

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: john@gr8lonz.com
Web – www.gr8lonz.com



Winter 2006 / 2007

WINTER NEWSLETTER



13-0 / Idaho's Champs

Thanks to the efforts of our Boise State Bronco's; the Treasure Valley is once again on the newswires and in magazines. Many people are talking about the little town on the river, nestled at the foothills of majestic mountains. April and I had a chance to spend a couple of days for our 11th anniversary at Tamarack Resort. The incredible views of the wide open expanse that is our great state, reminded me once again how thankful I am to live in Idaho. Take a moment this winter to get out and enjoy the incredible blessing we have here.

John Moffatt

How Strong Are YOUR Arms?



"He that is of the opinion money will do everything may well be suspected of doing everything for money."

Benjamin Franklin

During 2006, ARM loans (Adjustable Rate Mortgage) were one of the most popular types of loans written and funded. Many home owners opted to use the flexibility of the ARM loan to enjoy the lower payments for a short period of time, and then either refinance or sell the home before the adjustment period ended. As the housing market shifted this year and inventories of new homes increased, selling homes has become a challenge. That has left these ARM loan holders questioning if they should sell their home, or refinance their loan into a fixed loan. In general, the ARM loan is not a bad one, but if the fixed rate period expires, and the loan adjusts, the loan holder could see their mortgage payments increase significantly. → If you're not sure how strong your ARM's are, call me and let's talk...

Mortgage Myths – What's the truth??

Myth: Don't buy the house you can afford, buy the one you *want*?

Our industry is one that will do what ever it can to get you into the loan you want. For most loan originators, the fine line of what a borrower can get and should get is clear. But sometimes, the grey is a little darker for some than others. To make a wise decision, I think it is important to revisit some basics regarding loan amounts and mortgages. Taking out a mortgage is probably the biggest obstacle facing prospective homeowners. The bank may not want to lend you as much as you need. This is a big problem for you, but there's a reason for it. Put yourself in the bank's shoes: If you were going to lend people money, what would you want to know about them? Basically, you'd like to know

- 1) if they make enough money to pay you back,
- 2) if they've been trustworthy in the past, and
- 3) if they have something of value should they be unable to pay you back.

The above three considerations are from the bank's point of view. Now, let's take a look at a few things from your point of view.

Your Timeline

In determining how much to spend on your new home, think about how long you're planning to stay in it. It generally doesn't make economic sense to buy your dream retirement home if you are planning to stay there for less than four years. Why? It will be very expensive to buy that huge estate home now, when your costs are higher with family, kids, etc. Buy the home you need now, sell it when you outgrow it, and apply the difference to the next home. Why pay for the billiard room when you can't afford the billiard table?

Your Comfort Zone

Before you borrow \$90,000 or \$200,000 or whatever the amount is, figure out whether you can really afford it. Just because the bank will loan it to you doesn't mean that you will live your life in such a way as to be able to pay it back. Are you planning on having a big family? Would you rather replace your Cavalier with a new Mercedes? Your house payment is just one piece of your financial puzzle. What might you need to give up to make that house a reality?

Answer: Be smart, buy the house you can afford, and trade up when it makes sense. Make your home purchase a plan, not a reaction to the market or the rates.

Lending Secrets! Shhh...

Ever see the sign that says “6 months no payment” on the fence by that huge new neighborhood? Do I have to buy a home from that builder in order to get that deal? **Answer is NO!**

The ability of that builder to pay your house payment for 6 months is a seller concession, and it is a financing technique, not a builder gift. As a broker, I have several financing lenders that will allow a builder or even a seller of an existing home to credit you enough money to make your monthly payments for a period of time. You don't have to buy one of their homes to get that deal.....

HELOC or Fixed Rate 2nd??

The two most common methods of retrieving cash from your existing home are:

- 1 – Home Equity Line of Credit (HELOC)
- 2 – Fixed Rate Second

Both the HELOC and the fixed rate 2nd offer a home owner the opportunity to pull cash out of their home by borrowing against the equity in the property. So, in essence, if your home is worth \$200,000 but you only owe \$100,000, you can access a portion of the difference by pulling either one of these loans. So how do you decide which one is better?

The HELOC loan allows you to pull out cash as needed, like a credit card or saving account, up to the pre-determined maximum of the loan. The money you take out can be paid back at anytime, and monthly payments are calculated off a fluctuating interest rate such as the prime rate, and the amount of money drawn out at the end of the cycle. So, you pay for what you borrow at an interest rate of around 8.5% (currently the prime rate)

The Fixed Rate Second is a one time payout of the entire amount of the loan value, at a fixed rate for the entire period. This loan is usually at a lower rate similar to what traditional home loans are (6.125% currently). With this loan, you can't pay it back to reduce the payment, but you can pay it back slowly. You have a regular monthly payment, which stays the same for the duration of the loan.

So, HELOCS allow you to take as much money as you need at a higher fluctuating rate, and a fixed rate 2nd gives you all the money at one time at a lower fixed rate. Both loans are good for certain reasons; you just need to understand how they differ before you decide which one is better for you. Need more info, call me and we can talk...

Financial Humor

An honest letter was sent to the Internal Revenue Service. It stated: "Dear Sirs: I cannot sleep. Last year, when I filed my income tax return, I deliberately misrepresented my income. Now I cannot sleep. Enclosed is a check for \$150 for taxes. If I still cannot sleep, I will send you the rest!"

Retired Chef John's Recipe Corner

When April and I were first married, she was what you might call “recipe challenged.” But guess what, four kids and 11 years later, she has turned into quite the Sous Chef in our family. We have adopted our menu to compensate for a busy lifestyle, and this recipe is one of our favorites. It allows you to start it in the morning, and finish it at dinner time. There is some prep ahead of time, so make sure to read through the entire recipe before you try it real time.

As always Bon Appetite!

Recipe – April's Carne Asada (serves 6)

Ingredients

- 3 pounds lean meat
(Steaks, chicken breast, pork loin or roast, like a shoulder or round)
- 3 T Chili Powder
- 3 T Fresh Garlic, Minced
- 1/3 cup lime juice
- 1 T kosher or rock salt
- 2 C Shredded Cheese
- 4 C Shredded Lettuce
- 1 Each Chopped Fresh Tomato
- 1 Each White Onion Diced
- 1 Each Red Bell Pepper, Diced
- 1 Each Green Bell Pepper, Diced
- 1 C Sour Cream
- 1 C Salsa
- 12 Fresh Uncooked Flour Tortillas

Method – Day Before

1. In a bowl combine Chili powder, garlic, lime juice, and rock salt. This is the meat marinade
2. Place the meat portion and the marinade in a Ziploc baggie, and marinate for at least 24 hours in the refrigerator.

Method – Morning Of Meal

3. Place marinade and meat into a crock pot, and set on low. Cook from morning to evening meal time. If liquid starts to disappear as meat cooks, add another cup of water.

Method – Day of Meal

4. Prep the Diced Vegetables and set aside for later. You will need them when you build your tortillas. They can be raw or sautéed.
5. Fry tortillas in a sauté pan, turning often as not to burn. Set aside under a towel to keep warm.
6. Remove meat from the cooker, shred if needed, and keep ready to build tortilla.
7. Assemble individual tortillas
 - a. Lay cooked tortillas, spread sour cream, sprinkle cheese, vegetables, lettuce, meat, and salsa. Roll tortilla, serve warm with a little chips and salsa if desired.

8. **If you need further assistance, call me and April and I will have you over for Carne Asada!**