

This column highlights promotions, transfers, hirings, awards won and other key personnel moves within the suburban real estate community. Send a brief biographical summary—including the towns of residence and employment and a black and white photo if desired—to: Movers and Shakers, Observer & Eccentric Newspapers, 36251 Schoolcraft, Livonia, 48150. Our fax number is (313) 591-7279.

Boorstein elected VP



Daniel J. Boorstein has been elected vice president of the Farmington Group, a full-service commercial real estate company with offices in Southfield and Detroit. Since joining the firm three years ago, Boorstein has concentrated on marketing and developing the \$50 million Metro World Centre near metro airport. He lives in Birmingham.

Kramer earns license



Jamey Kramer, a Novi resident and a Realtor with RE/MAX 100 in that community, has earned his associate broker license. He was the top sales producer in the office last year. Kramer holds the professional designations of Graduate Realtors Institute and Certified Residential Specialist.

Agosta named chairman



Russell F. Agosta, partner with the accounting firm of Grant Thornton in Southfield, is the new chairman of the Construction Association of Michigan.

CAM names officers

The Construction Association of Michigan, a trade association of contractors, subcontractors and suppliers headquartered in Bloomfield Hills, welcomes several other officers and new directors.

Paul Forte of Bloomfield Hills, president of Glass Block Sales, and **Rick Owen**, vice president of Edrick M. Owen in Rochester Hills, are co-vice chairmen. **James D. Vogelsberg**, president of American Glass & Metals in Plymouth, is treasurer.

New directors are **Don Brann** of Don Brann Associates, Oak Park; **Thomas Landry** of A.J. Etkin Construction, Southfield; and **Ron Urbanczyk** of Huron Acoustic Tile, Mt. Clemens.

REAL ESTATE

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Make buying experience easy

BY DOUG FUNK
STAFF WRITER

Shopping for a house should be as simple as one, two, three, Realtors say.

Work with a professional who can focus your search. Determine how much house you can afford and get pre-approved for a mortgage. Be available to view a house at a moment's notice and be ready to make an offer.

Good advice whether you're a first-time buyer or looking for a change after settling down some roots.

It's O.K. to get a feel for the territory by visiting open houses. But knowledge and experience are hard to beat. When you're actually ready to make a move, go to an expert, the experts say.

"I think what they need to do is find a Realtor out there willing to work with them," said Marty Clerebout, a Realtor with Real Estate One in Farmington. "The Realtor should be doing 90 percent of the work."

That includes helping clients differentiate between wants and needs. It includes using the computer to scout out realistic buying possibilities and set up showings. It includes pointing buyers in the direction of reputable lenders, inspectors and other ancillary service providers.

"There are too many pitfalls out there," said Bob Renfrew, a Realtor with Wolverine Properties in Redford. "If you want a professional job, go to a professional. I'm a firm believer in professionals. I wouldn't hire an auto mechanic to operate on me."

Not all Realtors are created equal, Clerebout maintains.

"Some agents are part time, others full time," he said. "You need a full-time agent. Then a lack of houses for sale. Every day you need to check what's available. I check updates three times a day."

Be sure that you clearly understand the agency relationship between different Realtors and you in the process. Typically, sellers pay sales commissions.

To avoid spinning your wheels or biting off more than you can chew, find out how much house you can purchase early in the process.

"The biggest thing I suggest buyers do ... is know what they can afford before they start looking," Renfrew said. "Hunting for a house is time consuming. You need to have financial ducks in order before looking."

The 28/36 debt-to-income limit still applies.

That is, the principle, interest, taxes and insurance on a mortgage shouldn't exceed 28 percent of monthly gross income. All debt, including mortgage, car payment and college loans, shouldn't exceed 36 percent of gross income.

"It's a guideline, not a rule," said Daniel Smith, vice president and Plymouth branch manager with Republic Bancorp Mortgage.

Banks, savings and loans and mortgage companies can pre-approve or pre-qualify for loans. Smith explains the difference.

"A pre-qualification typically is a loan officer's opinion based on a verbal interview with a potential cus-



STAFF PHOTO BY BILL BARKER

tomers with no documentation. It's subject to complete verification and isn't worth the paper it's printed on.

"A pre-approval is a written commitment to give forth a mortgage, period," Smith said. "We would get copies of the W-2 (annual wage statement) for the last two years, copies of two recent pay stubs, two months of bank statements. We would pull a full-fledge credit report."

The only conditions for final approval would attach to the house, itself — appraisal, survey and title work.

Cost for pre-approval ranges up to a couple hundred dollars, Smith said, with Republic charging \$50.

"A pre-approval really shows customers are serious," Smith said. "Most Realtor's won't waste a thimble of gas on clients without one."

Glenda Lagrois, an associate broker with Century 21 Town & Country, knows the importance of pre-approvals.

"What happens in a tight real estate market, I've seen buyers lose a house because they were only pre-qualified," she said. "Sellers went with a lower offer with a pre-approval contract because they felt it was more stable."

Buyers can't afford to dawdle if they're serious about acquiring a house, especially during this time of year when comparatively fewer houses are available for sale.

"Be ready to look at something even if it's inconvenient," Clerebout said. "It's kind of first come, first served. You have to be ready to jump on them."

"Try to be as available as possible,"

Paperwork: Daniel Smith, a vice president with Republic Bancorp Mortgage, exhibits some of the forms needed to obtain a mortgage pre-approval and expedite the house-buying process.

and Michelle Michael, associate broker with RE/MAX Executive Properties in Farmington Hills. "You need to act quickly."

"A real estate person can go over forms before you need to use them so you feel comfortable," she said. "You can write in a time frame for an attorney to review a document, an offer contingent on an attorney's approval, a time frame for an inspection (in the purchase offer)."

"I have this strong theory that when you buy a house, it's really 70 percent emotional and 30 percent financial," Michael said.

"When you feel emotionally strong, that's the one you should act on. It truly is something from the heart. There's no rule of thumb. It could be the first one you look at or the 100th."

City can't ban all signs from residential yards

REAL ESTATE QUERIES



ROBERT M. MEISNER

Q. Our city is thinking about placing a ban on yard signs, including for sale signs. Is this possible based upon a recent Supreme Court case?

A. Probably not, based upon a recent decision in the Sixth Circuit Court of Appeals, which includes Michigan. As you may recall, the Supreme Court struck down a "total ban" on residential signs in 1994. In a recent case out of Ohio, a city passed a ban on yard signs, including for sale signs, and the court said it was still not adequately "narrowly tailored." It said that window signs are less effective than yard signs and that yard signs are an unusually cheap and convenient form of communication and the city's ordinance was "more than necessary" because it automatically foreclosed an inexpensive and completely way to communicate. Therefore, the court struck down the ban that had been challenged by a group of Realtors.

Q. I am an accountant who is being called upon more frequently to review financial statements of condominium associations for interested purchasers. Do you have any tips as to

what I should be focusing my attention on.

A. At a minimum, if you, as a CPA, are called upon to review the financial statement of an association incident to a buyer buying a condominium unit, I suggest the following: determine whether the association is carrying a deficit in any of its accounts and, if so, whether the deficit is being reduced by the entry of an expense line item in the current budget.

Determine whether there are any substantial bad debt liabilities existing and determine whether there is any indication that a significant number of owners are failing to meet the assessment obligation. Determine whether the capital reserves are being maintained commensurate with the size of the amenities within a particular association.

You may also wish to examine, in conjunction with the attorney for the purchaser, the notes to the financial statement on capital reserves. If the financial statement was prepared by an accountant in accordance with the common interest rule of the association (CIRA) guidelines, the financial statements should contain a note advising whether the association is collecting capital reserves in accordance with the capital reserve study prepared for the association or based upon the projections contained in the initial reserve levels established by the developer.

If the note indicates that capital reserves are not being funded in accordance with the association's

reserve study, the buyer must be aware of this fact because it indicates the likelihood but the association later will be unable to pay for the replacement of a capital item that is the association's responsibility. In that event, the association may seek to assess a special or additional assessment against unit owners to pay for the capital item that needs repair or replacement.

Obviously, the inadequacy of a capital reserve can decrease the value of a unit. More and more frequently, lenders are reviewing capital reserves to determine whether the project represents an acceptable risk. If a financial statement prepared by an accountant in accordance with CIRA guidelines is not available, the association's property manager should provide information about the association's practice concerning capital reserves. You should be working closely with the buyer's attorney, who is presumably knowledgeable in condominiums, to help you analyze these documents.

Robert M. Meisner is an Oakland County area attorney concentrating his practice in the areas of condominiums, real estate, corporate law and litigation. You are invited to submit topics that you would like to see discussed in this column, including questions about condominiums, by writing Robert M. Meisner, 30200 Telegraph Road, Suite 407, Bingham Farms MI 48025. This column provides general information and should not be construed as legal opinion.

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