



Newsletter Vol. 13 Issue 10

October 2016

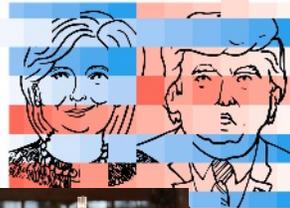
mortgagestraightTalk.com

Tel 760 726 4600
Cel 760 717 8584
Fax 760 639 0785



IN THIS MONTH'S ISSUE

- * SPECIAL(S) OF THE MONTH
- * MACROECONOMIC MOVES AND MORTGAGE MARKET ANALYSIS
- * THE ELECTION
- * RATE SUMMARY
- * MORTY'S MAILBAG
- * MORTGAGE MIRTH



MACROECONOMIC MOVES AND MORTGAGE MARKET ANALYSIS

Economic Data Falls Short

(Week ending September 2, 2016)

Friday's Employment report was mildly disappointing. Against a consensus forecast of 175,000, the economy added 151,000 jobs in August. Despite the slower pace in August, the economy has added an average of 232,000 over the last three months. The unemployment rate remained at 4.9%. Average hourly earnings, an indicator of wage growth, fell slightly short of expectations.



Another important indicator of economic activity also missed to the downside. The ISM national manufacturing index fell to 49.4, well below the consensus forecast, and was at the lowest level since January.



BEST BUYS THIS MONTH

- Conforming 30 yr. Fixed @ 3.000%
- Conforming 5/1 ARM @ 2.250%
- High Balance Conforming 30 yr. Fixed @ 3.125%
- High Balance Conforming 15 yr. Fixed @ 2.500%
- Jumbo 30 yr. Fixed @ 3.375%
- Jumbo 5/1 ARM @ 2.750%
- FHA 15 yr. Conforming Fixed @ 2.250%
- VA 15 yr. Conforming Fixed @ 2.250%
- FHA High Balance 30 yr. Conforming Fixed @ 2.875%



Conforming to \$417,000 < High Balance Conforming \$417,001 to \$580,750 < Jumbo

I ALSO DO:

- COMMERCIAL LOANS (more than 4 units)
- "HARD MONEY" LOANS
- REVERSE MORTGAGES
- FOREIGN NATIONALS
- DELAYED FINANCING
- STATED INCOME LOANS
- MANUFACTURED HOMES
- ASSET DEPLETION LOANS



Readings below 50 signal a contraction in the sector. The report suggests that manufacturers continue to face headwinds from a stronger dollar, economic weakness overseas, and reduced spending on machinery and other large equipment from U.S. Businesses.

These two reports did little to settle the question of whether the Fed should raise the federal funds rate at its next meeting on September 24. According to futures markets, investors have assigned about a 25% chance of a rate hike at this month's meeting, just slightly lower than before the two reports.

Hawkish Comments (Week ending September 9, 2016)

A key indicator of economic activity released on Tuesday fell far short of expectations. The ISM national services index declined sharply to 51.5, far below the consensus forecast, and the lowest level since February 2010. Readings above 50 indicate an expansion in the sector and below 50 a contraction.

The service sector represents about 70% of the economy, and it has been a key source of economic growth in recent years. Since slower growth reduces the outlook for future inflation, this data was positive for mortgage rates

Loose monetary policy around the world, particularly bond buying programs, have significantly contributed to the current low level of mortgage rates. Not surprisingly, comments which support tighter monetary policy have been negative for mortgage rates. This week, investors received a damaging combination of unexpected news from both the ECB and the Fed. Some investors have been hoping for an extension in the European Central Bank's (ECB) bond purchase program or new stimulus measures from the ECB. At Thursday's meeting, however, these investors were disappointed, as the ECB appeared to be resistant to providing additional stimulus at this time.

On Friday, the Fed's Rosengren, who has long supported loose monetary policy, seemed to be open to a tightening by the Fed. He said that "a reasonable case can be made" for raising the federal funds rate. Investor expectations for a rate hike at the next Fed meeting on September 21 jumped to 30% from 18% the prior day.



Disappointing Retail Sales (Week ending September 16, 2016)

The last major report on economic activity before the Fed meeting was disappointing. In August, retail sales fell 0.3% from July. Excluding the volatile auto component, retail sales also fell far short of the expected levels with a small decline from July. Consumer spending accounts for about 70% of economic output in the U.S., and the retail sales data is a key indicator.



After a slow start to the year, retail sales excluding autos picked up nicely and posted solid gains for four months. They have slowed again during the last two months, though, leaving investors and Fed officials wondering what future data will reveal.

The Consumer Price Index (CPI), a widely followed monthly inflation report, revealed higher than expected levels of overall inflation and core inflation. CPI looks at the price change for goods and services which are sold to consumers. Core CPI excludes the volatile food and energy components, which provides a better sense of the underlying trend. Core inflation in August was 2.3% higher than a year ago, up from a 2.2% annual rate last month.

While the weaker than expected retail sales data favors a slower pace of Fed rate hikes, the inflation data supports the opposite, tighter monetary policy. These offsetting influences caused little net change in investor expectations for future Fed policy. Investors see just a small chance that the Fed will raise the federal funds rate at the next meeting on September 21.

Favorable Fed Meeting (Week ending September 23, 2016)

As expected by most investors, the Fed did not raise the federal funds rate. The Fed explained in its post meeting statement that the case for a rate hike "has strengthened," but Fed officials decided to wait for "further evidence of continued progress toward its objectives." notably, Fed officials remain divided about the appropriate timing to tighten monetary policy. In a rare occurrence, three out of ten voting Fed members dissented from the decision because they wanted a rate hike to take place at this meeting. Conversely, three Fed officials indicated in their forecasts that they do not see a need to raise rates at all this year.

Investors were pleased that the Fed did not come out more strongly in favor of tighter monetary policy, and mortgage rates improved following the meeting.

The housing data released over the past week was mixed. After reaching a multi-year high this summer, sales of previously owned homes in August declined for the second straight month. According to the National Association of Realtors, low levels of inventory are holding back home sales in many regions. Inventories of homes for sale declined 3% from July and were 10% lower than a year ago.

There are signs that building activity for single-family homes may pick up in coming months, however. In August, building permits for single-family homes increased 3.7% from July, which was the largest monthly increase since June 2014. In addition, the NAHB home builder confidence index jumped to 65 in September, which matched the highest reading since 2005.

European Banks and Oil (Week ending September 30, 2016)



Early in the week, it was reported that the U.S. Department of Justice was seeking a \$14 billion fine from Deutsche Bank, the largest bank in Germany, for issues regarding the sale of mortgage-backed securities (MBS) before the 2008 financial crisis. While the actual fine is expected to be considerably lower, investors still are concerned about the impact it will have on Deutsche Bank's capital reserves. Bank stocks around the world declined over the past week on this issue and on overall concerns about the soundness of the European banking system. In response, investors shifted to relatively safer assets, including U.S. MBS, and the added demand caused a small

improvement in mortgage rates. Most of the gains were offset later in the week, however, when it was reported that OPEC had reached an agreement on an oil production cut. This news caused investors to shift back to stocks.

While it caused little market reaction, Friday's inflation data showed an uptick in August. The core PCE price index, the inflation indicator favored by the Fed, was 1.7% higher than a year ago, up from an annual rate of 1.6% for the prior five months. Core inflation excludes the volatile food and energy components.

Investors often prefer to look at core inflation because it provides a clearer indication of the underlying trend. While core PCE remains steady at levels below the Fed's target of 2.0%, investors will be watching to see if the August data marks the start of a trend toward rising inflation.

THE ELECTION



About 25 or 30 years ago I got the pro-football bug one fall season. That year I watched nearly every game that was on TV—all the games that were broadcast on Sundays and Monday Night Football, too. I guess I overdosed on it that year because after the Super Bowl was over I never watched another football game with the exception of the annual Super Bowl telecast.

This year I have been similarly immersed in the presidential race. I have watched all of the debates among the nominees for both parties and all of the Town Halls. In addition, I have watched Face the Nation, Meet the Press, This Week with George Stephanopoulos and The Circus on Showtime every week. The election is still about 35 days away and, at this point, I am sick of politicians, their surrogates, their campaign managers, their spin doctors, and their evasiveness when asked a simple question, not to mention their outright lies.



Nevertheless, anyone paying close attention to the two candidates, listening to what they have to say and filtering it through rational thought processes can't help but conclude that Trump is not even in the same league as Clinton when it comes to qualifications. It's like the difference between a tomcat and a tiger. I met Donald Trump once about 25 years ago at the Peninsula Hotel in Beverly Hills, he seemed an insecure, narcissist then, and today, he seems much the same, only with more bluster, braggadocio and buffoonery.

When Donald Trump declared his candidacy in June of 2015 many people thought of it as a joke. Nothing he has done or said since has made him look one whit better. On the contrary, his policy ignorance has become even more striking, his positions more extreme, the flaw in his character more obvious, and he has repeatedly demonstrated a level of contempt for the truth that is unprecedented in American politics.



Charles Dickens had a wonderful phrase, “the attraction of repulsion,” meaning that something is so awful you can’t stop watching. Mr. Trump is like a car wreck for “rubber neckers”—even though one is repulsed, one can’t help but look at it.

RACISM & IMMIGRATION

He has “scape-goated” foreigners for many of America’s problems: Mexicans for crime; Mexicans and Chinese for taking away manufacturing jobs in America; and Muslims for endangering our national security. I won’t bother repeating the actual quote that he used to kick off his campaign since it has been replayed hundreds of times in the press, on the radio and TV.

What he and his supporters chose to ignore is that net emigration from Mexico is zero, that illegal immigration peaked in 2007, that violent crime has been on a steady downward spiral nationwide for more than 20 years, yet Trump maintains that Mexican rapists are surging across the border and crime is out of control. His solution to fixing a broken immigration system is a vow to expel 11 million undocumented immigrants and force Mexico to pay for a border wall. Ironically, illegal immigrants pay more into the system than they take out of it for fear of being detected. He is now trying to soften his position on this issue while at the same time claiming that he is not softening it. He alleged that Judge Gonzalo P. Curiel, an Indiana-born judge overseeing the class-action lawsuit against the defunct Trump University, had treated him “very unfairly” because [the judge] “is of Mexican heritage.”



Central to his foreign policy has been his call for a total and complete shutdown of Muslims entering the United States. His stance on nativism seems to disregard that only 2% of us are indigenous Americans, the other 98% of us are immigrants from other lands.

CRIME

At the RNC convention Donald Trump gave a speech accepting the Republican nomination whose central premise was that crime is running rampant, and that “I [Trump] alone can bring the chaos under control.” But crime has plunged instead of risen. Since 1970, crime rates have dropped by 17 percent, according to criminologists, but crime reporting has gone up 800 percent in the same period. Our big cities look and feel far safer than they did a generation ago, because they are. People of a certain age always have the sense that America isn’t the country they remember from their youth, and in this case they’re right—it has gotten much better. (If he were to be elected, I have no doubt that since it has already happened, he would take credit for something that he had nothing to do with).



But until now the false claims have been about things ordinary voters can’t check against their own experience. But 58 million tourists visited New York last year; tens of millions more visited other major cities; and of course many of us live in or near those cities, and see them every day. And while there are, as there always were, bad neighborhoods and occasional violent incidents, it’s hard to see how anyone who walks around with open eyes could believe in the blood-soaked dystopian vision Mr. Trump laid out.

GUNS

Assault rifles are like A-bombs in one respect—they are weapons of mass destruction and capable of mowing down more than a 100 people in a minute. Yet, the anti-gun control crowd seems to think that if everyone was armed we'd be safer as a nation. By that logic, if every nation had an A-bomb would the world be a safer place? I think not! We are trying to restrict the proliferation of nations getting nuclear arms to make the world a safer place, yet on a personal scale many in Congress side with the NRA and advocate just the opposite with regard to closing the gun show loopholes, background check and the availability of assault rifles. Donald Trump favored an assault weapons ban in 2000, but this year he pledged to veto gun controls maintaining that a good guy with a gun could stop a bad guy with a gun. What if the bad guy is a better shot? Net result: One more dead good guy.



TRADE & JOBS

He simplifies complicated situations while ignoring nuances. Mr. Trump claims he can bring back millions of manufacturing jobs to the United States by slapping retaliatory tariffs against China for manipulating its currency, offering illegal subsidies to its exporters and stealing intellectual property from American companies. But such actions would do nothing to re-create jobs that have been mostly replaced by automation, and companies could move production to other developing countries. His pledge to put a 45 percent tariff on all Chinese goods would almost certainly ignite a global trade war that would harm American industries that export goods to China and Mexico.



FOREIGN AFFAIRS

Asked on MSNBC's "Morning Joe" who he talks with "consistently" about foreign affairs, Mr. Trump responded, "I'm speaking with myself, number one, because I have a very good brain." Despite his purported "very good brain", Mr. Trump is frighteningly unaware and uninformed. Defending his friendship with Putin, he said that Russia was NOT going to invade the Ukraine—two years after they had, in fact, invaded it. The point is that his blithe lack of knowledge is stunning. You may dislike Hilary Clinton for her queenly prerogative, you may disagree sharply with her policies, but she and the people around her do know their facts.

On the Iran nuclear deal, he called it the "the worst deal I think I've ever seen negotiated," before suggesting "Iran has power over North Korea" and should use it, before saying Iran had been given \$400 million and then \$1.7 billion and then \$150 billion, as well as saying, "this is one of the worst deal ever made by any country in history!" Of course, Trump has no idea what is in the agreement, since that would require reading it and so he would not have an inkling that it has hobbled Iran's nuclear capacity until 2030, and has also opened the way for Boeing to sell Iran 80 commercial passenger aircraft — just the sort of job-creating deal Trump professes to like.

He has also said he is for using defense spending by NATO allies as the litmus test on whether the U.S. will keep its treaty commitments to them. Nobody has a monopoly on wisdom, but in this election, one party has largely cornered the market on raw ignorance.

ECONOMICS

Recent polls show that Mr. Trump is favored over Hillary Clinton on the question of who can best manage the economy. This is pretty remarkable given his mismanagement of three Atlantic City casinos, his airline, Trump Shuttle, and his ill-timed purchase of the Plaza Hotel in Manhattan. According to his tax records, these debacles resulted in 6 bankruptcies and a \$915 million operating loss in 1995. Hilary Clinton quite rightfully asked "What kind of business genius loses a billion dollars in a single year?" Nevertheless, Trump unabashedly continues to tout his unique business acumen and pride himself on his "genius" to improve the



economy even though his list of misguided and risky proposals would reduce economic growth while showering the rich with tax breaks. The campaign said Mr. Trump has “a fiduciary responsibility to his business, his family and his employees to pay no more tax than legally required.” simply put, a person who is a fiduciary must act in the best interests of another person, putting that person’s interests ahead of his or her own. But in the context of Mr. Trump’s personal tax returns, legal experts said, the argument that he has a fiduciary duty to others is laughable. There is no such thing as a fiduciary duty as a businessman to oneself,” said Richard W. Painter, a professor of corporate law at the university of Minnesota and former chief ethics lawyer in the George W. Bush White House from early 2005 to mid 2007: “That’s called greed and greed is not a component of the law of

fiduciary duty anywhere.” A fiduciary duty is not to oneself; there is no such thing. We owe it to others whose money and power we hold for their benefit.

Granted, most voters probably don’t know anything about that. It would seem that voters see Mr. Trump as a hugely successful businessman, and they believe that business success translates into economic expertise via some transitive property. They are, however, probably wrong about the first, and definitely wrong about the second: even genuinely brilliant business people are often clueless about economic policy.

Leaving aside questions about whether Mr. Trump is the business genius he claims to be, business success doesn’t carry with it the knowledge and instincts needed to make good economic policy. The historical record isn’t much of a guide, since only one modern president had a previous successful career in business — Herbert Hoover.

But while we haven’t had many business leaders in the White House, we do know what kind of advice prominent businessmen give on economic policy. And it’s often startlingly bad, for two reasons. One is that wealthy, powerful people sometimes don’t know what they don’t know. The other is that a country is nothing like a corporation, and running a national economy is nothing like running a business.

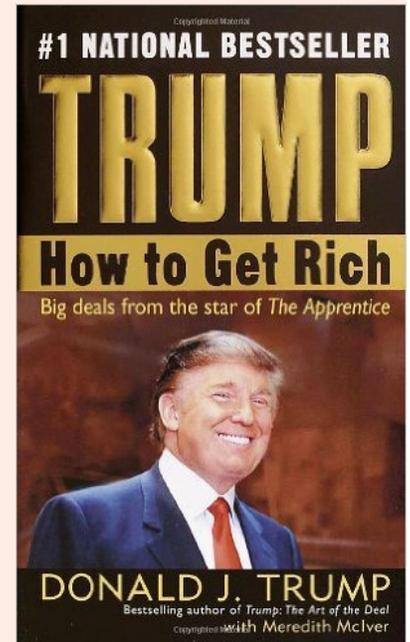
Here’s a specific, and relevant, example of the difference. Last fall, the Republican nominee declared: “Our wages are too high. We have to compete with other countries.” then, as has happened often in this campaign, Mr. Trump denied that he had said what he had, in fact, said.

The truth is that wage cuts are the last thing America needs right now: we sell most of what we produce to ourselves, and wage cuts would hurt domestic sales by reducing purchasing power and increasing the burden of private-sector debt. Lower wages probably wouldn’t even help the fraction of the U.S. economy that competes internationally, since they would normally lead to a stronger dollar, negating any competitive advantage.

The point, however, is that these feedback effects from wage cuts aren’t the sort of things even very smart business leaders need to take into account to run their companies. Businesses sell stuff to other people; they don’t need to worry about the effect of their cost-cutting measures on demand for their products. Managing national economic policy, on the other hand, is all about the feedback.

Two months ago, the Republican presidential nominee revealed his plan “to make America great again.” Basically it involved running the country like a failing casino: he could, he asserted “make a deal” with creditors that would reduce the debt burden if his outlandish promises of economic growth didn’t work out. The reaction from everyone who knows anything about finance or economics was a mix of amazed horror and horrified amazement. One does not casually suggest throwing away America’s carefully cultivated reputation as the world’s most scrupulous debtor—a reputation that dates all the way back to Alexander Hamilton.

What a great many Republicans fail to recognize is that economics is not a zero-sum game of if you win, I must lose. But instead it is one of synergy in that the sum is greater than its parts. America as a nation is better off when all of its people are better off, not just the few. The nation as a whole is stronger, more



productive when we invest in its people [as in education] in its infrastructure [rebuilding our roads, bridges, transportation systems]. Investment of this kind provides jobs which, in turn, afford more consumers the ability to purchase goods and services which bolster domestic spending since consumer demand is 70% of GNP.

TAXES

Under his plan Trump failed to mention that the wealthy would disproportionately benefit. An analysis by the Tax Foundation, a conservative leaning organization, found that it would increase after-tax income for middle income families (those in the 40th to 60th percentile) by 0.2 percent. It would increase after-tax income for the wealthiest 1 percent of Americans by 5.3 percent. The plan would reduce revenue by \$2.4 trillion over the coming decade using “static analysis”.

The big problem with Mr. Trump’s tax ideas is that they would result in a multi trillion-dollar deficit with no benefit. Proponents of supply side economics argue that cutting tax rates encourages people to work and businesses to invest. But the gains are much more modest than proponents claim because many businesses won’t invest unless demand for their products is growing and many people are not motivated by lower tax rates to work more.

On the other hand, significant tax cuts exact very real costs. Mr. Trump’s previous tax plan, released last year, would have reduced federal revenue by \$9.5 trillion over 10 years, according to the Tax Policy Center, meaning that Mr. Trump would have to slash government spending or increase borrowing substantially. George W. Bush pushed big tax cuts through Congress in 2001 and 2003 with the promises of strong growth that never materialized.

He claims he would help workers getting rid of the estate tax, though repealing it would have almost no effect on working families. Under current law, that tax doesn’t touch 99.8% of all estates because it applies only to that portion of an estate that exceeds \$5.4 million for an individual or \$10.9 million for a married couple.

Of course, nobody should be surprised to see Mr. Trump confidently asserting things that are flatly untrue, since he does that all the time — and never corrects his falsehoods. Indeed, he frequently alleges that America is the world’s most highly taxed country (when we are actually near the bottom among advanced economies).



IGNORANCE

How can one reasonably discuss the economy when Trump suggests that the unemployment rate is 42 percent when it is actually 4.9 percent? Or debate the Paris climate accord, when he posted on Twitter “that global warming was created by and for the Chinese in order to make U.S. manufacturing non-competitive. Both claims are demonstrably false.

TRUTHFULNESS

All politicians bend the truth to fit their purposes, including Hilary Clinton. But Donald Trump has unleashed a blizzard of falsehoods, exaggerations and outright lies in the general election so frequently as to appear compulsive, if not sociopathic. Their

common denominators involve a powerful and self-aggrandizing narrative depicting him as a heroic savior for a nation menaced from every direction.



One persistent narrative in American politics is that Hillary Clinton is untrustworthy while Donald Trump is an “authentic” outsider. Over all, the latest CBS News poll finds the public similarly repulsed by each candidate: 34 percent of registered voters say Clinton is honest and trustworthy compared with 36 percent for Trump. Yet the idea that they are even in the same league is preposterous. His estrangement from the facts is mind-boggling.

Trump reminds one of the Shakespeare’s couplet “what a tangled web we weave when first we practice to deceive.” Trump has told so many lies he can’t recall what he said to whom — nor does he seem to care. He has such an utter disregard for the truth and the electorate that he boasted “I could stand in the middle of Fifth Avenue and shoot somebody and I wouldn’t lose any voters.” His campaign

of blatant lies is unparalleled in modern American politics. Professional truth-seekers have never seen anything like Trump. He is surely the most compulsive liar to seek high office. After years of pushing the “birther” falsehood he claimed, “Hillary Clinton and her campaign of 2008 started the “birther” controversy. I finished it.” Mrs Clinton and her campaign never publicly questioned President Obama’s birthplace; Mr. Trump made it his signature cause for five years.

To date, the nonpartisan PolitiFact has rated 76 percent of his statements lies — 57 percent false or mostly false, and another 19 percent “Pants on Fire” fabrications. Only 2 percent — 2 percent! — of his assertions were rated true, and another 6 percent mostly true. Hillary Clinton, who is not exactly known for fealty to the facts, had a 28 percent total lie score, including a mere 1 percent Pants On Fire.

Likewise, The Washington Post Fact-Checker has awarded its worst ranking, Four Pinocchios, to 64 percent of Trump’s statements that it checked out, to 16 percent of Clinton’s statements. “Essentially, Clinton is in the norm for a typical politician,” says Glenn Kessler, who runs Fact-Checker, while Trump “is just off the charts. There’s never been anyone like him, at least in the six years I have been doing this.” In short, Clinton is about average for a politician in dissembling, while Trump is a world champion when it comes to serial mendacity: He has no equal.



Last month, CNN did something extraordinary in this year of political excess: While Donald Trump was delivering one of his easily debunked lies, CNN fact-checked him — in near real time at the bottom of the screen.

Trump: “I never said Japan should have nukes (he did).” Thus read the chyron that ran across the bottom of the screen.

Trump lies about things big (there is no drought in California) and small (his hair spray could not affect the ozone layer because it’s sealed within Trump Tower). He lies with sociopathic abandon. He’s been shown to lie more than 70 times in a single event.

“The man lies all the time,” says Thomas M. Wells, his former lawyer. Wells recalls being curious that newspaper accounts varied as to the number of rooms in Trump’s apartment in Trump Tower — eight, 16, 20 or 30. So Wells asked him how many rooms were actually in the apartment. “However many they will print,” Trump responded. Tony Schwartz, the co-writer of his book “The Art of the Deal,” told Jane Mayer of The New Yorker, “Lying is second nature to him.”

People who repeat falsehoods after they've been proved wrong have some crisis of conscience those who don't but continue to do so are the very definition of sociopathic personalities.



So how does a lie come to be taken as the truth by nearly half of Americans? The answer is disturbingly simple: repeat it over and over again. When faced with facts that contradict the lie, repeat it louder. Mr. Trump has consistently indulged in a propaganda technique employed by Joseph Goebbels, Reich Minister of Propaganda, in Nazi Germany from 1933 to 1945: "If you tell a lie big enough and keep repeating it, people will eventually come to believe it. Everyone is entitled to their own opinion, but not their own facts."

DEFENSE

On September 7th, 2016, Matt Lauer of NBC hosted a program called the "Commander-in-Chief Forum" whose topic was Military Veterans and National Security. When Mr. Trump was questioned about his supposed plan to defeat ISIS he intimated that his secret plan to defeat ISIS was to ask others [the Generals] for a plan which was at odds with his earlier statement on November 13, 2015 "I know more about ISIS than the generals do. Believe me." Later on that same program he said he would be soliciting advice from the generals in the U.S. military, the same ones whom earlier in the program he asserted were "embarrassing" to America and "have been reduced to rubble under Clinton and Obama." Of his plan, he has vowed not to share it because Barack Obama might implement it and take the victory lap. Following that reasoning, he's saying that if lives are lost in the meantime, so be it. At least the bump in the polls won't be the president's. Of course there's no plan, just a blowhard ceaselessly tooting his horn.

The most galling moment came when Donald Trump repeated his demonstrably false claim that he was "totally against the war in Iraq," and Lauer never pressed him on it.

Even though water-boarding was declared torture under the War Crimes Act of 1996 and a grave breach of the Geneva Conventions and violators would be criminally liable under the doctrine, Trump declared, "I would bring back water-boarding and I'd bring back a hell of a lot worse than water-boarding." He also makes simple proclamations and then just repeats them over and over again, again, when pressed. "If we would have taken the oil, you wouldn't have ISIS," he declared on the CIC Forum. Not one credible expert on the Middle East would agree with that.

The U.S. Defense budget is the largest in the world — larger than the budgets of the next 10 nations combined. Yet, Trump wants to further build up the military, despite the cost of waging war in Iraq and Afghanistan has cost us \$4 trillion.

POLITICAL PIPE DREAMS

Along these lines, Trump bemoans the growth of the national debt, but says that he plans to expand the military, deport, 11 million immigrants, while cutting taxes and disbanding the IRS. Yet, he offers no concrete plans as to how to accomplish this or how to pay for the military build-up and deportation. Or, for that matter how do you oppose raising the minimum wage, while at the same time, decrying income inequality? Or

propose cutting off aid to the poor and homeless while deploring the number of Americans being on food stamps or living below the poverty line? Or demand to defund Planned Parenthood while advocating tax programs that benefit the rich while hollowing out the middle class?



TEMPERAMENT

Much has been made of Mr. Trump's temperament. It would seem that for him the whole point of political office is adulation, that adulation is the entire proof of a person's worth. Rectitude pales next to ratings. Ethics are a sorry substitute for applause. And the methods by which a crowd is fired up don't matter, so long as he can bask in the clapping and indulge his narcissism.

It explains why he swerves from one pronouncement to its opposite and one position to its alternate. It's why he tells lies with such ease and glee. He's not sweating the substance of what he's saying or doing, because

truth is mutually interchangeable with fiction. His primary concern is gauging the audiences' reaction — in the form of victories in the primaries, dominance in the media or supremacy in polls — meaning that his course is just. If Trump's in his heaven, all's right with the world.



He praises Putin in large part because Putin praises him back, or so he's convinced himself. "If he says great things about me," Trump told Matt Lauer during that CIC forum, "I'm going to say great things about him." Of course he's blasé about Putin's possible manipulation of our presidential election — and at one point *encouraged* it — by inviting the Russians to hack Clinton's emails because he assumes the manipulation will favor him.

Trump hears only what he wants to hear. He bases his regard for people on their regard for him. He judges their actions in terms of the benefit to him. When he demeans the very Republican senators whose re-election campaigns he should be helping, it's typically on the grounds that they haven't showered him with praise or genuflected when he draws near. No sin is graver than the diminution of Donald Trump. And no cause is nobler than his elevation.

He blames other when things go wrong: In the first debate, it was his microphone. When questioned about declining to disavow support from David Duke, the former Ku Klux Klan leader, in an interview on CNN, he answered, "I don't know anything about David Duke. O.K.? I don't know anything about what you're even talking about with white supremacy or white supremacists." Mr. Trump later blamed a bad earpiece. Anticipating a possible defeat in the general election, he said "it would be because the election was rigged."

Donald has managed to bring penis size and menstrual cycles and the eating habits of a former Miss Universe into the debate for the highest office in the land. He's mocked and mimicked the handicapped and the pneumonia-induced malaise of Hilary Clinton.

FALSE EQUIVALENCES

The Republican nominee wouldn't have gotten this far, were he not tapping into some deep resentment. America is a deeply divided country, at least in its political life, and the great majority of Republicans will support their party's nominee no matter what. Still the fact is that voters who don't have the time or inclination to do their own research, who get their news analysis from TV or regular news pages are fed a daily diet of false equivalence.

As of this writing, the race is a statistical dead heat. So, how is this possible? Obviously, the flap over Hilary's use of a private email server that the Alt-Right has drug out over the past two years has contributed to it. But, despite the their damning claims, the F.B.I. found that no laws were broken, that of the emails marked classified they were not marked classified at the time and that there was no evidence that emails were "intentionally deleted." Nor was there evidence that her server had been hacked, but it did call her handling of her email at the State Department "extremely careless."

Another part of the reason is that too often the news media feel compelled to indulge in false equivalences — an almost pathological effort to be "politically correct" and portray politicians and their programs as being equally good or equally bad, no matter how ludicrous that pretense happens to be.



To be fair, some reporters and news organizations try to point out Trump statements that are false, frightening, or both. All too often, however, they still try to maintain their treasured balance by devoting equal time — and, as far as readers and viewers can tell, equal or greater passion — to pillorying Hilary Clinton for far less important misstatements. In fact, surveys show that Mrs. Clinton has overall, received much more negative coverage than her opponent.

REPUBLICANS ON THE NOMINEE

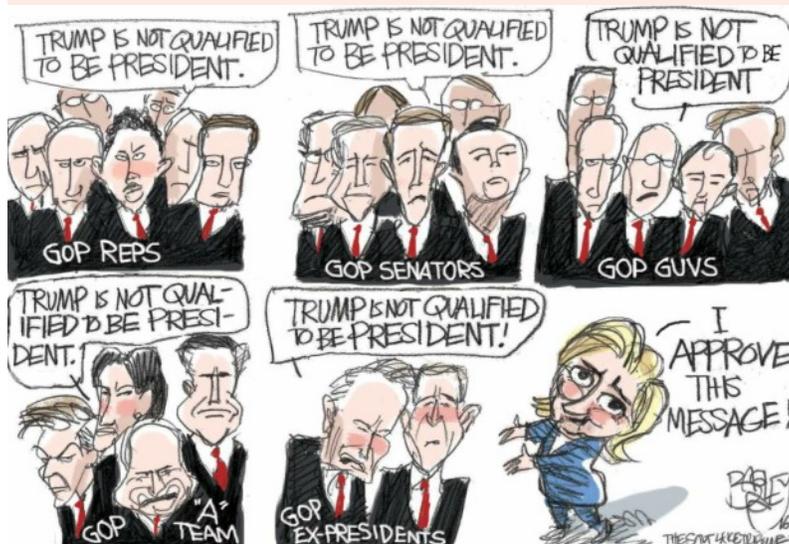
Former Secretary of Defense Robert Gates slammed the GOP presidential hopeful in a scathing Wall Street Journal Op-Ed on September 17th. Gates wrote that Trump is "beyond repair" and unsuited to be Commander-in-Chief. "He has no clue about the difference between negotiating a business deal and negotiating with sovereign nations," Gates wrote. "A thin-skinned, temperamental, shoot-from-the-hip and lip, uninformed commander-in-chief is too great a risk for America. "Following the article Trump called the former Defense Secretary "a clown." Earlier in the week, another former Secretary of Defense, Colin Powell, assessed Trump as "a national disgrace and an international pariah" who led a "racist" birther movement.



Recently, fifty of the nation’s most senior Republican national security officials, many of them former top aides or cabinet members for President George W. Bush, signed a letter declaring that Donald J. Trump “lacks the character, values and experience” to be president and “would put at risk our country’s national security and well-being.” Mr. Trump, the officials warn, “would be the most reckless president in American history.”

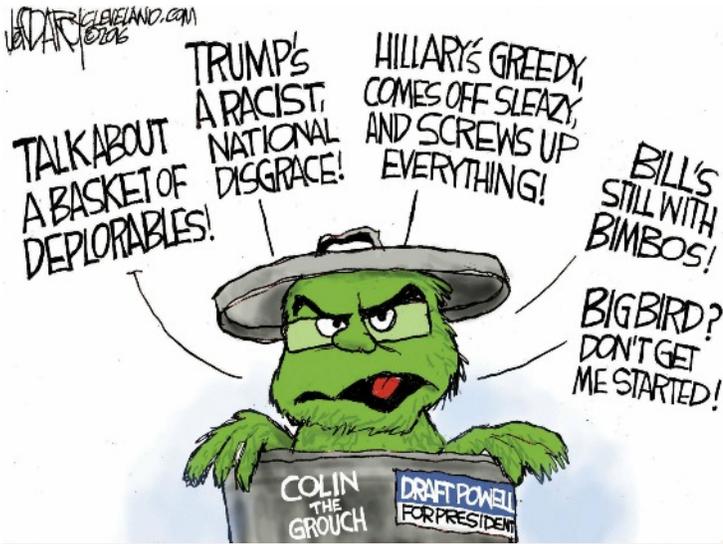
The letter says Mr. Trump would weaken the United States’ moral authority and questions his knowledge of and belief in the Constitution. It says he has “demonstrated repeatedly that he has little understanding” of the nation’s “vital national interests, its complex diplomatic challenges, its indispensable alliances and the democratic values” on which American policy should be based. And it laments that “Mr. Trump has shown no interest in educating himself.”

Among the most prominent signatories are Michael V. Hayden, a former director of both the C.I.A. and the National Security Agency; John D. Negroponte, who served as the first director of national intelligence and then deputy secretary of state; and Robert B. Zoellick, another former deputy secretary of state, United States trade representative and, until 2012, president of the World Bank. Two former secretaries of Homeland Security, Tom Ridge and Michael Chertoff, also signed, as did Eric S. Edelman, who was Vice President Dick Cheney’s national security adviser and as a top aide to Robert M. Gates when he was secretary of defense.



Yet perhaps most striking about the letter is the degree to which it echoes Mrs. Clinton’s main argument about her rival: that his temperament makes him unsuitable for the job, and that he should not be entrusted with the control of nuclear weapons.

“He is unable or unwilling to separate truth from falsehood,” the letter says. “He does not encourage conflicting views. He lacks self control and acts impetuously. He cannot tolerate personal criticism. He has alarmed our closest allies with his erratic behavior. All of these are dangerous qualities in an individual who aspires to be president and commander in chief, with command of the U.S. nuclear arsenal.”



With a few of the above noted exceptions, Republican Party's elders have told us that they are willing to throw their support behind a presidential candidate who they know is utterly ignorant of policy, has done no homework, has engaged in racist attacks on a sitting judge, has mocked a disabled reporter, has impugned an entire religious community, and has tossed off ignorant proposals for walls, for letting allies go it alone and go nuclear and for overturning trade treaties, rules of war and nuclear agreements in ways that would be wildly destabilizing if he took office. Despite that, many top G.O.P. leaders say they will still support Donald Trump — even if he's dabbled in a "textbook definition" of racism, as House Speaker Paul Ryan described it — because he will sign off on their agenda and can do only limited damage given our checks and balances.

John McCain's hunger for re-election is so great that he dare not raise his voice against Trump. And Marco Rubio, who called Trump "a con man," who insulted his very being and yet he still endorsed him. In this craziest of presidential election years, Ted Cruz when he spoke at the Republican convention in June, urged Republican delegates "to vote their conscience." As recently as this past May, he averred that he [Trump] was a pathological liar; utterly amoral, and a serial philander. Last week, he capitulated to putting party above patriotism and has now endorsed him.

PRESS ENDORSEMENTS AND UNPRECEDENTED STANDS AGAINST TRUMP

It is not surprising that some of the more liberal newspapers like the New York Times, San Francisco Chronicle, and the Washington Post have endorse Hilary. But Hillary Clinton is endorsed by Texans at the traditionally Republican *Houston Chronicle*; the *Dallas Morning News*, which last endorsed a Democrat in 1944 as Franklin Roosevelt led us through World War II; and the *Cincinnati Enquirer*, which opposed Roosevelt, having last endorsed a Democrat in 1916! For the first time since 1890, the Arizona Republic endorsed a Democrat. Of the fifty largest newspapers in the United States, not one has endorsed Donald trump for President. And, in the 34-year history of USA TODAY, the Editorial Board has never taken sides in the



presidential race. The Detroit News, around since 1873, has only not endorsed a Republican 3 times. It's reportedly going for Johnson. Other Republican-leaning editorial boards like the Richmond (Va.) Times-Dispatch, the Winston-Salem (N.C.) Journal and New Hampshire Union Leader threw their clout behind Johnson.

The presidential race is not a race between Democrat and a Republican — this is a race between a Democrat and a demagogue.

RATE SUMMARY

In the past month...

*Conforming programs—were an 1/8th cheaper↓

*Jumbos—were unchanged↔

*Governments—nil change↑



FOR CURRENT INTEREST RATES FOR THE 16 MOST POPULAR PROGRAMS GO TO: www.mortgagestraighttalk.com Then, click on the menu tab labeled "RATES". The rate sheets are updated every Friday.

MORTY'S MAILBAG

There were no letters in the mailbag this month.

Recipients of the newsletter are invited to Ask Morty any real estate or financing questions. The answer to the question will be answered either by phone or email and posted in the next issue for the benefit of all. Questions may be forwarded via mail phone or fax. Due to the high incidence of spam, if you email me a question it needs to be identified as a "real estate question" on the subject line of the email. (See front of issue for phone and fax numbers). Morty's email address is.... morty@mortgagestraightTalk.com

MORTGAGE MIRTH

I'M NOT AGING
I'M FERMENTING

