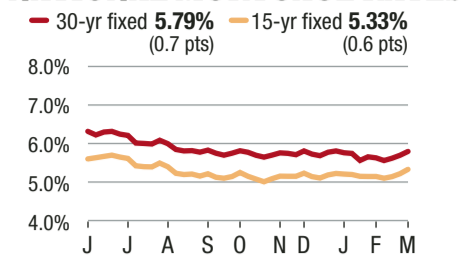


Real Estate

SECTION F | SUNDAY, MARCH 6, 2005

EWDN

NATIONAL MORTGAGE RATES



LON GROSSMAN

Insulation can correct sweaty wall. **PAGE 6F.**

MS. BUILDER

Deck on the ground is sure to warp. **PAGE 6F.**

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FREE PRESS GUIDE | **SPRING REPAIRS PART I**

5 HOMEOWNER CHORES WORTH TACKLING

By HEATHER NEWMAN
FREE PRESS TECHNOLOGY WRITER

If you're getting your house ready to sell this spring, or just fixing a few nagging problems, a few basic homeowner skills can come in handy.

We've collected 10 things that almost any homeowner can do to spruce up the place and keep it running smoothly — given the proper materials, time and motivation. You'll get step-by-step instructions for five tasks this week and five in next Sunday's Free Press Real Estate sections.

Ready to dive in? Gather your tools, plan a trip to the home improvement center and let's test your DIY IQ:

Refinishing a wood floor

There is nothing that gives a home a glamorous new sheen like refinishing those hardwood floors. It brightens the color, smooths out the imperfections and gives the floor a smooth, water-resistant surface for day-to-day messes. It's especially gratifying to rip up carpeting in a home that was poorly remodeled (or remodeled a long time ago) and expose and polish a beautiful set of floors. Homebuyers will appreciate the beauty and sellers can charge a premium for it.

What you'll need: Pry bar, if you're removing carpet first; rented floor sander and edger; sandpaper in a variety of grades, polyurethane or other floor urethane, varnish or shellac; paint tray, lambs wool applicator, brush, rags, vacuum, plastic sheeting and dust mask.

Time involved: Depends on the size of the floor. This is a weekend-or-longer project.

Difficulty: Difficult, so take your time.

How to do it: Start by removing the carpet, if any. After prying up an edge, you should be able to rip it off its tack strips with brute force. Use the pry bar to gently peel the tack strips off the wood floor. Use the plastic to seal off doors leading into the rest of the house. Sanding is an extremely dusty process so you want to minimize the spread as much as possible.

The floor sander will come with instructions. If you're doing a sanding project for the first time, it is worth calling around to rental stores to find a Varithane system sander. Instead of being an aggressive drum sander that uses a rotating disc of sandpaper, the

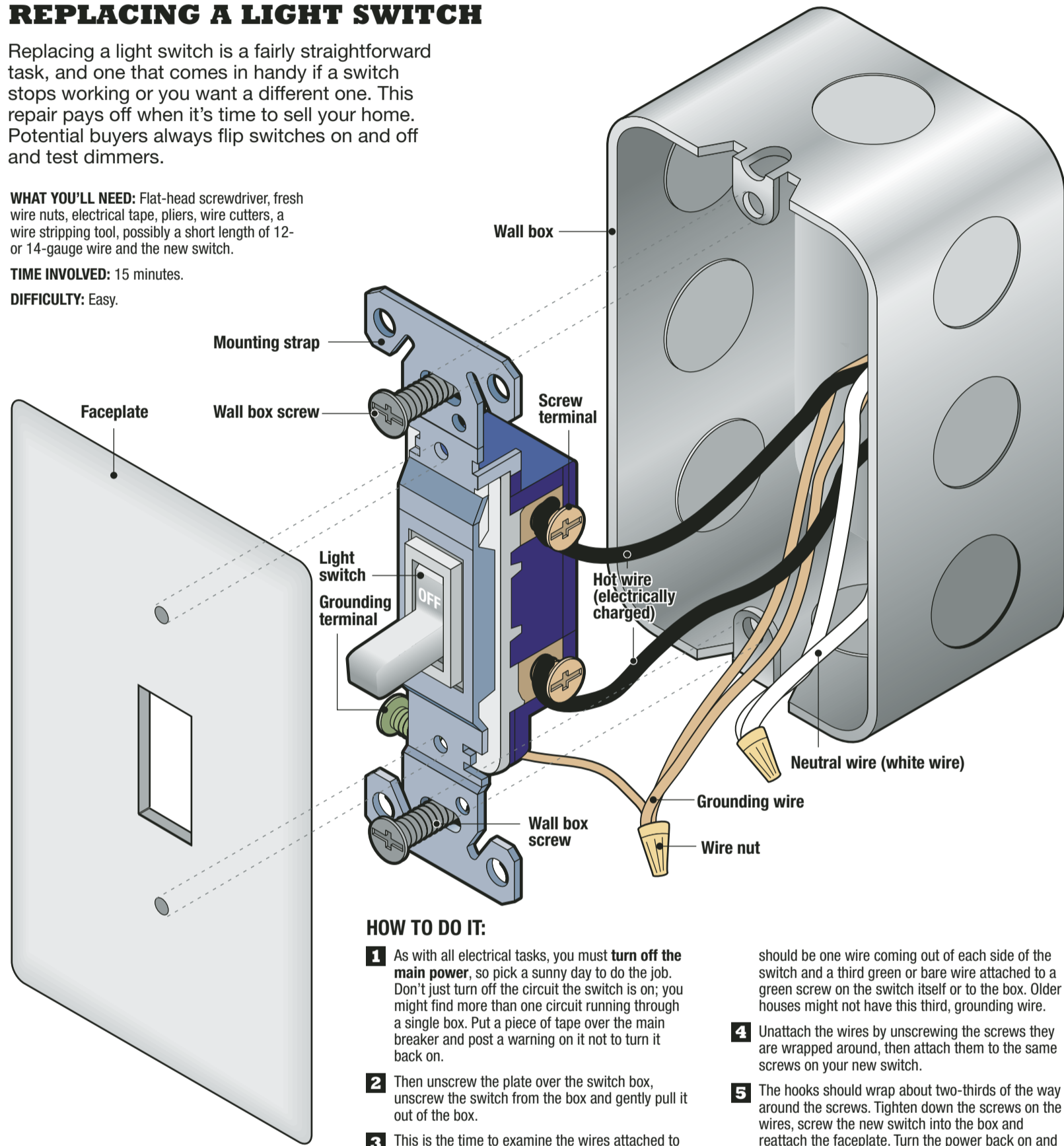
REPLACING A LIGHT SWITCH

Replacing a light switch is a fairly straightforward task, and one that comes in handy if a switch stops working or you want a different one. This repair pays off when it's time to sell your home. Potential buyers always flip switches on and off and test dimmers.

WHAT YOU'LL NEED: Flat-head screwdriver, fresh wire nuts, electrical tape, pliers, wire cutters, a wire stripping tool, possibly a short length of 12- or 14-gauge wire and the new switch.

TIME INVOLVED: 15 minutes.

DIFFICULTY: Easy.

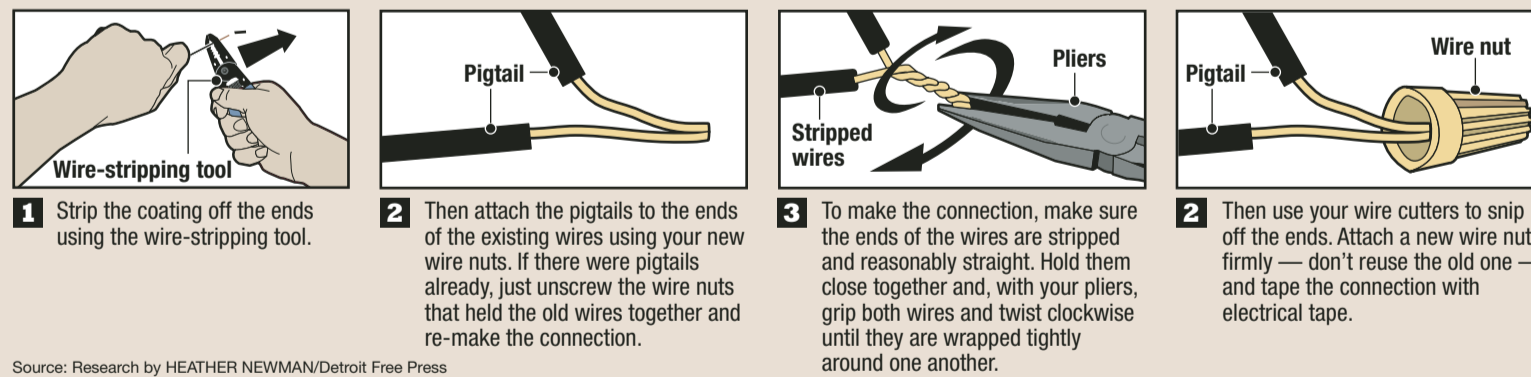


HOW TO DO IT:

- 1 As with all electrical tasks, you must **turn off the main power**, so pick a sunny day to do the job. Don't just turn off the circuit the switch is on; you might find more than one circuit running through a single box. Put a piece of tape over the main breaker and post a warning on it not to turn it back on.
- 2 Then unscrew the plate over the switch box, unscrew the switch from the box and gently pull it out of the box.
- 3 This is the time to examine the wires attached to the switch. In a one light/one switch setup there should be one wire coming out of each side of the switch and a third green or bare wire attached to a green screw on the switch itself or to the box. Older houses might not have this third, grounding wire.
- 4 Unattach the wires by unscrewing the screws they are wrapped around, then attach them to the same screws on your new switch.
- 5 The hooks should wrap about two-thirds of the way around the screws. Tighten down the screws on the wires, screw the new switch into the box and reattach the faceplate. Turn the power back on and test your new switch.

MAKING PIGTAILS

If the wires are too short to work easily, don't pull hard on them. Instead, make "pigtails" — short lengths of similar-gauge wire (usually 14 gauge, sometimes 12 for house wiring; but err on the side of the larger size if you aren't sure).



Source: Research by HEATHER NEWMAN/Detroit Free Press

NOVIA KNIGHT/Detroit Free Press

Please see **REPAIRS**, Page 11F

Mortgage rate rises for 3rd consecutive week

By JOE RICHTER
BLOOMBERG NEWS

Average for 30-year fixed loan is 5.79%

The average rate on a 30-year mortgage rose last week, from 5.69 percent to 5.79 percent, the third consecutive weekly increase, according to U.S. mortgage purchaser Freddie Mac.

The one-year adjustable rate fell from 4.16 percent to 4.14 percent, Freddie Mac said. The 15-year fixed rate rose from 5.22 percent to 5.33 percent.

Freddie Mac, based in McLean, Va., is the second-biggest pur-

chaser of U.S. mortgages. Fannie Mae is the largest.

In a related development, U.S. mortgage applications fell last week as higher borrowing costs led to the biggest drop in refinancing since November.

The Washington-based Mortgage Bankers Association said its gauge of mortgage applications declined 2.4 percent to 710.1 from the prior week's 727.9. The index of refinancing applications slumped 9.9 percent, the most

since a 12.3-percent decrease in the week that ended Nov. 26.

While refinancing is fading with the increase in borrowing costs, mortgage rates have yet to rise enough to dampen home purchases.

"I don't expect to see the start of a slowdown in housing until 30-year mortgage rates reach 6.6 percent or 6.5 percent," said Anthony Chan, a senior economist at JPMorgan Fleming Asset Management in Columbus, Ohio.

The mortgage bankers group's index of purchase applications rose 5.3 percent last week, from 417.8 to 440. In January of last year, the gauge reached a high of 501.6.

The survey covers approximately 50 percent of all retail residential mortgage originations and has been conducted weekly since 1990. The base period is March 16, 1990, when the value for all indexes was 100.

According to the mortgage bankers' January forecast, home sales probably will slow to 7.26

million this year. If so, it would be the third-best ever, from last year's record of 7.98 million. The 30-year mortgage rate probably will average 6.2 percent, they said.

"A quarter-point rise in mortgage rates over the last few weeks has obviously cut into refinance volume," said Michael Cevarr, the mortgage bankers' director of member surveys.

Refinancings dropped to 44.8 percent of all mortgage applications last week, the lowest since the week that ended Oct. 8.

Spring looks like a season for selling

Experts say low rates will make houses very hot

By JEFF BROWN
KNIGHT RIDDER NEWSPAPERS

Spring is right around the corner.

OK, it's about a month off. But the signs are here: longer days, melting snow and sprouting For Sale signs. Don't be surprised if this spring's housing market becomes one of the hottest ever.

Mortgage rates still are very low, making it a good time to buy a home or refinance an older mortgage. Also, many people thinking about buying or refinancing might be spurred to action because they don't want to miss the boat — they know the Federal Reserve is working hard to push rates up, and is sure to succeed sooner or later.

Given today's conditions, which mortgage types look good, and which don't?

Clearly, the traditional fixed-rate mortgage is king. Rates on 30-year loans average around 5.7 percent, or a tad less, depending on which survey you use. By historical standards, that's very low.

With a fixed loan, you know your rate never will go up. This is a great time to lock in a low rate for the long term.

Fixed loans with 15-year terms charge about 5.2 percent now. That's a tad cheaper than the 30-year loan and offers a bit of savings on interest charges. Just remember that your monthly payments on the 15-year loan would be higher than on a 30-year loan for the same amount, because you'd pay more principal each month.

A 15-year loan can save you a lot over the long term, because you pay interest for just 15 years instead of 30. But you can enjoy similar savings by getting a 30-year loan and making extra principal payments when you can.

(To weigh these and other options, try the calculators the rate-tracking firm HSH Associates offers at www.hsh.com.)

Adjustable-rate mortgages are not very attractive these days, though lots of people are getting them in order to qualify for bigger loans. That's possible because initial rates — and therefore monthly payments — are lower than those on fixed loans.

Starting, or "teaser," rates on ARMs average around 4.3 percent.

While that's less than the fixed loan charge, typically it's good only for the first 12 months. Then the rate will adjust once a year, based on rates at the time.

Most adjustables have rules that allow annual changes of as much as 2 percentage points up or down, and as much as 6 points over the life of the loan.

So an adjustable obtained today could go to 6.3 percent in 12 months, and 10.3 percent in future years. You probably wouldn't save enough over the first 12 months to offset the higher payments you might have to make in the future.

Adjustments on these loans are figured by adding 2.75 percentage points to some index, such as the rate on the one-year U.S. Treasury bill. The Fed has a lot of influence over short-term rates like these. So if the Fed raises the funds rate to 3.5 or 4 percent this year, as many experts expect, the one-year U.S. Treasury bill could go to something like 4 or 4.5 percent.

This should be a wake-up call for anyone who has an adjustable loan already. If that Treasury bill goes to 4 percent over the next year, your ARM could go to 6.75 percent. You could wait to see what happens, then refinance to a fixed-rate loan. But by then fixed loans could be charging 7.5 or 8 percent, and you'd be sorry you missed today's 5.7 percent.

What about hybrid loans? They're best for people who think they won't need the loan for much longer than the initial, fixed-term.