



Realty & Valuation Newsletter

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Amerival

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NEW MORTGAGE PROGRAM 0 DOWN - 150% LTV- NO DOC!

BY: Albert M. Cerone, IFAS, FELLOW

OBAMA LOAN- Finally the radical ideas of Obama are paying off. Recognizing the dire straits of the American people, their inability to qualify for anything larger than a dog house (with a leaky roof), Obama made a late night executive mandate to open the flood gates for mortgages. His intention is to bring house values back to the 2006 mark by making nearly everyone eligible for a home loan. The concept is that if the housing inventory is back to zero, housing prices will rise, the demand and market activity will virtually empty the unemployment roles and the state and local coffers will be filled with tax paying sales and incomes. The special financing will be handled by Fannie Mac. Yup! He's joining Fannie and Freddie to handle what is anticipated as the largest influx of lending ever experienced in the world.

You know, when I wrote the above it was strictly for April Fool's Day, but it just may be the answer to the economic problems of our country. With a little tweaking it could be one helluva program and really could put us back on our feet. But for now, it's just a joke.

NEW PAGE FORMAT- After the last newsletter one of our readers commented that reading a newspaper format newsletter was difficult and not how the public likes to read. You know, everyone is a critic. But giving it some thought, the reader was right. So, I've decided to give credit where credit is due. The suggestion which came in the form of a brief with appropriate citations of grammatical law was given by Anna-Maria Pitella, Esq. Anna-Maria is the immediate past president of the Jersey Shore Collaborative Law Group. Ms. Pitella has offices in Toms River and Red Bank.

Having heard her speak, I knew it wise to listen. Ms. Pitella is well spoken, distinct in her thoughts; and, not pithy. She prides herself as a collaborative attorney specializing in non-combative matrimonial cases. That may not be the best description but it gets the point across. Collaborative Law recognizes the need for other professionals to help in marital dissolutions (i.e. Financial planners, accountants, life coaches and child specialists). The concept is to bring a family through the dramatic changes brought about by divorce as unscathed as possible. She is dedicated to this end, as are many of the collaborative lawyers in the Jersey Shore Area. These groups are throughout the United States today and are helping many families through a difficult time.

CUOMO LEADS THE CHARGE- Whatever your feelings are for Cuomo, he's leading a good charge this time. He's filed suit against two loan modification companies, National Modification Service and Infinity Funding Group. It's alleged they have scammed hundreds of NYC and Long Island families by virtually guaranteeing they could get their mortgages replaced with fixed rates one and save them a bundle through lower interest rates. Of course they collected thousands of \$'s up front which was against state law to start. It's unfortunate that people take advantage of the already troubled families by playing on their need to survive and keep their homes. Be wary of over zealous promises.

Courtesy of

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FEDS EXIT THE MORTGAGE MARKET- I read an article by Adam Quinones which addresses the Federal Reserves exit from Mortgage Backed Securities (MBS). The article was complex and too lengthy to delve into here. But we should have an understanding of what is taking place. The 10 year treasury bonds, bills, notes provide a benchmark for MBS. These federal reserve securities are the highest standard of credit worthiness and all other interest rates are based on them. The 10 TSY is the starting point for all of the other rates. Riskier securities will have higher rates and each percentage point represents 100 basis points. Thus if the Fed rate is 4% and the other security is more risky there may be a 2% rate difference determined by complex calculations. Thus, it is expressed as $6.00\% - 4.00\% = 2.00\%$ or 200 basis points.

With the Fed's dropping out of MBS there will be a flux in rate development as there is no experience in MBS market without Fed involvement. It is anticipated that the mortgage rates will rise but it is hoped not over

TAX APPEAL TIME- Well if your town is in a non-reval year your deadline for filing is over. If your town is in a re-val year you have until May 1st. We at Amerival do tax appeals and have been inundated with calls. The calls make one wonder when a caller tells where the house is and wants to know if you can in fact get the taxes reduced. Wait, let me dust off my crystal ball! And then there are many who have just waited to long. We do offer a stepped basis program to help keep costs to the property owner lower than many. But we still have to do the work to arrive at a supportable and defensible answer.

I had the opportunity of working with the Brick Township Tax Assessor's Office this year as a consultant. Brick did a good job in reflecting good values. The assessor, Rich Kenny, and his office treated the residents respectfully and with open minds. They were positive in their responses to those who had good points as to why the assessed value was too high and worked diligently to correct the problem. They also were able to competently address reasons why an assessment was correct and many of the residents thanked them for their patience and time. Sadly, not all municipalities have the same capability. If you have a client who has good reason for an appeal, we may be able to help. Call our office.

10 BEST AFFORDABLE SUBURBS IN THE USA- A Bloomberg Business Week report evaluated information provided by a community data company, ONBoard Informatics. The research was to determine the most affordable suburban community in each state. Following are the 10 ten:

1. Fishers, Indiana- is near Indianapolis, has nearly 60,000 residents, Avg. Inc. \$108,000, Median Home Price- \$174,438, Unemployment 6.5%
2. Papillion, Nebraska—near Omaha, has 17,000 residents, Avg. Inc. \$92,000, Median Home Price- \$145,000 Unemployment—4.5%
3. Milliani Town, Hawaii - Near Honolulu, 27,000 residents, Avg. Inc. \$98,000, Median Home Price- \$370,000, Unemployment 5.3%
4. Huntersville, North Carolina—Near Charlotte, 44,000 residents, Avg. Inc. \$103,000, Median Home Price - \$205,500, Unemployment 11.2%
5. Montgomeryville, Pa—Near Philadelphia, 12,000 residents, Avg. Inc. \$108,000, Median Home Price— \$258,750, Unemployment 6.5%
6. Hales Corners, Wisconsin—Near Milwaukee, 8,200 residents, Avg. Inc. \$83,000, Median Home Price- \$198,000, Unemployment 9.3%
- 7-9, Roxborough Park, Co., Brandon, SD, Savage, Minn., Unemployment—5.9%, 54.8%, 7.3%.
10. Clark, NJ., 14,000 residents, Avg. Inc. 498,000, Median Home Price—\$380,000, Unemployment. 9.7%

Now, does this give you a clue as to a big part of the success of these towns. Low unemployment rates seem to be a large factor with one exception. Also, 8 of 10 have a Median Income to Median Home Price ratio of between 1.59–2.4. which means they likely also have a lower foreclosure rate and short sale experience. Clark is at the upper end of the primary factors, but is the best New Jersey has to offer in this analysis.