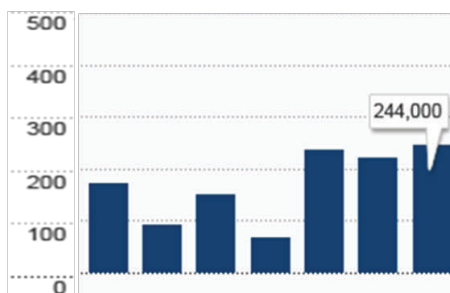


More Good Bad News

Disheartening to the markets was the news that housing starts and permits were down last month. Just when we needed the housing market to take another step forward. Understandably, new homes are finding it hard to compete with all the great prices of existing listings out there. How could this be good news? When new home construction slows it certainly hurts overall economic growth. However, construction of fewer new homes makes room to get rid of excess inventory caused by foreclosures. In other words, fewer new homes built represents good news as long as existing home sales continue to increase in strength. The trend is up for existing home sales which have unevenly increased in six out of the last nine months -- even though they have decreased from the levels of one-year ago due to the expiration of the housing tax credit. And we certainly expect housing starts to continue to strengthen because of the need for multi-family housing in an era in which the ranks of renters are increasing significantly.

The lower levels of new construction translate into fewer new homes out there to compete for resales and it bodes well for the long-term. The slower economic growth has also been translating into lower gas prices and interest rates. These are favorable factors for stronger economic recovery down the road. And as household formulation picks up, there will be a greater need for housing in the not so distant future. This higher level of household formulation coupled with natural population growth will spur the growth of new home starts and contribute to a very robust economy in the long run. The latent demand will be tremendous. Don't expect this cycle to hit tomorrow--but it will be coming. Our growing population will need places to live. Even as the economic recovery slows this season, there are positive signs for the future....

Job Growth Continues



©2011, All rights reserved
The Hershman Group www.originationpro.com



Cheaper to Buy Than Rent!

It is cheaper to buy a home than to rent one in 39 of the nation's 50 largest cities, according to a quarterly report by real estate search and marketing site Trulia. Trulia's rent vs. buy index compared the median list price with the median rent on two-bedroom apartments, condominiums and townhomes listed on Trulia.com as of April 1, 2011, in the 50 most populous cities in the U.S.

...78%
Of The
Time

While 72 percent of the cities favored buying in the previous quarter's report, 78 percent favored buying in this latest report.

"With home prices nearing a double dip and more foreclosures expected to flood the housing market over the next two years, the decision between renting and buying a home across most of the country has clearly moved in favor of buying," said Ken Shuman, Trulia's spokesperson, in a statement. "As we head into the summer buying season, those looking to buy a home should be encouraged by improvements in the market and feel optimistic about their chances of finding an affordable home -- much more so than in previous years"... Source: Inman News **Affordability now higher! This survey was completed before rates fell to 2011 lows as of the middle of May.**

Selected Interest Rates May 19, 2011

30 Year Mortgages	4.61%
2011 High (Feb 10)	5.05%
2011 Low (May 19)	4.61%
15 Year Mortgages	3.80%
5/1 Hybrid ARMs	3.48%
1 Year Adjustables	3.15%
10 Year Treasuries	3.17%

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.

Renters Need Insurance

Sometimes, mistaking a myth for a fact can be extremely costly. Take, for example, the myth that the only people who need to insure themselves against fires, floods or other disasters are homeowners. Everyone realizes that a property owner needs an insurance policy, but many renters overlook the fact that they, too, need coverage. "Some think that because the landlord has an umbrella policy, they don't need additional coverage," explains Susan Voss, president of the National Association of Insurance Commissioners, the organization of insurance regulators.

"Then there are college students who believe their parents' homeowners insurance covers their apartment." People somehow don't think about renters insurance because their home is not a house that they own," she says. They forget that while they may not own the building, they own the contents, and replacing them could be a major expense. Misconceptions about renters insurance can prove expensive when the unexpected happens. "A lot of the people in the recent tornadoes didn't have renters insurance," says Voss. The number of renters is growing nationwide -- it's up more than 10% between 2004 and 2009, according to Traveler's Insurance -- and in today's economy, many of them might not be on the lookout for one more bill to add to their budgets. But this is one they can't afford to ignore, so forget the myths and go for the facts...

Source: Daily Finance, AOL

Did you know...

More buyers in high-cost areas may be motivated to purchase a home before an Oct. 1 deadline when the government plans to scale back the size of "jumbo" home loans it guarantees in costly real estate markets. On Oct. 1, the maximum loan amount that Fannie Mae and Freddie Mac is set to decrease from \$729,750 to \$625,500. This might make home loans more expensive or more difficult to get for buyers in high-cost areas. Source: MSNBC

Compliments of Suzanne Smith

HNB Mortgage

432-683-0081

suzanne@hnbmortgage.com

NMLS # 192813