

# Realtors are dismayed with Reagan's policies

President Reagan and one of his staunchest supporters, Sen. Jake Garn of Utah, are in trouble with some of their staunchest supporters — real estate brokers and salespersons.

Here's what William D. North of the National Association of Realtors told a local audience in Dearborn recently: "We don't find fault with the administration's policy. We still believe in it. The trouble is that the administration doesn't believe in it."

And state Atty. Gen. Frank Kelley, a Democrat who rarely finds favor in business groups, was cheered for finding a "bitter irony" in the Reagan Administration's policies toward housing and banking.

The cheering was done by several hundred members of the Western Wayne Oakland Board of Realtors, who see a threat to 80 percent of the few sales they are able to make in the deeply depressed housing market.

THE TWO MAJOR issues are the so-called "due on sale" clause and the prospect of interstate banking. The federal government is moving forward in both areas, and Kelley found it "appalling."

Take the "due on sale" clause. This clause, usually paragraph 17 in standard mortgages, says the seller's loan becomes due in a lump sum when he transfers his house.

Savings and loan associations want to enforce the clause when a homeowner sells his property on a land contract. In western Wayne and Oakland counties, more than 80 percent of home sales in December and January were on land contracts.

Sellers usually intend to use the buyer's land contract payments to make mortgage payments. But that becomes impossible if the lender demands the mortgage be paid off in one lump sum.



Tim Richard

Said Lloyd Mason, WWOBCB president: "If action is taken that would prohibit such transactions, the market will come to a virtual standstill, and thousands of prospective buyers will be frozen out of the market."

KELLEY POINTS out that a 1977 state Court of Appeals decision (Nichols vs. Ann Arbor Savings & Loan) prohibits enforcement of the "due on sale" clause on property sold on land contract, unless the buyer is financially shaky.

"You would think it would be guiding law," said Kelley, "but our friends in the lending institutions reject that law."

S&L associations with federal charters say state law doesn't apply to them. Kelley told the real estate people that he will join a California case disputing that contention before the U.S. Supreme Court. Arguments before the high court are scheduled for fall of 1982 with a decision due by mid-1983, he said.

THE SAVINGS and loans have their problems, however. Suppose they have loaned money a decade ago at 7 percent. Today they are paying twice that to lure deposits.

The S&Ls are losing money. Across the country, many are going belly-up. So at every opportunity, they are calling in those low-interest loans.

The side of the lending institutions is being taken up by the Federal Home Loan Bank Board.

Kelley sees this as "federal pre-emption of state land laws. It's ironic that our national administration wants to end federal bureaucracy and turn regulation back to the states."

Congressional legislation, too, is aimed at halting

state prohibitions against unnecessary enforcement of "due on sale" clauses.

THE OTHER fight is over a bill by Sen. Garn, chairman of the Senate Banking, Housing and Urban Affairs Committee, to allow interstate banking. Currently banks — even those with federal charters — may operate only within one state.

North, senior vice president and general counsel of the National Association of Realtors, said the result will be concentration of the industry in the hands of a few banks seeking the best interest rates and ignoring the needs of house buyers.

"The concentration of financial resources is wrong. It is anathema that you will have to journey to Wall Street to get a loan for your home," said North.

There were 900 bank mergers in the United States last year, but there are "4,000 more mergers poised, waiting for the Garn bill," he said. Home buyers "can't compete with Xerox and Eurodollars."

While it's fashionable to deplore mergers, North overlooks one point. When A Corp. is bought out by B Corp., the shareholders of A Corp. are paid off at one point or another. Thus, their capital comes back into the market.

IN FAVORING interstate banking over neighborhood savings and loans, North said, Reagan and Garn are abandoning their own principle of shifting power away from Washington and back to the states.

"The real estate industry is in the worst depression since 1934," North said. "The decline in new construction since 1978 has been 75 percent. Only 17 percent of people actually in the housing market can afford housing that's available."

The situation is desperate, not only for people who live off the housing business, but for sellers and buyers.

America is staring a new "baby boom" in the face with a housing industry that's in a depression. How can couples follow the laws of nature and multiply if they can't afford housing?

Indeed, how can workers afford to take jobs in the sun belt and get off the unemployment rolls if they are unable to peddle their houses here in Michigan?

# Brooks' valentine unappreciated

It was on Valentine's Day that I read a missive from the camp of L. Brooks/Patterson, the heartthrob of righteously right-wingers.

The press release from the Patterson for Governor folks told me the real lesson to learn from the death of Craig Scott, a 28-year-old state trooper who was shot and killed after he stopped a car for speeding.

"Craig Scott probably would not have been killed if we had the death penalty for first-degree murder," said Patterson.

People like me like to note that Patterson named the killed trooper only once, and then in the third paragraph. By that time, L. Brooks had been named twice. His name was to appear a total of six times in 12 short sentences.

Speaking of short sentences, Patterson points out that many prisoners don't get them any more thanks to a proposal that was passed by voters after his petition drive put it on the ballot. He wants to bring back capital punishment in the same manner because he thinks the death penalty will make killers — cool, rational, sane people that they are — think twice.

Perhaps you think it is in poor taste to advance your own interests

## Rich Perlberg

at the expense of another person's tragedy. Maybe that's not what he's doing. Maybe it is by accident that the first seven words of the press release are "L. Brooks Patterson, Republican candidate for governor."

Patterson is the darling of those people who believe in a unique philosophy that goes like this: There is entirely too much killing going on — let's kill someone.

Patterson may or may not believe the things he says. But he knows you win votes by saying them. How can anyone not share the loss of a trooper's life or the grief of his co-workers, friends and family? A natural reaction is: Something must be done.

But would the threat of a death penalty, as Patterson suggests, have prevented the killing? Who can say? which is the genius of a Patterson press release.

I would suggest this: Anyone who would shoot at an armed officer who can (and did) get off shots in his defense probably doesn't think

too well in the first place.

The killer's bullets hit their marks, and that is tragic. There is no sure-fire insurance against scum-of-the-earth, but one way to try (watch out for the jerking knee) is to keep the guns out of their hands in the first place.

I'm not sure of Patterson's stand on gun control, but I suspect he is not fond of angering gun lovers. But he apparently has little fear of antagonizing those who think killing — all killing — is wrong.

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