



Chicken Paillard with Fresh Fig salad and Blue Cheese

I made this recipe recently and I have to say I really was impressed, it was delicious. Bon Appetit!

Vinaigrette:

3 tbsp. honey, 1/4 c. olive oil, 1 shallot (chopped), 1 tbsp sherry vinegar (or red wine vinegar), Juice of 1/2 lemon, 1 tsp of fresh tarragon (chopped) salt and pepper

Combine the above ingredients in a small bowl and set aside

4 boneless chicken breast, pounded really thin

10 slices of pancetta

olive oil

1 small package of blue cheese, broken into chunks

arugula or other salad (washed and broken if necessary into bit sized pieces)

1 small basket of fresh figs cut into 1/4's

Put the chicken between 2 pieces of plastic wrap and pound thin with a meat cleaver or rolling pin. Remove and season both sides with salt and pepper. Heat a sauté pan and fry the pancetta, 3-4 minutes each (turning it). Remove the pancetta from the pan and set aside on a paper towel. Add the olive oil to the pan and add the chicken, cooking about 3-4 minutes a side, until it is cooked through. Remove the chicken and also allow to drain on paper towel. Add the Vinaigrette to the pan and sauté for a few minutes.

To serve: arrange salad lettuce/arugula on your plate. Top with a piece of chicken and then top with the pancetta, blue cheese and figs. Drizzle the vinaigrette equally over the plates and serve immediately. Garnish with extra tarragon leaves.



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MARKET UPDATE

September 2007

The investment markets have been very volatile due to the sub prime crisis in the US. It has been very difficult to gauge where rates are headed largely because the data has provided many mixed messages.

Let's first look at the sub prime crisis: What has happened in essence, is that the US sub prime lenders were far too aggressive in their lending practices over the past few years. This resulted in high risk applicants being successful in buying a home and many took teaser rate mortgages that had rates that were very low for the first 2 years. Now that the US interest rates have increased over the past 2 years these borrowers are looking at much higher rates for their mortgages. For some borrowers, these increases have resulted in a lack of affordability and they have had to walk away from their homes. For those not wanting to walk away, they are now forced to renew their mortgage and are finding that all US lenders have tightened their policies making it harder to qualify for mortgage financing.

Mortgages and other commercial loans are bundled and sold on the Mortgage Backed Securities market which allows for the banks to pass along the risk to the investor. Investment firms also started offering products such as collateralized debt obligations (CDOs) which included BBB (sub prime) rated mortgages with the normal AAA mortgages. When the regulatory agencies looked at these products they were given a higher rating than perhaps what they should have received, not knowing that the CDO's contained any B mortgages. This resulted in major corporations, individual consumers, pension funds etc. investing in CDOs world wide. As this sub prime crisis has come to light, corporations are realizing that they are sitting on a very volatile investments. No one knows for sure which CDO's have B mortgages and

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to what extent these B mortgages will go into default, causing the market to discount the value of these investments by 35%. At the end of the day the individual CDO may perform well but no one knows, resulting in investors becoming skittish causing a lack of liquidity for the banks. To offset this lack of liquidity, the US Federal Reserve, the Bank of Canada and the European banks reacted by lending money to the banks to try to fend off further tightening. The Bank of Canada left the overnight rate unchanged and the US Federal Reserve reduced its prime by .5% hoping to prevent further problems.

However, because the banks were transferring the risk to investor they could offer deep discounts on mortgages without a lot of concern. Now the lenders have tightened their pricing and lending policies making it harder for anyone with a mortgage coming due to qualify for the mortgage, which will increase the likelihood of more foreclosures.

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mortgage rates

as of May 6/07

closed rates

6 mo	6.10%
1 yr	5.60%
2 yr	5.65%
3 yr	5.70%
4 yr	5.85%
5 yr	5.74%*
7 yr	5.95%
10 yr	6.10%

*quick close special
5.69% with a 5% prepayment option also available

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What does this mean to the future mortgage rates? On one hand we are showing record employment rates, and our GDP is above capacity causing the Bank of Canada to want to raise rates to slowdown consumer/corporate spending, while on the other hand we have this big can of worms unfolding that could potentially take the US into a recession which would have a large impact on Canada (80% of our goods and services go to the US), this would cause the Bank of Canada to cut rates.

My best guess is that we will see some reduction in rates over the next 6 months (how big of a reduction and when I do not know), then I see the Bank of Canada continuing on their course of increasing rates. That is, if the US does not go into a major recession. At the same time the lenders will likely change the "spread" that they need to compensate for the "risk" of mortgage financing which will lead to smaller discounts on mortgage rates.

Paula



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