

## **SAMPLE SPEECH OUTLINE**

### **Navigating the Cloudy Waters of Buying and Selling Real Estate How to Make the Real Estate Process Work for You**

- I. Introduction
  - A. Purchasing a home can be a daunting process – there are numerous factors to consider.
  - B. From finding a dream home to assembling a real estate team that will guard your best interests, you need to collect knowledge about all the components of a real estate transaction.
  - C. Today I will provide you with an overview of how to effectively prepare to participate in the real estate process, the resources available to you and how a real estate attorney can help ensure that all of your needs are met.
- II. Key Members of a Real Estate Team
  - A. The Role of a Real Estate Attorney
    - 1. The only team member who is legally and ethically bound to work in the consumer’s best interest.
    - 2. Interprets and counsels buyers and sellers about all legal documents related to the title and transaction, including deed, mortgages and closing statements.
    - 3. Relates the income, estate and gift tax consequences to your estate.
    - 4. Advises you on what the title policy does not protect against, with emphasis on insurability and marketability.
    - 5. Handles probate issues.
  - B. The Role of a Real Estate Agent
    - 1. Helps you find a home that meets your needs in terms of price range, areas of town you like, number of bedrooms, etc.
    - 2. Negotiates price and terms for the home on your behalf.
    - 3. Prepares purchase contract (can also be handled by a real estate attorney).
    - 4. Goes on-site for property inspections.
    - 5. Coordinates the closing.
    - 6. Offers referrals for other experts, such as inspectors and real estate attorneys.
  - C. The Role of a Loan Officer (Finance Source)
    - 1. Processes the mortgage loan on the property and can be affiliated with one of many lending institutions.
    - 2. Makes sure you are a good credit risk and financially able to handle the payments on the loan.
    - 3. The loan officer qualifies you and negotiates the financial arrangements for the lender.
    - 4. Loan officers earn their fees from the interest rate they charge.
    - 5. Make sure to be aware of the interest rate charge —interest rate and points—in order to be a competitive shopper.
  - D. The Role of an Inspector
    - 1. An objective third party that examines the property for purchase with a fine-toothed comb, reporting on the condition of the structure and systems of the house.

2. Can provide a sample report. Good reports are mini-booklets of information about your home, not just a series of checked or unchecked boxes.
3. Find out what elements of the house are and are not included in the inspection.
4. You should try to be on site during the inspection to learn things about house that may not be otherwise conveyed.
5. Talk to previous clients of the inspector who have owned their homes for a year or so to find out if the inspector missed anything significant.
6. Don't consider the inspection a guarantee or warranty, but simply the best information possible at an affordable cost.

E. The Role of an Appraiser

1. A certified or licensed expert who states his or her opinion of the quality of the property and its *fair market value*—a price range a given property will bring, assuming neither buyer nor seller is under any extreme pressure to buy or sell.
2. Lenders usually choose appraisers from a list of individuals connected with organizations like Appraisal Institute or National Association of Independent Fee Appraisers.
3. The appraiser evaluates a home using three methods:
  - a. Comparative Market Analysis, which the appraiser uses to find a *typical* selling price of a comparable home, not (necessarily) the *highest priced* home in the area
  - b. Interviews with real estate agents and the appropriate government real estate tax personnel
  - c. Touring the property, taking into account the square footage, floor plan, number of rooms and baths, upgrades, overall condition of the home and the neighborhood

F. The Role of a Surveyor

1. Locates and measures the exact lot lines to make sure they match up with the description on the deed.
2. Surveying is always wise so that both you and seller know and agree on what is being transferred, and to ensure that the lot lines are unobstructed by things like fences or garages or sheds.
3. Surveyors are usually hired by the buyer, although this is negotiable.
4. If the survey turns up a property boundary problem, it's a good idea to speak with your real estate attorney. A boundary problem might make title insurance more expensive or even impossible to obtain, which could affect the decision to buy.

III. Real Estate Terms

A. Knowing the terminology of a real estate transaction is almost as crucial as building the real estate team. When you have an understanding of the language the real estate team is using, it will help avoid miscommunication and unnecessary mistakes.

B. Sample terms that can be found on Attorneys' Title Insurance Fund, Inc.'s consumer Web site, [www.fundhomeinfo.com](http://www.fundhomeinfo.com).

1. **Adjustable Rate Mortgage:** Also called an ARM or adjustable, this type of mortgage typically starts off with a lower “teaser” interest rate that

stays fixed for a specified time, then adjusts periodically depending on changes in the market interest rate.

2. **Closing (Settlement):** The final step of a property sale transaction, in which the legal ("closing") documents, (e.g., deed, note, mortgage, affidavits) are executed and funds disbursed in accordance with the terms of the sales contract or loan commitment.
3. **Earnest Money:** Funds the buyer offers the seller as a sign of "good faith" that he or she intends to buy the home. Earnest money is typically 5% to 10% of the purchase price and is placed into an escrow or trust account, *never* given directly to the seller.
4. **Lien:** A legal claim on the property that acts as a security for the payment of a debt. If the debt is not repaid as promised, the lender or the lienholder can foreclose its claim on the property and force a public sale to pay the debt.
5. **Pre-Qualification:** *Pre-qualifying* entails speaking with a lender who offers an opinion of the loan amount the buyer is eligible to borrow, without providing any supporting paperwork or credit history. There's no charge for pre-qualification.
6. **Title Examination:** An examination of public records, laws, and court actions to make sure that a property's seller is the legal owner and to disclose all other claims or encumbrances on the property affecting its ownership.

#### IV. Resources Available

- A. You can find help by checking out three resources:
  1. **A guide to buying and selling a home** offers important information about real estate issues such as contracts, financing, pre-closing, title protection, closing, post-closing, and a glossary of common real estate terms with which you may not necessarily be familiar.
  2. **A new Web site**, [www.fundhomeinfo.com](http://www.fundhomeinfo.com), is dedicated to consumer education and offers downloadable content and checklists, financing information, and details on the key players that comprise an effective real estate team.
  3. **A toll-free number**, 1-866-Fund-Home, where you can obtain real estate information and order the new real estate guide.

#### V. Conclusion

- A. The real estate process may seem overwhelming. However, taking advantage of the real estate resources available will help protect your interests.
- B. Keep in mind, a real estate attorney is the only member of the real estate team that is legally bound to protect the client.
- C. Understanding real estate terms and accessing real estate resources is the best way to prepare for the real estate process.
- D. Provide contact information for the audience to reach you with any questions.