

Course Title: Real Estate Contracts and Seller Financing: The Basics
NM Course #21050121

Description: Using a Real Estate Contract for a sale or property takes skill indeed. There are inherent risks that must be known and disclosed to consumers who use this method of transacting. Brokers need to know the risks, communicate them properly, cautiously avoid representations and misrepresentations, and show skill in writing up the transaction carefully. This class will focus on those risks, how to mitigate them, and how to skillfully write up the RANM 2104 and 2402. We will also focus on careful overview of the RANM 2401 and escrow company Escrow Instructions.

Learning Objectives:

- L1: Students will know the essential elements of REC transactions.**
- L2: Students can demonstrate the applicability of a REC transaction, as distinguished from other types of seller financing.**
- L4: Students will understand and analyze the risks of alienation breaches and assist the consumers in understanding same.**
- L4: Students distinguish between REC and other types of transactions re: documentation, transfer mechanisms, and foreclosure/take-back methods.**
- L5: Students evaluate the risks, and communicate them carefully.**
- L3: Students demonstrate the ability to skillfully complete the documents required for a REC closing**
- L6: Students create checklists for good contract writing and the avoidance of contractual ambiguities and problems.**

The following will be the means used in assessing whether the Learned Objectives have been met: Q+A=questions and answers; CS = case study; L = lecture, PP = power point; GD = group discussions

Timed Outline

0-15

Class introduction and review objectives

PP; GD

15-30	The applicability of the REC methodology for sellers and buyers; the theory of equitable transfer of title and how the buyer becomes the owner	GD; PP; Q+A
30-45	Note and Mortgage and Note and Deed of Trust mechanisms; writing offers in the best interest of your client	L: PP
45-60	Judicial and non-judicial foreclosure methods and how they apply; the advantages/disadvantages to sellers and buyers	L: PP; Q+A
60-75	REC defined; terminology (vendor, vendee, etc) ; wraps and the breach of the underlying alienation clause	PP; GD; Q+A
75-90	Consequences of the wrap and avoidance of problems	GD: Q+A: PP
90-105	Alienation clauses and addressing client concerns properly; avoiding representations and misrepresentations and letting the customer decide	GD; Q+A
105-120	Typical documentation (2401, 2402, 2104) and the necessity of recording; avoiding overburdening the property	L: PP: GD; Q+A
120-135	Potential use and applicability of a Notice of Non-Responsibility	L: CS, PP; GD
135-150	Working with the RANM 2104; seller's satisfaction with buyer ability to repay; the use of the appraisal contingency to support valuation	PP; GD
150-165	Skillful preparation of the RANM 2402 Addendum; notice of default periods; handling of the proceeds to mitigate problems	L; PP; GD
165-180	Careful payment language; using bump payments to increase the buyer's investment; amortizing the underlying loan and making sure the REC amortizes the underlying loan	L: PP: GD
180-195	Continuing discussion of features of the RANM 2402 and 2401	L: PP; GD
195-210	CFPB and new limiting features of the Dodd-Frank Act	L: PP; GD
210-225	Brokers' Top Ten Questions – a review of typical broker questions concerning the REC mechanism and how to construct the transaction carefully	L: PP: Q+A
225-240	Checklist of issues to avoid problems – 25+ items to be reminded of while processing and crafting and REC transaction	L: PP: GD; Q+A