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**Inside:**

*Can you say Mai Tai on the lanai?*



# Mortgage Monkey NEWS

SPRING 2009



## Gary's Crystal Ball

Everyday I talk with clients about the state of the housing market, economy and the future. Even though we are flooded with negative press, I believe there are **many reasons to be optimistic**. First, despite the volatility in the Stock Market, Mortgage Backed Securities have been remarkably steady because of the Federal Reserve's support. The role of the Federal Reserve is a mystery to most people. The central mission of the Fed is to be the lender of last resort. During this challenging period, they are fulfilling that mission. To some people on Wall Street, they see that as horrible. I see it as an institution rising to it's highest purpose and it is working. For example, with the Fed's market support average 30-year fixed rates have dropped to about 5.0% from about 6.0% just a few months ago. That move has a dramatic effect because interest rates are a multiplier and have an even more profound impact on affordability. For example:

**\$200,000 Loan Amount**

5.0% = \$1,073

6.0% = \$1,199

**\$220,000 Loan Amount**

5.0% = \$1,181

6.0% = \$1,319

Even with a loan amount **\$20,000 higher, the monthly payment is LOWER**. That is the power of lower rates. However, I think people who are holding

out for rates to drop to 4% will be sadly disappointed. As you can see, locking in a low rate can be even more powerful than hoping the purchase price might drop another few thousand dollars, especially when you look at the long-term benefits of owning a home. I believe that people who get into the market today are going to be VERY happy they did two to three years from now. There are several reasons for this:

1. **In the middle of a recession, people think we are always going to be in a recession. I predict the local housing market will firm up later this year and start to grow again in the next 24-36 months.**
2. **New construction has dropped dramatically. 2008 was the first year since WWII that there was less than one million new homes built. With less houses on coming on the market inventory will decline, and that creates demand - especially in our region with continued population growth.**
3. **Forbes Magazine has noticed by rating us the fourth best housing market in the country.**

Finally, the pace of change happening from the Obama administration is remarkable. **A tremendous shift is underway**. We need to remember that he has only been President for a couple of months! It is going to take a while to shake-off the hangover of the Bush years. I don't know if every single program and idea that is happening will be the one that works, but I am deeply encouraged by the bold moves taking place. One of the best programs to come out of the Stimulus Plan is an **\$8,000 Tax Credit** for first-time buyers. This is

truly pennies from heaven and an incredible opportunity. The IRS will **write you a check for \$8,000** for a buying a home. Period. No Payback, nothing. You simply need to meet the income requirements and stay in the house for three years.

All I can say is that I would have LOVED to get a check for \$8,000 when I bought my first home! I can see many heads shaking in agreement with me as they read this! If you have friends or family who are looking at buying their first home, this is a remarkable incentive. Also, **keep in mind that a first-time buyer is anyone who has not owned a home in the last three years**. However, the tax credit is only good in 2009 - so get moving soon.

if you have a friend, colleague or family member should be taking advantage of the tax credit, please encourage them to touch base with me - that's what I'm here for.





## THE WORD FROM GARY

I am very ready for Spring even though we just got to spend a week in the sun! My new favorite clients offered us the opportunity to shake off the Pacific NW winter blues with a **week at their condo in Hawaii**. As we started fantasizing about our time there, our good upbringing got in the way. Yup, we invited the parents—all of them. We knew everyone would love getting away and we would finally get our awards for being the greatest children ever!

First, we had to survive the trip! On the morning we left, it was snowing here. We didn't realize that would not be the only challenge leaving town. Next, we had to get everybody through security. Normally, we can sail through security in a few minutes. Add an artificial knee, wheel chair and portable oxygen machine into the mix and you hit the trifecta. Security got to try out ALL of its best toys with our group. **We were puffed, swiped, wanded and patted down**. I don't think some of our parents had seen that much action in years!

Flying into the Big Island of Hawaii is a trip. The airport is in the middle of a lava field. You just walk down the stairs off the plane and into grass huts. It's like a scene out of an Elvis film. Our first outing got everyone in the island mood instantly by eating breakfast while sitting in the sand with palm trees all around us and waves crashing into the beach. **I think it is hard to explain what a different world it is there.**



Our borrowed condo was stunning! **Can you say Mai Tai on the lanai?** We were able to sit overlooking the ocean whale watching, seeing the dolphins play and trying to understand why anyone would want to parasail. We also explored all over the island. We had treats from the southern most bakery in the United States and marveled at the black-sand beach where the sea turtles kept appearing for **Mike, "The Turtle Whisperer."** Of course, we had to experience a Luau. Don't let them fool you, **Poi is wallpaper paste!** Other than a few strange foods, it was spectacular. What made it even more special was celebrating my Mom and Dad's 42nd Wedding Anniversary that night.

The highlight of our vacation was visiting Kilauea, an active volcano. From miles away you can see the steam plume as lava flows into the ocean. As the sun set, we even got to walk out onto the lava field. **We saw the hillside glow and watched the streams of lava flow into the ocean**, it was surreal. Lava knows no bounds and seeing a road disappear under several feet of lava is quite a sight. Watching our parents take it all in was amazing. To top off our week, I decided to surprise everyone with a sunset cruise. Unfortunately, **Mike spent the entire time feeding the fishes.** I think his sailing days are over. He couldn't even laugh for the next few days because it hurt so bad!



Being able to share Hawaii with our folks was spectacular...now we just need a vacation from our vacation - they wore us out! Mike says I need more clients with homes in exotic places. Maybe you could then be my new favorite clients! Please checkout my thoughts on the latest economic developments and 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.**



I can't recall the last time I saw a home inspection where there wasn't an electrical issue or two. There is only one person Mike and I call for help, **Lori Thomas**, owner of Athena Electric Company. I am proud to include Lori as a member of the "gay mafia."

After 28 years of doing electrical work for other companies, Lori decided she could offer customers something better. "I want to do quality electrical work at a fair price and provide exceptional customer service." Lori and her crew specialize in doing remodels. "The older the better" Lori says, **"I love the challenge!"** The great part is that she means it! We have given Lori some pretty tough challenges over the years. She has always made things work flawlessly and done so with a smile on her face. I think she likes the challenges because it means she might need a new tool, even though I'm convinced she already has every power tool out there!



There is a saying: Plumbing is Gravity and Electricity is Magic. For most of us, even a small electrical problem can seem overwhelming. You just need Lori. "Big or small, we do it all," she said. "There are often simple fixes to a problem someone has lived with for years." I highly recommend Lori for the next time you need a "Magician" to tame your electrical problem. You will be glad you called, and she will be a friend before you know it!



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