

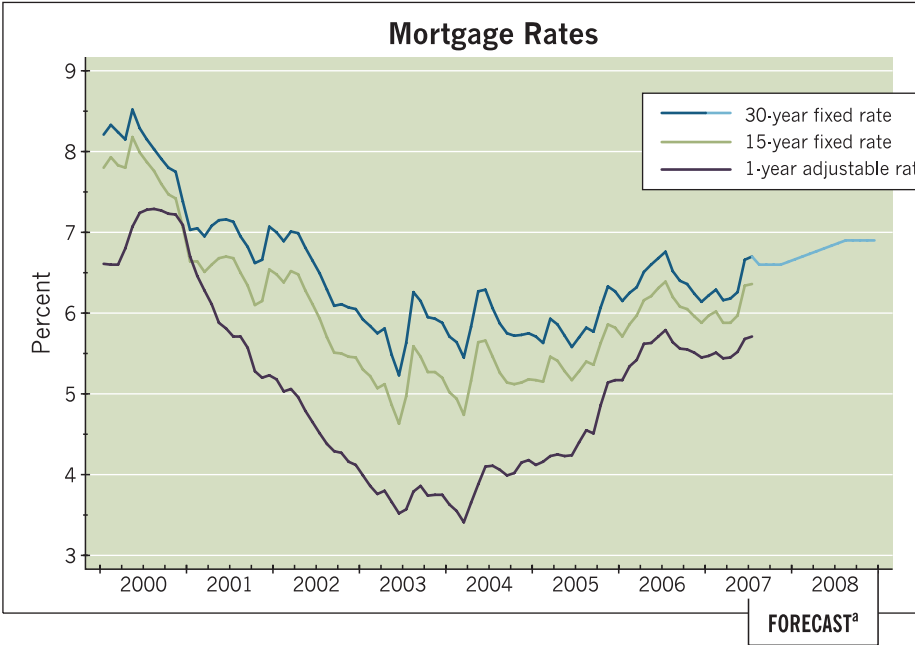
Mortgage Markets and Foreclosures

A CLOUD ON THE HORIZON?

The sun may be shining overhead, but the rumble of thunder from the stormy credit markets can be clearly heard in the distance.

Buyers with poor credit and small down payments may have fewer financing options in the coming months.

In August, concerns about the risk of securities backed by subprime mortgages led to a world-wide credit market crisis. Although the panic has subsided, the end result is that home buyers with poor credit and those wanting to borrow 100 percent of the purchase price have fewer financing options than they did just a few short months ago.

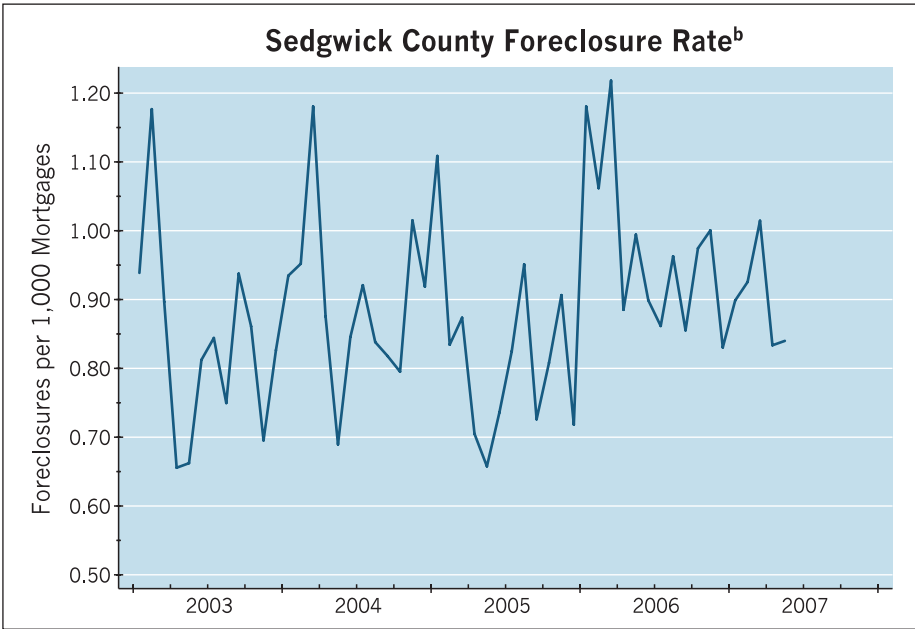


Borrowers with good credit and cash for a down payment, however, should be relatively unaffected. In fact, long-term mortgage rates have dropped recently, and are expected to remain below 7 percent through the end of next year.

30-year mortgage rates for prime borrowers are expected to remain below 7 percent through the end of 2008.

Although foreclosure rates are on the rise nationally, the Mortgage Bankers Association of America recently reported that this is largely due to problems in the rust belt and four states with a high percentage of loans to speculative investors (Arizona, California, Florida, and Nevada).

In the Wichita area, we have seen only a modest uptick in the foreclosure rate over the past several years. A strong local economy and stable home-price appreciation should keep foreclosures in check for the foreseeable future.



Sedgwick County has seen only a modest uptick in the foreclosure rate over the past several years.