



## The state of the mortgage industry:

There have been a lot of stunning changes recently most regarding elections. The most obvious was Scott Brown winning “Ted Kennedy’s seat” in Massachusetts. It is almost unheard of for a Republican to even proclaim his/her party affiliation in this state, let alone to win such a coveted prize. Also Ben Bernanke was recently elected to serve another term as the Federal Reserve Chairman.

Bernanke faced some tough opposition in this as critics have complained that the Fed’s easy monetary policy is actually hurting the economy. Now a lot of this sounds confusing, and you may be asking me what does monetary policy mean or even an easy monetary policy mean? When I was asked such questions in my Econ 101 class in college on a test I would panic. I didn’t understand any of this stuff! So I would write a long intro describing the Fed, saying that there are 12 branches of the Fed, that the chairmen are elected and that they meet to determine monetary policy and at times they can “ease” or “restrict” this policy. Basically I did what I am doing now hoping to impress with a lot of words. That was always good for a passing grade. Enough to feel good; finish the test, and make it on time for happy hour and the fraternity mixer. Life was good.

Ok, back to what the Fed actually does; so I looked it up on Google what Fed monetary policy and easing mean and why all the fuss. By easing the Fed is flooding the economy with money, making it cheap for banks to borrow from the Fed. In this particular case the money is free. The Fed does this in hopes of spurring lending and the economy.

The argument goes that by pumping money into the economy it can cause long term inflation. Too much money chasing too few goods (I remember that from the Econ 101 textbook and used it in almost every answer).

The other concern is that with all this money banks are actually not lending. Why? Well they can borrow for free from the Fed, buy US Treasury Bonds paying a small premium and then make a nice spread on their deposits and there is no incentive to lend. Let’s see, get money for free, and earn interest at no risk on government bonds.

Basic, right? You would think. Let me see; I tried this on my two sons, Michael 5 and Kosta 3. Michael, if I give you the whole bag of Skittles you will have more than enough, now will you share with Kosta? How do you think that worked out?



Skittle wars

Needless to say Bernanke lobbied and was confirmed for another term. The other surprise was Scott Brown and the campaign he ran. On another side note; in my youth I became an expert at campaigning.

Back in 5th grade in Overland Park, Kansas I ran for student council Vice President. At the time it was a risk. Growing up in the heart of America I was the son of Greek immigrants. This was not too common in the 70’s especially in Kansas. I was the kid in school whose parents had an accent and everyone wondered why my mother would pick dandelions in the yard, boil them and serve them for dinner. I was hoping to play the diversity card, along with clever campaign gimmicks and posters. Yes, my dark features stood out, yes I could speak another language, and I intended to make this work for me. The election wasn’t close and I



Skittles -- Taste the rainbow.

the lead role in the school play, “The Emperor’s New Clothes.” If you are familiar with this you will know that at some point I had to parade around the stage in front of the entire student body and faculty in my underwear. I like to think I won on the issues, my opponent claimed it was because of my body. So be it.

If that were the case, then Scott



Glory days!

settled simply being on the student council. But a lesson was learned and I vowed to fight on.

The next year we moved to the Chicago suburbs and in 6th grade I upped the ante and ran for Student Body President. With half the people in Chicago with dark features and accents I was able to concentrate on the issues; lower prices at the school store and a new candy drive selling Tootsie Rolls instead of chocolate turtles. It also helped that prior to the election I secured

Brown did indeed learn from Dean Vlamis, as it was brought to light that he was an underwear model. Am I bitter that I did not receive credit for this? Not at all; more power to him.

So what does all this mean for mortgages? Well, Ben Bernanke still being in power may mean that I will keep giving Michael a ton of skittles bags for doing nothing in hopes that his behavior will improve and that he will share with Kosta. In other words, the Fed is still going to try



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and spend its way out of this mess by printing money, buying mortgage backed securities and lending money for free. Great plan, huh? As for the Scott Brown election, that really won't have any impact on your mortgages and the economy. I just needed a reason to get a picture of myself in this newsletter from the last time I didn't have a gut, yes; sadly it was when I was 12 years old.

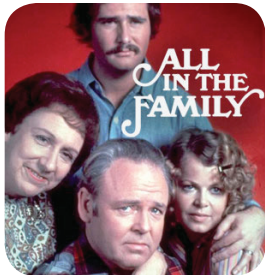
So you might say that the acting bug has been with me a short time. Landing the lead was a breakthrough for me, but sadly I never acted for another 30 years. However, my latest short film, (the sixth

one), has just been released and can be easily viewed on my web site at: [www.DeanVlamis.com](http://www.DeanVlamis.com).

The spring market is upon us. As of this writing I am watching a foot of snow hit Chicago so it is hard to talk about the spring market, but we are in mid February and that is what they are saying. There is a lot of inventory out there with REO's and short sales and this may be the trend for a while. (REO's does not refer to REO Speedwagon, the rock band from the 70's and 80's. They were actually the first concert I ever saw back in 1980. I was a sophomore in high school and I could not

wait to go. It seemed like going to a concert and wearing the over priced black T-shirt from the show the next day at school was a right of passage for any young teen to show people that you had arrived on the scene. Yes, I was that guy). I know this is not the best news. With these properties coming on the market it could deflate home prices for a while but a lot of good can come from this. It is somewhat like the fall line up for network TV. This time of year they always put on their mid season replacements that they don't think can possibly last and are just meant really to take up time until the new shows for the fall line up. So as the real estate market absorbs, or gets rid of all these short sales and REO's it basically cleans up the "mess" in the market and it can start repairing itself. But hey, the mid season replacements brought on such classics as Happy Days, James at 15 (does anyone remember that one?), The Simpsons, The Office and the all time classic, Three's Company.

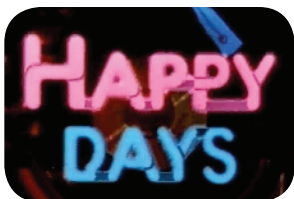
So you see something good can come out of all this! Now speaking of mid season replacements this is a list of the all time ten best shows that premiered just as fillers:



**All in The Family:** Ironically it was based on a British series "Till Death Us Do Part."



**Married...With Children:** Lowered the bar for all future shows!



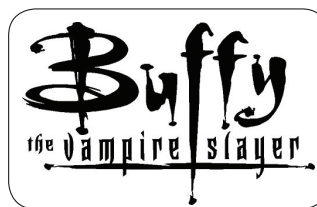
**Happy Days:** Pinky Tuscadero!!!



**The Simpsons:** An intellectual classic for the ages.



**The Jeffersons:** The coolest theme song of all time



**Buffy the Vampire Slayer:** Never saw it.



**Three's Company:** Really Jack Tripper? Actually based on another British sitcom, "Man About the House."



**Dawson's Creek:** Ditto



**Moonlighting:** Once they "did" the show lost its luster



**The Office:** Does everything good come from the British?