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Foreclosure worries unfounded

Columnist Tom Lyons worries that the Community Housing Trust's loan fund to help first-time homebuyers could place buyers in a future foreclosure. His concerns aren't supported by the facts. The fund was specifically developed to assist people who can afford the monthly payment but can't save the thousands of dollars needed for the down payment and closing costs. We require that the borrower has good credit and receives homebuyer education, both of which, research shows, prevent against default.

Lyons looks at ownership purely from the financial investment perspective. The Community Housing Trust helps people buy their first home. This emotional investment is priceless. A home is where people take root, raise their family and create community. Lyons perceives that it is easy to simply walk away if money gets tight and the house is worth less than the loan. Walking away creates a sense of failure and negatively affects a credit rating for years to come. It also means re-entering the volatility of the rental market. These factors reinforce the commitment to stay in the house.

Making the move into home ownership has benefits that far outweigh a home's worth. Children of homeowners are 25 percent more likely to graduate from high school and 116 percent more likely to graduate from college. Home ownership provides monthly tax savings of \$120 on a \$1,000 house payment. And, home ownership builds wealth. The median net worth of most modest-income owners is almost \$60,000 compared to less than \$10,000 for renters in the same income group.

These benefits make the housing trust's 105 percent financing an excellent investment even if housing prices drop a bit more. In fact, the price of not owning could end up costing a family far more in the long run. This is something that savvy buyers understand.

Martina Guilfoil, CEO

Community Housing Trust

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