

# [Essay on financial events](https://assignbuster.com/essay-on-financial-events/)

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## Financial events

Subprime is a financial crisis that affected the United States in the year 2007. This crisis affected various groups of people in the economy. The most affected groups include the financial institutions, the real estate investors and the automobile manufacturers. I was particularly affected by the financial crisis due to the fact that my father is a real estate investor who had bought several houses before the crisis.
The crisis was generally caused by the activities of the financial institutions who aimed at making huge amounts of profits. They therefore lend money to people who were financially not worth and therefore payment became a problem. In addition, many houses were constructed and therefore the prices of the houses that were built declined. In this regard, the real estate investors found it difficult to repay their loans due to the fact that the prices of the houses became so low that selling g them at a loss was the only option and many were not willing to do so.
The effects of the financial crisis to these investors are that houses that acted as a security to their loans declined in value and therefore repayment of loans became difficult. This means that legal procedures have to be taken to recover the security attached to the loan. In addition, the banks have resulted to charging high interest rates on the loans they had already issued. Generally, these are the problems that have faced my farther as a real estate investor.
Generally, there is a need for the government to take the necessary measures to avoid the occurrence of such problems in future. They should ensure that the financial institutions are closely supervised to ensure that they do not engage in lending that is not dangerous to the economic growth of the United States. The investors should also learn to get financial advice from the specialists to avoid unnecessary losses.

## References.

Jansen, L. H., Beulig, N., & Linsmann, K. (2008). US subprime and financial crisis - to what extent can you safeguard financial system risks?: [research paper]. München ; Ravensburg: Grinverl.