

The Mortgage Messenger

We are committed to helping our clients find the right mortgage for their individual situation. We understand that every borrower is unique and we offer a variety of loan products to help our clients meet their goals. We make securing a mortgage simple and straightforward by offering the latest in financial tools that enable you to make sound financial choices. On the reverse side, read about our "no surprises" loan costs and best rate and fee guarantee. And, as always, please don't hesitate to call us if we can be of assistance.

Thank you, Heidi Snow, President

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Rate Watch: What's going to happen?

We hear it often:

What's going to happen to interest rates? Our answer: they are going to change. They will go up and down. Often they move opposite to what most people expect. For example, in June the Federal Reserve Board increased the Federal Funds rate (the rate that banks charge other banks to borrow money overnight). Soon after that action mortgage rates went down slightly. Before the change I had many borrowers calling me in a panic about locking because they had heard rates were going up. What happened?

Anticipation — it's making us wait. We have to wait for the data. Basically, lenders anticipate potential changes in the economy. Lenders predict what the likely change will be, with a hedge for uncertainty, and build that prediction into the interest rates. If the anticipated change (be it unemployment, productivity, or other economic data; actions or comments by the Federal Reserve) is as expected, then they breath a sigh of relief and relax a bit. Rates tend to move downward. If, however, the change is bigger than expected, they typically react by increasing rates.

Rate Forecast—So what's going to happen to rates? Well, the general "wisdom"

of economists is that interest rates will be on a mild upward trend for the foreseeable future. On the other hand, if the economic recovery falters, or if things get worse on the international scene, we could see rates go down. On yet another hand, if the economy takes off too quickly there will be inflationary pressure and rates could jump up dramatically. (President Truman is said to have requested a "one-handed economist.")

"It's unlikely you're going to see a decline of interest rates from where they are at today unless the economy starts to really dramatically slow and I don't know of anyone, including ourselves, who is forecasting that," says Doug Duncan, chief economist at the Mortgage Bankers Association. "So this is an opportunity. I would say that we're going to see modestly rising rates in the next couple of years."

Current rates for 30 year fixed mortgages are hovering just above 6%. The mortgage press predicts that we'll be at 6.75% by the end of the year and will average about 7% in 2005. While those are certainly not outrageously high rates, they aren't as low as they are right now!

So Get Off the Fence. If you haven't refinanced yet, now's the time. If you've been thinking about buying a home (or you know someone who is), now is the time to jump into the market — before rates get even higher.



Quick Notes

Errors on Credit Reports — One in four credit reports has errors that are serious enough to disqualify consumers from buying a home, opening a bank account, or getting a job - and an overwhelming majority contain mistakes of some kind, according to a survey released by a consumer group. Serious errors found in the credit profiles maintained on some 90 percent of American adults include consumer accounts incorrectly listed as delinquent or in collection or that actually belong to another person, said the report by Public Interest Research Group. Of 197 credit reports collected from people in 30 states, 79 percent had some sort of error, while 54 percent included personal identifying information that was misspelled, outdated, belonged to someone else, or was otherwise incorrect. Thirty percent contained credit accounts that consumers had closed but that remained listed as open. Nearly 8 percent were missing major credit, loan, or mortgage accounts that would have improved creditworthiness, PIRG said.

Real Estate Helps Build Wealth— Household wealth grew to a record-high \$45.153 trillion in the first quarter of 2004, boosted by rising real estate and mutual fund values, according to the Federal Reserve. In its quarterly "Flow of Funds" report, the Fed said household balance sheets rose \$665.5 billion above an upwardly revised \$44.488 trillion figure for the fourth quarter of 2003, despite a dip in the value of corporate stocks. The net worth data is not adjusted for seasonal variations.

Financial IQ — The AARP have a test on their web site where you can find out how intelligent you are about money and personal financial matters. Do you know where your money goes? Do you have a budget? Do you pay your credit card balances in full every month? Do you get a copy of your credit report regularly? Are you saving for the future and short term emergencies? Go to www.aarp.org for more information. (They also have a test on Driving IQ. Regardless of age, everyone in New Mexico probably should get online for that one.)



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Why Do Business with Perennial Mortgage? Best Rates, Lowest Costs, No Surprises

Everyday we shop the country's best lenders to find the best loan possible for our clients. We will even provide a free "Total Cost Analysis" to compare loan programs, interest rates, and payment options to help determine which loan is best for your individual situation.

We feel strongly that our service is superior to other lenders. But we are also extremely competitive on rates and fees when compared to legitimate quotes, based on

interest rate and loan costs. If you find a direct lender who will provide you with a written Good Faith Estimate showing lower lender costs, we will meet or beat their offer.*

And NO SURPRISES at closing. Bring our Good Faith Estimate to the closing table. We guarantee that your loan costs will not be more than 10% of what we quoted when your interest rate was locked.

** The loan program, loan amount, down payment, property and closing date must be the same and the quote must be on the same day. A written Good Faith Estimate from our competitor is required. Guarantee only provided to those borrowers ready to lock a rate.*



You Think You're So Smart!

Here are two more brain challenges to ward off old age.

- A. Below is a well known proverb with its vowels removed. The remaining letters, while still in order, have been combined into groups of four. Can you replace the vowels to reveal the proverb?

FLND HSMN YRSN PRTD

- B. When Bert was out walking one fine day, he met his father-in-law's only daughter's mother-in-law. What did he call her?

If you want to see if your answer is correct, or you can't figure it out and want to know the answer, email or call Roger Kennett (our resident "Mensa Dude") at rkennett@perennial-mortgage.com or 888-9500.

We Are a Referral-Based Business!
We generate referral business by being extremely knowledgeable about mortgages and providing exceptional personalized service to our clients.
Who do you know who needs our services?

505-888-9500

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Always there for you

