

# BoeKnows Real Estate

## Your Questions from Real Estate Buyers, Sellers, & Agents

By Patti Boe

**Q. How do you see the financial situation in the US? How do you see the next elections?**

**A.** The questions I usually answer come from my friends here in Santa Cruz or the US, knowing that I write this column. These two questions were just emailed to me the other day from Lorena Facusse in Tegucigalpa, Honduras. Lorena and I met at a 1996 Deepak Chopra conference, "Synchrodestiny", in La Jolla, CA. Since then we have become close friends. Lorena's father had immigrated to Tegucigalpa and built a successful international company there. We have visited each other on many occasions since meeting in La Jolla, and we discovered we had many mutual friends. Coincidentally, I had visited and invested in Roatan, Honduras two years prior to our meeting. We often give each other perspectives from our corner of the world.

I will delve into the first question as best I can. First of all, Monday morning quarterbacks and blame-and-shame groups don't offer solutions. Whether it's the Treasury Secretary, Hank Paulson, the Fed Chairman, Ben Bernanke (or his predecessor), the banks, the underwriters, Lehman Brothers, or just plain greed, we are all responsible - including me. We had the most boisterous run up of stocks and real estate prices since the Gold Rush over 100 years ago. Along with that was unprecedented wealth and material "things". Instead of paying off our mortgages, many of us were lured into using our homes as banks as if the high would never end.

Americans want the quick fix. We think our problems will be solved if only the government will act boldly and swiftly, e.g., "The Bail-Out". See the Santa Cruz Sentinel article by Robert J. Samuelson. Nixon asserted control over the entire economy in August 1971. Both Nixon and Bush were originally committed to "free markets". I remember my father asking me when I was in school, "Do you think that when the Pilgrims landed in the New World, they were here to have the government take care of them?" It's taken 300 years to go backward from maturity, independence, and self responsibility.

To quote Samuelson, "...fears extend beyond mortgage securities. Pension funds, insurance companies, college endowments, auto loans, credit card debt, and commercial real estate loans were all bundled up along with home loans into bonds and sold to investors - \$900B worth in 2007." The difference between now and 2 years ago is that financial managers who then thought they understood this arcane system and its workings now know they don't.

Political parties even see the downside of rushing in so hastily that there may be flawed provisions, too much Treasury Department power, authority for BK judges to modify mortgages. Speed is needed, but speed to what? See David Brooks' article from the New York Times (9/23/08). He quotes William Greider of The Nation, "If Wall Street gets away with this, it will represent a historic swindle of the American public - all sugar for the villains, lasting pain and damage for the victims." Thanks to critics, oversight will now be put in place. The markets will tank unless something is done to provide stability which only the Treasury and the Fed can provide at this point.

After a liberal era and then a conservative era, we're getting "Progressive Corporatism" - Arnold King's phrase. "We're entering an era of educated establishment in which government acts to create a stable - often oligarchic - framework for capitalist endeavors." The rest of the world really is waiting for answers to both these questions.

To summarize, both questions will be answered on November 4. The new president will be presented with the new "plan" as an inaugural gift. Do yourself a favor and see who you REALLY want for President of the United States of America. Go to <http://abcnews.com> and on to their "Politics" page - then play the "Match-O-Matic" game.

In closing, I think that we are about to get involved in our Country's decisions - FINALLY. This will be the most people voting in decades and the most people concerned about our economy and government, and that's a good thing. Please email [Patti@PattiBoe.com](mailto:Patti@PattiBoe.com) or call 831-345-8040 me with your Match-O-Matic results. By the way, we are still selling lots of houses in Santa Cruz, if you have 20% down and perfect credit (the way it used to be)!



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