Private Mortgage Insurance fills a void

MORTGAGE SHOPPING

DAVID C. MULLY

One aspect of the home mortgage process that people ask more questions about than any other is mortgage insurance. Mortgage insurance is not the same as title insurance. The two have entirely different functions.

Some mortgage experts or consumer advocates contend that mortgage insurance is not necessary and should be avoided at all cost. Others consider the existence of mortgage insurance a blessing for people who otherwise would not be able to buy a house.

In some previous articles, we discussed FHA mortgages. These are loans that are insured by the federal government. Today, we're talking about private mortgage insurance (PMI). The major difference between the two types is, through private mortgage insurance, conventional loans are insured by private insurance companies. These types of loans also have a monthly premium in addition to your regular mortgage payment.

After acquiring PMI, you can buy a house with less downpayment than you would ordinarily need. For example, if you wanted to buy an $80,000 house, many lenders would require a 20-percent downpayment – or $16,000.

Enter private mortgage insurers. These insurance companies write policies to protect lenders from the financial loss that occurs when a borrower defaults and loses a house through foreclosure. Because the insurance company is willing to share the risk, lenders will make loans to borrowers who put as little as 5 percent down.

One of the biggest criticisms of PMI is that it costs too much. However, if we take the example of the couple who put just 5 percent down on an $80,000 house, the mortgage insurance would cost them about $50 per month. For some, it is better to pay the extra cost every month rather than wait years to save up a sufficient downpayment.

Private mortgage insurance also helps the mortgage process go more smoothly. For example, one private mortgage insurer reports that 98 percent of the loans it reviews have a turnaround time of less that 24 hours. In addition, more than 90 percent are approved. Positive numbers like this can be reassuring to those people entering the house-buying market for the first time.

Another worry consumers have about mortgage insurance is the misconception that you need spotless credit to get the insurance. According to the leading private mortgage insurance companies, borrowers only need to show a willingness and ability to repay their mortgages.

In fact, even borrowers with no established credit history can obtain mortgage insurance. Insurers will look for other evidence – such as rental receipts, utility payment stubs, etc. – in order to open the doors of home ownership to as many people as possible.

One final question many borrowers ask is: "Is it difficult to cancel mortgage insurance?" The answer is no, but homeowners need to fully understand the cancellation requirements of the investor who holds the loan.

It's not up to the mortgage insurance company to decide when the homeowner can cancel – it's up to the investor. Generally, homeowners can request that the investor cancel their mortgage insurance when the mortgage balance is below 80 percent of the value of the property.

With today's rising home values, sometimes a new appraisal will show enough increased home value to allow you to meet the requirements for dropping PMI.

For many home-buyers, private mortgage insurance can be a convenient, economical way to move into that house you've always wanted. If you have any questions about whether PMI is right for you, contact your local Realtor, mortgage banker or mortgage lender at the number listed below.

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, 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://oeonline.com/~emoryd/mully

HOMES SOLD IN OAKLAND COUNTY

These are the Observer & Eccentric-area residential real-estate closings recorded December 2 - 6 at the Oakland County Register of Deeds office and compiled by Advertising. That Works, a Bloomfield Township company that tracks deed and mortgage recordings in Southeastern Michigan. Listed below are cities, addresses, and sales prices.

Auburn Hills
3204 Bessie St $83,000
922 Chestnut Hill Dr $35,000
2305 Hempstead Rd $118,000
2171 Oaknoll St $83,000
633 Provincetown Rd $116,000
4025 Quebec St $129,000

Beverly Hills
15913 Amherst Ave $240,000
31619 Auburn Dr $138,000
31263 Heath Ct $204,000
17970 Kinross Ave $173,000
31974 Lahser Rd $150,000
16255 Marguerite St $119,000

Birmingham
702 Greefield Ct # 165 $93,000
1683 Graefield Rd # 109 $90,000
1735 Holland St $95,000
1432 Maryland Blvd $250,000
921 N Adams Rd Bldg A7 $90,000
868 N Adams Rd Unit 7 $72,000
768 Southfield Rd $400,000
1470 Washington Blvd $180,000

Bloomfield Township
2448 Bratton Ave $139,000
1736 Hamilton Dr $290,000
4147 Stoneleigh Rd $425,000

Bloomfield Hills
2739 Berry Dr $188,000
376 Concord Pl Apt 3 $52,000
2065 Eagle Pointe $169,000
4848 Hoddington Dr $206,000
1958 Klingensmith # 25 $105,000
7120 Lahser Rd $152,000
7180 Parkhurst Dr $206,000
575 Sedgefield Dr $180,000
1049 Stratford Ln $187,000
1044 Stratford Pl $287,000
4113 Telegraph C-223 $65,000
6510 Woodbank Dr $195,000

Beverly Hills
230 Westwood Dr $320,000

Clarkston
7151 Bluewater Dr $155,000
9090 Cayuga Dr $148,000
4855 Clarkston Rd $113,000
6340 Heron Ct $224,000
6201 Pinewood Dr $207,000
8109 Ranch Estates Rd $372,000
8255 Rattalee Lake Rd $239,000
5852 Shore Ct $95,000

Commerce Township
281 Alexander Dr $48,000
425 Anaconda St $153,000
2125 Blue Stone Ln $222,000
1845 Falls Pointe Ln $251,000
3237 Glen Iris Dr $172,000
4340 Kelsey Farm Dr $170,000
447 N Oak Dr $145,000
132 Norwich Ct $55,000
1170 Polvadera St $124,000
2464 Willow Way Dr $43,000

Davisburg
10890 Bigelow Rd $159,000
10850 Rattalee Lake Rd $230,000
11198 Youngstree Ct $47,000

Farmington
34021 Grand River Ave $159,000
31831 Grand River #50 $34,000
32718 Grand River #b23 $55,000
32284 Loomis St $115,000
34458 Oakland St $144,000

Farmington Hills
25305 Arden Park Dr $205,000
26478 Ballantree Ct $42,000
25758 Branchaster Rd $184,000
21184 Cass St $100,000
30745 Cedar Creek Dr $206,000
25389 Chapelweigh Dr $176,000
27668 Chatsworth St $262,000
29290 Chelsea Xing $264,000
38738 Chessington $140,000
21121 Collingham Ave $126,000
21310 Collingham Ave $123,000
23398 Derby Ln $190,000
27526 Doreen St $118,000
27869 Farmington Rd $115,000
23002 Glenmoor Hts $148,000
28429 Herndonwood Dr $203,000
26086 Hidden Valley Dr $278,000
32349 Hull Ave $145,000
22555 Inkster Rd $178,000
23705 Inkster Rd $275,000
35581 Johnstown Rd $209,000
31555 Kingston Ct # 6 $98,000
33972 Kirby St $116,000
21855 Leyte St $140,000
25358 Middlebelt Rd $132,000
31284 Misty Pines Dr $144,000
23230 Montclair St $136,000
32357 Nestlewood St $174,000
28308 New Castle Rd $155,000
29410 Pendleton Club Dr $89,000
22133 Phoenix Ct $189,000
23171 Potomac Cir $185,000
31999 Rocky Crst $179,000
26230 Springland St $195,000
30475 Sunderland Dr $201,000
24209 Susan Dr $213,000
29860 W 12 Mile # 609 $67,000
31500 W 13 Mile Rd $175,000
28422 W 8 Mile Rd $32,000
34790 W 8 Mile # 14 $86,000
22156 W Brandon St $119,000
29302 Wyndham Ct $180,000

Franklin
24880 S Cromwell Dr $165,000

Keego Harbor
1775 Sylvan Gln $75,000

Lake Orion
2780 Buckner Rd $103,000
82 Crescent St $165,000
103 Eagle Ridge Rd $43,000
262 Lakeview St $39,000
1475 Marina Pointe Blvd $275,000
1487 Marina Pointe Blvd $250,000
884 Mountainside Dr $210,000
599 Nokomis St $63,000

Lathrup Village
17569 Margate Ave $148,000
17552 Roseland Blvd $162,000
18860 Saratoga Blvd $180,000

Novi
48271 Andover Dr $365,000
24705 Bashian Dr $130,000
25726 Beck Rd $105,000
24430 Bonnie Brook Dr $148,000
42797 Brookstone Dr $236,000
25725 Cheyenne Dr $321,000
22417 Cranbrook Dr $109,000
23380 Duchess Ct $212,000
23979 Elizabeth Ln $320,000
24351 Knollwood St $168,000
25029 Newberry Dr $256,000
24486 Olde Orchard St $82,000
24684 Olde Orchard St $81,000
22341 Peachtree $126,000
22262 Pondview $105,000
45772 Remington Ln $330,000
43341 Riverbridge Ct $194,000
22013 Heatherbrae Way $242,000
30986 Seneca Ln $196,000
22435 Southwyck Ct $347,000
24144 Westmont Dr $283,000

Orchard Lake
5576 Bluebird St $186,000
5140 Deer Run Cir $240,000

Orion Township
1940 Kinmount St $105,000
2452 Liter Rd $75,000
3306 Pin Oak Dr $188,000

Oxford
3537 Country View Dr $103,000
1956 Mill Pond Dr $90,000
3394 Park Island Dr $213,000
467 Thornehill Trl $185,000
2170 W Drahner Rd $140,000

Rochester
490 Baldwin Ave Apt 5 $58,000
4151 Bold Mdws $324,000
4864 Carrington Dr $169,000
3224 Country Creek Dr $99,000
1165 Knob Creek Dr $330,000
461 Miller Ave $67,000
405 Miller Ave Apt 104 $59,000
465 Miller Ave Apt 206 $39,000
710 Renshaw St $119,000

Rochester Hills
1475 Antler Ct

See HOMES, F10

Jamey Kramer's REAL ESTATE FACTS

The "Original" Real Estate Column

Be The Best!

Place your home on today's market, and you'll face stiff competition. You may think your home is the best one available, however in the mind of the buying public, it's just one of the many choices.

Who is your competition? Every other home currently for sale is competing for the same buyers you would like to attract. Furthermore, each of those homes is competing with yours on at least five different levels: 1) price, 2) terms, 3) condition, 4) availability, and 5) visibility.

Your price must equal the value offered by your home. Price it higher and buyers will notice since they compare homes before buying. Price it fairly from the beginning and the result could be an early full-price offer.

Terms are vital too. Are you offering to pay closing costs and discount points? What about competing homes? Are other homes available with no-hassle seller financing? At what interest rates?

How does the condition of your home stack up against competitors? Will buyers get excited once inside your home? If not, have you allowed for deficiencies with a lower asking price?

Is your home really available to buyers? Can it be seen on short notice? Can possession be given promptly at closing? Does your agent have a marketing plan to expose your home to great numbers of buyers? Is it highly visible to buyers?

Let your agent know you want to stand out from the competition. Then, listen to the agent's advice. Home buyers will recognize and reward your home as their top choice!

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For more information about the Real Estate process, please call me at ReMax, 100, Inc. (810) 348-3000 or Call my 24 Hour "customer service" line at 1-800-965-SOLD

JAMEY KRAMER, GRI CRS
Associate Broker

Observer & Eccentric MORTGAGE MARKET

Internet homepage: ⟶ http://www.interest.com/observer Survey Date 12/19/96

TERM	RATE	PTS/FEES	DN. PMT.	LOCK	APR	COMMENTS
AMERICAN FINANCE & INVESTMENT						**800-562-5674**
30 yr FIX	7.25	3/355	5%	45 days	7.63	24 hr Rateline 1-800-689-2562.
15 yr FIX	6.625	3.125/355	5%	45 days	7.25	Http://www.loanshop.com
7/23 Balloon	6.375	3/355	10%	45 days	6.99	
30 yr Jumbo	7.5	2.75/355	10%	45 days	7.86	
(A) 10306 Eaton Pl., Ste 220, Fairfax, VA 22030						
AMERICAN HOME FINANCE						**800-440-1940**
30 yr FIX	7.75	0/290	5%	45 days	7.88	Large Apartment buildings.
15 yr FIX	7.5	0/290	5%	45 days	7.63	No Cost Loans.
7/23 Balloon	7.5	0/290	5%	45 days	7.63	No origination
3/1 yr ARM	6.875	0/290	5%	45 days	7	Fee - Sun 10-2.
(A) 39111 W. 6 Mile Rd., Livonia, MI 48151						
FIRST ALLIANCE MORTGAGE CO.						**810-433-9620**
30 yr FIX	7.625	2/295	5%	45 days	N/A	Open 7 days a week. Debt
15 yr FIX	7.125	2/295	5%	45 days	N/A	consolidation & Refi for credit
1 yr ARM	5	2/295	5%	45 days	5.3	problems, bank turndowns we
1 yr ARM/Jumbo	5.5	2/295	5%	45 days	5.77	make it possible.
(A) 32100 Telegraph Rd., Ste 205, Bingham Farms, MI 48025						
NORTH AMERICAN MORTGAGE CO.						**810-362-8200**
30 yr FIX	7.5	2/350	5%	60 days	8.04	Purchase express. Free 24 hr Mortgage
15 yr FIX	6.875	2/350	5%	60 days	7.42	approval with or without a property,
1 yr ARM	5.625	1/350	10%	60 days	5.89	common sense underwriting,
7/23 Balloon	7.125	1/350	10%	60 days	7.49	local decisions.
(A) 900 Wilshire, Ste #155, Troy, MI 48084						
OLD KENT MORTGAGE						**800-792-8830**
30 yr FIX	7.375	2/375	20%	45 days	7.62	Old Kent lends throughout
15 yr FIX	7.125	2/375	20%	45 days	7.76	the state of Michigan.
1 yr ARM	5.625	2/375	20%	45 days	8.26	We take pride in providing
7/23 Balloon	7	2/375	20%	45 days	7.45	excellent customer service.
(C) 33533 W. 12 Mile Rd., Ste 131, Farmington Hills, MI 48331						
PRIME FINANCIAL GROUP, INC.						**800-448-7179**
30 yr FIX	7.5	2/300	5%	45 days	7.81	24 hr free recording for information
15 yr FIX	7.125	2/300	5%	45 days	7.62	selling your home, credit
1 yr ARM	5.25	2/300	5%	45 days	5.52	problems, refinancing, pre-approval
3/1 yr ARM	6.5	2/300	5%	45 days	6.79	& investment property.
(B) 17187 N. Laurel Park, Ste. 334 Livonia, MI 48152						
STANDARD FEDERAL BANK						**800-643-9600**
30 yr FIX	7.5	2/375	20%	45 days	7.81	Rate lock or lower guarantee. Many mortgage
15 yr FIX	7	2/375	20%	45 days	7.48	programs avail. Experts in new Construction lending
1 yr ARM	5.375	2/375	20%	45 days	8.32	Call 800-643-9600 for the office nearest you.
(C) 2600 W. Big Beaver Rd., Troy, MI 48084						
WELLINGTON MORTGAGE CO.						**810-398-9010**
30 yr FIX	7.625	2/300	5%	30 days	N/A	As seen in Money Magazine. Your #1
15 yr FIX	7.125	2/300	5%	30 days	N/A	local mortgage lender. Call now for
1 yr ARM	5.25	2/300	10%	30 days	8.01	personalized service on (810) 398-9010.
1 yr ARM/Jumbo	5.25	2/300	10%	30 days	8.01	
(D) One Ajax Dr., Ste 102, Madison Heights, MI 48071						

CONSUMERS CALL 888-509-INFO. LENDERS CALL 800-509-4636.

MORTGAGE INFORMATION AT YOUR FINGERTIPS 24 HOURS A DAY

HomeLine
HOW TO USE HomeLine
1 CALL HOMELINE AT 313-953-2020 FROM ANY TOUCH TONE PHONE
2 PRESS 3 FOR THE MORTGAGE MARKET UPDATE
3 PRESS 1 FOR 30 YR FIXED, 2 FOR 15 YR FIXED, 3 FOR 1 YR ARM RATES

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