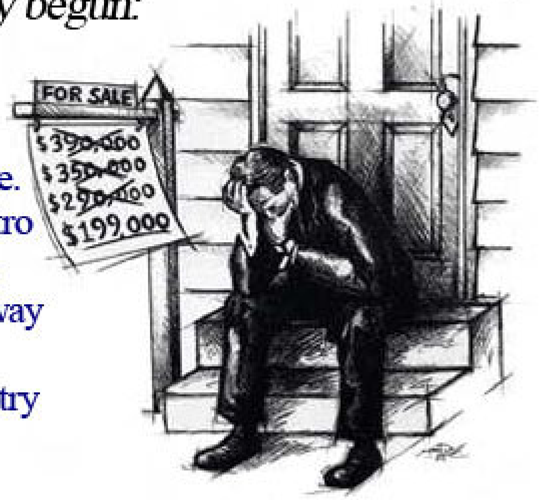
Special Report - March 2005

THE DAY THE BUYING STOPPED

Get ready for the biggest one-year loss of wealth in world history. *It's already begun:*

Homeowners in Las Vegas, Denver, Toledo, Dallas, and California's Orange County are seeing their homes lose value. Those are just a few of the 39 major metro areas where real estate is going DOWN.

Millions of homeowners have gone way out on a limb to buy houses they can't afford. The government-fed credit industry was happy to oblige.



Now Discover...

- Why the "fool's paradise" of low interest rates can't go on, as Fed Chairman Greenspan has warned
- How a 1% increase in interest rates will do more damage than you can imagine. And a 2% increase will be an all-out disaster
- The buyers who are the secret prop beneath home prices. The prop is about to be kicked away, and every house in the United States will take a hit
- The secret government report that vanished from its Internet site the day after it came out
- How the rules for buying and selling homes have completely changed. You're probably 10 years out of date
- Plus: Another ticking time bomb you probably don't know about. When it goes off, mortgage money will no longer be available to borrowers.

But you can stay warm and cozy in your home and actually profit from this mess.

HOW TO SURVIVE AND PROFIT FROM THE COMING REAL ESTATE BUST

Home values are already falling in many markets, but you could stay put and still make a 700% profit.

Last November, Fed Chairman Alan Greenspan warned that "rising interest rates have been advertised for so long and in so many places that anyone who has not appropriately hedged this position by now obviously is desirous of losing money."

Dear Reader,

A Chicago realtor says homes that would have sold in two days a short time ago are now on the market for months.

In the nation's hottest real estate market, Las Vegas, the number of unsold homes went up *1,000%* in just a few months. Prices went flat almost overnight.

It takes twice as long to sell a house in California as it did a year ago. In one of the hottest markets, Orange County, prices are actually *down*. **The number of unsold houses on the market is *five times* what it was a year ago**.

A Dumb Idea Enabled Millions of Suckers to Buy a House

If you pay attention, you know that mortgage rates haven't gone up much. So what's it going to be like when rates REALLY go up? And why have so many real estate markets slowed down already?

My friend, they just plain ran out of buyers, even at these low rates. To keep the party going the last two years, banks have loaned money to people who have no business buying a house.

These subprime borrowers have been the secret prop beneath the housing boom.

And it's easy to spot who they are: They finance their purchase with an **adjustable-rate mortgage (ARM)**. The interest rate and the monthly payment are lower than those on a 30-year fixed-rate mortgage. So a lot of people can qualify for an ARM who wouldn't qualify for the fixed rate.

ARMed for Disaster

In 2001, only about one buyer in 10 needed an ARM to qualify for a loan. *Last year, more than one mortgage out of three was an ARM.* The subprime market - *i.e*. the deadbeat, bad-credit-risk market - has *exploded*!

In hot markets today, up to *half of all buyers* use ARMs.

Translation: Half of all buyers in those "hot markets" are buying houses they can't afford - even at these low interest rates! They are making a very dumb bet that interest rates are going to go down *even more*.

When interest rates spike up, their monthly payments are going to soar. A 2% rise could hit them with *a 40% increase* in their monthly payment.

But wait. It gets even worse. Their monthly payment will jump like crazy at the very same time their house *goes down in value*.

Defaults Will Rock the Lenders

Do you think they're going to tough it out and still make those payments? Don't count on it. Most of them won't be able to.Look for a huge, huge wave of defaults. They'll load up the furniture, give the lender the keys, and drive away. What's more, they'll do it by the millions, *bringing down the world's biggest financial institutions and crashing the stock market* while they're at it.

In this **Special Report**, I'm going to tell you about **the giant mortgage lenders behind $4 trillion worth of housing loans**. These institutions are guilty of manipulations that make the folks at

Enron look like a bunch of Boy Scouts. They've cooked their books, concealed huge losses, paid off politicians, and lied to investors every which way from Sunday.

Enron Times a Thousand

These giant lenders are in no position to weather even a small downturn. But the downturn has already started, and it's NOT going to be small.

They owe more money than the U.S. government. *That's right: Their liabilities are bigger than the national debt. When they fail, it will rock financial markets. Mortgage money will dry up. Interest rates will soar - and a lot higher than Chairman Greenspan thinks.*

The main difference between these scandals and Enron is SIZE. The wealth that will go down the tubes this time is thousands of times greater. Every single investor, homeowner, and government in the world will feel the shock.

Home buying will dry up because borrowers can't get the financing. And anyway, who wants to buy a house that's going down? Wait six months, and you can get it cheaper, people will figure.

The downward spiral can't stop once people stop believing in rising prices.

10 Years Worth of Prosperity Will Disappear

My name is Dan Denning, and I'm the editor of ***Strategic Investment***. Since we first began publishing in 1985, we've accurately called the most important events of our time. Some of our predictions - *like the fall of the Soviet Union* - seemed totally impossible when we first told people what was coming.

But readers who listened to us not only saw a lot of fast gains, but avoided a lot of grief.

20 Years of Accurate Predictions

- This **Special Report** comes from a research group that predicted the collapse of the Soviet Union four years before the event

- They said Japan would crash in 1989, while everyone else was saying it would take over the world. Our readers were able to triple their money betting against the Tokyo market

- They called the last U.S. housing bust, in 1990, as well as the recession that year and the defeat of the first George Bush in '92. And by the way, they said all through 2004 that his son would win re-election, even when it looked hopeless

What Happy Readers Say About Dan Denning's *Strategic Investment*

"I actually waited a while and ended up buying Dec puts at a 9000 strike price for $215. Sold half of them at $780 each so I've got all my money backand then some, and still have half my options. They've been up to almost $1200, and we still have three more months to go! Thanks again!"

-J. Ashworth

"Gentlemen, I've been a life member for a number of years...I'm a financial planner...I read everything you print and use it in making decisions for

- They predicted the fall in the British pound - the famous trade that made billions for George Soros. Readers reaped a quick 90% gain
- They predicted that budget deficits and interest rates would come down under Clinton. Few people believed them, but they were right
- They begged readers to get out of U.S. stocks in the late '90s. Readers who listened saw gains of *52 times their money on one pick* at the height of the dot-com collapse.

All through the '90s, they 'ranted' that our government underestimated terrorism. They said it was just a matter of time until a spectacular terrorist attack on U.S. soil. *After the 1993 attack on the World Trade Center, they said the terrorists would try again and would probably succeed.*

The Tale of the Missing Report ...and the Forced Resignation of the Federal Official Who Wrote It

Why did the biggest players in real estate want a certain bureaucrat to shut up?

I want to tell you about the *greatest danger* and the *biggest opportunity* of our lifetime...the final collapse of a bubble that's been in the making for a quarter of a century.We predicted the collapse of the dot-com bubble five years ago, and our readers benefited handsomely. But that was nothing compared to this. More money is going to be lost...and *made*...in the next 24 months than ever before in human history.

Government Officials Are Worried Even If You Aren't

If you think I'm exaggerating, then get a load of this: A federal official was forced to resign for telling his superiors what I'm telling you now. I call his revelations "the missing report" because it vanished the very next day from its Internet site, and the author went looking for a new job.

In the Soviet Union, they used to airbrush a leader out of old photographs when he fell out of favor. What happened to this American was almost as bad.

You can get your hands on the details of this and everything else I'm telling you in a **FREE report** called ***The U.S. Housing Market Collapse of 2005: Nine***

Ways You Can Survive the Greatest Market Collapse of Your Lifetime.

Our readers got the full inside story behind this "smoking gun" long before the full scandal started to make headlines. No other media outlet dug deep enough or was bold enough to reveal the information the U.S. government didn't want us to see.

Not only did the bureaucrat disappear, but so did his findings. The CEOs of America's most powerful lending institutions blasted his report as a "doomsday scenario...so speculative, it's just incredible to us."

Hooked on Credit and Dead of an Overdose

A year later, that bureaucrat was proven right, and some of those big shots were forced to resign in disgrace. The public found out what our readers knew long ago: The multitrillion-dollar home lending institutions - Fannie Mae and Freddie Mac - are a house of cards.

Accounting tricks and outright lies were hiding a cancer. Fat paychecks and bonuses flowed to executives who hit their goals by manipulating earnings.

Before they were exposed, these frauds and charlatans extended their tentacles into three out of every five American homes. Like drug dealers hanging around a schoolyard, they not only pushed easy credit at the customers, but got hooked on their own junk.

Fannie and Freddie borrowed insanely everywhere from Beijing to Berlin to keep the game going and then turned right around and loaned the funds to bad credit risks.

Financial Manipulation
Has Put Your Future at Risk

Thanks to financial manipulations, Americans have less equity and the banks own a higher percentage of the housing stock than ever before in history. Urged on by the credit junkies, they refinanced and borrowed all the equity out of their homes.

The amount of mortgage debt has doubled since 1995. But our incomes - *our ability to pay* - have gone up by a fraction of that amount.

For 40 years, home prices rose a little bit more than inflation every year - only about 1% more. That's how things used to work. But prices suddenly took off in 1995 - *soared 35 points above inflation since then* - and now they're far beyond the incomes of the buyers. That's what easy credit can do.

How easy? Americans owe $7 trillion on their homes - *twice as much as 10 years ago.* It's painfully clear a lot of that $7 trillion will never be paid back, and the biggest lenders on the planet are going down.

It's the Dot-Com Bubble
All Over Again, but Worse

Before taking a bow and heading for the exit, Fannie's executives exposed each and every one of us to a loss of anywhere from $50,000 to $400,000, depending on how much equity we have in our homes. **Imagine what it's going to be like when the shock hits every resident of every town in the United States.**

How could this happen? Government regulators were like the three monkeys - see no evil, hear no evil, speak no evil - because Bush and Greenspan were dealing with the aftermath of the stock market bubble. They were staring at a potential Great Depression, so they kept the money pump going. They decided to create another bubble and worry about the consequences later.

Guess what: "Later" just arrived.

You Must Act Now - Time Is Running Out

A lot has happened since we sounded the first warning. The events we predicted more than a year ago are unfolding in each day's headlines.

That's why I want to rush you a new, completely updated **Special Report** called ***The U.S. Housing Market Collapse of 2005: Nine Ways You Can Survive the Greatest Market Collapse of Your Lifetime.*** I've arranged for you to receive this **Special Report FREE** of charge and without obligation.

Events have moved fast. **We're a lot closer to the pending disaster**. It's urgent for you to see this information and get started on the *nine specific steps to protect yourself*.

It could be a matter of days. One surprise after another is hitting the financial markets, and even top officials say privately that only a fool is unprepared for what's going to happen.

The entire world is screaming for the United States to get its financial house in order. Pressure to raise interest rates is the greatest in more than 20 years, and Fed officials are like the Dutch boy with his finger in the dike - trying to hold off the deluge while they warn investors to head for the hills.

Everyone who fails to take the proper steps - which I outline for you in my new report - will soon be blindsided by market forces they probably don't understand.

The U.S. Housing Market Collapse of 2005:

Nine Ways You Can Survive the Greatest Market Collapse of Your Lifetime

By Dan Denning of *Strategic Investment*

Let us send you this FREE REPORT!
Or you can read it on our Web site today!
Click the "Subscribe Now" button at the end of this report!

Here's What Will Go Up When Home Prices Go Down

You don't have to stand there like a deer caught in the headlights. You don't have to give up your house, either.

My No. 1 pick could make you an easy, low-risk 700%.

You see, forces are coming together that will make this the most profitable investment of the 21st century. The gains people made in the stock market bubble or the housing bubble will look like small change compared to the money you could make from my No. 1 recommendation.

Fact is, my readers have already seen gains 60% on this, and *the fun has just begun*.

How high will it go? Some of the most successful investors I know believe it has a fundamental value *at least 11 times its current level*. They base their prediction on cold, hard supply-and-demand factors.

As the housing collapse unfolds, investors will pour their money into safe havens. My No. 1 pick will be one of the first places they turn. You can be waiting there to greet them.

It will take only a tiny part of that hot, panicky money to drive up my No. 1 pick by a factor of 10 *very fast*. And I mean without leverage or options - just a straight play.

Here's the Best News of All

The Rules for Owning A Home Have Changed

You're probably 10 years out of date.

Everybody, including me, looks at a home as an investment. There's nothing wrong with that. Inflation and population growth have pushed up home values, and most of us have made good money.

From time to time, local bubbles have deflated in go-go markets like Southern California, but most of the time, we've all done just fine.

This time, it's different. There's been a basic long-term change in the housing market. Very few people know about it. But they're about to find out, because it's going to cost the average homeowner anywhere from $50,000 to $400,000.

Meet the Chinese Guy Who Owns Your House

Thirty years ago, if you wanted to buy a house, you borrowed the money from a local bank or savings and loan. The lending officer probably had a home of his own in your community. The money he loaned you was probably the savings of people in your hometown.

No more. *The mortgage business is now like the stock market.* Your bank's home office is probably on the other side of the country. The money you borrow probably came from China, Japan, or Europe - because Americans don't save much anymore. They borrow and buy, buy, buy.

Your mortgage is bundled up with hundreds of other mortgages into a bond, and it trades like one. It may change hands several times a year.

YOUR RETIREMENT PLAN? IT'S NOT GOING TO HAPPEN

For Sale: Starter Homes For $1 million

A survey shows that many Americans expect houses to go up 20% per year for the next 10 years. And a majority believe they'll see 10% or better.

Meaning what? Meaning they take it for granted that their house price is going to triple in the next decade - way ahead of any income gains, even in a booming economy. Who's going to buy those homes at those prices?

In San Diego, prices have doubled since 2000, yet incomes have gone up only 10%. You see what I mean? The bubble can't go on. And it won't. Even the starry-eyed optimists at Kiplinger expect California home prices to fall 5% this year. We should be so lucky. A 20–50% loss is more like it once the snowball starts rolling downhill.

And it's not just California. Nationwide, figures show the typical starter home costs way above what first-time buyers can afford.

Houses Can Now Fluctuate Like Stocks

In other words, a house now resembles a hot tradable security whose value can go up and down like Intel or Google stocks. Or like General Motors bonds, which have sunk to near-junk status thanks to the same global forces I'm talking about.You're right to think of your house as an investment. *But you may not know it can go up or down* *overnight.* We're soon going to see that home values are amazingly sensitive to small changes in interest rates. You are at the mercy of investors' moods in faraway places.

As long as houses continue to go up, everything still seems normal. In fact, it seems better than ever. When the new reality hits, **homeowners are going to get a financial punch in the gut.**

Your **FREE Special Report**, ***The U.S. Housing Market Collapse of 2005***, reveals nine specific, low-risk ways to protect yourself...and profit!

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