

INTERROGATED BY THE FED! By Matt Leyrer

Today I am going to go over a few commonly asked questions with you about the Federal Reserve. Now the Federal Reserve, or Fed as we call it is a major player in the mortgage interest rates, along with just about every other rate out there. So the first Question

1. What is the Federal Reserve, and what do they do?

A: Congress founded The Federal Reserve, the central bank of the United States, in 1913. Their duties fall into four general areas: (1) conducting the nation's monetary policy, (2) supervising and regulating banking institutions and protecting the credit rights of consumers, (3) maintaining the stability of the financial system, and (4) providing certain financial services to the U.S. government, the public, financial institutions, and foreign official institutions. So what does this mean, basically the Fed handles any and all money in the United States.

2. What does the Fed have to do with Interest Rates?

A: If you are talking about mortgage interest rates, then the answer is very little. If you are talking about Prime (Home Equity Lines of Credit) then the answer is a lot. Now a common misconception is that the Fed controls mortgage interest rates. This is untrue the Fed has a very indirect relationship on mortgage rates. The interest rates the Fed changes are called short term interest rates, which is the interest rates charged to bank for overnight lending. However when the short-term interest rates are affected, this will in turn cause the Bond Market to shift. Now if the question were what does the bond market have to do with mortgage interest rates the answer would be everything. Bond market shifts are what truly cause the mortgage rates to shift. Now talking about HELOC's, or things tied to prime, which is always three percent plus the federal funds rate (which the Fed sets). And at this time the federal funds rate is one percent making prime four.

3. What is the prediction for the Fed in the near future?

A: Well, guessing what the Fed is going to do is for the most part pretty difficult. We do know that the Fed is going to meet on May 4. Now because of the success of our economy in the recent months most would expect to see the Fed raise the interest rates. However, rumor has it that the Fed is not going to raise rates until as late as August. What does this mean? Well, in mortgage terms it means we will probably still see some record low rates for a little while, but we expect to see a lot of our major Investors preparing for the rate increase. So these rates probably won't last very long.



Mother's Day Contest Continued

guardian angel will comfort you when you don't feel well. She will do a lot of things your Mom will do, but will also keep me updated on your progress down on Earth." I said, "Ohh..." then asked, "Who's my Mom?" At that time, God grinned ear to ear. He said, "Walt, I've chosen someone very special to be your Mom. She is another one of my children. In fact, she is Louise's daughter. Her name is Katy, but you'll know her as Momma. That means my daughter Louise is your grandmother.

About that time, God picked a handful of flowers and walked over to me and said, "Walt, your Momma is feeling very sad right now. She knows her Mom is going to be leaving soon and won't be able to see you. What your mom doesn't know is that your Grandma Louise will be your guardian angel. Please give her these flowers and tell her that everything will be all right and that Grandma Louise will always be with you. That will make her feel better." Then he said, "It's time you got going." As I left for Earth, God gave me a big hug and kiss and said, "I love you my son!" So Momma, these flowers are from God. He says they will make you feel better. I hope they do! I sure love you a whole bunch! Love, Little Walt

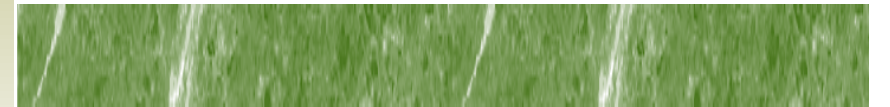
In honor of this Mother's Day (May 9th), Heritage National Mortgage would like to invite you to enter a contest to nominate a mother. If her name is drawn, she will receive a very special bouquet of flowers from you, complements of us.

Please submit a note to us by May 7th, explaining why this mother should win. Include your name address, phone number, and the mother's name, address, and phone number.
Email: holly@hnmcc.net *** Fax: 616-534-4969 *** mail:
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Mother's Day Contest By Katie Felver

It continues to put my thoughts in awe that I am included in this wonderful holiday that honors all mothers. I am very blessed to have two wonderful little boys that in the past greet my Mother's day morning with lots of snuggles and always a homemade card made from the heart. This mother's day, I am reflecting and remembering my first mother's day card, that I am honored to share with you.

My son, Walt, was three months old and my own mother, Louise had just passed away. Of course, this particular mother's day was full of many mixed emotions. To this day, I believe that my first Mother's Day card was inspired from above, and it read:

Dear Momma,

Just before I was born, I happen to see God planting lots of beautiful flowers up on a hill in Heaven. When I asked what the special occasion was, he told me that he was making the hill look beautiful for one of his children that was coming home in a couple of weeks. I said, "Ohhh... you must love your child a lot to go to all of that work." God said, "You bet I do! I haven't seen my daughter in many years, although we sure have talked a lot." I asked God, "Will I meet her?" God replied, "Not right away, Walt, but she will play a special role in your life on Earth. I've asked Louise to be your guardian angel." I asked God, "What's a guardian angel?" God replied, "A guardian angel will always be with you and keep you out of harms way. Your

May 2004

SUN	MON	TUE	WED	THU	FRI	SAT
						1 Law Day
2	3	4 Fed Meets	5	6 National Day of Prayer	7	8 VE Day
9 Mother's Day	10	11	12	13	14	15 Armed Forces Day
16	17	18	19	20	21 National Server Day	22
23	24	25 Missing Children's Day	26	27	28	29 Kevin's Birthday
30 Pentecost	31 Memorial Day					

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