



Realty & Valuation Newsletter

AMERIVAL

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UNCOMFORTABLE HEAT!

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ADVISORY- Please be advised that our office address has changed effective immediately. The new address is:

AMERIVAL

1410 HOOPER AVENUE, SUITE 2

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Please make note of this change. All other info remains the same.

HEAT THINGS UP- The sweltering heat wave we have experienced is in sync with the problems faced by so many of the people impacted by local, state, national and / or global economics. And, yes, there seems to be no relief in the foreseeable future. By now the thinking American public is tired of the biased interpretations offered by political, business and economic factions. By a simple press of a button, every American citizen can tune into an interpretation of the various problems which will best suit their own opinions; and, which will either make them feel better or worse depending on their mood. The enemy of America is the media with its daily doses of downers or uppers which best reflects the super wealthy who own their station and sign their checks. Seems caustic and crude but unfortunately it is true. We are fed what the very few want us to hear. Listen to the foreign news centers and you look out your door to check your address and make sure you're still in good ol' US of A.

If you really want to know how bad things are, watch the talk shows, mostly late night ones. You will hear nothing but jokes and ridicule and the audiences laugh. But, what are they laughing about. The problem at which the comedian is poking fun, is not funny. It's for real and a dangerous threat to our way of life; but the audience still laughs. Someone once said (paraphrased) 'You know things are bad when the public starts taking comedians seriously and laugh at their public officials.' And, ladies and gentlemen that is exactly what is going on today. Our plight is anything but funny. We are being led by Hollywood types and media moguls

who only have their bottom lines as a goal. All we have remaining in the public arsenal is our votes. These mid-term elections are critical to our survival and the safety and survival of our children and grandchildren. No! This is not political. We must respect the president and certainly the office as well as the representatives. However, we don't have to agree with them. We are a free thinking intelligent public which needs to get up and vote for the representative which we believe has an understanding of what is important in each of our opinions and an agenda to bring that about. This is no longer about political parties. It is about making informed intelligent decisions; and, holding the elected officials feet to the fire. They must be KNOW that we can make them and we can break them. **VOTE!**

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MORTGAGE LENDING RESULTS—2ND QTR- Publications have dramatic headlines to catch reader attention. However, many are quite misleading. One recent article showed JPMorgan Chase have 200% increase in mortgage activity. Well, when you get to reading the corporate meeting introduced by Jamie Dimon, CEO, you begin to realize that there is a lot of inter-weaving of various revenue production items. Credit cards are often included with lending details. Clearly, JPM had less than \$400 mil in revenue from mortgage lending which is not a lot by any interpretation. So, what is the 200%? They did show a profit of like a \$1.09 but it's based a good deal on the release of some of their loss reserves. It's obviously beyond my abilities to figure it all out but the end result is clear. There are still anticipated foreclosures expected throughout the remainder of 2010 and 2011. The 'real' numbers will depend on the economic recovery and jobs.

Also announced is that JPM is tightening the short sale arrangements and surprisingly by not removing the seller from its obligation for the loss incurred by the short sale. So, frankly, all it does is put the seller in a continued bad position. The short sale only benefits the bank, not the seller. This will likely pressure more families to seek relief from bankruptcy and not attempt to maintain their property because there is some anticipated from the debt. All this does is created further debt for the homeowner in order to remove the property from the bank's books. Wow! That's a real losing proposition. Now realize that JPM showed over a \$4 bln profit in the 2nd quarter of 2010. I guess it's not enough so, keep skewering the property owners and holding them over the flames. Congrats JPM!

NEW HOME SALES- Well, here's a first. Lending institutions have been selling more new homes than new home builders throughout the United States for the past 18 months. What does this mean? It means that banks are on the target with sale prices based on present market economics that homebuilders either could not or would not recognize. Until this inventory is absorbed, new home builders either must stay out of the market or open their eyes and realize that their profits much be shrunk; and in the play of this, their suppliers have to come to the same stark realization. When they all do, we can get back to growth. A quick aside. New home sales dropped for new home builders by 33% since May of this year. This gives even more credence to matching asking prices to affordability.

RE-SALES- Many cities and counties throughout the U.S. are reporting increases in home sales but there is a catch. The sales volume is up and in each case the median sale price is down. Well, that makes sense and it is what many of us have been saying for a long time. The sale prices have to reflect the market conditions which rely heavily on economics. Affordability is the ONLY factor of importance in bringing about a real estate recovery. And, yes, this does rely a great deal on the short sales which as indicated above is not the easiest thing to pull off. So, where is the strength of our federal leadership? Shouldn't he, it they or whoever invoke a mandate to compel banks to cooperate in short sales and remove the loss burden from the property seller. After all, they were the ones who approved the loans and disregarded reasonable care in making those loans.

HOUSING STAT- Here's a frightening statistic. The federal reserve did some calculations and released this. They were able to determine the value of all housing in the United States and compared to the outstanding loan balances. As of July of this year the whole of the U. S. is \$4 trillion dollars *upside down*. It doesn't take a genius to predict the outcome of this phenomena. With job losses, dwindling dollar and incredible ongoing debt, there will be more foreclosures and a continued downward spiral of housing prices. Notice I didn't say values, because frankly, the impact due to foreclosures may be calculable on a national and regional basis, but you'll never see local figures. So, value is something that can be calculated and is based on historical data. Anything after present day valuing is forecasting, which is nothing more than dusty and scratched crystal balls used by the unknowing. This is the reason that relocation companies are such an abomination and the changes to appraisals by FNMA and Freddie Mac are so pathetic. They are done under the guise of protecting the consumer when in fact they are only attempting to cover their proverbial derrieres from losses for which they are responsible. Unfortunately, we the tax payers own them. Isn't it great owning something you can't touch, talk to or even see with full transparency?

As my wife's grandfather use to say. "This country is going to hell in a hand basket". I'm sure a lot of grandfathers said the same thing. It's ashamed that no one took heed and stopped the political nonsense.