LIBOR’s History – The 1980’s – A Look Back

By Tricia Chirco, Marketing & Communication Director

The early 1980’s was a time of rising interest rates and slow economic growth for the United States, which had a negative effect on housing affordability and the real estate industry across the country. In the early 1980’s mortgage rates rose about to 16 percent but eventually ticked down to 10 percent toward the latter part of that decade. Thirty years later, according to Freddie Mac, the average 30 year fixed mortgage rate for June 2010 is around 4.74 percent.

During the 1980’s, the Long Island Board of REALTORS® held Annual Mortgage Conferences, which is covered frequently in the issues of “The REALTOR®” newspaper written during the 1980’s. The Mortgage Conferences was the forerunner to our current day – Education Conference and Trade Expo, but back then, the conference addressed the economy and more often than not during the 1980’s, focused on the mortgage crisis facing the housing industry – a tight mortgage market and the lack of available mortgage money.

Nick Gigante, LIBOR Past President who served in 1993, said he recalls the Long Island real estate market in the early 1980’s and the effect that high interest rates had on buyers. Gigante recalls this is the time that gave birth to new and creative mortgage products. Gigante said, “This is when there was a lot of seller financing. Sellers frequently held the paper for the buyers.” Nick also noted that, “It was the time period when you heard terms like “wrap- around mortgage,” which is when the buyer takes over the existing mortgage, adds a second at the higher interest rate and combines them both for a combo of a more affordable rate.”

In 1980, Bob Eisenhoff served as LIBOR President. That year LIBOR’s Annual Mortgage Conference featured guest speaker Senator Edmund Muskie, who had been nominated by President Jimmy Carter to serve as Secretary of State. The newspaper headline read that a record crowd attended and the conference drew over 600 people.

In researching this decade for this issue of the paper, I compiled what I believe are a few notable accomplishments and events that occurred during this time period and are worth mentioning. Here they are in chronological order:

1980 –Passage of the Independent Contractor Bill signed by NYS Governor Carey – Real Estate salespeople were no longer being referred to as “Employees” but rather “Associates”. President Jimmy Carter Signs a Bill to End Usury Ceilings.

1981 – The MLS Computer Committee contracts with Dator Corporation to supply the new MLS Computer system known as REACT. (Note that MLS REACT eventually gets replaced by the Internet based system – Stratus, in January 2000)

1982 – Department of State requires that all escrow money held by licensed real estate brokers must be deposited in an account insured by the FDIC. Additionally, Governor Carey signs into law the
brokers lien/brokers notice law. The law established the principle that licensed brokers have a right to protection as they pursue commissions owed.

1983 – LIBOR and MLSLI move from 535 Broad Hollow Road in Melville to the new, and present Realtor headquarters located at 300 Sunrise Highway in West Babylon.

1984 - Former President of the United States, Gerald Ford, was the LIBOR Mortgage Conference key note speaker, drawing record attendance at the event held at Leonard’s in Great Neck. – MLS welcomes 1000th office.

1985 – LIBOR Turns 75 – Celebrates Diamond Jubilee! Former U.S. Secretary of State, Henry Kissinger is the featured key note speaker at the Annual LIBOR Mortgage Conference.

1986 – Mortgage interest rates begin to decline and housing affordability begins to improve. Sales of existing homes begin to rise. Fifty percent of the MLS offices are now computerized.

1987 – Former Speaker of U.S. House of Representatives Thomas “Tip” O’Neill was the featured attraction for the 42nd Annual LIBOR Mortgage Conference. New York State Banking Department enacts new laws that radically change the entire mortgage-loan industry. The new laws are intended to protect consumers from false advertising, fluctuating interest rates, and unethical banking practices. The Long Island Housing Partnership is formed which provides solutions for Long Island affordable housing issues.

1988 – CBS News reporter Mike Wallace was the keynote speaker at Annual Mortgage Conference. In celebration of the 20th Anniversary of the enactment of the Federal Housing Legislation that applied civil rights laws to the sale or rental property, LIBOR held a luncheon at the Uniondale Marriot that featured Coretta Scott King, the widow of Dr. Martin Luther King, Jr. Realtor® Building II located at 346 Sunrise Highway and currently serves as the West Babylon Realtor® Service Center, is completed. The building was renovated to accommodate an expanded print shop operation and to provide for a more refined computer training center.

1989 – LIBOR hosts the first Annual Education Conference which draws over 300 members. Fair Housing Testing for Compliance initiatives come to Long Island in full force as the government funds millions of dollars for programs that are concerned with fair housing law violations and discriminatory practices.

That’s it for the 80’s as we “Blast Off” into the 90’s, (that was the theme of the first LIBOR Education Conference) in the next issue of “The REALTOR” paper. Members can visit www.lirealtor.com and click on the 100th LIBOR Anniversary banner on the home page to access all articles written so far on the history of Long Island real estate.