



Gordon Fair and former member Larry Leubbers were guests of Dave Steele.



Jamie Miller (left) was the guest of Chris Olds.



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THE Frankfortarian

THE OFFICIAL BULLETIN OF THE
 ROTARY CLUB OF FRANKFORT

P.O. Box 93, Frankfort, KY 40602

The weekly meeting of the Frankfort Rotary Club
 airs on Cable 10 at 7pm Monday and 9am Tuesday

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The Rotary Club of Frankfort Meets Every
 Wednesday at the Capital Plaza Hotel
 From 11:45 a.m. Until 1:00 p.m.

Frankfort Rotary Club website:
<http://www.frankfort-rotary.org>
 The URL for the district website is
<http://www.rotarydistrict6710.org>
 Rotary International Website is
<http://www.rotary.org/>

NEIGHBORING CLUBS

Monday:	Eminence-Henry County Public Library	12:00 noon
	Owenton-Smith House	12:10 p.m.
Tuesday:	Lexington Sunshine-LaFayette Club	7:00 a.m.
	Georgetown-G'town College Ldshp Trn Cnt.	12:00 noon
	Shelbyville-Centenary United Meth.	12:00 noon
	Versailles-At the Hospital	12:00 noon
Thursday:	Lawrenceburg-Anderson Public Library	12:00 noon
	Lexington-Fasig Tipton.....	12:00 noon
	Louisville-Galt House	12:10 p.m.



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THE *Frankfortarian*

ROTARY CLUB

OF

FRANKFORT, KENTUCKY

DISTRICT 6710 • CLUB NO. 3717 • ORGANIZED DECEMBER 1922

Service Above Self

VOL. NO. XXXIV

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August 5, 2009

Next Week's Speaker...

Shellie Brown is the Coordinator of Volunteer Services for Hospice of the Bluegrass. She'll be discussing the Hospice of the Bluegrass Volunteer Program and 10th Annual Hospice Gala. Shellie is currently attending Midway College for a degree in Health Administration. She lives in Frankfort with her husband Kenny and son Austin.

Opening Exercise..... Van Ingram Greeter Terry Shockley

Adopt-A-Highway

The next Adopt-A-Highway program is scheduled for Saturday, August 15 at 9 a.m. behind the McDonald's on Versailles Road. Please bring good walking shoes and gloves. Vests, poles and garbage bags are provided. We will be cleaning up the Rotary stretch of road between the East-West Connector and Spaghetti Junction and it usually takes about one hour. Join us for good fun and fellowship. See Joe Johnson beside the registration desk to sign up.

Make-ups for July 29, 2009

William Elam Bob Johnston
Charles Geveden John Sower

Attendance Percentage: 72%

Make-ups Needed for Aug. 5

Pat Badgett Joyce Honaker
Brian Booth Marcie Jeffreys
Joshua Brand William Legg
Olivia Brittan Phyllis Liebman
Chris Broaddus Jason Middleton
Bobbie Brown John Norfleet
Ron Bryant Josian Passalacoua
David Cobb Mary Poling
Randal Cornett Tim Rose
Boyce Crocker Bob Rush
Gary Crumbaugh John Shasky
Bryan Dill Jesse Thompson
Colmon Elridge Kyle Thompson
Gregory Fuchs Tyler West
Sarah Gowins Kent Whitworth

This Week's Speaker...

The speaker for the day was Doug Howard, a local attorney, who gave the Club a brief history of sub-prime mortgages. He stated that back at the turn of the 19th century, banks started lending money for real property. The loans were usually for five years but then would roll over for an extended period of time until they were paid off and the loan was between the borrower and the bank. When the Great Depression hit in the 1930s, there was a 40% foreclosure rate. After the real estate market recovered, the government started the Federal National Home Mortgage Association, which would buy up the paper of the local banks which could be 30-year loans at 20% down. This was a government-run program to free up the banks and was known as Fannie Mae. Later, in order to create competition, Freddie Mac was created. The theory was that when a property was foreclosed on, the investment could be recouped and the property

resold. Other companies wanted a piece of the action and created sub-prime mortgage loans, which would take as little as 10% down or even less and would accept less than prime borrowers. While this opened up a much larger class of borrowers who could get loans, because of the greater risk, the interest rate was higher. The theory behind this is that once the property was repossessed, it could always be resold. The mortgages would be "pooled" and the risk was thereby spread around. This worked great until the bubble burst around 2003 when it became apparent that many of the mortgages were not well funded and the housing market went into a slump and no one was buying. Job losses in depressed areas was the main factor here. The banks were stuck with what has been called "toxic assets" and the banks now had huge inventories of bad loans. On the bright side, this is still a tangible asset and the government can still hold on to them until the housing market improves and people start buying houses again. Unfortunately, under the sub-prime system, there are several middlemen each taking out their fees. The case really gets complicated when one considers that global investors get involved in buying up these packages of pooled mortgages and we have a global crisis on our hands. What are some of the remedies? (1) Tighter credit restrictions so



Dora Hall, August program chair, introduced speaker for the day Doug Howard.

that loans are not being made to borrowers who cannot afford these homes. (2) Borrowers need to be protected from exotic mortgage programs that have balloon payments. (3) There must be alternatives to the 30-year fixed mortgage, which lock banks in for too long a period of time. We need to move the inventory of houses once people start buying again. However, the job market does not look to be improving in the near future. Thank you Doug for making a very complicated subject easy for the layman to understand.

Board Action

Approved leave-of-absence for Michael Ball from 7/29/09 to 8/10/09.

Ice Cream Social for KSU Freshmen

The Rotary Club will be sponsoring an Ice Cream Social for KSU students at freshmen orientation on Tuesday, August 25 from 12:30-1:30 outside the Student Union building. KSU is furnishing ice cream, plates and utensils and the Rotary Club is furnishing cookies and the manpower. Please volunteer for this exciting event by signing up with Joe Johnson beside the registration desk.

Make-Up Policy

Please note that the Adopt-A-Highway program on Aug. 15 and the Aug. 25 KSU Ice Cream Social count as make-ups.

Rotary Picnic

The annual Rotary picnic is on Lee Troutwine's farm on September 27. Please bring a covered dish.

Well Said...

I am an uncompromising opponent of violent methods even to serve the noblest of causes. - Mohandas Karamchand Gandhi (1869-1948)