

BUSINESS THIS WEEK

New Tax Bill Causes Stir Among Blacks

BY JOHN FLESHER
Associated Press Writer
RALEIGH (AP) --- Controversy continues to swirl around the state Senate's \$422.1 million tax bill, with black representatives accusing House Speaker Joe Mavretic of racial insensitivity in his selection of a negotiating team.

The House voted 94-21 last Wednesday not to accept the Senate's bill, which combines the \$8.6 billion highway program with money for a 6 percent pay raise for teachers and state employees and for other budget increases.

Mavretic later announced the appointment of 10 House members to a joint conference committee that will try to iron out a compromise bill. All but one of the representatives --- Rep. Bob Hunter, D-McDowell --- were members of the bipartisan coalition that elected Mavretic speaker. None was black.

Shortly thereafter, 11 of the 13 blacks in the House walked out of the chamber in protest. While they were gone, Mavretic announced that Rep. Howard Hunter, D-Northampton, a black freshman, would be on the conference panel. Hunter's name was on the list all along, Mavretic said, but he overlooked it before.

The blacks returned after a few minutes. They charged at a news conference that Mavretic had slipped Hunter's name on the list at the last minute to mollify them.

Rep. Mickey Michaux, D-Durham, chairman of the Legislative Black Caucus, said he had spoken with Mavretic at the podium immediately after the speaker announced the conference panel's membership.

Michaux said he asked whether the committee membership was "set in concrete" and that Mavretic responded, "Yes." Michaux said he pointed out that no blacks were on the committee and that Mavretic replied, "You all have not supported me, so I'm not going to put any (blacks) on there."

"All of us felt it was an affront to all the blacks in this state," Michaux said. "We feel this is just another one of the matters of insensitivity that this General Assembly shows toward people of color."

The black lawmakers said Rep. Thomas Hardaway, D-Halifax, should have been put on the conference committee. Hardaway, who is black, is chairman of the House Finance Subcommittee on Highways and conducted extensive hearings on the road construction package.

Michaux also noted that the House delegation includes four freshmen and said some members were not closely involved in assembling the highway bill. He questioned whether the group could hold its own against the seasoned senators likely to represent the upper chamber.

In a prepared statement, Mavretic defended his selections. "I wanted a balanced perspective --- a cross-section of this chamber's demographics," he said. "My main objective, though, was to appoint a group of individuals who have consistently supported the House position" on matters of disagreement with the Senate.

Mavretic said the remark he made to Michaux was directed at him personally and did not target all the black representatives. "I thought he (Michaux) wanted to be on the conference committee."

Housing Crisis

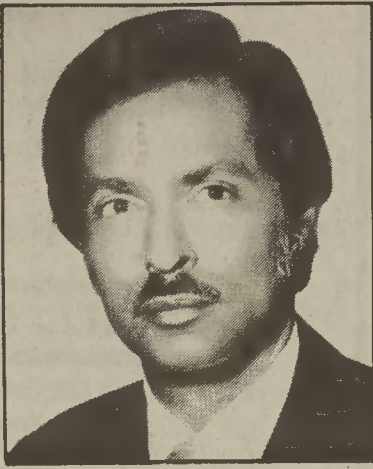
Continued from page 1A.

author. "When poor families must spend so much of their limited incomes for housing, little money remains for other necessities."

Although the housing cost burdens of poor white households are as severe as the burdens of poor Hispanic and black households, Hispanics and blacks are much more likely to be poor than are whites --- and therefore are more likely to face the high housing cost burdens associated with poverty, the study said.

It said problems faced by poor households of all races in finding affordable housing have worsened since the 1970s. The increase in the shortage of low-rent housing since 1978 can be traced primarily to a sharp increase in the number of poor families, a substantial reduction in the number of low-rent units in the housing stock, and an increase in rental charges, it said.

The study said these problems would continue to worsen in the 1990s "unless major changes are made in government policies and in the actions of the private sector."



Michaux

tee and was concerned that he wasn't appointed," Mavretic said.

The House conference delegation will be chaired by Rep. Sam Hunt, D-Alamance, chairman of the Infrastructure Committee. Other members, aside from Howard Hunter, include Reps. Bob Hunter, D-McDowell, sponsor of the highway bill; Alex Hall, D-New Hanover, chairman of the Finance Committee; Betty Wisner, D-Wake; Pryor Gibson, D-Anson; Dan DeVane, D-Hoke; Harry Grimmer, R-Mecklenburg; Billy Creech, R-Johnston; George Robinson, R-Caldwell; and Clayton Loflin, R-Union.

Hunt said the conference panel included members of various House factions and would represent the chamber well. "We've held our own against some pretty tough opponents," he said. "I'm sure we'll hold our own against the Senate."

As approved by the House, the bill would finance the highway construction program, which would build a statewide network of four-lane highways, pave 10,000 miles of rural roads and construct seven urban freeways.

The Senate tacked on provisions the House had previously defeated, particularly an increase in the sales tax on motor vehicles to fund non-transportation expenditures such as teacher pay raises for the next two years. House leaders want the tax increase to pay for highways immediately.

How to get the most from your bank

OBTAINING A MORTGAGE Qualifying for a loan

By Robert A. Rowell
First of four parts

If you are in the market for purchasing a new home and are seeking a mortgage, you are not alone. In 1988, there were more than 4 million homes purchased in the United States.

Before obtaining a mortgage loan, it is helpful to have an overall knowledge of the loan qualification process, loan types and products, loan product terminology and to know key questions to ask a lender.

This month's column is about loan qualification, and the other topics will be covered in the next three columns.

The Loan Qualification Process

Each lender uses standard criteria in the mortgage loan qualification process. Although the process may vary slightly from one loan to another, the ratio method frequently is used to determine the amount of mortgage you can afford. This method compares income and expenses. There are two ratios to consider.

The first is the front ratio, which is housing expenses divided by gross monthly income. Your monthly housing expenses include mortgage payment (principal and interest), real estate taxes and insurance. These payments of principal, interest, taxes and insurance are known as the PITI payment. The front ratio normally should not exceed 28 percent.

The other ratio to consider is the back ratio, defined as monthly obligations divided by gross monthly income. Monthly obligations include the PITI payment, car payments, credit card payments and any personal loan payments. As a rule, your back ratio should not exceed 36 percent.

Here is an example of how these ratios work:

Scott is a salesman and earns \$35,000 annually. His wife, Jennie, works as an accountant and earns \$25,000 annually. Their combined total annual income is \$60,000.

$$\text{Monthly Gross Income} = \frac{\$60,000}{12 \text{ months}} = \$5,000$$

$$\$5,000 \times 28 \text{ percent} = \$1,400 \text{ allowable for the PITI payment}$$

$$\$5,000 \times 36 \text{ percent} = \$1,800 \text{ allowable for the PITI payment and all monthly obligations.}$$

In summary the above couple qualifies for a house payment of up to \$1,400, the lower of the two amounts.

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Robert A. Rowell

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