



One Word: Confidence

Fixing the economy can all be described with one word: Confidence. We need the consumer to be confident enough to make long-term decisions such as purchasing a house for their long-term security. We need businesses to be confident enough to hire workers so that they can expand in the long-run. We need investors confident enough to purchase financial instruments so that banks are confident enough to lend to businesses and consumers. Certainly, the past few years have not been a period of confidence. On the other hand, sometimes events outside our own control give us another perspective. The tragedy beset upon Haiti is of a magnitude that is hard to conceive. Yet, the response of the world to the aid of this small country also is of a magnitude that is hard to conceive.

While we expect major economic powers such as our country to step forward, the realization of this world effort comes from stories of countries such as Norway. Norway, with a population about half the size of New York City, is contributing over \$17 million to the cause. The plight of Haiti puts our crisis in perspective. This country knew of their vulnerability to an earthquake, but did not have the financial resources to rebuild.

Our problems are many and many have suffered. But we are a great and resilient country and we must have the confidence that we can overcome our issues. Perhaps as we rally around Haiti, it will move us to rally our country out of our own crisis of confidence. We can do so much more for the world if our own economy is stronger. One indication would be a positive preliminary report of economic growth for the fourth quarter. This indicator is being released as we go to press... □



Investment Interest Increases

Real estate investors are moving back into the market, according to a new survey from Move.com. According to the Move.com survey, 12.1% of home buyers today plan to buy a home as an investment property, compared to 5.6% in March 2009.



The survey found that 15.8% of those interested in investment property were men and 8.1% were women and 52.6% of the investment buyers were between ages 35 to 49. Of the 25.3% of buyers who are focusing on foreclosure properties, 42% regard the purchase they are considering an investment and don't plan to live in the property themselves; 13.2% plan to rent out the property; 11.3% are going to fix up the property and resell it; and 17.4% plan to house a family member until the property can be sold profitably.

Of the 9.8% of buyers who say that they plan to purchase and live in a property in the next two years, 5.4% plan to purchase in the next 12 months; 48.3% are first-time buyers; 52.8% are women, and 44.1% are men. Buyers of property say they are motivated by factors such as: Prices are as low as they will go, 23.6%; Foreclosure prices are a bargain, 18.7%; There is a great selection of homes for sale in their target community, 21.2%; Concerned interest rates will rise, 14.2%... □ Source: Move.com

Selected Interest Rates January 21, 2010

30 Year Mortgages	4.99%
2009 High (June 11)	5.59%
2009 Low (April 30)	4.78%
15 Year Mortgages	4.40%
5/1 Hybrid ARMs	4.27%
1 Year Adjustables	4.32%
10 Year Treasuries	3.60%

Sources—Fed Reserve, Freddie Mac
Note: Average rates do not include fees and points. Information is provided for indicating trends only and should not be used for comparison purposes.

Realtors: Optimism About 2010

Home prices are expected to grow modestly this year and sales will keep rising as the housing market continues to recover from the worst downturn since the Great Depression, the National Association of Realtors said in their latest report. Home resale's are projected to total 5.7 million this year, up from an estimated 5 million last year. Prices will climb about 4% after a projected decline of 13% last year, according to Lawrence Yun, chief economist for the trade association. "Going into 2010, I anticipate that prices will also begin stabilizing or begin to modestly improve," said Yun. "I don't think the fear factor will be at play in 2010."

The housing market's rebound has been aided by an aggressive federal intervention to lower mortgage rates and bring more buyers into the market. Home resale's rose in the previous quarter to the highest level in more than two years, something Yun said shows buyers are eager to get back into the market. A federal tax credit of up to \$8,000 for first-time homebuyers helped fuel increased sales last year. The incentive was set to expire at the end of November, but the NAR and other housing groups successfully lobbied to get the credit extended. Now buyers can claim the credit if they sign a contract by April 30 and close the deal by the end of June. Lawmakers also expanded the program to include a \$6,500 credit for existing homeowners who have lived in their current residence for at least five years... □ Source: NAR

Did you know...

FHA has introduced a series of changes to their guidelines. These changes include an increase in the cost of FHA mortgage insurance, a minimum credit score of 580 if a buyer wants the minimum down payment of 3.5% and a limit of 3.0% of the sales price that the seller can help with closing costs. If you are thinking about purchasing, there is still time to purchase and apply before these standards are implemented—but you must hurry... □

Fed rate moves

The Fed's target for the fed funds rate, a key overnight lending rate.

