



Kam's Mortgage Monthly

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The year of living positively

For those of you who know me, I'm a big fan of movies. One that I like in particular is "The Year of Living Dangerously". It's a great movie, so if you get a chance, watch it. The title of that movie gave me an idea for what the motto for this year should be, "The year of living positively". Let's face it, everywhere you turn these days, there's dire news and statistics in relation to the economy. No wonder all those who take these recent headlines at face value have such a difficult time just getting going with the day and have little to feel good about. Now I'm not being Pollyannaish, I know that there's folks out there who are hurting financially, but it's also not as dire as the media folks make it out to be either. Indulge me a few moments and let me share with you some recent headlines and perhaps a different way of taking a look at them:

- In the US, 3.4 % of all homes are in foreclosure. All right, but that means that 94.6% of homeowners are still making payments, correct?

- In the US, one in 143 homes is in foreclosure, that's only 0.69% and 99.31% or 142 of them are not, so which number should we be paying attention to?

- All the housing markets are crashing in the US. Unfortunately for the pessimists, this is not true. Recent data from Integrated Asset Services LLC of Denver shows that 75 of the 360 counties showed month-to-month increases in prices. Compared to September of 2007, Western and Midwestern housing prices improved slightly while Northeast and South continued to weaken. The top 5 markets that showed an increase in prices in September compared to a year earlier are: La Paz, Arizona, up 12.1% (and 22% higher than in August), St. Clair, Illinois, up 9%; Plumas, California, up 7.5%; Cocke Tennessee, up 6.5%; Washington, New England, up 5.1%. In fact there are many more. So is it all doom and gloom out there, you tell me?

- Overall sales volumes are crashing all over the US. I hate to tell you this, but the facts don't support this sensational headline. In fact, the US markets that have experienced the steepest decline in prices, have now the largest increase in sales between 35% to 45%. There are some folks out there who are ignoring the headlines and believe it or not, are purchasing properties once again!



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Highlights

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positively*

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Something
to
Ponder

*Make your life
happen, don't just
watch it happen!*

Kam Brar

The Year of Living Positively, cont'd...

- The US unemployment is rising and is currently sitting at 6.1%. Reading that headline one would assume that prior to all of this it was at 0%. Not the case; in fact, of that number, some 4% is pre-existing comprised of second and third generation welfare, persons with disability who cannot work now, etc. Once again, that means that about 94% are working. Could the unemployment rate rise over the next few months, certainly, but to a catastrophic level, certainly not!

- There are many projects and developments that are falling by the wayside, true, but let's face it, we were overbuilt. In a normal healthy market, the pendulum cannot swing forever in one direction. It has to come back hard the other way, eventually to settle upon a happy medium. So just how bad is it in BC? Well, the best available numbers indicate that there are still approximately \$113 billion in projects still moving forward in our province.

- Pre-sales are not moving any more in both the residential and condominium markets. That's true but when we overbuild, we will see developments fail, that's what it takes to keep a market healthy both for sellers and purchasers, and it's completely normal! It's exactly what occurred between 1995 to 2000 as well. Eventually when everyone stopped building and all of the excess inventory was cleared, things got going again in 2000.

- Real estate sales volumes are falling. They're right when we measure our volume against 2007, but when measured against most other years, the volume is higher.

- Sellers can't get their asking prices, in fact, they are having to lower them. Absolutely correct! But the flip side to this is that now after quite some time, buyers can get theirs! In fact, I know of no universal law that states sellers are entitled to ever-increasing prices year after year. If we use Vancouver's prices in relation to this, they have reversed 8 times in 30 years only to make new highs later. This fluctuation is what keeps the market healthy!

- It's harder to raise financing than ever before. Not true! In the early '70s, you could only get 75% financing. There was no easy mortgage money available in the eighties; if you didn't have the full down payment, you had to get a second mortgage. During these times, vendor take back financing was in vogue, and during this recent downturn, vendor take-back financing will make a come back. Instead of purchasers approaching private secondary lenders, the sellers will become these secondary lenders. After all, who knows the property better than them.

- The forestry sector is experiencing a downturn. Again, this is accurate, and of course it's not easy on the folks who have lost jobs due to this, but as a province, BC still accounts for two thirds of Canada's lumber exports, half of it is chemical pulp exports, and 40% of it is paper exports.

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The year of living positively, contd...

All right Kam, you say, this all sounds great, but I just cant help it, I am worried about all of these things. Fair enough, to that I would say the following: first off, it's a proven fact that 90% of all the things we worry about NEVER happen! In fact, most of these things are beyond what I call "our circle of influence". What I mean by this, is that most things are beyond our scope of control and influence. For example, no matter how much I might worry about the employment numbers, they are well beyond my control. So why would I exert any time and energy thinking about them? All focusing on them is going to do is absolutely nothing! Now for the 10% that does happen, by not worrying about all of the stuff beyond your circle of influence, you are better able to both tackle and deal with it to the very best of your abilities. In life, no one said it was all going to be a piece of cake!

Now for my second point, there are lot of well paid people out there whose job it is to "whip" up the news. In fact, to me it seems like there are a lot of folks out there in the job of spreading doom and gloom. There must be a market for it, for if there wasn't, these folks would not be doing it! Now I know some you are saying, yeah but Kam, all the pundits that we see spelling out the worst can't all be wrong when they say we are going into a deflation/depression/crash/years of misery. Wanna bet? They can, and have been wrong many times in the past. In fact, many of these fines folks are were the ones who kept saying the stock markets can only keep rising, what tech bubble, housing prices rising not likely, and the list goes on and on. To me, they are not pundits but knee jerkists, they react to everything while ignoring the bigger picture. What I have learned, reading and listening to these so called experts is that they are rarely right. If all of them were such geniuses, why didn't most of them see this coming? If you want to get through these times and be more successful coming out the other end than going in, turn them off! In my opinion, most people today have far too much access to (mis) information, too much CNN and BNNitis. Most people start their days with this, so no wonder they're depressed before they ever walk out the door! Let me tell you something folks, when you expect the worst day after day, it somehow manages to manifest itself in your life. Do yourself a favour for 2009 and don't be one of them. For your own mental, physical and spiritual health, get away from these energy vampires, they will suck your joy for life dry! Times, events and circumstances become the stories people tell about them, so make yours "The Year of Living Positively".

Referrals

Your referrals are always welcome, so if you can think of someone who may benefit from my services, please send me an e-mail to kam.brar@vericoselect.com or call me at **250-686-4246**. Never dealt with me, not sure what kind of service you're going to get? [click here](#) to see what some of my clients have to say!

If you have any questions or comments please contact Kam at kam.brar@vericoselect.com or visit www.kamthemortgageman.com

