

Mortgage Markets A Disappearing Act

If there is one area where the national housing market downturn is affecting the Wichita market, it is through the reduced availability of credit. According to a recent Federal Reserve survey, three quarters of all domestic commercial banks have tightened their standards for residential mortgages.

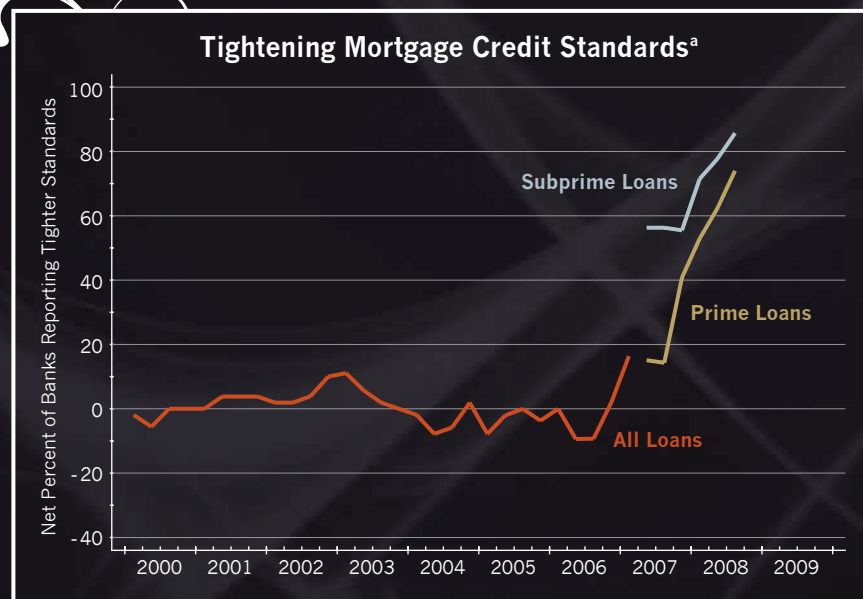
Zero down payment mortgages have performed a disappearing act over the past year. Likewise, lenders are now applying more traditional income and creditworthiness guidelines.

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While these changes may be good in the long run, they are putting the squeeze on first-time homebuyers, who must now save for a down payment and repair their credit before they buy a home.

“The easy credit of recent years has not led to a sharp rise in local foreclosure rates.”



The good news is that mortgage rates are still quite low by historical standards, and are not expected to rise substantially for the foreseeable future. In addition, the easy credit of recent years has not led to a sharp rise in the Sedgwick County foreclosure rate, in contrast to what has happened in many other parts of the country.

Sources: Board of Governors of the Federal Reserve System; Federal Home Loan Mortgage Corporation (Freddie Mac); Mortgage Bankers Association
 Notes: a) Beginning with the April 2007 survey, the “all loans” category was separated into “prime,” “subprime,” and “alternative” mortgage products
 b) Mortgage Bankers Association August 2008 forecast of the 30-year conventional mortgage rate