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TAKE QUIZ

Real Estate

A **real estate contract** is a contract for the purchase/sale or exchange of real property between parties. Real estate contracts are usually contracts between two parties, have legal requirements, and must be in writing to be enforceable.

The contract is entered into with one party making an offer and the other accepting the offer. This can be an ongoing endeavor, with several offers and counter offers until finally an agreement is reached.

Once the contract is agreed upon, the ownership of the real estate is conveyed by a deed--usually either a **warranty deed** or a **quitclaim deed**. Any liens or encumbrances must be cleared at the time of closing. The buyer is responsible to make payment on the agreed upon price at the closing as well. The **closing** is the time when payment is made and the title is exchanged from seller to buyer. Possession of the property is typically transferred from the seller to the buyer at the closing. A closing statement is an accounting of funds in a real estate sale made by a broker to the seller and buyer.

The signing buyers may also list on the deed what type of ownership is attached to the deed, for example, **joint tenancies** such as tenancy in common, joint tenancy with right to survivorship (or dower rights), or possibly a trust.

Contingencies may suspend a contract if certain conditions do not fall into place. Some examples of contingencies in real estate are:

- *mortgage contingency--conditioned on purchaser receiving a mortgage
- *inspection contingency--contingent on satisfactory inspection by a qualified inspector
- *another sale contingency--the buyer needs to sell their current property before the sale can be final
- *appraisal contingency--property must be appraised at or below a fair market value or the lender may refuse to loan on the property.



Real Estate Terms

Joint tenancy: a type of joint ownership on real property in which each party owns an undivided interest in the whole. Joint tenancy creates a right of survivorship which provides that if either one of the joint tenants dies, the remainder of the property is automatically transferred in equal parts to the survivors. This type of ownership is often used as a way of avoiding probate.

Survivorship: the right of survivorship is the condition by which all title, rights and interest of a decedent joint tenant passes to the surviving tenants free of all claims of heirs and creditors.

Tenancy in common: joint ownership that often results when joint tenancies cease to exist. In this type of ownership, one tenant may own a larger portion of the property than another, and a tenant is free to sell his or her portion of the property. There is no right of survivorship in this form of ownership, and each tenant may pass their share of the property to whomever they choose.

Real property: a portion of land, any structure on the land, anything growing on the land; including that which is below it and the airspace above it. Any buildings, machinery, or improvements made to the property fall into the category of real property.

Warranty deed: whereby the seller guarantees that he or she holds free and clear ownership of the property and has the legal right to sell it.

Quitclaim deed: whereby the owner of a piece of property transfers his or her interest in the property to another, and "quits" any claim they may have had to the property.

Closing: the last and final step in transferring real estate from the seller to the buyer. The deed of title is transferred, financing insurance documents are exchanged, and the agreed upon payment is made. Typically the closing is handled by a title company, escrow holder or attorney.



Title: legal term for the document that serves as evidence of ownership.

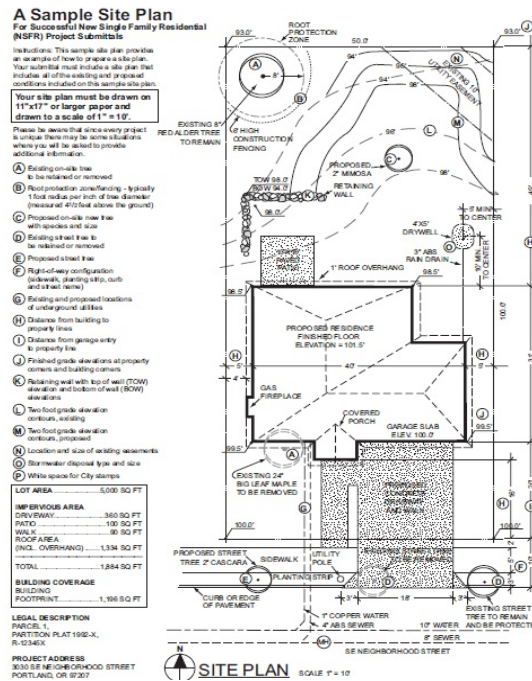
Contract: A real estate contract is a contract for the purchase/sale or exchange of real property between parties. Real estate contracts are usually contracts between two parties, have legal requirements, and must be in writing to be enforceable.

Site Plans

Site plans generally include four basic components or pieces of information. The first is the Building Restriction Line (BRL), which indicates the area that the structure or building must stay within. The site plan will also show any easements that may be present. The property line is the legal boundary of the land parcel and is usually marked with heavy lines. Contour lines depict the topography and elevation of the parcel—generally the lay of the land.

Topographical Plans--Basics

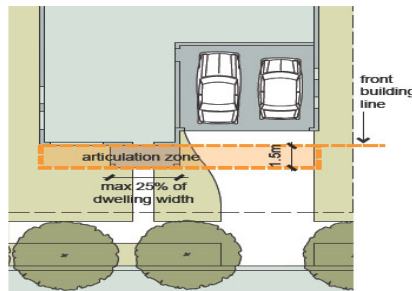
Elevations are represented by contour lines. All points on a contour line are at the same elevation. Contour lines cannot cross each other or divide in any way. The lines always close on themselves, either within or outside the limits of a map. When they close, within the map's limits, they indicate a summit (such as a hill) or a depression (such as a valley). Straight, parallel lines indicate horizontal (flat) ground. Evenly spaced contour lines indicate a uniform or regular ground slope.



Acres: measurement of land. An acre measures 43,560 square feet.

Benchmark: a permanent object that serves as a reference in land surveying, indicating elevation. It is a marked point of known elevation from which other elevations can be determined.

Building line: a line established by zoning ordinances that fixes the location of the building on the site. A structure cannot be built beyond the building line. You can find the building lines by looking at the property survey.



Easement: a portion of property that is used for some stated purpose (public service installations) without compensation.

Elevation: refers to the location's height above a fixed reference point—usually describing the height of a piece of property above sea level.

Encroachment: refers to a building or structure that is built beyond the lot line, encroaching on the neighboring property.

Metes and Bounds: a way of describing a parcel of land in terms of its compass directions and the distances of the boundaries.

Monument: an object placed to mark the physical location of a position. Any monument set by a land surveyor to mark or reference a point on a property or land line shall be permanently marked or tagged with the certificate number of the land surveyor setting it.

Property line: the boundary of a piece of property--normally noted on a survey with a directional heading and length.

Zoning: the regulation of buildings and property within designated districts or zones. Usually it regulates things like use of the property, structures permitted, building height, setbacks, etc.

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