

# FROM WHERE I SIT...

and at the Risk of Being Controversial



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EXCLUSIVELY FOR REO MAGAZINE

**I SEE A TSUNAMI OF REO HEADING** in the direction of the United States. Unlike a real force of nature, the tsunami that I foresee will likely hit the heartland before it hits our coasts. But regardless of its initial landfall, it will run over the entire nation and the casualties will be spelled out in red ink: lost homes, suffering communities and, well, opportunities for some

of us. Investors who stay liquid will be in the position to pick up some real values adjusted by the "correctment," and REO brokers worth their salt should be able to focus on REO as their exclusive niche, providing the dedicated service that our clients expect. That said, foreclosure attorneys should be looking for the "third" home away from home.

Those of us (and I am now one of "us") who toil "in the field" representing corporate sellers of distressed assets might experience our halcyon days. And knowing that the tsunami is not caused by us should give us all some comfort. Why a tsunami? Too much low-interest credit chasing too few qualified borrowers.

Time was not so long ago when some people actually got rejected for a home loan. Can it be so when there are loan programs that offer the investor 95 to 100 percent LTV on stated income and assets with credit scores down to 560? Believe me I am not taking a "holier than thou" position with respect to the nouvelle creative financing. I have a small mortgage brokerage company (Mereury Mortgage) and that company will provide financing under these same loan programs to any parties that are well-advised and seemingly prepared. Whose job is it to protect borrowers from themselves?

This is not a tsunami caused by lenders. Lenders provide one of the most valuable services in our economy.

