

# INTRODUCTION

The Scenario is typical of a real estate transaction in California. A bachelor purchases a condo in Lawndale with an FHA loan from a divorced woman. He uses a licensed real estate agent, an escrow officer, a title officer, an appraiser, and a mortgage broker to accomplish the purchase. His purchase was in 1998.

A few years later, in 2001, he gets married. In 2002, the couple decides to sell the condo and buy a single-family home for their residence using the equity acquired from the condo and both of their incomes to qualify for the home. The home is bought using a conventional loan and an owner carry-back second, recorded trust deed.

The party who buys their condo gets a new V.A. loan. The seller of the house they buy will move to Northern California. The Southern California agent uses an industry referral process to aid the home seller in finding another residence. They again use an agent, lender, escrow/title, and appraiser.

For a Real Estate **Appraisal** class, the learner will have to perform two appraisals. The first appraisal is on a typical two-bedroom condo in a highly conforming area where over 100 comparable sales have occurred. The second appraisal is on a single-family residence located on a large, irregular lot in an area where non-conforming is the norm and virtually no true comparable property has recently sold. The accuracy of an appraisal reflects the expertise the appraiser has in knowing how to read the data available on public records to determine if the transaction is an arm's length transfer, or if special financing was involved, and other aspects of adjustments of comparables.

For a Real Estate **Computer Applications** class, the learner will utilize various different software packages to facilitate what industry professional's use in daily business operations.

For a Real Estate **Economics** class, the learner would need to study the sharp increase in prices from 1996 to 2006 (similar to 1975-80 and 1985 to 1990); and also, the cycle of decrease in prices from 1990 to 1996 (similar to 1970 to 1975 and 1980 to 1985). The demographics, the growth and employment of the area/city are part of the necessary elements that create demand--or the lack of demand when studying a particular city in depth, for the purpose of appraisal or investment.

For a Real Estate **Escrow** class, the learner would draw up standard clauses to affect the intent of the parties. Ordering title information and being able to understand the data when it is received is an important element of learning. The accuracy of the closing statement calculated to the penny is a very important learning process. All transactions where a new loan is involved would include a HUD-1 closing settlement statement showing closing costs, in addition to drawing the certified escrow instructions and any necessary amendments.

For a Real Estate **Finance** class, the learner would learn buyer qualifications as related to government and conventional loans, as well as credit information. Basic knowledge of loans from a consumer or a real estate sales point of view are emphasized. The learner is expected to be able to close the loan and be familiar with the necessary documents that would be needed to close escrow.

For an **Investment** class, the learner uses the equity cash available in the property owned assets and analyzes various options to make recommendations on risk versus return choices.

For a **Mortgage Loan Brokering** class, the learner needs to learn about more advanced finance procedures. Loan documents and financial disclosure statements are detailed learning that requires mathematical accuracy. Credit laws, finance charges, fees, and loan servicing involve a different view about real estate financing--more from a broker or lender's view.

For a Real Estate **Practice** class, the learner will need more advanced comprehension involved in a real estate transaction. The learner would need to fill in forms, such as a listing agreement or a deposit receipt and offer to purchase/purchase agreement contract. The learner would need to understand information of public record and be able to identify and understand more complex transfers of ownership and how to interpret the possible events surrounding the documents. Mere identification would be too basic; so, more complex issues are covered, such as the various ways that the couple could take title to a property, contingencies, disclosures, and more.

For a Real Estate **Principles** class, the learner would need to become familiar with the definitions of the real estate vocabulary. The learner would need to learn the basics on how to read a property profile they might receive as a consumer if they bought or sold property. The information of public record describing the number of bedrooms and bathrooms, size of the lot, and size of the house are basic essentials for an introduction to the complex specifics of real estate.

For the **Property Management** class, the learner will prepare operating statements to reflect the income and expenses typical in an accounting software application. The learner also prepares forms such as a rental agreement contract and a Notice to Pay or Quit legal document.

The intent of this learning material is so the learner has the same buyer, the same seller, the same lender, escrow, appraiser, etc. for one continuum of learning, instead of unrelated, fragmented pieces. You play the part for the real estate course you are taking. You are the licensee-agent, or you are the lender, or you are the appraiser! You experience a typical industry transaction, including a referral, and the goal is for you to walk through one complete, common real estate activity. When you complete the materials you will see that an "average" real estate activity is complicated, detailed, and challenging. Completing the various subjects will help you to become a more knowledgeable professional of real estate. You are put in the driver's seat and given the tools and guidance to put all the pieces together!