



# BARB's HOME NEWS

For the GREATER ALBUQUERQUE AREA

## THE TRUTH about 87124, 87144 AND 87113!

by Barbara Madaras

OK—it's official! The Albuquerque Metro area has joined the ranks of much of the rest of the country!

We have, in certain sections of our metro area, a "Declining Market"!

Zip Codes 87124, 87144 and 87113 have been declared to be "Declining Markets". (However, designation of a property as being in a "Declining Market" is literally on a street by street basis and the FNMA database can give that information.)

### SO WHAT DOES THAT MEAN!!!!

"Declining Market" is a designation given when Fannie Mae, the country's primary mortgage investor, sees too many homes on the market in the area (oversupply), homes on the market for more than 6 months (listings longer than "average") or declining property prices.

With access to that data, an appraiser, however, can **choose** to consider the designation in establishing the value of a property. A mortgage company can **choose** to consider or **choose** to ignore that designation in setting their funding criteria for purchase of that property and at least one of the larges has chosen to ignore.

### THE "DOWN" SIDE:

If a property is designated as being in a "Declining Market", the designation **could** impact the amount of down payment required for purchase. As mentioned already, a mortgage company can choose to consider that designation in determining the required down payment or they can ignore it.

If a buyer chooses to use conventional loan financing to purchase a "Declining Market" home, the buyer could (depending on mortgage company) be required to have a down payment 200% of the norm. In other words, a buyer anticipating the traditional 5% down payment would be required to have 10%. An investor anticipating the traditional 20% down payment would be required to have 40%.

Both a buyer and a seller would need to be aware of the status of the home. A buyer would need to be willing and able to come forward with the 10% down payment. A seller would need to know that the buyer would be willing and able to do so or the seller would need to Counter Offer stating that the buyer utilize other financing.

### THE "NOT-DOWN" SIDE:

The "Declining Market" designation applies **only** to conventional loan financing. FHA loan financing does not consider this designation.

The "up side" of that aspect is that conventional loans are increasingly out of favor these days while FHA loans are coming back into their own as loan vehicle of choice!

### SO WHY IS FHA THE "LOAN OF CHOICE" THESE DAYS?

*(Continued on page 4)*

Published by



**BARBARA MADARAS**  
CRS, EcoBroker  
REALTOR®

Cell: 505.301.1033

Office: 505.292.8900

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Look for the next  
edition of  
BARB's HOME NEWS  
coming to you in  
August 2008

# MOLD IN THE DESERT.....

by Michael Dooley

Many out-of-staters move to the area certain that they have left all their mold problems behind. Mold, they believe, must be a rare event when you're living in the high desert. Well, the bad news is, this is not true.

Mold, in fact, is everywhere. The good news is that a little observation, combined with a bit knowledge about the behavior of mold, can drastically reduce the chance that you will ever suffer from its ill effects.

The first thing to remember is that despite the reputation that precedes it, mold is not all bad.

Mold is a fungi and its function is to decompose matter; if we didn't have mold, our planet would be littered with organic materials that had no way to break down. You can imagine the ramifications of that!

That said, we don't want more of it in our homes than is necessary.

But don't think that you can shut it out completely even under the best of circumstances. Mold spores are both inside and outside your house at all times.

Every time you open a door or a window, there is an exchange of spores. Like any other particulate, the spores float on air currents. Mold spores are part of nature and you can't get rid of them. (And you can't see them either!)

But in order to really wreak havoc, these tiny spores need moisture. Moisture is the magic elixir that makes them grow. And once they find moisture, grow they will, especially on wood, drywall, wallpaper, ceiling tiles, carpeting, and even paint and plaster.

So, mold spores are already there and waiting the first time a summer monsoon finds a crack in your roof or a space to leak in around your windows or doors. And even if your house is sealed up tight from the outdoors, there is always the possibility of a water or drain pipe leak.

The problem is this: A certain number of asbestos fibers in the air is considered to be dangerous for all humans. Likewise, there is a specific percentage of radon that is considered to be above the EPA standard for safe living.

Unfortunately, we cannot say this about mold.

Some people are not bothered much by mold. Others, especially those prone to allergies, can experience a range of symptoms, including fatigue, nausea, headaches, and irritations to the lungs and eyes. Moreover, there are over 100,000 species of mold, and some are more toxic than others. The bottom line is that inhibiting mold growth in your home is a very good idea.

If water does get into your house—either because you've left a window open or because you have a leak somewhere—you've got between 24 and 48 hours to act; that's how long it usually takes for mold to grow on a given surface.

If water has soaked your carpet, dry it out as quickly as you can. As long as it's not raining, open the windows; put on the fans.

Mold comes in a variety of colors, from yellow to green to black, and it often has a fuzzy appearance, and sometimes a musty odor as well.

But be aware too that you can have hidden mold—mold, for instance, from a roof leak that is on the paper side of your insulation or on the backside of your Sheetrock wall.

The best way to test for hidden mold is with a moisture meter. Generally, if the moisture on a given surface is greater than 12 percent "moist," it is considered wet and it may be an indicator of hidden mold.

To get rid of mold, first determine whether the surface where it is growing is porous and non porous. If it is on a porous surface, such as drywall or carpeting or ceiling tiles, you need to cut it out and replace the section of dry-wall, etc.

A lot of people don't know this. They will find mold on a Sheetrock wall and scrub it down with bleach and then paint over it. Bleach is not the silver bullet for curing mold infestation on porous surfaces. So better to cut it out

*Continued on Page 3*



## KICK FOR NICK

A Program to Provide Soccer to the Children of Iraq

TO  
HONOR  
PFC NICHOLAS MADARAS  
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SEPT 3, 2006



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This publication is not intended as a solicitation if your property is currently listed for sale with another broker.

## Mold in the Desert (continued)

and fix the problem that allowed for water to leak in in the first place.

If the mold is on wood, say the wood members that hold your house together, you don't have to remove them. But you do need to sand the effected area and then spray with a antimicrobial agent.

If the mold is on a nonporous surface, such as ceramic tile, then you can scrub it with a household detergent and not worry about it.

If you are thinking of buying a new house and want to learn something about that house's moisture history, you may want to consider having a mold inspection for visible mold. A qualified inspector knows exactly what to look for and where to look to find suspect visible mold, water staining, and indications of areas where water might have penetrated at some time in the past.

Even if there is no visible suspect mold, you may want to do a mold spore test by using a mold spore trap cassette, such as Air-O-Cell, that will capture particulates—including mold spores—onto a sticky slide.

When doing such a test, you need to take at least two samples, one from inside and one from outside so that a comparison can be made. These samples must then be sent to a lab.

If the mold spore counts inside and outdoors are more or

less the same, you have acceptable air quality (for mold in air) in your home.

If there are more inside than out, your air quality could be compromised and you may need to do further testing to determine where you have hidden mold. The testing also identifies the types of mold, and this is important to know since, as stated above, some molds contain stronger mycotoxins than others.

If you do have a mold problem and the area containing the mold is smaller than ten square feet, you can consider cleaning it up yourself—being sure to wear gloves and an N95 paper mask. If it is larger than ten square feet, consider hiring a professional to do the job.

You will find the right kind of cleanup pro by looking under "fire and water damage restoration" on the Internet or in your phone book.

But the best advice is to ensure that unwanted water stays out of your house.

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*Michael Dooley is the VP of the American Society of Home Inspectors (ASHI) in New Mexico and a board member of the IAQA (Indoor Air Quality Association). He is also the president of ESI (Enviro-Structure Inspections). He is a certified radon inspector. (Visit [www.esiinspections.com](http://www.esiinspections.com) or contact Michael at 505-884-3690 for more information.)*

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ANY COFFEE SHOP EVEN THOUGH  
THERE ISN'T A NORDSTROMS!

## “DECLINING MARKET” (continued).....

For decades, FHA loans were the “loans of choice” particularly for the “traditional” homeowner. But as “innovative” financing—the kind that has many homeowners in trouble right now—became more popular, FHA with its limited offerings fell out of favor. The tide has now turned!

**CONVENTIONAL LOANS:** Conventional loans require a minimum of 5% down and qualification is credit score based. Conventional loans are often backed by smaller less regulated investors who the proven reputation and ability to change their minds at the last minute and create restrictive criteria that is made retroactive, etc. Conventional loans are backed by Private Mortgage Insurance (PMI) which is issued by a company other than the mortgage lender and which requires separate qualification, that qualification nearly impossible unless you credit score is near 800. Without PMI, a buyer is required to put down 20%. (In addition, the PMI industry is out of money so their criteria for qualification becomes more strict day by day.) Conventional loans consider the "Declining Market" designation in determining their down payment requirements. **However, conventional loans can exceed the FHA maximum of \$279,000.**

**FHA LOANS:** FHA loans require a minimum of 3% down and qualification is not credit score based. FHA loans are governed and do not change their criteria "at will". FHA loans are backed by their own mortgage insurance and when you qualify for an FHA loan, you automatically qualify for mortgage insurance so there is no concern there. FHA loans do not recognize the concept of the "Declining Market" designation and therefore eliminate concern about selecting a home with such a designation. **However, FHA loans cannot exceed a maximum of \$279,000.**

**BOTTOM LINE:** The impact of this issue is more psychological than practical. The impact of this issued depends on the value of your home. But the bottom line remains the same—both Buyer and Seller need to be educated!

### UPDATE

#### AS WE GO TO PRINT

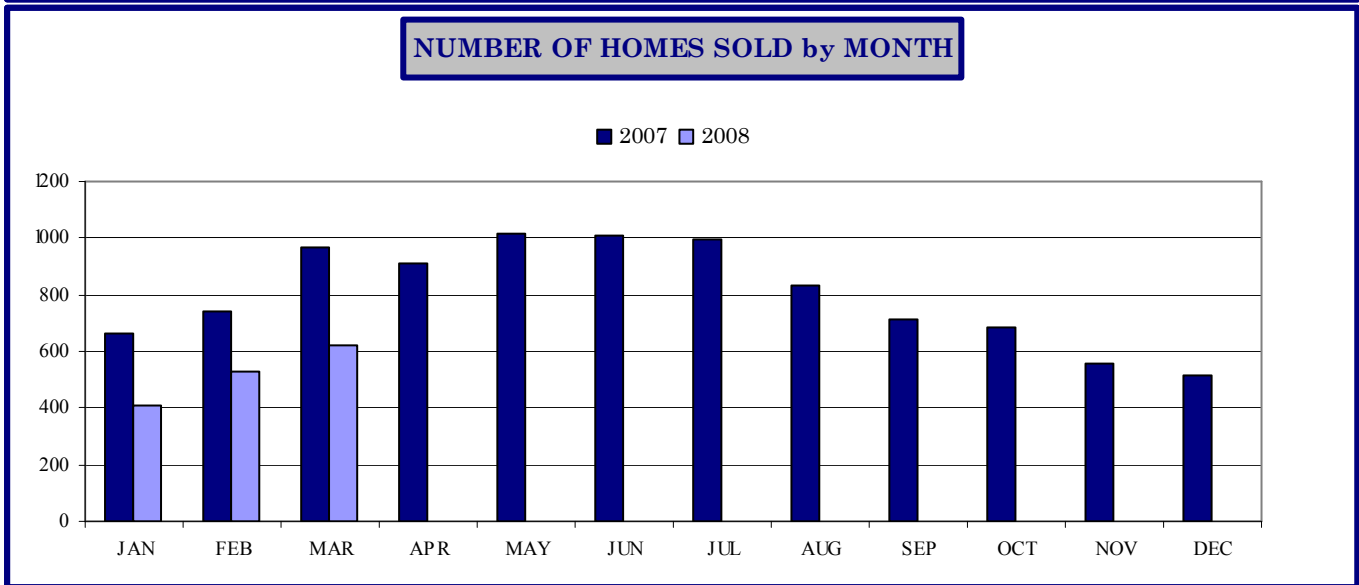
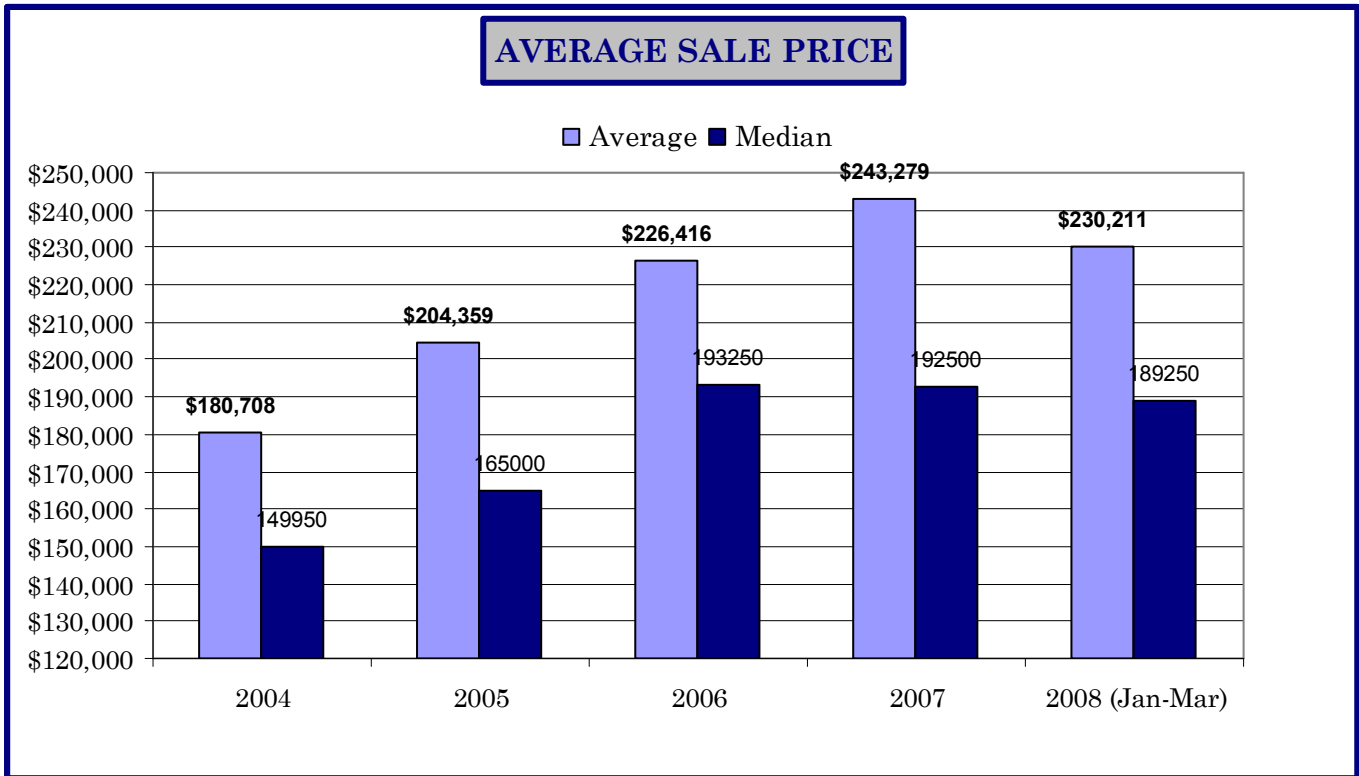
As of June 1, in response to vehemently expressed concerns from the National Association of Realtors, Fannie Mae has rescinded their policy of “Declining Markets” acknowledging that the policy hurt most homeowners in areas most in need of sales. Common sense prevails! Conventional loans now require 5% down no matter the location.

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Safe for you, your home,  
and your planet.™

[http://www.Shaklee.net/barbara\\_madaras](http://www.Shaklee.net/barbara_madaras)

# SINGLE FAMILY DETACHED HOME SALES (RESALE)

Greater Albuquerque Area



Charts are derived from Multiple Listing Service statistics which are deemed reliable but not necessarily correct.

IF YOU KNOW OF ANYONE NEEDING ASSISTANCE  
WITH BUYING OR SELLING A HOME...  
IT WOULD BE MY PLEASURE TO BE OF SERVICE TO THEM

**Barbara Madaras**

Coldwell Banker Legacy  
505.301.1033 505.292.8900  
AnAlbuquerqueHomeForYou.com BarbMadarCB@aol.com



**BARB's HOME NEWS**

For the GREATER ALBUQUERQUE AREA

Barbara Madaras, CRS, REALTOR®



8200 Carmel NE, Albuquerque, NM 87122

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**BARBARA MADARAS, CRS, REALTOR®**

505.301.1033

[www.AnAlbuquerqueHomeForYou.com](http://www.AnAlbuquerqueHomeForYou.com)

[BarbMadarCB@aol.com](mailto:BarbMadarCB@aol.com)

COLDWELL BANKER LEGACY 8200 CARMEL NE ALBUQUERQUE, NM 87122 505.292.8900