AMERICAN PREDATORY LENDING AND THE GLOBAL FINANCIAL CRISIS

ORAL HISTORY PROJECT

Interview with

Mark Perry

Bass Connections

Duke University

2022

PREFACE

The following Oral History is the result of a recorded interview with Mark Perry conducted by Darielle Engilman on January 11, 2022. This interview is part of the Bass Connections American Predatory Lending and the Global Financial Crisis Project.

Readers are asked to bear in mind that they are reading a transcript of spoken word, rather than written prose. The transcript has been reviewed and approved by the interviewee.

Transcriber: Sarah Walker
Interviewee: Mark Perry
Interviewer: Darielle Engilman

Session: 1
Location: By Zoom
Date: January 11, 2022

Darielle Engilman: My name is Darielle Engilman. I'm an undergraduate student and member of the Bass Connections American Predatory Lending and the Global Financial Crisis team, and it is January 11, 2022. I am currently in Los Angeles for an oral history interview [via Zoom] with Mark Perry, an experienced realtor in New Jersey, currently working with RE/MAX Realty. Thank you for joining me today.

I'd like to start by establishing a bit about your background. I believe that you obtained your Bachelor of Arts in history from Duke University in 1985. Is that right?

Mark Perry: That's correct.

Darielle Engilman: In the context of your work life, when and how did you first become involved with real estate and residential mortgages?

Mark Perry: When I graduated, I wasn't certain what I wanted to do. I had thoughts about perhaps going to law school. I was looking for something to make a dollar and thought real estate would be interesting. My parents had always invested in real estate growing up. My dad was a pastor, and we lived in a parsonage, and my mother was a nurse. My mother felt like in order for them to have some economic security later in life, they would need to buy real estate. So, they started investing in real estate because she could see that [for] most people, a lot of their net worth when they retired came from the home that they owned. And so, I had always sort of been exposed to it, and that's how I decided to try selling real estate. It went well, and I ended up just staying with it…I started selling residential real estate in November of 1985 and have not done anything else since. I started with a fairly sizable regional brokerage up here called Schlott Realtors and then jumped over to RE/MAX in January of 1990. I've been there ever since. I do have a salesperson's license and a broker's license. I am able, if I were to choose, to open up my own brokerage, to be able to do that. But I have just listed and sold primarily residential real estate. I have done a smattering of commercial properties but primarily residential.

Darielle Engilman: When and how did you get involved in the New Jersey market specifically?

Mark Perry: Well, at that time, I started in 1985, and I've sold real estate in the same town where my office has been ever since. Even though I jumped companies, I didn't leave the community that I was working in. It's a relatively upscale area, [a] fairly well-to-do community, but I've worked with a lot of the surrounding communities as well. Our lower end right now to get into this market, if you're buying a single-family home, is above $400,000. To get something that's in relatively good shape, I think you're looking at $550,000 to $600,000 at this point.

Darielle Engilman: How would you characterize the state of mortgages and the real estate market when you first got started?

Mark Perry: I started during a time of fairly rapid price appreciation in the mid-'80s. In October of '87, there was a market crash, which set off a downward slide in pricing that stabilized around 1992. We finally got back to 1987 pricing in 1997. So that cycle—from the peak of the market to a return to where those prices were—was about ten years. I came into it at a time when the market was really kind of going gangbusters. You had a lot of multiple offer situations, very similar to the kind of market we are experiencing now, where [there were] a lot of multiple offers, and buyers were looking for any leg up. They had to try and make their offers strong to be the ones that were accepted. Sometimes that included waiving a mortgage contingency if they had the financial wherewithal to do that and feel comfortable that they wouldn't be denied a loan. But it was a period of very strong appreciation followed by, like I said, a collapse that started in late '87.

Darielle Engilman: At the time, who were the main players and products that you saw in the mortgage market?

Mark Perry: Well, a lot of local lenders and some that were credit unions that were doing residential lending products. Back then, a lot of the lenders were keeping the loans in-house, I think to a much greater extent than they were in the last downturn. So, they would originate those mortgages, and if the loans went bad, they felt the financial impacts of it. And that was different than what happened in the crash in '07 and '08. There was a real disconnect between originating those loans—being paid to originate those mortgages and profiting in that way—…and the actual servicing of the loan and what the end result was if those loans went bad. The people that were originating the loans didn't feel any impact at the time the loans went bad. The underwriting guidelines were very different, I think, in the late-'80s than they were in 2007 and 2008.

Darielle Engilman: Do you think you could explain what made the guidelines different?

Mark Perry: The lenders, I think, had a lot more free reign. They could originate those loans and then turn around and sell them as mortgage-backed securities. And by doing that, the risk that was involved with those loans got shifted onto the person investing in mortgage-backed securities. Historically, for my parents' generation, property had always been a really secure bet. And prices, for a long time, only seemed to go up. Even during the '70s, where we were dealing with stagflation, even these interest rates were really high. We never really saw real estate prices drop. So, I think that there was this feeling like mortgages were pretty secure as an investment anyway, [and] as an investment vehicle. My understanding is that [for] a lot of these loans that were packaged, there was money that went to the ratings agencies, Standard & Poor's, Moody's—the people that would rate these mortgage-backed securities for the integrity of the financial instrument. Those folks were being paid to inflate the ratings that they were being given. I don't have personal knowledge of that, but I have heard that since the market crash occurred.

But, certainly from just the standpoint of being a regular residential realtor working in that marketplace in the mid-'00s, I could see people getting mortgages that I thought they had no business getting. I didn't understand how people were securing loan commitments, being as leveraged as they were. I saw situations where people would buy properties, and a year or two later, refinance those properties and pull money out, appreciated value, and use that as a down payment on another purchase. People got so leveraged. I saw people, one guy in particular that I remember—by I think it was 2008, he owned seven different investment properties but had very little equity in any of them. And then when the market crashed, he had no equity in any of them. He ended up losing all of those properties and losing his primary residence as well.

But I could see changes in the buying pattern. I could see situations where people were buying out of fear that if they didn't buy, they would be priced out of the market. Younger buyers that were stretching and trying to get into homes would find lenders that were willing to lend to them, but [they] had no business getting the loans that they were getting because they weren't really qualified to pay them back. I think the thought process was: "If I don't get into the real estate market now, I'll never be able to, because it's outpacing my ability to save for a down payment." And so, they went ahead, and they bought. So, there were people that were buying out of fear. There were also people that were buying out of greed. You know, everybody that gets into real estate wants to make a profit. If you're buying real estate to rent it out, you want to make money on it. But things were appreciating so quickly at that point in time that people thought all they needed to do was control the title, and they'd be able to turn around and sell it a year from now. Even if they never made a mortgage payment, they could sell it and make money. So, I saw the motivation for buying changing in what I didn't consider was a healthy way.

Darielle Engilman: Beyond that, especially in the run up to the crisis, did you notice any other changes in the mortgage or real estate markets?

Mark Perry: Yeah, basically you could get a loan, it seemed, just by stated income. You could say you were making $160,000 a year and be employed in the supermarket or whatever. But people were claiming incomes that were two and three times what they were actually earning in order to qualify for the loan, and there was just no checking. The loan originators knew that if they turned around and sold the loan that they wrote, there weren’t going to be any repercussions for them for originating a loan with a buyer that maybe wasn't qualified to repay it. And like I said, I do have some sympathy for the buyers that were feeling like they had to buy to get into the market or else they'd never be able to afford to. You know everybody's always told that part of the American dream is to own your home. So, I can understand that. But there have always been situations where things were inflated in value. People are wondering if that's going on with Bitcoin now, but back, I think it was in the 1600s, there was a tulip bulb craze where the cost of tulip bulbs went nuts. And people lost fortunes because they invested in tulip bulbs.

I think real estate has become more cyclical, at least in the time I've been in it, although there are always periods of more rapid appreciation. But I think the lack of regulation in the industry has been a real problem. I don't think it's healthy for the market for financial lenders to be able to create exotic products where they can then transfer the liability that they're taking on to other parties. Because they were profiting from the sale of those mortgage-backed securities as much as they were profiting from originating the loans that were behind the mortgage-backed securities. And so, the lenders made money hand over fist. And at the end of the day, the people that bought those MBSs [mortgage-backed securities] lost a ton of money. And the people that bought real estate and then had the prices tank—a lot of them were in situations where they had some hard choices to make. Either to walk away and declare bankruptcy or perhaps to stay in a property because they couldn't turn around and sell it when they had an opportunity to maybe take another job somewhere else and just didn't do it because they felt like they couldn't financially afford to pursue that other opportunity.

Darielle Engilman: Were those changes in the wider market affecting business practices among real estate agents and generally within your industry?

Mark Perry: Affecting business practices? To the extent that prices were skyrocketing. I've heard people want to blame agents for the rise in pricing. It's always been said among the real estate community that something is worth what somebody else is willing to pay for. But what people were willing to pay, I think, was made artificial in a way by the ease of being able to secure financing to buy property. I don't think the demand side of the equation would've been what it was had it not been for the easy availability of financing. And if those lenders had not been able to turn around and resell those properties and repackage them, if they were servicing those loans in-house, I think they would've been much more conservative in their lending practices and their origination practices of those loans.

Darielle Engilman: As a real estate agent, what other professionals in the mortgage sector would you work with? Mortgage brokers, lenders, etc.? And how did those relationships evolve as the market changed?

Mark Perry: Well, I just work with mortgage brokers. They would solicit contact [and] create contact with agents in order for agents to turn around and refer clients to them for loan origination. From an agent's perspective, if you have a buyer, you don't get paid unless that transaction closes. And so, you want the transaction to close. You would try and work with mortgage reps that maybe had products that you thought would allow the buyer that you were working with to close. And that's always been the case. I remember when I was first in the business, my broker [was] talking about objections from buyers with rising prices at that time in the market, in the mid-'80s. And [there was] concern about "Am I paying too much for a property?" And the broker was saying the easiest thing to say is, "The lender wouldn't be loaning you the money if the property wasn't worth what you were paying for it because they do an appraisal on the property."

But in retrospect, I think the [for] appraisals that were done on those properties, the appraisers were hired by the lender to appraise the property. The lender made money if the loan closed. So if the appraiser didn't appraise the property for what the lender was looking to lend the money for, then the lender wasn't going to make money because the loan that they were trying to originate never closed. They wouldn't make money either. It was this kind of unholy synergy that was going on where the lenders were hiring appraisers that would be very liberal in the appraisals that were being given. The agents wanted the appraisals to come in because they didn't get paid if they didn't. The appraisers knew that they needed to come in with those numbers in order to be rehired for other transactions. So, it was just—I don't know, maybe the word for it is a cluster. As an agent, you make your living by selling real estate and listing property that gets sold. You use previous sales as comparables. But I think the market was being driven by that easy availability of getting funding and loans in a way that just proved to be terribly unhealthy for the industry as a whole.

Darielle Engilman: Especially during the 2000s, did you notice practices within those industries, so amongst mortgage brokers, lenders, etc., changing? And if so, how were they changing?

Mark Perry: Well, changing to the extent that, like I said, people that never, in my experience, would've qualified for a mortgage in the past were somehow getting pre-approved to buy properties that, from my understanding, they never would've been able to qualify for based on what they were telling me they were making [and] how much money they had to put down. I couldn't understand how it was they were getting approved for these loans. So, to that extent, yeah, I saw things change.

When I first came into the business, before computers were widespread, we actually had physical worksheets to sit down and go over a buyer. And you had ratios, front and back-end ratios, where you would qualify somebody based on their gross earnings and then a second number that was based on the gross earnings minus the regular recurring monthly indebtedness that they had, whether it be for student loans or car payments or child support or whatever it was that was an ongoing monthly debt that they had to pay. And you would then back into how much they could afford based on how much of their gross earnings they were allowed to put toward housing expenses. And they were ratios of, if I remember rightly, 28% and 36%: 28% of the gross income and 36% minus whatever the recurring monthly debt was. And then you take the lower of those two numbers, look at what the current interest rates were and how much it cost per month per thousand that they borrowed. It was simple arithmetic at that point to figure out how much of a loan they would qualify for.

I would go through that practice, and then they would go and talk with a mortgage rep, and they'd come back saying, "Oh, well, we've been approved for $150,000 more." It got to the point where I stopped doing the calculation and just said, "Go talk to the mortgage rep because they're obviously using different underwriting guidelines now than they used to. So, talk to the mortgage lender to see what they'll pre-approve you for, and then come back, and we'll go out shopping based on what you feel comfortable borrowing and what you qualified for."

So, from '85 until probably '92, '93, I would pre-qualify the buyers that I was working with personally, and after that point, I would send them to a mortgage rep, and you just go with what the lender said they would qualify for. It also got to be more of an industry standard that the people that were selling properties would want to see a mortgage pre-approval before they would sign a contract with your buyer. That particularly became true as the market heated up in the 2000s, because you had multiple offer situations, and in order for your buyer to even be considered, they would need to have a mortgage pre-approval going into the offer phase. If you were one of five or six offers and you didn't have a mortgage pre-approval as part of your presentation to that seller, you weren't going to get that transaction. Your buyer wasn’t going to get that house.

Darielle Engilman: How did you discern which mortgage brokers or lenders to work with?

Mark Perry: It was just a matter of who was closing a lot of business. At least for me, personally, I felt more comfortable working with people that had a track record of closing loans. The same is true in real estate. Buyers, sellers particularly, want to work with an agent that’s been around a while. If you're a brand-new realtor, it's very difficult to get somebody to trust you with a sale of their home. So, you want to go with somebody that's been around, been experienced, has seen a lot of different scenarios. For me, it’s home selling scenarios and how to deal with issues that might arise out of a home inspection or financing concerns where I might be able to put them with a lender that would help. But the lenders too, if they have different kinds of mortgage programs available to them that might suit a buyer, particularly, that was self-employed. If you had a buyer that was a little unusual, you wanted to go with a lender that had a proven track record of being able to close a loan. Like I said, everybody has bills to pay, and you felt like you wanted the greatest possible likelihood that that transaction would close so that you could pay your mortgage, pay your car loan, or whatever you had to pay.

My experience with lenders was just tell me what you've done. And I ended up working with typically, maybe three, that I would recommend. A buyer was always able to go and work with a different lender if they wanted to. I didn't have control over who they worked with, but if they were looking for a recommendation, I typically had three that I would give out and say, "I've worked with all three of these loan reps. They're all reputable." I would encourage people often to go to a credit union and see what kind of rates were being offered there. That's how I operated.

Darielle Engilman: How did you typically find business? Was it mostly through referrals, some form of marketing, or another method?

Mark Perry: It's a combination. Early on in my career, I picked up buyers a lot through open houses. You get a chance to talk with the buyers, see what they're looking for. I found that as a young agent, as a new agent, buyers were more willing to work with that new agent than sellers were. The buyer's attitude was often more "If you find me what I'm looking to buy, I'll be happy to work with you," whereas sellers wanted somebody that was experienced to market their home. As I went on through my career, I had a lot of repeat business. I had a lot of people that referred me to family, friends. You still have the folks that you pick up that call on a property that you're marketing and maybe you end up selling that property, but more often than not, you would talk with them and find out what they were looking for. And then you'd be able to find something else that worked for them.

Darielle Engilman: When you found business through referrals, who was typically the people or the person who was referring you?

Mark Perry: Past buyers and sellers. Just past clients that would refer me...There is an attorney that I do a fair amount of work with now who does a lot of estate planning and settling of estates. When people pass, he will often refer people to me to get a market valuation done for tax purposes. And so, there are a number of people that I've worked with that I've met through that attorney, but even he was a past client. I sold him his home twenty-five years ago. So, he's been a longstanding business connection and friend at this point. But I've done a fair number of transactions with him that came from people he's referred to me.

Darielle Engilman: Was there any pressure, or did you ever face any incentives, to make certain decisions in a way that would ensure you would continue to get referrals?

Mark Perry: Oh, no. I mean, referrals just came, like I said, from past clients, people that I'd bought sold houses with. And often, I've worked with kids, and in one instance a grandchild, of somebody that I'd sold a home to. The market's been one that has taken some significant swings in the time I've been in the business. From being a really strong market when I entered to the first market downturn and rebound. Then it took another downturn in '07. And we're basically back, at this point. There are a couple of segments of the market that aren't, but, for the most part, prices are pretty well back to where they were at that point in time.

But again, we're in a situation with a market where I feel like it's very heated. Again, I'm seeing people that are buying and fearful that if they don't buy, they're going to get priced out because the pricing has been so strong. We've seen a lot of people coming out from New York. It's been surprising in this time of COVID to see as much economic activity in the real estate market as we have, but I am seeing a real trend away from people needing to be in a certain area because they have to commute to their jobs. With so much work being done remotely, real estate farther out from New York City is being impacted and sought out in a way that I haven't seen before. People that just want to be in a more country kind of setting. And so, that's an interesting change, and I don't know, first of all, when post-COVID will be. But I also don't know how enduring those market changes are going to be. I think they may be longer lasting than some people suspect just because technology has been so integrated into a lot of people's workspace and work life that it is changing how much people need to have that face-to-face interaction.

But I never felt pressured to do things or make decisions to get referrals. The referrals always came from people I'd worked with in the past or that I picked up off of phone calls off of listings that I had, or they were calling off a sign because they saw a property listed. I would talk with them about what they were looking to buy, what their needs were, and end up working with them in a capacity that wasn't a referral from somebody else. It was just them finding me through the course of business. And today, basically all the leads are coming online. People want to see pictures when they start looking for a house. So, they all start their search online... and that led to a whole other set of changes in the real estate market.

Darielle Engilman: What did regulation or licensing look like for the industry when you first got started? And how did those practices change between when you started and then the lead up to the financial crisis?

Mark Perry: Not a lot of regulation. I mean you had to go through a class and pass an exam to become licensed in the state. And as part of that, you had to be fingerprinted and make sure you had no criminal history, but there wasn't a lot of education required to become an agent. And at the time I got licensed, there was no ongoing continuing education requirement. There is today, but it's still really relatively minimal. When you're looking at regulation of a lot of industries, there's not a lot in real estate.

Darielle Engilman: In terms of mortgages within the real estate market, were there any legislative changes at the state or federal level that you were paying attention to?

Mark Perry: With regard to mortgages? Well, I know that there was a change in terms of the way appraisers were assigned to evaluate properties. They weren't hired directly by the lenders anymore. They went through a clearing house in the state of New Jersey. So, a lender would put in a request for an appraisal to be done and then that pairing was somehow done within the state. That appraisal was given to somebody that was not somebody the lender picked. And I think that was to try and avoid appraisers appraising properties for the purpose of continuing to get work from a lender and coming in with higher numbers than maybe that would otherwise be justified.

Darielle Engilman: Did you see that specifically happening with appraisers?

Mark Perry: Yeah, that’s happened in my experience. That change did occur. I would get a call from an appraiser saying that they were appraising a particular property, and I was told that that's how that was happening now, that [things] went through a third party rather than the appraiser being hired by the lender the way it used to be. So, I did see that change.

I think that there was some tightening of the lending requirements. I understood that [that] went on, and I know for a long while it was considerably harder to get a loan than it was back in '07, '06, '05. But those are really the only things that I see. My involvement as a real estate agent is to be a matchmaker with the buyers that I'm working with, to find a property that works well for them. And on the selling side, just to maximize what a homeowner will realize on the sale of their property. So, it's a matter of being an advisor as to how to price in the marketplace that we're dealing with, [and] if there are multiple offers, how to handle that situation, how to evaluate the qualifications of the buyers that are making those offers [and determine] who's most likely to be able to actually complete the transaction with you as a seller. Because if you lose time on the market—it goes off market because you've accepted an offer from a buyer and then six weeks, eight weeks down the road, it falls apart? It can mess up people's plans pretty well if they're counting on a transaction closing.

Darielle Engilman: I believe you belong to both the National Association of Realtors and the New Jersey Realtors Trade Associations?

Mark Perry: I do.

Darielle Engilman: When did you first join and how involved were or are you?

Mark Perry: I joined as soon as I was licensed in the mid-'80s, [and I've] been minimally involved at the board-level. I've been in a couple of situations where there were questions about procuring cause and who was deserving of the commission and who wasn't where I came and gave testimony, but my experience has been really limited to that: testifying in cases on transactions. There were two of them over the time I've been in the business, and I've been in real estate thirty-six years. It was just not something I chose to get involved with.

Darielle Engilman: You said you were minimally involved, but if you know around the crisis, what these groups were advocating most for?

Mark Perry: Well, I know that there's always been a political action committee for realtors that the associations as a whole have encouraged people to donate to. I never have because I felt like there's too much influence of money on politics as it is in this country. But one of the things that they do is, if you are a realtor applying for what used to be called the Million Dollar Club, now it's the Distinguished Sales Club—if you do over $2 million in volume and I think it's a minimum of fifteen transactions, you can qualify for that. And it may have even gone up. I haven't even applied for it in recent years. But back when $2 million in volume meant something, the fifteen transactions was the harder thing to hit in our area. They would give you a credit towards that designation reward if you donated money to RPAC, the Realtor Political Action Committee. And I always thought that that was unseemly. If you were able to give money to a political cause, they'd give you a credit towards reaching this designation. So, like I said, I don't donate to RPAC just because I don't approve of it.

Darielle Engilman: To what extent, if at all, did figures within your industry or among people you worked with express concerns about the changing nature of credit extension during the 2000s? Did those concerns lead to any significant debates or changes in business practices?

Mark Perry: I don't remember there being a lot of discussion about the changes except to the extent of people, agents talking amongst themselves in the office that they didn't understand how people were able to get the loans that they were. As I told you, there were what were called stated-income loans. We used to call them mafia mortgages because basically people didn't have to show where their money was coming from. They didn't have to prove that they were earning what they said they were earning. You didn't have to show tax returns. Basically, the general rule of thumb was you could get one of those loans if you could put 25% down. And they were explained to the realtors as loans where the lenders felt like a buyer was putting 25% down, the buyer had more at risk than the lender did by lending them the other 75%, that the buyer had more to lose. And so, you got these situations where buyers would just come in and make up numbers. And the joke was if you could fog a mirror, you could get a mortgage.

I don't remember agents saying, “Oh, we need to change this.” There's a natural incentive if you're in real estate to want to see prices be high because your income is tied into what things are selling for. You're getting a percentage of that. So if what is sold goes up in value, then hopefully your income will go up in value commensurate with that. Although that has changed a lot in recent years. You're seeing a lot of situations where people are offering out 2%, 2.5% to sell a property. When I first got in the business, it was really you saw 6% total commissions, and 3% being offered out to an agent that was selling that property. So, incomes have taken a significant hit if you're looking at them as a percentage of the value of the real estate that's been sold. But that's happened incrementally over time. It's accelerated that kind of loss of income with the rise in technology affecting real estate just like it's affecting lots and lots of businesses.

Darielle Engilman: Over the last decade, we've seen a number of different narratives emerge to explain the financial crisis. How do you understand what caused that crisis?

Mark Perry: I think the biggest cause of what happened was the lenders being able to decouple the effects of writing bad loans from the origination of those loans. When loans were written by banks that kept the loans and serviced them in-house, if the loan went bad, the bank lost money. But by being able to take those loans that they were originating and package them as a mortgage-backed security, which they then sold, they didn't have any skin in the game. The money that was being lent wasn't theirs, and they got paid to originate the loan. They got paid to sell the mortgage-backed security. There was no risk to that lender for writing a loan to somebody that couldn't pay it.

Agents, to a large extent, just never really questioned it [and] didn't question what was happening. I did question, but, you know, I'm an agent. I didn't have any power in the financial industry. Nobody would've listened to me, anyway, if I'd said, "Why is this person getting a loan?" It wouldn't have endeared me to the client that I was working with, if I said, "You shouldn't be able to get this mortgage." So, you had this percentage of the market that was motivated, as I said earlier, I think by fear, and [a] percentage of the market that was greed.

And then the largest percentage of the market was just those people that needed a home to live in. But when you have demand being driven by people that are in it for a speculative reason and people trying to get in to buy real estate that maybe wouldn't have pushed so hard to get into the market if they felt the market wasn't outpacing their ability to save and ultimately buy a home—I think it was those factors that caused the market pricing to take off, to see appreciation the way it was.

And for the people that were in real estate, well, that was just confirmation that it was a good investment because prices were rising, and you were doing something good for people by getting them into a home. Even if they were kind of stretching to get into it, you felt like you were doing a service to them because you were getting them into a property that they dearly wanted to have. But I think what was at the base of that whole situation was the easy availability of money and lenders not being financially impacted by poor lending decisions. For them, it wasn't a poor decision because they were making money, hand over fist, but it was a poor bet to loan money to the people that were being loaned money to, the most vulnerable people. I think in retrospect, you could be doing a service to somebody by not loaning money to them if it's not going to be a tenable situation for them to pay it back. But I don't know of anybody that looked at it that way. Nobody thinks you're doing them a favor if you are denying them the financing that they're seeking to do what they want to do. They don't look at it as being a favor to you.

Darielle Engilman: To what extent do you see your personal experiences as adding something important to our understanding of what happened in the run up to the financial crisis?

Mark Perry: I've seen buyers [and] homeowners significantly impacted by what's happened with the manipulation of the market. When you had the market crash in '87 in this area, it was right after condominium development started to become a significant change in real estate. Condos weren’t being built prior to, I’d say, the 1980s in this area. Condominium development just wasn't a thing. Most people didn't know what a condo was. When it came into this area, it kind of exploded in the mid-'80s. As house prices took off, condominium development did too. A lot of first-time buyers opted to buy condos because that's what they could afford. They couldn't afford a single-family home and those prices ran up in value and then tanked in value in '87. And so, you had a whole generation of young buyers [where] a lot of them bought condos as their first place thinking that they would get married, have kids there, and then buy a house. Ten years later, they were finally back in a position where they could get out of that place what they put into it. And I saw people that sold. I remember this one couple, they sold their house in 2000 and bought into another place, had a good run up in value in the home that they bought in just a few years, and then sold that in the mid-2000s to buy a bigger house. They had gone from the condo to a little Cape Cod with their kids, and then they bought a four-bedroom, two-and-a-half bath colonial right before the market tanked. So, they appreciated a smaller asset and depreciated a larger asset. And after being homeowners for probably twenty-five years, the total equity they had in their house was about $40,000 when it was all said and done, after twenty-five years of homeownership. And that was something that my parents' generation never experienced.

I've seen people get hit by two downturns in the market, and I feel like we need to have realistic regulation of the financial markets to prevent the impact on pricing that we saw during that time. Just because I think that I've seen families impacted in a way that it will now affect what kind of retirement they can look at when they can retire, even their choices that they have in terms of sending kids to college. We need to have a healthy real estate market for the rest of the country to function well. And I see a lot of the unrest politically in this country as being a result of financial insecurity that people are feeling. I think when people feel financially insecure, financially unwell, they look to blame people. And I think that a lot of the strife is driven by people feeling under pretty significant economic stress. I think if we can regulate things in a way that make the economy more stable, make things more equitable for people, I think we'll be better off.

Darielle Engilman: Looking back on the crisis over a decade later, what do you see as its most important lessons for realtors, lenders, and state level policymakers?

Mark Perry: I think realtors and lenders are going to financially follow what makes money for them. I think the policy makers are the ones that really need to take to heart the lessons of what we saw happen. I think we need to have the political will in this country to set policy based on what's good for the economy as a whole and not for the financial institutions. I think that's really hard when we have money playing such a big role in our national politics and when campaign donations seem to be sought after by the elected officials that we have. I don't know the answer to that question, but if we can get money out of political decision-making, I think that would help a lot, but I think we need to be looking at policy that takes the profit motive and puts it in a place where meaningful regulation can happen to prevent abuses.

I think it's true in real estate. I think it's true in probably healthcare as well, in insurance. There are a lot of areas in the economy where I think meaningful regulation could play a really helpful role. Whether we have the will in this country to do it, I don't know. I think when you're dealing with capitalism, there's always going to be that incentive to make money. And I'm not saying that that's inherently bad, but I am saying it has to be ameliorated with meaningful legislation that doesn't allow people to take risks and be unaffected by the severity of the risks that they choose to take.

Darielle Engilman: Is there anything that we haven't touched on or asked about that you would like to add to the oral history?

Mark Perry: I think I've covered what I was aware of, what I saw. I think, like I said, that for the country to function properly, real estate needs to be something that's attainable, that vision of the American dream of having a place that you can call your own and you don't have to worry about somebody selling out from underneath you. It's a huge part of what we talk about of being this American dream. It has to be made to be as [a] reasonable proposition and as normal an expectation as we can make it. I just think that we've got a lot of work to do to get to a place where money, big corporate money, isn't driving the political process in the country. I think a lot of the deregulation that happened in the '80s was not a helpful thing in this country. If we can get money out of the political process, that will be huge.

[END OF SESSION]