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For the week of Mar 17, 2008 --- Vol. 6, Issue 12

Last Week in Review ▶

"JUST WHEN I THOUGHT I WAS OUT...THEY PULL ME BACK IN." Al Pacino in the 1990 film, *The Godfather III* And if Bonds and home loan rates thought they were out of the days of volatility...they got pulled right back in, as last week brought daily price swings of almost historic proportions. **For the week overall, fixed home loan rates improved by about .25%.**

What led to the dramatic action this week? The bipolar emotional state of the markets began deeply depressed on Monday, but then were filled with joy Tuesday, when the Fed made an interesting move by announcing the creation of the new Term Securities Lending Facility (TSLF). The TSLF will provide borrowing banks with \$200 Billion to draw on to help inject liquidity into the credit markets, and further, will accept some mortgage-backed securities as collateral, which effectively may help to "upgrade" the value and perception of battered Mortgage Bonds.

But in the meantime...struggles are still being played out related to the downgrade and losses experienced by companies holding massive amounts of mortgage-backed securities. Headlines hit on Thursday about The Carlyle Group, which manages a portfolio of mortgage-backed securities, not being able to meet a margin call and being forced to sell off large amounts of mortgage paper into the markets at great financial losses. Then on Friday, the news broke that financial brokerage and investment banking giant, Bear Stearns had suffered enormous losses, and their lack of liquidity endangered them from going out of business...or "sleeping with the fishes". The new aforementioned TSLF is designed to help this type of liquidity problem, but it will not go into effect for a few weeks, and Bear Stearns would not last that long. Coming to the rescue with loans were both the NY Fed and JP Morgan Chase. These sure are exciting times.

One bright spot for the financial markets was a low consumer inflation reading. The Overall and Core Consumer Price Index (CPI) figures were reported unchanged, far cooler than the expected increases of 0.3% and 0.2% respectively. These tame inflation numbers give the Fed a green light to cut the Fed Funds Rate by another .75% at Tuesday's meeting...but read on to understand exactly how this cut may impact YOU.

IF THE IDEA OF KEEPING BUSINESS IN THE "FAMILY" CONJURES UP IMAGES OF MICHAEL CORLEONE AND OFFERS THAT CAN'T BE REFUSED - YOU'LL WANT TO READ THIS WEEK'S MORTGAGE MARKET VIEW TO LEARN SOME TIPS ON RUNNING A SUCCESSFUL FAMILY BUSINESS, WHERE YOU LIKELY WON'T HAVE TO WORRY ABOUT EITHER GUNS OR CANNOLI'S.

Forecast for the Week ▶

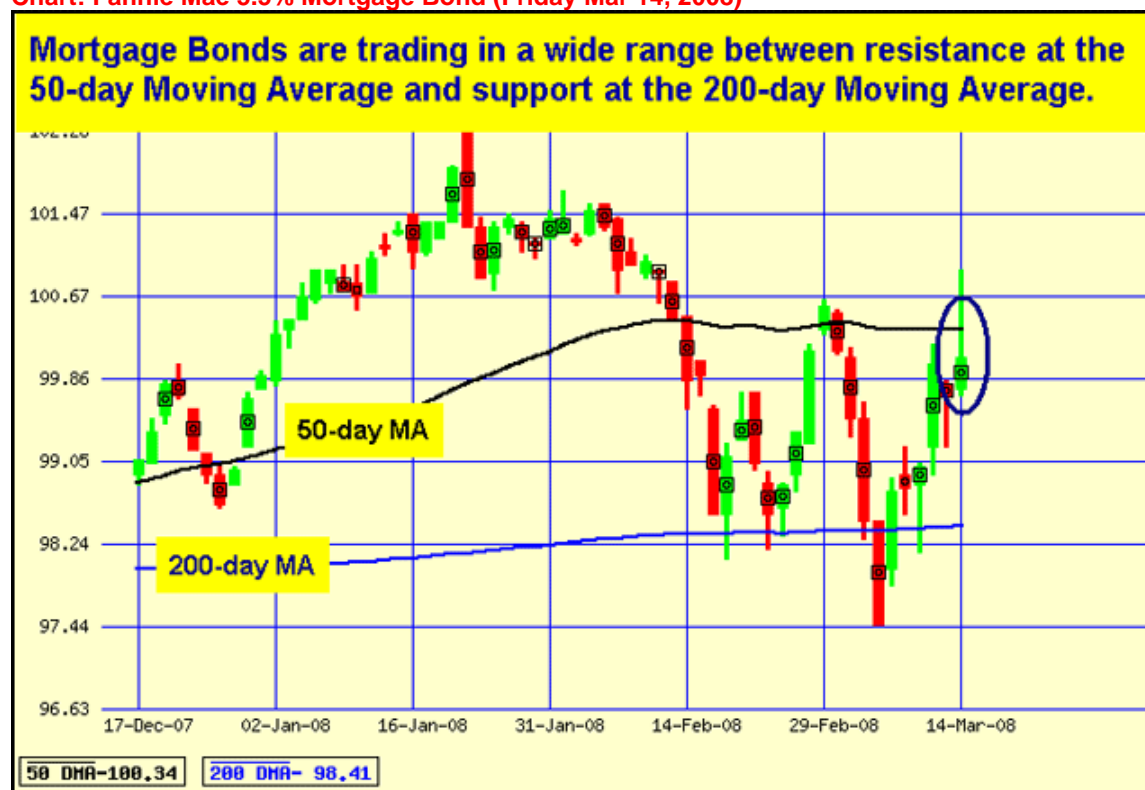
So if you love all the excitement, drama, intrigue and crazy volatility of late...you'll love the week ahead, as it is loaded full with market movers. We'll get the latest readings on the health of the manufacturing and housing sectors, but the main event will take place on Tuesday when the Federal Reserve announces its latest interest rate decision and Policy Statement.

The Fed is expected to cut the Fed Funds Rate by another .75%. **However, as we've seen following every**

Fed rate cut in the recent cycle, chances are very good that Bond pricing will worsen following the cut...which results in higher home loan rates. This happens because Fed rate cuts help to stimulate the economy, by making it less expensive to finance personal and business purchases...and this in turn fuels inflation, the arch-enemy of fixed return assets like Bonds, which home loan rates are based on.

So a word to the wise - if you or someone you know has been ready to move forward on a purchase or refinance, there's no time like the present. Be sure to get in touch with me, so I can explain your options and help plan a great strategy for your home loan.

Chart: Fannie Mae 5.5% Mortgage Bond (Friday Mar 14, 2008)



The Mortgage Market View... ▶

BUT DON'T EVER TAKE SIDES WITH ANYONE AGAINST THE FAMILY AGAIN...EVER

These lines spoken by Michael Corleone to his brother Fredo could very well apply to small family businesses, which are critical to the nation's economy. In fact, according to the National Federation of Independent Businesses, more than 1.2 Million businesses across the country are owned and operated by spouses. While these thriving ventures in capitalism are great for the economy, they can cause a lot of stress on your family relationships. That's why experts recommend you follow a few simple suggestions to keep the business--and your family life--running smooth!

Only Fools Rush In. Starting a family business is a huge commitment. Although it sounds romantic, it's a lot of work to...well...make it work. Before you jump in, consider what type of business is truly right for you; how the business will impact your financial plans; and how you'll still make sure you have time in your schedule to enjoy non-business related family time. Because, as The Don says, "a man who doesn't spend time with his family can never be a real man".

Put It In Writing. The first step to making your dream a reality is putting together a business plan. The Small Business Administration has a great website that can help you [write your business plan](#). You'll also need to apply for a business license, tax identification number, and even business loans. Again, you can find the [most requested business documents](#) on The Small Business Administration website.

Clarify Roles and Responsibilities. To help avoid frustrations and arguments in the future, make sure everyone agrees on who will be responsible for what. Give yourselves titles and draft job responsibilities...then make sure everyone is happy with their role, and that all of the important everyday duties are covered. Make sure you determine who will pay the bills, who will negotiate contracts, who's in charge of the marketing plan, who does the hiring, and so on. You don't want to risk overlooking something or arguing about it later.

Protect Yourself. More important than having Luca Brasi as your bodyguard is making sure you plan your finances and stock away plenty of money to hold you over, especially during the start up phase. Most experts recommend having three to six months worth of living expenses in savings, depending on whether one or two people in the family will be relying on the business as their main income. You'll also want to meet with a financial planner to make sure your retirement and other financial plans stay on track - and if you need a referral to a great financial pro, just let me know.

Set Boundaries... and Stick to Them! It's easy to let the business take over your family life. Little by little the business successes and setbacks slip into family conversations... it's only natural. But don't let them take over completely. To alleviate this problem, make sure you set up regular "business meetings" where you can talk about key issues and exchange ideas about the business. In addition, establish some off-limit times where you'll devote yourselves to each other and your family life. After all, even family businesses need some time "away from the office."

Starting a business with your spouse or family is an exciting time. The key is to harness that excitement while staying cool-headed enough to make smart personal and financial decisions. If you or someone you know needs help with these important details, please don't hesitate to call. I'll be happy to discuss your needs and put you in touch with other professionals that can help.

The Week's Economic Indicator Calendar ▶

Remember, as a general rule, weaker than expected economic data is good for rates, while positive data causes rates to rise.

Economic Calendar for the Week of March 17 – March 21

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Mon. March 17	08:30	Empire State Index	Mar	-5.0	-22.2	-11.7	Moderate
Mon. March 17	09:15	Capacity Utilization	Feb	81.3%	80.9%	81.5%	Moderate
Mon. March 17	09:15	Industrial Production	Feb	-0.1%	-0.5%	0.1%	Moderate
Tue. March 18	08:30	Core Producer Price Index (PPI)	Feb	0.2%		0.4%	Moderate
Tue. March 18	08:30	Producer Price Index (PPI)	Feb	0.3%		1.0	Moderate
Tue. March 18	08:30	Housing Starts	Feb	995K		1012K	Moderate
Tue. March 18	08:30	Building Permits	Feb	1020K		1061K	Moderate
Tue. March 18	02:15	FOMC Meeting					HIGH
Wed. March 19	10:30	Crude Inventories	3/15	NA		6177K	Moderate
Thu. March 20	08:30	Jobless Claims (Initial)	3/15	355K		353K	Moderate
Thu. March 20	10:00	Index of Leading Econ Ind (LEI)	Feb	-0.3%		-0.1%	Low
Thu. March 20	10:00	Philadelphia Fed Index	Mar	-18.0		-24.0	HIGH

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As your trusted advisor, I am sending you the *MMG WEEKLY* because I am committed to keeping you updated on the economic events that impact interest rates and how they may affect you.

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