

The Opportunity Exists

The school year has begun and the New Year approaches. Looking at our economy — we are troubled by the budget deficit, Congress's infantile behavior over the deficit cap, a dismal housing market and the prospect of flatline economic growth for the next year. Yes, we all share a high level of justified frustration. We long for the "fix" so that the economy rekindles and we return to the days of solid growth, available credit and rising real estate values. It has been three years since the start of the Great Recession, however, and the economy is not on track. Property values have declined 40 percent — and remain in an uncertain path between decline and stabilization. Bottom line — we have lost our equity in real estate, and the financial industry expects us to absorb the loss by paying our mortgages and credit card bills.

Is this fair? Should we bear the loss when the value of our real estate declined as a result of the mismanagement of our

economy and the greed of the financial industry? Does it matter to you that we, as taxpayers, are underwriting the cost of the stimulus package and \$180+ billion funding of the losses of Fannie Mae and Freddie Mac in the housing sector? This is a double dip — but only from our pockets.

My answer is simple: "No, we should not bear the loss." Our economic system is busted, and the result is we lost our earned equity. Waiting for real estate values to increase is not going to reverse the loss. The situation, however,

can yield a positive outcome. In a good economy, we are afforded the ability to make assets increase — through market and real property appreciation.

What most people don't realize is that a bad economy also creates opportunity to gain equity — but in this case it is by shedding debt. Today's economy yields unprecedented opportunity to decrease or eliminate debt — in ways that were not available in the pre-2008 years. These are "windows of opportunity" and they



Ken Gross
Jewish News
Columnist

are as important and critical to your future economic well-being as is seizing the moment of the good investment when we have a healthy economy.

Of course, it is more fun to realize a \$100,000 gain by purchasing real estate and having it appreciate in three years. Nevertheless, in today's world, if you realize a \$100,000 gain by shedding debt, and you can accomplish this in one year, you have accomplished even more.

Some people may have a difficult time accepting the notion that it is OK to shed debt, but big business doesn't. Just look at GM, Chrysler and the airline industry. Other people worry about being accused of getting a free ride. Funny, though, the financial industry certainly does not. In the end, our government expects us to pay twice — lost equity plus taxes to resolve the deficit.

You want help? If so, I suggest you do what any capitalist would do — seize the opportunity that is there and look out for yourself and family. □

Ken Gross is an attorney with Thav Gross and host of The Financial Crisis Talk Center, a radio program that airs weekly at 8:30 a.m. on Saturday mornings on WDFN "The Fan" Radio 1130 AM.