



# In the Loop Realty Newsletter

May 15, 2007 Issue

*Amerival*

Your One Stop  
Valuation Center

## ***REAL ESTATE INDUSTRY CLOSED DUE TO LACK OF INTEREST***

by: Albert M. Cerone, IFAS, FELLOW

### ***THE DULDRUMS-***

Wow!! The last month has brought more and more people calling us and telling their tales of woe. Real estate sales are off dramatically, mortgage companies are laying off and closing offices, title companies are begging for work and appraisers are looking for part time jobs pumping gas, which is the only thing that appears to be *Going Up* these days. Gone too are the days of remodeling which kept a lot of contractors, electricians and plumbers in the black.

Well, much of this is nonsense. It takes professionals as ourselves to break this myth of *Real Estate is Closed*. So, what's the solution. Easy! Start talking positive. This is a very good time to buy for first time homebuyers. Much of the hyper house values have been shaved. Realistic values are being seen. Here's an interesting statistic. Housing values typically rise 5% per year. Yes! Even through the depression and all the real estate valleys since.

The American public is so media driven it no longer recognizes the truth about virtually anything. The loss in values over the past 10—16 months was not of real value but hyper value which was never supportable. So, the 12.7 % general real estate value increases in 2005 were really only about 5%.

### ***THE SOLUTIONS-***

Now, do the math. If every property lost 7.5% of value then it's virtually across the board. So, one may sell a house for less but will similarly pay that percentage less on the new house. OK? Now where's the loss? It doesn't exist. The problem faced by many today is the mortgaging schemes to which they fell prey over the past several years. These people need to stay put and pay down their mortgages and seek help of true mortgage professionals. And they do exist. I can attest to two of them.

One is Rich McCabe of National City Mortgage

and the other is Dan Schreck, President of Best Option Mortgage. I have had personally experience with them. Rich is a LO and one of the very best. Dan has a sizable mortgage company and is hands-on in its operation. These people care about their clients and without wrong-doing expend every conceivable effort to *help* them. Their hard work, diligence, caring and creative efforts bring most of those who rely upon them, the success they seek. If you or one of your clients needs this type of professional service, give us a call and we'll put you in touch with them. Rich actually places high end mortgages throughout the Eastern Seaboard while Best Option covers throughout New Jersey with loan officers specializing in locales.

Interest rates are still down and in fact went down in the past week. For those who have maintained their credit at a status quo, there is a great opportunity to re-

at a lower rate than what they have. Yes, the qualifications are becoming more stringent but for those who have maintained their credit rating there is a good chance to refinance without being gouged. If one of your clients is looking to do this, then have a loan officer with minimally 15 years experience and is with a small to medium sized mortgage lender that also has been in business at least 15 years. This is important as you want to know they knew how to survive the last down cycle. Truthfully, banks and large mortgage companies are not a good choice. Bank employees don't have the same motivation as strong commission loan officers. Also, banks have all the creativity of a neutered aardvark.

***Con't***

Courtesy of

*Amerival*

Tel. 732-286-3000

FAX 732-286-3187

Email:  
myappraiser@amerival.net

Web: <http://amerival.net>

Large mortgage lenders are clearing houses for the new and unaccomplished loan officers and underwriters and processors. They are a strictly, follow the dots bunch. You don't need your clients paying for their learning curve. Anyone with corporate experience knows that in order to survive let alone get ahead in the corporate world, one has to spend 60% of the time working and 40% of the time protecting oneself and playing politics. Yes, a sad commentary, but so very true!

**FRIENDS & FRAUD-** During a conversation this past week, an acquaintance in the mortgage business related a story that was very unsettling. An applicant being very stressed due to the unmanageable burden of a mortgage coming due in a couple of months; and not being able to find a new mortgage to cover the debt related the tale of woe. A "friend", an appraiser did the appraisal on the dwelling and pumped the number by \$75,000 (& it's not near a \$million house). That friend was not a friend at all. Yes, it's fraud. The applicant must wrestle with the dilemma. Any attorney worth his / her salt would advise to report the appraiser to the state appraisal board and bring

legal charges against the appraiser. Appraisers doing lending valuations are virtually forced to carry E & O Insurance with face values not less than \$500,000. This writer has specialized in Professional Liability for appraisers for the past 18 years. It's not pleasant watching someone lose their livelihood, even if deserved. Long before Collaborative Law became the buzz word, we were doing 2 ways and 4 ways to bring an amicable settlement. And as with some matrimonial attorneys, there are those that will drag everyone through the pangs of litigation just to build a fee.

However, one should not be deterred from beginning the investigative work to determine if incompetence or fraud was a part of over-zealous lending practices with an appraiser providing a document establishing value at the amount necessary to satisfy the needs of an applicant. Over the past 3 years with last year being likely the worst, the pressure brought to bear on appraisers by

lenders was astronomical. Appraisers know the laws that govern them and they always had the right to say "NO". If all of them did, then there would not have been bogus appraisals pointed at pre-determined values. Yes, many were victimized under undue economic pressure, but if all of them just said "NO", then the unscrupulous would not have gotten their foothold.

If one of your clients appears to have been victimized, get to us or another reputable appraisal firm. We can show you where to start and how we can help almost immediately. Anyone who has wrongfully disadvantaged another, deserves to pay the price. We do not take joy in this part of our business, but the problems exist and we are more than capable of bringing about a just and equitable solution.

**WORDS OF WIT-**

Business is for which the apparent successful people take credit when it's good; and, those failing blame when it's bad.—Unknown

In business there are no real lies, just different perspectives of the truth.— Unknown

Statistics are no substitute for judgment.

- Henry Clay

**HAVE A GREAT WEEK!!!!**

**Subprime Production as a Percentage of Total Residential Originations: 1995-2007 (\$ in billions)**

The Year	Total Res. Prod.	B&C Vol	B&C% of Total
2007 (e)	\$2,400	\$400	16.7%
2006	\$3,267	\$665	20.4%
2005	\$3,294	\$795	24.1%
2004	\$2,790	\$610	21.8%
2003	\$3,904	\$390	9.9%
2002	\$2,787	\$241	8.6%
2001	\$2,066	\$180	8.7%
2000	\$1,067	\$134	12.5%
1995	\$639	\$35	5.5%

**Notes:** Subprime loans include credits that are A- to D quality. Also, some subprime lenders include 'alt-A,' interest-only loans, payment option ARMs, and other non-conforming credits in with their production figures which may distort these results. (e) Estimate made for the Mortgage Industry Directory.

**Source:** National Mortgage News/Quarterly Data Report

**Questions ? Email:** Paul.Muolo@SourceMedia.com