

Realtors worry about impact of mortgage ruling

By Suzie Rollins Singer
staff writer

Real estate agents say they are concerned that hundreds of homeowners will be unable to sell their houses because of an enforced due-on-sale clause in their mortgage.

"Let's say a man loses his job and has to sell his house. It's an older house, with a low mortgage rate, so he gets some offers," explained Lloyd Mason, president of the Western Wayne-Oakland Board of Realtors.

"If the due-on-sale is enforced, the prospective buyer can't assume that low mortgage, he has to qualify for a higher mortgage, perhaps pricing him out of the market. Now the seller can't sell, and he can't make his payments, so the lending institution forecloses the mortgage and takes back the house."

"The lending institutions are getting high inventories so they're forced to sell the house at a discount rate lower than the current mortgage rate. If they're going to take the loss anyway why not let the buyer have the house on simple assumption and get their money that way, rather than have all the problems themselves? It's crazy," Mason said.

Mason was responding to a recent U.S. Supreme Court decision allowing federal savings and loan institutions to block the assumption of low-interest mortgages by home buyers.

THE DECISION applies to all mortgages written before 1976, which are usually under 10 percent, as well as homes financed by FHA or VA. In 1976, the due-on-sale clause (Paragraph 17) became a standard feature of mortgage con-

tracts after approved by the Federal Home Loan Bank Board, the agency that regulates federal savings and loans.

"Just because the paragraph is in there, doesn't mean it has to be enforced. It's not an automatic feature," Mason said, adding that he doesn't "think lending institutions can afford to run people out of their homes."

While the clause is causing confusion and anxiety among real estate brokers, buyers and sellers, it's not deterring the want group of home buyers on the market.

"People who are buying aren't being dissuaded by the ruling. They need a house and will buy one. But the first question they ask is, 'what do you have on simple assumption or land contract,'" he said.

QUERIES ARE flowing into real estate offices daily about how the high court's ruling will affect real estate

bought or sold on a land contract.

In late 1979, when mortgage rates soared to double digits, many people signed a land contract with the seller promising to pay the difference between the sales price and the amount owed on the seller's mortgage.

"We really don't know what the effect will be on land contracts until we see a written opinion," Mason said.

One thing's for sure, he added: people are unwilling to accept the institution's graduated interest rate mortgages.

"Most are leery of that type of commitment. They want to commit themselves to a specific rate and don't want it adjusted all the time," he said.

Mason advised prospective buyers to discuss financing for each home individually. "Circumstances are always different, nothing's by the book."

Brickley's charges disputed on Corps of Engineers issue

By Suzie Rollins Singer
staff writer

Several environmental groups charge Lt. Gov. James Brickley with using scare tactics on the public by saying the U.S. Army Corps of Engineers is trying to run Michigan's waterways.

Lee Fidge, executive director of the Rouge River Watershed Council, and John Sobelzer, director of the East Michigan Environmental Action Council, say Brickley is blowing out of proportion the Corps' plan to monitor lakes and rivers.

"We have no problem with this action. This is not a power grab or an expansion of the Corps' duties," Fidge said.

Under a new federal act, the Corps is proposing to expand the number of waters deemed navigable, she explained. Under a broader federal act, the Corps has jurisdiction of the nation's waterways. This new action allows the Corps to approve all alterations to the potentially navigable waters not just discharges of dredged or fill material, Sobelzer reported.

LOCALLY, the Clinton and Rouge rivers fall under the plan.

"The expansion is a result of studies initiated because of pressure by environmentalists in the late 1960s and 70s," Fidge said. "Their servitude is really an assessment which gives the Corps power to act only if the action is needed for navigation purposes."

Brickley has issued reports that if the Corps controls Michigan's lakes and streams, private property will be lost, bureaucracy will worsen and environmental damage will increase.

Because Michigan's inland waters are not the kind used for navigation generally, and since such projects must go through a lengthy authorization and appropriation process in Congress, the "take

over" threat does not appear to be major at this time, Fidge said.

"A far greater damage to Michigan's water is the damage done under drainage easements. Drainage easements apply to thousands of miles of streams and pose real threats. Most state water laws exempt drainage from their coverage," Fidge added.

FROM AN ENVIRONMENTAL point of view, Sobelzer welcomes the expansion.

"The Section 10 permits may help us in controlling some drain and other projects that escape state law. And in those cases where we dislike a DNR decision we can still go to the Corps before going into the court," he reported.

Sobelzer also noted that the Department of Natural Resources is vastly understaffed and the new governor and his new budget may cut the DNR even further.

"When the Corps is or may be involved, Fish and Wildlife Service can play a more active role. It's expertise and influence is critical," he added. Fidge said Brickley is out of line with his charges.

"We're not talking about oil. It's water that keeps life alive. I can't see where this gives the Corps the power to give the water to other states," she said.

PREVENT GREASE spots from bleeding through painted or newly wallpapered walls by applying a coat of shellac on the spots before painting or wallpapering. Plant an Observer & Eccentric Classified Ad and watch it grow.

MICHIGAN NATIONAL BANK

- OAKLAND -

is pleased to announce

the appointment of

GARY P. GIUMETTI

to

Executive Vice-President

STOP

Car Theft

Detroit's fastest growing crime.

System 7 AUTO ALARM

The Computerized Car Alarm

• It's keyless - no switches to fail

• It paralyzes your car - can't be started

• It protects your car & everything in it

• Lifetime Guarantee INTRO OFFER thru 7-31-82

Reg. Ret. \$249 \$149

Installation available at your home, office or at our centers.

POLYGLYCATE

Protecting Your Investment Farmington Hills 477-0700

SMALL BUSINESS TAX AWARENESS SEMINAR

SELF-EMPLOYED PARTNERS CORPORATIONS SUB CHAPTERS

"HOW TO PREPARE PAYROLL TAXES"

• What Federal & State Forms To Use
• Bookkeeping Methods For Payroll
• When To Issue W-2's
• Materials Included
• Refreshments Served

H&R BLOCK
Accounting Service Div.

CALL EARLY
• Registration Fee \$20

SEATING LIMITED
• Registration 6:45 p.m.

Wed., July 14 - 7-9 pm

LIVONIA
27483 Schoolcraft at Inkster
CALL: 525-0344

Tues., July 13 - 7-9 pm

SOUTHFIELD
28660 Southfield Rd. at 12 Mile
CALL: 552-9740

TRANSMISSION REBUILDERS INC. OFFERS

TRANSMISSION TUNE-UP

- Road Test
- Renew Pan Gasket
- Adjust Bands
- Check for Leaks
- Change Fluid

SPECIAL
\$5.95
PLUS FLUID

with this ad

At all 4 locations

FREE TOWING - ONE DAY SERVICE

NATIONWIDE WARRANTY

RELIABLE SERVICE SINCE 1957

NOW 4 LOCATIONS TO SERVE YOU

LIVONIA	FARMINGTON	NORTHVILLE	T.A.I. TRANSMISSION
TRANSMISSION	TRANSMISSION	TRANSMISSION	SERVICE
27550 W. 3 Mile	30400 Grand River	5 Mile at Northville Road	N. of 15 Mile, Corner of
522-2240	474-1400	420-0444	Parklane Trail & Wagonway
			669-2900

Vic Tanny

46th Anniversary Special

2 years for the price of the first year alone

Vic Tanny, the world's largest health club chain, is celebrating 46 years of experience in getting people in great shape. Take advantage of our Anniversary Special: when you join now, you can get two years of regular membership for the price of the first year alone. There's never been a better time to save...or a better club to join!

Victoria
Principal

Vic Tanny Bloomfield Executive Health & Racquet Club
6420 Telegraph Rd. at Maple Rd.
855-2300