



Douglas F. Jenkins, Jr.
Vice President, Senior Lending Officer

Home Improvement in a Weak Economy

It's no secret that both nationally and locally, the real estate market has softened. While we have seen some weakening of real estate values in our local market, the declines have not been nearly as sharp as some areas of the country (and certainly not as sharp as the declines we have experienced in the stock market!). For most people, their home has been and will remain their single largest asset.

Spring is typically the season when homeowners start thinking about home maintenance and home improvement projects. Since our home is our largest asset, we want to do all we can to protect and/or increase its value. Now is the perfect time to consider replacing an aging roof, installing a more efficient heating and cooling system, or adding on the new sunroom you have always wanted.

With any sizeable home project, the cost and how it will be funded is always a consideration. Tapping the equity in your home, either through a home equity line of credit or a second mortgage, is the perfect way to finance home improvements. And contrary to what the media would have you believe, banks are still in the business of lending money! Community banks have been and still are vital sources of financing for

the communities they serve. Typically, for qualified borrowers, rates and terms available through home equity products will be much more favorable than those of credit cards or other unsecured sources. Depending upon individual circumstances, the interest on home equity products may be tax deductible. However, it is always best to consult with a tax advisor .

One positive note to be found in this economic environment is that interest rates are currently at historic lows. Whether you are thinking of borrowing against the equity in your home, or purchasing a primary residence or second home, mortgage loan rates are extremely attractive. Low interest rates, combined with reductions in home values, make home purchases more affordable than ever.

Perhaps you don't have a home improvement project in mind or aren't in the market for a new home. There are still ways to benefit from this interest rate environment. If it has been a while since you have re-financed your home, it may be an opportune time to consider. By re-financing into a lower rate loan, you may be able to save hundreds or thousands of dollars a year in interest expense, or shave years off the life of your loan. Every situation is unique. However, your local community banker is equipped with the expertise to evaluate a borrower's needs and goals and develop solutions to meet those needs.

Spring is upon us. Warm days and attractive interest rates combine to make it an ideal time to spruce up not only your home, but your personal finances as well. Talk to a community banker today about ways you can take advantage of a very favorable interest rate environment.

Doug Jenkins was born and raised in the Northern Neck. He spent more than 20 years working for a large, regional bank in Richmond, VA. In 2006, he joined Bank of Lancaster, with offices throughout the Northern Neck and headquartered in Kilmarnock, VA, where he currently holds the position of Senior Lending Officer.