

# Buyers and sellers raise FHA questions

## MORTGAGE SHOPPING



DAVID C. MULLY

Last week I began discussing the features of the loans offered by the FHA and how they differ from conventional loans. Let's continue reviewing FHA loan features and cover some of the advantages for both buyers and sellers, using some of the most frequently asked questions I hear about FHA loans.

What are "points" and do I have to pay them?

"Points" (also referred to as "discount points") represent the amount of money that is being charged by the lender to give a loan. A point represents 1 percent of the mortgage amount, 3 points equals 3 percent, etc. Generally, points are paid on all financing. Either the buyer or the seller may pay the points. This means the decision about who pays the points is negotiable between the buyer and seller and should be clarified when you

sign a purchase agreement. It is best for the buyer to shop around for a "Direct Endorsement Lender" for the lowest interest and point deal.

Does a buyer have to be a first time home buyer to qualify for an FHA loan?

No. The FHA program is open to anyone. There are no restrictions on who may apply or how many times a home buyer may obtain an FHA loan. Single people, married couples and people who have previously purchased homes using FHA loans or other financing methods are eligible to obtain an FHA loan. FHA also has special programs for senior citizens and young families.

Are there loan amount limitations for buyers who are interested in FHA loans?

Yes. There are maximum loan amounts depending upon the area in which the home is located. The amounts are approved by FHA for each area based on average home prices. In most cases, the maximum loan amount is more than adequate for the area in which the home is located. There are no income limitations of any kind. Call me at the number below for loan amounts in

this area. This opens a wide door to the people of our eight-county southeastern area who have been wanting to purchase a new home, but have trouble coming up with a down payment. These limits are periodically reviewed and updated.

Can FHA financing increase the number of potential buyers?

Yes. Sellers who consider FHA financing terms increase their number of potential buyers by 25 or 30 percent. Since FHA buyers need less cash to purchase a home, more buyers are eligible to make an offer on the home. This means the home may sell more quickly and at a higher price

than for a seller who does not offer FHA terms. FHA, after all, has more programs to offer to more buyers and sellers than any conventional product out there today.

If FHA is so advantageous for both buyers and sellers, why don't more people know about the program?

FHA is a 60-plus year old government program that invented the modern home mortgage. There are a great many people who have learned about FHA and have successfully used the programs to buy or sell their home. However, there are an even greater number of people who simply have not inquired of

who have been misinformed about there new financing methods. FHA is still the best method by which a buyer and seller can reach an agreement that is mutually beneficial.

The employees of FHA/HUD have been working hard to overcome the mythical stories about FHA. They have placed many people in their first, second or subsequent homes in less than five weeks of processing time. Most of these people had never heard of FHA and are now happily living in their new home.

In next week's third article in this series on FHA loans, I'll continue with more information, look at which buyers would be

interested in FHA loans and consider buying qualifications.

David Mully has been writing his weekly "Mortgage Shopping" column for The Observer & Eccentric Newspapers since July 1995. He has been directly involved with residential mortgage lending in the Detroit area since 1988 and is a local mortgage consultant. For information about a new mortgage, call Mully toll-free at 800-405-3051, fax him at 810-380-0603 or send e-mail to cgbx04d@prodigy.com. You can access Mully's previous Mortgage Shopping articles on-line at <http://econline.com/~emorg/mully>.

## Job-safety video aimed at kids

More than 30 of Michigan's construction associations have joined forces in a collaborative effort to produce a one-of-a-kind construction job-site safety video for children.

The video, aimed at young people kindergarten through sixth grade, warns about the risks of playing on or near construction job sites.

"I've talked to a number of contractors over the past several months, and almost every one of them has recounted at least one incident involving kids trespassing on job sites after hours," said Brenda Zimmerman, director of industry affairs for the Construction Association of Michigan.

"The results can be costly, including injuries and malicious mischief like vandalism and theft," she said.

"Anyone who has spent time with kids knows that it's almost

impossible to keep them from getting into places they shouldn't be, no matter how many precautions are taken," Zimmerman said. "We're trying to educate children about what can happen when they make a decision to trespass on a construction site."

The new video, entitled Smart Kids Play It Safe, is scheduled to be formally introduced next week at Design & Construction Expo '97, the largest annual construction event in the Midwest.

More than 200 third graders from Wayne, Oakland and Macomb counties have been invited to the premier at the Pontine Silverdome.

The kids will be treated to breakfast at the Main Event Restaurant, a special screening of the video and a guided tour of the show to see the big equipment displays.

"Following the premier, the

associations plan to take the safety video to every elementary school in the state using a group of volunteers from each organization," Zimmerman said.

"It will be a massive effort considering that there are over 2,000 public elementary schools in the state," she said.

Following are sponsors who contributed \$2,000 for the Smart Kids Play It Safe video:

Architectural Contractors Trade Association; Associated Builders & Contractors, S.E. Michigan Chapter; Associated General Contractors of America, Greater Detroit Chapter; Associated General Contractors of America, Michigan Chapter; Barton Malow Co.; Builders Exchange of Grand Rapids & Western Michigan; Construction Association of Michigan; Construction Coalition of Michigan; Construction Financial Managers

Association, Greater Detroit Chapter; Construction Specifications Institute, Metropolitan Detroit Chapter.

ESD-the Engineering Society; Glazing Contractors Association; Great Lakes Fabricators & Erectors Association; Michigan Architectural Foundation; Michigan Plumbing & Mechanical Contractors Association; Michigan Road Builders Association.

Michigan Association of Home Builders; National Electrical Contractors Association, Michigan Chapter; National Safety Council; Plumbing & Mechanical Contractors Association of Washtenaw County; Plumbing Heating Industry of Detroit; Sheet Metal & Air Conditioning Contractors National Association (Detroit); Southeastern Michigan Roofing Contractors Association; Walbridge Aldinger Co.

## Rag-rolling: Express style and cover up imperfections, too

A fresh coat of paint can inexpensively refresh a tired space, disguise imperfections or add the beauty of color. Decorative painting is a creative way to further customize the finish of the room, as well as express personal style.

Simple items which you already may have around the house oftentimes achieve the best results. Rags, sponges and even

plastic bags rolled or dabbed on newly painted surfaces give a soft, mottled look. These methods work well for walls and can be used on flat

surfaces, such as dresser tops, drawers and shelves.

"Choose the base-coat color carefully," says Tracy Lovejoy, a

design expert with The Home Depot. "Make sure your base coat and all of your accent coats work well with your furnishings and floors, or that the colors won't make the room appear smaller."

1. Apply a base coat of low-luster latex enamel, using a paintbrush or paint roller, then allow to dry.

2. Mix the basic glaze with the paint - you will be using about 3 parts glaze into 1 part paint. To do this, take a neutral wall glaze and mix well. Pour 3 parts glaze to a container. Take your top coat latex color paint and stir it up, then pour 1 part paint into the container with the glaze. Test the color over a sample board painted with your base-coat color, or on white paper. Add more glaze, water or paint to achieve your color.

3. Pour the glaze mixture into the paint tray. Apply over base coat with roller, criss-crossing your strokes to get an even finish. Work in floor-to-ceiling strips, no more than 3 feet wide. If glaze dries too quickly, work in a smaller area.

4. Crumple up a lint-free rag in your hand so that most of the wrinkles are on the side that will face the wall. Press the rag lightly on the wall surface, taking the glaze off as you go. Touch the rag randomly throughout the section to achieve a uniform look. To get into corners and tight spots, use a smaller rag.

### Luxury & Style Beyond Your Dreams. But Not Beyond Reach.

5000 Town Center will surpass your highest expectations for luxurious living. Spacious condominiums with panoramic views and a long list of amenities including a private fitness center, sauna, heated pool, lighted tennis courts, valet parking and 24-hour Concierge. Priced within reach so you can realize your dreams. Visit soon.

A carefree condominium lifestyle with world-class amenities.

ONE, TWO & THREE BEDROOM MULTIPLE-BATH HOMES FROM THE \$70'S TO THE \$190'S.

Complimentary valet parking for model visitors. Sales Center open daily 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  
810.351.HOME (4663)

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

### The NEW Millcrest Moors!

3 New Models • 10 New Spacious Floorplans

from **\$161,400**

Exquisite homesites and rolling hills and suburban tranquility. Quality constructed ranch, 1 1/2 and 2-story ranging from 1460-2600 sq. ft. on 2 1/2 acre lots. Ponderosa schools and a short drive to Ann Arbor or the Detroit metro area.

Call US 23 to 14-36 west, 72 miles to Pontiac Rd. north 1.5 miles to Millcrest. Sales Center open daily 12-5, closed Thursdays. Marked by the Charles Reinhart Co.

For information call Jeff at (313) 878-4963.

**GUENTHER BUILDING CO.**  
Celebrating 50 years of Craftsmanship & Value.

### CLARKSTON

#### Rise Above the Rest

**BRIDGE LAKE BLUFFS**

WILSON HOMES, INC.

Bridge Lake Bluffs, limited to just 38 spacious, 1-acre Country Estate homesites, has been thoughtfully arranged within 67 acres of natural countryside.

- Spectacular lake views
- Walk-out lots available
- Just minutes from I-75
- Clarkston schools

Homesites from \$82,000

**LOCHER BUILDING CO.**

Bridge Lake Bluffs is located on Bridge Lake Road, South of Lakeview Road.

Information Center at Bridge Valley • Home packages from \$375,000

(810) 620-6603

Open Sat. 12-5, 1-5 on the appointment

A KIRCO DEVELOPMENT

### Tri-Mount ...is Building Dreams

**BRIDGE LAKE BLUFFS**

810-478-8515

Now Open

Located on the southside of 7 Mile, between Inkster and Midland

Pre-Grand Opening Prices from \$169,900

**PLYMOUTH COMMONS II**

313-455-1073

NEW MODELS OPEN

West side of Ridge Road, South of North Territorial

Spec Homes from \$300-\$400's

**HURON MEADOWS**

810-685-0908

SELLING QUICKLY

West side of Midland Road, Four Miles North of I-96 (South of GM Road)

From the \$180's

**2 YEAR WARRANTY**

First to offer a

MODELS OPEN 12-5 DAILY, 12-5 WEEKENDS • BROKERS WELCOME

Call or visit our Models for Details