

Preface	xxiii
Acknowledgments	xxv
Chapter 1 Market Context for Real Estate Transactions	1
A. Types of Real Estate Transactional Practice	5
Problem 1A	8
B. Market Choices and Profits	9
C. Risk and Return	10
D. Value, Utility, and Comparative Advantage	10
Problem 1B	11
E. Categories of Costs	12
Problem 1C	13
F. Transactional Misbehavior	14
G. Categories of Market Risk	15
1. Temporal Risk	15
2. Transactional Risk	17
Problem 1D	18
H. Lawyers' Professional Responsibilities	19
<i>Marsh v. Wallace</i>	20
Problem 1E	24
Chapter 2 Real Estate Brokers	27
A. Brokers' Roles in the Market	27
B. Types of Broker Representation	28
Problem 2A	31
C. The Listing Agreement	31
Problem 2B	32
D. Brokers' Duties to Parties	32
<i>Rangel v. Denny</i>	33
<i>Greif v. Sanin</i>	36

E. Brokers' Commissions	42
1. When the Commission Is Earned	42
<i>Oxford Business Brokers, Inc. v. Moriarty</i>	44
Problem 2C	45
2. Commission, Competition, and Minimum Service Laws	46
<i>Colorado Real Estate Commission v. Vizzi</i>	47
F. Brokers and Lawyers	50
1. Unauthorized Practice of Law	50
Problem 2D	51
Problem 2E	51
2. Lawyers Acting as Brokers	52
Problem 2F	52
Chapter 3 Preparing to Contract	53
A. Real Estate Transactions Timeline	54
B. Understanding the Consequences of Simple Rules	57
Problem 3A	57
C. Letters of Intent and Options	58
<i>GMH Associates, Inc. v. Prudential Realty Group</i>	60
Problem 3B	69
<i>American Canadian Expeditions, Ltd. v. Gauley River Corporation</i>	70
Problem 3C	73
Chapter 4 Executory Contracts	75
A. Ensuring Contract Enforceability	76
1. The Statute of Frauds	76
<i>Sterling v. Taylor</i>	77
2. Part Performance of an Oral Contract	81
Problem 4A	81
3. Other Contract-Law Requirements	82
Problem 4B	83
<i>Moran v. Erk</i>	83
B. Equitable Conversion and Allocation of Risk	86
<i>Brush Grocery Kart, Inc. v. Sure Fine Market, Inc.</i>	89
Problem 4C	92
Problem 4D	92
Problem 4E	93

Contents	xiii
C. Major Contract Conditions	93
Problem 4F	95
1. Financing Conditions	96
<i>Louisiana Real Estate Commission v. Butler</i>	98
<i>Walsh v. Catalano</i>	99
Problem 4G	100
Problem 4H	101
2. Inspection Conditions	102
<i>Bowland, Heflin, Alvarez, Minor & Matthews, PLC v. Heaton</i>	103
Problem 4I	107
Chapter 5 Condition of the Property	109
A. Quantity	109
<i>Perfect v. McAndrew</i>	109
Problem 5A	113
B. Quality	114
1. Express Allocations of Risk of Quality	114
<i>Clair v. Hillenmeyer</i>	114
Problem 5B	116
2. Disclosing Inaccurate Information	117
<i>Petrillo v. Bachenberg</i>	117
<i>Ridge Seneca Plaza, LLC v. BP Products North America</i>	123
Problem 5C	127
3. Material Defects and Duty to Disclose	128
<i>Bloor v. Fritz</i>	129
<i>Milliken v. Jacono</i>	132
Problem 5D	137
Problem 5E	138
4. Implied Warranties	138
<i>Lofts at Fillmore Condominium Association v. Reliance</i> <i>Commercial Construction, Inc.</i>	139
Problem 5F	143
Chapter 6 Closing the Contract	145
A. Attorneys' Duties	145
Problem 6A	146
<i>St. Louis v. Wilkinson Law Offices, P.C.</i>	146
Problem 6B	150

B. The Doctrine of Merger	150
<i>Panos v. Olsen</i>	151
Problem 6C	155
C. The Role of the Notary	156
<i>Scheible v. Brown</i>	157
D. Escrows	160
Problem 6D	162
<i>Miller v. Craig</i>	163
Problem 6E	165
E. Wire Transfers	166
<i>Choice Escrow & Land Title, LLC v. BancorpSouth Bank</i>	167
Problem 6F	169
Chapter 7 Contract Remedies	171
A. Measuring Contract Damages	171
<i>Uzan v. 845 UN Limited Partnership</i>	173
Problem 7A	177
B. Equitable Remedies	178
<i>Oliver v. Ball</i>	180
Problem 7B	184
<i>Rigoli v. 44 Monroe Marketing, LLC</i>	184
Problem 7C	187
C. Slander of Title and Lis Pendens	188
<i>Executive Excellence, LLC v. Martin Brothers Investments, LLC</i>	188
Problem 7D	192
D. Tort Remedies Related to the Contract	192
<i>Sexton v. St. Clair Federal Savings Bank</i>	192
Problem 7E	195
Chapter 8 Allocating Title Risk	197
A. Title Under the Real Estate Contract	197
Problem 8A	199
1. Encumbrances and Encroachments	199
<i>Staley v. Stephens</i>	200
Problem 8B	202
2. Effect of Public Regulation on Title Contingencies	202
<i>Scott v. Turner</i>	202
Problem 8C	204

Contents	xv
3. Buyer's Remedies for Title Defects	204
<i>Donovan v. Bachstadt</i>	204
Problem 8D	207
B. Deed Covenants of Title	208
1. Warranty Deeds and Quitclaim Deeds	208
<i>Egli v. Troy</i>	210
2. Types of Covenants	211
Problem 8E	213
<i>Rowe v. Klein</i>	213
Problem 8F	217
Problem 8G	217
Chapter 9 Land Descriptions	219
A. Types of Descriptions	219
Problem 9A	224
B. The Survey	225
Mitchell G. Williams & Harlan J. Onsrud, What Every Lawyer Should Know About Title Surveys	225
Problem 9B	232
C. Legal Adequacy of Description	232
1. Descriptions in Contracts of Sale	233
<i>Butler v. Benefield</i>	233
Problem 9C	234
2. Descriptions in Deeds and Other Recorded Instruments	235
<i>Walters v. Tucker</i>	235
<i>McGhee v. Young</i>	240
Problem 9D	241
Problem 9E	242
Chapter 10. Public Records	243
A. Title Search Process	243
1. Index Systems	244
2. Electronic Title Searching	245
3. Sample Search	246
B. Types of Recording Acts	249
Problem 10A	251
Problem 10B	252

C. Bona Fide Purchaser Status	253
1. Notice from Records	253
<i>Pelfresne v. Village of Williams Bay</i>	253
Problem 10C	257
2. Defects in Recorded Instruments	258
<i>In re Simpson</i>	258
Problem 10D	262
3. Notice from Possession	263
<i>In re Weisman</i>	263
Problem 10E	267
4. Shelter Rule	268
<i>Nampa Highway District No. 1 v. Knight</i>	268
Problem 10F	271
5. Payment of Value	272
Problem 10G	273
D. Special Problems: Interests That Are Hard or Impossible to Find	273
<i>MidCountry Bank v. Krueger</i>	275
Problem 10H	281
Chapter 11 Title Products	283
A. Title Abstracts	283
Problem 11A	285
B. Attorneys' Title Opinions and Certificates	285
<i>North Bay Council, Inc., Boy Scouts v. Bruckner</i>	286
Problem 11B	290
C. Title Insurance	291
1. The Commitment and the Policy	293
2. Making a Claim Under the Policy	295
<i>Vestin Mortgage, Inc. v. First American Title Insurance Company</i>	295
<i>Jericho State Capital Corp. of Florida v. Chicago Title</i>	299
Problem 11C	304
3. Title Insurance and the Contract of Purchase	304
Problem 11D	305
4. Ethical Problems: Conflicts and Confidentiality	305
Problem 11E	306
Problem 11F	307

Contents	xvii
Chapter 12 Improving the Efficiency of the Title System	309
A. Title Standards	310
Lewis M. Simes & Clarence B. Taylor, Model Title Standards (1960)	311
<i>United States v. Morales</i>	312
B. Title Curative Acts	316
<i>Guttman v. Wells Fargo Bank</i>	317
Problem 12A	320
C. Marketable Title Acts	321
<i>Lyday v. Myakka Valley Ranches Improvement Association</i>	322
Problem 12B	324
Problem 12C	324
D. Torrens System: Title Registration	325
Problem 12D	326
E. Electronic Land Records	326
Problem 12E	327
Chapter 13 Housing Products	329
A. Equal Opportunity for Housing	329
1. Discrimination Based on Race	330
<i>M & T Mortgage Corp. v. White</i>	330
<i>Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc.</i>	336
Problem 13A	342
2. Discrimination Based on Disability	343
<i>United States v. Edward Rose & Sons</i>	344
<i>Austin v. Town of Farmington</i>	346
Problem 13B	349
B. Subdivisions and Planned Communities	350
<i>Reiner v. Ehrlich</i>	351
<i>Turudic v. Stephens dba Susan Estates Residents' Association</i>	354
Problem 13C	360
C. Condominiums	361
<i>Harvey v. Landing Homeowners Association</i>	362
Problem 13D	368

D. Cooperative Housing	369
<i>40 West 67th Street v. Pullman</i>	371
Problem 13E	375
Problem 13F	375
E. Time-Share Housing	376
<i>O'Connor v. Resort Custom Builders, Inc.</i>	377
Problem 13G	380
Chapter 14 Possession and Use of Mortgaged Property	381
A. Possession by Mortgagor: Doctrine of Waste	385
<i>Blunier v. Staggs</i>	386
Problem 14A	388
B. Possession by Mortgagee	388
<i>Woodview Condominium Association v. Shanahan</i>	389
Problem 14B	392
C. Receivers	392
<i>Jordan v. Nationstar Mortgage, LLC</i>	393
Problem 14C	400
Chapter 15 Residential Mortgage Products	401
A. Access to Mortgage Markets	401
B. Structure of Different Types of Mortgage Loans	403
1. High Loan-to-Value Loans and Mortgage Insurance	404
2. Loan Charges: Points, Premiums, and APR	406
Problem 15A	406
3. The Fixed-Rate, Self-Amortizing Home Mortgage Loan	407
4. Adjustable-Rate Mortgage Loans	409
<i>Berghaus v. U.S. Bank</i>	410
5. Cost of Capital and Timing Issues	415
6. Balloon Payment	415
7. Creative Mortgage Structures	416
Problem 15B	418
C. Primary and Secondary Mortgage Markets	418
1. Primary Mortgage Market	418
Problem 15C	420
2. Secondary Mortgage Market	420
Problem 15D	424

Contents	xix
3. Riskier Mortgage Loans	424
Problem 15E	425
4. The Foreclosure Crisis	426
<i>Federal Home Loan Mortgage Corporation v.</i> <i>SFR Investments Pool 1, LLC</i>	428
D. Government Regulation and Market Reform	433
1. UDAAP	434
2. Mortgage Disclosures	435
3. Skin in the Game	435
4. Lender/Servicer Oversight	435
5. Primary and Secondary Market Restrictions	436
6. Home Appraisals	436
7. Ability to Pay	436
<i>Consumer Financial Protection Bureau v. Gordon</i>	437
Problem 15F	442
Chapter 16 Mortgage Obligations	445
A. Payment of the Debt	445
1. Usury	445
<i>Ross v. Peyerk</i>	447
Problem 16A	450
2. Late Payment	450
Problem 16B	452
3. Prepayment	452
<i>Lopresti v. Wells Fargo Bank, N.A.</i>	454
Problem 16C	459
B. Nondebt Obligations	459
<i>Pawtucket Institution for Savings v. Gagnon</i>	460
Problem 16D	462
C. Assumptions and Taking Subject to Mortgage Obligations	463
Problem 16E	465
<i>First Interstate Bank of Washington v. Nelco</i>	465
D. Restrictions on Transfer by Mortgagor	467
<i>Levine v. First National Bank of Commerce</i>	469
Problem 16F	474
E. Default Clauses	474
Problem 16G	475

F. Acceleration	477
Problem 16H	479
Chapter 17 Foreclosure	481
A. Types of Foreclosure	482
1. Strict Foreclosure	482
2. Judicial Foreclosure	483
<i>English v. Bankers Trust Company of California, N.A.</i>	484
Problem 17A	485
3. Nonjudicial Foreclosure	486
Problem 17B	487
B. Foreclosure Sale Prices	488
<i>First Bank v. Fischer & Frichtel, Inc.</i>	488
1. Statutory Mortgagor Protections	494
2. Statutory Redemption	495
<i>Reverse Mortgage Solutions, Inc. v. Goldwyn</i>	496
Problem 17C	499
C. Residential Foreclosure Oversight	500
1. Lender Foreclosure Abuses and Responses	500
<i>In re Carrsow-Franklin</i>	503
Problem 17D	508
2. Residential Foreclosure's Economic and Social Impacts	508
<i>Windward Bora LLC v. Cohen</i>	512
D. Loss Mitigation and Deed in Lieu of Foreclosure	515
<i>GMAC Mortgage, LLC v. Dyer</i>	517
E. Equitable Subrogation	520
<i>New York Mortgage Trust v. Deely</i>	520
Problem 17E	524
Chapter 18 Mortgage Substitutes	525
A. Sales and Disguised Mortgages	526
<i>Smith v. Harding</i>	527
Problem 18A	530
B. The Negative Pledge	531
<i>Tahoe National Bank v. Phillips</i>	532
Problem 18B	537
C. Installment Land Contracts	537
<i>Petersen v. Hartell</i>	540
Problem 18C	544

Contents	xxi
Chapter 19 Junior Mortgages	547
Problem 19A	549
A. Protecting the Junior Mortgage	550
<i>In re Martin</i>	551
Problem 19B	554
B. Mortgage Subordination and Seller Financing	554
<i>Ranier v. Mount Sterling National Bank</i>	556
Problem 19C	558
C. Wraparound Mortgage	559
<i>Carroll v. Miller</i>	559
Problem 19D	560
Problem 19E	561
Chapter 20 Basic Commercial Real Estate	563
A. Selecting a Development Entity	563
Problem 20A	564
B. Commercial Lending and Article 9 of the UCC	564
Problem 20B	565
C. Commercial Financing	566
1. Construction Loans	566
<i>French Broad Place, LLC v. Asheville Savings Bank</i>	569
Problem 20C	575
2. Permanent Loans	575
3. Take-Out Arrangements and Three-Party Agreements	576
Problem 20D	580
<i>Teachers Insurance & Annuity Association v. Ormesa Geothermal</i>	581
Problem 20E	586
4. Loan Participations	586
<i>Sun American Bank v. Fairfield Financial Services, Inc.</i>	586
Problem 20F	590
D. Leases as Financing Devices	591
Problem 20G	593
Table of Cases	595
Index	603