When Paying Extra Pays Off: a tip for homeowners

Interest is a very interesting thing. Small changes to the principal can make big changes to the amount of interest paid. This works on all interest, whether credit card or mortgage interest.

We looked at a 30-year mortgage of $100,000 with an interest rate of 6.5%. If you make the regular payments for 30 years, you will pay $127,544 in interest. If you make one additional payment each year equal to the principal and interest amount, you will pay off the loan in 24 years and pay only $97,360 in interest. That is a savings of over $30,000!

You can achieve the same effect by making a smaller extra payment each month. Using the same $100,000 loan as above, an extra $50 payment each month will result in a payoff in about 24 ½ years and paying about $99,570 in interest. This is a significant savings of nearly $28,000.

Something to remember about making an extra payment, whether one payment annually or a payment each month, is that it should be mailed separately from your regular payment. Wait at least a week to mail after mailing your regular payment before mailing your extra payment.

In the memo section of your check, be sure to note that the money should be applied to the principal only and include your loan number.

-Loretta Walker, Clackamus Community Land Trust

Calculate your own savings on the internet! To see how this works on your specific mortgage, go to www.bankrate.com and click on "mortgage calculators."

Welcome New Members:
Marina Avila
JoAnn Clewis
Ann Gilbert
Tim Lawless
Jim Lietz
Kate Murray
Aaron Murray

Extra! Extra! Make One Extra Mortgage Payment Shorten your 30-year mortgage and save $$

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We pledge memberships! The following sessions will be held at our offices, at 2017 E Spruce St.

**MEMBERSHIP SKILL SHARES**

Our members (141-strong, to date!) have a wealth of talents and skills. Introducing Membership Skill Shares, a series of informal sessions hosted by members for members, on topics proposed by the host. Just call (206) 323-1227 or email info@homesteadclt.org to let us know you’d like to attend. Members Skill Shares are open to and free for Homestead CLT members. Feel free to invite guests who will pledge memberships*! The following sessions will be held at our offices, at 2017 E Spruce St.

**Thursday, June 3, 2004**
6:00pm - 7:30pm
**CREDIT REPORT LITERACY**
Denise Zachariah

Want to know more about Credit Reports and Credit Scores? We will explore the basics of reading (and comprehending!) your credit report and what those credit scores really mean. We’ll also discuss how to improve your credit history through the wise use of credit and the right way to go about getting inaccurate information removed from your reports.

Denise Zachariah is on the board of Homestead CLT and has worked with several nonprofits (in Illinois, Oregon and California) on issues around housing, including credit & loan counseling, workshops for first-time homebuyers and early delinquency intervention counseling. Denise earned a Masters Degree from University of Illinois in Urban and Regional Planning.

**Thursday June 24, 2004**
6:00pm - 7:30pm
**TENANTS’ RIGHTS**
Michele Thomas/Tenants Union

The goal of the workshop is to give tenants a solid overview of the laws that protect us, while also answering questions that participants have about their current housing situation. Topics such as deposits, evictions and fair housing will be covered.

The Tenants Union is a membership-based, grassroots organization that helps tenants to organize for justice and helps to educate tenants on our rights and responsibilities.

Tenants Union membership and staff believe that everyone has the right to live in good housing that is safe and healthy and that everyone has the right to be treated with dignity and respect.

For questions about the workshop, please call Michele at the Tenants Union at 206-722-6848, ext. 114. If you have a question about your rights as a tenant that you need answered before June 24th, please contact the Tenants Union’s education services by calling 206-723-0500.

**Tuesday, June 29, 2004**
6:00pm - 7:30pm
**PERSONAL FINANCES**
Darla Fox/Fox & Associates

Get on top of your personal finances; most people don’t plan to fail, they fail to plan. Get some insights and learn some secrets to financial success in this session, on:
- Taking control of debt
- Saving for a home purchase
- Creating an emergency fund
- Saving for retirement
- Saving for college
- Getting the most out of your insurance dollars
- And more...

Darla Fox is a personal finance analyst.

*Membership is open to all Seattle-area residents who agree with our mission, participate in our work in some way, and pay $10 yearly dues (more if you can, less if you can’t).*

**Report, cont’d**

rate House Key loan at 4.85% interest through Washington Mutual. People’s Bank and Homestead Bank will be hosting an open house for announcements of our first home improvement work parties within the next few months.

As exciting as our DAHI program is, we are also looking forward and planning for the future. How can HCLT ramp up to holding enough property so that we can keep Seattle’s neighborhoods diverse and strong? What approaches will be most effective? We will tackle these and other questions during our strategic planning process beginning May 22. We recently received a $2,400 grant from the Nonprofit Assistance Center to help us pay for planning assistance and facilitation is this process. If you are interested in participating, please give me a call.

This spring we are also launching our new Members Skill Shares Series where members share knowledge, skills and passions they have with other members in an informal environment. Members of our board are kick-starting things off with topics related to reading credit reports, tenants’ rights, and personal finances.

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**Delridge Affordable Homebuyer Initiative FAQs**

- Could’t find the right words when someone asked you about the Delridge Affordable Homebuyer Initiative (DAHI)? Homestead CLT’s permanently affordable homeownership program for 2004! We here at Homestead CLT wanted to provide you with a handy “cheat sheet” with answers to some of our most frequently asked questions, so that you can help us do some word of mouth outreach. Be sure to clip this out and use as a handy reference!

- If I ever buy back the land?

  No, Homestead CLT intends to hold the land forever so that we can keep homes on our land permanently affordable. However, if in the unlikely circumstance, HCLT decides to sell land, the homeowner would have the first right to buy it.

- What does “buyer-driven” mean?

  A buyer-driven program means that you’ll work with a realtor to choose a single-family house in Delridge that’s on the market, a house that fits your budget and is to your liking. We will no longer be marketing specific houses through the DAHI.

- At what point do I get the grant?

  The Delridge Affordable Homebuyer Initiative is Homestead CLT’s buyer-driven program that will provide 10 households with up to $62,000 each in purchase assistance to buy a house in Delridge.

- Can I ever buy back the land?

  No, Homestead CLT intends to hold the land forever so that we can keep homes on our land permanently affordable. However, if in the unlikely circumstance, HCLT decides to sell land, the homeowner would have the first right to buy it.

- Will Homestead CLT have specific homes for sale in the future?

  It’s possible that Homestead CLT will have specific homes for sale in the future. Homestead CLT might sell homes directly in a couple of possible scenarios: if a seller wants to sell through our organization specifically, or if a Homestead CLT leasee wants to sell their home on land trust land. In those cases, the price of the house would be less than it would be if those houses were being sold on the traditional market (and can be thought of as having the purchase assistance already built-in).

- What does “buyer-driven” mean?

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