

# Real Estate Law and Property Law for Paralegals

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## Chapter One: An Introduction to Real Estate

# Chapter Objectives

- Explain the differences between real and personal property
- Explain the economic characteristics of real property
- Describe the real estate market
- List and explain the various classifications of real property
- Explain the differences between residential, commercial, and industrial property

# Real Property vs. Personal Property

- All property can be divided into two different classifications: real property or personal property.

# Real Property

- Real property refers to the land, houses, trees and any other permanent structures.

# Personal Property

- Personal property refers to non-real estate items.

# Statute of Frauds

- Originally enacted in England and later adopted in all American states, this statute requires certain types of contracts to be in writing before they can be enforced. Typical contracts covered by the Statute of Frauds include contracts to answer for the debt of another and transactions involving real estate

# Differences between Real Property and Personal Property

Personal Property	Real Property
Usually refers to mobile items	Always refers to land
Often taxed on sale price	Often taxed on assessed value
Ownership is evidenced by possession	Ownership is evidenced by deed
Statue of Frauds usually does not apply	Statute of Frauds applies to almost all transactions

# What makes real property so unique?

- Real property has its own set of rules when it comes to selling, buying, mortgaging and investing



# Physical Characteristics of Land

- Permanently fixed and immovable
- Unique; no two pieces of land are exactly the same
- Used by local governments for assessing taxes

# Personal Jurisdiction

- A court's power to render decisions based on an individual's personal connections and interactions within the court's geographic boundaries.

# In Rem Jurisdiction

- A court's power to enter decisions and rulings simply because the land involved happens to be within the court's geographic limits

# Economic Characteristics of Land

- Land is an excellent investment

# Economic Characteristics of Land

- Land appreciates in value over time.

# Equity

- A person's value in property once the amount owed on the property is subtracted from its current fair market value.

# The Real Estate Market

- The **real estate market** refers to the buyers, brokers, lenders, sellers and others involved in real estate transactions.

# Classifying Property By Use

- One of the oldest and most easily understood methods of classifying property is by the use to which it is put.



# Unimproved Land

- **Unimproved land** has no buildings or other structures on it, so it is often referred to as raw land.

# Residential Property

- Property categorized as **residential** refers to land that has a structure designed to be used for personal living, such as a home.

# Single- and Multi-family Homes

- Single family homes include many different examples:
  - Residential houses
  - Duplexes, (two family units sharing a single roof)
  - Triplexes (three family units) and
  - Four family homes (four family units).

# Apartments

- A type of residential real estate consisting of five or more living units per building

# Condominiums & Townhouses

- Condominiums and townhouses share many characteristics, but it is important to understand the differences.

# Condominiums

- A **condominium** gives the resident an ownership interest in the interior of the dwelling, but no rights to the exterior.

# Townhouse

- **Townhouse** residents own the entire unit, both the inside walls and the exterior walls.
- They also own the land that the townhouse is situated upon.

# Cooperatives

- **Cooperatives** are often large tracts of land, or working farms in which several persons have an ownership interest.
- They are also shared apartment buildings.



# Mobile Homes

- **Mobile homes** are usually considered to be personal property and not real property.

# Mobiles Homes as Real Property

- The establishment of the mobile on the land with an obvious intent to make it permanent
- A clear intention on the part of the parties to treat the mobile as real property.
- The homeowner pays taxes on the mobile home as though it were a house.

# Manufactured Housing and "Kit" homes

- **Manufactured homes** are homes in which all or some of the fabrication occurs away from the actual home site.
- Until they are permanently attached at the job site, they are classified as personal property.

# Commercial Property

- **Commercial property** consists of lots and buildings specifically designed for businesses.

# Retail/ Wholesale

- **Retail properties** contain stores and shops.
- **Wholesale properties** consist of warehouses and supply depots where the merchandise is stored.

# Shopping Centers and Malls

- These are commercial areas that occupy vast tracts of land and sell a wide variety of items.

# Industrial Property

- Consists of factories, research facilities and other production facilities.

# Industrial Parks

- **Industrial parks** are designed to allow access to major highways, electrical grids and other infrastructure that will assist the businesses in their tasks.



# Light industry/ Heavy Industry

- Most areas further subdivide industrial categories into light and heavy industry.

# Light Industry

- Any manufacturing plant or factory that does not emit excessive odors or machinery noises.

# Heavy Industry

- Emits noxious odors, loud noises, or uses dangerous chemicals or materials.

# Farm and Rural Property

- These areas are devoted to the cultivation of crops or livestock.

# Recreational Property

- **Recreational property** consists of federal, state, county or city-owned parks.

# Government Property

- This is the classification for vast acreage in the United States owned by federal or state governments.