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For the week of Dec 15, 2008 --- Vol. 6, Issue 51

### Last Week in Review ▶

**"What happens in Washington *doesn't* stay in Washington."** And that was especially true last week, as the effect of Congress' actions regarding the U.S. automakers rippled out into the markets.

Bonds and home loan rates spent last week testing their previous best levels of 2008, and finally rallied on Friday to reach their best levels not just of 2008 but of the last five years. Stocks, meanwhile, were under pressure throughout the week waiting to see whether Congress would approve emergency loans for GM and Chrysler. While the House of Representatives approved the measure Wednesday evening, the Senate rejected the \$14 billion bailout for the US automakers on Thursday evening, citing a lack of wage concessions by the United Auto Workers (UAW). Friday, the White House announced that the government may be willing to use Troubled Assets Relief Program (TARP) funds to prevent an immediate collapse of the auto industry. One thing we can be sure of in this matter is that the volatility for both Stocks and Bonds will continue while this issue remains unresolved.

There were other important happenings in Washington to note last week. Five members of the House Financial Services Committee are sponsoring a bill that would force the SEC to reinstate the uptick rule. The uptick rule is a former rule established by the SEC that requires every short sale transaction to be entered at a price that is higher than the price of the previous trade. So what would the reinstatement of the uptick rule mean for Bonds and home loan rates? The reinstatement of the uptick rule would do a lot to quiet the excessive volatility in both Stocks and Bonds.

In other important news to note last week, the Retail Sales report for November showed that retail sales fell for a fifth straight month. Meanwhile, Initial Jobless Claims reached their highest level in 26 years. Both of these reports are indicative of the current economic climate, and given the events of the week in Washington, they had minimal impact on Bonds and home loan rates.

As mentioned above, Bonds and home loan rates rallied Friday afternoon to reach their best levels of the year. As a result, they **ended the week .25 percent better than where they began.** There may be an opportunity for you to reduce your home loan payments, feel free to contact me.

**ARE YOU WONDERING IF YOUR PROERTY TAX ASSESSMENT IS TOO HIGH? IF SO, THERE'S SOMETHING YOU CAN DO! SEE THIS WEEK'S MORTGAGE MARKET VIEW FOR IMPORTANT DETAILS!**

### Forecast for the Week ▶

Tuesday will be a big day this week as more news from Washington may rock the markets. First, the Fed will be holding another regularly scheduled meeting of the Federal Open Market Committee (FOMC). Look for the Fed to cut the Fed Funds rate (the rate for overnight loans between banks) by a half point, to 0.50 percent. While a cut by the Fed often causes home loan rates to rise (because a Fed cut can lead to inflation, which is the arch enemy of Bonds and home loan rates), the deflationary environment we are currently in may prevent home loan rates from worsening.

Another event to note on Tuesday is the release of November's Consumer Price Index (CPI) Report. This widely watched inflation indicator tells us how much more expensive goods and services are this month over last month, and with recent concerns on deflation - this will be an important report to watch.

**As you can see in the chart below, Bonds and home loan rates ended the week at their best levels of this year and in over five years.** Let me know if you want some more information about how you can take advantage of the current situation.

**Chart: Fannie Mae 5.0% Mortgage Bond (Friday Dec 12, 2008)**



[The Mortgage Market View...](#)

### Is Your Property Tax Bill Too High?

Income tax, sales tax, estate tax, excise tax, alternative minimum tax...and just when you thought you'd paid them all...along comes your property tax bill as a homeowner. **But did you know that the National Taxpayers Union estimates that as many as 60% of homes are assessed for too high of a value, resulting in an incorrectly larger property tax bill?** Chances are good you might be in that group of people paying too much, so taking the time to review your property tax bill could save you a nice chunk of change.

### The good news is that it's easy.

First, contact your local tax assessor's office and ask for someone in the reassessment area. Find out when appeals are heard, and how the process for submitting a property tax appeal works. Additionally, ask for a copy of your property card. Review the card and confirm that the basic information about your property is correct. For example, is the square footage and number of rooms for your home accurate? If the number is incorrect, the county may change the assessment without a formal appeal. If everything on the property card is correct but the assessed value still seems too high, your next step is to gather the following documentation to support an appeal. And don't be surprised if the assessed value is lower than what you think the market value for your home is--many counties use a formula which uses a percentage of market value to determine assessed value. Ask what the formula is, because an assessment which is less than market value still might be too high.

If you have a current appraisal that supports the value being lower using recent market-value information, many counties will accept a copy of the appraisal with the appeal. If the appraisal is outdated, you can order a new one--just call me for a referral to a great appraiser. You can also visit the local assessor's office or search online, and look through the public records for other homes that have similar features to yours, but have lower assessments. Additionally, contact me to get in touch with a great Realtor who knows your area. They will be

able to give you current market information for your neighborhood, and help you see how your market value and assessed value stacks up against your neighbors'.

Submitting an appeal is generally a fairly simple process, but make sure to take the time to fill out all forms in advance and be prepared with your documentation if there is an in-person hearing that needs to take place.

**More good news - according to the National Taxpayers Union, about 33% of property tax appeals succeed!** Taking the time to review the accuracy of a tax bill could easily save you hundreds of dollars per year, adding up to thousands of dollars during the time you own your home. Please feel free to contact me for more information on this money-saving tip.

### 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 December 15 – December 19

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Mon. December 15	08:30	Empire State Index	Dec	-27.0	-25.8	-25.4	Moderate
Mon. December 15	09:15	Capacity Utilization	Nov	75.9%	75.4%	76.0%	Moderate
Mon. December 15	09:15	Industrial Production	Nov	-0.5%	-0.6%	1.5%	Moderate
Tue. December 16	08:30	Core Consumer Price Index (CPI)	Nov	0.1%		-0.1%	HIGH
Tue. December 16	08:30	Consumer Price Index (CPI)	Nov	-1.3%		-1.0%	HIGH
Tue. December 16	08:30	Housing Starts	Nov	730K		791K	Moderate
Tue. December 16	08:30	Building Permits	Nov	700K		708K	Moderate
Tue. December 16	02:15	FOMC Meeting					HIGH
Wed. December 17	10:30	Crude Inventories	12/13	NA		392K	Moderate
Thu. December 18	08:30	Jobless Claims (Initial)	12/13	NA		573K	Moderate
Thu. December 18	10:00	Index of Leading Econ Ind (LEI)	Nov	-0.5%		-0.8%	Low
Thu. December 18	10:00	Philadelphia Fed Index	Dec	-40.0		-39.3	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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