



Joe,

The housing market still faces many challenges. High unemployment, foreclosures and other distress sales are keeping negative pressure on prices. This of course is good news if you are looking to buy as low rates and lower prices have brought affordability to record levels.

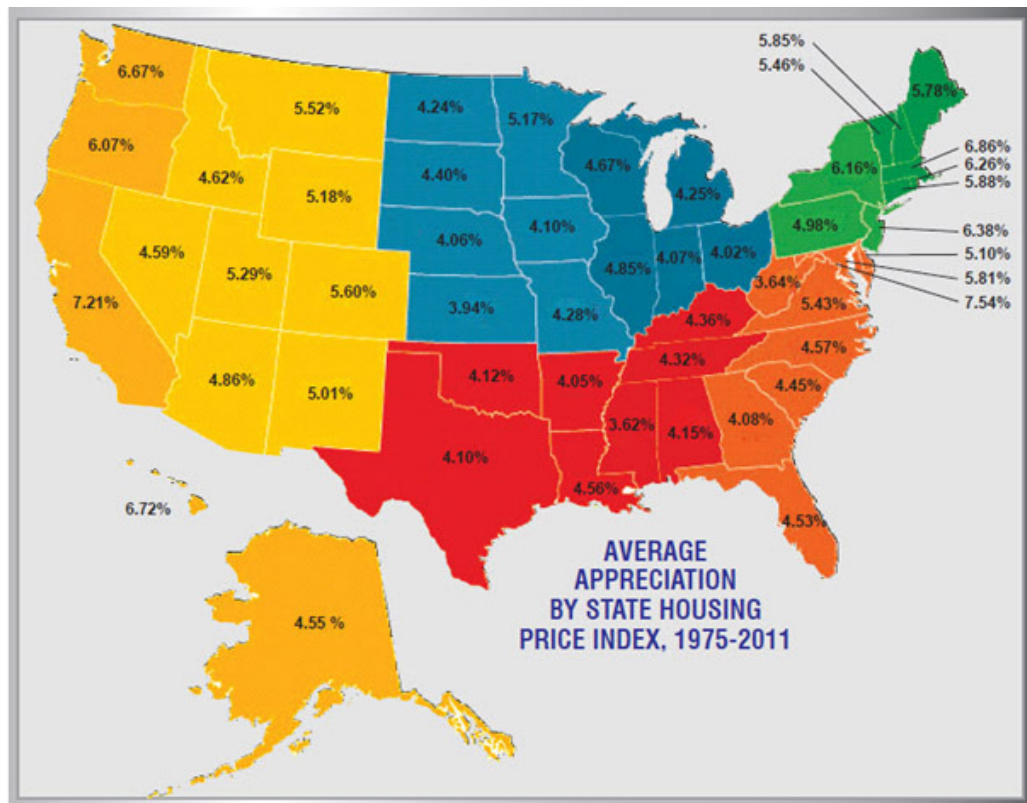
How Affordable? Since 1963, it has cost an average of approximately 43% of "per capita" or individual income to finance the cost of a median priced home (20% down payment and prevailing 30 year fixed rate mortgage). **Right now, it's only about half of that cost at approximately 22%.**

Are you holding off on a purchase for fear that prices might fall further? Chances are that some sellers might be thinking the same thing. If you're smart about it, you can use that as an advantage to strike the best possible deal on a home today for once a seller believes that prices have bottomed or are going back up, your advantage will be gone.

Don't confuse Price with Payments - Gambling on the expectation of a lower price tomorrow at the risk of higher rates can cost much more in the long run than locking in a sure thing today. Ex. \$200,000 30 Yr. fixed loan @ 4.625% = \$1028/mo. today vs. \$180,000 @ 6.5% = \$1137/mo. later. In other words, paying less can still cost you more.

Own, Rent, or Borrow - One way or another, a home is something we all need every day. The numbers here tell the story and it's no secret that values have fallen, yet over time, that's not the case. As you can see by the chart, values over the last 10 years in most states show very healthy appreciation, and over the long haul (map below) all states have.

We don't get a history lesson in the news because the news is about the moment and the more dramatic the better. That's what sells advertising and that's how they get paid. For the rest of us, taking a rational, longer term view of things makes more sense. This is particularly true when it comes to a home, for this is something we are likely to own for many years rather than just moments.



Historic Home Value Appreciation				
State	Q2 2011	Last Year	Last 5 Years	Last 10 Years
AK	-0.02%	0.78%	4.46%	56.71%
AL	-1.48%	-3.74%	-0.84%	26.87%
AR	-0.17%	-2.54%	-1.43%	28.15%
AZ	-6.12%	-13.83%	-43.87%	8.73%
CA	-1.72%	-5.60%	-36.97%	31.49%
CO	-1.89%	-3.51%	-6.18%	13.63%
CT	-1.87%	-3.25%	-14.19%	36.95%
DC	1.98%	1.98%	-5.05%	105.53%
DE	-2.61%	-5.61%	-13.13%	47.22%
FL	-3.28%	-8.93%	-41.17%	23.34%
GA	-4.49%	-8.89%	-15.19%	6.55%
HI	-0.31%	-1.40%	-13.86%	79.70%
IA	-0.86%	-0.92%	2.59%	24.55%
ID	-4.01%	-11.93%	-19.81%	23.08%
IL	-1.52%	-4.78%	-15.03%	19.11%
IN	-1.15%	-2.27%	-2.94%	11.11%
KS	-1.29%	-2.34%	0.50%	22.23%
KY	-0.99%	-0.94%	1.61%	23.81%
LA	-0.10%	-0.75%	4.85%	42.53%
MA	-1.12%	-1.71%	-13.74%	31.59%
MD	-2.37%	-5.17%	-20.93%	57.23%
ME	-1.74%	-2.36%	-7.83%	45.29%
MI	-2.02%	-5.09%	-25.29%	-13.92%
MN	-2.60%	-5.99%	-18.38%	17.07%
MO	-1.66%	-3.85%	-6.25%	21.94%
MS	0.25%	-1.87%	-0.14%	26.20%
MT	-1.17%	-3.20%	0.36%	54.37%
NC	-1.89%	-4.18%	-1.85%	23.43%
ND	0.80%	4.49%	15.91%	57.73%
NE	-0.34%	-0.65%	0.04%	19.30%
NH	-1.94%	-3.49%	-16.89%	30.32%
NJ	-1.96%	-3.64%	-16.34%	51.50%
NM	-1.77%	-4.98%	-5.16%	39.66%
NV	-7.46%	-14.76%	-53.21%	-5.75%
NY	-1.21%	-1.74%	-9.36%	52.17%
OH	-1.53%	-3.85%	-9.77%	4.37%
OK	0.27%	-1.28%	6.58%	32.58%
OR	-2.80%	-8.62%	-18.15%	32.58%
PA	-0.90%	-1.84%	-2.76%	47.04%
RI	-3.22%	-4.51%	-23.26%	44.75%
SC	-2.71%	-4.33%	-3.68%	24.31%
SD	-0.42%	0.15%	7.25%	37.97%
TN	-1.67%	-3.49%	-0.93%	25.22%
TX	-0.95%	-2.46%	6.19%	28.16%
UT	-2.13%	-6.10%	-7.37%	22.36%
VA	-1.45%	-3.30%	-12.67%	56.16%
VT	-0.91%	-0.92%	-0.54%	61.60%
WA	-2.44%	-7.30%	-14.46%	35.59%
WI	-1.78%	-3.54%	-7.06%	23.32%
WV	-2.71%	-3.56%	-0.82%	30.27%
WY	-1.28%	-3.15%	6.66%	64.00%

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Data is derived from the FHFA housing price index.

Sincerely,

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