

HOUSING The Portland Observer

Home sales weaken from higher mortgage rates

Sales of existing homes weakened for a second consecutive month during July, the National Association of Realtors said Monday, as the impact of higher mortgage rates from earlier in the year began to slow the housing market.

The real estate lobby group said sales of existing, or used, homes fell 0.5 percent in July to a seasonally adjusted annual rate of 4.14 million following a revised 2.8 percent June decline to 4.16 million.

Nonetheless, the drop in July sales was not as sharp as anticipated by Wall Street economists, who had forecast sales of existing homes would drop to a rate of 4.10 million a year last month.

Existing-home sales peaked in May at a record rate of 4.28 million a year before starting to lose momentum in June and July.

John Tuccillo, chief economist for the Realtors' association, said some falloff in sales was normal

after the extraordinarily brisk rate of business earlier in the year.

"Any time a new record is set in the pace of sales, it's inevitable that some slowdown will follow," he said, adding that the July sales rate still was higher than that posted for any single month in 1995.

The Federal Home Loan Mortgage Corp., or Fannie Mae, said the average rate for a 30-year mortgage loan in July was 8.25 percent, down from 8.32 percent in June.

That still represents a significant runup in mortgage rates since January, when they averaged 7.03 percent.

The group revised its estimate of June sales to show sales declined at a sharper 2.8 percent rate, to 4.16 million, rather than the 2.3 percent fall to 4.18 million that it reported a month ago.

Regionally, the only area in which sales of existing homes strengthened in July was the Midwest, where they

rose 5 percent to a seasonally adjusted annual rate of 1.06 million.

In the Northeast, sales were down 1.6 percent to 630,000 a year and in the West they fell 2.2 percent to 900,000.

Sales in the South, the nation's largest regional housing market, were down 1.3 percent last month to 1.56

million a year.

The supply of existing homes available for sale in July declined to 2.03 million, or 5.9 months' worth, from 2.21 million, or 6.4 months' worth, at June's sales pace.

The average price for a used home fell slightly in July to \$149,400 from \$150,200 in June.

Allstate Insurance invests in Northwest

Allstate Insurance Co. invested \$539 million in municipal bonds in Washington in 1995 and paid more than \$5 million in premium and other taxes, according to a company report released this week.

In Seattle, the company invested more than \$55 million in bonds which include multi-family housing and water and sewer projects.

The data appeared in Allstate's new community involvement report, "Beyond the Promise," which describes the company's community relations activities and also lists the economic impact the company has in each state where it does business.

The report noted that independent consumer marketing research indicates that Allstate is one of the largest auto and property insurers of African-Americans and Hispanic-American-

icans. Allstate manages a \$55-billion investment portfolio, one of the largest in the insurance industry, and owns more municipal bonds than any other insurer.

The company attempts to leverage these funds by engaging in investment policies and practices that foster economic development in communities.

Across the country, Allstate has established partnerships that focus on the issues and concerns of urban residents.

The company has invested \$1 billion in single and multi-family municipal bond investments, and nearly \$1 billion in industry-facility municipalities.

Allstate, which has 311 agent offices in the state, insured more than

430,000 autos and 129,000 dwellings.

The company also paid out more than \$208 million in personal property and casualty claims last year in the state.

"What makes Allstate unique is that we attempt to reach out, through our agents, employee volunteers, financial resources and progressive policies and practices, to make life better for all Americans," said Jerry D. Choate, Allstate chairman and chief executive officer.

"It's our responsibility and in our best interest to go beyond the promise by building partnerships to help improve the whole community," he added.

One example of Allstate's commitment to the community is its leadership role in improving safety on the

nation's highways. In 1960, Allstate began testing air bags and after 20 years of persistence, federal laws were enacted requiring that all 1998 model year cars offer air bags.

Personal safety and security is another priority for Allstate and its customers. By supporting initiatives such as the American Academy of Pediatrics' All Kids Safe program, Allstate works to reduce violence and crime in the community.

In addition to Allstate's programs, employees go beyond the promise. More than 50 percent of employees participate in over 10,000 community projects nationwide.

Last year the Helping Hands committee received the Award for Excellence in Corporate Community Service from The Points of Light Foundation.

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Downside of Urbanization

BY SONALI PAUL

Power plants in Alabama might have to clean up their smokestacks and drivers in Illinois might have to pay more for gasoline in a few years, to help New Yorkers breathe more easily.

Eastern states, struggling to get rid of smog without strangling their economies, have drawn more than half the country into a massive project which could eventually force other states to combat smog in the dirtiest eastern cities.

Policymakers from Maine to Texas plan to decide early next year on what steps to take to limit ozone-forming emissions.

The 37-state Ozone Transport Assessment Group (OTAG), assembled over a year ago by the Environmental Protection Agency, could call for emission cuts at power plants, for oil firms to make cleaner fuel or car companies to make cleaner cars to stop dirty air from drifting into eastern cities.

While no decisions have been made yet, coal-burning utilities fear they will be the biggest targets for emissions curbs, although utilities and automobiles produce about the same amounts of smog-forming pollutants.

Models show that utilities could cut nitrogen oxide pollution from their smokestacks for \$2,500 or less per ton, using new technology or cleaner fuels such as natural gas, while it would cost more than \$15,000 per ton to reduce nitrogen oxide emissions from automobiles.

Increases in fuel manufacturing costs could range from a few cents a gallon to 16.5 cents a gallon, said Marc Meteyer, associate director of the American Petroleum Institute.

Coal industry groups see policymakers, who will have to clear their recommendations with state legislators and governors, as loath to risk alienating drivers and hence voters, by imposing new fuel or tighter car emission controls.

Branching out

Friends of Trees is implementing a tree planting program designed specifically for private property owners.

The program, called "Branching Out", allows homeowners who are interested in planting trees on their property to order the appropriate trees from Friends of Trees.

The Branching Out program is an effort to increase the planting of large trees, native trees and food-bearing trees on private property.

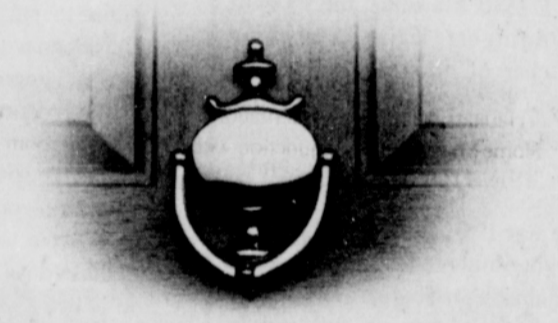
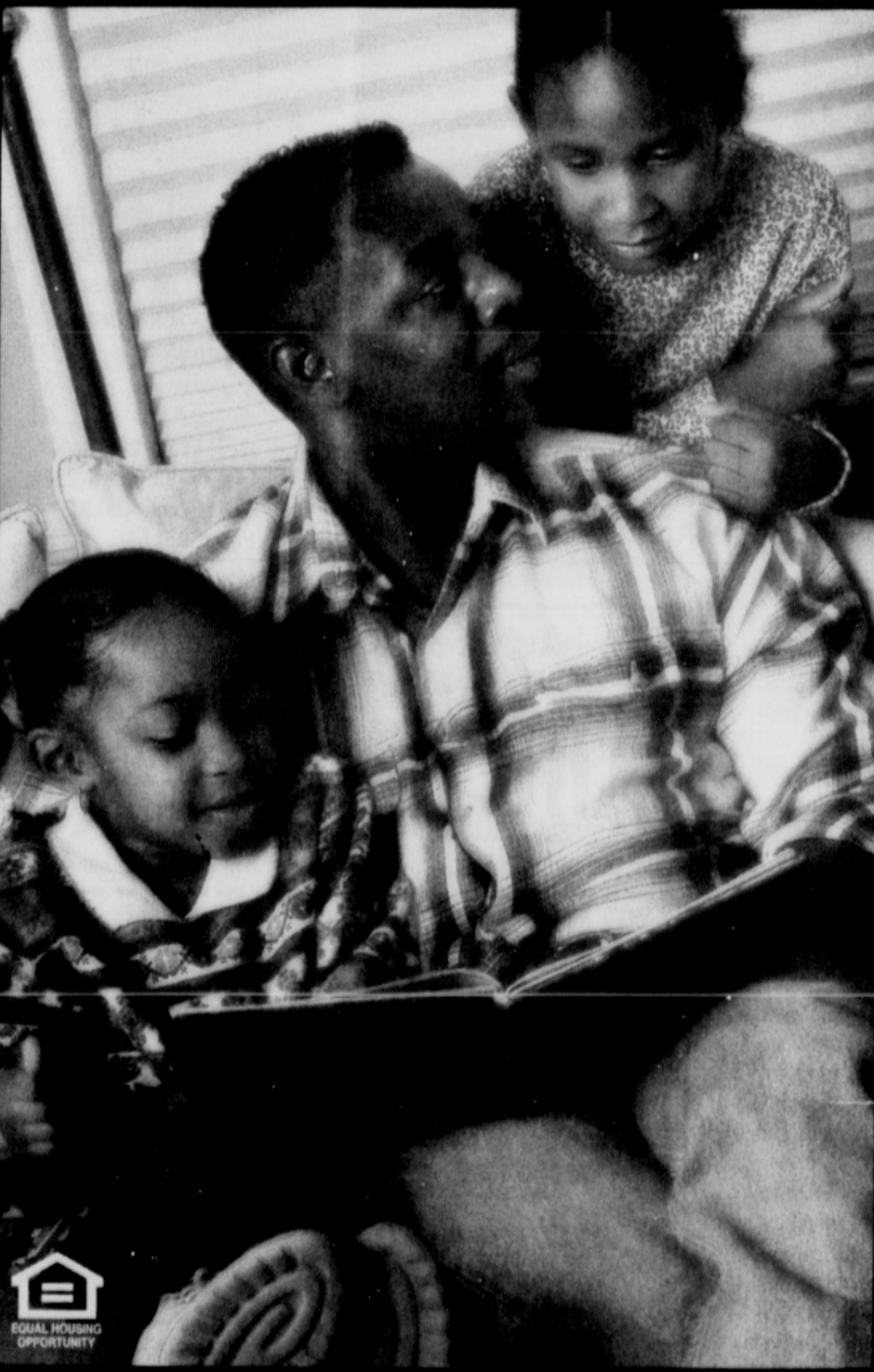
The planting of trees is a proven way to improve the environment by

enhancing air and water quality and decreasing run-off. In addition, homeowners can make significant energy savings and increase property values by 6 to 12 percent by planting trees on their property.

Friends of Trees will distribute an informational packet to interested property owners on how to site and select the proper trees. The trees can then be ordered through the Branching Out program. Orders must be received by October 25th.

All proceeds will fund other Friends of Trees planting projects.

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