

REAL ESTATE TRANSACTIONS

Course Outline and Syllabus

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Spring 2009
Wednesdays, 5:50 p.m.-8:30 p.m.

Required Text:

Stark, Durham, Cameron & White, “*Commercial Real Estate Law: A Project & Skills Oriented Approach*” (LexisNexis-2001), **plus** the accompanying Document Book.

Scope of Course:

This course covers real estate basics, focusing primarily on the three most important types of real estate transactions: purchase contracts, leases and mortgages. The course also will examine (i) the economics of real estate ownership, and (ii) how public policy impacts real estate, by introducing students to topics such as land-use planning, environmental protection, zoning, eminent domain and government subsidies. The course generally will be organized as follows:

1. **Introduction (approximately 1 1/2 weeks)**
 - a. Important definitions and terminology
 - b. A brief historical perspective
 - c. Categories of real estate
 - d. Types of interests in real estate
 - e. Basic economics of real estate ownership

2. **Elements of a real estate purchase and sale (approximately 3 1/2 weeks)**
 - a. The letter of intent
 - b. Overview of the sale contract
 - c. Title and survey issues
 - d. Due diligence
 - d. Risk of loss
 - e. Representations and warranties
 - f. Common contingencies
 - g. Transfer of title and closing of the transaction
 - h. Default remedies

3. **Structuring Ownership (approximately 1 week)**
 - a. Limited liability companies, partnerships and corporations
 - b. Bringing in investors
 - i. the balance between debt and equity
 - ii. private placement memoranda
 - iii. management and control issues
 - iv. allocation of investment risks and rewards

4. **Real estate financing** (approximately 2 weeks)
 - a. How a mortgage works
 - b. Legal and business aspects of a mortgage
 - c. Rights of a mortgagee compared to other creditors
 - d. Foreclosures

5. **Elements of a commercial lease** (approximately 2 1/2 weeks)
 - a. Overview of the lease document
 - b. “Net” and “gross” leases contrasted
 - c. Retail leases and office leases contrasted
 - d. Percentage rent clauses
 - e. Default remedies
 - f. Exclusive rights
 - g. Non-competition clauses and radius restrictions
 - h. Operating covenants

6. **Public policy; current topics in real estate** (approximately 2 1/2 weeks)
 - a. Environmental protection
 - b. Land use and zoning laws
 - c. Historic preservation
 - d. The government’s right to take private land for public purposes
 - e. Government subsidies and assistance to promote public policy
 - f. Real estate considerations in Chicago’s bid for the 2016 Olympics

7. **Summary** (approximately 1 week)

I will adjust our pace as appropriate rather than adhere strictly to a weekly schedule.

Curriculum:

The curriculum will balance a practical “how to” approach with an academic perspective. Over the course of the semester, we will study a single shopping center development from start to finish to pull together various concepts and give them context. The shopping center study will be enhanced by smaller case studies, both real and hypothetical, as well as discussion of important case law.

Method of Instruction:

The course will combine lecture and class discussion with in-class exercises on negotiating and preparing contracts, leases and other documents. I will use a modified Socratic method that relies on voluntary class participation to the extent possible.

Grading: There will be a final in-class exam consisting of multiple choice, fill-in-the-blank and essay questions. I strongly value class participation and will factor it into grading.

Attendance Policy: Lectures and classroom discussion will go far beyond assigned readings. To learn the material, therefore, regular classroom attendance is essential.