



Greatest Home Buying Time in History

MARK'S MEMO

Now may be one of the best times to buy a home in our history but, only if you get the right price! The flip side of all this fantastic opportunity is that if you need to sell a home you might have a very rough road to travel.

gage of **\$116,426.00**

Residential Real Estate prices across the nation are at record lows. It isn't just Michigan that has a depressed housing market, it's everywhere. It's my best guess that in the Detroit Metropolitan area there are at least 24 to 36 months of homes on the market. That means, it would take two to three years for all the houses with "For Sale" signs to be purchased.

The residential real estate market isn't quite as bad in other parts of Michigan, but it is still REALLY BAD. That being said, if you ever wanted to own a little house on the lake, or if your child is looking for his/her first home, NOW is the time. Proceed with haste, and with caution! Fun isn't it?

Here are a few important rules:

1. Calculate your Gross Annual Income. Multiply that number by 25%. Divide by 12. The result is your MAXIMUM monthly Principal and Interest payment. At today's rates, if you make \$50,000, the result is:

$\$50,000 \times 0.25 / 12 = \$1,042.67$ per month, or a mortgage of **\$194,043.00**

2. By the way, that above amount is going to HURT the first several years you pay it. It would be better if you only used 15% of your gross. That is:

$\$50,000 \times 0.15 / 12 = \625 per month, or a mort-

3. Put down 20% if at all possible. You will avoid \$100s if not \$1,000s in insurance costs. If you are unable to make the down payment, use public assistance programs.
4. Do pay attention to essential things like number of baths, bedrooms, school district, real estate taxes, neighborhood drug dealers (a hint, if you see any don't buy), any houses/buildings nearby that are vacant or in bad shape, etc.
5. Use any available public assistance programs for which you qualify, see more later.
6. If you already own a home, sell it BEFORE buying another, unless you can afford both.
7. Never, never, never, never, never, never fall in love with a house before you get the deal wrapped up and put to bed.

If you are a first time home buyer and you close on your home by the end of 2009, you will qualify for FREE money from the US Treasury. You are a first time home buyer if you have not owned a home for at least three years. The free money is limited to \$8,000 or 10% of the home price whichever is less. You make your claim for the money on your tax return. For the first time since

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the early 1990s there really are decent, acceptable starter homes on the market in reasonable neighborhoods for \$100,000 or less. If you need and qualify for public assisted programs go to <http://www.michigan.gov/mshda> and start digging. Michigan State Housing Development Authority (MSHDA) has several programs for which you might be surprised you qualify.

MSHDA programs include the following: Conventional loans, for those with good credit but modest income and with funds for three to five per cent down; United States Department of Veteran Affairs (VA) loans; and Rural Development (RD) loans for those in special targeted rural areas with no down payment.

MSHDA programs usually require you to complete homeownership counseling. Find out more by going to the website or call the Homeownership Contact office at 517-373-6840 in Lansing.

If you are looking for that little house on the lake and it isn't your first home and you want to own two homes then you can forget about the easy financing of years ago. The good news is these homes have never been cheaper. The bad news is that if you need financing, it's never been harder.

Before looking for that second home, make sure your current mortgage is in good shape. Many people have loans with six per cent or higher rates and would love to refinance them. Unfortunately almost everyone has watched their home price drop 30 to 50 per cent. In many cases people owe as much or slightly more than the balance of their current mortgage. Until recently that meant you would be unable to refinance.

According to independent mortgage broker Mike Schornack, a new loan became available that will allow you to refinance your home even if the new mortgage to appraised value is up to 105%. That is, if your appraised value is \$100,000 you could refinance at current rates up to a mortgage of \$105,000. If you have mortgage financing questions feel free to call Mike at 586/360-4305.

Office Updates

Congratulations to Rusty Deaton, he passed the Series 7, General Securities Exam on May 13th. Rusty has one test left to pass before he is fully legal to conduct mutual fund and variable annuity transactions.

Haas Financial has been operating with a computer based, voice over internet telephone system for several months. To say the least, the system has been a bit quirky. We continue to get the bugs ironed out and appreciate any comments or complaints you might have. Please let us know so we can continue to improve the system. We added an after-hours emergency contact feature. Follow the prompts to directly connect to Jim's or my cell phone.

I started fishing again with some intensity. For years I gave up the sport while my kids were young and my business took 80 or more hours a week to build. Well I have only one teenager left at home, my lovely daughter Hannah and my beautiful wife Caryn is very tolerant (she even likes to fish herself) of my hobby so I am at it with abandon. If the fishing stories get too boring don't be afraid to let me know. I'll be happy to switch gears and listen to you instead.

Tight lines,

Hope to see you soon.

JIM'S JOURNAL

Look Back – 1st Quarter 2009

The start was brutal, the end was amazing, the future is still unclear.

Following the historic losses of 2008, January 2009 ended with another round of record losses as the Dow and S&P 500 both recorded double digit declines. The double digit losses for the DOW and S&P 500 continued into February. After all was said and done this two month period featured the worst start ever for stocks, even surpassing the beginning two month losses of 1933. Not to be denied, the markets surged from their March 9th lows and produced the quickest one month upturn since 1938. The sum total of it all was that stocks posted their sixth consecutive losing quarter. The final numbers were: Dow -13.20%, S&P 500 -11.67% and NASDAQ -3.07% (Source-Fidelity Independent Advisor 4-09).

As you might imagine, the average stock mutual fund which is made up of stocks and sometimes bonds with the addition of a management fee, had losses ranging from a high of -13.2% (Large-Cap Value) to -3.9% (Mid-Cap Growth). Sector stock funds which can be more volatile because of their higher concentration in specific areas ranged from -30.1% (Real Estate) to +2.6% in Science & Technology on average. The average taxable bond fund was up +1.2% for the quarter (Source-Wall Street Journal 4-6-09).

We have seen the good, the bad, the ugly (mostly ugly) in the first quarter and the logical question is what can we expect for the rest of the year? I am

still of the opinion that the markets will end the year in negative territory despite some sharp advances at different periods. Fundamentally, the economic picture is still not very good although there are signs of improvement. If housing and employment are considered to be leading economic indicators it appears the turn around may not be until next year. Everything changes quickly so we shall see.

There is new and important news relating to the Haas Financial Money Management Program. Rydex Financial Services (RFS), the day to day administrator for our retirement accounts, has been bought by Ceros Broker Service. National Financial Services (NFS), a Division of Fidelity is the actual custodian who holds the funds for the retirement accounts. Jefferson National Life is the custodian who holds the funds for the non-retirement accounts. NFS and Jefferson National will not change as our custodians.

My initial reaction was pretty negative when I first heard RFS was for sale. However, it appears that there will not be any change in the way we do business other than the formal ownership change. You should receive a notification in the mail sometime in late May about the change in ownership. You will not have to do anything to continue the program as it is set up.

Ceros Broker Service has been in the financial services business for about 19 years. It is headquartered in Frankfurt, Germany; their holding company is based in Switzerland. They have indicated that they will keep everything as it is and not change the way business is done other than to add additional opportunities.

In the January *Money Monitor* I stated that my traditional approach to money management which consists of sector rotation and momentum strategies was not working well in this market and I was exploring other strategies. Although the Money Management Program was negative after the first quarter, I still managed to do better than the DOW and S&P 500. April was down but I have finally found a group of analysts who reflect my thinking and approach to money management. In that research process I have discovered that investing is like playing baseball. Even the best hitters do not hit safely all the time— three hits in ten times at bat will make you an all-star. The percentage of correct stock market advice for investing is about five to six in ten right calls for the very best analysts. You can't hit a home run every month but over the last five years I have been in positive territory at the end of each year. It is always my goal to outperform the market and minimize losses. No guarantees can be given in the world of investing but hopefully the streak will continue in 2009. I intend to do my best to keep it going.

Quotes to Note



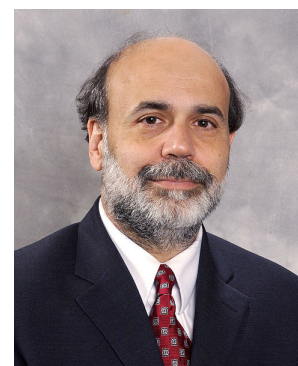
Sir John Templeton
1912–2008

“Bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria”.

“Never adopt permanently any type of asset or any selection method. Try to stay flexible, open-minded, and skeptical”.

“Everything is in a constant state of change, and the wise investor recognizes that success is a process of continually seeking answers to new questions”.

“Over the years, the U.S. economy has shown a remarkable ability to absorb shocks of all kinds, to recover, and to continue to grow. Flexible and efficient markets for labor and capital, an entrepreneurial tradition, and a general willingness to tolerate and even embrace technological and economic change all contribute to this resiliency”.



Ben Bernanke

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