



PRM INSIDER

A quarterly newsletter issued by Pacific Residential Mortgage



TEAM STASHIN

Top, Melissa Stashin;
Left, Shannon Tompkins;
Right, Darla Thomas

*Unparalleled industry knowledge,
over a decade of experience,
distinguished customer service.*

Pacific Residential Mortgage
Lake Oswego Branch
Two Centerpointe Drive, Ste. 500
Lake Oswego, OR 97035
Cell: 971-221-5656
Ph: 503-670-0525
Fx: 503-670-0674
melissa.stashin@pacresmortgage.com
www.pacresmortgage.com/lo/
melissastashin
WA License #510-LO-35446
WA License #510-LO-33582

IS NOW STILL A GOOD TIME TO BUY A HOME?

By Matt Stashin, President/CEO
Pacific Residential Mortgage, LLC

What a great question! It seems as though everywhere we turn the media is bombarding us with negative information about housing markets nationwide.

While there are some areas of concern across the U.S., the top six states for foreclosure related activity per household (Nevada, California, Florida, Georgia, Ohio and Michigan) actually account for a whopping 60% of the entire nation's foreclosure activity, skewing the national averages and the perception that much of the media creates in the public eye.

The news about the mortgage market meltdown has been blown way out of proportion. True, many banks and Wall Street investment firms have had to absorb huge losses, but as we discussed in our previous newsletter articles, it was their own fault for getting too aggressive and offering loans to homeowners who were a poor credit risk.



In a nutshell, Wall Street and large lenders got too greedy and now they are paying the price. What you aren't hearing about is that the "subprime meltdown", or more recently the "credit crunch", has really only affected a small percentage of the overall mortgage credit marketplace. True the liquidity for large loan amounts, called Jumbo loans (over \$417,000), had dried up for about two months but it has now recovered. The rates have dropped back down and these loans are readily available in the market place again.

Liquidity for conforming loans, \$417,000 and under, was unaffected by the "meltdown" but you'd never believe it if you read the papers, listened to the radio or watched the television.

Almost all of these loans are purchased, in one form or another, by either Freddie Mac or Fannie Mae; the two quasi-private entities created, years ago, by the U.S. government to ensure liquidity in the mortgage markets and to promote the American dream of homeownership.

Interest rates for conforming loans still hover at the low end of the historical spectrum and seem to be coming down further at the time of this writing. Indeed, current interest rates are helping to keep homeownership within reach of many potential buyers. Low fixed rates are also creating the opportunity to refinance to a stable, fixed payment for those that have seen adjustable rates increase in recent years.

(continued on page 4)

WHAT'S INSIDE...

Is Now Still A Good Time To Buy A Home?	1, 4
Reverse Mortgages: Helping Senior Homeowners Move Forward In Life	2
Protecting Home Ownership In The Northwest	3
PRM Newsletter	Volume 13
	OCT 2007

IS NOW STILL A GOOD TIME TO BUY A HOME?

By Matt Stashin, President/CEO
Pacific Residential Mortgage, LLC



(continued from page 1)

So while the subprime mortgage market is undergoing a much needed correction, the vast majority of mortgage loans are having no issue whatsoever. Money is plentiful for those borrowers whose profile fits the most common parameters: reasonably good, but not necessarily perfect, credit; verifiable assets and employment histories combined with reasonable, not excessive, amounts of debt.

Our markets in the Northwest are still considered among the most solid in the country: prices are still appreciating, there is still a nice, comfortable pace of sales, unsold inventory is under historical averages, interest rates remain very good and people continue to relocate to our markets from all over the nation because of our strong economy! Time Magazine recently published an article in which they cited the Portland and Seattle real estate markets, specifically, as two of just a few across the country that are still appreciating.

The past couple of months have seen some potential buyers holding tight while digesting the national headlines. Since that time market activity has been picking up. A recent discussion with a group of our top loan officers... indicates buyers are back out in force looking to buy homes.

Today all parties to a home sale transaction need to be realistic. Some sellers have been looking to sell too high, while some buyers have been looking to buy

too low. A respectable balance is returning to the market. It is seller's market and a buyer's market at the same time, as a healthy market should be. Our experience is showing that both parties to a home sale are realizing that they need to meet each other somewhere in the middle.

It is unlikely the negative news the media will subside in the near future because many of the problems across the country may take months or even years to work their way through the system. But in the Northwest, investing in real estate is still a great option for a diversified financial strategy. Mortgage credit is plentiful and prices are stable or still climbing. If you are a landlord, rents are increasing. Whether you are a first time homebuyer, looking for a rental, wanting a second home or are considering upsizing or downsizing your primary residence, it is truly a good time to buy as a balanced market seems to have found its equilibrium once again.

