

Date

To the Editor:

It's hard to turn on the television, listen to the radio or read a newspaper without hearing about the mortgage industry. There's no doubt that a significant number of Americans are experiencing difficulty in the current environment of falling home values and volatile interest rates. But the good news is that the real estate picture for Iowa is markedly better than the national situation.

Fortunately, the highest rates of mortgage defaults are not in Iowa. In our state, 81% percent of mortgage loans were made to prime borrowers and only 7 percent of the mortgage loans are either fixed rate sub-prime or adjustable rate sub-prime loans. Sub-prime loans are where the bulk of foreclosure problems are being experienced around the country.

Despite the low number of sub-prime loans, home ownership in Iowa is 72.3 percent, above the national average of 68.2 percent. This is a good indicator that the bulk of Iowa lenders are providing borrowers with financing that is appropriate for their net worth, income and borrowing capacity.

The most recent mortgage delinquency numbers available are for the first quarter of 2009. In Iowa, those numbers reflect that just over 2% of all mortgage loans (both prime and sub-prime) were in foreclosure. However, even this statistic overlooks the fact that Iowa has very debtor friendly foreclosure laws that allow delinquent loans to remain in foreclosure status longer than other states. As a result, the same loans are counted multiple times – quarter after quarter.

A better indicator is how many loans entered foreclosure during the most recent quarter. In Iowa, total foreclosure starts (including all loan types) was 0.70% of residences. This ranked Iowa 43rd in the nation.

So despite all the “down” news, Iowa remains a pretty good place for consumers interested in a mortgage. Competition between mortgage providers is strong and loan rates are still attractive. Look for institutions that have roots in your community, are well-regulated by recognized entities like the FDIC, OCC or NCUA and will be there for you before and after the loan is made.

Sincerely,