



THE LAMPPOST

Lighting the Way in Finances and Life

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A DIVISION OF STATE BANK & TRUST



Volume 10, Number 1

January/February 2011

Rates are on the Rise

What goes down must come up. The days of 4% interest rates for 30-year fixed rate mortgages are likely over for the time being.

Yields for mortgage-backed securities have increased over the last few weeks. At the time of print interest rates have gone up about .25% since the beginning of the year. Based on technical signals and economic reports that have become more consistently positive, it doesn't look like rates will come back down any time soon.

Bond investors have been cautious as the economy continues to improve. According to the Department of Labor, job creation has occurred 4 straight months while January's unemployment rate dropped to a surprising 9.0% from 9.4%. This report is an emotional trigger for consumers. If consumers feel that the economy is getting better, they are more likely to spend. Consumer confidence has improved over the last several months which has resulted in increased spending.

Worldwide prices for raw materials and commodities have increased dramatically. As seen at local stations, gasoline prices are on the move. The price of oil has gone up 20% over the last 12 months. Cotton prices have doubled, while copper is up 30%. Commodity prices for items such as orange juice, coffee, and other daily staples, are increasing as well. Manufacturers, who have been absorbing the cost of raw material increases over the last 18 months, are beginning to pass on their increased costs to consumers in order to maintain profits.

Most price increases are due to the simple law of supply and demand. As countries like China and India have grown dramatically over the last several years, so has their consumption of raw material, which has been a factor contributing to increased costs of materials worldwide. Weather has also been a factor as several crop supplies have been destroyed or severely reduced by flooding,

drought or sudden freezes. Other factors that have caused price increases are supply routes that have been disrupted due to political instability, speculators that have cornered food markets, and manufacturers that have been slow to gear up production in order to keep up with demand.

All of these factors relate to the "I" word – Inflation. Inflation eats away at the yield of a bond. A bond is a fixed rate instrument guaranteeing a specific rate of return. So if inflation is 4% and a bond is only yielding 3%, that bond's return cannot keep up with inflation so the yields of future bond offerings are pressured to go higher to keep up with inflation, thus causing higher interest rates. Mortgage interest rates are based off of yields of mortgage bonds which are bought and sold in mass quantities (mortgage-backed securities). When investors feel that inflation is around the corner, they won't purchase bonds until bond sellers increase yields that the investor desires – thus causing higher interest rates for consumers.

If you are considering a new home purchase or thinking about refinancing, rates are still at historic lows, but will likely rise as the year progresses.

Fan of the Month



Congratulations to Jim Trewin, of Ramsey, MN. Jim is January's Facebook Fan of the Month. Jim was randomly chosen to win a \$50 gift certificate to Becker Furniture World. If you have not signed up to be a fan, type in **John Hastings Bell Mortgage** in the search field of your Facebook home page to access my fan page. Each month a Facebook Fan will be chosen for a fun prize. Hey, the odds of winning are WAY better than the lottery – and it's free!

The Consequences of a Choice

I hoped I would never have to see my former brother-in-law again. Nearly 20 years later, he dared to rear his ugly head. As a result, I was forced to deal with something I thought I had successfully swept under a rug.

He was back because he was invited to my nephew's wedding in California. My nephew really didn't want him there, but he was trying to do what was right by honoring his father. I was not happy about this. Why should he ask his biological father to come to one of the most important days in his life, when this bozo chose another woman, drugs, and residence on the other side of the country, instead of his wife and two sons.

"Butch" (name changed to protect the guilty) blamed his problems on my sister and bailed on financially supporting his children. To support his drug habit, he stole from me and my parents. But worst of all, he stole fatherhood from his sons. I vowed that if I ever saw him again I would personally make him pay for the misery he caused my sister, nephews and parents. He failed to be a husband and a father. That's where it got personal.

I have very strong feelings about men who forsake a lifetime commitment to their wives and family. When you say, "I do" you are not only saying it to your wife, but to God. I have no sympathy for men who go off the deep end with their irresponsible behavior and destroy their relationship with their wives and children. The consequences of their actions are far reaching and change lives forever.

Whatever the excuse, the bottom line is selfishness. It all boils down to, "My happiness is more important than the commitment I made to my family". Do these men really know what happiness is? Isn't there amazing joy in watching your son or daughter take their first step? Isn't there great joy in reading fun stories to them and then helping them learn to read? What about the satisfaction that comes from teaching them to ride a bike, shoot a basketball, catch a football, or stop a hockey puck? What about being the "prince" and dancing with your "princess"? What about teaching your son how to use tools or showing your daughter what it is like to be a gentleman?

All these activities take time, and Butch didn't give it.

He robbed his sons of himself and dumped his responsibilities, only to be taken up by my father, and some years later, my sister's second husband.

I became aware that my anger was beginning to get in the way of a joyful celebration for my nephew and my family.



Butch rolled into town for the wedding as if nothing ever happened. He was laughing and smiling and enjoying the event. I thought he should crawl under a rock and die. I was really angry that he dared come back to be around our family. Although I knew I could never carry out my evil intentions, I secretly plotted about how I could embarrass or hurt him.

I noticed that my sister and her husband were not bothered by Butch and were enjoying the day. I even asked my sister's husband, the man who actually fulfilled Butch's obligations, if it bothered him to see Butch acting as if he belonged. My brother-in-law said, "Oh, we're over that."

Suddenly, it dawned on me that I had never forgiven Butch for what he did to my family. Why should I forgive him? Don't people have to ask for forgiveness in order to be forgiven? I discovered the answer is Yes and No. If there is a relationship, and both parties care about the relationship, asking for and granting forgiveness is a natural and healthy thing to do. But Butch hadn't given any indication that he cared about his actions from the past and the people he hurt. More about this later.

As we moved on to the reception, our family was seated across the room from Butch. "Good, I thought, I can ignore him." About an hour later, as I was laughing and talking with my kids, I was blindsided by Butch, who suddenly appeared next to me with his outstretched hand saying, "Hi John".

I was confronted with a quick choice. I could stand up and pummel him on the spot (probably not the most appropriate option given the occasion). I could embrace his handshake, crush his wormy little hand and say, "Hi Butch, you no-good \$#%^&" and let him slink away like a lowly rat. I could just ignore him and make him feel really stupid. So I...

(continued in the next Lamppost issue)

