

Real Estate

PLACE AN AD

Call: 815-0888

Web: www.blufftontoday.com/classifieds

Or come by: 52 Persimmon St.

behind Sheridan Park, Bluffton

Hours: Monday-Friday, 8 a.m.-5 p.m.

SATURDAY, JUNE 27, 2009

BLUFFTON'S ONLY DAILY HOMETOWN NEWSPAPER

Mortgage interest volatility

FRANK DUNNE JR.
SPECIAL TO BLUFFTON TODAY

If you are in the market for a new home or if you've been holding off for any number of reasons given these days, or even if you are simply in the habit of following the real estate market news, you've heard this advice: Buy it now.

One of the arguments given by those sitting on the fence is the belief that housing prices will drop further and they're waiting to "catch the bottom."

Realtors will advise you this is a mistake because if you keep waiting, you just might miss out on the deal of a lifetime with prices already as low as they are.

They'll also tell you that a more important variable than that is the mortgage interest rate.

Interest rates are significantly more volatile than home values and an uptick of a point or two can take a home out of your affordability range in a heartbeat. "And they go up a lot faster than they come down," said Alan Perry of Coastal States Bank's Mortgage Division.

Interest rates have seen a lot of fluctuation in recent weeks but remain in a pretty favorable range with the 30-year fixed rate below 6 percent, for the time being



filed last week increased a seasonally adjusted 6.6 percent, compared with the week before, as interest rates charged on fixed-rate mortgages dropped, the Mortgage Bankers Association said Wednesday."

On Thursday:

"Mixed economic reports on the state of the housing market caused mortgage rates to move little or remain flat this week, Freddie Mac's chief economist said on Thursday, following four weeks of volatile ups and downs.

"The 30-year fixed-rate mortgage averaged 5.42 percent for the week ending June 25, up slightly from 5.38 percent last week; the mortgage averaged 6.45 percent a year ago, according to Freddie Mac's weekly survey of conforming mortgage rates.

"The 15-year fixed-rate mortgage averaged 4.87 percent this week, down from last week's 4.89 percent average; the mortgage averaged 6.04 percent a year ago."

Perry notes that locally, mortgage applications spiked up for a while but then came back down, and how small changes in interest rates affect people's decision-making. "It's definitely

SEE 'INTEREST' ON PAGE 2

at least. How long will that last? "That's a great question right now," said Perry.

To get an idea of just how volatile markets and interest rates can be in an uncertain economy, just look at the recent news. Here's what MarketWatch.com had to say over the course of the week:

On Wednesday:

"The Federal Open Market Committee issued its most upbeat statement about the economy in recent memory on Wednesday, saying that the downturn is slowing and deflation is no longer a big threat. In a statement, the Fed stayed the course on interest rates and Treasury purchases, as expected.

"Mortgage applications

Financial questions and answers

BY ILYCE GLINK
TRIBUNE MEDIA SERVICES

Q: We are buying a home and are set to close in a week. The home was appraised by the lender's appraiser, and the appraisal shows the gross living area is about 4 percent less than advertised in the listing sheet. The listing sheet square footage is the same as listed on the tax assessor's rolls.

We are thinking of asking the seller to reduce the sales price because the home is actually smaller than advertised. Is this a legitimate request? If the sellers refuse to reduce the price, can we walk away from the deal and get our earnest money back?

A: Let's think this through for a moment: Did you buy this house because you think the square footage is supposed to be a certain amount? In other words, did you go searching for a 2,500 square foot house? Or, did you feel that the house met your needs as is?

Let me put it another way: If square footage on the appraisal had come in higher than the square footage listed on the listing sheet, would you have offered to pay more? I don't think so.

I don't think this is a legitimate request. You're

buying a house, and there are many ways to calculate the square footage of the property. You can calculate it from the outside walls, or you can measure the internal square footage of each room. Each of these ways of measuring square footage is accepted in different arenas.

It's also possible that the appraiser made a mathematical mistake.

If you walk away from the deal, unless your contract permits it, the sellers will be able to keep your down payment and sue you for specific performance, to force you to go through the deal. They may also be able to sue for damages.

You should speak with a real estate attorney who can walk you through the contract you signed, explain the various ways square footage can be calculated, and discuss your options.

You may also find that unless you specifically required the seller in your contract to deliver to you a home of at least a certain number of square feet with a method of computing that square footage, you'll be out of luck if you want to kill the deal because of that issue.

Q: I saw a HUD home that is available for pur-

SEE 'Q&A' ON PAGE 2

Spread the good word

To share real estate news, new hires and the latest happenings with Bluffton Today readers, send your real estate press releases to marc.jenkins@blufftontoday.com

Q&A

From the cover

chase. The agent who showed me the home recommended that I offer \$35,000 for it rather than \$33,000, which is the listing price.

The agent told me that the property was "hot" right now, meaning that a lot of people were looking at it. Does it seem right to you that I offer more than the list price for the property? I'm a first-time buyer, so I've never done this before.

A: How do you know when you've hit the bottom of the housing market collapse? When people start paying more than the list price for property.

If there are too many homes for sale and not enough buyers (which has been the

case for the last 18 months), home prices will go down. But at some point, you have to reach the bottom. In other words, if home prices have fallen so low that there are swarms of people looking to make an offer, the price will go up. It's simple supply and demand.

If you think you can buy the home for \$35,000 and you will stay there and improve it, and you like the neighborhood, your agent is right to guide you into making the strongest offer possible. If five people place offers on the property at the same time, it's almost certain the property will sell for more than the list price.

As a first-time buyer, the extra \$2,000 may seem like a huge amount of money to you. But in the long run, it



shouldn't be. If you turned around and rented the house, could you get enough rent to pay for the mortgage, real estate taxes and insurance? If so, then the deal makes economic sense.

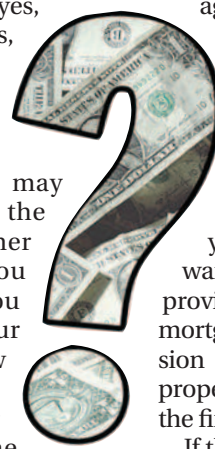
Before you make an offer to purchase a home, you should ask yourself if the home is a good deal for you. If you can afford it, will you love living there and are ready to be a homeowner, then you should buy it.

By the way, I've been hearing about more low priced, foreclosed homes selling rather quickly. In some cases, blocks of ten or more homes are sold to investors at one time. In other cases, investors looking to buy at the bottom of the housing market are competing with first-time home buyers to buy foreclosed

properties. And, yes, in some markets, first-time home buyers are edged out by competing offers.

Your broker may be right on the money with her advice. But if you have doubts, you should ask your broker to show you comparable sales of similar properties in the last month or two in your neighborhood. Your broker may show you a pattern of how homes have sold and how many of these low priced homes are now selling quickly.

Q: I was told that if you have a real estate license and a mortgage lender's license you can't originate FHA loans. Is this true? I hold a real estate



agent's license and am a licensed mortgage professional, and I think this rule is taking away from my ability to make a living.

A: If I understand your predicament, you want to sell houses, and then provide the buyers with their mortgage, collecting commission on the purchase of the property and fees for arranging the financing.

If that's the case, it won't fly. According to a spokesperson from FHA, you can't be actively involved in selling real estate while you're originating FHA mortgages for a living. If you have an inactive real estate license from a previous life, that shouldn't exclude you from doing FHA loans. The FHA appears to be trying to prevent fraud and violations of the Real Estate Settlement Procedures Act.

Return to glory for restored home

PAMELA HITCHINS
VICKSBURG POST

VICKSBURG, Miss. — When Leslie Dyess May was planning her wedding and learned the historic Bazsinsky House was being renovated, she knew she had to hold one of the wedding functions there — since its history was partly her own.

May's event launched both her new life as a bride and a new life for the old house.

May's great-great-great grandfather Joseph Bazsinsky built the house in 1840,

and it remained in the family for more than 160 years. Though they did not live there, May, her mother, Leanne Metzger Dyess, and other family members remember the home as an integral part of their lives.

The house is known to many in Vicksburg for formerly housing the medical office of Dr. Nathan Lewis, and for the gardens his wife, Olga, maintained on the grounds. Dr. Lewis was first cousin to Dyess' grandfather, Marion Metzger Sr.

"I grew up going to that

house, since I was 4 or 5 years old, for the Jewish Passover Seder supper," Dyess said. "We went there every year, no exceptions."

Dyess was raised Roman Catholic but because she is half Jewish, she observes Jewish high holy days and always took her two children to the Bazsinsky House for Seder supper, too.

"I started going there when I was 4," May said.

Olga Lewis died in 2003, and the home was put up for sale. It was purchased in 2006 by David Mitchell

and Andrew Dawson, who moved to Vicksburg from Dallas and began the home's restoration a few months later. It is one of more than a dozen the two have restored, five of them in Vicksburg.

For Leslie May and her husband, Wade, the house was the perfect spot for friends and family to attend a casual going-away brunch the morning after their June 13 wedding, before the two took off for their honeymoon in Antigua.

And for May and Dyess, the renovations opened up a new view of the home.

Interest

From the cover

not as hot as it was now that we're up over 5 percent," he said.

"I tell people here's where we are. You can chase rates all day long, but you should get something that fits your budget while you can. And be sure to get pre-approved. The market has changed so much and banks are being stricter in their lending practices than before. Rates will go up. It's just a matter of time."

Who knows what that time frame will be?

Is Your Team, Group or Organization Looking For Fund Raising Opportunities?

Sell **Bluffton Today** Subscriptions and be a part of The BT Team

Contact Cindy Brown 815.0833
cindy.brown@blufftontoday.com