



# In the Loop Realty Newsletter

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## ***SO, HERE WE ARE. NOW WHAT???***

*BY: Albert M. Cerone, IFAS, FELLOW*

**WELLS FARGO-** The City of Memphis and Shelby County have filed a law suit against Wells Fargo for exploiting minorities in their locales by targeting them for subprime loans which are flooding the markets with foreclosures.

The term Redlining came back via the mouths of two self-professed real estate experts who have a show on the internet in which they rant and rave. Redlining was originally the opposite of what is being proclaimed as it was an area in which lenders literally drew a red line around to designate the areas in which they DIDN'T want to make loans. Now, it's being used in the reverse sense. Truthfully, these screamers do have it right. Memphis and it's county are alleging the reason the problem exists is that Wells Fargo targeted the ethnic group in the various areas. That's highly

unlikely. Wells Fargo although not known for it's "clean" act in lending would not stoop to that level.

What they did was exactly what Bill Clinton openly pressured lenders to do during his term in the Circus Office. He demanded lenders open the floodgates and get all low to moderate income families into houses. So, the lenders did because it was in their best financial interests. Yup! We had run away loans, scams, skyrocketing housing prices and incredible new debt. Where was Memphis and Shelby County then. In their infinite wisdom why didn't they file law suits to preclude the foreclosure debacle the families in their locales face today.

Ladies and gentlemen, many argue that those in trouble are there because of their own greed. Not true in the low to moderate income families' scenarios. Here was their first chance to own a piece of America. The American family dream of owning one's own home was to become a reality for them. I dread to characterize these people, these victims

as stupid, greedy or on a financial high, as some have over the past couple of years. They wanted to experience home ownership as those of higher income levels have enjoyed for decades. These are just people without the experience to make a high ticket financial investment.

These people aren't guilty of anything except believing that these subprime loans must be OK or they wouldn't be allowed to exist. It's like accepting the labels on products we buy in the supermarkets everyday. Far too often we hear months or years later that these products are dangerous or not "what they said on the label".

The system failed these people and that system includes the entities suing Wells Fargo. Bill Clinton, his congress, Fannie Mae, Freddie Mac, FHA and the vast majority of lenders created the problem with some hands on help from title companies, attorneys and appraisers and for sure the REALTORS. And, George Bush's administration didn't try to stop it all.

**HOME SALES-** I read a great deal and listen to pundits about real estate and our economy every day. This newsletter is in it's 1st quarter of it's 4th year and till this day, I can barely interpret what is happening and is about to happen. Our economy is in a state of flux. On any given week, there's a new understanding (?) of the direction it is taking. The various indicators simply give pundits and writers the opportunity to set forth personal opinions as to the direction our economy is going. Thus far, these people as the economist who are all hiding don't really have a clue what is happening. Sooner or later however, one or several will turn out to be right and they'll jump and scream about how smart they are. **CON'T**

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Right now the November housing numbers showed sharp falling demand by the “thought to be” house buying public. You see, sales were up for the most part in a good number of markets, but the housing prices were down overall by about 16 % (not the 2% drop agreed by a survey of economists). Unfortunately, there is no indicator because many of these purchases were predicated on the government tax breaks which expired in December. However, in fear of the housing demand free falling the government has extended the tax credits and added an incentive of \$6,500 for those people who are buying because of business transfers.

Now factory orders posted a big gain in November leading the beleaguered economists into saying things are looking up... they have to say something and positive words keep their fees for appearances coming. Factory orders are a part of the balance of trade which helps the economy overall depending on the magnitude of them, but I’ve not seen specific numbers because my guess is they aren’t great. Another issue with factory orders is it’s not just what we make here, it’s what companies produce including out of country productions. That production means little to the health of the economy with regard to jobs and spendable cash here in the United States.

**MENSA INVITATIONAL-** *The Washington Post* has an annual invitational which asks its readers to take any word from the dictionary and alter it by spelling, subtracting or changing one letter, and supply a new definition. Here are some of the better ones I read.

**Cashtration-** (n): The act of buying a house, which renders the subject financially impotent for an indefinite period of time.

**Intaxication-** (n): Euphoria at getting a tax refund, which lasts until you realize it was your money to start with.

**Glibido-** (n): All talk and no action.

**KB Homes, LandSafe Appraisal Services and Countrywide.** A law firm has filed class action suits against these firms in Texas, California, Nevada, Arizona, North and South Carolina and Florida alleging these firms colluded on a nationwide scale to fraud the public. The complaints basically say that the firms led by KB, a national scale developer set unrealistic prices on housing and with the help of Countrywide and LandSafe Appraisals fooled purchasers into thinking they bought at a supportable market value. Now, as much as I know about Countrywide and LandSafe, one can readily assume that they did conspire to fraud, but

shouldn’t be too hasty in coming to a negative decision. We must remember that general economics etc. as discussed within this newsletter and so many others are much to blame for the loss of homes through foreclosure and forced short sales. However, based on all ancillary evidence against Countrywide over the past couple of year, it’s easy to accept that they played an important role in coercing buyers (fraud is a tough word, even for them). As for LandSafe, I don’t remember a good encounter I ever had with them. Some of their reviewers are truly “out there somewhere”, as I’ve had appraisers come to me and present some of the worst interpretations of appraisal report acceptability that I’ve ever seen. They have reviewers who have no knowledge of an area, condemning appraisers who have proved geographical competence in a particular locale. These condemnations are costing good appraisers deep cuts in their business.

However, in some of the complaints there is good evidence of appraisers changing their reports to reflect a value which would in fact allow the sale transaction to continue; and, that the new appraisal did not contain a supportable and defensible value. If any of the appraisers reading this

encountered a problem with LandSafe and need assistance in proving you knew what you were doing, contact me.

### **LIGHTEN UP-**

A penny saved is a government oversight.

The art of conversation is not only to say the right thing at the right time, but also to leave unsaid the wrong thing at the tempting moment.

If you think there is good in everybody, you haven’t met everybody.

If you can smile when things go wrong, you have someone in mind to blame.

Did you ever notice when you put 2 words together, “The” and “IRS” it spells THEIRS!

When you’re dissatisfied and want to go back to your youth, think of Algebra.

### **WHAT WE CAN LEARN FROM OUR DOGS-**

I Recently received an email containing the story which is on the next page. It’s a lesson in living and giving balance to our lives. It applies to both our personal lives and business ones as well. Do yourself a favor and read the story.

## A Dog's Purpose ( from a 6 year old)

Being a veterinarian, I had been called to examine a ten year old Irish Wolfhound named Belker. The dog's owners, Ron, his wife, Lisa, and their little boy Shane, were all very attached to Belker, and they were hoping for a miracle.

I examined Belker and found he was dying of cancer. I told the family we couldn't do anything for Belker, and offered to perform the euthanasia procedure for the old dog in their home.

As we made the arrangement, Ron and Lisa told me they thought it would be good for six year old Shane to observe the procedure. They felt as though Shane might learn something from the experience.

The next day, I felt the familiar catch in my throat as Belker's family surrounded him. Shane seemed so calm, petting the old dog for the last time, that I wondered if he understood what was going on. Within a few minutes, Belker slipped peacefully away.

The little boy seemed to accept Belker's transition without any difficulty. We sat together for a while after Belker's death, wondering aloud about the sad fact that animals' lives are shorter than human lives.

Shane, who had been listening quietly, piped up, "I know why." Startled, we all turned to him. What came out of his mouth next stunned me. I'd never hear a more comforting explanation. It has changed the way I try to live.

He said,

"People are born so that they can learn how to live a good life.... like loving everybody all the time and being nice, right?"

He continued,

"Well, dogs already know how to do that, so they don't have to stay as long."

So if your dog was your teacher you'd learn to:

Never pass up a chance for a joy ride	Allow the experience of wind in your face to be pure ecstasy
Take naps	Stretch before rising
Thrive on attention & being petted	Avoid biting when a simple growl will do
On warm days, stop to lie on the grass	Oh hot days, drink lots of water & lie under a shade tree
When happy, dance & wag your body	Delight in the simple joy of a long walk
Be loyal	Never pretend to be what you're not
If what you want lies buried, dig till you find it	When someone is having a bad day, be silent, sit close by, and Nuzzle them gently

***ENJOY EVERY MOMENT OF EVERY DAY!!***