



Newsletter

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Issue 1

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Among your New Year's resolutions you may have promised yourself that you'd look into those omnipresent ads on the radio and in print touting mortgage rates as low as 1%, 1.25%, or 2%. If you'd ever wondered what they were all about but hadn't investigated them I can be of help and it is, coincidentally, this month's topic.

These loans go by various names MTA's (for Monthly Treasury Averages—the name of the Index) 12 MATs, Option ARMs (Adjustable Rate Mortgages), etc.

When people hear the word “adjustable” they often say, “I don't want anything where my payments go up.” It's a valid concern. But with these ARM programs, your payment is fixed for 1 year and the payment can only increase 7.5% per year.

So, if your payment was \$1000 per month the most it would go up is \$75 in the second year to \$1075 per month.

Still, people say, “Why would I be willing to increase my payments even \$75 (in this example) a year?” The answer is because your payments start

out several hundred dollars per month cheaper (approximately 45%) than what you'd be paying with a fixed rate loan.

Compare, for example, the payment on a 30-year fixed rate loan of \$500,000 @ 6.25% of \$3078 with an MTA Option ARM of \$1608.

Moreover, the loan is tied to the MTA Index (Monthly Treasury Average) so it is not affected by the volatility of daily interest movements. That's because the MTA is a 12-month average of the monthly yields on U.S. Treasury securities. Each month the MTA index adjusts to reflect the previous 12-month average, thus avoiding the sharper fluctuations of other volatile indices.

In addition, you need have only a 620 FICO score to qualify. This also works for stated income borrowers (self-employed individuals) and non-owner occupiers (investment property).

Furthermore, it affords borrowers flexibility with all the usual ARM payment options:

1. Minimum payment
2. Interest only
3. Interest and principal
amortized over 30 years
4. Interest and principal
amortized over 15 years

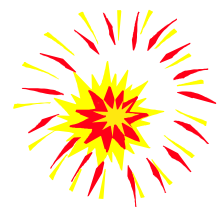
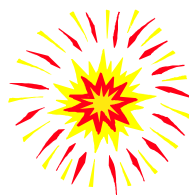
Minimum Payment Options start rate as low as 1% for LTVs (loan to value) of 80% or less and 2% for LTVs greater than 80%.

These loans are an ideal choice for certain niche borrowers:

- Who are self-employed or work on commission with inconsistent income flows because borrowers have payment options every month.
- They help maximize cash flow or defer interest to offset capital gains in a securities portfolio for savvy investing.
- They are also great for investment properties where rentals may produce an uneven monthly revenue stream.

All the savvy mortgage professionals and affluent investors I know use these loans because they're the lowest cost loans and they also afford one the most flexibility and leverage.

If you're interested, I'll be glad to work up the numbers and see if you qualify.



NEW BUSINESS

I am co-sponsoring a FREE Home Buyers' Seminar on Wed. January 26, from 6-8 P.M. in the Carlsbad Public Library Meeting Room located at 1775 Dove Lane Available to answer your questions will be reps from:

- *La Costa Home Sales
- *Associated Mortgage Brokers
- *Alliance Title & Escrow

So that we may have enough Home Buyer Handbooks and seminar packages on hand, if you wish to attend, please R.S.V.P. (760) 726-4600.

Thank You (You Know Who You Are) for the testimonials (or for allowing me to put words in your mouth) and use your name in

conjunction with my brochure.

As soon as they're printed, I'll send one so that you, too, may see your name in print.

YOU'RE SPECIAL to us and we thank you for your business.

Starting next month, don't be surprised if you receive a birthday card from us at MortgageStraightTalk (providing your birthday is in February). Also, next year, expect to see one of those politically correct Happy Holidays or Season's Greetings cards from us to those of you who are celebrating Christmas, Hanukah, Kwanza, or Festivus.

Next Issue's Topic: Custom Pricing and Loan Fees

