

# The Belt Team News



## Special Edition



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This is a special holiday edition of our *Belt Team News* to reach out to everyone we know in an effort to help those that may be in distress this holiday season and beyond. While this may seem an unusual way to start out a holiday letter, we hope that you will read this letter in its entirety, as we send it in a genuine and heartfelt effort to help our friends & neighbors (and yours) at what may be a very difficult time for them.

While The Belt Team is very grateful for a successful 2009 in real estate (not to say it was not the most challenging year we can remember!), we are also keenly aware that despite the more recent positive news in real estate, there are many homeowners who are facing problems with their mortgage and increasing numbers who will be facing this issue in 2010 and 2011.

In 2008, Fairfax County was ranked second in the nation in household income. Median income in Fairfax was \$107,448 per household and Fairfax County was ranked second only to Loudoun County at \$111,925. It may surprise you to know that despite Fairfax & Loudoun Counties having the highest median income levels in the entire nation, there are an increasingly growing number of homeowners in jeopardy of losing their homes in the Northern Virginia area.

As real estate professionals serving the Northern Virginia market, we have helped a number of homeowners in this situation. We are fortunate to live in the D.C. area, the epicenter for analysis and discussion of this housing issue, and the relationships we have developed over 40+ years provide us information from economic, real estate, and mortgage industry experts that many otherwise would not be fully aware of. Here is some of what we have learned:

It is projected that 2.5 million plus "Jumbo Option ARM" loans will re-set by late Spring 2010 in the United States. These are the type of loans that have the potential to recast/adjust to new payments for the homeowner at 2-4 times their current payment. Now you know why the term "toxic" has been used by the media. In many cases these people's homes are now worth 10-50% less than the loan amount because of the decrease in market values and the negative amortization that is added back to the loan when it adjusts to make up for the initial lower payments. The majority of these loans were initiated during the peak of the market in 2005-2007, with adjustable maturities 5 years from when the loan was issued. They were highly concentrated in the more expensive areas of California, New York, Boston, and the Washington D.C. area, especially in Northern Virginia. The information we are receiving from industry sources indicates that this second wave of troubled loans has the potential to be 50-100% larger than the current round of "subprime loan" problems that are just now winding down. You will hear more about this in the media going forward.

We have recently begun to observe & experience the onset of the “Jumbo Option ARM” problems and the hardships that result in our personal business and spheres of influence. Our experience anecdotally confirms what we are hearing from industry insiders - that the housing market is not close to being out of the woods. We anticipate a potential “tsunami”, at a minimum a substantial increase locally, of homeowners struggling in all price ranges.

Industry experts tell us that the next round of trouble will more noticeably affect the upper bracket markets in the area, resulting in more foreclosures and "short sales". This phenomenon could put additional downward pressure on home prices, especially in the upper end market, until the delinquent inventory is cleared and the government addresses the market for "jumbo" loans. Due to Wall Street's mortgage market collapse, there is no longer a secondary market for jumbo mortgage-backed securities. This, along with the elimination of home equity for those caught in a toxic loan, makes it extremely difficult or even impossible for homeowners to refinance their loans when they adjust and recast.

Perhaps somebody you know purchased or refinanced at the peak of the market, their home is not worth the mortgage on their home, their loan has adjusted or is about to, and the financing they obtained in a robust market is absorbing so much of their household income that it is causing financial hardship. Perhaps an unfortunate life event has occurred (such as divorce, death, loss of job, job transfer or a medical condition) which has now caused financial difficulties. Whatever the case, please know that we at The Belt Team are spreading the word that we are here to help. The Belt Team has lived in Northern Virginia for almost 40 years. We are invested in our communities. And we care about our neighbors “in good times and in bad”.

Swift and sudden market, economic, and life shifts often cause unexpected distress in a household - both emotional and financial. Homeowners struggling financially face difficult choices which can result in a myriad of dangerous consequences. Rather than facing this situation on their own, we highly recommend they ask for help from people who are qualified to assist. And that they ask sooner rather than later - before their options are limited. (This is the reason we are sending this letter out now instead of waiting until after the holidays.)

What has The Belt Team done in response to this growing trend? In the past several years, we chose not to deal with most distressed real estate situations because our clients just did not experience much of it. In addition, the industry's banks and lenders were not responsive to the common-sense solutions that were put on the table. As we write this today, we see that dealing in these matters is almost unavoidable and we want to do the best we can to help our neighbors.

The Belt Team has therefore educated and aligned ourselves with what we think is the best solution for homeowners and neighbors that may need help – the Home Rescue Institute LLC. As we said earlier, we are fortunate to live in the D.C area, where we have access to some of the foremost financial experts in the world. And so, after many hours of consultation, education and meetings with such top area financial experts as a top notch bankruptcy attorney, a well known real estate attorney whose column is nationally syndicated, the founder of several of the area's top title companies, a credit scoring specialist and a nationally renowned macroeconomist - we are among the first in the area to become *Certified Home Rescue Experts*. We have actively chosen to work with reputable, respected, local professionals who are able to assist homeowners in understanding the choices available to them and the consequences associated with those choices.

Our past clients who have purchased a home with us have been fortunate that they did not get involved with these toxic loans (unless perhaps you refinanced at some point). The purpose of this communication with you is that we are now finding that many people may know of someone that needs help. ***If you are aware of someone struggling to make ends meet, we are here to help and refer them to trusted people and resources.*** We have learned that most people who find they need help do not know where to turn or are being taken advantage of by people and businesses that are unethical.

**Please contact us or let us know if you are aware of anyone whom we can assist before they spend their retirement and college savings and potentially go down the wrong path or who perhaps are in denial of a most difficult situation.** We are aware of many people who have consulted with our trusted experts and now feel that they have their life back and a large load off of their shoulders and it all began with a phone call to reach out for help. Be assured that all information shared will be kept in the strictest confidence.

We have been blessed with a wonderful business, getting to know and help so many people over the years and for that we are immensely grateful. With our vast experience we have gained special knowledge, developed resources, and have now learned a special way that we can give back to others in what for many is an extremely difficult economy. The holidays are a special time and a time of giving. If you come upon someone, now or at any time, that needs advice, please give them the gift of another option they may otherwise not be aware of. Give them this letter. And tell them to call The Belt Team.

We promise you their gratitude will be abundant.

And we wish you a blessed holiday season!

Sincerely,

***Jerry Belt, Pauline Knipe, Gail Belt, Kevin Kleifges, Jerry Belt,  
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CERTIFIED HOME RESCUE EXPERTS

