

## Credit Unions Help Make Homes More Affordable

by newsusa

For first-time buyers of modest means, the goal of home ownership is more difficult to attain today. But a new initiative spearheaded by the nation's credit unions is helping more people qualify for home loans.

"Real estate prices are still high all over the country," said Daniel A. Mica, president and chief executive officer of the Credit Union National Association. "Mortgage rates are headed upward as well. The gap between the incomes of average families and the affordability of a first home is widening every day."

According to the National Association of Realtors, the median price of a single-family home was \$215,900 at the end of October, up 14.7 percent from the previous year. In contrast, median household income was only \$44,389, according to the U.S. Census Bureau's figures for year-end 2004.

In order to afford their first home, most low- to medium-income level families need some extra help. The new initiative - called the Home Loan Payment Relief program, or HLPR -makes below-market-rate mortgage loans available to borrowers with household incomes at or below the median in their markets.

With a HLPR loan, for example, a person would need an income of only \$32,000 a year rather than \$40,000 to qualify for a \$115,000 mortgage.

"Credit unions are voluntarily bearing the cost themselves of offering the loans below market as part of their mission to help people of modest means," Mica said.

Participating credit unions will offer a three-year adjustable rate mortgage at one percentage point below the national average to qualifying borrowers. After three years, the rate will adjust annually to market rates, with rate adjustments capped at 1 percent per year, and 5 percent over the life of the loan.

Nearly 100 credit unions, including some of the nation's largest, are participating in the program. The Credit Union National Association expects hundreds more to come on board, with total commitments reaching \$10 billion over five years.

Credit unions will not increase fees, but rather be encouraged to seek reductions in closing costs. Down payments will be no more than 3 percent, and gifts or grants will be permitted.

For more information on the HLPR loan, visit [www.cuna.org](http://www.cuna.org). To find out how you can join a credit union, call (800) 358-5710.

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