

**VIRGINIA SALES PRELICENSURE COURSE
OUTLINE**

I. Contracts

- A. Definitions
- B. Categories of Contracts
 - 1. Expressed vs. Implied
 - 2. Valid vs. Void and Voidable
 - 3. Bilateral vs. Unilateral
 - 4. Executed vs. Executory
- C. Requirements for a Valid Contract
 - 1. Consideration
 - 2. Agreement
 - a. Fraud
 - b. Innocent Misrepresentation
 - c. Mistake
 - 3. Legal Objective
 - 4. Legally Competent Parties
- D. Methods of Discharging Contracts
 - 1. Assignment
 - 2. Novation
 - 3. Termination
 - a. Mutual Agreement
 - b. Expiration of Time
 - c. Rescission of a Voidable Contract
 - d. Operation of Law
 - (1) Destruction of Property
 - (2) Bankruptcy
 - (3) Death
- E. Statute of Frauds
- F. Option Contracts
- G. Breach of Contracts
 - 1. Definition
 - 2. Remedies for Breach
 - a. Partial Performance
 - b. Rescission
 - c. Sue for Specific Performance
 - d. Sue for Damages
 - e. Liquidated Damages
 - 3. "Time is of the Essence" Clause
- H. Types of Contracts
 - 1. Contract of Sale
 - a. Earnest Money
 - b. Time Limits
 - c. Acceptance
 - 2. Back-up Contract
 - 3. Binder
 - 4. Installment Contract

II. Nature of Property

- A. Classification of Property
 - 1. Real Property
 - 2. Personal Property
- B. Real Property Ownership
 - 1. Types of Real Property
 - a. Residential

- b. Commercial
 - c. Industrial
 - d. Agricultural
 - e. Special Purpose
 - 2. Systems of Ownership
 - a. Feudal
 - b. Allodial
 - 3. Interests in Land
 - a. Estates in Land
 - (1) Freehold Estates
 - (2) Estates Less than Freehold
 - b. Government Interests in Land
 - (1) Eminent Domain
 - (2) Taxation
 - (3) Police Power
 - (4) Escheat
- C. Fixtures
 - 1. Definition
 - 2. Tests Used in Court
 - a. Attachment
 - b. Adaptation
 - c. Agreement
 - 3. Trade Fixtures
- D. Transferring Property
 - 1. Deed
 - 2. Bill of Sale
- E. Plants, Trees, and Crops
 - 1. Fructus Naturales
 - 2. Fructus Industriales (Emblements)
- F. Appurtenances
- G. Water Rights
 - 1. Riparian Rights
 - 2. Littoral Rights
- H. Chattel
- I. Types of Estates in Land
 - 1. Freehold Estates
 - a. Fee Estates
 - (1) Fee Simple
 - (2) Qualified Fee
 - b. Life Estate
 - (1) Voluntary Life Estates
 - (a) Pur Autre Vie (For Another's Life)
 - (b) Life Estate in Reversion
 - (c) Life Estate in Remainder
 - (2) Statutory Life Estates (Involuntary Estates)
 - (a) Dower
 - (b) Curtesy
 - (c) Homestead Protection
 - 2. Estates Less than Freehold
 - a. Estate for Years
 - b. Periodic Estate
 - c. Estate at Will
 - d. Tenancy at Sufferance
- J. Forms of Ownership
 - 1. Sole Ownership (Estate in Severalty)
 - 2. Concurrent Ownership

- a. Joint Tenancy
 - (1) Four Unities
 - (a) Possession (Unity of)
 - (b) Interest (Unity of)
 - (c) Time (Unity of)
 - (d) Title (Unity of)
 - (2) Survivorship
 - b. Tenancy in Common
 - c. Tenancy by the Entirety
 - d. Community Property
 - e. Partitioning of Ownership
3. Ownership by Corporations

III. Encumbrances

A. Easements

- 1. Types of Easements
 - a. Easement Appurtenant
 - (1) Dominant Estate
 - (2) Servient Estate
 - b. Easement in Gross
 - c. Party Wall Easement
- 2. Creation of Easements
 - a. Private Grant
 - b. Prescription
 - c. Condemnation
 - d. Reservation
 - e. Necessity
- 3. Termination of Easements
 - a. Release
 - b. Abandonment
 - c. Vacation
 - d. Merger
 - e. Expiration

B. Licenses

C. Encroachments

- 1. Types of Encroachments
 - a. Trespass
 - b. Nuisance
- 2. Discovering an Encroachment
 - a. Survey
 - b. Observation

D. Liens

- 1. Types of Liens
 - a. Mortgage Liens
 - b. Tax Liens
 - (1) Ad Valorem Tax Liens
 - (2) Special Assessment Tax Liens
 - (3) Federal Income Tax Liens
 - c. Mechanic's Liens
 - d. Judgment Liens
 - e. Deficiency Judgment Liens
- 2. Categories of Liens
 - a. Voluntary vs. Involuntary
 - b. General vs. Specific
- 3. Priority of Liens

E. Transfer of Encumbered Property

IV. Community Ownership

A. Condominiums

1. Separate Property
2. Common Property
3. Self Government

B. Cooperatives

C. Planned Unit Developments (PUD's)

D. Resort Timeshare Developments

1. Right-to-Use
2. Fee Simple Ownership
3. Club Plan

V. Property Description

A. Recorded Subdivision Plat Maps

B. Metes and Bounds

C. Government Rectangular Survey

D. Informal References

VI. Title to Property

A. Definitions

1. Title
2. Abstract of Title
3. Marketable Title
4. Chain of Title

B. Public Records

1. Constructive Notice
2. Actual Notice
3. Recording

C. Torrens Land Titles

D. Title Insurance

1. Owner's Title Insurance
2. Mortgagee's Title Insurance

E. Transfer of Title

1. Deeds

a. Elements of a Deed

b. Types of Deeds

(1) General Warranty Deed

(a) Covenant of Seizin

(b) Covenant Against Encumbrances

(c) Covenant of Quiet Enjoyment

(d) Covenant of Further Assistance

(e) Covenant of Warranty of Title

(2) Special Warranty Deed

(3) Bargain and Sale Deed

(4) Quitclaim Deed

c. Preparation of Deeds

d. Acknowledgment of Deeds

2. Inheritance

3. Adverse Possession

a. Requirements for Possession

(1) Exclusive

(2) Continuous

(3) Hostile

(4) Open

b. Tacking

- c. Preventing Adverse Possession
- 4. Acts of Nature
 - a. Accretion
 - (1) Alluvion
 - (2) Reliction
 - b. Erosion
 - c. Avulsion

VII. Leasing and Property Management

- A. Basic Principles of Leases
 - 1. Landlord (Lessor)
 - 2. Tenant (Lessee)
- B. Types of Leases
 - 1. Gross Lease
 - 2. Net Lease
 - 3. Percentage Lease
 - 4. Graduated Lease
 - 5. Index Lease
 - 6. Sandwich Lease
- C. Contract vs. Economic Rent
- D. Essentials of a Valid Lease
- E. Termination of a Valid Lease
 - 1. Expiration
 - 2. Mutual Agreement
 - 3. Destruction or Condemnation of Property
 - 4. Breach of Contract
 - a. Actual Eviction
 - b. Constructive Eviction
- F. Assignment and Subletting

VIII. Land Use Controls

- A. Public Land Use Controls
 - 1. Zoning Ordinances
 - a. Non-Conforming Use
 - b. Variance
 - c. Master Plan
 - 2. Building Codes
 - 3. Percolation Test
- B. Private Land Use Controls
 - 1. Deed Restrictions
 - 2. Enforcement

IX. Real Property Taxation

- A. Ad Valorem Taxes
- B. Special Assessment Taxes
- C. Exempt Properties
- D. Federal Income Taxes
 - 1. Deductions
 - a. Residential Property
 - b. Business Property
 - 2. Tax on Sale of Property
 - a. Capital Gain
 - b. Exclusion of Gain
 - c. Tax Deferred Exchanges

X. Agency

- A. Definitions
 - B. Types of Agency
 - 1. Universal Agency
 - 2. General Agency
 - 3. Special Agency
 - C. Creation of an Agency
 - 1. Listing Agreements
 - a. Exclusive Right to Sell
 - b. Exclusive Agency
 - c. Open Listing
 - d. Net Listing
 - 2. Termination of Agency
 - a. Revocation or Renunciation
 - b. Expiration of Listing Period
 - c. Agreement of Parties
 - d. Death of Either Party
 - e. Incapacity of Either Party
 - f. Extinction of Property
 - D. Responsibilities to Principal
 - 1. Loyalty to Principal
 - 2. Obedience to Principal
 - 3. Written Offers Must Be Submitted
 - 4. Personally Act for Principal
 - 5. Account for All Monies
 - 6. Inform Principal of All Material Facts
 - 7. Not Be Negligent
 - E. Responsibilities to Third Party
 - 1. Full Disclosure
 - 2. Honesty
 - 3. Integrity
 - 4. Fairness
 - F. Dual Agency
 - G. Commingling
 - H. Earning of Commission
 - I. Miscellaneous Agency Topics
 - 1. Power of Attorney
 - 2. Gratuitous Agent
 - 3. Setting Commission Rates
 - 4. Payment of Commission to Salesperson
 - 5. Safety Clause
 - 6. Agency With an Interest
 - 7. Advance Fee Listing
 - 8. Multiple Listing Service
- XI. Agency Relationships in Practical Application
- A. Types of Agency Relationships
 - 1. Single Agency Relationship
 - a. Seller's Agent
 - b. Buyer's Agent
 - 2. Agent-Subagent Relationship
 - 3. Dual Agency Relationship
 - B. Disclosing Agency Relationships
 - 1. Seller's Agent Working With Buyer or Buyer's Agent
 - 2. Buyer's Agent Working With Seller or Seller's Agent
 - 3. Dual Agent
 - C. Obligation to Principal

1. Obligation of Listing Agent (Seller's Agent) to Principal (Seller)
 2. Obligation of Subagent to Principal (Seller)
 3. Obligation of Buyer's Agent to Principal (Buyer)
- D. Handling Listings
1. Showing Another Firm's Listing
 - a. Establish Your Firm's Agency Relationship
 - (1) Subagent
 - (2) Buyer's Agent
 - b. Establish Agreement on Payment of Commission
 - c. Gather Information About Property
 - d. Obtain Special Instructions on Showing Property
 2. Handling Your Own Listings
 - a. Payment of Commissions
 - b. Handling Earnest Money
 - c. Drafting Offers
 - d. Presenting Offers
 - e. Loan Placement
- E. Dual Capacity
- F. Multiple Listing Services
- G. Agency Relationships in Virginia
1. Definitions
 2. Obligations of Licensees
 - a. To Clients
 - b. To Customers
 - c. Licensees as Property Managers
 3. Brokerage Relationships
 - a. Creation and Termination
 - b. Disclosure
 2. Dual Representation
 3. Designated Representation
 4. Compensation
 5. Liability

XII. Virginia Law

- A. Virginia License Law and Board Rules and Regulations
1. Real Estate Board
 2. General Licensing Requirements
 - a. Licensure Requirements for Individuals
 - (1) Salespersons
 - (a) General Requirements
 - (b) Education Requirements
 - (2) Brokers
 - (a) General Requirements
 - (b) Education and Experience Requirements
 - b. Licensure by Reciprocity
 - c. Concurrent Licenses
 - d. Business Entity License
 - (1) Firm License
 - (2) Salesperson License
 - e. Licensing Exemptions
 - f. License Fees in General
 - (1) Application Fees
 - (2) Renewal Fees
 - (3) Reinstatement Fees
 - g. Obtaining a License
 - (1) License Renewal

- (2) License Reinstatement
 - (3) License Lapse
 - h. Continuing Education
 - 3. Requirements for Principal Brokers
 - a. Name of Business
 - b. Place of Business
 - (1) Branch Office
 - (2) Main Office
 - (3) Signage
 - c. Change of License Information
 - d. Escrow Accounts
 - (1) Requirements
 - (2) Record Keeping
 - e. Death or Disability of a Broker
 - f. Advertising
 - 4. Requirements for Individual Licensees
 - a. Change of Address
 - b. Change of Status
 - (1) Active to Inactive
 - (2) Inactive to Active
 - c. Disclosure by Licensee
 - d. Contract Preparation
 - 5. Standards of Conduct
 - a. Grounds for Disciplinary Action
 - b. Disclosure of Interest
 - c. Disclosure of Brokerage Relationships
 - d. Licensees Dealing on Own Account
 - e. Provision of Records to Board
 - f. Response to Inquiry of Board
 - g. Unworthiness and Incompetence
 - h. Conflict of Interest
 - i. Improper Brokerage Commission
 - j. Improper Dealing
 - k. Misrepresentation/Omission
 - l. Delivery of Instruments
 - m. Record Keeping and Escrow Funds
 - n. Principal and Supervising Broker's Responsibility for Acts of Licensees and Employees
 - o. Effects of Disciplinary Action of Subordinate Licensees
 - 6. Complaints
 - 7. Virginia Real Estate Transaction Recovery Fund
 - a. Purpose
 - b. Maintenance
 - c. Assessments
 - d. Claims Procedures
 - e. Limitations on Recovery
 - f. Penalty
- B. Seller Disclosures
- 1. Virginia Residential Property Disclosure Act
 - a. Disclosure/Disclaimer Requirements
 - b. Exemptions
 - c. Owner Liability
 - d. Responsibilities of Licensees
 - 2. Megan's Law
 - 3. Residential Lead-Based Paint
 - a. Definitions
 - b. Disclosure Requirements

- c. Sellers/Lessors
 - d. Real Estate Licensees
 - e. Exclusions
 - f. Record Keeping Requirements
 - g. Penalties
 - C. Virginia Residential Landlord and Tenant Act
 - D. Virginia Condominium Act
 - 1. Creation of a Condominium
 - 2. Public Offering Statement
 - 3. Transfer of Ownership
 - 4. Resale
 - E. Virginia Time-Share Act
 - 1. Creation of a Time-Share
 - 2. Public Offering Statement
 - 3. Transfer of Ownership
 - 4. Resale
- XIII. Fair Housing
- A. Fair Housing Laws
 - 1. Civil Rights Act of 1866
 - 2. Fair Housing Act of 1968
 - a. Steering
 - b. Blockbusting
 - c. Properties Covered
 - 3. Fair Housing Amendments Act of 1988
 - 4. Enforcement
 - B. Obeying Fair Housing Laws in Daily Business Practices
 - 1. Understand Fair Housing Laws
 - 2. Monitor Intent and Effects of Actions
 - 3. Develop Safeguards to Avoid Common Fair Housing Violations
 - a. Blockbusting
 - b. Improper Listings
 - c. Refusal to Show Property to Minorities
 - d. Steering
 - e. Advertising
 - f. Less Favorable Treatment of Minority Prospects
 - C. Additional Regulations
 - 1. Equal Credit Opportunity Act
 - 2. State and Local Laws
 - 3. Code of Ethics of the National Association of REALTORS®
 - D. Virginia Fair Housing Law
 - 1. Illegal Acts
 - 2. Enforcement
 - 3. Penalties
 - 4. Exemptions
- XIV. Americans With Disabilities Act
- A. Protected Individuals
 - B. Title I (Employment Provisions)
 - 1. Entities Covered by Title I
 - 2. Enforcement
 - 3. Obligations of Employers
 - a. Avoid Discrimination Based on Disability
 - b. Provide Reasonable Accommodations
 - c. Restrict Inquiries About Individual's Disability
 - C. Title III (Public Accommodations Provisions)

1. Entities Covered by Title III
 2. Enforcement
 3. Obligations of Public Accommodations
 - a. Avoid Discrimination Based on Disability
 - b. Modify Policies and Procedures
 - c. Provide Auxiliary Aids
 - d. Remove Barriers
 4. Standards for New Construction and Alterations
- XV. Pricing of Real Property
- A. Pricing vs. Appraisal
 - B. Basic Concepts
 1. Market Value
 2. Market Price
 3. Elements of Value
 - a. Demand
 - b. Utility
 - c. Scarcity
 - d. Transferability
 4. Characteristics of Land
 - a. Immovable
 - b. Indestructible
 - c. Non-homogeneous
 - C. Principles of Value which Affect Pricing
 1. Anticipation
 2. Substitution
 3. Highest and Best Use
 4. Competition
 5. Supply and Demand
 - a. Buyer's Market
 - b. Seller's Market
 6. Diminishing Marginal Returns
 7. Conformity
 - D. Miscellaneous Topics
 1. Assemblage vs. Plottage
 2. Regression vs. Progression
 - E. Basic Approaches to Pricing
 1. Market Data Approach
 2. Cost Approach
 - a. Reproduction vs. Replacement Cost
 - (1) Square Foot Method
 - (2) Unit in Place Method
 - (3) Quantity Survey Method
 - b. Depreciation
 - (1) Physical Deterioration
 - (2) Functional Obsolescence
 - (3) Economic (External) Obsolescence
 - (4) Curable vs. Incurable Defects
 3. Income Approach
 - a. Definition and Use of Income Approach
 - b. Capitalization
 4. Gross Rent Multiplier
 5. Reconciliation
 - F. Application of the Market Data Approach
 1. Definition and Use of Market Data Approach
 2. Sources of Information on Similar Properties

- a. Multiple Listing Services
- b. Professional Reporting Services
- c. Company Records
- d. Neighborhood Observation
- e. Homes Currently on Market
- 3. Effects of Financing on Price
- 4. Steps in Completing Market Analysis Worksheet
 - a. Obtain Information on Subject Property
 - b. Obtain Information on Comparable Properties
 - c. Complete Worksheet
 - d. Make Adjustments to Comparable Values
 - e. Assign "Weights" to Comparable Values
 - f. Use Current and Expired Listings
- G. Application of Replacement Cost Method
 - 1. Definition and Use of Replacement Cost Method
 - 2. Information Needed
 - a. Present Replacement Cost
 - (1) Square Footage of Property
 - (2) Replacement Cost Factor
 - b. Depreciation
 - c. Land Value
 - 3. Steps in Replacement Cost Method
 - a. Calculate Present Replacement Cost
 - b. Subtract Depreciation
 - c. Add Land Value
 - d. Determine Final Value

XVI. Real Estate Financing

- A. Financing Instruments
 - 1. Promissory Notes
 - a. Prepayment Clause
 - b. Acceleration Clause
 - 2. Mortgages
 - a. Hypothecation
 - (1) Title Theory
 - (2) Lien Theory
 - (3) Intermediate Theory
 - b. Essential Elements
 - (1) Parties to the Mortgage
 - (a) Borrower (Mortgagor)
 - (b) Lender (Mortgagee)
 - (2) Granting Clause
 - (3) Defeasance Clause
 - c. Optional Elements
 - (1) Covenants
 - (a) Covenant to Pay Taxes
 - (b) Covenant of Insurance
 - (c) Covenant Against Removal
 - (d) Covenant of Good Repair
 - (e) Covenant of Re-entry
 - (2) Alienation Clause (Due on Sale Clause)
 - d. Assumption of Mortgages
 - 3. Other Mortgage Documents
 - a. Certificate of Estoppel
 - b. Certificate of Reduction
- B. Priority of Loans

- C. Foreclosure
 - 1. Judicial Foreclosure
 - a. Sheriff's Sale
 - b. Deficiency Judgment
 - c. Statutory Redemption
 - d. Deed in Lieu of Foreclosure
 - 2. Non-Judicial Foreclosure
- D. Deed of Trust
 - 1. Parties
 - a. Lender (Beneficiary)
 - b. Borrower (Trustor)
 - c. Third Party (Trustee)
 - 2. Clauses
 - a. Reconveyance Clause
 - (1) Release Deed (Type of Quitclaim Deed)
 - (2) Marginal Release
 - b. Power-of-Sale Clause
- E. Loan Definitions
 - 1. Principal
 - 2. Interest
 - 3. Term
 - 4. Principal Balance
 - 5. Equity
- F. Types of Loans
 - 1. Term Loan
 - 2. Amortized Loan
 - 3. Partially Amortized Loan
 - 4. Budget Loan (PITI)
 - a. Principal
 - b. Interest
 - c. Taxes
 - d. Insurance
 - 5. Package Loan
 - 6. Purchase Money Loan
 - 7. Open-End Loan
 - 8. Blanket Loan
 - a. Partial Release Clause
 - 9. Graduated Payment Loan
 - a. Negative Amortization
 - 10. Adjustable Rate Loan
 - 11. Wraparound Loan
 - 12. Buydown Loan
 - 13. Construction Loan
 - a. Subordination of Construction Loans
 - 14. Shared Equity Loan
 - 15. Reverse Annuity Loan
 - 16. Sale and Leaseback
- G. Sources of Funds
 - 1. Primary Mortgage Market
 - a. Savings and Loan Associations
 - b. Mortgage Companies
 - (1) Mortgage Brokers
 - c. Commercial Banks
 - d. Private Lenders
 - e. Insurance Companies
 - f. Municipal Bonds

- 2. Secondary Mortgage Market
 - a. Federal National Mortgage Association (FNMA)
 - b. Government National Mortgage Association (GNMA)
 - c. Federal Home Loan Mortgage Corporation (FHLMC)
- 3. Loan Discounting
 - a. Purpose of Discounting
 - b. Discount vs. Points
 - c. Factors Affecting Discount Rates
 - d. Getting Information on Discount Rates
- H. Loan Practices
 - 1. Loan-to-Value Ratio
 - a. Conventional Loans
 - b. FHA Loans
 - c. VA Loans
 - 2. Loan Charges (Closing Costs)
 - a. Origination Fees
 - b. Attorney's Fees
 - c. Lender's Title Insurance
 - d. Appraisal Fee
 - e. Credit Report Fee
 - f. Survey
 - g. Recording Fees
 - h. Pictures
 - i. Amortization Schedule
 - j. Discount Points
- I. Financing Methods
 - 1. Conventional Loans
 - a. Characteristics of Conventional Loans
 - (1) Loan-to-Value Ratios
 - (2) Down Payment
 - (3) Private Mortgage Insurance (PMI)
 - (a) Conditions Requiring PMI
 - (b) Payment of PMI
 - (4) Maximum Loan Amount
 - (5) Interest Rate
 - (6) Discount Points
 - (7) Loan Term
 - (8) Closing Costs
 - (9) Escrow Account
 - (10) Secondary Financing
 - (11) Loan Processing
 - (12) Conventional Appraisals
 - (a) Requirements for Conducting Appraisals
 - (b) Limitations on Use
 - (c) Contracts in Excess of Appraised Value
 - (13) Eligible Properties
 - b. Calculations
 - (1) Loan-to-Value Ratios
 - (2) Loan Amounts
 - (3) Down Payments
 - (4) PMI
 - 2. FHA Loans
 - a. Role and Function of Federal Housing Administration (FHA)
 - b. Loan Programs
 - c. Characteristics of FHA Loans
 - (1) Private Mortgage Insurance

- (2) Cash Investment
 - (3) Loan Amount
 - (4) Interest Rate
 - (5) Discount Points
 - (6) Maximum Term
 - (7) Closing Costs
 - (8) Escrow Account
 - (9) Loan Processing
 - (10) FHA Appraisals
 - (a) Minimum Property Requirements
 - (b) Conditional Commitment
 - (c) Contracts in Excess of Appraised Value
 - (11) Restrictions
 - (a) Second Mortgages
 - (b) Prepayment Penalties
 - (c) Due on Sale Clauses
3. VA Loans
- a. Role and Function of the Department of Veterans Affairs (VA)
 - b. VA Loan Characteristics
 - (1) Maximum Loan Amount
 - (2) Down Payment
 - (3) Maximum Term
 - (4) Interest Rate
 - (5) Discount Points
 - (6) Closing Costs
 - (7) Funding Fee
 - (8) Escrow Account
 - (9) Restrictions
 - (a) Prepayment Penalties
 - (b) Due on Sale Clauses
 - (10) VA Appraisals
 - (a) Certificate of Reasonable Value (CRV)
 - (b) Contracts in Excess of CRV
 - (11) Eligible Properties
4. Loan Assumptions
- a. Two Types of Loan Assumptions
 - (1) Assuming and Agreeing to Pay
 - (2) Taking Subject to Existing Loan
 - b. When to Use an Assumption
 - (1) Assumability of Loan
 - (2) Loan-to-Value Ratio
 - (3) Seller Willing to Assist in Financing
 - (4) Mortgage Money Not Available
 - (5) Buyer Unable to Obtain Loan
 - (6) Decreased Property Value
 - (7) More Favorable Interest Rate
 - c. Lender Requirements for Loan Assumptions
 - (1) Loan Transfer Fee
 - (2) Warranty Deed
 - (3) Insurance
 - (4) Escrow Account
 - d. Advantages and Disadvantages of Loan Assumptions
 - (1) To Seller
 - (2) To Buyer
5. Alternative Financing
- a. Role of Alternative Financing

- b. Types of Alternative Financing
 - (1) Flexible Mortgages
 - (2) Adjustable Rate Mortgages
 - (a) Index
 - (b) Margin
 - (c) Interest Rate Adjustment Period
 - (d) Payment Adjustment Period
 - (e) Interest Rate Cap (Periodic Cap)
 - (f) Lifetime Cap
 - (g) Payment Cap
 - (3) Graduated Payment Mortgages
 - (a) FHA Section 245 Program
 - (b) Negative Amortization
 - (4) Buydowns
 - (a) Affect on Borrower's Ability to Qualify
 - (b) Lender Funded Buydowns
 - (5) Partially Amortized Loan (With Balloon Payment)
 - (6) Purchase Money Mortgages (Seller Financing)
 - (7) Wraparound Mortgages
 - (a) Protecting Buyer If Seller Defaults
 - (b) Protecting Seller If Buyer Defaults
 - (8) Land Contracts
 - (9) Owner Refinancing Prior to Sale
 - (10) Lease Options/Lease Purchases

J. Finance Regulations

- 1. Consumer Credit Protection Act (Truth-in-Lending Act)
 - a. Provisions of Act
 - (1) Disclosure of Credit Costs
 - (2) Right to Rescind Some Contracts
 - (3) Regulation of Advertising
 - b. Penalties for Violations
- 2. Real Estate Settlement Procedures Act (RESPA)
 - a. Benefits
 - (1) HUD Information Booklet
 - (2) Good Faith Estimate of Closing Costs
 - (3) HUD Uniform Settlement Statement
 - b. Restrictions
 - (1) Kickbacks
 - (2) Unreasonable Escrow Accounts

XVII. Environmental Hazards

A. Types of Hazards

- 1. Radon
- 2. Formaldehyde Gas
- 3. Asbestos
- 4. Lead
 - a. Residential Lead-Based Paint Hazard Reduction Act
- 5. Groundwater Contamination
 - a. Hazardous Waste Dumps
 - b. Underground Storage Tanks

B. Disclosure Statement

C. Due Diligence Investigation

- 1. Superfund Amendments and Reauthorization Act
- 2. Innocent Landowner Defense

XVIII. Escrow

- A. Definition of Escrow
- B. Characteristics of Escrow
- C. Responsibilities of Escrow Agent
 - 1. Ordering Title Search
 - 2. Collecting Documents from Buyer and Seller
 - 3. Completing Closing Statements
 - 4. Collecting Closing Funds
 - 5. Delivering Deed and Title Insurance Policy to Buyer
 - 6. Reporting Transaction to Internal Revenue Service (IRS)
- D. Closing Statement Entries
 - 1. Debits and Credits
 - 2. Proration
- E. Consumer Real Estate Settlement Protection Act (CRESPA)
 - 1. Purpose
 - 2. Definitions
 - 3. Penalties

XIX. Real Estate Math

- A. Square Miles vs. Miles Square
- B. Measurement Facts
- C. Calculations
 - 1. Commission on Sales
 - 2. Return on Investment
 - 3. Capitalization
 - 4. Loans
 - 5. Cost of Property
 - 6. Sales Price of Property