

Thornburg Mortgage, Inc

Contributed by
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Victims of the prime loan debacle

Thornburg Mortgage, Inc. is one of the latest victims of irresponsible lending practices that have sent the United States and the rest of the world into a recession. This company had nothing to do with prime loans of any kind rather provided Mortgages for very expensive homes. They focus principally on the jumbo and super-jumbo segment of the adjustable rate mortgage market, lending directly to clients as well as through relationships with lending partners across the country. When the prime loan crisis hit about 4 months ago Thornburg was trading at about 25 dollars a share with a 52 week high of 28.40. Its price right now is 69 cents and it's on the brink of bankruptcy. When the prime crisis hit investors panicked and sold the stock. It tumbled to around 10 dollars a share they then received a number of margin calls that have pushed them to the brink of doom. A company like TMA would receive a margin call from a broker if one or more of the securities it held (with borrowed money) decreased in value past a certain point. Thornburg was forced either to deposit more money in the account of the lender or sell off some of its assets. It did not have enough assets and started defaulting on its own outstanding loans. If the company does go bankrupt it will certainly send another crippling ripple thru the banking industry.

Ouch!