Fleur de Lis
Sentinel
THIRD QUARTER 2023
FOR REALTORS

A Mortgage History

by **Kimberly Ann Seger,** *Assistant Vice President & Mortgage Loan Officer*

It is not uncommon for me to exclaim, "Our grandparents wouldn't believe this!" as I age.

Lately, much discussion revolves around the mortgage interest rate, which has doubled over the past two to three years. In my opinion, this is another **"Our grandparents wouldn't believe this"** moment, not because the rate is excessively high, but because it is average. While the rates have increased significantly in the last two years, averaging over 5%, they are still less than the historical peaks.

If viewing through a wide historical lense, it was in 1916 that the banking industry lifted its prohibitions and began offering mortgages for homes. The 1940s saw an era where homeownership was possible for all, regardless of class, during and after the stock market crash and The Great Depression.

In 1967, my parents built a new, but very modest, home in Dubois County. As a history enthusiast, I kept their 1967 tax return as a childhood keepsake. Their tax return indicated that the home they built that year cost three years' worth of their gross wages. This seems similar to today's situation when you're looking at pricing on 3 bedroom, 2 bathroom homes in our area. I believe that during that period, the interest rate was over 7%.

In the early 1980s, the 30-year fixed rate exceeded 18%. I can provide another real-life example from my life: I married in 1987, and the interest rate had fallen to 10% that year, which was a great bargain compared to the early 1980s.

During the 1990s, rates remained below the 10% mark for the most part of the decade. In the 2000s, rates were similar to today's rates up to 2012 or so, with 2013 witnessing the lowest rate in decades.

Since 2020, record-breaking low rates have caused many individuals to shift their perspectives, which is why people perceive today's rates as "so high." In the future, I believe that historians will view the rate environment of the previous year or two as a necessary increase in a post-pandemic era.

It is often stated that we should not make permanent decisions based on temporary situations. Mortgage rates can be a temporary situation; if and when they fall, mortgages can be refinanced at any time. This is one of the many services Springs Valley can provide.

Speak to a Springs Valley Mortgage Specialist about refinancing today! ***Click here!***

Springs Valley Partners with INvestEd

Springs Valley Bank & Trust Company has a new partnership to help students fund their education or reach their student loan repayment goals!

We have partnered with **INvestEd**, a nonprofit that has been serving Hoosiers for over 40 years. INvestEd offers private student loan products with competitive rates and various repayment options.

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After grants, scholarships, and even federal student loans are used, a student may still have a funding gap. INvestEd offers private student loan options to fill that gap while also providing expert assistance so you make informed decisions and only borrow what you need.

STUDENT LOAN REFINANCING:

Monthly student loan payments don't have to break your budget. Often borrowers are paying interest rates higher than they need to, and they may also be in the wrong repayment plan. Completing an application or a quick call with one of INvestEd's experts may help you find options and could save you thousands with a lower interest rate, lower monthly payment, or both.

WE HELP STUDENTS

Get to School, Engage in School, and Graduate

Click here to learn more about our partnership with INvestEd:
https://www.svbt.bank/Student-Loans.aspx

Introducing

HomeBoost

What is HomeBoost?

HomeBoost is a minority down payment assistance program that provides **$15,000.00** in grant funding to first-time homebuyers purchasing a home in Indiana or Michigan.

Who qualifies for HomeBoost?

First-time homebuyers intending to purchase a primary residence in Indiana or Michigan who:

- identify as Black or African American, Asian, Hispanic, Indian American or Alaska Native, and/or Native Hawaiian or Other Pacific Islander;
- have a household income at or below 120% of the local Area Median Income.

Eligible homebuyers must work with a participating FHLBank Indianapolis member financial institution to apply for HomeBoost funds.

The pilot round of funding begins September 5, 2023 with $2,500,000.00 available in grants. Households will be assisted first-come, first-served until funds are exhausted, or on March 5, 2024, whichever occurs first.

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Interested in down-payment assistance through HomeBoost?

CONTACT ONE OF SPRINGS VALLEY'S MORTGAGE SPECIALISTS TODAY!

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