

Seller should ask any buyer to provide an approval letter

MORTGAGE SHOPPING



DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

DAVID C. MULLY

Mortgage Timeline

In this segment of my column, I look back and compare mortgage interest rates and mortgage trends over the last 25 years. Looking at the last 25 years, the rates on 30-year fixed-rate mortgages have had quite a large variance. The highest was at 18.45 percent in October of 1981 and the lowest was at 6.83 percent in October 1993. The difference this can make really hits home when you look at a payment using interest rates for an \$80,000 mortgage. For instance, the payment would be \$1,234.08 per month using 18.45 percent and just \$523.14 per month using the 6.83 percent. That is a \$711.94 difference in payment! This makes you realize just how fortunate we are that rates are as slow as they are because of lot of people simply could not buy homes if rates were as high as in the early '80s.

To qualify for an \$80,000 mortgage in 1981, you would have had to make an annual income of approximately \$56,000. But with today's rates around 8 percent, for the same mortgage, you would need to make just \$28,000 a year. I could go on and on about the impact interest rates have on our home ownership goals, but I think you can see how rates dictate to a large extent just how nice of a home we are able to live in. Let's hope rates stay low.

This week's Timeline question is: Looking at 15-year fixed-rate mortgages, typically how much lower are they than 30-year fixed rates? Also, since 1991, what month and year had the lowest 15-year fixed

rate? (Answers appear in next week's column.)

Buying an existing home

Q. I am selling my home by myself without the help of a real estate agent. I know my home will sell fast because it is in a nice area and my I know my home will sell fast because it is in a nice area and my home is in good shape.

I want to make sure when a buyer comes along, they will be able to get approved for the financing. I have heard stories of people having a pre-approval letter from a mortgage company but still not being able to get the mortgage.

How can I keep this from happening to me?

A. Since there is a lot involved in selling a home, I hope you have a real estate attorney to help guide you.

When you receive an offer to purchase, always ask for an approval letter, not a pre-qualification letter. Then call the person listed on the letter and verify with them that the proposed mortgage amount is going to be OK. Also ask how long it will take for them to close the loan and how long before their appraiser will be out to inspect the home. (This is a good indicator of how fast the mortgage process is happening when the appraiser contacts you quickly after you accept an offer.)

I have talked to many home owners who have sold their homes on their own and most have said the task was more involved than they had anticipated. Negotiations between a prospective buyer and seller sometimes become emotional and not having a third party involved, such as a Realtor acting strictly from a business perspective, may be difficult.

Buying a newly built home

If your home is three to six months away from being completed, consider an interest rate cap protection program. If you will not close on your final mortgage until your new home is completed, you may want to take a look at a rate cap commitment from a lender.

This is how the program generally works: You choose a rate of, say 7.25 percent with two points for a 15-year fixed rate. The lender then will guarantee that over the next four months, your rate cannot exceed 8 percent. Your cap is the 8 percent maximum. You can exercise your free lock anytime during the last 60 days of your home's being completed at whatever time and rate you pick. If the rate is lower, you will lock that rate. If the rate is higher than the 8 percent cap, you will get the 8 percent rate.

One of the advantages of this program is having a chance to rate lock during the last 60 days rather than just at five or 10 days before closing, like most other programs. Another advantage is that there is no actual fee for this program. You pay only a deposit of one-quarter point up-front but this is credited back to you a closing. This is a much lower up-front cost than other long-term lock programs and is not a separate fee like most other programs require.

Refinancing your home

I would suggest to anyone planning on refinancing in the future to consider a no-point, no-closing-cost mortgage. No matter what type of mortgage you go with, whether it be a fixed-rate or adjustable rate program, you can inquire about a no-closing-cost mortgage. The rate is 1/4 to 1/2 percent higher than the rate for the program you select, but, in the long run, it can make more sense.

I favor paying zero closing costs and getting the higher rate mainly because if rates drop over 1/2 percent, you will be in a better position to refinance again if desired. You will not have had to invest in closing costs, so your ability to act when rates drop will be much easier.

You won't have to first determine if you've recouped your original investment in closing costs.

Mortgage Timeline answer from last week

In February of 1994, the one-year adjustable rate had reached a low point of 4.20

percent. On a \$150,000 mortgage, the payment would have been \$731.53 per month.

For up-to-date FHA or VA mortgage information, call me at 1-800-405-3051.

David Mully has been writing his weekly "Mortgage Shopping" column for the Observer & Eccentric Newspapers since June 1995. He has been involved with residential mortgage lending in the Detroit area since 1988 and is a senior loan officer.

For information about a new mortgage, call Mully toll-free at 1-800-405-3051, fax him at 810-380-0603 or send e-mail to egbx04d@prodigy.com. You can access Mully's previous Mortgage Shopping articles on-line at <http://loconline.com/~emorgd/mully>

Canton's Wethersfield is a must if you love open spaces.

Grand Opening Phase II Immediate Occupancy

Wethersfield
Beautiful and original Condo designs!

From **\$129,990**

2 and 3 bedrooms
1st floor master bedroom suite
2 1/2 baths with ceramic tile
Complete kitchen appl. w/microwave
Bay windows
Full Basement
Central Air Conditioning
2 Car Garage
Complete landscaping w/sprinklers
Plymouth-Canton schools

Call Linda at (313) 397-9492

Mon.-Fri. 1-6; Sat. & Sun. 1-5:30; Closed Thurs.

\$399 Down \$683 Monthly

Quality construction
Natural setting
Great family community
3 bedrooms
Master suites
2 car attached garage
Full basement
Amenities galore

the VILLAGES of Crystal Lake

Pontiac... A Great Place To Live (810) 338-0303

Model homes sales office open 11 A.M. - 6 P.M. Weekends 1-6. BROKER'S WEBSITE

*Payment based on a purchase price of \$119,900. 360 payments of \$683.40. 1 year adjustable rate of 5.75% APR. 5% downpayment (\$5,995)

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) 591-7273.

Construction financing
The Construction Financial Management Association-Greater Detroit Chapter hosts a dinner/presentation discussion "Structuring Your Company to Maximize Profits and Minimize Risks" Tuesday, Nov. 26, at the Southfield Skyline Club, 28th Floor, Town Center. The program is at 5 p.m., dinner at 6 p.m. Cost is \$35 for members, \$45 for non-members. For reservations, call Brian Pollock at (810) 644-0300.

BIA gala
The Building Industry Association of Southeastern Michigan and the Apartment Association of Michigan host their 1996 Leadership Recognition and Awards Night 6 p.m. Tuesday, Dec. 3, at the Hyatt Regency Hotel in Dearborn. Builders, business executives and civic leaders will attend. Cost is \$75. For reservations, phone (810) 737-4477.

Builders license training
Builder's Training Services offers a builder's pre-license training class to prepare for the state exam 6-10 p.m. Dec. 2, 5, 10 and 12 at the Clawson-Troy Elks Club. Cost, which includes a manual and textbook, is \$109. To register, call Les Vilcone at (810) 852-3073.

Mortgage workshops
Rona Mortgage sponsors a free workshop, "Avoid Tragic Mistakes When Shopping for a Mortgage," 6:30-7:30 p.m. Tuesday, Dec. 3 at International Business Center in Novi and 6:30-7:30 p.m., Wednesday, Dec. 4, at Freedom Hill County Park in Sterling Heights. For reservations, call (810) 868-1800.

Kahn hired
Albert Kahn Associates has been selected by General Motors Corp. to serve as architect/engineer for stamping plants that are part of the Metal Fabricating Division's \$850 million operations improvement program.

Schonsaheck contract
Schonsaheck Inc., a Wixom-based general contractor, has been selected to build a 56,000-square-foot addition for the Behler-Young Brighton facility. Behler-Young is a distributor for Bryant HVAC equipment.

Lutz Capital
Lutz Capital Corp. of Southfield announces that it has represented clients in obtaining mortgage financing of at least \$1.5 million for nine commercial projects. Those include Mid-West shopping center in Livonia, Livonia Industrial in that community and Dix-Toledo shopping center in Southgate.

Bloomfield Acceptance
Bloomfield Acceptance Co. of Birmingham, along with its partner, Nomura Asset Capital, recently closed on a \$20 million, 10-year acquisition loan for Knollwood Village Apartments in Grand Blanc. Lautech Ltd. was the purchaser.

Relocation partnership
Argonaut Relocation Services and Deloitte & Touche LLP have agreed to form a cooperative international business relationship to provide relocation and human resource services to their clients. Argonaut will offer destination services, home sales, property management, temporary housing and movement of household goods. Deloitte & Touche will offer international compensation policy development and expatriate tax planning.

Corvus transactions
Michael J. Zieck, senior vice president for Corvus Real Estate Services in Troy, was a broker in several recent commercial rental and purchase transactions. The businesses included Valley Industries in Auburn Hills, NWS Michigan in Roseville and Scott Handling Equipment and 1737 Corporation, both in Troy.

Spectrum Mortgage
Jeff Kermath, president of Spectrum Mortgage in Canton, brings his portable office - laptop computer with mortgage processing software and printer - to clients' homes and offices to expedite the application process. "People love it," Kermath said. "It's a convenience thing." Spectrum is a mortgage broker/lender.

Membership drive
The Society of Design Administration Michigan Chapter has launched a campaign to attract new members. SDA members work for and with architects, engineers and other design professionals and include controllers, administrative assistants, office managers and marketing professionals. Benefits of SDA membership include continuing education programs, national support network, newsletters, publications geared specifically to design professionals and monthly program meetings. For information, contact Diane Evans at (616) 327-0077.

"PSST... 5000 TOWN CENTER, PASS IT ON!"

WHEN YOU HAVE THE HOTTEST SELLING CONDOMINIUMS IN TOWN, THE WORD GETS OUT.

5000 Town Center is news. HUGE news. Huge condominiums. Huge panoramic views. Huge list of amenities like a private fitness center, sauna, heated pool, lighted tennis courts, valet parking and 24-hour Concierge. It's also where you want to be.

Evergreen Road and Civic Center in Southfield. Close to everything. Far from ordinary. Visit soon, before the only word left to pass on is "Sold!" One, two and three bedroom multiple bath homes from the '70's to the '190's.

Complimentary valet parking for model visitors.

Sale Centers open daily 10 a.m. to 7 p.m.
Saturday 10 a.m. to 6 p.m.
Sunday Noon to 5 p.m.
and by appointment.

5000 TOWN CENTER
Private Residences
5000 Town Center • Southfield, Michigan 48075
910.351.1020 • 1-800-331-1020 • FAX 910.351.0747

Located at the corner of Evergreen Road and Civic Center Drive at Prudential Town Center, in Southfield.

AMERICAN INVSICO

REARVIEW INSURANCE