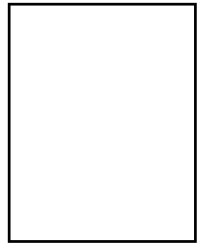


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Market and Economic News

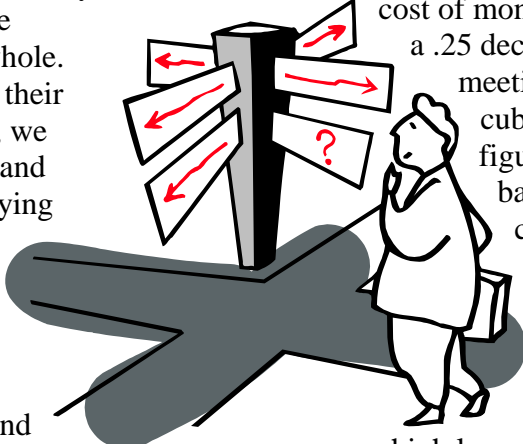
Don't believe everything you read and hear.....

Anyone tired of hearing about "Sub-Prime" mortgages and how they have destroyed the whole economy yada, yada....? The last couple months have been crazy in the mortgage market and the financial markets as a whole. Many lenders have shut their doors for good. Locally, we have seen ABC, Pro30, and Greenpoint close up, laying off many employees. Several lenders have cut back the types of loans they will do and tightened terms...Some lenders have done OK and have not changed much...A lot of the media would have you believe that there is no money out there and that lenders are not doing loans at all...Not True...

Loans most effected by this craziness are Jumbo (over \$417,000), stated income , and high leverage (over 90% loan to value). Loans that fall in the Conforming (up to \$417,000) range have actually improved in rate recently and have not changed much of what they will do. In some cases it may make sense for borrowers to combine a Conforming size loan with a second instead of one Jumbo loan. This is due to the

current wide spread between Conforming and Jumbo rates. In a "normal" market the difference between a 30 year Conforming Fixed and a Jumbo Fixed is .25-.375. Currently the spread is 1% +.

Some solutions that may soften part of this...A short term increase of the Conforming size to the \$600,000 range (a slim possibility)...A Federal Reserve decrease may help some lenders with their cost of money (seems likely to be a .25 decrease at September meeting)...The guys in their cubicles in Wall Street figuring out it may not be as bad as they thought (this could take a while)...



What caused all of this? In a nutshell a lot of over aggressive lending on sub-prime credit deals, high leverage (up to 100%) deals, and low initial rate loans with significant increases after 2-3 years...With home values softening in the last year, a lot of these borrowers did not have options to improve or redo their financing. This has lead to an excessive amount of foreclosures and short sales. Lenders were stuck with properties that could not be sold for the amount of the loan on the property. Lenders/investors with a large amount of "high risk" loans out there are/were stuck . The guys in the Wall Street cubicles have an uncertainty on liquidity and are tightening even on the A+ loans....I believe this will soften soon and we are already seeing some signs of this...In the meantime, Can you say Creative Finance?

What is a "Sub-Prime" loan?

The Mortgage Education Dictionary defines

Subprime Mortgage as: "A mortgage granted to a borrower considered subprime, that is, a person with a less-than-perfect credit report. Subprime borrowers have either missed payments on a debt or have been late with payments. Lenders charge a higher interest rate to compensate for potential losses from customers who may run into trouble or default."

I think a lot of the discussion of subprime mortgages recently expands this to high leverage (100%) financing and very low initial rate negative amortization loans. For these types of loans, borrowers can have A+ credit..Most of these loans are favorable in the first couple years, but can take a big jump after that period. Many borrowers will look into refinancing after these first couple years. With property values either flat or dropping in many areas, refinancing for these borrowers was extremely difficult if not impossible.

New Exciting loan option available today.....

In today's market where many loans are disappearing, there is a new exciting loan that is gaining popularity. It is a loan program that has been popular in Australia for 10 years now. The program goes by the name Home Ownership Accelerator. It is a whole different way of utilizing home financing with the possibility of paying down principal in a significantly faster time than a normal 30 year fixed rate loan...It is not a Bi-weekly or 15 year fixed, and it happens without the borrower changing their spending habits.

The loan is a variation of a line of credit with some additional features. Basically the borrower(s) deposit paychecks into this account significantly lowering the Principal. They then utilize this account for paying bills, buying groceries, etc. It basically replaces their current checking account..Because the Principal is significantly paid down early in the month, the average daily interest cost is lower. The long term

Stated Income and High Leverage still Available

Call or E-Mail to discuss your specific situation. Market changes on a daily basis.....

Stacey's Corner

Special for back to school:

Cornville Corn Bread

1 1/3 cups	cornmeal
1 can	creamed corn
3/4 cup	milk
1/2 teaspoon	salt
1/2 teaspoon	baking soda
1/3 cup	oil
2	eggs
1/2 -3/4 cup	sugar
1/2 cup	flour

Mix all ingredients & pour into a 7" x 11" non-greased pan. Bake in a pre-heated oven @ 400 for 20-25 min.

This produces a very moist & sweet cornbread that is different from the traditional recipe- try it. It's a regular request from my family- and we NEVER have leftovers!!

Stacey

*** Stacey Bruno is my Loan Processor (An extremely important part of getting your loan done right and in a timely manner!!) She takes a lot of care in making sure your loan is handled correctly from start to finish. In her free time, she enjoys being creative in the Kitchen.**

benefit is significant Principal paydown with a mortgage paid off possibly in 1/3rd of the time of a standard 30 year fixed. The more significant the early deposits are, the more significant the Principal paydown can be. There are simulators that can be run to see the benefits for your situation..This can benefit borrowers with good cash flow and who plan to stay in the property for a fair amount of time.

Currently this loan is available on Primary and Second homes up to 90% of the value (best pricing is at 80% and under). It is available up to \$2.5million.

If interested in more information, you can check out www.HomeOwnershipAccelerator.net

Watch the videos explaining how it works and borrowers' experiences....

If you would like to discuss further, please e-mail or give me a call...

Creative Finance etc...

Does anyone remember the days of "creative finance"? Well I started in this business in 1988 and missed out on a lot of the mid 80's creative financing...

With lender tightening and a lot of uncertainty in the home financing markets, we may once again see a lot of creative deals...Seller carrybacks may become popular once again. It may not be unreasonable to use a Hard Money first of 70% and a seller carryback of 20-30%.

With stated income deals being limited, the utilization of co-borrowers may become more popular.

Lenders are tightening up on the FICO scores they are looking at. Borrowers may need to be more educated on how to get their scores as high as possible.

In a nutshell with the lending market changing on a daily basis, our job (Mortgage Brokers) has become that much more important. We are constantly in touch with the real estate finance market and staying on top of who is currently aggressive and who has decided they are pricing out of the market now.

Check out my Website at
WWW.JUPE.COM
Info on mortgages and some other things I do and get involved with..
Please check it out

team and a base of agents with a long history in the business....

As a part of staying strong our Novato office will be relocating to San Rafael to our corporate office. Our team will be together in our move. Unfortunately during this

Interest Rate Indexes as of August 28, 2007

11th District Cost of Funds	4.283
Prime(current)	8.250
12 Month MTA	4.983
1 Month LIBOR	5.330
10 Year Treasury(current)	4.530

Conforming Loan Sizes

- **1-family loans: \$ 417,000**
- **2-family loans: \$ 533,850**
- **3-family loans: \$ 645,300**
- **4-family loans: \$ 801,650**

Since 1990 my office has been physically located in Novato...First at Novato Mortgage, then at First Security Loan since 1992..I will miss my almost daily trips to Scullys and late lunches in the window at Ming Yen, but as far as my accessibility to

clients, this will not change. My e-mail remains the same and I should have my direct line for at least another 6 months...

I do not like change (Just ask my barber Mike), but this is part of staying strong and continuing to service my clients to the fullest.....

Change.....

With many lenders closing their doors and others doing significant layoffs, First Security Loan has minimized much of this. This is due to many things including a strong management

process a receptionist (Kelley) had to be laid off, but that is it. We will be going as a group to 900 Mission Ave in San Rafael. This will not effect my meeting with Novato clients as I will still meet you at your home or at Old Republic Title in town..As mentioned before, I started in this business in 1988.

Referrals Please....Always appreciated!!

If you know anyone looking to: Purchase a home; Refinance for lower rates, Consolidate debt, Better cash flow, Make home improvements, Fund college, Purchase an Investment Etc...

*Please have them give me a call or send me an e-mail
(If you received this via e-mail, please forward this to friends and family)*

Current Sampling of Rates and Loan Programs

A sampling of Fixed Rate Loan Programs

Program	Rate	Max Loan	APR
30 Yr	6.125	\$417,000	6.233
15 yr	5.750	\$417,000	5.911
7/1	6.250	\$417,000	6.388
5/1	6.000	\$417,000	6.139
30 yr	7.125	\$500,000+	7.255
15 yr	6.625	\$500,000+	6.822
10/1	7.125	\$500,000+	7.255
7/1	6.875	\$500,000+	7.004
5/1	6.500	\$500,000+	6.702
3/1	6.125	\$500,000+	6.267

All rates quoted above are at 1 point. Loans are available with higher/lower points. Rates effective August 28, 2007. Please Call.

Adjustable and Other Programs:

- ◆ **NO Document Loans**
- (no job/income/asset)
- ◆ **Interest Only Loans**
- ◆ **Purchases/refinances up to 100%+!!**
- ◆ **Adjustables with payment rates as low as .25%**
- ◆ **Rental property loans with low down**
- ◆ **B-C, “Hard Money” loans available (Tough properties, Poor credit, etc.)**
- ◆ **Lines of credit with No Lender Fees**
- ◆ **Hybrid adjustables**
- ◆ **Many other programs available.....**
- ◆ **Call for your specific needs!**

Many options are available. First Security Loan represents various lenders and loan programs. The above is just a sampling of what is available. Please give me a call for your specific case. We can do loans with higher points for a lower interest rate, or loans with a higher rate and lower costs. We can do Excellent credit to Poor credit. We can do loans on your primary residence or your rental. We can do loans on houses, condos, apartments, commercial buildings, etc. Rates do change daily, call for current rates.

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