

>: Mortgage Meltdown Hits Tycoon!

Tuesday, November 6, 2007 / Jason Jovine

The mortgage meltdown has smacked our economy hard, and is the primary reason that the Fed lowered rates at its last two meetings. It's also the reason why the CEOs of Merrill Lynch and Citigroup recently stepped down and, in general, why the earnings of financial companies have been disappointing as of late. Citigroup had \$6.5 billion in asset write-offs in the third quarter, and it sees another \$8 billion to \$11 billion in additional write-offs coming down the pike.

These greedy companies did not manage risk correctly and are now paying for it. So are the dumb speculators who thought that they could buy and sell houses and make a quick profit. Some made good money, but most didn't. Many people who extended themselves by buying houses that they couldn't afford are now left holding an asset that is down significantly from the price that they paid for it.

The Mr. Clevenger Story ...

After 9/11, there was a gentleman by the name of Richard Clevenger who decided to join the military and to fight for the United States in the war on terror. Mr. Clevenger lost two friends in the World Trade Center and decided he had had enough.

Out of patriotism and pure selflessness, Mr. Clevenger joined the Navy. He spent approximately five years in the Navy, where he injured his knee.

He also met his wife while serving in the Navy, and now they live here in Florida with their two children.

I am happy to tell you all that Mr. Clevenger works here at Tycoon in the customer service department, and since he is originally from West Virginia, I am fortunate to be able to hear his accent when he talks to readers like you everyday.

On Thursday, October 25th Mr. Clevenger received a phone call ?

It was from his wife. She told him that the landlord had knocked on the door and told her that they had to move out because the house that they were renting was in foreclosure.

She was very upset, and after she called Mr. Clevenger here at Tycoon to tell him what had happened, he looked like he had seen a ghost.

Yours truly (I) asked Mr. Clevenger what was wrong, and he said, "I think that I am going to throw up."

Fortunately, he didn't throw up, but he was very upset. He had to find a place for himself and his family to live, and fast.

Mr. Clevenger had lived in this rented house with his family for about six months prior to this incident. He had tried to speak with his landlord to find out how long they had to find a new place, but the landlord never returned his repeated phone calls.

On Friday, October 26th, the bank showed up and was surprised to find the Clevenger family still living there.

On Saturday, October 27th, Mr. Clevenger woke up in the morning to a noise at the door from a real estate agent who was putting up a sign outside as well as a key box on the door so that the house could be shown to prospective buyers.

The weekend of October 27th and 28th, Mr. Clevenger and his family were actively searching for a place to live and found one on Monday, October 29th.

In the rush to move his stuff in a hurry, Mr. Clevenger re-injured (blew out) his knee.

On October 30th, the moving truck arrived, and Mr. Clevenger moved out of his rented house with his family.

Who was this mysterious landlord?

Mr. Clevenger later found out that his landlord was a speculator who got caught up in the real estate hype and had overextended himself. He owned a total of five houses, and when the market started going south, he began to have trouble maintaining these properties.

The mortgage meltdown isn't just about fat cats losing their jobs, nor is it just about the stock market going up or down. It is about real people with

real lives going through real challenges.

Fortunately, Mr. Clevenger thought fast, came up with a plan, and has a place to sleep, at least for tonight ...

Until the next time, folks, spend your-hard earned money wisely.



Jason Jovine
Chief Investment Officer

[>](#)