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The Real Story About the Availability of Mortgage Money

By Mary Baymler, President, Burnet Home Loans

I am sure that you have recently had as many questions as I regarding the availability of mortgage money. The current economic crisis has led many in the public to worry about whether or not mortgage money is even available should they choose to buy a house. Statements from government and commentary by the media have certainly played a part in creating this perception.

So, what is the real story? Here at PHH Home Loans it continues to be business as usual. Perhaps, because that statement is so ordinary, it gets overlooked. I would like to give you the facts so that you can share them with your customers.

First, frankly we have access to more funds to lend than we can actually use! Our warehouse facility has a \$350 million capacity. Given that most loans cycle through the warehouse in 15 days, our group effectively has access to \$700 million a month! This morning we were only using a fraction of the line. I would say we have access to plenty of credit.

Second, mortgage product is widely available. So far this year, we have sold loans to 21 different state and national investors. Within our investor group we still have more than 450 products to offer. Furthermore, we constantly seek out new investors and, just as importantly, they seek us out to sell their product! It is important to remember that we have the best mortgage customers around, the purchase money borrowers who come through Coldwell Banker's doors every day. Our

investors recognize this fact and want to do business with us.

Third, borrowers can still qualify for a loan. It is absolutely true that today's underwriting standards are now stricter than those of the recent past. However, that is a good thing for our industry. Borrowers should be able to document their income, their assets and prove that they are credit worthy. Old fashioned? Perhaps, but it is certainly prudent. Furthermore, PHH Home Loans was never a major player in the sub-prime market. In 2005 when things were getting rather wild and crazy, PHH Home Loans did just 3.5 percent of our closed loan volume in this category. It was never our stock in trade and this has served us, and our parent company, quite well. The marketplace is littered with the wreckage of companies who choose the sub-prime path.

Finally, as you know, this last weekend wrapped up Coldwell Banker's 10-Day Sales Event. This was a tremendous opportunity for the consumer to get into a new house. This is all the more true because, as you know, interest rates have been moving up for the last several weeks. It will certainly do the consumer little good to hold out for that last \$5,000.00 on the sales price and then have to pay a half percent or more on their interest rate for the next 30 years. This may well be the best time to buy!

As always, if you have questions, please consult your Burnet Home Loans loan officer.



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