Experience The Difference®

STATEWIDE HOME LOAN CORPORATION™

REAL ESTATE FINANCING NEWS

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We Have Moved…

Our office has moved to Suite 102, which is located just across the hallway from our former Suite 108, still in the same office building. Our new address is: **3838 Camino del Rio North, Ste. 102, San Diego, CA 92108.** Our contact information, including phones, fax, email, and website remain the same.

Special thanks to: Ms. Patty Carroll, Mr. Jon McClintock, Mr. Steve Connolly of The Colton Company, Mr. Kevin Egan of Select Communications, and Mr. Eric Rix of Integrated Applications San Diego for making our move a smooth and enjoyable experience.

Multiple Home Loan Choices: "Weapons of Mass Destruction" or Tools to Save Money?

By Robert Dudek

Some encouraging signs are emerging in the U.S. housing market: there are more loan choices available now than even six months ago. While it would be premature to say that the mortgage market is in perfect shape, the above can be construed as a positive trend starting to take root. For one thing, when it comes to home financing, the more optimized the product to end user's needs, the better. Why? Short answer: because it can save money, increase affordability, and reduce loan defaults.

At the depth of this latest Great Recession, it seemed that the only loan programs available to purchase or refinance a residential property were standard "bread-and-butter" 15 or 30-year fixed mortgages. These types of mortgages were proclaimed as the "safest" and the best way to go for those who dared to obtain a mortgage loan at all.

All the other "exotic" loan products, such as Adjustable-Rate-Mortgages (ARMs) or Intermediate ARMs (30-year mortgages with interest rates fixed for 3, 5, 7, or 10 years) were declared as "weapons of mass destruction," which were invented by Wall Street "fat cats" and sold by shady mortgage brokers.

With interest rates at historically lows, how can one go wrong a fixed loan? Isn't that the best and safest way to go? Not necessarily. The "one size fits all" model didn't work very well in the Soviet Union and it doesn't work well in the mortgage world either. The

problem with offering only long-term fixed mortgages is that not all borrowers have long-term home ownership plans.

In fact, according to the National Association of Realtors, the average length of home ownership in the U.S. is about 6-8 years. It is still less in high-transition states such as California. But that's not all... The average life of a loan is even shorter due to the possibility of refinancing.

So what? Well, the interest rate on a 30-year mortgage fixed for 30 years versus the 30-year mortgage fixed for 10 years is about 1.125% higher per year. For example, in 2010, the average home loan amount, for purchase or refinance, in San Diego, CA was right around $400,000. The difference in interest payments of 1.125% means $4,500 per year. If the borrower can reasonably anticipate that he/she will keep the property for let's say seven years, there is really no reason to get a 30-year fixed mortgage. It is an overkill.

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IMPORTANT CONTACT INFORMATION

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Experience the Difference®

Since 1995 our commitment is to create a different experience for YOU, our Valued Client. We specialize in providing real estate financing to purchase and refinance residential and commercial properties located in California and Hawaii. Our mission is to treat you with the utmost care and respect and provide the highest quality personalized service. Our goal is to understand your needs and work towards fulfilling them with customized financing solutions. Your Satisfaction is 100% Guaranteed.

We greatly appreciate your business and referrals – thank you!

New 3% Down Payment Home Purchase Financing is Now Available

SAN DIEGO, CA - Statewide Home Loan Corporation announced an immediate availability of a new 3% Down Payment mortgage loan program. This loan is designed to help qualified home buyers purchase owner occupied residences with affordable down payment. Only borrowers who have a good credit (minimum FICO score of 740) and solid incomes (41% maximum debt-to-income ratio) can qualify. At present, the two types of properties eligible for this type of financing are single family homes (3% down) and condominiums (5% down). The maximum loan amount is: $417,000.

"This loan is an excellent alternative to the government-insured FHA financing, which requires a minimum down payment of 3.5% and an upfront mortgage insurance premium (MIP) of 1.00% of the loan amount, which is in addition to any loan discount and/or origination points" said Robert Dudek of Statewide Home Loan Corporation. FHA also charges 0.95% annual (MIP), which is comparable to the annual MIP required on the 3% Down Loan.

Even though most borrowers who apply for this loan are first-time home buyers, repeat home owners purchasing a primary residence home are also eligible.

For more information please contact Robert W. Dudek, Chief Lending Officer of Statewide Home Loan Corporation, rdudek@shlc.com , 1-800-507-9990 ext. 110 .

Loan Choices

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Understandably, nobody has a crystal ball to know the exact length of homeownership a few years in advance. That's why it is recommended to add some extra fixed term to your loan as a security, but it does not need to be 25 years!

For instance, if one estimates that he/she will keep the house for five years, a 30-year loan fixed for seven years might be sufficient. By the same token, if one thinks that he/she will move in seven years, the 30-year loan, fixed for 10 years should do the job. The bottom line is simple: the more optimized the fixed term of your loan, the more money you will save. And this is real money, which will stay in your pocket, no some imaginary savings.

However, borrowers are not the only beneficiaries of such mortgage loan "precision shot." Lenders can also benefit from this scenario because lower interest rates mean lower monthly payments, which in turn translates into better affordability and lower rates of default. In spite of some public misconceptions, lenders do not make more money out of Intermediate ARMs versus Fixed Rate Mortgages. To the contrary. Historically speaking, the 30-year fixed mortgage have been the most profitable for the lenders because this loan charges a 30-year interest rate for a loan that is very seldom kept for 30 years.

In conclusion, more home loan products are becoming available and borrowers should ask their mortgage professionals for detailed explanations regarding various loan options. "One hat" does not fit all but nevertheless, borrowers should consider optimizing type and term of their mortgage to match to their individual financial situation and home ownership plans.

For questions or comments please contact Robert W. Dudek, Chief Lending Officer of Statewide Home Loan Corporation, rdudek@shlc.com, 1-800-507-9990 ext. 110 .

Mortgage Interest Rates Stay Low (At Least For Now)

After a couple of months of steady mortgage fixed interest rates increases, the rates moved down again. Just recently a 30-year fixed mortgage rate shoot up to over 5.25% on better than expected economic news. Essentially, the association between the economy and the interest rates is one which can be described as love / hate relationship. The better the economy the worse the interest rates and vice versa.

The idea behind this principle is that when the economy is weak and not growing, the inflation is low and the Federal Reserve Board (the U.S. Central Bank) tries to use its powers to keep the interest rates down in order to stimulate the economy.

The opposite is true in case of strong economy. The rates go up to cool it down and prevent inflation from getting out of control.

Although it would be a stretch to call our current economic conditions as "strong," it is fair to say that they appear to be less "bad" than before. However, the economy is not the only factor. The other issue at play is investors' appetite (buying demand) for the U.S. Treasury bonds, which also dictates the ultimate yield (rates of return) that they are willing to accept. With recent turmoil in the Middle East, suddenly a lot of global institutional investors, want our national debt instruments (Treasury bonds) because they seem like a pretty good place to park their money. This strong demand drives the interest rates down as the investors are willing to accept lower rate of return in exchange for perceived safety.

So, what does this have to do with the mortgage rates? Well, mortgage rates are moving closely with the U.S. Treasury bond rates. They are not the same (mortgage rates are higher), but they tend to move in the same direction. At the time of this writing a typical 30-year fixed mortgage rate is in the 4.75% – 4.875% range (5.00% – 5.125% APR), which is close to the 50-year low of 2010. What's the prediction for the future? As long as the economy is struggling, the interest rates will remain quite low, however, as soon as economic growth and inflation pick up the rates will go up. How much and how quickly? Only time will tell.

body, mind, and soul

"**The key to success** in all human relations is as simple as mastering the art of *giving* happiness. Instead of expecting happiness, *give* it. Yes, to do that you have to put someone else first. But when you master the art of giving happiness, you will discover that you can't give it without getting it back."
– Dr. Norman Vincent Peale

"**I tell you the truth,** anything you did for even the least of my people here, you also did for me."
– Matthew 25:40

"**You can't live a perfect day** without doing something for someone who will never be able to repay you."
– John Wooden

"**The heart** ages last."
– Sylvester Stallone

"**The most desired gift of love** is not diamonds or roses or chocolate. It is focused attention."
– Pastor Rick Warren

MARKET UPDATE:

Current Interest Rate Indicators

For most current mortgage news and interest rates, visit our web site at **www.shlc.com.**

Prime Rate	3.25%
10 year U.S. Treasury Bond	3.41%
11th District Cost of Funds	1.51%
12 month MTA	0.31%
1 month LIBOR	0.26%

Source: SHLC Market Research 3/2011