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I NEED DIRECTIONS TO PARADISE!!

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DIRECTIONS TO PARADISE- Have you been inundated with brochures, travel magazines and TV commercials enticing you to nearly every imaginable destination in the world claiming to be paradise or the cure-all for all your worries or every climate known to man? I hope so, as I hate to think I'm the only target they have. Well, I did work in paradise a few times. It was the U.S. Virgin Islands. Every morning I awoke to brilliant sunshine emitting from the perfect Sun in a clear blue sky. And, if you've ever been addicted to the islands you know time is nebulous as there is rarely a clock. So, as a Northeasterner, an 8 o'clock start became whenever the people showed up. Their idea of formal dress was wearing underwear and a clean T-shirt. My shirt, tie and jacket were the brunt of many jokes. OK, maybe I was the brunt of the jokes. Either way each day was greeted by someone saying, "Ah Yes!, another day in paradise."

I wouldn't trade those years for anything, but I did learn as time went on that paradise is not all warm Sun, blue skies and white sand beaches. Oh yeah! Add great diving. What really made it paradise was some of the people I met who became good friends, Sir John Stuart Jervis and Arlen & Carole Wheeler. As they would visit us stateside, I realized that they made the place, St. Croix, paradise. When they arrived for a visit, they brought that sunshine, warmth and clear skies of life with them. That, my readers is Paradise, not the place, but simply the people. As my travels became worldwide I realized the photographs and videos captured the beauty of a place but the true beauty was the people with whom we interacted. And, today as we remember so much of the travels we relate to the people who helped make the journey so memorable.

Now, after that introduction, you may realize that often the best part of a trip is coming home. Why, because home is paradise and because that is where your family and friends are. That's why homeownership is the American Dream. It's a matter of wanting to belong to a family, a neighborhood and the way of life a location in this great country of ours provides. There's nothing wrong with our country, just the rabble rousers and racists inciting hatred and violence. Let's just remember all the beauty with which we are blessed in the U.S.A.

MORTGAGE DELINQUENCY RATES- Mortgage delinquency rates for one to four unit housing fell, adjusted seasonally, to 5.85% at the end of the third quarter according to the MBA. This reduction is calculated at 56 basis points from the prior year. A basis point is equivalent to 0.01% (1/100th of one percent) or 0.0001 in decimal form. An example is if the Fed's raised interest rates by 50 basis points, it is indicated as 0.50%. If the present rate was 2.5% the new interest rate would then become 3.00%. Further, at the end of the third quarter the percentage of loans was 2.39% which is 69 basis point less than at that time in 2013. This equates to 3.08 percent at that time. The loans made in recent years are performing well due to tight credit restrictions. Prior to the credit changes, the delinquencies were much higher.

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CONSUMER CREDIT DEFAULT- Consumer credit default rates rose minimally in October from September. Although the recent increases are in place they are much lower than the levels a year ago.

First mortgage defaults increased for the third consecutive month. In October the rate was 0.96%, which is three basis points higher than September although down by 34 basis points a year ago. Second mortgage default rates and bank card defaults also fell. Auto loan defaults rose despite the increase in new car sales. There are anomalies in every industry. As often said in these newsletters the overall numbers do not speak to all sections of the country. Contrary to the overall good news, major metropolitan areas, such as Dallas, Los Angeles and Miami saw significant rises in these default rates. Albeit New York City and Chicago improved although very modestly. What's it all tell us? That's a question which requires guesswork. Any tick in national or international economic contentions will alter these numbers dramatically. This tells us not to pay too close attention to the printed word particularly when they are slanted to satisfy a particular master, economic, corporate or political.

LOAN ORIGINATORS ARE LEFT-OVERS- I recently read an article about refi market and new loans. Apparently new loans are few and far between. However, the greedy loan originators are gorging themselves with refinance loans. According to one source the cost of the refinances is too high. In the first half of 2014, the cost of a retail origination went up by over 80 basis points, while revenue dropped from refinances by 25 basis points. Do the math. Together that is a 105 basis points loss in profitability. That's substantial. However, the third quarter of 2014 seems to be feeding the insatiable hunger for more profit thus the refinance boom is back. However, expect the cost per unit to go through the roof and kill the companies relying on a *last meal* kind of reaction. Oh! 40% of loan originators relocate each year. Yes, the worst of the originators.

LENDERS GETTING THEIR COME-UPPANCE- Wells Fargo has been sued by Cooks County, Illinois the home of Chicago. They allege that Wells Fargo targets black and Latino borrowers for more costly home loans than their white counterparts. They state this has prolonged the foreclosure process and damaged the metro Chicago area. The term predatory lending of course is the key phrase for legal compensation purposes. For all that's fair Miami and Los Angeles also had filed similar lawsuits. Miami's claim was dismissed as the court said Miami didn't have a legal right according to their laws to file a Fair Housing Act suit. In the mean time, ask yourself who will pay for these suits. Bank of America was charged with paying a \$16.7 billion global settlement for alleged wrong doings in mortgage practices. The public will pay in the long run. Whatever their loss needs to be offset by income. Who creates a bank's income, the people with whom they transact business. Loans will be more expensive, interest will be lowered and the story goes on. When people cheer the findings against a bank they say, "well they can afford it so tough!" Well, folks, they can only afford it if they charge you with the additional costs.

NEW JERSEY TAX COURT DECISION- Judge Patrick DeAlmeida, P.J.T.C. for whom I have infinite respect found that an appraiser who completed an appraisal for reasons other than for a tax appeal can not be forced to present the appraisal (s) to a court. However, there were extenuating circumstances. The appraiser was hired and paid by the attorney on behalf of the property owner. So, the judge required an "in camera" review sometimes referenced as "in chambers". It is a private review by the judge to see the relevance of the report (s) and arrangements bringing the reports in to be. Without wearing this out. I also, had a judge disallow the use of my appraisal for a matter outside of the intent of the trial but also with extenuating circumstances. The advice I have to appraisers is to insure your payment whenever possible comes directly from an attorney and make the conditions of your contract to perform an appraisal clear that there is no intent to use this report for any other purpose. The same language should be at the beginning of any appraisal you complete and reference the contract or Realty Service Agreement so as to prove intent. Judge DeAlemeida supports the right of confidentiality an appraiser has with a client, but the appraisers must demonstrate in writing that it was clear this report should not be used for any other purpose and that you shall be held harmless by your client. I suggest you retain an attorney to write a "hold harmless" clause for you and then make sure you use it.

QUOTABLE QUOTES-

Remember! The law is not always just. So, professional beware.