

# Building Scene



Marilyn Fitchett editor/591-2300

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## 1st-time house buyers eligible for state trust

By Gerald Frawley staff writer

Past, wanna buy a house? No, really. This isn't a scam — it's got the backing of the state of Michigan.

Gov. James Blanchard has a possible solution for first-time house buyers who are unable to save enough money for a down payment.

HOST, or Home Ownership Savings Trust, is a guaranteed investment program similar to the education trust established last year, according to Michigan department of treasury public affairs director Robert Kolt.

Future first-time house buyers will make monthly purchases of variable-rate, Michigan quality of life bonds for a specified period of time based on the down payment needed. Voters approved the sale of \$600 million in bonds in November 1978.

The savings trust created by the deposits will be tax-exempt.

Reactions to the program by builders and real estate agents have been favorable, Kolt said.

Builders Association of Southeast Michigan (BASM) president James Bonadeo said that Governor Blanchard has tentatively agreed to meet with association members to discuss the program, but no date has been set.

On the surface, the HOST program appears to be beneficial to builders, Bonadeo said, but he has yet to examine the program in detail. "Anything that helps young people to save for a home is a good thing."

BONADEO SAID even developers who build apartments may not be opposed to the HOST program. Residential builders have diversified interests and many build single-family and apartments.

"I own apartments, and sometimes I'll talk to a tenant who has been living in an apartment for four or five years and ask him why he's still there," Bonadeo said. "He'll usually say, 'Don't you want me in your apartment?'"

"Don't get me wrong, I do want them there, but don't they want to build equity in a house?" he asked. "I

can always get someone to fill the apartment.

"Besides, you may vacate one of my apartments, but you might buy one of my homes."

Western Wayne Oakland County Board of Realtors president Doug Courtney said it is premature to pass judgment on HOST because no one has had a chance to carefully evaluate it. "We're excited at this point, but it's hard to say."

"I believe some first-time home buyers are looking forward to this program, but there may be drawbacks," Courtney said. "It could defer home ownership."

"If a person is interested in buying a home, he may wait because of this program, even though it's not necessary," Courtney said. With a Federal Home Mortgage (FHA) loan or specialized private mortgages, a house can be purchased for far less than many people realize, he said.

The application period for the program begins Jan. 2. A cutoff date has not been set yet, although like the education trust, applications will be accepted again in the future, Kolt said.

Applicants will be asked four basic questions: the approximate value of the desired house, the number of years in which the purchase will be made, the down payment amount, and where the house will be purchased.

Using these four factors, Kolt said the state will be able to design a savings program with specific monthly principal and interest payments to generate a down payment on a house.

KOLT SAID most of the quality of life bonds will be sold at a fixed interest rate, but approximately \$40 million worth will be sold as variable rate bonds with an interest rate equivalent to Michigan's annual housing inflation rate, he said. Monies from the bond sales will be used to clean up contaminated sites throughout the state.

KOLT SAID for participants who are uncertain of the house's location the average inflation rate on house prices will be used. That has been historically near 7 percent.

If a house is bought in an area where property values exceed the average state inflation rate, the participant will need to come up with the additional funds, he said.

Kolt said that regions, in contrast to exact cities, will generate a more accurate savings program than the state average.

Typically, bonds are sold on Wall Street in denominations of \$5,000 or more, Kolt said, but the state is making an effort to sell bonds to Michigan residents for as little as \$100.

Participants can collect from the program early and still obtain the same interest rates if they intend use the money to purchase a house, he said. Money withdrawn for other reasons is not guaranteed to grow at the same rate as housing inflation.

Instead, participants will earn a rate of return equivalent to a one-year, tax-exempt investment made at the time of joining the program.

*'I think this is a good idea for people who have a difficult time saving, but perhaps not for everyone. I'm not jumping up and down over this, but for some people it will be a good thing.'*

— Doug Courtney  
Western Wayne Oakland County Board of Realtors

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## Builders ignore winter weather

By Doug Funke staff writer

Ask builders here what they do during the cold winter months, and you get a simple, direct answer. "They build."

"We'll be busy all winter," said Fred Capaldi, owner of Capaldi Building Co. of Rochester Hills.

He has nine houses under construction in Orion Township, Bloomfield Hills and Bloomfield Township.

Once you get out of the business for even a couple of months, it's difficult getting ready mentally to return to work, said Capaldi. His father started the company in 1945.

"I like to keep in touch with subcontractors so I'm current in prices. If I drop out of the rotation, they might get another builder to fill the slot," Capaldi said.

"If you're going to be a professional, I think you have to tough it out whether you like it or not," he said.

IT GENERALLY takes a little more time, depending on weather,

and more money to build in winter than during more temperate months.

An excavator who charges \$100 per hour may take five or six hours longer depending on the frost line to dig a basement after the ground has frozen.

Some suppliers charge upward of 5 percent more to treat, heat and deliver concrete from November through mid-April. Then there's the added cost for straw and tarps used to keep foundations and basements warm.

"We're not talking significant dollars — two, three, four thousand," said Mark Guidobono, president of Cambridge Homes of Northville.

"Customers have asked, 'Should we hold off to save?' We say, 'No, we get hit with price increases for materials.'"

Cambridge keeps one five-person crew of subcontractors busy all year long, a second six-person crew occupied most of the year and a third crew that works a little less, Guidobono said.

The company currently has 14

houses under construction in Michigan, including Bloomfield Hills, West Bloomfield and Farmington Hills.

"THE BIGGEST thing cold weather affects is putting concrete in the ground," Guidobono said. "You can't put in driveways or any kind of concrete on top of frost."

Where builders might have taken the winter off some years ago, they generally don't now, said Paul Robertson Jr., president of Robertson Brothers Co. of Bloomfield Township.

"I think builders have become more sophisticated and, with the cost of money, you can't afford to be open only eight months a year," he said.

It's common to excavate basements and pour concrete driveways and sidewalks at several homesites late in October and November so that carpentry and finishing work can continue through the cold weather months, said Robertson.

Everything else you can pretty

much do all year around," Robertson said.

TIMING FOR house orders often dictates winter construction.

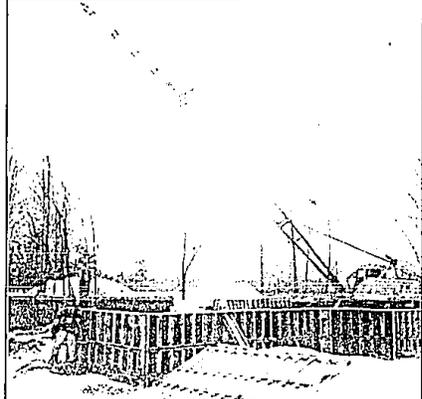
"Spring and summer is when people are putting down deposits and making decisions," Guidobono said. "It takes three months to develop plans and specs. You can see where it builds up so we have a lot of work."

Masons generally can't work when the temperature dips below 30 degrees and sometimes, snow and ice will delay roofer. Experienced construction crews, however, are pretty hardy.

"Toughing carpenters are a pretty tough bunch," Capaldi said. "I've seen them working on days you and I won't go out for anything."

"The last few winters have been mild," Guidobono said. "My rough carpenters lost two days last year."

"The only thing you have to worry about that can screw you up is concrete," said Dean Duke, secretary of Duke Contracting of Farmington Hills. "If you want to make money, you're going through the winter."



Masons generally can't work when the temperature dips below 30 degrees, and snow and ice sometimes will delay roofers. But beyond that it's business as usual in the construction business.

## Activity centers separate

The master suite of the Emerald 2 is a world unto itself on the home's second floor. But the main level is an assemblage of activity centers where a family with diverse interests can come together.

To the left of the front entrance is a sunken living room with skylights in its vaulted ceiling, a corner fireplace and a symmetrical arrangement of narrow and wide windows in a modified bay. To the right is a den with a bay window. Up a few steps is a half bath. A utility room is found near the steps leading down to the garage.

Around a corner is a 15-by-17 family room. Sliding glass doors open to a rear deck. The adjacent kitchen offers a clear view of the deck from a garden window over the clean-up station. A wide counter open to the adjacent dining room can double as an eating bar with the addition of a few stools.

The bedrooms on the main floor are isolated from the home's activity centers and are identical in size separated by a shared bathroom. Both have step-in closets and built-in shelving, vaulted ceilings and large windows.

The second story is dominated by a high-ceiling master suite and adjacent study, which boasts a bay window and fireplace. The sleeping area, with sliding glass doors to a private balcony, measures 15 by 14 feet. A step up leads to the bath, equipped with a combined spa/tub, double sinks and a separate shower.

For a study plan of the Emerald 2 (226-72), send \$5 to Landmark Designs, P.O. Box 2807, Eugene, Or. 97402 and specify plan name and number.

**EMERALD 2**

UPPER LEVEL PLAN

LOWER LEVEL PLAN

OVERALL DIMENSIONS: 49'0" x 42'0"  
LIVING: 274 square feet  
GARAGE: 704 square feet  
COVERAGE: 2460 square feet

Rooms shown include: STUDY (11' x 6'), MASTER SUITE (15' x 14'), BEDROOM 2 (11' x 10'), BEDROOM 3 (11' x 10'), DINING ROOM (11' x 10'), KITCHEN, BREAKFAST ROOM (11' x 10'), BATH, DEN (11' x 10'), GARAGE (20' x 28'), and various closets and storage areas.

## Obligations vs. assessments

Why do I have to pay assessments to my condominium association when they refuse to cut the grass and have repaired my unit, which is their obligation? What's going on in Lansing to allow a thing like this to happen?

You are correct in your perception that there is a condominium statute that obligates you to pay assessments to the condominium association, notwithstanding the fact that you may have a complaint concerning the services provided by the condominium association. That assumes, of course, that the underlying assessment was legally levied. As to what's going on in Lansing, there is a public policy that requires that condominium associations be compensated for their assessments, even though certain co-owners may be in disagreement concerning the quality or extent of the services. You have a basis to pursue a counterclaim against the association for its inability to meet its legal responsibilities under the condominium documents, and you should consult with counsel with respect to your rights, as well as your obligations.

I am an owner of a cooperative unit that has 15 townhouses in the cooperative association. I have recently discovered that I have termite in my townhouse. Do I have an obligation to notify the cooperative and the prospective purchaser concerning this situation?

Yes. You obviously want to notify the cooperative association as it more than likely has the legal responsibility to take care of the termite problem. You are not the owner of the building and should notify the cooperative association as to the condition of the premises so that they can take the appropriate legal measures to correct the problem. You are obligated to disclose the information to the extent that you



condo queries  
**Robert M. Meisner**

have information or knowledge concerning the physical condition of the premises, which would be of material interest to the purchaser. If you fail to do so, you may be liable for misrepresentation by omission.

Should we take serious the forms that are sent to us by mortgage companies regarding the number of units that are being rented in the condominium? Our association management company is very lax in filling out this form and sometimes just turns it over to the president to take care of. Do you have any comments?

The following is a quotation from the Near North News, published in Chicago on Saturday, October 21, 1989, in an article authored by Bill Caldwell. "Some condo board members and managers are likely to be going to federal prison, the Association for Condominium Education warned last week. The group said that secondary money markets such as Fannie Mae and Freddie Mac have guidelines restricting transactions if condo associations have more than 30 percent renters."

"Some boards and managers have been certifying less than 30 percent renters when they know renters far exceed this amount. The FBI is in final stages of investigation and will report to the justice department. Look for indictments by next year," the association said. "Need I say more?"

Robert M. Meisner is a Birmingham attorney specializing in condominiums, real estate and corporate law.