Personal Financial Management
Securities America, Inc.

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Surviving the Credit Crunch

Financial Advisor Tells Everything Consumers Need to Know about the Sea of Change in Consumer Credit

Cedar Rapids, IA (November 1, 2007) – We keep hearing that getting credit is much harder now that lenders are tightening their belts. But what kind of affect does this credit crunch really have on the ordinary man or woman?

"The place where average consumers will feel the pinch most is when they look to buy and sell a home," says Cedar Rapids-based financial professional Monte Marti. Gone are the days when people were able to easily obtain home loans with no money down, bad credit or no documentation.

"At this point, there is no real apocalypse," says Marti**.** "Rather, those consumers with less than perfect credit will find it more difficult to find a loan with terms as favorable as we've seen in recent years."

Marti advises consumers to follow five tips in order to survive the credit crunch:

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BE SMART ABOUT YOUR INVESTMENT STRATEGY

Whenever there's stock market volatility, a good number of investors may decide to cut their losses and move their money into bonds or cash instruments. That, according to Marti, could be disastrous. "Most people are investing in order to reach their long-term goals – things like sending their kids to college or retiring with financial security. Long-term investors who've developed a thoughtful investment plan, should not be overly concerned by the daily fluctuations in the market. The stock market historically experiences a 10 percent correction at least every two or three years and that's what we recently experienced from mid-July to mid-August: a correction. This is normal and to be expected." Marti says many investors have become complacent and are now surprised by the recent market volatility. The current bull market began in October 2002 so it has been nearly five years since we have had such a correction. It was time.

It is important to remember the power of asset allocation and proper diversification during times of market volatility. Slight adjustments and/or rebalancing may need to be done, but the key is not to get caught up in the emotions of the market and make changes you may regret once the market stabilizes.

KEEP YOUR CREDIT RECORD CLEAN

As many have discovered, this could be a good time for those seeking a home loan. While the news is bad for those who currently have or would only qualify for sub-prime loans, the Federal Reserve is adding money to the banking system to help relieve the pressure that lending institutions and consumers may be feeling. "The credit crunch is likely to be most painful for those with lower credit scores. Those with good credit scores, on the other hand, aren't likely to be affected," says Marti. "Once again we are reminded of how important it is to be aware of our own credit scores and to learn what we can do to keep those scores as high as possible. Credit scores have always been important, but they are even more important now."

THINK LONG-TERM AS YOU SHOP AROUND

Back when loans were easy to obtain, many consumers opted for interest-only and adjustable rate mortgages (ARMS). Now that interest rates on many of these loans are increasing, we are also beginning to see foreclosure rates increase significantly. "The one-two punch -- ARMS resetting and interest-only terms expiring -- coupled with a tighter lending market is sending many consumers into

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foreclosure," says Marti. Marti says people are smart to think long term and shop around. Before you sign that ARM or interest-only loan, think through all of the variables. While it may look like you will be able to sell your house or pay off the loan as expected, life and related circumstances can get in the way. "The best laid plans don't always come true," Marti says. "You may be better off going with more conservative assumptions, just to cover any possible variables." The best way to overcome financing or refinancing troubles is to work with a qualified, independent mortgage broker who has the resources to find the most suitable loan for the consumer. "Don't be afraid to shop around," Marti says.

CONSIDER ADDING COMMERCIAL REAL ESTATE TO YOUR PORTFOLIO

Recent news on the real estate market can best be characterized as doom and gloom, but according to Marti, that doesn't mean that real estate is dead as an investment vehicle. "Investing in non-publicly traded real estate investment trusts (REITS) can still be a good idea for investors," says Marti. With dividends often ranging as high as five to seven percent, REITS are another form of diversification. REITS are called a low- or non-correlated asset because they are not immediately affected by the housing markets, or the equity and fixed income markets. According to Marti, REITS are an investment that can be used to hedge against market corrections while still providing a respectable income stream because the properties held in REITS are primarily high grade commercial offices rather than residential real estate. This strategy can provide a degree of protection from stock market and housing market fluctuations.

SEEK TRUSTED, INFORMED ADVICE

A financial professional can help interpret current market conditions and chart a long-term plan. From creating a diversified portfolio to devising strategies that help turn less-than-stellar credit into good credit, a financial professional can help you through the credit crunch.

About Monte Marti

Monte Marti is an independent, fee-based financial planner and investment advisor representative who specializes in asset allocation, retirement planning and estate conservation. Marti has been helping people take control of their financial futures for nearly 20 years. He graduated from Iowa State University with a degree in agricultural business and a minor in economics. He went on to fulfill the requirements to become a Chartered Financial Consultant® and Chartered Life Underwriter®.

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After starting his business career working as a commodities broker, Marti became an investment advisor and has been helping clients refine their life goals and develop prudent financial plans to meet those goals. Monte has consistently been recognized by Securities America as a top advisor representative through membership in the Masters Forum.

Call (319) 364-3259 or email msmarti@earthlink.net for more information about Monte Marti and Securities America, Inc.

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NOTE:
When you need a knowledgeable professional to speak on complicated financial topics in an easy-to-understand manner, please call Monte Marti at Personal Financial Management.