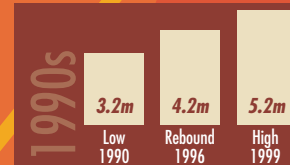
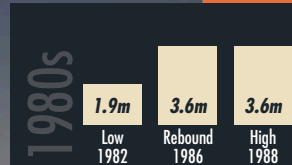
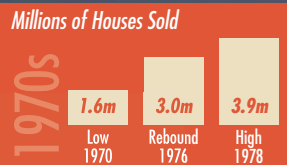


One thing remains constant—real estate sales go up over time.

TAKE A CLOSE LOOK:

# 2007 HOME SALES FIFTH BEST IN HISTORY



During the 70's, 80's and 90's, there were significant changes in the economy, some of which were reflected in the housing market. The trend was always the same. The housing market rode it out and improved. 2005 and 2006 were strong years for home sales, but did you know that 2007 was actually the fifth best in history? "Existing home sales are projected at 5.92 million this year (2007), rising to 6.27 million in 2008, compared with 6.48 million in 2006."<sup>1</sup>

## GOOD NEWS—The Housing Market Is Relative

When you buy and sell is relative. Taxes are structured to accommodate the premise that when most people sell their home, they are also buying another one because they need a place to live. There are financial incentives encouraging this timely reinvestment. So, regardless of market conditions, buying and selling in a relatively close period of time levels the playing field—if you sell in a high market, you are also buying in a high market. If you bought years ago, the market has likely appreciated significantly—it always does.

2007 is on pace to show a 1.15% increase in average sales price

2007 is on track to be the fifth best year in the history of real estate

U.S. EXISTING HOMES STATISTICS <sup>5</sup>		
	Homes Sold	Avg. Price
2004	6.7 million	\$195,400
2005	7.0 million	\$219,600
2006	6.4 million	\$221,900
2007 (est.)	5.5 million	\$224,500

## Mortgage Rates Are Historically Very Low

Mortgage availability is restricted, but that applies more to ARMs and subprime lenders than fixed-rate mortgages from prime lenders. Despite 2007 market fluctuations, rates have stabilized and are quite low by long-term standards. Lenders are more selective, and you should be, too.

## Seek the Advice of Professionals

The prime lenders in the mortgage industry remain strong. Through a professional qualification process, they provide market stability via sound lending policies. Seek their advice for traditional financing programs that will fit your needs long term. They are best qualified to "sort things out for you" and provide responsible advice regarding home loans and refinancing.

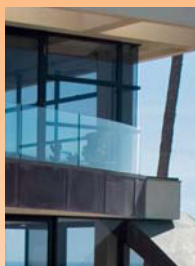
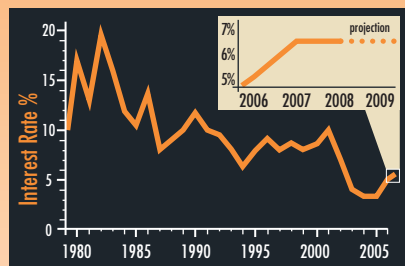


Be patient. Good things will come.

## MORE GOOD NEWS—Look Beyond the Headlines

### The U.S. Economy Is Stable

Unemployment is low and has been holding steady at about 4.6 percent for the last two years. This is better than all but three years in the last 30.<sup>2</sup> U.S. personal income held steady in 2007.<sup>3</sup> Gross Domestic Product is forecast to grow in 2008.<sup>4</sup>



## Market UPDATE

The latest news at time of publication: A modest recovery for existing-home sales is expected in 2008 as the impact of the credit crunch subsides, while pending home sales indicate near-term stability. Lawrence Yun, NAR chief economist, said the housing market will improve from a steady unleashing of pent-up demand and from a wide abundance of safer mortgage products. "Even with relatively low fourth quarter sales, 2007 will be the fifth highest year on record for existing-home sales. The median existing-home price in 2007 will have fallen by less than 2 percent from an all-time high set in 2006," Yun said.

## Interest Rates Are Low

The Federal Reserve Board adjusts interest rates as a means of holding inflation in check while keeping our economy moving. Over the last 20 years, during tight housing markets, inflation and interest rates have been high, causing or compounding the situation. Currently, interest rates are historically low. Lower interest rates generally equate to lower house payments and may be a strong motivator to sell or buy during a tight market.

There will always be opportunities to sell and buy a home—make sure the timing is right for you.



1 Nat'l Assn. Realtors 09/07. <http://www.realtor.org/Research.nsf/htmlarchives/ResearchUpdate091407>  
 2 [http://www.bls.gov/cps/prev\\_yrs.htm](http://www.bls.gov/cps/prev_yrs.htm)  
 3 <http://www.farcas.org/personal-income.htm>  
 4 <http://www.cbo.gov/ftpdocs/cfm?index=7731>  
 5 Nat'l Assn. Realtors, Existing Homes Sales. [http://www.realtor.org/Research.nsf/files/ehsreport.pdf/\\$FILE/EHSreport.pdf](http://www.realtor.org/Research.nsf/files/ehsreport.pdf/$FILE/EHSreport.pdf)

# VACATION HOME SALES ARE ON THE UPSWING.

A rising trend in the real estate market is the purchase of second homes. In fact, vacation home sales rose nearly 5 percent in 2006. The average buyer's age was 44, and one-third already had plans to eventually make the vacation home their full-time residence.

There are several reasons why now is a good time to consider purchasing a house for your retirement:



**The market is good.** Competing bids are rare in today's market, and sellers are eager to make a deal. This gives you better bargaining power.

**Sooner is better than later.** You can be assured that the price of a home is lower now than it will be in 10 years. Consider also that the prices of the most desirable locations, such as waterfront and resort properties, are likely to rise even faster.

**Mortgage rates are low.** Now is a good time to get a great deal on a mortgage, and you cannot be certain of rates down the line.

**Time is on your side.** Fortunately, you aren't in the position to have to make a snap decision. Take the time to research your purchase and the areas you are interested in living.

**Sort out your finances now.** Another added benefit of having time to plan your secondary home purchase is the ability to crunch the numbers ahead of time and figure out what you can afford and what your fixed expenses would be.

**Rent to own.** You have the option to rent out the house to help decrease costs. This won't necessarily make your vacation home a profitable venture, but it can make it more attainable. As a rule of thumb: if one week of peak rental income can cover a month of mortgage expense, it is a good deal.

**Establish your roots.** Buying a retirement house early makes it easier to move into when the time comes. You will already have an attachment to the home with sentimental memories, be familiar and comfortable with the area and already know your neighbors and the community.

**Create a family retreat.** Owning a home in a vacation setting will quickly make it a top destination for quality family time. Buying while your children are still in the household will make them much more likely to visit on vacation with their children after they move out.



## CONSIDER THESE THINGS WHEN YOU ARE LOOKING FOR A RETIREMENT OR VACATION HOME:

- Is it affordable? You obviously don't want to spend more than you can afford.
- Is it convenient to get to? Generally, it should be within three hours from a major city.
- Can you rent it out? If you plan on renting it out to lower costs, make sure you are buying in an active vacation rental market.
- What is there to do? You'll want to make sure there is plenty to do around the area.
- Is there room to grow? The most desirable destinations are usually in the least saturated markets.
- Is it both a winter and summer retreat?

## 5 BEAUTIFUL PLACES TO

# OWN ON A BUDGET

1. WHITE MOUNTAINS, ARIZONA
2. CENTRAL SIERRA MOUNTAINS, CALIFORNIA
3. SOUTH PADRE ISLAND, TEXAS
4. AMELIA ISLAND, FLORIDA
5. MURRELLS INLET AND SURFSIDE BEACH, SOUTH CAROLINA