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# FALL NEWSLETTER



"Women will never be as successful as men because they have no wives to advise them."

Dick Van Dyke



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MORTGAGE, INC

Fall in Idaho! Last weekend our family went camping in Donnelly Idaho, and once again I was reminded why Idaho is such a great state. Perfect 80 degree sunny days, and cool 50 degree nights, wildlife and scenery as far as the eye could see. That's the Idaho I have grown to love. It appears our new housing market has cooled a bit here in Boise, but don't let that stop you from scheduling a loan check up with me. Lot's of ARMS are coming due soon, and rates are still historically quite low. Whatever your situation, call me and we can go over what's best for you and your mortgage.

*John Moffatt*

## FORECLOSURES ON THE RISE IN AUGUST

NEW YORK (CNNMoney.com) -- With real estate markets slowing and mortgage rates well above levels of recent years, times are getting tougher for homeowners - the number of homes entering into some stage of foreclosure is surging, according to a survey released Wednesday. In August, 115,292 properties entered into foreclosure, according to Rick Sharga of RealtyTrac, an online marketplace for foreclosure sales. That was 24 percent above the level in July and 53 percent higher than a year earlier. Usually, foreclosures are a lagging [market] indicator," he says. "But we've never had a situation like this with adjustable-rate mortgages amounting to \$400 billion to \$500 billion coming up for adjustment over the rest of the year. "For a homeowner with a 5/1 ARM (an adjustable rate loan with an initial fixed rate for five years that then adjusts annually) that's now resetting, the adjustment could add at least two percentage points to the interest rate. That could send the payment on a \$200,000 loan up from about \$950 a month closer to \$1,200." "Lenders say they're looking for ways to work with homeowners in trouble," reports Sharga. "So for homeowners looking at a default situation, the sooner they talk to their lender - and see what options are available - the better."

*If you have an ARM loan, call me and let's take a look at rates today, and see if we can put you into a safer loan. For short term, the ARM loan works great. For long term holdings, it is better to be in a long term loan.*

## Mortgage Myths – What's the truth??

### **Myth 6: Good Faith Estimates are binding agreements that disclose all costs associated with a loan.**

For years, homebuyers would ask mortgage providers for Good Faith Estimates and base their decisions according to the lowest closing costs provided. Many of these same customers were shocked to find out that they needed to bring a considerably larger amount of money to the closing table. Good Faith Estimates are just that, estimates. One lender may include three months of taxes while another uses six months; one broker may disclose origination fees as points and another may call it a mortgage broker fee. If a lender or broker is unwilling to guarantee their fees and rates in writing, then it is time to move on to a company that will. I will always take the time to show my clients what they will be paying and why.

One of the most common situations in my business is called shopping. A potential borrower calls and says lender A is going to give them a loan for X in closing costs, based on a good faith estimate they received via fax. They ask me if I can beat the deal they were offered from lender A. This is called shopping the deal. Some loan officers will simply lower their costs to under what lender A said they would charge, and send the borrower back to lender A. The borrower then tells lender A the "new deal" offered by lender B, and the dance goes on and on until somebody breaks. Bottom line is this.....

When I get a person that is shopping me, I tell them that I will disclose all my fees upfront, and show them at closing that I charged what I said I would. Most often the borrower will go with the cheaper person, only to find out at closing the deal offered was for enticement purposes only. I don't really want to build a business based on bait and switch tactics, I prefer to be honest throughout the process, and find you the best loan for your situation. If you are already working with another loan officer on a loan, let me take a look at it. I'll help you understand what is in the deal, and help you see if you're getting the deal you thought you were.

## Lending Secrets! Shhh... Retired Chef John's Recipe Corner

Low monthly payments are not always the best choice. If a lender says they can get you a really low monthly payment, chance's are you are deferring principal payments, and sometimes even the interest itself. Be sure you work with a lender that takes all things into account, not just payment.

### Want to save that 20%?

When a borrower has 20% to put down on a loan, they will avoid having to take out a second mortgage to avoid the mortgage insurance. Would you think I was crazy to say "Maybe you should take out that second loan?" I was speaking to my money manager the other day, and together we have come up with a way for you to keep the money you would normally put down on a loan, and have it help pay your loan. Here is how it works:

Let's say you want to buy a home for \$100,000. If you had the 20% to put down, you would have a first mortgage for \$80,000. But, if you took out a second loan for \$20,000, and put that 20% into a money market account that earned interest, that account could pay the payment on the second loan for you. When the loan has paid itself off, you have the original 20% in the money market account, plus the interest it has grown since it has been there.

So, during the course of your loan, you would have a first and second mortgage. The second mortgage is paying for itself, so you don't have to worry about making the payment. When the term of the loan is over, the payment then goes back into the investment, growing even faster. By the time the loan is done, you have your original sum plus interest, so for all argumentative purposes, you have not lost your original 20% investment. If you would like more details, please call me.

### Financial Humor

Two lawyers are in a bank, when, suddenly, armed robbers burst in, waving guns and yelling for everyone to freeze.

While several of the robbers take the money from the tellers, others line the customers, including the lawyers, up against a wall, and proceed to take their wallets, watches, and other valuables.

While this is going on, one of the lawyers jams something into the other lawyer's hand. Without looking down, the second lawyer whispers, "What is this?"

The first lawyer replies, "It's the \$100 I owe you."

When I was a Chef in Colorado Springs, I used to work a sauté station at a gourmet restaurant. I would have to prepare an entire dish in one sauté pan in order to save space and to have the entrée ready when needed. Try this one; it might take a little practice. Call me if you get stuck ☺  
As always Bon Appetite!

### Recipe – Seared Beef Tournedos w/ Chipotle Beurre Blanc

#### Ingredients

3- 4 ounce beef medallions (tenderloin, Rib, or Strip Sirloin)  
1 T Olive Oil  
2 t fresh garlic, minced  
1 t fresh sage, chopped  
1 t kosher salt  
1 t fresh ground black pepper  
1 t white pepper  
1 t fresh thyme, chopped  
3 ea. Chipotle peppers, minced  
1 T shallots, minced  
½ Bottle white wine  
1 Quart heavy whipping cream  
¼ # whole butter  
2 T butter milk

#### Method

1. Night before: Mix buttermilk with 1 pint cream, set aside at room temp. overnight
2. In a bowl combine 1 T garlic, sage, salt, pepper and thyme. Mix well and season steak
3. In a 4" saucepan, heat oil over medium heat. Sear seasoned steak medallions until crust develops, about 4 minutes a side.
4. Remove steak and set aside. Deglaze pan with white wine, add chipotles, garlic, shallots. Reduce until almost dry
5. Add ½ of cream reduce by ½; blend in butter with a whisk.
6. Pour sauce on plate, paint with cream fraiche' for looks, arrange steaks and garnish to suite.



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