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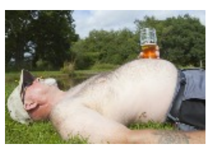


After nearly 15 years of writing this newsletter, I have covered just about every topic I can think of, some multiple times. Beginning in 2017 I am going to reduce publishing the newsletter from monthly to quarterly. I will keep the Annual Forecast and the Real Estate All Stars issues in the coming year and perhaps devote one or two issues to new developments or newsworthy finance topics.

BEST BUYS THIS MONTH

- **Conforming 30 yr. Fixed @ 3.750%**
- **Conforming 15 yr. Fixed ARM @ 2.990%**
- **Conforming 5/1 ARM @2.750%**
- **High Balance Conf. 30 yr. Fixed @ 3.875%**
- **High Balance Conf. 15 yr. Fixed @ 3.125%**
- **Jumbo 30 yr. Fixed @ 4.000%**
- **Jumbo 5/1 ARM @ 3.125%**
- **VA 30 yr. Conforming Fixed @ 3.250%**
- **FHA/VA High Balance 30 yr. Conforming Fixed @ 3.250%**
- **DU Refi Plus 30 yr. Fixed @ 3.750%**

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**

MACROECONOMIC MOVES AND MORTGAGE MARKET ANALYSIS

Three Central Bank Meetings

(Week ending November 4, 2016)

Three major central banks had meetings over the past week, and none of them made any policy changes. In the case of the U.S. Fed and the Bank of Japan, this was the expected outcome. However, investors were disappointed that the Bank of England (BOE) held rates steady and downplayed the likelihood of further rate cuts. Bond purchases from central banks around the world have helped push global bond yields lower in recent years, so this indication from the BOE that

there may be less future stimulus than expected caused yields to rise on Thursday, including U.S. mortgage rates.

As expected, the Fed made no change in policy and few changes in its statement. The statement suggested that the economy is closer to the threshold required to increase the federal funds rate. Fed officials also expressed more confidence that inflation will rise to its target level of 2.0% "over the medium term."

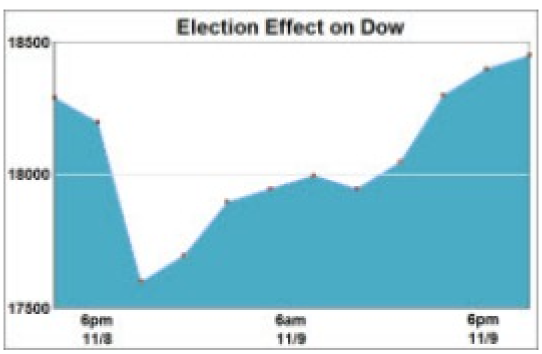
The economy added 161K jobs in October, a little below the consensus of 175K. However, upward revisions added 44K jobs to the results for prior months. Investors focused more on wage growth, which rose more than expected. Average hourly earnings were 2.8% higher than a year ago, which was the largest annual increase since June 2009.

Over the past week, there were many news stories about the two candidates in the U.S. election, and some of these stories had a noticeable effect on mortgage rates. Generally, news which favors a Clinton victory has been positive for stocks. News which favors a Trump victory has caused the opposite reaction — negative for stocks and positive for bonds and mortgage rates.

Rates Rise after Election (Week ending November 11, 2016)

The unexpected results in the Presidential election caused significant volatility in the markets, both overnight as the likelihood of a Trump victory grew and the next couple of days as investor expectations for the U.S. economy under Trump became the focus. Mortgage rates ended the week at the highest levels of the year, and the Dow stock index reached a record high.

As Trump performed well in the early voting states and the possibility of his victory grew, long-term Treasury yields and stock futures began to fall. At one point during Tuesday night, the yield on the 10-year Treasury had declined over 10 basis points and stock futures had fallen 5%. The early reaction by investors was a flight to safety. Investors felt that they mostly knew what to expect in a Clinton presidency, but they had more uncertainty about what to expect in a Trump presidency.



Then, as a Trump victory became more certain, investors began to focus on the expected economic consequences of the policies Trump promoted during the campaign. The drop in 10-year yields and in stocks reversed direction. By Wednesday morning, the yield on the 10-year had risen over 25 basis points from the low, and similarly the Dow was 6% above the overnight low.

Trump has advocated for greater spending on defense and infrastructure, and at the same time he proposes to cut taxes. These policies raise the prospects for increased deficits and inflation, neither of which are good for mortgage rates.

Another Rough Week (Week ending November 18, 2016)

Investors expect that the policy changes under a Trump administration will be good for stocks and negative for bonds. Expectations of greater fiscal stimulus are good for stocks, but they also raise the outlook for future inflation. This is bad for bonds because investors judge the value of bonds based on their future cash flow. An increase in inflation reduces the value of future cash flows, so investors demand a higher yield when the outlook for inflation rises. Since mortgage rates are based on the value of mortgage-backed securities (MBS), higher yields for MBS lead to higher mortgage rates.

While it had little market impact, the report on housing starts was very encouraging. In October, total housing starts rose a massive 26% from September to an annual rate of 1.32 million, far above the consensus of just 1.17 million, and the fastest pace since August 2007.

Strong gains were seen in both single-family and multi-family units. Single-family starts, which make up about 60% of the market, increased 11% to the highest level since October 2007. Building permits for single-family homes also rose in October, which is a positive sign for future activity.

Week of Peaks (Week ending November 25, 2016)

Stocks hit record highs, as did mortgage rates!

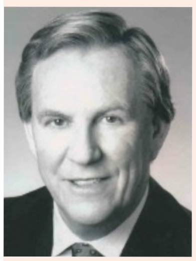
2016 REAL ESTATE ALL STARS

This marks the 7th annual list of Real Estate All Stars. As in years gone by, there are some returning All Stars and there are a few note-worthy new additions.

Newsletter writers appreciate being read — especially when they have devoted so much time into the researching, writing and re-writing of the newsletter. How do I know its being read? Because a half dozen real estate agents have gotten listings as a result of their appearing in it.

I believe it's always nice to receive accolades from one's peers and the December issue is my annual paean to realtors with whom I've done business. In the usual course of a real estate transaction, mortgage brokers typically become involved in real estate sales AFTER buyers and sellers have chosen an agent or realtor. As with any profession, there are good ones and those that are less so, but as a transaction progresses one definitely gets a feel for whom you would want representing you in a transaction.

If you are looking for a realtor, they basically fall into two camps — listing agents (representing sellers) and buyers' agents (representing buyers). Though they may wear either hat (or both on occasion) they usually have a preference for which side of the transaction they are on. Although the following agents listed are in alphabetical order, they all merit 4 ★★★★.



Tom Brennan's bona fides are truly remarkable: Fordham University and Harvard Law School graduate, Marine Corps, Captain, and 40 years of real estate experience both as a lawyer and as a realtor. He joined a fledgling L.A. law firm of 25 attorneys and helped build it into a legal powerhouse comprising 1,400 lawyers with 19 national and international offices. Accordingly, his experience is far more extensive than most realtors' having represented individual buyers and sellers, lenders (Bank of America, GE Capital), and developers (Beazer Homes) in national transactions, as well as residential and commercial ventures for buyers and sellers (Merrill Lynch Capital Markets) ranging in sales prices from $400k to $1.2 billion. In virtually all of the above transactions he was the lead counsel engaged in the negotiation, packaging and documentation of the transactions. His deals have been located throughout the continental U.S., with the majority being in metro areas like L.A. and San Diego.

More recently, his real estate career has been focused on listing properties that range from $460K to $730K, primarily in Ocean Hills Country Club (OHCC). With listed properties he has achieved a list to sales price ratio of 98%. His marketing is a multi-pronged approach using the personal methods like open houses and print advertising as well as writing a monthly column entitled "The Real Estate Corner" for the Village Voice. Tom is also open to showing FSBOs.

Obviously Mr. Brennan's legal acumen has been instrumental in his handling complicated transactions as varied as bankruptcies, the acquisition of foreclosed properties, 1031 Exchanges, and sale/lease backs, to name just a few.

Throughout his career he has amply demonstrated his skills as a negotiator, a strong leader, a team player and someone who could be relied upon to get deals done ethically, competently and cost effectively.

Personal quote: *"I think my legal background, wealth of real estate experience and leadership qualities are my most important business characteristics."*

His office number is (760) 842-1470
Tom can be reached at thomasbrennan0@gmail.com or (760) 525-1936

OCEAN HILLS REALTY

Keri Cook's youthful appearance belies her extensive background. If you need your house sold quickly or are you looking for another home, rental properties, land or a commercial building — Keri can do that — easily and probably in record time. Being a SoCal native, and having lived in San Diego County nearly her entire life, she has a comprehensive in-depth knowledge of the environs and the real estate market.

Keri markets herself as a different kind of Realtor®. Sure, Keri is a tenacious, dedicated, caring and experienced professional, but that's not what sets her apart from other Realtors. Is it her advertising on social media? Is it her 20+ years of experience in Real Estate Development and Construction Management? Or is it her 17 years in the real estate sales? No, it is the combination of all of these things along with her sincere desire to help that enables her to offer services that few other Realtors can provide:

"While I love helping my clients find their perfect home and/or sell the one they are in, I also work with General Contractors to help you build your dream home on the land of your choice. From modular to stick-built, I can help you get your dream home built and stay within your budget!"

For those who are in financial distress she also offers the following:

"If you are in jeopardy of losing your home, or know someone who is, I also have a long list of all cash buyers ready to buy your house today. I can sell your home, close as quickly as you need to, and save your credit from a foreclosure."

As your Realtor, she says her philosophy is to guide her clients through the buying or selling process, taking the time to make sure they understand every step of the transaction, so that her clients are able to make informed decisions.

To ensure this, she works with only top service providers for Title, Escrow, Property Inspection and Home Warranties. By doing so, it more or less guarantees that your transaction flows smoothly, closes quickly and mitigates the routine stresses that are a part of any real estate transaction.

Keri's firm is The Agency Realty. She is willing to go beyond what your expectations are in the service of your real estate needs while doing so professionally and cheerfully. As she puts it, *"Because real estate transactions don't stick to regular business hours, I am available to help you most of the time and on your schedule, doing what is necessary to get the job done."* As a result of her commitment, energy and zeal, Keri has received a 100% satisfaction rating from her clients, and has garnered numerous awards over the years, among them:

Top Producer Award
Pacesetter Award
Quality Service Pinnacle Awards
Gold Medallion Awards

Personal quote: *"While Real Estate is how I earn my living, it is not the paycheck that motivates me to do my best for my clients — it is the gratification of seeing their dreams and goals met and having a large part in that success!"*

Keri's firm is The Agency Realty
Her office email address is: kcook@theagencyrealty.com
Her website is: www.kericook.net
Kerri can be reached at keri@kericook.net or (760) 533-8111

Sans Hartzell and I come from similar backgrounds as she was a lender for 18 years before transitioning to real estate sales where she functions as both a listing agent and a buyer's agent. Given her wealth of real estate experience, she is by no means a "newbie". She is the epitome of "a real go-getter". In her first year she closed 4 sales and co-listed an equal number of properties, not to mention referring a number of commercial transactions. Her focus is customer oriented: The client's needs and making a challenging process as smooth as possible.

To make it happen, Sans relies on the MLS, open houses, signage, social media for "coming soon" and active listings, networking with internal office colleagues and local agents on the weekly Caravan.

Her niches are properties in the $580,750- $1.5M range.

Carlsbad has been her home for 40 years and is understandably very familiar with the environs of Carlsbad, Encinitas, Oceanside, Vista, San Marcos. When I asked her if she was amenable to showing FSBOs, she answered: *"Absolutely!"* Being a former lender she is very well-versed in FHA and VA transactions.

Sans cites her areas of expertise are traditional equity sales. She confided that she has become enamored with *"a hidden gem"* in North County, the Ocean Hills Country Club. (By coincidence, it is where I live, but I think her fondness for it stems more from her mother being a new resident).

When asked how she saw herself as different from her competition, she responded *"My business has been 100% referral based."* She is justifiably proud of how things have worked out and how she has treated her clients. Naturally, she will happily provide references upon request.

Sans claims that she is by nature *"a people person"* and *"comfortable and patient with all personality types."* The description is apt — you will love her — her charm is ineluctable.

Personal quote: *"The most important thing to me is that my client is happy with the process and happy with their sale or purchase."*

Sans is with Point Home Realty, 5901 Priestly Drive, Suite 270, Carlsbad, CA 92008

Her website is SansRealEstate.com

She can be reached at Sans@sansrealestate.com or 760-519-4006

Point Home
Realty

I have a special place in my heart for Heike Ruppert because nearly every deal that she has sent me has been a tough one. While I find myself on the one hand thinking, “Oh no, here we go again.” On the other hand, she is incredibly patient, loyal and hard-working — something that is often needed when working with first-time home buyers and seniors — not to mention short sales and foreclosures. I suspect that the reason that I have received more difficult deals from her than other agents probably reflects the fact that she is more of a buyer’s agent than a listing agent. Nevertheless, after closing another difficult one, I have teasingly reminded her that I can also do deals for clients with FICO scores above 640.

Heike has made the Tri-City area home for the past 25 years with 20 of them in real estate. Her approach to marketing follows the norms in terms of using the MLS, open houses, print advertising, internet, and networking. She averages a closing about every other month.

Her client base tends to reflect to the prevailing price points in Oceanside, Vista, San Marcos, Escondido, Carlsbad with most of her transactions in the neighborhood of conforming (under $417K) to the high-balance conforming range ($417 to $580,750K). She is more than willing to go out of her way for a client by showing homes in North County, FSBOs and even greater San Diego County when necessary.

In addition to English, Heike is fluent in German which is an added plus locally since about 25% of Carlsbad is of German extraction. She also speaks some Spanish. She has excellent references from many grateful first-time buyers and seniors. She’s also “fluent” in FHAs, VAs and manufactured homes.

When I asked her what she feels sets her apart from her competition she responded that she really cares about her clients and is honest with them. (And something I don’t hear too many realtors admit is her sympathy for sellers in that she is willing to give them a break on commission percentages.)

Heike is with Realty Executives 6183 Paseo Del Norte, Suite 100, Carlsbad, CA 92011
Heke can be reached at Ruppertheike7@gmail.com or (760) 500-1996

REALTY EXECUTIVES

It's been said that customers don't care how much you know, until they know how much you care. **Pina Shaw** epitomizes this better than most as she is perhaps more invested in her client's well-being than

any realtor I know. She literally goes the "extra mile" for her clients: Her territory ranges from Riverside to San Diego County. When I contacted her last week she had just returned from Rancho Mirage where she had just spent two days on behalf of a client. Doing business since 2002, Pina has sold homes in Encinitas, Carlsbad, Vista, San Marcos, Oceanside, Fallbrook, Escondido, Solana Beach & Del Mar.

Born and raised in Canada, she is anomalously fluent in Italian. In addition to being bilingual, Pina is equally comfortable representing both buyers and sellers. Though she's more of a listing agent, she also works with tons of buyers. As superlatives go, Pina has not only impeccable references, but a gazillion of them. She encouraged me to read her many reviews (online) and she's right they are numerous and 100% positive. Also, as one client noted, "she had great resources if repairs, etc needed to be completed to keep the closing date on track." Given the glowing reviews, her business is understandably 85% referral based. Pina appears to use social media more than most realtors as I see her (and her listings) on Facebook, LinkedIn, as well as real estate websites like Trulia. com and Zillow.com.

I readily identified with her when she emailed me the following: "Like you, I work really hard to do the right thing — I'm not your typical sales person."

Personal quote: **"I love what I do and I love helping to make the process easier. I think of my job as a concierge service. I cater to THEIR [my clients] needs."**

Pina is with HomeSmart Realty West, 2776 Gateway Rd, Carlsbad, CA 92010

Her office number is (760) 607-5900
Pina can be reached at PinaShaw@gmail.com or (760) 473-1227
Her website is: https://www.sandicormls.com/profile/114507

U.S. DOLLAR HITS A 13-YEAR HIGH

The greenback hit a 13-year high on Wednesday, November 16, 2016. The ICE Dollar Index hit 100.57 on. (It tracks the dollar's value versus the world's most traded currencies). The dollar's rise was driven by investors' hopes that the Federal Reserve may raise rates more quickly under a Trump presidency. But, even before the election, the Fed was already priming to raise rates at its next meeting in December. Higher interest rates and more government spending are a great combination of forces for the value of the dollar.

Since there aren't many details to Trump's big spending plan, which makes it difficult to know how much it will help or hurt the economy. Trump promises to spend big on America's roads and bridges, which could increase prices, wages and employment. That boost would increase overall economic growth in America, which has been sluggish in recent years. Better growth equals a stronger dollar. But a stronger dollar isn't good for all Americans. In fact, it could hurt the very manufacturing workers Trump has vowed to help.

When the dollar rises, it makes American goods more expensive – and less attractive – to foreign buyers. So if U.S. manufacturers ship abroad, the cost of doing business goes up if the dollar gains value. That's exactly what happened in 2015. The dollar rose sharply on the hopes that the Fed would raise rates, then U.S. trade declined and America's manufacturing sector went into recession for five months. Higher prices would force the Fed to raise interest rates faster. More rate hikes – or at least the belief of more to come – would strengthen the dollar. For example, before the Fed raised rates in December 2015, the tiniest hint of a rate hike caused the dollar to surge. Another key factor for the dollar is oil. When oil prices fall, the dollar goes up, and vice versa. In recent weeks, oil prices have gone south, also helping the dollar's value.

Overall, the greenback is expected to get stronger in the next year or two because the Fed is raising rates while other countries like the U.K., Japan and European Central Bank are lowering rates, which weakens their currencies.

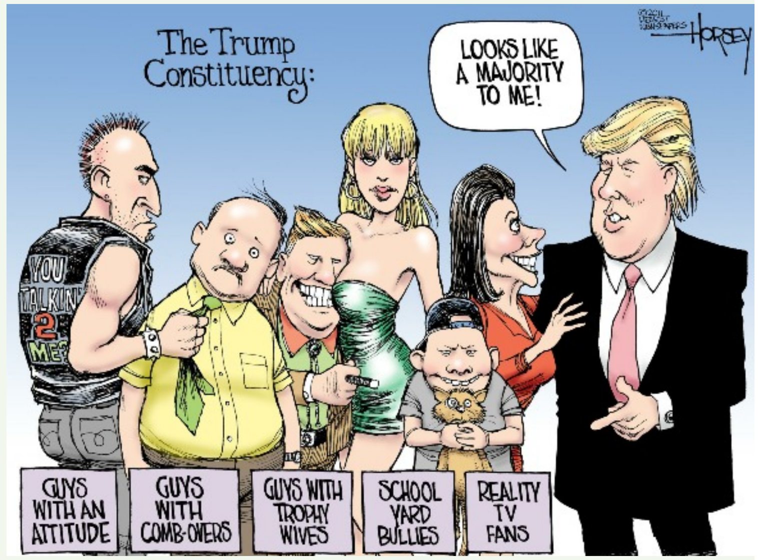
THE EMPEROR'S NEW CLOTHES

Post-election, for many of us in the U.S., it seems as though we are the little child in the Hans Christian Anderson story, "The Emperor's New Clothes" who sees the stark truth about the emperor. In the story, a king and his subjects become self-deluded into thinking that the king was dressed in the finest of silks, when, in fact, he was parading in the buff. Similarly, only an electorate that wants to hear what it already believes would deem a spectacularly unqualified, egomaniacal, bigot with no experience in government a better choice to run the country than a thorough going, experienced policy "wonk". And yet, Donald Trump, of all people is going to be sworn in on January 20th as the 45th President of the United States? After a severe defeat, one is forced to re-examine one's goals and values. Evidently, Americans are okay with a president who said or did the following:

- **Incited violence at his rallies.**
- **Asked what's the point of having a nuclear weapon, if you don't use it?**
- **Said that climate change was not real, that global warming was created by and for the Chinese in order to make U.S. manufacturing non-competitive."**
- **Bilked tens of thousands of students out of millions of dollars through Trump University.**
- **On foreign affairs: He consults with himself, "because I have a very good brain."**
- **That Russia was NOT going to invade the Ukraine — two years after they had, in fact, invaded it.**
- **Prides himself on his business acumen, having lost $915 billion dollars in a single year (1995).**
- **That he has not contributed dollar one in support of our schools, infrastructure, or defense in 18 years via Federal taxes.**
- **That he would "make a deal" with creditors that would reduce the country's debt burden if his prognostications of economic growth didn't work out, thereby rendering the "full faith and credit of the U.S. government" payment history null and void.**
- **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.**
- **Boasted in lewd terms that his celebrity gave him license to assault women with few repercussions**
- **His vow to repeal the Affordable Care Act and replace it with something that he has not yet come up with.**
- **His promise to deport 11 million undocumented immigrants.**
- **His promise to erect a 1200-mile border wall that Mexico will pay for.**
- **That crime is running rampant in our cities and that only "I [Trump], alone bring the chaos under control."**

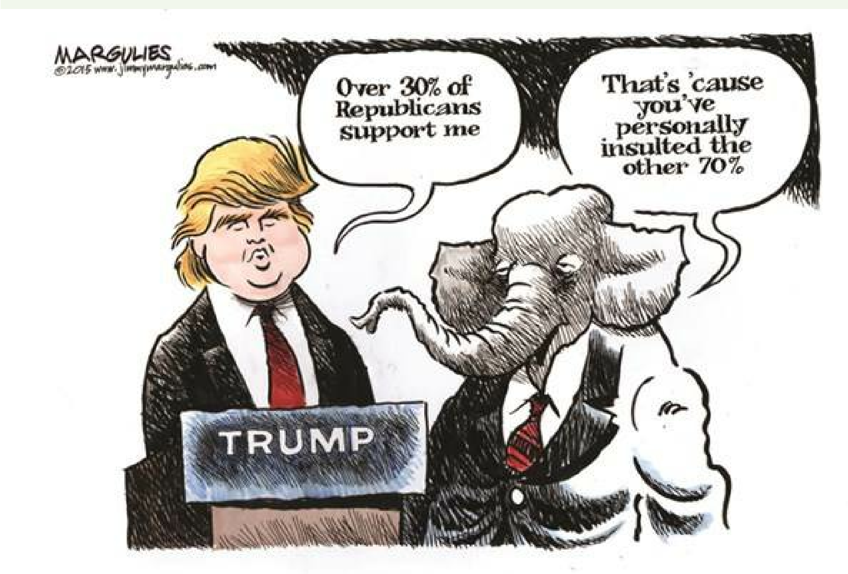
- **On following the Orlando nightclub shooting, he tweeted to congratulate "himself on being right about radical Islamic terrorism."**

- **Invited Russian hackers to hack into an opponent's [Hilary] email server.**



Joseph - Marie de Maistre, one of France's early counter-revolutionaries is perhaps most famous for his dictum "In a democracy, people get the leaders they deserve." The populist movement that propelled Donald Trump into office was to a large extent fueled by an ill-informed and uneducated electorate that wanted to scapegoat others as being responsible for their plight. These people want to hear only that which reinforced what they already believed. So they listened only to those things that supported their point of view and nothing contradictory permeated their consciousness. Hillary was right about half of Trump's supporters being racist, nativist, xenophobes, and looking for someone to blame for their lot in life, whether it was Mexicans, Chinese, refugees, or Muslims: They wanted America to not only be great, again, they wanted it to be WHITE again. Unfortunately, the majority of Americans will get a leader for whom they didn't vote.

Elections determine who gets the power, not who offers the truth. The Trump campaign was unprecedented in it its dishonesty; the fact that the lies didn't exact a political price, that they even resonated with a large block of voters didn't make them any less false. No, our inner cities are not war zones with record crime. No, we aren't the highest taxed nation in the world. No, climate change isn't a hoax perpetrated by the Chinese. And the chants to "lock her up" for Hilary's stupid use of a personal email that caused no known national security breach was regrettable, but not criminal. In the end, lies are still lies, no matter how much power backs them up.



Considering that prominent members of his own party refused to endorse him, Trump's victory was all the more stunning and unprecedented: Two former REPUBLICAN presidents and a number of Republican senators and representatives voted for other nominees. One hundred and twenty two REPUBLICAN foreign policy hands signed a letter denouncing Trump as a menace to American values and world peace. George W. Bush's, CIA director, Michael Hayden, suggested that Trump was a useful idiot for Russian interests. Both neoconservatives and realists — Robert Kagan and Paul Wolfowitz, Brent Scowcroft and Richard Armitage indicated that they would vote for Hilary Clinton. Not even one of the 100 largest newspapers in the United States endorsed his candidacy. Yet, he is the President-Elect.

Mr. Trump's signal issue was immigration, where he promised stricter standards, deportation of undocumented workers, a potential moratorium on the entry of new Muslim immigrants and a wall along the Mexican border. The conservative American Action Forum calculated that his deportation plan would cost $400 billion to $600 billion and because there are not enough citizens and legal residents to fill the demand, the plan would shrink the labor force and reduce gross domestic product by $1.6 trillion. The Wharton School

(Trump's alma mater) estimates that the plan to deport undocumented workers would result in four million lost jobs by 2030.

Mr. Trump's anti - trade stance and the imposition of tariffs would raise the prices of imported goods sharply cutting the purchasing power of every American. Lower-income Americans — including Mr. Trump's core supporters — would be hurt the most because they disproportionately buy less expensive, imported items. As for Trumpian economics, those "who voted for change," will come to see that the jobs that were phased out, mostly by automation, will not see them return with the repeal of NAFTA, canceling the TPP or a trade war with China. While some manufacturing jobs might come back as a result of the tariffs, a greater number of domestic jobs would most likely be lost because Americans would have less spending power.

Trade which has been proved to stimulate economic growth both here and abroad has already been slowing, and Mr. Trump's imposition of tariffs will only slow it further. Canceling the Trans Pacific Partnership (TPP), a deal 7 years in the making, will only empower China to press its own trade pact, the Beijing-backed Regional Comprehensive Economic Partnership (RCEP), a rival version that excludes Washington. It is already getting new attention, including from leaders in Peru and Malaysia who signed T.P.P. and now plan to focus on trade negotiations with China. For China and particularly Mexico, the economic costs would be significant which is why the day after the election, the Mexican peso had plunged by more than 13 percent. This presents a scary outcome for the market, given that about half of S&P 500 revenues are from overseas.

And then, there are the increased expenditures to build up the military and to invest in rebuilding our crumbling infrastructure. Rebuilding our infrastructure is an idea that's been around since Obama took office, but a recalcitrant Congress wouldn't pass his infrastructure bills. While still very much needed, the unfortunate aspect of Mr. Trump's infrastructure spending proposals is the privatization of public assets. His plan calls for billions of dollar in tax credits written to private companies that invest in approved projects, which they would end up owning. For example, imagine a private consortium building a toll road for $1 billion. Under the Trump plan, the consortium might borrow $800 million while putting up $200 million in equity — but it would get a tax credit of 82 percent of that sum, so that its actual outlays would only be $36 million. And any future revenue from tolls would go to the people who put up that $36 million. So in this instance we haven't built additional infrastructure, we've just privatized what would have been public assets — and the people acquiring those assets will have paid just 18 cents on the dollar, with taxpayers picking up the rest of the tab.

In the simple math of fiscal policy, lower taxes plus more spending equal higher budget deficits and balloon the national debt. The centerpiece of Mr. Trump's plan is a huge $5.9 trillion tax cut unaccompanied by specificity as to what is being expensed. The tax cut would purportedly spur growth in GNP, but it would offset only a piece of that. An analysis of Mr. Trump's latest plan by the Tax Policy Center calculated that the top 0.1 percent of the population, those with incomes over $3.7 million in 2016, would receive an average 14 percent reduction, or about $1.1 million. Households in the middle of the scale — those earning between about $48,000 and $83,000, today — would get a 1.8 percent tax cut worth on average $1,010, while the poorest fifth of Americans will gain about $110, or 1 percent of their income. Mr. Trump's proposals would confer vast monetary gains on wealthy Americans while leaving middle - and working-class Americans — his electoral base — further behind. For his supporters, the irony of a Trump victory is that they may end up even less well

off. Naturally, this is inflationary and the market has begun pricing that into interest rates. See the graph below:

It's hard to know whether the conflicting forces unleashed by Mr. Trump will create a recession. For the moment, a least, the stock market is betting no. But in addition to higher interest rates, financial markets are signaling higher inflation rates. Naturally, mortgage rates have begun to spike.

There is now talk that Mr. Trump doesn't want to be inconvenienced by having to occupy the White House, preferring instead the comfort of his own bed in Trump Tower in New York City. One can't help but wonder if he plans to totally outsource the Presidency to surrogates. Governor Kasich reported that Mr. Trump approached him at one point to be the vice-presidential nominee. Trump outlined that he would be responsible for all matters of state (because he [Kasich] was more familiar with the levers of power than Trump). Kasich asked, "And while I am doing that, what will you be doing?" Trump reportedly said, "I'll be taking care of the economy and making America great, again!"

The man who threatened to drain the swamp of lobbyists and predators, reinstated the idea of "crony capitalism" by making it deeper and restocking the swamp with plutocrats, inexperienced friends and backers or both.

- **Governor Nikki Haley appointed to be US ambassador to the United Nations. She has no experience in foreign affairs.**
- **Betsy DeVos appointed to be prospective Secretary of Education. She is a wealthy Republican donor with no experience in government and is opposed to Common Core.**
- **Dr. Ben Carson for Secretary to lead the Department of Housing and Urban Development who's only experience with housing appears to that he is a homeowner.**

Mr. Trump's apparent flexibility, combined with his lack of depth on policy, might be grounds to hope he will steer a wiser course than the one plotted by his campaign. But so far, he is surrounding himself with officials eager to enact only the most extreme positions. For all of his bluster, Trump is changing or has changed his mind on

- **Water-boarding. (Rethinking his position after conferring with General Mattis shows that he is shockingly uninformed and pliant)**

- Climate change. (One doesn't get a pat on the back for ratcheting down from rabid denial to having "an open mind about it" after exploiting the very radicalism to your advantage.

- The Trump University law suit. He has agreed to pay $25 million to settle it.

The one area that Mr. Trump has remained quite inflexible on is that he has no intention of selling his businesses or putting them into a blind trust and stepping decisively away from corrupting his presidency with an a exponentially enhanced version of the self-dealing he accused Hilary Clinton of engaging in. He says that "the law is totally on his side, as the president he's exempt from having a conflict of interest. But he's wrong. Under the Emoluments clause in the Constitution, a president can of course have a conflict of interest.

Trump's administration will show few dire effects, initially — they will take time to become manifest. Ultimately, the electorate is apt to discover down the road that the man who promised to "make America great again," was a man without a plan — armed only with a slogan — but little else. They will see our alliances with other nations weaken and our standing in the world diminish. They will see that "trickle-down" economics involving tax cuts for the rich do NOT yield the 5% growth in GDP that Trump promised any more than they did under the Bushes. They will see that as tax revenue falls and defense expenditures rise, that trillions more will be added to national debt. They will come to view their pockets as empty as his promises. They will see that an isolationist and anti-immigration policy will make us no safer, no richer. They will see that he is willing to do and say anything — no matter whom he is aligned with or whom it hurts — to satisfy his ambitions. They will see that a man who espouses racist, xenophobic and misogynistic attitudes does not heal divisions within the country and abroad, they will see that a man who is willing to turn every aspect of his life into a self-aggrandizing, self - enriching pageant is in the thrall of narcissism and cupidity.

INCREASED LOAN LIMITS FOR 2017

The Federal Housing Finance Agency (FHFA) has announced that the **base conforming loan limit will increase from $417,000 to $424,100** in January 2017. Due to the loan limit increased **the new high balance limit will also increase to $636,150 from $625,500**, for one-unit properties in the contiguous U.S. **San Diego's new high balance limit will increase from its current $580,750 to $612,590.** This is the first time since 2006 that the baseline loan limits have increased. As a result, the maximum loan limit rose in all but 87 counties in the country.

RATE SUMMARY

In the past month…

***Conforming programs — shot up ½ point higher↑**
***Jumbos — were also 3/8ths higher↑**
***Governments — only FHA & VA saw a ½ bump higher↑**

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

Women will never be equal to men until they can walk

down the street with a bald head and a beer gut, and still think they are sexy.