

# **REAL ESTATE COURSE OUTLINE**

  

## **FOR SALESPERSONS**

**Suggested  
for use in 90-hour course(s)  
approved by the West Virginia Real Estate Commission**

### **West Virginia Real Estate Commission**

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# TABLE OF CONTENTS

	Page(s)
<b>Table of Contents</b> .....	i - ii
<b>Foreword</b> .....	iii
<b>Introduction</b>	
Course Purpose .....	1
Course Description .....	1
Course Duration .....	1
Textbooks and Other Instructional Materials .....	1
Pre-License Instructors .....	1
Mathematics Instruction .....	1
Course Completion .....	1 - 2
Syllabus Copies .....	2 - 3
Broker Pre-License Education .....	3
Note to Instructor .....	3 - 4
<b>Suggested Course Outline -- Salesperson</b>	
I. Introduction to the Real Estate Business .....	5
II. Real Property and the Law. . . . .	5 - 6
III. Concepts of Home Ownership. . . . .	7
IV. Agency .....	7 - 8
V. Real Estate Brokerage .....	8 - 9
VI. Listing Agreements and Buyer Representation .....	9 - 10
VII. Interest in Real Estate. . . . .	10 - 11
VIII. Forms of Real Estate Ownership .....	11 - 12
IX. Legal Descriptions. . . . .	12
X. Real Estate Taxes and Other Liens .....	13
XI. Real Estate Contracts .....	13 - 15
XII. Transfer of Title. . . . .	15 - 16
XIII. Title Records. . . . .	16 - 17
XIV. Real Estate Financing: Principles .....	17 - 18
XV. Real Estate Financing: Practice . . . . .	18 - 20
XVI. Leases .....	20 - 22
XVII. Property Management .....	22 - 23
XVIII. Real Estate Appraisal .....	23 - 24
XIX. Land-Use Controls and Property Development .....	24
XX. Fair Housing and Ethical Practices .....	24 - 25
XXI. Environmental Issues and the Real Estate Transaction .....	25 - 26
XXII. Closing the Real Estate Transaction . . . . .	26 - 28
XXIII. Introduction to Real Estate Investment .....	28 - 29
XXIV. Real Estate License Law and Regulations .....	29 - 31
XXV. Licensing Procedures in West Virginia .....	31 - 32
XXVI. Mathematics for the Examination .....	32 - 33

## FOREWORD

The decision to make a career in real estate, as with the choice of any vocation, merits very careful consideration. Real estate is one of the few remaining vocations based firmly on the principle of individual initiative. It allows ample scope for a person to reap full rewards from their efforts. A good income may be the reward as well as the satisfaction of assisting people to fulfill their housing dreams.

Many persons start to enter the real estate vocation only to discover that they cannot complete the required education and examination, or, having done so, they are unsuited to the work. This contributes to one of the problems in the real estate field, a high rate of turnover or dropout of new licensees. What is the reason for this large proportion of "failures" or dropouts? There is no answer. One of the principle reasons is the difficulty of successfully screening the many applicants who "have always wanted to go into real estate," ensuring that those attracted to real estate as a career have the "right" personality, motivation, and qualifications.

A successful career in real estate is based on more than meeting the license qualifications. Successful real estate licensees have the ability, enthusiasm, knowledge, and the will to work hard. They are both willing and capable of keeping up with both the increasing knowledge level demanded of persons in a vocation which strives towards professionalism and the stringent competency level required by the public. Their working hours tend to be long and almost invariably involve evening and weekend work, often requiring the sacrifice of personal plans. The high incomes earned by a few real estate salespersons are usually the result of plenty of plain hard work, long hours, and --- most often today --- advanced education and training.

Because earnings are usually on a commission basis, hard work may increase income. Should a licensee choose not to work hard or if they are unsuited to a career in real estate the commission basis also means that they will have little or no protection of income level. A prospective licensee should also take into account the cost as well as the time needed to establish and maintain a practice and to provide an income to meet their personal requirements.

There are costs not only to the licensee but to the real estate broker as well. Make no mistake, the cost of employing and retaining a person as a salesperson is a real one for the real estate firm. Real estate offices today provide office facilities, advertising, telephones, training, and other essentials at a considerable cost to the firm.

Real estate offers an extremely wide variety of specialties for those who can qualify by experience and extra training. Included are appraisal, mortgage financing, commercial sales and leasing, farm sales, investment real estate, land development, counseling, research, and many others. Is real estate the right career for you?

## INTRODUCTION

### **Course Purpose**

The general purpose of the *Real Estate Course Outline for Brokers and Salespersons* is intended to serve as a guide. It should assist in providing the direction and continuity needed to ensure that the student meets the standards established by Law for fulfilling the 90 hours needed to meet the educational requirements for the salesperson license examination. The additional 90 hours necessary for the broker license examination is also provided.

### **Course Description**

This course consists of a survey course which introduces the student to the terminology, concepts, and practices in the areas of Real Estate Principles and Practices, Real Estate Law, Real Estate Finance, and Real Estate Appraisal. The course should prepare the student to deal with the everyday situations which they will face in making real estate decisions. A broad foundation is the intent of this course. There are sections in this Outline dedicated specifically to Real Estate Principles and Practices, Real Estate Law, Real Estate Finance, and Real Estate Appraisal; however, these concepts are interspersed throughout the Outline in order to meet the required number of hours per subject area. License law should be incorporated throughout the course as it relates to each topic.

### **Course Duration**

The Salesperson Course must consist of a minimum of 90 classroom hours of instruction, i.e., 30 hours in Real Estate Principles and Practices, 20 hours in Real Estate Law, 20 hours in Real Estate Finance, and 20 hours in Real Estate Appraisal. Additional time beyond the minimum 90 hours should be necessary to achieve proficiency.

### **Textbooks and Other Instructional Materials**

The Commission-approved textbooks for this course and other instructional materials may be found in the Bibliography portion of this syllabus.

### **Pre-License Instructors**

Pre-License Instructors must have been approved by the Commission (**Regulation § 174-3-3.4**).

### **Mathematics Instruction**

This syllabus calls for instruction on mathematical functions relating to real estate practice to be provided under the various subject areas involving such mathematical functions rather than as a separate subject area. Instruction in basic mathematics concepts such as decimals, fractions, percentages, multiplication, and division is included in this course syllabus.

### **Course Completion**

Legislative Rule § 174-1-30.1 and .2.-- Real Estate Courses and Course Providers is reprinted below. Pre-License Schools must strictly adhere to the requirements of these rules.

"3.1. *Certification of Commission.--All real estate courses, course providers and instructors must be certified by the Commission prior to offering or conducting a course of education in compliance with the pre-license education requirement as defined in WV Code §30-40-14 or the continuing education requirement as defined in WV Code §30-40-16. Post-Secondary Education Institutions accredited by an accrediting agency officially recognized by the United States Department of Education are approved providers.*

3.2. *Pre-License Education.--*

a. *The ninety hour (six credit hour) course prescribed for applicants for a salesperson's license shall consist of:*

*30 clock hours - Real Estate Principles and Practice*

*20 clock hours - Real Estate Law*

*20 clock hours - Real Estate Finance*

*20 clock hours - Real Estate Appraisal*

b. *The additional ninety hour (six credit hour) course prescribed for applicants for a broker's license shall also consist of the same hours in each subject area but shall consist of more in-depth coverage in each subject area.*

c. *The grading scale for all course providers offering mandatory pre-license real estate education shall be:*

*A = 95%-100%      D = 71%-74%*

*B = 86%-94%      F = 00%-70%*

*C = 75%-85%*

*In order to sit for the real estate examination, the applicant must have earned a grade of A, B or C in each subject area.*

d. *After a student has successfully completed an approved pre-license education course, the approved provider shall supply the student with a certificate of course completion which certifies the student's name and address, the course completion date, the number of hours in each subject area, and the letter grade earned."*

### **Syllabus Copies**

One copy of this syllabus will be provided free of charge by the West Virginia Real Estate Commission to Approved Pre-License Schools. **School officials and instructors should reproduce the material in this *Course Outline* and provide it to each student for reference.**

The Commission will not provide copies of this syllabus for student use, although schools/instructors may reproduce all or part of this syllabus for student use at their own expense, and may charge students for the cost of reproduction.

### **World Wide Web (WWW) Address**

The West Virginia Real Estate Commission has an address (URL) on the World Wide Web. This URL can provide much of the information related to pre-license education. This address should be provided to students for their use. The URL address is as follows:

<http://www.wvrec.org>

Email may be sent to:

[wvrec@wvrec.org](mailto:wvrec@wvrec.org)

### **NOTE TO INSTRUCTOR**

Education and learning take many forms. Today's students have a different perspective than their predecessors. Today's adult student returning to the classroom after many years of learning by experience or by hands-on methods, also has a different learning habit. The challenge, of this real estate course in principles and practices, to the instructor, is to recognize these diverse approaches. To be able to weld them together to convey the educational matter in an interesting and retentive learning experience.

Adult students have experienced many facets of real estate in their lives and will approach the subject matter from these experiences; whether they be good or bad; correctly or incorrectly presented; or just plain "out of context." The youthful student, fresh from 12 to 16 years of classroom exposure is searching for definitions to strange sounding terms, many of which have different meanings in other areas of their education. It is important that the instructor be cognizant of these backgrounds and feelings to be able to maximize the educational retention.

While most students taking this course are doing so for a new career, it is important to recognize that the ultimate number who will succeed in such a career is minimal. Therefore, the course should be of benefit to all, not solely for the purpose of passing a license examination, but also for selection of a personal residence, investment decisions, and as a responsible part of their community electorate.

The student needs to be made aware of the rigors of this course of study. Also, instructor policies regarding attendance, deadlines for submission of papers and projects, necessity for reading assigned materials prior to class, emphasis on classroom participation, and other requirements. Classroom time alone, may not be sufficient for the student to absorb this entry-level survey course. Experts advise that 2 hours should be spent in review and preparation for each classroom hour.

All information with regard to the course should be incorporated leaving no doubt what is expected of and from the student of this course. Information included should be quizzes and the final; reading assignments; out-of-class assignments; and any special instructions.

With regard to the course content and subject matter, it must be recognized that as an entry-level course it is impossible to spend time on all eventualities. As a matter of fact, trying to do so would

be a disservice. It is important that both the student and the instructor recognize that this course is entry-level.

**It is recommended that every student receive a copy of this *Outline* as part of their course materials.**

## **SUGGESTED COURSE CONTENT -- SALESPERSON**

*NOTE: There are changes in this Outline. Comparison should be made with . . . the January 2000 Outline.*

### **I. INTRODUCTION TO THE REAL ESTATE BUSINESS**

#### **A. Real Estate Business -- Many Specializations**

1. Professions
2. Professional Organizations
3. Types of Real Property

#### **B. The Real Estate Market**

1. Market Place
2. Supply and Demand
3. Factors Affecting Supply
4. Factors Affecting Demand

### **II. REAL PROPERTY AND THE LAW**

Laws and regulations pertaining to real estate licensing in West Virginia can be found at

[www.wvrec.org](http://www.wvrec.org)

#### **A. Land, Real Estate and Real Property**

1. Land
2. Real Estate
3. Real Property
  - a. Subsurface Rights
  - b. Surface Rights
  - c. Air Rights



A site pertaining to Real Property can be found at  
[www2.law.cornell.edu](http://www2.law.cornell.edu)

**B. Real Property and Personal Property**

1. Personal Property (Chattels)
2. Classification of Fixtures
  - a. Legal Test of Fixtures
  - b. Trade Fixtures

**C. Characteristics of Real Property**

1. Economic Characteristics
2. Physical Characteristics

**D. Ownership of Real Property (Bundle of Legal Rights)**

**E. Laws Affecting Real Estate Practice**

1. Laws of Contracts
2. General Property Law
3. Law of Agency
4. Real Estate License Act and Legislative Rules
5. Unauthorized Practice of Law
6. Zoning
7. Condemnation
8. Eminent Domain

A site pertaining to Law can be found at  
[www.wvrec.org](http://www.wvrec.org)

### **III. CONCEPTS OF HOME OWNERSHIP**

Sites pertaining to Home Ownership can be found at

[www.hud.gov](http://www.hud.gov)

[www.hud.gov/offices/hsg/index.cfm](http://www.hud.gov/offices/hsg/index.cfm)

[www.va.gov](http://www.va.gov)

#### **A. Types of Housing**

#### **B. Factors Influencing Home Ownership**

1. Mortgage Terms
2. Ownership Expenses and Ability to Pay
3. Investment Considerations
4. Tax Benefits
  - a. Tax Deductions
  - b. Capital Gains

#### **C. Housing Affordability**

#### **D. Homeowner's Insurance**

1. Characteristics of Homeowners' Packages
2. Coverage and Claims

#### **E. Federal Flood Insurance Program**

#### **F. Mine Subsidence**

### **IV. AGENCY**

Sites pertaining to Agency can be found at

[www.wvrec.org](http://www.wvrec.org)

[www.ired.com/](http://www.ired.com/)

[www.law.cornell.edu/states/index.html](http://www.law.cornell.edu/states/index.html)

#### **A. Law of Agency**

#### **B. Fiduciary Responsibilities**

- C. Creation of Agency**
- D. Termination of Agency**
- E. Types of Agency Relationships**
  - 1. Limitations on an Agent's Authority
  - 2. Disclosure of Agency
  - 3. Single Agency
  - 4. Dual Agency
  - 5. Agency Statutes
- F. Customer-Level Services**
  - 1. Duties to the Third Party
  - 2. Environmental Hazards
  - 3. Opinion versus Facts
  - 4. Latent Defect
  - 5. Stigmatized Properties
- G. State and Local Considerations**

**V. REAL ESTATE BROKERAGE**

Sites pertaining to Real Estate Brokerage can be found at

[www.wvrec.org](http://www.wvrec.org)

[www.us.doj.gov/atr](http://www.us.doj.gov/atr)

[www.realnet.com](http://www.realnet.com)

- A. History of Brokerage**
- B. Real Estate License Law and Legislative Rules**
- C. Real Estate Brokerage**
  - 1. Broker

2. Business Forms
  - a. Sole Proprietorship
  - b. Corporation
  - c. Partnership
  - d. Independent
  - e. Franchise
3. Operation
4. Legal Rights and Obligations
5. Real Estate Technologies
6. Broker-Salesperson Relationship
7. Independent Contractor versus Employee Status
8. Broker's Compensation
9. Salesperson's Compensation
10. Transactional Brokerage
11. Antitrust Laws

## **VI. LISTING AGREEMENTS AND BUYER REPRESENTATION**

Sites pertaining to listing agreements and buyer representation can be found at

[www.wvrec.org](http://www.wvrec.org)

[www.rebac.net/right.htm](http://www.rebac.net/right.htm)

[www.naeba.org/](http://www.naeba.org/)

- A. Listing Agreements
- B. Termination of Listings
- C. The Listing Process
- D. The Listing Contract Form

- E. Listing Agreement Issues
- F. Buyer Agency Agreements
- G. Buyer Representation Issues

## **VII. INTERESTS IN REAL ESTATE**

A site pertaining to Interests in Real Estate can be found at  
[www.wld.com/conbus/weal/wemindon.thm](http://www.wld.com/conbus/weal/wemindon.thm)

### **A. Limitations on the Rights of Ownership**

### **B. Government Powers**

1. Police Power
2. Eminent Domain
3. Taxation
4. Escheat

### **B. Estates in Land**

1. Fee Simple Estate
  - a. Fee Simple Absolute
  - b. Fee Simple Defeasible
2. Life Estate
  - a. Conventional Life Estate
  - b. Pur Autre Vie
  - c. Remainder and Reversion
  - d. Legal Life Estate

**C. Encumbrances**

1. Liens
2. Deed Restrictions
3. Easements
4. Licenses
5. Encroachments

**D. Water Rights**

1. Riparian Rights
2. Littoral Rights
3. Accretion, Erosion, and Avulsion
4. Doctrine of Prior Appropriation

**VIII. FORMS OF REAL ESTATE OWNERSHIP**

Sites pertaining to real estate ownership can be found at

[www.law.cornell.edu/uniform](http://www.law.cornell.edu/uniform)

[www.realtor.com](http://www.realtor.com)

**A. Forms of Ownership****B. Ownership in Severalty****C. Co-Ownership**

1. Tenancy in Common
2. Joint Tenancy
3. Terminating Joint Tenancy
4. Ownership by Married Couples
  - a. Tenancy by the Entirety
  - b. Community Property Rights

**D. Trusts**

1. Living and Testamentary Trusts
2. Land Trusts

**E. Ownership of Real Estate by Business Organizations**

1. Partnerships
2. Corporations
3. Syndicates and Joint Ventures
4. Limited Liability Companies (LLC and LLP)

**F. Condominiums, Cooperatives, and Time-Shares**

1. Condominium Ownership
2. Cooperative Ownership
3. Time-Share Ownership

**IX. LEGAL DESCRIPTIONS**

Sites pertaining to real estate legal descriptions can be found at

[www.usgs.gov/](http://www.usgs.gov/)  
[www.law.cornell.edu/](http://www.law.cornell.edu/)

**A. Methods of Describing Real Estate**

1. Metes-and-Bounds Method
2. Rectangular (Government) Survey System
3. Lot-and-Block System

**B. Preparing a Survey****C. Measuring Elevations****D. Land Units and Measurements**

**X. REAL ESTATE TAXES AND OTHER LIENS**

Sites pertaining to real estate taxes and liens can be found at

[www.irs.ustreas.gov](http://www.irs.ustreas.gov)

[www.irs.ustreas.gov/forms\\_pubs/pubs/p172403.htm](http://www.irs.ustreas.gov/forms_pubs/pubs/p172403.htm)

[www.irs.ustreas.gov/prod/bus\\_info/tax\\_pro/irm-part/section/35750a.html](http://www.irs.ustreas.gov/prod/bus_info/tax_pro/irm-part/section/35750a.html)

**A. Liens**

1. Types of Liens
2. Effects of Liens on Title
3. Priority of Liens

**B. Real Estate Tax Liens**

1. General Real Estate Tax (Ad Valorem Tax)
2. Special Assessments (Improvement Taxes)

**C. Other Liens on Real Property**

1. Mortgage Liens (Deed of Trust Liens)
2. Mechanic's Liens
3. Judgments
4. Estate and Inheritance Tax Liens
5. Liens for Municipal Utilities
6. Bail Bond Lien
7. Corporation Franchise Tax Lien
8. IRS Tax Lien

**XI. REAL ESTATE CONTRACTS**

A site pertaining to real estate contracts can be found at

[www.findlaw.com/01topics/07contracts/](http://www.findlaw.com/01topics/07contracts/)

**A. Contract Law**



1. Expressed and Implied Contracts
2. Bilateral and Unilateral Contracts
3. Executed and Executory Contracts
4. Essential Elements of a Valid Contract
5. Validity of Contracts

**B. Discharge of Contracts**

1. Performance of a Contract
2. Assignment
3. Novation
4. Breach of Contract

**C. Contracts Used in the Real Estate Business**

1. Broker's Authority to Prepare Documents
2. Listing and Buyer Agency Agreements
3. Sales Contracts
  - a. Offer
  - b. Counteroffer
  - c. Acceptance
  - d. Binder
  - e. Earnest Money Deposits
  - f. Equitable Title
  - g. Destruction of Premises
  - h. Liquidated Damages
  - i. Parts of a Sales Contract

- j. Additional Provisions
- k. Contingencies
- l. Amendments and Addendums
- m. Disclosures
- 4. Option Agreements
- 5. Land Contracts

## **XII. TRANSFER OF TITLE**

Sites pertaining to the transfer of title can be found at  
[www.realty3.com](http://www.realty3.com)  
[www.financial-info.net/financialpages/](http://www.financial-info.net/financialpages/)

### **A. Title**

### **B. Voluntary Alienation**

- 1. Requirements for a Valid Deed
  - a. Grantor
  - b. Grantee
  - c. Consideration
  - d. Granting Clause (Words of Conveyance)
    - 1. Habendum Clause
    - 2. Legal Description of Real Estate
    - 3. Exceptions and Reservations
    - 4. Signature of Grantor
    - 5. Acknowledgment
    - 6. Delivery and Acceptance
- 2. Execution of Corporate Deeds

3. Types of Deeds
  - a. General Warranty Deed
  - b. Special Warranty Deed
  - c. Bargain and Sale Deed
  - d. Quitclaim Deed
  - e. Deed in Trust
  - f. Trustee's Deed
  - g. Reconveyance Deed
  - h. Deed Executed Pursuant to a Court Order
4. Transfer Tax Stamps

**C. Involuntary Alienation**

**D. Transfer of a Deceased Person's Property**

1. Transfer of Title by Will
2. Transfer of Title by Descent
3. Probate Proceedings

**XIII. TITLE RECORDS**

A site pertaining to title records can be found at  
[www.glorerecords.blm.gov/](http://www.glorerecords.blm.gov/)

**A. Public Records**

1. Recording
2. Notice
3. Priority
4. Unrecorded Documents

5. Chain of Title
6. Title Search and Abstract of Title
7. Marketable Title

**B. Proof of Ownership**

1. Certificate of Ownership
2. Title Insurance
3. The Torrens System

**C. Uniform Commercial Code**

**XIV. REAL ESTATE FINANCING: PRINCIPLES**

Sites pertaining to real estate financing can be found at

[www.financial-info.net/financialpages/](http://www.financial-info.net/financialpages/)

[www.mortgagemag.com](http://www.mortgagemag.com)

**A. Mortgage Law**

**B. Security and Debt**

1. Mortgage Loan Instruments
2. Hypothecation
3. Deed of Trust

**C. Provisions of the Note**

1. Interest
2. Usury
3. Loan Origination Fee
4. Discount Points
5. Prepayment

**D. Provisions of the Mortgage Document or Trust Deed**

1. Duties of the Mortgagor or Trustor
2. Provisions for Default
3. Assignment of the Mortgage
4. Release of the Mortgage Lien or Deed of Trust
5. Tax and Insurance Reserves
6. Assignments of Rents
7. Buying Subject to or Assuming a Seller's Mortgage or Deed of Trust
8. Alienation Clause
9. Recording a Mortgage or Deed of Trust
10. Priority of a Mortgage or Deed of Trust

**E. Provisions of Land Contracts****F. Foreclosure**

1. Methods of Foreclosure
2. Deed in Lieu of Foreclosure
3. Redemption
4. Deed to Purchaser at Sale
5. Deficiency Judgment

**XV. REAL ESTATE FINANCING: PRACTICE**

Sites pertaining to real estate financing can be found at

[www.dir.yahoo.com/Business and Economy/Real Estate/Financing/](http://www.dir.yahoo.com/Business_and_Economy/Real_Estate/Financing/)

[www.excite.com/home and real estate/finance/](http://www.excite.com/home_and_real_estate/finance/)

[www.lycos.com/realestate/](http://www.lycos.com/realestate/)

[www.fanniema.com](http://www.fanniema.com)

[www.ginniema.gov](http://www.ginniema.gov)

[www.freddiema.com](http://www.freddiema.com)

**A. Introduction to the Real Estate Finance Market****B. The Primary Mortgage Market**

1. Thrifts, Savings Associations, and Commercial Banks
2. Insurance Companies
3. Credit Unions
4. Pension Funds
5. Endowment Funds
6. Mortgage Banking Companies
7. Mortgage Brokers

**C. The Secondary Mortgage Market**

1. Federal National Mortgage Association (FNMA, “Fannie Mae”)
2. Government National Mortgage Association (GNMA, “Ginnie Mae”)
3. Federal Home Loan Mortgage Corporation (FHLMC, “Freddie Mac”)

**D. Financing Techniques**

1. Straight Loans
2. Amortized Loans
3. Adjustable-Rate Mortgages (ARMs)
4. Balloon Payment Loan
5. Growing-Equity Mortgages (GEMs)
6. Reverse-Annuity Mortgages (RAMs)

**E. Loan Programs**

1. Conventional Loans
2. Private Mortgage Insurance

3. FHA-Insured Loans
4. VA-Guaranteed Loans
5. Agricultural Loan Programs

**F. Other Financing Techniques**

1. Purchase-Money Mortgages
2. Package Loans
3. Blanket Loans
4. Wraparound Loans
5. Open-End Loans
6. Construction Loans
7. Sale-and-Leaseback
8. Buydowns
9. Home Equity Loans

**G. Financing Legislation**

1. Truth-in-Lending Act and Regulation Z
2. Equal Credit Opportunity Act (ECOA)
3. Community Reinvestment Act of 1977 (CRA)
4. Real Estate Settlement Procedures Act (RESPA)

**H. Computerized Loan Origination and Automated Underwriting**

**XVI. LEASES**

Sites pertaining to leases can be found at

[www.law.cornell.edu/topics/landlord\\_tenant.html](http://www.law.cornell.edu/topics/landlord_tenant.html)  
[www.hud.gov](http://www.hud.gov)

**A. Leasing Real Estate****B. Leasehold Estates**

1. Estate for Years (Tenancy for Years)
2. Estate from Period to Period (Periodic Tenancy)
3. Estate at Will (Tenancy at Will)
4. Estate at Sufferance (Tenancy at Sufferance)

**C. Lease Agreements**

1. Requirements of a Valid Lease
  - a. Offer and Acceptance
  - b. Consideration
  - c. Capacity to Contract
  - d. Legal Objectives
2. Possession of Premises
3. Use of Premises
4. Term of Lease
5. Security Deposit
6. Improvements
7. Maintenance of Premises
8. Destruction of Premises
9. Assignment and Subleasing
10. Recording a Lease
11. Options



**D. Types of Leases**

1. Gross Lease
2. Net Lease
3. Percentage Lease
4. Other Types of Leases

**E. Discharge of Lease**

1. Breach of Lease
2. Pro-Tenant Legislation

**F. Fair Housing and Civil Rights Laws**

(See Chapter 20 of *Galaty* or Chapter 18 of *Geschwender* for greater detail)

**XVII. PROPERTY MANAGEMENT**

Sites pertaining to property management can be found at

[www.irem.inter.net/welcome.html](http://www.irem.inter.net/welcome.html)

[www.boma.org/index.htm](http://www.boma.org/index.htm)

**A. The Property Manager**

1. Securing Management Business
2. The Management Agreement

**B. Professional Associations****C. Management Functions**

1. Budgeting Expenses
2. Renting the Property
3. Selecting Tenants
4. Maintaining Good Relations with Tenants
5. Maintaining the Property

6. Handling Environmental Concerns
7. The Americans with Disabilities Act

**D. Risk Management**

1. Security of Tenants
2. Types of Insurance
3. Claims

**XVIII. REAL ESTATE APPRAISAL**

Sites pertaining to real estate appraisal can be found at  
[www.appraisalfoundation.org/](http://www.appraisalfoundation.org/)  
[www.appraisalinstitute.org/](http://www.appraisalinstitute.org/)

**A. Appraising**

1. Regulation of Appraisal Activities (Federal/State)
2. Competitive Market Analysis (CMA)

**B. Value**

1. Market Value
2. Basic Principles of Value

**C. The Three Approaches to Value**

1. The Sales Comparison Approach (Market Data Approach)
2. The Cost Approach
3. The Income Approach

**D. Reconciliation**

**E. The Appraisal Process**

**F. Uniform Residential Appraisal Report**

**G. The Appraisal Process****XIX. LAND-USE CONTROLS AND PROPERTY DEVELOPMENT**

Sites pertaining to land-use controls can be found at

[www.hud.gov/fha/fhaintld.html](http://www.hud.gov/fha/fhaintld.html)

[www.hud.gov/hoyland.html](http://www.hud.gov/hoyland.html)

**A. Land Use Controls****B. The Comprehensive Plan****C. Zoning**

1. Zoning Ordinances

2. Zoning Permits

**D. Building Codes and Certificate of Occupancy****E. Subdivision**

1. Regulation of Land Development

2. Subdivision Plans

3. Subdivision Density

4. Private Land-Use Controls

**F. Regulation of Land Sales**

1. Interstate Land Sales Full Disclosure Act

2. State Subdivided-Land Sales Laws

**XX. FAIR HOUSING AND ETHICAL PRACTICES**

Sites pertaining to fair housing and ethical practices can be found at

[www.fairhousing.com/legal\\_research/index.htm](http://www.fairhousing.com/legal_research/index.htm)

[www.hud.gov/fairhsg1.html](http://www.hud.gov/fairhsg1.html)

[www.usdoj.gov/crt/ada/adahom1.htm](http://www.usdoj.gov/crt/ada/adahom1.htm)

[www.supct.law.cornell.edu/supct/html/97-1992.ZS.html](http://www.supct.law.cornell.edu/supct/html/97-1992.ZS.html)

[www.supct.law.cornell.edu/supct/html/97-1943.ZS.html](http://www.supct.law.cornell.edu/supct/html/97-1943.ZS.html)

[www.hud.gov/hdiscrim.html](http://www.hud.gov/hdiscrim.html)

[www.hud.gov/bshelf7.html](http://www.hud.gov/bshelf7.html)

**A. Equal Opportunity in Housing****B. Fair Housing Act**

1. Definitions
2. Exemptions to the Fair Housing Act
3. Equal Credit Opportunity Act
4. Americans with Disabilities Act

**C. Fair Housing Practices**

1. Blockbusting
2. Steering
3. Advertising
4. Appraising
5. Redlining
6. Intent and Effect

**D. Enforcement of the Fair Housing Act**

1. State and Local Enforcement Agencies
2. Threats or Acts of Violence

**E. Implications for Brokers and Salespeople****F. Professional Code of Ethics****XXI. ENVIRONMENTAL ISSUES AND THE REAL ESTATE TRANSACTION**

Sites pertaining to environmental issues in real estate can be found at

[www.hud.gov/hhchild.html](http://www.hud.gov/hhchild.html)

[www.epa.gov/](http://www.epa.gov/)

[www.nsc.org/ehc/lead.htm](http://www.nsc.org/ehc/lead.htm)

[www.epa.gov/iedweb00/radon/pubs/citguide.html](http://www.epa.gov/iedweb00/radon/pubs/citguide.html)

[www.us.ohio-state.edu/~steen/allergy/EPA\\_indoor\\_airguide.html](http://www.us.ohio-state.edu/~steen/allergy/EPA_indoor_airguide.html)

[www.es.epa.gov/oeca/ag/aglaws/super.html](http://www.es.epa.gov/oeca/ag/aglaws/super.html)

**A. Environmental Issues****B. Hazardous Substances**

1. Asbestos
2. Lead-Based Paint and Other Lead Hazards
3. Radon
4. Urea-Formaldehyde
5. Carbon Monoxide
6. Polychlorinated Biphenyls
7. Mold
8. Electromagnetic Fields

**C. Groundwater Contamination****D. Underground Storage Tanks****E. Waste Disposal Sites****F. Old Industrial Sites****G. CERCLA and Environmental Protection**

1. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
2. Superfund Amendments and Reauthorization Act

**H. Liability of Real Estate Professionals**

1. Discovery of Environmental Hazards
2. Disclosure of Environmental Hazards

**XXII. CLOSING THE REAL ESTATE TRANSACTION**

Sites pertaining to closing the real estate transaction can be found at [www.hud.gov/fha/sfh/res/respa\\_hm.html](http://www.hud.gov/fha/sfh/res/respa_hm.html)

[www.hud.gov/fha/sfh/res/respafaq.html](http://www.hud.gov/fha/sfh/res/respafaq.html)  
[www.realtor.com/closing/default.asp](http://www.realtor.com/closing/default.asp)

**A. Pre-Closing Procedures**

1. Buyer's Issues
2. Seller's Issues
3. Title Procedures

**B. Conducting the Closing**

1. Face-to-Face Closing
2. Closing in Escrow
3. IRS Reporting Requirements
4. Broker's Role at Closing
5. Lender's Interest in Closing

**C. RESPA Requirements**

1. Controlled Business Arrangements
2. Disclosure Requirements

**D. Preparation of Closing Statements**

1. How the Closing Statement Works
2. Accounting for Expenses

**E. Prorations**

1. The Arithmetic of Prorating
2. Accrued Items
3. Prepaid Items
4. General Rules for Prorating

**F. Sample Closing Statement**

1. Basic Information of Offer and Sale
2. The Uniform Settlement Statement

**XXIII. INTRODUCTION TO REAL ESTATE INVESTMENT**

Sites pertaining to real estate investment can be found at

[www.bonds.about.com](http://www.bonds.about.com)

[www.nareit.com](http://www.nareit.com)

**A. Investing in Real Estate**

1. Advantages of Real Estate Investment
2. Disadvantages of Real Estate Investment

**B. The Investment**

1. Appreciation
2. Income

**C. Leverage**

1. Equity Buildup
2. Pyramiding Through Refinancing

**D. Tax Benefits**

1. Capital Gains
2. Exchanges
3. Depreciation (Cost Recovery)
4. Deductions
5. Installment Sales

**E. Real Estate Investment Syndicates**

**F. Real Estate Investment Trusts**

**G. Real Estate Mortgage Investment Conduits**

**XXIV. REAL ESTATE LICENSE LAW AND REGULATIONS**

A site pertaining to licensing procedures in West Virginia can be found at

[www.wvrec.org](http://www.wvrec.org)

**A. West Virginia Real Estate License Law; WV Code §30-40**

1. §30-40-1. Legislative findings.
2. §30-40-2. Short title.
3. §30-40-3. License required.
4. §30-40-4. Definitions.
5. §30-40-5. Scope of practice; exceptions.
6. §30-40-6. Commission created; membership; appointment and removal of members; qualifications; terms; organization.
7. §30-40-7. General powers and duties.
8. §30-40-8. Rule-making authority.
9. §30-40-9. Fees; special revenue account; administrative fines.
10. §30-40-10. Civil liability for commission members; liability limitations of person reporting to commission.
11. §30-40-11. Application for license.
12. §30-40-12. Qualifications for broker's license.
13. §30-40-13. Qualifications for salesperson's license.
14. §30-40-14. Prelicense education.
15. §30-40-15. Licensing nonresidents.
16. §30-40-16. Continuing professional education.
17. §30-40-17. Place of business; branch offices; display of certificates; custody of license certificates; change of address; change of employer by a salesperson or associate broker; license certificates; term of license.
18. §30-40-18. Trust fund accounts.
19. §30-40-19. Refusal, suspension or revocation of a license.
20. §30-40-20. Complaints; investigation.
21. §30-40-21. Hearings; judicial review; cost of proceedings.



22. §30-40-22. Penalties for violations.
23. §30-40-23. Single act evidence of practice.
24. §30-40-24. Injunctions; criminal proceedings.
25. §30-40-25. Collection of compensation.
26. §30-40-26. Duties of licensees.
27. §30-40-27. Duration of existing licenses.
28. §30-40-28. Continuation of commission.

**B. TITLE 174, SERIES 1, 2 & 3**

1. §174-1-1. General.
2. §174-1-2. Definitions.
3. §174-1-3. License Fees.
4. §174-1-4. License Certificates.
5. §174-1-5. Branch Offices.
6. §174-1-6. Cancellations And Transfers.
7. §174-1-7. Qualifications For Real Estate Broker's License.
8. §174-1-8. Office Signs.
9. §174-1-9. Advertising.
10. §174-1-10. Trade And Fictitious Names.
11. §174-1-11. Offer Of Inducements And Gifts.
12. §174-1-12. Location Of Office.
13. §174-1-13. Renewal Of License.
14. §174-1-14. Examinations.
15. §174-1-15. Complaints.
16. §174-1-16. Trust Funds.
17. §174-1-17. Commingling Defined.
18. §174-1-18. Closing Statements.
19. §174-1-19. Requirements Of Broker.
20. §174-1-20. Court Action.
21. §174-1-21. Bad Checks.

- 22. §174-1-22. Agency Disclosure.
- 23. §174-2-1. General.
- 24. §174-2-2. Schedule of Fees.
- 25. §174-3-1. General.
- 26. §174-3-2. Definitions.
- 27. §174-3-3. Real Estate Courses, Course Providers and Instructors.

## **XXV. LICENSING PROCEDURES IN WEST VIRGINIA**

A site pertaining to licensing procedures in West Virginia can be found at [www.wvrec.org](http://www.wvrec.org)

### **A. Application**

1. Submit a completed “Application for License as a Real Estate Salesperson” with appropriate original attachments.
2. Provide proof of successful completion of an approved ninety (90) clock hours (six credit hours) pre-licensing real estate education course within the past five years.
3. Do not submit any fees with application.
4. Have you been convicted of any criminal offense; been refused a real estate license in another state; been a party to any real estate litigation?

### **B. Examination**

1. Examination held monthly in the Charleston Civic Center.
2. Examination and Reexamination fee - \$25.00 (due day of examination).
3. Rules (**Regulation § 174-1-14.3**)
  - a. Examinees may not refer to any notes, books, or memoranda.
  - b. The examinee must show all computations on the blank page of the examination worksheet.
  - c. The copying of questions or the making of notes is prohibited.
  - d. Examinees may not talk or ask questions of another examinee during the course of the examination.

4. Passing grade for salesperson - 75%.  
Passing grade for broker - 80%.
5. Results mailed the week after the examination. Do not call the Commission office for examination results.
6. Reexamination (**Regulation § 174-1-14.4**)
  - a. The Commission will give a notice of failure to an applicant who fails to attain a passing grade on the first examination.
  - b. The Commission will schedule a second examination and will give the applicant written notice of when and where to appear.
7. Payment of License Fee (**Regulation § 174-1-14.6**)
  - a. An applicant for a real estate license, upon successful passing the examination, must pay the required license fee within ninety (90) days from the date of sitting for the examination.

### **C. Licensing of Corporations and Partnerships**

### **D. Licensing of Nonresidents and/or Reciprocity**

### **E. License Renewal**

1. Real estate licenses in West Virginia are valid through the last day of June.
2. Licenses must be renewed every year.
3. An actively licensed real estate licensee must complete the continuing education requirement during each licensing period excluding the year subsequent to passing their examination.

## **XXVI. MATHEMATICS FOR THE EXAMINATION**

Sites pertaining to real estate mathematics can be found at

[www.dearbornRE.com](http://www.dearbornRE.com)

[www.swcollege.com](http://www.swcollege.com)

### **A. Introduction to Calculators**

### **B. Fractions, Decimals, and Percentages**

### **C. Proration**

**D. Measurement**

**E. Profit and Loss**

**F. Taxation**

**G. Ratio and Proportion**

**H. Loan Payments**

**I. Discount**

**J. Commissions**



**TERMINOLOGY (Illustrative Only)**

Abstract	Constructive Notice	Fiduciary
Abstract of Title	Contingencies	Fixture
Actual Notice	Contract	Foreclosure
Ad Valorem Tax	Conventional Loan	Freddie Mac
ADA	Corporation	GEM
Adverse Possession	Cost Approach	General Lien
Agency	Counteroffer	Ginnie Mae
Agent	Curtesy	GPM
Air Rights	Customer	Grantee
Amortized Loan	Datum	Granting Clause
Antitrust Laws	Deed of Trust	Grantor
Appraisal	Deed Restrictions	Gross Lease
Appreciation	Default	Guaranteed VA Loan
Appurtenant Easement	Density	Habendum Clause
ARM	Depreciation	Home Equity Loan
Asbestos	Disclosure	Homestead
Avulsion	Dower	HUD
Bail Bond Lien	Dual Agency- Disclosed	Hypothecation
Basis	Dual Agency-	Income Approach
Benchmark	Undisclosed	Intent
Bilateral Contract	Earnest Money	Involuntary Lien
Binder	Easement by Necessity	IRS Tax Lien
Blanket Loan	Easement in Gross	Joint Tenancy
Blockbusting	Economic Characteristic	Judgement
Boundary by Agreement	Effect	Land
Broker	Emblements	Law of Agency
Brokerage	Eminent Domain	Law of Contract
Building Codes	Encroachments	Lien
Bundle of Legal Rights	Encumbrance	Lien Theory
Buydowns	Equitable Title	Liquidated Damages
Capital Gain	Equitable Lien	Littoral Water Rights
Chain of Title	Equity	Living Trust
Chattel	Escheat	Market Value
Client	Escrow	Master Plan
Closing	Exclusive Agency	Mechanic's Lien
Code of Ethics	Listing	Metes and Bounds
Common Law	Exclusive Right to Sell	Modified Lien Theory
Common Property	Fair Housing Act	Mortgage Lien
Condemnation	Fannie Mae	Mortgagee
Conditional-Use Permit	Fee Simple Absolute	Mortgagor
Condominium	Fee Simple Defeasible	Net Lease
Consideration	FHA Insured Loan	Net Listing
Construction Loan	FHA	Non-Conforming Use

Novation  
 Open Listing  
 Open-End Loan

Ownership in Severalty  
 Partnership  
 Party Wall Easement  
 Percentage Lease  
 Physical Characteristic  
 Principle  
 Probate  
 Property Manager  
 Quitclaim Deed  
 Radon  
 RAM  
 Real Estate  
 Real Property  
 Reconveyance Deed  
 Redlining  
 Remainder  
 RESPA  
 Restrictive Covenants  
 Reversionary Interests  
 Riparian Water Rights

Sale and Leaseback  
 Sales Approach  
 Salesperson  
 SAM  
 Special Assessment  
 Specific Lien  
 Statute of Frauds  
 Statutory Lien  
 Statutory Law  
 Steering  
 Straight Loan  
 Subsurface Rights  
 Supply and Demand  
 Surface Rights  
 Survivorship  
 Syndicate  
 Tax Deduction  
 Tenancy by Entirety  
 Tenancy in Common  
 Testamentary Trust  
 Time is of the Essence

Title Theory  
 Title Search  
 Title  
 Torrens System  
 Trade Fixture  
 Trust Deed Lien  
 Truth-in-Lending  
 Unenforceable Contract  
 Unilateral Contract  
 Urea-Formaldehyde  
 Usury  
 Valid Contract  
 Value  
 Variance  
 Vendee  
 Vendor  
 Void Contract  
 Voidable Contract  
 Voluntary Lien  
 Wraparound Loan  
 Zoning

