



Tina & Mary SKULTETY JOHNSON

Does Your Loan Program Still Fit?

Have you taken a good look at your loan program lately to make sure it still fits? Life has a funny way of changing even the most tailor-made plans. Be sure to regularly evaluate your mortgage loan program to ensure that it best serves your current financial needs. Here are guidelines to assist you in your evaluation or give us a call for a FREE mortgage and debt analysis.

Loan Type	Which Means...	It's For You If You...	And You Are...
30-Year Fixed	The payments are locked in for the life of the loan.	Want complete predictability. Interest rates are higher, but your payments won't change for the life of the loan.	Likely to stay in the same home for at least 7 years.
Adjustable	The interest rate is fixed for a set period, then fluctuates on a monthly or yearly basis.	Are willing to accept interest rate risk in exchange for a lower rate and monthly payments. The shorter the fixed term, the lower the initial interest rate.	Likely to move or refinance within a few years - or are comfortable with interest rate risk.
Interest Only	You make only interest payments for a set period, then you add principal payments too.	Keep your payments down in the short term. Interest-only payments can reduce your monthly outlay by about 20%.	Confident that your income will rise in the future.
Piggyback	Two mortgages (or a mortgage and a home equity line/loan) obtained at the same time.	Do not want to cough up much cash for a down payment and also want to avoid private mortgage insurance (PMI).	A buyer whose private mortgage insurance (PMI) would cost more than the interest on the piggyback loan.

Your Name Here, Title
YOUR COMPANY NAME

Address Line 1
City, State, Zip Code

Phone: (000) 000-0000
Email: YourName@YourServer.com

PRSRT STD

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POSTAGE
PAID

Your City, State
Permit No. 000

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Did You Know?

The population of California is expected to grow from 34 million people in 2000 to 55 million people by 2050, according to the California State Department.



Robin on Bonds:

Should I Play the Adjustable Rate Game?

By Robin Paul, Mortgage Planner

Over recent months, many people have been asking whether or not the monthly adjustable rate mortgages, which are currently yielding unbelievably attractive interest rates, are a wise financial move. These indices, which include the Monthly Treasury Average, the monthly LIBOR and the 11th District Cost of Funds Index (COFI), are fully-indexing out right now at anywhere between 3-4%, depending on the margin. Billboards and marketing ads on radio and TV have been having a field day with the low monthly payments generated by this very aggressive adjustable rate mortgage. So the question is, "Is this loan right for you?"

The answer is greatly dependent upon your existing circumstances, and short- and long-term needs. With recent statements from Alan Greenspan about the probable continual slow growth of the economy generating further interest rate hikes, one must wonder whether or not this is a dangerous proposition. It is a danger proposition if you cannot afford to be in this type of a gambling situation. Conventional logic says that high commodity prices, high property values and more importantly, a very robust federal budget deficit will ultimately lead the Federal Reserve to tighten monetary policy, consistently and fairly aggressively over the next several years. If this is to occur, this will no doubt generate an increase in short-term interest rate indices, such as those aforementioned.

Individual home owners who are obtaining this type of loan because it provides for an attractive payment right now, need be forewarned that the likelihood of this payment being available in the future is not very high. If you can absorb significant increases in interest rate without having it affect your lifestyle, then there are certainly ancillary benefits associated with this type of loan right now. Let's look at a few examples.

- 1) You have strong cash flow on a monthly basis. You have a reasonable amount of assets invested. You are wanting to take out this type of loan to improve your cash flow even further so you can invest that cash into instruments of investment that you believe will out-earn the cost of that 4% debt. This would be a prudent financial move, once again, as long as subsequent increases in interest rates are not going to cripple you financially.
- 2) You own a home and anticipate that you will not live there for more than another 2 to 3 years prior to moving to a different property.

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Rates:

	Conforming	Jumbo
30-Year Fixed	High 5's	Low 6's
15-Year Fixed	Low 5's	Mid 5's
7-Year Fixed*	Low 5's	Mid 5's
5-Year Fixed*	High 4's	Low 5's
3-Year Fixed*	Mid 4's	High 4's
T-Bill ARM	Low 3's	Mid 3's
(Index Value: 1.350)		
COFI ARM	Low 4's	Low 4's
(Index Value: 1.841)		
MTA ARM	High 3's	High 3's
(Index Value: 1.229)		

The interest rate represented here is at one point.

* Amortized over a 30-year period. Following its fixed term, it converts to a 1-year Treasury Bill adjustable rate mortgage for the remaining term of the 30-year loan.



Incredible Spaghetti & Meatballs

I would first like to start by saying there is no substitute pasta for a spaghetti and meatball dish. There is a reason it's called spaghetti & meatballs and that's because you must use spaghetti when making this authentic Southern Italian cuisine.

Sauce:

2 28 oz. cans of San Manzano whole tomatoes (if you can't find San Manzano, use an alternative, but it will be a significant step down and I strongly suggest you use San Manzano's)
1 medium sweet onion, finely chopped
2 cloves of garlic, thinly sliced
¼ cup extra virgin olive oil
8 fresh basil leaves, julienne

Meatballs:

1 lb lean ground beef
6 oz. tomato paste
½ cup fresh parsley, finely chopped
salt
pepper
2 cups bread crumbs
1 egg
¼ cup yellow onion, minced
1 cup white flour
¼ cup olive oil

Preparation for Meatballs

Put all ingredients for the meatballs into a large mixing bowl and mix together thoroughly with your hands. Of course, wash your hands first! Form the ground meat mixture into medium-sized meatballs. This should make approximately 12-14 meatballs. Heat the olive oil on medium heat in a skillet. Roll the meatballs in the flour and place them in the skillet, turning and browning them thoroughly on all sides, for approximately 5 minutes. Set aside on a plate lined with paper towels.

Preparation for Sauce

Place the 2 cans of San Manzano tomatoes into a food processor and blend thoroughly. In a separate pot, heat the olive oil on medium heat and add the finely chopped onions. Cook until translucent, about 5 minutes. Add the garlic, salt and pepper to taste and heat for approximately 3 minutes. Continually stir so the garlic won't burn. Add the pureed tomatoes and heat on low heat for 30 minutes. Add the meatballs to the sauce and let simmer for 30 more minutes. Turn the heat off and add the basil. Stir and let sit for 10 minutes. Serve on al dente spaghetti. Enjoy!

Should I Play the Adjustable Rate Game?

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This would be a great example of when this loan would be dynamite for you. Over the course of the next 2 to 3 years, you would have an incredibly affordable monthly payment. Who really cares, when you get right down to it, how much interest rates go up in the next 24 to 36 months if you are not going to be in this loan any longer to see it.

3) You are a cyclical-income wage earner. Let's say hypothetically, you are a CPA and a significant amount of your income comes to you during a 3 to 4 month period of time when you are doing a lot of tax preparation. During those other 8 or 9 months of the year, cash flow is tight. This type of loan allows for you to weather the rainy days with a very affordable monthly payment in the short-term, until which time the cash flow starts coming in. A word of wisdom, however, when the cash flow is robust, make sure you are either setting money aside or pre-paying the principal to subsequently lower the monthly payment in future months, especially in the event of further interest rate increases.

On the flip side, it is not a wise financial move to be taking out this type of loan because it's the only loan on which you can afford the monthly payment on your new house. This would be a sure sign that you are potentially over-buying and should be buying a lesser-valued property.

Recent statistics have shown that these types of loans are causing concern for many of the major mortgage-banking companies across the country, who are preparing their staff for the large amount of foreclosure proceedings in the future as a result of people over-extending themselves in taking out these types of loans.

The moral of the story is to make sure the circumstances you are in fit the need for this type of loan.

If you have any questions in regards to this, please feel free to contact me at my office: 888-713-0202. ■



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What's New

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Continue your copy here for What's New...

Book Review By Tim Braheem

Getting Things Done

By David Allen

Publisher: Penguin Books; (January 1, 2003)

I would like to highly recommend this absolutely terrific book. In fact, David Allen has become a personal friend of mine. This New York Times Bestseller on the subject of time management has helped me immensely in my business practices.

Prior to coaching me, David coached such prominent individuals as the COO of Goldman Sachs and the Vice President of Honeywell. He is nationally known as a time-management guru and my experience was nothing shy of terrific. If you need to learn how to tie up your loose ends to create greater efficiency and band-width in your day, this is a must-read that will give you great practical tips, not only for you business, but will help with time management at home as a parent as well. You can find this great book on Amazon.com. Enjoy!

A Word From The Road:

"All successful people find that success lies just beyond the point where others give up."

- Napoleon Hill

Personal Funding:

Since our last issue:

Number of loans funded:
Dollar volume:

Year to date funded:

Dollar volume:

Thanks to You!

As always, we wish to thank our clients who are kind enough to refer more business to us. This quarter, our thanks go out to:

List all clients who sent you referral business here.

TRIVIA CHALLENGE

Trivia Challenge Question:

What country & civilization invented chocolate?

Call in with your answer on our Trivia Challenge Answer line: The names of all those who call in with the correct answer will be put into a drawing. The prize: Dinner and movie tickets for two!

You must call the number above to qualify.

Congratulations to , winner of last issues trivia question:

Who am I?

Answer: Abraham Lincoln

(See **WHAT'S NEW**, continued on Page 3)