

REAL ESTATE BRIEFS

Real estate briefs features news and notes on professional associations, office activities, upcoming meetings and seminars, new services/products and consumer publications.

Write: Real estate briefs, Observer & Eccentric Newspapers, 36251 Schoolcraft Road, Livonia, 48150. Our fax number is (313) 591-7279.

Germ killer

Sanit-Air of Troy (810) 879-0440 has become the sole Michigan distributor for the Ultra Germicidal Air Probe Sanitizer, an indoor air cleaner, odor-eradication sanitizer.

Consisting of a specially designed ultraviolet light kit and sensor, the unit is installed on the return side of the ductwork in a residential or commercial HVAC system. The probe is activated each time the system kicks on.

Cost of the unit, including installation, will average about \$825. The bulb needs replacing every couple years at a cost of about \$60.

"It will sanitize air in the whole house, not just one room," said Connie Morbach, Sanit-Air president. "You don't have the noise associated with room air cleaners."

Business cooperative

Three independent businesses have formed their own joint operating agreement of sorts.

Network Building and Design, a remodeling company led by Steve

Zumberg and Robert Jablonski, Perfection Painting, headed by Dan Carlo, and Michigan Floor Covering, John Pinchera, president, offer one-stop shopping for customers who might need their services (810) 648-1702.

"We're independent, but co-managed so we can produce a more efficient package with better quality control and a more timely (work completion) package," Zumberg said.

"We can centralize our overhead in an office and have the ability to contract more work common to all our areas," he said. "We're basically a building cooperative, a managed building group."

The central office is in Livonia, a display center in process in Bloomfield Hills.

Mortgage workshops

Ross Mortgage presents free, no obligation workshops "Avoiding Tragic Mistakes When Shopping for a Mortgage" at Freedom Hill County Park, 15000 Metropolitan Parkway east of Schoenherr in Sterling Heights, and Tuesday, Aug. 27, at International Business Center, 43000 Nine Mile east of Novi Road in Novi.

Both seminars run 6:30-7:30 p.m. "By the end of the seminar, people should have a pretty good idea how to save money as well as how to simplify the home buying process," said Tim Ross, president of Ross Mortgage.

For reservations, call (810) 868-1800.

Licensing classes

The Birmingham Bloomfield Rochester South Oakland Association of Realtors offers a series of six-hour continuing education seminars, one of which must be completed by Oct. 31 to fulfill state real estate licensing requirements.

Each session goes 9 a.m. to 3:30 p.m.

Upcoming seminars are slated for Tuesday, Aug. 20, Walsh College, 3838 Livernois, Troy; Wednesday, Sept. 11 and Saturday, Sept. 21, Columbia Center, 201 W. Big Beaver, Troy; and Wednesday, Sept. 26, Standard Federal Bank, 2600 W. Big Beaver, Troy.

Cost is \$35 per session. To register, call Carole Kowalik at (810) 878-9560.

Apartment management

Lawrence Technological University sponsors a series of workshops on apartment management and review of the registered apartment management certification 2:30-5:30 p.m. Thursdays Sept. 5-Dec. 12 on campus in Southfield.

Topics include risk management, marketing rental housing, financial for development management, financial management and maintenance.

Fee is \$395. To register, call Karen Piontek at (810) 204-4020.

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PROFESSIONAL REPRESENTATION/COURTESY

Fannie Mae and Freddie Mac are looking at a cloudy future

WASHINGTON (AP) — It's been a politically turbulent year for Fannie Mae and Freddie Mac.

Congress is questioning whether the government-backed mortgage agencies are taking on too much risk. Four new government studies openly asked whether lawmakers should make them independent and yank a \$6 billion subsidy.

Despite these rumblings, one theme emerged from four oversight hearings by the House Banking subcommittee on capital markets, which concluded Wednesday.

Congress is unlikely to force the companies, formally known as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corp., to become fully private this year, although less dramatic reforms are in the works.

"We are far from having an answer to consider privatization at this point," said Rep. Ken Bentsen, D-Texas.

The focus of Congress' inquiry is the use of federal benefits by the two agencies. Both were created by Congress to expand the national mortgage market but have stock

traded on the New York Stock Exchange.

Both companies save about \$400 million because they don't have to pay state or local corporate income taxes or register their securities with the Securities and Exchange Commission. They also can fall back on U.S. Treasury credit lines of \$2.25 billion, which allows them to borrow at almost the same rate as the federal Treasury.

Banking committee members fear that with more than \$1 trillion in outstanding mortgage-backed bonds, both companies may not have enough capital set aside to cover unexpected losses if the economy soured rapidly. If that happened, analysts assume taxpayers would be asked to help cover losses.

The companies' federal regulator, Aida Alvarez, director of the Office of Federal Housing Enterprise Oversight, said it would take an "unlikely scenario" — a 6-point increase in interest rates and high loan losses — before the two companies would run out of capital.

"The results do illustrate, though, that the survival of both firms in a

very high interest rate environment is not a sure thing," Alvarez said. She suggested both companies may have to increase their capital levels when her agency finishes a review of capital standards next year.

Leland C. Brendsel, Freddie Mac's chairman, said it's misleading to compare his company's capital levels to banks or other lenders which engage in more diverse and riskier activities.

"Freddie Mac has only one line of business — the purchase of high-quality mortgage loans," Brendsel said in prepared remarks. Testimony of Brendsel and Robert B. Zoellick, Fannie Mae's executive vice president, was postponed due to a series of votes on the House floor.

In Zoellick's prepared testimony, he emphasized the positive aspects of the recent investigations. "All of the study agencies ... agree that Fannie Mae and Freddie Mac reduce mortgage rates, and that mortgage rates would rise if our federal charter were revoked," he said.

Check out a building contractor before you start work on home

You're ready to have your kitchen or bathroom remodeled, or you hope that the contractor you selected will do a good job and back up the work. You aren't alone.

According to the Council of Better Business Bureaus, people call the BBB to check on home improvement contractors more than any other type of business.

And while calling the BBB can help you find out if there are any complaints on the company and its response record, homeowners can follow some simple rules to avoid the pain of being burned.

Keith Paul, president of Home Advantage Referral Service, specializes in matching honest contractors with consumers. His advice:

■ Ask for references. By doing this, you receive valuable information about workmanship. Ask questions like, "How was the quality of work?" and "Would you use the contractor

again?"

■ Check for insurance. If the contractor doesn't have valid insurance and one of the workers is injured on your property, you could be on the hook paying medical bills.

■ Ask for a written guarantee. This step is very important in case there's a discrepancy regarding workmanship or cost overruns. Get a written, detailed cost analysis before the project begins to prevent problems between you and the contractor.

■ Request a project completion schedule. Asking the contractor for a schedule that explains the tasks and time frames for the project should help minimize construction delays.

■ Don't pay everything in advance. The only time contractors need money in advance is when they order a custom, non-refundable item for the project.

■ Never pay more than 20 percent up front. Paying for work as it's completed

helps ensure it will be done to your satisfaction.

■ Don't pick up the permit. Having the contractor pick up the building permit from your city or township serves two purposes.

First, when the contractor obtains the permit, it's proof that his or her building license is valid. Second, if there's a problem with workmanship, you can track the company by its license.

■ Make your final payment after you receive a waiver of lien. This document from supply companies indicates that all of your materials have been paid. If your contractor doesn't pay for the materials, you could be liable for the debt.

Paul's company, 1 (800) 733-3778, has developed a network of local contractors. He screens and checks references, licenses and insurance. There's no charge to consumers for referrals.

Typical family's income falls behind cost of existing house

WASHINGTON (AP) — The ability of the typical American family to buy an existing house plunged during the second quarter to the lowest level in four years as both prices and mortgage rates rose.

The National Association of Realtors said its Housing Affordability Index fell to 122 in the April-June quarter, down from 131.5 in the first three months and the lowest since 118.9 in the second quarter of 1992.

When the index measures 100, a family earning the median income

has exactly the amount needed to buy a median-priced existing, single-family house, using conventional financing and a 20-percent down payment.

Since the median is the midpoint, the index showed that half of the families in the nation had at least 122 percent of the income needed to qualify for the purchase of a house with a median price of \$118,900.

The association said its first-time home buyer index also fell in the first quarter, to 77.5 from 83.6 in the pre-

vious three months. It was the lowest since 73.4 in the third quarter of 1991.

When this index equals 100, the typical first-time buyer can afford the typical starter house with a 10-percent down payment.

The index showed that the qualifying income needed for conventional financing of a \$101,100 starter house was \$32,522. Yet the median income of first-time buyers was just \$25,072, meaning they could afford a home costing just \$87,716.



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