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An Informational Newsletter produced and designed solely by

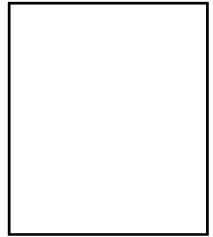
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Market and Economic News

Changing Market?

Mortgage Rates have continued to stay at very low levels despite consistent short-term rate increases by the Federal Reserve (Fed). These Fed increases directly effect the Prime Rate at banks. In November, Prime was at 4.75 and is currently at 5.500%. In the meantime fixed mortgage rates did not change much at all until the last few weeks, when rates have crept up .25%+. This still keeps them at extreme low levels.

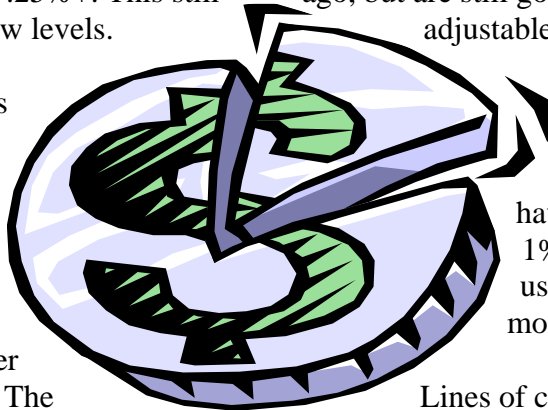
Why have mortgage rates kept steady while the Fed has consistently increased the short term rates?The Fed has a control over short term rates by adjusting the overnight rate member banks charge each other. The ups and downs directly effect the Prime Rate, but may only have a trickle effect on long term rates (Bonds, mortgages...). The Long Term rates are most sensitive to inflation pressures. Higher inflation leads to higher interest rates. Most of the fed increases have been to prevent inflation from happening. In the meantime, inflation has not been a threat. This has left room for the long term rates to stay steady (or even go lower) while the Fed does their increases.

In the last few weeks there have been some economic reports indicating potential inflation pressures. Employment numbers, wholesale and retail inflation figures, and

Gross Domestic Product (GDP) have all shown some signs of strength. Until we see consistent indications that inflation is a worry, fixed rates will stay close to these low levels.

Adjustable rate mortgages are tied to short term indexes, so they have been more affected by the Fed increases. The Intermediate ARMs (fixed for 3,5,7, or 10 years) are not at as great of a spread from the fixed rate loans as they were 6 months ago, but are still good alternatives. Currently

adjustables with an initial rate of 1% are still available, but the fully indexed rate (Current index value plus the margin) have increased as much as 1%(depending on index used) over the last few months..



Lines of credit are mostly tied to the Prime Rate, so they have seen a significant increase(but still at relatively very low levels) in the last few months...

Rates are still at great levels and it is still an ideal time to look at refinancing to consolidate debt, do home improvements, pay for college, convert an intermediate loan into a long term fixed yada, yada, yada..

There are great options for those looking to purchase a home. Low rates, 100% finance up to \$1mil+, low 1% start rates etc...

Call or e-mail any ???'s

Why Interest Only??

As home values and loan amounts go up, the Interest Only loan option has become more popular. There are different variations on the interest only options. Some are done as a monthly adjustable. The rate starts at a very low initial rate (as low as 1%) that establishes the minimum payment. Payments are interest only based on the adjustable rate (index plus margin). Other interest only options have the initial rate fixed for an initial time period (3, 5, or 7 years), and then the loan becomes an adjustable with full payments.

Depending on the loan size, the monthly payment savings can be significant.

One of the more popular Interest only options we are doing today, is fixed for 30 years, with the interest only option for the first 10 years. This loan is available on loan sizes up to \$1,500,000+. The rates are very aggressive on this loan. For the first 10 years of the loan, the borrower has the option of making interest only payments. If principal is paid down, the minimum payment goes down. This works well for borrowers planning to make a significant loan pay down. After the initial 10 years, the loan is then amortized for the remaining 20 years at the fixed rate and based on the current balance.

Should we look at today's rates and consider a refinance?

As a general rule of thumb, I think it makes sense to look at rates if there is a spread of about 1% below your current rate. Of course there are many factors to consider when looking at this. The above rule basically applies if you are just refinancing your existing loan (rate and term refinance). If you are consolidating debt, the spread may not need to be that great. If you have a small loan (\$150,000 and under), you may need a bigger spread for it to make sense. If you have a large loan (\$500,000 +), a smaller spread could make sense.

Another factor to consider is amount of time you plan to spend in the property. If you plan to move in a few years, going through the

costs of a refinance may not make sense. If you plan to spend the rest of your life in the property, it could make sense to get a loan and pay some points for the lower rate and long-term savings.

Another general rule is that you would like the savings

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.

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.

of your refinance to pay for the costs in 12-24 months. Closing costs on a loan with 0 points will usually run in a range of \$2,500-2,800. Using this idea, you would want to save over \$100 per month to accomplish the breakeven. In many cases when consolidating debt, the breakeven can be a month or two as the monthly savings can be significant.

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

Another use of today's rates is converting from a 30 year loan to a 15 or even a 10 year loan. Many homeowners have been able to convert from a 30 year to a 15 without much change in their monthly payment. The amount of interest saved over the life of the loan can be amazing.

If you currently have an adjustable rate loan or an intermediate (i.e. 5 or 7 year), it may make sense to lock in to today's long rates, as there is a future upward risk to these loans.

<i>Interest Rate Indexes as of March 9 2005</i>	
11th District Cost of Funds	2.183
Prime(current)	5.500
12 Month MTA	2.171
1 Month LIBOR	2.770
10 Year Treasury(current)	4.500

brother, Mark, still live in Novato.

After graduating I attended Santa Rosa Junior College and then went to Sacramento State, graduating in 1987 with a degree in Business and a concentration in Real Estate and Land Use. I

Due to the rarity of interest rates being this low, it makes sense for many people whether refinancing or buying to take advantage of this market. If you want to run some numbers, please feel free to give me a call or e-mail me.

A little about me...

Every once in a while I like to give you a little information about who I am and things I do when I am not tracking down that special loan for you...

First off, I have been working as a Mortgage Broker since 1988. Yes, this is my 17th year! In 1992 I started up with First Security Loan. My business has been concentrated in residential real estate in Marin and Sonoma, but I have done loans throughout California and also in a couple other states.

I grew up in the San Marin area of Novato, going to San Ramon Elementary School, Sinaloa Junior High, and San Marin High School graduating in 1982. While growing up in Novato I spent a lot of time playing Racquetball at the San Marin Country Club (Now Rolling Hills) and was actually the teaching pro there when I was 15. My parents, Dick and Lilo, and

started in the mortgage business in 1988 after passing the Real Estate Brokers exam.

In 1993 I moved to Petaluma and live on the West side with Carol and our dog Summer. Moving to Petaluma, I got back into playing Racquetball and even more so teaching Juniors. I have been running the Junior Racquetball program at Petaluma Valley Athletic Club for 4+ years now, currently with 45 players. For the last two years we have had the most players at the Junior state championships of any club in the state. It

is considered one of (if not the) largest Junior program in the state.

In 2004 I was invited to join the Board of Directors of COTS (Committee of the Shelterless) in Petaluma. This is an organization that

helps homeless individuals and families to get back on their feet. I have been involved with COTS for many years as a donator and for the last couple years as a volunteer in the "Rent Right" program.

When not doing any of the above, I enjoy watching bad movies (good ones are O.K. too), taking long drives (top down preferably), working in the yard, etc., etc..

Conforming Loan Sizes

- **1-family loans: \$ 359,650**
- **2-family loans: \$ 460,400**
- **3-family loans: \$ 556,500**
- **4-family loans: \$ 691,600**

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

A sampling of Fixed Rate Loan Programs

Program	Rate	Max Loan	APR
30 Yr	5.375	\$359,650	5.677
15 yr	5.000	\$359,650	5.299
7/1	5.125	\$359,650	5.389
5/1	4.750	\$359,650	5.109
30 yr	5.625	\$500,000+	5.812
15 yr	5.125	\$500,000+	5.357
10/1	5.500	\$500,000+	5.764
7/1	5.000	\$500,000+	5.281
5/1	4.750	\$500,000+	5.001
3/1	4.250	\$500,000+	4.586

All rates quoted above are at 1 point. Loans are available with higher/lower points. Rates effective March 8, 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.**

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