

An Informational Newsletter produced and designed solely by

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First Security Loan

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Market and Economic News

Mortgage Rates Near All time record lows of last June/July.....

Mortgage Rates have taken significant moves down in the last few weeks. A current 30 year fixed rate loan with 0 points has been below 5.50% for Conforming loans (under \$333,700) and under 5.625% for Jumbos (over \$333,700). Much of this decrease has been based on continued weakness in the employment numbers which has resulted in a less confident consumer..Volatility and weaker consumer confidence will generally lead to a desire for the less volatile Bonds over Stocks. The buying of Bonds will usually push interest rates down.

It has also helped that Inflation figures have stayed stagnant, for the most part (have you filled up your car lately?). Any potential signs of increasing inflation will definitely be the end of the current rate market.

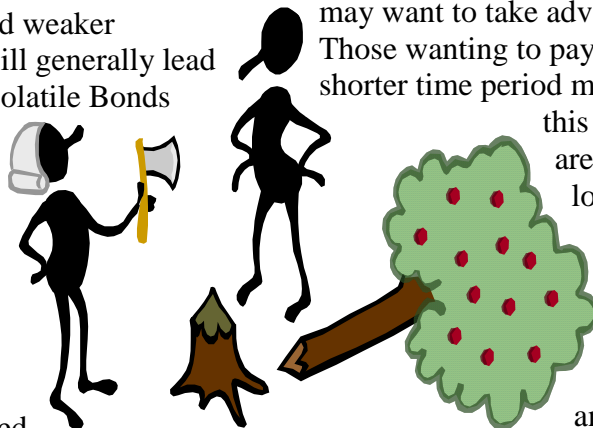
Uncertainty will generally favor lower rates. When uncertain, we go for the "safe bet" (i.e. Bonds). It seems that there will be uncertainty for several months on where we stand with a president. ...

Can rates go much lower? I personally think if rates are not currently at a bottom, they are maybe .125-.25% from it. Anyone who

missed out on the wave last May-July would definitely want to look at things right now. Those with 30 year loans above 6.25% may benefit from the market. Those with adjustables or intermediates (3,5 or 7 year) loans, may want to lock in the lower rates. Those thinking of moving in the next 5-7 years, could take advantage of the very low 5/1 loans. These can be more than 1% lower in rate than a 30 year fixed. Those who were "B" or "C" borrowers a couple years ago, may look into upgrading to an "A" loan. Those needing funds for home improvement, college, debt consolidation, may want to take advantage of this market. Those wanting to payoff their loan in a shorter time period may take advantage of this market (15 year loans are currently about .75% lower in rate than 30 year loans. Yada, yada...

O.K., so I have a little space left here and nothing more to say

about the market etc...Anyone else feel ripped by the big surprise on "Average Joe #2"?? Fabio is the big surprise!! I want my Money back!! I think the moral of the show was something like the Male Model always wins and the Average guy...uh, well ... uh..sits around late at night writing Mortgage Newsletters... Alrighty then, a little more space left... My vote for American Idol....Fantasia...Potential surprise winner....Camille..O.K, O.K...I know, get a life! Anyway on with the Mortgage stuff.....



Most Popular Loan Today..

This is not a scientific survey, but from the buzz in the office and from others in the business, the most popular loan option today is.....Drum roll pleasethe 5/1 with Interest only payment option...

With home values and purchases continually going up, borrowers are trying to find ways to keep payments at an affordable level. With most homeowners selling or refinancing about every 5-7 years, the 5/1 loan makes a lot of sense. This is an adjustable rate loan that is fixed for the first 5 years. Currently the rates are from 1-1.5% lower than the 30 year fixed rate loan. This in itself can be a very nice savings payment wise..

Add the interest only option to this, and the savings can be dramatic. The interest only option means the borrower has to make an interest only payment at least, but can pay anything over that (assuming no prepayment penalty).

Using a current example with today's rates:

Loan: \$450,000

*30 Year fixed rate (1 pt) 5.25% - Pmt—\$2,485

*5/1 (1 pt) 3.875% - Pmt- \$2,116

Interest Only Payment \$1,453

In this example, the Interest Only payment is close to \$1,000 lower than the 30 year fixed payment...That is close to \$60,000 in savings in 5 years. If you invested the savings each month for 5 years, and earned just 5%, it would be worth approximately \$68,000. At 7%, you are looking close to \$72,000 etc., etc..From another standpoint, it just allows you to qualify for that much more home.

The risk? If you are still in the loan in year 6, you do risk it possibly going up significantly depending on where interest rates are at the time. The significant savings over the 5 years can make up for this risk.

Many 100% Financing Options Available

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

Stacey's Corner

Spinach Salad with Strawberry Poppy Seed Dressing

1 bag Baby Spinach
¼ cup Raisins
¼ cup Dried Cranberries
½ cup Whole Walnuts (toasted)
¼ cup Feta or Blue Cheese

Dressing

¼ cup Reduced Fat Mayo
¼ cup Balsamic Vinegar
1 Tbl Strawberry Jam
1 Tsp Poppy seeds

Toss all salad ingredients. Mix all dressing ingredients and toss with salad.

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.

These loans can be done as fully documented loans, as stated income or no income documentation. Rates etc.. will vary based on the value of the loan to the property, income documentation and credit scores.

Please let me know if you would like numbers run on one of these loans..

Loans as financial tools

It seems that most borrowers approach their mortgage in one of two ways.

They either look at it as a short term loan until they find the "Dream Home", or they plan to keep it "forever" and pay their home off free and clear in the future. With

a Pension being something that our parents had, more and more people are starting to look at the financial

planning uses of a mortgage. Instead of making extra payments on the mortgage to become free and clear, the borrower makes minimal payments. The excess cash flow is used to fund their IRA or 401K etc. If the borrower has heavy debt, they can payoff debt, as well as fund their retirement account.

The previously mentioned Interest Only loans create an opportunity to free up cash flow to utilize in investments.

“Subprime lenders” Can make deals work

For one reason or another, many loans do not fit into the standard “cookie cutter” guidelines most lenders have. Whether it is due to previous credit problems or current credit problems. Whether it has to do with a property that does not fit into the norm (i.e. “A” frame in an area that has no other “A” frames) or income that is hard to document. There are lenders for just about any situation. We generally refer to the lenders who will do non-conforming type loans as “B/C Lenders” or “Subprime”. These lenders do loans that do not fit into the standard guidelines. Of course, the borrower for the most part pays a price for this.

A standard, what we call an “A” loan has certain guidelines that the lenders will look at. They generally

want to see that credit has been good for the previous two years. They want job stability. They want to see a certain amount of money in the bank. They want to see certain debt ratios. This means that the borrowers’ monthly expenses should not exceed 38-45% of their Gross monthly income. There are exceptions to this,

but this is the guideline most lenders go by. The standard lenders also want the property to be conforming to the area. A dome in the middle of a subdivision, may be a problem.

A “Subprime Lender” looks at deals with a little more common

sense. Rather than decline a loan because of credit, a “Subprime Lender” may raise the interest rate. They can work with Bankruptcy, judgments, collections,

Notice of Default, late payments

etc.. These lenders can also look at debt ratios of as high as 60%+.

They are also willing to work with properties that do not fit into the area.



The “B/C” loan can make deals work that may not have worked



otherwise. It allows a borrower who may be down and out an opportunity to get a new start. Borrowers do not have to wait until they are “A” once again to purchase a home. The “B/C” option allows them to do something now.

If you have a loan that has been declined or does not fit into the “A” guidelines, please give me a call.

<i>Interest Rate Indexes as of March 01, 2004</i>	
11th District Cost of Funds	1.902
Prime	4.000
12 Month MTA	1.234
1 Month LIBOR	1.245
10 Year Treasury	4.01

NEW Conforming Loan Sizes	
• 1-family loans:	\$ 333,700
• 2-family loans:	\$ 427,150
• 3-family loans:	\$ 516,300
• 4-family loans:	\$ 641,650


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


Current Sampling of Rates and Loan Programs

Fixed Rate Loan Programs

Program	Rate	Max Loan	APR
30 Yr	5.125	\$333,700	5.413
15 yr	4.375	\$333,700	4.601
7/1	4.125	\$333,700	4.365
5/1	3.875	\$333,700	4.122
30 yr	5.375	\$500,000+	5.611
15 yr	4.750	\$500,000+	5.001
10/1	4.875	\$500,000+	5.102
7/1	4.375	\$500,000+	4.611
5/1	3.875	\$500,000+	4.022
3/1	3.375	\$500,000+	3.603

All rates quoted above are at 1 point. Loans are available with higher/lower points. Rates effective March 5, 2004 Please Call.

Adjustable and Other Programs

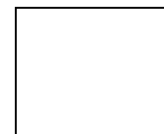
- ◆ **NO Document Loans**
- ◆ **Interest Only Loans**
- ◆ **Purchases/refinances up to 100%+!!**
- ◆ **Adjustables tied to 11th District Cost of Funds Index with Low initial rates and margins**
- ◆ **Bi-Weekly adjustables - Pay down principal faster**
- ◆ **Rental property loans with low down**
- ◆ **B-C, "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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