

NAR Outlook Anticipates Lower Mortgage Rates, Steady Home Sales

WASHINGTON—Mortgage interest rates have leveled off at a point low enough to keep home sales steady through 1990, according to the latest monthly "Outlook for the Economy and Real Estate" from the National Association of Realtors.

The November outlook says slow economic growth during the fourth quarter likely will trigger further loosening of the Federal Reserve Board's monetary policy. As a result, mortgage interest rates probably will remain at about 9.75 percent through the end of the year, before falling lower in early 1990, it says.

Lower rates are not expected to substantially boost home sales, however. The sales rate of existing single-family homes is expected to average 3.36 million units for the final quarter of 1989, then slow to a rate of 3.24 million units in the first quarter of 1990, generally the slowest sales period. New homes are expected to be sold at a rate of 628,000 units in the final quarter of the year, before

slowing to a rate of 546,000 units in the first quarter.

A copy of the outlook, published by NAR's forecasting and policy analysis division, is enclosed. It contains an economic commentary by Dr. John A. Tuccillo, NAR chief economist, along with the following predictions for the real estate industry and economy in general for 1989:

* Sales of existing single-family homes are expected to total 3.41 million units, dropping 5.2 percent below sales for 1988.

* Sales of new single-family homes are expected to total 648,000 units, dropping 4.6 percent from 1988.

* Housing starts are expected to total 1.41 million units, dropping 6.1 percent from a year ago. A total of 1.02 million starts for single-family units is expected, dropping 5.9 percent from 1988. Starts for buildings with two-to-four units are expected to total 56,000 units, dropping 5.1 percent from 1988; and starts for buildings with five or more units are expected to total 324,000 units, falling

6.9 percent from 1988.

* Interest rates for fixed-rate, 30-year mortgages are expected average 10.3 percent for 1988. Interest rates for one-year, adjustable-rate mortgages are expected to average 9.7 percent, rising from an average of 8.5 percent last year.

* The gross national product (the total value of the nation's goods and services) is expected to total \$5.233 trillion in current dollar terms, representing an inflation-adjusted increase of 3.0 percent from 1988.

* Consumer price inflation is expected to reach a rate of 4.8 percent, compared to 4.1 percent in 1988.

The National Association of Realtors, the nation's largest trade association, is the voice for real estate, representing nearly 800,000 members involved in all aspects of the real estate industry.

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Families Approved

A record number of home loans were made to low income families in Oregon, reported Farmers Home Administration State Director David T. Chen. In the fiscal year ending Sept. 30, the agency approved 776 loans and grants totalling \$19.6 million in the individual home ownership program, up from 475 loans made in 1986.

"We have tried hard to reach out to eligible families in rural communities. With this new fiscal year we hope low income people in the market for a home will consider our loan program if they have been unable to obtain credit from a commercial lender and are otherwise credit worthy," Chen said.

Eligibility criteria for the program dif-

For Home Loans

fers by county but last year incomes ranged from \$14,050 to \$28,950 for a family of four. Loans and grants to individuals include home ownership loans to purchase, build, repair or improve a home. Grants are available to home owners 62 years or older who have incomes so low they cannot repay any part of a loan.

The agency also funded 9 rural rental and 4 labor housing projects totalling \$7.4 million. The 10 rental and labor housing units presently under construction will house 225 families when completed. Three loan for improvements to existing rental projects made up the balance of the \$27.4 million expended by the agency in Oregon.

WINTER FIRE SAFETY



Winter Means Home Heating That Means Firesafety First

As the temperature outside drops lower, the thermostat inside is turned higher--to a point. Because central heating costs have risen dramatically in the past years, many people now use wood or coal-burning stoves, fireplaces and portable space heaters as alternative heating sources. They're economical and efficient. Unfortunately, though, they can be dangerous.

Today Home heating is the factor that results in the greatest percentage of residential fires. The National Fire Protection Association warns that improper use and lack of maintenance of wood and coal stoves are primary causes of home heating fires. Another is the improper use of portable electric and kerosene heaters that are too often placed near combustible materials such as curtains or bed covers.

With winter closing in, it makes sense now to follow some of these home heating fire safety tips.

* If you use the fireplace, be sure it is in good operating condition. Have the chimney inspected and cleaned. Make sure the fireplace opening is covered with a sturdy metal screen or heat-tempered glass doors to prevent sparks from jumping out or logs from rolling out and starting a fire.

* Make sure wood stoves are properly installed. Have it inspected to make certain that all clearances between

the stove and the floor and walls are adequate. Also check clearances between the stovepipe and the wall where it enters the chimney. Keep combustibles, including wood, at least 36 inches away from the stove (or more, if the manufacturer's directions say so).

* Check stovepipes and chimney flues for creosote buildup. Creosote can't be prevented; it's a natural by-product of burning wood. If more than an eighth-inch accumulates on stovepipe or flue walls, a severe fire could result. Have creosote cleaned off by a professional.

* Check cords on electric heaters before using them. Especially check the connection between the cord and the plug on one end and the cord and the heater on the other. If the cord is frayed anywhere, have it replaced.

Never leave portable heaters running all night. Instead, put an extra blanket on your bed to stay warm. Remember, before you go to bed, put your space heater to sleep. Turn it off!!

* Install and check smoke detectors to assure that they are in working condition.

* It's important to stay warm during the winter but it's also important to stay safe. If you use stoves, fireplaces or portable heaters, practice fire safety behaviors when you use them. It's important to follow fire safety rules and learn not to burn.

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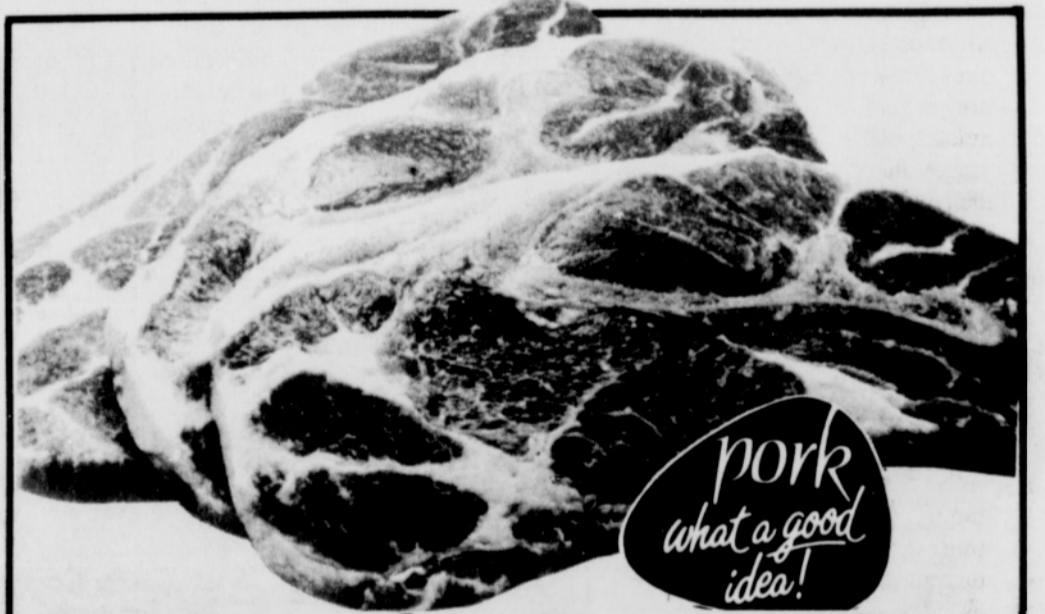
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