

MISSOURI 48 HOUR SALESPERSON PRE-LICENSE COURSE

Career
Education Systems

NAVIGATION CONTROLS

In the bottom right hand corner of the screen, there is an icon button that allows you to choose between standard screen, no sidebar screen and full screen view. When the program appears for the first time, it is in standard screen view.

The standard screen view shows the normal screen as well as the thumbnails off to the side.

The no sidebar screen view shows the normal screen a little bit larger but does not have any thumbnails.

The full screen view shows the normal screen in an even larger format.

You can click onto the large icon button to advance forward from screen to screen or use the smaller forward and backward buttons to navigate.

NOTE: In the full screen view, you can only advance forward. If you want to go to a previous screen, you must be in the standard or no sidebar screen view.

Career
Education Systems

COURSE CONTENT

CHAPTER ONE – OWNERSHIP
CHAPTER TWO – FINANCING
CHAPTER THREE – AGENCY
CHAPTER FOUR – REAL ESTATE LAW
CHAPTER FIVE – VALUATION
CHAPTER SIX – MISSOURI STATE LICENSE LAW

Career
Education Systems

QUIZZES

At the end of most sections, there are multiple choice questions which must be completed with 75% accuracy before you can move on in the course.

If you pass, you will be forwarded to the next slide. If you fail, you will be directed back to the beginning of that quiz. If you choose an incorrect answer, you may click onto quiz review for an analysis of the correct and incorrect answers. The quiz review should help you choose the correct answer the next time you take that same quiz.

Career
Education Systems

FINAL EXAM

After you finish the course, there is a 50 question multiple choice final examination which you must pass with a score of 75% or greater to receive Missouri credit.

If you pass final examination #1, you can then print out your certificate and receive credit for the course.

If you fail final examination #1, you then must take final examination #2. If you pass final examination #2, you can then print out your certificate and receive credit for the course. If you fail final examination #2, you cannot receive credit for the course.

Career
Education Systems

FINAL EXAM

The final exam will consist of the following learning objectives:

- 1) Differentiate between different types of ownership of real property
- 2) Explain various ways to finance real estate, including clauses in a mortgage and lender requirements
- 3) Clarify the different agency relationships and how this affects the client and customer
- 4) Discuss the elements of a contract and explain the various contracts used in real estate transactions
- 5) List various methods of valuing real estate and the type of property normally associated with each method
- 6) Explain the various Missouri statutes that govern real estate transactions in Missouri

Career
Education Systems

TAKING COURSE IN MULTIPLE SESSIONS

You can complete part of the course and then come back and finish at a later time. Whenever you log back in on the course, a question appears asking if you would like to continue with the course where you left off. Just answer "yes" and you will be placed where you can continue on right where you finished with the last session.



COURSE TIMEFRAMES

Once you register and pay for the course, you have access to the course for one full calendar year from the date of registration. Once you complete the course, the course certificate is valid for six months. In order to obtain a Missouri salesperson's license, you must pass the test, complete the 24 hour Missouri practice class and apply for license within that six month time frame.

CONTACT US

You may contact us by e-mail at any time. Our e-mail address is:

Instructor@CareerEducationSystems.com

Or call 1-800-748-7715



SPECIAL NOTE:


To download and print a manual of the course,
please go to:

www.careereducationsystems.com/mosalesperson/manual.asp

If you would like a hardcopy manual to use during the
course or just for review, you can print off one chapter at a
time or the entire book all at once.

Career
Education Systems

Career
Education Systems



CHAPTER ONE OWNERSHIP

Career
Education Systems

TABLE OF CONTENTS

1) INTRODUCTION TO REAL ESTATE – SLIDE 12	11) WATER RIGHTS – SLIDE 92
2) PERSONAL PROPERTY – SLIDE 18	12) APARTMENT OWNERSHIP BY THE OCCUPANTS – SLIDE 96
3) CHANGES – SLIDE 19	13) TRANSFER OF PROPERTY BY VOLUNTARY ALIENATION – SLIDE 101
4) RIGHTS IN PROPERTY – SLIDE 26	14) REQUIREMENTS FOR A VALID DEED – SLIDE 115
5) FREEHOLD ESTATES – SLIDE 34	15) RECORDING DOCUMENTS – SLIDE 123
6) DIFFERENT WAYS TO TAKE TITLE TO AN ESTATE – SLIDE 48	16) TRANSFER OF PROPERTY BY WILL – SLIDE 128
7) LEASEHOLD ESTATES – SLIDE 62	17) TRANSFER OF PROPERTY BY INVOLUNTARY ALIENATION – SLIDE 138
8) LIEN ENCUMBRANCES – SLIDE 69	18) SELLER'S PROOF OF OWNERSHIP – SLIDE 148
9) RESTRICTION ENCUMBRANCES – SLIDE 79	19) TAXES AND ASSESSMENTS – SLIDE 153
10) EASEMENT/ ENCROACHMENT ENCUMBRANCES – SLIDE 83	20) ZONING AND PLANNING – SLIDE 169

Career
Education Systems

1. INTRODUCTION TO REAL ESTATE



WHAT IS REAL ESTATE?

"BUNDLE OF RIGHTS" - TITLE

DEED – transfers real property rights

3 ways to transfer

- Sell
- Will
- Steal

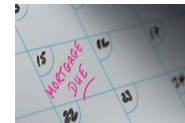


Others that may have rights in real property

Taxation

Mortgage

Easement





1. LAND

Spot on the earth that goes down to the center and up to infinity

PHYSICAL CHARACTERISTICS

- 1) Immovable
- 2) Indestructible
- 3) Unique

ECONOMIC CHARACTERISTICS

- 1) Situs (location)
- 2) Scarcity
- 3) Improvable

Career
Education Systems



2. REAL ESTATE = Land + APPURTENANCES

Appurtenance - right, privilege or improvement
permanently attached to the land - **RUNS WITH THE LAND**

Natural - Trees, streams

Man-made - Houses, buildings

Mineral rights - Pass with sale of land unless otherwise noted

Air rights - Part of real estate

Water rights - Part of real estate

Career
Education Systems

2. PERSONAL PROPERTY

WHAT IS PERSONAL PROPERTY?

Not "real" property

1. EASILY MOVABLE –
Chairs, cameras, etc.



2. CHATTEL - Another word for personal property

3. BILL OF SALE - Instrument used to transfer personal property

Career
Education Systems



3. CHANGES

CAN REAL ESTATE EVER BECOME PERSONAL PROPERTY OR PERSONAL PROPERTY EVER BECOME REAL ESTATE?

1. SEVERANCE

Going from real to personal property;
e.g., cutting down a tree



Career
Education Systems

2. FIXTURE = Real Estate

Going from personal to real property;
item once personal property but is now attached



Career
Education Systems

Tests For Determining

Method - Method of attachment

Intention - Intention of attaching parties

Adaptation - Adaptation of the article

MIA

Career
Education Systems

3. TRADE FIXTURES = Personal Property

Item installed by commercial tenant for business use;
e.g. display cases, countertops

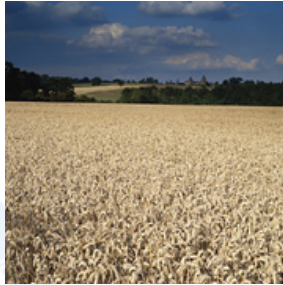
- 1) Tenant can take item at end of lease
- 2) If not taken, item has been abandoned and belongs to landlord
- 3) Tenant can take item even if it damages space as long as tenant repairs



Career
Education Systems

4. EMBLEMENTS

Crops



Growing crops in field; allows seller to come back and harvest

Career
Education Systems

Career
Education Systems

4. RIGHTS IN PROPERTY

WHAT IS THE DIFFERENCE BETWEEN GOVERNMENT AND PRIVATE RIGHTS?

GOVERNMENT RIGHTS IN REAL PROPERTY

Government rights for good of community

1. TAXATION

On real property; money for schools, roads, etc.; if not paid, government attaches property

Real Estate Taxes



Career
Education Systems

2. POLICE POWER

Keeping things in order



Zoning

Building Codes

Career
Education Systems

3. EMINENT DOMAIN

The RIGHT of the government to take private property for PUBLIC GOOD

Property owner is paid compensation for the property

Government includes federal, state, local; also schools, railroads, utilities



CONDEMNATION

The PROCESS used to take the property when the government exercises the right of Eminent Domain



4. ESCHEAT

The right of the government to take private property upon:

1) Dying Intestate & having no heirs



2) Abandonment – Leaving; no paying of taxes



PRIVATE RIGHTS IN REAL PROPERTY

ESTATE = Possessory

ESTATE = The degree, quantity, nature and extent of ownership interest in real property – **POSSESSORY RIGHTS**



1. FREEHOLD ESTATES = OWNERSHIP

What we usually think of as **OWNERSHIP**. There is no definite ending date and it is for at least a lifetime.

Career
Education Systems



2. LEASEHOLD ESTATES = RENTING or LEASING

What we usually think of as **RENTING** or **LEASING**. It is for a definite period of time, i.e., a limited duration.

Career
Education Systems

5. FREEHOLD ESTATES

WHAT ARE THE DIFFERENT TYPES OF FREEHOLD ESTATES?

ESTATES IN LAND

FREEHOLD ESTATES

FEE ESTATES

Fee = Inheritable

Fee Simple

Conditional Fee

Career
Education Systems

1. FEE SIMPLE

Maximum Rights

Maximum rights in real estate;
also called fee simple absolute



Career
Education Systems

2. CONDITIONAL FEE OR DEFEASIBLE FEE

Certain
Conditions

Property deeded
with conditions;
e.g., must be
used as a school

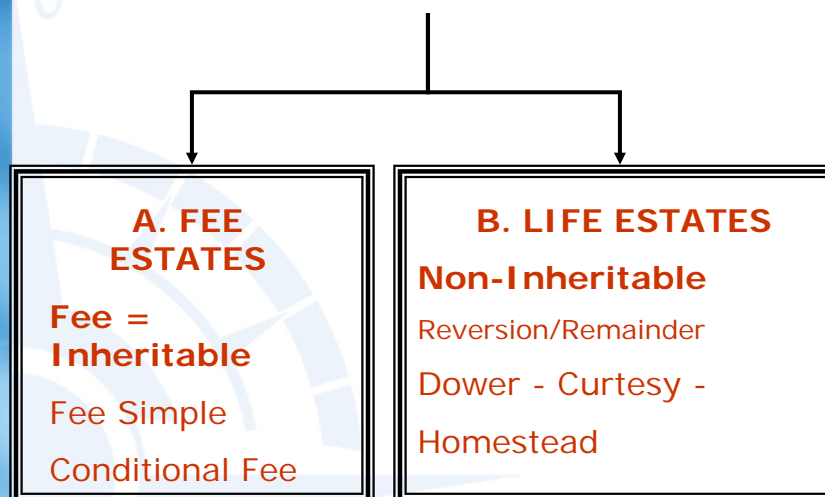


Inheritable?

Inheritable to heirs with
conditions attached

Career
Education Systems

ESTATES IN LAND FREEHOLD ESTATES



Career
Education Systems

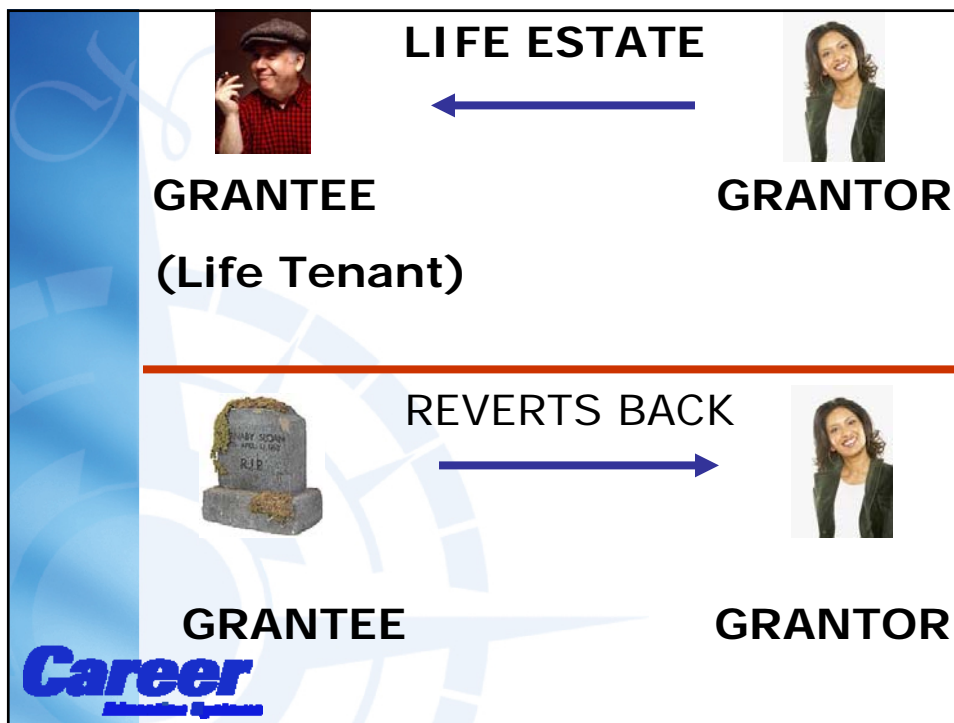
LIFE ESTATES - Deeded to someone for life or life of another

VOLUNTARY LIFE ESTATES

1. ESTATE IN REVERSION

Reverts Back

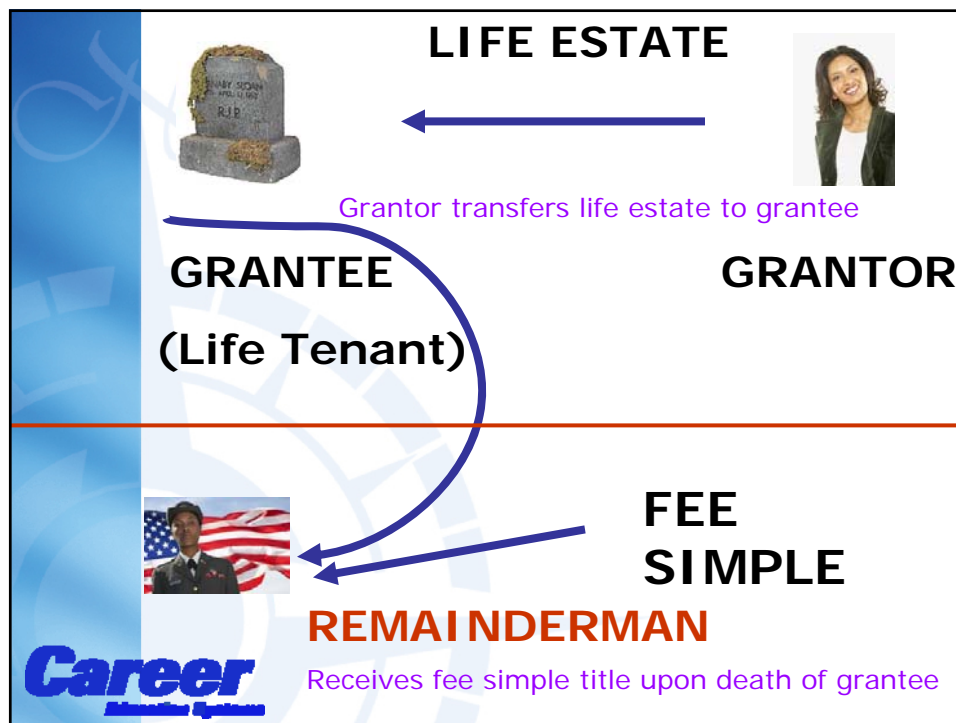
When life tenant dies, property goes back to grantor or grantor's heirs



2. ESTATE IN REMAINDER

Goes to third party remainderman

Career
Education Systems



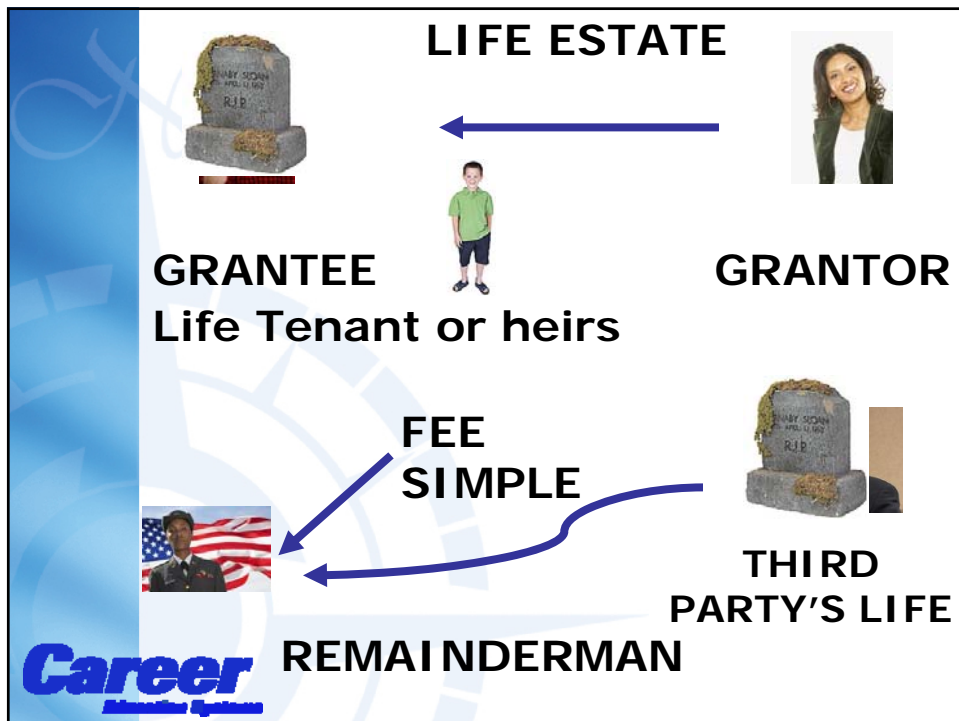
RESERVATION

Seller transfers property but retains life estate for seller's lifetime

PUR AUTRE VIE (for another's life)

Grantee's life estate based on someone else's life

Career
Education Systems



1. DOWER

Life interest wife receives upon husband's death

2. CURTESY

Life interest husband receives upon wife's death

3. HOMESTEAD

Family home protected from judgments for debts

NOTE: The homestead exemption does **NOT** apply to real estate taxes or mortgages.



Career
Education Systems

Protect Against
Homelessness

OTHER LIFE ESTATE ISSUES

YES NO

SOLD?	★	
LEASED?	★	
MORTGAGED?	★	
WASTED?		★
WILLED?		★

Career
Education Systems

6. DIFFERENT WAYS TO TAKE TITLE TO AN ESTATE

WHAT ARE THE VARIOUS WAYS PEOPLE CAN TAKE TITLE TO PROPERTY?

FREEHOLD ESTATES



A. FEE ESTATES

Fee = Inheritable

Fee Simple

Conditional Fee

B. LIFE ESTATES

Non-Inheritable

Reversion/Remainder

Dower - Curtesy -

Homestead

Career
Education Systems

1. SEVERALTY

One Only



OR



Also, how corporations take title

Career
Education Systems

CONCURRENT ESTATES

1. Tenancy in Common
2. Joint Tenancy
3. Tenancy by the Entireties
4. Community Property



Career
Education Systems

1. TENANCY IN COMMON

Individual interests in group ownership

A	B	C
1/8	1/2	3/8

Interests unequal



Undivided
interest - share
possession

Inheritable

Career
Education Systems

A	B	C
1/8	1/2	3/8



C dies – who gets C's 3/8 ownership?



TENANCY IN
COMMON

To Children

Career
Education Systems

SUIT TO
PARTITION

A	B	C
1/8	1/2	3/8



I WANT
OUT!

One of the owners institutes court action to force sale of property by all parties

Career
Education Systems

2. JOINT TENANCY

Unity of ownership

A	B	C
1/3	1/3	1/3



Time Must take title at same time

Title All parties joint tenants on one deed

Interest Must be equal ownership interest

Possession (undivided interest) All parties share possession

TTIP

Career
Education Systems

RIGHT OF SURVIVORSHIP

Surviving Owners

C dies – who gets C's 1/3 ownership?

A	B
1/2	1/2

If one dies, interest passes to the surviving owners

Voluntary

Must be intentional act to be joint tenants



Career
Education Systems

HOW IS A JOINT TENANCY TERMINATED?????



When any of the 4 unities are destroyed

Suit to Partition

One sells their interest

C Sells to D



A & B - Joint Tenants	<table border="1"><tr><td>A</td><td>B</td><td>C</td></tr><tr><td>1/3</td><td>1/3</td><td>1/3</td></tr></table> 	A	B	C	1/3	1/3	1/3	D - Tenant - In - Common
A	B	C						
1/3	1/3	1/3						
A - Now a Tenant - In - Common	<table border="1"><tr><td>A</td><td>D</td></tr><tr><td>2/3</td><td>1/3</td></tr></table>	A	D	2/3	1/3	D 1/3 		
A	D							
2/3	1/3							

3. TENANCY BY THE ENTIRETIES

Husband and Wife



Similar to Joint Tenancy

Right of Survivorship

TTIP

Works like joint tenancy only must be married

Career
Education Systems

4. COMMUNITY PROPERTY

Separate Property



Property acquired before marriage; individual spouses retain sole ownership interest

Community Property



Property acquired during marriage; spouses have equal interest in property

Career
Education Systems

7. LEASEHOLD ESTATES

WHAT ARE THE DIFFERENT TYPES OF LEASEHOLD ESTATES?

Leasehold Estate - Personal Property

Lessor Giver of lease (landlord)

Lessee Receiver of lease (tenant)

Demise Transfer of rights in real through a lease

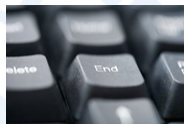
Reversion Upon expiration of lease, property goes back to lessor



Career
Education Systems

1. ESTATE FOR YEARS

Beginning and Ending



Career
Education Systems




**30
day
notice**

**2. PERIODIC
TENANCY**

Month-To-Month

Career
Education Systems



**3. TENANCY
AT WILL**

No Written -
Have Permission

Career
Education Systems

4. TENANCY AT SUFFERANCE



Without
Permission

NOTE: Tenancy = Estate

NOTE: Leasehold Estates = **LESS THAN
FREEHOLD ESTATES**

Career
Education Systems

Career
Education Systems

8. LIEN ENCUMBRANCES

WHAT EXACTLY IS AN ENCUMBRANCE?

ENCUMBRANCE - **BURDENS** or **LIMITS** title.....or.....*rights held by someone else*

LIEN – Money encumbrance



SPECIFIC LIEN

One Specific Item



Career
Education Systems

1. PROPERTY TAX LIEN

For non-payment of real estate taxes

Specific

#1 Priority

*Real
Estate
Taxes*



Career
Education Systems

2. MORTGAGE LIEN

Using one's property as security for loan

Specific

Voluntary



Career
Education Systems

3. MECHANIC'S LIEN

For contractor's, etc. who make improvements on property; also for sub-contractors and material vendors who are not paid; effective date is date work first began; lien will expire if not enforced

Specific



Career
Education Systems

MECHANIC'S LIEN

Effective Date - Date work first started

October 1st - started work

November 1st - sent bill

December 1st - filed mechanic's lien

Effective date - October 1st

Career
Education Systems

GENERAL LIEN

Real and Personal

Applies to all of one's property, real and personal



Career
Education Systems

1. INCOME TAX LIEN

For non-payment of income tax to IRS

General

I.R.S.



Career
Education Systems

2. JUDGMENT LIEN

General

For personal debts; covers all real and personal property

LIS PENDENS Latin for "pending litigation or action"

WRIT OF EXECUTION Sheriff seizes property and sells to satisfy judgment



Career
Education Systems

9. RESTRICTION ENCUMBRANCES

WHAT EXACTLY IS A DEED RESTRICTION?

RESTRICTIONS - Use Encumbrance

Restrictive **COVENANTS**

Placed by **GRANTOR** - binds future owners

Examples:

Types of fences, roofs, vehicles, etc.



Career
Education Systems

Who can ENFORCE?

Courts only



Who can bring action?

Interested party; e.g., neighbor or homes association

Which would NOT be enforceable?

Racial, ethnic, religious, etc.

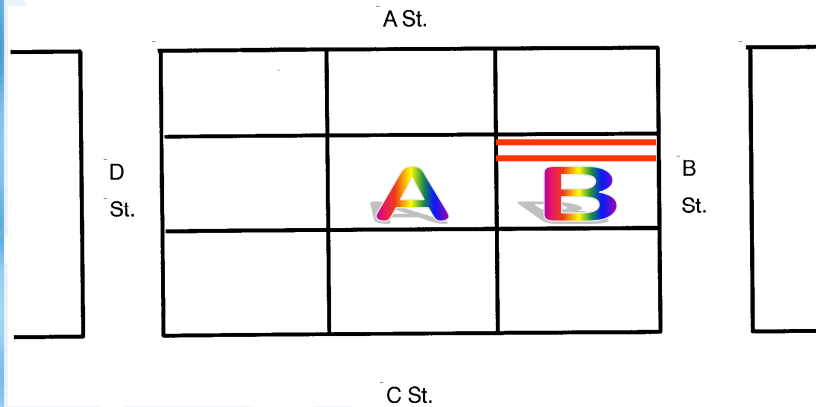
How can one find out what restrictions are? Matter of public record

Career
Education Systems

10. EASEMENT/ENCROACHMENT ENCUMBRANCES

WHAT EXACTLY IS AN EASEMENT?

EASEMENT - INGRESS (enter) and EGRESS (leave) - NOT AN ESTATE - Also called SERVITUDE.



Career
Education Systems

1. APPURTENANT EASEMENT

RUNS WITH THE LAND

Shared driveway, Easement by necessity (landlocked)

DOMINANT TENEMENT - Land BENEFITED or IN FAVOR OF

SERVIENT TENEMENT - Land BURDENED

Who can terminate?????

Career
Education Systems

2. EASEMENT IN GROSS

Utilities & Railroads

Gross easements usually commercial - can be sold to others.



Career
Education Systems

3. EASEMENT BY PRESCRIPTION

Use someone else's property

Continuous

All The Time

Open

In open clear view

Notorious (hostile)

Without permission



Can gain easement after statutory period of time; each state different

Career
Education Systems

HOW ARE EASEMENTS CREATED?

Easement deed
Long term use
By necessity

HOW ARE EASEMENTS TERMINATED ?

Abandonment
Purpose no longer exists
Merger of properties
Dominant tenement releases rights through quitclaim deed

Career
Education Systems

LICENSE

Personal permission;
e.g., ball tickets

Permission



Career
Education Systems

ENCROACHMENT Trespassing

Improvement or other real property that extends across property line; e.g., fences, tree limbs, etc.



**Encroachment can lead to easement
Survey**

Career
Education Systems

Career
Education Systems

11. WATER RIGHTS

WHAT DO WATER RIGHTS HAVE TO DO WITH A REAL ESTATE TRANSACTION?

RIPARIAN River or Stream

Property bordering a flowing waterway; e.g., river or stream; riparian owners have reasonable usage of water; if non-navigable, riparian owners own underneath to middle of waterway



Career
Education Systems

WATER TABLE

Difference between earth's surface and percolating water

Septic System Percolation Test



Career
Education Systems

12. MULTIPLE OWNER PROPERTIES

WHAT ARE DIFFERENT WAYS OF MULTIPLE OWNERSHIP?

1. COOPERATIVE



Coop owns - SEVERALTY

Members own STOCK

Stockholders - Proprietary

Lease - Leasehold Estate

Rental payments to Coop

Coop pays mortgage and taxes

All could lose if foreclosed on

Career
Education Systems

2. CONDOMINIUM



Fee simple

Pay own mortgage and taxes

COMMON AREAS - Owned as Tenants-In-Common

Pay home's association dues

MASTER DEED or DECLARATION

Bylaws and charter

Career
Education Systems

3. TIME SHARING

Fee Simple - Time Period

Fee simple title to unit for set period of time each year;
interval ownership



Career
Education Systems

Career
Education Systems

13. TRANSFER OF PROPERTY BY VOLUNTARY ALIENATION

WHAT ARE DIFFERENT WAYS SELLERS CAN TRANSFER PROPERTY TO BUYERS??

ALIENATION
= Transfer



Career
Education Systems

Transfer by DEED

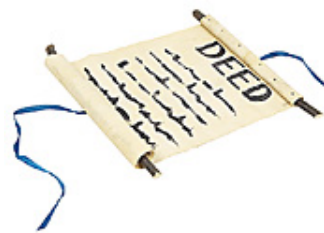
Instrument used to transfer title

GRANTOR

Giver of real property
(seller)

GRANTEE

Receiver of real property
(buyer)



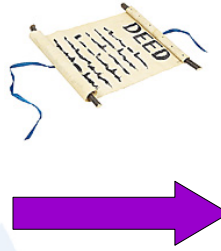
Career
Education Systems

TYPES OF DEEDS

1. GENERAL WARRANTY



SELLER



BUYER

Career
Education Systems

Seizin - Seized of Title

Seller owns property and has right to sell



SELLER

I Own It

Career
Education Systems

Quiet Enjoyment

No one else will claim title



SELLER

No 3rd Party
Claims

Career
Education Systems

Against Encumbrances

No hidden encumbrances



SELLER

No Hidden
Encumbrances

Career
Education Systems

Further Assurance

Seller will provide or sign documents in future if necessary to help prove buyer's title



SELLER

Provide Documents In Future

Career
Education Systems

Warranty Forever

Money back guarantee from seller if seller provides faulty title



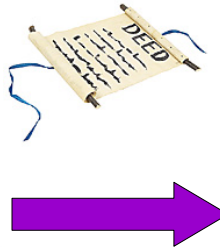
SELLER

MONEY BACK GUARANTEE

Career
Education Systems

2. SPECIAL WARRANTY

I promise you its been clear **SINCE I'VE HAD IT.**
No promises before that.



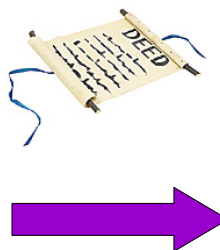
SELLER

BUYER

Since I've Owned It

Career
Education Systems

3. BARGAIN AND SALE



SELLER

BUYER

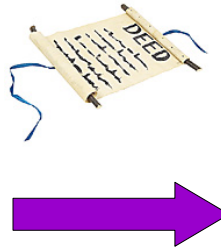
One Promise - I Own It

Career
Education Systems

4. QUITCLAIM



SELLER



BUYER

No Promises - "IF" I Own It

Career
Education Systems



Most Common Use:

To quiet a cloud on the title; e.g., ownership disputes, misspelled names, etc.

**Difference in deeds is
PROMISES**

Career
Education Systems

14. REQUIREMENTS FOR A VALID DEED

WHAT ARE THE ITEMS REQUIRED FOR A VALID DEED?

1. GRANTOR

Legal age

Sound mind



Career
Education Systems

2. GRANTEE


**Clearly
identified**



Career
Education Systems

3. CONSIDERATION

Something of value




Career
Education Systems


4. GRANTING CLAUSE

Words of Conveyance

I Convey and Warrant



HABENDUM
To Have and To Hold



Career
Education Systems

5. PROPERTY DESCRIPTION

Should be Legal



Career
Education Systems

6. EXCEPTIONS AND RESERVATIONS

Lists Encumbrances

Liens
Restrictions
Easements



Career
Education Systems

7. SIGNATURES OF GRANTORS Only GRANTOR signs

GRANTOR **GRANTEE**



Career
Education Systems

8. DELIVERY AND ACCEPTANCE Title Passes

Title transferred when deed is delivered and accepted



Career
Education Systems

15. RECORDING DOCUMENTS

WHY SHOULD DOCUMENTS BE RECORDED?



Recording NOT necessary - Still valid

Career
Education Systems

Only valid between 2 parties in transaction

Purpose:

1. Establish Priority

e.g., 1st mortgage over 2nd mortgage



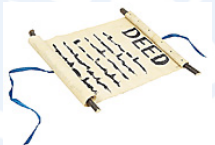
Career
Education Systems

Purpose:

2. Provide Constructive Notice



Constructive Notice – Person responsible for knowing facts because of recording



Notarized

Although a deed does NOT have to be recorded to be valid, if you want to record it, you would have to go before a notary public and ACKNOWLEDGE that it is a voluntary act before it could be recorded

Career
Education Systems



16. TRANSFER OF PROPERTY BY WILL

HOW DO WILLS AFFECT REAL ESTATE TRANSACTIONS?



Requirements:

Legal Age

Sound Mind

Career
Education Systems

1. TESTATE

With Will

Dying with a valid will



Career
Education Systems

2. INTESTATE Without Will

Dying without a valid will



Career
Education Systems

3. TESTATOR Deceased

Deceased person who had made a will



Career
Education Systems

4. DEVISE

Transfer of real property
through a will

Transfer real estate via will



Career
Education Systems

5. DEVISEE

Receiver of real property
through a will

Receiver



Career
Education Systems

6. BEQUEST

Transfer personal property
via will



Career
Education Systems

7. EXECUTOR

Carries out
will

One named in will
to carry out will



Executor's Deed

Career
Education Systems

Type of deed used to transfer property
to those named in will

17. TRANSFER OF PROPERTY BY INVOLUNTARY ALIENATION

WHAT ARE SOME DIFFERENT WAYS OF HAVING AN INVOLUNTARY TRANSFER OF REAL ESTATE?

1. DESCENT **Intestate**

Occurs when one dies intestate



Career
Education Systems

Probate



Determines distribution to relatives

Administrator

Court appointed to oversee distribution



Career
Education Systems

2. ADVERSE POSSESSION

Squatter's Rights

Can gain title by using someone else's property – time periods vary from state to state



I've been here umpteen years -
It's Mine, All Mine

Career
Education Systems

Requirements:

Continuous All the time

Open In open clear view

Notorious (hostile) Without permission

Exclusive Property abandoned by owner

Career
Education Systems

3. INVOLUNTARY DEEDS

Tax Deed



Sheriff's Deed

Tax Deed - Transfers property to buyer at foreclosure sale for non-payment of taxes

Sheriff's Deed – Transfers property to buyer at foreclosure sale; e.g., for non-payment of mortgage



4. TRANSFER BY WATER OR WIND

Erosion - gradual wearing away of soil

Owner loses title to land eroded away

Accretion - gradual build up of soil

Person gains title to added land built up on property



Avulsion - sudden transfer

Owner does not lose title to land washed away by sudden act of nature – BOUNDARY LINES DO NOT CHANGE



Boundary lines do NOT change

Career
Education Systems

5. TRANSFER BY THE COURTS

Cloud on the Title

Any claim that impairs title; e.g., forged signatures or no signatures on deed, heirs of prior owner claiming title, etc.



Unmarketable - lowers the value

To remove:

Quitclaim Deed Releases one's claim to property

Quiet Title Suit Court action to remove a cloudy title

Career
Education Systems

18. SELLER'S PROOF OF OWNERSHIP

HOW DOES ONE PROVE OWNERSHIP OF REAL ESTATE?

1. ABSTRACT

History



An abstract will NOT guarantee clear title

Career
Education Systems

2. TITLE INSURANCE

Coverage:

Standard Policy Covers forged documents, undisclosed heirs, etc.

Extended Policy May cover other things, such as unrecorded liens, etc.

What is contained in policy?

Schedule of exceptions (things not covered, such as zoning restrictions)

Premium Paid one time at closing

Who is insured?

Owner's Policy Covers buyer

Career Mortgagee's Policy Covers lender



19. TAXES AND ASSESSMENTS

WHAT ARE THE DIFFERENT TYPES OF REAL ESTATE TAXES?

1. GENERAL ASSESSMENT Land + Improvements

Tax on land plus improvements; pays for school, police and fire protection, etc.



Ad Valorem - VALUE

Career
Education Systems

How do they decide how much tax one owes????

City adopts budget

Properties of same class assessed at same rate based on market value (estimated by Tax Assessor)

Commercial	32%
Residential	19%
Agricultural	12%

Career
Education Systems

Market Value	\$100,000
Assessment Rate	x 30%
Assessed Value	<u>= 30,000</u>

Career
Education Systems

Tax rate determined by dividing total needed by total assessed values

Total Needed	\$500,000
Total Assessments	<u>÷ 10,000,000</u>
Tax Rate	<u>= 5%</u>

NOTE: Total assessments referred to as "TAX BASE"

Career
Education Systems

Tax rate can be expressed in MILLS

1 mill = 1/10 of a cent or 1/1000 of a dollar

\$50 per \$1,000 same as \$5 per \$100

Tax rate of 50 mills = .05 or 5%

Career
Education Systems

Tax for each property determined by multiplying the assessed value times the tax rate

Assessed Value	\$30,000
Tax Rate	x 5%
	<hr/>
Tax Owed	= 1,500
	<hr/> <hr/>

Career
Education Systems

2. SPECIAL ASSESSMENT

Real Estate Tax for
Improvements

e.g., sewers & sidewalks

Career
Education Systems

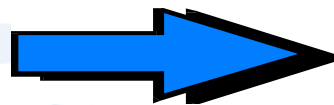
POWeR Principle

PART (SMALL)



WHOLE (LARGE) x RATE (%)

÷




Career
Education Systems

POWeR Principle

PART

$$\frac{\text{PART}}{\text{WHOLE}} = \frac{\text{?}}{\text{?}}$$

x




10 is what % of 50?

10 (PART)

$$\frac{10}{50 \text{ (WHOLE)}} = \frac{\text{?}}{\text{?}}$$

x .20 or 20%



PoWeR Principle

$$\frac{\text{WHOLE}}{\text{RATE}}$$


?

÷

|

x

|



What is 20% of 800?

160


$$\frac{800 \text{ (WHOLE)}}{20\% \text{ (RATE)}}$$

÷

|

x

|



PoWeR Principle

PART

	÷	
?	x	RATE

Career
Education Systems

60 is 30% of what number?

60 (PART)

	÷	
200	x	30% (RATE)

Career
Education Systems

20. ZONING AND PLANNING

WHAT IS ZONING AND WHAT DOES IT HAVE TO DO WITH REAL ESTATE?

1. MASTER LAND PLAN **Future growth**

Plan for future growth of city



Career
Education Systems

2. BUFFER ZONE

Area separating two incompatible areas

Separates incompatible areas



Career
Education Systems

3. ZONING

What are types of zoning?

Residential
Commercial
Agricultural

4. PLANNED UNIT DEVELOPMENT (PUD)

Different uses - one area

Diverse uses of land in one area; requires special zoning (referred to as overlay, cluster or density zoning)



5. DOWNZONING

More intensive to less intensive



Going from more to less active use; e.g., multi-family to single family



Are there any exceptions to zoning?

6. NON-CONFORMING USE

Before Zoning

2005



UNZONED

2008



RESIDENTIAL



RESIDENTIAL



RESIDENTIAL



Café does not have to move as it was there before zoning

7. VARIANCE After Zoning

2005



RESIDENTIAL



RESIDENTIAL



RESIDENTIAL

2008



RESIDENTIAL



RESIDENTIAL



RESIDENTIAL



Café has to receive a variance before it can be built in residential area - zoning of lot does not change

8. SPOT ZONING



Career
Education Systems

Changing zoning of one particular spot;
normally for public good

9. SUBDIVISIONS

Regulations – government

Government regulations: e.g., streets, sewers, easements, etc.

Subdivider - separates

Divides land into lots for sale

Developer – improves

Improves the lots

Restrictions - private

Typically placed by developer
(private deed restrictions)

Career
Education Systems

10. DEDICATION Voluntary

Voluntarily giving land to government

Donate land for school



Career
Education Systems