

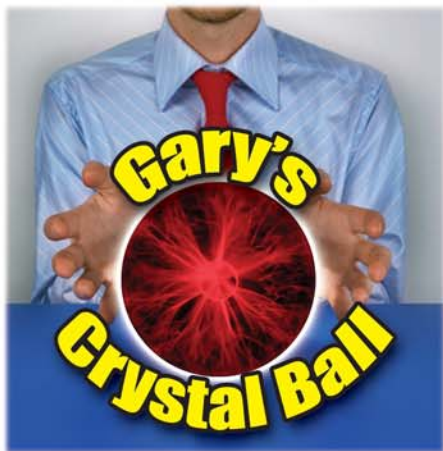


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Inside: "Better than Stocks!"

Mortgage Monkey NEWS

SPRING 2005



2005 is shaping up to be another great year for borrowers. Right now, fixed rates continue to stay under 5.5% on a 30-year fixed rate loan. Over the course of the next few months, rates should begin to increase some, but I don't see any indication of rates moving up significantly because inflation has remained under control.

The absolute most important factor in determining future interest rates is inflation. Over the past few months on the nightly news you have probably heard, "The Fed raised rates a quarter percent today" and the segment always states how this will affect mortgage rates. While the Fed's actions do influence rates, they often times don't move up when the Fed acts. Over the past six months, the Fed has raised rates four times and yet mortgage rates are lower today than they were six months ago.

Those increases are designed to keep inflation in check. With inflation remaining low, there is little pressure on long-term mortgage rates to increase.

If you have any questions on rates or are ready to purchase or refinance, drop me a line at Gary4loans@aol.com or call me at **503-243-2674**.

ASK THE EXPERT

? Q: Gary, I want to do a major home improvement project – what's the best way to finance it?

One of the greatest parts of being a homeowner is being able to make the changes YOU want to your home. Many projects such as painting and landscaping can be done over time and are relatively inexpensive, but when the time comes to remodel your kitchen or add a new dormer upstairs you will want to explore your financing options.

There are two options most commonly used for financing major home improvements. The first option is using the equity you already have. As the article on the front highlights, home values have grown tremendously. This allows many borrowers to use a Home Equity Line of Credit or refinance their existing first mortgage to borrow the money needed for making improvements.

The second option is doing a loan based on the future appraised value of your home. By adding a new bedroom or completing a significant remodel, you will increase the value of your home and you can do a new loan based on what the future value of your home will be. With this option you can complete your remodeling goals without having to wait until you can save the money for it.

Many clients over the last few months have found that with rates still low this is a great time to invest in their homes and make their house, their dream home.



THE WORD FROM GARY

Pictures are certainly worth a 1000 words. As my Partner Mike and I have dived into remodeling our new home, it's amazing how easy it is to forget what things looked like when we got started. Sometimes we have to pull out pictures to remind ourselves how things are progressing.



It's been exciting to transform our landscaping, I only wish Mike didn't keep insisting on reading the tags to see what will survive. I just want to plant the pretty ones! Who knew there were so many kinds of bark mulch. I was excited to find a sliverless variety so our dogs can enjoy the landscaping too.

No sink, No range... kitchens are overrated! And speaking of which, does anyone out there know a good plumber? I will buy lunch for anyone who can recommend a good, cost-effective plumber. With the entire main floor of our house a construction zone; our friends were very worried about us when the ice storm hit. It's amazing what you can cook with a BBQ, a microwave and a little imagination.

On a very personal note, I want to encourage anyone who needs a mammogram to get one. My Mom was diagnosed with Breast Cancer a few months ago. What seemed to be a very minor issue turned out to be invasive cancer near the chest wall. Without a mammogram, it would have been years before she would have been able to feel any lump in her breast. With the help of a very talented surgeon named Dr. Judith Richmond, my Mom is on the road to recovery. I hope anyone who hasn't had one will get it done, it can truly save your life.

I hope you will enjoy this quarter's newsletter and please let me know if there is anything I can do for you or your friends and family - That's what I am here for!



BETTER THAN STOCKS!

2004 was a stellar year to be a home owner in the Portland Metro area. At year's end, the metro area observed an average of 9.4% appreciation according to the Realtor's Multiple Listing Service. All of Portland's inner neighborhoods were up significantly. Milwaukie/Clackamas led the Portland area gains with a 16.1% increase. North Portland came in with an 11.2% gain for the year with SE close behind at 9.5%. West Portland had a dramatic 23.5% increase in total number of closed sales with NE not far behind with a 14.7% improvement over 2003. Across the river, Clark County's median sales price appreciated 11.7%, with many neighborhoods far outperforming that.

The gains of recent years were not nuts, they were simply the result of a long-term decline in interest rates that made home ownership more affordable. That brought new buyers into the market who helped drive prices up. The typical household today spends just 19% of household income on mortgage payments. That compares with 22% in 1990 and 31% in 1980 when mortgage rates averaged nearly 14%.

If you are interested in knowing specifics of how your neighborhood performed, drop me a line at Gary4loans@aol.com.

