

New Years Resolution Check Up By Katy Felver

January has and will always be the traditional time of year that we reflect upon ourselves and commit to areas we want to improve and then actually take the leap and declare "My New Year's resolution is..."

Well, for me it has always seemed that September and October are renewal points as well. As a kid, it was the "Back to School" philosophy. Now as an adult with children, it is again that "Back to School" philosophy. What does that mean to me? Well, in a short version, it certainly means my kids recently started school again and I am very busy making sure we have all our ducks in a row. We are adjusting to new schedules in our daily routines. We have purchased school supplies. We, of course, always need new clothes and shoes. Funny how they all fit two weeks ago! Do children always have a growth spurt in the fall?



As I reflect upon the many changes going on in my own life related to "Back to School", I realize that I am working with so many individuals that are looking to purchase or refinance a home and they too are experiencing a similar experience. But this I call the "Improve My Credit Resolution".

I cannot stress enough to consumers that managing your credit is potentially the most important and difficult job you will ever undertake. So many of us did not, nor will ever, receive formal training in this life skill. All of us at Heritage National Mortgage Corporation take pride in our ability to assist you in an interim "Credit Check Up", give personal one on one consultation on how to improve your credit, and establish an on going relationship that acts as your sounding board.

Highlights of what we like to review with clients are:

- How to know if you are in debt trouble
- Ways to improve your credit
- How to deal with "Haunting Past Credit"

With that said, we also take time to review:

- Have bad credit now but need a loan anyway?
- What are these mortgage programs?
- How do you position yourself to refinance out of a high-interest rate program down the road?

If you are reflecting on your "New Year's Resolutions" please call one of our experienced staff members at Heritage National Mortgage and allow us to help point you in the right direction.



Time For Change

This seems to be the month for changes. The staff at HNMC thought it would be nice to remind you of two important changes. First, to roll your clocks back 1 hour at the end of the month and second to check your smoke alarm batteries to make sure they are properly working to protect your families.

It would also be a good time to review fire safety measures and plans with members of your family.

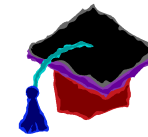


Fannie Mae Continued. . .

Also changed are the fees Fannie Mae generates by guaranteeing payments on mortgage-backed securities held by others. Fannie Mae uses derivatives (the subject of another article some day) to hedge their risk against interest rate fluctuations. These same derivatives caused the bankruptcy of Orange County CA in late 1994 with a staggering loss of \$1.6 billion.

Recently Fannie Mae has agreed to some measures to assuage their critics and keep their "most favorable GSE" status. In the past they have not accurately depicted any losses they take from their aforementioned derivatives trading. They will also raise their minimum capital requirement by about \$4 billion. These two measures if they are enacted could cause consumer mortgages to rise slightly. Raising capital by selling more shares could be tricky given the uncertainty surrounding their accounting methods. They could also reduce or eliminate their dividend, sell some of the mortgage-backed securities they hold, or slow down their purchasing of new mortgages so that the payments received from borrowers exceeds the amount spent buying new mortgages. In any case the federal government would be wise to ensure that a stronger regulator with some teeth would be wise to monitor Fannie Mae's activities to ensure that the mortgage market remains liquid and can continue to be the source of funds so that many can realize the American dream of home ownership.

Congratulations Brian! By Pam Flikkema



We would like to congratulate our own **BRIAN LEYRER**, upon his September 27, 2004, graduation from Blue Heron Academy. He is now a Certified Medical Manual Massage Therapist! Although we will miss

Brian's presence with us on a day to day basis, we wish him all the best at his new position at Blue Heron Academy of Healing Arts and Sciences, 2040 Raybrook SE, in Grand Rapids. He is a member of both the American Medical Massage Association and the Michigan Medical Massage Association.



Feel free to give Brian a call and express your congratulations. He would be happy to provide information or make an appointment to visit him or any one of the 7 Blue Heron Clinics in the state that he supervises. Please feel free to call his cell phone 616-915-0371 or the clinic at 616-974-9004.



Rivertown Rams



It's **FOOTBALL PLAYOFF** time!

The Rams will play at Kane County in Round One of the Playoffs:

Saturday, October 2, 2004 at 6 p.m.

The Rams finished the season with 9 awesome wins and just 3 losses!

TEAMWORK—simply stated it is less me and more we!

"Congratulations!"

Enlightening Message By Pam Flikkema

Learn to organize you life around your dream, rather than try to force your dream into your chaotic life.

By Sonia Choquette





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From Our Family to Yours

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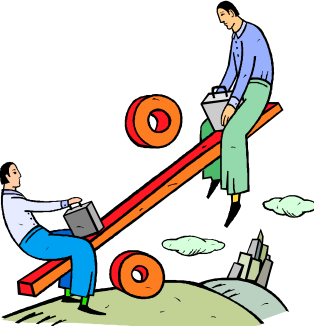
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Fannie Mae *By Kevin Vink*



First of all, who is Fannie Mae? Fannie Mae's primary purpose is to buy mortgages from lenders, giving them fresh funds to make further loans. They have long argued that their financial muscle keeps mortgage rates low and allows them to help with housing initiatives for the poor. Fannie Mae is a GSE, a government sponsored enterprise, which gives them a line of credit (estimated at \$1.7 trillion) with the US Treasury and world wide Central Banks. Fannie Mae is also exempt from state and local taxes. They are a large company with about 5000 employees, assets of \$1 trillion, and they hold \$895 billion worth of residential mortgages. These are staggering numbers, numbers that have been attracting a lot of attention lately with the method of accounting that Fannie Mae uses and also their use of derivatives to smooth out the fluctuation in interest rates.

Concern has grown recently because Fannie Mae guarantees payments on the billions they hold in mortgages. This as you can imagine is risky business. Most Americans take out 30-year fixed rate loans with the option to repay or refinance these loans whenever they wish. This in effect transfers the risk of interest rate fluctuations from the borrower to the lender and finally Fannie Mae (and Freddie Mac.) If Fannie Mae were to someday go up in a huge ball of flames, who would bail them out? The federal government would probably have to step in to avoid a massive international crisis. As mortgage rates have fallen substantially in the last few years, a refinancing binge has thrown a wrench at expectations of how much income Fannie Mae could make from the spread between it's cost of borrowing and rates charged to consumers.

October 2004

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2 Ram's Playoff
3 Pumpkin Farm Visit	4	5	6	7	8	9 Harvest Festival Rockford
10	11 Day Columbus	12	13	14	15	16 Boss' Day
17 Haunted House Oscoda	18	19	20 Family Heritage Day	21	22	23
24 UN Day	25	26	27	28	29	30 Daylight Savings Ends
31 Halloween	October is Family History Month					

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