



It's Your **Move**

A Real Estate
Consumer Education
Course

EDUCATOR'S GUIDE



ACKNOWLEDGEMENT

The Missouri REALTORS® Educational Foundation, formally known as The CENTER, is grateful to everyone who helped create the first ***It's Your Move*** curriculum in 1984.

It's Your Move was originally developed in 1976 for the California State Department of Real Estate. California's publication was adopted and duplicated by other states; Oklahoma's program being the model for this version.

The Missouri REALTORS® Educational Foundation Board of Trustees are grateful to all contributors of this publication.

ABOUT THE MISSOURI REALTORS® EDUCATIONAL FOUNDATION

The Missouri REALTORS® Educational Foundation (MREF) is the not-for-profit education foundation of Missouri REALTORS®. With over 22,000 members, Missouri REALTORS® is the largest trade association in Missouri. MREF provides programs and activities related to consumer and business education, free enterprise, and entrepreneurship. Its primary focus is youth in Missouri.

It's Your Move is supported by contributions from Missouri REALTORS® who believe in economic education for the youth of Missouri. The Missouri REALTORS® Educational Foundation has collaborated with the Missouri Department of Elementary and Secondary Education (DESE) to align the ***It's Your Move*** curriculum to meet Missouri Learning Standards.

For more information about ***It's Your Move***, contact:

Missouri REALTORS® 2005 W Broadway, Suite 210, Columbia, MO 65203
(573) 445-8400 or missourirealtors@morealtor.com



Table Of Contents

LESSON OVERVIEW	1
CONSUMER CREDIT	2
RENTING A HOME	4
BUYING A HOME	6
SELLING A HOME	8
TERMS OF REAL ESTATE	10
MISSOURI LEARNING STANDARDS	14

Lesson Overview

Through a series of videos, case studies, and interactive quizzes, students will garner an understanding of consumer credit, renting a home, buying a home, and selling home. ***It's Your Move*** has been designed to educate students on these specific processes as they transition from high school to the next step(s) of their life; whatever that might be. Juniors and seniors in high school are the intended audience for this program.

The accompanying ***It's Your Move*** video series was created through Articulate to provide students with a consistent and interactive experience in the classroom.

In addition, this course is designed to allow for guest speakers (REALTOR®, title agent, banker, etc.) To select a certified REALTOR® to speak to your class, visit ***It's Your Move*** online at missourirealtor.org/consumer. Within this section, you can identify a professional in your area that has attended specialized course training. If a contact is not listed as available in your specific area, please contact Missouri REALTORS® and we will help arrange a guest speaker.

CONTENT AREAS

Consumer Credit, Renting a Home, Buying a Home, Selling a Home

ACTIVITY DURATION

4 class sessions (50 minutes each)

GRADE LEVEL

Grades 11-12

ESSENTIAL QUESTIONS

- What is consumer credit and what are the benefits of obtaining good consumer credit?
- What is the benefit of renting a home?
- What is the benefit of buying a home?
- What should I know before selling a home?

MATERIALS

- Computer
- Projector
- Internet Access
- Section One: Consumer Credit (*Case Study #1, Consumer Credit Quiz*)
- Section Two: Renting a Home (*Case Study #2, Case Study #3, Case Study #4, Renting a Home Quiz*)
- Section Three: Buying a Home (*Case Study #5, Buying a Home Quiz*)
- Section Four: Selling a Home (*Case Study #6, Selling a Home Quiz*)



Consumer Credit

SUMMARY

In this section, students will identify the steps in obtaining consumer credit and the benefits of doing so. All laws under the Consumer Credit Protection Act exist to keep the credit granting, reporting and collections process fair and reasonable. Properly applied, these laws protect both the consumer and the credit provider.

Credit companies will continue to look for ways to meet clients' needs. Individuals will be able to take advantage of such services throughout their lifetime if they learn to use credit responsibly.

OBJECTIVES

Once students complete this section, they should understand:

- *Why it is so important to obtain good consumer credit*
- *How to qualify for credit*
- *How a credit application is reviewed*
- *What happens when you don't pay your bills*
- *What a credit record is*
- *What their credit rights are*
- *Identity theft; and how to prevent it*

Ask students to respond to the below question(s) based on the completed section:

ASK: Why is obtaining good consumer credit so important?

ANSWER: It establishes your ability to secure future loans for a home, it makes it easier to rent an apartment as many landlords require credit checks, and most employers do credit background checks on employees they wish to hire.

Case Study #1: A History of Bad Credit

As a class, discuss ways in which the student could have:

- Better managed their credit card*
- Made arrangements for paying their debt before being turned over to a debt collection agency*



Consumer Credit Quiz

Student Name: _____

Date: _____

1. True or False:

The history of how you have paid your bills in the past can stay on your credit report for up to seven years.

2. Why is it important to have good credit?

- It establishes your ability to secure future loans for a home.
- It makes it easier to rent an apartment as many landlords require credit checks.
- Most employers do credit background checks on employees they wish to hire.
- All of the above.

3. There are many ways an identity thief can obtain your Social Security number. Check all that would apply:

- Stealing your mail, bank statements, and/or credit card statements.
- Capture the information in data storage by "skimming".
- Rummaging through your trash.
- All of the above.

4. What should you do if a stranger asks for your Social Security Number?

- Give it to them.
- Ask for theirs as well so it's an even trade.
- Ask how the information will be safeguarded and why it is necessary for them to have it.
- None of the above.

5. True or False:

If you don't have a job or a regular salary, you will find it easy to obtain credit.

Renting a Home

SECTION 2

SUMMARY

In this section, students will identify the benefits of renting a home or apartment, and the tenants' and landlords' rights and responsibilities. In addition, students will discuss fair housing which is a right protected by federal and state laws. Fair housing means you may freely choose a place to live without regard to your race, color, religion, sex, national origin or simply because you are disabled or have children in your family. It is against the law to deny people the opportunity to live where they want to live.

OBJECTIVES

Once students complete this section, they should understand:

- *The benefits of renting a home*
- *What questions to ask before selecting a place to live*
- *The lease application*
- *The rental agreement*
- *The tenants' and landlords' rights and responsibilities*
- *The Lead-Based Paint Disclosure Act*
- *Deposits and fees*
- *Making changes to the property*
- *Breaking a lease/sublease*
- *Government subsidized rental housing*
- *Discrimination in housing*

Ask students to respond to the below question(s) based on the completed section:

ASK: In many instances, why is renting a home or apartment a good idea?

ANSWER: Purchasing a property requires a down payment. Most people need time to save that money which makes renting a logical option.

Case Study #2: Teresa's Checklist

As a class, discuss what items (in addition to the cost of rent, closet space, and distance to the bus stop) Teresa should include in her checklist before selecting a location to live.

Case Study #3: From the Landlord's Point of View

As a class, discuss what rental terms Marshall and his wife should include in their lease.

BONUS! (not included in video)

Case Study #4 An Apartment with Problems

As a class, discuss:

- Who is responsible for replacing the full-length mirror?*
- Who is responsible for the cost of replacing the wallpaper?*
- Will the cost of the faulty electric socket fall on the tenant or the landlord? Why?*
- Is the landlord required to do something about the rats? Explain.*

HINT: Refer back to the summary of the tenants' and landlords' rights and responsibilities.

Renting a Home Quiz

Student Name: _____

Date: _____

1. What percentage of your gross income should your housing cost not exceed per month?

- 25%
- 30%
- 35%
- 40%

2. True or **False**

Just because an apartment offers several amenities (*i.e., swimming pool, tennis courts, exercise facility, etc.*) does not mean it will cost more.

3. Which of the following are correct?

- Under no circumstances should you sign a lease without fully understanding it.
- If you don't agree with any terms in the lease, either have it removed or negotiate the change prior to signing anything.
- It is advisable to get help in understanding the terms of a lease from an attorney or real estate professional.
- All of the above.

4. What should a renter do with the landlord when first moving into a property?

- Invite the landlord to your move-in party.
- Show the landlord what changes you're going to make to the property.
- Document the condition of the property.
- All of the above.

Buying a Home

SUMMARY

Buying a home is a scary but satisfying experience. To feel confident a wise and lasting investment has been made, one must carefully read all reference material about buying a home. They must thoroughly examine all forms before signing them and ask the professionals any questions that arise, no matter how insignificant they may seem. With careful planning, the rewards of home ownership are endless, and many happy years can be spent in the house of choice.

OBJECTIVES

Once students complete this section, they should understand:

- *The primary reasons for purchasing a home and the benefits of doing so*
- *Working with a REALTOR®*
- *Agency disclosures*
- *What price they can afford*
- *Financing options*
- *Buyer beware: Predatory lending*
- *Affordable housing*
- *Prepayment privilege*
- *Build or buy: Which is better*
- *Making an offer*
- *Closing the sale*

Ask students to respond to the below question(s) based on the completed section:

ASK: Why is buying a home a good idea for most people?

ANSWER: Shelter and pride of ownership. Home ownership offers you a feeling of security and provides a lasting and growing investment.

Case Study #5: A Perfect Home?

As a class, discuss the best options for Richard and Claire as they select a home to purchase. Ask:

- What is the solution?*
- What would you do if you were a member of this family?*
- Why do emotions play such a big part in choosing a home?*
- What may happen if Richard and Claire buy this house?*
- What if they don't?*



Buying a Home Quiz

Student Name: _____

Date: _____

1. True or False:

Both building and buying a home have their advantages and disadvantages.

2. True or False:

For most people, the primary reasons for buying a home are shelter and pride of ownership.

3. Which of the following is not correct when buying a home?

- Your job stability is not taken into consideration when qualifying for a loan.
- Your total monthly housing cost should not exceed 30% of your income.
- In order to qualify you for a loan, the lender will consider your credit history to determine whether you pay your bills on time.
- Most lenders require the down payment to be paid from the buyer's own funds.

4. True or False:

Interest is the amount of money paid for the use of someone else's money.

5. What are at least three questions you should ask yourself when you have found the home you wish to buy?

- How much are real estate taxes?
- Will it be costly to maintain the house and yard?
- Can I afford the house?
- All of the above.

Selling a Home

SUMMARY

There are many reasons why people sell real estate. One very common reason is a change of job requiring relocation. Another reason might be a family's housing needs change. There is a need for more room as a family increases in size or for less room as children grow up and move out on their own. No matter the case, understanding the process of selling a home can be of great benefit in the future.

OBJECTIVES

Once students complete this section, they should understand:

- *Changes in the value of a home.*
- *Considerations when deciding to sell or remodel*
- *What happens when you decide to sell*

Ask students to respond to the below question(s) based on the completed section:

ASK: Why is it beneficial to use a REALTOR® when selling a home?

ANSWER: A REALTOR® will develop a marketing plan, list your property, advertise it, show it to prospective buyers and take care of the many additional details involved with the sale.

Case Study #6: Sell or Remodel

As a class, discuss whether Richard and Claire should stay in their home and make updates, or if selling and moving to a smaller house is a better option.



Selling a Home Quiz

Student Name: _____

Date: _____

1. What can cause a house to depreciate or decrease in value?

- Age of the home.
- Poor maintenance.
- Undesirable location.
- Poor basic construction.
- All of the above.

2. True or False:

If you decide to sell your home through a REALTOR®, they will handle the majority of the work.

3. Why might someone consider selling their home?

- A change of job requiring a location change.
- Their family's housing needs change.
- There is a need for more room as a family increases in size, or for less room as children grow up and move out on their own.
- All of the above.

4. True or False:

Selling a home can be just as exciting as buying a home, provided the seller learns as much as possible about the sale of real estate.

Terms of Real Estate

The terms listed below are defined as they apply to credit and real estate.

Abstract of Title

A condensed summary of all documents and public records that affect title to a specific piece of real estate.

Adjustment Period

The period of time from one rate change to the next for an ARM. These usually take place every one, three, or five years.

Adjustable Rate Mortgage (ARM)

A type of alternative mortgage for which interest rates and payments are not fixed but adjust over the life of the loan to stay roughly comparable with prevailing market rates.

Agency

A legal relationship in which an owner/principal engages a broker/agent in the sale of property, or a buyer/principal engages a broker/agent in the purchase of property.

Agent

A person who legally represents another in a business transaction.

Amenities

Attractive features of a property which increase one's comfort or convenience.

Amortization

The means by which a home loan is scheduled to be paid off, including interest and principal, by a series of regular installment payments. Loans are typically amortized over 30 years.

Annual Fee

The yearly cost to use a credit card. Not all credit cards have annual fees.

Application Fee

A fee, often non-refundable, charged by the lender to cover costs of processing your application.

Appraisal

A formal, written estimate of the current value of a home.

Appraiser

A licensed agent who conducts an appraisal.

Appreciate

A rise in value of property.

Annual Percentage Rate (APR)

The cost of your credit expressed as a yearly rate.

Assumption of Mortgage

Alternative financing agreement under which the buyer assumes responsibility for making remaining payments on the seller's existing mortgage.

Bad Credit

Term used to describe a poor credit history.

Balloon Payment

A large payment made at the end of a loan period that settles the balance of the amount borrowed.

Bankruptcy

A legal declaration of the inability to repay debts.

Broker

A person who earns a fee or commission by bringing parties together and assisting them in conducting a business transaction.

Brokerage

Used interchangeably with a broker when referring to a firm rather than an individual; also called brokerage house or brokerage firm.

Building Codes

Community ordinances which regulate the structure of a building.

Ceiling

The highest price, interest rate or other numerical factor allowable in a financial transaction.

Cleaning Deposit

A deposit to cover costs of cleaning an apartment.

Cleaning Fee

A fee charged for cleaning an apartment; usually not refundable.

Closing Costs

Charges paid at the closing of a real estate transaction.

Commission

Payment to an agent, usually calculated as a percentage of the amount of sale.

Condominium

A type of multiple housing in which a unit is individually owned and common areas are jointly owned with other condominium owners.

Contingency

Some act or occurrence that depends upon certain conditions.

Conventional Loan

Any loan secured by real property that is not insured or guaranteed by a government agency.

Convey

To transfer or sell real estate.

Cooperative

A type of multiple housing in which a cooperative member buys a share in a corporation that owns the building and then leases the individual unit that they occupy.

Co-signer

A person, other than the principal borrower, who signs for a loan and assumes equal liability for the loan.

Covenant

A binding agreement made by two or more individuals, parties, etc., to do or keep from doing a specified thing.

Credit History

A record of how people manage their debt that is collected and sold by credit reporting agencies.

Credit Limit

The maximum that may be owed on a credit card. This includes purchases, cash advances, finance charges, and fees.

Deed

A document that transfers right of ownership.

Deed of Trust

A document used in Missouri to pledge property as security on a loan.

Default

Failure to do what one is obligated to do.

Depreciate

A decrease in the value of property.

Duplex

Two single family residences joined together.

Earnest Money

A deposit paid by a buyer to demonstrate good faith.

Easement

A legal agreement that gives specified people the right to use another person's land for a certain purpose.

Eminent Domain

The power of a government to purchase property at a fair price from an owner if it is needed for public use.

Equity

An ownership interest; the difference between the present value of something and the amount still owed on it.

Escrow Agent

In the sale of property, a neutral third party – the escrow agent – is appointed to act as custodian of documents and funds during the transfer from seller to buyer.

Eviction Notice

A legal notice that a tenant is subject to being removed from a property by force, if necessary.

Federal Housing Administration (FHA)

A government agency which ensures repayment of a loan to the lender. The borrower is able to obtain a home loan with a smaller down payment and often at a lower rate of interest.

Fixed Rate Amortized Loan

A loan for which payments are for the same amount of money. The interest rate remains the same over the life of the loan and the loan is fully repaid at the end of the term.

Fourplex

Multiple housing with four units joined together.

Gross Income

Income before tax and other deductions.

Heir

A person who receives an inheritance.

Homeowner's Insurance

An insurance policy that combines liability coverage and hazard insurance.

Homeowner's Warranty

A type of insurance that covers repairs to specified parts of a house for a specific period of time.

HUD (U.S. Department of Housing and Urban Development)

A federal agency responsible for national policy and programs that address America's housing needs, improve and develop the Nation's communities and enforce fair housing laws.

Index

A measure of interest rates for ARMs; changes in the index determine how the interest rate will change.

Inheritance

Anything of value which may be acquired from ancestors.

Interest

The amount paid for the use of money.

Interest Rate Cap

A limit on how much the interest rate on an ARM can change.

Landlord

An owner of property who rents it to others.

Last Month's Rent

An additional month's rent paid at the beginning of a tenant's occupancy to assure the landlord that the tenant will not move out without paying the last month's rent.

Lease

A contract by which property is rented for a certain period of time.

Lease Application

The prospective tenant's application to enter into a lease with the landlord.

Lending Agency

A financial institution that makes loans.

Lessee

One who rents property under a lease agreement.

Lessor

Owner who leases to a tenant.

Liability

A financial obligation or the cash outlay that must be made at a specific time to satisfy the contractual terms of such an obligation.

Lien

A claim on the property of another as security for the payment of a debt.

Manufactured Housing

Housing that is built in a factory.

Median Income

Average income for a specified area.

Mortgage

A legal agreement by which a bank or other creditor lends money at interest in exchange for taking title of the debtor's property.

Multiple Listing Service (MLS)

A system whereby descriptions of properties for sale are shared simultaneously with a number of real estate agencies.

Negative Amortization

Deferring interest payment by adding it to the unpaid principal balance. This occurs when monthly loan payments are not large enough to cover the cost of interest.

Net Income

Income after tax and other deductions.

Oral Rental Agreement

An unwritten rental agreement.

Owner

A person who has title and rights to property.

Payment Cap

A limit on how much the monthly payment on an ARM can change from one adjustment period to the next.

Permanent Fixture

Anything attached permanently to property.

Personal Property

All movable property and anything not permanently attached to the land.

PITI

An abbreviation for principal, interest, taxes and insurance charges which are collected as part of a monthly home loan payment.

Points

Additional fee paid to a lender at closing. Points are generally a percent of the total amount borrowed.

Prepayment Privilege

The right to pay principal in advance of when it is due. When this is done, interest is no longer owed on the amount of principal prepaid; lenders sometimes charge a penalty for prepayment of principal.

Prime Rate

Interest rate that banks charge to preferred customers.

Principal

1) The person who is represented by an agent in a business transaction. 2) A sum of money lent, borrowed or invested.

Private Mortgage Insurance (PMI)

Insurance that protects the lender if the borrower defaults on a home loan.

Promissory Note

An unconditional written promise to pay money.

Property Disclosure

A written representation by the owner concerning the owner's knowledge of the physical aspects and condition of the real estate and the improvements.

Real Estate

The land and all that is attached to it.

Real Estate Agent

A licensed real estate broker or sales associate who acts as a legal representative of another person in a business transaction involving the conveyance of real property.

Real Estate Broker

A person who holds a real estate broker license and who assists buyers and sellers in the conveyance of real property in order to earn a fee or commission.

Real Estate Sales Associate

A person who holds a real estate sales associate license and who acts under the authority of a real estate broker in the performance of many of the duties of the broker.

Real Estate Sales Contract

A document whereby the owner agrees to sell and the buyer agrees to buy.

Real Property

The land and all that is attached to it.

REALTOR®

A licensed real estate agent who is a member of the National Association of REALTORS®.

Rent

The amount paid for the use of property for a limited time.

Security Deposit

A deposit to cover any damage to property, any cleaning that may be necessary or any rent that may be due at termination of the tenant's occupancy.

Single Family Residence

A house designed to accommodate one family.

Sublease

An agreement whereby you lease property and turn around and lease or rent your apartment or house to someone else.

Tenant

One who lives on property but does not own it.

Term

The period of time over which a loan is repaid.

Title

The right of ownership.

Title Commitment

A promise to issue an insurance policy on a piece of property.

Title Insurance

Insurance that assures the buyer and seller as to the title of the property. The title company agrees to pay any claims not revealed to the extent of the policy.

Triplex

Multiple housing with three units joined together.

Underwriting

Standards established by a lender to determine whether a borrower qualifies for a loan.

Variable Rate

Interest rate that changes based on an index such as the prime rate with payments that may increase or decrease accordingly.

Zoning

Limits on property use in a specific area.

Missouri Learning Standards

The Missouri REALTORS® Educational Foundation has collaborated with the Department of Elementary and Secondary Education (DESE) to align the *It's Your Move* curriculum to meet Missouri Learning Standards. Below you will find the Personal Finance and English Languages Arts standards covered in each section.

Personal Finance Standards

SECTION ONE: Consumer Credit

- 9-12.PF.I.2.A Explain how today's choices have future consequences.
- 9-12.PF.I.2.C Analyze how choices can result in unintended consequences.
- 9-12.PF.V.1.B Compare sources of consumer credit such as credit cards, consumer loans, rent-to-own, title and payday loans.
- 9-12.PF.V.1.D Analyze various terms and conditions of credit cards and consumer loans.
- 9-12.PF.V.3.C Identify ways to avoid and/or correct credit problems.
- 9-12.PF.V.3.A Evaluate factors that affect creditworthiness including paying on time and payment history.
- 9-12.PF.V.3.B Explain the purpose and components of credit records and credit history as provided by credit bureaus.
- 9-12.PF.V.3.D Analyze why credit scores may be used by entities such as employers, landlords and insurance companies.
- 9-12.PF.III.2.C Describe effective responses to deceptive or fraudulent sales practices.
- 9-12.PF.V.3.H Explain responsibilities associated with the use of credit.
- 9-12.PF.V.3.F Explain the importance of annually verifying one's credit report.

SECTION TWO: Renting a Home

- 9-12.PF.III.1.A Differentiate between income and expenses.

SECTION THREE: Buying a Home

- 9-12.PF.I.1.A Evaluate the role of choice in decision making.
- 9-12.PF.III.4.C Analyze the costs and benefits of using or not using financial institutions and virtual exchanges.
- 9-12.PF.V.1.B Compare sources of consumer credit; credit cards, consumer loans, rent-to-own, title and payday loans.

SECTION FOUR: Selling a Home

There are no Personal Finance Missouri Learning Standards covered in this section.

English Language Arts Standards

SECTION ONE - SECTION FOUR

- 11-12.RI.1.D Explain two or more central/main ideas in a text, analyze their development throughout the text, and relate the central ideas to human nature and the world; provide an objective and concise summary of the text.
- 11-12.RI.2.B Analyze a text in which the author's point of view is not obvious and requires distinguishing what is directly stated from what is implied.
- 11-12.RI.2.D Evaluate an author's argument and reasoning for effectiveness, validity, logic, credibility, and relevance of the evidence.
- 11-12.SL.1.B Delineate a speaker's argument and claims evaluating the speaker's point of view, reasoning, stance, and evidence in order to propel conversations by posing and responding to questions that probe reasoning and evidence; ensure a hearing for a full range of positions on a topic or issue; clarify, verify, or challenge ideas and conclusions; and promote divergent and creative perspectives.