

# America Saves Promotes Homeownership

## How does homeownership increase homeowner wealth?

First, simply by paying off your home loan, you are building wealth. And, you are doing this each month in a regular and disciplined way. Second, it is highly likely, though not absolutely certain, that the market value of your house will increase over time. Nationally for several decades, housing prices have increased, on average, four percent annually (although, keep in mind they can go down as well as up). As the graph below shows, these two factors can dramatically increase personal wealth representing home equity.

Center for Community Change, Co-op Housing Coalition, The Enterprise Foundation, Fannie Mae, Fannie Mae Foundation, Freddie Mac, Housing Assistance Council, Housing Partnership Network, Mortgage Bankers Association of America, National Community Reinvestment Coalition, National Congress for Community Economic Development, National Council of La Raza, National Council of State Housing Agencies, Neighborhood Housing Services of New York City, Neighborhood Reinvestment Corporation, New Economics for Women, Rural Development Finance Corporation.

## What is America Saves?

A nationwide campaign involving more than 10,000 savers, and hundreds of non-profit, for-profit, and government organizations that encourages and assists Americans to build wealth through homeownership and other means.

## Who manages and supports America Saves?

The non-profit Consumer Federation of America manages the overall campaign which involves dozens of local initiatives and many national partnerships. The America Saves Advisory Committee includes representatives from nearly 60 national non-profit groups, federal agencies, and financial institutions, including these pro-housing groups:

## Why does America Saves promote homeownership?

For decades, homeownership has been the main path to wealth for most Americans. Today, home equity — the market value of a home minus the balance on any home loans — represents more than four-fifths of the typical family's wealth. So, each home loan payment not only helps pay down the principal and interest on your home, but also builds your wealth.

# Build Wealth Through Homeownership

*Become an American Saver*



**America Saves**  
*You Can Build Wealth*



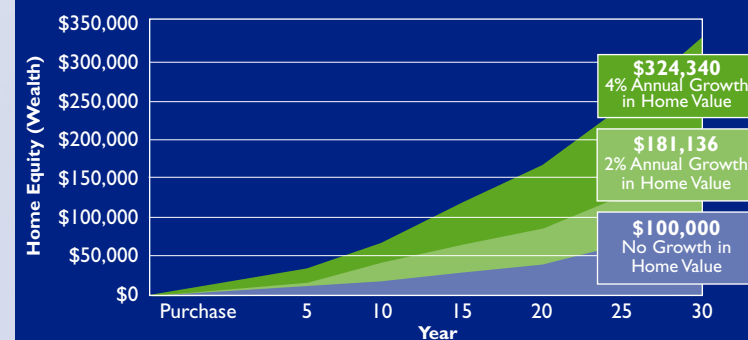
**America Saves**  
*You Can Build Wealth*  
[www.AmericaSaves.org](http://www.AmericaSaves.org)

America Saves® is a national campaign involving hundreds of non-profit, government, and business organizations. Initiated by the non-profit Consumer Federation of America, the campaign seeks to persuade more Americans to save and build wealth effectively.

This brochure is made possible by support from Fannie Mae.

Visit our website at [www.AmericaSaves.org](http://www.AmericaSaves.org)

**Building Wealth Through Ownership of a \$100,000 Home with a 30 year, 7% Home Loan and a \$5,000 Downpayment**



# Strategies for Building and Preserving Home Equity

## Prepare Yourself for Homeownership Financially

Almost anyone can afford to own a home with proper preparation. Develop a savings plan to build up money for a down payment at purchase, for moving expenses, and for post-purchase emergency expenditures such as needed home repairs. Remember, the larger your down payment, the lower your home loan payment. America Saves can help you develop a plan with regular monthly deposits in a bank or credit union account (see last panel).

At the same time, reduce your credit card debt and other debts in order to increase your ability to afford a house. Lowering these debts will increase your credit score and your chances of getting a lower-interest loan. For information about credit and help with debt repayments, contact your local, non-profit consumer credit counseling service or housing counseling agency.

## Purchase a Home

Get qualified for a home loan before you look for a house, condo, or co-op. That will give you some idea of whether you can afford to purchase a home and, if you can, at what price.

Make certain you contact at least three lenders, including your primary financial institution. This will help ensure that you get the least expensive loan for which you can qualify. Be especially skeptical of uninvited loan offers you receive through the mail, by telephone, or at your doorstep.

In looking for a home, most home buyers find that it is helpful to work with a real estate agent. Consider using an agent that will work solely for you as a buyer representative.

For additional information and advice, consult the Fannie Mae Foundation's home buying guide by calling (800) 611-9566 or by finding it on-line at [www.homebuyingguide.org](http://www.homebuyingguide.org). The homeownership page of the America Saves website lists additional sources of information and assistance.

## Make Home Loan Payments on Time

Making home loan payments on time will help you build wealth and avoid costly penalty fees. If payments are missed, you could lose your home through foreclosure.

To help ensure that you can afford timely payments, maintain an emergency fund you can dip into when needed. There should be enough money in this account to pay for needed home repairs as well as emergency expenditures.

The easiest way to build an emergency fund is to ask your bank or credit union to automatically transfer funds monthly from your checking to your savings account. What you don't see, you won't miss.

## If You Have Difficulty Making Payments, Seek Help

Don't wait until you miss a loan payment to look for help. Seek assistance as soon as you are aware that you might have difficulty making payments on time.

Contact your lender keeping in mind that all reputable lenders want you to succeed as a

homeowner. Your lender will appreciate your call and should work with you to solve any problems.

Also consider contacting the agency that provided counseling before you purchased your home. These agencies often have post-purchase programs to assist homeowners in trouble.

If post-purchase counseling is not available, contact a local, non-profit consumer credit counseling agency. They can help you work with all of your creditors to manage your debts successfully.

## Be Cautious in Borrowing Home Equity

Remember that your home equity is wealth. If you take out a home equity or other second mortgage loan, you are spending your wealth.

Experts agree that some reasons for home equity borrowing are more appropriate than others. Certainly one legitimate use would be covering the expense of major emergencies, like a big medical bill, if you don't have sufficient savings. Other appropriate uses include home improvements and education.

Experts believe that the least appropriate use for home equity borrowing would be for unneeded luxuries. This could include an expensive car, rather than basic transportation, or a costly vacation. You should also try to avoid relying on home equity loans to cover basic living expenses except in transitional periods between jobs.

Most importantly, make the decision yourself as to whether you need a home equity loan and, if you decide you do, contact at least three lenders. Be especially wary of uninvited loan offers that you receive through the mail, by telephone, or on your doorstep.

# Yes...

**I Want to become an American Saver!**

**All personal information will be treated confidentially.**

*I agree to work toward one of the following savings goals:*

- Add \_\_\_\_\_ dollars a month toward repayment of my debts.
- Build an emergency fund by depositing \_\_\_\_\_ dollars in my savings account for \_\_\_\_\_ months.
- Save for a down payment on a home by depositing \_\_\_\_\_ dollars in my savings account for \_\_\_\_\_ months.
- Pay \_\_\_\_\_ dollars more than the required amount to pay off my home loan early.

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone (optional) \_\_\_\_\_

E-mail (if you wish to receive America Saves materials on-line)

Send to America Saves by mail at P.O. Box 12099, Washington, DC, 20005-0999, or by fax at (202) 797-9093.

Visit our website at [www.AmericaSaves.org](http://www.AmericaSaves.org).