

## The Embodiment of a Credit Blow-off Stage

I must share the attached "Limited Time Offer" from a local mortgage company, Green River Mortgage, Inc. In my view it represents the extreme level to which we have ventured in this country on risk shifting; aka. Moral hazard!

### LIMITED TIME OFFER

**No Closing Costs**  
**No Payments for 6 months**  
**No Appraisal Fees**

*OPTION  
PACKAGE*  
**2.95%**  
~~3.95%~~  
**3.158% APR**  
**10 Year Fixed**

**Close In 7 Days**  
NO INCOME VERIFIED  
NO DOCS REQUIRED  
FIRST-TIME BUYERS WELCOME  
REAL ESTATE INVESTOR FRIENDLY  
107% PURCHASES  
125% REFINANCING  
**Call now for Immediate Approval**

**★ ALL CREDIT WELCOME ★**  
**(303) 649-2200** OR **(888) 603-2200**  
www.greenrivermortgageinc.com TOLL FREE  
Se Habla Español



**5.875%**  
30 YEAR FIXED

**SUPER LOW HOME EQUITY LOANS**  
INTEREST ONLY PROGRAMS AVAILABLE  
**6.180% APR\***

NO INCOME VERIFICATION PROGRAMS  
ALL CREDIT WELCOME  
NO COST LOAN PROGRAMS  
DEBT CONSOLIDATION  
NO MONEY DOWN PROGRAMS  
**1ST COMMUNITY TRUST MORTGAGE**  
303.486.6990  
 **WWW.1STCTM.COM**   
**Member of Tom Martino's troubleshooter.com**

IT'S PAINLESS finding Health/Medical careers in the POST-NEWS MARKETPLACE Call

IT'S PAINLESS finding Health/Medical careers in the POST-NEWS MARKETPLACE Call

\*APR calculated on \$175,000 - \$250,000 (1st lien) with payments of \$1,000 per month. Rates are subject to change. Rates subject to change. GRM Inc. rebate applies. W.A.C. LHMOR based option arm + 2.875 margin, 480 mos. 20% equity rule applies. Min. 720 FICO, full doc. Rates subject to change.

Notice the "2.95%"? The obvious implication is that you can borrow money at a 2.95% fixed-interest rate for 10 years. Not only that but **no** payments for 6 months, **no** appraisal fees, **no** income verification, **no** docs, and **125% refinancing!** Wow.... We have ascended into heaven!

I called Green River immediately and, of course, discovered the underlying interest rate was approx. 8% or higher depending upon your credit score and various other conditions. They said

this loan was one of their “Option ARM” packages and is very popular. Clearly, with a payment amortization based upon a 2.95% rate and interest charges in excess of 8%, the outstanding principle due would increase each month, which is referred to as a negative amortization loan.

What a set-up for failure!

Due to our Central Bank easy-money policies along with the complimentary easy credit from our banking and mortgage companies we have experienced unprecedented and unwarranted housing appreciation, especially since 1995. This appreciation magic has become systemically imbedded into our entire financial system and culture!

Imagine “Joe Schmuck” in San Diego, CA biting on this loan. Joe owns a modest \$1,000,000 home with \$0 equity and wants to sponsor a Caribbean cruise for his son’s soccer team. How could he possibly come up with the \$250,000 needed for this generous gesture? Just call Green River mortgage and ask for a 125% refinancing package at their 2.95% rate! Walk away with the cool \$250k and a lower house payment to boot!

Joe’s original loan was an attractive 30-year fixed 5.0% loan with a monthly PITI payment of approx. \$6,368 per month. With Joe’s creative financing discovery his monthly payment is now approx. \$6,236.... a \$132 per month “savings”!! PLUS... Joe receives a cool \$250,000 in cash for his cruise venture.

Had Joe stuck with his original loan after ten years the remaining principle would be \$813,420. Unfortunately, Joe’s principle remaining on his new loan after ten years will be \$1,942,382, or a scant \$1,128,962 more. BUT the soccer team cruise was memorable. They all had a great time frolicking and bonding. Most important they learned the magical immediate-gratification benefits of creative financing! They will carry this message with them for life.

### **Conclusion:**

Risk shifting? Green River Mortgage will only package the loan for sale to some unsuspecting MBS (Mortgage Backed Security) buyer; most likely some Asian who is saving more than 20% of his income anticipating he will cash-in on his spoils later in life. What investor in his right mind would buy and carry this mortgage? Only one who has been led to believe they will receive their full investment back later plus interest in real (non-inflated) terms by the most creative financiers on earth, the combined U.S. banking, hedge fund, and Wall Street financial illusion machine. We are in the final topping process of this most destructive illusory credit blow-off stage. Soon, foreign investors holding our credit will begin cashing it in because they have lost faith in the dollar, or they simply enter their own boomer retirement years in the 2008-2010 time frame or sooner!

by Russell Randall; 6-20-2006