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<http://realestatemarketingthisweek.com/first-time-home-buyer/fha-guidelines-regarding-foreclosures-and-first-time-home-buyers/> - FHA Guidelines regarding foreclosures and first time home buyers -

Part 7 - Ok I was just checking because I thought this was a story about all the mortgage backed securities that were going under. It started at the top and it worked its way down. The reality of it is that people were buying homes, not reading what they were signing, not understanding how it worked and shame on the people who were putting it in front of them, knowing that they didnt know and we all need to take a little responsibility here for this past crisis. It is not just the Wall Street firms; its not just the mortgage companies and banks, the brokers have little in fact to do with it, we didnt create the loan products that people were buying, we were merely disseminating it to the public. I am glad to say I was not a part of any of that. I was able to stay away and do traditional, conventional type financing for people. So luckily I didnt have a lot of clients who got stuck into that nightmare.

Speaking of that nightmare, Dan when we talk about the people who have had foreclosures, their lives have been turned around, turned over and they think that there is no where for them to go. One of the nice things about the Federal Housing Administration loan, the FHA loan, thats the first time home buyer type loan, the minimum down payment loan, its only 3 years after you have had a foreclosure that you can qualify to purchase a home again. So it is important if you have had a foreclosure, you need to point your future away from the flame, you need to save your money, do your best, work as tightly as you can on a budget and look forward to that time when you can go back out and buy a home again.

Property values are going to be up from where they are today, but there is still going to be plenty of great value out there and there are not going to be loan products that are going to get you in trouble again. They wont exist. What really caused the great inflation in home values starting in about 2002 was the financing was just getting crazy. I wont get into a whole lot of technical stuff about mortgage backed securities and all that, but the lenders were creating products, selling them off their books, thinking that they would never have to worry about them again. They sold trillions of dollars worth of these loans and those are the ones that are going bad.

Ones that were toxic in the first place: the stated incomes, the option ARMs, all those loans are all gone now. I was saying earlier today that we are back to where we were in financing in 1992-1993, back when the median home price was \$75,000. Now I dont think we are going to go anywhere near that again, I think at \$130,000 we are getting real close to the bottom of the market and what I was thinking was when I got into the business in 1995 and you were in at about the same time I was, and I remember talking to a guy who comes into our office to sell us loan programs, now this is the very beginning of the really crazy stuff, and he was saying we can do 70% no doc loans.

We go, what do you mean? If somebody puts down 30% they dont have to verify anything, they dont have to verify their employment; they dont have to verify taxes, anything. We were absolutely floored, but by the peak of the market we were doing 100% no doc loans. If you were breathing they gave you a loan and the credit scores didnt have to be that high, I think I saw them as low as 600... <http://realestatemarketingthisweek.com>

Duration : **0:5:36**

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