

"THE MINORCA BEACH LINK"

AN INFORMATIVE E-NEWSLETTER OF MARKET VALUES

PROVIDED BY:

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YOUR SALES & PROPERTY MANAGER SPECIALIST TEAM

OF MINORCA



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July- Aug 2011

Mortgage Rates: Impact of the Credit Rating Downgrade

by The KCM Crew on August 8, 2011

We want to discuss the impact the downgrade of the U.S. credit rating will have on mortgage interest rates. In these times of uncertainty and volatility, no one knows for sure what will happen next. However, we want to talk about possible scenarios.

Mortgage rates normally run parallel to the country's Treasury bonds. If many people are buying Treasury bonds *the return* on those bonds decrease. If less people are interested in buying bonds, then *the return* on those bonds must increase in order to draw more buyers. If bond returns increase or decrease, mortgage rates normally follow.

Many experts feel that the downgrade in the country's credit rating will cause people to see greater risk and therefore be less likely to invest in our Treasury bonds. That would necessitate returns to push upward as any investor would seek higher returns as compensation for the perceived greater risk. If that happens, mortgage rates will probably increase. Many experts believe this scenario will take place.

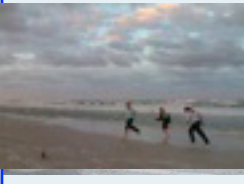
However, others believe the exact opposite could happen. If people think the U.S. is struggling financially, they may question the entire world economy. If they do, they might still trust the U.S. bonds over other investments. Then, Treasury bond returns would decrease as demand increases. Mortgage interest rates may actually soften in this scenario.

Bottom Line Again, no one knows for sure what will happen. Rates could go up, go down or stay relatively unchanged. We will keep you current on any movements in rates.

To all economists and to all who wish they were: We realize this is an oversimplified explanation of a very complicated issue. We attempt to help our readers get a basic understanding of situations that impact the housing market. If you want to share a more complicated explanation, please feel free to comment. – The KCM Crew



If you are already listed with another broker please disregard

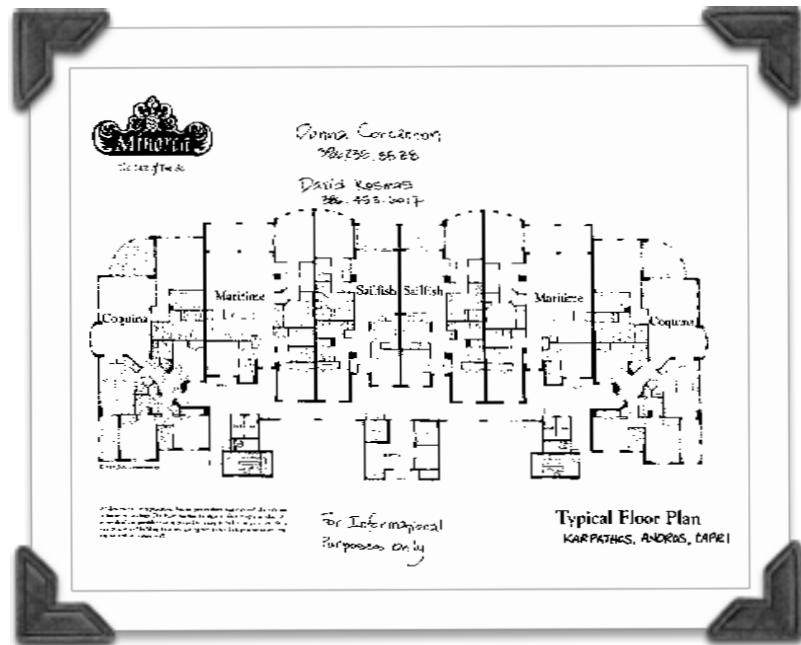
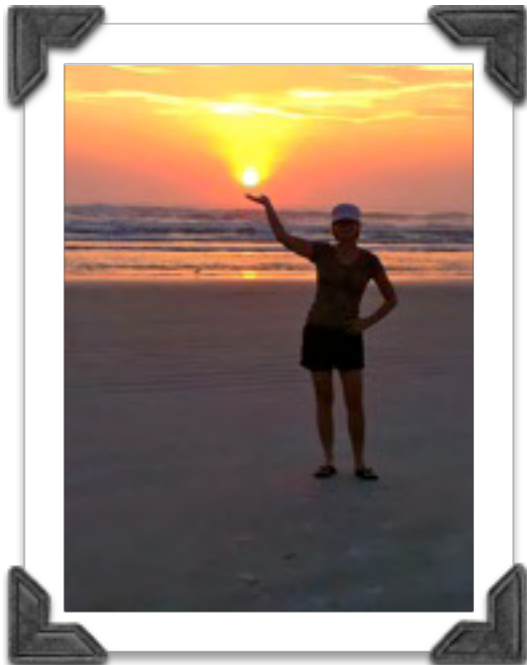
261 MBW KARPATOS BUILDING HAMMOCKS ASSOCIATION	BED/BATH FURNISHED Y/N	
204 SAILFISH	3/2 N	386,500
404 SAILFISH	3/2 N	495,000
405 MARITIME	3/3 N SOLD 420,000	525,000 SHORT SALE
503 SAILFISH	3/2 Y	630,000
605 MARITIME	3/3 Y	725,000 REDUCED
905 MARITIME	3/3 N	789,000
801 COQUINA	3/3 N SOLD 751,500	789,000 BANK OWNED
406 COQUINA	4/3 N	799,000
306 COQUINA	4/3 PARTIALLY	850,000
501 COQUINA	4/3 N	799,000 REDUCED
802 MARITIME	3/3 N	895,000
601 COQUINA	4/3 Y	949,000
901 COQUINA	4/3 N	1,250,000

255 MBW CAPRI BUILDING DUNES ASSOCIATION	BED/BATH FURNISHED Y/N	
901 & 906 SANDPIPER PENTHOUSE	4/4 2 CAR GARAGE SLIPS	CALL DONNA FOR DETAILS..EXCLUSIVE


259 MBW SALINA BUILDING HAMMOCKS ASSOCIATION	BED/BATH FURNISHED Y/N	
802 SANTIAGO	2/2 N	699,000
603 COQUINA	4/3 PARTIALLY AND BOAT SLIP AVAIL!	675,000 REDUCED BEST DEAL!!!
303 COQUINA	4/3 Y	850,000

253 MBW ANDROS BUILDING DUNES ASSOCIATION	BED/BATH FURNISHED Y/N	 LIST PRICE
703 SAILFISH	3/2 Y	595,000
903 SAILFISH	2/2 Y	649,900
506 COQUINA	4/3 N	1,100,000
205 MARITIME	3/3 Y	720,000


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HOMES CURRENTLY ON THE MARKET FOR SALE

263 MBW EVISSA BUILDING PALMS ASSOCIATION	BED/BATHS FURNISHED	LIST PRICE 
302 INDIGO	3/2 Y	368,900 REDUCED
904 CORONADO	2/2 N	465,000 REDUCED

250 MBW PAROS BUILDING PALMS ASSOCIATION	BED/BATHS FURNISHED Y/N	LIST PRICE 
203 CORONADO	2/2 N	349,999
303 CORONADO	2/2 N	429,900
503 CORONADO	2/2 N UNDER CONTRACT	469,000
505 INDIGO	3/2 N	495,000
905 INDIGO	3/2 N SOLD 475,000	535,000

265 MBW MALLORCA BUILDING PALMS ASSOCIATION	BED/BATHS FURNISHED Y/N	LIST PRICE 
204 CORONADO	2/2 N UNDER CONTRACT	285,000 SHORT SALE
205 INDIGO	3/2 Y	359,000
404 CORONADO	2/2 N	399,900
306 WINDSONG	3/2.5 Y UNDER CONTRACT	439,000
604 INDIGO	3/2 N	439,000
601 WINDSONG	3/2.5 N	619,000



MINORCA SALES JANUARY THROUGH JUNE 30, 2011

ADDRESS FURNISHED Y/N	LIST PRICE	SOLD PRICE	DOM	SOLD DATE
263 MBW 605 N	375,000	362,000	57	FEB '11
263 MBW 902 N	449,000	420,000	143	APRIL '11
253 MBW 401 BANK OWNED PROPERTY	549,900	656,300	28	APRIL '11
255 MBW 905 Y	899,000	826,500	631	MAY '11
261 MBW 804 Y	569,000	475,000	644	MAY '11
265 MBW 605 Y	399,900	369,000	788	MAY '11
250 MBW 905 N	499,000	475,000	N	JUNE '11
261 MBW 405 N	450,000	420,000		AUG '11
261 MBW 801 N	789,900	751,500		JUL '11

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