Franck Joins Bloomfield

joined the Bank of Bloomfield Hills in the commercial real



estate mortgage banking divi-sion. That divi-Donald G. Franck
rate loans from \$500,000 to \$50 million.

ion.

Frank spent the past 20 years with
First Federal of Michigan as senior
vice president and manager of the
commercial real estate loan depart-

O'Connell Joins C'brook



Erin O'Con-nell has joined Cranbrook Realtors in Birmingham. She's a 12-year veteran of real estate sales in Oakland Coun-

Commercial Board of Real-

tors. He is pres

ty. O'Connell for-Erin O'Connell merly was affiliated with Cold-well Banker Schweitzer. She's also was in public relations and education.

Siegel is Realtor of Year Bruce W. Slegel has been named Realtor of the Year by the Detroit Area



ident of Siegel Realty & Man-Bruce W. Slegel

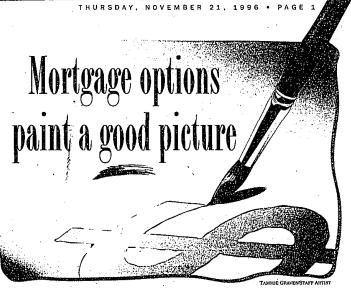
consulting firm. consulting firm.
Siegel, co-founder of DACBOR, has been active in a variety of state and national association activities. He's also listed in "Who's Who in Creative Real Estate in America."

Marilyn Snyder, Karl Miller and Scott Pitcher, sales associates with ERA Rymal Symes in Novi, are tak-ing part in the ERA Top Gun Acade-my offered by the real estate network. Participants develop ways to better promoty thomselves, widen their cir-cle of influence and perform with a winning attitude. Each session intro-duces new techniques to help atten-dees become more productive in their work.



The Farminaton Observer

Houses Sold, Page 14 • Mortgage Shopping is in the New Homes Section



BY NORMAN PRADY SPECIAL WRITER

SPECIAL WRITER

It appears you can credit the mortgage industry with inventing some special lighting to counter the dimming of
the American dream of home owner-

ship.
It's a dream threatened by economic
and social changes in business and
family life over the past decade or two.
It's a dream that easily could slip away
from many of the increasing numbers
of persons now unable to grasp it under
old rules.
These rules to qualify for a horse

of persons now unable to grasp it underold rules.
Those rules, to qualify for a home
mortgage, "used to be arbitrary," said
Thomas P. Cronin, vice president, MCA
Financial Corp, Southfield.
But today, Cronin and other mort
gage company executives will tell you
the rules are continually changing as
he industry strives to keep up with
the realities Americans now are forced
to face at work and at home.
Cronin, the new president of Mortgage Bankers Association of Michigan,
estimates that about "one-third of persons coming into the housing market"
these days wouldn't qualify without
fresher ways of considering their situations.

tions.

He also believes there are many preHe also believes there are many preHe also believes there are many preHe also believes who now wouldn't
qualify for the mortgages they held.
Cronin explained that a mortgage
applicant previously was approved
based on three elements: collateral,
which could be equity in a present
home, or some form of savings; credit,
which would be indicated by a good
record; capacity, which would be a measure of the borrower's ongoing ability to
repay the loan.

sure of the borrower's ongoing ability to repay the loan.
Today, Cronin said, a two-out-of-three score is acceptable.
The downsizing of America, Cronin said, with its mergers, acquisitions and reduced work forces, has placed increasing numbers of Americans outside of the traditional range of acceptability. This includes "all the people who are no longer doing what they were doing two or three years ago."
Lenders, Cronin said, are seeing a bigger and bigger percentage of people

every day who no longer qualify under the traditional underwriting criteria applied by Fannie Mae and Freddie Mae, "the two major and government-backed purchasers of loans from banks. Investment-grade loans, Cronin said, speaking of the loans that attract Wall Street investors as the ultimate sources of the money, are rated as "A" loans. "A whole new alphabet has been

developed to include 'B, 'C,' 'D,' and 'E,' which recognizes the changes' Americans are experiencing. With this focus to reality, investors are making it possible for loans to go to many who would otherwise be shut out. "We've seen over the last three to four years a huge rush of capital into the housing market for people who not longer qualify." Cronin said.

The following is an example of monthly payments for principal and interest, taxes, homeowne's insurance, and PMi (Private Mortgage insurance) on the \$150,000 down payment. plus

1 Rock's 2nd mortgages
22,500
10 0
30 118 Rock's 1st • 112,500 • 8 1/4 % • 30 yrs. 845.18 197.45 200.00 38.00 Taxes Insurance 1,083.18 +197.45 1,280.63 TOTALS 1,327.21 The monthly decrease in cost is \$46.58, or \$558.96 per year, and \$16,768.80 over the 30-year lifetime of the customery loan as originally written.

One firm's different approach

Frivate mortgoge insurance protects the lender when he accepts less than the traditional 20-percent downpayment.

So you buy PMI from a specialist company to guarantee payment of that unprotected \$15,000. You pay monthly premiums. No part of that insurance payment is deductible or applicable to the principal.

For example, if you're buying a \$150,000 home with a 10-percent (\$15,000 down payment, you'il be borrowing 90 percent (\$135,000) of

"The alphabet grading equates risk to interest rates," he said, explaining that the lower a rating, the higher the interest a borrower must pay. On the other hand, "an 'E' a few years ago might not have been eligible at all."

In other areas, as well, Cronin, said, the industry is putting increased effort into helping more people become homewners. Among these programs are the Federal Housing Administration (FHA) bridal-registry, to which cash gifts can be made to aid in the gathering of a down payment; the government-backed Housing Opportunities for Women (HOW) program, which recognizes the increasing number of women-runhouseholds; and plans to help more ratters become homeowners.

At the same time, in a seeming con-

increasing number of women-run-nouseholds; and plans to help more renters become homeowners. At the some time, in a seeming con-tradiction to the economic qualification problems, mortgages are getting bigger. This, the experts report, is a matter of the mortgage industry catching up with the increasing values in today's real estate market.

"Five years ago," said Daniel Smith, Plymouth office manager for Republic Bancorp Mortgage, 'we didnt see loans for \$250,000 and now we see thom every day." These so-called 'jumbo loans' – from \$207,000 to \$350,000— "are up almost 400 percent." Smith said.

"The mortgage market is getting much more competitive," Smith said, "and the consumer is getting a better; price." But lowest rate, he said, should not be the borrower's main considera-tion.

not be the borrower's main consideration.

More important is reputation. Who is the lender? Is he above board?' Smith said hazn'ds for the borrower include promises not kept, loans not-octually made or made at a higher rate. The proliferation of mortgage companies and mortgage brokers is a result, Smith said, of the deregulation of savings accounts and the subsequent decline of the traditional savings and loan home-bank institution.

S&Ls had been allowed to pay higher

HUD loosens definition for seniors-only housing



recent rule published by HUD regarding senfor-only complex-es. I am living in a community that is primarily senfor citizens, and we are wondering whether we can comply with the new HUD rules.

A. There is now legislation that has been passed that now makes it possible for a community with at least 80 percent of the occupied units occupied by at least one porson who is 56 or older to obtain an exemption from the Basis of familial status.

The housing facility or community must publish and adhere to policies and procedures and demonstrate an attempt to provide bousing to persons who are 55 or older. The amended provision also calls for HUD to promulgate rules for verifying the age of occupants by "reliable surveys and affidavits". The new HUD rules also must include examples of the types of policies and procedures that demonstrate an attempt to provide over 55 heusing.

Moreover, in an attempt to protect real estate bro-kers, the new rule bars the imposition of monetary damages against people who relied, in good faith, on the application of the senior's housing exemption. Good-faith reliance can be shown only if the person had no knowledge that the community or facility in question did not qualify for the seniors-only exemp-tion and the community or facility certified in writing that it did qualify for the exemption.

Q. My wife and I are the owner of a condominium unit and are elderly. The owners of the unit directly behind us are owners of a large dog that barks continually when the owners are gone. The condominium bylaws state very clearly that a co-owner may not maintain a dog that is an annoyance to other co-owners. Company have not resulted in any action other than to write a letter. They suggest that I contact the police. I believe the dog owners are viciniting the condominium bylaws, and the board and the management company should pursue the problem. What do you think?

Most condeminium bylaws give both the associa-tion and the affected co-owner a right to seek redress

against those co-owners who violate the condomini-um restrictions, which are covenants running with the land.

The board of directors has some discretion in terms

The board of directors has some discretion in terms of what provisions it has a responsibility to pursue, but if those dogs are affecting more than one unit, I believe that you have a strong argument that the board of directors has the responsibility to enforce the restrictions and not to so to speak "cop out" by suggesting that you call the police.

Certainly, you have a right to go to court to seek redress under a nuisance theory as well as a violation of the condominium restrictions by the dog owner, but I would continue to pursue the beard of directors, advising it that it has a fiduciary responsibility to enforce the restrictions in behalf of the members of the association, and that is its primary responsibility.

Robert M. Meisner is an Oakland County area attorney concentrating his practice in the areas of condominiums, real estate, corporate law and litigation. You are invited to submit topics that you would like to see discussed in this column, including questions about condominiums, by unting Robert M. Meisner, 30200 Thlegraph Road, Suite 467, Bingham Farms MI 48025. This column provides general information and should not be construed as legal opinion.