



## Your Mortgage Banker for Life

### Mortgage Update



Michael Peache  
Mortgage Consultant

Centurion Mortgage  
1001 SW Fifth Avenue  
Suite 1210  
Portland, OR 97204

Office: 503.445.8325 x208  
Fax: 503.445.8326  
Mobile: 503.348.7930

[michael@centurionmtg.net](mailto:michael@centurionmtg.net)

[www.centurionmtg.net](http://www.centurionmtg.net)

#### Rate Update

30-year fixed . . . . . 6.67%  
15-year fixed . . . . . 6.34%  
5-year ARM . . . . . 6.30%

National average mortgage interest rates as reported by Freddie Mac on June 28.

In this, the first issue of Focus on Lending with a discussion of mortgages, I thought I'd provide a review of the mortgage environment over the past year.

There have been three significant factors influencing mortgages of late:

#### 1. Foreclosures

As you probably know from the news, there has been a steady increase in the number of foreclosures on sub-prime loans (riskier loans to less qualified borrowers) over the past couple of years. The problem has been serious enough that a number of sub-prime lenders closed their doors and the impact has reached the highest echelons of Wall Street.

The response to these problems has been extensive. Mortgage investors have tightened their guidelines across the board, not just for sub-prime loans. You will still be able to qualify for a loan, but maybe not at the same loan to value ratio that would have been possible a year or two ago. Borrowers will also have to provide more background information and answer more questions than they did in the past.

#### 2. Home purchases

New and existing home purchases have slowed down dramatically over the past year, which has had a negative impact on property values. Portland's unique circumstances have moderated this trend locally, but even here property is staying on the market longer than the last year or two and although property values have not generally gone down, appreciation has slowed.

#### 3. Interest Rates

With all that has been going on in the sub-prime arena and with the Federal Reserve steadily raising the Federal Fund Rate because of fears of inflation, mortgage rates have been volatile over the past year. Mortgage rates reached a two year high last spring but then dropped over the summer and fluctuated around those levels for the next ten months. Although rates didn't reach the lowest levels of 2003 and 2004, they were still at historically low levels. In May however, rates started going up and are now in the range they were a year ago.

Currently one can summarize rates as being in the 6.25% to 6.75% range depending on the specific program. That is about one and a quarter percentage points above the lowest rates of 2003 but still several percentage points below rates in the Eighties and Nineties.

How does all of this impact you? Predicting rates in the future is much tougher than describing why they changed in the past. Depending on who you listen to, there is one thing you can count on: rates will either go up or come down over the next year. But then again, you can always say that.

When you start thinking about buying, selling, moving or refinancing, give me a call. Based on the best available information available at the time, we can review your mortgage options and decide on an approach that is best for you.

#### Credit Score Tip ...

Your credit score is key to getting a home loan at a good rate. In addition to always paying your bills on time, the key factor to establishing a good score, it is important to periodically verify that information about you held by the credit bureaus is accurate. The crucial thing to look for is clues to identity theft. Someone racking up big unpaid charges associated with your credit file can create a problem that takes weeks or months to resolve.

In some cases the issue isn't nearly so scary, but just as critical. Mary, my wife, had a bankruptcy show up on her credit file a few years back. When she finally tracked down the problem, it turned out a county clerk in Oklahoma had recorded someone else's bankruptcy under Mary's name and social security number. Luckily we weren't in the middle of trying to buy a new home or refinance an existing mortgage, so the fact that it took months to identify and correct the problem didn't hurt us.

The bottom line: check your credit

score annually. You can obtain your score for free from each of the three credit bureaus once a year at [www.annualcreditreport.com](http://www.annualcreditreport.com). Although the details can be confusing, you should be able to tell if everything is in order. If you're not quite sure what you're looking at, let me know and I'll be glad to help interpret what it all means.

Does everything look correct, but your score isn't where you think it should be? In future newsletters, I'll talk a bit about things you can do to improve your credit score.

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

## Photo of the Month

This month's picture is again from my wandering niece and nephew, Michele and Trent Weber. They are on the last leg of their tropical, 'round the world journey collecting "biopsies" from giant clams for Michele's doctoral dissertation research. They are currently in Sri Lanka and plan a brief stop in Bangkok for R&R (oh, please!) on the way home. Read their entertaining blog, [Scent of Snorkel](#), for the latest debacle. I know this picture has nothing to do with giant clams, but I couldn't resist this guy.



©Trent Weber

**Joke of the Month...** The other day, a woman was smoking a cigarette while putting gas in her car. (This did not happen in Oregon.) Suddenly, her arm caught fire. When the police arrived they shot her for waving a firearm. (Please accept my apologies . . . I didn't have much room this month.)

## Recipe of the Month — Clay & Michael's Biscuits

Sadly, the Hood strawberry season is past, but I've had lots of requests for these biscuits that are perfect for strawberry shortcake. Actually, they go great with any "grease or sweet"... butter, jam, and honey come to mind as alternatives to strawberries.

The recipe is from an old boyfriend of Mary's from a thousand years ago. Clay is a second generation professional baker who worked at Three Lions Bakery. The original recipe was for hundreds of biscuits and called for quantities in pounds and quarts. Clay cut it down to size and I modified it to use buttermilk, which provides a little extra punch.

### INGREDIENT LIST

- 1 3/4 cup all purpose flour
- 2 teaspoons baking powder
- 1/2 teaspoon baking soda
- 1/4—1/2 teaspoon salt
- 4 tablespoons frozen butter
- 14 ounces buttermilk

Pre-heat a traditional oven to 450°F or a convection oven to 400°F.

Thoroughly mix the four dry ingredients in a food processor. Cut the frozen butter into half inch chunks and add to the flour mixture. Blend until the butter is pea sized or less. Empty the flour mixture into a bowl and add the buttermilk in two additions, stirring minimally with a spoon until most of the flour is damp.

Place the mixture on a generously floured cutting board and, after flouring your hands, flatten the dough to about an inch thick. The dough will be a bit difficult to work with but not to worry, that's what makes them so good. Use a cookie cutter to cut the dough into two inch rounds.

Place the biscuits on a non-stick or parchment paper covered cookie sheet and bake for twelve to fifteen minutes until they resist when pressed lightly on the top. If using a convection oven, check after ten minutes. Make sure not to leave them in too long. Although they may be pale and flat, they should be light and fluffy and taste great.