

Credit Crisis Cripples Markets

By Clay Edwards, Mortgage Advisor

Fireside Mortgage

The purpose of this communication is not to alarm you but to alert you to drastic and irreversible changes currently taking place in the mortgage market. If you or anyone else you know will need mortgage financing in the next 18 months, you need to read this!

Over 180 national lenders have now closed shop in the last eighteen months. Tens of thousands of borrowers have now been left without financing as a result of companies going under. This is no longer simply a subprime lending issue.

The credit market is experiencing

unprecedented turmoil. According to Federal Reserve Chairman, Ben Bernanke, "Financial markets have been volatile in recent weeks, credit conditions have become tighter for some households and businesses, and the housing correction is ongoing."

What does this mean to consumers?

Potential borrowers cannot wait any longer. For those who are considering buying a home, be aware that the volatile credit market can change overnight, leaving fewer options available to borrowers attempting to qualify for a mortgage. This is even more true for those looking to refinance. With decreases in home values and fewer available mortgage instruments, delaying any longer could get significantly more expensive.

Borrowers with applications in process must not delay. Applicants should work with their mortgage professional to complete all paperwork quickly, especially on non-conforming, stated-income, and stated-asset loans. Even minor delays can result in funds being yanked at the closing table!

Sellers can no longer be reluctant to accept offers or reduce prices. Tightening credit and diminishing mortgage products will continue to reduce the pool of qualified buyers. This, along with the increase in national housing inventories, means now is not the time to hold out for the "best" price possible.

Buyers with credit issues or who have difficulty providing required documentation can no longer sit on the fence. If market conditions change, buyers who qualify for a loan today may not qualify a few weeks from now for the same exact loan. Just this week, many lenders have stopped offering No-Doc loans, and some lenders have even pulled back on all forms of stated loans. As market conditions continue to change, a buyer's pre-approval status can disappear even more quickly, delaying or spoiling the deal.

Subprime and Alt-A refi candidates, especially those with ARMs scheduled to reset over the next 12 months, need to act now - even those with a pre-payment penalty. ARM borrowers struggling with monthly payments now might be shocked to know that monthly payments can double in some cases once an ARM resets.

What does this mean to you?

If you or someone you know has an ongoing real estate transaction, I would be glad to help. Please call me right away. As an educated mortgage professional, I will utilize my experience and resources to help you and your loved ones to navigate through these turbulent times. Don't leave your future in the hands of some random mortgage provider. I'm local, accountable, and you can trust that I'll do everything in my power to help you succeed.

For more information or for a free consultation call 1-800-921-2529 and ask for Clay Edwards.