| e. 1 square foot = _____ square inches | l. area = 3.14 x radius x _____ |
| f. 1 square yard = _____ square feet | m. 360 degrees = _____ circle |
| g. 1 square rod = _____ square yards | n. 90 degrees = _____ circle |

2. Converting Fractions to Decimals

- a. $\frac{1}{2}$ = _____
- b. $\frac{3}{5}$ = _____
- c. $1\frac{4}{7}$ = _____
- d. $25\frac{7}{8}$ = _____

3. Converting Decimals to Percentages

- a. .15 = _____
- b. .456 = _____
- c. 34.5 = _____
- d. 3.7 = _____
- e. .00123 = _____

4. Converting Percentages to Decimals

- a. 25% = _____
- b. 4% = _____
- c. 2.5% = _____
- d. 200% = _____

5. Add, Subtract, Multiply, Divide Decimals

- a. $.23 + 0.402 + .9 =$ _____
- b. $65.9 - 0.005 =$ _____
- c. $.99 \times .0652 =$ _____
- d. $2.14 \div .02 =$ _____

6. Formulas

a. Percentages $\frac{\text{Rate}}{\text{Total}} = \text{Total}$ $\frac{\text{Total}}{\text{Total}} = \text{Rate}$

b. Simple Interest Principal x Rate x _____ = Interest
 $PRT = I$ $\frac{I}{RT} = P$ $\frac{I}{PT} = R$ $\frac{I}{PR} = T$

c. Area & Volume

- i. Area of Rectangle = _____
- ii. Area of Triangle = _____
- iii. Volume of rectangular prism = _____
- iv. Volume of triangular prism = _____

d. Appraisal: Income Approach Value = $\frac{\text{_____}}{\text{Capitalization Rate}}$

e. Appraisal: Cost Approach

Building replacement/reproduction cost – _____ + Land value = Estimated property value

f. Straight-line Method of Computing Depreciation

- i. Annual depreciation charge = _____ / Years of useful life
- ii. Depreciate rate = 100% / _____
- iii. Total depreciation = percentage of depreciation x _____

EXERCISE SET
MATH—CALCULATING COMMISSIONS

1. Sally Sales Associate sold a house for \$145,000. Her share of the commission was 2.7% of the sales price. How much did Sally earn?

2. Sam D=Agent sold a house for \$225,000. His share of the commission was 45% of the total 6% commission. What did Sam earn in commission?

3. A Sales Associate both listed and sold a home for \$235,000. The gross commission is 7%. The commission split between the broker and sales associate is 45% to Broker and 30% to the associate for listing and 25% for selling. What is the amount of the commission that the Sales Associate will receive for listing and for selling? What is the total commission?

4. A sales associate lists a home for \$165,000. When the associate sells the home, they are entitled to 25% of the gross commission for listing and 45% of the gross commission for selling. If the gross commission is 6.5%, how much will the associate earn by selling their own listing?

5. A sales associate sold three lots for a total of \$220,000. The gross commission is 8%. The office policy is to give 10% of all commissions to the office manager. The balance is then divided by giving 45% to the office and the remainder is split between the listing agent and the selling agent, with the listing agent getting 55% and the selling agent getting 45%. How much did the sales associate that sold the lots earn?

6. A house sold for \$145,000. A commission was calculated at the rate of 7%. If the listing broker received 45% of this amount and the selling broker received the balance, what was the selling broker=s share of the total commission?

7. Sally Sales Associate is working for the selling broker. She finds a buyer who pays \$189,000 for a duplex. The listing broker receives 45% of the 6% commission. If Sally gets 40% of the commission due to the selling broker, how much does she earn in commission?

8. Sam D=Agent received \$4,715.75 as his 50% share of the commission on a sale of \$145,100. The full commission was computed at what commission rate?

9. Sally Sales Associate receives 50% of all commissions on land sales at Lake View, a second-home development. She sells 300 acres at \$1,850 per acre. A commission of 15% is paid on the first \$195,000 of sales, 10% on the next \$95,000, and 7% on amount over \$290,000. What was Sally=s commission?

10. A house sold for \$135,000. This was 9% less than it was listed for. The commission rate was 7%. What would have been the commission if the property had sold at the listed price?

11. Two brokers split the 6 percent commission on a \$173,000 home. The selling salesperson, Joe, was paid 70 percent of his broker=s share. The listing salesperson, Janice, was paid 30 percent of her broker=s share. How much did Janice receive? How much did Joe receive?

12. A salesperson sells a property for \$258,500. The contract he has with his broker is 40 percent of the full commission earned. The commission due the broker is 6 percent. What is the salesperson=s share of the commission?

13. If the broker received a 6.5 percent commission that was \$5,200, what was the sales price of the house?

14. Calculate the amount of commission earned by a broker on a property selling for \$161,000 when 6 percent is paid on the first \$75,000 and 3 percent is paid on the remaining balance.

