

by *Ilyce_Glink*

Q: My wife and I are considering buying a home but have found out that a proposed 4-lane expressway has already been approved and will be located basically in our back yard. There's a 30-foot buffer between the property and the expressway. Will this road hurt the value of the home?

A: When we bought our home 13 years ago, our property was located on the main street through town. After we closed, we found out that the village planned to widen our street to four lanes. We knew that would've killed property values, so we organized all the neighbors and fought the village.

With more than 300 neighbors showing up at village board meetings, we were able to get our point across and the village backed down.

I'm sharing this story because I think that having a major highway in your back yard will not only limit the future appreciation of the home, but the neighborhood will be a lot noisier with cars whizzing by day and night.

For the first five years of my marriage, my husband and I lived in a vintage apartment above Lake Shore Drive in Chicago. We had good windows and when they were shut, the sound was relatively muted. But if we left them open, it was like living above a raceway.

A 30-foot buffer sounds big, but it really isn't. Go to a highway and walk 30 feet from the edge and see what you think. My advice is to take a pass and find another home.

Q: My question concerns my aging mother, 82, and father, 88, whom we have moved to Roswell, GA, from Florida. We bought them a condominium.

They still own a mobile home in Florida that we've leased to tenants for January through March and have also listed for sale. Since the mobile home is rented, no insurance company will write a landlord or homeowner's policy for the property.

How can we determine the best actions to take in both situations as far as taxes, ownership transfers, insurance and other issues? Should we talk to a real estate attorney, tax attorney, CPA or insurance agent?

A: You'll want to work with a real estate attorney to make sure that ownership of the mobile home transfers correctly upon sale. Find an insurance company that may allow you to add a rider to your existing homeowner's policy to cover the mobile home should anything happen to it before it sale, or to see if they offer any other options to insure the mobile home.

Since your parents don't live in the mobile home and you aren't particularly close by, you'd be wise to sell this asset now. It's tough to manage rental property from out of state.

Q: I met you at the Smyrna, GA jonquil festival last fall! Now, I need your advice: My adjustable rate mortgage (ARM) is expiring next month. The rate for the 30-year mortgage option is 5.875 percent.

I'm thinking about going with a 15-year fixed-rate loan. I got a quote of 5.75 percent with 2 points, and was told that my closing costs would be \$5,000. Should I pay points? I plan to live in the house for approximately 10 more years.

A: Here's how I feel about paying points when interest rates are flirting with 30-year lows: Typically, if you can earn out your points with the savings on the mortgage rate within a year, it's a good idea to pay the points.

In your case, the lender wants 2 points to reduce your rate by 1/8 of a point. That seems too high. If you take out the 30-year loan and make the payments on the loan as if you had taken out the 15-year loan, you'll probably come out ahead. Especially if you use the 2 points that you would pay for the 15-year loan to get a smaller 30-year loan.

I'm glad you came out to the Smyrna festival. It was fun, wasn't it? I had a great time.

(Ilyce R. Glink's latest book is 100 Questions Every First-Time Home Buyer Should Ask, 3rd Ed. If you have questions, you can call her radio show toll-free (800-972-8255) any Sunday, from 11a-12p EST. You can also contact her through her website www.thinkglink.com)

Real Estate Matters: financial questions and answers by Ilyce_Glink