



## Mortgage News

### Home Buyer's Down Payment FAQs

With today's combination of lower home prices, some of the lowest interest rates the industry has ever offered, and the \$8,000 tax incentive for first-time buyers, buying a home has never been so attractive. The only real hurdle left for many Americans is coming up with a down payment. With this in mind, we've put together some of the most frequently asked questions we get about down payments in today's market.



#### Q. Are there any no-down payment programs left?

Yes. While it's true that most of the popular no-down payment programs disappeared in the wake of the subprime mortgage collapse, there are still two longstanding government-backed programs that offer mortgages with no down payment: the USDA Rural Development Program and the VA Loan Program.

A USDA Guaranteed Loan is a government-insured, 100% purchase loan. This means there is no down payment required if you – and the house you intend to buy – qualify for the program. Not all areas qualify, but you'd be surprised at how many neighborhoods in your area do. There are income and other limitations, but if coming up with a down payment is challenging, you might want to consider this program.

If you or your spouse is a military veteran, you may qualify for a 100% financed loan from the US Department of Veterans Affairs. More than 29 million veterans and service personnel qualify for this service benefit. Give us a call to find out if you're one of them.

#### Q. Are there any other government-insured programs that can help someone struggling with a down payment?

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## Finance News

### A Tough Climate for Teen Employment

Summer jobs have always been a great opportunity for teens not only to make a little extra money, but to gain some valuable work experience, and to get a good feel of the responsibilities and expectations that await them in the years ahead.

Unfortunately, today's teens are facing a tough economy that will directly affect their employment prospects this summer. At the time of the writing of this article, unemployment is at a 16-year high. In fact, more jobs were lost last year than any year since 1945.



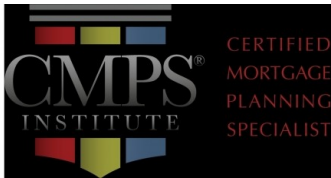
This means competition for jobs, even part-time or seasonal employment, will be extremely fierce, and much more so than when you were their age. Reports suggest that there are now three applicants for every one employment opportunity available.

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## Did You Know?

Giraffes can live longer without water than camels.

When it comes to a job interview, how you answer your interview questions is the key to your success. Don't get blindsided. Practice answering potential questions with a family member or friend. Here are a few common questions:

**Tip 1:** What did you like/dislike most about your previous job?

**Tip 2:** How would you describe your manager/boss?

**Tip 3:** How would your co-workers describe you?

**Tip 4:** How do you define success in your job?

**Tip 5:** What has been the most difficult situation you have faced?

## Mortgage News *(Continued from cover)*

Yes. In 1965, the federal government created the FHA loan programs to encourage homeownership throughout the country. FHA-insured mortgages offer many benefits, including a minimum down payment of 3.5%. FHA-insured loans have grown in popularity recently due to the seller's ability to pay closing costs up to 6% and a temporary increase in loan limits up to \$729,750 in certain high-cost areas, which allows more potential buyers to utilize this program.

### Q. May I use a gift from family members as part of my down payment?

Yes. In many cases, immediate family can provide monetary gifts to be used as a down payment. There are restrictions of course, and strict documentation will be required, but we will gladly walk you through the finer details of this process. Be sure to mention this option when you're filling out an application with us.

### Q. May I use funds from my IRA for my down payment?

Yes. First-time home buyers can use funds from an IRA under certain circumstances for a down payment. The rules regarding this option, however, can be complicated, especially with a Roth IRA, and it's important to understand any and all tax implications before tapping into these accounts. Please talk to your tax professional before making any decisions. If you don't have one, we'll gladly refer you to one we work with on a regular basis.

### Q. May I use the \$8,000 tax credit as my down payment?

No. At the time of the writing of this article, qualified first-time home buyers do not have direct access to the \$8,000 credit to use as a down payment. In May, HUD officials made an announcement to the contrary, but statements backing the announcement were quickly withdrawn from the HUD website. This doesn't mean that HUD and lawmakers will not allow this in the future. We're following this issue closely and will let you know if anything changes. Just keep reading our newsletters and other materials we send to you or give us a call and we'll let you know if any progress has been made.

## Finance News *(Continued from cover)*

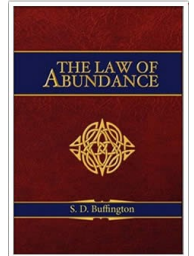
With this in mind, now might be a good time to prepare your kids for the challenges they will certainly face. And while a pep talk is helpful, start early and guide them through every step of the process. Remind them that, as diligent and determined as they might be, it's just possible that, despite their best efforts, they may not be able to get a job at all.

The good news is that your kids have access to more employment resources than you had. Beyond the classifieds, school counselors, and your networks of family and friends who might be able to help in your search, the Internet offers a wealth of social media and networking resources, like Linked-in®, Facebook, and Twitter, that can help them expand their contacts and their search capabilities - plus many kids today have already mastered the use of these websites and know how they work.

Other great places to look online are websites like [Teens4Hire.com](http://Teens4Hire.com) and [SnagAJob.com](http://SnagAJob.com) which are dedicated to matching teens to the right employers. Just remember, other savvy teens have access to these tools as well, so you don't want to wait.

## Book Review

### ***The Law of Abundance*** by Sherry D. Buffington



The Law of Abundance takes a scientific approach to answering the questions so many of us have about success and failure. Based on the premise that all things are energy, this book examines how energy impacts the lives, work, and relationships of all people all of the time. More importantly, the book demonstrates how the proper application of energy can create tangible results, thanks to a 5-part formula to help harness the energy that leads to wealth, health, happiness, achievement, and great relationships – an abundance that changes lives.

***The Law of Abundance*** is available at [www.thelawofabundance.com](http://www.thelawofabundance.com).

## Trivia Challenge

**If you were visiting the Mosquito Coast, which country would you be in?**

- A. Honduras
- B. Ethiopia
- C. Kenya
- D. Egypt

Call (313) 580-2982 or email us at [patrickberns@comcast.net](mailto:patrickberns@comcast.net) with the correct answer, and your name will be entered into our quarterly drawing to win dinner and movie tickets for two!

## Quote of the Day

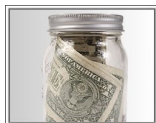
*"Energy and persistence conquer all things."*

—Benjamin Franklin



## Street Smarts

### How to Save Money Without Noticing



Are you sick of worrying about the budget and how you're going to cut back and save even more? Well, don't worry. Here are

3 easy ways to save some cash without even noticing:

Upromise (<http://www.upromise.com>) and other programs like it allow you to accumulate savings for a college fund when you purchase items you already buy with registered store cards or credit cards. The best part – there are no sign-up or association fees.

You could save hundreds each year in bank fees simply by using your own bank's ATMs. If you have a debit card, you can also get cash back at the grocery store and other places and you won't get charged fees for accessing your own money.

Finally, one of the easiest ways to save money without cutting back is by keeping only the minimum balance in your checking account. Deposit everything you earn in to a high-yield savings account. Then transfer money for free online to cover any checks you write. This way you're earning interest on the money you've earmarked to pay your bills.



If you're looking for a quick, inexpensive and great-tasting meal, this is it!

## Home News

### The Strongest and Weakest Housing Markets

By Louis Jones, *Kiplinger's Personal Finance*, [www.kiplinger.com](http://www.kiplinger.com)



It's no secret that the real estate market has been hammered. Nationwide, median home values dropped 18% in 2008, according to the most recent data from Fiserv Lending Solutions, a home-price research company. And in markets such as California's Central Valley, where speculative building has yielded more homes than jobs, prices are down 30% to 38%.

In a few pockets of the country, though, home values have held their own, and some have even seen slight increases. The best place to own a home right now? Texas. Relatively conservative lending practices in the Lone Star State have buttressed homeowners from the worst of the subprime-mortgage mess. Additionally, Texas has a vibrant and diverse manufacturing sector, which has kept unemployment – and foreclosures – low.

The hardest-hit metro areas have been in the Central Valley and the Southwest, where speculative building and subprime loans a few years ago inflated the housing bubble. Now, the recession and job losses are pushing more homes into foreclosure. In turn, foreclosure bargains are luring new home buyers into the market and increasing number of sales but dragging median home values further down.

To see the ten metropolitan areas where median home values have increased the most, take a look at our slide show, [Ten Cities With Rising Home Values](http://kiplinger.com/tools/slideshows/slideshow_pop.html?nm=HomeValuesIncrease) ([http://kiplinger.com/tools/slideshows/slideshow\\_pop.html?nm=HomeValuesIncrease](http://kiplinger.com/tools/slideshows/slideshow_pop.html?nm=HomeValuesIncrease)). And to see where home values have dropped the most, check out our slide show, [Ten Cities Where Home Prices Have Plummeted](http://kiplinger.com/tools/slideshows/slideshow_pop.html?nm=HomeValuesDecrease) ([http://kiplinger.com/tools/slideshows/slideshow\\_pop.html?nm=HomeValuesDecrease](http://kiplinger.com/tools/slideshows/slideshow_pop.html?nm=HomeValuesDecrease)).

Researching the top ten cities where home values increased in 2008, we identified a few characteristics of successful real estate markets. Not every city on our list shares all of these characteristics, but a combination of them has spelled success for many metro areas.

**A diverse set of industries.** When a community relies too heavily on one sector, changes in that industry can be devastating to the local economy. A solid blend of midsize manufacturing and retail companies minimizes unemployment and keeps the local economy stable.

**A college or university.** In State College, Pennsylvania, for example, Penn State University is the local economy's lifeblood, keeping housing prices on an even keel. But even in towns without major universities, smaller community colleges can provide secure jobs and attract home buyers.

**A major hospital.** Health care is one of the few industries still growing during the recession. Hospitals, especially regional ones, provide lots of jobs over large areas and help to stabilize housing values.

**A strong community of retirees.** While this doesn't hold true for all cities that attract retirees (see Naples, Florida, in our list of the ten most depressed housing markets), it does in College Station, Texas and Kingsport, Tennessee, where retirees buy homes and give local economies a boost.

#### Ingredients:

- 1 lb. Dried pasta, preferably farfalle or penne
- 1 lb. Sweet Italian sausage, casings removed
- 1 Bunch (approx. 1 lb.) broccoli rabe, rough ends trimmed then cut in half crosswise
- 2 to 3 Garlic cloves chopped fine
- 1.5 Tbsp extra virgin olive oil
- 1/4 Cup parsley, chopped
- 3 Tbsp unsalted butter
- Kosher salt
- Grated Parmesan cheese

#### Directions:

Bring a large pot of water to a rapid boil and season liberally with kosher salt. Blanche the broccoli rabe for 2½ minutes, remove with tongs, and allow it to drain in a sieve. Once water returns to a boil, add pasta and cook until al dente. Drain pasta in a colander, reserving 1½ cups of the cooking liquid. Meanwhile, in a skillet heat olive oil and add sausage meat. When sausage is nearly cooked, add garlic and sauté for an additional 2 minutes. Add 1 cup of the reserved pasta water and bring to a simmer. Add pasta, broccoli rabe, parsley and butter. Mix until butter is incorporated. If pasta is too tight, add remainder of the pasta water and mix again. Serve in bowls, and garnish with grated parmesan. Serves 4.

## Facts and Figures

### Discretionary Spending Redefined



In a tough economic climate, tighter budgets mean cutting back on discretionary spending. A recent survey from the National Retail Federation (NRF), however, offers some fascinating insights as to what that really means.

**Internet Service** – Six or seven years ago, spending on the Worldwide Web may have suffered significantly in a tougher economy. Not anymore - 81% of respondents of the NRF survey said they are willingly trapped in the Net.

**Cell Phone Service** – Cell phone service plus extras, like text messaging, music, ringtones, and software applications, can really start to add up. Nonetheless, 64% of respondents of the survey won't be hanging them up.

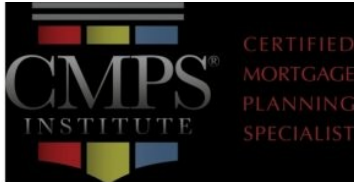
**Cable TV** – Bundling services like cable, Internet, and phone can save a little money each month. Maybe that's why 61% of survey respondents said they won't cut the cord on cable any time soon.

**Hair Care** – Looking our best apparently outweighs the expense. This means shaving the hair-care budget won't be happening for a solid 40% of survey respondents.

**Dining Out** – Whether it's fast-food or sit-down dining, going out for your meals can really eat away at your budget. But according to the NRF's survey, 37% of respondents still have a super-sized appetite for fast-food and one-third has no reservations against sit-down dining.



*If you know anyone who is looking to buy, sell or refinance a home, please forward their name and telephone number to us. We will happily provide the same high level of service that we have provided to you. The greatest compliment you could possibly give us is the referral of your friends and family.*



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