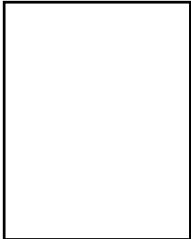


An Informational Newsletter produced and designed solely by
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Market and Economic News

To quote David Bowie..
Ch-ch-ch- changes.....

For the last couple years I have been wanting to look more into the Reverse Mortgage market. Reverse Mortgages are for those over 62 years old, allowing the borrower to take advantage of built up equity. As I continued to research I found that to do these loans right, a broker needs to be approved to do FHA loans to be most efficient. These are loans mostly insured by the Federal Housing Administration. The majority of current Reverse Mortgages being done are the HECM (pronounced Heck-um) which are FHA insured loans.

First Security Loan in San Rafael is not FHA approved and did not have plans to be. To continue into this area I wish to focus more on, I made a decision to move to First Security Financial Group in Rohnert Park. They are FHA approved as a branch of the main office in Roseville. I have taken on establishing lender relationships with those lenders doing Reverse Mortgages and will also do training within the company. I will continue to do the same old loans as usual.

This was not an easy decision to make as I was with my group from First Security Loan Novato/San Rafael since 1992. It was a decision I needed to make and am happy with the direction I am taking. Though I am in Rohnert Park, I will be just as accessible as before for appointments etc.

As a bonus to this move, I do have

access to the normal FHA loans. Inside the newsletter I discuss some of the benefits of FHA in today's market.

As far as the market goes....interest rates have been fairly flat for the last couple months with a little edge to the upward side. Recently it has helped to have oil prices drop some taking away some inflation pressure and allowing long term rates to adjust down slightly.

We are still seeing lenders drop out of the market or at least cut back what they are doing guideline wise. It seems things may tighten a little more before we start seeing guidelines free up a bit.

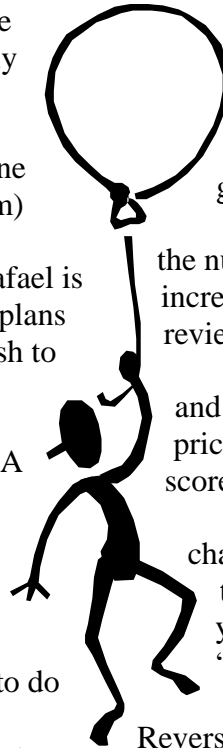
Valuations have been an issue with the number of foreclosures and short sales increasing. Almost all appraisals are being reviewed and many times being adjusted.

Credit guidelines have tightened and many lenders now have different pricing tiers varying based on credit scores, loan to values, type of loan etc...

I figured while I am in the midst of changing things, I might as well change the name of this newsletter. For many years it has gone under the name of "Mortgage News". As of this issue, the new official name is "Forward to Reverse Mortgage News". I know, pretty creative, huh?

It is a challenge, but loans are being done. Please feel free to call or e-mail me if you have questions concerning a specific situation.

(See Page 3 for some temp business cards)



Questions and Myths of Reverse Mortgages....

There have been many misunderstandings about Reverse Mortgages. Following are a few answers to common questions and misconceptions. These are in reference to the most common Reverse Mortgages being done, the HECM (Heck-um). There are some variations available allowing for larger loan sizes and some with lower age restrictions.

- Who owns title to the property, the bank or the borrower? – The borrower retains title to the property as with a regular home loan.
- When is the loan due? – With most Reverses, the loan is due either at death of last borrower; sale of the property; or the property no longer being owner occupied.
- Does the bank own the home when the loan is due? – The borrowers or heirs continue to own the property. Upon loan being due, the borrowers or heirs can choose to refinance, sell or payoff the existing loan. The remaining equity is retained by borrower or heirs.
- Can the borrower or heirs owe more than the property is worth? – The Reverse is a non recourse loan and the balance can not be greater than the value of the property.
- Who qualifies for a Reverse? – All borrowers must be a minimum of 62 years old (on the HECM and most others).
- How do you qualify? – There are no credit or income qualifications. The amount of the available funds is based on the age of the borrowers and the value of the home.
- Does the home need to be in good condition? – The home is appraised based on FHA guidelines. If any repairs are required, the repairs may need to be done before the loan is made. A repair set-aside may be established to allow for work to be done after the loan is made. With a set-aside the lender would hold back 1.5 times the cost of the work to be done. Funds are dispersed at completion of work.
- Is there a limit on how the funds can be used? – Funds can be used for any reason. Borrowers have used the loan to supplement income, modify their home, fund investments, pay for in home healthcare, go on long vacations, pay for grandchildren's college, estate planning, etc...
- Are payments due on the Reverse? – No payments are due on the Reverse. Borrower is taking advantage of their built up equity and the loan grows as they access that equity.
- How are funds obtained? - There are a few ways the borrowers can obtain the funds from the Reverse. They can be received in a lump sum. The borrower can choose to have a line

Some reasons a Borrower may want to think about an FHA loan:

- Up to a 97% loan to value (100%+ may be possible in some circumstances)
- FICO scores as low as 580
- Can be done on recently listed homes
- For loans where a co-borrower not occupying the property is used, the debt ratios are blended (all borrowers combined under one package)
 - “Kiddie Condos” - Child going to college and parents buy a home with student as co-borrower. FHA looks at as if owner occupied and do not care if student does not make a cent of income as long as parents qualify. Most lenders would do as a rental property purchase with higher rates etc.
- Self Employed—1 Year of income—2 years industry experience.
 - Standard lenders want two years of being self employed
- Bankruptcy—Seasoning: Chapter 7, 2 years in general and Chapter 13, 12 months of satisfactory payment history.
 - Standard lending is 4 years since discharge for Chapter 7
- A short refinance—As opposed to a short sale, a homeowner may be able to do an FHA refinance negotiating with the existing lender to take a smaller payoff.

* The new Housing Bill recently signed may be bringing some more changes such as larger loans amounts etc.

- Is counseling required? – Yes. Counseling is required for all parties on the loan. This is to protect the senior borrower against incorrect information about the mortgage. It is suggested that the “children” be involved with this as well.
- Can a Reverse be used to purchase a home? – Prior to the recent Housing bill, this option was not available on the HECM Reverse mortgages, only on some proprietary products. The new Housing bill allows for the use of the HECM on purchases.
- Why would a Reverse be used for a purchase? – A basic example would be if a couple over 62 want to downsize. They can sell their existing home and instead of using all of their equity to buy the new house fee and clear, they can use a Reverse for part of the purchase. This allows them to use some of the equity for investments etc. and have a new mortgage with no payments.

Should you be looking at Mortgages today?

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

- * Anyone with a loan fixed for 3,5, or 7 years that is due this year or next.

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

of credit, drawing on the funds as needed. The borrowers can receive set payments either for a fixed period (term) or for “life” (tenure). A combination of the above can be arranged.

- * 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%.
- * Anyone with a sub-prime loan and they have bettered their credit in the last couple years.
- * yada, yada.....

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....

<i>Interest Rate Indexes as of August 15, 2008</i>	
11th District Cost of Funds	2.829
Prime(current)	5.000
12 Month MTA	2.855
1 Month LIBOR	2.460
10 Year Treasury(current)	3.840

The new Housing Bill.....

The new Housing bill recently signed by President Bush has several pieces that can possibly help this market. Many are still analyzing this with their opinions of what the final outcome will be. Many of the improvements are coming in the way of the FHA loans, conventional and Reverse.

Some of the improvements include increased loan sizes and with the Reverse Mortgage the ability to use it as a purchase loan. The

Conforming Loan Sizes

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

Note: New Jumbo-Conforming limits can go as high as \$729,750 for a family unit.....

bill is some 600+ pages long. I started to look at it and went into a sudden blur.

Many of the proposed changes may not happen until 2009. As there is more clarity on the actual outcome and benefits of this bill, I will do an e-mail to my e-mail list as well as post to the website. . If you have any questions in regards to this bill, let me know. I will do my best to clarify, or I would be happy to forward you the 600+ pages for you to check out...If you are not on my e-mail list and wish to be added, please let me know at Bri@Jupe.com . I try to limit the number of e-mails I send and try not to do more than one every few weeks and only when important information is out.

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

Please find built in business cards below. Cut one out for you and the other two for friends whom may be interested in discussing a Conventional or Reverse Mortgage.....Thank You

<p style="text-align: center;">Brian Dixon</p> <p style="text-align: center;">Reverse and Conventional Mortgage Consultant (since 1988)</p> <p style="text-align: center;">First Security Financial Group 101 Golf Course Dr. Ste D Rohnert Park, Ca 94928 (707) 586-9366 X11 Fax—(707) 581-1714 Cell (415) 258-5452 E-Mail: Bri@Jupe.com WWW.Jupe.Com</p>	<p style="text-align: center;">Brian Dixon</p> <p style="text-align: center;">Reverse and Conventional Mortgage Consultant (since 1988)</p> <p style="text-align: center;">First Security Financial Group 101 Golf Course Dr. Ste D Rohnert Park, Ca 94928 (707) 586-9366 X11 Fax—(707) 581-1714 Cell (415) 258-5452 E-Mail: Bri@Jupe.com WWW.Jupe.Com</p>	<p style="text-align: center;">Brian Dixon</p> <p style="text-align: center;">Reverse and Conventional Mortgage Consultant (since 1988)</p> <p style="text-align: center;">First Security Financial Group 101 Golf Course Dr. Ste D Rohnert Park, Ca 94928 (707) 586-9366 X11 Fax—(707) 581-1714 Cell (415) 258-5452 E-Mail: Bri@Jupe.com WWW.Jupe.Com</p>
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Current Sampling of Rates and Loan Programs

A sampling of Fixed Rate Loan Programs

Program	Rate	Max Loan	APR
30 Yr	Market Changing on a daily basis. Please call or e-mail your specific situations and needs...		
15 yr			
7/1			
5/1			
30 yr			
15 yr			
10/1			
7/1			
5/1			
3/1			

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

Adjustable and Other Programs:

- ◆ Reverse Mortgages
- ◆ FHA Programs
- ◆ Interest Only Loans
- ◆ Stated Income Loans
- ◆ Rental property loans
- ◆ “Hard Money” loans available (Tough properties, Poor credit, etc.)
- ◆ Many other programs available.....

- ◆ Call or E-Mail for your specific needs!

Many options are available. First Security Financial Group 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**

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