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 GRAND RAPIDS, MI
 PERMIT NO. 371



Sept 2005

DUE DILIGENCE

Issue 60

To Look or Not to Look . . .



Have you ever considered buying a home sight unseen? As the pictures at the left indicate, you could think you are getting one thing when in actuality you are getting another. We took a poll of the people in our office to see if they would ever buy a home sight unseen. Come to find out, there was one person in our office that did do that. It worked out fine, but that is not always the case.

According to the National Association of Realtors and the National Association of Mortgage Brokers, a growing number of second-home buyers are making bids on properties they have never laid eyes on. Some are spending millions of dollars on properties in locations they have never even visited.

A poll of 8,205 buyers and sellers conducted by NAR in 2004 reveals that 16 percent of respondents who are not frequent Web surfers purchased homes without an in-person visit. NAR chief economist David Lereah attributes the trend to buyers who do not want to be left out of the housing boom. Fort Lauderdale, Fla.-based Realtor Lynne Knapp adds that overseas buyers are doing the same thing, purchasing properties in the United States without seeing anything more than pictures sent by e-mail. Though second-home buyers can catch a glimpse of their purchases via virtual tours, such transactions are still risky. Among other setbacks, they might discover when they finally tour the property that it is smaller than anticipated or learn that the neighborhood is noisy.

Most people we know think that seeing the area and having a "feel" for (or in other words-seeing) the home is a very important factor, but maybe that is just a traditional "older" view point from having lived in West Michigan forever!

How far back can you remember? Sometimes my mind works like a new video recorder with fantastic "play-back" and at other times a "steel trap" locking inside everything I thought I knew! Remember the 50's, 60's, 70's, even 80's? Some of you were not even born then and obviously I am not in that group! We have put together some facts we hope you will be of interest to you. Take a moment to say a prayer of

thanksgiving for our country and what it (we) stand for.



Pava

September 2005

SUN	MON	TUE	WED	THU	FRI	SAT
Remember Freedom and Why We Fight For It!				1	2	3
4 Grandparents Day	5 LABOR DAY	6	7	8	9	10
11 USA Terrorist Attack	12	13	14	15	16	17 Citizenship Day
18	19	20	21	22 First Day of Autumn	23 Native American Day	24
25	26	27	28	29 1899 VFW Established	30	



Rate Watch

By Pava Leyrer

Are you a rate watcher? Have you watched the prime rate move consistently this year, with more to come? In looking back on the past history of the prime rate we noticed a dramatic difference comparing the September numbers. Below is a fun little quiz to see if you remember.

1. Prime Rate Sept. 22, 1950:
A) 2.25% B) 4.50%
C) 3.75% D) 2.75%
2. Prime Rate Sept. 25, 1968:
A) 7.25% B) 5.75%
C) 6.50% D) 7.00%
3. Prime Rate Sept. 16, 1981:
A) 17.25% B) 18.75%
C) 24.0% D) 20.0%
4. Prime Rate Today, 2005:
A) 6.25% B) 6.50%
C) 5.50% D) 6.00%

You can find the answers on page 3 of the newsletter. Of course knowing that the prime rate does not directly affect mortgage rates can be helpful when obtaining a mortgage, but prime does affect second mortgage or HELOC rates, credit cards, car loans, and student loans. I am sure you have seen these rates changing recently in your statements. Watching and knowing when to lock a variable rate can be very advantageous to paying less interest and keeping your payments lower. If you would like additional information to review your loans and rates, call 616-534-4993 or e-mail loans@heritagenational.com.

Did You Know?

Remember United States history class in school? I think I must have been absent when I started reading the following dates and felt pretty embarrassed that these important dates are not more remembered. and talked about.



- *Star Spangled Banner Written in 1814, Sept 14*
- *United States Constitution Approved on Sept 17, 1787*
- *Constitution Day (now Citizenship Day) Sept 17*
- *United States Air Force formed on Sept 18, 1947*
- *1899 the VFW (Veterans of Foreign Wars) Established*

Cash-Out Now or Later?



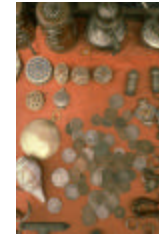
The big debate still brews—do I take the cash out of my home equity now or wait. The answer is just as uncertain—it depends. Using equity to further your financial position can be a wise choice but using equity for day to day living can be dangerous because your budget should allow your income to pay for daily necessities. Many Americans are wanting more earlier and increasing spending while reducing savings (especially with savings rates so low.)

The U.S. Commerce Dept confirmed spending rose 0.8% during June despite the fact that the personal savings rate fell to zero. FHLMC has released a new study that shows continuing growth in cash-out mortgage refinancing, whereby homeowners pocket cash while increasing the size of their mortgage principal. This trend will be OK as long as three factors hold: personal income growth remains steady, financial institutions hand off risky loans and mortgage securities to other investors, and loan-to-value ratios do not increase (amount of loan to home value.) If you would like a budget sheet or comparison rate, balance, debt information please contact us at any time.

Money By Any Other Name. . . By Patti Powers

I was just reading the weekly e-mail Mortgage Market Guide that Pava puts together. I found the following information quite interesting and thought I would pass it along to you. If you would like to receive the weekly guide I mentioned, just e-mail us and we'll get add you to the e-mail list.

- Why is the dollar called a “buck?” Before the days of paper money, Americans traded animal skins, including deer and elk bucks, for goods and services. Hence the work “buck” was used to describe money.



- During the Civil War, the Bureau of Engraving and Printing was first called to print paper notes in denominations of 3 cents, 5 cents, 10 cents, 25 cents and 50 cents. The reason for this is that people hoarded money for the metal value which created a drastic shortage. These first bills, called “greenbacks”, were used to pay Civil War soldiers.
- Did you know that a quarter has 119 grooves around the edge, and a dime has 118? And do you know the purpose of the ridges on the edges of coins? Without ridges, it is possible to scrape metal off coins without it being obvious. IN the days when coins were made of silver or gold, a person could have made a good, but illegal, living from shaving coins and selling the precious metal.
- Who is the only woman to be on a US currency note? MARTHA WASHINGTON - She appeared on the face of the \$1 Silver Certificate of 1886 and 1891, and the back of the \$1 Silver Certificate of 1896.
- The United States Secret Service was originally formed in 1865 to combat counterfeit money. At that time, as much as one-third of all the money in the US was estimated to be counterfeit. About \$250,000 in counterfeit money still appears each day!
- Why is money green? No one is really quite sure. In 1929 when the Bureau of Engraving and Printing began making smaller currency, green was continued because pigment of that color was available in large quantities. The color is relatively high in its resistance to chemical and physical changes. Green has now been psychologically identified with the strong and stable credit of the US government.



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Keep On Rippling!!

I was recently reminded to “ripple”. Consider yourself the inner circle of the ripple. If you reflect good and positive attitudes, that will in turn continue to “ripple” through every person you come in contact with. *So keep on rippling!!!*

Here are the answers to questions on pg 2: 1—(A) 2.25% 2—(C) 6.5% 3—(D) 20.0% 4—(B) 6.5%