

Why Buy a Home Now?

Four reasons why *now* may be a great time to consider buying a home.

Reason #1:

Mortgage interest rates remain at historic lows.

The average interest rate on 30-year fixed-rate mortgages remains close to historic lows and well below the 9.2% average of the past 35 years.

Reason #2:

An increase in mortgage interest rates can dramatically affect the amount of home you can buy.

As an example, let's assume you want a monthly mortgage payment of approximately \$2,000. At a 6% mortgage rate, this would translate to a \$347,000 home. If the rate rises to 8%, your purchasing power would drop to \$284,000. Get an idea of your own purchasing power with a free prequalification.

Reason #3:

Homeownership is a solid long-term investment.

Over the past 30 years, national home prices have appreciated at a 6% average annual rate. Although there have been sharp variations in local markets for each of the past 31 years, the typical U.S. home has increased in value. It's simple: Owning a home can help you reach your financial goals. The money that you pay to rent your home does not.

Reason #4:

There is no better time.

Timing on when to enter the housing market is difficult. In terms of building financial security, what counts is time in the housing market. Housing values are affected by local economic conditions. On the local level, you may see dips in home values, but history shows that even with those dips, markets can and have recovered. Let's look at the recovery in two housing markets.

Houston suffered during the 1980s when oil prices collapsed and the local economy sputtered. Over a four-year period, housing prices fell about 25%. Home prices recovered, and by late 2007, the typical Houston home bought just before the oil-price downturn was worth 67% more than it was at its 1983 peak. All told, over the past three decades, the typical Houston home has appreciated 3.7% per year. In the early 1990s Los Angeles suffered six consecutive years of depreciation, with the typical home bought at the peak (mid-1990s) falling almost 22% in value. Yet, by 2007, this home was worth 268% of its 1990 value.*

Next Steps

Wells Fargo can help you achieve your personal and financial goals through homeownership. Learn about your benefits through **The NEA Home Financing Program[®]** by calling **1-800-632-4968 (1-800-NEA-4-YOU)**.

Remember, the benefits of the NEA Home Financing Program are extended to adult children and parents of NEA members.

* Source OFHEO, Nov 29, 2007; Calculations by WFHM.

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