

Let the Borrower Beware! Looking For A Home Mortgage?

If it so happens that you are a black American and want to purchase or refinance a home, the chances are better than ever that you will face what has been termed "double discrimination" because of your race and because of where you choose to live.

Although outright acts of discrimination in lending are much less frequent in recent years, you need only talk to a black who has tried to obtain a conventional (non-government insured) home mortgage to learn that race continues to play a major role in the terms of a loan that you will be offered — if offered at all. To reduce the chances of racial bias, borrowers should insist upon filing a written application with each lender they approach. Next, under the Community Reinvestment Act and Equal Credit Opportunity rules, you may request financial institutions to show you their loan policy statement, which describes their service area, down payment requirements, current interest charges and other conditions applicable to everyone.

Because of the many different forms of mortgages now being offered to borrowers, anyone thinking about buying or even selling a home in today's roller-coaster money market, would be wise to find out more about the options open to them, or seek professional help from independent sources. One thing is for sure; it pays to shop for a loan just as you would in buying groceries. Some lenders offer better deals than others. A half point difference in interest rates can mean thousands of dollars more or less in the years ahead. Look for restrictions in your mortgage such as prepayment penalties, due-on-sale clauses and future automatic increases in monthly payments tied to cost of money indexes.

Despite rules of thumb that say total housing costs should not exceed a certain percentage of your income, loan underwriting still is based largely on subjective judgment. Lenders look at your credit history, savings habits and job stability. Some charge application fees and all will want a service charge or points for making the loan. To make your own comparisons of the total cost of borrowing, ask for the Annual Percentage Rate (APR). It is a computation of the interest rate quoted you plus all other expenses that you must pay, spread over the life of the loan.

A good place to begin looking for a loan is your own bank or savings and loan, where you are known. Many offer lower rates, etc., to their own customers. Other sources are mortgage banking firms who generally make FHA or VA loans and credit unions who have recently been authorized to make real estate loans. Some life insurance companies are becoming active again in single-family financing.

For the past forty years, the fully amortizing, level payment mortgage with a fixed interest rate over the entire loan term has been the basic financing mechanism in this country. In recent years, due to inflation, use of this kind of mortgage is rapidly disappearing. Except for FHA, VA and Farmers Home loans, they are pretty hard to find. Most of the creative new mortgage instruments allow the borrower to pay less in the early years but require larger monthly payments later on. Civil rights and consumers groups have been highly critical of these new plans. They should be thoroughly understood by borrowers before taking them on. By law, lenders must explain to borrowers these new loan terms and, in some cases, offer a choice of fixed-rate financing.

After cautiously testing the adjustable-rate mortgage waters for three years, the Federal Home Loan Bank Board, in April, plunged in with regulations that remove all interest rate and principal payment restrictions for all federally-chartered savings and loan associations. The new rules will change the familiar repayment pattern as lenders begin to adjust payments as often as they want to — even monthly — based on changes in an interest-rate-index beyond its control.

To illustrate this process, consider a \$50,000 Adjustable Rate Mortgage (ARM) with an initial interest rate of 12%, a thirty-year term and a 7.5% limit on payment increases. The monthly payments for principal and interest in the first year would be \$514.66. But the payment cap will limit the payments in the second year to \$552.88, leaving \$28.34 of unpaid interest each month to be added to the principal loan balance. At least once every five years, the payments must be adjusted to put back on a fully amortizing basis over the remainder of the loan term. This could require a hefty payment increase if the loan balance has grown substantially.

The incomes of over half the families in the U.S. have grown at a rate less than fifteen per cent over the last several years — even more so for minorities. The nation must act to keep blacks from being priced out of the housing market altogether. There have to be better solutions than this!

Worship Service To Be Held For Atlanta Children

"Services of worship in Remembrance of the Children in Atlanta" will be held on June 10 and June 11 in the Durham County General Hospital auditorium, for the employees of Durham County Hospital Corporation. The services are scheduled at 10:30 a.m., 2:30 p.m., 6 p.m. June 10, and 3 a.m., June 11. All interested persons are cordially invited to attend.

Special guest speaker will be the Honorable H.M. Michaux, U.S. Attorney. Reverend William W. Easley, St. Joseph's A.M.E. Church; Reverend Charlene Kammerer, assistant minister at Duke University; Reverend Lafayette Maxwell, Mount Zion Baptist Church, Apex; and Reverend David L. Massey, Northeast Baptist Church, will be delivering the homilies.

Also assisting in the services will be Chaplain Elizabeth T. Wood, Durham County General Hospital; Reverend Haywood Holderness, Westminster Presbyterian Church; Sister Darlene Grega, Lutheran Chaplain at Duke University; and Reverend George F. Neal,

Covenant United Presbyterian Church. Special music will be by Mrs. Arleen Hedgepeth, accompanied by Mrs. Lisa Hedgepeth.

A candle light ceremony will be led by Mrs. Thelma B. Brown and Fred White of the Durham County General Hospital staff. This will include the naming of each one of the dead or missing children and a candle will be lighted in memory of each child, followed by a tape recorded message from Mayor Maynard Jackson of Atlanta, Georgia. The service will be concluded with the distribution of green ribbons, for those who desire to wear them by Mrs. Elaine G. Leathers, also of the Durham County General Hospital staff.

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WHITE HOUSE STAFF MEMBERS HONORED

Black members of the White House staff were recently honored for their achievement in government, at a reception in the Sam Rayburn House Office Building in Washington, D. C. They included Melvin Bradley, senior policy advisor to the President; Thaddeau Garrett, assistant to the vice president for domestic policy; and Tholma Duggin, deputy special assistant to the deputy director of the Office of Public Liaison.

Pictured (from left): Garrett; Mel Taylor, general manager of Kraft, Inc. Dairy Group; Herm Wille, vice president of urban affairs for Kraft, who provided cheese for the reception and secretary of the Business Policy Review Council, one of its sponsors; Bradley; Arthur Fletcher representative of another sponsor; and Ms. Duggin.

United Nations Report Waiting and Wondering

By Laura Parks

Amidst gathering world anxieties about the fate of the world the Mormon Church leaders, gently but firmly, came out against the MX underground missile systems being placed in their backyard. The MX system, they said, threatens the very existence of world civilization. Earlier the Bishops of the Anglican Church allowed that in the atomic age the doctrine of just wars was the doctrine of mad men to be resisted by the Church and the faithful.

Civil disobedience against the mad men was and is permissible. In the great court yard of the Anglican Mother Church at Canterbury, gold and purple banners proclaim "It is the duty of every christian to fight for peace."

Feeling the international heat, Secretary of State Haig was forced to agree to meet with the Russians, some time this year, to start talks on arms limitations. The heat came primarily from West Germany, France and Italy

where the youth and other elements of the population have taken to the streets against nuclear arms proliferation.

The European peace forces are rapidly gaining support among all segments of the population. This is especially so in Britain where the conservative government is following a policy of reducing social services of all kinds while at the same time expanding the arms budget.

In this context, it was unsettling to hear the Japanese Prime Minister announce that his country would increase its arms production. This move will undoubtedly aid those in Japan who are now calling for constitutional changes to permit full rearmament and the production of nuclear weapons.

The logic of the Reagan budget, based on supply side economics must rely on ever increasing military expenditures for the new economic policies to work. Like the arms race, Reagan economics has

madness about it. In the days of our national economic innocence, from the civil War to the Great Depression, the repeated economic crises were invariably caused by the oversupply of goods for which there was too little demand; prices fell, profits fell and unemployment rose.

When the Depression hit the world, economic wise men determined that the only way to revive the economy was to put money into the peoples' pockets via public works and armaments production. This worked more or less and the world was spared another depression. But over time, an over of money developed, causing inflation.

Reagan now proposes to reverse this by cutting back on public works and public service outlays, which would reduce the demand for goods and cause prices to fall. But now he also proposes to encourage the production of more goods with various incentives to business, the demand for which would come from a three-year tax cut and a greatly increased arms budget. The net result of all of this will be a limited duration lessening of inflation due to increased production and falling

government public service outlays; then as production keeps on rising, the tax cuts will allow the goods to be bought until the tax benefits are no longer sufficient to do the job at which time the military expenditures, on an ever-rising scale will be called in to stave off economic disaster or a

depression. In essence the arms budget has been designated as the great economic stabilizer for the next period of time. Obviously such a policy greatly tempts the military establishment to use the equipment so generously supplied by an unsuspect-

ing nation. If the military stabilizer is removed because the nation may fear for its biological survival then the national economy will have to be restructured to compensate for the loss of this long lived and dangerous economic monster.



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