Google,Granite Countertops,Tombstone

Here is a good explanation about the Sub-Prime meltdown.

After 9/11 Bush and Greenspan was afraid of economic problems Got together and agreed to lower interest rate to stimulate economy Fractional Reserve meant banks could lend more money than they had Secondary market were eager to provide liquidity, so more loans were originated After Dot Com bust, Wall Street looked for a place to park money A flood of money and liquidity came into the Real Estate market, post Dot Com bust A whole bunch of newbie loan sharks, er officers, er loan consultant came into the market Leaders created Option ARM to help more folks buy a home Effectively turning some marginal borrowers into Prime borrowers Assumed market appreciation, since that would take care of security and LTV problem More Sub-Prime loans written with relaxed underwriting, since lender had too much money to lend Wall Street pushed lenders to create more loans to package and turn them into securities Newbie loan officer, newbie underwriter, not following prudent underwriting Disaster waiting to happen, but not surprising

THE ROAD TO SUB-PRIME MELTDOWN BEGINS

Mortgages started to reset Marginal borrowers started to default, first the Sub-Prime and now Alt-A Wall Street gets freaked and started pulling back liquidity Lenders start to see more defaults and they start to freak Lenders begin to have harder time selling their existing loan portfolio Fannie Mae and Freddie Mac getting freaked too Secondary market started to slow easy credit, and began tightening credit Lenders had tougher time selling existing loans Buyers sensed a tightening of credit Media continued talking about Sub-prime this and that, and emotions were running high Buyers sensed more uncertain future ahead, and began to sit on the sidelines, waiting and watching Loan volumes of some lenders dropped off by 85% year to date Freak conservative lenders overreact and started eliminating loan programs left and right Buyers have a harder time finding a loan More media bad news freaked the buyers some more Sub-Prime problems cascade to other loan segments Beginning to see it affect suppliers, contractors, material haulers, etc Wall Street cutting off liquidity and easy credit Banks over tighten underwriting, strangling off loan volume Buyers still freaked and on the sidelines Lenders have greater difficulty selling existing loans to secondary market

What you see is almost the mirror opposite. The first part is expansion in every way ? buyers, sellers, lenders, easy credit, easy underwriting, plenty of Wall Street money, plenty of secondary market liquidity, low interest, plenty of liquidity from the Fed, and a fractional reserve system that exaggerates the expansion.

What you see in the second part, is sparked initially by mortgage resets, and defaults, as this reverses the expansion into a contraction cycle - freaked buyers, sellers, lenders, credit crunch, tight underwriting, Wall Street liquidity drying up, Secondary market liquidity slowing and tightening, some liquidity from the Fed, and the same fractional reserve system that exaggerates the contraction.

You can say we are in a market correction cycle, since the expansion cycle was exaggerated, and now the contraction cycle is exaggerated, as the market struggles to get back to a reasonably normal cycle.