

# Mortgages tight

## Higher interest rates discourage homebuyers

United Press International  
Texas financial experts are perplexed as the general public by the current home mortgage squeeze and most won't even hazard a guess as to when the crunch might end.

Officials from savings and loan associations, mortgage companies and banks across the state say current high interest rates — hovering about 13 percent — are being rejected by potential homebuyers not only because prices are steep but also because of general anxiety about national and international problems.

Weldon Fox of Metropolitan Savings in Dallas says the phones simply stopped ringing when interest rates hit 13 percent.

"We've got so much uncertainty in the world," he said. "Inflation, the

threat of recession, the energy crisis, international problems, high interest rates plus the price of homes today. People don't know who to turn to. 'Why should I take on a loan that high?' is what they're asking."

Apparently answers haven't been forthcoming.

The slowdown, which began in earnest in September, was dramatic enough to reduce total mortgage money loaned in 1979 by more than 20 percent compared to 1978, according to a year-end report by the Austin-based Texas League of Savings and Loans.

Using data supplied by a sampling of the largest savings and loan associations across the state, the league reported mortgages totaling \$6 billion, down from \$7.6 billion the previous year.

Construction loans for new single family homes also plummeted — nearly 50 percent — with \$71 million worth closed during 1979 compared to \$137 million the previous year.

Perhaps even more significant, however, was a similar plunge in loan commitments (the amount of loans the savings institutions committed to fund at a later date).

At the end of 1979, loan commitments totaled \$894 million, down sharply from the \$1.021 billion committed in 1978.

The steep declines in loan commitments are a signal that a quick turnaround of the current mortgage situation is unlikely, said Durward Curlee of the Texas League of Savings and Loans.

But Curlee declined to offer any predictions as to when the situation might begin to improve.

"Things are looking bleak," he said. "Is the borrower going to say, 'No, I can't, or won't, pay 13 percent interest?' How long is he going to keep saying that? If he decides (not to buy a home) then what is he going to do? We just don't know."

Fox said if he had been asked late last fall or early winter when improvement might occur, he would have predicted a turnaround by June or July.

Asked last week, he answered, "I don't know when now."

One mortgage company executive in Houston said predictions about the current economic situation were impossible because "the old logic, the old parameters" just don't apply.

"All indications are that it's going to get worse before it gets better."

How much worse? Who knows?" he asked.

Jim Anderson of Texas Federal Savings and Loan in Dallas echoed the uncertainties about predictions. But he said he would be surprised if there were a break before January 1981.

Despite the downturn across the state, Texas has fared better than other areas of the country, officials said. They attributed that in part to out-of-state residents being transferred to Texas — with their employer often picking up the tab for expenses, including those associated with selling their old home and buying a new one.

The federal government's decision to override state-imposed usury ceilings also has had an effect by making more mortgage money available. But state financial experts say the effect has only been minimal because of customer resistance to 13 percent interest rates.

The override's effect also has been minimized because the unprecedented interest rates it allowed have priced out of the market a large percentage of potential home buyers who cannot afford the increased monthly terms that go with 13 percent interest rates.

"It's made some money available," Anderson said. "Before there was no money. Now if you're willing (to pay the high interest) you can get the money. But few people are willing."

Or able.

Texans who can't afford current the price of today's loans increasingly have been turning to assuming outstanding loans on the home they want. Sellers eager to unload also have begun taking notes.

Anderson said it was not generally known that Texas law provides that mortgages made at an interest rate above 10 percent can be repaid without penalty charges.

## Texas high court justice will speak here Thursday

A speaker presented by MSC Political Forum might shed some light on the works of the Texas judicial system.

A&M University's Rudder Tower, Thursday.

A court justice since 1977, Barrow is a Baylor University graduate and currently a member on two prominent judicial committees.

Barrow's talk is set for 12:30 p.m. Thursday in 701 Rudder. Admission is free.

## Shuttle runs extended for Silver Taps

By JERRY MAZE  
City Reporter  
Shuttle bus service will be extended until 11:30 p.m. on the Tuesdays of Silver Taps to accommodate off-campus students wishing to attend.

Brad Smith, vice president for student services, said the student senate has been searching for ways to increase student awareness of the ceremony. Silver Taps is the final tribute paid to Aggies who have died while they were Texas A&M students.

"There have been fewer and fewer people at Silver Taps," Smith said. "Students do not seem aware that it is going on. Perhaps the increased service will help."

Gene Oates, chairman of the shuttle bus operations committee, said the new idea will be tried out at the next Silver Taps to see if the extra service draws enough response to be justified.

Oates said the shuttle bus committee and others involved are deliberating ideas for increasing bus service hours, but action has been held up by increasing costs of operation and time required for planning.

The extra hour of service will cost a projected \$18 per bus, Oates said. To run the four buses will cost \$72 each time.

"We are looking all the time for areas of greater need," Oates said. "However, except for the scheduling change of Silver Taps, shuttle bus service will probably remain as it is next semester."

When necessary, Silver Taps is at 10:30 p.m. on the first Tuesday of the month in front of the Academic Building.

### Now you know

United Press International  
NEW YORK — Inflation and the rising price of gold have sparked purchases of expensive gold watches, according to a major distributor of gold watches imported from Switzerland.

A spokesman for the North American Watch Corp. said that 2,500 Concord watches were sold in America in 1979 at prices ranging from \$4,400 to \$60,000. Prices on a new companion watch for women, which is 35 percent smaller than men's watches, start at \$4,900.

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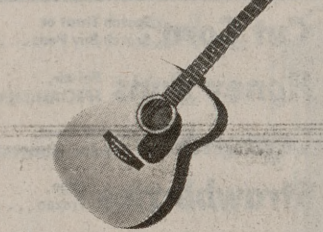
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