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## President's message: Let's look at the bigger picture

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Perception is everything, and our perception of everything is almost always colored by the media. Despite the fact that many of us complain about media coverage of things we don't consider news, or of "media bias," statistically speaking most of us believe what we hear on the TV or radio news, or read in the newspaper.

That's all too true when it comes to current issues in the mortgage market. Much of the reporting that I've heard on this issue tends to be long on emotion and short on facts because, well, all those 24-hour news networks have to fill the airwaves with something.

I'm not going to try to convince you that there are no problems in the mortgage market, because many of us in the shelter industry are feeling the pinch. There is a problem because too much money was lent to people the lenders should have known would have trouble paying it back.

But is this a real "crisis"? Is it slowing the economy because it's serious enough to do so or because it's perceived as serious enough to do so? If the problem is serious enough to prevent your customers from buying or remodeling a home now, it's a crisis to us.

In fact, the mortgage foreclosure rate in the April-June quarter of this year hit a record. Was it a deadly 20% of outstanding mortgages? A horrifying 10%?

No.

The foreclosure rate for that quarter hit a record of 0.65%. Claiming that this will bring down the economy is like saying that America will be brought to its knees by disease because one American out of every 350 has the flu.

The credit crunch is being fueled by deflation of the over-inflated housing prices in California and the southwest, and by job losses in midwest manufacturing. But let's look at the bigger picture. Are people going to stop needing places to live? Of course not! Do most Americans have jobs? Yes! Are incomes rising? Yes!

What does all that mean for you? Opportunities for you and your customers!

Americans have never been ones to hide under the covers when a few bad numbers come out. For example, what happens when the stock market falls? People in the know start bargain hunting within a few days, and the market rises again.

Sure, money is tighter, and people are thinking twice before spending it. Whether you're a contractor or a customer, that means pinching a few more pennies and taking a very hard look at the credit-to-income situation before making a move. But if people are in the right position, there will be excellent opportunities in home buying in the form of lower prices, greater choices and, probably, historically low interest rates. Even the credit crunch can be good. Any lender now will take more care in setting up financing for your customers.

Help your customers see the bigger picture. Encourage them not to give in to media-induced anxiety attacks. Remind them that their home is their most important asset. Whether they buy or remodel,

they are creating wealth for their families and their futures.

If you work with a particular lender, sit down and strategize about how your business can work with them to get a positive message to your potential customers.

RIBA will be doing the same thing! If you have questions, call us at (401) 438-7400 or e-mail [info@ribuilders.org](mailto:info@ribuilders.org).

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