CENTRAL TEXAS COLLEGE SYLLABUS FOR RELE 1311
LAW OF CONTRACTS

Semester Hours Credit: 3

INSTRUCTOR:

OFFICE HOURS: ________________

I. COURSE DESCRIPTION

A. Includes the elements of a contract, offer and acceptance, the statute of frauds, specific performance and remedies for breach, unauthorized practice of law, commission rules relating to use of adopted forms and owner disclosure requirements.

B. RELE 1311 is a required course in the Real Estate certificate program and may be taken as an elective in the Business Management and Marketing and Sales Management degree and certificate programs.

C. This course is occupationally related and serves as a preparation for a career as a sales professional and provides valuable information to the student as a buyer or seller of real property.

D. Prerequisites: None

E. Alphanumeric coding used throughout this syllabus denotes integration of the Secretary’s Commission on Achieving Necessary Skills (SCANS) occupational competencies (CA, B, C1, 2, etc.) And foundation skills (FA, B, C1, 2, etc.) For this course. The instructor will ensure the designated SCANS competencies and skills are addressed in the course. A detailed description of each competency/skill is contained in “A SCANS Report for America 2000,” Executive Summary, furnished separately.

II. LEARNING OUTCOMES

Upon successful completion of this course, RELE 1311, the student will be able to:

A. List and define the essential elements of a contract.
B. Discuss the offer/counteroffer process and the elements constituting offer and acceptance.
C. Define the statute of frauds.
D. Cite examples of breach of contract and discuss permissible remedies.
E. Recite examples of and the legal ramifications for the unauthorized practice of law.
F. Discuss commission rules relating to the use of approved and promulgated forms.
G. Explain the various owner disclosure requirements.
H. Explain and accurately complete Earnest Money Contracts.
I. Explain basic contract law and its application to real estate contracts.
J. Discuss the legal effects of contracts.
K. Describe the essential elements for the creation of a valid contract. (FB3)
L. Discuss rules for construction of contracts.
M. Explain the principles of contract performance, default, and remedies for default.
N. Discuss title considerations in contracts, to include title insurance and title abstracts.
O. Describe what constitutes the unauthorized practice of law for a real estate practitioner, including an understanding of the statement of the Broker-Lawyer-Committee, the rules of the Commission, and the Texas Real Estate License Act. (FC3, FC5, CB6)

P. The following SCANS competencies and foundation skills will be covered in this course:

1. Foundation Skills
   a. Basic Skills
      (1) Reading (FA1)
      (2) Mathematics (FA3)
      (3) Listening (FA4)
   b. Thinking Skills
      (1) Problem solving (FB3)
   c. Personal Qualities
      (1) Responsibility (FC1)
      (2) Self-esteem (FC2)
      (3) Sociability (FC3)
      (4) Self-management (FC4)
      (5) Integrity/honesty (FC5)

2. Competencies
   a. Resources
      (1) Time (CA1)
   b. Interpersonal Skills
      (1) Cultural diversity (CB6)
   c. Information
      (1) Acquires/uses (CC1)
      (2) Organizes/maintains (CC2)
      (3) Interprets/communicates (CC3)
III. INSTRUCTIONAL MATERIALS

The instructional materials identified for this course are viewable through www.ctcd.edu/books

IV. COURSE REQUIREMENTS

A. Reading Assignments: Read text assignments prior to class and be prepared to discuss the text material, answering instructor questions orally with well-organized thoughts and ideas. (FA1, FA5, CC3)

B. Case Studies: Students will be given written scenarios of a sales transaction and will be required to complete a sales contract for the proposed transaction. Scenarios will include Assumption with Conventional 2nd Lien Financing, Conventional 1st Lien Financing, and VA Guarantee loan financing.

C. Class Attendance: (Refer to CTC Catalog, Page 54, for detailed policy). YOU ARE EXPECTED TO ATTEND EACH CLASS PERIOD, BE ON TIME AND STAY THE FULL CLASS PERIOD OR BE COUNTED ABSENT. You are responsible for all course material missed due to absence.

D. The instructor does not provide class notes for classes missed. (FC1, FC4)

   3 missed classes - No Penalty
   4 missed classes - 5 pts
   5 missed classes - 10 pts
   6 missed classes – automatic drop; grade “W”
   (tardy/leave early = ½ miss class)

V. EXAMINATIONS

A. Scheduled Examinations: (CC1, CC2, FC2)

   There will be three major scheduled examinations including the final.

   1. First Exam
   2. Second Exam
   3. Final Exam

B. Each major scheduled examination will cover material assigned in a specific unit of instruction to be determined by the instructor.

C. Students who miss a major scheduled examination do NOT have an automatic right to a make-up examination.
D. The exam schedule and material covered on each exam will be provided by the
instructor on the first day of class. The type of exam questions (essay, multiple choice, fill-in) will be specified by the instructor during pre-exam reviews.

VI. SEMESTER GRADE COMPUTATIONS

A. Letter grades will be assigned as follows:

<table>
<thead>
<tr>
<th>Numerical Value</th>
<th>Grades</th>
<th>Quality Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>90-100</td>
<td>A = Superior</td>
<td>4</td>
</tr>
<tr>
<td>80-89</td>
<td>B = Above Average</td>
<td>3</td>
</tr>
<tr>
<td>70-79</td>
<td>C = Average</td>
<td>2</td>
</tr>
<tr>
<td>60-69</td>
<td>D = Passing, but Unsatisfactory</td>
<td>1</td>
</tr>
<tr>
<td>Below 60</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F = Failure</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>I = Incomplete</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>W = Withdrawal</td>
<td>0</td>
</tr>
</tbody>
</table>

B. Grade Computation for this Course:

1. The final grade for this course will be based upon an averaging of all major scheduled examinations, any assigned projects and reports, and any unscheduled examinations.

2. The final grade for the semester will be computed as follows:

<table>
<thead>
<tr>
<th>Major examinations (scheduled)</th>
<th>90%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom performance</td>
<td>10%</td>
</tr>
</tbody>
</table>

A. Attendance
B. Preparation
C. Case studies (5%)

Total 100%

VII. NOTES AND ADDITIONAL INSTRUCTIONS FROM COURSE INSTRUCTOR

A. Course Withdrawal: It is the student's responsibility to officially withdraw from a class if circumstances prevent attendance. Any student who desires to, or must, officially withdraw from a course after the first scheduled class meeting must file a Central Texas College Application for Withdrawal (CTC Form 59). The withdrawal form must be signed by the student.

CTC Form 59 will be accepted at any time prior to Friday, the 12th week of classes during the 16-week fall and spring semesters. The deadline for sessions of other lengths is:

- 10-week session: Friday of the 8th week
- 8-week session: Friday of the 6th week
- 5-week session: Friday of the 4th week
The equivalent date (75% of the semester) will be used for sessions of other lengths. The specific last day to withdraw is published each semester in the Schedule Bulletin.

A student who officially withdraw will be awarded the grade of "W", provided the student's attendance and academic performance are satisfactory at the time of official withdrawal. Students must file a withdrawal application with the College before they may be considered for withdrawal.

A student may not withdraw from a class for which the instructor has previously issued the student a grade of "F" or "FN" for nonattendance.

B. Administrative Withdrawal: An administrative withdrawal may be initiated when the student fails to meet College attendance requirements. The instructor will assign the appropriate grade on CTC Form 59 for submission to the registrar.

C. Incomplete Grade: The College catalog states, "An incomplete grade may be given in those cases where the student has completed the majority of the course work but, because of personal illness, death in the immediate family, or military orders, the student is unable to complete the requirements for a course..." Prior approval from the instructor is required before the grade of "I" is recorded. A student who merely fails to show for the final examination will receive a zero for the final and an "F" for the course.

D. Cellular Phones and Beepers: Cellular phones and beepers will be turned off while the student is in the classroom or laboratory.

E. Americans With Disabilities Act (ADA): Disability Support Services provides services to students who have appropriate documentation of a disability. Students requiring accommodations for class are responsible for contacting the Office of Disability Support Services (DSS) located on the central campus. This service is available to all students, regardless of location. Review the website at www.ctcd.edu/disability-support for further information. Reasonable accommodations will be given in accordance with the federal and state laws through the DSS office.

F. Instructor Discretion: The instructor reserves the right of final decision in course requirements.

G. Civility: (FC3) Individuals are expected to be cognizant of what a constructive educational experience is and respectful of those participating in a learning environment. Failure to do so can result in disciplinary action up to and including expulsion.
H. Honesty and Integrity: (FC5) All students are required and expected to maintain the highest standards of scholastic honesty in the preparation of all course work and during examinations. The following will be considered examples of scholastic dishonesty:

1. Plagiarism: The taking of passages from writing of others without giving proper credit to the sources.
2. Collusion: Using another’s work as one’s own; or working together with another person in the preparation of work, unless joint preparation is specifically approved in advance by the instructor.

3. Cheating: Giving or receiving information on examinations.

Students guilty of scholastic dishonesty will be administratively dropped from the course with a grade of “F” and will be subject to disciplinary action.

VIII. FEEDBACK

A. FEEDBACK: Feedback is the return of data/information about the result of a process and is an important part of the learning process. Feedback in the course will be provided via test scores, graded assignments, and/or instructor evaluation of the students’ progress. You are encouraged to take advantage of the many avenues for feedback available to you. For example, office hours are established primarily to provide the student access to the instructor to discuss academic guidance. I am also generally available before and after class to meet with you. E-mail is another easily available medium to obtain feedback. Additional feedback may be provided at the discretion of the instructor or on your request.

B. RESPONSIBILITY FOR LEARNING:

1. INSTRUCTOR:
   As your instructor I will organize and present the course material in a manner designed to facilitate the learning process. I will evaluate your progress periodically via writing assignments, and presentation, and exams and provide feedback on your performance via exam and mores, exam critiques, and critique of your writing assignments, etc. I am also available before and after each class period and during office hours to discuss your performance and answer questions.

2. STUDENT:
   As the student you are ultimately responsible for what you learn and for your success in this course.
   It is your responsibility to attend class regularly, prepare for class by reading assigned text material, participate in class discussions, ask questions when required to improve your understanding, prepare for and complete exams, and complete all other assignments.

IX. COURSE OUTLINE

A. **Unit One**: Introduction to Real Estate Contracts: Parties, Property, Sales Price, Financing, and Earnest Money (Chapters 1-5)

1. **Learning Outcomes**: Upon successful completion of this unit, the student will be able to:
   a. Describe the parties to a contract.
b. Explain the concept of property.
c. Calculate the sales paid for conventional and FHA/VA loans.
d. Demonstrate an understanding of how to complete the financing paragraph of a real estate sales contract. (FB3)
e. Explain the concept of earnest money.

2. **Learning Activities:**
   
a. Classroom discussion and group participation (FA4, FC3)
b. Individual study and classroom preparation (FC1, FC4)
c. Homework and other assignments designated by the instructor (CC1, FC1)

3. **Lesson Outline:**
   
a. Basic Contract Law
      (1) General requirements
      (2) Mutual assets
      (3) Acceptance
      (4) Termination of offers
      (5) Bargaining process
      (6) Rules of contract construction
      (7) Earnest money contracts
      (8) Backup addendum
   
b. Parties to a Contract
      (1) Marital status
      (2) Earnest money contract and sale for an estate
      (3) Business organizations
      (4) Religious institutions
   
c. Property
      (1) Legal description of real estate
      (2) Fixture
      (3) Dealing with fixtures
      (4) Writing exclusion into the contract
   
d. Sales Price Calculation
      (1) Conventional loans
      (2) FHA/VA loans
   
e. Financing
      (1) Assumptions—conventional
      (2) Assumptions—FHA/VA
      (3) Addendum for release of liability on assumptions
      (4) Third party financing
      (5) Texas Veterans Housing Assistance Program loan
      (6) Seller financing
      (7) Credit approved on assumption or seller financing
      (8) Loan approval
      (9) FHA/VA forms
(10)  Texas Veterans Land Board loans
B. **Unit Two:** Title Policy, Abstract, and Survey; Property Condition; Brokers Fees; Closing; Possession; and Special Provisions

1. **Learning Outcomes:** Upon successful completion of this unit, the student will be able to:

   a. Explain the use and importance of a title policy, abstract, and survey.
   b. Describe the concept of property condition and completion of the property condition addendum.
   c. Explain brokers fees.
   d. Demonstrate an understanding of the closing process.
   e. Explain the concept of possession.
   f. Explain special provisions.

2. **Learning Activities:**

   a. Classroom discussion and group participation (FA4, FC3)
   b. Individual study and classroom preparation (FC1, FC4)
   c. Homework and other assignments designated by the instructor (CC1, FC1)

3. **Unit Outline:**

   a. Title Policy, Abstract, and Survey
      (1) Texas title insurance
      (2) Last tough objections block
      (3) Title trouble the buyer may always object to
      (4) The survey
      (5) The MUD notice addendum

   b. Property Condition
      (1) Problems with the "as is" sale
      (2) Seller's obligation to make repairs
      (3) Property condition addendum
      (4) Repair obligations
      (5) Lender required repairs—FHA
      (6) Environmental issues
      (7) Deceptive Trade Practice Act
      (8) Real estate inspectors/inspections

   c. Broker’s Fee
      (1) Seller's agency
(2) Setting the commission
Scheduling

Dangers of early move in

Temporary lease form.

Special Provisions

Improper use of paragraph II

Parties, property, financing, title, property conditions, closing, possession, closing costs, and offers termination

Practice of law without a license

C. **Unit Three**: Sales Expenses, Proration, Casualty Loss, Default, Attorney's Fees, and Escrow.

1. **Learning Outcomes**: Upon successful completion of this unit, the student will be able to:

   a. Estimate sales expenses.

   b. Calculate estimated prorations. **(FB3)**

   c. Explain the concept of casualty loss.

   d. Explain the criteria for default.

   e. Demonstrate an understanding of attorney's fees.

   f. Explain the concept of escrow.

2. **Learning Activities**:

   a. Classroom discussion and group participation **(FA4, FC3)**

   b. Individual study and classroom preparation **(FC1, FC4)**

   c. Homework and other assignments designated by the instructor **(CC1, FC1)**

3. **Lesson Outline**:

   a. Sales Expenses (Conventional and FHA/VA)

   (1) Appraisal fees

   (2) Sales expense

   (3) Discount points

   (4) Seller's expense

   (5) Buyer's expense

   (6) PMI permission

   (7) Excess and prohibited expenses
b. Prorations (FB3)
Prorations
How to prorate
Paid in arrears vs. aid in advance
Two problems with insurance

Casualty loss
Who bears the loss?
Uniform Vendor and Purchaser Risk Act

Default
Ground rules for when a deal goes sour
Prescribed remedies
Liquidated damage
Specific performance
Prerequisites and limitations

Attorney's Fees
Loser pays
Reasonable fees

Escrow
Non-liability of the title company for nonperformance
Interest on escrow deposits
Failure of a financial institution
Release of liability forms
Application of funds

D. **Unit Four:** Representation, Notices, Federal Tax Requirements, Mediation, Agreement of Parties and Signature Requirements, and Attorney Consultation

1. **Learning Outcomes:** Upon successful completion of this unit, the student will be able to:

   a. Demonstrate an understanding of representations contained in real estate sales contracts.
   b. Explain the requirements of notices.
   c. Explain the federal tax provision in real estate sales contracts.
   d. Describe the mediation process and the purpose of mediation.
   e. Explain the portion of real estate contracts that describes the agreement of the parties and signature requirements.
   f. Explain the attorney's role in real estate transactions.

2. **Learning Activities:**

   a. Classroom discussion and group participation (FA4, FC3)
   b. Individual study and classroom preparation (FC1, FC4)
   c. Homework and other assignments designated by the instructor (CC1, FC1)

3. **Lesson Outline:**
a. Representations
b. Notices
   (1) In writing
   (2) Delivery

   (1) Foreign Investment in Real Property Act
   (2) Withholding
   (3) Exemptions
   (4) Penalties

d. Mediation
   (1) The mediation addendum
   (2) Processes and procedures
   (3) Issues for mediation

e. Agreement of the Parties and Signature Requirements
   (1) Basic agreement
   (2) Addendum checklist for earnest money contracts
   (3) Attorneys' signature
   (4) Effective date
   (5) Signature
   (6) Agreement between brokers
   (7) Receipt

f. Attorney Consultation
   (1) Legal advice
   (2) Texas Real Estate Commission policy