

REAL ESTATE

Thursday, April 11, 2002

Roads can generate controversy

Our condominium has public roads but, as a practical matter, we have to maintain them and our regulations provide for enforcement of parking within our condominium project which would include the public roads.

I am wondering, however, whether we have any jurisdiction to pursue the enforcement of these restrictions on the public streets and/or whether we can get the local police department to enforce speed regulations.

The answer to that question may depend upon not only what is contained in your current condominium documents but the local ordinances of your city as well as, perhaps, state law.

Your documents should provide you the right to regulate the actions of your members as well as the use of the roads and facilities.

However, if the road has been dedicated to the municipality, you must check the effect of such dedication and the power to enforce motor vehicle rules in your particular municipality.

Some courts have suggested that since the resident had agreed not to park on the streets, then the agreement is enforceable and that while members of the public might be free to park on the streets, residents and owners remain bound by the governing documents and are prohibited from the same parking.

Another court, however, has indicated that private enforcement of parking rules on public roads undermines public enforcement and shouldn't be allowed in that once the roads are dedicated as public, the public's jurisdiction is pre-emptive and exclusive.

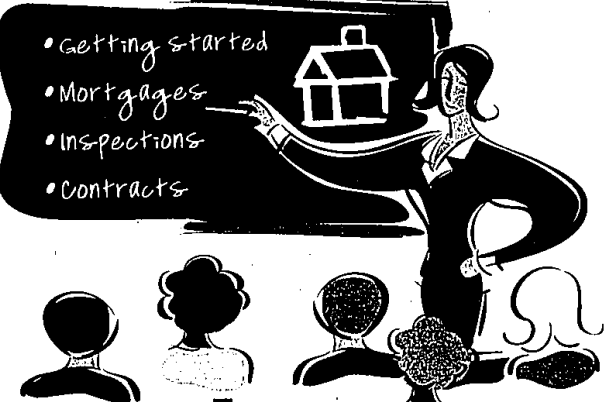
Consult with your association attorney to get a legal opinion.

HOME SEEKER'S CHECK LIST

- ✓ SELLER DISCLOSURE STATEMENT (REQUIRED BY LAW)
- ✓ LEAD DISCLOSURE STATEMENT (REQUIRED BY LAW)
- ✓ HOME SUMMARY FEATURE SHEET (ROOM DIMENSIONS, ETC.)
- ✓ SCHOOL DISTRICT SERVING NEIGHBORHOOD (WHERE EXACTLY ARE BUILDINGS, BUS STOPS)
- ✓ AGE OF MAJOR MECHANICAL/STRUCTURAL COMPONENTS (FURNACE, WATER HEATER, SHINGLES, WINDOWS, ETC.)
- ✓ APPLIANCES INCLUDED?
- ✓ PROPERTY TAXES (BASED ON SELLING PRICE, NOT CURRENT RECORDS)
- ✓ MUNICIPAL SERVICES PROVIDED (TRASH COLLECTION, LEAF PICK-UP, SNOW REMOVAL, LIBRARY)
- ✓ CONDITION OF NEIGHBORING PROPERTIES

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Learning the ropes

How-to seminars taught by real estate pros satisfy buyers, sellers

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Free or low-cost seminars for home buyers and sellers earn high marks from everyone in the classroom.

First-time purchasers and folks who have owned their homes a long time and now contemplate a move say they learn a lot about the process.

The classes also present a low-expense and low-time commitment opportunity for Realtors to connect with prospective clients.

Carol Parks, a Realtor with Coldwell Banker Schweitzer, is a recent convert, conducting a free class for buyers with Ken Turkington of Pioneer Mortgage.

"We actually do it for two reasons," said Parks, who's been in the business a couple years. "One is to give information to prospective buyers, first-timers usually, that can save time, money and headaches."

"The other reason is to, hopefully, find people interested in our services," she added. "But we don't push our services. It's definitely not a hard-sell situation at all."

"I started right when I got into the business five years ago," said Deborah Johnson, associate broker with RE/MAX Great Lakes in Farmington Hills.

"She offers a free class on a monthly basis in her office. It lasts a couple of hours and she provides light refreshments, usually cookies and beverages."

She also brings along Mary Jo Wilson of Shore Mortgage, since financing is a specialty area of such great interest.

"The vast majority are first-time buyers," Johnson said. "I talk about buyer agency (representation). What to look for in an agent. We cover pre-approval versus pre-qualified. Then we get into private inspections and discuss the purchase agreement and disclosures."

There's absolutely no obligation, no-pressure for attendees to use her as a paid resource later on, Johnson said.

"What works is not trying to pro-

mote yourself so much so the buyer doesn't feel that's the whole purpose of hosting," she said.

"They're there for information. A lot don't want to buy for a year or so, but want to get information now. That's key — to make them feel they left more knowledgeable than when they came in," Johnson said.

She counts on drawing at least one future client from every class.

Matt Kenkel, associate broker with ERA Alliance in Farmington Hills, said anywhere from eight to 30 people sit in on the for-sale-by-owner class he hosts about eight times a year.

He offers his class through community education departments of area school districts and usually charges \$30 which he splits with the schools. That association, he said, gives him added credibility.

Kenkel concedes that teaching how to go about selling without the paid services of a Realtor might seem to be self-defeating.

"I've gotten some flack from other Realtors in the past, but people who come absolutely love it," he said. "We cover everything from setting price to marketing and advertising to purchase agreements, title companies and closing."

Not everyone who takes his class actually sells by owner, Kenkel said.

"I would guess that 30-40 percent will go directly to a Realtor. It's too much work, they don't have the means to attract buyers like I do with the multitasking service."

"A certain number try to sell by owner unsuccessfully and come to a Realtor. A lot who take my class are successful."

"I got a call today from a guy who came to a class two weeks ago," Kenkel said. "His situation changed and he's in a much more pressing situation. Now, instead of going through the process, he's looking for me to sell."

"I don't push myself on these people," said Kenkel, who's been in the business 10 years. "I don't try to sell my services."

But when people who have taken his class need his services, they seek him out where to find him, Kenkel

said.

Diune Adamick, senior mortgage advisor with Approved Mortgages in Canton, has done free seminars for nearly two years.

"I love to motivate and educate people," she said. "I love public speaking. I find it a good approach for me."

Attendees get a thank-you note and what Adamick described as a friendly quarterly newsletter.

"Recently I got a call from a person who attended my very first seminar and said, 'I'm ready,'" she said.

David McCafferty, affiliated with Real Estate One in Troy and a five-year veteran, recently decided to host free classes for buyers on a monthly basis with Carol Jackson of Flagstar Bank.

"If people want to come and we never see them again, that's O.K. If they like what we say and learn something, that's great. If they would like to work with us, we would welcome the opportunity."

"One of our first statements is, 'This isn't a sales presentation. We're not going to put any pressure on you to work with us,'" McCafferty said.

"If you make the focus real estate rather than the Realtor or professional, it puts people more at ease," he added.

Kristi and Michael Schwesing took a class from Johnson.

"It was a good experience for us," Kristi said. "It helped us learn about getting pre-approved, about private inspections, all the paperwork that needed to be done."

"We didn't feel pressured, but she did follow up," she added. "She was very knowledgeable."

Ken and Kathleen Sinclair took a class from Adamick.

"It was very informative," Ken said. "Being a first-time home buyer, I didn't know anything. It was worth the drive."

He credits Adamick for getting them into a home.

"A lot of people don't know a whole lot about their credit," Ken said. "That's one of the first things they talked about."

The only pressure, he recalled with a laugh, was to eat more cookies before they left.

If cash is king, credit is queen

A popular "Golden Rule" derivative states that, "He who has the gold, makes the rules." In the real estate world, that means that a buyer with cash can usually buy on his terms whenever and wherever he desires.

Not surprisingly, there's not an abundance of such cash buyers in the home purchase market. What's the next best thing to cash? Credit. In fact, categorically, it is much easier for a person with very little cash and great credit to purchase a home than it is for a borrower with a wheelbarrow full of cash and lousy credit.

Why do lenders place such an emphasis on credit? Your credit score is a numerical representation of how reliably you pay your monthly debts. A borrower with a score of less than 600 has a one-in-nine chance of defaulting on his mortgage, while credit scores of just over 700 yield less than one default in every 124 borrowers.

Value of good credit

Borrowers with solid credit don't have to work so hard to prove they are "worthy" because they have already done so throughout the years. They often enjoy mortgage benefits like 100 percent financing, very lenient paperwork requirements, faster mortgage approvals, better interest rates and loan terms, larger loan amounts, and less stress. They will also have better financial leverage.

If a buyer's marginal credit requires him to put a 15 percent down payment on a home, and his home appreciates at 5 percent per year, he will have a 33 percent rate of return on his investment.

Another borrower in the parallel universe of Fantastic Credit can buy the same home with only a 5 percent down and have triple the rate of return. "Zero down" borrowers realize infinite rates of return in appreciating markets.

Even an incremental increase in your credit scores can strengthen your borrowing position.

Whether you want your credit to move from poor to average, or from good to outstanding, a knowledgeable mortgage loan officer can teach you how to get there, and can further explain to you the benefits you will enjoy when you arrive.

For free e-newsletters, credit assessments or mortgage pre-qualifications, go to www.vlender.com /p/philipshq or call (734) 797-5522 (24 hours). Tim Phillips is a mortgage loan officer serving all of Michigan. Homebuyers should always consult a professional for guidance specific to their situation.

EMPTY RENTALS

Here are vacancy rates for apartment complexes of 5 or more units throughout the U.S.

QUARTERS	YEAR	PERCENT
3RD QUARTER	2001	9.6%
2ND QUARTER	2001	9.7%
1ST QUARTER	2001	9.3%
4TH QUARTER	2000	9.3%
3RD QUARTER	2000	9.4%
2ND QUARTER	2000	9.5%

Source: U.S. HOUSING MARKETS
NATIONAL MORTGAGE INVESTMENT

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HOME Of The WEEK

BLOOMFIELD VILLAGE

Updated inside & out with distinctive decorating by Perlmutter-Freiwald. Gourmet granite island kitchen with high-end appliances. Formal living room and dining room for gracious entertaining. Large family room. \$965,000

SAN122

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