



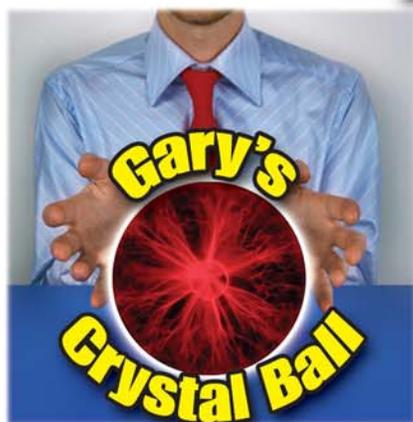
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Inside: *"Prepared for Credit Card Changes?"*

Mortgage Monkey NEWS

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Call Gary Now to set up an appointment
to discuss your mortgage needs.

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During the last quarter I have seen a lot of pressure on interest rates to start moving up. The number one question in the financial markets right now is how energy prices are going to affect the economy. Amazingly with a Texas oilman at the helm, energy prices have more than doubled in the past five years.

In the past, the conventional wisdom has been that higher energy costs would slow economic growth as consumers have to devote more and more of their disposable income to buy gas and heat their homes. With higher energy costs looking like they are here to stay, the markets have begun to worry about inflation. Several important measures of inflation such as the Consumer Price Index (CPI) and the Producer Price

Index (PPI) have started to show significant impacts from spiking energy costs. The Federal Reserve's primary goal is to keep inflation low.

Despite all of this, 30-year fixed rates have been remarkably resilient still staying under 6%. I believe that we are going to see rates continue to move up as we finish out 2005; however, I do not see a spike in rates coming anytime soon.

The good part is I enjoy staying on top of all of this so that I can provide my clients with the best possible advice. If you ever have any questions on what's happening in the market, please do not hesitate to get in touch with me.

ASK THE EXPERT

? Q: Gary, What's this about my credit card payments increasing?



A few weeks back David, a very good friend, asked me that question as I answered the phone. He was very concerned about the news and wanted to know the scoop ... so here it is. A little known office of the Department of the Treasury called the Office of the Comptroller of the Currency is about to start having a BIG impact in your pocketbook.

For years, the minimum payment on most credit card balances has been about 2% of the outstanding balance. The new regulation requires that payments be set so that people can pay them off in a "reasonable" amount of time. Most card issuers are gravitating to a

new minimum payment that will cover interest, fees, and roughly 1% of the outstanding balance. Your minimum payment will depend on your card issuer.

The change will increase the monthly minimum payments 50% - 100% to somewhere between 3% - 4% of the outstanding balance. For example, if you have \$5,000 in credit card debt, under the current 2% minimum payment, your minimum is about \$100 each month. Under the new guidelines, your payment will rise to \$150 - \$200 a month.

This change does have a good side. Many people will pay less in interest charges to credit card companies. Unfortunately I believe this is going to cause many people a lot of grief.

Most of us carry debt from time to time. As I tried to calm down David, we started talking about an option that I believe many people will be considering soon - a home equity loan. With lower rates than most credit credits plus the added bonus of being tax deductible, they are a great option to consider for managing your cash-flow. If you would like to review your options, please let me know - that's what I'm here for.



THE WORD FROM GARY

Can you believe that fall is really here already? I always thought my parents were wacky when I was a kid because I would hear about how "time flies" as you get older. It's slightly painful when one has to realize that Mom and Dad were right!



With all of the leaves coming down, it is pretty hard to argue that fall is in full swing. Leaves are everywhere! I have become a bit obsessed with keeping all of the leaves from taking over our house. My blower has become a very trusted companion every weekend as I attempt to keep up. By the time I'm done with my routine of removing all of the leaves, my Partner Mike usually steps out the door to tease me about the new ones already hitting the ground. He won't be laughing so hard when he's cleaning out the gutters next weekend!

Though summer came and went quickly, we did get out and enjoy it. We have developed a tradition of leaving on Labor Day for vacation. We love our nieces and nephews, but there is something to be said for traveling when all of the kids head back to school. We took a road trip this year to visit two national parks. Our first stop was Glacier National Park in Montana. Glacier is beautiful! It is filled with amazing scenery and crystal-clear lakes, but I have to say, as an Oregonian, I am so spoiled by natural beauty that I found the second part of our trip to be even more spectacular.

We traveled down to Yellowstone National Park in Wyoming. We had a fantastic time exploring the geysers and hot springs that make Yellowstone famous. The best piece of *advice* I can offer anyone who gets a chance to visit is make sure you **get out of your car!** Yellowstone is an experience for all of your senses and can only truly be appreciated by taking a hike and getting up close to see, hear, and smell nature at work. There is so much to see in Yellowstone that I know we will be back again sometime soon. By the way ... watch out for the Buffalo jams!

During our road trip, we also discovered a great way to keep smiling after hours and hours of driving. Of course we had wonderful and stimulating conversation, but after that half hour was over, we enjoyed listening to several books on tape. We couldn't believe how quickly the hours went by.

On the business side of things ... please take a few minutes to read about what's happening with your credit card payments. The changes are going to have a big impact, and I don't think they have received a lot of press yet. Also, thank you for all of your positive feedback on the new website. I was very touched



that so many of you felt it expressed my unique vision. One of the most amazing parts of my job is getting to meet great people from all walks of life and help them achieve their dreams. If there is ever anything I can do for you, your friends or family, please let me know - that's what I'm here for.

What's My Credit Score?

Recently a borrower called me trying to understand why when he had high (over 700) credit scores on his report when I was telling him his scores were significantly lower (around 640). It made a significant difference for his loan.

I thought it was rather peculiar to have such a large discrepancy, so I started doing some investigation. What I found out shocked me.

In the mortgage industry, almost all credit scores are based on FICO scores which is a model developed by Fair Isaac Corporation. When consumers are purchasing their scores directly, the three major credit bureaus are using a different scoring model! For example, TransUnion uses a model called "TransRisk" for consumers and the score range for this product is 400 - 925. The TransUnion FICO score that I see as a Loan Officer is based on a range of 336 - 843. Despite the fact that both reports contain the same information, the difference in scores will result in two entirely different mortgages. I believe these conflicting models do a huge disservice to consumers working hard to manage their credit.

Because credit scores play such a huge role in your mortgage options, I am constantly working with my clients to help improve their scores so they can get the best possible loan. The bottom line is that when you are thinking about doing a home loan, the best step you can take is to sit down with me to ensure a smooth approval.

