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Home buying primer

Essential guidelines for the prospective buyer

If you're planning to buy a home this year, you may want to make some resolutions from Attorneys' Title Guaranty Fund Inc., that will help pave the way for a smooth, successful real estate transaction.

"It is important for home purchasers to approach this transaction in a thoughtful, professional manner because, even with low interest rates, buying a home is a huge financial commitment for most people," says Peter J. Birnbaum, president and chief executive officer of ATG.

To ensure happy — and less stressful — house-hunting, ATG offers these helpful guidelines.

Evaluate your finances

The first step to buying a home — before you even begin looking at homes — is to examine your personal finances and evaluate your present financial obligations. This will enable you to determine the price range of a house that you feel comfortable purchasing.

Make a wish list

This wish list should take into consideration new construction versus an existing home, the amount of square footage you require, a particular school district or neighborhood where you want to reside, the most important features inside the house, as well as how much outdoor maintenance you want. Answering these threshold questions will help target your search.

Pre-apply for a mortgage

Not only will obtaining a

specific dollar amount from a qualified lender allow you to know exactly what you can afford, it will help speed up the process if you find a house you really want.

"Being pre-qualified tells a seller you are serious when you make an offer and he or she may accept your bid over another, even a higher bid, if that person is not as credit-worthy," said Birnbaum.

Hire a real estate attorney

A good real estate attorney should be involved from the beginning to serve as your advocate, evaluate your finances, ensure clear title to the house, and navigate the paper maze.

Far more people are involved in a home purchase transaction than just a buyer and a seller. Participants in the process include a real estate sales person or two, a lender, an appraiser, an inspector and a title insurance company.

Do your homework

Arm yourself with information before you jump into the process. Check to see what homes cost in the neighborhoods you would like to move. Research the property taxes in those areas. Consult your local library or use the Internet to check out listed properties.

Realtor.com has many multiple listing service properties on-line and the Owners Network (owners.com) is a unique web site that lists for-sale-by-owner properties nationally.

Decide Realtor arrangement

If you plan to work with a

realtor, be clear on your relationship up front. A listing Realtor represents the seller's property. A cooperating broker is engaged by a potential homebuyer to help shop around for a new house. That broker may or may not be the buyer's fiduciary.

If you decide to use a realtor, seek recommendations from friends and family and interview a few before you select one. Look for an agent whose philosophy and style is one you're comfortable with.

Review disclosure document

Every seller must provide a disclosure document that reveals any material defects such as water damage or electrical problems. It is important to review this document completely with your attorney at your side. Although it does not take the place of an inspection, it provides important information, according to Birnbaum.

Hire a home inspector

After you have made an offer, hire a qualified inspector to go through the house to uncover any potential defects. If any problems arise, your attorney can help renegotiate your contract, or, if the damages are too extensive, the inspection may break the deal completely.

Have a contingency plan

What if you have to close on your buy before you close on your sale? What if you are purchasing a newly constructed home and a labor strike or materials shortage delays your closing? What if your home sells before you have the time to locate a new home?

"These are all questions you need to ask yourself at the outset," Birnbaum said.

For a free brochure on "Buying a Home: What You Need to Know" or "Selling a Home: What You Need to Know," write to ATG at: Box 9136, Champaign, IL 61826-9136; call them at 1-800-252-5206, ext. 248; or e-mail them at brochure@atg.com.