



THE LAMPPOST

*Mortgage News and
Good Stuff for Life*

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MID YEAR REPORT

As you may have read in the news recently mortgage interest rates are on the rise. This is due to the fact that the economy is running on all cylinders and investors are beginning to take more risks outside of mortgage backed securities. When this happens, sellers of mortgage backed securities lower the prices of their bonds to try to attract investors. When bond prices go down, yields go up which directly affect mortgage interest rates.



You also may have noticed that interest rates on credit cards and Home Equity Lines of Credit have risen as well.

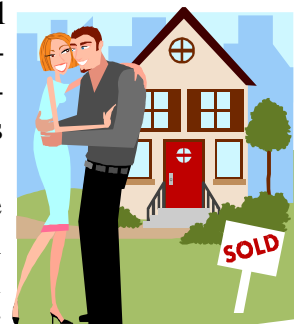
So what does all this mean for consumers? It means that the cost of borrowing is going up because banks no longer need to give consumers lower rates as incentive to borrow. Hear any auto dealers offering 0% financing for new vehicles lately? Jobs are being created, wages are increasing, retail sales are on the rise, consumer confidence is up and manufacturing production is strengthening. The economy has recovered from the effects of 9/11 and is back on track.



Mortgage rates have increased .375% from their low point in June, but are still slightly lower than where they began in January. As of mid- August, conventional 30-year interest rates were around 5.75%. It is expected that they will continue to increase and be somewhere between 6.00 and 6.50% by the end of the year.

Home Equity Lines of Credit (HELOC) rates have increased steadily since June of last year. The Federal Reserve has increased the Federal Reserve Rate (which directly affects short term interest rates like the Prime Rate, the index for all HELOCs) .25% every time they have met. The Prime Rate reached it's lowest point in decades last year at 4.00% and is currently 6.50%. I expect that the Fed will continue to raise short term rates another .75 to 1.25% over the next 6 to 9 months and then sit tight for a while.

According to both St. Paul and Minneapolis Area Association of Realtors the average home in the Twin Cities has risen in value about 8% over the last two years. The median price for a home in July was \$233,300. Both numbers are slightly higher than the national average. According to several local appraisers property values in the Twin Cities will probably grow at a slower rate – maybe 6 to 7% over the next few years.



Due to an increased housing supply homes are taking longer to sell. As a result of the increased supply it has become a buyer's market. So if you are looking to buy a new home in the near future your timing is good.

Whether you are looking to buy or sell please call me for a free consultation to review current market conditions, your financial situation and check into options that would be appropriate for your specific circumstances.

Make Things Right - Now

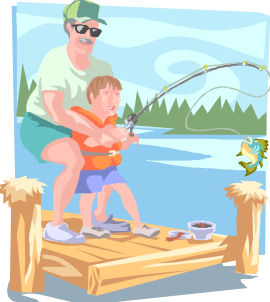


Are you mad at anyone? Are they mad at you? Do you have an “unsettled score”? Is there someone who you haven’t talked to for a long time? Does someone close to you need to hear “I love you”?

Recently, I listened to a very moving story told to me by one of my clients who came back to Minnesota, to bury his father. Paul’s dad grew up during World War II. Many men from that generation did not share their emotions or feelings. They didn’t give hugs they would never openly cry.

Though Paul’s father showed love by providing for the family, being honest and setting a good example for his children, they didn’t hear “I love you” or “You’re doing a great job.”

As Paul grew up, he wondered if his dad really loved him. When Paul became an adult, he understood and that his father was a product of generations of men who raised their families this way. Though he didn’t hold it against his father, he realized how important it is for a child to hear openly expressed love and encouragement.



A few years ago, Paul took the initiative to hug his dad and say, “I love you.” His father seemed cold to this and mumbled back that he loved Paul, but it was obvious to Paul that his father felt awkward expressing himself. Paul didn’t let that hinder him and was persistent in telling his father that he loved him and gave him hugs when he saw him.

Several months ago, things began to change. Paul’s father sensed he was dying and his wall began to crumble. His father hugged Paul with a genuine love and wouldn’t let go. He began to cry uncontrollably, and for the first time in his life he learned how wonderful and freeing it was to say “I love you” and “I’m proud of you”.

Shortly afterward, a doctor confirmed Paul’s father really was dying and he then began to openly share with all his family his love for them. He blessed them with words of encouragement that they had never heard before.

I was truly encouraged and motivated by Paul’s story. It also made me wonder why so many people wait until the end of their life to open up to loved ones or more importantly, restore relationships with family and former friends.

Many of us don’t have the luxury of knowing when we or those around us are going to pass away, so why wait to make things right with those whom we have had close relationships?



Why do we carry around the bitterness, anger and bad feelings that cause us to be in emotional bondage? If we know that forgiving another person will “take a load off our shoulders” and lead to emotional health, why not take care of things right away?

I believe two areas that get in the way are pride and short sightedness. How many times have you said to yourself, “Nobody’s going to treat me that way” or “How dare they say that to me!” That is pride. Pride says “I’m first and most important”. But any counseling professional will tell you that always putting yourself first gets in the way of having close and meaningful relationships.

Pride also gets in the way of seeing situations clearly. I can’t tell you how many times I have misinterpreted somebody’s actions or words. Only when I went to that person to find out what they really meant or said did I find out I had made a false assumption.

As human beings it’s natural to expect or anticipate the worst in a situation or person if we feel we have been wronged. Many times we misinterpret the situation or words of others. Only when we seek to understand and share how we truly feel about an event or situation will we be able to experience deep and meaningful relationships we were created to enjoy.



Life is too short to hold a grudge. It is too short to hold back and not share how you truly feel about others. Seek to understand situations and share how you feel about those around you. You never know when you or someone close to you will pass away. Seek to make things right – now!