

# WASHINGTON REAL ESTATE FUNDAMENTALS REQUIRED CURRICULUM AND LEARNING OBJECTIVES 60 CLOCK HOURS

## Introduction

Upon completion of this course, the student should be able to:

1. Consider Real Estate as a career
2. Understand contract practices
3. Demonstrate and understand brokerage terms and relationships
4. Demonstrate and clearly understand all applicable listing agreements, legal practices, laws
5. Identify and demonstrate the selling process
6. Demonstrate and explain the Real Estate valuation process, Finance terms, and practices
7. Thorough understanding of the escrow and settlement processes
8. Demonstrate the understanding of leasing, property management, and the residential landlord tenant act
9. Thorough understanding of the Real Estate license RCWs and WACs
10. Demonstrate understanding and empathy of Fair Housing issues and consumer protection

## Real Estate as a Career

Upon completion of this section, the student should be able to:

1. Explain the services of various types of real estate companies.
2. Identify related business activities associated with real estate.
  - a. Describe various occupations within the industry including (but not limited to) title work, property management, mortgage broker, etc. and identify which government agency has oversight of each.
3. Identify factors involved in successfully pursuing real estate as a career.
4. Identify the various local, state, and national agencies involved in regulating the real estate industry.
  5. Explain the differences and identify specific responsibilities for independent contractors and employees.
6. Identify professional trade associations (including code of ethics) within the real estate industry and explain why they differ from regulatory agencies.
7. Be able to explain the differences in nomenclature for licensees including broker, managing broker, designated broker, and branch manager.
8. Explain in which cases would you as a real estate licensee, might need to involve another
9. "practitioner" rather than perform the function yourself (e.g., to avoid Dual Agency, CMA vs. Appraiser; Home Inspections).
10. Identify real estate business activities or professions in Washington where one is required to hold a broker's license (after 2010)

## Property Ownership, Rights, Interests and Land Use Controls

Upon completion of this section, the student should be able to:

1. Define and describe land, real estate, real property, personal property, surface rights, subsurface rights, air rights and water rights.
2. Define fixtures, including trade fixtures and apply the legal tests of a fixture.
3. Identify various forms/types of housing.
4. Discuss separation of rights of possession and use under different forms of ownership.
5. Itemize the factors that influence home ownership.
6. Define the concept of real estate as a “bundle of legal rights”.
7. List and define the sources of law relating to real property in the United States and provide examples.
8. Name and define the powers of government that may limit ownership of real property. Provide examples of typical restrictions under each.
9. Describe the various types of estates in land and provide examples of estates in each group.
10. Define fee simple, determinable fee, and fee simple subject to condition subsequent.
11. Describe a conventional life estate and differentiate between remainder interests and reversion interests.
12. Define ownership in severalty.
13. Define forms of co-ownership including:
  - Community property
  - Joint tenancy
  - Tenancy by the entirety
  - Tenancy in common
  - Dower and curtesy
  - Land trusts
14. Define ways in which business organizations can hold ownership of real property including:
  - Partnerships
  - Joint ventures
  - Corporations
  - Cooperatives
  - Condominiums
  - Limited liability companies and partnerships
  - Syndications
  - Real estate investment trusts
15. Describe the provisions of homestead laws.
16. Define and be able to differentiate the terms:
  - Encumbrances, lien, deed restriction, encroachment, easement, etc.

17. Describe the creation and termination of easements including by necessity, prescription and condemnation.
18. Describe a license and its effect on real property
19. Define the following forms of liens:
  - Voluntary
  - Involuntary
  - Statutory
  - Equitable
  - General
  - Specific
20. Describe and explain the effects of a lien as an encumbrance on title to real property.
21. Give an example of the priority of liens on a title.
22. State the differences between general taxes and special assessment taxes.
23. Describe how a governmental body determines and assesses amount of property taxes.
24. Identify the procedures for enforcing tax liens.
25. Describe and give examples of construction liens (mechanic's liens and material-men's liens)
26. Describe judgments and their effect on titles.
27. Name and define the methods by which land use is controlled.
28. Describe the aspects of police power that enable public use and control of land.
29. State the purposes and typical provisions of a comprehensive plan.
30. Discuss the problems of private land use control through deed restrictions.
31. Explain land use control through direct public ownership.

## Contract Practices

Upon completion of this section, the student should be able to:

1. Define the Real Estate term contract.
2. Describe the creation of an express contract and an implied contract.
3. State the differences between a bilateral contract and a unilateral contract.
4. Classify a contract as being either executed or executory.
5. Define and illustrate the legal effects of contracts: valid, void, voidable, and unenforceable.
6. List the essential elements of a valid contract.

7. Define the phrase “time is of the essence” as it pertains to performance of a contract.
8. Define “statute of limitations” and the “statute of frauds” as they relate to real estate contracts.
9. Discuss the differences between assignment and novation.
10. Name and describe the differences on how a contract can be discharged or terminated.
11. Describe the rights of both parties if default by either party.
12. Explain and describe the various contracts used in the real estate business:
  - Listing agreements
  - Purchase and sale agreements/earnest money agreements
  - Option agreements
  - Real estate contracts
  - Leases and escrow instructions

## Brokerage Terms and Relationships

Upon completion of this section, the student should be able to:

1. Define the terms agency, brokerage relationships, and name the involved parties.
2. Describe real estate agency and what is meant by a fiduciary relationship.
3. Describe fiduciary duties and the consequences for breaching them.
4. Define who is a principal and discuss the differences between clients and customers.
5. Define and give examples of the different types of agency brokerage relationships including and be able to describe the use and liabilities of each type of relationship:
  - Buyer agency
  - Implied (buyer) agency
  - Seller agency
  - Consensual dual agency
  - Split or assigned or designated/appointed agency
  - Sub-agency
  - Non-agency (facilitation)
  - Cooperation and compensation
  - Tenant representation
  - Landlord representation
6. Describe the creation and termination of agency in real estate.
7. List and describe agent responsibilities to principal and third parties.
8. Discuss agency disclosure requirements identified in the Revised Code of Washington and the Washington Administrative Code.
9. Describe the role of multiple listing associations and cooperative brokerage agreements.
10. Explain the reasons for antitrust laws, how they affect real estate brokers and licensees, and the penalties for violating them.

## Listing Agreements and Procedures

Upon completion of this section, the student should be able to list and describe the different types of listing agreements:

1. Describe the key provisions in a listing agreement.
2. Identify the ways a listing agreement can be terminated.
3. Describe the remedies for breach of a listing agreement.
4. Identify various methods for determining broker's compensation.
5. Describe the broker's entitlement to a commission.
6. Explain the necessity for disclosure of material facts and material defects and explain the elements of a Seller Property Condition Disclosure Form.
7. Explain the basic methods of legally describing real property.
8. Discuss the necessity of obtaining and using a correct legal description. Demonstrate familiarity with different measurements and terminology used.
9. Demonstrate proficiency in using the various land units and measurements.
10. Identify and explain types of construction, e.g., modular construction, frame-built construction, manufactured home, etc.

## The Selling Process

Upon completion of this section, the student should be able to:

1. Define and discuss the term "title" as it pertains to real estate.
2. Identify and describe the methods by which "title" may be transferred.
3. Explain the basic requirements for a valid conveyance.
4. Identify and describe the various forms of deeds and their essential elements.
5. Explain real property excise tax requirements and identify affected real property transactions.
6. Explain the concept of the "unauthorized practice of law".
7. Define and describe the purpose of a purchase and sale agreement.
8. Describe the key provisions of a purchase and sale agreement.
9. Describe how a purchase and sale agreement may be terminated.
10. Describe the remedies for breach of a purchase and sale agreement.

11. Discuss the significance of contingencies and identify several standard contingencies relating to the purchase of real property.
12. Describe the use of purchase and sale agreement addenda.
13. Explain how funds, including deposits, will be handled in a closing, or a cancellation/termination.
14. Explain buyers and sellers' responsibilities from sale to closing.
15. Explain licensees' responsibilities to facilitate closing.

## Real Estate Valuation Process

Upon completion of this section, the student should be able to:

1. List and give examples of the uses of real property.
2. Explain why the value of real property does not remain the same.
3. Define market, supply, and demand; and be able to identify factors that affect supply and demand.
4. Define and explain the differences between market value, market price, and cost.
5. Define the concepts of an appraisal.
6. Explain the differences between an appraisal and a market analysis (CMA).
7. Explain the concept of "highest and best use".
8. Define the three approaches to value and give examples of the general use of each:
  - Market data
  - Cost
  - Income
9. Explain the difference between reproduction cost and replacement cost.
10. Explain the basic concepts of depreciation and discuss what aspects of property this affects.
11. Explain the primary purpose for state license law requirements for licensed and certified appraisers.
12. Explain the advantages, disadvantages, and purposes of real estate investment.
13. Define the terms:
  - Leverage
  - Equity
  - Basis
  - Capital gain
14. Describe the tax benefits of real estate ownership, investment, exchanges, depreciation, and installment sales.
15. Describe the purpose and effect of tax credits.

## Real Estate Finance Terms and Practices

Upon completion of this section, the student should be able to:

1. Explain the differences between a lien theory state and a title theory state.
2. Define and describe the following terms:
  - Security instrument
  - Financing instrument
  - Mortgage
  - Usury
  - Deed of trust
  - Promissory note
3. Explain the significant differences of a mortgage and a deed of trust.
4. Define interest and amortization and describe the various methods by which interest is computed.
5. State the reasons for prepayment penalties.
6. Describe various loan payment plans.
7. Explain the priorities involved in recording mortgages and deeds of trusts.
8. Explain tax and insurance reserves and describe how financial institutions insure their payment.
9. Describe the difference between “buying subject to” and “assuming” a mortgage or deed of trust.
10. Describe why a short sale might occur.
11. Explain what happens in a foreclosure action or a forfeiture action.
12. Describe what is meant by conventional, insured, and guaranteed loans.
13. Identify the significant elements and differences between the various government insured and guaranteed loans, including but not limited to FHA, VA, and USDA programs.
14. Define and describe other forms of financing including:
  - Purchase money mortgages
  - Blanket mortgages
  - Wrap-around mortgages
  - Open-end mortgages
  - Construction loans
  - Sale and leaseback
  - Installment/owner contracts
  - Adjustable-rate mortgages
  - Graduated payment mortgages
  - Reverse annuity mortgages
  - Personal lines-of-credit
15. List and give examples of the various sources of real estate financing.

16. Describe the influence of government in mortgage lending, including the Federal Reserve System, the secondary mortgage market, and the Rural Housing Service.
17. Describe the financing legislation that affects mortgage lending, including:
  - Truth-In-Lending Act (Regulation Z)
  - Equal Credit Opportunity Act (ECOA)
  - Real Estate Settlement Procedures Act (RESPA)
  - Federal Flood Insurance Programs
18. Explain why “points” are charged and how to calculate them.

## Escrow and Settlement Process

Upon completion of this section, the student should be able to:

1. Define the terms closing, escrow, or settlement as it relates to a real estate transaction.
2. Identify the participants in a closing and describe who is authorized to perform these services under the Escrow Agent Registration Act.
3. Explain title examination procedures.
4. Explain the purpose for title insurance.
5. Describe the different types of title insurance policies.
6. Explain a chain of title.
7. Describe how the Uniform Commercial Code affects a real estate transfer.
8. Describe and explain the differences between constructive notice and actual notice.
9. Define recordation and explain why it is important in a real property transaction.
10. Identify and describe Internal Revenue Service requirements in the closing process including FIRPTA and 1099 reporting.
11. Identify and describe the significant elements of a uniform settlement statement including:  Purchase price and earnest money deposit
  - Financing
  - Loan payoffs
  - Closing costs
  - Prorations
  - Sales commissions
  - Buyers cash requirements
  - Sellers proceeds
12. Describe the role of the real estate licensee in the escrow closing process.



## Leasing, Property Management, and the Residential Landlord Tenant Act

Upon completion of this section, the student should be able to:

1. Explain the basic elements of a valid lease.
2. Describe and compare the following four types of leasehold tenancies:
  - Tenancy for years
  - Tenancy from period to period
  - Tenancy at will
  - Tenancy at sufferance
3. Explain how leases are both a conveyance and a contract.
4. Describe the elements of the Residential Landlord Tenant Act
5. Describe the basic provisions in a residential lease.
6. Explain the various ways in which a leasehold agreement may be terminated.
7. Describe the terms default and eviction regarding residential leases.
8. Define the basic purpose of property management; describe the legal and fiscal responsibilities and duties of a property manager to tenants and to property owners.
9. Explain the various elements of a property management agreement outlined in the Washington Administrative Code.

## Real Estate License Laws (RCWs 18.85; 86; 235; WAC 308-124)

Upon completion of this section, the student should be able to:

1. Describe the general purposes of the real estate license law.
2. Explain how license laws/status and administrative rules are created and describe their differences.
3. Define managing broker, broker, branch manager, and designated broker and explain the significant differences of these licensing terms.
4. Describe the general licensing and application procedures for brokers and managing brokers. Explain the continuing education requirements and renewal process for all Washington licensees.
5. Identify the real estate activities that require a license and those that do not require licensure.
6. Describe the powers and duties of the Director of the Department of Licensing.
7. Describe the powers and duties of the Real Estate Commission.
8. Identify and describe the major grounds for disciplinary action against licensees.
9. Describe the procedures outlined in the license law that address disciplinary actions.
10. Explain the role of the managing broker regarding supervision of affiliated licensees.

11. Describe the purpose of a broker's trust account and explain depositing requirements and disbursement procedures.
12. Describe the required procedures when a licensee leaves a brokerage firm voluntarily, or the managing broker terminates the licensee.
13. Describe the basic office requirement for operating a real estate company in Washington.
14. Describe the licensees' requirements regarding presenting of written offers, counteroffers, and addenda.

## Fair Housing Issues and Consumer Protection

Upon completion of this section, the student should be able to:

1. History of racial discrimination, race-based segregation, and housing discrimination in the United States and Washington State (note: may include specific localities)
  - a. Include discussions of:
    - Types of racism (such as structural, institutional, internalized, and interpersonal)
    - Types of discrimination (such as direct or indirect)
    - Practices and their impacts on communities to include those existing in law and those effects not formally recognized segregation.
      - Understand segregation occurred because federal, state, and local laws or policy required it.
      - Understand segregation occurred because of the policies and practices of private entities.
  - b. Understand the context of the Fair Housing Act within the setting of the Civil Rights movement, including the Civil Rights Act of 1964 and the Voting Rights Act of 1965, and discuss contemporary issues.
2. Review and understand the federal Fair Housing Act (42 U.S.C. 3601 et seq.) and the Washington Law Against Discrimination ([RCW 49.60](#)) (note: may include specific local ordinances/laws); discuss nuances in who is protected and what transactions are covered.
3. Review groups identified as protected classes – federal and state (note: may include specific localities)
  - a. Federal: race or color, religion, sex, national origin, familial status, or disability (Source: [Fair Housing Act](#), 42 U.S.C. 3601 et seq.)
  - b. State: Sex, marital status, sexual orientation, race, creed, color, national origin, citizenship or immigration status, families with children status, honorably discharged veteran or military status, the presence of any sensory, mental, or physical disability, or the use of a trained dog guide or service animal by a person with a disability (Source: [RCW 49.60.222](#) – Unfair practices with respect to real estate transactions, facilities or services.)
4. Discuss specific common unfair practices such as:
  - a. “Buyer introductory letters” (also called “love letters” or “unfair practice letters”) and broker’s responsibilities under [RCW 18.86.030](#) – “Duties of broker” and how it could intersect with [RCW 49.60.222](#) – “Unfair practices with respect to real estate transactions, facilities, or services”. Discuss best practices for addressing these letters.
  - b. Potential types of discriminatory and unfair practices, such as:
    - Staging for specific demographics
    - Blockbusting
    - Redlining

- Advertising
  - Steering
  - Property and community descriptions
5. Understand financial assistance programs and connection to protected classes. Avoid unfair bias against protected classes and the promotion of specific financial products.
    - a. Financial products that have common misconceptions could include:
      - Section 184 Indian Home Loan Guarantee Program
      - VA Loans
      - Down payment assistance programs and other affordable programs for low-to-moderate income homebuyers
  6. Navigating complaints
    - a. Discuss who can file complaints and those who can have reports filed against them, such as
      - Client/customer, brokers, lender, etc.
      - Property owners, property managers, developers, real estate agents, mortgage lenders, homeowner's associations, insurance providers, and others who affect housing opportunities
    - b. Identify key federal and state agencies and discuss where to file complaints including: (note: may include additional and local entities)
      - **U.S. Department of Housing and Urban Development (HUD)** will accept complaints relating to discrimination under the Fair Housing Act, which includes private property.
      - The **Washington State Human Rights Commission (WSHRC)** will accept complaints relating to rental housing, real estate housing, rentals, and property management. A discrimination charge in housing must be filed with the WSHRC within one year from the date of the alleged violation.
      - **Department of Financial Institution (DFI)** accepts complaints against mortgage lenders and services, and others they regulate. They oversee banks, credit unions, mortgage lenders, escrow companies, consumer loan lenders, payday lenders, and security brokers/dealers.
  7. Resources for Instructors: Below are sample resources related to fair housing; the list is not mandatory or exhaustive, rather sample resources for instructors.

#### Complaint filing:

- Human Rights Commission (Washington Civil Rights Act violations): [www.hum.wa.gov](http://www.hum.wa.gov)
- Washington Office of the Attorney General (civil rights violations and consumer protection): <https://www.atg.wa.gov/>
- Department of Financial Institution (mortgage and home loans): [www.dfi.wa.gov](http://www.dfi.wa.gov)
- Housing Urban Development (federal fair housing, financial assistance, and violence against women act): [www.hud.gov](http://www.hud.gov)
- Federal Trade Commission (federal consumer protection and unfair business practices): [www.ftc.gov](http://www.ftc.gov)
- Consumer Financial Protection Bureau (federal consumer financial protection): [www.consumerfinance.gov](http://www.consumerfinance.gov)
- Seattle Office Human Civil Rights - <https://www.seattle.gov/civilrights>
- Northwest Fair Housing Alliance – <http://nwfairhouse.org/#>
- Fair Housing Center of WA – <https://fhc.washington.org/>

#### State/Federal Agencies

- American Disability Act: [www.ada.gov](http://www.ada.gov)
- Governor's Committee on Disability Issues & Employment: [www.esd.wa.gov/GCDE](http://www.esd.wa.gov/GCDE)
- Governor's Office of Indian Affairs: [www.goia.wa.gov](http://www.goia.wa.gov)

- Washington State Human Rights Commission – Fair Housing: [www.hum.wa.gov/fair-housing](http://www.hum.wa.gov/fair-housing)
- Washington State Commission on African American Affairs: [www.caaa.wa.gov](http://www.caaa.wa.gov)
- Washington State Commission on Hispanic Affairs: [www.cha.gov](http://www.cha.gov)
- Washington State Attorney General’s Office (Housing court cases): [www.atg.wa.gov/cases](http://www.atg.wa.gov/cases)
- Washington State Commission on Asian Pacific American Affairs: [www.capaa.wa.gov](http://www.capaa.wa.gov)
- Washington State Women’s Commission: [www.wswc.wa.gov](http://www.wswc.wa.gov)
- Washington State Department of Veterans Affairs: [www.dva.wa.gov/veterans-their-families/veterans-benefits/housing-resources](http://www.dva.wa.gov/veterans-their-families/veterans-benefits/housing-resources)
- Washington State LGBTQ Commission: [www.lgbtq.wa.gov](http://www.lgbtq.wa.gov)
- U.S. Department of Justice: [www.justice.gov](http://www.justice.gov)
- Housing Urban Development [www.hud.gov](http://www.hud.gov)

### **Additional Resources**

- Washington State Housing Finance Commission (home loans & down payments) [www.heretohome.org](http://www.heretohome.org)
- Non-native speaker resources: Human Rights Commission: [www.hum.wa.gov/fair-housing/general-fair-housing-discrimination-brochures-language](http://www.hum.wa.gov/fair-housing/general-fair-housing-discrimination-brochures-language)
- National Housing Law Project: <https://www.nhlp.org/>
- Fair Housing Center of Washington: [www.fhcwashington.org](http://www.fhcwashington.org)
- Northwest Fair Housing Alliance: [www.nwfairhouse.org](http://www.nwfairhouse.org)
- Reasonable Accommodations and Modifications: [https://www.hud.gov/program\\_offices/fair\\_housing\\_equal\\_opp/reasonable\\_accommodations\\_and\\_modifications](https://www.hud.gov/program_offices/fair_housing_equal_opp/reasonable_accommodations_and_modifications)
- University of Washington Race & Equity Initiative: [www.washington.edu/raceequity](http://www.washington.edu/raceequity)
- The Seattle Civil Rights & Labor History Project (University of Washington): <https://depts.washington.edu/civilr/segregated.htm>
- Seattle Office of Civil Rights: <https://www.seattle.gov/civilrights>

### **Terminology and related topics (intended for conversational purposes, terms used from these resources are not legal definitions):**

- LGBTQ Commission General information & Definitions: <https://lgbtq.wa.gov/data/general-information-and-definitions>
- Washington State Diversity, Equity and Inclusion – Glossary of Equity-Related Terms (Office of Financial Management): <https://ofm.wa.gov/sites/default/files/public/shr/Diversity/SubCommit/DEIGlossaryofEquityRelatedTerms.pdf>
- Washington State University Gender Identity/Expression and Sexual Orientation Resource Center: <https://thecenter.wsu.edu/education-and-training/pronouns/>
- City of Seattle Office for Civil Rights – Types of Racism: <https://www.seattle.gov/Documents/Departments/RSJI/Resources/RSJI-4-Types-of-Racism-August-2021-City-of-Seattle-Office-for-Civil-Rights.pdf>