



## Tennessee Basic Principles of Real Estate 60 Hour Course Outline

### **I. The Real Estate Business**

- Describe real estate activities
- Identify real estate professions
- Define residential, commercial, investment
- Identify primary brokerage activities
- Define specializations
- List skills & knowledge needed
- Identify major professional organizations
- Identify regulated areas
- List general areas of license law

### **II. Rights in Real Estate**

- Define land and real estate
- Distinguish categories of property
- Identify the bundle of rights
- Define air, surface, subsurface & water rights
- Identify areas of government & judicial regulations

### **III. Interests & Estates**

- Define estates in real property
- Define interests & estates in land,
- Distinguish freehold from leasehold estates,
- Describe types of fee simple estate,
- Describe types of life estate,
- Describe types of leasehold estate

#### **IV. Ownership**

- Define the forms of ownership
- Define sole ownership
- Define & distinguish forms of co-ownership
- Describe how joint tenancy is created
- Define the mechanics of an estate in trust
- Identify the features of a land trust
- Define condominium ownership
- Define cooperative ownership
- Define time-share ownership

#### **V. Encumbrances & Liens**

- Define encumbrance
- Identify types and priority of liens
- Describe the types of lien
- Define lien priority
- Describe foreclosure processes
- Describe the types of easements
- Define deed restrictions
- Define encroachment

#### **VI. Transferring & Recording Title**

- Distinguish legal & equitable title
- Define actual and constructive notice
- List & describe processes of voluntary & involuntary transfer
- Describe components of a deed of conveyance
- Identify types of deed
- Identify types of will
- Describe probate processes
- Define title & title records
- Describe the forms of title evidence

## **VII. Real Estate Leases**

- Identify the principal types of leasehold estates
- List the rights & obligations of landlord and tenant
- List the legal requirements of a lease contract
- Describe major lease clauses
- Define the major types of lease
- Define default and termination
- Describe the areas regulated by URLTA

## **VIII. Land Use Planning & Control**

- Describe the goals and process of land use planning
- Describe the zoning & zoning appeals process
- Define the types of zone
- Describe the process of taking by eminent domain
- Describe the major environmental legislation
- Describe the major types of private land use control

## **IX. Legal Descriptions**

- Define legal description
- Describe the metes and bounds method
- Interpret a metes and bounds description
- Describe the rectangular survey method
- Identify ranges, tiers and townships
- Identify sections of a township
- Calculate acreage of fractions of a section
- Describe a section fraction
- Interpret a rectangular survey description
- Describe the recorded plat method
- Describe the use of elevation reference points

## **X. Real Estate Contract Law**

- Identify the basic legal concepts of contracts
- Describe requirements for contract validity
- Describe the creation & termination of contracts

## **XI. Agency**

- Define the agency relationship
- Describe the fiduciary duties of agency
- Identify the forms of real estate agency
- Describe the rules of agency disclosure
- Identify problem areas for real estate agents

## **XII. Listing Agreements**

- Describe the basis of listing agreements in contract and agency law
- Identify the types of listing agreement
- Describe how an agent fulfills an agreement and earns compensation
- Identify the basic provisions of a listing agreement

## **XIII. The Brokerage Business**

- Identify the activities, scope & organization of brokerage
- Identify who may/may not broker real estate
- Define broker-salesperson relationships
- Calculate a commission split

## **XIV. Contracts for the Sale of Real Estate**

- Describe the characteristics and provisions of a contract for sale
- Describe the characteristics and provisions of an option-to-buy contract
- Describe the characteristics of a contract for deed

## **XV. Real Estate Market Economics**

- Describe the elements of the market system
- Define the economic characteristics of real estate
- Describe real estate supply and demand

## **XVI. Appraising & Estimating Value**

- Define real estate value
- Describe economic foundations of real estate value
- Identify major types of value
- Define market value
- Define appraisal
- Describe the appraisal process
- Describe the three approaches to value
- Define comparative market analysis
- Perform basic calculations used in appraisal
- Identify regulated appraisal activities and professional standards

## **XVII. Real Estate Finance**

- Define mortgage financing
- Describe loan transactions
- Calculate loan financial components
- Identify major elements of mortgage & trust deed
- Describe the underwriting & loan application processes
- Describe the major laws that affect mortgage lending
- Calculate the loan amount for which a borrower qualifies
- Describe the primary & secondary mortgage markets
- Describe common loan types and structures

## **XVIII. Real Estate Investment**

- Describe the investment characteristics of real estate
- Identify investment entities & describe the tax treatment of real estate investments
- Perform investment analysis and tax calculations

## **XIX. Real Estate Taxation**

- Identify taxing entities
- Describe ad valorem taxation
- Perform basic tax calculations
- Describe the enforcement of tax liens

## **XX. Closings**

- Describe the process of a real estate closing
- Describe the requirements of RESPA
- Define buyer's & seller's debits and credits
- Define and calculate prorations
- Identify and calculate taxes due at closing
- Complete a closing statement

## **XXI. Real Estate Licensing & Regulation**

- Describe the role of state license law
- Describe the procedure & requirements for obtaining and retaining a real estate license
- Identify services requiring a license
- Identify the types of real estate license
- Describe the role of the state real estate commission

## **XXII. Risk Management**

- Define risk & risk management
- Explain the four basic risk management strategies
- Describe the four primary risk management procedures in real estate practice
- Identify the primary risk areas for real estate licensees

## **XXIII. Real Estate Math**

- Add and multiply fractions;
- Convert decimals and percentages
- Convert fractions and percentages
- Multiplying using percentages

- Calculate area of basic shapes
- Calculate area from legal description
- Calculate commission
- Calculate Goodwill
- Calculate Percentage of Listing Price
- Calculate Earnest Money Deposits
- Calculate Rent Escalations
- Calculate FIRPTA Withholdings
- Adjust Comparables for Appraisals
- Calculate Income Capitalization
- Calculate Loan Amounts, Rates, and Payments
- Calculate Loan-to-Value Ratio
- Calculate Income Underwriting Ratio
- Calculate Debt Underwriting Ratio
- Calculate Points
- Calculate Appreciation
- Calculate Equity
- Calculate Pre-tax Cash Flow
- Calculate Tax Liability
- Calculate Annual Depreciation Expense
- Calculate Capital Gain
- Calculate Return, Rate of Return, and Investment Amount
- Calculate Tax Rate
- Calculate Special Assessments
- Calculate Prorations

#### **XXIV. Tennessee Regulatory Environment**

- Define key terms
- Describe the Tennessee Real Estate Commission
- Identify the Complaint, Notification, and Hearing Process
- Explain the Real Estate Education and Recovery Account

**XXV. Tennessee Licensing Regulation**

- Define Activities Requiring a License
- Describe License Types
- Identify Licensing Requirements
- Explain How to Maintain a License
- Describe the License Renewal Process

**XXVI. Tennessee Brokerage Regulation**

- Define the Broker Salesperson Relationship
- Describe Trust Accounts
- Identify Record Keeping/Handling of Records Requirements
- Explain Advertising and Marketing Laws
- Describe Tennessee Sales Contract Requirements
- Identify Other Brokerage Requirements

**XXVII. Tennessee Agency**

- Define General Tennessee Agency Laws
- Describe Agency Disclosure Procedures
- Explain Handling of Offers
- Describe Material Facts Disclosure
- Identify Additional Required Disclosures

**XXVIII. Other Tennessee Laws**

- Describe Special Areas of Practice
- Define Tennessee Property Management Laws
- Define Tennessee Fair Housing and Human Rights Laws
- Describe Tennessee Environmental Protection Laws
- Describe Tennessee Antitrust Laws
- Define Other Relevant Tennessee Laws