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INSIDE:
Real Estate Briefs, Page G5
Homes Sold, Page G4

Page 1, Section F

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Real Estate

Think it through before you move

BY DOUG FUNKE
STAFF WRITER

Home ownership is a lifestyle and investment.

And as life's circumstances and financial situations change, people think about changing their addresses.

Homeowners, on average, relocate every six to eight years, the National Association of Realtors reports. Moving might be a good move. Then, again, maybe not.

There's job transfers, job loss, retirement, divorce. Children are born/adopted. Offspring leave to start lives of their own. A spouse dies. Adult children or aging parents without financial means need a place to call home.

As homeowners grow older, they may be less willing or able to take of needed maintenance chores. Expensive repairs loom.

Conflicts arise with the neighbors. Some people don't want to cope with a neighborhood undergoing racial or ethnic changes. Businesses close, churches relocate, crime touches close to home.

Fewer municipal services may be provided at a higher cost. Standardized school test scores set sail on a mediocre course.

A promotion or inheritance makes an upgrade attractive from a tax perspective. It's now or never for that dream house.

People will move for any one or a combination of reasons.

"A lot of times it's just a business decision," said Kevin Conway, a Realtor with Hannett, Wilson & Whitehouse in Bloomfield Hills. "Transfers in the auto industry still account for a lot of moves in this area.

"School district is a definite factor for a lot of families, and proximity to work is another," Conway said. "There's a lot of trade ups; the family outgrows the house. Empty nesters have more house than they need and want a different lifestyle, a master bedroom on the first floor."

The longer you stay, the deeper the roots grow, the harder it is to pull away, Conway said. "Families want children to be involved with the group they're involved with. They get comfortable with schools, teachers."

Conway recalled one family that wanted more space, listed the house, but really liked the neighborhood. "They just decided to add on," he said.

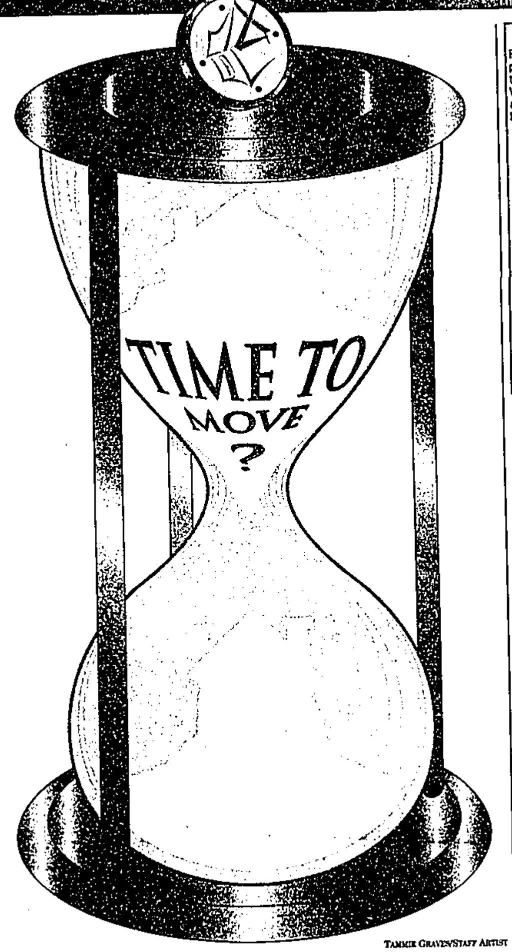
Another reason for staying put – "A lot of people aren't willing to give up a mortgage rate," Conway said.

The stay-or-go situation doesn't have to be all-or-nothing.

Marge Nowlan, a widow in her 70s, moved from a house in Redford to a condominium in Plymouth about a dozen miles away a couple of years ago. Several things prompted the relocation.

"I was alone. I was getting afraid there. Someone tried to break in. The upkeep was a lot for me to do. The house was getting too big for me."

Friends who had moved to the condo community from the old neighborhood invited Nowlan for a visit. She liked what she saw, decided to move there, herself, and has since remarried.



TAMMIE GRAVES/STAFF ARTIST

But Nowlan retains strong ties to her old church and friends, visiting at least twice a week. "I wouldn't give up St. Hilary," she said. "It's like family there."

Several other acquaintances have moved to the same condominium complex and retain their ties to the old church, causing one wag to refer to the condo community as St. Hilary West.

Mental health professionals recognize that too many major changes all at once can cause stress, which in turn, clouds judgment.

"Never make a hasty decision that has big consequences," advises Norman Goldner, a sociology professor at University of Detroit Mercy, a psychotherapist and Rochester Hills resident.

An immediate move shouldn't necessarily follow a death, divorce or difficulties with a neighbor.

"When you move yourself from one place to another, one thing you do is move yourself out of social structures," Goldner said.

As for over-the-fence problems – "How much involved are you?" Goldner asked. "If you back off, maybe they will."

Be clear in your own mind about the reasons for a move and how you break the news, especially when children are involved.

"One of the important factors of a move is, do I do it voluntarily or because I have to?" Goldner said. "If a whole crew gets transferred to Saudi Arabia and a guy comes home and says, 'We're moving,' that creates problems."

Better to quietly outline the situation, talk about missing the house, school, friends and make a game of discovering positives in the new location.

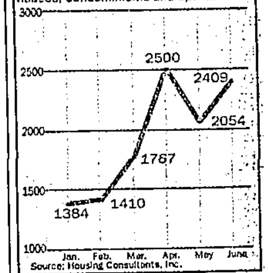
"Keep the lines of communication open," Goldner said. "Be in touch ... with all involved."

Here are a few major things to consider when mulling a move.

- How important are current neighbors, friends, family, church, school and routine compared to a nicer house, a shorter commute to work and/ or a more impressive financial balance sheet?
- You must relocate after you sell. You may profit on the sale, but can you really afford where you want to go?
- You're still responsible for inside maintenance and repairs moving from a house to a condominium. If you relocate because you can't or don't want to do that work, who will do it?
- If you're thinking of a new lifestyle in a different climate during retirement, have you visited at several different times of the year and veered off the beaten path before making a final commitment?

Mid-year report

Following is the monthly tally of building permits issued during the first half of this year in Oakland, Wayne, Macomb, Washtenaw, Livingston, Genesee, Lapeer and St. Clair counties. Figures include houses, condominiums and apartments.



HELEN FURCEAN / STAFF ARTIST

Should you refinance a mortgage?

MORTGAGE SHOPPING

DAVID C. MULLY

First of two parts

Mortgage rates have been low for the past few years, and many homeowners were lucky enough to buy when rates were low or have since refinanced. But perhaps you bought your home when rates were higher. Or perhaps you have an adjustable-rate loan and would like to obtain different terms.

Would refinancing be worth it?

Refinancing can be worthwhile, but it doesn't make good financial sense for everyone. A general rule of thumb is that refinancing becomes worth your while if the current interest rate on your mortgage is at least 2 percentage points higher than the prevailing market rate. There are other considerations, too, such as how long you plan to stay in the house. Most sources say that it takes at least three years to realize fully the savings from a lower interest rate, given the costs of the refinancing.

Refinancing can be a good idea for homeowners who:

- want to get out of a high-interest-rate loan to take advantage of lower rates. This is a good idea only if they intend to stay in the house long enough to make the additional fees worthwhile.
- have an adjustable-rate mortgage and want a fixed-rate loan to have the certainty of knowing exactly what the mortgage payment will for the life of the loan.
- want to convert to an adjustable-rate mortgage with a lower interest rate or more protective features (such as better rate and payment caps) than the adjustable rate mortgage they currently have.
- want to build up equity more quickly by converting to a loan with a shorter term.
- want to draw on the equity built up in their house to get cash for a major purchase, such as for their children's education.

If you decide that refinancing is not worth the costs, ask your lender whether you may be able to obtain all or some of the new terms you want by agreeing to a modification of your existing loan instead of a refinancing.

Next week: What are the costs of refinancing?

David Mully has been researching mortgage lenders, products and services for more than 10 years. He has worked as a senior loan officer for several years at various types of mortgage lenders, including banks and mortgage brokers. He currently serves as a mortgage consultant. To contact Mully, call 1-800-521-0026 and ask for his extension, 227, or mail to him at P.O. Box 485, Novi MI 48376. You can access Mully's previous Mortgage Shopping articles and current mortgage rates on-line at http:// www. observer- eccentric. com/ realestate/ mully

Cable TV contract needs to be nonexclusive

REAL ESTATE QUERIES

ROBERT M. MEISNER

Q. Our condominium association has a cable TV contract, but it is being approached by another cable TV provider. Do you have any hints as to what we should be looking for in terms of a new cable TV contract?

A. Any time you enter into a cable TV contract, make sure that you provide for the nonexclusivity of the contract so that you are giving an opportunity to your members as well as the condominium association itself to enter into a contract with competitive facilitators depending upon the circumstances.

There is also the frequent question as to the right of the condominium association to grant easements over the common areas of the condominium. Make sure that the condominium documents give the board of directors the authority to grant the easements or consider a licensee as an alternative.

This is an important agreement, which should be reviewed by counsel experienced in dealing in cable TV contracts in the condominium association setting.

Do not sign the contract merely because the cable TV company has told you that other associations have signed the identical contract. The other condominium associations may or may not have been given the benefit of competent legal advice.

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 writing Robert M. Meisner, 30200 Telegraph Road, Suite 467, Bingham Farms MI 48025. His email address is bmeisner@ mich. com and his web site is http:// www.meisner-law.com This column provides general information and should not be construed as legal opinion.

Housing starts hold steady in July

BY JOHN D. MCCLAIN
ASSOCIATED PRESS WRITER

(AP) – Despite low inventories of new homes and relatively inexpensive mortgage rates to induce sales, builders held the pace of construction steady in July.

After jumping to an eight-year high in 1996, the number of housing starts is likely to move within a narrow range for the remainder of this year, analysts predict.

"We're operating about at capacity," said economist David F. Seiders of the National Association of Home Builders. "We're looking for a little bit of a sag over the balance of the year, but not a lot."

Housing starts remained at a seasonally adjusted 1.45 million annual rate in July, unchanged from June, the Commerce Department said Tuesday. Analysts had expected a slight gain. And the June increase was revised down from the initial 4.8 percent estimate to just 3.2 percent.

Seiders and other analysts noted there were 282,000 new houses for sale in June, the smallest number since July 1993. It represented a 4.2-month supply at the current sales pace, the slimmest since a 4.1-month backlog in July 1971.

Still, Seiders said inventories are in "pretty good shape" and in balance with demand.

At the same time, analysts cite attractive financing that helped keep sales at a healthy level. Thirty-year, fixed-rate mortgages averaged 7.43 percent in July, down from 7.69 percent a month earlier. However, rates crept up to 7.54 percent last week, highest since 7.62 percent in early July.

Starts so far this year totaled 3.1 percent less than they did during the same period of 1996. But the 1.48 million starts last year were the most since 1.49 million foundations were laid in 1988.

"We're at a high level, but rattling around from month to month, pretty much rattling sideways," Seiders explained.

Single-family starts, about 80 percent of the total, increased 2.7 percent to a 1.14 million annual rate. It was the second straight advance.

But construction of apartments and condominiums fell 8.9 percent to a 306,000 rate, nearly erasing a 10.5 percent gain a month earlier.