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Home Prices Rise For Second Straight Quarter: Freddie Mac

By: CNBC.com

December 8, 2009

Freddie Mac said Tuesday that its Conventional Mortgage Home Price Index (CMHPI) registered a 0.9 percent quarterly gain during the third quarter 2009 for the U.S. That follows an upward revised 2.0 percent pickup in the second quarter and marking the second consecutive quarter of price increase.

The increases of the past two quarters erased about two-fifths of the declines registered during the final quarter of 2008 and the first quarter of 2009; over the year ending with the third quarter of 2009, U.S. home sales prices were down 3.9 percent in the CMHPI Purchase-Only Series.

"The home-price gains of the past two quarters reflect improving existing home sales over that period. Sales volume was up 15 percent between the first and third quarters of this year," said Frank Nothaft, Freddie Mac vice president and chief economist.

Mortgage Applications Hit 2-Month High

By: Reuters

December 9, 2009

Demand for U.S. home loans rose to the highest level in about two months, mainly from borrowers locking in low mortgage rates by refinancing, the Mortgage Bankers Association said on Wednesday.

Nearly three of every four loan requests last week was for a refinancing, the industry group said. Total mortgage applications, based on the group's seasonally adjusted market index, rose 8.5 percent to 665.6 last week to the highest since early October.

Demand for loans to buy a home increased by 4.0 percent, while refinancing applications jumped 11.1 percent to 3,185.9 last week. This was the highest refinance index level in about two months.

Average 30-year mortgage rates rose 0.09 percentage point to 4.88 percent but haven't strayed far from all-time lows.

The rate was down from 5.44 percent a year ago and compares with a record low of 4.61 percent set in March, according to the Mortgage Bankers Association.

Home purchasing has been slowly accelerating as affordability improves and government incentives have broadened.

Borrowing costs are historically low.

Home prices have been slashed about 30 percent on average from their 2006 peaks and starting to rise in many areas.

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Potential buyers will show up in bigger numbers through the usually slow winter months to take advantage of a tax credit that the Obama administration extended.

An \$8,000 credit that was set to end Nov. 30 for first-time buyers was prolonged, with contract signings now due by April 30 and loan closings by June 30.

A new \$6,500 tax credit to lure move-up buyers was added.

But double-digit unemployment rates, despite some improvement in November to 10 percent from 10.2 percent, will keep many buyers inactive.

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