

Housing Myths

The Credit Crunch has Dried Up Available Mortgage Money

There is absolutely no credit crunch for qualified buyers taking out conventional loans for under \$417,000 — absolutely none. And this is where the bulk of all home loans are made in Winnebago County.

Why? Because these loans can be purchased by Fannie Mae and Freddie Mac and have the implicit guarantee of the federal government.

While the so-called “credit crunch” has tightened underwriting standards for all loans, credit-worthy home buyers in Winnebago County will have no problem finding conventional, conforming mortgages at very attractive rates — slightly above 6 percent for fixed rate, 30-year loans.

The fact of the matter is if you’ve got a steady income and a good credit history, the “credit crunch” will not likely impact your ability to purchase a new or existing home.

It’s Impossible to Sell a Home in Today’s Housing Market

Over the past 10 years, it’s taken an average of 125 days to sell a home in Winnebago County, according to the Multiple Listing Service.

Through September of 2007, it’s taken an average of 129 days to sell a home in Winnebago County.

Foreclosure Rates Are Skyrocketing

It’s important to keep in mind that almost all American home owners are making their mortgage payments on time. In fact, more than 97 percent of prime borrowers — the bulk of the mortgage market — are up-to-date on their payments.

The overall national delinquency rates on home loans were 5.12 percent in the second quarter of 2007, according to the Mortgage Bankers Association. This is well within historical norms.

For example, in the past 10 years, delinquency rates hit a national low of 4.03 percent in the first quarter of 2000 and peaked at 5.35 percent in the third quarter of 2001.

Today’s households hold \$21 trillion in real estate assets — greater than the total value of all the stocks and bonds on Wall Street. America’s home owners have over \$10.85 trillion in untapped equity in their homes that provides a protective cushion against foreclosure.

And it’s important to remember that 37 percent of all single-family homes are owned debt free — without any mortgage.

If you’ve got a steady income and a good credit history, there is plenty of available mortgage dollars at historically low rates

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Home Prices Are Plummeting

Winnebago County has experienced a steady, predictable increase in home prices over the past ten years — a trend that continues today.

According to the Multiple Listing Service, both the average sale price and the average median price of homes have increased 47% — or 4.3% a year — since 1997.

Despite the conventional wisdom that home prices nationwide are plummeting, 70% of the 287 largest metropolitan areas in the county had positive home price appreciation over the past year, according to a November 29 report from the Office of Federal Housing Enterprise Oversight (OFHEO).

The OFHEO report noted that the Oshkosh-Neenah Metropolitan Service Area (MSA) experienced a 3.3% increase in home prices over the past year, which tops the state, region and nation.

In Today's Market, Home Ownership is a Bad Investment

Consumers who take advantage of this excellent buying climate to purchase a home will find that it is the best investment they ever made, as homeownership is the largest investment most families will ever make and the single largest creator of wealth for Americans.

Although local housing markets periodically adjust according to overall economic conditions, over the long term real estate has consistently appreciated. On a national level, home appreciation has historically risen 5 to 6 percent annually.

And don't forget the fantastic tax incentives. Homeownership is by far the biggest and best tax break for middle-class Americans. Collectively, home owners save nearly \$100 billion annually on mortgage interest and property deductions alone.

Not only is homeownership a stepping stone to a future of financial security, it also provides a permanent place to call home, enormous personal satisfaction and it strengthens the nation's people and its communities.

Homeownership also creates community stakeholders who tend to be active in charities, churches and neighborhood activities. It also inspires civic responsibility, and homeowners are more likely to vote and get involved with local issues.

Homeownership truly is the cornerstone of the American way of life, and the fulfillment of the American dream.

The average sale and median price of homes has jumped 47% (or 4.3% annually) since 1997.