

## Housing woes

ture to increase the limits on land contracts to 15 percent. If that's the case, and people want to go to that maximum of 15 percent, then the 11 percent may become obsolete unless it's kept down by competitive factors — which we hope it will be.

**DURBIN:** I made that statement in opposition to the thought that it's going to turn around immediately. In my bones I don't feel that way anymore. But if a person needs a house and wants a house, now is absolutely the best time to buy. As Steve pointed out, you don't buy at the stock market when it's at its top. A profit in real estate is made when you sell, not when you sell. Based on that, now is the perfect time to buy if you're treating real estate as an investment. Now is the perfect time to buy for treating real estate as a shelter because you're getting the greatest amount of selection right now. So it's the combination of the two things with possible 11 percent financing on a fraction thereof which makes this an ideal time to buy. Don't wait for the market to change, don't play expert. Do what satisfies your family and yourself and go from there.

**DURBIN:** Most of the people that are selling have a need to sell. They are being transferred or there have been sociological changes in their families and a lot of them are blinking. They got a low ball offer and they counter for such and such. However, in defense of that, the first four months in the Birmingham-Bloomfield Board of Realtors' sales statistics, the average price against 1981 has only gone down about \$2,500 — not a very appreciable amount because the basic value in the real estate is constant. It is a good investment.

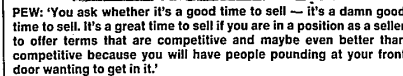
psychological concern about what's going to happen to the whole state economy and all that kind of thing. But for the seller who can offer great terms, there are a lot of buyers out there who will say 'I don't care about the psychological things that are going on in the state, I am going to buy anyway.' I know that all four of us, in the last 30 days, have had houses where there have been two buyers bidding on that house. The house that's got the great terms. So is it a good time to sell? Yes it is, if the seller

third year down to maybe \$50 billion. And that would be a psychological lift that should tend to give people some kind of confidence which would bring interest rates down. Well, I wish I could believe that, but the fact of the matter is that the trillion dollar national debt is still there. Federal government is still going into credit markets absorbing up approximately half of it. But whether they get the budget balanced currently or not, the trillion dollar debt is not reduced. And so that large encroachment by the federal government into the credit market will continue.

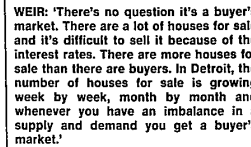
**WEIR:** No, I'm not because I think as soon you get that there are a dozen others that want to get to the same kind of thing. I don't think you can do it unless you think you have to get the whole thing in order. In other words, the federal and state governments also have got to get their budgets under control and their spending inside their income. Stop spending money into the poorhouse which is what this nation has been doing for 40 years. You aren't going to get the interest rates down while that situation continues to grow.

the recession goes on the more likely it is that Democrats are going to be elected this fall. The Republicans are saying we're not going to compromise. By that I mean we're going to stand over here and put in the corner and you're going to do your thing. So what we (Realtors) want to do is blame anybody except all of them. We're going to say get off your butts and get this matter resolved so we can have a budget. So the financial people in New York and the Federal Reserve Board can say "Okay, now we know what the deficit is going

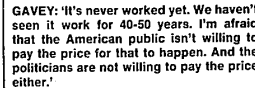
and if the cars aren't selling, then neither are houses because the people who buy the houses are people working in the automotive or they are all suppliers. If they're not making any money, they're not going to buy any houses. It doesn't make a difference what's going to happen then. The interest rates simply have to come down so the big industries of this town — And it's steel, autos, rubber, housing and all the affiliated industries to circle around those basic ones — can get going again.



*Continued Thursday.*

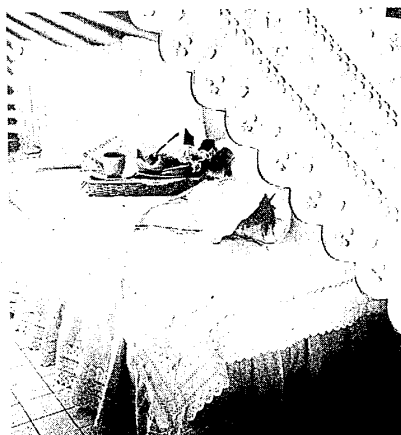


DURBIN: 'We have now a multitude of houses on the market and if the people really analyze it, they can buy these houses at a lesser rate than they could have at the ordinary mortgage rates. And this is our responsibility and the media in the area, to uphold the economy of the area, to point this out to people.'



percent or slightly above. So, if the people are made aware of this, it might turn more towards the buyer's market. We have now a multitude of houses on the market and if the people really analyze it, they can buy these houses at a lesser rate than they could have at the ordinary mortgage rates. This is our responsibility and the media in the area, in order to uphold the economy of the area, to point this out to people.

**DURBIN:** I've been wrong every six months for the last three years. You don't have to print that. I'm operating on the consistent theory that the market will turn within the next six months. As of right now, my feeling is, well this goes against the grain of the argument, my feeling is that the market will have turned by next year. As Steve point out in his comments, by then it's too late to quote 'pick up the bargain,' 'to have the good selection' 'to have an 11 percent financing' because there's already legislation in the Michigan State Legislature.



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