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THE MONTH IN REVIEW

4/1 **The jobs report showed the unemployment rate dipped to 8.8%.**

4/4-4/8 **A report from the Institute for Supply Management showed that activity in the service-sector eased slightly last month**. The ISM non-manufacturing index fell to 57.3 in March from 59.7 in February. On Thursday, **after Japan was hit with another major earthquake, the price of oil rose above $110 a barrel. At the 11th hour Congress approved a federal budget for 2011. The Dow Jones industrial average fell 85 points as oil prices surged to nearly $113 a barrel Friday**. **The Commerce Dept. said that 382,000 people applied for initial unemployment last week,** a decline from the previous week's 388,000.

4/11-4/15 **U.S. stocks finished 118-points lower Tuesday as a 3% drop in oil prices sparked a sell-off in energy stocks. The number of foreclosure notices filed during the first three months of 2011 fell 27% compared with the first quarter of 2010**, according to RealtyTrac. The numbers are misleading; however, as part of the improvement is attributable to the banks cutting back on filings until they can clean up their procedures in the now infamous "robo-sigining" scandal. **Unemployment claims rose 27,000** from the week before to 412,000 for the week ended Apr. 9, **according to the Labor Department.**

4/18-4/22 **The Dow Jones industrial average sank 140 points Monday, after Standard and Poor's cut its long-term outlook on U.S. debt to negative. Gold prices topped $1500/oz. for the first time** ever on Tuesday. A report by the Commerce Dept. showed that **the number of NEW homes being built rose 7.2% in March.** The report also said **there were 594,000 building permits issued in March**.

Existing home sales climbed 3.7% in March. Stocks surged 186 points Wednesday amid solid earnings reports in the technology sector. Unemployment filings slipped 13,000 for the week ending April 16, but still remained above the 400,000 mark.

4/25-4/29 The National Association of Realtors (NAR) said that **existing homes sales rose 3.7% for March**, but that still left them 6.3% lower than in March of 2010. The latest **S&P/Case-Shiller home price index showed home prices fell 3.3% year-over-year in March.** The eighth straight monthly decline put home prices near post-crisis lows that were reached in 2009. The Conference Board reported that its **Consumer Confidence index for April edged up to 64.4**, from 63.4 in March, showing consumers are slightly more optimistic about the economy. First-time filings for **unemployment rose to to 429,000 in the week ending Apr. 23,** up 25,000 from the week before. It was the highest level in three months.

THIS ISSUE'S TOPIC: WHAT WOULD YOU DO, IF YOU WERE ME?

Not very often, but every now and again, a client will ask me the following question: "What would you do if you were me?" It's a great question because, who better to ask than someone who is objectively aware of their income, assets, employment history and credit score as well as the various loan programs available. On the other hand, there are clients who, because they have bought and sold two or three homes in their lifetime, are convinced that they know every bit as much about home loans as I do, if not more. With them I just smile politely because almost no amount of reasoning is going to change their minds that there may be something better out there than what they construe to be the case.

MARKETS: RISING vs. DECLINING

First, let me state something that most people never think about: some home loans perform better than others because of the prevailing state of housing market. From 2003-2008, we had a rising housing market. In that market, price appreciation built up a borrower's equity very rapidly. As an example, in 2003, homes appreciated on average 38% in San Diego County. At the time, I said,

"Show me a borrower that increased their equity 38% in a year by making payments. In this kind of market borrowers provide little more than interim financing, while inflation and appreciation effectively pay down your mortgage."

With this kind of market I preached "that interest rates are largely irrelevant!"

Alas, such is no longer the case. As the saying goes, "That was then, this is now." Since 2008 we have had just the opposite with declining markets throughout most of the country. As home values depreciated interest rates became very relevant again—particularly in cases of homeowners having negative amortization loans who were making minimum payments and not covering even the interest on their loans. For them, the past two or three years have been a major game changer and a disaster as they saw their loans recast with a higher interest rate, an increased balance, and one that recast as an amortizing loan with a shortened term.

Now, however, in San Diego, we are in a different market environment. The current market is essentially a flat one—or one that is apt to experience only modest appreciation over the next five years.

THE 30 YR. FIXED RATE MORTGAGE IS 'OVER-RATED'

Regardless of market conditions, most people opt for the safety and the security of a 30 yr. fixed rate loan and they pay dearly for it—usually a point to a point and a half higher in rate than with an Adjustable Rate Mortgage (ARM). 5/1 ARMs have been available for about the past 25 years and in the past two or three years I have had maybe 3 clients take me up on them. And some of those that had ARMs, refinanced into fixed rate products because they thought rates would be going up. Plain and simple, like most market timers, they were wrong.

Even though 30-yr. fixed rate mortgages (FRMs) sell at hefty premiums, they are overwhelmingly popular here. Thirty-year terms are not even available in most countries because they are too expensive. With a 30 year term, the interest costs roughly equal the loan amount because they are heavily front-loaded. This means that most of your payments in the early years go to pay for interest charges and comparatively little is applied toward principal reduction. In fact, it will be 20 years before most of one's monthly mortgage payment goes towards principal.

Another reason for the popularity of 30-year terms is the home mortgage interest deduction. But it is increasingly hard to justify why homeowners should enjoy a preferential tax status over renters. Most developed countries do not allow a deduction for mortgage interest. And with our intractable budget deficits, the days of mortgage interest being deductible may be numbered.

Regardless, the goal should be to reduce the cost of owning a home. This is the key thing that borrowers fail to grasp, instead the majority focus on interest rate and affordability, when it should instead be about cost and principal reduction.

ARMs—THE LOANS FOR ALL SEASONS AND THE BEST OF REASONS

One loan that has been a great performer in all markets is the variable rate loan or adjustable rate mortgage because it "adjusts" to the prevailing market conditions. In rising markets, it becomes a little more expensive, but all things being equal it will still remain affordable. In declining markets, the interest rate also adjusts downward to reflect the market condition. In flat markets, rates tend to remain similarly flat.

In March, I did a 5/1 ARM for two PhDs. Not only were they highly educated, they were educable about their financing and willing to listen to reason, which enabled them to get an interest rate of 3.25% that is fixed for the next 5 years while 30 yr. fixed rate loans are currently at 4.5%—1.5% higher. The reality (as I have stated *ad nauseam*) is that only 3% of homeowners will carry their 30 yr. fixed rate mortgage to completion. So, why pay a premium for something that 97% of you will never use. In California, just under half will refinance their home in less than 4 years to obtain a better interest rate, to get cash out, etc. And, by year 6 or 7, because we have a very movable population, most of them will no longer be living in that same home because they will have sold it and moved into a new (at least to them) home or down-sized it because "the kids are grown and out of the nest." So, for most of these borrowers they will have paid a premium of one to one and half points or more, for something that many of them will not utilize but for the first 4 or 5 years and that 90-some percent of them will not have beyond year 6 or 7.

Over the last several years, borrowers with adjustable-rate loans paid less as interest rates fell, while those with fixed rates kept paying the same amount for devalued homes. I put my stepfather into a 5/1 ARM about 8 years ago. It was fixed at 5.25% for 5 years. Beginning in year 6 it adjusted once a year—downward. His margin, the component that is fixed for the life of the loan, of 2.25% coupled with the LIBOR index gives him an interest rate this year of a mere 3.01% because in November, when it adjusted, the 1-year index was 0.7614. (The 1 in a 5/1 ARM refers to how often it can adjust which is annually or once a year). For the past several years his rate steadily adjusted downward from 5.25 to 5.13, 3.34, to 3.01. In fact, if you took out any ARM in the last 5 years, your rate today is likely much lower. (Incidentally, I picked the 5/1 ARM because it had the best pricing of the ARM loans, then. It still has the "best bang for the buck" when compared with other variable rate products like the 3/1s, 7/1s and 10/1s—they more nearly approach the 30 yr. fixed in pricing.

"An ARM? Are you crazy? What if rates totally skyrocket?" These are some of the most common objections toany ARM. Naturally, the question is usually rooted in a fear of the unknown coupled with a lack of the facts. For example, mortgage rates have only been above 7% for 23 of the past two–hundred years. Still, some clients think that Carter-era rates are possible again. Doubtful. Those sky-high interest rates were caused by a lack of globalization coupled with economic shocks—remember the Cold War? A large portion of the global economy was frozen behind the Iron Curtain. Shock waves—such as those caused by the Arab oil embargos of the time—had a much larger financial impact, since the playing field was much narrower and less connected. Now more countries are all competing on the global market, which is far more robust, minimizing the chance that domestic interest rates will skyrocket to those stratospheric levels.

Others tell me that ARM's caused the subprime meltdown. Wrong. The meltdown was caused by teaser rates, zero-down loans, high leverage, rating services with a conflict of interests and lax lending guidelines. Not by ARM's. Others think that inflation, leading to higher interest, is right around the corner. Driven by what? Tight labor markets and wage growth? Not with 9% unemployment. Depletion of inventories? Factories are idle, with plenty of

inventory. We suffer from excess capacity and lack of demand. Meanwhile much of the rest of the world is still experiencing the recession from which we are recovering. The safe money still looks to U.S. Treasuries, and while all indications are that rates may edge upward slowly, the demand for safety (particularly given slow growth worldwide) will probably keep rates at historically low levels for years to come.

How fastwill rates go up, when that finally happens? When rates go up, will they "skyrocket" as many people fear? Nope. When mortgage rates rise, they're typically a result of banks following monetary policy moves made by the Fed. Certainly, mortgage rates move with mortgage backed security pricing in the short term, but the market for mortgage-backed securities is absolutely connected to the larger debt market. Just graph the Fed Funds target rate against any of the major indices and you'll see the correlation (remember, some indexes lag, but they always correlate). The Fed only meets so often, and when they do,they only push rates up by 25 basis points (bps), and 50bps is rare.(Basis points are 1/100th of a percent). So the slopes on rising rate trends tend to look very similar. Look at the data and you'll see.

So, let's say one does get a 5/1 ARM and five years have gone by. Then what? Well, if interest rates continue to remain low I would keep the loan just as my stepfather did and enjoy the lower rates. But what if they had begun rising? Then I would say it would depend on how much they had begun to rise. I would then look to do one of two things. First, investigate replacing my ARM with another ARM (fixed for 5, 7 or 10 years depending on their pricing) and here is the important part **SHORTENING the term to a 15 or 20 year term.** Secondly, if I had enough equity (25%) I would consider the ultimate ARM.

THE ULTIMATE ARM—IF YOU QUALIFY

The **H**ome **O**wnership **A**ccelerator **(HOA)** would be my first choice as a mortgage product if I were currently seeking a home loan on a primary residence. I mention the primary residence qualifier here because this loan program is only available for owner-occupied situations, no second homes or investment properties are allowed. This loan program is essentially a 1st position Home Equity Line of Credit. But, unlike most HELOCS, HOA loan amounts go up to $2.5 million.

At present, money in a checking account earns practically NO interest. With the Accelerator, however,your checking account is connected to your mortgage, so when you direct deposit your income into your checking account instead of earning no interest, the money is offsetting the 3.5% *(*base) interest rate on the HOA! Moreover, with a conventional mortgage loan a borrower pays interest before principal, but with the HOA, you pay principal BEFORE **Interest.** The HOA pa**ys down the principal first and then calculates the interest on the reduced daily balance. This way, less interest accrues because of the reduced principal which in turn enables you to payoff the loan sooner. In fact,** this simple reversal of procedure works so well that it negates much of the effect of compound interest such that you can retire a 30 year loan in about 16.4 years with no change to your spending habits.

Let me momentarily re-address the bogeyman of soaring interest rates since that is the concern I hear voiced most often: If you go back and look at the last 3 rising-rate trends for the 1-month LIBOR (the index for the Home Ownership Accelerator), dating back as far as the 1990's, there have been 3 rising rate periods (trough-to-peak), all with roughly the same upward slope. The

average rate of increase in these 3 periods is **+1.45% per year**, or +12 basis points per month. The average duration of the last 3 rising rate trends is **26 months**. So looking at history, the facts are that rates don't skyrocket. Instead, over the long run, they move up steadily following monetary policy. Even in aggressively-rising rate scenarios, because of its unique feature of paying principal first and interest second, it usually more than offsets the impact ofrate increases.

The Home Ownership Accelerator is a variable rate mortgage that is tied to the 1-month LIBOR (London Interbank Offered Rate). With the HOA, one has a **choice of 3 margins: 2.85%, 3.1% or 3.35%.** The 1-month LIBOR is currently 0.261%. So, depending on the margin chosen the **FULLY-INDEXED RATE could be as little as 3.111%, 3.361% or 3.611%. Note:** there is **3.5% FLOOR RATE** which means that one's payment will always be at least 3.5%. The maximum Debt-To-Income (DTI) ratio is 45%, but one is allowed to qualify at the interest only rate. The lifetime cap is 6% over the starting rate. Thus, one's interest rate in a worst case scenario could never exceed 9.611% and history has shown that rates of 7% and above have existed for only 23 years over the past two centuries.

FLEXIBILITY AND CONVENIENCE

Another drawback of the conventional 30 yr. mortgage that receives scant attention is that it's inflexible. With a conventional mortgage, when you make that payment, it is gone forever. The HOA is flexible and reversible, so if the need arises (because of emergencies or for financial opportunities) you can access to equity. You have 2-way access to your available equity 24/7 for a full 30 years. For your everyday expenses you have unlimited checks, an ATM/Visa Point-Of-Sale card and electronic (bill-pay) access to your funds, just like a regular bank account. The HOA provides an initial credit line for 10 years and during the final 20 years it decreases the credit line by 1/240th per month.

Another facet of the HOA is its convenience: It's the only loan where you don't have to write a check to make your payment. If you have available credit, the payment is made automatically on the payment due date. This also avoids accidental late payments. The only requirement that one has is to stay below their credit limit.

Some people are concerned that with all of this interest being saved, their tax deduction will go down. Believe me, if this is bad news, you can afford to live with it because you pay about $3 in interest to get a $1 deduction. If you don't understand the obvious fallacy inherent in this, then the answer is easy: if you want a larger tax deduction, get a loan with a higher rate!

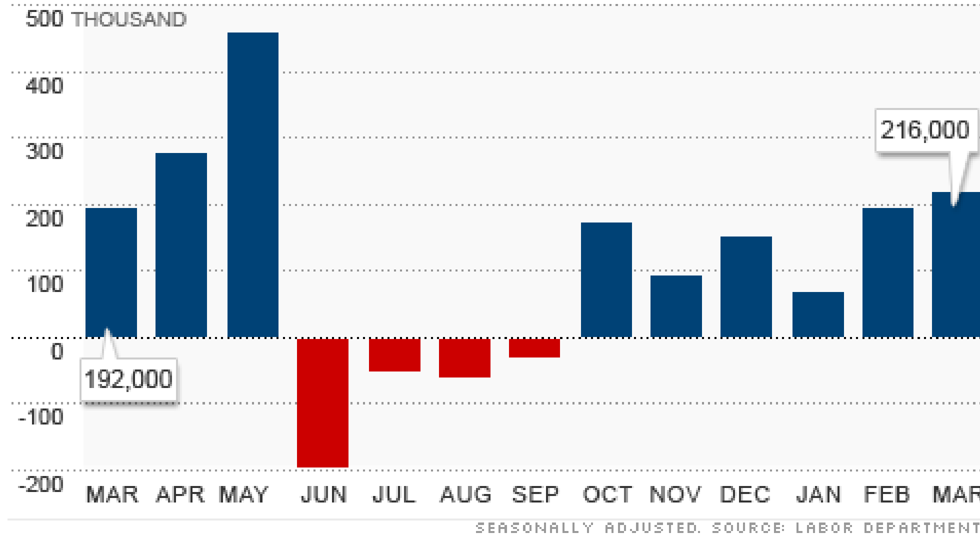
SUMMARY

So, if I was looking to finance a purchase money loan or to refinance an existing mortgage, I would go with a 5/1 ARM loan. With subsequent refis I would opt for a mortgage with a shorter term say 15 or 20 years. If it were my primary residence and I had 25% for a down payment or existing equity in the property, I would definitely go with the HOA.

JOBS GAIN, UNEMPLOYMENT FALLS

Improvements in the job market may finally be taking hold, as strong business hiring last month brought the unemployment rate down to its lowest level in two years. The economy gained 216,000 jobs in March, better than the180,000 expected and a significant improvement over the 194,000 jobs added in February. The unemployment rate continued to edge down, dropping to 8.8%, the lowest level since March 2009. The unemployment rate has shed a full percentage point in the last four months, the largest four-month drop since 1984.

Private businesses added 230,000 jobs. Since businesses started hiring again a year ago, they have now added 1.8 million jobs, with nearly a third of those jobs added in just the first three months of this year. The trend in business hiring is widespread, with 68% of industries adding jobs so far this year. Among the leading sectors were business and professional services, which added 78,000 jobs, health care and social services, which brought on 44,000 workers, and leisure and hospitality, which increased staffing by 37,000.



One closely watched sector, temporary workers, grew by nearly 30,000. That is important because many businesses will bring on temporary staff as a prelude to making permanent hires. Long-term jobless woman finds a job But, while businesses continued to bring on new staff, public sector employers trimmed 14,000 jobs during the month, mostly at the local government level. Local government staffing, which includes teachers, police and fire fighters, as well as other administrative jobs, held up pretty well in the first 18 months of the recession while business payrolls were plunging. But those payrolls have now lost more than a quarter-million jobs in the last 12 months, with more than half coming from public schools.

And there is still continued pain for those without work. There are 13.5 million people who are unemployed, and another 6.5 million who would like a job but are not officially counted as unemployed because they're not looking. Of those who are counted as unemployed, 45% have been out of work for six months or longer and the average length of unemployment is a record 39 weeks. Even with March's encouraging readings, climbing out of the 8.7-million job hole created during the recession will take a long time. At the current rate of growth, it would take the job market another three and a half years to get back down to the pre-recession level.

RATE SUMMARY:

Rates IMPROVED, this month, SLIGHTLY.

*** Conventional conformings—BETTER by an 1/8TH to a 1/4th**
*** Jumbos—Down an 1/8th**
*** Governments (FHA/VA)—also better in the range of 1/8th to 1/4th**

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!

SPECIAL(S) OF THE MONTH:

Conf. 5/1 ARM @ 3.000%

High Balance Conforming @ 4.625%

FHA High Balance. 30-yr. fixed @ 4.25%

DU Refi Plus 30 yr. fixed @ 4.500%

Home Ownership Accelerator @ 3.343%

JUMBO 30 yr. fixed @ 5.250%

MORTY'S MAILBAG

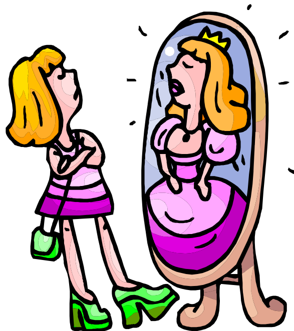
Q. Last month you made an observation that mortgage lending brokerage services were apt to be more expensive and less competitive as of April 1, 2011. Would you please elaborate? You said that you would have more to say about this situation this month.

A. First off, let me state why the New Comp Rule was devised. Its purpose was to protect consumers from unfair, abusive, or deceptive practices that might arise from compensation agreements. In other words, in days gone by, a broker might have charged a 1% origination fee and received a half percent from the borrower and a half percent from the lender (rebate). Nothing wrong with that. But some brokers or loan officers (LOs) charged a one-percent origination fee and got 2 percent in rebate from the lender. Even though it was disclosed on the Mortgage Loan Disclosure Statement, the GFE and the Fees Worksheet, the Federal Reserve Board (FRB) said that many borrowers did not understand this and the borrowers failed to realize that they could have gotten a lower interest rate if the broker or LO had not received a 1 or 2 point rebate. So that this would no longer be confusing to borrowers, the FRB ruled that compensation paid to brokers or loan officers could only come from one source not both: either **borrower paid compensation** or **lender paid compensation** (rebate). I have no problem with this as it was purportedly done to give the consumer a fairer shake. Unfortunately, the solution that the FRB came up with was ill-conceived and poorly drafted because it has the net effect of making the cost of loans more expensive and added more needless paperwork for loan officers which no one will ever read and the reason I wrote last month that "the road to Hell is paved with good intentions".

Now, **the only persons that are allowed to do borrower paid compensation loans (**conceivably those with the lowest interest rates**) are mortgage brokers who also own mortgage companies. As of April 6th, mortgage brokers** [who don't own brokerages probably comprise 90% of loan originators (LOs)] **are only allowed to do loans with lender paid compensation**, unless they are paid hourly or are salaried. The reason that this leaves most mortgage brokers out in the cold is because nearly all of us are independent contractors that receive 1099s, not employees who receive W-2s. Broker/owners prefer to "contract" with mortgage brokers this way because they do not have to pay them whether they close a loan or not. Nor do they do have to offer them health insurance or deal with the bookkeeping of withholding: FICA, SDI, workmen's comp and so forth that are part of a salaried employee's payroll deductions. The reason

that it harms consumers is that lender paid compensation is approximately 0.375% higher in rate as compared to borrower paid compensation. Depending on the program and the lender, the spread rate is about 0.60% higher. Another reason that the consumer is poorly served is because about the only loan officers that are paid a salary or compensated hourly are typically, the least knowledgeable, are not licensed and work under a lender's Department of Corporations (DOC) license. Not all states require mortgage brokers to be licensed, although California certainly does. There are two licensing options available to those wishing to operate as a loan officer: Mortgage brokers are licensed and operate under the jurisdiction of the Department of Real Estate, whereas a California Finance Lender (CFL) is under the aegis of the Department of Corporations. Mortgage brokers under the DRE are required to pass the same exam as real estate sales agents. Naturally, just because someone is licensed, it doesn't make them good. But, licensed mortgage brokers have a fiduciary relationship to their clients involving a high degree of trust, fidelity, integrity and confidence. Whereas **a loan officer working under a California Finance Lender's license** may be doing many of the same things that a mortgage broker or banker does but **is not required to be licensed and the courts have held that CFL brokers do not have a fiduciary duty to their borrowers.**

Many loan officers get their training on-the-job and/or are new to the profession. So it should come as no surprise that there is a significant percentage out there that know very little or whom are out of touch with market events. I've been in office meetings in which the loan officers didn't know what the Prime Rate was currently fixed at. I've also witnessed cases of loan agents not knowing how to process a loan, read a rate sheet or understand what causes mortgage rates to move. I have seen other instances of mortgage brokers possessing astonishing little knowledge of lenders programs, guidelines and rates, but succeeded because they were "eye candy" for male real estate agents. These individuals relied almost wholly on the lenders' reps to put their deals together and their processors to keep them stuck together. Not surprisingly, their closings were erratic and full of surprises. Thus, there are conceivably individuals working for "mortgage mills" under a corporation's license out there doing loans that were flipping hamburgers last week.



But this is only half the story. There are now a new thicket of Federal Reserve regulations that involve Anti-Steering and Safe-Harbor rules whereby a loan originator has to document that of all the lenders they represent, who offer a specific program, the one chosen must have the lowest interest rate and fees, regardless of extenuating factors like service, timeliness and the likelihood of the client receiving an approval. To get around this paperwork snowstorm, many brokers are limiting their choices to only one lender for each program. So, if they have 10 lenders that do FHAs, they will only sign up with one lender for FHA programs. Again, this is not in the borrower's best interest because in doing my weekly surveys of various lenders, I have found that no one lender consistently has the best pricing for a variety of programs. Those that had great rates on FHAs or conventional loans will have much less attractive pricing a month or two down the road. What the new regulations do is effectively act in restraint of trade.

To complicate matters further, the FRB deemed that loan originators working for mortgage brokerages have a specific compensation tier for various lenders. In other words, your broker/owner picks a compensation tier that ranges anywhere from 1% to 3.5%. All LOs working for that broker have to abide by the compensation tier chosen by the broker. The compensation tiers may vary from lender to lender. But should your brokerage's compensation tier be 1.75%, you can NOT do a loan for say 1.5% instead, even if you are willing to forego that portion of your commission. Again, this makes it more costly for the consumer. Rates are no longer negotiable; they are dictated by the mortgage brokerage or the mortgage bank.

If this weren't daunting enough, imagine what one is to do with respect to the Anti-Steering and Safe Harbor rules in cases where differing lock periods and various rebates intersect with different compensation tiers. Some lenders have lock periods of 12, 15, 21, 25, & 30 day locks. Now,

let's suppose you must receive a rebate of 1.5 % from lender A, 1.75% from lender B, 2% from lender C. But lender A is offering a 25-day lock on a 30 yr. fixed rate loan with a borrower credit (lender paid rebate) of 1.75% @ an interest rate of 5.25%, Lender B offers a 2% credit for 30 days @ 5.25%, and lender C offers a 2% credit for 21 days @ 5.25%. Which one is the least expensive? Remember a loan originator is required to offer the loan with the lowest rate and fees for a lender under their brokerage's compensation plan. Imagine if the rates were not the same, two were at 5.125%, and one at 5.25%. It becomes positively mind-boggling. Mortgage bankers are exempted from this since their rates, programs and credits are the only ones they have and therefore the only ones they must show.

Other segments of the market that are apt to feel the impact are the very small loans and those that are very large. For example, if I am required to go with a 2% lender paid compensation agreement for a particular lender and my borrower wants a $100,000 loan, the most my firm can make on this loan is $2,000. Also with lender paid compensation there can be no charge for a processing fee. So, if one deducts say $600 for processing, that leaves $1400, and then there is a $100 deduction for Errors and Omission insurance that one has to charge against the commission which now leaves $1300 to be split between the owner of the mortgage company and the loan originator for what may be 30 to 45-days of work or 100 to 150 hours of work. At these prices one is working at minimum wage levels, so the easiest thing to do is to turn down the loan and opt to work on larger loans because the work on a $100,000 loan is about the same as on a $500,000 loan, but the latter pays 5X more. Net result, the public is under-served on smaller loans under these regulations.

A borrower wishing to obtain a loan for $1 million may feel even more aggrieved because prior to the implementation of these rules they might reasonably expect to pay an origination fee of 1% (or $10,000), but if because the brokerage has a 2% compensation tier among its various lenders, then the cheapest that it could be done for by that brokerage would be $20,000 (2%). Chances are the LO would lose that loan to another brokerage with a 1.5% compensation tier. But even so, the borrower is now paying 50% more in fee under the new regulations.

The only loan originators that are not apt to be bothered by this are those that are currently working for minimum wage and possess only marginal competence, those that are unaware of the new rules because they haven't done a loan in some time and those that are broker/owners. So, you can see that the new regulations have some inherently serious flaws. If this weren't maddening enough, different lenders have chosen to interpret these regulations differently. One would think that such a mandate would have a uniform application, but evidently not. Lastly, I've spoken with 8 different lenders about the newly mandated regulations and they are now scrambling to provide loan originators with more options to circumvent the regulations because borrowers and loan officers are bridling at the new regulations. Lenders are making certain concessions because they have seen their submissions dry up. This craziness is just the thing that the housing market needs as we enter the summer selling season.

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 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**

MORTGAGE MIRTH

A bargain is something you don't need at a price you can't resist.

If you'd care to share one that you've heard, please email it to me at.... **rod@mortgagestraightTalk.com**

NEXT ISSUE'S TOPIC: QUALIFYING