

REAL ESTATE



THE FINANCE LADY
 ~ Problem Solver ~
Laure Feld, President
American Mortgage Lending, Inc
 309-688-LOAN
 FINANCELADY.NET
Get your free report: "10 Mistakes to Avoid When Financing a Home"

Current State of Mortgage Financing... What's Going On?

Anyone watching or reading the financial news over the last few

months has seen a lot of angst and consternation over the state of the mortgage industry. In fact, one of the larger lenders in the US, American Home Mortgage, was forced to shut down operations recently. But why? What is happening, what does all this mean to you and most importantly... what should you be doing do right now to make sure you are protected?

Here's the scoop.

Over the past several years, many loans were made to homeowners with somewhat non-traditional or "non-conforming" situations, be it a poor credit history, inability to document income, or any number of factors that do not fit within the traditional "box" for home loans. These loans are often called "Sub-Prime", or "Alt-A", meaning that they were somewhat riskier in nature than A credit, prime, or traditional loans. Another type of "non-conforming" home loan is one where the credit and income might be perfectly fine, but the loan amount is higher than \$417K. If

the loan amount is higher, it can certainly be done - it's called a "jumbo loan" - but the end money comes from private institutions, not from the large government sponsored entities of Fannie and Freddie.

Most non-conforming loan product rates popped significantly higher recently. Here's what happened.

The end investor for Subprime or Alt-A loans will charge a premium for taking on a pool of these loans, because they know that traditionally, they might have a higher rate of default and delinquent payments within that risky pool. But lately, default and foreclosure has been on the rise - partly due to the fact that with credit tightening and a soft real estate market, many troubled homeowners are unable to refinance or sell in order to get out of

trouble. So now, these end institutions are demanding a much higher "risk premium" for taking on these pools of loans, as they see the rates of default are climbing higher. But since these institutions are purchasing these pools of loans sometimes months after the borrower has actually closed at a given rate, this increase to the risk premium means that instead of paying \$101K for a \$100K loan that will bear interest, they may only be willing to pay \$95K for that \$100K mortgage to account for the risk. Multiply that times thousands upon thousands of loans...and you have millions upon millions of dollars in loss for the company trying to sell the pool at a much lower price than they were expecting. This is called a "liquidity crisis", and is exactly what happened to American Home

Cont'd. on next pg.



Lake Wildwood
400 Sunnyslope • Varna • \$244,900
 Beautiful 3 bedroom 3 bath home - only 1 year old! 9' ceiling on main floor and basement. Open floor plan with gorgeous fully applianced kitchen. Split bedroom design. Basement dry-walled for rec room, family room, 4th bedroom, 2nd kitchen, bath and storage. Double lot. All lake privileges. Subject to first right of refusal-LWW. Taxes on lot only. Listing: 1086585



Crew Lane • Sparland • \$120,000
 Wonderfully wooded land abundant with all kinds of wildlife-perfect for a hunter or nature lover! Build your dream home on 16.08 acres and have a breathtaking view of the river! No other bluff, river view property from here to Hopewell Estates! Come, get away from it all! Taxes reflect nearly 50 acres and a house. Property is being taken from larger parcel and will be assigned a new tax ID number. Listing agent or owner MUST BE PRESENT for showings! Listing: 1080535


Patti Hedden
 ABR, GRI, SRES
 Multi-Million Dollar Producer
 (309) 689-5300 ~ office


RE/MAX Unlimited
 3622 N. Knoxville, Peoria, IL
 (309) 264-5068 ~ mobile

Each office independently owned and operated.

FOR SALE

LAWRENCE CO. IL
50 ACRES • ALL TIMBER
CABIN • SECLUDED
SURROUNDED BY HUNDREDS
OF ACRES OF HABITAT...
BIG DEER, TURKEY, SQUIRREL & COON
HARVESTED EVERY YEAR!
BEST OFFER! 812-887-2630

ALLEN & ASSOCIATES

REAL ESTATE INC.



Bill Severns
 430 State Street • Pekin, IL 61554
 Bus: (309) 346-5582 • Res: (309) 346-9311
 Cell: (309) 267-5652

Please call with any real estate questions or concerns!

315 Beautiful, Secluded Acres!



1500 E County Rd. • Washburn, IL

2 WELLS ON PROPERTY, SEPTIC, DOCK, STOCKED LAKE 20 FT. DEEP IN CENTER, TELEPHONE AND ELECTRCITY. 148.6 ACRES TILLABLE SITUATED IN CENTER OF PROPERTY SURROUNDED BY TIMBER. FULL OF WILDLIFE. TRAILS THROUGHOUT FOR HORSES OR WALKING. INCOME PRODUCING... GREAT INVESTMENT!

SUBJECT TO SELLER MAKING A 1031 EXCHANGE.
 MLS #1056378

246-5020 • 246-2095
 361-2095






Priced at Only \$1,109,500