



CELEBRATING
55 YEARS

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Remain vigilant in our pursuit of ethical behavior

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So many things to talk about, don't know where to begin. Nice to see the Sox off to a good start, I'm looking for 91 wins. I wouldn't take it to the bank since predicting has never been my strong suit. I would venture a few thoughts as we move forward into the spring season. The residential market is absolutely nuts and I don't really see any good reason for it other than undersupply. Not really sure how the Feds will keep interest rates down if the market continues to boil. Maybe it's time to bring the "irrational exuberance" under control before things get carried away again. I mean really, it took over 15 years to forget all of the mistakes we made in the late 80's and early 90's during the Savings and Loan debacle to manifest themselves at an exponentially higher level in the early to mid 2000's. Could our institutional memory be gone in as little as five years? What's the old quote, "Those who do not learn from history are doomed to repeat it." I was recently researching some government statistics and compared new residential and non-residential construction from 1993 to 2012. Guess what, the peak came in 2006 with \$11 billion spent. By 2010 it had dropped to almost half, at less than \$6 billion. During that intervening time the Feds raised rates by more than 300 basis points, effectively skewering the lending market and anyone who had purchased on the basis of a variable rate mortgage. We are getting closer to the edge with all the pressure that's coming to bear, again, by possibly imprudent and uninformed buyers. We are also skirting the brink in terms of our government's actions or inactions, depending upon how you perceive it. The "Fiscal Cliff" has been kicked down the road and they are positively jubilant in Washington that they are reducing the increase in the ever increasing Federal deficit. Talk about voodoo economics. Local economists who seem to have a pretty good handle on things see more and more money being spent on the deficit with no real easing of problems and lowering of unemployment until 2015-2016. BY then it may be too little, too late.

What does this all have to do with the appraisal profession? Oh nothing and everything. As I've said many, many times, we are the gatekeepers. We are constantly struggling against the economic tides and pressure from the large number of market participants whose sole interest is in the consummation of the transaction. Whether it's a sale, a refinance, a buyout, a tax filing, donation or a taking, it matters not. We must stand strong in the face of the literal and figurative "buffeting and spitting" that we encounter on a daily and ongoing basis. Take heart, ours is an illustrious profession. We must remain ever vigilant in our pursuit of ethical and competent behavior. If the stories are to be believed, that we played a major role in the recession, then think about our ability to almost single handedly bring balance and stability to our country's economic landscape. Not an easy task, but one we can be proud of at the end of each day we come closer to that goal.

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