OCKRELL HILL, Texas — Fifty years ago, cheap housing and a strong economy brought a generation of first-time homeowners to this tiny working-class town tucked inside Dallas.

Fifty years ago, in 1949, Henry A. Gillenwater, then a floor supervisor at a local aircraft plant, cashed in his war bonds to make a down payment of $2,750, or 41%, on his $6,750 house.

“ Took me eight years to save so much,” Mr. Gillenwater, now 85 years old, recalls.

Today, a few blocks away, a new generation of first-time home buyers such as Veronica and Luis Zuazua is helping fuel a second housing boom.

In 1997, the couple bought a $70,000 home in a new development of simple one-story brick houses with a down payment of $2,500, or 3.6%, much less than the conventional 20% down.

Now, as in the post-World War II boom, a strong U.S. economy and a supply of reasonably priced houses has made home ownership attractive. Mortgage interest rates, though not as low as in the 1950s, when they averaged a little more than 5%, are now around 6.75% and haven’t been above 9% in more than three years.

These low rates have coaxed many middle-income buyers into the property market. This helped push homeownership rates, which soared in the postwar boom years to 61% by 1960 from 42% in 1940, to a record 66.8% in the third quarter. But today there is a significant difference: the explosion in low-down-payment mortgage lending.

In the past few years, lenders, with the support of the federal government, community groups and the country’s biggest mortgage buyers, have lowered the bar on down payments to open up opportunities for low-income families traditionally left out of the housing market.

While military veterans in the ranks of postwar home buyers had access to government programs that subsidized their down payments, these new entry-level mortgages are available to a broad range of potential buyers.

About a third of new mortgage loans made in 1998 were extended to borrowers with down payments of less than 10% — many with as little as 5% down, according to the Mortgage Bankers Association of America in Washington. Some programs even allow the cash to be borrowed from relatives.

Though distinct from the higher-interest-rate loans aimed at consumers with poor credit — another factor in the current boom — low-down-payment loans don’t necessarily require a good credit record; showing prompt rent and utility payments can do the trick.

Partly as a result, immigrants, minorities and low-income families are buying homes like never before. The percentage of Hispanics owning a home in the U.S. jumped to 44.9% in the third quarter from 40.3% at the beginning of 1994, while homeownership among blacks climbed to 46.6% from 42.3%.

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ON THE BRINK

Today's first-time home buyers need financial stamina

By ITA ALLAN

The nation's economy shows signs of slowing, some consumer groups worry whether the idea of homeownership has the financial stamina to hang on.

Low-down-payment mortgages became widely available after Fannie Mae and Freddie Mac began to loosen their loan-approval guidelines.

For those of better means, mortgage companies are especially bullish because many young baby boomers who took part in her generation's housing boom and helped to revive neighborhoods in the early 1950s are selling their homes. (The dotted lines for both the years 1970 to 2029 for two age groups are projections.)

The chart of the bottom three pages shows the U.S. population for the years 1970 to 2029 for one age group that is important to U.S. policy makers: people aged 65 or older.

/ THE WILLIAM J. GEARHART CLASSIC EDITION/ THE WALL STREET JOURNAL/ FEBRUARY 1999

A Wave of Building

In essence, the two quasigovernmental companies, which buy more than half of the nation's mortgage loans, agreed to include such loans in the pool of mortgages they buy from lenders, and subse-

CONTINUED FROM PAGE 1

to-$100,000 homes with an initial outlay of $40,000 to $50,000, mortgage companies are especially bullish because many young baby boomers who took part in her generation's housing boom and helped to revive neighborhoods in the early 1950s are selling their homes.

The blue line represents 60-to-69-year-olds; the red line represents 25-to-34-year-olds. The blue bars on this chart represent the number of new homes that were sold during the year.

The chart on the left is for a comparison of the two age groups; the chart on the right is for the years 1970 to 2029 for two age groups.

How do you think this will affect the housing market in the future?

Many economic factors affect a move to a new home. One of the most significant factors are turnover rates in the housing market.

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How do you think this will affect the housing market in the future?
At school and at home, Jennifer Schulte’s drive inspires awe and angst

A frequent business traveler, Mr. Schulte wasn’t around much when his older daughter was a child. Now, his pride in her accomplishments is tempered by what he perceives as excessive seriousness. He says, “I think work is good. You learn discipline. But there’s only so much time to hang out and make trouble.”

During a family lunch, Mr. Schulte tries to sum up what he thinks of his daughter’s dedication to work. “Jennifer wants to be a Rhonda,” he says, explaining that Rhonda is a straight-laced, career-minded character from a Frank Zappa song that was popular some years ago. “I think that’s a compliment,” Miss Schulte says, seemingly satisfied with that description. Shaking his head, Mr. Schulte replies, “No, it’s not.”

Rhonda

In fact, Rhonda is a recurring character on Mr. Zappa’s Thing-Fish album, which includes a cut called “Artificial Rhonda.” Rhonda carries a briefcase, wears a rubber body suit and dominates her husband, Harry.

Mr. Schulte also worked while growing up. After school and most summers, he fixed cars or swept floors at his father’s gas station. Sometimes he worked late into the night and played poker in the back office with friends. Once, he recalls, his father fired him for slacking off.

“Someday we’re going to sit down with him and talk to him about how he’s done this,” he says. “I mean, he turned around Sears.”

Miss Schulte sees her ground-floor experience as a vital first step toward running Sears. She notes that she has done many jobs and says, “I think that’s what it takes to be the boss, the CEO.”

First-time home buyers need financial stamina

FOR THE NEWCOMERS, like the Zuazua’s, Las Haciendas represents a chance to move up in the world. Mr. Zuazua, 22, grew up in what local Latins call “La Bajada”; the lowlands, in low-income and high-crime West Dallas.

“My parents couldn’t give me a good house or nice things,” Mr. Zuazua says one Friday evening while working on his front lawn. “But they raised me right.”

The Zuazua’s weren’t sure at first they could afford the house they picked out from Las Haciendas’s sample books of brick colors, carpet styles and the like. While Ms. Zuazua had a good job with a direct-mail company, Mr. Zuazua was a student at the local junior college pro soccer with the Dallas Toros, which paid less than $100 a week.

Late-Night Discussions

After some long, late-night discussions, Mr. Zuazua says he finally told his wife, “Look, if you qualify for the house, I’ll start working. For sure I’ll get a job, and we’ll be OK.” To their surprise, she qualified. Mr. Zuazua got a job with his wife’s employer, and the couple cut back on expenses to make their down payment.

With one son and another on the way, he wants his children to have a different life. “Someday we’re going to show them a comparison of how they grew up and how we grew up,” Mr. Zuazua says.

Weird New Roles

Odd jobs before he got his current post two years ago. Last spring, Mr. Gonzalez, a father of two and a stepfather of one, saw the signs for Las Haciendas. In June, he and his girlfriend bought a $79,000 home there.

Someday we’re going to show them a comparison of how they grew up and how we grew up

CONTINUED FROM PAGE 12

First-time home buyers need financial stamina

Old-timers who stuck through the area’s three decades of decline now complain about the surge in traffic such new arrivals have brought. And to pick up the newcomers seem bewildered by their new roles.

ATTENDING CREEGTON allows her to keep the promotion she won this June, when she rose from being a hub assistant at one Sears store to hub leader at another, Nebraska’s biggest Sears.

Of five finalists for the job, she was the youngest — and most experienced. “She actually had the greatest background even though she’s only been with the company two years,” says Brad Burwell, the general manager.

Miss Schulte was gratified.

“Attending Creighton allows her to keep the promotion she won this June, when she rose from being a hub assistant at one Sears store to hub leader at another, Nebraska’s biggest Sears. If she works 780 hours a year, Sears will reimburse more than $5,000 a year of her tuition.”

Devotion to Sears

Indeed, her devotion is not just to work but to Sears. She stays there despite receiving only $18 an hour as a supervisor, while many Omaha teens earn $9 an hour as part-time telemarketers.

And she idolizes Mr. Martinez, the Sears CEO, the way other teens idolize rock stars. Her friends once fooled her into believing they had met Mr. Martinez at a national conference. Miss Schulte, all excited, was crushed to hear it was a joke. She says of Mr. Martinez, “I’d like to sit down with him and talk to him about how he’s done this. I mean, he turned around Sears.”

Miss Schulte sees her ground-floor experience as a vital first step toward running Sears. She notes that she has done many jobs and says, “I think that’s what it takes to be the boss, the CEO.”