

TRADITION

A REPORT OF THE INTEGRATED SERVICES OF THE TRADITION COMPANIES

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WINTER 2010



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SPIRIT OF BRANDTJEN FARM



WEALTH: 6
CASH FLOW



GOLF: 8
HANDICAPS 101

Cultures Grow

ON THE VINE OF TRADITION.

- JONAH GOLDBERG

WWW.TRADITIONCOMPANIES.COM



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TRADITION COMPANIES, A FAMILY OF ORGANIZATIONS HAVE DEVOTED OUR ENERGY TO FULFILLING THE DREAMS & VISIONS OF OUR CLIENTS.

WE ARE COMMITTED TO IMPROVING THE LIVES OF OUR CLIENTS BY PROVIDING: FINANCIAL PLANNING, MORTGAGE SERVICES, RESIDENTIAL COMMUNITY DEVELOPMENT, REAL ESTATE BUYING AND SELLING SERVICES AND PREMIER GOLF COURSES

WE BELIEVE THROUGH INTEGRITY, HONESTY, CLEAR COMMUNICATION, AND FOLLOW THROUGH, WE WILL GAIN THE COMPLETE TRUST AND CONFIDENCE OF OUR CLIENTS, AND BE GRANTED THE OPPORTUNITY TO SERVE THESE SAME CLIENTS WITH SERVICES FROM MANY OR ALL OF OUR TRADITION COMPANIES.

6800 FRANCE AVE S,
SUITE 178 EDINA, MN 55435
952.920.5100
WWW.TRADITIONCOMPANIES.COM

16965 BRANDTJEN FARM DRIVE,
LAKEVILLE MN 55044
952.322.8718 WWW.HOMESOFSPRIT.COM

A MESSAGE FROM THE PRESIDENT OF MORTGAGE SERVICES

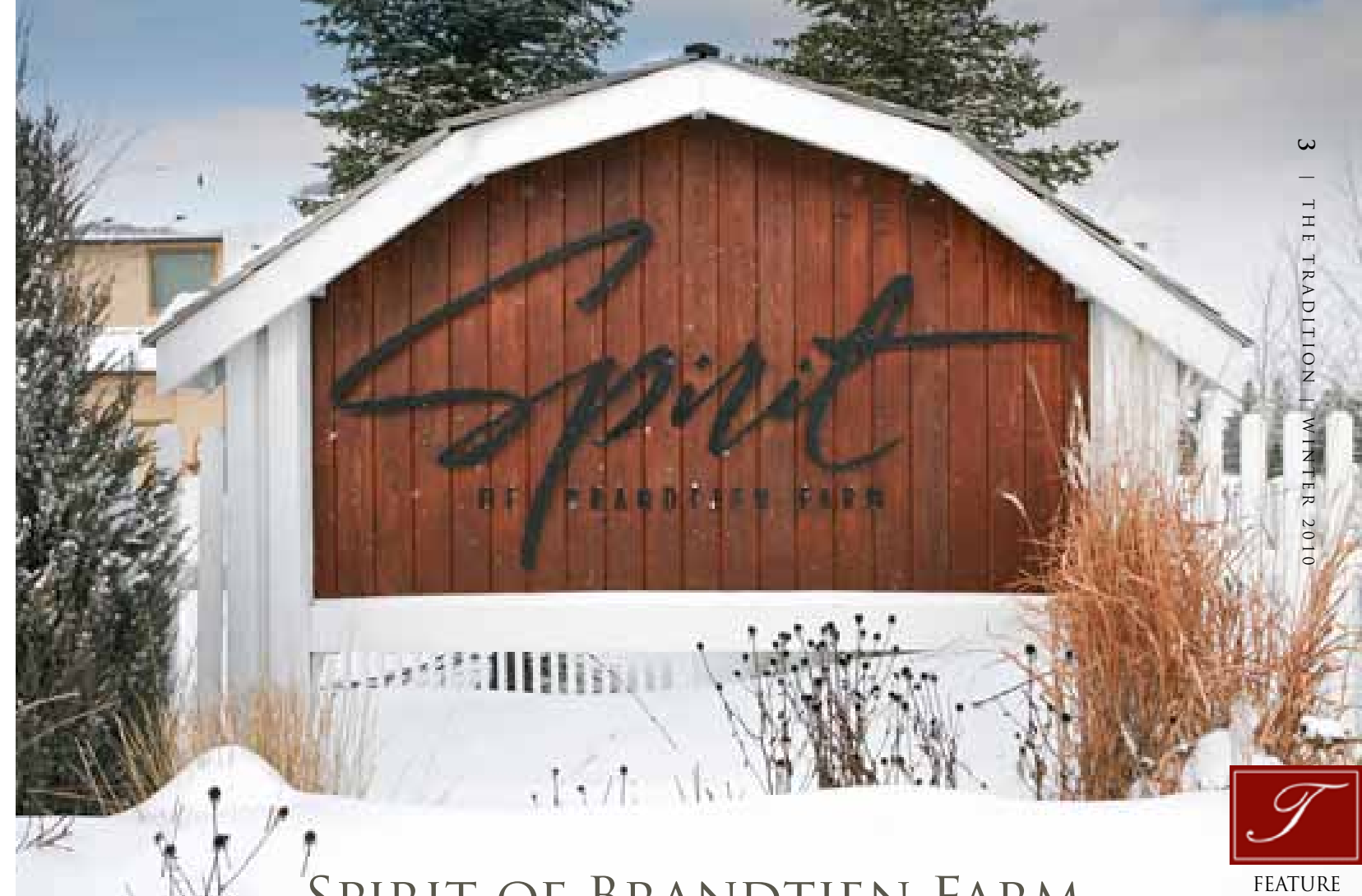
Wow, what a wild ride we had in 2009! So many historic, albeit horrifying events happened, it is hard to know where to start. Between the implosion of the stock market to the near collapse of our banking system, it was a year to remember or better yet, to forget! Even though we still face some uncertainty in 2010, there is no denying we have come a long way back over the last six months. At Tradition Companies, we had a front row seat for the action in 2009. Being a company focused on real estate and finance (in the eye of storm- as I like to call it), we feel grateful to be heading into the new year still intact and with a renewed sense of purpose going forward.

We continue to be blessed with a great customer base, wonderful staff, and strong financial footings. I would like to take this moment to sincerely thank all of our customers and clients for their continued support. I have noticed some very positive results from operating businesses during challenging times, we are required to turn up the performance levels even higher and stomp out inefficiency wherever it may be hiding. More good news is that mortgage rates are still hovering at historic lows, the government is giving great tax credits, the cost of construction is lower than it has been in over a decade, housing supply levels are decreasing along with stabilizing values. 2010 may just be the best year to build or buy a house in our lifetimes.

Best wishes to all of you for a prosperous 2010!

Sincerely,

Erik Hendrikson



FEATURE

SPIRIT OF BRANDTJEN FARM

16965 Brandtjen Farm Drive, Lakeville MN 55044 952.322.8718 www.homesofspirit.com



Spirit of Brandtjen Farm offers a variety of home styles and price points to meet a vast number of new home needs. Home styles include cottage single family homes starting in the \$300s, luxury rambler twin homes, and executive custom single family homes. Every home is custom tailored to the owner. Spirit has a place, and a home, for everyone.

Spirit of Brandtjen Farm is designed for warmth and convenience. It encompasses 600 acres with a third reserved as open space. Every home built in Spirit of Brandtjen Farm is as unique as the people who live in it.

Spirit of Brandtjen Farm is unique. From the ground up it was built to honor the traditions of hard work and innovation that were the corner stones of Brandtjen Farm over the decades. The original Brandtjen dairy barn was renovated, beautifully, into a private state-of-the-art community center with outdoor pools, fitness center and vast spaces for entertaining. Homeowners can use the state of the art exercise

facility, play pool, cards or darts in the game room, or entertain friends and family in the 2 story party area with working kitchen. In the summer, both pools are available for cooling off after a warm day.

Outside the community center you will find miles of walking trails, sand volley ball courts, basket ball court, horse shoe court, fire pit, and picnic shelters. Streets are tree lined, with sidewalks on both sides. Homes have large front porches that encourage hospitality. Opportunities for play, plus abundant green spaces and special neighborhood events will draw you in as a community member and neighbor.



Complete this statement: Every home needs . . .
Whether it's a personal touch in an accessory or a fabulous tile backsplash, every home needs *a pop of color and character!*



Parade of Homes
Where dream homes come true.™

SPRING PARADE OF HOMES

MARCH 5 - MARCH 28, 2010 - MODELS OPEN 12-6 EVERY DAY!

Homes by Tradition is known for designing beautiful homes with attractive exteriors and comfortable open floor plans that meet our customers' individual needs and budgets. Homes by Tradition will once again feature beautifully designed and decorated model homes in Spirit of Brandtjen Farm and Dancing Waters.

THE ELMHURST

Spirit of Brandtjen Farm
5129 168th St. W.,
Lakeville, MN
\$624,840



The Elmhurst is a meticulously crafted 4 bed, 4. bath home. Showcasing almost 3300 thoughtfully designed sq. ft. the home includes a gourmet kitchen w/custom cabinets & wood range hood, s/s appliances, granite, maple hardwood floors, luxury owner's suite with walk in shower, sun room, & bonus room. This home boasts a striking mix of premium materials, artful appointments & expansive spaces which are the trademark of Homes by Tradition.

THE BELMONT

Spirit of Brandtjen Farm
16917 Eagleview Dr.,
Lakeville, MN
\$436,756



Thoughtful design and exceptional value are the cornerstones of Homes by Tradition's new Cottage Series at Spirit of Brandtjen Farm. The 3580 sq ft Belmont Model flourishes in its astounding kitchen and adjoining gathering spaces. A tranquil owner's suite, a working office, 3 additional bedrooms, and 2 additional living spaces provide something for everyone.

FOR MORE INFORMATION GO TO
WWW.HOMESBYTRADITIONLLC.COM OR 952.322.8718.

Upcoming Events

Homes by Tradition Cottage Neighborhood Grand Opening
Spirit of Brandtjen Farm: Thursday, February 25, 5:30pm
at the new cottage model

Spring Local Artists Boutique
Spirit of Brandtjen Farm Community Center
Saturday, April 24, 10:00 am to 4:00 pm

Dancing Waters Homes - Tradition Model
Grand Opening: Thursday, March 11 5:30 pm

CHECK OUT THE NEW HOMES BY TRADITION WEBSITE! www.homesbytraditionllc.com

Models For Sale!

Additional photos & info can be found at Homes by Tradition on Facebook.



THE WESTBROOK
Spirit of Brandtjen Farm
16838 Eagleview Drive,
Lakeville, MN 55044 \$659,980
4 bed, 4 bath, bonus room, formal DR



THE STRATFORD

Spirit of Brandtjen Farm
16750 Asterbilt Lane,
Lakeville, MN
\$419,664



Cottage charm with casual elegance inspired Homes by Tradition's twin homes. Showcasing architectural detail, window filled sun rooms, generous living spaces, and an owner's suite on the main level, these extraordinary homes complement an informal lifestyle. The lower level is complete with additional bedrooms, full bath and huge entertaining area.

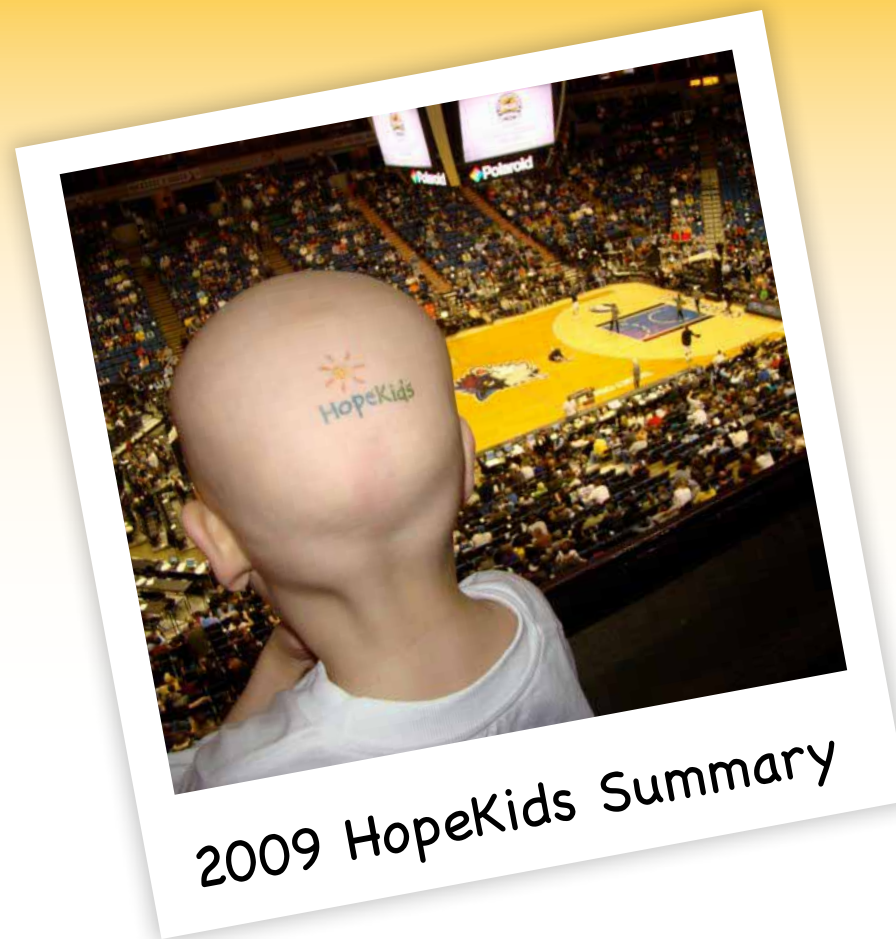
THE FAIRFIELD
Spirit of Brandtjen Farm
16958 Dynamic Drive,
Lakeville, MN \$519,990
4 bed, 3 bath, two story home



THE FAIRFIELD
Dancing Waters
11009 Sweetwater Path,
Woodbury, MN \$499,990
4 bed, 3 bath, office on main,
2 story home



THE CHESHIRE
Spirit of Brandtjen Farm
16742 Asterbilt Lane,
Lakeville, MN 55044 \$416,780
3 bed, 3 bath rambler Twin Home with
finished w/o lower level



2009 HopeKids Summary

[hope is a powerful medicine™]

Our third year in the Twin Cities proved again to be yet another year of growth both in the number of families we serve and the number of events we provide them. With decline in the economy the events we provide our families were needed like never before. The combination of steep program growth and sharp economic decline made for a difficult year. We were blessed to start the year off by being selected as the Minnesota Timberwolves Fastbreak Foundation grant recipient for January and also selected by KTIS as a recipient of a portion of the 20th Anniversary CD Sampler funds.

By the end of 2009 HopeKids Twin Cities were serving approximately 600 families which reflects a growth of about thirty five percent from 2008.

Over the course of the year we were able to provide the families with approximately two hundred and fifty different event and ticket opportunities. These events varied from as small as two tickets "On the Glass" at the Minnesota Wild to more than twelve hundred people at our annual HopeDay Festival held on campus at the University of Minnesota.

One of the highlights of 2009 was the Suburban Adventure Fall Classic Walk and Run. Sponsored by Tradition Companies, Spirit of Brandtjen Farm and Cobblestone Lake, more than 500 people came to walk and run for HOPE. The end result was \$65,000 raised to HopeKids. The 2010 Suburban Adventure will be held on July 25th, be sure to save the date!



HopeKids Mission:
HopeKids provides ongoing events & activities and a powerful, unique support community for children with cancer and other life-threatening medical conditions. We surround these remarkable children and their families with the message that hope can be a powerful medicine.



HOPE KIDS

THE IMPORTANCE OF CASH FLOW AND DEBT SERVICE COVERAGE ANALYSIS IN UNDERWRITING COMMERCIAL LOANS

Provided by Tom Kruse

Shortly after starting my career at Marquette Bank in 1987 as an analyst in Business Banking, I recall going to a training session on cash flow. I remember the trainer beginning the session by asking us twenty-somethings "What is it that repays loans?" Eager to impress, I raised my hand and proudly responded "profit." If a company is profitable, that is what repays their loans, right? After a brief chuckle and eye roll, the trainer wrote CASH in block letters on the board.

Cash is the lifeblood of a company. It is needed mainly to meet the short-term obligations of a company (e.g. paying operating expenses, meeting payroll, paying trade creditors, building inventory, etc.) but can be used for some long-term capital needs (e.g. equity in acquiring property, plant, and equipment or buying back stock). Without cash or access to cash, a company's operations can grind to a halt.

The training session to which I referred was the beginning of a greater understanding of cash flow for me, along with years of working with seasoned business bankers and credit officers in the underwriting process. Today I understand that not only is cash flow the primary repayment source on all of the deals we underwrite, it is the most important factor in deciding whether or not to provide financing for a new or existing client.

CASH FLOW VERSUS PROFIT

Cash flow and profit are very different things. A company can be highly profitable but struggle to meet its operating

expenses and debt service obligations if it is spending beyond its means. Significant investment in new assets such as building inventory, hiring new employees, buying new machinery and equipment or even a new building can choke off a company's liquidity and make it difficult to service debt even while that company is quite profitable.

Profit is an accounting term that includes non-cash items and estimates. It can be manipulated by accelerating non-cash expenses (e.g. depreciation and amortization expense) or by the use of estimates (e.g. bad debt reserves). Cash is absolute. It can be relatively easy to project out profitability but more difficult to plan a company's cash liquidity as businesses are dependent on their customers paying them in a timely manner.

Companies use lines of credit to ensure easy access to cash in order to meet their short-term obligations. Tradition Capital Bank can provide these operating lines of credit to established businesses that have, first and foremost, demonstrated an ability to repay this debt even while they are growing their business.

Banks like Tradition Capital Bank aren't true asset-based lenders. ABL's tend to place a greater emphasis on the assets that secure the loan as a primary repayment source. We don't have the resources, human or otherwise, to do the daily apply-reset monitoring necessary to ensure that loan advances remain within collateral margin. ABL's are at a different place on the credit food chain, and that is why their products and services are priced higher than typical bank pricing. Collateral does not repay loans, cash does.

While it is great to have a modest loan-to-value on an asset that can be

converted to cash in a reasonable time, that alone is not a reason to do a deal. The ability to convert that asset to cash, in order to repay the loan, should not be the primary underwriting consideration. Taking back collateral and trying to liquidate it is time consuming and far outside the bank's area of expertise. Our primary underwriting criterion should be a borrower's demonstrated historic ability to create enough cash flow to comfortably service its debt going forward.

HOW DO WE CALCULATE CASH FLOW AND DEBT SERVICE ABILITY?

Cash flow can mean different things to different people. There are three methods that the Bank commonly uses to measure cash flow and debt service capacity of a commercial borrower.

1. UCA Statement of Cash Flow

The UCA statement of cash flow is a financial statement summarizing how changes in balance sheet accounts between periods (typically two fiscal year ends) and income statement accounts influence changes in cash. It works in absolute dollars (as opposed to the ratios generated by the two methods below) to see if a business is generating enough cash to meet its obligations. The statement is segregated by operating activities, investing activities, and financing activities.

Operating activities for a company include production, selling, and delivery of the company's products. Examples include purchasing inventory, cost of goods sold, paying accrued expenses and payables, and collecting receivables. Investing activities include capital expenditures, changes in long-term investments, or loans made to clients or vendors. Financing activities include the inflow or outflow of cash from investors (sale or buyback of stock) or banks (new long-term debt or payoff of existing debt) plus dividends and distributions. Generally speaking, if a company has excess Cash After Debt Amortization, it has the ability to meet its working capital changes (generally a use of cash

in a growing revenue environment), meet its operating expenses, and service its interest expense and mandatory principal payments on all interest-bearing debt. It must still generate enough cash to cover the equity portion of any capital expenditures it makes as well. The bottom line for the UCA Statement of Cash Flow is how much all of these changes influenced the change in cash for the period in question.

2. Debt Service Coverage Ratio

The debt service coverage ratio, or DSC, is a relatively simple measurement of a company's ability to cover its mandatory debt requirements (interest expense on all interest-bearing debt plus any required principal payments) for the period of determination. It does not take into consideration any changes in balance sheet accounts and is therefore not a true, global analysis of cash flow. It is calculated by taking the net income of the company before any interest expense and non-cash expenses such as depreciation and amortization and dividing that total (often referred to as EBITDA) by the sum of interest expense and mandatory principal payments made for that period. Since taxes or distributions (generally a use of cash), capital expenditures, and balance sheet changes are not part of the equation, a company should have a DSC ratio in excess of 1.50 to be considered relatively strong.

3. Fixed Charge C

The fixed charge coverage ratio, or FCC, is similar to the DSC ratio but expands the analysis to penalize the company for additional uses of cash, mainly in the form of cash taxes paid or S Corporation distributions plus the equity portion of capital expenditures made in the period. Taxes and capital expenditures can create a large outflow of cash to some companies, and this ratio will give a truer picture of a company's ability to service its mandatory principal and interest expenses. FCC ratios should exceed 1.25 to be considered relatively strong.

These three tools are used by the Bank regularly in analyzing the most important factor in determining whether a prospect or existing customer will be able to service the debt it carries on its balance sheet. We focus in on cash and access to cash because that is what will ultimately repay our loan.

PUTTING THE TOP DOWN ON THE IRA

Provided by Jeffrey T. Erpelding

With the new year comes new tax rules. The big one that everyone is talking about is the new Roth IRA conversion rule. In the past, a taxpayer would need to have modified adjusted gross income of \$100,000 or less (and not be a married individual filing a separate return) in order to convert a Traditional IRA to a Roth IRA.

This may be the only time that many high-income individuals can consider a Roth IRA. With the stock market still below the highs of 2007 and income tax rates at historical lows, it is something many people should consider.

So, should you convert your Traditional IRA to a Roth IRA? There is actually a lot more to contemplate when making this decision than one would think.

First, we need to establish the difference between a Traditional IRA and a Roth IRA. Generally, contributions to a Traditional IRA are deducted from income when made. When distributions are made from a Traditional IRA, they are taxed. There is no tax assessed on any earnings in the IRA until they are distributed.

With a Roth IRA, there is no deduction for a contribution but there is also no tax assessed on distributions or any income earned by the Roth IRA.

Here is what you need to consider to make this decision:

Income tax rates

Are your tax rates higher now than they will be when you start taking distributions?

Time horizon

When will you be taking distributions?

Do you need to take distributions in the next five years?

Will you never take distributions?

Additional funds

Do you have additional funds to pay the taxes so you don't need to use a portion of the IRA for this purpose?

Other income sources

Will your other retirement income sources be taxed at ordinary income tax rates? Will your social security benefits be taxed?

All of the above factors are different for each individual so it is impossible to give a blanket answer to whether someone should convert their Traditional IRA to a Roth IRA without first doing the analysis.

If Tradition Wealth Management can help you with this decision, do not hesitate to contact us.

Securities offered through ProEquities, Inc., a Registered Broker/Dealer, Member FINRA/SIPC. Investment Advisory Services offered through Tradition Wealth Management, LLC, a Registered Investment Adviser. Tradition Wealth Management, LLC, is independent of ProEquities, Inc and Tradition Capital Bank. ProEquities, Inc. is not affiliated with Tradition Capital Bank (TCB). Securities and insurance products offered are not insured by the FDIC, are not deposits or other obligations of TCB and are not guaranteed by TCB; and are subject to investment risks including possible loss of the principal invested.

WHY COMPUTERS WERE INVENTED: GOLF HANDICAPS '101'

IT'S ALL ABOUT "POTENTIAL" NOT JUST AVERAGES

Provided by Steve Dowling

Have you ever wondered why we have computers? I'm pretty sure that one of the reasons was to calculate golf handicaps!

"Index", "Differential", "Slope", "Equitable Stroke Control"... the United States Golf Association (USGA) handicap manual reads like a government report. However, golfers don't have to approach handicaps with fear and trepidation. According to the higher ups at the Minnesota Golf Association, who helped with the research for this article, handicaps can be a relatively simple matter!

What is a handicap?

A handicap is calculated with a specific arithmetic formula that approximates how many strokes more than par a player should be able to play.

The handicap system in golf allows people of very different golfing abilities to compete with each other. Other sports do have a 'handicap' system, but nowhere does it work as effectively as in the game of golf. Basically, a handicap is the number of strokes a player receives, over and above the 'par' for a course. The higher the handicap, the more strokes received. The highest 'official' handicaps are currently 28 (men) and 45 (women). A very good golfer plays off 'scratch' (zero handicap) or even a 'plus' handicap!

How does it work?

If a player plays to an 18 handicap, then he/she would receive 1 shot per hole over and above the course par. If the handicap is lower than 18, the Stroke Index is used to determine on which holes the strokes are received. This is to say that each course indicates the handicap rating on each hole on their scorecard ranging from 1 through 18 with "1" being the most difficult hole.

If the handicap is higher than 18, they would receive a second shot at the holes where the stroke index is equal to or less than the handicap - 18. So a 20-handicapper would get an extra shot at the courses #1 and #2 indicated handicap holes.

A golfer's "net score" is determined by subtracting the player's handicap from the gross score (the number of strokes actually taken). The net scores of all the competing golfers are compared

and (generally) the person with the lowest score wins.

What's This About "Potential"?

Most golfers (not just you and I) consistently demonstrate an inability to play to their handicap. A player's handicap is intended to show a player's "potential", not his average score, as is the common belief. The Minnesota Golf Association tells that the average player is expected to play to his/her handicap only 25% of the time and it is accommodating the "potential" that makes the formula work. The frequency by which a player will play to their handicap is a function of that golfer's handicap, as low handicappers are statistically more consistent than higher handicappers. The USGA refers to this as the "average best" method. So in a large, handicapped competition, the golfer who shoots the best with respect to his abilities and the normal variations of the score should win.

Let's Do The Math

It is very soothing to know that handicaps are done by computers but it is good to know the formulas behind the calculations. While there are many variations in detail, handicap systems are generally based on calculating an individual player's playing ability from his/her most recent history of rounds. Therefore, a handicap is not fixed but is regularly adjusted to increases or

decreases in a player's scoring. Players with handicaps are required to register their scores from each round played.

HANDICAPS ARE CALCULATED USING SEVERAL VARIABLES:

- PLAYER'S SCORES FROM RECENT ROUNDS, ADJUSTED FOR EQUITABLE STROKE CONTROL (SEE SECTION BELOW)
- COURSE RATING
- SLOPE FROM THOSE ROUNDS.

The basis of all handicap calculations is the "Differential". A "handicap differential" is calculated from the scores, using the course slope and rating, and the player's handicap differentials are used to calculate the player's handicap.

But you want the nuts and bolts of the golf handicap calculation, don't you? You want to know the math of the golf handicap calculation. OK, you asked for it, you got it.

STEP 1

Golf Handicap Calculation "The Differential"

A minimum of five scores and a maximum of 20 is required to get started.

$$(\text{Score minus Course Rating}) \times 113 \text{ divided by Slope Rating} = \text{Differential}$$

For example, let's say the score is 85, the course rating 72.2, the slope 131: The formula would be $(85 - 72.2) \times 113 / 131 = 11.04$ (differential)

This differential is calculated for each round entered.

STEP 2

Golf Handicap Calculation "Selecting Differentials"

Figure out how many differentials are being used. Not every differential that results from Step 1 will be used in the next step. If only five rounds are entered, only the single lowest differential will be used. If 20 rounds are entered, only the 10 lowest differentials are used. A chart below shows how many differentials are used based on the number of rounds entered.

Number of Differentials Used

5-6	1 lowest
7-8	2 lowest
9-10	3 lowest
11-12	4 lowest
13-14	5 lowest
15-16	6 lowest
17	7 lowest
18	8 lowest
19	9 lowest
20	10 lowest

STEP 3

Golf Handicap Calculation "The Index"

Get an average of the differentials used by adding them together and dividing by the number used (i.e., if five differentials are used, add them up and divide by five).

Multiply the result by .96 (96-percent). Drop all the digits after the tenths (do not round off) and the result is "handicap index". The "Handicap Index" is a number that represents what your handicap would be at an average course. Your Index determines your handicap at the course you're playing. A USGA Index Conversion Table is either posted or available at each golf course and allows you to convert your Index into your handicap at a specific course. On a difficult course your course handicap will be higher than your index and on an easier course your course handicap will be lower. **Equitable Stroke Control (ESC)** Over the years, many refinements have been made to the USGA Handicap

System including the procedure of adjusting individual hole scores for handicap purposes. Equitable Stroke Control (ESC) sets a maximum number that a player can post on any hole depending on the player's Course Handicap.

NAME	Buslee, Tom S	GHIN			
CLUB	Legends Club	6376415			
CLUB#	45-455-1				
EFFECTIVE DATE	04/15/2009				
SCORES POSTED	1	USGA HCP INDEX 5.0			
SCORE HISTORY - MOST RECENT FIRST					
1	84*AI	88 AI	93 AI	90 AI	75*AI
6	86 AI	85	82*	75*AI	82*AI
11	78*	75*AI	87 AI	82*	75*
16	85 A	79*AI	90 AI	79 AI	86 C

Course Handicap

Maximum Number On Any Hole	
9 or less	Double Bogey
10 through 19	7
20 through 29	8
30 through 39	9
40 or more	10

Computers

Thankfully, you and I don't have to do the golf handicap calculation on our own. That's where the USGA handicap system comes in. Simply register for a handicap at your favorite golf course like Legends Club, Willingers Golf Club, Territory Golf Club etc. - enter your scores in the handicap computer after each round and all the work is done for you!

Hopefully, you can now see why golf handicaps are one of the reasons computers were invented!

Nothing goes down slower than a golf handicap.

- BOBBY NICHOLS

JEFF HILBY HEAD GOLF PROFESSIONAL		SCOTT THAYER COURSE SUPERINTENDENT		GILL MILLER CART CLUB DIRECTOR		DAN DOLS DIRECTOR OF GOLF																			
HOLE	RATING	SLOPE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	IN	TOT	HCP	NET	
SILVER	74.2/42	421	428	458	538	122	453	182	413	536	3542	398	593	351	299	324	402	621	191	435	3516	2098			
BLACK	72.6/39	396	409	440	510	115	421	167	388	511	3357	369	573	341	182	299	384	596	181	420	3345	6782			
BLUE	71.9/36	374	396	421	498	105	392	161	369	493	3289	351	551	321	174	290	362	580	163	485	3197	6486			
MEN'S HCP		15	9	3	5	17	1	13	11	7		8	4	16	14	18	10	2	12	6					
PAR		4	4	4	5	3	4	3	4	5	36	4	5	4	3	4	4	5	3	4	36	72			
WHITE	M: 69/133 W: 75/136	350	377	399	483	101	358	151	350	474	3643	327	539	298	159	277	344	518	155	386	3003	6046			
GOLD	71.8/37	332	392	290	409	89	282	148	329	457	2638	282	444	264	136	260	307	477	136	353	2699	5297			
LADIES' HCP		15	9	3	5	17	1	13	11	7		8	4	16	14	18	10	2	12	6					
PLAYER:																									
MARKER:																									
DATE:																									



UPCOMING MORTGAGE & REAL ESTATE WORKSHOPS

TAKE ADVANTAGE OF:

- HISTORICALLY LOW FIXED INTEREST RATES FOR EITHER PURCHASE OR REFINANCE.
- HOME BUYER TAX CREDITS

INFORMATION FOR:

- FIRST TIME BUYERS
- HOW TO SELL YOUR HOME IN A SLOW MARKETPLACE

UPCOMING DATES:

EDUCATORS REALTY
& MORTGAGE SERVICES

6800 FRANCE AVE S,
SUITE 178 EDINA, MN 55435

- TUES., FEBRUARY 23
- TUES., MARCH 23
- TUES., APRIL 27

EDUCATION MINNESOTA

41 SHERBURNE AVE,
ST PAUL, MN

- TUES., FEBRUARY 9
- TUES., MARCH 9
- TUES., APRIL 13

Members Want To Know...

UNDERSTANDING THE EXTENDED FEDERAL TAX CREDIT

Today's historically low interest rates, depressed property values and a federal tax credit make this one of the best times in history to purchase a new home. Here are some frequently asked questions from members we receive in regard to the extended federal tax credit:

WHO IS ELIGIBLE TO CLAIM THE \$8,000 TAX CREDIT?

First-time home buyers purchasing any kind of home — new or resale — are eligible for the tax credit. To qualify for the tax credit, a home purchase must occur on or after January 1, 2009 and on or before April 30, 2010. For the purposes of the tax credit, the purchase date is the date when closing occurs and the title to the property transfers to the home owner.

WHAT IS THE DEFINITION OF A FIRST-TIME HOME BUYER?

The law defines "first-time home buyer" as a buyer who has not owned a principal residence during the three-year period prior to the purchase. For married taxpayers, the law tests the home ownership history of both the home buyer and his/her spouse.

For example, if you have not owned a home in the past three years but your spouse has owned a principal residence, neither you nor your spouse qualifies for the first-time home buyer tax credit. Ownership of a vacation home or rental property not used as a principal residence does not disqualify a buyer as a first-time home buyer.

HOW IS THE AMOUNT OF THE TAX CREDIT DETERMINED?

The tax credit is equal to 10 percent of the home's purchase price up to a maximum of \$8,000.

ARE THERE CREDITS FOR ME IF I WANT TO SELL MY CURRENT HOME AND PURCHASE ANOTHER THIS YEAR?

Yes there are. Every transaction is unique and there is up to \$6,500 for a seller who has lived in their home for the past 5 years out of 8 years. With some many variables it is wise to research your own situation. This is new to the credit as the last credit was only for 1st time buyers.

We recommend that you contact your CPA for more guidance and also feel free to contact us at Tradition for any other Real Estate related questions.

FOR MORTGAGE RELATED QUESTIONS:

TOM BUSLEE, VICE PRESIDENT, TRADITION COMPANIES
952-252-4706 TOM.BUSLEE@TRADITIONLLC.COM
WWW.MNEDUCATORSHOMES.COM

2010 BRINGS *New Rules* FOR LENDERS

Provided by Lucas Kanavati

Simplification, Transparency, and Savings. Those are three words HUD intended to pass along to consumers as they recently reformed the Real Estate Settlement Procedures Act (RESPA). These rules govern the way lenders disclose loan fees and closing costs to consumers. Although these new rules are intended to simplify the loan process for consumers, at first glance it may be a bit confusing. The new Good Faith Estimate (GFE) is now three pages (up from the one page document we are accustomed to) and the new arrangement of the additional information provided to the consumer can be overwhelming.

Under the new rules, lenders are required to provide a completed GFE within three days of the consumer completing an application. An application is completed when the lender has six items from the consumer: Name, Social Security Number, Property Address, Estimated Value, and Loan Amount requested. When providing the GFE to the consumer, the lender is committing to a 10 Day period where the fees cannot change outside of the rate dependent fees.

There are levels of tolerance HUD dictates regarding any changes to these fees, but the consumer can safely assume that what they have received on the GFE from the lender will be very close to what they would see at close unless the loan amount changes or the rate changes. Of course, HUD did include some exceptions to these tolerances when a transaction is affected by an Act of God, war, inaccurate information provided by the borrower, or new information that would change scenario.

Under the new rules, lenders are required to provide a completed GFE within three days of the consumer completing an application.

If there are changes to the GFE, the lender is again required to provide an updated form to the consumer within a three day period. If the initial GFE was provided without the consumer locking in a rate, the lender is also required to provide a new GFE at the time of locking in.

Ultimately, HUD wanted to clean up the process of disclosing loan fees and closing costs to the consumer with the new GFE. One of their stated intentions was to allow the consumer to easily shop between lenders which in turn would lead to reduced settlement costs due to a natural process of competition. On the new GFE, lenders must disclose the sum of all lender fees (including all points, application fees, administrative fees, etc.) on one line of page two. This is significant for the consumer who chooses to compare lenders as it truly does simplify the process of comparing one lender to another. Another feature of the new GFE allows for the consumer to manually enter information in the new "Shopping Cart" on page three.

This gives the savvy consumer the ability to compare up to four lenders in a basic spreadsheet format.

The next time you purchase a home or refinance your current mortgage, the new GFE provided to you will undoubtedly look very different from the GFE of old. The information on the new form is much more in depth, but the descriptions and explanations on the form are extremely helpful. If you would like to learn more about RESPA reform and how it affects you, don't hesitate to contact your trusted Tradition Mortgage representative.

TWIN CITIES HOUSING MARKET

Provided by Scott Anderson

With a new decade upon us and the spring real estate market just around the corner, there are reasons to have confidence in the Twin Cities housing market. Over the last week of 2009, the amount of homes for sale in the 7 county metro area dropped to 18,980 units marking the first time since April 2005 that home inventory totaled under 20,000 available units. Also of note, the January housing supply ratio of 6.69 homes for every 1 buyer is a 20% improvement over last year at this time. Despite these positive signs, the majority opinion is the 2010 real estate market will begin slowly with a gradual crescendo through the April 30th expiration of the first time home buyer tax credit and continue to ramp up into 2011.

As a reminder, the first time home-buyer tax credit offers an \$8,000 tax credit for home buyers who have not owned a home in the past five years. This credit was extended in November and expanded its reach to include move-up buyers. The move-up buyer credit features a \$6,500 tax credit for home buyers who have owned a primary residence for five out of the last eight years. Income requirements do apply so be sure to check with

your Tradition Realty representative for details. The federal programs designed to prop up the housing market have indeed given our market a jumpstart.

So what happens after the federal programs have expired and the housing market is left to stand alone without any assistance? Truthfully, there is no way to definitively answer this question, so we have to look at the evidence and determine what is most likely to happen.

One silver lining to the real estate downturn we experienced over the past several years was that homes became more affordable for more Minnesotans. In fact, homes in the Twin Cities are 42% more affordable than they were just two years ago according to the latest housing affordability index. This will allow a greater number of people the ability to own a home. While this fact does not ensure home sales will remain strong through 2010, it certainly increases the probability.

Another factor that should help area home sales is that mortgage rates are expected to rise at some point in 2010. At first glance, this theory appears antithetical but when taken in context, the anticipation of higher rates alone should motivate home buyers to act before the mortgage rates actually do increase significantly.

Next, the traditionally strong spring and summer markets will benefit home sales as market activity tends to heat up in conjunction with Minnesota temperatures.

This trend is projected to continue in 2010 and will build the foundation that gives the housing sector momentum moving into 2011.

Lastly and often overlooked, there are a large number of homeowners who are either upside down on their mortgages or simply want to wait until significant gains are seen in home prices before making a move. We call this segment of the market, "pent-up demand." In other words, there are many folks who wish to make a move but aren't quite ready yet for a variety of reasons. At some point, this considerable segment of our population will come to the forefront and generate a new wave of activity. Experts suggest this "pent-up demand" may start to manifest itself as early as 2010, another reason for optimism.

These insights offer some indication that the Twin Cities housing market may be poised for a sustainable course to recovery in 2010. Of course, we may see minor setbacks along the way but it appears brighter days are ahead. This is a welcomed change from last year at this time in which it seemed there was no end in sight.

If you have any questions with regards to the Twin Cities housing market, Tradition Realty can provide you with trusted answers to any real estate questions and offer sound real estate advice for any situation. Whether you need a price opinion on your home, have a son or daughter who wants to take advantage of the tax credit or need help formulating an exit strategy for selling your home down the road, we can assist you with practical and well thought out solutions.

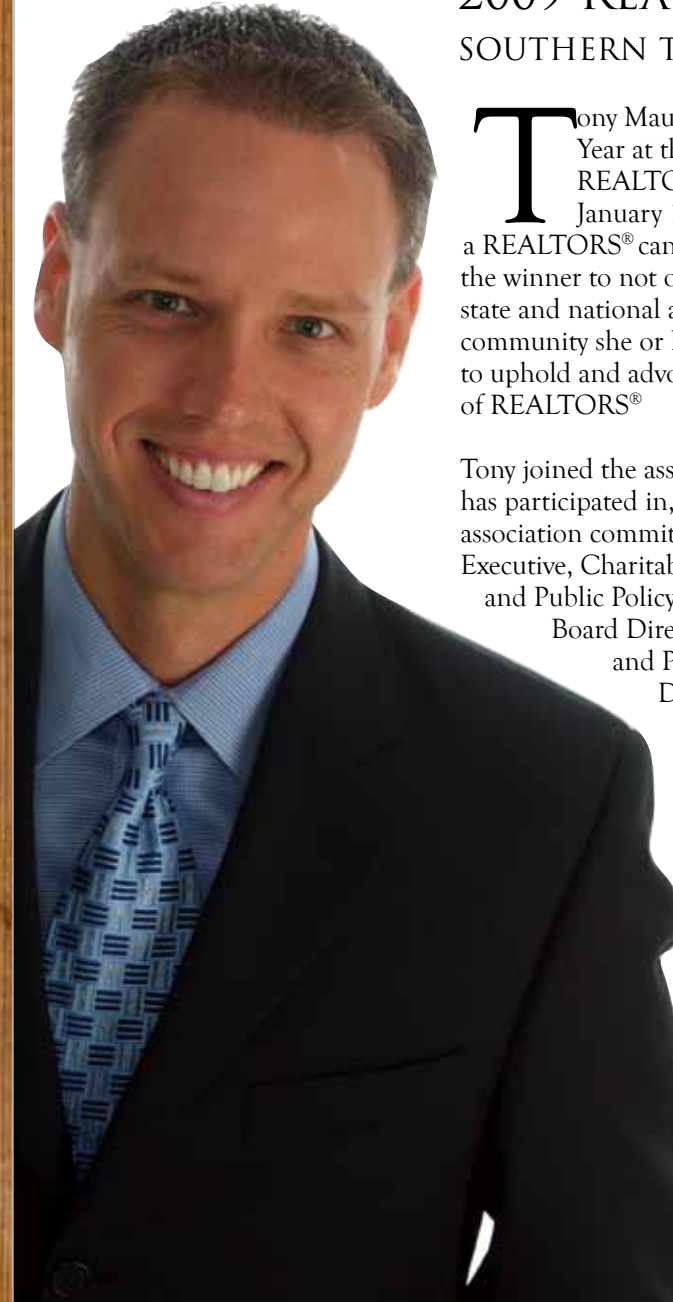
Mortgage rates are expected to rise at some point in 2010...



THE SAINT PAUL AREA ASSOCIATION OF REALTORS™ PROUDLY SALUTES

Tony Maurer

2009 REALTOR™ OF THE YEAR
SOUTHERN TWIN CITIES ASSOCIATION



Tony Maurer was named REALTORS® of the Year at the Saint Paul Area Association of REALTORS® Inauguration on Wednesday, January 13, 2010. This award is the highest honor a REALTORS® can receive from an association, requiring the winner to not only be actively involved with the local, state and national associations, but to also engage with the community she or he serves by promoting civic activity and to uphold and advocate the professionalism and ethics of REALTORS®.

Tony joined the association in 1999 and over the years has participated in, contributed to and chaired several association committees including Strategic Planning, Executive, Charitable Foundation, Professionalism, and Public Policy. He has served as an Association Board Director since 2005 as Secretary, Treasurer, and President-Elect. Tony has also served as a Director with the Minnesota Association of REALTORS®.

This past year, under Tony's leadership, the Southern Twin Cities and Saint Paul Area REALTOR® Associations were able to make the historic decision to merge their organizations. Tony was installed Wednesday evening as the association's 2010 President and he is excited to begin his term.



What is our definition of a beautiful home? A beautiful home is a home that captures the unique personality of the family while incorporating a good design balance for present and future living.



**XX Jasper Ave.
Prior Lake, MN
55372
\$120,000**
Lovely walkout lot on 2.8 acres.

Paved road, Prior Lake school district. Open builder! *Eric Frank, 612-481-3802*



**34XX Circle Bluff Court,
Faribault, MN
55021
\$189,000**
Gorgeous 2.7 acre,

south-facing wooded lot on Circle Lake. Enjoy lake living in the country. Northfield school district. Close to I-35W & Metro. Bring your own builder!
Eric Frank, 612-481-3802



**307 Linden St. N.,
Northfield, MN
55057
\$134,900**

Totally remodeled! Refinished hardwood floors, new paint, carpet & kitchen cabinets, new appliances, new roof, siding & insulation. Great location within walking distance of St. Olaf and downtown.
Eric Frank, 612-481-3802



**703 Hackerson Court,
Northfield, MN
55057
\$173,876**

Enjoy one-level living in this nicely updated twin home. Fresh paint, newer carpet and appliances make this move-in ready. Solid oak woodwork, Andersen windows, screen porch, private location. Finished lower level with tons of storage space!
Eric Frank, 612-481-3802



**1712 Archibald Circle,
Northfield, MN
55057
\$218,785**

Unique home is contemporary yet warm and family friendly. Tons of natural light highlight refinished oak floors, fresh paint, stone fireplace. Kitchen features new cabinet fronts and countertops. Overlooks path and pond for beautiful views.
Eric Frank, 612-481-3802



**1104 Farehaven Court,
Northfield, MN
55057
\$223,349**

Stunning townhome near Northfield Golf Club is in meticulous condition. Beautiful backyard overlooks pond and walking path. Elegant finishes and decor make this move-in ready. One-level living at it's best!
Eric Frank, 612-481-3802



**1113 Superior Dr.,
Northfield, MN
55057
\$254,877**

Gorgeous family home in desirable Hills of Spring Creek neighborhood. Hardwood floors, ceramic tile, granite island, and tons of built-ins. Incredible value- see it today!
Eric Frank, 612-481-3802



**417 Afton Drive,
Northfield, MN
55057
\$287,877**

Lovely family home in great neighborhood. 3100+ FSF- huge master with adjacent sitting area/office, fabulous family room w/wetbar, Cambria counter, LL office/playroom, tons of storage space. LL laundry or mudroom is equipped for washer/dryer.
Eric Frank, 612-481-3802



**2665 88th Ct W,
Northfield, MN
55057
\$319,388**

Fabulous family home with loads of amenities Heated outdoor pool plus deeded access to Union Lake. Gorgeous wooded, private lot and newer landscaping. Must see!
Eric Frank, 612-481-3802



**1700 Creek Lane,
Northfield, MN
55057
\$424,777**

Gorgeous home in fantastic location. Tons of upgrades including wood & tiled floors, in-floor heat, built-ins, door bell phone system, central speaker system, 2 fireplaces, deck, screened porch, lower level game room with wet bar, and much more!
Eric Frank, 612-481-3802



**13256 Lamb Ave,
Dennison, MN
55018
\$479,937**

Incredible hobby farm with horse stalls and indoor riding arena. Stunning views of 9+ acres. Classic New England saltbox style home with rich finishes & details. Northfield schools! Bank owned property.
Eric Frank, 612-481-3802



**14883 Cannon City Blvd,
Northfield, MN
55057
\$599,777**

Lovely brick rambler with stunning views on 40 acres. Beautiful accents throughout- red elm trimmed tray ceilings, 2 fireplaces, tons of windows, huge LL bar and game room, hot tub, fabulous deck plus paver patio for entertaining. See it today!
Eric Frank, 612-481-3802



Spacious Rosemount Home Under \$300,000
Must see this four bedroom home

in the great Shannon Park School district. All four bedrooms are on the same level including the Fabulous Master suite and three more spacious bedrooms. You will love the extra large family room and big flat backyard and deck. On the mail level you have informal and formal Dining and room for and Office or living room.
Contact Sally Leary, 612-308-4388



Fabulous Rosemount Home - Under \$300,000
Windwood Built

custom home. This wonderful multilevel home boast hardwood floors, vaulted ceilings, tile flooring, maple cabinetry and a fireplace that can be enjoyed while dining and when relaxing in the living room. Three bedrooms up, two living spaces, a Large eat-in kitchen area, forth bedroom/office and built in bar in the LL. Great access to the backyard from the Main Level Deck and the Lower Level path to the patio.
Contact Sally Leary 612-308-4388



**15648 Cobblestone Lake Parkway
Cobblestone Lake Apple Valley, MN
55124**

At the heart of the Cobblestone Lake neighborhood is Cobblestone Lake, encircled by more than 14 miles of walking paths and trails, though meticulously manicured parks and green spaces all just a block across the street from this wonderful like new 3 bedroom townhome. Located on the parkway, this beautiful home features Maple cabinets, Stainless Steel appliances, fireplace, a jetted garden tub and much more.



**15621 Duck Crossing Way
Cobblestone Lake Apple Valley, MN
55124**

At the heart of the Cobblestone Lake neighborhood is Cobblestone Lake, encircled by more than 14 miles of walking paths and trails, though meticulously manicured parks and green spaces all just a block away from this wonderful home with Impressive quality and rich details.



**15642 Egret Place
Egret Lodge Apple Valley, MN
55124**

Cottage town home on Cobblestone Lake's North shore. Extensive Parks, Paths, Landscaping and Water Feature. Extensively Detailed With Vaulted Family Room & Master Suite, Gourmet Kitchen With Stainless Steel Appliances, Character Grade Hardwood Flooring, Distinctive Study Niche & Vast Lower Level Rec Room With Wet Bar and Two Additional Guest Rooms.



**8935 Springwood Dr.
Wedgewood Heights Woodbury, MN 55125**

This Distinctively Modern home offers a spacious open floor plan, Main Floor Owners Suite, Office/Den & the Custom Cherry & Granite Kitchen featuring ample Built-ins & abundant Storage. Dramatic Wall of Windows in the Great Room overlooks Wetlands. Vast Walkout Lower Level with Wet Bar & Media Room with a Cozy Fireplace and 2 additional Guests Rooms.



**3390 Glynwater Trail Northwest
Glynwater Prior Lake, MN
55372**

Absolutely gorgeous in design and detail, this exceptionally appointed and meticulously maintained town home residence showcases a bright and flowing design with three bedrooms and bathrooms, sunfilled solarium, heightened ceilings, grand entertaining space and comfortable relaxing areas all highlighting a striking interior decor and design taking full advantage of the sensational backdrop. Available immediately and irreplaceable valued.



**18300 Java Trail
Woodridge Estates Lakeville, MN
55044**

Dynamic and striking one-story sequestered amid a private, densely wooded pond setting in one of Lakeville's most highly regarded and exceptionally convenient communities, Woodridge Estates. Steaming with natural light and offering grand scale formal and casual spaces, this fabulous three bedroom and two bath one-story complements a busy family or empty-nester's lifestyle with equal ease.



**3219 Spruce Trail
South West Sunset Hills
Prior Lake, MN
55372**

Great, well maintained one owner home on a very private lot that backs up to parkland. Close to city parks and public lake access. Brand new mechanicals and fresh paint. Whirlpool tub, Skylights, Cozy Gas Fireplace and so much more!



**23152 Woodland Ridge Drive
Lakeville, MN
55044**

Brazilian cherry hardwood flooring-extensive use of Knotty Alder and Maple built-in cabinetry, Gourmet kitchen with granite and professional grade appliances, huge bonus room over expansive four car heated garage. Vast, finished walkout basement with built in wet bar, stone fireplace & heated floors. Upstairs is the Luxury master suite with heated limestone floors and so much more.

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golf

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WILLINGERS
Golf Club

TOURNAMENT CLUB OF
IOWA

TERRITORY
GOLF CLUB
EST. 2001

TRADITION
capital bank

Current Trends: Incorporating a glass/stone combination into your tile design can be classic if done correctly! Contrasting cabinets and floors, lighting and hardware, millwork and paint are also a trend this year.



6800 France Ave S,
Suite 178
Edina, MN 55435

*YOU can save
this tree!*



SAVE A HAPPY LITTLE
TREE TODAY!

Please Contact Missy -
Milissa.Hilby@traditionllc.com
952-322-8753 or 952-252-0234
to receive this newsletter via email.

WWW.TRADITIONCOMPANIES.COM



TRADITION COMPANIES

Spring Parade of Homes

March 5-28, 2010

Homes by Tradition will have 4 model homes
available for touring:

Luxury Town Home
Spirit of Brandtjen Farm,
16750 Asterbilt Lane
Lakeville, MN

Cottage Single Family
Spirit of Brandtjen Farm
4701 169th St. W
Lakeville, MN

Executive Custom Single Family
Spirit of Brandtjen Farm,
5129 168th St. W.
Lakeville, MN

Executive Custom Single Family
Dancing Waters in Woodbury
1321 Whistler Point Road
Woodbury, MN

Plus, we also have brand new custom models and show
homes for sale. Call 952.322.8718 for more details.



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