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## **Mortgage Risk Debate Heating Up**

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An Article Written By Jody Shenn

K. Terrence Wakefield, president of Wakefield Co. LLC, a Milwaukee consulting firm, and industry veteran, cautioned, “the competitive frenzy to create products that ignore the fundamentals of lending people money carries big risks.”

“With real estate valuations that have occurred plus the characteristics of some of these mortgage products, it creates a geometric increase in the probability of a problem,” he said. If the chance of a housing bust “was 15% to 20% two years ago, I would say its 60% to 70% today.”

“You probably have no concept of what the world is like,” he said, “when people are literally standing outside the doors of banks and mortgage companies with their house keys in hand, waiting for the doors to open, so they can enter and drop off their keys.”