

COMMENTARY

Homeowners
needn't follow
buffalo herd
over the cliff

By PHILLIP CANTRELL

For Williamson A.M.

"Things I think I think..."

Catchy title, isn't it? I must confess that I saw it the other day in my homeowners association newsletter, and the value of it hit me immediately. That's where the similarity ends, though. The rest of the content here is absolutely original.

So, what do I think? I think the press has focused us so heavily on the negatives of the current housing — mortgage — credit recession that we are just beaten down psychologically.



Phillip Cantrell is a real estate broker.

I think I remember the paintings of the buffalo herds on the Great Plains of the western U.S. in the 1870s. You know, the ones where the dense herd moves as a single wriggling, gigantic, black mass being driven by yelping Indian hunters on horseback, firing arrows into the herd, the hunters skillfully driving the herd toward the rapidly approaching cliff, over which most fall to instant death. The buffalo follow one right behind the other with never a thought that blindly following the animal ahead might lead to a disastrous outcome.

I think I notice distinct similarities between the buffalo herd and the mentality of today's consumer. Just as the buffalo, we look to the left to see the yelping hunter and we panic. Not because the hunter is a genuine threat, but just because others in the herd are panicking.

I think the facts are that of the 120 million homes in the U.S., more than 33 percent of them are completely paid for and have no mortgage. I think that 40 million of the remaining 80 million homes in the U.S. were bought before the year 2000, meaning that even in a "fire sale," the equity in those homes is at least 30 percent. I think I know that 94 percent of all the mortgages in existence today are not behind at all.

Of the 120 million homes in the entire U.S. today, only 4 million are "at risk," with less than 2 percent of all homes actually in foreclosure.

I think Congress is about to spend \$300 billion of your tax dollars to bail out those 2 percent of homebuyers who made bad decisions. Yet the talking heads would have us believe, like Chicken Little, that the sky is falling and we all have to run for cover or risk getting smacked by falling houses.

So we keep looking to the right and looking to the left and looking in front and deciding that... well... everyone else is headed in this direction so it must be the right way to go. And the cliff draws nearer and nearer.

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