

An Informational Newsletter produced and designed solely by
Brian Dixon - Real Estate Loan Consultant
First Security Loan



A Division of Residential Mortgage Capital
(415) 485-5600 Direct Line: 415 448-6338 Fax: 707 581-1714
E-Mail: Bri@Jupe.com WWW.JUPE.COM Cell (415) 258-5452

Market and Economic News

Fine and yourself....?

That is the pat answer for that question of "how are you?" These days, being in the Mortgage industry, that answer may be a little masking. Even if you are busy and doing OK financially, you can not help to see everything going on around you...Many lenders are shutting their doors leading to layoffs. Lots of people we have made friends with over the years are out of work with not a lot of options when looking for new work. Some of us have clients with the possibility of losing their home.

As the Grateful Dead sang..."What a long strange trip it's been"...or something like that. It has been a strange, challenging market that I do not think many of us saw coming. I always knew there would need to be some form of a correction in the market just due to the extreme value increases of the early 2000's. But this is more than a correction in values. It is a correction in the way lenders will be willing to do business, if they are doing business at all. It is a correction of how the government may oversee the lending industry. It is a correction of documentation that will be needed on many loans. It is a correction on loan structures and disclosures.....yada, yada....many of the corrections are good and healthy. A lot of this will clean out much of the "bad seeds" in the lending business. A lot of this will protect borrowers more. Some of it may not be so great. For borrowers relying on stated



income loans, the options will be much more limited. They are still there, but not as readily as the last several years. Borrowers needing 100% financing are going to have less options. Again, they are still out there but not as lenient as before and very rare in the Jumbo (over \$417,000) area. Borrowers with low credit scores, will also be more challenged in getting a loan, but the sub-prime loans are still out there.

If you were to believe all that the media puts out there about the real estate finance market, you would think that there is no money available and it is impossible to get a loan. Well I would tell you that there are still many lenders making loans. One thing you really do not hear is that most mortgage rates are at a two year low right now. Many borrowers can benefit from this, but do not know the rates are that low...Check out page four of the newsletter to see where rates are today. Compared to the September newsletter. Many rates are 1% lower!

Today, the media seems to harp on the idea that values have not stopped dropping. This reporting is a little defeating, as buyers are going to either put off buying or make lowball offers if they think values will continue to fall. These are blanket reports, that may not even state the markets that are stable and not declining...When the headlines begin to read..."Values have stabilized", things may start to go crazy. Those who beat that headline could have one up on other buyers....We will see...

Utilizing Mortgages as a retirement planning tool....

When many hear the words “retirement” and “mortgage” used together reverse mortgages may come to mind. There are many other ways that mortgages can be used as a retirement planning tool. How this will be used may be determined by your age, cash flow, and plans for the property itself. No matter what age you are, you can be doing some retirement planning. Did you know that if a 15 year old started putting away \$50 a month and did so for 50 years, at average rate of 10%, they would have close to \$900,000 at that time...Do it for just another 5 more years, and there is close to \$1,500,000. Never too early to plan for retirement. I wish this were a class in high school instead of History! Maybe our first President, Thomas Edison, wouldn't agree....

A quick glance at retirement planning during different stages of the borrowing cycle(general):

20's—40's—First time buyers.....This is a group that has a tighter cash flow. Using the option of interest only and taking a part of what would have gone to Principal and putting it in an investment vehicle (stocks, bonds, IRA, 401k etc..) could make sense..

30's—50's—Established homeowner with cash flow higher.....This group is starting to look toward that day when they retire. Some may consider using a 15 year mortgage to expedite the payoff of their mortgage. This can be pricey and lock the borrower into a payment that may be tough at times. The 30 year fixed can be an option with extra principal payments when possible. A fairly new loan on the market can be beneficial for many. It is mostly geared towards those with good cash flow. It is generically known as a mortgage accelerator...Basically it is a whole new (not so new as it has been very popular in Australia for years) way of approaching home financing. Without changing normal spending

Stated Income and Sub-Prime loans still available

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

Stacey's Corner

Early Valentines Day Treat

This is a recipe for the very best brownies I've ever had. They are a cross between fudge and a brownie.

4 ounces bittersweet chocolate
1/2 cup butter
1 1/2 cups sugar
3 eggs
1 1/2 tsp vanilla
3/4 cup flour
3/4 tsp salt

Place a large metal bowl over a pan of simmering water. Place chocolate & butter in the bowl, stir until melted. Stir in sugar. Remove from heat and cool chocolate mixture. Add eggs & vanilla to cooled mixture; stir. Add flour and salt and mix just until incorporated. Pour into an 8" x 8" baking pan lined with parchment paper. Bake in preheated oven @ 350 for 30 minutes (they will appear underdone). Allow to cool in the pan over a wire rack.

Add a scoop of your favorite ice cream, hot fudge & top it with a bit of whipped cream- serve it in a crystal goblet to create the ultimate Valentine's day treat!

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.**

patterns, a borrower can significantly decrease the length of time it takes to payoff their home loan. Basic approach—Instead of making a mortgage payment, the borrower puts their paycheck or business cash flow (if self employed) into the home loan account, paying the principal down significantly. Borrower then uses this account to pay other bills and living expenses.. As the average balance each month is lower than a normal mortgage, the interest expense is decreased and overall principal pay down is sped up. If this sounds of interest, I can send you a link of a movie that explains the idea in more detail.

60-'s—? - Retirement..... Here is the time where many borrowers might want to consider the Reverse Mortgage or a variation of..A Reverse Mortgage is a

loan that is on the property. A borrower can get a lump sum or get regular payments. There are not mortgage payments to be made. The loan grows to cover the interest and principal that is due. It allows homeowners, who have spent many years building their equity, to take advantage of it. It may be to supplement income, purchase investments, lower monthly outflow, estate planning etc...It can be very beneficial and is not just for those who need additional income. Some of the newer Reverses can go into the \$1million+ range..There are currently alternatives to reverse mortgages such as REX and Equity Key. The basis behind these is more a sharing of future appreciation of the property as opposed to a mortgage.

Conforming Loan Sizes	
• 1-family loans:	\$ 417,000
• 2-family loans:	\$ 533,850
• 3-family loans:	\$ 645,300
• 4-family loans:	\$ 801,650

- * Anyone with a loan fixed for 3,5, or 7 years that is due this year or next.
- * Anyone with an adjustable rate loan that is fully indexed at 7% or higher.
- * Anyone thinking of buying.
- * Anyone with a current fixed rate over 6.50-7.0%. For those with as low as 6% it could make sense depending on the loan etc..
- * Anyone with a high balance line of credit.
- * Anyone with a sub-prime loan and they have bettered their credit in the last couple years.
- * yada, yada.....

<i>Interest Rate Indexes as of January 18, 2008</i>	
11th District Cost of Funds	4.172
Prime(current)	7.250
12 Month MTA	4.662
1 Month LIBOR	3.959
10 Year Treasury(current)	3.630

I will be concentrating more on the use of mortgages in retirement planning and would be happy to discuss with you the possibilities you may have. There is a lot of information out there and I plan on building a base of information for the many options.

Should you be looking at Mortgages today?

With rates as low as they are, there are certain borrowers that it may make sense to look at financing possibilities. Here are a few:

If you would like to do some scenarios of how today's programs may help you, please call or e-mail me. I have no problem telling you if it does not make sense. Rates and programs seem to change on a daily basis, so please touch base to see where the market is....

Brian

<p align="center">Check out my Website at <u>WWW.JUPE.COM</u> Info on mortgages and some other things I do and get involved with.. Please check it out</p>

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	5.500	\$417,000	5.733
15 yr	4.875	\$417,000	5.121
7/1	4.875	\$417,000	5.121
5/1	4.750	\$417,000	4.989
30 yr	6.250	\$500,000+	6.435
15 yr	5.875	\$500,000+	6.037
10/1	6.125	\$500,000+	6.301
7/1	5.875	\$500,000+	6.119
5/1	5.750	\$500,000+	6.100
3/1	5.625	\$500,000+	5.998

All rates quoted above are at 1 point. Loans are available with higher/lower points. Rates effective January 18, 2008. Please Call.

Adjustable and Other Programs:

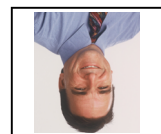
- ◆ **Interest Only Loans**
- ◆ **Stated Income Loans**
- ◆ **Buydowns**
- ◆ **Rental property loans with low down**
- ◆ **B-C, “Hard Money” loans available (Tough properties, Poor credit, etc.)**
- ◆ **Lines of credit with No Lender Fees**
- ◆ **Many other programs available.....**

- ◆ **Call or E-Mail 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.

Return Service Requested

Brian Dixon
 First Security Loan
 900 Mission Ave
 San Rafael, Ca 94901
 (415) 448 6338



Presorted Standard
 U.S. Postage
 PAID
 Novato, CA
 Permit No 261