



EDITOR'S NOTE

The Real Story

The fact is that the media and the White House are trying to downplay the actual employment crisis that we're in. The President recently called the spike in unemployment "a bump in the road." Mitt Romney, the current GOP frontrunner to be their choice to go up against Mr. Obama in 2012 quickly countered with a video showing unemployed Americans laying flat on a road. One by one they got up, explained their unemployment situation and explained how they are not just a bump in the road. It was very compelling video.

For the mortgage industry, this more than a bump in the road as well. If people aren't working they will start missing their mortgage payments and there will be fewer new buyers looking to own a home. I'm not alone when I say that we are in a situation that compares more to the Great Depression than the end of a usual recession. Pundits are calling 9% unemployment the new normal. Recently, I can across this blog written by Victor Provenzano that I want to share. It reads:

"None of the various U.S. Department of Labor statistical measures include ALL of the demographics that are now without work in the U.S. and that are, nonetheless, either seeking a job or are discouraged by the improbability of finding one—such as those who live on family farms, those who are over 65, those who recently left school but have not been in the work force as of yet, etc.

"Investor's Business Daily and TIPP recently completed a survey of around 3000 Americans to determine the real unemployment rate in the U.S. without including any of the hedges or dodges that have been added to the official statistical methods of U.S. Department of Labor by both Republican and Democratic administrations so as to hide the truth from the American public about our more and more abject social conditions.

"The average unemployment figure that resulted from their survey was 22.5%, i.e., a figure that is almost identical to the 24.1% unemployment rate that FDR inherited from Hoover."

In my view, Mr. Provenzano is unfortunately right. We can't sugar coat it, we're in a bad place and recovery is likely to be slow and painful. So, what are mortgage lenders to do? There are a lot of great articles in this issue by industry leaders, including myself, that have insights to share. I hope that you find everything both helpful and useful. Read on... ❖

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PS. Your comments are welcome. Please E-mail letters to letters@progressinlending.com. Include your name, address and a daytime telephone number. Letters are subject to editing and are presumed to be for publication unless the writer specifies otherwise.