

# NEWSCLIP

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## Buying a Home: What You Need To Know

Owning a home is part of the American Dream, but along with the dream is a major financial commitment.

"There are so many complex issues surrounding the home buying process," said Peter J. Birnbaum, president and chief executive officer of Attorneys' Title Guaranty Fund, Inc. (ATG). "You don't want to leave anything to chance."

In order to ensure a smooth and successful transaction, ATG offers the following advice.

- **Determine your price range and timetable for purchase.** Before you even begin looking for a home, examine your personal finances. You want to buy a home you can afford, and you should take into consideration your present and future financial obligations. "As you examine your financial position, look for ways to eliminate debt," Birnbaum said. "It is also advisable to check your credit rating to avoid any surprises during the loan approval process."
- **Create a "wish list" of what you're looking for in a new home.** Are you interested in new construction or an existing home? How much room do you need and what features of a home are most important to you? Do you have a special neighborhood in mind? As you develop your list, consider which options are available within your price range.
- **Choose a competent, reputable real estate agent.** In most cases, a broker's first duty is to the seller. As a buyer, it is important for you to understand this role so your own interests can be protected. The law requires that the real estate agent disclose in writing his or her role and the method of compensation.
- **Select an experienced, knowledgeable real estate attorney.** It is best to engage the services of an attorney before you sign a contract. Your attorney can explain the terms and legal consequences and suggest changes that will protect you and your investment. "You should determine what services the attorney will provide and what the charges will be," said Birnbaum. "Remember that a good lawyer can save you many times his or her fee by protecting your investment and negotiating terms that are favorable to you."
- **Pre-apply for a mortgage loan.** If you have been pre-approved, you have more control over the home-buying process. Your attorney can explain the various types of loan packages and help you determine which financing option is best for you.

Consult with your attorney before you make an offer or sign a contract. Once the contract is signed by all parties, it is legally binding; make sure your attorney reviews the contract first. You should also consult your attorney about title insurance which protects against financial loss from defects in title, such as mistakes in public records. "Title insurance also protects against hidden defects that would not be revealed in a title search, such as claims of an unknown heir or forged signatures on transfer documents," Birnbaum said.

- **Finalize your mortgage financing, and schedule and plan for the closing.** Once the contract is signed by all parties, it is legally binding; make sure your attorney reviews the contract first. You should also consult your attorney about title insurance which protects against financial loss from defects in title, such as mistakes in public records. "Title insurance also protects against hidden defects that would not be revealed in a title search, such as claims of an unknown heir or forged signatures on transfer documents," Birnbaum said.
- **Finalize your mortgage financing, and schedule and plan for the closing.** Ownership of the property will be transferred at the closing - a meeting that includes buyers, sellers, their respective attorneys and real estate agents, and a representative who typically acts as a closing agent. There are many documents and fees associated with the transfer. Your attorney can provide a clear understanding of these documents. Prior to the closing, you will be informed about the amount of money needed (usually paid by certified check or money order) to cover closing costs.

"The care you take in preparing for the home buying process is important before the sale, but it pays even greater dividends later," said Birnbaum. "Your attention to the legal and financial details now will allow you the peace of mind in the future that comes from knowing your home is protected."

ATG is a lawyer-based service organization that, through its 3,700 attorney-members, strives to keep lawyers involved in real estate transactions for the benefit of the client. ATG works with lawyers in Illinois, Indiana, and Wisconsin through its offices in Champaign, Chicago (downtown and mid-north side), Mt. Prospect, Homewood, Libertyville, Lombard, North Riverside, Oak Lawn, and Belleville, Illinois, and Madison, Wisconsin. ATG can be reached by calling 1-800-252-5206, or at [www.atgf.com](http://www.atgf.com).