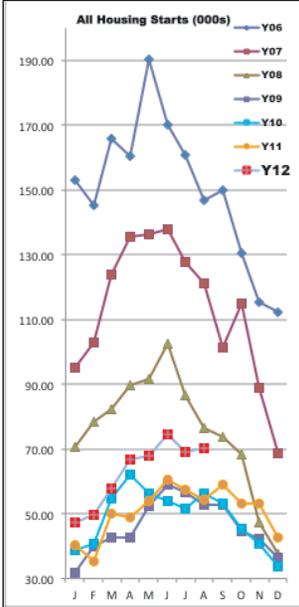


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THE MEYERS REPORT Economic Notes

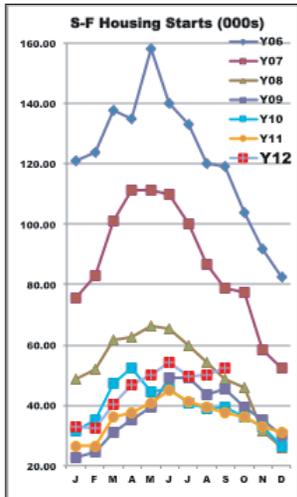


Housing

The ballyhooing over a housing recovery may be more noise than substance.

September's starts were up by 14% from 2011. However, when compared to 2006, depending upon the month, the 2012 starts were down 50% to 70%.

An improvement, but it was hardly a substantial housing recovery.



Data Source: CoreLogic
 Graphics by The Meyers Report

H Listen and silent have the same letters.
U ... Coincidence?
M
O Pessimist is an optimist with experience.
R If you are waiting for a sign, this is it!

Case in point ...

“When I first went to CCF, it seemed that the world was collapsing. We had law suits coming and going, producing nothing but a cash-drain. We were running out of money and winning nothing. Everything seemed hopeless. Five hours after meeting these people, I knew there was a G-d.”

K. B., widow inherited defunct auto dealership

Summary of Actions: In 29 business days CCF: stopped foreclosure; removed need for bankruptcy; structured deal with the bank; removed real estate brokerage commission liabilities; positioned bank to come out whole with no write-offs, pending the outcome of continued civil RICO prosecution; stopped lawsuit by labor union forever; found alternative funding source to prosecute civil RICO suit; stopped client's legal fees.

Bottom Line:
 Call CCF 224-513-5652.

THE MEYERS REPORT

by Gary S. Meyers and Robert Genetski, Ph. D.

The Other Financial Cliff: Economic Freedom

Since it's founding, the United States has been the world's premier nation for economic freedom. This is no longer the case, according to the Canadian-based Fraser Institute. In their latest annual ranking of the world's economically freest nations, the US dropped to 18th.

Beginning in 1970, the study found that the US always ranked from 2 to 5 among the world's freest nations. The freedom to operate with limited restraints was the source of our economic leadership and our ability to adapt and grow. Then 9/11 occurred and we gave up some of our freedoms. It wasn't a lot, but it was noticeable. Then in 2008, it was like we went off a cliff. We now trail three Middle Eastern nations—Bahrain, United Arab Emirates, and Qatar—and have fallen to the mid-range of countries considered “mostly free.”

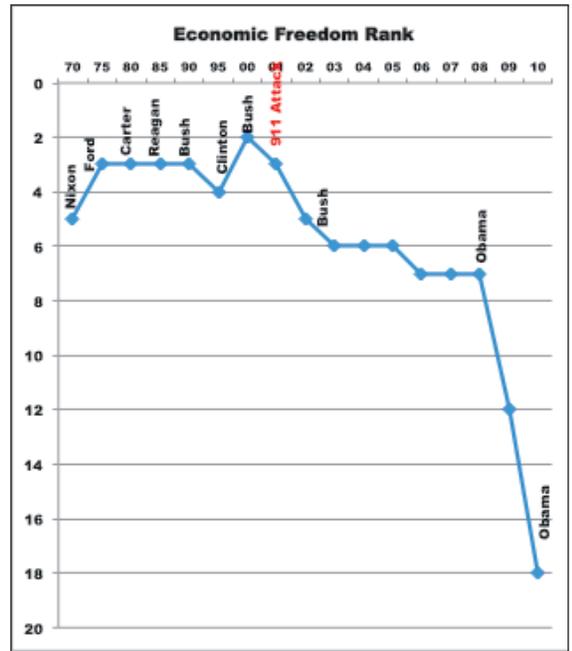
In calculating its rankings, the Fraser Institute, one of the world's most respected economic think tanks, measures the size and growth of the government sector, the legal system, regulations, debt, increasing use of eminent domain for special interests, ramifications of the war on terror and drugs and the violation of bondholder property rights in the auto bailout and the freedom to trade internationally. Each country has a score ranging from 0 to 10; 10 represents maximum economic freedom.

On our present course, the US is likely to fall out of the category of world's most free nations. If we do, we cannot blame China, or India, or Japan or any of the OPEC nations. We will have given up the economic edge that drove us to greatness on all levels for the past 200+ years—and it will have been a voluntary surrender.

Factors contributing to the lower US ranking in 2010 include the growth in government, regulations, and debt, increasing use of eminent domain for special interests, ramifications of the war on terror and drugs, and the violation of bondholder property rights in the auto bailout.

The top 25% of the countries in the world are termed “mostly free.” The next quartile is “less free.” The third quartile is “not so free” and the fourth is “least free.” There is a strong relationship between economic freedom and political freedom for a nation's prosperity. In 2010, countries that are “mostly free” have per capita income of more than twice the second quartile. Incomes in the second quartile are more than twice the third. There is a clear, direct and powerful relationship between economic freedom and economic performance.

For 2010, Hong Kong was the economically freest with a score of 8.9, followed by Singapore at 8.69. In 2007 the US was the 7th freest country. By 2010 we have fallen to 18th with a score of 7.69.



In 2010, countries that are “mostly free” have per capita income of more than twice the second quartile. Incomes in the second quartile are more than twice the third. There is a clear, direct and powerful relationship between economic freedom and economic performance.

Although the Institute's scoring does not account for developments since 2010, it's clear the US has experienced a further significant decline in economic freedom. In fact, it's conceivable the US no longer qualifies as a “mostly free” nation. Since 2010, US trends in government spending, regulation and debt have all become more troubling. Specifically harmful factors include our growth of debt, the automatic January 1, 2013 tax increases, implementation of Obamacare and additional EPA regulations (that have been put off till after the election), Additional extensions of government control over both healthcare and the financial industry only add to the challenges. There also have been waivers granted to special interests exempting them from provisions of various laws. Edicts have been used to change immigration and welfare laws instead of following the normal legislative process. And, the Department of Justice has refused to enforce race-neutral voting laws.

While there is widespread recognition the US is performing poorly, there is not widespread recognition of the loss in economic freedom. Few have connected the dots between the erosion of freedom and poor economic performance. The key to US prosperity has always been economic freedom. No economy prospers without it. Restoring economic freedom is the key to restoring the prosperity that was so often the hallmark of the greatest country on earth.

Robert Genetski's Weekly Financial Update & Stock Impact Gauge

	Fundamental	Actual	Immediate Outlook
Fixed-income: 10-yr Treas.	5.0	1.83	relatively stable
Equities: S&P 500	2000	1457	relatively stable
Equities: Dow Jones	16,000	13,549	relatively stable

Last week was mostly uneventful. Economic numbers continue to show the economy struggling with slow growth as the election draws closer. I continue to expect Romney to win the election.

Market Outlook Stock prices moved higher this past week. The Dow and S&P 500 led the major indexes with gains of just over 1½% while the NASDAQ trailed with a gain of just under 1%.

From a technical perspective little has changed. On the positive side the Dow, S&P 500 and the overall market remain above their 10-day averages. In another positive sign, each of these indexes found support in the vicinity of their 50-day moving averages.

On the negative side, declines in Apple and Google have driven the 10-day average on the NASDAQ below the 50-day average. This is the so-called “cross of death” that is often followed by further declines. Trading volume was generally inconclusive.

Rates on Treasury Notes have drifted slightly higher, rates on AAA corporate bonds remain flat and rates on lower grade corporate bonds have trended lower. On balance, longer-term interest rates have been and are likely to remain relatively stable.

