

Overview of Senior Housing in the United States

Thecasesolutions.com



Thecasesolutions.com

- Back in 2000, agencies such as Fannie Mae & Freddie Mac's motto was: "Our business is the American Dream"
- Average pricing houses grew steadily since 1995

Thecasesolutions.com
American Housing and Global Financial Turmoil

• Housing market in the US has been hit hard by the global financial crisis and the subprime mortgage crisis. The housing market has been in a state of decline since 2007. The global financial crisis has led to a sharp decline in housing prices and a significant increase in foreclosures. The housing market is expected to remain weak for the next several years.

Thecasesolutions.com
Innovation in Mortgages

• The mortgage market has been a source of innovation in the financial industry. The introduction of new mortgage products, such as ARM mortgages, has allowed borrowers to tailor their payments to their needs. The use of technology in the mortgage process has also led to faster and more efficient transactions.

Thecasesolutions.com
Home Finance Reform 101

• The home finance reform bill aims to address the issues of the mortgage market. It includes provisions for the creation of a new mortgage guaranty insurance company, the expansion of the FHA's role in the mortgage market, and the establishment of a new mortgage servicer.

Thecasesolutions.com
Changes in the Secondary Market for Mortgages

• The secondary market for mortgages has seen significant changes in recent years. The introduction of new mortgage products and the use of technology have led to a more competitive and efficient market. The market is expected to continue to grow in the coming years.

Thecasesolutions.com
Global Financial Market

• The global financial market has been a source of volatility in recent years. The global financial crisis has led to a sharp decline in housing prices and a significant increase in foreclosures. The market is expected to remain weak for the next several years.

Thecasesolutions.com
The Rise in Foreclosures

• The rise in foreclosures has been a major concern in the housing market. The global financial crisis has led to a sharp decline in housing prices and a significant increase in foreclosures. The market is expected to remain weak for the next several years.



How to reduce pain from Foreclosures

- Investor oppose "giving break" to people who could afford the reset
- Provide new government loan or grants
- Reduce mortgage payments
- Regulating the mortgage industry itself
- Aim strengthening 1994 Law "HOEPA"
- Financed by debt and add some equity
- Creditors unwilling to finance property. They prefer "rent"
- Increase the fraction of the home's appreciation

Thank you!

Thecasesolutions.com
How small size losses cause turmoil

- Small size losses can cause turmoil in the housing market. The global financial crisis has led to a sharp decline in housing prices and a significant increase in foreclosures. The market is expected to remain weak for the next several years.

Thecasesolutions.com
How small size losses cause turmoil

- Small size losses can cause turmoil in the housing market. The global financial crisis has led to a sharp decline in housing prices and a significant increase in foreclosures. The market is expected to remain weak for the next several years.



Overview of Senior Housing in the United States

Thecasesolutions.com

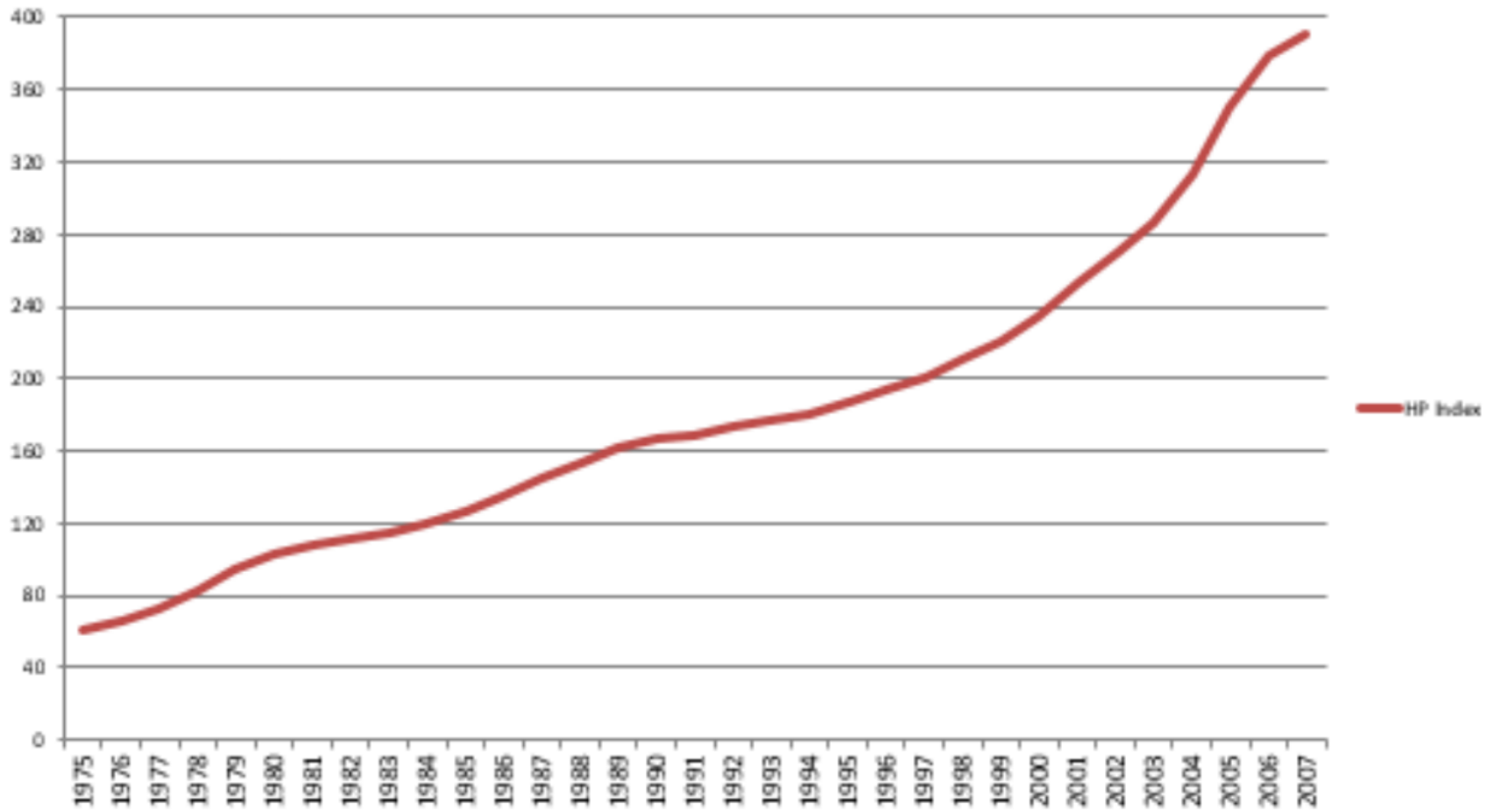


Thecasesolutions.com

- Back in 2001, Agencies such as Fannie Mae (a GSE) had a bully feeling about the housing market
- Fannie Mae's motto was "Our Business is the American Dream"
- Average pricing house grew steadily since 1975

Thecasesolutions.com

HP Index



Thecasesolutions.com

American Housing and Global Financial Turmoil

- Predictions coming from Dean Baker, the co-director of the Center for Economic and Policy Research claimed a housing bubble ready to burst with potential losses of 2-3 trillion.
- Others explained the housing prices to be a product of the low interest rates
- Developers were contradicted. One of them , Bob Toll disagreed. He said, “ Why can’t the real Estate just have a boom like every other industry? Why do we have to have a bubble and then pop?”

Home Finance Before 1990

Thecasesolutions.com

- “Traditional” Fixed 30 year mortgage
- Saving and Loan Association (S&L)
 - HOLC
 - After WWII Banks and S&L started creating 30 years Mortgages. It eventually resulted in the S&L crisis from 1980
 - Creation of GSEs (1938 and 1970)
 - Government cap loans at \$417,000.00 for GSEs (2006)
- Credit Problematic people would apply to lenders insured by FHA.

Innovation in Mortgages

Thecasesolutions.com

- In the 1990s new firms started borrowing to sub prime lenders.
- List for these type of lenders went from 63 in 1993 to 205 in 2005.
- Subprime has higher interest rates and fees.
- Subprime required less documentation. Loans were based on “stated income” and “stated value”
- Arms Loans – teaser rates

Changes in the Secondary Market for Mortgages

Thecasesolutions.com

- 1995 28% of subprime loan were sold in the secondary market
- 2005 73% of mortgages classified as having high interest rate were sold
- 2006 Total US residential mortgage debt was \$11 trillion



The Rise in Foreclosures

Thecasesolutions.com

Foreclosure is a legal process in which a lender attempts to recover the balance of a loan from a borrower, who has stopped making payments to the lender, by forcing the sale of the asset used as the collateral for the loan.

