

CENTURION FUNDING GROUP

Preferred Mortgage Banker



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Mortgage News Update

FIVE POINT FIVE PERCENT

Believe it or not, as of today, 12/03/07, rates are at 5.500% (5.575 APR) on 30-year fixed rate mortgages! With the headlines trumpeting the collapse of the sub-prime market, many people don't realize that the rates for conventional loans have dropped more than a percentage point in the past four months. Rates haven't been this low since 2005.

What does this development mean for you?

- ◆ Thinking about a new home? Now is the time to get serious. This time of year is generally a good time to buy anyway and with the downward pressure on prices caused by the turmoil in the mortgage business, now more than ever you should be able to find good property at good prices. When combined with five and a half percent interest rates, moving into that dream home is a real possibility.
- ◆ Looking for a lower monthly payment? If you have a mortgage with a six or seven percent interest rate, re-financing is worth considering. Although many loan programs have gone away or have severe guideline restrictions, the traditional thirty year fixed rate loan has not changed appreciably. Five and a half percent interest rates will allow you to lock in a low monthly payment.
- ◆ Do you have an adjustable rate mortgage? With all the sub-prime publicity, I'm sure you've thought long and hard about what will happen when the fixed period on your loan expires and the rate increases. Today's rates make refinancing a great option. Getting into a fixed rate mortgage will put your mind at ease and keep your monthly payment affordable.

There are a couple of other issues I'd like to share:

- ◆ In my monthly credit tip, I usually reiterate the fact that it is important to pay your bills on time in order to keep your credit score as high as possible. This issue is more important than ever as beneficial loan programs and rates are more about credit scores than ever before. In just the past week, we've seen credit score guidelines increase for some conforming loan programs. Keep paying those bills!
- ◆ It looks as though the Federal government and the mortgage industry have come to terms on a rate freeze for some of the vulnerable borrowers with adjustable rate mortgages that are set to increase. As the details become available, I'll share the parameters of the program in next month's newsletter.

Have a wonderful holiday and let's talk after the new year!

Your referrals of friends, family and acquaintances are graciously welcome!

Recipe of the Month – Gingersnap Cookies

Every year Mary and I have a marathon baking session making cookies to deliver to friends around town. I'd love to make cookies for everyone on the Focus on Lending newsletter list, but I probably wouldn't get them all delivered until March. We've always considered the recipes a bit of a secret, but in the spirit of the season, I thought I'd share one of our favorites with all of you. Bake plenty to share with friends and family!

Years ago I happened across the Penzeys Spices catalog. I was fascinated by the unique array of spices from around the world and the comprehensive background information provided on each. After many years of cooking with their spices, I can attest to the fact that fresh, top quality spices have a huge impact on the finished product. An exciting development occurred several years ago, when Penzeys opened up a shop at 11322 SE 82nd Ave 82nd in Clackamas. Pay them a visit. Guaranteed to liven up your cooking. Also, great gifts!

The Penzeys catalog always has interesting recipes, including the one below which Mary and I have been using for ten years or so. These simple cookies, when made with fresh spices, are the world's best gingersnaps. Store them air tight for a crispy texture or leave them in a typical cookie jar if you prefer yours chewy.

Ingredients

- 2 cups flour
- 2 teaspoons baking soda
- ¼ teaspoon salt
- ¾ cup vegetable shortening
- 1 cup sugar
- 1 large egg
- ¼ cup molasses - either regular or unsulphured
- 1 teaspoon ginger, powdered
- 1 teaspoon cinnamon, powdered
- ½ teaspoon cloves, powdered
- Plus 1/3 cup granulated white sugar to roll the dough in

Sift the flour, baking soda and salt together and set aside. In a large mixing bowl, beat the shortening and sugar until well blended. Beat in the egg, molasses, ginger, cinnamon, and cloves. Add the flour mixture in two parts, blending well. Shape the dough into a ball, cover and refrigerate, preferably overnight, but at least 2 hours. Preheat the oven to 350°. Shape the dough into 1½" balls for large cookies or smaller if you prefer. Roll the balls thoroughly in the sugar and place them on ungreased cookie trays. The cookies spread out during baking, so don't crowd them. Bake *about* 15 minutes. In a traditional oven, rotate and swap the trays during baking. The key is to not over cook them, but it might take a little experimenting for them to come out perfect. Let the cookies stand for a minute or two and then move them to a rack or cutting board in a single layer to cool.

The recipe will produce 50-60 cookies, if they're on the small side.

Joke of the month

I'm sure this violates some "political correctness doctrine", but it never stopped me before...

A woman was looking for a used car to buy when she came across the following ad in the classifieds:

**2007 Mercedes Benz
Jet black
Pristine condition
Loaded with options
Will sell for \$150.00**

She was astonished and called the seller to check it out. The woman who answered the phone was glad to show her the car but she had to act quick. Needless to say, there had been a huge response to the ad.

Luck would have it that the seller was nearby and the woman was the first one on the scene. To her surprise, the car was indeed in perfect condition.

She asked the seller, "What's the catch? Why are you selling this car so cheaply?"

"Well," the woman replied, "actually it's my husband's car and he recently ran off with his young, hot secretary. I got a telegram from him last week that read:

**In Miami
Need money
Sell car**

Just make the check out to my husband."

Rate Trends

Beginning with this issue of the newsletter, I am listing interest rates from the banks and investors used by Centurion Funding Group. This information should be more meaningful for readers than the national averages shown in previous issues. The following rates, from December 3, 2007, are the best available with NO borrower paid points:

30-year fixed conforming (<\$417,000).....	5.500% (5.575% APR)
5-year adjustable conforming (<\$417,000).....	5.375% (6.362% APR)
30-year fixed jumbo (>\$417,000).....	6.625% (6.694% APR)
5-year adjustable jumbo (>\$417,000).....	6.000% (6.520% APR)

As mentioned on Page One, the exciting news in November was the 5.500% (5.575% APR) rate available on 30-year fixed interest rate conforming mortgages. Although the rates for jumbo loans fluctuated during the month, they ended the month about where they started. This good news came despite the on-going troubles in the sub-prime mortgage arena. Although rates for conforming loans are great, the sub-prime problems continue to contribute to the tightening of non-conforming guidelines. Given the condition of the financial marketplace, no banker wants to accept a questionable loan. Centurion Funding has to be more careful than ever when working on loans outside the 30-year fixed, full documentation, 40% DTI ratio box.

During the last week of November, several members of the Federal Reserve Board hinted that further Federal Fund Rate cuts are possible, which will help keep mortgage interest rates down. The hint from the Fed contributed to a three day rally in the stock market as investors felt comfortable that the Fed wasn't going to let their concerns about inflation dominate their decision making process. The Dow moved up 4.5 percentage points over three days but is still about eight percentage points below the highs of September.

The big question that remains revolves around the "R" word. Is the country in or headed into a recession as fall out from the sub-prime mortgage debacle? Or even worse, will oil price driven inflation and a slowing economy cause "stagflation", a term we haven't used in over thirty years. As always, time will tell!

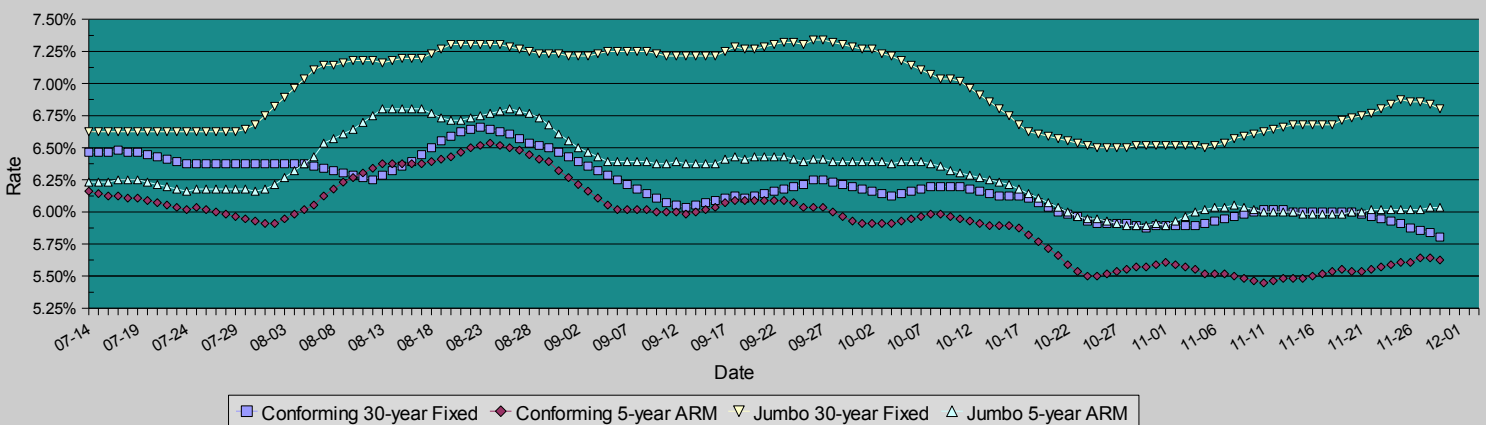
Credit Tip

As I've said many times, a good credit score is paramount to obtaining the best possible loan. This time of year many people get into trouble, so here are a few tips to consider when planning for the season.

- 1) Make a written list for gift & seasonal purchases, with dollar amounts. And, stick to it! Focus on your budget and you're less likely to get sucked in by impulse purchases.
- 2) Don't be tempted to open new credit cards at every store you go into. The interest rates are high and the penalties for late payments steep.
- 3) If your card balance is at 35% of the available limit, use cash instead. And, if necessary, trim your budget with homemade gifts.
- 4) While shopping, keep close track of your wallet and receipts. Scrutinize your credit card statements to make sure no one has hijacked your credit card.

Okay, I'm done nagging. Go out and enjoy the holidays!

Centurion Funding Interest Rate Trends - 7 day running average





© Clem Paslack

Photo of the month...

Last month on this page I introduced the work of my good friend, Clem Paslack. Since then it has occurred to me that there may be other nascent photographers out there. If you have a photo that you think I should include in a future issue, pass it along. No, I don't pay anything, but you'll be able to say you've been published!

When I talked to Clem about including one of his photos in Focus on Lending, he gave me three to choose from. I had trouble deciding, so this is number two and you'll probably see number three next month. In an effort to keep the newsletter a reasonable size, I have compressed the photo, so it doesn't display as well as it could. My apologies, Clem. Clem is one of those few who still works with traditional film, so the original is truly spectacular. If you'd like to explore getting a print of this or any of his other photos, let me know and I will pass along your inquiry.

Clem included the following comments: "This photo was taken a few years ago at Ecola State Park looking north toward Indian Beach. I like shooting that location anytime of year, but particularly in winter and spring when there's often a nice mix of storm clouds and filtered sunlight. The stretch of beach between Ecola and Indian Beach also presents a lot of opportunities late in the day for shooting at low tide and is relatively isolated since it takes some effort to get down to the beach."