

Wall Street trading frantic

# Prime interest rates drop

United Press International  
Dropping interest rates have "thrown a life jacket" to frustrated potential homebuyers and are bringing smiles and frantic trading to Wall Street.

Both the Federal Housing Authority home mortgage loans and the Veterans Administration guaranteed housing loans drop to 14 percent today, the lowest rate in 16 months, the Department of Housing and Urban Development said.

Continuing declines in other interest rates, most notably the prime rate, rolled the stock market's summer rally into high gear Monday. The Dow Jones industrial average soared 21.88 points to an eight-month high on 110.3 million shares, the second busiest session in Wall Street's history.

Acting HUD Secretary Donald Hovde said Monday the

1 percent drop in the FHA home loan rate "is good news not only for the housing industry but for many American families which have been kept out of the home-buying market."

He added: "While we're not out of the woods yet, we certainly are headed in the right direction."

The government-subsidized rates, which apply to about 11 percent of mortgage loans, usually are available about 1 percentage point cheaper than commercial mortgage loans, which have dipped to 15 percent in parts of the country.

"The markets have thrown a life jacket to home buyers and sellers who have been under water for months," said Mark Riedy, executive vice president of the Mortgage Bankers Association, representing 1,900 lending institutions.

The new mortgage rate, the lowest since April 15 last year, is "a threshold number that should bring a steady stream of home buyers back into the market," said Riedy, whose association represents mortgage lenders.

But Jay Shackford, spokesman for the National Association of Home Builders, the largest construction trade group, said the latest decline in rates is good news, but will not spark a surge in home buying by itself.

"We're hopeful that the trend continues," he said. "Obviously that's going to be good for housing. But we don't expect any bounce back. The economy is too weak at this stage."

On Wall Street, institutional investors, fearful of missing a

major move, continued to dominate the emotion-packed trading. But analysts said there were signs the little guy was beginning to buy as the paper value of all New York Stock Exchange issues increased by \$25.6 billion Monday.

Interest rates, which influential Salomon Brothers economist Henry Kaufman predicted last week would drop because of the weak economy, continued their month-long drop. Banks adopted a 13.5 percent prime rate.

The decline in the FHA rate was the second in two weeks and widely anticipated, following eased credit pressures that prompted the latest decline in the benchmark prime rate.

# Would-be robber slain after taking hostages

United Press International  
HOUSTON — A police sharpshooter shot and killed a would-be robber who held at gunpoint one hostage he yanked from a fast-food restaurant early Tuesday.

Police officers surrounding the restaurant tried negotiating with the man for two hours, but he continued to threaten the lives of three hostages and the officers who stood 30 feet from the gunman.

Police refused to release the name of the man felled by a single shot from a Special Weapons and Tactics Squad officer early Tuesday. Investigators said the two women and one man hostages taken by the man during the apparent aborted robbery attempt

were freed unharmed.

"What we have here is basically a robbery that went bad," said police spokesman Larry Trout. "There was not much else to do, he kept threatening the (male) hostage."

Officers said the incident began about 10:30 p.m. Monday when police interrupted a robbery attempt at the north Houston restaurant. The man took two restaurant employees and a security guard hostage.

Two cooks and a customer who fled the restaurant reported they heard two gun shots. One of the cooks, Steve Garcia, said he threw the silent alarm.

Garcia said one shot was

fired to get everybody's attention and then the gunman ordered the security guard to lock the door.

The gunman became nervous when he discovered the money was locked in a safe.

A SWAT team surrounded the restaurant and negotiations with the man. After about two hours the man left through the door of the restaurant with a revolver pointed at the city guard's head.

He reportedly had a gun tied to his hand and pointed at the hostages.

Police ordered the man to stop and surrender, but he refused, the order given to fire one shot, said.

# Four injured in house blast

United Press International  
ALLEN — Three family members were in critical condition Tuesday and a fourth was in a burn center with injuries from a house explosion, which may have been sparked by an electrical appliance and fed by gunpowder.

Hospital officials said Bryce Lank, 37; his wife, Sue, 32, and one of their daughters, Tammy, 12, were in Parkland Hospital at Dallas in critical condition. Tiffany, 11 months, was at the Shrine Burn Institute in Galveston, her condition unknown.

Fire Chief Ronald Gentry lives only a block from the four-bedroom brick home in Allen north of Dallas. He heard the fire call and ran to the Lank home where he found all four sitting in the front yard "in a state of shock."

Gentry said Tuesday he doesn't know how they got out

of the house, but at the hospital Lank said "he threw them out of the house, but we're not sure exactly who he was talking about."

The force of the explosion, which destroyed the \$85,000 house, could have thrown some of them outside, he said. Panes of window glass were found 35 feet away in the street.

The cause of the explosion has not been determined, but the source was apparently in a northwest room where Lank, a gun enthusiast, stored gunpowder for reloading ammunition.

Gentry indicated two electrical appliances, a deep freezer or a computer, which were also kept in the northwest room might have caused the explosion. The gunpowder and ammunition could have fueled the explosion, he said.

The family dog, a German shepherd named Gretchen, was killed.

# Number of rigs at two-year low

United Press International  
HOUSTON — Drilling activity in the United States last week dropped to its lowest level since January 1980 with 2,600 rotary rigs working, Hughes Tool Co. reported Tuesday.

The total is 45 less than last week's total and 1,551 less than a year ago when 4,151 rigs were drilling. Since the end of 1981

when a record 4,530 rigs was set, the count has dropped 43 percent.

Hopes for an upturn in the near future are pegged to a historical year-end increase when operators will begin drilling to meet terms of lease agreements. Fred Z. Mills, vice president of Rotan Mills Inc. in Dallas predicted Monday the number of rigs drilling will increase to 2,900 by December.

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