



Happy New Year!



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PRM INSIDER™

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The Financial New Year's Resolution?

By Eric Wiley - COO, PRM Corporate Office

I can be certain about one prediction for 2011—we are closer to a housing recovery even if it might not feel that way. My definition of recovery is simply a stabilization of the median home value. We are seeing signs that this is happening in many national markets. How long we stay at those levels is anyone's guess. Our waiting period will be dependent on a number of economic factors, each having a push and pull effect on the market. Picture our housing recovery as an airplane coming in for a touch and go landing; as the descent slows, the airplane flares out, touches down and then speeds down the runway. Our housing market is going to take up a lot of runway before we lift off again.

What does this mean to sellers? You'll have plenty of competition so preparation will be the key to a successful sale. Your pricing strategy, presentation and target marketing will need to account for what is happening in your specific neighborhood. Focus on recently sold homes in your neighborhood rather than prices at which homes are listed. Our best advice as you step into the sellers' circle is to leave your emotions at the door and plan your strategy with a professional, qualified Real Estate Agent. Need a recommendation? Call us.

What are the opportunities within today's marketplace? Though rates aren't predicted to go up significantly in the near term, don't bet your (future) mortgage on it. When they go up, they typically go up very quickly. Home prices are understood to be back around 2003 levels, meaning they are low and mortgage rates are at generational lows. If you have the ability to buy real estate, the world is your oyster! Keep in mind that the "bargain gem" will probably attract other potential home buyers as well. A good school of thought seems to be if you like the home above all of the others you've viewed, you are not alone—seal the deal! Current homeowners should revisit existing loans and make certain to take advantage of what may be the lowest rates you'll see in your mortgage lifetime. Put simply, if you wish to finance real estate, ask... you may have more opportunities than you think.

Financial Reform Is Upon Us

Most of you are probably aware the nation's politicians were very active in 2010. One very large and impactful reform package made into law is the Financial Reform Act. These new laws will change how you interact with all of your financial service providers across the board.

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At A Glance...

- Jan 17 Martin Luther King Day
- Feb 2 Ground Hog Day
- Feb 14 Valentine's Day
- Feb 21 Presidents' Day
- March 8 Mardi Gras
- March 13 Daylight Savings
- March 20 First Day of Spring

Have a great 2011!

Trivia...

Q: What founding father shares the same birthday as Martin Luther King?

Q: Where was St. Patrick Originally from & what was his Real Name?

Q: Which Color is not part of the New Orleans Mardi Gras Colors?

Fun Facts...

COST OF LIVING IN 1980

- Average cost of new house. \$68,700
- Average wages per year. \$19,500
- Cost of a gallon of gas. \$1.19
- Average price for a new car. \$7,210
- Federal Reserve interest rates at year end. 21.50%

Trivia Answer Key

1. Benjamin Franklin
2. Saint Patrick was not Irish by birth; he was born in England and named Maewyn Succat
3. Blue

The Financial New Year's Resolution (continued from page 1)

Referred to as FinReg, the 2,319 page Dodd-Frank Act of 2010 is a combination of new laws which completely revamps the existing regulatory framework overseeing consumer related banking, investment, insurance and lending activity in the U.S. The purpose of FinReg is twofold. First and foremost are laws that have been enacted to better protect individual consumers from falling prey to financial products and services which might not be in their best interest. Second, due to the recent failure of many large financial institutions and the expensive bailout of others, these new regulations are in place to ensure each entity providing financial services operates in a prudent, lawful manner.

FinReg's largest impact will be felt in the newly created Consumer Finance Protection Bureau (CFPB). Expect changes to occur starting in 2011 and continuing through 2013. The CFPB has the singular mission of overseeing the offering of all financial products from companies to consumers. As a result, all consumer financial activity will soon be regulated by this new government bureaucracy. That means the regulators who used to oversee mortgage finance, student loans, car loans, credit card lending, etc., lose their oversight of these products as they will all fall under one umbrella.

Think safety belts and airbags. Speed limits have been reduced. Many financial products that could be deemed to have risky features have been removed from the marketplace. Financial product offerings are going to come in chocolate and vanilla, not a myriad of flavors tailored to your specific requirements. The same will be true for aspects of mortgage financing. Applicants can expect delays due to lengthier disclosures and be offered fewer options. At least in the early adoption of these new standards, we'll enjoy a little less flexibility in how credit standards are reviewed, much like the new security measures at your favorite airport.

In a nutshell, the existing regulatory framework that carried us into the housing bubble was antiquated, complicated, politicized and essentially rendered ineffective given regulations in place at the time were not being enforced. If regulators were following the wrong path before FinReg, what will change if the same bureaucrats are implementing the new laws? In the past, Fannie Mae and Freddie Mac were told by Congress and others in power to make loans available to consumers that previously didn't qualify. Wall Street and the international markets followed Fannie and Freddie off this cliff. Only time will tell if the new regulatory radar system can put this plane back on autopilot.

Will the housing markets shut down? No. Will there be an adjustment period? Maybe. The mortgage markets have already reacted to changes in market conditions; loans are both less risky and less complex. Wall Street is no longer battling Fannie and Freddie for loan volume to feed the machine. Housing prices aren't skyrocketing. The factors that led to the craziness of the past decade have essentially been made illegal with the passage of new laws. People will just have to get comfortable with today's tougher qualifying standards. It is too early to tell what impact this will have on the consumer. Just as a plane must circle the airport in thick fog, it is anyone's guess when we'll see the "all clear" signal that it is safe to come in for a landing.

You can read the Financial Reform Bill at:

http://banking.senate.gov/public/_files/ChairmansMark31510AYO10306_xmlFinancialReformLegislationBill.pdf



Our entire staff sends you all the best wishes for a healthy and prosperous New Year!



Foreclosures, Short Sales & Modifications

By Melissa Stashin - Branch Manager, Lake Oswego

WARNING The consequences of foreclosure, short sale or modification are not fully understood by many. With all 3 impacting a homeowner's credit rating, ability to obtain future financing and potential tax liability, it's important to get the facts.

Huge Savings!

Look Beyond a
30 Year Mortgage
and Enjoy...

Financial Freedom
Increased Wealth
Thousands of Dollars Saved

Historically
LOW 15 Year
RATES

Pay Less and Own Your
Home 15 Years Sooner!

Credit Rating The final outcome to a borrower's credit score is not yet known due to the varying ways creditors are reporting real estate liens not paid as agreed. No matter how the derogatory credit is reported, plan on it staying for 7 to 10 years. Lenders may also report any unpaid balance as a judgment.

Mortgage Financing Most lenders view foreclosures, short sales and modifications as one in the same, meaning they apply current foreclosure guidelines to all. Currently borrowers need to wait a minimum of 3 years and, in many cases, 7 years to be eligible for mortgage financing.

Tax Liability Lenders may issue a 1099 to the homeowner for any unpaid principal balance which can create a taxable event in the year issued.

Because of the complexity of choices and the myriad of potential outcomes, we recommend consumers seek advice with a competent attorney & CPA prior to taking action. If you want more information about this topic please contact your personal Mortgage Banker at PRM.

Ask the Expert

Featuring Mark Aalto, Sr. Mortgage Banker - Clackamas Branch

Q: Do you finance homes on acreage?

Absolutely, including HARD-TO-FINANCE RURAL ACREAGE such as horse properties and harvest farms (Vineyards, Christmas Trees, Orchards, Tulips, Lavender, Berries etc.).



In today's market there has been little money available to finance these types of properties until now. PRM is proud to announce it has secured an exclusive investor with substantial resources to meet the needs of the current market. This is an amazing opportunity to obtain flexible, long-term financing at competitive rates for agricultural properties not accepted by traditional investors.

Around The House...



WINTER TIPS

- **Emergency Kit:** Buy indoor candles and matches, check lighters for fluid and stock up on batteries for flashlights and radios. Purchase a battery back-up for sensitive computer equipment. Store extra bottled water, non-perishable supplies, blankets and first aid kits in an accessible area.
- **Interior:** Inspect windows for proper caulking and seals. Check for drafts around doors and windows. Lubricate hardware on interior doors and garage doors, inspect for free travel.
- **Inspect/Test:** Indoor smoke detectors and fire extinguishers.
- **Exterior Walls:** Check siding for cracks/damage then caulk or call a professional if repairs are needed. For storm doors, adjust and add oil or WD-40 on hinges and latches. Change any screen panels to glass panels.

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As part of our commitment to give back to the verycommunities from which we each earn our living, Pacific Residential Mortgage supports many different charities.

A Wine & Cheese Experience

What could be better? The Portland Showcase of Wine & Cheese, February 24-25, 2011, will WOW your palate!

A delectable two-day event begins with the **Winemaker's Private Reserve Dinner** on Thursday night (invitation only) followed by a sophisticated **Showcase of Wine & Cheese** on Friday evening.

The Showcase of Wine & Cheese will exhibit more than 300 varieties of exquisite wines, hors d'oeuvres, distinctive cheeses, gourmet foods, various auctions, and live entertainment! In addition, **The Showcase** will honor the **Portland Trail Blazers** for their continued support of the Club's programs and services. Why wouldn't you support the Boys and Girls Clubs?

Want Free Tickets? PRM is giving away a limited number of Showcase tickets. To enter, please visit www.pacresmortgage.com and click on the **Boys & Girls Clubs Icon** to put your name into the drawing.

To purchase tickets in advance or to make a donation, visit www.bgbcpportland.org or call 503-232-0077. Tickets in advance are \$100 for Gold Entry and \$40 for General Admissions.

Can't wait to see you there!

