



Homes & Money Quarterly Newsletter

www.luxury-loans.com

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Mortgage News

Is Your Home at Risk? 3 Ways to Avoid the Foreclosure Trap

Recent statistics indicate that the number of foreclosures in the US are nearly twice what they were a year ago. In some states, foreclosures reportedly claim one in every 199 households!

If you or someone you know has an Adjustable Rate Mortgage (ARM) that is scheduled to adjust in the next 2 to 18 months, please schedule an appointment with us before it's too late. Don't let a foreclosure or default situation sneak up on you. For many borrowers, there are a number of viable foreclosure alternatives that can help, including short sales, FHA refinancing, or FHASecure, to name a few.



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Rates at a Glance

| | |
|---------------|----------|
| 30-Year Fixed | Low 6's |
| 15-Year Fixed | High 5's |
| 5/1 ARM | Low 6's |
| 3/1 ARM | Low 6's |
| 1-Year ARM | Mid 6's |

These rates do not reference a specific loan program; rather, they reflect general market conditions, which are subject to change.

Short Sale

A short sale is a legally-binding agreement to allow a home to be sold for less than the amount that is owed. For debt-ridden homeowners or those who owe more than the house is currently worth, a short sale could save them some of the enormous pain, embarrassment, and major credit challenges associated with bankruptcy and/or foreclosure. For lenders, it helps avoid some of the hassle and expense of seizing and auctioning off delinquent real estate. For potential homebuyers and real estate investors, a short sale offers a great opportunity to purchase property at a significant discount.

It's important to note that short sales occur at the sole discretion of the existing lender or servicing company. This is not like negotiating the price of a home under normal circumstances. A written declaration and supporting documentation demonstrating financial hardship and an inability to make payments will definitely be required by the lender in order to even consider a short sale. This may include pay stubs, tax returns, and liquid asset statements – including those for retirement accounts – among other documentation. In addition, the borrower must be at least 91-days delinquent before a lender will even discuss a short sale.

This is where an experienced real estate professional becomes invaluable to your cause. Knowledgeable real estate agents have likely negotiated short sales in the past and are well-versed in the substantial risk and reward involved in this extremely complex and often drawn out process.

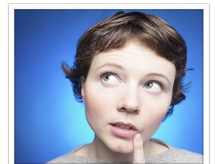
FHA Refinancing

The Federal Housing Administration (FHA) was established in 1934. Its purpose is to provide and improve home ownership opportunities to the general public by insuring home loans made by lenders. The FHA is the only government agency that operates entirely from its own income, and costs the taxpayers nothing. It is also the largest insurer of mortgages in the world. The Federal Housing Administration became a division of the Department of Housing and Urban Development (HUD) in 1965. In the United States, HUD administers low down payment loan programs to help increase and promote home ownership opportunities for Americans.

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Did You Know?

Salmonella has nothing to do with salmon or other fish? The dangerous microorganism was named after pathologist Daniel E. Salmon.



Homes & Money

Mortgage News

(Continued from cover)



In recent years, FHA loans had become less popular, especially in areas with higher loan requirements. With the collapse of subprime lending, however, FHA has reemerged as a valuable resource for many borrowers.

The FHA guidelines are not FICO-score driven and are said to be "forgiving" about certain negative financial circumstances, including bankruptcies, foreclosures, or certain consumer credit counseling programs. According to HUD, FHA transactions are projected to surpass

100,000 loans by the end of the fiscal year, which does not include refinances for delinquent borrowers.

You've probably heard about FHA reform in the news recently. As a result of the significant market volatility experienced this summer, lawmakers are clearly invested in updating and expanding the limited reach of FHA lending. All politics aside, this new flexibility will likely help many homeowners who take the initiative and seek out help before it's too late. However, there is still a lot of confusion and misinformation about the features and benefits of new FHA legislation currently awaiting approval.

Home buyers, home sellers, ARM holders, and other borrowers looking to refinance, don't allow yourself to be overwhelmed by all of the information surrounding these initiatives. Call us and find out what real opportunities are available right now to help you meet your financial goals.

FHASecure Initiative

FHASecure is a temporary lending program – which expires in late 2008 – announced by President Bush on August 31, 2007, and released to FHA-approved lenders on September 4th. Qualified homeowners seeking payment relief from their ARM may be able to use FHASecure to refinance their loan into a more stable, fixed-rate program, even if they are already delinquent on payments. This program is estimated to rescue somewhere between 80,000 and 220,000 ARMs borrowers.

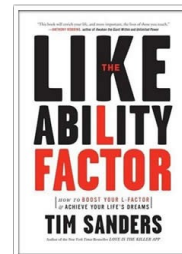
The FHASecure initiative will utilize existing FHA guidelines. Eligible homeowners will be required to pay a mortgage insurance premium and, like all FHA loans, FHASecure will not include pre-payment penalties or "teaser rates."

A number of important criteria must be met in order to be considered for this and the other programs discussed in this article. Give us a call and, even if you do not meet these specific criteria, we'll help you find the resources you need to overcome challenges and reach your financial goals.

If you would like to learn more about how these and other financing options could help you, please call us at (858) 523-9990 ext. 202 to set up an appointment. We would be happy to speak with you about it!

Book Review

The Likeability Factor
by Tim Sanders



The follow-up to international bestseller *Love is a Killer App*, *The Likeability Factor* offers a valuable look at the four personality traits author Tim Sanders says contribute to a person's likability. Sanders further demonstrates how developing these traits can allow you to influence others and be more successful. For anyone who wants to excel in today's business world, *The Likeability Factor* is an informative, fast-paced read that is quite "likeable." It's also the perfect gift for the professional on the go.

The Likeability Factor is available at Amazon.com.

Trivia Challenge

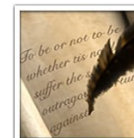
Which talk show host earned a BA in Theology from Notre Dame?

- A. Oprah Winfrey
- B. Jerry Springer
- C. Phil Donahue
- D. Montel Williams

Call (858) 523-9990 ext. 202 or email us at victoria@luxury-loans.com with the correct answer, and your name will be entered into our quarterly drawing to win dinner and movie tickets for two!

Quote of the Day

"Never tell people how to do things. Tell them WHAT to do and they will surprise you with their ingenuity."



—General George S. Patton

Homes & Money

Creative Cuisine



Pan Fried Chicken Breasts with Orange/Sage Sauce

- 4 chicken breast halves, roughly 1¼ inches thick
- kosher salt and freshly ground black pepper
- 1½ tbsp extra virgin olive oil
- 1 large shallot, finely chopped
- 1½ cups fresh-squeezed orange juice
- 2 tbsp fresh sage, finely chopped
- 2 – 3 tbsp unsalted butter

Liberal season chicken breasts on both sides with salt and pepper. Set aside on a plate. In a large, heavy-bottomed skillet, heat olive oil over a medium-high flame until it's hot and shimmering. Add chicken breasts and fry for four minutes (2 minutes per side). Remove chicken to a plate. Drain the majority of the olive oil from the pan. Return the pan to the stove and reduce the flame to medium. Add shallot and sauté for 1 minute. Using a wooden spoon, scrape up any browned bits stuck to the pan. Add orange juice, 1 1/2 tbsp of the sage, and season with salt and pepper. Bring the orange juice to a simmer, and allow it to reduce by half. Return chicken breasts to the pan, and simmer for 3-4 minutes. Remove chicken breasts to a serving plate and loosely tent with aluminum foil. Reduce heat to low and swirl in the butter, allowing the sauce to thicken even more. Remove foil from chicken and ladle with sauce. Garnish with remaining sage and serve family style. (Serves 4)

Note: Perfect side dishes for this meal would be steamed brown rice and stir-fried snow peas.

THE MONEY PIT



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Street Smarts

Debt Ahead? 10 Tell-Tale Signs



While there's both "good" and "bad" debt, the average American household with one credit card or more has nearly \$9,200 in credit card (bad) debt, with an average interest rate hovering in the mid- to high-teens.

Make 2% minimum payments each month and this debt (at 19%) would take well over eight years to pay off – and that's without making any new purchases.

Make a couple of late payments and credit card companies will have no problem tacking on late fees and a penalty "default" interest rate of up to 42.99% or more!

Don't let this happen to you. If credit card debt is choking your finances, consider a mortgage refinance. Not only are mortgage rates usually lower than that of other debt, qualified interest on your mortgage is tax deductible.

With a little discipline, many borrowers can greatly benefit from this strategy if they have the right mortgage professional on their team.

How do you know if your bad debt is getting out of control and it's time to take action? Following are 10 major signals that you're in serious credit card trouble:

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Debt Ahead? 10 Tell-Tale Signs

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1. Your credit card statements surprise you.
2. You make only the minimum payments required.
3. You're thinking about selling your car to get cash.
4. You don't know how much you owe, what your interest rate is, or what's on your credit report.
5. You have no budget.
6. One or more of your credit cards is maxed out.
7. You use credit cards for purchases at convenience stores or fast food places.
8. You let some bills wait until your next paycheck.
9. You've applied for more credit cards.
10. You're still paying bills from last year's holiday season while planning for this one.

If you recognize any of these signs of debt, don't wait until you're completely buried. Call us and find out if a mortgage refinance could benefit your financial goals and needs.



If you know anyone who is looking to buy, sell or refinance a home, please forward their name and telephone number to us. We will happily provide the same high level of service that we have provided to you. The greatest compliment you could possibly give us is the referral of your friends and family.

Thank You!

We wish to thank our clients who have been kind enough to refer business to us. We appreciate the opportunity to provide excellent service to your family, friends, and co-workers.

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