

**December 2010**

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**THE MONTH IN REVIEW**

**11/1-11/5** Fiserv, a market analytics company, forecast



a **7.1% national drop in home prices between June 30, 2010 and June 30, 2011. The Institute for Supply Management's manufacturing index jumped to 56.9 in October from 54.4 in September. (Any reading above 50 indicates growth in the sector). The Fed said it will buy \$600 billion in long-term Treasuries in the next 8 months, at the pace of \$75 billion a month. The Fed policy, known as quantitative easing, is really credit easing and designed to put downward pressure on interest rates and pump money into the economy (though I fear it may not have desired effect). It is also seen as a way for the Fed to combat deflation, a debilitating cycle of falling prices and demand. U.S. stocks rallied sharply, Thursday, with the Dow gaining nearly 220-points, as investors continued to cheer the Federal Reserve's recent move. Freddie Mac declared it sees no housing recovery soon and asked the government for \$100 million to shore up its balance sheet. The Labor Dept. reported that the economy added 151,000 jobs in October and the unemployment rate held at 9.6%.**

**11/8-11/12** Oil rose to over \$85 per barrel. Traders viewed the Fed's quantitative easing program to buy \$600 billion of bonds as inflationary for dollar-denominated commodities such as oil. **The price on the benchmark 10-year U.S. Treasury edged lower, raising the yield up to 2.66% from 2.56% late Monday. Foreclosures fell 9% in October because of a temporary stay while banks review loan documents. The decline in home values accelerated in September, dropping 0.4% month-over-month.**

**Foreclosures reached an all-time high. A record 23.2% of mortgages are now underwater.**



**11/15-11/19** The Fed's recent announcement of its intention to buy \$600 billion of Treasury bonds was spurred by the belief that the economy is teetering on the brink of deflation



much as it was a case of credit easing. Nevertheless, buyers of mortgage backed securities viewed this as inflationary, triggering numerous intra-day rate changes with mortgage rates shooting up 0.5 percent over the past 10 days. During the same time frame the yield on the U.S. Treasury bond rose from 2.48% to 2.96%. **Retail sales were up 1.2% in October. U.S. stocks tumbled Tuesday, with The Dow Jones industrial average finishing 178 points lower as investors cast a worried eye at economic developments in Europe and China. The Commerce Dept. said new home construction fell to an 18-month low in October. The core CPI (exclusive of food & energy prices) rose 0.6% on an annual basis—the smallest annual price increase since the government started recording the data in 1957. The stock market surged more than 173 points Thursday, following a strong debut by General Motors' stock.**

**11/22-11/26** On Sunday, Ireland formally requested substantial "financial assistance" from the European Union and the International Monetary Fund. In response, the **British government, Monday, offered a direct loan to Ireland worth \$11 billion. The National Association of Realtors reported that the number of existing homes sales fell 2.2% in October to an annual rate of 4.43 million. Stocks finished sharply lower Tuesday in response to Korean hostilities and the Federal Reserve lowering its outlook for economic growth. Wednesday, stocks recovered all of Tuesday's losses and then some on the heels of a favorable jobs report, the best since July 2008.**



New home sales fell 8.1% for the month of October, according to the Commerce Department. The market closed off 95-points amid concerns about Ireland, Spain, Portugal, & North and South Korea.



## THIS MONTH'S TOPIC: 7 FIRST-RATE REALTORS

December is often a time during which various sorts of largesse are distributed, like presents, Xmas bonuses, etc. But, mortgage brokers, unlike most other professions are specifically prohibited under HUD's Real Estate Procedures Act (RESPA) and the California Department of Real Estate from giving anything of monetary value to realtors, regardless of the time of year. About all that we are still permitted to give is a ringing endorsement of those who have demonstrated outstanding service. So, what follows is a Xmas present of sorts to realtors with whom it has been a pleasure to do business.



First off, I should mention that buyers rarely solicit my opinion of who is a good agent because in the normal course of events a client comes to me AFTER they have begun working with a realtor. And because my interaction with sellers is minimal, requests for recommending a listing agent are also scant. But, as with every profession, there are good ones and those that are less so. 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. In years gone by, some realtors were snooty about their being listing agents and almost considered it beneath their station to work with buyers, but with the current dearth of sales many of those same agents have found their former stance one they can no longer afford. None of the realtors here are of that mind-set.

**11/29-11/30** The Conference Board's index of consumer confidence rose more than expected to 54.1 in November from a downwardly revised 49.9 in October. Economists expected the index to come in at 52. The Case-Shiller index of home prices in 20 major U.S. markets brought bad news: Home prices fell 2% in the third quarter after mostly steady gains since early 2009. Economists expected prices to rise 1% in September, according to a consensus of economists by Briefing.com.

### RATE SUMMARY:

\$0.33	Prime rate	5.50	4.50	4
	Discount rate	3.50	2.50	2
	Funds	2.50	1.50	1
	(3-mo.)	2.89	1.74	1
	fix mort.	5.72	5.82	5
	adj. mort.	4.47	4.09	3
	money mkt.	0.55	0.48	0
	10-y. T-bill	2.615	1.470	0.

Rates **WORSENE**D, this month

Conventional conformings **JUMPED—UP .25% to .375%**.  
Jumbos were **SLIGHTLY higher—up only 0.1%**  
Government (FHA/VA)—**INCREASED between .25% and .375%**.

### FOR CURRENT INTEREST RATES FOR THE 16 MOST POPULAR PROGRAMS GO TO:

[www.mortgagestraighttalk.com](http://www.mortgagestraighttalk.com) Then, click on the menu tab labeled "RATES". The rate sheets are updated every Friday.



### A FEW PREFATORY NOTES

Earlier this year I wrote a couple of articles titled "The Right Realtor" which you may want to peruse. The one on listing agents appeared in the April 2010 newsletter; the one on buyers' agents in the May 2010 issue. The articles included a rather exhaustive list of questions that one might ask an agent they were considering. But, if you would rather dispense with all of that rigmarole, the list that follows is one of realtors that I believe are a credit to their profession and with whom a prospective buyer or seller would be well served.

They all share certain things in common, for example, access to the MLS (multiple listing service) and they all show and list properties in cities other than just the 3 or 4 that I asked them

to specify. They will also show you For Sale By Owners (FSBOs), if you happen to run across one that is the apple of your eye. And, with one or two notable exceptions, they represent buyers and sellers alike. They are also happy to furnish you with references, though as one realtor wryly observed, "I discourage it. When is the last time you saw someone give a bad reference?"

To the many realtors with whom I have not had a working relationship, all I can say is that hopefully the coming year will provide an ample opportunity to correct that oversight and allow your inclusion among the following august body). So, without further ado, what follows is a brief description (in alphabetical order) of exemplary agents with whom I've worked.

**Carole DeJonge**, a San Diego native, sees herself as personable, a good negotiator and a creative problem solver, traits to which I can readily attest. She is one of the sharpest realtors I've come across and though it's a bit cliché she truly does "think outside the box". Carole, active in real estate since 2002 and in the local market for the past 7 years, is with Purdy Homes Real Estate located in Carlsbad. Being a real estate investor, herself, she knows first-hand many of the considerations that need to be taken into account when investing in income property. She is experienced in short sales, REOs (foreclosures), 1031 exchanges, FHAs, & HomePath programs. Carole works primarily as a buyer's agent. Her marketing techniques involve referrals, brokerage advertising, local print publications like Carlsbad Magazine and advertising specialties like Ad-Cart. Her sales niches are conforming amounts up to \$2 million. She has a particular affinity for the following areas: Encinitas, Carlsbad, Solana Beach, Oceanside, Cardiff, San Marcos. She



is the epitome of a go-getter: vibrant and available 7 days a week. Even the outgoing message on her cell phone is energetic and bespeaks a certain 'can-do' spirit.

**Personal quote:** "I handle all transactions personally from start to finish! I will be with you as long as it takes to find the property that is right for you!"

Her mobile phone is **(760) 201-6402**

Her email address is **caroledejonge111@hotmail.com**

**Marti Marion** not only specializes in age-restricted communities, she lives in one. Residing at the Ocean Hills Country Club and working with seniors has proven a natural fit for her. She works for Realty Executives showing property in Ocean Hills and the environs. Another forte of Marti's is being a relocation specialist. Having lived in San Diego for 28 years and been a realtor for 15 of them, she knows the surrounding areas like the proverbial "back of one's hand".



Though she prefers working with buyers she is not averse to representing sellers. In working as a listing agent, she uses all the conventional sales marketing tools: MLS, open houses, print advertising, signage, internet & networking.

Marti is particularly well-versed in programs like My Community, a program that expands eligibility for public service employees such as teachers, police officers, firefighters, health care workers and buyers with disabilities.

The program also benefits buyers with limited savings for down payment and/or closing costs. Marti says her sales niche is in the area of \$350,000 to \$640,000, a range that most of the homes in Ocean Hills occupy.

She prides herself on using "no high pressure approach", but instead prefers a laid back and helpful one. To get the best deal for her clients, Marti uses her winning personality and being a good negotiator. Over the years Marti has cultivated numerous affiliations with other real estate related professionals like mortgage brokers, home inspectors, title companies, escrow officers.

**Personal quote:** "I have worked in several counties as a Realtor and finally have a product I truly like. I love giving tours and showing prospects our community [Ocean Hills Country Club]. I especially like the social side of sales".

Her office number is **(760) 639-1977** Her mobile phone is **(760) 519-3644**

Her email address is **martimarion@gmail.com**

Her web address is **sandiegorealtyexecutives.com**



**Sylvia McGuire** is the grand dame of realtors in Oceanside, having been a realtor for more than 20 of the 30 years she has resided there. As the President & designated Broker of C.R.E.S.T., Inc. (an acronym for Coastal Real Estate Service Team, Inc.) she represents sellers and buyers alike. The cities of Oceanside, Vista, and San Marcos are those cities in which she is principally active. Ms. McGuire uses the MLS, open houses, print advertising, signage, and the internet to market her listings. Her sales niche is in the range of \$200-750K, concurrent with the



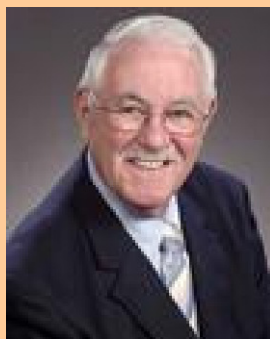
values of properties in those areas. Prior to being a realtor, Sylvia logged 17 years as a certified Sr. Escrow officer. As a consequence, she is familiar and comfortable with nearly every conventional loan program as well as FHA, VA, and the HomePath programs. She is professional and friendly and likes to think of herself as her clients "real estate coach" and as such professes a special affinity for working with seniors and first-time buyers. Her company consists of friendly agents who believe in one-to-one professional connections and pride themselves on assisting their clients. The company by line is "Real Estate Solutions".

Her office number is **(760) 757-1031** or **(800) 720-1031**

Her website is [www.surfcoastalrealestate.com](http://www.surfcoastalrealestate.com)

Her email address is [coastalproperties@cox.net](mailto:coastalproperties@cox.net)

One of the first things that struck me about **Don Nelson** when I spoke to him over the phone was his smooth, friendly, avuncular voice. It reminded me of Jon Miller, Joe Morgan's baseball broadcasting partner on ESPN. Nevertheless, it was interesting to discover that my ears did not deceive me and that he actually had been in radio broadcasting for 40 years and that real estate was his Don's second career. Mr. Nelson first moved to San Diego 1980 and after retiring from the broadcasting business decided in 1998 to convert his longtime love affair with real estate investing into a second career.



He functions exclusively as a buyer's Agent with offices in San Diego & Palm Springs His marketing approach is internet based. Securing the #1 spot on the internet under "**San Diego Buyer's Agent**" has brought Don a steady stream of buyers with which to work. His warmth and willingness to invest as much time as it takes to find the right property for his clients have engendered loyalty and repeat business. To keep his name in front of clients he uses calendars, football and baseball schedules and magnets. Don's comfortable with all the conventional programs as well as FHA, VA, HomePath, and CalHFA. Buyer protection and being a good negotiator are two skills that he lists as particular areas of expertise. His approach in taking on clients is selective and upfront: he states, "I work only with buyers who have signed an exclusive buyer broker agreement and have been pre-approved by a reputable lender." Don has several accreditations.

Among them are the following: Certified Exclusive Buyers Agent, **Accredited Buyer's Representative**, National Association of Exclusive Buyers Agents and e-PRO.

**Personal quote:** "My primary job is to listen, to understand my clients' needs and to translate those needs into a plan of action. My business is built on referrals. Referrals are a by-product of honesty, outstanding service and most of all, respect for everyone I come in contact with."

His San Diego direct line is....

**(619) 446-6978**

His Palm Springs direct line is....

**(866) 437-5244**

His email address is....

**Don@ThinkDon.com**

His website address is....

**www.DonNelsonRealEstate.com**



Unlike some sons, **Jeff Nelson**, did not follow in his father's footsteps since his involvement in real estate pre-dated his father's. Nor does he confine himself to any one side of a real estate transaction; he represents buyers and sellers, though he does have a penchant for working with buyers. Also, he ranges farther a field than most other realtors in that he shows property in Scripps Ranch, Poway, La Mesa, Downtown San Diego Mission Beach Pacific Beach, La Jolla, Carmel Valley Del Mar and Rancho Penasquitos.



Jeff has been in real estate since 1994 when he started working at the San Diego Association of Realtors. In 1995 he became the Director of Legal Services and was the liaison to five core committees including Risk Reduction, Professional Standards, Mediation, Grievance and Realtor/Attorney. He is the consummate real estate agent: knowledgeable and professional. He utilizes open houses, yard signs, the internet and, of course, the MLS. With prices having dropped in the past few years, the bulk of Jeff's sales come from the low (under \$417K) and moderate price range (\$417-\$730K). His particular areas of expertise are short sales, 1031 exchanges, probate land sales and 55+ communities. Among his professional memberships and accreditations are the National Association of Realtors, California Association of Realtors, San Diego Association of Realtors, Real Estate Buyer's Agent Council, National Association of Exclusive Buyers Agents.

**Personal quote:** "I am an independent broker who works personally with each client. I am a seasoned negotiator and enjoy working for my clients in any capacity, buyer or seller. I am an expert in Internet communication and marketing and carry the National Association of Realtors Prestigious e-PRO designation.

His direct line is **(858) 549-4444** and his email address is [jeff@jeffnelsonrealtor.com](mailto:jeff@jeffnelsonrealtor.com)  
His website address is [www.JeffNelson-RealEstate.com](http://www.JeffNelson-RealEstate.com)



**Pamela Parkinson** has sold over 1000 home in the course of her 25 years in real estate, the bulk of it in new home sales. Over the years she has worked for major developers like Woodcrest, Greystone, and Lennar. In working at Lennar, she strove to live up to Lennar's motto that her customers be "tickled, delighted and happy" with the handling of their

transaction. Pam was the lead agent for many of their most prestigious developments like Bressi Ranch and The Lakes above Rancho Santa Fe. Due to her extensive experience she is comfortable in representing properties from the inexpensive condo to the multi-million dollar estate and everything in between. Her knowledge and professionalism inspire trust and confidence. She also has a knack for being able to put buyers and sellers at ease. These qualities and her follow-up after the sale have won her a loyal following of buyers and contributed heavily to her amassing her truly enviable sales record.

Some 18 month ago, she transitioned into residential resales representing Prudential California Realty. After years representing builders and interfacing with buyers, she says she enjoys being a buyer's agent every bit as much as representing a seller. Pam prides herself on her honesty and looking out for the best interests of her clients. She is also particularly adept as a relocation specialist and working with seniors. Pam employs all of the marketing

tools at her disposal: the MLS, open houses, print ads, signage, internet, and the corporate and relocation muscle of Prudential Realty. Because of her experience in new homes she has closed transactions all over San Diego County, but prefers the neighborhoods of Carlsbad, Encinitas, Oceanside and along the I-15 corridor in North County. She is familiar with a variety of conventional loan programs and government ones like FHA. Pam believes that networking pays dividends "because you never know who someone else many know". She is a member of Facebook and by simply being friendly and out-going she has picked up numerous clients while working out at 24-Hour Fitness. As a consequence, she lightheartedly claims to be one of the strongest realtors in Carlsbad.

**Personal quote:** "With over 25 years in the industry and over 1000 sales, my experience surpasses the competition. My goal is to exceed my clients' expectations".

Her office phone is....

**(760) 431-3331**

Her cell phone number is....

**(760) 805-0979**

Her email address is....

**p.parkinson@prusd.com**

## Christian Ostergaard and his



father, Fred, own Ocean Hills Realty which is responsible for the lion's share of all sales in the 1633-unit development

known as the Ocean Hills Country Club (OHCC). Despite the company's many listings, Christian functions as both a buyer's agent and listing agent. The Ostergaards go the extra mile with their listings, checking to make sure that vacant properties are maintained. Since the OHCC is an age-restricted community it has afforded him more experience than most realtors in being sensitive to the needs and concerns of seniors. He utilizes open houses, the MLS, the internet, signage and networking to marketing his listings. He is one of the few semi-bilingual agents on the list that speaks as he put it "un poquito" Spanish. In the event, that Russian is your native tongue, his wife, Larisa is fluent in that language, as well. In accordance with the price range of homes in the OHCC and the surrounding areas, Christian's sales niche runs upwards from \$250 to 800K. The cities that he shows property in are mostly Oceanside, Carlsbad, & Vista. He is familiar with conventional purchases and Home Equity Conversion Mortgages (HECMs) or reverse mortgages. When I asked him if he had any particular trait or quality he'd care to list, he gave one that no other realtor mentioned—patience. It is no doubt a quality that is much appreciated by his buyers, for he cares about his clients.

His direct line is **(760) 419-1386**

His email address is....

[costergaard@cox.net](mailto:costergaard@cox.net)

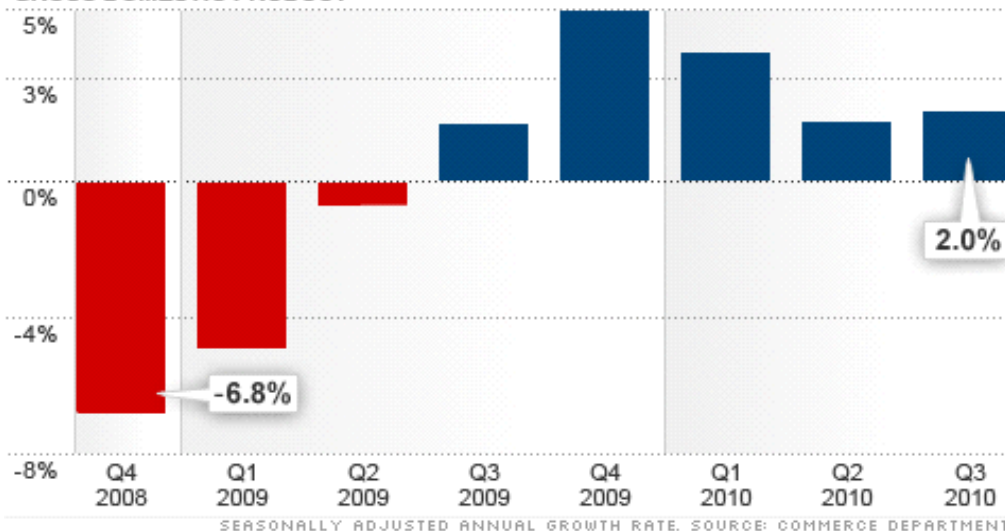
His website address is....

[www.oceanhillsrealty.com](http://www.oceanhillsrealty.com)

## ECONOMIC GROWTH WEAK IN Q3

U.S. economic continued to grow in the third quarter—but weakly, according to the Commerce Department. Gross domestic product, the broadest measure of the economy, grew at an annual rate of 2% in the three months ending in September. This was spot on with what I predicted back in January of this year.

### GROSS DOMESTIC PRODUCT



SEASONALLY ADJUSTED ANNUAL GROWTH RATE. SOURCE: COMMERCE DEPARTMENT

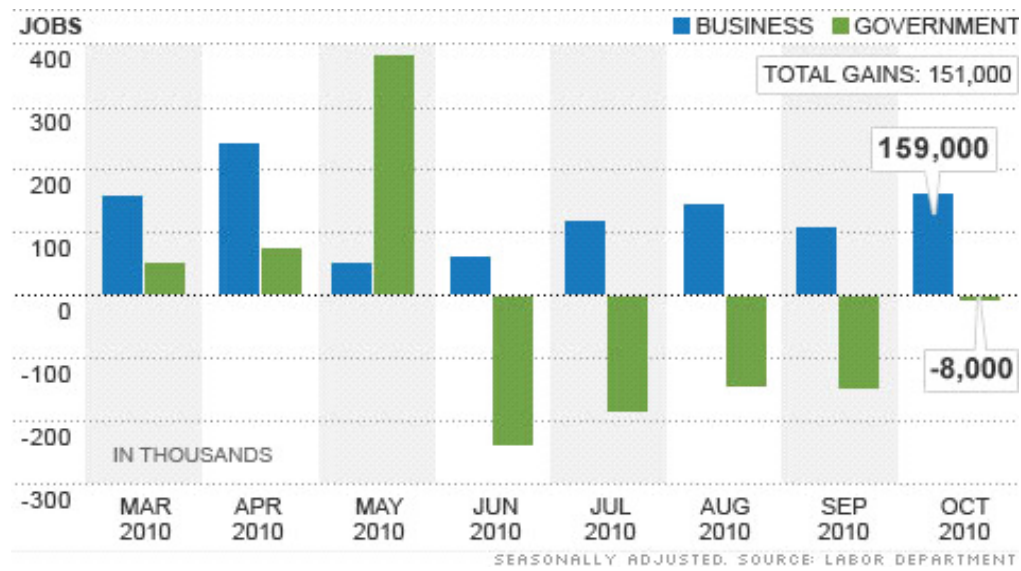
The average growth rate during U.S. economic expansions for the last 30 years was 3.6%, and it had been as strong as 5% at the end of last year. But the last two quarters of weak growth demonstrate that the effect of the stimulus monies is rapidly diminishing. Nor are economists expecting significantly better growth any time soon. The forecast is for 2.5% growth in the fourth quarter and 2.8% for all of 2011.

The only bright spot for consumers is that overall retail prices are not likely to rise very much in the next year. Economists foresee inflation of only 1% this year and another 1.8% in 2011. But while that might be good news for shoppers in the short term, economists are still worried about the long-term risk of deflation, or a downward spiral in prices, taking hold. Deflation can cause companies, unable to sell their products at cost, to cut back on production and lay off workers. It can lead to prolonged economic pain, as in the case of Japan's "lost decade" of the 1990's. Asked which posed the greater risk to the economy over the next five years, almost twice as many economists surveyed were concerned about persistent deflation than a return of inflation.



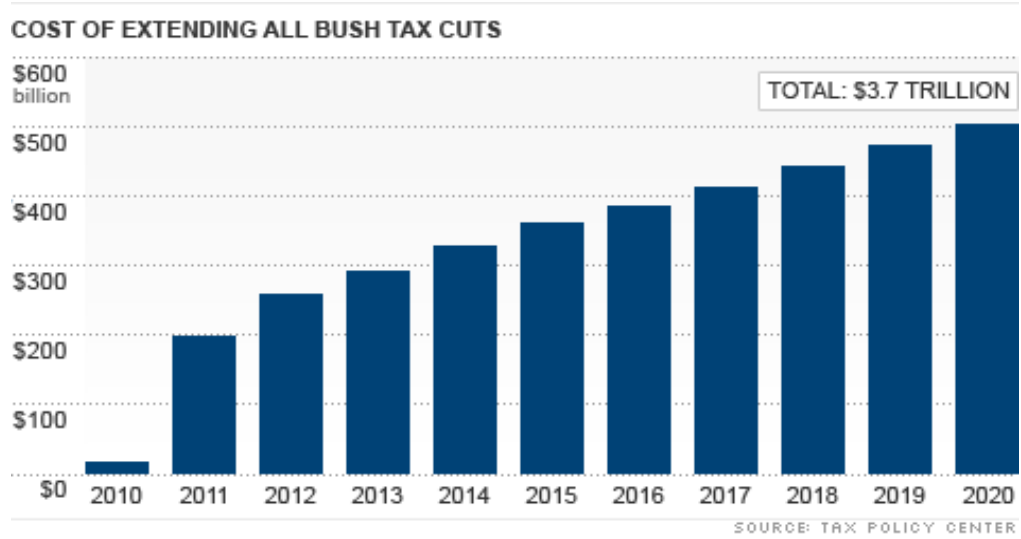
The leading concern is stubbornly high unemployment. While the economy is still growing, growth of less than 2% is considered too weak to prompt businesses to start hiring again. The October jobs report showed that the labor

market may finally be turning around. The economy added 151,000 jobs in October, a definite improvement over September, when the economy lost 41,000 jobs. And upward revisions for August and September showed there were 110,000 more additional jobs than previously reported. Unemployment is forecast to drop to 9.5% by the end of 2010 and 9% by the end of 2011. The unemployment rate currently stands at 9.6%.



**EXTENDING THE BUSH TAX CUTS** When the Bush tax cuts were originally passed in 2001 — and an accelerated version in 2003—the Republicans did not have the 60 vote threshold required to make them permanent, so the GOP went with a reconciliation bill that allowed passage by a simple 51 vote majority. A bill passed under reconciliation forbids, among other things, altering federal revenue for more than 10 years. Thus, they were given a sunset (expiration) date of 2010 because there was no money budgeted to offset the cuts. The thinking then was that were Republicans able to capture 60 votes in the Senate (or in the event that the economy was running a surplus) that making them permanent might be revisited. Unfortunately, the latter is far from being the case at present.

Extending all of the Bush tax cuts will add \$3.7 trillion to the current \$14 trillion national debt over the next ten years, and extending them for those making less than \$250,000 a year will add \$3 trillion. The economic argument for keeping the tax cuts in place, even in the face of immense fiscal pressures, is that now is not the time to pull so much liquidity out of the economy. The argument though is weak because these tax cuts are not especially stimulative. A better option would be to let all the tax cuts expire, but use the money they would have cost over the next two years for more targeted and effective stimulus measures—such as unemployment benefits, aid to states, a payroll tax cut, business incentives or more help for the weakest sectors such as housing. All told, such an approach would cost roughly \$350 billion over the next two years, but save almost \$3 trillion over the decade. And, importantly, it would surely do at least twice as much good for the economy.





Another alternative is to let the tax cuts expire for the richest 2% of all Americans (those making over \$250,000 per year). Their tax rate would only increase from 36% to 39.6% or what they were under President Clinton, but it would save around \$700 billion over ten years. The justification for this, is that not only are the rich in the best position to afford the tax hike, they were also the biggest beneficiaries of the Bush tax cuts over the past nine years. And, even at 39.6%, this is a far cry from the Eisenhower years when the highest tax rates were over 91%. Simply put, the government needs more revenue and the tax code needs to be more progressive—for the benefit of all Americans.

## **MOST HATED MORTGAGE FEE— PAYING FOR AN UNUSED HELOC**

It is little wonder that the most hated mortgage fee of all is paying for an unused Home Equity Line of Credit (HELOC). Lenders have been quick to freeze or slash borrowers' home-equity lines of credit in the past few years. But if a lender should close down a line of credit within the first three to four years of opening it, borrowers are often assessed \$300 to \$500. Most lenders impose these fees because they are absorbing closing costs from having provided a "free" line of credit in the first place. One way to avoid this charge is to keep the line open, even if you don't plan to use it. If you must close the line, say it's because you want to refinance your mortgage and ask your lender to waive the fee. If the same lender has your HELOC and your new mortgage, it may comply.

### **SPECIAL(S) OF THE MONTH:**

Conforming 15-yr. fixed @ 3.750%

Conforming 5/1 ARM @ 3.00%

Home Ownership  
Accelerator @ 3.604%

FHA/VA Conforming  
15yr. fixed @ 3.75%

## **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 "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](mailto:Morty@mortgagestraightTalk.com)

## **MORTGAGE MIRTH**

Did you hear about the dentist  
who married a manicurist?

They fight tooth and nail!



If you'd care to share one that you've heard, please email it to me at.... [Rod@mortgagestraightTalk.com](mailto:Rod@mortgagestraightTalk.com)

**NEXT ISSUE'S  
TOPIC:  
THE ANNUAL  
FORECAST—  
2011**

