

# Buying a house? Bank offers tips

NBD offers these housebuying tips:

- Determine how much of a mortgage you can afford (NBD Banks and some mortgage companies offer free prequalification counseling).
- As a guideline, your mortgage payment should be no more than 28 percent and your total monthly debt no more than 36 percent of your gross monthly income. Special mortgage programs are available in some areas for low- and moderate-income people.
- Seek the assistance of a real estate agent for valuable information about neighborhoods, schools and the cost of houses in the area.
- Consult with a real estate attorney when filling out a purchase agreement. An attorney can add contingencies, allowing you, the buyer, to terminate the agreement and get your deposit back if, for example, you cannot get a mortgage at a reasonable rate or if the house does not pass an inspection. It's also a good idea to have your attorney at the closing.
- Gather all the information and materials—statements, pay stubs and tax returns—you will need to fill out a mortgage application.

An NBD mortgage representative can provide you with a buyer's checklist.

- Know your credit history—the bank will run a credit check and probably ask you questions.
- Carefully consider the benefits of fixed- and adjustable-rate mortgages to determine which best fits your needs.
- Be aware of the costs of buying a house, including the down payment, up-front fees and closing costs. They are a common part of the house-buying process. Some mortgage programs allow you to put down as little as 5 percent of the total cost of the house.
- Typical costs required at the closing are points, each point is 1 percent of the mortgage amount; property taxes; mortgage insurance; escrow; the portion of your monthly payment set aside for taxes and homeowners insurance; loan fees; appraisal; title insurance; credit report fees.

These tips are detailed in a 17-minute videotape titled "Buying a home... where to begin," produced by NBD. The free tape is available by calling 1-800-CALLNBD.

# Real estate broker helps set price

Offering too much or too little money for a house can be one of the many pitfalls involved in the buying process.

Obviously, offering too much money can come back to bite the buyer. No one likes to be taken financially. If the offer is unrealistically low, however, negotiations can be stymied by an insolvent seller who may refuse to consider future counter offers.

With help from a real estate sales associate and a little common sense, a buyer should be able to make a reasonable offer that jump-starts negotiations with a seller, said Doug Stranahan, divisional president for Century 21 Great Lakes.

Remember, all agents you contact during the buying process legally represent the seller unless they have a specific written agreement to work for you.

A good first step in the process is to compare the seller's asking price with prices actually paid for similar homes in the same area within the past year.

Using data from local multiple listing services, a sales associate can provide a list of selling prices for similar homes and help the buyer make meaningful comparisons.

"Typically, a buyer's first inclination is to make an offer which is comparable to one of the lowest recently accepted offers for similar houses," Stranahan said. "The seller may not be overly enthusiastic about this type of first offer, but may not reject it either—as long as it's reasonable."

Another place to get information is the assessing department or treasurer's office at the municipal building where the house is located. By law, residential properties must be assessed at one-half of fair market value.

An evaluation of selling prices may not be possible in a home that doesn't really compare with others in the area. In this case, the buyer could have the home's value professionally appraised.

There is always the risk, however, that another buyer could make an offer and purchase the home before an appraisal is completed.

In any case, researching selling prices of similar homes usually provides a good figure that can be used as a starting point for the negotiation process.

An actual offer must be made in writing and should be accompanied by a deposit or earnest money. Since a purchase offer is

legally binding, it may be wise to consult an attorney before submitting that document.

"It should contain a time limit for the seller to accept, reject or negotiate your offer," Stranahan said.

Buyers demonstrate their seriousness by submitting deposits with written offers. A deposit of five to 10 percent isn't abnormal, but a larger deposit may be encouraging to the seller.

In a situation where two buyers make the same offer, the seller will often select the buyer with the bigger deposit.

"Making a well-researched offer and applying a reasonable amount of earnest money best demonstrates a buyer's serious interest and encourages the seller," Stranahan said.

# If you say it's yours, it might be yours

I am confused as to when adverse possession applies in a boundary dispute.



ROBERT M. MEISNER

Although we mistakenly believed that our south property line was the road, we nevertheless think that we have established adverse possession because we posted no-trespassing signs and did not allow our neighbor's predecessors to use the land.

We bought the land in the early '60s and were told by the real estate agent that the boundary line was the road. We later found out that our neighbor's predecessor in title owned that property. Could we prevail in an adverse possession claim?

Chances are that you will prevail. In a leading Michigan case on adverse possession, *Connelly v. Buckingham* (1984), two important principles were set forth.

The first principle states that "a landowner takes possession of land of an adjacent owner, with the intent to hold to the true line, the possession isn't hostile and adverse possession cannot be established."

The second principle states that when the intent is to "claim title to a visible, recognizable boundary, regardless of the true boundary line," the possession is hostile and adverse possession may be established.

It would appear that your scenario falls within the second case principle. That is, your intent was manifested by your exclusive use of the property, the posting of no-trespassing signs and your denial of permission to your neighbor's predecessor to use the disputed parcel.

I am thinking about doing a beach-front condominium in Myrtle Beach, S.C. I am concerned about the marketability of the units as I understand that most of the tourists are under 25.

Is there any way I can structure a condominium to deal with this issue?

First of course, I would do a marketing study to confirm that your information concerning the median age of tourists at Myrtle Beach is under 25. My experience in visiting the area is that it caters to families as well as college students and golfers.

It would appear to me that any type of hotel/condominium that you wish to develop no doubt will be a time share. It must be attractively priced to entice people who can afford such a condominium in this area, particularly when there is an overabundance of hotels at very competitive rates.

You will have to provide something unusual, whether it be ex-

ercise and/or golfing privileges, as well as access to the ocean. You will probably have to market the condominium outside of South Carolina, which will impose additional obligations for you in regard to applicable federal statutes.

I would sit down with a marketing consultant as well as with a knowledgeable condominium lawyer before undertaking this project.

Robert M. Meisner is a Birmingham attorney concentrating his practice in the areas of condominium, real estate and corporate law. You are invited to submit questions by writing Robert M. Meisner at 30200 Telegraph Road, Suite 467, Bingham Farms 48023. This column provides general information and should not be construed as legal opinion. To leave a voicemail message for Robert Meisner, dial 953-2047, mail box 1871.

# Commercial investors hear about retail market

The Detroit Metro CID (Commercial Investment Division) will present a program on one of commercial real estate's hottest topics: the retail market.

The panel will discuss the trends, the target markets and the major players.

Panelists include: Charles Miller, group vice president—real estate, Kmart; John Perlick, real estate manager, Home Depot; Chris

Van Waning, senior real estate representative, PetCare SuperStore; Jeffrey S. Green, president, Howard L. Green & Associates, retail real estate consultants.

The panel takes place 11:30 a.m. to 2 p.m. Tuesday, Oct. 26, in the Radisson Plaza Hotel, 1500 Town Center, Southfield. Luncheon cost is \$25 for CID members, \$35 for non-members. Call 585-1283 for reservations.

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