Dear members,

Another half year is gone and the economy is definitely on the rise. Summertime is here and it is action time!

Your Board has decided to challenge itself and you, and arrange our first ever outdoor family function on August 27 (Saturday). You will find out more about this function on page 3.

Our inauguration dinner was held on September 18 last year. This year, we will have our first annual dinner on September 17, 2005, following our annual general meeting. The details of the annual dinner can be found on page 4.

That's two functions in the next half year. Although only one was planned for the past half year, two were in fact held. The second one happened because Professor Poon Chung-Kwong, President of our University, came to New York. A write up on both functions can be found on the next page.

Functions, functions! Is this what our newsletter is all about? Of course not! One member responded to our request for articles and contributed one on tips on obtaining a mortgage loan. This is a must read for people who are thinking of refinancing or taking out a new loan. If you are interested in contributing articles for our future issues, please let us know [email: aa.eastus@polyu.edu.hk; telephone: Alice Chan (732) 967 1946 or Kari Yuen (718) 391 2345].

Besides the article, we are starting a series on “Soups for Health”. We are doing this in Chinese, but if you would like to have the English version, please let us know.

One of the aims in having an association such as ours is to obtain benefits where possible for our members. We have successfully negotiated two benefits in New York Chinatown. Read about them on page 7. The larger we are, the better negotiation power we have. Please help on this by searching for more Poly past students (whether they graduated or not) or former staff in the Eastern USA area.

Last but not least, the Hong Kong SAR Government is again making matching grants to the universities for donations received by universities during a 6-month time frame starting this month. You might have read from the newspapers that the Hong Kong University of Science and Technology has just received a HK$800 million commitment from a prominent Hong Kong businessman. The University of Hong Kong received one several months ago. Our University has yet to receive such substantial donations this year. Because every dollar donated during these six months is equal to two as a result of the matching grant, we urge you to make a donation to our University to support our alma mater. We have been informed that the donation is tax deductible in the US. Details on how to make a donation can be found below.

With warm regards,

Your Board of Directors
Donation to the University

Donations to the University can be made through Give2Asia, which is a US 501(c)(3) non profit organization allowing, inter alia, donors to recommend specific organizations to benefit from their contributions. You can find out more about Give2Asia from their website at www.give2asia.org.

As Give2Asia is recognized as a tax exempt organization in the US (ID#94-3373670), donations made to our University through it are tax deductible according to US law. A thank-you letter will be sent to you by Give2Asia on receipt of your donation, which may be used for tax reporting purposes.

The form for making the donation can be found on page 8. Please do not untick the box at the bottom of the form as the tick is required to qualify the donation for the matching grant.

Report on Spring Dinner and Dinner with Professor Poon

The second spring dinner was held on a cold Saturday evening on March 26, 2005 at the Golden Unicorn Restaurant. Due to its being the Easter weekend, many of the members were either attending a religious function or had gone overseas. Despite the lower attendance, all who went had a warm gathering, no doubt helped along by the presence of a cute little baby girl. The members were given a brass pocket calendar card manufactured by the Industrial Centre of the University – a bright gold card for a bright golden year.

Then in May, the Association was informed that Professor Poon Chung-Kwong would be visiting New York on June 11 and would like to host a dinner to meet as many of the members as possible. Although
the dinner was for members only, 18 members said they could attend. The number was slightly reduced on that day because of urgent business trip/family matters, so the two tables were moved together to form the figure “8” to allow everyone attending to sit at a “united” table. There were 4 new faces at that dinner. Professor Poon came straight from the airport as his original flight was cancelled and the next flight was delayed. Despite the lack of rest, Professor Poon’s spirits were buoyed by the presence of the members and he enthusiastically informed the members of the latest achievements of and developments at the University. He became a “celebrity” among the members and many took turns to take a picture with him alone. Each member received a shopping bag produced by the University.

For pictures taken at the two functions, please go to http://community.webshots.com/album/127892135OEvLSe

Family Outing on August 27, 2005

Are you tired of the summer heat in the city? Do you feel like getting wet in the great outdoor? Do you want to spend a fun Saturday with your family and fellow HKPU friends? If your answer is "YES" to any of the above questions but wondering where you can go nearby, here comes your golden chance...

The plan is to go rafting on the Delaware River on Saturday, August 27. The rafting takes place in Frenchtown NJ, which is about 60 miles from New York City and Philadelphia, about an hour and a half drive. It is a nice relaxing ride that includes lunch with "the FAMOUS RIVER HOT DOG MAN at his floating island BBQ". If you feel like staying with the wild outdoor for a little longer, there will be a gathering at a nearby state park after the rafting. Drinks and snacks will be provided.

Date: August 27, 2005
Venue: 2998 Daniel Brey Hwy (Route 29), Frenchtown NJ 08825. (Note: directions will be provided upon request)
Time: 9:30 am; rafting will take about 4 hours
Price: $18 per adult/$16 per child under 10. Price includes rafting, lunch and drinks.
[Normal charge for the rafting and lunch is $19.95/17.95 per person.]
Check payable to: Hong Kong Polytechnic University (Eastern USA) Association

If you need transportation, please contact Alice Chan (732-967-1946) or Kari Yuen (718-391-2345) and we will try our best to accommodate your need. If you have any question, feel free to contact Simon Tang at 267-218-5776. Please respond by Friday August 19 so that we can confirm our final headcounts. The form for this function is on page 9.
Annual Dinner on September 17, 2005

The annual dinner will be held in Chinatown, New York City as follows:

**Date:** September 17, 2005 Saturday  
**Time:** 6pm  
**Venue:** Golden Unicorn Restaurant, 18 E. Broadway, New York, NY 10002 (tel: 212 941 0911)  
**Price:** $25 per adult/child of 12 and over; $15 per child of 6-11, free for child under 6  
**Check payable to:** Hong Kong Polytechnic University (Eastern USA) Association

Please respond by **September 10, 2005** so that we can confirm the final numbers to the restaurant. The form is on page 10.

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How to Get a Mortgage Smartly and at Lower Costs  
By Joseph Cheung

**Preface**  
Owning a home is one of the many dreams immigrants to the U.S. like you have. To realize this dream, most people need to borrow from banks and that is where you will come across the term “mortgage”. Here I just want to share with you some of my knowledge, experience, some untold or uncommonly known aspects and insight into the mortgage industry in the U.S., which I gained in my many years’ working experience in this industry, so that you can realize your dream without paying unnecessarily high interest and expenses, encountering undue delay and/or being lured to some mortgage scams.

**Definition**  
Maybe you have already got a mortgage. But you may not have understood it really deeply and have got it smartly in ways so that you can pay as little as possible towards interest and expenses, and obtain it without any hassles and waste of time. To do that you must first understand more thoroughly and deeply about what a mortgage is and how the mortgage industry operates in the U.S.. Otherwise your dream may become a nightmare.

A mortgage in its precise legal sense is a lien or an encumbrance created against a real property, given by a borrower, called the mortgagor, to secure a loan from a lender or creditor, usually a bank, called mortgagee. (But this term is widely and commonly used as equivalent to mean the loan itself.) The mortgage loan is for either purchasing the subject property or if the mortgagor is already the owner of it, for refinancing an existing loan in order to raise more cash or to lower interest rate, etc.

**The players involved and scene behind the play**  
In the US, you can go to a mortgage banker, a credit union, savings and loan association or savings bank (collectively known as thrifts), or a national or even a multinational commercial bank to apply for a mortgage (loan). However, the final entity which actually lays out the fund (cash) for you may not be the
one to which you submit the applications who are merely brokers or middle-men. The ultimate cash providers are usually largely capitalized commercial banks themselves or some governmental (State or Federal) or some national quasi-governmental agencies.

The private sector, like national or multinational banks, has standards of their own. In the public sector, the home loan programs are administered at State level and Federal level. Each State government may have an official agency to lend to the residents of their own State usually through private lenders. The loans as subsidized by the State government are usually at much favorable rates or terms but they are normally targeted to low-income people and/or some preferred neighborhoods and are granted based on more stringent and cumbersome requirements. On the national level, there are Federal official and national quasi-governmental agencies. Official Agencies are Veteran Administration (VA) and the Federal Housing Agencies (FHA). As the name suggests, the VA only takes care of those war veterans. The FHA only insures residential mortgages. Both the VA and FHA have single-family mortgage programs to assist homebuyers who are unable to obtain financing from conventional mortgage lenders (banks, savings and loans and other financial institutions). Private lenders are the sources of fund for FHA loans, but the criteria are set and maintained by FHA and the FHA loans often have a rate ceiling below prevailing market rates. There are also limits on the loan amount the FHA will insure for a single borrower. Another resource is the government-sponsored enterprises chartered to promote and finance homeownership. Two such major enterprises are Federal Home Loan Mortgage Corporation (commonly known as FREDDIE MAC) and Federal National Mortgage Association (commonly known as FANNIE MAE). They are the biggest purchasers of home mortgage loans in the U.S.. They buy loans from lenders and package them into securities for investors. The small lenders, mostly thrifts, may provide the cash to you first but will then sell the loans to those agencies because they do not have sufficient capital themselves to finance the loans. If you think of these small mortgage lenders as retail stores where people go to get mortgages, the big players are their supplier of funds in the secondary mortgage market. The decisions are actually made by these final entities or must be arrived at pursuant to and in compliance with their lending or underwriting criteria. Such standards or criteria for making the decisions are different from one entity to another. Within an institution, the criteria are also different depending on what type of property is to be used for mortgage and the purposes of the loans, depending on difference in stability and marketability. They are also varied for marketing reasons to cater for different kinds of would-be borrowers. So there is actually a diversity of different loan programs to suit you and on the other hand you may be suited for certain program of loan so that you can pay less interest and expenses because of your particular favorable conditions, factors and attributes, which are one of the criteria for granting a loan. In other words, you actually have bargaining power in negotiating the terms of a loan. Knowing these criteria is essential and important to obtaining the best and lowest interest rates with minimum expenses and hassles and getting the loan which best suits you.

Practical points to consider
As I assume most of you are buying a home for owner-occupation and not investment purposes, I am touching on only those usual criteria for granting a loan secured by a 1 to 4-family residential property. The criteria are those set, measured and used as decision benchmark by those major governmental or quay-governmental agencies.

Personal particulars of the borrower
The first consideration is the applicant’s employment history and income. A stable and verifiable history of employment plus a salary sufficient to support a loan are all positive factors contributing to a successful application.

The second factor is your credit history. This is your report card of past repayment performance in dealing with certain of your creditors or utilities suppliers. In the U.S., most of your past credit activities are reported to 4 major credit bureaus which gather them and resell them to those who need them to determine granting you credit or not and to what extent. The usual “pass” score is 650. A derogatory credit history can increase your cost of borrowing or even leads to denial by lenders.

Financial aspects
The third factor is the so-called Loan-to-Value ratio (LTV), i.e. the percentage of the value of the collateral you are going to borrow on: from the point of view of the creditors, the higher the ratio, the more the risks
for them and therefore it is a factor in credit decision. If your LTV is more than 80%, it is mandatory that you have to buy and pay for the so-called Private Mortgage Insurance. It is however meant to protect the creditors and will pay them in case you will become default. So you must plan your loan so that the LTV is less than 80% to avoid this expense.

The fourth factor is the Debt service ratio, i.e. how much of your total debt is being supported by a dollar of your gross (before tax) income. Of course, the less the ratio, the better. 40% is considered a safe limit. There is a more relevant ratio called the housing expense ratio which measures how much you spend on house related expenses, like insurance, real estate taxes, plus the mortgage loan in relation to your total income. Usually 30% is the maximum percentage considered desirable and acceptable by banks.

Other considerations
Do not be fooled by those rates advertised in newspapers because they may only be applicable to the situations where you are going to occupy the property for your own use as your primary home and you are a near perfect and of the best credit customer. So it may not be applicable or relevant for any other uses and cases. The other loans may encompass higher rates and additional charges, fees and points.

Some factors may lead to a yes or no decision and not the rate you will get. One of them is the building type (e.g. some banks' policy may direct that they do not accept mobile homes or planned development units as collaterals). For residential property, the location should not be a factor for making the decision as long as the LTV is at an acceptable level.

Different banks have different residential loan underwriting criteria. The weightings placed on the factors differ among banks. A bank may deny a loan just based on a terrible credit history alone. But they may have more creative products, like interest only loans, balloon loans, or so called sub-prime loans. To compete with the private sector counterparts, the secondary market finance providers, Fannie Mae and Freddie Mac, also have developed many loan programs which reflect the diversity in placing the weightings on the above mentioned factors. So do not despair or be discouraged or deceived by some mortgage brokers when you do not have a good or sufficient credit history as a new immigrant. There should be one program which can suit your particular situations and needs. Just ask and try out more banks to shop for the best rates and at lowest costs for your needs.

Creative and speculative mortgages
There are some relatively new and creative mortgage products out there. Some sound temptingly and unbelievably attractive but are actually gimmicks. For example, you may have heard of the term “reverse mortgage”. Such mortgage providers advertise that you do not have to pay back anything but just keep on receiving money as long as you live in the property being mortgaged. In reality, the nature of this mortgage is that the banks do not lend you a large sum right upfront. They just give and therefore lend to you a monthly amount of money which keeps on accumulating until you die so that they can sell your property to repay all the packets of money they send to you during your life time. This kind of mortgage is more suitable for seniors whose property has sufficient equity to guarantee such repayment on death and where the economic conditions are good for the real estate market where the real estate keeps on rising.

There are balloon loans where you repay every month a smaller amount of principal than a fully amortized loan so that when the loan’s term is up, you end up with a large unpaid principal balance to pay back to the lender. And there are also interest-only loans which help you to speculate in the real estate market.

Conclusion
Remember, there is no free lunch and no matter what mortgage you are going to obtain, there are gives and takes. You must know yourself and your own needs to get the appropriate mortgage at reasonably low costs and without being taken advantage of by loan sharks or greedy mortgage brokers acting in illegal ways.

[Joseph is the Treasurer of Abacus Bank in New York. He is a graduate of the Accountancy Department of HKPU.]
保健湯水 1 - 百合蘆筍湯

材料
1. 鮮百合 150 克
2. 新鮮蘆筍 200 克
3. 上湯、鹽、糖 少許

製法
1. 百合撕開片狀，並撕去內膜，用幼鹽洗淨。將蘆筍洗淨。
2. 加適量開水放入鍋中，放入蘆筍及百合，用文火煮至熟爛即可。

療效
食蘆筍飲湯。清心安神，潤肺止咳，適用於防癌或肺癌、胃癌患者食療。

保健湯水 2 - 百合紅棗薏仁湯

材料
1. 百合 60 克
2. 赤小豆 50 克
3. 紅棗 10 粒
4. 薏仁 40 克
5. 糖、桂花 少許

製法
1. 先將百合、赤小豆和薏仁分別洗淨，然後一同放入鍋中。
2. 加入適量開水，煮至半熟，再加已洗淨及去核的紅棗。
3. 用文火煮至熟爛，最後放入糖及桂花煮沸即可。

療效
飲湯食渣。健脾化濕，補血潤肺，適用於所有體質虛弱的癌症患者食用，尤其肺癌、胃癌、子宮頸癌等患者。

Benefits

The following benefits are available to members on presentation of the membership card issued by the Association:

1. Fashion boutique at Shop109, 13E Elizabeth St, New York, NY 10013
   A special discount will be given.

2. Lung Moon Bakery on Mulberry St, New York, NY 10013
   10% discount.

Membership cards are available on a free of charge basis at present. If you would like to apply for one, please send an email to the Association at alny@polyu.edu.hk or call Alice Chan or Kari Yuen.
GIFT TO THE HONG KONG POLYTECHNIC UNIVERSITY

Mail completed form to:

In the U.S.:
Give2Asia
465 California Street, 9th Floor
San Francisco, CA 94104
(415) 743-3336

In Canada:
Give2Asia
Suite 313, 125A - 1030 Denman Street Vancouver,
British Columbia, V6G 2M6
(604) 683-7006

I. DONOR INFORMATION

First Name_________________________________ Last Name_____________________________________
Chinese Name ____________________________________________________________________________
Year of Graduation__________________Dept. / Faculty ____________________________________________
Address __________________________________________________________________________________
Day Telephone ___________________________ Evening Telephone__________________________________
Fax_________________________________ Email________________________________________________

II. CONTRIBUTION DESCRIPTION

☐ Check or Money Order enclosed payable to Give2Asia $ __________________________
   (Please indicate PolyU in the memo of the check)

☐ Wire Transfer $ __________________________
   Contact your bank or financial institution with the following information to initiate the wire transfer:
   Bank of New York, New York, New York
   ABA # 021000018
   Ref AC # 8900337281
   Circle Trust Company – NSCC DDA
   For further credit to Give2Asia

☐ Marketable Securities and/or Mutual Fund Shares
   Contact Give2Asia for additional information on how to contribute stock or bond certificates held in your
   possession. All securities transfers will be conducted through Give2Asia stockbrokers at Circle Trust Company:
   Steve Bruno
   Circle Trust Company
   One Station Place, Suite 30, Stamford, CT 06902-6889
   Fax (203) 353-5612
   DTC# 901 Account # 067080
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   For all securities transfers, please indicate stock name and number of shares:

   Stock Name/Description _________________________________________________________________
                                                                                         ______________________
                                                                                         Number of Shares

☐ Please contact Give2Asia staff at (415) 743-3336 to discuss contributions of Restricted Stock, Credit Card
   Gifts, or other assets such as Real Estate.

☐ Yes! I/My Company acknowledge and agree that PolyU will apply for a grant that matches this donation from the
   University Grants Committee, Hong Kong SAR.
Family Outing Form

TO: Alice Chan (9 Addington Court, East Brunswick, NJ 08816)

FROM:

RE: HKPU (Eastern USA) Association – Family Outing on August 27, 2005

Enclosed is a check for ______ for the family outing:

Amount ($)

____ adult(s)/child(ren) 19 and above ($18 each)

____ child(ren) under 10 ($16 each)

Total

Contact number during the outing:
Check details:-
Bank:
Check number:
Payee name: Hong Kong Polytechnic University (Eastern USA) Association

________________________          __________________________
Signature                                      Date

Venue: 2998 Daniel Brey Hwy (Route 29), Frenchtown NJ 08825
Time: 9:30am
Tel no of Alice Chan: (732) 967 1946; Simon Tang (267) 218 5776
Annual Dinner Form

TO:  Alice Chan (9 Addington Court, East Brunswick, NJ 08816)
FROM:
RE:  HKPU (Eastern USA) Association - Annual Dinner on September 17, 2005

Enclosed is a check for ______ for the attendance of the annual dinner

_____ adult(s)/child(ren) 12 and above ($25 each)
_____ child(ren) between 6 and 11 ($15 each)
_____ child(ren) below 6 (free)

Total

Check details:
Bank:
Check number:
Payee name: Hong Kong Polytechnic University (Eastern USA) Association

________________________          __________________________
Signature                                      Date

Venue: Golden Unicorn Restaurant, 18 E. Broadway, NYC 10002 (tel 212 941-0911)
Time: 6pm
Dress code: Casual
Tel no of Alice Chan: (732) 967 1946