



September 2010

THE WAY WE WERE:

Watching the Goldman Sachs executives hearing before the senate panel committee in Washington DC brings back many memories for me about the real estate and mortgage industry gone bad. Being part of this industry as I am on both ends, real estate and mortgage, really makes me feel that we need to learn from this housing meltdown. As the housing industry fell into a steep decline, it became apparent that many people were responsible: lenders, brokers, Wall Street investment bankers, buyers, sellers, the US senate, the US congress and the white house. All are responsible in their own way for this sad and humiliating crises. We have all failed our economy, we have all failed our country, we have all failed this industry, and finally we have all failed ourselves. We could have stopped it, but what comes to mind are many conversations that I have heard from bankers and brokers saying this bubble one day will burst. But everyone was so busy making money that they failed to realize that this boom had a end date and was too late for anyone to sufficiently alter the situation when that date arrived. Real life is not like a computer. When there is a problem we have the ability to change programs or reboot the computer. In real life these same options do not apply. We all knew exactly what was coming, but did nothing. However, I am looking into the future, and I want a better future not just for me and my clients, but also for the industry itself and for our country. This leads me to mentioned that many people had approached me and always ask me the same question; What do you think about the future of real estate industry? I always have the same answer; I know that real estate industry will survive and it will be fine, but is going to take about ten years to stabilize, especially given how large the foreclosed inventory is and what's more, it's still mounting, still growing, still a monster. Let's not kid ourselves- after so many decades fooling ourselves in a bubble market, do we really think that all of the sudden everything is going to comeback to the way it was? Please don't think that I'm being negative. I am being very positive about the future and about making this better for a shining, robust and vigorous industry. What would I change? I would consider doing business the way it was done 20 or 30 years ago. Remember? Clients had to come with 20% down in order to owned a real estate. Lets take a new approach and help teach people how to save. Saving implies been patient and in doing so, it will help to improve our economy. I would advise investing in stocks and bonds which will increase value to the economy. Those people who apply this approach will have the blessing of buying real estate in a safe, conservative manner, and in doing so, not only will our economy be stronger, but it will also be solid.

SEVEN TIPS TO INVEST WITH 20% DOWN

1. Sacrifice your present for a better future
2. Save at least 10% of your income
3. Buy stocks and bonds
4. Make sure that you buy a house that you can afford
5. Prepare yourself for a lifetime investment
6. Think retirement

7. Don't give up

Have a good profitable day!

Julio E. Bonfante
Chairman & CEO