

HOUSING

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Consumers Want One-Stop Shopping

Consumers want more information, faster and they want to get it with ease. One-stop shopping in the home buying and selling process fits this scenario and the National Association of Realtors wants to do all it can to promote this concept, says NAR President Robert H. Elrod.

"A real estate broker's ability to provide a wide variety of services, including finding a buyer for the seller and matching the buyer with a mortgage to complete the sale, represents the future for the real estate industry, and the future is now," Elrod says. "This type of one-stop shopping is part of an evolution in home buying, triggered by sophisticated consumers who want the process to be quicker and more streamlined."

One-stop shopping, available through electronic technology, has long been applied in other industries, such as the travel industry. However, in home sales, this concept is made possible through computerized loan origination (CLO)

systems. These systems enable the real estate broker to offer information on financing options and move the mortgage loan application through its initial processing. CLO systems provide instant affordability analysis, loan comparison and loan tracking services. They directly benefit buyers by providing an option to wrap several steps into one.

Revisions to the federal rule on one-stop shopping in home buying were released late last month by the U.S. Department of Housing and Urban Development. The revisions to the Real Estate Settlement Procedures Act (RESPA) could impact how real estate services are bundled and made available to buyers and sellers.

"Our hope is that HUD will not change RESPA in a way that would limit consumer options in the real estate services and settlement process," Elrod said. "While there have been some critics who say the consumer is not well-served by getting all or most of his real estate settle-

ment and financing needs served in one place -- namely, the real estate broker's office -- we believe these criticisms are short-sighted and self-serving."

A real estate professional is often the home buyer's first point of contact. As a result, buyers have long relied on brokers and associates to compile a list of mortgage options that suits their needs. They want help in determining monthly payments and how much they can afford and most of them don't want to wait until they visit a mortgage broker to get this information, Elrod explained. "We were very pleased in 1992 when HUD correctly backed our contention that CLO systems can benefit consumers by providing a wide choice of mortgages, interest rates and loan terms -- all in the convenience of the real estate broker's office."

The association leadership is hopeful that HUD will continue to allow CLO systems so that real estate businesses can continue to com-

pete freely in the marketplace. In the 1992 RESPA regulation, HUD ratified the fees for services payment to real estate brokers using CLO systems. RESPA prohibits payments for simple lender referral.

The regulation also allows controlled business arrangements, which preserves the right of real estate firms to diversity and to offer consumer discounts for bundles services. "Opponents of our position have erroneously charged that real estate brokers tend to refer buyers only to lenders who pay the highest fees, regardless of quality of product or service, and that consumers are not well-served. This simply is not true," stressed Elrod.

"Today's consumers are short on time," he said. "Home buyers don't want to run around to a real estate broker to see listings, to a mortgage company to get a loan, then to a title company for title insurance. Multiple-service, diversified real estate offices provide an easier, faster way to sell a home."

FHA Program Good But Can Be Made Better

A recent report states that mortgage interest rates are headed up and housing starts activity is down, emphasizes the need to expand and responsibly improve the Federal Housing Administration's single-family mortgage insurance program, the National Association of Realtors said.

"FHA's mortgage insurance program is a valuable government program that generates its own income and helps low-, moderate- and middle-income people achieve the dream of home ownership," said NAR President Robert H. Elrod. "Congress now has a chance to improve on a good thing by making FHA easier to use and available to a greater number of people," Elrod added,

"Housing bills now before the U.S. House and Senate could make the FHA program accessible to more home buyers at a time when financing costs are increasing and housing construction is teetering."

Elrod's remarks came on the heels of Federal Reserve Chairman Alan Greenspan's warning to Congress that interest rates may need to move higher to ensure that inflation remains in check. Also, the government reported that housing starts were down 9.8 percent in June from May.

NAR-supported provisions in the House and Senate housing bills would raise the maximum FHA loan limit in high cost areas from \$141,750 to \$172,675 and

would increase the FHA base amount -- the loan limit in places not designated as high cost -- from \$67,500 to more than \$100,000.

Raising the FHA base loan amount to \$100,000 would allow 1.5 million more families to buy homes, according to NAR analysts. In addition, raising the maximum FHA loan limit in high-cost areas so it's indexed to 85 percent of the Fannie Mae-Freddie Mac loan limit would allow another 250,000 families to buy homes using FHA-insured mortgages, the analysts estimate.

Increasing the FHA limit in high-cost areas would be especially helpful to potential buyers in New England and California cities, where home prices are far

higher than elsewhere in the country. These prices are well above the U.S. median existing-home price of \$106,800 for 1993. "People in these high cost areas simply aren't able to use the program, regardless of their income," Elrod said.

The real advantage to people using FHA is that they don't have to come up with all the up-front costs in cash, as required in the conventional market. Instead, they can finance the up-front mortgage insurance premium and most of their closing costs. As part of the U.S. Department of Housing and Urban Development (HUD), FHA has insured single-family homes for more than 21 million borrowers since its creation in 1934.

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Architecture Professors Criticize Suburbs

Two University of Oregon landscape architecture professors contend that American suburbs have often failed to deliver on their promise to blend city and country living in a way that captures the best of both worlds.

"There is often little or no connection between one subdivision and the next or even between yards, streets and parks within subdivisions," says Kenneth Helphand, a professor in the UO Department of Landscape Architecture.

"The solution is to develop a comprehensive system of open space networks linking the private world

of yards to the public realm of streets and parks," says Cynthia Girling, an assistant professor in the UO Department of Landscape Architecture.

Helphand says the design alternatives in the book can be adapted to new or existing developments to transform them into sustainable, livable communities.

Innovative proposals in the book include designing residential streets so that they are geared less to the automobile and more friendly to pedestrians and cyclists, rethinking the front driveway, and exploring new opportunities for public parks in places such as shopping malls.

Buyer Boost In Condos

Sales of existing condominiums and co-operatives rose a healthy 18.2 percent to a seasonally adjusted annual rate of 436,000 units in 1994's second quarter compared to the same quarter last year, the National Association of Realtors reported.

Sales of existing condos and co-ops rose by double digits in all regions across the nation between the second quarter of 1994 and the same period a year ago. The strongest increases were posted in the Northeast and South.

Robust sales and unusually high appreciation rates indicate a market supported by a strong demand from retirees and first-time buyers, who are clearly not discouraged by rising mortgage interest rates, according to NAR President Robert H. Elrod.

"While first-time buyers have always been a strong factor in the condo and co-op market, an unusually strong appreciation of these types of properties across the board indicate a market

flooded by retirees who are choosing to move out of their present homes and into the higher-priced end of the condo market," Elrod explained.

According to the Federal Home Loan Mortgage Corp., the national average commitment rate for 30-

year, conventional, fixed-rate mortgages was 8.45 percent for the second quarter of 1994, compared to 7.45 percent a year ago.

"The demand in this segment of the real estate market is very healthy," noted NAR Chief Economist John A. Tuccillo.

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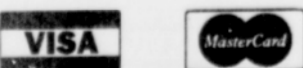
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WHEN CHRIS & NICKY WON A NEW REFRIGERATOR, THE EARTH WON A NEW FRIEND.

At the recent Clean Air Fair in Portland, Chris Potter and Nicky Silverstone of Northeast Portland won a new refrigerator donated by Pacific Power. Lucky them! But it's really lucky for all of us, since this is no ordinary fridge.

Chris' and Nicky's new refrigerator was developed by Whirlpool and is the winning model from the Super Efficient Refrigerator Program (SERP). SERP was a national competition for manufacturers to develop a refrigerator that's both energy-efficient and free of chlorofluorocarbons (CFCs), which can deplete the earth's ozone layer.



Chris Potter, Nicky Silverstone and daughter Maddie, in kitchen with new refrigerator

Pacific Power contributed \$1 million to help fund SERP, and it turned out to be a wise investment. The SERP refrigerator pictured here, along with Chris, Nicky and their daughter Maddie, is not only CFC free, but it's about 30% more energy efficient than federal standards. And that means in

addition to Chris and Nicky winning—we all win.

For more information on where to buy your very own SERP refrigerator, or to learn more about other ways we're working for the environment, call our Energy Services Hotline at 1-800-222-4355.

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