# Your Voice

## Mortgages in 2013 and Beyond: An Alternative View

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By Teresa Blake

I am often asked, "What predictions would you make about the Mortgage Market for 2013?" or "What trends are you seeing?" I have observed that the brightest minds have significant difficulty predicting the mortgage market or interest rates. I compare the mortgage market, or yet, predicting the mortgage market to forecasting the weather. It is very difficult at best.

Contrary to many, I do believe banks will continue to maintain their tight credit standards to meet current and upcoming regulatory requirements while ensuring they stay out of the media. In the midst of the volatility in regulations, we have found numerous ways to help our clients gain market share and reduce costs to ensure they have an agile foundation. With that said, I am still troubled by one question: How can we all ensure the success and health of the future mortgage market? I believe we can never prevent another bubble in real estate or any other market, but there are steps we can take to ensure our collective success.

I want to introduce you to two individuals on two very different paths. First, I want to introduce you to Tim. Tim is a relative and I've changed his name to protect his privacy. Tim has just graduated from college and is now working as an ophthalmologist. Upon graduation, he has $200,000 in student loan debt and his monthly student loan payments are $2,000. While he makes a nice income, he is able to only save $500 per month. He will continue to save until he can build a comfortable down payment for a home. Unfortunately with his debts, he may actually never be able to own a home. Even if he can build a down payment, his debt to income ratio will be too high to obtain a loan. Even if he gets close to qualifying, he is still a bit shocked at his current debt overload. He may consider life as a renter comfortable enough. There are too many young adults in America just like Tim.

I want to also introduce you to my daughter. I have left her first name out to protect her privacy. With that said, my daughter is a whip-smart 6th grader with college savings accounts. She takes 100 percent of her earnings from her multiple jobs and deposits them into one of her accounts. She rarely takes out even $30 from her birthday money from Grandpa. The balance is all deposited into her college fund. She has a plan A, B and C for college. We have been trying to instill in her the importance of saving for college. More importantly, we have tried to encourage her to attend a lower cost option for undergrad so she can enter the working world with little or no debt. My daughter is beginning to understand the importance of college while still enjoying everything about being a kid. I strongly believe my job is to ensure she can be a responsible homeowner someday. I want her to be able to own a home and enjoy a successful career. I feel my job as a parent is to create a future homebuyer who has the down payment, income and debt levels to qualify.

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42” in a recent study 60 percent of Millennials (age 18 – 34) currently have debt. Of those, 50 percent of Millennials have credit card debt, 49 percent are paying student loans, 34 percent are paying car loans, 33 percent are paying their mortgage and 10 percent are paying off a loan to family members. Those numbers are just as staggering as Tim’s debt load.

How do I translate my own and my daughter’s personal passions into education and plant the seeds in the next generation of homebuyer? How do I create tools that help lenders better connect and educate with a generation already saddled with significant debt? As I give that some additional think time, please help me continue to find ways to assist the mortgage borrower of the next generation. ❖

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