

Published based on [Home Loan News - Mortgage Company In Need of Refinance](#)

Home Loan News - Mortgage Company In Need of Refinance

The news about the housing market has 'not been good' for some time now. It seems that we are bombarded on a daily basis with fresh headlines by Katy Couric or Charles Gibson about the latest woes to befall sub-prime mortgage home-owners. The sheer plethora of news on the subject is getting so depressing that I think it could actually be adding to the overall mental state of the nation, almost willing us into a recession.

The facts are undeniable. Foreclosures are up to 7.6% from 7.3% of loans past due or in foreclosure. The biggest rise in these numbers relate to what are called sub-prime mortgages. These are mortgages that were sold to lower income families where the original starting payments were set at a reduced rate. When interest rates rose, the borrowers of this type of mortgage were caught out. Instead of having to make a payment that they had been quoted when the mortgage was sold to them, they faced much higher payments in line with the higher interest rate prevailing at the time.

Now its easy to say that this is their own fault and that they should have been more careful when entering into the loan and that the duty of care is on the borrower to ask about the risks involved and the potential downside that a rise in interest rates would cause. The worrying thing is though, that many of these loans were sold to people who were novices in owning their own home and such complicated financial instruments. They came from low income households and were 'blinded' by a dream that most of us take for granted.

I am not the only one who thinks so. The Attorney General in Illinois is already investigating Countrywide Financial Corp for its potentially illegal targeting of minority groups for the purchase of high cost loans. This is just one of many State and Federal investigations underway.

Countrywide is also under scrutiny as its CEO Angelo R Mozilo is now being investigated for possible illegal securities transaction in which he cashed nearly \$120 million dollars worth of stock shortly before his company announced bad loans of \$422 million in the fourth quarter of 2007. Countrywide who are currently being taken over by Bank of America has also been named by the F.B.I. today, (9th March 2008), as one of fourteen lenders being investigated for lending practices.

As with most investment stories, when people are losing money, there is usually someone making it. It emerged in recent days that Warren Buffet may be about to step in to take a stake in Countrywide. Mr Buffet, who recently topped the world list of the richest men on the planet, knocking off Bill Gates after thirteen years, has been sitting on a cash-pile of some \$50 billion dollars for some time now. His investment company, Berkshire Hathaway has reported taking a stake in Bank of America recently and rumours abound that he is looking to get involved once again in the financial & mortgage securities markets. As usual, Mr Buffet, your timing is impeccable!

Even 'The Donald' could be seen recently on National TV bestowing the virtues of property investment. I have to agree with Mr Trump that those who have the ability to invest in property in a depressed market are possibly the people who will profit the most. For the average man in the street though, I think the message is clear. When taking out a home loan or refinance package, get some professional advice. Check the small print and know the downside before signing the agreement.

Neil Ebsworth

<http://www.articlesbase.com/finance-articles/home-loan-news-mortgage-company-in-need-of-refinance-361109.html>

You can also find this article published on [Home Loan News - Mortgage Company In Need of Refinance](#), and on the tag pages [bank of america](#), [countrywide financial corp](#), [high cost loans](#), [home loan](#), [home loan news](#), [home loan news 8211 mortgage company in need of refinance](#), [low income households](#), [lower income families](#), [mortgage securities markets](#), [state of the nation](#).