**Unit 6**

**Lecture Outline**

**LEARNING OBJECTIVES**

When the student has completed this unit, they will be able to accomplish the following.

* Explain how legal procedures that effect voluntary and involuntary transfers can impact real property values.
* Explain how real property is conveyed during the grantor’s life and at and after the grantor’s death.
* Explain typical commercial lease terms and standard residential leasing terms.

**KEY TERMS**

accretion

adverse possession

appurtenant

area preference

avulsion

by operation of law

condemnation

dedication

demand

dominant estate

easement

easement by condemnation

easement by grant

easement in gross

easement for light and air

easement by necessity

easement by prescription

economic oversupply

erosion

foreclosure

gift

grant

inter vivos trust

intestate

irrevocable trusts

nonpossessory rights

partition

party walls

permanence of the investment

possessory rights

real estate investment trust (REIT)

reversionary interest

sale

scarcity

servient estate

situs

tacking

technical oversupply

testate

transferability

utility

**LECTURE OUTLINE**

**I. TYPICAL COMMERCIAL LEASE TERMS**

1. Net lease/triple net lease
2. Gross lease/modified gross lease
3. Percentage lease
4. Other lease types
5. Sublease/assignment clause
6. Exclusive right
7. Exclusive-right-to-sell listing
8. Exclusive-right-to-lease listing
9. Lease escalation clauses
   1. History and purpose
10. Proportionate share/occupancy
11. Operating/real estate tax stop
12. Real property tax clause
13. Direct operating escalation clause
14. Fringe benefits
15. Fixed-percentage increases
16. Consumer price index (CPI)

**II. STANDARD RESIDENTIAL LEASING TERMS**

**III. CHARACTERISTICS OF VALUE**

1. Economic characteristics of value
2. Relative scarcity
3. Improvements
4. Permanence of investment
5. Area preference
6. Physical characteristics of value
7. Immobility
8. Indestructibility
9. Nonhomogenity
10. Four characteristics of value
11. Demand
12. Scarcity
13. Utility
14. Transferability

**IV. TRANSFERABILITY**

1. Voluntary transfers
   1. Transfers during life
   2. Transfers after death
2. Involuntary transfers
   1. Transfers during life
   2. Transfers after death
3. Natural processes

**V. SUMMARY**