

An Informational Newsletter produced and designed solely by

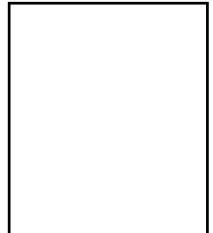
Brian Dixon - Loan Consultant

First Security Loan

A Division of Residential Mortgage Capital

(415) 898-1771X630 Direct: 415 209-7630 Fax: 415 897-8268

E-Mail: Bri@Jupe.com Web: WWW.JUPE.COM



Market and Economic News

Good News is Bad News etc.....

For the most part, the above statement applies to interest rates. Economy not doing so well, rates down. Economy growing faster, rates up. Inflation up, so are rates. Employment weak, rates down etc, etc...Basically when things are bad, rates go down to influence borrowing and spending. When things are good, rates have to go up so things don't get "too good."

That said, the terrible events in the New Orleans area due to Katrina have some major effects on the economy that for the purpose of this have potential effects on interest rates. There are two different thought processes here. We have seen the problems that have occurred as we fill our cars up. This would be considered inflationary, which would usually result in the Federal Reserve (Fed) increasing rates more. The other thought is that due to the impact on the economy, the Fed may lay off raising rates and may possibly be in a position to lower rates to boost things.

About a week after the Hurricane, the markets took it that there may be a possible rate decrease situation. Bonds rallied and mortgage rates went down a bit. Since then, rates have remained low, but have edged up slightly from where they were. I think the

concept that the Fed might decrease rates has lessened, but there is still the feel that the increases may at least be put off some. I guess we will see when the next Fed meeting occurs..

In the meantime interest rates remain at low levels. The rates on page four are basically the same as they were in the June newsletter. Probably the biggest change is the spread between the fixed rate mortgages and the Intermediates (3/1, 5/1, 7/1, and

10/1). A year ago, you were looking at a difference of about 1% between a 30 year fixed and a 5/1. Now the difference is closer to .50% which does not make it as attractive of an option. A year ago I would say the most popular loan option was the 5/1 with the interest only option. Today it looks more like the 30 year fixed with 10 years interest only is more popular. Those

looking for more flexibility are going with the adjustable rate loan with an initial rate at 1%. This has become a great cash flow solution with some lenders doing this with a 40 year amortization (versus 30 year).

Other popular loan solutions today are the Subprime loans (low credit scores, etc.) and of course, the 100% financing deals. We have many lenders doing all of the above loans, and I would be happy to speak with you about any options that may work for you.....



New and Improved Web Site WWW.JUPE.COM

For several years (since November 1999 to be exact) I have had posted on my web page that it is currently "Under Construction", all the time thinking I was going to learn how to build a perfect web site. Well reality finally hit and I decided to hook up with someone who knows what they are doing. I have worked with Donna Hinshaw to completely redo the web page. It now has various sections which pertain to me (Real Estate finance, Racquetball, COTS etc...). I am now doing a Podcast (mini Internet radio show) on a regular basis. Links to this are on the Home page, Real Estate Finance page, and the Brian page. I am also doing regular market updates which can be accessed on the Real Estate Finance page. If there just for fun, check out the Brian section...There are many pictures, as well as some of my thoughts on entertainment, dining and places in the Marin-Sonoma area....You can also check out my DVD collection. The Racquetball section has information on the Junior Racquetball at Petaluma Valley Athletic Club. There are Junior photos and a mini video of me playing. Hope to be adding some more to this...

Please check out the page. Forward it to anyone who would be interested. Feel free to give me your thoughts on it...

WWW.JUPE.COM

(Commentary) The "Exotic Loans"

Recently Fed chairman, Alan Greenspan, expressed concern of homeowners utilizing "exotic" loans for purchases and refinancing. For the most part the "exotic" loans he refers to are the Interest Only programs. There have been several other articles etc. warning about these loans.

From what I have read, for the most part they do not

really understand the product. Their fear seems to be that borrowers will not be getting anywhere by paying interest only and could have large payment shock at some point. These are possible, but they do not get into benefits etc. of the interest only option.

Stacey's Corner

Honey Balsamic Marinated Skirt Steak

¼ c	Balsamic vinegar
¼ c	Soy sauce
2 Tbls	Olive oil
3 Tbls	Honey
3	Garlic cloves, minced
1 Tsp	Ground ginger
1 ½ lbs	Skirt Steak

Combine all ingredients in a large zip lock bag. Marinade overnight. Grill over high heat till desired wellness.

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.

First, one thing the negative writers etc. do not get into is that these have interest only as an option. Almost all of these programs allow the borrower to pay anything they want as long as they minimally pay the interest. This creates monthly options for the borrower, payment wise.

Secondly, many of the interest only options go as long as 10 years. Studies have shown that borrowers either sell or refinance on average every 5-7 years. Based on this, most borrowers will never see the loan make a big payment jump.

Third, the interest only option allows borrowers to qualify for more home as the payments can be \$500+ less than on a fully amortized loan.

A lot of the comments have to do with the borrower not paying down any equity. I think most borrowers today are more in the position of just wanting to be in a home, than thinking "how do I own this free and

clear.” Even if homes only increase 2-3% per year home owners are still increasing their equity, have the benefits of owning a home, and have a loan that has options and flexibility.

I think the interest only option is definitely worth looking at for any

homeowner/buyer. If you know what the loan is about and how to treat it, there should be no surprises.....

Interest Rate Indexes as of September 13, 2005

11th District Cost of Funds	2.757
Prime(current)	6.500
12 Month MTA	3.019
1 Month LIBOR	3.090
10 Year Treasury(current)	4.130

rental properties. Not sure I would recommend this, as these will usually be at a steep negative cash flow for the borrower. It may work for some who plan to do improvements and increase rents or may be holding for a short time. The normal rental purchase will have 20-

30% down which in today’s market may still come with a negative cash flow after taxes and insurance are factored in. The tax and appreciation benefits a lot of times will balance out the negative cash flow.

Investment Property and Second Homes.....

Conforming Loan Sizes	
• 1-family loans:	\$ 359,650
• 2-family loans:	\$ 460,400
• 3-family loans:	\$ 556,500
• 4-family loans:	\$ 691,600

Second home/vacation homes have been popular for those with

expendable income or teaming up with others. In many cases the rates are the same as a primary residence. Qualifying may be tighter as there is no rent to offset the mortgage, taxes and insurance. Borrowers must qualify for payments on the existing primary as well as the second home. There are also 100% options available for these but again that could be a pretty big hit payment wise...

There are many different loan options for those looking to buy a rental property or just a place to hang out on weekends.

For the most part investment property loans will be at higher rates than for a primary residence. If borrowing a small percentage of the property’s value (say 65% or less) the rates can be close, if not the same as, rates for an occupied home.

Many 100% Financing Options Available

These can be done with low credit scores; stated income; with Interest Only options and for investment and second homes. Creates opportunities for many Home Buyers

Some lenders are even offering 100% financing for

be happy to run some numbers for you.

Please call me if you are thinking of buying or refinancing an investment property or second home. I would



My Business is based on referrals and I always appreciate your recommendations. 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 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	5.250	\$359,650	5.567
15 yr	4.875	\$359,650	5.189
7/1	5.125	\$359,650	5.389
5/1	4.875	\$359,650	5.207
30 yr	5.625	\$500,000+	5.812
15 yr	5.250	\$500,000+	5.457
10/1	5.250	\$500,000+	5.659
7/1	4.875	\$500,000+	5.178
5/1	4.625	\$500,000+	4.991
3/1	4.500	\$500,000+	4.872

All rates quoted above are at 1 point. Loans are available with higher/lower points. Rates effective September 13, 2005. Please Call.

Adjustable and Other Programs

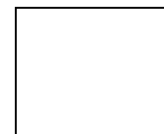
- ◆ **NO Document Loans (no job/income/asset)**
- ◆ **Interest Only Loans**
- ◆ **Purchases/refinances up to 100%+!!**
- ◆ **Adjustables tied to 11th District Cost of Funds Index with Low initial rates and margins**
- ◆ **Adjustables starting as low as 1%**
- ◆ **Rental property loans with low down**
- ◆ **B-C, "Hard Money" loans available (Tough properties, Poor credit, etc.)**
- ◆ **Lines of credit with No Lender Fees**
- ◆ **Many other programs available.**
- ◆ **Call 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

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

Brian Dixon - Loan Consultant



First Security Loan
1500 Grant Ave
Novato, CA 94945
(415) 209-7630