

Paladin Financial, Inc.

MORTGAGE BROKERS AND REAL ESTATE CONSULTANTS

JUNE 2007

RESIDENTIAL REAL ESTATE

Important Credit Info:

For all of us homeowners, we know how important credit is in determining how expensive financing will be. A few do's and don'ts everyone should know in order to keep their scores climbing:

DO: check your credit report often for mistakes, keep credit card balances at or below 30% of the limit (carrying a small balance is actually a good thing), allow for a long credit history to be established.

Don't: make late payments, keep a large number of credit cards or make a lot of credit requests in one year, retain high credit balances, transfer credit often ("surfing") looking for the lowest rate.

Know: credit scores range from 300-850, Ok credit is anything above 650, "issues" on your report can stay only up to 7 yrs (10 for bankruptcy), late payments, collections, past dues, tax liens and outstanding debt (high credit balances) are responsible for taking away the most credit points.

THERE ARE MANY THINGS YOU CAN DO TO IMPROVE YOUR SCORE!

Please visit our website, www.paladin-financial.com for more detailed info on credit scoring and mitigation techniques.

How's your ARM? Did you purchase w/ hi LTV? Need to Re-fi? : We are finding that many people got into ARM's in the past few years while interest rates were at their lowest. Those ARM's are now beginning to adjust. When an ARM adjusts, it is tied to the short term rate plus a margin. This means your 5.25% rate could jump to over 7%. Additionally, if you purchased your home with a high LTV (90%-100%) and you have been in the home for a couple of years, you may be in a good position to lower your payments by consolidating your first and second into one loan. If either of these scenarios describes your situation, it might be time to take advantage of the current favorable interest rate market.

Notes on the Sub-prime Market: Paladin has traditionally done very little business in the Sub-prime arena. Sometimes difficult situations put our clients in need of these types of loans. When this occurs, we can and will do a Sub-prime loan. However, we make every effort to ensure that every type of loan we provide is in the best interests of our clients. If you or anyone you know has questions about a sub-prime loan they have and what their options are, please call us.

Rates: Since my last letter, rates have continued to hold fairly steady, only fluctuating by about a ½ point either way. While we are starting to see a stabilization in the market beginning,

	<u>RATE</u>	<u>FEE</u>	<u>APR</u> (as of 5/31/07)
30 yr Fixed	6.125%	1.00%	6.31%
15 yr Fixed	5.75%	1.00%	5.94%
7/1 Arm	6.0%	1.00%	6.19%
Jumbo (30 yr fix)	6.25%	1.00%	6.44%

Our lenders provide us with handfuls of programs designed for every type of borrower. Please contact us and we'd be more than happy to find out what would work best for you.

Paladin is a family run business with over 30 years of experience in real estate lending and advising.

Please give us a call.

Katie Plett, Vice President