

# Market Up After Money Scare

The Real Estate market in the Detroit area has had a strong resurgence after the tight money scare of last summer and fall.

Mortgage discounts charged by lenders to home sellers have dropped considerably since the last half of 1966. Mortgage discounts today are as much as 6 per cent below what lenders were asking during the latter part of last year.

The reason is that money is more available to lend through savings and loans and banks. The difference between the regulated interest rate which may be charged to a borrower on FHA and GI mortgages (sometimes called bank mortgages) is the narrowest that it has been in a long time.

The ceiling presently set by the government on the interest rates for FHA and GI mortgages is

6 per cent interest. The common conventional mortgage interest rate today is 6.25 per cent depending upon the borrower and the property. Since this difference is only a quarter per cent the amount of mortgage discount that a lender need charge to bring the return

on FHA and GI mortgages up to conventional mortgage rates is quite small.

Last year this difference ran as much as three fourths per cent to nearly a full one per cent between the interest rate allowable on government insured

mortgages and those charged on conventional loans.

For that reason we had extremely high mortgage discounts charged to the sellers, ranging from 8 per cent to as high as 13 or 14 per cent.

This current period of low dis-

counts charged to sellers maybe short lived, however. There is considerable speculation that the government will arbitrarily lower the interest rate that can be charged on FHA and GI mortgages either a quarter per cent or a half per cent.

The effect would be again to widen the gap between the interest that the lender may charge on an FHA or GI mortgage and the common rate of interest charged on conventional mortgages.

The most likely effect would be an immediate increase in the mortgage discounts that would be charged to sellers.

Because of the relatively high interest paid to depositor by local banks and savings and loans, it seems unlikely that the conventional mortgage interest rate can drop much below the 6 to 6.25 per cent

## Little Things Count If Home's Up For Sale

It's the little things of life that count--particularly when you are selling a home.

This is true especially if you are selling an older home, or one that has been "lived in" intensively. When mortgage money is spread thin, when it is a buyer's

market, then the little things that need repair, or that need cleaning or painting, can cost the seller hundreds of dollars, perhaps thousands.

The National Association of Real Estate Boards, which has made studies of sales obstacles in real estate, has come up with a number of "do's" and "don'ts" for families selling homes.

Sometimes a single screw, costing a penny, can stop the sale of a home. When a Realtor takes a prospective buyer to a home and the front door rattles around in the prospect's hand, he might well reject the home. One screw might have repaired the loose knob.

If a door is stuck, or is difficult to open, a prospect is likely to have a similar negative reaction. Minor sanding or planing, or the replacement of a hinge screw, can fix a reluctant door.

Perhaps the salesman flips a light switch, meaning to dramatize a handsome living room. Nothing happens. Yet a new switch costs less than a dollar.

A dirty oven has a lot of meaning for the average woman prospect. She might gauge the entire home on the basis of a dirty oven, and grease stains on the wall back of the stove. A cleaning job or a coat of paint corrects such conditions.

One of the major obstacles to sales is a lack of elementary good housekeeping, the NAREB found. Accumulated dirt or "wall-to-wall dirty clothes" often turn a prospect away from a home in disgust, even though he may give the Realtor another reason for spurning it.

Loud music blasting through a home while it is being shown can be a distracting element that rings up a "no sale."

An occasional deterrent to a sale, the NAREB found, is the home owner who insists on doing the selling. The wise salesman often is silent during part of a showing, having discovered by experience that this often is the best course. Some anxious owners, trying to fill what they consider a serious gap, then proceed to over-sell, driving the prospect away by their very anxiety.

Skilled real estate salespeople bring out all these points at the beginning of a listing, caution the home owner to clean up and repair the home to the best of his ability, then "please don't interfere." It is blunt, but this ad-

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