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Where do we go from here?

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We can all agree that for the most part, this has been a difficult six months. It has been a period of disappearing equity, disappearing debt for major projects and a wave of foreclosures—hard times for sure.

However, it is not the end of the world as we know it. The U.S. economy has proven over just the last sixty years that we can survive recessions. During this period, we have experienced nine recessions lasting an average of 11 months each. We will survive this one too, I am sure, with an outcome including learning some important lessons.

The consensus is that we will learn "the rest of the story" during 2009, experience a relatively flat 2010 and see recovery in earnest during 2011. This is a hard call but this seems a reasonable scenario.

The short term will likely see more "cleansing" of the market in terms of REO sales, implementation of the Legacy Loans Program and the Legacy Securites Program from the federal level. The so-called Private Public Investment Program (PPIP) will likely evolve as it progresses but is a step in the right direction.

Innovative solutions with a heavy dose of realism are the way out of this recession. Continuing a policy of denial in terms of the value of existing assets will not work. Old industry jobs will be replaced with employment in a new economy and debt will return to the market as stability occurs. Billions of dollars of equity awaits on the sideline for a clear signal that the rules are in place and that a practical resolution of the troubled assets currently plaguing the financial system is at hand.

There will likely be more rough spots, but rest assured that the ingenuity of our dynamic, capital driven economy will bring us through.

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