

Kirkland Financial Center

Real Estate Finance - Investment - Insurance - Annuities

Stressed about Rates? RELAX! Here is Some Perspective

We've all heard people talking about "soaring rates" that are "just going to keep going up!" Some may even point to the double-digit rates we saw in the '80's and say that's where we're headed. Stories, speculations and drama are all subjective and pointless but for entertainment purposes...

Here's the truth. The charts below reflect the 30-year fixed mortgage rates over three time spans. Why are we

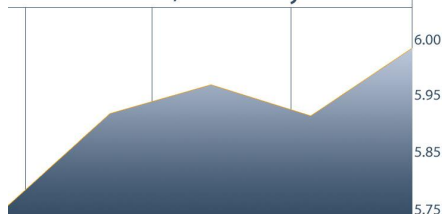
showing you these?... NOTICE that the more you restrict your timeframe, the more dramatic the swings appear to be. In reality, the rates are lately doing what traders call a "dead cat bounce" off of what is close to a century low. Rates can very reasonably be expected to rise before finding "resistance" from which they may resume the prevalent downward pressures.

Interest rates will continue to be

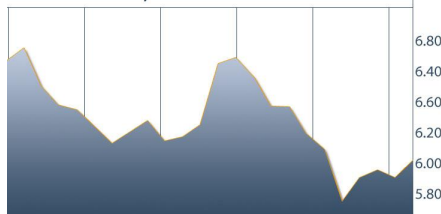
volatile, which will naturally jangle the nerves of an already nervous public, and send journalists into a frenzy as the demand for justification swells... but, as the dust settles, rates are extremely unlikely to rise above the 2007 levels (6.35% average on a 30 year fixed), and quite likely to turn back to approach previous lows again.

- David Donhoff

Five Months, Jan - May 2008



Two Years, 2006 - 2008



Ten Years, 1998 - 2008

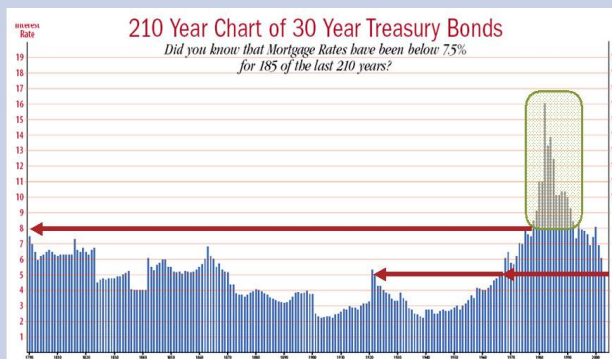


From *A Call to ARMs* by Barry Habib

"They say a picture is worth a thousand words. The chart here may be worth thousands of dollars. Over the past 200-years, interest rates on the US 10-year Treasury Note have, for the most part, remained fairly tame. The average has been close to 6%, but many fear the chance of runaway double-digit rates.

"Rates have remained in the single digits for all except 8 of the 210 years shown here. The rampant inflation of the late 1970's had to be reigned in. So rates were pushed higher during the 1980's. The result...low inflation and rates over the years leading to the present time. The lesson learned by the Fed was to use an ounce of prevention instead of a pound of cure. In other words, the Fed acts quickly now to hike rates a little so that inflation will remain in check, which helps keep rates from running significantly higher. The sky-high rates of the early 1980's will probably never be seen again."

(View this chart larger at www.KirklandFinancialCenter.com/210years.asp)



Rates have remained in the single digits for all except 8 of the last 210 years



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Motivating Strategies

- Ask a friend or family member to come by every day and perform your new activity with you.
- Promise yourself a reward for each time you stick to your plan.
- Announce your new habit to someone that you would not want to disappoint, and make adopting that habit a promise to them.
- Spend a little time each day thinking about why you think your change is important and what the long-term effects of adopting it will be. Visualize your success.

- Make it difficult to not do the new habit—set up obstacles so that it is impossible not to do.
- When you think about performing the habit, follow through and just do it (instead of only thinking about it).
- If you're trying to change a bad behavior, make it very difficult to do.
- Pat yourself on the back for every success, no matter how small.
- Pay attention to tips and strategies that work for you in developing new habits—

Having difficulties in making those new habits stick? Below are a few strategies for keeping yourself on track, followed by some examples of how to use them. Try one, two or all of these if your motivation starts to wane.

these might be helpful when working on future goals.

- Instead of spending time beating yourself up for not doing something, take that time and use it in doing your new habit.
- Be happy with the baby steps—one step forward is still one step forward, no matter how small it is.
- Acknowledge what you have accomplished and how far you have come on a frequent basis. Celebrate your successes.

Do whatever it takes to accomplish the task for the first few weeks. With time and repetition, what once took so much motivation to do will become automatic habits in your life.

PUT INTO PRACTICE:

Examples for making those habits work!

DESIRED HABIT: Use cash instead of credit cards in order to control spending.

Make it difficult to get to your credit card by literally freezing it in a block of ice.

DESIRED HABIT: Start each day with a morning walk or run.

Make it easier to accomplish by laying out your workout clothes before you go to bed.

DESIRED HABIT: Wake up a half-hour earlier each morning (and quit pushing that snooze button).

Make it difficult to stay in bed by moving the alarm to the other side of the room or setting your lights or TV on a timer.

DESIRED HABIT: Save money for a long-term goal.

Don't be afraid to start small. Set up an off-limits jar in the kitchen for change and small bills, then contribute to it as often as possible.

DESIRED HABIT: Take the stairs at work instead of the elevator.

Enlist your friends and coworkers' help by making your habit public—tell them to remind you if you try to board the elevator, or make them kick you off a few floors before your destination so you have to take at least a few flights of stairs each day.

DESIRED HABIT: Folding clothes as soon as the laundry is done (instead of letting them sit in the basket for a week).

Make this task easy to remember, and hard not to do, by taking out the laundry and setting it on the dining table, on your bed or even in the bathroom sink (if you have to fold it before eating, sleeping or brushing your teeth, it's more likely to get done).

DESIRED HABIT: Get moving more often.

Make it easier to do by hiding the TV remote, parking at the back of the lot instead of up front by the store entrance and/or getting off the bus or metro a few stops early in order to walk the rest of the distance.

DESIRED HABIT: Drink water throughout the day (instead of coffee, soda or juices).

Make it easier to do by purchasing a water bottle belt and carrying your water with you throughout the day.

DESIRED HABIT: Spend more time with the family (and less time in front of the TV).

Take a week and tape or TiVo® all your favorite shows and postpone watching them until after the week is through. Place a stack of games by the TV as a reminder of a fun alternative to the tube.

Client of the Month

Scott & Melissa Currey

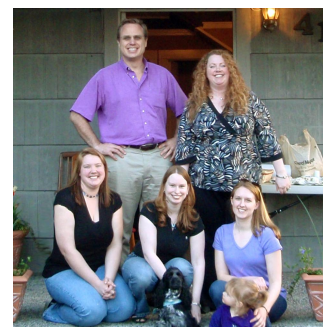
With all of our past business together, we're anticipating huge success for you in San Diego as well!

What They Say

Dave is an excellent subject matter expert when it comes to funding real estate deals. Whether it is residential/commercial, hard money or traditional lending, Dave exudes a wealth of knowledge and will invest his own personal time and guide you every step of the way.

--John

The Team



Photos by Gabriella Fabbri & Carl Dwyer