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Real Estate-1

Doing your homework: tips on how to buy your first house

By EVE GLICKSMAN

"We were told there was no water in the basement, but when we returned after it had been raining, the basement was flooded," recalls Tracy Kane of Hyde Park, Mass. As a result, she and her husband Timothy leveraged a lower price on the house they bought six months after their wedding in September 1997.

Joni Moore was hesitant to ask the seller to fix anything during negotiations on her and her husband Bill's first house in Hopkinton, Mass. She now regrets they weren't more demanding about having the gutters fixed, among other items: "I was too wimpy. There's no harm in asking."

Buying your first house is a milestone event that will have you spinning with pride, elation ... and stress. There are few things more exciting than saying "this is mine." At the same time, making the purchase — probably the biggest you've ever made — can involve costly mistakes. The Kanes and Moores are happily settled into their new digs today, but are typical of young couples who find that home buying is fraught with more twists and turns than a tornado in Kansas.

"The stress is right up there with planning a wedding," says Kane. "Waiting to see if we would get approved for a mortgage was nerve-racking."

Moore says her search for a home was quite difficult.

"We thought what we wanted was pretty standard," she says. Yet the couple ended up looking at 50 to 60 homes before they found "it."

To save time, the Kanes recommend "drive-bys" when starting a house search. After surveying properties listed in the newspaper from their car, they quickly eliminated houses "not inside-worthy" before arranging appointments with their real estate agent.

The Moores started with a real estate agent, but decided to look on their own after being shown houses higher than the price they stated and feeling pressured to act quickly. Moore found she could get the same listings through the Internet at

www.realtor.com, where pictures of the homes are displayed. She hired a lawyer to handle the paperwork.

"Start low in your expectations of what your dollar will buy," says Rose Sullivan, president of the Massachusetts chapter of the Council of Residential Specialists, and a Realtor with Barrett & Company in Concord, Mass. "First-time buyers want all the toys but can seldom afford them. Once a child comes into your life, you have a different financial situation, so make allowances for later."

One rule of thumb is that your annual mortgage payment should not be more than one-third of your net income.

Pat Milligan-Abber, a Realtor with Century 21 Florence Kates in Sharon and Stoughton, Mass., sug-

gest taking some time before the search begins. She recommends new buyers take three months before looking at houses to hone in on a location, compile a list of likes and dislikes, determine how much they can afford monthly and get pre-approved by a lender.

Both Realtors suggest finding what's known as a "buyer's agent" — a real estate agent who represents your interests and is not the agent who listed the property for the seller.

If the couple is looking for the blessing of parents and siblings, it's best to involve them in the beginning, Milligan-Abber notes. Otherwise, "When a couple says 'this is it,' Mom or Dad will tell them they can do better. Parents haven't seen the 21 houses the couple rejected before they fell in love with this one." Be mindful of a house's resale potential, too, she adds. Ask yourself, "Will this town or neighborhood hold its value?"

Sullivan warns buyers never to go through an unfamiliar mortgage company found on the Internet. "You can fall into traps and not get the mortgage commitment when you need it."

Get a copy of your credit report before you apply for a loan, says Moore. Then, try to clean up any problems. For example, you might contact a department store where you paid a late bill and explain that the late payment was due to your being on vacation. When talking to sellers, find out when appliances were installed and ask for records and receipts, Moore continues. Get all promises written into the agreement.

Spending time in the neighborhood can yield important information, too. The Kanes, for example, were dismayed to discover upon moving that motorists used their block as a shortcut, so car traffic was busier than they anticipated. From Sullivan's experience, however, rationality goes out the window when a couple sees the home they want — and it's not a bad thing. "You will know immediately that this is the house," she says. "You will become infatuated with it. Trust your instincts."

HOME-BUYING CHECKLIST

- Obtain pre-approval for a loan.
- Narrow focus by location, cost and features.
- Find a real estate agent or begin a listing search yourself.
- Talk to neighbors, school and town officials around properties you are considering.
- Make an offer, contingent on home inspection findings.
- Have a lawyer or knowledgeable professional review the agreement of sale before signing.
- Purchase title insurance.
- Review closing costs with your real estate agent or lawyer.

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