



This Month's Equity Strategy

Commodity vs. Unique Experience



Jim Krieger
Senior Loan Officer

**"YOU WILL GET
EVERYTHING YOU
WANT IN LIFE, IF
YOU WOULD HELP
ENOUGH OTHER
PEOPLE TO GET
WHAT THEY WANT
IN LIFE"**

-Zig Zigler

My Success is determined by seeing You, your Friends and Family be successful. Thank you for your past and continuing support by sending me your business and referring others.

Office: (206) 273-7979
Fax: (206) 770-6145
Cell: (425) 770-0361
E-mail:
jim@abidecorp.com

Happy 2007! Abide Corp is excited about the upcoming year and we are looking forward to working with you in building your Real Estate Equity Portfolio.

When consulting with clients I always find that when I share my experience with past clients in similar situations, it helps them make a more educated decision. What we have decided to do this year is to highlight an actual transaction that closed the month prior. These transactions will have unique situations and will reveal to our clients creative solutions that may help them.

This month's "unique experience" started on Dec. 8th, 2006. I received a phone call from a past client who was feeling uncomfortable after signing loan documents for a refinance with a competitor. He had received my newsletter and decided to call me for advice. The client was concerned that the loan he had signed on was not the loan that he thought it would be. The original numbers quoted were not the numbers he saw at the signing table. The lender was from another state and the entire transaction was done over the phone

with a loan officer he had never met and didn't know. I asked him a couple questions about the loan documents and what type of loan it was. He told me the loan officer could get him an interest rate as low as 1% and he was attracted to that payment.

Immediately, I recognized this as a pay-option ARM which means that he would have the option to pay less than interest and no principal each month. This would increase the principal balance which is called Negative Amortization. After asking a few more questions about his current income status and future potential income, we agreed that this was not the right loan at this time. His real goal was to increase cashflow temporarily until securing new employment. The client decided to rescind on the current loan documents and Abide Corp refinanced him into a 30 year fixed with an interest-only option.

The client's expectation was to have the new loan closed by the end of December.

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Once Abide Corp received all the Borrowers documentation, we were able to Fund the loan in 7 business days. This increased his monthly cashflow and saved him tens of thousands of dollars in interest. The 'unique experience' that this client received exceeded his expectations. By meeting his goals quickly and giving personal service, he realized the value of the unique experience versus the commodity.

Wait to Pay Off Your Mortgage

Many homeowners dream of the day when their mortgage is finally paid off. They look forward to not making any more house payments and having the satisfaction of owning their home free and clear. Some homeowners try to use aggressive tactics to pay off their mortgage--tactics like having a 15-year term on their fixed-rate mortgage or a bi-weekly mortgage. But some mortgages carry pre-payment penalties which are fees you have to pay for paying off your mortgage early.



And while paying off your mortgage is a worthwhile financial goal, sometimes, it may not necessarily be the best use of your money, depending on your circumstances.

If your employer offers a match to your 401k, then it might be a smarter use of your money to put more toward your 401k account. These are pre-tax dollars that will be saved for you when you retire and will help ensure your financial stability in the future.

You may have lots of high-interest credit card debt that you need to pay off. Your money may be better spent paying down your debt. This could have a positive effect on your credit and lead to a lower interest rate should you need to refinance for any reason later on or apply another loan for, say, a car.

Plus, the interest rate on your credit card may be as high as 15, 20, or even 30 percent whereas the interest on your mortgage is probably around seven percent or less. Interest on your mortgage is tax-deductible*, according to Uncle Sam. Interest on your credit cards is not. Better to pay off your credit card debt with non-tax-deductible interest first.

Paying down your high-interest credit card debt, contributing more toward your 401k or other higher-return investments, or even saving money for things like your children's college tuition may be better uses for your money than paying down your mortgage. While it depends on your individual situation, you should think about all the other ways you could use your money. After all, it's your money and your decision.

*Please consult your tax advisor

Home Tax Deductions

The federal government wants more Americans to own their own homes, so it has created the following forms of home tax deductions as incentives:

Mortgage interest and property tax

You are able to deduct your property taxes and mortgage interest on loans of one million dollars or less. Your mortgage interest is the percentage of your monthly mortgage payment that goes toward paying the interest on the loan. This amount can be written off on your income tax as a home tax deduction, thereby lowering your tax bill. Be sure to check with your accountant to make sure you get the savings you're entitled to.

Proceeds from the sale of your home

As long as you have lived in your home for at least two of the five years immediately before you sell it, you don't have to pay taxes on any of the profit from the sale, unless that profit exceeds \$250,000. If you are married and filing jointly, then you can claim a home tax deduction of up to \$500,000 from the sale. Again, check with your accountant to make sure your deductions are calculated accurately.

Owning a home can be personally fulfilling. Home tax deductions make it financially fulfilling as well.



Title Insurance Basics

Title insurance is a form of insurance that is designed to protect lenders and property owners from any potential hidden claims against a property. If, for example, you purchase a home and later someone contends the sale was invalid, title insurance protects against any possible resulting losses.

Two main types

There are two main types of title insurance. The first is the type that lenders require you to take out when you apply for a mortgage to protect themselves against any potential loss on the loan amount as a result of title issues. This insurance expires when the loan is paid off. The second is personal title insurance that is designed to protect you, the buyer, against any such losses. While optional, it is advisable as it protects your own investment interest. Personal title insurance remains in place the entire time you own a property.

Why it's important

Whenever property is bought or sold a title search is conducted to ensure that the person making the sale is the legal owner. Occasionally, however, oversights can occur. Perhaps the owner has unpaid property taxes and the local county has put a lien on the property. Or maybe the property is co-owned by a seller's ex-spouse and he or she neglects to have this person sign the deed transferring the title. In cases such as these, if a dispute occurs because a title search was faulty, title insurance covers the cost of settlement and any ensuing legal fees.

Cost involved

The cost of title insurance varies greatly depending upon where a property is located, its price and the extent of coverage. In some states, it may pay to shop around as title insurance premiums may vary between insurance companies. In others, however, rates are established by the state and may not be negotiable. The good news is that, unlike regular home insurance where you are charged an annual premium, you have to pay for it only once, at the time of closing. (The exception is if you refinance your mortgage. You will need to pay again for a new title insurance policy, although you may qualify for a cheaper "reissue rate.")

Who pays?

Who pays for title insurance is open to negotiation. In a strong seller's market, you can make your offer more desirable by offering to cover the cost. Conversely, in a strong buyer's market, a seller may offer to pay for title insurance to sweeten the deal.