

Subprime Lending — Protect Yourself and Your Assets

Huge numbers of foreclosures are projected for 2008. It is projected (by the US Conference of Mayors) that 1.4 million homeowners will face foreclosure this year on properties totaling some \$316 billion. While steps are being taken to address predatory subprime lending practices, here are some proactive things you can do to protect yourself and your assets.

Educate yourself on your credit score. If your score is in the 700-850 range, you are considered by banks to be a 'good risk' and typically get the best rates. Scores in the 620-699 range usually get loans, but not at the best rates. And those with score below 500 are the most likely victims of predatory loan practices.



Understand the difference between adjustable-rate and fixed-rate mortgages. An adjustable-rate mortgage (ARM) is just that – adjustable. The rate rises and falls based on current interest rates. A fixed-rate mortgage has a rate that is set for the life of the loan – no surprises, no sudden increases. More than half of all loans considered to be subprime are ARM loans.

Fully understand what is included in your mortgage payment BEFORE you sign the papers. Some lenders exclude taxes or insurance premiums to lower the monthly payment so a borrower can qualify. Instead of setting aside taxes and insurance premiums on a more manageable monthly basis, the homeowner is hit with huge, budget-busting bills once a year. While the payment appears less expensive, you'll find it a lot easier to stretch your insurance and tax payments over 12 months.

The mortgage professionals at ESSA are prepared to answer your questions and will work closely with you to recommend the financing option that is right for you and your budget.

Home Equity Lines – fast, easy and flexible

Apply today for a Home Equity Credit Line. Once you are approved, you can write checks whenever you need to with this flexible and affordable line of credit. Home improvements, college tuition, and debt consolidation are just some of the ways people take advantage of the equity they have built up in their homes. But great rates like this won't last! Stop in any ESSA branch or call 570.421.0531 before March 15, 2008 to lock in these low rates: a 6-month introductory rate of 4.99% APR and a regular rate as low as 5.75% APR.

*APR's are accurate as of publication date. Offer is subject to change and may be withdrawn at any time. Introductory APR is effective through first six billing cycles. Thereafter, rate is variable and indexed to Prime as published in The Wall Street Journal the first business day each month. Maximum APR is 18%; minimum APR is 3%. New lines of \$25,000 or more will secure the advertised introductory rate. Some restrictions apply. Borrowers with an existing ESSA home equity loan or credit line that is being refinanced must borrow an additional \$25,000 or more to qualify for the advertised rate. Borrower is responsible for recording fee. Consult your tax advisor regarding tax deductibility of interest.

A graphic for a Home Equity Credit Line. It features the text "Flexible and affordable Home Equity Credit Line" in blue and orange. Below this, it shows "4.99% APR*" with "6-month introductory rate" underneath. Further down, it shows "5.75% APR*" with "Regular rate as low as" underneath. At the bottom, it says "Act now! Offer ends March 15, 2008".

ESSA's welcomes new information & technology manager

Kerry M. Lobel has joined ESSA Bank & Trust and is responsible for supervising the information and technology services functions at ESSA. These functions include MIS development, PC network services and support, and voice and data communications. He comes to ESSA with over 13 years experience in client-server support, system engineering, network support, telecommunications and problem identification and resolution. Please join us in welcoming Kerry aboard!



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