

# BARNHART ASSOCIATES

REAL ESTATE

186 E. 14<sup>th</sup> Ave.  
Eugene, Or 97401  
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**Parks McCants**  
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**2165 Greenwood Street, Eugene 97401...**  
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This elegant home offers: 3 Bedrooms, 2.5 baths, thoughtfully positioned for easy single floor living.

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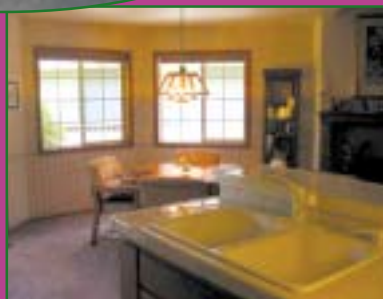
[parks@barnhartassociates.com](mailto:parks@barnhartassociates.com)

## SUNSHINE ACRES

Classic and pretty 3 bedroom/ 2 bath home located in the Ferry Street Bridge area of Eugene. Great Room concept, and good floor plan. Kitchen has an abundance of cabinetry, dining area which leads to the back yard and 20' x 22' shop and easement. The home has a newer roof, siding and carpeting. 2 car garage, but extra parking in the shop building. Property is very well maintained, and is new to the market! **Great Price: \$259,900.** Call La Rae Mehlhoff, 541-729-9445



**LA RAE MEHLHOFF**  
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**541-729-9445**  
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## Home Finance



By **Fred Chamberlin**  
Senior Mortgage Advisor  
Alpine Mortgage

  
1200 Executive Pkwy.,  
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Eugene OR 97401

The President signed HR 5981 this month that gives the Federal Housing Administration the ability to adjust its insurance premium structure. This was sold as a way to help rebuild FHA's depleted capital reserves and could make a huge difference in mortgage payment for FHA buyers in Eugene/Springfield. H.R. 5981 allows FHA to raise its annual premium to 1.55% from 0.55%. I haven't decided that this is a good thing to happen to mortgage lending or a bad thing. One of the determining factors for me will be how much of the authorized increase FHA determines they will actually take. If they take the full 1.55%, it will literally take about 25% of the buyers out of the market.

According to the National Mortgage News, "With this new authority, FHA will lower its 2.25% upfront premium to 1%, but then raise the current 55 basis point annual premium, basing the hikes on loan-to-value ratios. FHA wants to raise the annual premium to 85 bps for loans with LTVs of up to, and including 95%, and to 90 bps for loans with LTVs above 95%." This was originally supposed to take effect on Sept. 7,

but the latest word is that it is being delayed until October. So, let's take a look at the numbers using the following parameters, \$175,000 purchase, 30 year fixed rate, 3.5% down payment, 4.5% interest rate. Currently, the principal, interest and mortgage insurance payment would be \$951.74 a month (APR 5.319) but under the new rules (if they used the numbers above), the payment would be \$989.95 (APR 5.443), almost \$40 more per month. Also, if they went as high as they could go (no reduction in UFMIP and the full 1.55% MI factor), the payment would be \$1,091.44 (APR 5.993), a whopping increase of \$140 per month over current program guidelines. Please note, the increase in the APR is due to the increase in mortgage insurance, not a change in rate.

I am not saying that FHA will increase to the limit, but I am concerned that they can. I have not seen many instances in the past where a government agency took less than the maximum allowed. That concerns me. Mortgage rates are low. Mortgage insurance on FHA loans will be going up in September (October) according to FHA head, David Stevens.

What it all means is that if you are thinking about buying a home and using FHA as your vehicle of choice, now really is the time to get it done. *Fred Chamberlin has over 20 Years in mortgage lending*  
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