



Pennant First Title Agency

www.pennantfirst.com

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Corporate Headquarters • 9002 Lincoln Drive West, Suite B • Marlton, NJ 08053 • 877-382-4362 • Fax. 866-350-8880

Serving New Jersey, Pennsylvania, New York, Maryland & Florida

What Exactly Does the Federal Reserve Do?

As the nation's central bank, the Federal Reserve determines how much money is available in the economy. The dollars available, or liquidity, is critical because it determines how much lending occurs. And lending is a primary factor in determining how quickly, or slowly, the economy expands or contracts.

During the recent credit crisis precipitated by defaults on subprime mortgage loans, the Federal Reserve actively injected liquidity into the financial system. The Fed has several tools to do that.

Buying and selling government securities is one of those activities. If business activity is slowing, and the Fed wants to pump cash into economy,

it buys government securities in the open market. When it does that, the financial institutions that sold the securities get cash. When that money starts moving in the banking system, banks are then free to lend it, which juices business activity. This is generally the first thing the Fed does.

Tweak interest rates is the next step. If the Fed is concerned about slowing economic growth, it can cut its target for the federal funds rate. It doesn't directly control the rate because the fed funds rate is the interest banks charge each other for overnight loans. But the Fed can push the rate up or down by buying and selling securities, controlling the amount of cash in circulation.

This rate is not changed lightly, because changes in the fed funds rate
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Why Use a Real Estate Attorney?

Real estate closings bring all interested parties together. They involve execution of all necessary documents simultaneously with the payment of the purchase price. While this seems like a simple process, a closing is a complicated matter and requires thorough knowledge. Accordingly, buyers and sellers often turn to attorneys. Closing involves complex phases, including title examination, explanation of legal documents, and resolution of title issues. The closing attorney's role can be summed up as follows:

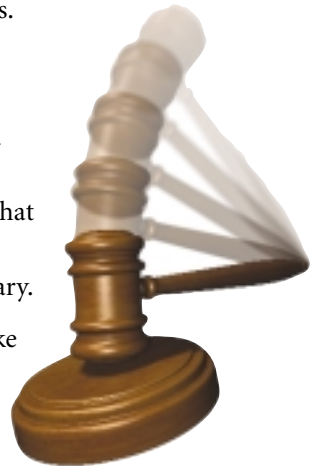
For Buyers:

- Review and negotiate terms of contracts.
- Evaluate legal documents (i.e., Deed, Mortgage, Title Policy, Survey, Closing Statement, Seller Disclosure).
- Arrange for closing time and place.
- Attend closing.
- Insure clear title is passed with closing.
- Provide updates of facts that affect property interest.
- Provide counsel if necessary.

For Sellers:

- Review and negotiate terms of contracts.
- Request surveys, mortgage payoff letters, condominium documents.
- Prepare the Deed.
- Attend closing.
- Insure clear title is passed with closing.
- Provide updates of facts that affect property interest.
- Provide counsel if necessary.

If you use an attorney, make sure to utilize a real estate attorney because of their specialization. ♦



MEET OUR TEAM

NAME	POSITION
Cosmo Digneo	President
Raymond Curnew	Vice President
Ronald DeSimone, Esq.	Chief Corporate Counsel
Rock Stefan	Title Officer/Operations Manager
Mike Walker	Pre & Post Closing
Pat Sipera	Closings/Policies
Brenda Schofield	V.P., Sales & Marketing
Chris Rosa	Regional Sales Manager
Chris Sciolla	Regional Account Executive
Marlene Curnew	O.C./Wash Twp Office Coordinator

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Street Beat

By Chris Rosa

On a cool September morning I hit the road looking forward to what I hoped was a productive day on the street. Driving the highway, I can't help but wonder where this housing market is taking us. Will it turn in 6 months, a year? Mortgage rates are strong and even began to fall a bit. As disappointing as the real estate market is, I tell myself the media seems to make it worse. The attorneys I visit have their busy weeks and their slow weeks. I could relate since their production filters down to Pennant's production. No matter what, without a doubt real estate is cyclical; it will be back again, maybe not how we were spoiled with over the course of 7 years, but it will be back. Now is the time for us at Pennant First to circle the wagons and pay even more attention to detail for our clients. Now is the time to introduce ourselves to new clients, new lenders, while still providing that outstanding service to our existing ones.

A large part of my week is spent gathering ideas from attorneys, loan officers and realtors. Being creative with ideas is what helps me stay focused and excited in a down market. It's ground work, the foundation, anticipating the market turning while saying to one another, "We endured the slow months and we can see that flicker of light; it's not bright yet but it positively is a flicker of light." ❖

What They're Saying About Pennant First

"Being in the mortgage business and processing loans for many years, you tend to come across numerous title companies throughout the country. Having worked with Pennant First now for over a year, we have learned truly how a title company should operate. The entire office is very easy to work with, ensuring quick turnaround time and efficient closings in all circumstances."

Justin DeJoseph & Chris Pell, Ultra Mortgage (Mortgage Broker)

"Pennant is my FIRST choice for all my REAL ESTATE needs and should be yours too. They are fast, reliable, knowledgeable and always there when you need it."

Robert Wianecki, Esq. (Real Estate Attorney)

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almost immediately affect other short-term interest rates, notably banks' prime rate, the base rate for many business and consumer loans. So if the Fed cuts the fed funds rate target, a lot of people get a rate cut.

The Fed can also cut its discount rate, which it does directly control. This is the rate the Fed charges banks to borrow directly from the 12 regional Federal Reserve banks. A discount rate cut has been considered more of a symbolic move, since the rate is higher than the fed funds rate and banks generally avoid borrowing from the Fed's "discount window" if they can. Still, it signals that the Fed is willing to lend.

Who benefits when the Fed cuts rates? That's a tough question because it depends largely on how the credit markets react to the moves. Generally, banks benefit because it lowers their cost of money that they can lend out at the same rate, while making a higher profit. Or they can cut their loan rates to stimulate business. If the lower rates prevent the economy from slowing too much, consumers benefit. The danger is if the Fed stimulates the economy too much, inflation can result, which hurts everyone. ❖

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9002 Lincoln Drive West
Suite B
Martton, NJ 08053
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Fax. 866-350-8880