

NID HouseCall

An Informational Publication of the NID-Housing Counseling Agency
(dba NID Center for Real Estate, Housing & Community Development)

The NID House Call is a quarterly publication designed to provide useful and timely information and resources to our community of stakeholders, which includes clients, consumers, real estate professionals, housing counselors, and our partners.

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The Importance of Creating Wealth While Renting

Although homeownership is a proven vehicle for wealth creation, families shouldn't wait for homeownership to acquire wealth. Determine how to acquire a financial safety net for you and your family. Opportunities to save money are all around you! Your bank may offer a variety of interest-bearing savings accounts, certificate of deposits, vacation and holiday accounts, and retirement programs.

If you do not have a bank account, get one! Banking institutions are great resources to build your financial portfolio. If you are denied, you can order your banking consumer report from Chex Systems at www.chexhelp.com.

Taking financial responsibility is more than earning a paycheck and dutifully paying your bills. It also involves knowing how much money you have, where it is coming from, and where it is going. Some say keeping track of their money is too much work, but when you consider how many hours you work to earn it, spending a few hours a week managing your money is worth the effort.

"Pay yourself first" and "it's not what you earn, but what you keep that makes you rich" are both well-worn phrases, but also very pertinent. Taking control of your finances and efficiently allocating your money will allow you to keep a fair portion for yourself.

If you continue to manage your financial affairs in the same manner that you are right now, will you achieve family wealth? Some will answer yes, but for most people, the answer will be no. Unfortunately, most people spend a lifetime working and then retire with little or no savings. It doesn't have to be that way, and it doesn't have to happen to you. Start today on a program that will create wealth for you and your family.



The Department of Housing and Urban Development (HUD) Secretary Alphonso Jackson is entering another staple year. In 2006, HUD spearheaded numerous activities in support of homeownership, including:

- ✓ successfully advocating for immediate funding and resource support in Gulf Coast rebuilding efforts;
- ✓ instituting an aggressive outreach program regarding post-purchase education and the importance of mortgage default/delinquency counseling;
- ✓ allocating necessary funding in support of elderly homeowners and renters, as well as housing for persons with disabilities, and
- ✓ highlighting preventative lead-based poisoning initiatives, which is critical for the protection of our children's health.

These creative housing-related initiatives have been instrumental in helping traditionally disadvantaged populations translate their homeownership dreams into reality.

(continued on page 2)

Inside this issue:

Protect Yourself Against Mortgage Fraud	2
Tips for Refinancing Your Mortgage Loan	2
Housing Counselors Have the Answers	3
Legislative Update	3
Visit Us Online	3



**NID HOUSING
COUNSELING AGENCY**
A HUD APPROVED ORGANIZATION

Mission Statement

Our goal is to improve the quality of life in America's cities. We will accomplish this as partners working together with our friends and neighbors. We will help our communities become places where families can live in safety, prosperity and harmony; places where the American dream of homeownership can flourish, and where decent & affordable housing is a reality for all people.

Homeowners and Homebuyers, Protect Yourself Against Mortgage Fraud



Fraud, as defined by the *American Heritage Dictionary*, is “the act of deception deliberately practiced in order to secure unfair or unlawful

gain; a piece of trickery, or a trick.”

Mortgage fraud is on the rise. Unscrupulous industry players mislead potential homeowners into loans that, in the long-term, are unaffordable. Remember, scammers are usually professionals working in the home buying industry. Look for the red flags:

- ✓ **Your broker insists you use a specific lender.** A broker can offer suggestions, but you have the right to select your own lender.

- ✓ **Lenders who encourage you to borrow more than you can afford.** You need to have a clear handle on what your financial comfort zone is.
- ✓ **A lender or broker requests that you sign any blank documents.** All documents should be completely filled out, and you should be given a copy of all documents you sign.
- ✓ **Don't be rushed!** A loan officer or real estate professional shouldn't rush you through the process. Don't feel pressure to sign anything without thoroughly reviewing all documents.

Looking at Refinancing Your Mortgage Loan? Here Are Some Tips.

Refinancing has been extremely active in the last few years. But, there are still many homeowners who have not refinanced their homes and are not benefiting from the potentially lower payments that are available.

Before you pursue a refinancing opportunity there are a few questions you should know the answer to. By analyzing your current situation, you will be able to make a more informed decision as to which is more beneficial, refinancing or maintaining your current mortgage. Here are some important questions to research:

- ✓ **What is the current mortgage loan interest rate?** If the difference between your current mortgage rate and what is available if you refinance is 1 to 1 ½ percentage points or more, it may be to your advantage to refinance.
- ✓ **Is the rate fixed or variable?** Interest rates tend to climb each year, so if you have a variable rate it may be beneficial to refinance into a fixed rate.
- ✓ **Does your mortgage have a prepayment penalty?** A prepayment penalty is a fee that your lender will charge in the event you choose to refinance

your home. The prepayment terms, the length of time before you can refinance without being charged, and the amount of the prepayment penalty are critical components. Some prepayment penalties can amount to tens of thousands of dollars. Review your loan doc carefully!

- ✓ **How long do you plan to stay in your home?** If you plan on staying in your current home for more than three years, it may make sense to refinance. If you feel confident you will be moving in less than three years, it will probably be better to stay with your current loan – unless there is a large variance between your current interest rate and what is available.
- ✓ **Is the value of your home increasing, decreasing, or staying the same?** What are the short-term and long-term prospects for the value of your house? If the value of your home is staying the same or increasing you may be able to increase your equity more quickly with a lower interest rate.

REMEMBER: The key to a competitively low interest rate is a healthy credit score, thus it is critical for you to continue to pay all bills on time.

News

(continued from front page)

Many housing-related programs are available on the HUD website, as well as a national directory of HUD-approved housing counselors. For more information, please visit www.hud.gov.

Community Development Partnership Initiative

NID-HCA's Community Development Partnership Initiative (CDPI) is a partnership with faith-based organizations in 38 target locations in 14 states. The objective of the CDPI is to leverage churches' influence to promote healthy homeownership concepts. The long-term goal of the CDPI is to use homeownership and homeownership sustainability as tools to enhance the lives of urban families and communities.

In 2005, the CDPI was recognized by Fannie Mae for its unique outreach to faith-based organizations. The support and participation from mainstream financial institutions has allowed a traditionally subprime or “no-prime” market access to fairly-priced prime mortgage products. The CDPI has assisted approximately 1,500 families become homeowners and is currently working to help more than 3,000 families achieve homeownership. The CDPI with Fannie Mae is a five-year program that will assist more than 10,000 families achieve homeownership by 2011.

For more information please contact NID-HCA National at 510-268-9793, or visit us on the web at www.nidonline.com.

A Housing Counselor Can Answer Your Questions

Many individuals and families face housing-related concerns. Home-owners may wonder why their mortgage payment has gradually increased each month or how to locate their loan servicer. Renters may wonder how to find an affordable rental unit or have questions about the laws regarding rental deposits. Housing counselors are an effective resource to help you address your housing-related concerns and offer suggestions for you to ultimately reach your housing goal.

Like any arena, the quality of housing counseling agencies varies widely. Your housing counselor should be knowledgeable, a good listener, and have the ability to coach you to reach your housing goal. Housing counselors provide a variety of services, including helping people search for rental units, assisting families facing foreclosure, and helping establish spending plans. Here are a few tips for working with your housing counselor:

- ✓ Is your housing counselor certified? Is the organization approved

by the Department of Housing and Urban Development (HUD)?

- ✓ Is the housing counselor charging a fee for service? You may incur a small fee to register for a housing workshop (no more than \$30) and a fee to pull your credit report (no more than \$25). HUD-approved housing counseling agencies do not charge clients any additional fees. An agency that is not approved by HUD may charge fees as it sees fit.

- ✓ Does your counselor offer resources and study materials regarding your issue? Your counselor should be equipped with relevant materials that help you learn more about your situation.

Is your counselor effective? Is your counselor returning your calls in a timely manner? Is your counselor offering suggestions that point you in the appropriate direction?

To locate an NID-HCA counselor in your area please visit www.nidonline.org.



Legislative Update

The 110th Congress is led by the new Democratic majority with new legislative committee leaders in both the House and Senate. There were several pending housing and community development legislative bills that expired with the 109th Congress that will have to be resubmitted under the new Congressional leadership structure. The reintroduced bills will likely undergo important changes, reflecting new negotiations. Therefore it is critical that housing consumers stay in touch with their elected congressional officials and let them know that safe, fair, decent and affordable housing opportunities and community development issues are very important to them and the well-being of their communities.

Visit Us Online



The NID-HCA website is an excellent source of information and a way for you obtain free and accurate answers to

your real estate questions. All questions are answered by highly-qualified real estate professionals who will provide unbiased answers, which can be obtained via e-mail or by phone. Our site includes information on:

- ✓ the mortgage and home-buying process;

- ✓ how to recognize and avoid predatory lenders;
- ✓ opportunities for faith-based and community-based organizations;
- ✓ how to effectively maintain and use your home's equity,
- ✓ and much more.

The website contains contact information for each of our local offices, nationwide. Visit us online today at www.nidonline.org.

Upcoming In the Next Issue:

- ✦ *HOW TO REPAIR YOUR CREDIT*
- ✦ *SOLUTIONS FOR HOME-OWNERS UNABLE TO MAKE THEIR MONTHLY MORTGAGE PAYMENTS*
- ✦ *WHAT IS A REVERSE MORTGAGE?*

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