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An Informational Newsletter produced and designed solely by

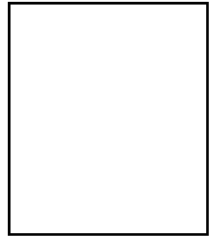
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Market and Economic News

End of the Recession, rates going up, inflation on the rise, Fed increasing.....??

Well there has been “good news”/”bad news” lately in regards to the markets. Generally for interest rates, good economic news is bad for rates. As the biggest threat to interest rates is inflation, a growing economy could lead to higher rates. This assumes that a growing economy is inflationary. Recently there have been signs that the economy is/has come out of the recession. Bond markets fear that this will lead to higher rates. This anticipation builds up before reality. Reality now is there are signs of growth, but this growth comes without increased inflation pressure.

The Federal Reserve (FED) lowered short term rates by 3% last year. The decrease in long term rates (5-30 year bonds—what mortgages are tied to) was minimal compared to the short term decreases. Currently fixed rate mortgage are about .25% lower than they were a year ago. Much of this difference between short term and long term is a fear of inflation. The longer loans require a higher yield as there is more inflation risk. Most of the Fed decreases came through with very little follow through from the long term notes and bonds, again due to potential inflation concerns.

Some “experts” expect the Fed will increase short rates by as early as June. It is possible that an increase could actually help to stabilize long term rates, as this will be calming the fear of inflation.

Currently Oil and Gas are the largest potential inflation pushers. This is just one area, but over time can roll into other areas (transportation, food, etc...). If these price increases are extended for a long time, inflation pressure will have to push long term interest rates up. A short term correction would have limited effects on outer inflation.



There seems to be a couple diverse opinions on the concept of inflation. Some economists say we were never in a recession, while others say we are not out yet. In the middle there are those saying we are out of the recession, but

heading back. If you talk with the people on the street, I do not think there is any doubt that at least we were in a recession. I feel that we will be seeing a recovery that is a little less robust than being projected by many. We are already starting to get last months strong numbers adjusted down slightly. Even the latest consumer confidence numbers are lower than expected.

In a nutshell, interest rates are still at very low levels. The future is uncertain, and waiting for lower rates could cost many borrowers. A Fed increase is not necessarily bad, but may just help to stabilize rates.

YAWN!!!!!!

Did I miss the boat?

Many people are watching or news about rates explained in the this is not given. Mortgage are still about .25% + lower than they were a year ago. You can still get fixed rate loans under 7%, with some intermediate (3, 5, 7, or 10 year) options running in the 5%+ range.



reading , listening to the going up etc.. As Market section, necessarily a rates, right now,

There are many people who can still take advantage of current mortgage rates. Included are:

- Anyone with a fixed rate loan at 7.75% or higher
- Homeowners with a current mortgage with a balloon or one that converts to an adjustable in the next couple years.
- Anyone with an adjustable rate loan tied to the more volatile Treasury, Libor, and CD indexes.
- Those with a goal of shortening the term on their loan without changing the payment much.
- Homeowners needing to consolidate mortgages and consumer debt.
- Previous “Sub-Prime” borrowers who have improved credit over the last couple years.
- Those looking to do home improvements, finance college, or pay for investments.

If you fit into any of those categories, it may make sense to look at current mortgage rates. Those thinking they may not be in the house much more than five years could look at the Intermediate Fixed/ Adjustable loans to save a significant amount of interest. As it seems most people refinance or sell every 5-6 years, it does make sense to look at these options. Look at your own history as far as home financing has gone. Many times the difference in an Intermediate loan and a 30 year fixed can be greater than .50%.

Do you fit into any of these categories?.

Different purposes for different loans...

Each individual borrower has their different reason for

getting a mortgage. Of course a buyer is getting a new loan that will work for their new home, but maybe that “Dream Home” they are looking at is outside the “box” of qualifying in normal guidelines. An adjustable rate loan without income documentation may be needed to get into that home. Maybe credit is not worthy of that loan quoted in the paper. A Subprime loan could solve this. People refinancing will have their specific goals they want to accomplish

Stacey's Corner

Orange-Cilantro Salmon

- 1 Orange, Juiced
- 1 T Honey
- ¼ cup Melted Butter
- 1 T Soy Sauce
- 2 Salmon Steaks
- Salt & Pepper (to taste)
- 1 T Butter Pieces
- 1 T Fresh Cilantro

Mix orange juice, honey, melted butter & soy sauce in a shallow bowl. Soak salmon in mixture for 5 minutes. Heat fry pan on high. Cook salmon, covered, on medium heat for 4-5 minutes. Flip. Cook 2-3 minutes, covered. Uncover and increase heat to “high”. Add orange juice mixture, salt & pepper salmon, top with butter pieces and fresh cilantro. Cook an additional minute “till bubbly”.

This can also be grilled in a foil “pouch”, but please allow for additional cooking time.

Note: Stacey Mooney is my Loan Processor. She makes sure your loans are taken care of. When not making sure your loan has all it's pieces, she is busy being a “mini Martha Stewart”. She always has some new dish being worked on. Thanks Stacey!!

with the Mortgage (cash flow, debt consolidation, lower rate etc...). Below are some loan options and the goals they can help to accomplish. .

Adjustable Rate Loan

One of the main goals that an adjustable rate loan can help to accomplish is to lower payments and help with cash-flow. With many adjustable loans having initial rates under 3%, the borrower can realize payment levels Hundreds less than a standard 30 year fixed rate loan. This can free up funds for paying other debts or for investments. It can also just free up funds for

breathing and living a little easier. The most popular loans to accomplish this are tied to the Cost of Funds (COFI) Index.

Sub-Prime

The sub-prime loan is generally geared towards those with credit issues that do not meet the standard guidelines. Borrowers who have had Bankruptcies, Foreclosures, judgements, collections etc... may have trouble getting an "A+" loan, but will work fine with a Sub-Prime lender. These loans can be looked at as a way to get back on track with credit. They can help the borrower consolidate debts and be in a position in a couple years to be an "A" borrower.

Intermediates

These loans are a combination of fixed and adjustable. They are fixed for the initial period (3, 5, 7, or 10 years) and then convert to an adjustable rate loan after that period. They are generally not attractive adjustable loans, but good fixed rate alternatives. These are good options for the borrowers knowing they will be moving, selling or refinancing in the initial rate period. If not, the borrower is taking a risk of where market rates will be at the time of conversion to an adjustable. As the rates on these can be greater than .50% lower than a 30 year fixed, the amount of interest saved can be significant.

The 15 Year Fixed Rate Loan

For those borrowers having the goal of owning their

home free and clear, the 15 year fixed could make sense. Many times, borrowers are able to convert their 30 year loan to a 15 year, without changing their

payment too much. Borrowers can pay a 30 year fixed off faster with additional payments, but many do not have the discipline. A 15 year forces a faster paydown. The amount of interest saved over the long run can be amazing.



The 30 Year Fixed Rate Loan

This is the loan with the highest amount of security. The rate, and payment are fixed, hopefully

at a low level, for 30 years. This is good for the borrower uncertain of what will be happening in the next 5-7 years. It is a predictable loan, as once locked in, the rate and payment will never change.

Interest Rate Indexes as of April 9, 2002

11th District Cost of Funds	2.744
Prime	4.750
12 Month MTA	2.912
1 Month LIBOR	1.860
10 Year Treasury	5.150

Of course there are many different loan options and combinations that can be looked at. Borrowers with tough to document income, may have to look at "stated income" loans. Borrowers with no money for a down payment have many 100% financing options to look at.

If you would like to see which loan option may make the most sense for you, please give me a call. Based on your goals and situation, we can look at options that will fit.

Do you know someone looking to: Purchase a home, Refinance their current home for a lower rate, Refinance for money to consolidate debt or do home improvements . . . Please have them call me or I would be happy to call them.

I make my living on referrals and always appreciate your recommendations.

Current Sampling of Rates and Loan Programs

Fixed Rate Loan Programs

Program	Rate	Max Loan	APR
30 Yr	6.625	\$300,700	6.808
15 yr	6.125	\$300,700	6.303
7/1	6.125	\$300,700	6.303
5/1	5.625	\$300,700	5.798
30 yr	6.750	\$500,000+	6.904
15 yr	6.250	\$500,000+	6.400
10/1	6.875	\$500,000+	7.030
7/1	6.250	\$500,000+	6.400
5/1	5.625	\$500,000+	5.769
3/1	5.375	\$500,000+	5.517

All rates quoted above are at 1 point. Loans are available with higher/lower points. Rates effective April 16, 2002. Please Call.

Adjustable and Other Programs

- ◆ **NO Document Loans**
- ◆ **Purchases/refinances up to 100%+!!**
- ◆ **Adjustables tied to 11th District Cost of Funds Index with Low initial rates and margins**
- ◆ **Bi-Weekly adjustables - Pay down principal faster**
- ◆ **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, so please call for the most current

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