



Kam's Mortgage Monthly

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Predicting Rates

There are a lot of people out there who spend their time trying to figure out the mortgage market. Now don't get me wrong, I'm not saying there's anything wrong with that. I spend a great deal of time trying to figure it out myself, but I don't necessarily come from a fixed position, while most of the people I encounter generally come from one of two positions. There are those who believe rates are headed up and those who believe they are headed down. Now for many, these positions are formulated from everything they have heard or read. Over the past few months, I have encountered a lot of people who took out variable mortgage products a few years ago. What attracted them at the beginning to these products was the low rates; unfortunately for a lot of them, that's all they really bothered to look at. In a lot of cases, many of them were not aware of the terms and conditions of the mortgage, and the impact that an increase in the prime rate would have on their mortgage. They were in the camp of all of those who were predicting continued low rates. I have also encountered those folks who locked in low rates a few years back, and are still continuing to enjoy the benefits of those rates. However, rates could have possibly continued lower, and if that had occurred, I'm sure many of them would be second guessing their decision today!

What makes it especially challenging predicting the mortgage market in this country, is that there are so many factors that influence interest rates. Add to all of that your own personal biases, and now predicting becomes projecting (your fears or hopes), which in turn leads you to your conclusion. Plus, let's not forget all the so called "gurus" out there who seem to predict that rates are going to go up one day and down the next; they are also projecting their own fears and hopes as well. So what does all of this really mean? Simply put, it means that no one can really predict the future with complete certainty!

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Humor 101

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some laughs!*

Predicting rates!

Something
to
Ponder

*"Go as far as you
can go, then take
another step"*

Kam Brar

Predicting rates, continued...

I believe that no one should gamble when it comes to their finances. Making an assumption based on inherent fears or hopes is gambling; that's why it's so important to understand the type of mortgage you are getting. You need to understand both the "pro's and con's" of it. If it turns out to be "Greek to you", seek help from a trusted professional in the field to help you understand it. If asking questions makes you feel stupid, get over it! By taking the time to ask questions, you are acting to prevent a possible loss and avoid grief, both of which could be yours! Life works better when you understand from the start what you are doing, and do not have to worry during the term of the financial commitment that something awful might happen. Above all, when you finally decide to take action, make sure you can "sleep at night" with the possible consequences!

I am not a swami or guru, but merely someone who deals with people on a daily basis, and have seen and heard almost everything that one could imagine. Therefore, I feel pretty comfortable in writing this and telling you not to assume anything. Study, ask questions and be fairly confident that you have looked at all sides of the equation before you act. Make sure that the type of mortgage instrument that you select best fits your overall plans; it has to work financially for you and your family, not the "gurus"! Do not let irrational fears guide you and never, never ever get yourself into something that goes against your nature, your personality or your beliefs. The pain simply isn't worth the gain.



Management Humor 101

LESSON 1:

A man is getting into the shower just as his wife is finishing up her shower, when the doorbell rings. The wife quickly wraps herself in a towel and runs downstairs. When she opens the door, there stands Bob, the next-door neighbor.

Before she says a word, Bob says, "I'll give you \$800 if you drop that towel. "

After thinking for a moment, the woman drops her towel and stands naked in front of Bob. After a few seconds, Bob hands her \$800 and leaves.

The woman wraps back up in the towel and goes back upstairs. When she gets to the bathroom, her husband asks, "Who was that?"

"It was Bob the next door neighbor," she replies.

"Great!" the husband says, "did he say anything about the \$800 he owes me?"

Moral of the story :

If you share critical information pertaining to credit and risk with your shareholders in time, you may be in a position to prevent avoidable exposure.

LESSON 2

An eagle was sitting on a tree resting, doing nothing. A small rabbit saw the eagle and asked him, "Can I also sit like you and do nothing?"

The eagle answered: "Sure , why not."

So, the rabbit sat on the ground below the eagle and rested. All of a sudden, a fox appeared, jumped on the rabbit and ate it.

Moral of the story:

To be sitting and doing nothing, you must be sitting very, very high up.

There will be more management humor next month!

If you have any questions or comments please contact Kam at kam.brar@vericoselect.com or visit www.kamthemortgageman.com