

MORTGAGE SHOPPING



DAVID C. MULLY

Holidays could be the best time to sell (or buy) a home

Mortgage Timeline ...
This week's timeline question is: Since 1984, what month and year had the lowest first-year rate

Adjustable Rate Mortgage (ARM) and how low will it? (Answer in next week's column.)
This week's mortgage trend focuses on the ability for more people to realize home ownership now than in the past. Today you can buy a home with practically no money down - they do with a VA loan. Years ago, buyers typically needed 20 percent as a downpayment. PMI insurance has allowed many people to buy homes - they could not previously afford. PMI insures the lender for the difference between the standard 20-per-

cent downpayment and the down payment that the buyer actually puts down. Therefore, buyers who don't have a 20-percent downpayment can still buy a home and satisfy a lender with PMI insurance. There is also a trend for lenders to be more flexible in offering a "second chance" to buyers with prior credit problems.

Buying existing home:

Are you going to stay in your home awhile longer or are you planning on moving next year? If you may move soon, the holiday season can be a good time to sell or buy rather than waiting until next year. First, interest rates are excellent and may not be this low next year. Second, you

have less competition for home sales during the holiday season. A buyer will have less competition and may even find a seller who is in a hurry to sell. With fewer prospective buyers, he may negotiate more.
While it can be extra work to sell your home during the holidays with all your other obligations, you could turn this sacrifice into a larger profit than at other times of the year. Also, even if you do sell during the holidays, in most cases you won't actually move out until after the new year.

Buying a new home:

If you are planning to stay in your home for several years, you may be ready to pay points to secure a better interest rate. Many believe that paying points will be a good investment if they will have the mortgage for a long time. Before paying points, you should consider how a drop in interest rates in the next five years could affect your

mortgage. If interest rates drop, you may not be able to take advantage of refinancing because you still would need to recoup your investment in points.

Refinancing:

If you have bought a home in the last few years with an FHA or VA mortgage, you may want to consider refinancing. Should you go for a conventional mortgage or refinance to another FHA one-year adjustable rate mortgage? If they are able to go to a conventional mortgage, I tell my clients that they will benefit in two ways; first, by getting a sizable refund of their MIP insurance and second, possibly paying less in monthly PMI fees. In addition, if homes in your area appreciate quickly, you will also have the benefit of a lower loan-to-value ratio.

When refinancing to an FHA one-year ARM, the first-year rate is low and can only increase up to 1 percent per year, instead of the normal 2 percent yearly limit on a conventional ARM. The FHA ARM also carries a 5-percent maximum lifetime cap instead of 6 percent for conven-

tional. If you are interested in a free evaluation, call me at 1-800-405-3051.

Mortgage Timeline answer from last week:

The 27-month period that had the most stable 30-year fixed interest rates (the rate did not go up or down more than 1 percent during this time) was from April 1971 to June 1973. In April of 1973, the rate was 7.31 percent, and the rates held in the 7-percent range all the way until June 1973 when the rate was 7.73 percent. 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, or in Michigan at 810-380-0603 or send e-mail to ed@prodigy.com. You can access Mully's previous Mortgage Shopping articles on-line at <http://www.oeonline.com/~emurdy/mully>

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J.R. Paine CEO, BROKER, AUTHOR

REAL ESTATE NEWSFLASH Weekly Advice Column

ANYONE BUYING A HOME IN MICHIGAN CAN GET UP TO \$2,000 FOR MOVING COSTS

There is plenty of good news for Michigan home buyers. Two real estate firms are saving home buyers literally thousands of dollars in the home buying process. Since almost all real estate firms in Michigan split the commission with these two leading firms, they in turn pass it completely FREE real estate services to all home buyers plus exclusive buyer representation, no hidden costs, sharing of knowledge and market data on a regular basis, skilled negotiators to negotiate the LOWEST sales price, the LOWEST interest rate, and the LOWEST closing costs. It is a win-win situation for buyers.

In addition, home buyers need no longer worry about moving costs that often range from \$500 to \$2,000. Buyers get up to \$2,000 for moving costs at closing, depending on the price tag of their new home and the quantity of personal belongings you have to move to your new location.

The two real estate firms are: Home Marketing Specialists (HMSS) Inc. and REALTORS 2000. Both firms have brought an enormously

successful new vision to the real estate industry. Both firms are consumer protection oriented and have saved home buyers and homeowners hundreds of thousands of dollars since the early 1980's.

Buyers can choose from an inventory of over 20,000 multi listed dream homes. Buyers are provided with new listings of homes on a regular basis. A home is a key purchase. We go home to it every day. It is imperative that the buyers love their new home. Buyers should never be rushed into buying a home.

You can reach HMSS and REALTORS 2000 by calling (810) 539-7170 or you can page author J. R. Paine at 1-800-706-9260. When lines are busy, page the Office Manager Raj Sanghi at (810) 401-5226 or Office manager John Crane at (810) 406-2648. Both firms are located on Northwestern Highway in Farmington Hills.

Send Real Estate Advice, write in "Dear J.R." at 30001 HICKORY LANE, FARMINGTON, MI 48025. NO COST FOR J.R.'s response.

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