

# Get creative to get the home you want

Few buyers in this country pay all cash for a home. Most buyers make a cash down payment and finance the balance of the purchase price with one or more mortgages. In today's low interest rate environment, conventional lenders provide most of this financing. But, that hasn't always been the case.

During the early 1980s, when interest rates shot up to as high as 18 percent, most buyers couldn't qualify for mortgages. In order to complete home sales, buyers and sellers had to get creative. A seller who owned his home free and clear of any loan could offer to carry a mortgage for the buyer.

In this scenario, the seller became the bank. The seller didn't receive all his equity as cash at the time of sale. Instead, he carried a loan that was secured by a known property, and he collected a monthly income until the loan was paid off. There were also tax advantages for some sellers who carried financing, which made the arrangement beneficial to both parties.

At that time, creative financing might not have been the preferred way to finance a home sale. But, in many cases, it was the only way to close a sale.



**LYNNE FRENCH  
REAL ESTATE**

Creative financing, a term used to describe any financing arrangement that deviates from conventional financing, has a place in today's market, even though interest rates on conventional mortgages are incredibly low.

Homeowners who are trading from one home to another should consider creative financing options if they intend to buy a new home before selling their

current home. A seller who doesn't need all of his equity in cash at the time of sale might be willing to carry financing for a buyer who needs an interim loan in order to buy before selling his current home.

For example, let's say you're trying to buy a \$700,000 home. You have enough in savings for a 15 percent down payment, or \$105,000. Your objective is to have a mortgage amount equal to 75 percent of the purchase price, or \$525,000. So, you're \$70,000 short.

Suppose the seller owns his home free and clear of any mortgages. He's trading down to a smaller home that will cost him \$500,000. He doesn't have any immediate need for the other \$200,000. The seller could carry a \$105,000 loan for you or even a larger loan if you want to conserve cash for emergencies.

The seller's loan would be secured against the property that you're buying and he's selling, as a second mortgage. It would be secured behind the new first mortgage you obtain from a conventional lender.

The terms of the loan-amount, interest rate, due date and payment schedule are negotiable between the buyer and seller. A due on sale clause is usually included in such a loan. This clause states that the loan is to be paid off when the buyer's home sells.

In some cases, the seller may want the loan he's carrying for you to be recorded against both the property you're buying and the one you're selling. This guarantees that the seller is repaid when your old home sells.

To ease the financial burden of owning two homes, ask the seller to defer monthly payments during the term of the loan. In this case, you would pay the deferred payments in a lump sum when you repay the loan in full. Deferred payments will also make it easier for you to qualify for the new first mortgage on the home you're buying.

*Lynne French is the broker/owner of Windermere Lynne French & Associates and a Clayton resident. For any real estate needs or questions, contact her at 672-8787, Lynne@LynneFrench.com or stop in at 6200 Center St. in Clayton.*

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# CERT divides city into three areas



**HERB YONGE  
SAFETY ZONE**

Much has happened since the second Community Emergency Response Team class graduated in October.

The city of Clayton Citizen Core Council has been organ-

ized, area coordinators and an administrative coordinator have been selected, the Clayton CERT Web site and hotline have been established, and training dates for 2008 have been set.

In 2007, 65 individuals completed CERT training in sessions in May and October. Three training classes have been scheduled for 2008, with the first six-week session beginning April 14 in Endeavor Hall. Applications may be obtained by calling Lynn Christ at the Clayton Police Department, 673-7350, or by calling the hotline.

The city has been divided into three areas. Area coordinators are Lief Johannson for

Area 1; Jim Webb for Area 2; and Rita Freeman for Area 3. These three key individuals are finalizing the Area Coordinator's Guide, which will provide guidelines for CERT teams. Area coordinators are selecting rallying points and will be holding area team meetings within the next several months. A drill for current CERT members may be held in April.

Administrative Coordinator Joan Manning will be responsible for monitoring the CERT hotline, as well as scheduling classes and other activities.

Janet Johnson and Harun Simbirdi maintain the Web site. It includes information about

Clayton CERT, a map showing the three city areas, minutes of monthly meetings and other important information. The site also includes an earthquake preparedness quiz in the Other Links section.

Call the CERT hotline at (925) 673-7355 or go to [www.claytoncert.com](http://www.claytoncert.com) for more information.

*Herb Yonge is a volunteer with the Clayton Police Department.*

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# Mayor, from page A1

nearby communities have skate parks, but they are some distance away and difficult to reach those without cars or drivers' licenses.

4. A community swimming pool has come up as a recreation facility need in conjunction with the Diablo View Middle School. It would supplement both the middle school and the YMCA.

I am sure there are other facilities residents desire. We all have wants and needs both on a

personal and community level. I would classify recreation facilities as wants rather than needs, but the issue should be addressed. The question is how to start the process.

The last mayor wrote a column on a farmer's market to try to assess the volume of interest. As part of that article he asked for input through e-mails. I am going to do the same thing to determine the community's interest and desire for various

recreation facilities. I am asking each of you who have an interest in seeing additional recreation facilities in Clayton to express to me what facility you think should be the city's focus in the coming year.

To participate in the process, e-mail me at [claytonmayor-2008@comcast.net](mailto:claytonmayor-2008@comcast.net). I would like to know what you would like to see as the next recreation facility and what you want to do to help. Thanks!

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