**Topic:** Surviving the economic downturn as a realtor.

**Abstract:** In the late 1990’s our family realtor cousin IG was in the peak of his career business was flourishing, until the economy took a major nosedive and crashed. It was like an “atomic bomb” all loans on hold, no approval for loans, financial institutions going bankrupt, and unemployment at its highest rate since the Great Depression. What does a realtor do to come out of this dark black hole of financial disaster? With a family of his own to provide for, clients to help, and a reputation to protect he found his way out and prevailed.

**Key Words:** Economic downturn, Great Depression, Financial, Loans, Family, Realtor, Economy.

The story of survival as a realtor in the midst of an Economic downturn.

It’s the year 1994 and cousin IG is working at Nob Hill Foods grocery store as a deli manager, loving his job. Some of his everyday tasks included sampling various exotic cheeses and meats while meeting numerous people from all demographics. He goes to work trying to make the best of everyday, waiting for the opportunity to make his big break and jump into the real estate world. Working in the deli was great, it gave him the opportunity to start building his clientele just by socializing with his customers. After careful planning and preparation, cousin IG took his realtors test and happily passed. Timing was right so he left the deli and began his road as a realtor.

Cousin IG invested all his time and energy into spreading the word and building a clientele. He created the slogan “by referral only” which is a belief he holds strongly to this day. When you read that you may say to yourself “huh?” seems kind of odd right? I had to ask what he meant “by referral only” and he explained the meaning comes from repeat business. If he did an exceptional job with every client they would tell someone else, and that person would tell
someone, and so on. Word of mouth was his strongest advertising tool in building his business. Don’t get me wrong, he also invested in other advertising tactics such as bill boards, purchasing advertisement space on shopping carts, taking on spreads in newspapers and internet sites and so on. But he quickly realized a voiced referral goes a long way and his business began to take off. He also didn’t believe in limiting his services and soon took on the role as a loan officer. A client could walk into cousin IG’s office, choose a home, negotiate the terms, file a loan, and sign the lease agreement all in one place.

Clients were happy which made cousin IG happy as well. Happy clients led to more business and more profit. Life was good; business was flourishing, clients were pouring in the door and had over $60,000.00 in the bank while paying out up to $10,000.00 per month in advertising. All the years of hard work were finally paying off in a big way. Financial institutions were giving loans to pretty much anyone, all you needed was a job and a social security number. Houses were at their peak price selling for over a million dollars in a good neighborhood. People were taking out loans that seemed amazing; banks would give people the opportunity to buy their homes, paying nearly nothing for a mortgage. But there was a catch, as there always is. The loans had hidden information; often times with a scenario such as the buyer would pay the interest for a given time period, usually about two years, then the buyer was responsible to pay the principle. Unaware of how much the principle would really be, the buyers would just sign the docs. The principle turned out to be in most cases 200-300% over what they were paying for interest. People could no longer afford their mortgages. With nowhere to turn, people stopped paying their mortgages which led to foreclosure. At this time cousin IG still had a large clientele base while this was slowly starting to happen.
He had at least six loans in the pipeline awaiting loan approval. Two of the properties were negotiating for over a million dollars each and was crucial to get these properties closed. Cousin IG would call the banks in the morning to check the status and he would keep getting the same answer “all loans are on hold at this time”. With no loans being approved meant no income and no food on the table. His business was crushed and was a devastating blow to all the hard work he had done. Without any notice, all that profit was taken away. He said “it hit like an atomic bomb.” Loans and business went this way for about a year but luckily IG had enough money in savings to maintain bills, put food on the table and keep a roof over his families heads. During this time he did not just sit back and watch, he made a plan. He began researching what was happening to the housing market. With cousin IG also being a loan officer, he had access to what was happening with the banks. He would call and talk to a person one day and they were fired the next. Clients would come in with 50% down and still would be unable to qualify for a loan. Cousin IG said he would tell his clients his predictions about the market crashing and they would look at him as if he was crazy. Most did not believe him, including other realtors. They were stubborn and kept thinking the market was going to turn around. They were not willing to adjust to what was happening, then banks began filing for bankruptcy themselves.

News was spreading fast; people were losing their homes left and right. There was no longer appreciation in homes; they were depreciating by the day. People had no choice but to let their homes foreclose. They could no longer afford the astronomical mortgages. Since the banks were starting to go under, where did that leave the consumer? At the same time as all this is happening people had begun to start losing jobs. Because there was no money in the banks, there was no money for shopping or building. People were paying out so much in loans they could not afford the luxuries they once did. The economy took a huge hit; unemployment rates up to 12%
in some areas. The time period was being compared to the great depression when unemployment rates were at 10%. Homeless rates were at their all time high as they are now, food was scarce and expensive as it is now becoming. Times during the great depression were rough to say the least, and that is the same direction we were going.

Cousin IG had been watching the market, following the trends. He began to create opportunities for himself and started going to conventions, meetings and classes to see where the market was turning. He saw the devastation unfolding and knew the market was not going to turn around until it hit rock bottom, which apparently still has not happened. The banks had made new regulations for people to be approved for loans going forward. The buyer would need immaculate credit, at least 20% down and a good stable job. Banks were beginning to offer bailouts for people who were going to lose their homes giving them one last chance to save them. Cousin IG started to talk directly to banks and establishing relationships with them. The conventions and meetings he would attend would say the banks had up to 700,000 homes that were predicted to be taken over by the banks. IG had to figure out how to start selling those homes directly from the banks and saw this as a huge opportunity to rebuild his business. He took the classes to find out where the banks were coming from. The banks did not know what to do once they took the properties, so IG began to list the properties and sell the foreclosed homes for them.

He became one of very few who jumped on this opportunity. He is one of the only agents in our area able to sell REO homes. That is what the real estate market calls foreclosed homes. IG went to Florida, Dallas, Vegas and other places to participate in the conventions. He has quite a bit of listings again but the market has completely changed. He had to change his whole way of doing business. He is no longer a loan officer because the loans are continually changing as well
as the guidelines for approval. Now he has to prepare the client in advance, making sure the meet
the criteria needed to buy a home. Since homes are not worth as much, he has to work that much
harder to earn the amount he is accustomed to. The “recession” is still not over; the
unemployment rates are still sky high which in turn still effects IG’s business. He lost his home
also as a result of the toxic loans and had to start from scratch just like the rest of the nation. It
was a rough time to be a realtor, father, husband, and provider. He was hitting rock bottom along
with the market, but he didn’t let it take him down. He created his own opportunities and is
prevailing out of the awful economy. He has a positive outlook on the future of his business
making sure he will succeed.

Cousin IG will never forget the way the market took a plunge, crushing his business and
watching the economy devastate the housing and loans industry. Stressing about what is coming
next, watching and experiencing firsthand the huge impact the economy played on life. Our
modern day recession closely relates to the great depression in the devastation and control the
economy had on each of us.