



Published by
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Headline News

ECONOMY

The Fed's Steady Course

With the economy muddling along with sluggish growth but no new recession in sight, Federal Reserve officials appear to remain no more inclined to cut interest rates than they were a few weeks ago. There is no single reason why officials prefer to stand pat. However, some maintain the risks facing the economy are political, such as the war with Iraq. Should war become a reality, the Fed might have to act. In the meantime, many officials seem content to leave rates alone on the view the recovery is likely to strengthen. *(The Wall Street Journal)*

INDUSTRY

Many Refis Used to Boost Savings

Almost a third of U.S. homeowners who have refinanced their mortgages in the past two years, or plan to do so in the coming year, expect to use the extra money to increase their savings, according to a survey by the Cambridge Consumer Credit Index. Of those surveyed, 23 percent plan to pay off non-credit-card debt, 20 percent plan to remodel their homes or buy a vehicle, and 15 percent plan to pay off credit card debt. The real surprise in the results is the percentage that plan to

increase savings, while another 38 percent are using the money to pay down debt. *(National Mortgage News)*

Market for High-End Homes Falters

As most of the housing market hums, the high-end market sputters. High-end home sellers in Boston, Atlanta, Denver and Seattle can expect to wait months, maybe even years, before snagging a buyer. Even the perennially hot, expensive markets like San Francisco, Manhattan and Aspen, are seeing squishiness at the top. What's a high-end home? It depends on where you live. In Boston and Houston, for example, it's a home that costs \$1 million plus. In Atlanta and Denver, it's a home that costs \$500,000 plus. *(USA Today)*

Will Mortgages Become Anchor Products?

Despite some lenders' efforts to use residential mortgages to "anchor" customer relationships and sell other products, mortgages will not become the anchor product for most financial institutions in the foreseeable future, according to TowerGroup. The firm said its latest research indicates that most retail banks will continue to focus on checking and savings accounts and credit cards to retain customers, while most investment, securities and insurance firms will rely on their core products for customer retention. Nevertheless, the firm believes the

mortgage asset holds great potential as both a core and complementary relationship banking product if financial institutions can leverage their technology systems to improve mortgage customer retention rates and cross-sell other products. *(National Mortgage News)*

Fair Isaac, NAR Join Forces

A service that allows Realtors to check their own FICO score and credit health at a discount is now available through Fair, Isaac & Co. Inc. Fair Isaac is a new partner in the NAR's Realtor VIP Alliance Program. Through this partnership, NAR members will receive discounts on several Fair Isaac Products that deliver actionable credit information online. "Being able to instruct potential customers early about the importance of FICO scores will allow Realtors to better assist their customers," said Bob Goldberg, NAR senior vice president of marketing and business development. *(Mortgage Technology News)*

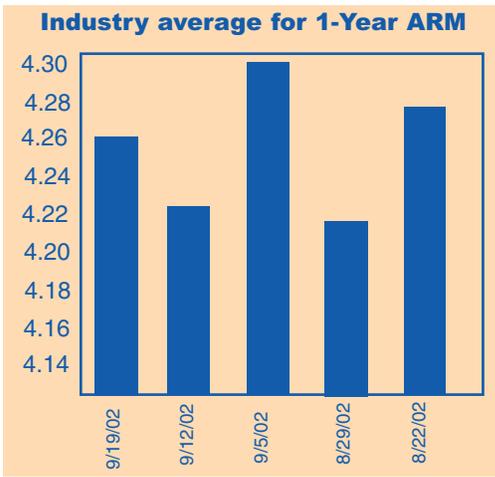
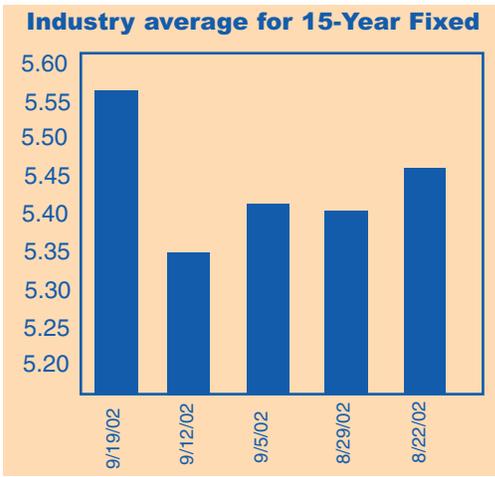
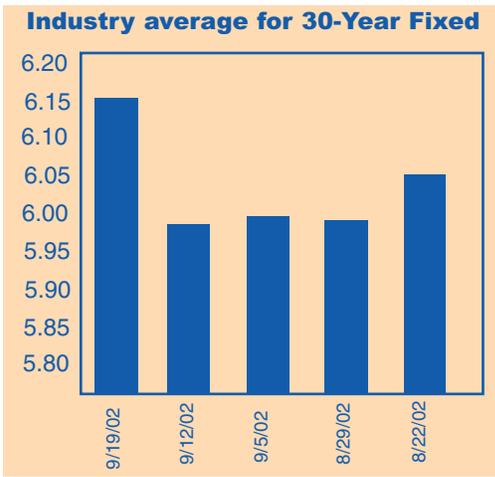
Fannie and Freddie to Up Loan Limits

Next month, Fannie Mae and Freddie Mac are expected to unveil a hike in the size of the loans they can purchase from \$300,700 to \$325,000. The limit increase will become effective in January. *(Investor's Business Daily)*

CLOSELY WATCHED REPORTS

MORTGAGE RATES

ISM Index	The ISM index fell below the critical 50 percent level in September, reaching 49.5 percent when compared to 50.5 percent in August. This was the third consecutive month where the index was below expectations.	↓
Leading Indicators	The Conference Board reports that its Index of Leading Economic Indicators fell 0.2 percent in September. The index, which is used to predict the strength of the economy about six months ahead, stood at 111.6 for the month.	↓
Consumer Price Index	The Consumer Price Index increased 0.2 percent in September, before seasonal adjustment, the U.S. Labor Department reports. The September level of 181.0 was 1.5 percent higher than its level in September 2001.	↑
NAHB Index	The NAHB Housing Market Index dipped one point to 62 in October, according to the National Association of Home Builders. Anything above 50 in the index means builders believe that the single-family housing market is doing well.	↓
Housing Starts	Single-family housing starts jumped 18.2 in September to a level not seen since 1978. The National Association of Home Builders expected a correction from August's low number, but the magnitude of the jump was surprising to economists.	↑
Employment	The number of unemployed (8.1 million) and the unemployment rate (5.6 percent) were unchanged in September. The Labor Department reports that job losses in manufacturing and transportation offset gains in the finance and health industries.	↑ ↓
Construction Spending	Construction spending dropped 0.4 percent in August led by cutbacks in private builders' projects including offices, industrial complexes and hotels. The decline in spending was in line with analysts' expectations and followed a tiny 0.1 percent decrease in July.	↓
Producer Price Index	The Producer Price Index for finished goods increased by 0.1 percent as expected in September, partly due to higher energy prices. Excluding energy and food, prices for core finished goods rose at the same rate, and remain around where they started the year.	↑
Retail Sales	Retail sales fell more sharply than expected in September, dropping 1.2 percent. The fall followed three months of strong gains, although August's gain was revise down to 0.6 percent. Excluding tumbling auto sales, sales grew at 0.1 percent, down from 0.3 percent in August.	↓



INSIDE FOCUS

What Every First-Time Buyer Needs to Know

Owning a home is the American Dream. For too many people, it is a dream that may seem out of reach. But it doesn't have to be that way. Here is some advice from our experts to help get your buyers started.

"The first thing we recommend is that your buyers attend a comprehensive first-time buyer workshop," says Michelle Collins, of GMAC Mortgage's product development group. "They can usually find one in their neighborhood sponsored by a real estate professional, local loan officer, or an agency like Fannie Mae or Freddie Mac."

Learning all they can about the mortgage process is the best way to begin. This will help determine if they are ready to own a home. And since they're likely to receive a copy of their credit report when they attend a workshop, they can also determine if their credit is ready.

"After the workshop they can move in one of two ways," adds Collins. "Those with acceptable credit may be directed to a Realtor to find a home, then a loan officer to make an application for home financing. Those with less than desirable credit may be directed to a credit counselor for advice and assistance in repairing it."

Are there programs for those who fall in between -- those with slightly less than desirable credit?

"Absolutely," says Collins. "We have several mortgage programs, including our own Pathways program, that may help."

There are also a variety of first-time buyer programs available to help potential homeowners who don't have a lot saved for a down payment. Many programs allow qualified buyers to obtain home financing with as little as \$500 down.

Another GMAC Mortgage exclusive program, The HomeStretch Plan, actually provides money to qualified buyers to use as a down payment and/or closing costs. The money comes in the form of a second mortgage, but one without interest or monthly payments. And the loan is completely forgiven if the borrower stays in the property for 10 years or more.

Even if the buyer has a down payment and closing costs saved, they can use HomeStretch to free up that cash for other needs, like making investments or fixing up their new home.

for more detailed information on the Pathways Program or the HomeStretch Plan, see your local GMAC Mortgage loan representative.

The HomeStretch Plan by GMAC Mortgage



It's now easier to go from "sale" to "sold".

You can convert more prospects into bona fide home-buyers with The HomeStretch Plan.

Easy and valuable for you and your buyer.

Unique down payment assistance program provides qualified customers with up to 4 percent of the total approved FHA loan amount to cover down payment and some or all of their closing costs.

The down payment assistance comes from a second mortgage with a qualified loan forgiveness feature.

You can put more homes - or more of a home - in your customer's price range.

Unlike other down payment assistance programs, funds are unlimited and always available.

When you're into the HomeStretch, you're almost home.

Hook up with the HomeStretch Plan today by calling your local GMAC Mortgage loan representative. With it, you can help your customers find a better way home.

*Certain restrictions apply. Call for further details.

ASIDE

Money Talks

How have the events of Sept. 11 affected consumer spending? The question was posed to a nationally representative sample of 2,500 adults by Greenwich, Conn.-based NFO WorldGroup between June 12 and 20, 2002. According to the findings, more than half (52 percent) of all Americans say they have altered their spending habits in at least one consumer category since the attacks. For instance, 24 percent of all Americans say that, since Sept. 11, they have spent a greater portion of their hard-earned dollars on groceries to prepare meals at home, compared with 15 percent who say they've spent more going out to eat. Almost 1 in 3 adults with children age 18 or under (30 percent) has spent more money on food at home in the past year than they did prior to the attacks. Also, 10 percent of Americans say they have spent a greater share of their income on gifts to themselves, and 19 percent have spent more money on gifts for their family since Sept. 11. (*American Demographics*)

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DATES TO WATCH

November 14

October Retail Sales

November 15

October Producer Price Index

November 19

October Consumer Price Index

November NAHB Housing Market Index

November 20

October New Residential Construction

November 21

October Leading Indicators

WORDS TO LIVE BY

The truth is more important than the facts.

-- Frank Lloyd Wright

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