

## RateWatch...

By Michael Wielgus - *Vice President*

With uncertainty concerning the war in Iraq behind us the downward pressure on the stock market has eased, however investors still remain more heavily invested in bonds due to domestic economic concerns. This should keep interest rates low, at least in the short term.

The quick victory in Iraq, which the market expected, has not provided the kick to the stock market that everyone was looking for. However we can expect investment capital to flow from the bond market to stocks, causing a minimal jump in interest rates. No one expects a return to the exuberance of the late 90's, however. The investing public learned the lesson of the bubble economy, and portfolio managers will be looking for a steady 8-10% return, year over year. These moderate expectations will give the bond market

some buoyancy; so after that first brief rise in interest rates, expect them to level off once again.

Now that the Iraq issue is resolved, investors are going to look more closely at the economic data to determine whether there is any risk of inflation, and if bonds are still a good investment.

If economic data continues to be weak, look for the current downward pressures on interest rates to continue.

Nevertheless, rates are currently at a 40-year low, so there is very little room for downward movement. The bottom line is, if you have not yet refinanced, now is definitely the time to lock in on a historically low fixed rate, before the geopolitical uncertainty is resolved, and rates swing back up.



# MQ Meridian Quarterly Report

Issue 2 • June '03

2636 Nostrand Avenue  
Brooklyn, NY 11210

Tel: 718.377.7900  
www.greatrate.com

## Get a Great Rate on a home loan... at [www.GreatRate.com!](http://www.GreatRate.com)

**MERIDIAN RESIDENTIAL** has always been your most reliable resource for the best rates and service on residential mortgage loans. And for the last two years, **MERIDIAN'S** website, [www.greatrate.com](http://www.greatrate.com), has made it even easier to get a great deal on the loan you need.

But now, after two very productive years online, our website has been completely revamped and thoroughly expanded to provide additional information, easier navigation, and valuable features made possible by the latest advances in web technology.

For example, GreatRate.com's Rate Finder, powered by proprietary, patent pending technology, instantly scans **MERIDIAN'S** database to find the best rates for purchasing or refinancing loans; for single-family homes, condos, co-ops and multi-unit properties; and for owner occupied use or investment. This powerful feature offers side-by-side comparisons of 15 and 30 year fixed rate loans, as well as 3-, 5-, and 7-

year adjustables, with the option of paying 0 to 2 points. The Finder can even indicate a loan's APR, and a detailed itemized breakdown of closing costs and monthly payment.

Though one of the most powerful mortgage tools on the web, Rate Finder is just the beginning. The website also provides a number of valuable resources, including a multitude of informative FAQ's, covering every topic from Loan Programs, Rates, and Fees; to personalized information regarding Your Application; Your Property, Closing and

Beyond. The site offers useful mortgage calculators, to help you decide whether to buy or rent (it takes *everything* into account), whether to borrow for 15 years or 30, if refinancing is a good idea, and if points are right for you. There's even a calculator to show you exactly how much time you will shave off the duration of your loan by making additional principal payments.

In addition, there's a comprehensive glossary—it ranges from *Abandonment* to *Zoning*—of real estate/mortgage terms so you can find, and understand, the information you need. Best of all, the site is designed for easy navigation, so you'll spend your time learning the information you need—not looking for it.



## Meeting Michael Pinter Vice President / Closing Director

**MQ meets with Michael Pinter, our Vice-President/ Closing Director, to learn more about how the process of getting a mortgage from Meridian works.**

**MQ:** Please describe some of the duties associated with being the Vice President/ Closing Director?  
**MP:** When we make a loan to a borrower, we generally sell the loan to what is known as the secondary market. The secondary market is a group of institutions such as Fannie Mae, Freddie Mac and various Wall Street firms. We prepare all the documents in our name and hold the loan for an interim period before it is sold. My

continued on page 2

Tel: 718.377.7900

[www.greatrate.com](http://www.greatrate.com)

**MERIDIAN'S**  
Average 15 Year No Point Rate  
This Past Quarter was  
**4.875%**

**MERIDIAN'S**  
Average 30 Year No Point Rate  
This Past Quarter was  
**5.375%**



2636 Nostrand Avenue  
Brooklyn, NY 11210

PRSR STD  
U.S. Postage  
**PAID**  
Meridian  
Residential Capital

## In This Issue:



Get a Great Rate  
on a home loan...  
at GreatRate.com!



Meeting  
Michael Pinter



RateWatch



Versailles  
Project



Ten-Year  
Anniversary

continued on page 2

**MERIDIAN**  
RESIDENTIAL CAPITAL

continued from front cover "Meeting Michael Pinter"

department prepares and coordinates the loan's closing and the sale of the loan.

**MQ: When it comes to closing costs, what should a borrower expect?**

MP: There are the lender fees, the title fees; the prepaid expenses like interest and escrow fees. There's no textbook formula to figure it out; industry standard is 3%, but there are a lot of variables. When are the taxes due, which state and county the property is located in, is there an assignment (**note:** see mortgage workshop for a full definition of assignment), are there points; those kind of issues affect closing costs. My department works to make sure the loan officer is aware of all closing costs and relays that information to the borrower.

**MQ: I imagine so much could go wrong at closing. How best should a client prepare?**

MP: The best thing a client can do to prepare is to make sure to find out from our loan officers all the closing costs and title issues up front. That way, if something comes up, you're prepared and can deal with it sooner rather than later—before it becomes an issue. When I purchased my home, I thought I knew what my costs were going to be. In the end, they were considerably more than I expected. Of course, that was before I worked for Meridian (laughs). I always ask my closers to provide worst-case closing cost scenarios.

**MQ: What's the best advice you give prospective homebuyers**

MP: To find a loan officer who is honest with you, ask all the questions you can and learn as much as possible.

**MQ: Borrowers sign stacks of documents at closing. Why?**

MP: Certain documents are a necessity in order to properly record the mortgage, such as the mortgage itself and the note. Others are disclosure documents mandated by state and federal laws to protect the borrower. Also, because loans may be sold, a lot of documents are signed in duplicate.

**MQ: How long should a loan-closing take?**

MP: Anywhere from half an hour, to three hours or longer. If it is a regular refinance transaction, about a half hour; really, it all depends on how fast you can sign your name (laughs). If it's a sale, there may be negotiations at the table; we've seen anywhere from one hour to three.

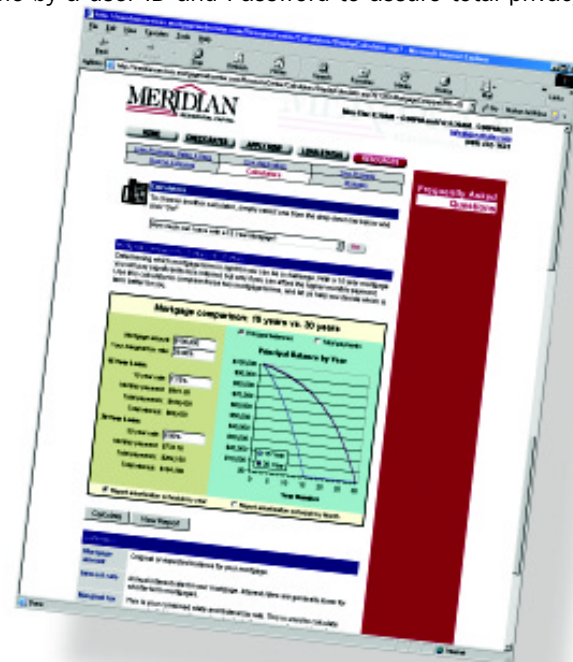
**MQ: Thank you for your time.**



Michael Pinter

continued from front cover "Get a Great Rate..."

The most convenient new addition to GreatRate.com is the easy-to-use instant pre-approval and online application system. Powerful and user-friendly, borrowers can effortlessly apply online and receive instant pre-approval. Then they can follow the process of an application, receive real time status on a pending application, receive emails regarding loan status, and view and download a copy of property appraisals and loan commitments. Borrowers can even lock in interest rates online! All this occurs within a totally secure environment, protected by the highest level of encryption, and accessible by a user ID and Password to assure total privacy.



Greatrate.com is a convenience for individuals who are confident they can apply for a loan without the traditional borrower-broker relationship. For them, the convenience of applying at their convenience is a premium. And when they wish to speak with a representative, a simple call is all that is needed to be in touch with the broker handling their application. Other clients who work solely with a representative—as opposed to the online process—may use Greatrate.com's online tools as a powerful information resource along with the expertise of our highly informed and professional staff.

All our customers can use Greatrate.com as a valuable resource that enables them to expedite the loan process. By combining cutting edge technology, top-level customer care and the expert personal attention for which MERIDIAN is known and respected, Greatrate.com is just one more reason why MERIDIAN RESIDENTIAL remains an acknowledged first choice in mortgage loans.

## Mortgage Workshop: "When does it pay to refinance?"

With interest rates on residential properties at historic lows, and falling daily, one of the hottest topics in the business is mortgage refinancing. Nevertheless, the question of when exactly to refinance remains confusing.

In the past, experts have generally used a rule of thumb—when rates drop 2%, it's time to refinance. Several factors, however, combine to make that rule obsolete. Firstly, that rule was designed for much smaller mortgages, based on decades old housing prices. The bigger the size of a mortgage, the more saved by lowering interest rates—meaning one might save money on a much smaller rate cut. But today, with so many options available, it's nearly impossible to make worthwhile generalizations about rates and refinancing. The trick to making an educated decision is calculated the refinance closing costs and dividing that sum by the monthly savings achieved through the refinance. If a borrower can recover those closing costs in a reasonable amount of time, say between three and five years, it's probably worth it.

For instance, a customer might, in the process of switching from a 30- to 15-year mortgage, end up with a higher monthly payment; yet still realize huge savings in the long run. Another, might refinance, maintaining the same mortgage duration and payments, but receive a large cash sum due to lower rates and an appreciated home value. And then there's the classic lower rate, lower payment, mortgage refinance.

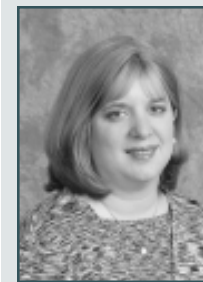
An important consideration is mortgage tax. Mortgages for properties in New York State are

subject to a 3/4% tax, and 1.75% in New York City—though it is possible to sidestep this tax with what is known as an assignment, or a consolidation and modification. An *assignment* is a transaction where your current lender agrees to *assign* the existing recorded mortgage to the new lender, who *modifies* the terms of the existing loan. Since the tax applies only to *newly recorded* mortgages, if you refinance, and your lender performs an **Assignment**—thereby avoiding recording a new mortgage on your property—you can successfully eliminate the tax.

There are several issues involved in this procedure. First, your bank is not obligated to assign the current loan to a new institution, though, as a courtesy, most banks will. However there is usually a fee from your bank and from the bank accepting the loan. In total, you can expect to pay anywhere from \$500-\$1500 in bank and legal fees when performing an assignment. Also, since it is a courtesy, assignments are usually not a priority, and may take time to complete. Still, despite the drawbacks, mortgage taxes can run several thousand dollars, so even with the fees an assignment is probably worth it.

Evidently, deciding when and, more importantly, how to refinance can be confusing—but it can be lucrative. So to make the most of these historically low rates, talk to a Meridian representative today to discover if refinancing is right for you.

## Ten-Year Anniversary



Debbie Friedman

This month marks an exciting date for MERIDIAN RESIDENTIAL and Debbie Friedman, one of MERIDIAN'S loan officers. For the past ten years, Debbie has been a dedicated, hardworking member of the MERIDIAN family, with a long list of happy clients, and a history of consistent success in the face of change.

"When I started in the industry, only a few loan programs existed, and if you didn't fit into one

of them, you didn't get a mortgage. Now, we have so many options available. If I work hard enough, I can get anyone a loan."

When asked what about the secret of her longevity, Debbie's answer is simple: "There is no secret. I just love helping people, and I love my job."

## Versailles Homes

One of MERIDIAN'S latest and most exciting projects is The Versailles—a collection of thirty-five newly constructed, luxury condominiums nestled within a gated community in Nanuet, New York. Like any gated community, exquisite detail is prevalent. It makes sense therefore, that MERIDIAN RESIDENTIAL has been chosen as the exclusive mortgage representative for potential buyers in the Versailles community.

Indeed, each Sunday, as the gates of Versailles are swung open to greet potential residents, Michael Pfeifer, the MERIDIAN RESIDENTIAL representative who spearheaded MERIDIAN'S Versailles relationship, is on hand to answer questions.

To date, about twenty of the thirty-five condo units have been sold, and a majority of the mortgages are being arranged by MERIDIAN. While all of these potential buyers have been approved, few share the same qualification criteria: from 50% down to 5%, good credit, bad credit, high income to no income. In fact, the only trait each of these mortgages share is the MERIDIAN name on top. Nevertheless, MERIDIAN RESIDENTIAL has closed every loan within three and a half weeks—fast enough to lock in today's low rates, before they become yesterday's news.



Michael Pfeifer