



CRAVER'S COMMENTS

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**PLEASE SEND US YOUR EMAIL ADDRESS SO WE CAN DELIVER THIS NEWSLETTER VIA EMAIL.

THINGS TO BE PROUD OF

NAVY SEAL TEAM SIX, BLUE SQUAD. I HAD THE DISTINCT HONOR TO MEET AND CHAT WITH SEVERAL MEMBERS OF THIS SQUAD A COUPLE OF YEARS AGO. THEY WERE SOME OF THE MOST IMPRESSIVE YOUNG MEN I HAD EVER MET. AT THE TIME I KNEW THEY WERE VERY GOOD AT WHAT THEY DID. WHAT I DID NOT KNOW AT THE TIME WAS THAT THEY WERE THE BEST OF THE BEST. THANKS FROM ALL OF US!

DID YOU KNOW?

ARE YOU ENJOYING PAYING FOUR DOLLARS A GALLON FOR GASOLINE? YOU MUST BE. ACCORDING TO THE CENTER FOR NEIGHBORHOOD TECHNOLOGY, THE TRIANGLE RANKS AS THE NUMBER ONE METROPOLITAN AREA IN THE U.S. FOR NUMBER OF MILES TRAVELED PER YEAR PER HOUSEHOLD. WE AVERAGE DRIVING 21,800 MILES PER YEAR, USE 1,079 GALLONS OF GAS, AND PAY \$4,300 DOLLARS FOR IT. OUCH! SYMPATHY IS CLOSE BY, HOWEVER. CHARLOTTE IS RANKED NUMBER TWO AND THE TRIAD IS NUMBER SIX. JUST SO YOU WILL KNOW, ATLANTA IS THIRD AND NASHVILLE IS FOURTH. IF IT IS OF ANY CONSOLATION, IT IS THE PRICE WE PAY FOR NOT LIVING IN THE NORTHEAST. LAST ON THE LIST OF METROPOLITAN AREAS WAS NEW YORK CITY WHERE THE AVERAGE HOUSEHOLD ONLY DRIVES 9,800 MILES PER YEAR. FILL ER UP, PLEASE!

REPORT FROM CAPITOL HILL

Every year for the last seven years I have made the trek to Washington, DC in May on the occasion of the National Association of Realtors mid-year meetings. You have read my reports on meetings we have attended with President Bush and Alan Greenspan. Usually, however, I find that the most interesting part of the visit is the trip to Capitol Hill. Sometimes we learn a lot about our Senators and Congressmen by what they say or by what they don't say.

Realtors® as a group tend to support politicians that support business growth, but the individual agents are as politically diverse as any group you would find at the local mall. I mention this because knowing the diverse politics of most of the North Carolina delegation that attends these yearly Capitol Hill visits, I am always amazed at the almost unanimous approval and interest in the things that Senator Richard Burr has to say. I attribute some of this approval to the fact that he always treats us to an unlimited supply of Krispy Kreme donuts. More importantly, however, is the amount of time he is always willing to give us and the vast amount of information he supplies us concerning what is really going on in our country. I have always judged Washington politicians by the way they have to consult with their aide after you ask them a question. Senator Burr never needs notes or an aide because he always seems to have a grasp of the facts. Another important component to representing us in Washington is how well, and how quickly, the politician's staff reacts to the needs of their constituents. I give Senator Burr's staff an "A" for getting things done regardless of your personal politics.

Our delegation met with Senator Burr (R), Senator Hagan (D), and Congressman Price (D), so we got a perspective from both sides of the aisle. There were some interesting similarities and some sharp contrasts. They all agree that the economy is in trouble and that the recovery will be long and slow. You can probably figure out on your own that they all blame the other side. They all agree that the national debt is the top priority although they differ on what to do about it. Sen. Burr said that we cannot tax our way out of this mess, nor can we spend our way out of it. He said we must cut spending and not raise taxes. The only answer is growth in the private sector. This type of growth is usually achieved by cutting taxes and not raising them. Hagan had no comment. Price said

he believed that the answer was a balance between controlling spending and finding new revenue sources (taxes). Another item all three agreed upon was that they would like to retain the mortgage interest deduction for home owners. Hagan would not commit beyond liking it, while Burr and Price both said they believed that by year's end there would be a \$500,000 cap on mortgage interest deductions.

Congressman Price gave us nearly an hour of his time and seemed more engaged than in previous years. I wonder if a reasonably close election and facing redistricting had anything to do with it. Either way, we appreciated his interest. Senator Burr not only fed us but, as usual, gave us over an hour of his time, answering our questions and filling us full of informative facts. Senator Hagan gave us 14 minutes which was the longest she had ever met with us.

Senator Burr gave us some interesting reasons why the U. S. must get its financial house in order quickly. He said the experts are expecting Italy and Spain to follow the path of Greece into financial insolvency by the end of the year. This will cause chaos in the world financial markets. Japan, thanks to the earthquake and years of recession, now has a national debt that is 200 per cent of its GNP. That is past the tipping point and they will no longer be able to purchase any of our bonds. Last week we sold our bonds with a 0.6% interest rate yield while Greece sold theirs at 4.6%. If the U.S. had to pay that rate (the going rate) the interest alone on our debt would be larger than the entire federal budget. Oops!!

If you are wondering why we are paying so little interest on our bonds or why mortgage rates have stayed so low, here is the reason. I know most of you understand the concept of buying down the interest rate on a home mortgage by paying additional money up front. That is essentially what the Fed has been doing to keep interest rates artificially low. We are borrowing money to buy down the interest rate so we can borrow money. We are now \$14 trillion in debt. Debt increase cannot continue if our economy is to survive.

WHY WE GO

I know you think Realtors® make a ton of money and only make the trip to Washington to party and pad their wallets by pushing new legislation. Nothing could be further from the truth. The average Realtor® makes less than \$50k per year and believes in our mission statement of protecting private property rights. If the home owner is hurting, then we are hurting as an industry. We know that if we advocate for the home owner, the entire housing industry will improve and so will our business.

The issues we took to Washington and urged our politicians to support included more than saving the mortgage interest deductions. They included reasonable solutions to fix Freddie Mac and Fannie Mae, a permanent solution for the flood insurance program instead of the year to year temporary status it now has, and stopping the new QRM bill which will ruin the mortgage market and prevent most of you from buying a home in the future. We hope we got our point across on your behalf so you can sleep better tonight and dream about that new home you want to buy.

WORK IN DURHAM

According to the Business Journals of Charlotte, Durham wage earners are the best paid in the entire southeast with an annual income of \$50,480 per year. The balance of the top ten in order are Huntsville, Dallas, Atlanta, Austin, Houston, Charlotte, Richmond, Charlottesville and coming on at number 10 was Raleigh-Cary at \$43,370 per year. All I can say is don't spend it all in one place.

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