



Instructional Scenario

The Economy and Impact of Real Estate

The market area in which the investor has interest is Goldsburg, Virginia. Residential home prices have steadily increased 5% over the past several years. New home construction cannot keep pace with demand. Due to the popularity of the area, inventory of homes for sale is at an all-time low. Many contracts are being written that are up to \$20,000 over the asking price. It is indeed a seller's market.

Big Question: Why would a local real estate market be important for an investor to know about?

Focused Questions:

- How does borrowing and spending affect the economy?
- What is the social impact of home ownership?
- How does supply and demand effect real estate prices?
- What are economic indicators? For what are they used?



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Contracts

Meghan Freeman is contacted by a salesperson from the Heavenly Housing subdivision and told that she has just won a two-bedroom house. Meghan loves the house, and when she is asked to sign a letter of endorsement for the subdivision, she does so gladly. Later, Meghan finds out that rather than winning a house, she has merely won a chance to win a house. Furthermore, the letter of endorsement she signed is a contract to buy a house if she fails to win one. Meghan never intended to enter a contract.

Big Question: Is the contract Meghan signed enforceable? If Meghan intended on buying the house, would the contract still be void or voidable?

Focused Questions:

- Explain the differences among a valid, void, voidable, and unenforceable contract.
- What essential elements must a valid contract have?
- Why is mental capacity important in a real estate transaction?
- What is an offer and a counteroffer?
- What constitutes a breach of contract?

Resources:

Contracts, Anna Marie Fiore, edpuzzle:

<https://edpuzzle.com/media/61979e98df4bcf41911bdb8d>

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Ethics in Real Estate

Jill is the listing agent for a beautiful home. While hosting an open house one Sunday, she is approached by a prospective buyer. After having determined that the buyer does not have a realtor, Jill passes along her personal contact information and has a wonderful conversation including details the prospective buyer is looking for in a new home and about the home for sale. Later that afternoon, the buyer contacts Jill and has a few specific questions about the home Jill has listed. Once Jill answers those questions, the buyer tells Jill she wants to make an offer on the home. Jill remembers from her licensing classes that representing both the buyer and the seller (dual agency) in a transaction can be a tricky situation to maneuver, and most brokers would consider this to be an unethical situation.

Big Question: Jill stands to earn a substantial commission if she represents both sides of this transaction (i.e., the seller and the buyer). Would it be ethical to represent both, knowing the information she knows about the seller's bottom dollar and the buyer's ability to qualify?

Focused Questions:

- What role does ethics play in real estate transactions?
- Is it legal to represent both sides in a real estate transaction?
- What is the difference between dual agency and designated agency?
- What could go wrong if Jill represents both sides of this transaction?
- What are some solutions to this situation?
- When would it be a good idea to get the broker involved in this situation?

Instructional Scenario

Whom Do You Serve?

A seller's agent has a home under contract with a right of first refusal, meaning that the home has a pending contract based on the buyer's sale of their existing home. In this situation, the seller's agent (listing agent) is able to continue to market the home and accept any other non-contingent offers to purchase. The seller can remove the contingent contract and take the non-contingent contract. Therefore, the sellers have continued to have showings on the listing. The seller's agent receives a call from the buyer's agent on the listing with the contingent contract. His buyer has lost the contract on their home.

The buyer's agent asks the seller's agent not to list the home as active, because he believes he can sell the buyer's house this weekend. The buyer's agent doesn't want his buyer to lose out on this home. The buyer's agent proposes that they move forward on the deal, saving the seller's agent marketing time and avoiding informing the seller of the broken contingent offer.

Big Question: What should the seller's agent do? To whom does the seller's agent owe obligations?

Focused Questions:

- What is the difference between contingent and non-contingent offers?
- Is it ethical for the buyer's agent to ask the seller's agent to hold off on marketing the home?
- Is a seller's agent obligated to share information that affects the home sale with the seller?
- Is it ethical for the seller's agent to withhold information from the seller?
- How soon should the seller's agent have the property listing changed from pending to active?

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Site Unseen

Shannon is representing a buyer who was moving to her city from four hours away. The market in Shannon's city is very competitive, with homes going under contract just hours after going on the market. One home is marketed as "Coming Soon," meaning it will hit the market in the very near future. Shannon's buyer has seen the pictures online of this home and wants to make a full-priced offer "sight unseen." This means the buyer wants to buy the home for full asking price without seeing it in person first. The listing agent is surprised but presents the offer to her seller. The seller accepts the offer from Shannon's out-of-town buyer. This ratified contract has a \$2,500 earnest money deposit (EMD). Three days later the buyer comes to town to conduct the home inspection. The inspection does not reveal any major defects, but the buyer feels uneasy about the slope of the backyard and is concerned enough to request a release of contract. This means the buyer wants out of the deal and that the seller will have to put the home back on the market, which can make it appear that something is wrong with the home.

Big Question: Does the seller have to legally "release the buyer" from the contract? What ramifications does this have for the buyer, seller, and agents involved?

Focused Questions:

- What is "sight unseen," and when can it be used in real estate transactions?
- What are the primary elements of a real estate contract?
- What is EMD, and how is it utilized in contract negotiations?
- What is a "release of contract" in a real estate transaction?
- What are the ramifications of sellers or buyers backing out of a ratified contract?
- What kind of compensation can the buyers be held liable for in a situation like this?

Project-Based Assessment:

- Write up a role play situation involving both realtors and a third party as a broker.
- This role play would most likely take place over a phone call.

Resources:

- https://virginiarealtors.org/wp-content/uploads/dlm_uploads/2017/04/VR-Form-600A-Clean-19Sept08-Fillable.pdf
- <https://hutchenslawfirm.com/blog/real-estate/terminating-contract-properly>

Instructional Scenario

Walkthrough Dilemma

A purchase contract states that the seller will leave the washing machine in the home for the buyer. During the time between contract and purchase, the seller's washing machine breaks and is now inoperable. The seller offers to buy the buyer a used washing machine to match the broken one already agreed upon in the contract. The buyer agrees to the used washing machine if it is comparable to the original machine. At the walkthrough inspection the day before closing, the buyer discovers that the used washing machine is filthy and does not match the dryer. The buyer is livid and demands something be done or she will not close the following day.

Big Question: What rights does the buyer have to cancel a contract the day before closing? What options does the seller have at this point to remedy the situation?

Focused Questions:

- What is a walkthrough inspection?
- Can a buyer cancel a home purchase based on the final walkthrough inspection? How?
- What options does the seller have to try and remedy this issue to continue closing?
- What could the seller's agent do differently to avoid this situation?



Real Estate Salesperson Examination Information

Examinations by PSI

PSI has been contracted as the exam vendor to conduct the examination process. PSI provides examinations through a network of computer and paper-and-pencil examination centers in Virginia. One must pass an examination to confirm the attainment of at least a minimum level of knowledge regarding the principles, practices, and statutes and regulations relating to real estate.

Each examination consists of state and national portions. A passing score on both portions is necessary for licensure. Refer to [PSI Real Estate Candidate Information Bulletin](#) for complete details and to learn registration procedures.

Real Estate Salesperson Examination Qualifications

Applicants must be at least 18 years of age and must meet these additional requirements and complete the required prelicense education before taking the examination.

Instructions for License Qualification

To make the license qualification process go smoothly, be certain to perform the following:

1. Obtain, at a minimum, a high school diploma or its equivalent.
2. Obtain the appropriate number of hours of education in advance of registering for the examination.
3. Prepare for the examination by using the examination outline and the suggested study materials that cover the outline topics.
4. Ensure the examination registration form is complete and accurate, and that you include the correct fees.
5. Take proper identification with you to your scheduled examination appointment.
6. After you have passed the appropriate portions of the PSI licensing examination, submit your license application form, any other required information, and the correct fees to the Virginia Department of Professional and Occupational Regulation.
7. Before submitting an application for a Virginia real estate license, submit a set of fingerprints to the Virginia Central Criminal Records Exchange for the purpose of conducting a state and national fingerprint-based criminal history record. Fingerprinting is mandatory. You will be electronically fingerprinted at one of the PSI Virginia sites, during regular testing hours.
8. Send the license application to the Board within 45 calendar days of the Board's receipt of the fingerprint results (or you will have to pay to be fingerprinted again before the license will be issued).



Tips for Preparing for Your License Examination

1. Start with a current copy of the [Virginia Real Estate Candidate Information Bulletin](#) and use the examination content outline as basis of your study covering both the national and state portions.
2. Read study materials that cover all the topics in the content outline.
3. Read the [Virginia Real Estate Regulations](#).

Examination Study Materials and Textbook for Course Instruction

National Portion

Recommended Textbook: *Modern Real Estate Practice*, 19th Edition Update, Galaty, Allaway, and Kyle, [Dearborn Real Estate Education](#) (800)-972-2220.

Recommended: *Study Guide for Modern Real Estate Practice*, 19th edition, Galaty, Allaway, and Kyle, [Dearborn Real Estate Education](#) (800)-972-2220.

Other resources:

Real Estate Fundamentals, 9th Edition, Gaddy and Hart, [Dearborn Real Estate Education](#) (800)-972-2220.

The Language of Real Estate, 7th Edition, 2013, John Reilly, [Dearborn Real Estate Education](#) (800)-972-2220.

Real Estate Principles & Practices, 9th Edition, Arlyne Geschwender, [Amazon](#).

State Portion

Recommended Textbook: *Virginia Real Estate Practice & Law*, 10th edition, Barrell, [Dearborn Real Estate Education](#) (800)-972-2220.

[Virginia Real Estate Board](#)

[Virginia Housing Law](#)

[Virginia Real Estate Time-Share Act](#)

[Virginia Condominium Act](#)

[Virginia Underground Utility Damage Prevention Act \(Code of Virginia\)](#)

[Common Interest Community Management Information Fund](#)

[Property Owner's Association Act](#)



DECA, Inc. Information

DECA, the co-curricular student organization for Marketing, provides many opportunities through its program of work for students to apply the knowledge, skills, and processes learned in a variety of courses. The purposes of DECA's program of competitive events are as follows:

- To contribute to the development of skills necessary for careers in marketing, merchandising, management, and entrepreneurship
- To evaluate student achievement of the skills through careful measurement devices (performance indicators)
- To provide opportunities for student and team recognition
- To provide constructive avenues for individual or team expression, initiative, and creativity
- To motivate students to assume responsibility for self-improvement and self-discipline
- To provide a vehicle for students to demonstrate (via performance indicators) their acquired skills through individual or team activities
- To assist students in acquiring a realistic self-concept through individual and team activities
- To help students participate in an environment of cooperation and competition
- To provide visibility for the educational goals and objectives of marketing education.

For additional information about the student organization, contact DECA, Inc., 1908 Association Drive, Reston, VA 20191, phone (703) 860-5000, FAX (703) 860-4013. See the DECA, Inc. home page at <http://www.deca.org>.

Common Skills Developed When Participating in DECA Events

- Communication skills—The ability to exchange information and ideas with others through writing, speaking, reading, or listening
- Analytical skills—The ability to derive facts from data, findings from facts, conclusions from findings, and recommendations from conclusions
- Critical thinking and problem-solving skills
- Production skills—The ability to take a concept from an idea and make it real
- Teamwork—The ability to plan, organize, and conduct a group project
- Priorities/time management—The ability to determine priorities and manage time commitments
- Assessment skills—The ability to evaluate presentations



Related DECA, Inc. Competitive Events

CTE student organization information correlates to course content. [These DECA, Inc. competitive events available in Virginia](#) enable students to apply and practice tasks they have mastered within the course. Other events may be applicable upon instructor discretion. Refer to the Chapter Management Guide for more information.