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**Inside:**

*Beach Blanket Bingo*

# Mortgage Monkey NEWS

SUMMER 2007

ASK THE EXPERT

**? Gary, has our real estate market gone to hell?**



Every day I talk with people who are buying, selling or refinancing. I hear their interpretations of what's happening out there ... so **I thought it was time to set the record straight.** It would be easy to believe from the headlines that our housing market is completely in the gutter. There has been a slowdown in real estate activity; however the reality is far different from the sensational headlines.

**Closed Sales for Metro Portland:**

**YTD 2006 = 16,309**  
**YTD 2007 = 15,001 - Only a 9% change**

The raw numbers reveal the real story. Prices appreciated on average 8.9% over the last twelve months in the Portland area, which demonstrates there is still a lot of demand in our market. However, it's important to keep in mind how truly local real estate is. Just across the river

in Clark County, appreciation has slowed to 5.3% with some neighborhoods having seen values decline. With inventory of homes returning to more historically normal levels, our overall market is currently in balance. Many Realtors I have spoken with lately have talked about the challenges with meeting the expectations of their clients. Some clients believe it's a Buyer's Market yet many still believe it's a Seller's Market.

The good news is **past-due and foreclosure rates in Oregon and Washington are less than half the national average.** In fact, four states account for over 50% of the foreclosures nationwide which account for many of the sensational headlines we all read. During the first quarter of 2007 the portion of loans in foreclosure in the Northwest ticked up only slightly from 0.39% to 0.42%.

Personally, I'm very pleased to see our market where it's at. I worried about our market turning into a California-style boom and bust cycle when I had clients making offers of thousands over the asking price with no home inspection contingencies. One of the most interesting aspects of working in the real estate industry is how quickly people's perceptions change. We instantly became accustomed to seeing nearly every house on the

market getting scooped up within days. Now when we see a house on the market after a month our automatic reaction is to wonder "what's wrong with it?"

Despite the doom and gloom being overblown, there have still been some significant changes happening in the mortgage industry. With some regions of the country experiencing heavy losses, many loan options have been eliminated and/or requirements have changed. Second Mortgages and Home Equity Lines of Credit have been hit especially hard. Having a professional in your corner who can help guide you through the process and make sure you get the best financing possible is more important than ever. That's what I'm here for!



**WINNER!**

**Congratulations!**  
**Adam Dyer of**  
**NE Portland**

Adam was the winner of the video ipod at the Gay Pride Festival this year.

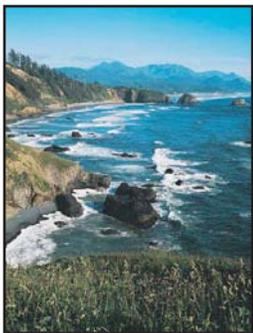
*Good luck next year to everyone!*



### THE WORD FROM GARY

Can you believe the Back-to-School ads are already everywhere? It's seems like summer just got started! The beginning of our summer was a bit of a blur this year. Since my Partner is from the Midwest, we are an ideal vacation destination for his family from Illinois. Thankfully he has an amazing family that I adore.

Before they arrived, we had to work like crazy to get everything ready for their visit. The 1970's have slowly disappeared over the last couple of years as we have plugged away at remodeling our house. Unfortunately, after working on project after project some things got left unfinished. I'm sure no one reading this has ever experienced this phenomenon! With Mike's Mom, Sister, Brother-in-Law and Niece on the way to spend a week with us, it was time to get busy. With the thought of sharing our bathroom, all I can say is that it's truly amazing how much having house guests can motivate you. Secretly, I was thrilled to finally take a few things off the "to-do" list.



Despite an hour layover in Denver that turned into an overnight saga for them getting here, we had a great visit. (I have some words of advice: fly non-stop) When they arrived, we whisked them off to the Oregon coast. Mike's Niece Annika is nine years old, and it was great fun seeing everything through her eyes. She loved the sand & surf. Somehow we were lucky enough to get a couple of absolutely beautiful days at the beach. We were even treated to a very low morning tide which revealed the most stunning tide pools I have ever seen. Michelle, Mike's Sister was fascinated by the starfish and all the amazing sea life. The Newport Aquarium was almost a let down after that morning!

The other secret reason I enjoyed their visit was having an excuse to buy a Nintendo Wii. I convinced Mike that we would be bad Uncles if Annika got bored during her visit so we needed one. I won't reveal all of the details on how I got a hold of one, but it involved pulling in a favor from my former prom date! It was definitely worth it. The Wii was a big hit. If you haven't played with one yet - you've got to try it. Mike's 40+ year old Brother-in-law Terry fell in love with the Wii golf game. With all the suitcases loaded, and everyone in the car and ready to head for the airport; we all had to wait for Terry to finish the 18th hole - it's that fun! I'm guessing if they don't have one yet, they will before long!

I hope you are having a great summer and have been able to get some of your projects done as well. Please take some time to read the article about the current state of our local housing market - it just might surprise you! Your referrals are always appreciated, and I sincerely appreciate your thoughts and feedback. 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.



### Gary's Crystal Ball

For the financial markets 2007 has been a wild ride! During the second quarter fixed rates made a significant move up and hit the mid 6% range. So, what caused the rise in rates? The biggest factor has been uncertainty with the NATIONAL real estate market. Check out "Ask the Expert" for my thoughts on the local market.

With "core" inflation looking good, the markets have focused their concerns on how widespread the fallout will be from some housing markets dropping in value. Because energy costs and food costs can fluctuate dramatically, the Federal Reserve focuses their attention on inflation without those two areas factored in. So, despite us feeling the pinch at the gas pump, the Fed is cautiously pleased with their efforts to keep inflation under control.

Normally, this news would be very encouraging to the financial markets, but not this time! We are currently experiencing the markets demanding a better return on their money. Because of concerns that some markets will experience heavy losses, the cost of money has increased.

The markets will likely not make any big moves in the near future so rates will stay consistent in the next quarter. I start my day with looking at the markets so that I can give you the best possible advice. The good news is that I keep a close eye on all of this so you don't have to!

