Time to get ready for the homebuying season

MORTGAGE SHOPPING

DAVID C. MULLY

Now that the holidays are past, it's time to begin the homebuying season.

While spring and summer still are the busy times for house sales, now is the time when many people make the conscious decision to start looking for a new house. If you're one of those people — and this will be your first house — there are some questions to ask yourself to make sure you are in financial position to buy the house you want.

Do you have a steady job?

When considering an applicant for a mortgage, most companies focus very seriously on this question. *Generally, if you have been working at the same job for two years or more, you are considered to have steady employment.* However, the two-year employment guideline is not a hard and fast rule.

If you have been working continuously for less than two years, the lender may look for an explanation. Maybe you were recently discharged from the military or just finished school. On the other hand, your work may be seasonal and you might have gaps between seasons. Most mortgage lenders will take these factors into account when evaluating your application. Also, even if you have changed jobs over the past two years, it will not necessarily be considered a negative factor if you have stayed in the same line of work. The important thing is that you show the lender a consistent and stable employment history.

However, if you have lost a job for a reason such as excessive absences, have long gaps in your employment record or have dips in your income level that are difficult to explain, you should probably delay buying a house until you can demonstrate a stable work history.

Do you pay your bills on time?

When you apply for a mortgage, you will be asked to list all of your debts and monthly payments. How you have paid your bills in the past gives a lender some indication of how you can be expected to pay them in the future.

Your mortgage company will get a credit report, which lists all of your debts — from banks that may have given you a car loan to department stores that offer credit cards. If your credit report shows you do not have a good credit history, you should put off trying to buy a house and take steps to improve your credit profile.

Keep in mind, however, sometimes credit reports are inaccurate. To check yours, obtain a copy for yourself. For a small fee (or sometimes for free) you can request a copy from a credit reporting agency listed in the phone book. If you find any errors, you can then take steps to have the report corrected.

Do you have enough saved for a down payment?

Before you are ready to buy a house, you will have to gather enough money for a down payment and closing costs. The amount of the down payment may vary, but generally you will have to make a down payment that equals at least 5 percent of the purchase price.

You will also need money for closing costs. This includes costs for the title work and other administrative expenses involved in acquiring a mortgage. These costs can be expensive, depending upon the area where you live. However, sometimes the property seller is willing to pay part of these costs.

The mortgage lender will want proof that you have saved the money to be used for the down payment and closing costs. If the money is from a savings account, the lender will ask the financial institution to verify the amount and the length of time the money has been in your account. The lender needs to be sure that you are not borrowing the money you will use for the down payment and closing costs.

David Mully is a senior loan officer for Source One Mortgage Services Corporation in Farmington Hills. He has specialized in residential mortgages in the Detroit metropolitan area for the last eight years. If you have any comments or questions regarding this column or would like some assistance in shopping for a house mortgage, you can call Mully at (810) 488-7664 or fax him at (810) 488-7590.

REAL ESTATE BRIEFS

Real estate briefs features *news and notes on professional associations, office activities, upcoming meetings and seminars, new services/products and available consumer publications. Write: Real estate briefs, Observer & Eccentric Newspapers, 36251 Schoolcraft, Livonia, 48150. Our fax number is (313) 591-7279.*

MORTGAGE IN A BOX

Rock Financial, a residential mortgage bank, has created a simple, do-it-yourself, at-home mortgage application kit that it maintains will change the traditional process of home mortgage lending forever.

Mortgage in a Box eliminates the time consuming meetings needed at a local branch bank to obtain a mortgage loan.

In addition, the copywrited product was designed to transform the often confusing and stressful process of home financing to an easy, quick — 30 minutes or less — hassle-free experience.

"Nearly 100 percent of consumers in our test groups flipped over this major breakthrough," said Daniel Gilbert, president of Rock Financial.

Mortgage in a Box is available for all mortgage scenarios including new purchase, refinance, new construction, FHA financing and bruised credit lending.

MORTGAGE INFORMATION

Rate Daily, a telephone service, (313) 976-5626, offers information on mortgage rates offered by at least a dozen lenders 24 hours a day from any touchtone phone. Cost is $4.95 for the entire length of the call.

Lenders initially on the roster include Comerica, First Federal of Michigan, Great Lakes Bancorp, Michigan National Bank and NBD Mortgage.

Rates are updated at noon Monday through Friday.

REAL ESTATE CLASS

Schoolcraft College in Livonia offers a 40-hour class to satisfy a requirement for the state real estate license examination 6-10 p.m. Wednesdays and Fridays beginning Feb. 21 on campus.

Topics include brokerage, financing, ownership, taxation, math, appraisal and valuation.

Cost is $185. To register, call continuing education services at (313) 462-4448.

Making it happen: *Mark Bolitho, Matt Schwanitz and James V. Clarke expedited renovation of Pontiac Area Transitional Housing's newest units.*

Duplex upgraded for 24th unit

Pontiac Area Transitional Housing now has 24 units with a complete revamping of a duplex on Hovey Street in that city.

James V. Clarke, vice president of Robertson Brothers Group, Matt Schwanitz, vice president of Giffels/Webster Engineers, and Mark Bolitho, owner of Sterling Millwork, administered and supervised the renovation, saving thousands of dollars in the process.

The Michigan State Housing Development Authority funded the project with a $129,000 grant.

The entire duplex was rehabilitated including a new roof, siding, heating, electrical, plumbing, windows, appliances, fixtures, carpeting and paint.

Each unit has a living room, kitchen and dining area on the main floor, two bedrooms and a bathroom upstairs and a basement.

Two single mothers, each with a child, have moved into the units for up to two years while they receive job training skills and learn to be self sufficient.

One third of their income goes to rent until they graduate into a permanent housing lifestyle.

"The experience of renovating 17 and 19 Hovey was very rewarding," Clarke said. "PATH's philosophy is that if you are going to receive help, you must be willing to help yourself. My renovation efforts are mirrored by the efforts of the PATH residents."

Other volunteer efforts were turned in by the Jewish Federation of Metropolitan Detroit, Church of Jesus Christ of Latter-day Saints, Keith Bennett, Bill Prewitt, Patrick Deighan, Rick and Lissie Rassel and Amy Versacci.

PATH is an affiliate of Lighthouse of Oakland County, a non-profit human services agency.

Internet homepage → http://www.interest.com — Survey Date 2/12/96

Observer & Eccentric MORTGAGE MARKET

AMERICAN HOME FINANCE 313-525-1940 — No origination fee. No cost loans available. We make house calls.

Term	Rate	Pts/Fees	Dn. Pmt.	Lock	APR
30 yr FIX	7.125	0/300	5%	60 days	7.25
15 yr FIX	6.75	0/300	5%	60 days	6.86
7/23 Balloon	6.625	0/300	5%	60 days	6.75
1 yr ARM	5.375	0/300	5%	60 days	6.8

(A) 39111 W. 6 Mile Rd., Livonia, MI 48151

D & N BANK, fsb 800-236-9252 — Call 8-6 Monday-Friday for Updates on rates and points.

Term	Rate	Pts/Fees	Dn. Pmt.	Lock	APR
30 yr FIX	7.375	0/200	5%	45 days	7.39
15 yr FIX	7	0/200	5%	45 days	7.02
1 yr ARM	5.75	0/200	10%	45 days	7.67
5 yr Balloon	7	0/200	10%	45 days	7.04

(D) 400 Quincy Street, Hancock, MI 49930

FIRST ALLIANCE MORTGAGE CO. 800-292-7357 — Open 7 days a week. Debt consolidation & Refi for credit problems, bank turndowns we make it possible.

Term	Rate	Pts/Fees	Dn. Pmt.	Lock	APR
30 yr FIX	7	2/295	5%	30 days	—
15 yr FIX	6.6	2/295	5%	30 days	—
1 yr ARM	5.875	2/295	5%	30 days	—
1 yr ARM	5.75	2/295	5%	30 days	—

(A) 32100 Telegraph Rd., Ste 205, Bingham Farms, MI 48025

FLEET MORTGAGE CORP. 810-652-9500 — "Protect & Purchase" Program- Lock your rate while shopping for your home.

Term	Rate	Pts/Fees	Dn. Pmt.	Lock	APR
30 yr FIX	6.875	1.75/280	5%	45 days	7.81
15 yr FIX	6.375	1.75/280	5%	45 days	7.44
30 yr Jumbo	7.375	1/280	10%	45 days	7.89
15 yr Jumbo	6.875	1/280	10%	45 days	7.72

(A) 445 E. Livernois, Ste 327, Rochester Hills, MI 48307

OMEGA MORTGAGE CORP 800-290-5626 — One year rate guarantee. Our goal is to make our customers successful.

Term	Rate	Pts/Fees	Dn. Pmt.	Lock	APR
30 yr FIX	7.375	0/250	5%	50 days	7.45
15 yr FIX	6.875	0/250	5%	50 days	6.96
1 yr ARM	5.875	0/250	5%	50 days	5.93
7/23 Balloon	6.875	0/250	10%	50 days	6.96

(B) 34441 8 Mile Rd., #115, Livonia, MI 48152

OLD KENT MORTGAGE 800-792-8830 — Old Kent lends throughout the state of Michigan. We take pride in providing excellent customer service.

Term	Rate	Pts/Fees	Dn. Pmt.	Lock	APR
30 yr FIX	7	2/none	20%	45 days	7.2
15 yr FIX	6.6	2/none	20%	45 days	6.81
1 yr ARM	5	2/none	20%	45 days	8.01
7/23 Balloon	6	2/none	20%	45 days	6.18

(C) 33533 W. 12 Mile Rd., Ste 131, Farmington Hills, MI 48331

WELLINGTON MORTGAGE CO. 810-398-9010 — As seen in Money Magazine. Your #1 local mortgage lender. Call now for personalized service on (810) 398-9010.

Term	Rate	Pts/Fees	Dn. Pmt.	Lock	APR
30 yr FIX	6.875	2/300	3%	30 days	7.43
15 yr FIX	6.375	2/300	3%	30 days	7.26
1 yr ARM	4.5	3/300	10%	30 days	8.63
30 yr Jumbo	7.25	2/300	5%	30 days	7.48

(B) One Ajax Dr., Ste 102, Madison Heights, MI 48071

MORTGAGE RATE TREND — 30 YEAR FIXED RATE LOAN

Realtors on the World Wide Web — Internet access: http://www.interest.com/observer http://oeonline.com/re.html

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