

STRANDS AND STANDARDS

REAL ESTATE



Course Description

Students will be introduced to real estate basics that include the scope of the real estate business, usage of the land, land description, ownership, contracts, deeds, mortgages, title search and closes, liens, financing sources, the appraisal process, investments in real estate, and the sales and marketing process. Students will broach real estate marketing and sales through ethics, human, employee, and customer relations, the use of product knowledge, and the use of advertising and the media. Exposure to real estate terminology, forms, and contracts is an integral part of this class.

Intended Grade Level	10-12
Units of Credit	.5
Core Code	37.01.00.00.220
Concurrent Enrollment Core Code	NA
Prerequisite	None
Skill Certification Test Number	411
Test Weight	.05
License Area of Concentration	Secondary Education 6-12
Required Endorsement(s)	
Endorsement 1	Business, Finance & Marketing (CTE/General)
Endorsement 2	Business, Finance & Marketing Essentials

STRAND 1

Introduction to Real Property/ Real Estate

Students will identify key components of the History in Real Estate through exploring the concepts of human culture, real property, and the characteristics and uses of land.

Standard 1

Describe the development of human cultures and its role in real estate

- Evolution of human culture and land
- How did private property and land ownership become important
- What is the **Homestead Act**: Signed by President Lincoln, allowed Americans to purchase land in the Western US.

Standard 2

Describe the difference between real and personal property

- **Real Property**: Rights associated with ownership of land and all permanent attachments to land
- **Personal Property**: An individual's personal items. Objects that are not permanently affixed to the land or structure

Standard 3

Develop an understanding of the characteristics of land.

The three main descriptions of land are the following.

- **Indestructibility**: Land is durable. Only improvements on the land can be destroyed, not the land itself
- **Uniqueness**: No two pieces of land are the same. Land has different locations, different types of buildings, and different shapes of property
- **Immobility**: A physical characteristic of land in that it cannot be moved from its location

Standard 4

Explain the many uses of land

- **Residential Property**: Land zoned specifically for living or dwelling of individuals and households
 - **Single Family**: free-standing non-attached dwelling
 - **Multi-Family**: attached dwelling where residents share walls
 - Condominiums / Townhomes
- **Commercial Property**: Land used for commerce and business
- **Agriculture Property**: Land used for grazing and farming
- **Public lands**: Land that benefits all citizens and is managed by Government Agency such as BLM (Bureau of Land Management), Schools, Post Office

Performance Skills

Compare and contrast the values of living in each of the different types of Residential Properties.

STRAND 2

The Nature of Real Property

Students will understand the nature of “Real” property.

Standard 1

Describe and define property attachments

- **Fixtures:** Personal property which has been attached to real estate so as to become part of the real property.

The attachment must meet at least one of three conditions:

1. Attached in a permanent manner.
2. Specifically adapted to the property. or
3. Intentionally made part of the real property.

- **Annexation:** Attaching personal property to real property, so that it becomes part of the real property (a fixture) as it pertains to the law.
- **Attachments:** anything affixed to the land.

Explain Adaptation of the Item and Methods of Adaptation: (Method of attachment, adaptation of the realty, relationship of the parties, Intention of the annexure, agreement in writing)

Standard 2

Identify the current and historical methods of land descriptions.

- Describe the purpose and usage of a legal description.
- Explain the nature of a land survey
- Identify common methods of land description in legal documents, including the following.
 - **Metes and Bounds Method:** A system of land description using distance (metes) and angles/ compass directions (bounds), beginning and ending at the same point
 - **Government Land Survey Method:** A system of land description in some states that uses meridians (north and south lines) and baselines (east and west lines). Areas include quadrangles (24 miles on each side), townships (6 miles on each side), and sections (1 mile on each side). Also known as the “Rectangular Survey Method”.
 - **Recorded Map Method:** A subdivision map filed with the county recorder’s office that shows the location and boundaries (lot and block number) of individual parcels of land.
- Identify the Great Salt Lake Base and Meridian for the state of Utah.
- Know the number of sections in a **township** (a parcel of land that is six miles square, containing 36 sections); the number of acres in a **section**, one-mile square containing 640 acres, and the number of square feet in an acre (43,560).

Performance Skills

Write a description of property using the government land survey method and be able to identify it on a township map

SECTIONS IN A TOWNSHIP

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

DIVISIONS OF A SECTION

NW ¼ NW¼	NE ¼ NW¼	NE ¼ Section 160 acres	
SW ¼ NW¼	SE ¼ NW¼ 40 acres		
N ½ SW¼		W ½ SE¼	E ½ SE¼ 80 acres
S ½ SW¼ 80 acres			

STRAND 3

Real Estate and the Economy

Students will understand the macro and micro economics of the real estate sector.

Standard 1

Define economics in real estate both macro and micro.

- **GDP** Gross Domestic Product is the total monetary or market value of all the finished goods and services produced within a country’s borders in a one-year time period.
- **Sector** An area of the economy in which businesses share the same general or related business activity, product, or service.
- **Industry** organizations involved in the production of goods and services for a particular field. Industries are usually categorized by the goods and services they produce.
- **Supply and Demand** economics, the relationship between the quantity of a product that producers wish to sell at various prices and the quantity that consumers wish to buy. It is the main model of price determination used in economic theory.

Describe and define the economic characteristics that influence land value.

- **Scarcity:** inadequate or limited supply for real estate in a particular area.
- **Permanence:** the long-term and relatively stable investment in property.
- **Location:** each parcel of land is unique and apart from all others, so to is the competition (supply and demand) for each parcel, and may be influenced by area’s convenience, reputation, and history.
- **Improvements:** man-made additions to real property
- Identify the Real Estate industry in the larger context of the GDP and its relative share of the U.S. GDP.
- Explain homeownership in the context of the American Dream and identify macro trends.
- Explore whether the “American Dream” is becoming more or less attainable for the average American.

Standard 2

Define the following terms in reference to home ownership vs. leasing

- **Home Equity:** the fair market value of a property, less any mortgage balances or existing liens, or monies owed.
- Additional expenses: taxes, **HOA**, fees, repairs and maintenance, finance and insurance.
 - **HOA** is a nonprofit association made-up of homeowners in a subdivision's architectural covenants and community affairs.

Describe the following ideas as they relate to home ownership or leasing.

- Tax benefits
- Owners rights
- Tenant rights
- Mobility
- Upfront Costs
- Property upkeep expense and responsibility
- Describe the advantages/disadvantages of home ownership vs. leasing.

Performance Skills

Students will evaluate local real estate values and trends by exploring the market and identifying which parts of the market are rising and/or falling.

Potential ideas:

- Create a local real estate market monopoly board.
- Create a graphic organizer or spreadsheet comparing local real estate markets and their values.

STRAND 4

Fundamentals of Ownership and Real Estate Contract Law

Students will understand methods of property ownership and real estate contracts.

Standard 1

Explain the different types of estates and a bundle of rights:

- **Bundle of Rights**
 - **Disposition:** which is the right to sell or give the property to another.
 - **Enjoyment:** which is the right to possess the property without outside interference.
 - **Exclusion:** which is the right to keep others from using the property.
 - **Possession:** which is the right to occupy the property.
 - **Control:** which is the right to legally use the property by the owner how they see fit.
- Describe the difference in water rights and define the following terms.
 - **Riparian Water Rights:** Right to water running on or adjacent to the property owned such as a river.
 - **Littoral Water Rights:** Right to body of water bordering the property owned such as a lake.
 - **Appropriative Water Rights:** Right to water that can be diverted to the property owned such as canals and irrigation systems.
- **Freehold estates:** Ownership of real property for an unspecified amount of time
 - **Fee-simple:** Highest form of real property ownership.
 - **life estate:** Ownership of real property that is limited in duration to the life of the owner and identifies who receives the property after the owner's death.
- **Leasehold estates:** Grants possession and other rights, but not ownership, for a specified time

Standard 2

Describe the different types of property ownership.

- Sole Ownership
- Co-Ownership
 - **Joint Tenancy:** Co-owners share all property rights and interests equally with rights of survivorship.
 - **Rights of Survivorship:** Transfer of ownership and rights to remaining co-owner(s) upon the death of a co-owner.
 - **Tenancy in Common:** Co-owners own a designated share of the property without rights of survivorship.

Standard 3

Understand the fundamentals of real estate contracts.

- Define **contract:** A legally binding agreement between two or more parties to do or not to do certain things
- Examine the essential elements of a real estate contract:
 - **Offer:** A specific proposal to enter into an agreement with another.
 - **Acceptance:** Expression of willingness to be bound, such as a handshake, signature, or “yes.”
 - **Genuine Agreement:** A “meeting of the minds” as to the terms of the contract.
 - **Consideration:** A “bargained for” promise, such as money, property, services, or an agreement not to act.
 - **Legal Purpose:** all elements of the contract must be legally enforceable.
 - **Capacity:** The competence to enter into an agreement. Issues include mental competency, intoxication, language barriers, and minor status.
 - In writing because of the **Statute of Frauds**
- Define and distinguish between **valid, void, voidable, and breach** in relation to contracts.
 - **Valid:** Contract contains all the essential elements and therefore is binding on all parties.
 - **Void:** Contract lacks one or more of the essential elements and therefore is not binding on any of the parties.
 - **Voidable:** One of the parties to a contract can challenge one or more of the essential elements and therefore has the right to affirm or disaffirm the contract.
 - **Breach:** When one party in a contract fails to deliver according to the terms of the agreement.
- Review the Utah Real Estate Purchase Contract:
 - **Earnest Money Deposit:** Funds deposited by the buyer representing good faith to make the purchase.
 - Offer to Purchase
 - Acceptance/Counter Offer/Rejection
- Review elements of a basic lease agreement

Standard 4

Describe the transferring ownership and deeds and define essential terms.

- **Title:** Legal right to ownership of real property. This is not a document
- **Deed:** Evidence of ownership of real property. This is a document showing the transfer of ownership.
- Identify the uses and different types of deeds
 - Warranty Deed
 - Special Warranty Deed
 - Quit Claim Deed
 - Trustee’s Deed

- Involuntary Transfer
 - Adverse possession
 - Eminent domain
- Describe the facilitation or transfer of ownership
 - **Escrow:** Neutral third party holds funds and documents until all elements of the transfer are complete.
 - **Title Insurance:** Protects lenders and property owners from financial loss arising from defects in a title.
 - Closing Costs
 - Settlement Statement

Performance Skills

- Students will identify essential elements of a contract that are found in the Utah Real Estate Purchase Contract.
- Students will identify essential elements of a contract that are found in a standard lease agreement.

STRAND 5

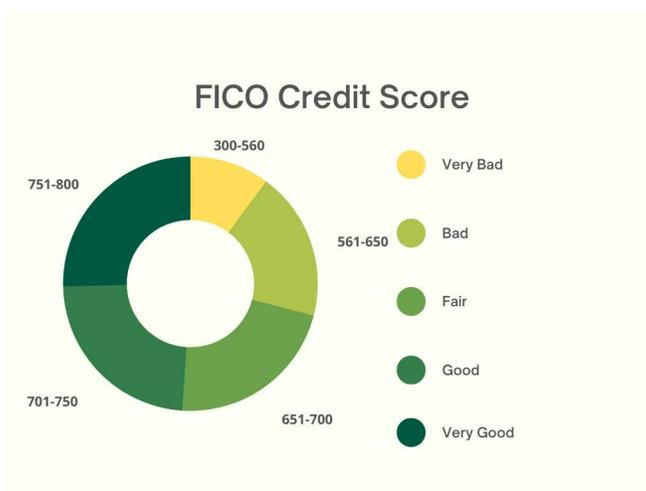
Real Estate Financing and Appraisal

Students will understand the financial components involved in Real Estate including credit, home mortgages, appraisals, and property as an investment.

Standard 1

Develop an understanding of credit by defining and providing examples of the following terms in relation to credit.

- Define the following terms in relation to credit and home ownership.
 - **Credit Score:**
- The **4 C's of Creditworthiness**
 - character:
 - capacity:
 - capital:
 - collateral:
- Explain how your credit can affect your real estate loan.
 - **FICO: Fair Isaac Corporation**
 - **APR: Annual Percentage Rate**



Standard 2

Explain the various sources of funds for a home mortgage

- Variety outlets: banks, credit unions, mortgage brokers
- Identify the most common types of mortgages & terms of payment. (i.e. 15 years vs. 30-year period)
 - Conventional Mortgage loan
 - Federal Housing Administration (FHA)
 - Veteran Affairs (VA)
- Explain the elements of a monthly mortgage payment.
 - **Principal, interest, taxes, and insurance (PITI)**,
 - Identify and explain **private mortgage insurance (PMI)**
- Identify the qualifying ratios
 - **Loan to Value (LTV)**
 - **Debt to Income Ratio**
- Identify and explain closing costs associated with getting a home loan (mortgage)

CALCULATING LOAN TO VALUE



Loan Amount
e.g. \$300,000

①



Property Value
e.g. \$400,000

②



LTV Ratio
e.g. 0.75
 $0.75 \times 100 = 75\%$

③

Standard 3

Describe what an Appraisal is and its significance in a home mortgage

- Define the term **Appraisal** and the three appraisal approaches:
 - Market Comparison
 - Cost
 - Income Capitalization
- Differentiate between a formal and informal Appraisal
- Define a **Competitive Market Analysis (CMA)**

Standard 4

Explore the different types of property investments

- Compare and contrast the financial risks and rewards of various property investments
 - long term rental income approach
 - short term income approach
 - flipping (purchasing, improving, and reselling property)
 - vacation rentals

Performance Skills (choose 2 of 3)

- Students will research mortgage loans by comparing and contrasting banks, types of loans and the costs associated with closing.
- Students will research current trends for residential living and investment properties
- Complete a Competitive Marketing Analysis

STRAND 6**Real Estate Marketing**

Students will understand the method and process of buying and selling real property.

Standard 1

Describe marketing concepts in relation to selling a property.

- Determine significant factors that make a house marketable for purchase and future resale
 - Location
 - Kitchen
 - Lot size
 - Bedrooms
 - Square footage
- Understand the AIDA model (attention, interest, desire, action)
- Analyze buying motives when purchasing a home (rational, emotional, patronage).
- Explore the Pros and Cons of marketing your home For Sale By Owner (**FSBO**)

Standard 2

Understand the relationship between the Broker and Agent and their responsibility to their client.
Define the following terms in association with a real estate brokerage

- **Agency:**
- **Fiduciary:**
- Commission splits
- Listing agreements
- Seller disclosure
- Ethical duties:
 - Realtor® Code of Ethics

Standard 3

Explain and describe the purpose of the different types of insurance affiliated with real estate

- Homeowners
- Earthquake
- Flood
- Credit-life insurance
- Rental insurance

Performance Skills

- Create an advertising promotional tool to communicate the features and to promote a specific property.
- Evaluate a scenario to problem-solve the best real estate insurance for three different properties.

STRAND 7

Real Estate Careers in the CTE Finance Pathway-Students will identify the courses that will help them to be pathway completers as well as potential careers in real estate and investing.

Standard 1

Career opportunities in real estate and associated careers.

- Compare and contrast the variety of supporting employment opportunities including
 - Real estate agents
 - Brokers
 - Lenders
 - Title insurance
 - Appraisers
 - Property Developers
 - Construction personnel

Standard 2

Describe the Finance pathway and the course offering at your school that allow students to become a pathway completer.

Finance Pathway

- Identify the “Explorer” courses offered at your school
- Identify the “Concentrator” courses taught at your school
- Identify the “Completer” course for the Finance Pathway

Standard 3

Certifications, Licenses, and Degrees in Real Estate and Investing

In-house training from real estate brokerages to sponsor the professional exams.

Certifications and Licenses

Some require a four-year degree as well as a trade license

- Real Estate Broker
- Real Estate Agent
- Appraisers
- Mortgage Brokers
- Title License
- Property Management

Degrees Available

Explore the potential programs in your region that are associated with real estate.

- Urban Planning
- Real Estate Law
- Architecture
- Master in Real estate development (U of U)

Standard 4

Careers in Real Estate and Investing

Explore current job postings in this field to introduce students to the fact that this is a high-wage high demand field.

Skill Certification Test Points by Strand

Test Name	Test #	Number of Test Points by Strand										Total Points	Total Questions
		1	2	3	4	5	6	7	8	9	10		

Test Name	Test #	Percentage Points by Strand										Total Points	Total Questions
		1	2	3	4	5	6	7	8	9	10		