

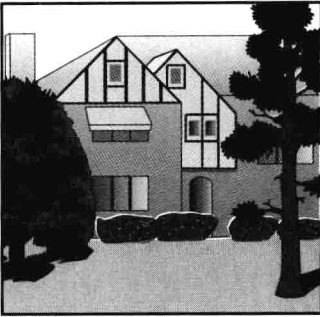
REAL ESTATE PRINCIPLES

SEVENTH EDITION



CHARLES J. JACOBUS
BRUCE HARWOOD

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Real Estate Principles

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Preface

The seventh edition of this text highlights new and expanding concepts in the field of real estate and reinforces some of the more stable concepts that have been the cornerstone of American real estate ownership. The fundamentals of real estate change very, very slowly, but the last few years have seen dramatic changes in real estate financing theories, the business of real estate brokerage, and expanding liabilities of real estate ownership.

Some of the current, changing issues in real estate have an immediate effect on the ownership, sale, and acquisition of real estate as well as on the general condition of the real estate markets. For instance, the old Environmental Impact Statements (for the benefit of governmental entities) have given way to environmental assessments (for the benefit of present and future owners). There has been additional insulation of liabilities, through legislation, in almost all 50 states that provide for no personal liability for owners of limited liability companies and nonparticipating partners in limited liability partnerships. Real estate brokerage has now expanded into areas of “facilitator” and “intermediary” relationships, and market factors have driven a new concept of agency called *dual agency* that has been enabled by legislation in a number of states.

Financing has always been a changing concept. Even with interest rates at a 20-year low, private lenders (not government supported) are looking for additional ways to facilitate home ownership through low-income financing techniques. “Affordable housing” has now become a new way to offer home ownership to lower income groups. We now have asset integrated mortgages, low-cost computer processing of loans, special credit rules for low-income applicants, and stronger enforce-

ment of the Community Reinvestment Act to provide an incentive for lenders to make low-income loans.

The federally imposed rules for appraisals were changed in 1994 to allow for greater flexibility in making loans to properties below \$250,000. Federal rules enable the adoption of departure provisions that allow the properties to be appraised without the “full-blown” appraisals required in previous years. This results in lower cost and more availability of loans to consumers.

In this edition, you will see an expanded discussion of financing techniques and more emphasis on key words in the introduction of those chapters. The appendices will include new sample test questions for PSI exams now being used by 8 states. There is continuing strong emphasis on vocabulary to facilitate the student’s ability to address issues on examinations that qualify them for licensure. The continued use in this edition of simplified document forms and an easy-to-read format will enable any student to enjoy this subject as well as to master its principles.

Charles J. Jacobus received a bachelor of science degree from the University of Houston in 1970 and a doctor of jurisprudence degree from the University of Houston Law Center in 1973. He is board certified by the State Bar of Texas Board of Legal Specialization in both residential and commercial real estate law. He is a member of the American College of Lawyers and the Houston Real Estate Lawyer’s Council, and he has served as president of the Real Estate Educators’ Association, chairman of the Real Estate Section of the Houston Bar Association, and chairman of the American Bar Association Committee on Real Estate Brokers and Brokerage. He is currently serving on the Board of Editors for the American Bar Association Committee on Books and Publication.

Bruce Harwood completed his undergraduate work in real estate at the University of California, Berkeley, in 1963. In 1972 he completed doctoral studies in business administration, with a specialization in finance and real estate, at the University of Colorado. Dr. Harwood passed away on February 7, 1987, leaving behind a legacy which will benefit us all for many years to come.

Criticisms and suggestions for improving this book are welcome. They should be sent to the Real Estate Editor, College

Editorial Department, Prentice Hall, Upper Saddle River, N.J.
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Note to Readers

The author anticipates that as many women will read this book as men. However, it would make the sentences in this book harder to read if “he and she” and “his and her” were used on every possible occasion. Therefore, when you read, “he,” “his,” or “him” in this book, please note that they are being used in their grammatical sense and refer to women as well as men.

* * *

The forms in this text are for information only and are not intended for use as legal documents. In such matters, an attorney should be consulted.

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