PLANTING new seeds

Innovative Mortgage and Home Equity Solutions from the Mortgage Equity Team

www.MortgageEquityTeam.com

Issue 4 • October 2006

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DID YOU KNOW?

The wealthiest 5% of Americans, based upon net worth, own 52% of the nation's financial assets (i.e., stocks and bonds). The bottom 50% of Americans, based upon net worth, own just 3% of all financial assets.

(Survey of Consumer Finances)

The Mortgage Equity Team Joins Carteret Mortgage

The Mortgage Equity Team is proud to announce we have joined **Carteret Mortgage Corporation**, a leading and highly respected mortgage company. Carteret offers expanded services and valuable programs that can be tailored to your needs, and their unique, professional web-based infrastructure — truly unlike any other in the mortgage industry — will allow us to serve you faster and more efficiently. Needless to say, we are extremely excited to be joining Carteret.

Carteret is the second largest mortgage broker in the nation, and as such we are able to reach out and offer expanded programs and services not available to many banks or mortgage companies. Most mortgage companies only offer programs from a few lenders, but Carteret maintains relationships with over 300 lenders!

We are fully operational and open for business, and ready to serve any and all of your mortgage needs. Thank you for placing your trust in us, and we truly look forward to serving you again. Please feel free to contact us at any time.

Melanie Thompson

Registered Mortgage Advisor

CARTERET MORTGAGE CORPORATION

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Current Rates

Program	Conforming
30-Year Fixed	Mid 6's
15-Year Fixed	High 5's
7-Year Fixed*	High 5's
5-Year Fixed*	Mid 5's
3-Year Fixed*	Mid 5's
Cash Flow ARM (Index Value: 5.326)	High 6's
(All programs above at 80% LTV)	
FHA 30-Year Fixed (97% LTV)	Mid 6's
USDA 30-Year Fixed (100% LTV)	Mid 6's

The interest rates represented here are at one point.

*Amortized over a 30-year period. Following its fixed rate term, it converts to a 1-year LIBOR adjustable rate mortgage for the remaining term of the 30-year loan.

Many other programs available - please call for details.

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Take Control with Cash Flow

by Brendan Medlin
(originally published in Broker Agent Magazine)
Brought to you by the Mortgage Equity Team

Most people do not view their mortgage as an integral part of their overall financial picture. For some, a mortgage is a means to an end. For others it is an awful load of debt that should be retired as soon as possible. However, have you ever considered that your mortgage can be a dynamic tool in your financial planning strategy? By establishing cash flow priorities when mapping your financial plan, you can take control and achieve your goals.

Cash flow is determining where dollars go after they come into your household. When dollar bills come in, we are faced with choices on how they go out again. Often we have set ourselves into bad financial habits that tend to have a negative spiral inherent to them. Setting clear priorities makes it possible to gain more control over how dollars are saved and spent. Here is some basic advice on prioritizing your cash flow.

1. **Create a cash cushion.** We aren't talking about a fortune here, say one and a half to two month's salary. If you are a commissioned employee, perhaps you may need a little more set aside for your variances in income. This is exactly how it sounds; it is a cushion for unexpected circumstances. It should be kept on deposit where you can readily access it. It will help soften life's little unexpected events, such as a car breaking down, a pet's visit to the vet, or the price of gas suddenly costing you $50 to fill the tank. Most importantly, however, is that you can begin to rely on this resource instead of a worse alternative, like charging a credit card.

2. **Eliminate debt.** Get rid of non-preferred debt, which is to say everything EXCEPT your mortgage. This may take time, and will almost certainly take planning and dedication. There are several strategies to paying off debt, like paying off higher rate debt first, or paying off the low balance with the big payment to free up cash flow that can be used to eliminate other debt. If you have equity in your home consider tapping into it to pay off your debt. Often the rate will be lower than your current card rate, it is almost always tax deductible, and the monthly dollars you will save by eliminating the servicing of non-preferred debt can be applied to Step 3.

3. **Build liquidity.** This has nothing to do with the 401k you have at work. This is the setting aside of cash into a diversified portfolio of investments. We are talking at least one year's salary tucked away. This will become a resource you can rely on for two major categories of events in your life: good things and bad things. An example of a good thing would be an investment opportunity. If you have liquidity you have the power of choice to capitalize on these events. Examples of bad things would be health issues, job loss, or other interruptions to income that are out of your control. You see that if you had no debt outside of your mortgage, and a year's salary in a safe place, you can handle the adversity of bad things without panic.

4. **Pay off your house.** One way to look at this is to diligently work to pay off the mortgage, then invite your friends over for a mortgage burning party. That certainly is a dream worth pursuing. But what if you were to look at this from a balance sheet perspective? In the liability column, the only item remaining is your mortgage. In the asset column you could continue to grow your liquidity until if offset your mortgage liability - right? If you have a $200,000 mortgage, but $300,000 in liquidity, wouldn't you have your home paid off from this perspective? And since equity in your home offers a ZERO percent annual rate of return (if it's not invested elsewhere, it's not earning a return), while your liquid asset is accumulating interest, doesn't it make sense to leave that money working for you as long as possible?

Of course, this basic advice should be accompanied by a relationship with a financial planner for tailoring strategies that fit your personal wants and needs.

What NOT To Do After You Apply For A Mortgage

MMG Member Contribution
Brought to you by the Mortgage Equity Team

Congratulations! You finally found the house of your dreams. You made a bid, had it accepted by the seller, and went through the mortgage application process. It looks like you'll qualify. The closing is only weeks away, and you're feeling pretty good.

It's smooth sailing from here, right? Probably. However, more than one buyer has had the wind knocked out of his sails at some point in a real estate transaction by the mis-steps described below. If at all possible, steer clear of the following "NO-NOs" until AFTER you have gone to settlement.

- **Do not take on new debt.** The temptation is strong. There are so many big purchases that people want to make in connection with a move: appliances, window treatments, furniture, etc. When you add to this the fact that, today, everyone offers easy terms and no money down—well, why not just do it? Answer: because you will change what the mortgage industry calls your "debt-to-income ratios" (the relationship of your income to your debt).

- **Do not change jobs.** If at all possible, try not to make a career move during the time between your mortgage application and the closing on the home you are purchasing. But, you ask, "What if it's a BETTER job, for MORE money, in a DIFFERENT field?" Still, try and wait until AFTER closing. One of the factors mortgage companies consider is length of present employment; they are partial to stability. At the very least, changing jobs initiates the need for more paperwork, and may delay your closing.

- **Do not pack too soon.** Well, go ahead and pack your clothes and dishes. But do not pack your bank statements, tax returns, or other important paperwork. Most especially, do not pack your checkbook! More than one buyer has had closing delayed while a friend or relative hurried over with additional funds because the checkbook was in the moving van.

- **Do not lease a new car.** This should go under the general heading of "no new debt." It is highlighted here because, for some strange reason, many buyers do run right out and lease a new car during the time between mortgage application and closing! As with any debt, this will change your "debt-to-income ratios" and may cause you not to qualify for your mortgage.

In short, do nothing that negatively impacts your ability to qualify for your mortgage loan, or initiates a new round of paperwork. If you have any doubts about doing something that may affect your ability to qualify for your mortgage loan, please consult your loan provider before you do it.