

*"We listen, we educate, then we perform like no one else in the industry"*

Preferred Financial

# NEWSLETTER



*A financial publication for our clients and friends*

## How Did We Stack Up?

(as of October 19, 2017)

### Freddie Nat'l Avg.—30 yr

3.880% with .5 points + fees\*

### Preferred Financial—30 yr

3.875% for No Points No Fees

### Freddie Nat'l Avg.—15 yr

3.190% with .5 points + fees

### Preferred Financial—15 yr

3.182% for No Points No Fees

### Fre17ie Nat'l Avg.—5/1 yr

3.330% with .4 points + fees

### Preferred Financial—5/1 yr

3.125% No Points No Fees

\*est. points + fees for a \$300,000 loan would approximate \$4,150.

## News and Notable

- ◇ The Federal Reserve raised short-term interest rates three times since December. "It reflects the progress the economy has made". Said, Fed chair Janet Yellen.
- ◇ Preferred Financial applauds their top lenders & insurers:

### Lenders:



### Insurers:



## IS PREFERRED FINANCIAL SPECIAL?

*"WE THINK WE ARE!"*

For many, September 22, 2017, came and went with little or no fanfare. Not so at Preferred Financial. We celebrated our 38th birthday and didn't miss a beat entering our 39th year. With interest rates still in the 3's, we are expecting to fund an additional \$100,000,000 in loans by year end, edging us ever closer to the 12 billion dollar (\$12,000,000,000) mark in total loan volume since introducing the "no cost" loan to the industry in 1990. Our success came quickly by putting the financial objectives of our clients ahead of any others. This may be most evident in our mission statement, "We

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In 2000, we formalized our "giving program" to those charitable organizations targeting the less fortunate and those supporting safety, security and freedom to us all. To date, we have personally donated over One Million One Hundred Five Thousand Dollars (\$1,105,000) to the cause. We couldn't have done this without your continued support. We're looking forward to our newest goal of \$1,500,000. That said, thank you so very, very much for putting your trust in all of us at **Preferred Financial** allow-

ing us to service your financial needs and attain our newest charitable goal. As we've said so many times before, we appreciate the risk you take when passing our name on to others who might benefit from our services. Our primary objective has always been to have those people ultimately thank you for that introduction. It's a simple concept upon which a very, very successful company, **Preferred Financial**, continues to grow. Once again, thank you so much for your referrals and please know:

**You're special too!**

## YOU CAN ALWAYS COUNT ON THE PREFERRED TEAM

Our newsletters always consist of original material created to help you navigate the pathway to financial wellbeing. This section was earmarked to introduce you to our insurance services division. It's been our best-kept secret since we wrote our first policy in 2014, and it continues to grow every month. However, the introduction is being delayed to recognize a special Preferred firestorm relief taskforce, led by my daughter, Lauren Bilich. With assists from Denise Huerta, Taylor Smith, Lizz Longden, Lauren & Marla Kreich (pictured above with my



dog Daisy), these women reached out to friends and clients for donations of food, clothing and funds, ultimately raising over \$2,500 in cash donations for purchases of goods. *They personally delivered 3 loads of food and clothing for the North Bay folks in need.*

## WHY UNDERSTANDING YOUR OPTIONS MATTERS

Most of our clients have received a variety of our educational spreadsheets over the years. The one below reflects four “no cost” loan options, one of which could offer a comforting assist to you in a challenging financial environment.

### Let's Take A Look

CURRENT LOAN:		
Loan Amount	~~~~~	350,000.00
Interest Rate	~~~~~	4.250%
Term (months)	~~~~~	30
Monthly Payment	~~~~~	\$1,721.79
1st Payment Due Date	~~~~~	9/1/2016
# of Pmts. Made	thru 10/1/2017	14
# of Months/Pmts. Remaining	~~~~~	346
Current Loan Balance	~~~~~	343,091.48
PROPOSED LOAN:		
Loan Amount	~~~~~	343,100.00
Interest Rate	~~~~~	3.875%
Proposed Term (months)	~~~~~	360
Monthly Payment	~~~~~	\$1,613.38
OPTIONS: (1) Payment ... (2) Savings ... (3) Cashout ... (4) "Apples to Apples comparison"		
1)	If you opt for the proposed loan, your monthly payment will decrease ....	\$108.41
	and will be paid in full after.....	360
	months rather than the time remaining on your current loan of .....	346
	months, or a total dollar savings of .....	\$14,921.17
	* (total payments remaining on current loan - total payments of new loan)	
2)	If you opt for the proposed loan and continue to make the same.....	
	monthly payment you are currently making .....	\$1,721.79
	then, your new loan will be paid in full after .....	320
	months rather than the remaining years on your current loan of .....	346
	This would equal a savings of .....	26
	months, or a total dollar savings of .....	\$44,766.53
	* (current monthly payment multiplied by # of months saved)	
3)	You can keep your current payment of.....	\$1,721.79
	and opt for the proposed loan with a new balance of.....	\$366,153.52
	which would be paid in full after.....	360
	months, and receive "cash in hand" of approximately.....	\$23,062.04
	* (this amount could be slightly lower due to "cashout" pricing)	
4)	If you wish to payoff your new loan in the same number of.....	
	months / payments remaining on your current loan .....	346
	then, you will have to make a monthly payment of .....	\$1,648.10
	"This will produce a more exact benefit of refinancing since the remaining term of both loans is exactly the same."	
	Given your current monthly payment of .....	\$1,721.79
	minus the payment calculated above .....	(\$1,648.10)
	generates your actual monthly savings of .....	\$73.69

Lots of options for sure. Too many? Not at all. Just another example of what Preferred Financial is known for.

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If any of these options have appeal, please give us a call and we can personalize them for you.. As a reminder, we have many spreadsheets clearly illustrating both advantages and disadvantages of taking a particular course of action with the goal of improving your overall financial wellbeing..... *We'd love to share them with you!*

## HAVE YOU RUN THE NUMBERS LATELY?

From a high of 4.375% for a 30 year fixed loan in 2016 (*which is still crazy low by any stretch of the imagination*), can you believe we are once again flirting with interest rates in the 3's? Volatility can be a friend, as it is today. Let's be smart about this and not let a potential opportunity slip through the cracks. Below you will find a variety of our "no cost" rates as of October 2017. Additionally, below you will find a section called **Some things to think about....** which is designed to get you thinking about how a decision to refinance today could impact your financial wellbeing tomorrow.

**"No Cost" Rates As Of October 2017**

Loan Program	>>	Int. Rate APR *	Loan		
			Amount	>>	Payment
30 year	>>	3.875%	\$300,000	>>	\$1,410.71
20 year	>>	3.625%	\$300,000	>>	\$1,759.21
15 year	>>	3.250%	\$300,000	>>	\$2,108.01
10 year	>>	3.125%	\$300,000	>>	\$2,914.16
5/1 adj	>>	3.125%	\$300,000	>>	\$1,285.13

  

Loan		
Amount	>>	Payment
\$400,000	>>	\$1,880.95
\$400,000	>>	\$2,345.61
\$400,000	>>	\$2,810.68
\$400,000	>>	\$3,885.55
\$400,000	>>	\$1,713.50

\*Interest Rate = APR when all non recurring closing costs are paid by Lender

### Some things to think about....

- ⇒ Is your current interest rate higher than 3.990%?
- ⇒ Want to pay off your mortgage in fewer years?
- ⇒ Are you considering a new home purchase?
- ⇒ How much longer will you live in your current home... Under 5 years? Under 10 years?
- ⇒ Have you considered purchasing a second home or an investment property?

- ⇒ Is your home in need of renovation?
- ⇒ Do you have a plan to pay off your revolving debt?
- ⇒ Is cash flow a top priority/necessity?
- ⇒ Do you have a HELOC ready to reset to a shorter term, fully amortized loan?
- ⇒ Is your mortgage compatible with your retirement plans?

If you find any of the current rates attractive and you have reasons to consider a refinance, please give us a call. There are way too many scenarios to highlight in this publication, but rest assured we will be happy to prepare a personalized analysis that will give you a variety of options for your consideration. Remembering of course, that at Preferred Financial..... *"We listen, we educate then we perform like no one else in the industry"*

## MORTGAGE RATES PREDICTIVELY VACILLATE YET CONTINUE TO PRESENT INCREDIBLE OPPORTUNITIES....DON'T MISS THEM!

Volatility is simply part of the bargain when dealing with interest rates. Here's a snapshot since 2013. As of this publication, our "no cost" rate for our average 30 year loan is 3.875%. This is a rate that can save many of you hundreds, even thousands of dollars each year. If your rate is above this, do yourself a favor and give us a call to discuss your options. Definitely no telling where rates are headed, but now's surely a good time to improve your overall financial wellbeing.

**"No Cost" Interest Rate**

Year	Low	High
2013	3.375%	4.375%
2014	3.875%	4.500%
2015	3.750%	4.250%
2016	3.375%	4.375%
2017	3.625%	4.375%

APR = Note Rate (No Cost/No Fee Loan)

## INDUSTRY UPDATES

### REVERSE MORTGAGES ... BETTER THAN EVER? ... ABSOLUTELY!

The reverse mortgage has been around for over 60 years and has long been the subject of much criticism and controversy. From the early 60's to the early 80's, these mortgages were made available through a few Savings & Loan Associations and some "rogue" lenders. There was zero standardization of the product, allowing lenders to create their own terms and conditions, most of which favored themselves at the expense of the borrowers. The government got involved in 1983 when the Senate gave approval to have reverse mortgages insured by the Federal Housing Administration (FHA). It was during the Reagan administration when HUD was granted authority to insure these mortgages through FHA. The first few FHA-insured Home Equity Conversion Mortgages (HECM) were issued by 1990. Since then, the government has orchestrated a variety of changes and embellishments to the product to where today it has become a very valuable financial planning tool for our aging population. Nowadays, more lenders are offering the government-insured HECM more competitively than ever. Our chart highlights some of the features making us more excited now than ever before about reverse mortgages. However, it remains a complicated product that requires careful consideration before any commitment is made. Please give us a call with any questions you have, remembering, of course, at Preferred Financial, *"We listen, we educate then we perform like no one else in the industry"*

- ⇒ As a lump sum, in cash at settlement
- ⇒ As an annuity, with regular cash payments
- ⇒ As a line of credit, similar to a HELOC
- ⇒ Or, a combination of any of the above

### VETERAN'S ADMINISTRATION LOANS (VA) A RELIC FROM THE PAST OR OPPORTUNITIES GALORE?

**Answer: Opportunities galore!** The VA home loan program was created in 1944 as part of the original Servicemen's Readjustment Act, better known as the GI Bill of Rights. While beneficial then, the drawbacks included limited loan amounts and 20 year amortizations. Unfortunately, that's how many Veterans still perceive the program. Our chart to the right highlights some of those special features that make VA loans so attractive today. If you are a qualifying Vet or "might be", please give us a call. We'll answer questions, check your eligibility and of course get you a great loan. On the other hand, if you're not a Vet, I'm sure you know many. Do them a favor by suggesting they give us a call. Take the opportunity to thank them for their service, while knowing we'll be "listening, educating and performing" just as we have for you.

- ⇒ Loan amounts to \$636,150+
- ⇒ Relaxed eligibility requirements
- ⇒ 100% loans
- ⇒ 30 year fully-amortized loans
- ⇒ Rates more competitive than conforming

**"We'll be thanking them for their service as well."**



## FREQUENTLY ASKED QUESTIONS

◇ Can Preferred Financial help me buy or sell a residential home?

**Answer:** Absolutely! All of our agents are licensed by the California Bureau of Real Estate to conduct real estate transactions. Several of our more-seasoned agents are Realtors and thus can assist you in even more ways. Call us with any questions you might have regarding any aspect of a real estate transaction. Happy to assess each and every one.

◇ I know Preferred Financial "no cost" loans are incredible in refinance transactions. But, are they available in a purchase transaction?

**Answer:** Yes! We do "no cost" purchase loans all the time. And, the benefits can be even greater than you might expect.

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**NMLS # 183821**

Please visit our new website at [www.preferredfinancial.com](http://www.preferredfinancial.com) for information, charts, calculators and much more.