



In the Loop Realty Newsletter

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UP! DOWN! LIKE A MERRY-GO ROUND!!

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....AND ROUND....-

Wasn't that a Rock 'n Roll song from the 60's? Yeah, it was. This best states the condition of the US economy and the global financial crisis. There's an easy solution to all these economic woes. Just remember "Cerone's Rule" which states when you don't know what to do, do something, however, never assume anything?" Well, when applied to the American public's dilemma, the answer is simple. Since all we can do is assume, then the logical conclusion is to **"DO NOTHING"!!!** Realistically, there is nothing the American public can do individually to assist or take control of the situation. The Alcoholic Anonymous mantra is the Serenity Prayer somewhat changed. It is: *"God give me the detachment to accept those things I cannot alter; the courage to alter those things I can alter; and the wisdom to distinguish the one thing from the other."*

Ladies and gentlemen, there is nothing in this crisis that individuals can do.

It is time to recognize that and to accept the fact that we shall be moved as time will historically show we are moved.

The advice of many economists and pundits filled with financial wizardry is to do just that, *"nothing"*. There are those retirees who are suffering if they were relying upon a fixed savings to subsidize their lives *now*. For those that are looking at the future scenario of their retirement, it is quite likely that there will be a return of equity and conceivably interest within a couple of years. There is little I can write that wouldn't be a duplication of the facts, manipulated or not, grand schemes and forecasts which most likely are the findings of closeted crystal balls. This is the appropriate time to abide by the following saying. *"Believe nothing of what you hear and only half of what you see."*

Although likely true for a good number of years, the following has infinitely more credibility now. Yes, we should buy things, but

whatever we buy should be produced in this country. We need to create jobs and the US companies better start to realize that for a few cents more in cost of employees that money is better spent in the US and not China, Vietnam, Thailand and Mexico to name a few. If there are factories to be closed then our government should set the parameters for assisting corporations. The US should not help companies who have foregone American manufacturing for the cheaper alternative... foreign. If Ford or GM must close a plant, then close one outside the US. Having been briefly involved with a US union at the development and steering level, I can say that the unions (not the membership) have totally lost sight of the singularly most important factor... the American workers.

Bill Gates announced yesterday that he sees the worst recession in 25 years and anticipates unemployment at over 9%.

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Yes, he's a very bright and accomplished businessman, but his crystal ball is no better than yours.

If we can get wheels under our economy, then the global financial position will also benefit as we are still very much its driving force.

SOVEREIGN BANK- It was announced on the 14th that Sovereign Bank is being bought for \$1.9 Bil by Spain's Banco Santander which already owns 25% of Sovereign. The acquisition couldn't have come at a better time, as Sovereign announced its 3rd Qtr stats which revealed a loss of \$982 Mil. Or \$1.48 per share. The deal has to be approved by its stockholders who if not under the influence should overwhelmingly approve the deal. What does it mean? Branch cuts and job losses.

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\$250 BILLION FOR WHAT!!!-

This is not for the purpose of expounding my views on politics, it's for your thought.. One could argue that Bush fell down on the job or the Democratic Congress forced this scenario for political reasons. I don't know and frankly, don't care as it's one of those things I can do absolutely **NOTHING** to change. Bush put forth this \$700 Billion bailout which appears to me was followed by the vast majority of the countries including Russia. He pressured them to follow suit and they initially gave him a bad time. Now, they are doing the exact same thing. So, say what you will and vote your conscience, but I think we better hold off Bush bashing for more definitive proof of his failings.

OK, I will take a political position! When you go to the poll to vote, vote against every incumbent. I have no idea if that makes sense, but it's about time the American public expressed its discontent with the mismanagement of this country, states, counties, cities and towns. Let's face it, it's not possible to have another Boston Tea Party..... we can't afford the tea.

Now, the \$250 bil. is to be used to assist nine (9) major banks to include Citigroup, BOA, Wells Fargo, Goldman Sacs JP Morgan and a host of smaller banks. This money is to ease the nervousness and credit crunch in play. The funds are to be used for banks to lend one another and for loans to the public. The US government is insuring these loans to the public so the banks will lower the lending requirements. Isn't that how we got in trouble the first time? But, not doing this is worse than reducing the credit requirements. If the loans made are without hidden booby traps for the consumer, then

the concept can very well be successful. The \$250 billion is part of the \$700 billion bailout. At best this is the first part of Cerone's Rule, "... *When you don't know what to do, do something....*"

ON THE LIGHT SIDE- A friend sent these along. Hey, if you don't laugh, you'll cry. So, let's laugh a little.

We've all been inundated with stock market news and thus we've been exposed to a myriad of stock market and big business terms. Well, here's a few definitions to help you wase through the muck & mire.

CEO— Chief Embezzlement Officer

CFO— Corporate Fraud Officer

Bull Market— a random movement causing an investor to mistake herself/himself for a financial genius.

Bear Market— A 6— 18 month period when the kids get no allowance; the wife gets no jewelry; and, the husband gets no sex.

Value Investing- The art of buying low and selling lower.

Broker—What my broker has made me.

Standard & Poor - Your life in a nutshell

Stock Analyst—Overpaid 26 year old who just downgraded your stock.

Stock Split— When the breadwinner and lawyer split your assets equally between themselves.

Financial Planner—The guy who is boarding the jet to Nairobi with only a carry-on.

Cash Flow— the movement your money makes as it goes down the toilet.

REAL ESTATE- There's very little to say. I will tell you this, do not pay attention to Zillow which is an online site in which property values are tracked and house values developed. I was just notified that my house is worth \$XXXX. I'm looking for a phone number to call the fools who developed that answer because I'm going to make them a deal and offer it to them for 10% off and no real estate commission.

As stated so many times before, the realty values will come back. Don't move unless you have to move. There are a host of creative financing techniques that one can employ, if you are in a must sell scenario. These are desperate times which makes for desperate people especially those in the mortgage business. Only do business with people you know or with someone who is highly recommended by a successful person who is knowledgeable about real estate. Remember real estate property value losses only become real when a property is sold.

SAFETY WARNING- As we are in desperate times, home and business security must receive your utmost attention. It is an excellent time to get a home and / or business security systems. Break-ins typically rise dramatically during difficult financial times. So, please be safe and security precautions are an investment, not an expense. What price your family members and / or employees?

Also, refrain from responding to a road rage incident. It could cost you your life. **Stay Cool!!**