

10. **36 Hot Tips From the \$200 Real Estate Attorney Interview... “Do’s” and “Dont's”** (8 Minutes)

Q1. I understand that one chapter of your book is devoted to a \$200 real estate attorney interview. And I also understand that there are 36 hot tips that the attorney gives. Could you explain those to us?

A1. Hey, I'd be glad to. I really think \$200 is a conservative estimate of value of this particular chapter.

1. Once you've signed the closing documents, you're stuck with the deal. You should see an attorney before signing the purchase agreement and the closing papers.
2. Develop a plan before doing serious home shopping, and part of the plan should be choosing a real estate attorney.
3. Choose and develop a relationship with a real estate attorney for counseling.
4. Do your homework. Read real estate sections of local newspapers, read home-buying books, do internet research.
5. Get pre-qualified with a bank or mortgage company.
6. Develop a proposed budget: look beyond the mortgage principal and interest payments, taxes and insurance. You should also consider the utilities and maintenance, i.e. lawn mowing or snow removal (with huge lawns, the weekly costs may be \$50 to \$150).
7. After developing a budget and concluding what can be afforded, then home shop via the local Realtors Multiple Listing Service book, and/or internet, finding homes in the appropriate price range.
8. Consult with the attorney to review offers and seller's disclosure statements. Review the lead paint disclosure statements for homes built prior to 1978. This is a national requirement.
9. Find out what the attorney charges. Is it a flat rate, such as \$150 to prepare a deed, or an hourly rate, such as \$175 per hour? THEN GET THE EMPLOYMENT AGREEMENT IN WRITING.
10. Hire a licensed (if there is state licensing) home inspector.
11. The purchase agreement must specify a time of possession.
12. How long does the seller intend on staying in the property? Develop a monthly rent to cover the mortgage principal and interest, taxes and insurance and other assorted costs.

13. Develop a specific written personal property addendum. A case in point would be including a new stove. There may have been a new one there when you inspected the house, but when you go to take possession, a used one is there. This is very common and a large area of disputes and conflicts. Be very specific on a separate personal property addendum the make of the item; as an example, a GE stove, yellow in color, serial number 123456, and model AH. It will save a lot of grief.
14. Specify who pays for what. Normally the seller pays the closing costs associated with the transaction and the mandatory transfer tax. Get it in writing.
15. Specify "a right of first refusal in the purchase agreement." A right of first refusal is that if the seller indicates he will accept the purchase agreement but subject to a better offer being received within the next 30 days, 60 days, 80 days, that you be given the right to match that offer or improve it. This is perfectly legal if it is in writing.
16. Check out the pro-ration of property taxes. If the seller has prepaid property taxes, they would be entitled to reimbursement for a portion of the taxes that accrue after the closing.
17. Check to see if the taxes are fully paid with the city or township offices.
18. Check on outstanding bills: gas, water, sewer, electric. Have all the utility bills paid up and current to the day of the closing. Establish an escrow account to be sure that any bills that come in after the closing are covered. Specify that an unpaid balance is refunded to the seller.
19. Check the local government office for possible future sewer or road assessments. Be certain if there are any due or pending. This should be discussed in the title insurance commitment.
20. Vacant lots without a public sewer will need percolation tests. The purchase agreement should be contingent upon passing the "perk test" and what it will cost to build a system that satisfies the local authorities/health department.
21. Use a licensed real estate appraiser. Do not rely on market value analysis opinions.
22. A seller's disclosure statement should be provided in every transaction. It will prevent fraud concerning the condition of the property.
23. Insert a provision in the purchase agreement for a final walk-through before the closing. (This prevents the house from being stripped or trashed.)
24. Every purchase agreement should contain a provision dictating how the deposit is dealt with in the event of default of either party.
25. Budget for homeowner or condo association dues. Be sure you can afford the property.

26. Review of the condo association rules should be made prior to the closing. Have an attorney review them. Often they are very technical. Some of them may be simple. Examples are: how long a time a garden hose can be left in the front yard, or how long a garage door can be left open.
27. Align yourself with a competent, experienced insurance agent who acts in your best interests. (Independent agents represent many different companies and there may be some companies that provide coverage tailored to your needs. -- Richard Smith comment.)
28. Every buyer should obtain a stake survey of the property (with an engineering company placing clear markers on the boundary corners.) Fences are not necessarily the boundaries. Garages and barns are often built on or over the line or violate set-off provisions.
29. Note local ordinances/building codes, if you have plans for future additions, pole barns or garages prior to the closing.
30. Title insurance is absolutely necessary in every transaction.
31. Insert in the purchase agreement "to maintain the premises having the seller agree to maintain the property in the same condition as at the acceptance of the contract until possession is delivered. The sellers will clear the house of all rubbish, debris, and personal property upon vacating." When this is in writing, it is mandatory and enforceable.
32. To avoid dispute on the property's size, as an example whether it is 5 acres or 10 acres, have a stake survey prepared by a licensed engineering company that specifies that the size be calculated. They will know whether the legal description matches the purchase agreement.
33. When buying rural acreage, make sure there is a right of way for utilities to come on to the property. (Don't be forced to buy another parcel to get the utilities to the property.)
34. The purchase agreement has to be signed to satisfy the Statute of Frauds. An unsigned purchase agreement is not valid.
35. It is best to have an attorney present at the beginning of the process to draft a contract to tailor make the contract for your individual purchase agreement and your needs.
36. Paying hundreds of dollars up front for counseling versus thousands of dollars for a messy lawsuit is a good investment.
37. Everyone needs a team of professionals: a real estate attorney, home owners insurance agent, engineering company to do surveys, a home inspector, a licensed real estate appraiser, and a title insurance company.