

John Moffatt / Source Mortgage
531 S. Fitness Place Suite 102 Eagle Idaho 83616
Phone: 208-866-6385 / 208-938-2228
Fax: 208-938-2229 E-mail: johnm@srcmtg.com
Web – www.sourcemortgageinc.com/johnm



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SUMMER NEWSLETTER



Summer in Idaho! I hope you have had a chance this summer to get out and enjoy our great state. Idaho never ceases to amaze me, for such a dry hot state, for just a short drive north, you can find yourself in some of the most picturesque landscape around. 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

Mortgage Loan Originator Licensing Law Effective

(Boise) – 1-26-06 Gavin Gee, Dir. Of Idaho Dept. of Finance, reminded industry and the public today that Idaho's loan originator licensing law went into effect on Jan. 1, 2006.

Idaho's industry-driven licensing initiative for mortgage loan originators follows a national trend in the mortgage industry, according to Gee. "Individual licensing in Idaho was sought by the Idaho mortgage industry as a consumer protection measure to help prevent fraud, implement ongoing education requirements, and provide the necessary tools for regulatory oversight."

Gee said that about half of the states now require licensing of registration of individual mortgage loan originators, including the neighboring states of Montana, Nevada, Oregon, and Utah. The state of Washington is currently considering legislation for loan originator licensing. **Loan officers have until March 1, 2006 to apply for their individual licenses.** <http://finance.idaho.gov/LoLicense.aspx>



"Between stimulus and response, one has the freedom to choose."

Stephen Covey

Mortgage Myths – What's the truth??

Myth 5: You can't get a mortgage if you have blemishes on your credit.

This is a country that believes in redemption. More and more lenders are finding ways to lend to people with flawed credit histories.

The word "subprime" is used to describe loans to people who have credit problems that are serious enough to justify charging higher rates. The lender demands a higher rate to compensate for the higher risk. About one-third of households fall into the subprime category, says David Herpers, director of consumer affairs for mortgage lender Amerisave.

One or two 30-day-late credit card payments won't push you into subprime territory, but bankruptcy, foreclosure, repossession, a habit of paying bills late, and even eviction from an apartment can turn you into a subprime customer. A short, sparse credit history -- a recent immigrant or a college grad -- might be counted as subprime, too.

"Most people start out with prime credit and something goes awry and they're considered a subprime candidate," Herpers says. "Many of the customers we deal with today are subprime and they know they're subprime and they're seeking a subprime lender today."

There is a benefit to applying for a loan from a company that does prime and subprime loans: You're less likely to be steered into a mortgage with a higher rate than you deserve to pay.

When a consumer applies for a loan and acknowledges having credit problems, "we will pull their credit and analyze their credit, and if they can be approved for prime, we will approve them for prime," Herpers says. And someone with several late credit card payments will get a better mortgage rate than someone with a recent bankruptcy.

Lenders are looking for ways to help people who have had financial difficulties. If you have damaged credit, there are a lot of lenders who are willing to help you. Mortgage Brokers are an excellent source for subprime borrowers because they have numerous subprime lenders and programs to offer and your credit report is pulled only once thereby not bringing your score down if you were to shop by yourself. So don't let a couple of credit mistakes put you out of the home ownership game.

Lending Secrets! Shhh...

Paying down your revolving credit lines to under 50% of the total debt allowed for each line is the fastest way to improve your credit score. The credit bureaus want to see you handle your credit well, and they will reward you for that with a better score.

Pre-payment Penalty??

A prepayment penalty is a fee your lender charges if you refinance the mortgage or sell your home. This penalty usually only applies for the first five years of the mortgage; however, some lenders try and slip more stringent conditions in their loan contracts. The actual penalty varies by lender; however, you may be required to pay as much as six months interest on 85% of the original loan balance if you refinance or sell before the penalty expires.

Don't accept a mortgage with a prepayment penalty. If you have good credit there is no reason to choose a lender that uses this penalty. The mortgage industry is extremely competitive and your credit rating is an excellent bargaining chip for any mortgage company to have your business. If the lender refuses to remove the prepayment penalty from the contract, take your business elsewhere.

If you have bad credit you may be stuck with the prepayment penalty. You should negotiate with the lender for less stringent terms on the contract. If you can get the lender to lower the duration of the penalty to one year or set the amount to a lesser value you will be better off when you refinance to a better mortgage.

Financial Humor

A young stockbroker decided to take a day off and visit some of his professors in his old school. When he made his way into the entrance he noticed a dog was attacking a small child. He quickly grabbed the dog and throttled it with his two hands. The next day the local newspaper reported the story with the headline, "Valiant student saves boy from ferocious dog." The stockbroker called the editor and strongly suggested that a correction be issued and that the paper will tell the readers he was a successful Wall Street stockbroker and not a student.

The next day the newspaper issued a correction and the headline read, "Pompous stockbroker kills school mascot."

Retired Chef John's Recipe Corner

When I was a Chef in New Orleans, I lived with a family that had been in Louisiana for 4 generations. This dish was a staple in their diet! They actually served it for breakfast sometimes. It's easy and delicious, and reheats great the next day.

As always Bon Appetite!

Recipe – Cajun Jambalaya

Ingredients

12 medium shrimp, peeled, deveined and chopped
 4 ounces chicken, diced
 1 tablespoon Creole seasoning, recipe follows
 2 tablespoons olive oil
 1/4 cup chopped onion
 1/4 cup chopped green bell pepper
 1/4 cup chopped celery
 2 tablespoons chopped garlic
 1/2 cup chopped tomatoes
 3 bay leaves
 1 teaspoon Worcestershire sauce
 1 teaspoon hot sauce
 3/4 cup rice
 3 cups chicken stock
 5 ounces Andouille sausage, sliced
 Salt and pepper

Method

1. In a bowl combine shrimp, chicken and Creole seasoning, (See recipe below) and work in seasoning well.
2. In a large saucepan heat oil over high heat with onion, pepper and celery, 3 minutes. Add garlic, tomatoes, bay leaves, Worcestershire and hot sauces.
3. Stir in rice and slowly add broth. Reduce heat to medium and cook until rice absorbs liquid and becomes tender, stirring occasionally, about 15 minutes.
4. When rice is just tender add shrimp and chicken mixture and sausage. Cook until meat is done, about 10 minutes more. Season to taste with salt, pepper.

Creole Seasoning (good to have on hand)

2 1/2 tablespoons paprika
 2 tablespoons salt
 2 tablespoons garlic powder
 1 tablespoon black pepper
 1 tablespoon onion powder
 1 tablespoon cayenne pepper
 1 tablespoon dried oregano
 1 tablespoon dried thyme
 Combine all ingredients thoroughly.