

Home ownership has more than dollar value

People have always had an innate fascination with — and need for — homes. They want to see them, touch them, retreat them, and own them because a home fulfills more than just the basic need for shelter. It provides intangible benefits such as emotional security, a safe haven to raise a family and a solid foundation for pursuing a family's social goals.

In addition to the emotional and social benefits of owning a home, there also are some very practical financial benefits for home owners.

The single largest investment that most people will ever make, houses generally increase in value over a period of years providing a substantial nest-egg for retirement, education or emergencies. Over time, housing has been a safe, steady, and profitable investment. Over the last 20 years, the median price of new homes has increased at an overall rate that is greater than the Dow Jones stock market average. Perhaps even more important, the rise has been steady — especially compared to stock prices.

Home ownership has proven itself as an effective hedge against inflation.

Between 1970 and the end of 1991, the median price of an existing home rose nearly 300 percent, compared to a 250 percent increase in the Dow Jones Average.

Over the past 50 years, the value of houses has increased at a rate slightly above the nation's inflation rate and that trend is likely to continue in the future. Of course there will be regional variations and even variations within markets, but overall, increases in home values should continue to follow the inflation rate closely.

There are also other home ownership benefits to consider — taxes and leveraging. The interest you pay on your mortgage is tax deductible. Leveraging is investing a comparably small amount of your money as a down payment while realizing an increase in appreciation based on the full value of the house.

America's 60 million plus homeowners have very little to worry about in the stability of their investment. The total value of owner occupied housing is more than \$4 trillion, accounting for about one fourth of our nation's total wealth.

BB&T offers new housing loan assistance program

Winston-Salem area residents with as little as \$1,000 to invest can become homeowners through a new housing assistance program recently unveiled by BB&T.

BB&T's Community Homeownership Incentive Program (CHIP) is designed to increase homeownership opportunities for low and middle income buyers in the communities BB&T serves in the two Carolinas.

"A large number of people have been locked out of the housing market because they were unable to meet down payment and closing requirements," said Ernest J. Sewell, senior vice-president and city executive. "We're trying to address that problem and give these people an opportunity to realize their dreams of homeownership."

Sewell said as homeownership increases, neighborhood stability increases. "This is another way BB&T is living up to its mission of helping to make the communities we serve better places to live and work."

To qualify for a mortgage loan of

up to \$60,000, a customer must earn no more than 80 percent of the median county income. For Forsyth County, the income limit will be \$29,300. No more than 32 percent of income can be tied up in housing debt and total debt obligations must be 40 percent of income or less. These requirements are substantially better than industry standards.

BB&T will loan 97 percent of the value of a home if the borrower supplies three percent of the value in saved funds. Gifts, public and private grants, and loans and other sources of income may be used for a downpayment of five percent of the value as long as buyers invest at least \$1,000 of their own money.

The 15- to 30-year fixed-rate mortgages will carry the same interest rate as other BB&T mortgage loans and will be owned and serviced by BB&T Mortgage.

Sewell said anyone interested in more information on BB&T's new housing assistance program may contact Sue Preston, mortgage loan manager at 765-1789.

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