

EXCEEDING EXPECTATIONS

January 2005

TEAM WATTERS

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Resort Property Specialists

Boice 
countryside, realtors®

Our goal is to provide you, the Truckee property owner, with valuable information that will keep you informed of the latest events and the current real estate information, whether you are a current resident, lot owner who is thinking of moving here or the vacation owner that wants to stay connected. Let our 26 years of living and successfully selling the area we love, help you.

Your comments, suggestions and thoughts are always welcome.

Please call **Bill or Sandy** – *your input is valuable!*

OUR PROMISE TO YOU



Bill Bitz, President

Christopher Long, Vice President

GOLDEN BEAR MORTGAGE CORPORATION

11430 Deerfield Drive, Truckee CA 96161

(530) 587-8600 or (800) 289-2327 ~ www.gbmc.com

The YEAR Completed . . . the YEAR Ahead

JUST LIKE AN EPISODE OF "RIPLEY'S BELIEVE IT OR NOT".

THE RECENT FED RATE HIKE ACTUALLY HELPED

LOWER MORTGAGE RATES.

Strange, but true. When the Fed has lowered the Fed Funds Rate in the past, interest rates on mortgages have actually worsened. So it should be no surprise that when the Fed raises rates, interest rates on mortgage loans would improve.

But how does this work and why? Although it may seem counter-intuitive at first, it really does make perfect sense.

First, put yourself in the position of a mortgage bondholder, like the mortgage lender. If you lend the money, you receive interest over time. If that were a mortgage, it could be a full 30 years worth of repayments and interest. Let's say you were going to be receiving \$1,000 per month for the entire 30-year term. At first, that \$1,000 may be a very fair return, as you calculate what you can do with that money every month. But over time, inflation requires that you spend more money to purchase the very same goods and services that you can purchase today for less. That same \$1,000 just doesn't go as far in future years as it does today. This eats away at the value of a long-term fixed instrument like a bond or a mortgage, and explains why inflation is the main enemy of bonds. Because bond investors are very aware of this, they will require a



higher rate of return or interest on their investment to compensate them, if they feel that inflation will be increasing.

In today's improving economic environment, inflation is expected to be on the rise. In response, interest rates on long-term bonds, like mortgages, have moved markedly higher in expectation of this. Interestingly, the increase in mortgage rates during the first half of the year has occurred without any movement by the Fed, and some mistakenly think that this is anticipation of a Fed rate hike. Not true. Reality is that bond rates are simply pricing in the expectation of higher inflation over time.

Now think about it - a move to tighten or hike rates by the Fed is designed to slow inflation, and we can now see why tempering inflation is very good news for bond holders or mortgage lenders. With inflation reduced, the buying power of their future returns will face less erosion from the effects of inflation.

So believe it or not, this is why a Fed rate hike actually helps reduce mortgage rates.

By Barry Habib, CEO

FEDERAL RATE HIKE HELP KEEP INTEREST RATES DOWN

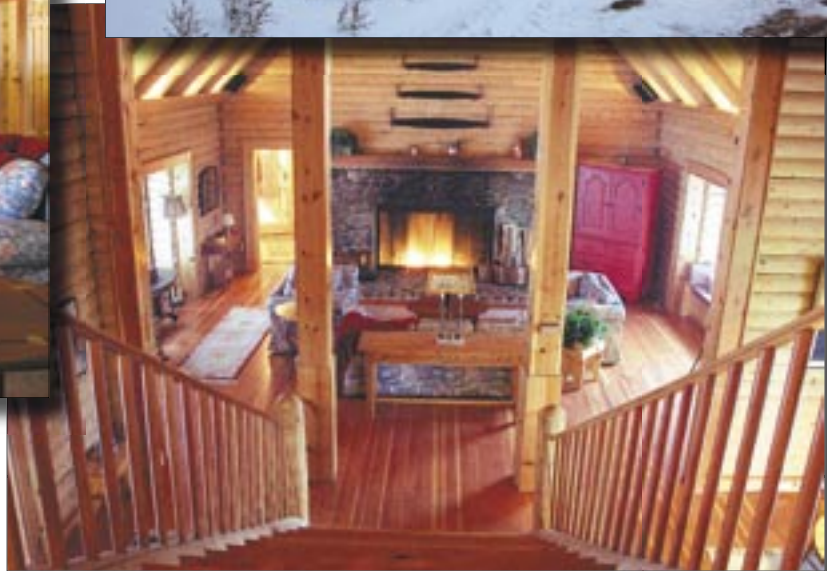
Average rate in January 2004 approximately 5.71%

Average rate after four federal rate hikes since November 2004 approximately 5.73%

HOME OF THE MONTH

With a total of 5 bedrooms, 5 baths and a 4-car garage, the "Juniper Lodge" is a spectacular "log" home with an additional guest house best described as rustic elegance. A grand staircase leads to the bonus room with two bedrooms and two baths. Downstairs features a beautiful rock fireplace and kitchen overlooking the dining area. All of this is situated on 81 acres with amazing views!

End of the Rainbow!



\$3,250,000

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Bill Watters

Winter Driving Tips

Each month during the winter we will provide you with some safe winter driving tips to ensure that your time spent in Truckee is a pleasant one.

BITS ON BRAKING

1 Brake gently and in an on/off pattern. Power brakes require an especially light touch on the pedal.

If you have ABS (automatic braking system) designed to prevent your wheels from locking up when braking, check your owner's manual about stopping under poor traction conditions. As a general rule, continuous pedal pressure will be better than on/off braking. When the ABS engages, you'll hear a rumble from the brakes and the brake pedal will vibrate under your foot. The ABS computer is controlling which wheel is braking in order to prevent a skid. NOTE: Resist the temptation to take your foot off the brake while ABS is engaged; maintain constant pedal pressure.

2 Decelerate well in advance of a turn or stopping point. Try to avoid using brakes while turning; slow down in advance of the turn and then accelerate very gently while going through it.

3 When descending a hill, pick your maximum safe speed while at the crest and then stay under that speed throughout the descent with gentle on/off braking. Don't expect to do all your braking at that stop sign at the bottom.

4 If you are approaching a stop with alternate patches of ice and bare pavement between you and the stop, brake firmly as you cross the bare spot and coast over the ice.

SPECIAL EVENTS

A few special events in the area that we feel may be of interest to you.

January 9 –Youth Education Ski Day, Northstar-at-Tahoe. Special, pre-purchased lift tickets are \$20 and on-sale at all Porter's locations (Truckee, Tahoe City, Incline Village). Limited quantity available. Benefits the Excellence in Education Foundation. 530-550-7984

January 23 –Guided Snowshoe Tour Royal Gorge Cross Country will offer this daylong tour with lunch packed by the Rainbow Lodge for a trailside picnic. The tour starts at 10 am with registration at 9 am. Call for prices and more details, (530) 426-3871.

KIDS CORNER

The Kids corner is a place to find information for visiting and local families in our area. Each month we will describe few activities and locations that we feel will help families locate fun and kid friendly places to visit.

Snow Parks in the Truckee Area

Tahoe Donner Sno Play- Located at the Trout Creek Recreation Center in Tahoe Donner. Open to the public for a small fee. Call 530-587-9437

Soda Springs Snow Tubing Area- Located on Donner Summit at Soda Springs Ski Area. Open to the public for a small fee. Call 530-426-3901

Squaw Valley Tube Park- Located at the top of the tram at Squaw Valley. You need to purchase a tram ticket and pay a park fee. 530-583-5665

Kid Friendly Restaurants in Truckee

Zano's Family Italian & Pizzeria- Located at 11401 Donner Pass Rd. in West Truckee. Friendly clean atmosphere good food and an arcade. 530-587-7411

Blue Coyote- Located at 10015 Palisades Dr. near Hill top in Truckee. Friendly very open seating and arcade. 530-587-7777

La Bamaba- Located across from Truckee High School. You guessed it Mexican food. Warm atmosphere and a toy bin for the kids. 530-587-3516

Snowy Day Activities

Visit the Kidzone at 11711 Donner Pass rd. right next to the high school. The Kidzone is place for kids from the ages of 2 to 8 years of age to play inside. The Kidzone is a non-profit community recreational learning place for kids to go to when the weather gets bad. Children can paint, play on the jungle gym, dress up in costumes and just have fun. It is a great place to meet other families as well. Call 530-587-5437

RECENT SALES BY TEAM WATTERS

* 12755 Falcon Point Place	\$749,000	3,200 sq/ft
* 13033 Camptrail, Lahontan	\$275,000	lot
12046 St. Bernard Drive	\$500,000	1,250 sq/ft
16450 Palisades Drive	\$554,000	2,100 sq/ft
10143 Pine Cone Court	\$395,000	1,100 sq/ft
* 10369 Bexhill Court	\$565,000	1,900 sq/ft
11655 Skislope Drive	\$175,000	lot

* Financed by Golden Bear Mortgage Corporation

Real Estate Broker, California Department of Real Estate Licence # 01129597



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SELLING YOUR HOME CAN AFFECT
YOUR VERY FINANCIAL FUTURE. HERE'S
INFORMATION THAT CAN HELP YOU
EFFICIENTLY SELL YOUR HOME AND
MAXIMIZE YOUR INVESTMENT.

Essential Tips That Get Homes Sold Fast (And For Top Dollar)

A Special Report Prepared By
Realtor® Bill Watters
To receive a free copy please
call (530) 550-5194 or email
bill@teamwatters.com



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Sandy Watters
Bill Watters

**Make tomorrow's home happen
today with an interest-only loan!
Based on a \$400,000 loan you could
save up to \$430.00 per month.**

An interest-only home loan can provide valuable cash management options, especially if you're planning to move in a few years. This financing option keeps your cash flow healthy by keeping payments low.

Interest-only financing can also help you save for a more expensive home, finance home improvements or pay off debt. And if your neighborhood's property values are rising, you can watch your equity increase without paying down the loan's principal.

Here's how our interest-only loans work:

- Your mortgage payments will not reduce the principal owed. Instead, you only pay interest for a pre-set number of years.
- Once the interest-only period ends, your monthly mortgage payments increase to a level equal to the interest and principal required to pay the loan in full by the maturity date.
- Both fixed and adjustable rate loans are available



Bill Bitz, President
Christopher Long,
Vice President

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