



In the Loop Realty Newsletter

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Personality

WHERE DO WE GO FROM HERE?

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100 YEARS OF LIFE-

Yes, it's the heading used in the last issue. I just want to thank the many people who called and emailed to let us know that they appreciated the article about Virginia Pellegrino. The words were heartwarming and the Happy Birthdays much appreciated. A quick added to the story. The local newspaper in Nantuet sent a news team with video to her condo and did an extensive interview which was aired on the local station and the internet. But Mom really surprised them when she cooked a complete Italian meal for them which they sat and ate. Yup, 100 years old and when she says sit and eat something you just do it.... And you know something, you're glad you did when your done. Oh! 70 people celebrated her birthday that Sunday and I know the theme was the 1st 100 years. We'll be back for 101, Mom.

WHERE DO WE GO FROM HERE? From all the news media and pundits the problem is no one knows where we go because frankly, they really don't know where we are.

It was thought for years that the stock market was the bellwether for the economy. Well, we now know that is not true. The market has rebounded and the economy is still in the dumps.

Then we thought oil prices move the economy and futures dictate the economic direction. Well, now we know that's not true.

Crude oil has dropped dramatically in 2 days and the economy is still not recovering. So, what's left. Right! The real estate market must be the key. **NOT!!**

Clearly, the real estate market is a resultant of the economy. When real estate is strong, the economy is on the upswing and conversely, when it is down the economy is indisputably down. So, what does that leave us? How did this escape all the soothsayer economists? How could

they miss this one? Employment if that proverbial glass is half full or Unemployment if it is half empty. If people are working, they have the disposable income to buy things; and, the more they buy, the greater need for goods and services. The problem with the so called economists and liberal economic professors at the universities and community colleges is they are not in the main stream of American life. They are too concerned with being published so the other delusionary professors can read them because nobody buys their books unless its forced reading the very universities and community colleges in which they spew their mathematical models of economic conditions, creations, and affectations. Why are we in such economic mire? Because they have infected the youth of our country for the past 30 years or so and these student's are the inept advisors to our politicians and governments leaders. The logical progression is it will get worst because the same mentality is still at

work. But is it more than just unemployment, taking the negative side? Yes, it's also manipulation of numbers and statistics and the need for major corporations and banks to begin showing profits again so the stock price goes up and there is further investment in their stock. This fuels their operations? I don't know. Obama says execs are still earning too much. You know, I bought that up front what with multi-million dollar bonuses for execs whose companies were receiving TARP money or other bailout funds. If a hard working person is not earning his / her way in a company they are fired, not rewarded and they don't have a severance package.. Why is it different at the top? **Con't**

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Production and success are rewarded not failure and poor judgment and management. Is that too tough to figure out for Washington.

Manipulation, is another key reason we have chaos in our economy. Banks received huge bailouts and the monies were to provide affordable loans to businesses and people trying to refinance. But... they're hanging on to the money which leads one to believe it is being used to show a more positive cash position and / or to invest and earn in commercial paper or other international opportunities of quick dollar return.

A click term is loan modification whereby people facing foreclosure can renegotiate their mortgage as to principal, interest and term to allow an affordable payment and the opportunity to save their homes.

Well, there are some stats that may interest you. Of the modifications enacted thus far only 2% resulted in lower principal payments. Also, only those mortgages to property value ratios of up to 10% *underwater* were eligible for modification. Most of the problems were well past that ratio. Now, it's at 25% but the lenders are looking at the losses they must take and are virtually closing down their acceptance, using often "low ball appraisals" as the excuse. Problem is no one has seen their records to prove that. And, here's an inter-

-esting fact. Over 50% of all modified loans put into effect are already delinquent once again. So, here's the quandary. Do you continue loan modifications or come up with something else?

There is an answer but the government doesn't want to take this step because it would mean that a great deal of campaign funds would be lost in upcoming elections. Force all lenders to stop all foreclosure proceedings. Reduce the payment to what is affordable for the homeowners. The loss of income via the reduced payment can be recouped upon the sale of the property with a reasonable interest which should be at the rate banks pay for savings accounts. What's fair going our to the consumer should be fair coming into them. Right?

Next there should be an act as the Community Reinvestment Act which requires bank branches to lend a percentage of their assets in the immediate community in which they do business. Banks should be given a quota of mortgage loans at affordable rates, 3 or 4 % to everyone who can qualify for the payment that's necessary to support the loan. Extended payout periods up to a set number say 40 years. Past history says, the vast majority of the public will not stay in a home for that period. Until this chaotic real estate market it was generally thought the holding period was between 7—12 years, but whatever, not 40.

Now, all the properties should be appraised by appraisers with geographical competence in the locale of the subject. If the appraised value is less than the mortgage amount, the Fed should insure the difference between the loan amount and value. Even if half of the properties go into foreclosure, the loss is minimal to the Fed and us, the taxpayer.

What does this create. Guaranteed income for banks but not at big numbers, safer loans, no foreclosure costs for the public, children staying in the school and with the friends with whom they have chose and enjoy and the government is backing a potential loss in the future not now with money out the door and in the hands of manipulative heads of banking. Now, try to sell that to Obama and the Fed Chairman. Lots of luck. It's so simple it can't fail, but it doesn't provide the inner workings of politics and banking which control this country. Sad, isn't it.

What does this all mean. Well, here's some more stats for you. Just what is happening with foreclosures? The first half of 2009 has shown that 1 in 84 homes received foreclosure notices in the

Realty Trac there were 1.905 million foreclosure filings, default notices, auction sale notices and bank repo's in the 1st half of 2009. June 2009 was the 4th straight month of foreclosure actions of over 300,000 homes. Ladies and gentlemen, it is true that a great number of these are in Florida, California and the Southwest and Illinois, but foreclosures are everywhere including New Jersey and New York. The second quarter of '09 was worse than the first and the 1st half of '09 was worse than the last half of '08. Can you now see the importance of stopping the hemorrhaging of foreclosures. Nothing to date has worked because they are not real efforts... just hollow words and busy actions without controls and without real intent to solve the problem. All that has done is placate an uninformed public and lull them into a false sense of economic security. ear as in its favor.

MORTGAGE INSURERS- One of the largest mortgage insurers in the US has stopped insuring mortgage loans as **CON'T**

100-year-old cook shares her secret



due to large 2nd quarter loss and a drop in its share price of 14%. Mortgage Guarantee Insurance Company (MGIC) will not insure any more loans. This means that now the maximum loan amount can't exceed 80% of market value at the time of lending. This is the ratio used before the insurance companies found a profit tool in insuring higher loan value mortgages. It was predicated on models showing via historical data that the rate of foreclosures was so low that there was little risk in guaranteeing the difference between 80% and 100% of market value. So, much for models.... again. Next to be heard from is Private Mortgage Insurance Company (PMI) in August.

Clearly, we are returning to sustainable lending. What does this do to the real estate market? It puts another knife in its back. This will remove the vast majority of 1st time homebuyers who don't have the funds to cover the 20 % minimum equity position and all too likely will have problems with the heavy underwriting restrictions the banks and mortgage companies are using to dictate what loans they want to make and those they don't. The housing market is in the hands of the lending industry as it has been for many years but in an up market the impact and effects of these damaging

policies and practices are not evident. They hide in the walls of your homes like cockroaches and rodents and come out when you are not prepared to deal with them. Now that's an ugly picture, isn't it?

ONLY IN AMERICA!-

Only in America...

.... Must we spend billions because we can't let Chrysler and GM go bankrupt, & the, let Chrysler & GM go bankrupt.

....Can congress force Fannie & Freddie to buy subprime loans, & then blame them for buying subprime loans.

....A major crisis requires swift action to pass a bill without reading it, then wait for 3 days for the president to find time to sign it.

....congress can make laws that they don't have to follow.

....can Chrysler get \$10 billion in aid to run a company with 30,000 employees. I guess it's tough to run it at \$333,333 per employee.

....Can you be legally illegal.

....Does the military get investigated by Homeland Security as possible terrorists, while our borders are wide open.

....we care about 3 suspected terrorists getting water up their noses while their comrades are beheading our troops and blowing

Ask Virginia Pellegrino what's for lunch and you'll get an apologetic "nothing much" - and a table overflowing with chicken cutlets, eggplant Parmigiana, penne with meatballs and sausage, tossed salad and [homemade](#) roasted peppers with Fontinella cheese.

So what if she's 100 years old?

"What's the big deal:, she asks, shrugging as she opens the front door to her Nanuet apartment. When asked her secret to such a long life, she shrugged and said, "What secret, it just happened." By the way, the photo above was taken by the photographer of the newspaper which ran a large spread on this amazing woman. Before they finished their interview and video she set the table and fed a full wonderful Italian meal to them all. They are now believers of just how special she really is. We love you, Mom and thanks for the memories and the ones yet to come.

up innocent people.

....can you publicized the cuts union workers took in the overhaul of Chrysler and GM while the Union entities got an ownership interest in the newly formed companies. Workers pay... union profits. Has anyone figured that out yet.

P.S. Toyota is planning to close its plant in California as it's UAW workers make \$32 / hr. which is about \$13 more than their other plants.