

July 15, 2010

*“Get the easy decisions right.”*  
–Warren Buffett

Refinance your mortgage now. It’s an easy decision.

Many clients we’ve advised to refi are seeing well over \$100,000 in lifetime savings simply by swapping the old mortgage for one with today’s lower rates; if you can roll other, higher cost debt into your mortgage and shorten it to 15 years, all the better.

Interest rates are low because the government is doing everything it can to get businesses hiring and consumers spending again, thereby resuscitating the economy. Don’t be absorbed or distracted by the negative headlines...take advantage of them. There are only two near-term outcomes for the economy – either it gets worse or it gets better.

If the economy worsens, you’ll be glad that you have the lower payments and extra cash on hand. If the economy improves, you’ll still be glad because the value of your assets will rise, and though interest rates will move higher, you will have locked in record low interest rates for years to come. And, if inflation rears its ugly head and interest rates rise to the high teens like they did in the early 1980’s, you’ll be really glad you are paying a low interest rate. A refi isn’t advisable if you plan on selling your house in the next few years because you are unlikely to recoup your closing costs. Tell your friends to seriously consider refinancing as well. You’ll help them save money.

### **Perspective**

This quarter the stock market retreated from its first quarter advance. You’ve probably noticed that we were able to add some new positions as prices were falling. Client accounts, on average, still have plenty of dry powder, roughly one-third in cash, so we feel appropriately positioned. We also realize that we have a lot of work to do to continue to protect and grow your assets and are working attentively and diligently to that end. We sound like a broken record, but we’ve identified a number of quality investments, and will only deploy cash at attractive prices.

The hot topic on people’s minds is the Roth IRA. We have a very quick and effective modeling process to determine if converting to a Roth is worthwhile. On another note, we truly appreciate the referrals you’ve been sending us. Finally, we have upgraded our website to better reflect our services and capabilities – we hope you like it.

Best Regards,

Joe Chumbler

Scott Alaniz