

The
Mortgage Messenger

Welcome to **The Mortgage Messenger**, Perennial Mortgage's first quarterly newsletter. Perennial Mortgage opened its doors on July 1, 2002 offering a full line of residential mortgages to New Mexico and Colorado. Our newsletter offers brief articles relating to mortgages, lending, home ownership and other items. We believe that keeping you informed on issues that impact your lives is important and it's part of our ongoing commitment to you. If you have questions about residential financing or if there are issues that you would like us to address in future newsletters, please e-mail them to me.

Thank you, Heidi Snow, President

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S**HOULD YOU REFINANCE?** You have been hearing it for months now: interest rates are low --- really low. Have you been thinking about refinancing but just are not sure if it is worth it? It really depends on your goals. Do you just want to lower your payment? Perhaps you have equity you want to cash-out for home improvements or debt consolidation? There are a variety of reasons to do it, but refinancing is not for everyone.

RATE & TERM: If you are simply interested in lowering your payment and the amount of interest your paying, it may make sense to refinance if your current rate is 1 percentage point higher than current rates. One percent is a good rule-of-thumb but the size of your loan will make a difference in the amount you will save every month. With bigger loans even smaller reductions in interest rates can make a big difference in your savings and help you recoup any costs of the refinance.

You should also consider the costs involved in refinancing (e.g., new appraisal, title policy, etc.), which could be more than \$2000! You can get the lowest interest rate by paying for the costs of the refinance at closing or financing them into the loan amount. However, NO COST/NO FEE refinances (where we pay all your fees) are available at a slightly higher interest rate.

But wait! If you have been in your current mortgage for several years, you are just now starting to build equity with your payments. If you refinance, you may end up paying MORE over the life of the loan. In this case, perhaps you should consider a 25, 20 or a 15 year term on a new mortgage.

CASH-OUT: If your goal is to get cash out on the equity of your home, for whatever reason, now is a great time to take advantage of low rates. We have helped many people get cash out and keep their payment at or below what it was before the refinance. You need to be careful on cash-out refinances because the higher loan amount may cause mortgage insurance to kick in or increase. An alternative to refinancing is a second mortgage or home equity line of credit.

There are many factors to consider in determining if refinancing is right for you. The experts at Perennial Mortgage can help make sense of it all. A consultation is free and there is no pressure. We want you to make the decision that is right for you. Give us a call and we will help you figure it out.

G**OOD CREDIT = GREAT LOANS**
Do you know your credit scores?

You should because credit card companies, mortgage lenders, and even insurance companies use these scores to predict your creditworthiness. Lenders are confident that people with really good scores (above 720) will sell their first-born child before they default on a loan. Lenders reward good scores with less paperwork and better rates. However, with scores lower than 620 you may not be able to qualify for loan programs with the best rates and terms. If you're scores are not stellar, you can always improve them. They are always changing as your creditors report monthly activity on your accounts.

FICO Factors: Fair, Isaac, and Co. developed the most widely used formula that generates your score: the FICO. Scores range from 300 to 850 and the last 24 months activity has the most impact. What factors influence your score?

- Payment history (including delinquencies, collections and bankruptcies) counts for 35% of the score.
- The amount of credit owed and the proportion of available credit used (are you maxed out on those credit cards?) counts for 30%.
- The length of time you've used credit (15%).
- The recent search for and acquisition of new credit (10%).
- The types of accounts you've got (10%).

GET YOUR SCORE: We hardly ever see a credit report without mistakes. When you apply for a mortgage with Perennial Mortgage we always give you a copy of your report and can help you dispute errors. However, it's a good idea to review your credit annually. You can obtain your report from the three major credit bureaus (see below). If you have questions about how your credit will affect your ability to get a mortgage, call us!

Equifax: www.myfico.com.

Experian: www.experian.com.

TransUnion: www.transunion.com

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Save a tree! You are on our list to receive **The Mortgage Messenger** and other communications from Perennial Mortgage. If you wish to be removed from our list, please contact our office or email us at hsnow@perennial-mortgage.com!

Heidi Snow announces the opening of Perennial Mortgage, a full service residential mortgage company. Heidi has a Master's in Economics from New Mexico State University and opened Perennial Mortgage in June 2002 after originating mortgages with Scanlon Financial for three years.

Our philosophy at Perennial Mortgage is different from most mortgage companies. Like the enduring and reliable plants, our commitment to you won't end after we close your loan. We patiently take you through the mortgage process, answering your questions and making sure we're matching you with the right loan for your individual situation. And, once your loan is completed we will continue to be there for you as a resource to answer any questions you may have on home financing in the future.

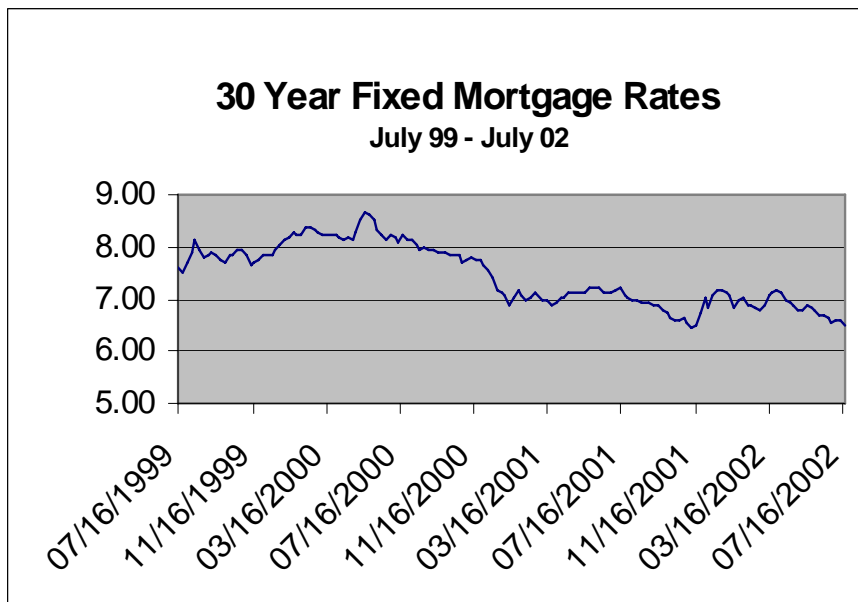
At Perennial Mortgage we pride ourselves on our exceptional service and our honest and ethical business practices. We promise:

- To fully explain your loan options.
- To be truthful in all our dealings with you.
- To treat you with courtesy and respect.
- To be thorough and efficient.
- To return your phone calls within 24 hours.
- To keep all information you provide to us strictly confidential.

That's our commitment to you!



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Great Rates!
Great Time to Buy or Refinance!

Who do you know who is buying a home
or wants to refinance their mortgage?

Tell them to call us!
505-888-9500

Perennial
MORTGAGE

Always there for you