UNIT 5:
BOBRA TAHAN
HOWARD HARRIS
Study Group Information

Please refer to your dashboard for the following:

**Link to calendar of discussion topics**

**Links to discussion questions**

Use this button on the Learning Management System tab to access your dashboard:

![Dashboard Button](image-url)
Contact Information

Bobra Tahan and Howard Harris both have access to this account:

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Please include the STATE where you will be taking your exam anytime you reach out to us so we can find the best resources for you.
Setting up the room

Click on the double arrow to maximize the chat window.
Setting up the room

Full size chat window after clicking on the double arrow
UNIT 5:

TOPICS TO BE DISCUSSED:

Your Questions

Contracts
To be **VALID** a contract must have the following:

**CO**nsent- A meeting of the minds. Offer, acceptance and communication in the case of a purchase contract

**CA**pacity: Must be a sane adult, not under the influence of drugs or alcohol

**CO**nsideration: Can be money, promise or something of value.

**LA**wful Object: Must be a legal purpose
A **VOID** contract has any one element missing

One element is not more important than another.
If one is missing the contract is looked at as empty or lacking so it does not have any legal standing.
A **VOIDABLE** contract is valid until the injured party decides how to proceed. Because it was created under one of the following conditions noted below, the injured party has a unilateral right to exit or accept the contract.

Acceptance of the contract does not insulate the perpetrator from a legal claim against them.

This is a contract created using **fraud**, **misrepresentation**, **duress**, **menace** or **undue influence** to get someone to agree to the contract.
QUESTION

All of the following are required for a valid contract EXCEPT:

A. Mutual agreement
B. Competent parties
C. Earnest money
D. Consideration
All of the following would make a contract voidable EXCEPT:

A. Fraudulent information was given to the buyer regarding the property in question.
B. The seller told the buyer the house has no environmental issues, when in fact it does.
C. The buyer’s can not decide how to take title.
D. The buyer’s are told that they will be dropped off in the middle of nowhere unless they sign the contract.
Duress, fraud, or misrepresentation make contracts void:

True

False
Enforceability and validity are different things.

**Enforceability** the ability to take a contract to court. The Statute of Frauds establishes what contracts must be in writing and signed by all parties to be enforceable. The exception is a lease 1 year or less.

**Validity** is CO-CA-CO-LA.
TYPES OF CONTRACTS

**Unilateral** – only one party bound, like an option

**Bilateral** – both parties are bound, like purchase contract

**Valid** - binding

**Void** - not binding

**Voidable** - one party is bound but the other party is not bound due to Menace, Fraud, Duress and Misrepresentation

**Expressed** - written or spoken with intention to contract

**Implied** - actions, words and conduct
An express contract may be either oral or written:

True

False
A void contract lacks one or more essential elements:

True

False
An example of an enforceable oral contract is a:

A. Lease for 6 months
B. Lease for 13 months
C. Listing contract for 6 months
D. Purchase agreement for an unimproved lot
All of the following are essential elements of every real estate sale contract **EXCEPT:**

A. Lawful objective
B. Consideration
C. Mutual agreement
D. Acknowledgement
QUESTION

Which term *BEST* describes a court order to carry out the terms of a signed real estate sales contract?

A. Lis pendens  
B. Attachment  
C. Subpoena  
D. Specific performance
In a executory purchase agreement, the seller holds equitable title and the buyer holds legal title.

True

False
A buyer who terminates a purchase contract per a contingency is in breach and will not have any earnest money returned:

True

False
The buyer has made an offer which the seller has accepted. The offer is now considered to be:

A. An executed contract
B. A contract as soon as the earnest money is deposited
C. A counter proposal
D. An executory contract
The MLS and all the property advertising lists the installed spa as an exclusion to the sale of a home. The buyer’s first offer requests the spa be included, the seller counters to increase the price and remove the spa. After a number of back and forth verbal negotiations the buyer’s broker writes a new offer which is accepted. The contract fails to mention the spa. In this case at closing what will happen to the spa?

A. The seller may take it since the buyer was given notice
B. The spa must be left with the property since it is a fixture and was not excluded in the purchase contract
C. The spa maybe taken since it is personal property and was not included in the purchase agreement
D. The seller may take the spa but will need to pay the buyer the cost to replace
A neighbor has approached an owner about the possibility of buying the owner’s property in the future. The property owner agrees to give the neighbor a future right. Which document would be in the best interest of the property owner?

A. An option
B. A lease purchase contract
C. A first right of refusal
D. A purchase contract dated to close in 5 years.
<table>
<thead>
<tr>
<th>AGREEMENT</th>
<th>OPTION</th>
<th>FIRST RIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sets sales price in the document</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Actual contract form used</td>
<td>YES</td>
<td>NO not typically</td>
</tr>
<tr>
<td>Potential buyer typically pays a fee for the right</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Greatest benefits goes to</td>
<td>Buyer</td>
<td>Seller</td>
</tr>
</tbody>
</table>
A buyer has a liquidated damages clause in a contract to purchase a property. All contingencies have been met. The buyer emails her agent stating that she has decided not to purchase the property. In this case:

A. The seller may sue the buyer to buy
B. The buyer must close on the property since all contingencies have been met
C. The seller may keep the earnest money and sue the buyer
D. The seller may only keep the earnest money
A contract that gives possession but not ownership to another party is a:

A. Option  
B. Executory purchase contract  
C. Lease  
D. First right of refusal
Any questions I missed or that you still have?

Remember if you think of something after class you can reach both Bobra Tahan and Howard Harris at:

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