SHAPING THE FUTURE

A Bigger Responsibility

An Interview with R. Donahue Peebles, **Chairman and Chief Executive Officer, The Peebles Corporation**

EDITORS' NOTE Don Peebles has been awarded the Reginald F. Lewis Award for Entrepreneurship; the Corporate Citizen Award from One Hundred Black Men of New York: the NV Award for Entrepreneurship; and the community leader award by Russell and Danny Simmons' Rush Philanthropic Arts Foundation at their inaugural Art for Life event in Miami Beach. He has also been inducted into the Martin Luther King International Board of Renaissance R. Donahue Peebles Leaders Hall of Fame at Morehouse

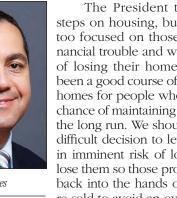
College in Atlanta. Peebles, listed by Forbes as the eighth wealthiest African-American in the U.S., is an esteemed member of President Barack Obama's National Finance Committee; was bonored as one of Black Entertainment's Top 50; is a regular guest on CNBC, CNN's Starting Point with Soledad O'Brien, MSNBC's Martin Bashir, and FOX to advise on real estate, economic, and political issues; and is the author of top-selling books The Peebles Principles and The Peebles Path to Real Estate Wealth. *He is currently working on his third book.*

COMPANY BRIEF With offices in New York City, Miami, Washington, D.C., and Las Vegas, The Peebles Corporation (www.peeblescorp.com) is considered the country's largest African-Americanowned real estate development company and oversees a multibillion dollar national real estate development portfolio. The firm's development projects have included Class-A office buildings, fourstar botels and resorts, boutique botels, and luxury residences in major cities including Miami, Las Vegas, San Francisco, and Washington, D.C.

Is the United States experiencing true recovery today?

We're in a soft recovery, especially for middle-income Americans, who are still suffering and will be for quite some time – a result of the ailing housing market. Our economy is driven in large part by consumer spending and most people's net worth is closely tied to their biggest asset, which is their home. Today, 30-plus million Americans are upside down on their mortgages. So until the housing market bottoms out or people begin to make progress on rebuilding or recovering some of the equity that has been lost, the economy will continue to lag.

What more can be done and are the right actions being taken?



The President took some good steps on housing, but his efforts were too focused on those who were in financial trouble and were in the process of losing their homes. It would have been a good course of action to save the homes for people who had a legitimate chance of maintaining those homes over the long run. We should have made the difficult decision to let those who were in imminent risk of losing their homes lose them so those properties would get back into the hands of the lenders and re-sold to avoid an overhang.

Where the President initially missed the boat on the housing market was not focusing on those Americans who were paying their mortgages. There was mortgage relief, interest rate relief, and debt service payments for those who were in trouble and who had not conducted themselves well or who had lost their jobs. No effort was placed on those 30-plus million Americans who owed more than their home was worth, but who were current on their mortgages while paying interest rates that are, in many instances, more than double what the market rate is.

The new program, which the President announced in an election year, has limited probability of approval from Congress. It would have been a good step in the right direction three years ago since it would let homeowners who are current on their mortgages but are under water and paying above market interest rates to refinance those homes without an appraisal requirement based simply on their credit score, having a job, and being current on their mortgage. If they could do that and get an adjustment in interest rates, in many instances, they would save 300 basis points on their mortgages. A family with a \$400,000 mortgage would suddenly have \$12,000 a year extra so they can make the same payment but have that \$12,000 applied to reduce the principal; or they could pay a reduced payment and have \$12,000 additional disposable dollars to inject into the economy.

But until we get a handle on the housing market and provide comfort to the large number of qualified buyers who are sitting on the sidelines because they're afraid of where the housing market will go, we're going to have a sluggish economy. There is no other industry that can infuse energy into the U.S. economy like the housing industry.

Is it tough to remain optimistic with all the partisanship in Washington and will the discussion return to a more civilized one?

In order for us to have a civilized discussion in Washington, moderation has to prevail. We have two extremes now: on the Democratic side, President Obama is in many instances liberal, especially on fiscal policy and tax policy; and the loudest voice on the Republican side is the extreme conservative element. So neither side gets anything done. We cannot turn the tax code on its head and redistribute wealth. At the same time, we cannot sustain by perpetuating the status quo and keeping tax policy where it is today. So there will have to be moderations. But until that happens, we're going to have a situation where little can get done in Washington.

Is it now more difficult to build a business and is entrepreneurship still adequately encouraged in the U.S.?

It is far more difficult to create a business as an entrepreneur today than it was 20 years ago. I don't think the regulatory environment is as much the problem as is access to capital and the tightening of credit to the degree that only the top-tier companies and consumers can qualify for credit. Despite the current historically low interest rates, money is not getting to our industries, our entrepreneurs, or our consumers.

The regulatory environment for many businesses is somewhat concerning. Additionally, more entrepreneurs and businesspeople are becoming targets of the government and the new agency that the government has created to investigate securities fraud. The idea that our industries are so bad that we have to have a special agency looking after them sends the signal to bright, young people that this is not the profession to go into because they'll be singled out.

The backdrop of a sluggish economy makes this issue even more problematic. A rising economy would make the regulatory environment less repressive.

You have been very engaged in the community. Was it instilled in you early on?

My goal was to do something I found exciting and interesting, and that would provide financial security for me and my family. But it was also about having a positive impact on the people around me – the community. Part of being a business leader is creating jobs, providing economic, career, and educational opportunities, and being a community leader. America is built upon capitalism and it's here to provide opportunity for the country, so I look at that as a bigger responsibility.