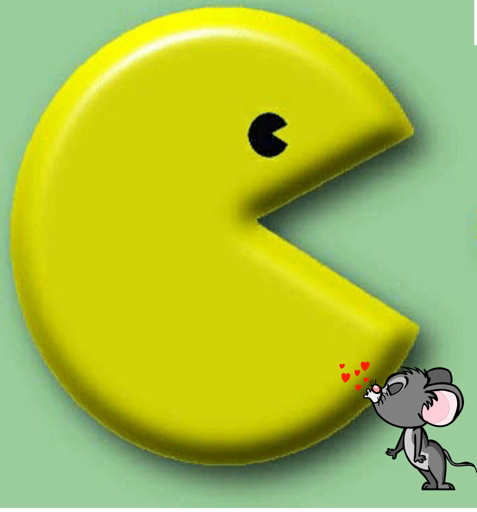

Newsletter Vol. 11 Issue 2

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IN THIS MONTH'S ISSUE

LATEST ECONOMIC DEVELOPMENT

1/29/14: The Fed says that it is going to again reduce the amount of Treasury bonds and mortgage bonds that it buys each month by $5 billion in each category.

Remember–it is buying these bonds to push the prices of those bonds higher, which lower the rates. It wants to push long term rates down so more people will do things like refinance which in turn will put more money in their pocket which they will spend, causing businesses to make more stuff, requiring businesses to hire more people, which pushes the economy higher.

ANNUAL FORECAST FOR 2014

It may seem odd to be making the annual forecast in February, instead of January, but as I have remarked in the past, finding year-end graphs and tables for various sectors of the economy in mid-December involve projections and even then it is never easy. This year, in the interest of time and space, I am going to dispense with the graphs and charts. Instead, I'll simply state the juncture the various sectors are at and what the likely outcomes in the coming year are apt to be.

UCLAAnderson SCHOOL of MANAGEMENT

I'm no genius but when it comes to macroeconomic issues due to my education (M. A. in finance theory) I know I am better informed than most people. Being au courant on economic events (I read a daily newspaper, look at newsfeeds during the day, and watch three or four news programs in the evening) and non-partisan, I think has allowed me to view the situation in Washington with a less jaundiced-eye than so many of my brethren. Yet, lamentable is perhaps the best way to describe the emotion that washes over me most days because I believe that so many of our economic problems are readily solvable, but politics and money have occluded their resolution.

WHENCE WE CAME AND WHITHER WE GOEST?

We have an economy that is recovering far too slowly from the recession that began in 2007. And as Janet Yellen, the vice chairwoman of the Federal Reserve, recently emphasized, the main reason for the sluggish recovery is that government spending has been far weaker in this business cycle than in the past. We should have spent more, not less, until we were close to full employment. The sequestration exacerbated this even more so.

For years, Congress and the Obama administration have been working at cross-purposes to the Fed, as strategies to cut the budget have taken priority over strategies to increase growth, jobs and pay. Republicans have insisted on austerity for ideological and political reasons. The administration has done better by adding new taxes and investments to the cuts, but the reductions are still deep and damaging. The budget fights have endured even as the intellectual arguments for near-term deficit reduction have collapsed. They have endured even as the economies that have enforced budget cuts most strenuously have contracted, notably in Britain and in much of the rest of Europe. And they endure even as the United States remains impaired by fiscal wounds that are, unfortunately and undeniably, self-inflicted.

Since the Great Recession began in 2008, the recovery has been slow and fitful. There are sundry reasons for it, but the principal one is that consumer demand is still lackluster. Consumer expenditures account for 70% of Gross Domestic Product (GDP). With the onset of the recession, consumer expenditures fell and naturally producers of goods and services cut back on their work force because of the decreased demand for the products and services. With the demand for fewer goods and services, workers were either furloughed or laid off. As the economy has begun to improve, some workers have been hired back and we have seen unemployment rates drop from 11% &12% to 7%. But employers found that for the most part they could still satisfy the existing demand. Until we return to full employment, something in the range of 4 to 5%, there is going to be little improvement. Businesses aren't about to hire new staff if they can satisfy the current demand with the existing capacity.

There has been a common thread in mainstream economic forecasting lately. It goes like this: "Yes, 2013 has been rough. But growth should pick up in 2014." The same story shows up in almost any mainstream forecasters' estimates. For example, in their last official forecasts, top Federal Reserve officials concluded that 2013 U.S. economic growth was on track to be only 2 to 2.3 percent. But they forecast that would rise to the 3 percent ballpark in 2014 and as high as 3.5 percent in 2015.

The consistent pattern for the last four years has been to project improving growth in the year ahead, and then to mark down those projections when the rosier future does not arrive.

None of this is to pick on the Fed. Anybody who has been in the business of trying to predict the economic future the last few years has had a hard job, from the Congressional Budget Office to the IMF to a panoply of private forecasters.

But the persistence of this trend raises a more important question: Is this an economy that is on track to finally get back to normal, but which keeps hitting pockets of bad luck? Or is there something more fundamentally broken that is the reason forecasters keep proving overly optimistic year after year.

Here's the case for the "unlucky" scenario. Each year we have seen one economic force or another emerge that has held back growth prospects. There was the eurozone crisis in 2010 and 2011 and ensuing recession. There was U.S. fiscal pullback, in state and local governments in those two years and increasingly a federal government tightening in 2012 and 2013. Throughout it all, there has been damaging brinksmanship by fiscal authorities.

Add all those up and you have a recipe for disappointment.

At the same time, to simply chalk up the disappointing results, year after year, as bad luck, misses something more fundamental. First, some of these headwinds have been foreseeable. Fiscal austerity in Europe and the United States did not arrive overnight; the shift toward lower deficits has been part of the agenda since 2010. So the question is whether the latest round of forecasts, for stronger growth in 2014, are based on something more thoughtful than just a hope that eventually the headwinds will end and the U.S. and global economies can start cranking a little faster.

The good news for 2014 is that those headwinds--the ones we know about—are already priced in. U.S. government spending cuts and tax hikes took place, but there aren't likely to be additional ones next year.

In other words, the foreseeable things that dragged down growth the last few years look unlikely to recur. So the good news is that the natural resilience of the world's leading economies should have a greater ability to assert itself, driving the kind of expansion embedded in projections from the IMF, the Fed, and presaged by the new OECD numbers.

A more full-throated recovery has to happen eventually. And so why not 2014?

The counterweight is this: We don't know what we don't know. The old headwinds have been dissipating. But we have no ideas what new ones could arise in their place. An oil price shock? Premature tightening by the leading central banks?

The biggest lesson of the last six years of crisis and weak recovery is this: Just because a pickup looks like it is right around the corner doesn't mean it will actually arrive. How's that for hedging one's bets? Now, whither we goest?

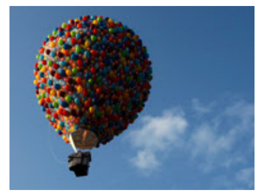
ECONOMIC GROWTH: 2013 unfolded the reverse of the way I thought it would (and 2014 is starting the way I thought 2013 should). While I thought the economy and the stock market would have a rocky first half because of the uncertainty about the "fiscal cliff" negotiations and the sequestration, and then strengthen during the second half of the year. In actuality, the market soared in the first 4 or 5 months and began a gradual tapering during the latter half of the year. Quoting from last year's newsletter, I predicted the economy would show "more vigor in the second half of the year" but, "given the political climate in Washington, I believe GDP for 2013 in more likely to be in the range of 2-2.2%." The actual annual growth in GDP was 2.72% so I was off by at least half a percent.

Thanks to a more stable international outlook and the housing market comeback, 2014 is expected to be a solid year of modest growth in the economy. One reason for recent strength in the economy is the continuing rebound in real estate, which rose a better-than-expected, annualized 13.6% through October. I feel added gains will come as business and consumer confidence strengthens and Europe begins to emerge from its 18-month recession, brightening overseas sales prospects. Although, the IMF has stated that, "Risks to activity associated with very low inflation in advanced economies, especially the euro area, have come to the fore." A negative shock to the economy could turn low inflation into deflation, which risks a downward spiral of activity as consumers postpone spending in anticipation of cheaper prices in the future. Consequently, for 2014, I'm still not as sanguine as the Fed at 2.9% to 3.1%. I feel like a contestant on "The Price Is Right" game show with my guesstimate being 2.7%, "coming closest to the actual number without going over the actual retail price".

UNEMPLOYMENT: I estimated that unemployment would drop from 7.7% to 7.4% in 2013. Up until November, it was at 7.3%, but then the November jobs report came out showing that it had declined to 7.0%. Just when it looked like the job market was improving, the December Jobs Report showed that only 74,000 jobs were added in December. This was well below expectations and was the smallest increase since January 2011. However, the number of job creations for November was revised higher by 38,000, bringing November's total to 241,000. Adding to the confusion, the Unemployment Rate fell to 6.7 percent, which is the lowest level since October 2008. However, the Labor Force Participation Rate (LFPR) fell to 62.8 percent, matching the number from October 2013 as the lowest level since the late 1970s. The LFPR measures the proportion of working-age Americans who have a job or are looking for one, and it should be moving higher in a recovery. In addition, 347,000 people left the workforce last month, though it is unclear whether these are people retiring, people leaving the labor force because they can't find a job, or a mixture of both.

By the close of 2014, I believe the number will finish around 6.6%; it's a little like trying to lose that last 10 pounds: it gets harder and harder the lower you go. But one of the key rates—"underemployment" (part-time work) is not likely to budge.

THE FED & INTEREST RATES: Last year I wrote that I expected “the 10-year Treasury notes, a benchmark for mortgages, to remain below 2% and stay there into spring 2013”, which they did. After that, I thought they would inch higher, which they also did, ending at 3%. Although encouraging signs of increased hiring and manufacturing activity point to a better-performing economy in 2014, the economic pace is likely to remain well below levels that would call for appreciably higher interest rates. There is more volatility in longer-term rates, where markets call the tune. Investors continue to exhibit some anxiety about exactly when and how much more the the Fed will reduce the tapering off of its $65-billion-a-month bond purchases. Look for the 10-year Treasury rate to rise slowly through 2014, finishing the year at about 3.4%--still low by historical standards. Rates for 30-year mortgages, now at around 4.45%, will range between 5% and 5-½% next year. Note that rates of 5%-5.5%, though significantly above the 3%-3.25% rates of 30-year fixed-rate loans available in early 2013, they still seem ridiculously low to anyone who bought a house in the 1970s or early 1980s.



INFLATION: My expectation that 2013’s inflation rate would not exceed the 2% of 2012’s was an understatement as overstatements go. The latest annual inflation rate for the United States was 1.2%, as reported by the Bureau of Labor Statistics (BLS) on December 17, 2013. Most people don’t realize that we have been in a deflationary environment for the past 5 years as consumers continued to deleverage and pay off debts acquired prior to the economic melt down of 2008. I don’t foresee inflation topping 2% in 2014, either, ticking up to about 1.8%.

OIL: The price of oil fell below $96 a barrel on 1/2/2014 amid reduced trading volumes and the impact of a strengthening dollar. Oil was trading in the area of $85-90/barrel last February when I said, “The slowly healing U.S. economy and rising demand for oil abroad will likely push crude oil prices up a bit, to as much as $95 a barrel by early spring.” It did and it rose to slightly over a $100 and then dropped back. Figure on oil returning to its recent trading range of $90 to $95 per barrel. Rising U.S. production of oil and natural gas is helping to both reduce imports of oil and expand exports of liquefied natural gas.

HOME PRICES: Housing prices jumped 13.6% last year. I had them pegged for about an 8% increase. The actual number of EXISTING home sales for 2013 was 5 million whereas I forecast 5.1million. In 2013, housing starts grew at an annual pace of 1.09 million, up nearly 30% from a year ago. The issuance of building permits was also strong, up 7%.

For 2014, expect low single digit increases in accordance with Case-Shiller which is forecasting a 6.8% rise in the median home value. Again, I will stick with my forecast of 5.1 million of existing homes sold in 2013 as being the case for 2014. At the same time, NEW-home sales are likely to climb by about 16% to 580,000 next year. Look for construction of about 1.1 million new homes to begin in 2014, as builder confidence grows and inventory remains tight. That’s an increase from 2013 building starts, which totaled around 950,000. (Because of the government shutdown in October, figures for building starts and permits in September 2013 are not yet available).

Housing inventory remained unchanged at 2.21 million homes for sale, or five months of supply at current purchasing levels. About six months’ worth of inventory is usually considered a healthy mix of supply and demand.

CONSUMER SPENDING: The actual growth in retail sales for 2013 came in at 4.5%, a bit lower than the 5% I had it pegged at. I think my optimism, if you will, was tied to the gains in Q3 & Q4 of 2012 and the pent up demand over the previous 5 years.

Consumer confidence jumped to 78.1% in December, from 72.0 in November and retail sales followed suit, ticking up 0.2% in December. Economists were expecting sales to be flat in November, however, November sales were revised lower. The government said sales grew by 0.4% in November from October, down from the 0.7% it had originally reported last month. In conjunction with modest holiday sales, I’m going to scale back my forecast for retail sales growth to 5.2% for 2014.

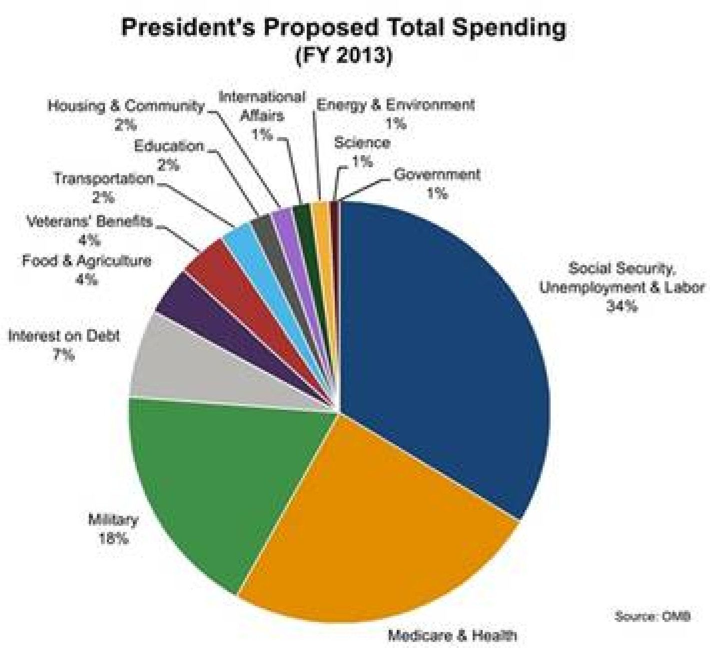
BUSINESS SPENDING: Growth is likely to be only in the 4.5%-5% neighborhood, however, following a roughly 4% increase in 2013. The wild card will be whether politicians once again start wrangling about the fiscal outlook and the debt limit. Renewal of previous hostilities would keep investment at the low end of the forecast. A decision to stop the battling would offer a much more favorable backdrop for hiring and stronger investment.

THE STOCK MARKET: Could I have been more wrong when I wrote that I thought the Dow would close out 2013 at 14,000? Given the supposed "fiscal cliff", the sequestration, and the looming debt ceiling debate, I thought I was being optimistic. Instead the Dow closed at 16,576 for a gain of 26.5%, far above the 7.25% increase I had predicted. Current asset prices seem to have been driven by liquidity provided by the Fed's bond purchases (to which they are still committed). Now there the market seems to have begun a transition to fundamentals which are strengthening like an expanding US economy, higher job creation, gains in labor productivity, lower energy prices and subdued inflation. My prediction for 2014 of a Dow at 17,725 represents an increase of 7%.

TAXES, GOVERNMENT SPENDING, AND DEFICITS: For this last category I have decided to simply reproduce the President's 2013 Budget followed by the one for 2014.

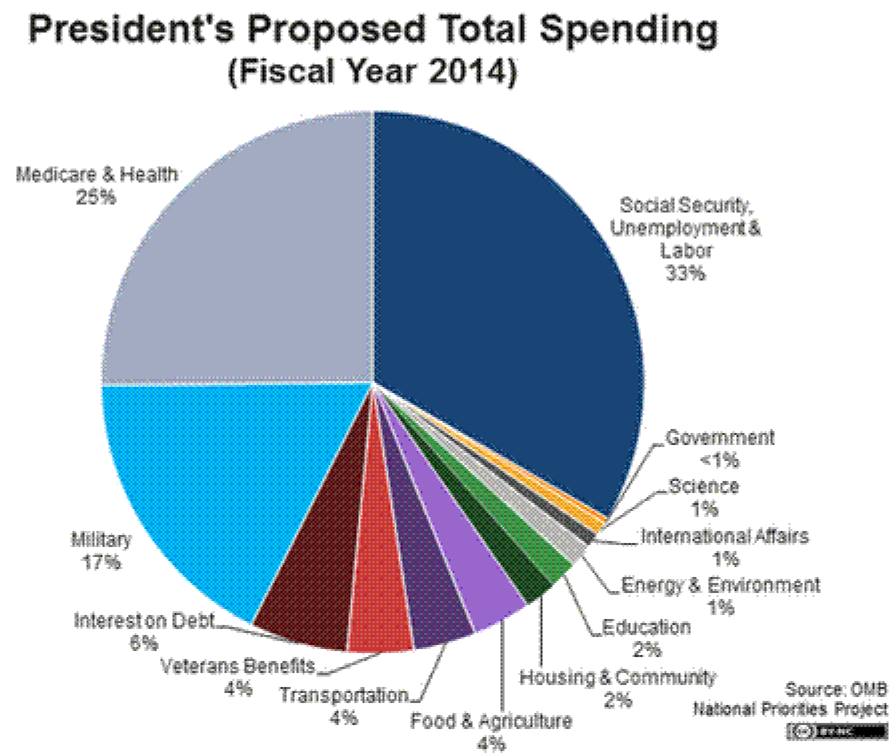
As you can see from the pie charts below, the largest piece of the pie goes to entitlements such as Social Security, pensions, unemployment benefits. The military's budget and for Social Security & Unemployment have both been trimmed by 1%.

The other major entitlement expenditure, health care costs, accounts for 25 percent of the U.S. budget, up 1% from the one for 2013. The Supreme Court upheld the Affordable Health Care Act in 2012. While the health care law is not perfect, (a single-payer plan would have been more cost effective) its purpose was to contain health care costs by reducing excessive provider payments and by giving providers incentives to be more efficient, as well as a government mandate that the 50 million uninsured buy insurance so that their emergency room services were no longer borne by the public at large—all seemingly worthwhile goals. The health care law starts the arduous process of shifting the medical payment system away from an emphasis on quantity of care and toward an emphasis on quality. It will not be fully implemented until 2014. Reining in health care costs is crucial because, in the long run, it is vital to taming the deficit. These cost containment features will cut the nation's long-term fiscal imbalance and reduce the projected deficit within Medicare by three-quarters.

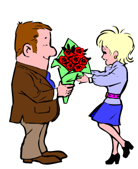


The combination of rising tax receipts and falling spending has caused federal borrowing to plunge. This has actually been a bad thing because premature deficit-cutting damages our still-weak economy—in fact; we'd probably be close to full employment now but for the unprecedented fiscal austerity of the past 3 years.

The budget compromise reached in December, canceled 61% of the sequester cuts to non-defense discretionary domestic programs. Republican loathing of taxes and domestic spending continues to dominate the budget debate. For instance, on the debt/spending issue, Congress should be borrowing money at these unusually low rates to invest in a 10-year upgrade of our crumbling infrastructure (roads, bridges, telecom, ports, airports and rail lines) and in a huge funding increase for our national laboratories, research universities and institutes of health, which are the gardens for so many start-ups. Together, such an investment would stimulate sustained employment, innovation and the wealth creation to pay for it. But this near-term investment should be paired with long-term entitlement reductions, defense cuts and tax reform that would be phased in gradually as the economy improves.



CONCLUSION: The economy seems poised for a year of solid, modest growth. As demand picks up, both domestically and abroad, it should result in an improved employment picture. Even though increased manufacturing activity and hiring suggests a better economy in 2014 along with the Fed continuing to wind down it's bond and mortgage-backed security purchases, growth is not likely to be so great as to hike interest rates appreciably. This month, begins another debt-ceiling debate. Although we still need to be investing in education, infrastructure and innovation, instead we have slashed spending on important domestic needs while doing little to address job creation, immigration and tax reform. The recovery in the U.S., though lackluster, still trumps Europe's.



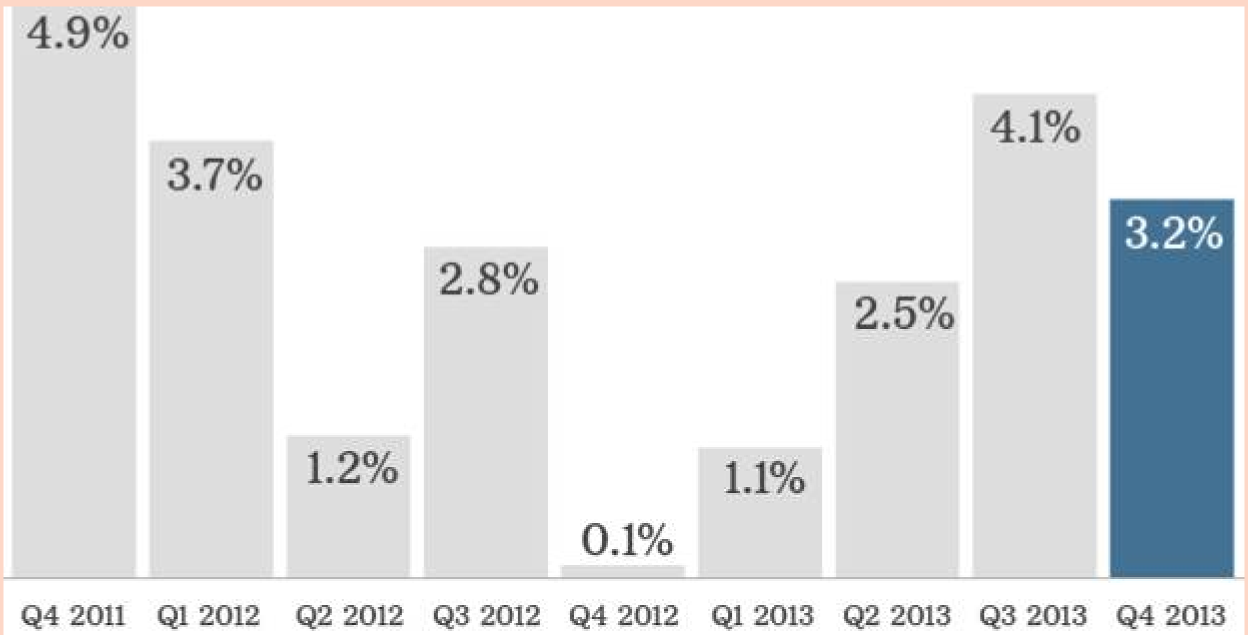
ECONOMY GREW SOLIDLY IN FOURTH QUARTER

The U.S. economy ended the year with solid growth, driven by stronger consumer spending and exports. Gross domestic product—the broadest measure of economic activity—grew at a 3.2% annual pace in the fourth quarter, according to a Commerce Department report. That figure beat economists' expectations, and although it's not indicative of gangbusters growth, the data seems to show the economy is moving forward modestly. GDP rose at a 4.1% clip in the third quarter.

Consumer spending picked up at a 3.3% annual pace, its highest level of growth in three years. The strongest area for spending was food services and accommodations, a category that includes restaurants, bars and hotels. Spending on these services alone grew at a 10.2% annual rate in the fourth quarter, its fastest pace since 1992. Spending also picked up in almost every other category, including clothing, autos and health care.

Meanwhile, international trade was a large driver of economic growth, as exports grew at a faster clip than imports from other countries.

But cuts in federal government spending continued to weigh on the economy. GDP would have grown at a 4.2% pace in the quarter, if it weren't for federal spending cuts, according to the report. For the whole year, the economy grew 2.725%, up from a 1.9% growth rate in 2012.



FORECLOSURES HIT SIX-YEAR LOW IN 2013

Last year was a banner year in the fight against foreclosures, with filings hitting their lowest level since 2007. Total foreclosure filings for 2013, including notices of default, scheduled auctions and bank repossessions, were reported on 1.36 million properties, down 26% from 2012, according to RealtyTrac. With one in every 96 homes reporting at least one foreclosure filing in 2013, the national foreclosure rate has dropped to 1.04%--close to the historic norm of just below 1%. During the 2010 peak of the housing crisis, the national foreclosure rate was 2.23%.

Despite the improving market, the foreclosure threat continues to hang over the heads of many homeowners. In December, 9.3 million properties, or 19% of all homes, were reported to be "deeply underwater," meaning borrowers owed at least 25% more on their mortgage than the homes was worth.

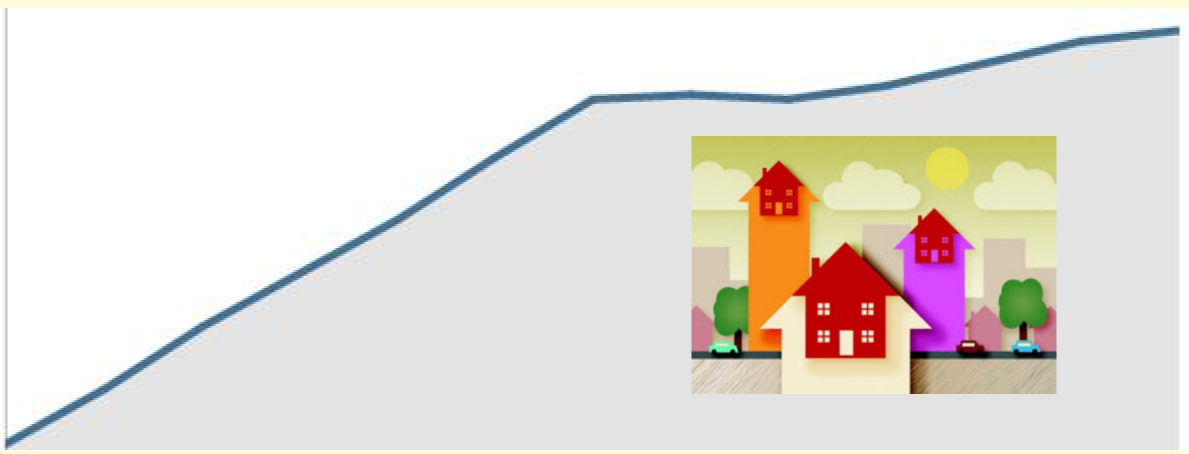
Millions of homeowners are still living in the shadow of the massive foreclosure crisis, but the shadow cast by the foreclosure crisis is shrinking as fewer distressed properties enter foreclosure and properties already in foreclosure are poised to exit in greater numbers in 2014. About 463,000 people lost their homes to bank repossessions in 2013, down 31% from 2012. In 2010, there were more than a million repossessions and 2.9 million foreclosure filings.

While most of the distressed properties from the bleak years have already been taken back by lenders and resold, the banks are pushing to get the remaining backlog of foreclosures through the system. And it's coming at a good time as home prices rebound. There is unprecedented demand from institutional investors willing to pay with cash to buy at the foreclosure auction, helping to raise the value of properties with a foreclosure filing in 2013 by an average of 10% nationwide.

In so-called judicial foreclosure states, where foreclosures must get approved through the courts, hefty backlogs of foreclosures are just now getting worked through. Maryland, for example, saw a 107% increase in scheduled judicial foreclosure auctions in 2013. Meanwhile, New Jersey and Connecticut saw increases of 64% and 55%, respectively. Overall, Florida was the foreclosure capital last year with 270,000 properties, or more than 3% of all housing units, with at least one foreclosure filing last year. That's nearly twice as many as second place California. Eight of the top foreclosure cities are in Florida. That used to be said that about California, but now California doesn't have any cities in the top 10.

HOME PRICES WERE UP IN 2013 - WAY UP!

Home prices posted another big annual gain in October, although there are signs that 2013's rapid rise in prices is close to topping out. The closely-followed S&P/Case-Shiller home price index was up 13.6% compared to a year ago, the largest 12-month gain since early 2006, which was the height of the housing bubble. Prices have been improving at a faster annual rate every month for nearly two years. But with the prospect of rising mortgage rates, October prices were little changed from September.



Home prices climbed nearly 14% in the 12 months ending in October.

Prices are expected to rise further in 2014, but the annual gain is expected to be in the single digits rather than the rapid rise recorded for much of this year. The housing recovery has been a key area of strength in the U.S. economy. Significant drops in unemployment and home foreclosures have combined to drive a rebound in demand for homes.

But the fact that many homeowners still can't sell their homes because they owe more on them than they are worth, combined with years of low levels of home building, have left the nation with a tight supply of homes for sale. And that tight supply has helped to drive up prices.

The gain in prices was widespread, with all 20 major markets tracked by the index posting solid gains. New York, where prices are up 4.9% in the last year, posted the smallest gain, while Las Vegas, which was hard hit by the bursting of the housing bubble, posted the largest gain at 27.1%. Despite the recent rise, the overall index is still about 20% below the record peak reached in July 2006 at the height of the housing bubble.

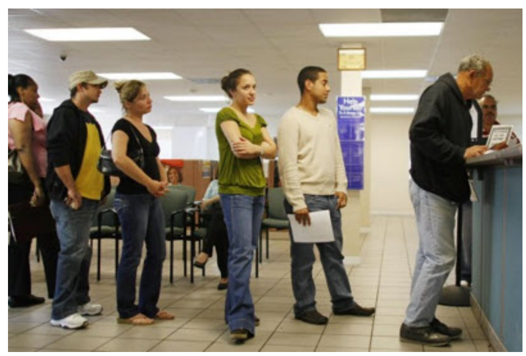
Mortgage rates have been rising steadily for months since hitting a record low in the spring. The rate on a 30-year loan is now 4.48%. That has also increased demand as potential buyers look to make a purchase before rates go higher.

MORTY'S MAILBAG

Q. I know that this sounds bizarre, but have you heard of zombie economics? I heard a friend referencing it the other day and I had no idea what he was talking about. Hope this question isn't too weird.

A. I think I know of what your friend was speaking. A zombie idea is a proposition that has been thoroughly refuted by analysis and evidence, and should be dead—but won't stay dead because it serves a political purpose, appeals to prejudices, or both. A classic zombie idea in U.S. political discourse is the notion that unemployment insurance reduces the incentive to search for a new job. As a result, the story goes, workers stay unemployed longer. Cut off their benefits and they'll go out and find jobs. How exactly, will they find jobs when there are three times as many job-seekers as job vacancies? Details, details.

The point is that employment in today's American economy is limited by demand, not supply. Businesses aren't failing to hire because they can't find willing workers; they're failing to hire because they can't find enough customers. And because recipients tend to immediately spend the money they receive in unemployment benefits, slashing unemployment benefits has the side effect of reducing incomes and hence consumer spending which just makes the situation worse.



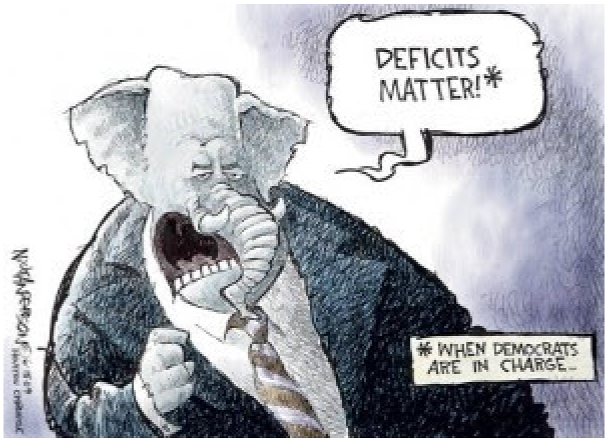
In short, unemployment benefits help create jobs, and cutting those benefits depress the economy as a whole.

It is ironic that Congress voted to end $300 of weekly unemployment benefits for 1.3 million American workers, many of them in desperate financial straits, at the end of December while continuing to subsidizing wealthy agri-business owners to the tune of $300,000 to $3 million/year not to grow crops. It's a part of a general pattern of afflicting the afflicted, while comforting the comfortable (no to food stamps, yes to farm subsidies).

The financial crisis of 2008 and its painful aftermath, which we are still dealing with, were a huge slap in face for free-market fundamentalists. Back then, the prevailing zombie idea was that government regulation fettered financial markets and deregulation would lead to greater financial growth and prosperity. The financial markets were doing just fine and dismissed the notions about a housing bubble. Then the non-existent bubble burst, and the financial system proved dangerously fragile; only huge government bailouts prevented a total collapse.

Instead of learning from this experience, however, many on the right chose to rewrite history. Back then, they thought things were great, and their only complaint was that the government was getting in the way of even more mortgage lending; now they claim that government policies, somehow dictated by liberals even though the G.O.P. controlled both Congress and the White House, were promoting excessive borrowing and causing all the problems.

Every piece of this revisionist history has been refuted in detail. No, the government didn't force banks to lend to Those People; no, Fannie Mae and Freddie Mac didn't cause the housing bubble (they were doing relatively little lending during the peak bubble years); no, government-sponsored lenders weren't responsible for the surge in risky mortgages (private mortgage issuers accounted for the vast majority of the riskiest loans).



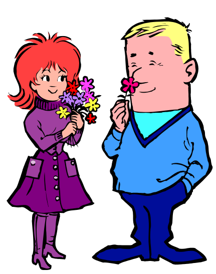
What about responding to the crisis? Four years ago, right-wing economic analysts insisted that deficit spending would destroy jobs, because government borrowing would divert funds that would otherwise have gone into business investment, and also insisted that this borrowing would send interest rate soaring. The right thing, they claimed, was to balance the budget, even in a depressed economy.

Now, this argument was obviously fallacious from the beginning. As I and others have pointed out, the whole reason our economy was depressed was because businesses weren't willing to invest as much as consumers were trying to save. So government borrowing would not, in fact, drive up interest rates—and trying to balance the budget would simple deepen the depression. Sure enough, interest rates, far from soaring, have been at historic lows—and countries that slashed spending have also seen sharp job losses, e.g., Britain, Spain, etc.

Another zombie idea was that the nation needed to slash spending because of the national debt and deficits. While Washington politicos may have wrung their hands over the supposed deleterious effect on economy, the capital markets never displayed any concern at all about U.S. creditworthiness. As mentioned earlier, borrowing costs have stayed at near record lows.

There are many more of these fallacious economic notions, but I think you get the picture from what I have iterated here.

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



RATE SUMMARY

As the stock market "corrected", this month, mortgage rates improved considerably.

Conforming programs—an 1/8th to 3/8ths better ↓
Jumbos—a ¼ to a ½ better ↓
Governments—an 1/8th to 3/8ths better ↓

FOR CURRENT INTEREST RATES FOR THE 16 MOST POPULAR PROGRAMS GO TO: www.mortgagestraighttalk.com The rate sheets are updated every Friday.

MORTGAGE MIRTH....

With my apologies to Valentine's Day, this month:

BEST BETS THIS MONTH

- Conforming 30yr. fixed @ 4.00%
- Conforming 5/1 ARM @ 2.625%
- High Balance Conforming 30 Yr. fixed @ 4.125%
- High Balance Conforming 15Yr. fixed @ 3.250%
- Jumbo 5/1 ARM @ 2.750%
- FHA Conforming 15 Yr. fixed @ 2.875%
- VA Conforming 15 Yr. fixed @ 3.000%

I ALSO DO:

- COMMERCIAL LOANS (more than 4 units)
- "HARD MONEY" LOANS
- REVERSE MORTGAGES
- FOREIGN NATIONALS
- DELAYED FINANCING