

in the beginning there was the home – then the home mortgage

A brief history of mortgages

The first “homes” were constructed during the Stone Age and were essentially cone-shaped tents made of leather and animal fur, according to anthropologists. But, it wasn’t until around 1190 AD in England that the first mortgages were issued.

“Mortgage” comes from the old French word “mort” (meaning death) and the old Germanic word “gage” (meaning a pledge to forfeit something of value if a debt is not paid). You can think of mortgage as a “dead pledge”. Your property becomes dead to you (forfeited) if you don’t repay your loan. Or, in a better scenario, your pledge dies when you pay off the loan.

Throughout the years, the reason for a mortgage remains the same – the high cost of real estate puts it beyond the reach for most people to pay for it outright. So they must borrow.

Until the 1930s, here’s what a typical mortgage looked like for an American homebuyer. Fifty percent down. (That’s right, fifty percent down) and a term of three to five years. During the term, you paid interest on the loan balance. At the end of term, you were required to pay off the full remaining balance.

Then, in 1934, in the midst of the Great Depression, Franklin Roosevelt created the Federal Housing Administration to insure mortgage lenders against default and provide homeowners with stable, lower payments. Home ownership rose to 40% in the 1940s and kept on rising, peaking at 69.4% in mid-2004.

But by then, the housing bubble was beginning to burst – the consequence of various factors, such as many people buying more home than they could afford with mortgages they could not afford. Yet, as we work our way through the current housing crisis, there’s at least one ray of sunshine – 90% of U.S. homeowners say they don’t regret buying their home, according to a recent bankrate.com survey.

Sources: *The Wall Street Journal*, bankrate.com, the historyof.net, loan-providers.com, library.thinkquest.org and sunhomedesign.wordpress.com



visit our web site at www.alliantcreditunion.org



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office closings

Columbus Day–
Monday, October 11, 2010

Veteran’s Day–
Thursday, November 11, 2010

Thanksgiving Day–
Thursday, November 25, 2010

Alliant’s 24/7 Member Contact Center,
Web site and ATMs are available.

Visit our web site, www.alliantcreditunion.org,
for product and other information.

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in this issue

- 1 Fall chore checklist
- 2 McMansions go on a diet
Wheelbarrow dos and don’ts
- 3 Do you know someone in the market for a new home?
- 4 A brief history of mortgages

Mortgage Loan Rates

As of August 31, 2010

Type	Interest Rate	APR*	Points
FIRST MORTGAGES			
1/1 ARM	3.375%	3.422%	0
3/1 ARM	3.375%	3.422%	0
5/1 ARM	3.375%	3.422%	0
5/1 ARM (Interest Only)	4.000%	3.612%	0
7/1 ARM	3.875%	3.657%	0
7/1 ARM (Interest Only)	4.500%	3.904%	0
10/1 ARM	4.375%	4.046%	0

SECOND/VACATION HOMES

1/1 ARM	3.625%	3.672%	0
3/1 ARM	3.625%	3.672%	0
5/1 ARM	3.625%	3.672%	0
7/1 ARM	4.125%	3.909%	0
10/1 ARM	4.625%	4.301%	0

Rates, terms and conditions subject to change. Loan approval, APR and downpayment required based on creditworthiness, collateral, payment method and ability to repay. APR=Annual Percentage Rate. First Mortgages available in all 50 states. Rate is higher on fixed rate mortgages of \$417,001 and above and on ARMs and Interest-only fixed rate mortgages of \$500,001 and above. Refer to the Alliant web site for additional details and requirements. ARM=Adjustable Rate Mortgage. *The Annual Percentage Rate (APR) assumes a 20% downpayment on a loan amount of \$250,000 with a 30-year term. The results above assume an origination fee of \$950 plus \$180 in additional prepaid finance charges plus 15 days of prepaid interest.

the Alliant Advisor

Fall 2010

cover story

Fall chore checklist

Alas, there’s more to fall home upkeep than raking leaves. Here’s a list of some of the more important to-dos that home maintenance experts recommend you do before winter arrives.

Spruce up the exterior of your house and help it weather the upcoming colder weather:

- Touch up the paint on trim, railings and decks (remove flaking with a wire brush, prime the bare wood and apply the paint)



- Wash the windows and re-caulk as needed
- Inspect your doors and garage door to ensure they close tightly. (If needed, install weather-stripping door thresholds)
- Clear debris from your gutters and downspouts
- Have chimneys and flues inspected (and cleaned if necessary)
- Trim trees and bushes so they do not touch your house
- Make sure the entry to your crawl space is blocked to prevent animals from nesting

Put away summer things, test your winter things

- Clean and store patio furniture, umbrella, barbeque grill and kids’ summer toys
- Drain, coil, tie and store garden hoses in your garage or garden shed
- Shut off the water to outdoor spigots. To prevent the pipes from freezing and busting, drain any remaining water between the spigot and shut-off by opening the valve there
- Get out your snow blower and make sure it’s in good running condition
- Make sure your snow shovels are handy and in working order

Take charge of the yard

- Prepare garden beds for next spring by cleaning out your current beds and adding compost. To save plants from death by Jack Frost, mulch them well
- Leave (almost) no leaf behind. Leaves left scattered will smother your lawn. After raking for the last time of the season, mow your yard a final time, trimming the grass short to prevent disease and matting

Get your indoors cozy

- Go through your home and make sure all the heat vents are clear
- Schedule furnace inspections well before the first cold night
- Buy a supply of furnace filters and keep handy to change each month
- Clean or replace your humidifier elements
- Schedule professional carpet cleaning by the end of October (before firms get more fully booked)
- Get the kitchen ready for holiday cooking. Clean and organize your cabinets and counters

Sources: thisoldhouse.com, demesne.info and organizedhome.com

honey, I shrunk the new home

McMansions go on a diet

Today, as the demand for newly built houses continues to shrink, so does the size and sizzle of those houses.

Goodbye fireplaces. Goodbye frills, such as private theaters, built-in wine coolers, Jacuzzis and grand foyers. Goodbye dream houses with 4,700 square feet of elbow room. Today's McMansions are becoming more modest and smaller. In fact, newly-built single-family houses have slimmed from a peak average of 2,507 square feet in 2007 to a current 2,392 according to the U.S. Census Bureau.



Meanwhile, the sticker price of new homes continues to slide lower. The average selling price of newly built homes slid 21% to \$242,000 from June 2007 to June of this year, according to the U.S. Census Bureau. Even so, the lower prices aren't stimulating demand. Sales of newly built homes – and existing homes – remain sluggish. Today's buyers are not only leery of buying more house than they can afford. Many are leery of buying a house – period.

A few more statistics help tell the story:

- The sale of newly built homes in the U.S. fell from 1.3 million in 2005 to 485,000 in 2008 and 374,000 in 2009
- At this year's National Association of Home Builders annual meeting, 88% of the homebuilders said they will construct a larger share of even smaller houses going forward – and 89% said they plan to build more lower-priced models
- Meanwhile, 32% of the people in the market for a newly built home say they want their next home to be “smaller” or “much smaller” than the one they already live in, according to a recent survey by *Better Homes and Garden*

Sources: *The Wall Street Journal*, *The Washington Post*, MarketWatch, Reuters, fastcompany.com, *Christian Science Monitor* and the U.S. Census Bureau.

Wheelbarrow dos and don'ts

Since the days of ancient Greece, gardeners and others have relied on the wheelbarrow to help them move plants, compost, sand, firewood, bricks, concrete and you name it from point A to point B. Here are some pointers on how to take care of business – and yourself – with this trusty transporter.

Make a smart purchase. Buy one that's sturdy and has a large capacity. (This doesn't mean you have to fill it to capacity.) A one-wheeler is easier to control and maneuver than its two-wheel counterpart.

Be wise about your load. For greater ease and efficiency, place the heaviest part of your load over the wheel. Don't overload, especially on hilly ground where, going uphill, you might run out of steam or going downhill, have the wheelbarrow run away from you.

Mind your ergonomics. Before you do your hauling, make sure the path you intend to take is clear of obstructions. When dumping out your load, avoid back strain by bending from the hips and knees before you lift. Then switch to an underhand grip and lift the wheelbarrow straight up by straightening your legs.

Give your workhorse some TLC. Keep the tires inflated with a bike pump – unless you have “no flat” tires. Wooden handles? Protect and keep them splinter free by periodically sanding and wiping them with linseed oil. When not using the wheelbarrow, stand it up on its tip, preferably against a wall, under a roof. This takes pressure off the tire and protects the wheelbarrow so it won't rust (if it's metal) or turn it into a mosquito breeding ground.

Re-use it as a planter. When your wheelbarrow reaches the end of its usefulness as a wheelbarrow, make it a centerpiece of your garden by using it as a planter.

Sources: *The Washington Post*, uh.edu, doityourself.com and safety-services-company.com



Do you know someone in the market for a new home? Pass along this great \$100 OFFER!



Help yourself or someone you know save big money with an Alliant mortgage

If you or someone you know is in the market for a new home or looking to refinance a current residence, consider Alliant's great fixed, adjustable and interest-only mortgages.

With our online application, it's fast and easy to apply for a mortgage. Once the Alliant mortgage is approved and closed, we'll reward the borrower with a \$100 savings deposit.¹

Here's how it works...

1. Check out our below-market rates at www.alliantcreditunion.org. (If the person you are referring is not an Alliant member, he/she can easily join online, too.)
2. Apply online or call our Mortgage Hotline at 800-365-7003 (Mon-Fri, 6am-7pm CT; Sat, 8am-12pm CT).
3. Mail in the Certificate below. Then, we'll reward the borrower with a \$100 deposit¹ to his/her Alliant savings account.

¹ You must be or become a member of Alliant Credit Union to qualify. You must apply for your mortgage loan by December 31, 2010, to be eligible to receive the \$100 reward which will be deposited directly into your Alliant savings account. No substitutions will be made for the \$100 reward. Recipients are responsible for any tax liability. Only one \$100 reward per qualifying mortgage will be awarded. Original Certificate must be returned to Alliant Credit Union, ATTN: Marketing Dept., P.O. Box 66945, Chicago, IL 60666-0945, in order to receive the \$100 reward. Once we receive the Certificate and verify the loan amount and close date, we will deposit the \$100 reward in your Alliant savings account.



\$100 Mortgage Program Reward Certificate

Member Information

Individual applying for a mortgage, please complete this section and mail to Alliant.

Member Account Number _____

First name _____ Middle Name _____ Last Name _____

Street Address (include unit #) _____

City _____ State _____ Zip Code _____

Phone Number _____ E-mail _____

Not in the market for a mortgage?
Pass along this Certificate to someone who is.

Once your Alliant mortgage loan is approved and closed, a \$100 reward¹ will be deposited into your Alliant savings account.

Offer expires December 31, 2010

COMPLETE AND RETURN THIS CERTIFICATE TO:

Alliant Credit Union
Attn: Marketing Department
P.O. Box 66945
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