

# HOUSING The Portland Observer

## HUD Reduces Out-Of-Pocket Premiums On FHA Loans

With interest rates on the rise, some consumers may feel that home ownership is out of their reach.

But owning a home is more of a reality than ever, due to recent reductions in out-of-pocket premiums that eligible borrowers must pay on loans insured by the Federal Housing Administration (FHA).

These are loans that typically require less down payment and follow more liberal underwriting guidelines than conventional mortgages.

The U.S. Department of Housing and Urban Development (HUD) reduced the up-front insurance premium to 2.25 percent of the loan amount, down from 3 percent.

This reduction can save home buyers approximately \$1,140 on a loan of \$151,725, which is the maximum mortgage amount (in designated high-cost areas) that FHA will insure on single-family home loans. An estimated 270,000 additional

households may qualify for FHA loans under the new reduction.

Minimum down payments typically range from 3 to 5 percent for FHA-insured loans, which feature flexible underwriting guidelines.

Credit considerations include alternative sources of credit, review of isolated credit inconsistencies, and the borrower's present rental/mortgage ratio.

In addition, these loans do not have income limitations, specific requirements on employment duration, or cash reserve requirements.

Analysis of income and credit is applied equally to all applicants regardless of race, color, creed, religion, sex, national origin or marital status.

"Although interest rates are volatile, FHA-insured loans can help more consumers enter the home ownership fold," said Greg Lumsden, executive vice president of the retail division for

Countrywide Funding Corporation, the nation's largest mortgage lender and servicer.

"It is Countrywide's goal to help more families own homes of their own by offering FHA loans with low down payments, flexible underwriting guidelines and recently reduced costs on the up-front premium," Lumsden said.

Home buyers interested in learning more about FHA-insured loans should contact their local Countrywide office or call 800-877-LOAN to locate the branch most convenient to them.

Countrywide Funding Corporation originates and services single-family home loans.

The nation's largest mortgage lender and servicer, Countrywide was founded in 1969 and is celebrating its 25-year Anniversary in 1994.

The company is headquartered in Pasadena, Calif. and has more than 350 offices across the nation.

## Tips On Buying Your First Home

There's no question about it, buying a first home is a big financial commitment.

However, because of the tax advantages afforded to homeowners, buying a home can also be one of the best financial decisions you'll ever make.

Many would-be homeowners remain renters simply because they mistakenly believe mortgage lenders require 20 percent of the purchase price as a down payment.

But, the standard 20 percent is fast becoming a relic of the past.

In recent years, lenders have become more flexible in working with first-time home buyers by creating a variety of special programs that require small down payments.

These programs, combined with the most favorable interest rates in two decades, have encouraged renters to consider the tremendous benefits of home ownership.

Here are some common programs you are likely to come across:

**Federal Housing Administration:** FHA mortgages allow home buyers to purchase a home with a five percent down payment and to finance all non-recurring closing costs. Borrowers may use 41 percent of their gross income toward mortgage debt.

**Department of Veterans Affairs:** VA mortgages allow veterans or active service personnel to purchase homes with no down payment, up to the current maximum price of \$184,000. There is no purchase price limitation for buyers able to make a down payment. Like the FHA program, VA borrowers can put up to 41 percent of gross income toward their mortgage debt.

**Mortgage Revenue Bonds/Mortgage Credit Certificates:** These mortgages typically require a minimum of 5 percent down and have interest rates that are 1.5 to 2 percent below conventional 30-

year fixed rates. State and local housing agencies offer these loans only to first time home buyers.

**Community Home Buyer Program:** The Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) offer Community Home Buyer Program loans. These programs require a 5 percent down payment, 3 percent of which may be a gift.

To further help buyers qualify, applicants may use 38 percent of their gross income. Currently, the maximum loan amount available is \$203,150. There are many options for first-time home buyers.

A professional real estate agent will know from experience which lenders in your area offer a lower down payment program that will meet your unique needs.

For more information contact Steve Carter at Century 21 Northwest Region at 800-342-0054.

## Hints For Homeowners:

### Putting The Brakes On Ownership Costs

You could find it surprisingly easy--and completely legal--to get a reduction in real estate taxes and possibly even a refund of excessive mortgage escrow payments from your lender.

Only five percent of property owners ever appeal their assessments, yet 80 percent of those who do succeed in getting a break, often saving hundreds or thousands as a result, according to a study in ten major cities by the National Taxpayer's Union.

That's why licensed real estate broker and author Joseph Almedia created a Homeowners Property Tax Reduction Kit, recently featured on CNN. The step-by-step "Tax Brake Kit" is designed to show American homeowners how to cut their own taxes. Each kit includes proven methods in a 160-page easy-to-follow manual; state-by-state procedures and local agency phone numbers; a Q & A audio tape; and a collection of simple-to-use forms. It comes with a money-

back guarantee.

#### Escrow Money Refunds:

A study by the Attorneys General of 26 states showed that mortgage lenders often keep excessive amounts in mortgage escrow (impound) accounts for property taxes and insurance. Refunds of \$400 to \$1500 are not uncommon, according to Mortgage Monitor (1-800-283-4887), a firm which conducts mortgage audits in all 50 states and has helped many borrowers recover overcharges. You may also have your monthly payments reduced, says the firm. A free consultation is available.

#### Free Brochure:

For a free brochure about the property "tax brake kit", send a self-addressed, stamped envelope to: Tax Kit, 912 E. Main Street, Suite #316, Stamford, CT 06902. The kit may be ordered by sending a check for \$39.95 plus \$5 for shipping and handling to the same address. Credit card users may call 1-800-548-8282.

## Open House For Senior Housing Operators

The Legends senior condominium project will be hosting an Open House on Friday, May 13th from 2-6 PM for all senior housing operators at the model residence and information office located at 1111 SW 19th, adjacent to the Multnomah Athletic Club. The Open House will feature tours of the model residence, complimentary refreshments, a door prize drawing and information about the 96 unit condominium project. For further information please contact Linda Johnston at 223-7941.

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## Northwest Natural Gas Cautions To Call Before You Dig

Spring brings thoughts of home improvements -- yard work, gardening, home repairs. Before starting any work that requires digging, Northwest Natural Gas is reminding people to notify underground utilities. Not only is this necessary for safety, but is required by law.

Notification can be done easily and free of charge by calling a notification service two working days before excavating. All it takes is one call. The service will alert participating underground utilities to locate and mark their lines.

"It doesn't matter if a person is planting a tree or building a fence on their property, it's the law to call

before you dig," explained Bruce Paskett, manager of Engineering at Northwest Natural Gas. "If a person doesn't call and damages underground services, they can be held liable for all repair costs for damaged utilities, not to mention the hazard that exists by rupturing a gas pipe or breaking an electrical cable."

"For instance, the polyethylene pipe that is widely used for natural gas distribution is very susceptible to damage from tools such as shovels and post hole diggers. These are damages that can be avoided by calling before digging," he said. "Of course we don't want people damaging our services, but most importantly, we

want to make sure our customers are safe."

Paskett said that each year damage to approximately 1,500 natural gas facilities can be attributed to excavation. Nearly half of the damages are due to the failure of the excavator to notify Northwest Natural of their intent to dig. The remaining damages are attributed to excavators who weren't careful when digging around natural gas lines.

"Northwest Natural will identify the location of the natural gas pipe with yellow paint. The law requires that anyone digging in the marked area must hand excavate with a shovel instead of using a backhoe and must

take due care not to damage the pipe once it is exposed," Paskett said.

The Utilities Notification Center can be reached at 246-6699 in the Portland metro area, 696-4848 in Clark County, Wash., and 1-800-332-2344 in all other areas of Oregon, except Clatsop and Columbia Counties. In Clatsop and Columbia counties, contact the Utilities Underground Location Center at 1-800-424-555. In Cowlitz County, Wash., call the Utilities Council at 425-2506.

Remember, don't take a chance on digging into buried natural gas, water, sewer, telephone, cable television or electric lines. Call before you dig. It's free and it's the law.

## Free House Painting for

### Boise Neighborhood Residents

Free house painting assistance is available now to low-income residents of North Portland's Boise Neighborhood. Through the Boise Community Revitalization, Employment, and Training Effort (CREATE), five homes in the Boise area will be selected to receive free exterior painting this summer.

Boise CREATE is a community-based effort designed to revitalize the neighborhood while providing employment and training to area youth. A team of five youth will prep and prime the houses during a seven week training program in which they will learn professional painting skills as well as general job readiness. Once the youth have prepped the houses, they will be joined by over 50 volunteers who will work to paint the houses during a one-day volunteer blitz on

Saturday August 13.

Homeowners who live between N Fremont and N Skidmore, Martin Luther King and Interstate and are interested in nominating their houses for free assistance should contact Kris at 335-0947 by May 15. Community residents, service clubs, businesses, schools, and other groups who are interested in volunteering for the August 13 painting day are encouraged to contact 335-0947 as soon as possible.

Boise CREATE is co-sponsored by the Boise Neighborhood Association and Housing Our Families, a non-profit community development corporation working in the Boise area. The project is funded by a Community Initiatives Grant from the Bureau of Community Development.

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