

Title:

National Real Estate Disaster

Word Count:

358

Summary:

The soft landing for the US property market has turned into a disaster, who should shoulder the blame for the mess?

Keywords:

Real Estate, property, homes, houses, lending

Article Body:

The current real estate crisis in the US is only going to get worse as the sub prime loans continue to switch from the honeymoon rate to the higher rate that has already seen many home owners pushed over the edge and out of their homes. This is an economic disaster that will continue to have serious effects on the US real estate market and the economy for years to come.

The banks should shoulder some responsibility for to the crisis after all they set the lending criteria along with the various financial institutions have made it very easy to obtain a home loan where in many cases the loan should never have been granted. Many people were steered into sub prime deals when they did not need to go that way, they could have easily qualified for a standard loan but were steered towards the sub prime deals by the lenders who were keen to pickup the more lucrative commissions. So now the time has come to pay and people are walking away from homes on mass, the banks are being forced to foreclose and property values are falling as a result.

Falling property values means many people end up in situation where they have negative equity in their homes, they can't sell to repay the debt and the banks become very uncomfortable with the situation. The money market tightens up and the situation compounds. It's a national disaster in the eyes of some, so much pain and suffering for families. The economic fallout is massive and will only get worse as America rushes towards a recession, the soft landing of the real estate market has turned into a giant crash and the ripple effect will travel right around the whole globe. The banks have now started to try and work with people to keep them in their houses and they are negotiating where possible.

The foreclosure market is running hot in almost every state, many construction

companies are falling like flies and are offering amazing deals to maintain cash flow and viability. Oil has pushed closer to the \$100 per barrel mark to add to the problems.