

Will The Jobs Package Work?

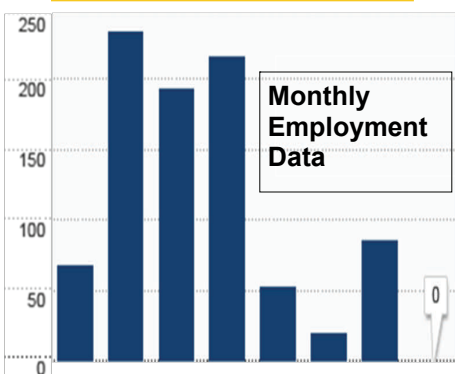
Even before it was officially proposed, the President's job package was being assailed by the media as being too small to make a difference. Here is an excerpt from an article in CNN/Money which appeared the day before the package was proposed:

...economists say the package won't be enough to change the struggling economy's trajectory. "The kick to growth is going to be pretty small. It will add substantially less than 1% to GDP growth in 2012," said Nigel Gault, the chief U.S. economist at IHS Global Insight... "If we're talking about whether the package is big enough to start making a dent, it's probably going to fall short of that goal," said Gary Burtless, economist at the Brookings Institution...

These analyses fall short because they don't address the importance of confidence. Americans need to be confident that their government is going to help. So if the President's "teensy, little" \$400 billion jobs package does not do much, it does not matter. It matters whether it has the ability to lift confidence which will make a difference.

The prolonged haggling over the budget and other proposals by Congress and the President did not instill confidence. It makes matters worse. Solidarity and teamwork by our politicians would be a welcome sign.

Overall, the economy is in a much better place than it was two years ago. Two years ago we were losing hundreds of thousands of jobs. Now we are not creating enough jobs to replace the ones we lost, let alone fuel future growth. Consumers are spending, the service sector is expanding and exports are growing. Companies also have the cash to hire. As soon as we lead the public forward, the vicious cycle breaks and the virtuous cycle begins... □



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The Rental Market Heats Up

The rental market is continuing to heat up and can offer potentially big returns for buyers willing to jump into the landlord role. For investors looking to take advantage of low record-reaching rates and big discounts on home prices, the opportunities are plenty. Rents are rising and demand is up too, partially due to the 4 million former home owners who've faced a foreclosure and are now renters. In response, more homes are turning into rentals: Nearly 35.0% of occupied homes were rented in 2010, which is a 33.8% increase from 2000, according to a recent study.

"33.8% increase"

In more than 500 cities, demand for rentals has increased, with vacancies for rental housing reaching its lowest level since 2003, according to Census data. Plus, rents are on the rise too: Nationwide, rents increased 11.6% in 2010 to \$1,320 a month, on average, according to Hotpads.com, a real estate research firm. Investors are buying rental properties with the intention to hold onto it for a longer time too: On average, investors say they plan to hold onto the property for 10 years before selling, according to a survey by the National Association of Realtors®. "Whereas leverage is dangerous when buying stocks, rental properties can be a good long-term strategy," said investor Marshall Sonenshine... □ *Source: Money*

Selected Interest Rates September 22, 2011

- 30 Year Mortgages — 4.09%
- 2011 High (Feb 10) — 5.05%
- 2011 Low (Sept 15) — 4.09%
- 15 Year Mortgages — 3.29%
- 5/1 Hybrid ARMs — 3.02%
- 1 Year Adjustables — 2.82%
- 10 Year Treasuries — 1.71%

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.

Single Women Purchasing

Unmarried women continue to make up a growing segment of home buyers and are buying homes in record numbers: Last year, they composed 20 percent of all buyers, according to the National Association of Realtors®. Single men accounted for 12 percent. The Joint Center for Housing Studies says the three main reasons single women are purchasing homes are: They have a strong desire to nest (the top-ranked reason); They want to relocate closer to a job or family; They need more space.

In capturing this growing segment of female buyers, builders are reflecting more female tastes in the design of homes. For example, in new houses, builders are adding security features, gourmet kitchens, and maintenance-free yards to appeal more to the single woman buyer. Housing experts say that single women are purchasing homes at various stages in their lives — some are new college grads and plan to one day get married while others may be divorced or just want to set up roots in their own place... □

Source: SecondAct/MSN

Did you know...

Some homeowners in their 50s are taking advantage of historic low rates to refinance their homes and score themselves a mortgage-free retirement. Mark and Jan Sass, 55-year-olds who live in Ohio, refinanced their home to lock in lower rates, Reuters reported. They switched from a 20-year fixed-rate loan with 12 years remaining, to 10-year loan at a lower rate. "The opportunity to look 10 years out and know that – unless things change – we won't have a home loan when we retire looked like a smart decision," Sass told the news agency. They aren't alone. U.S. banks have seen a recent surge in applications that's almost entirely due to refinancing, said Greg McBride, senior financial analyst at Bankrate.com... □

Source: Daily Finance

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