



Realty & Valuation Newsletter

February 15, 2012
Issue # 124

AMERIVAL

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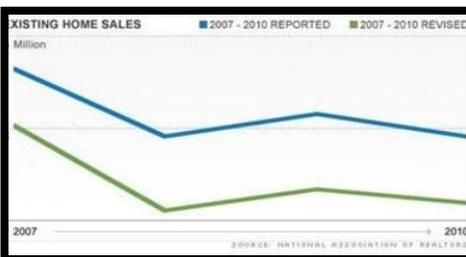
HAPPY HOUSE HUNTING

Albert M. Cerone, IFAS, FELLOW, CTA

WE'VE RETURNED- After a prolonged bout with medical issues, I thought it was time for a sabbatical after over 6 years of newsletters twice a month. However, I missed it more than likely some of the readers. I was surprised of the number of comments wondering what happened that we were no longer providing the newsletter. So, it provided impetus in returning to the writing.

The format is the same and hopefully the uninhibited positions of many topics keeps your interest. Today, the concern for the real estate market is being over-shadowed by the political climate and posturing for a run at the presidency. This is exacerbated by our president who appears consumed with winning another 4 years rather than the problems at hand. Yeh! Yeh!, Democrats don't get huffy. It would be the same if a Republican was in office. It's politics, pure politics. We are doomed to hear the same promises and skewed diatribe that we have heard before. I don't care who is divorced or who allegedly made unwelcomed advances to the opposite sex. I want to know if this person can do the job. Hell, we all know that misdeeds for politicians is the norm, not the exception. So, let's get on with it without the diatribe.

WELL ANOTHER MISTAKE IN HOUSING- We are all victimized by the print and video media who often intentionally directs us to a predetermined conclusion. Now we have "mistakes" that are being found with regard to housing. Home sales for 2007, 8 & 9 were mistaken due to a problem with the original data analysis.



The sales reported during the housing bust were short by 14.3%. In 2007 there actually 5.04 million homes sold which was 11% less than the 5.65 million reported then. 2008 & 2009 were even worse with 16% and 15% respectively. Well that's simply a retrospective problem which has no bearing on today. WRONG!!! Just as the National Home Builders Association and they will advise that their projections for housing starts are predicated on the health of the existing home sales numbers. Their pro-

jections would have been less for housing starts which would have allowed their members to not over supply and create an over-supply and force a drop in prices and profit.

What created the problem? Changes in reporting systems for one in addition to poorly developed analysis programs. Many MLS systems increased their market area and overlapped with others. Then, a sale would be reported by both systems and hence double counting the sold units in those locales. However, all is not lost. November sales under the newly "fixed" system has shown a 4% increase from October and over a 12% increase over November of last year. Hey any upward movement is positive. The flaw is that the external influences are not necessarily the same So, where are we really? Not a clue!!

Courtesy of

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HOUSE HUNTING MADE EASY- This is too simple, but so very true. If you are in the market for a home, you are one of the few who can afford to move and aren't afraid to lose your job. Removing those from the "most likely house hunter, should leave the oval office, Senate and House members in the house hunting market. I guess there's a few more and if you are one of those lucky few, don't let history repeat itself. Buy at your means, make sure you have 6 months of mortgage, insurance and tax money available in case you do face a dramatic change in your financial position.

Next do your homework. There are several sites on the internet with which you can see available housing in nearly every area. Let your keyboard do the walking. You will become familiar with the amount you have to invest can buy in housing. You will discover what amenities you should expect to find in your price range. With regard to amenities, prepare a list of same that your family believes desirable. Put that list in a pecking order as this will help you decide that which is important and that which is not as important, when crunch time comes.

Something that many house hunters don't do is go to the township, or city planning board and board of adjustment to ascertain any plans for development or roadway or access changes that may affect your new house either negatively or positively. Sadly, but you can't rely on your REALTOR to always tell you *everything*. Not to say they are lying but to say they really don't know *everything*. Yes, some are very well informed but many are not. They are either new or are desperate for the sale. Remember, their ultimate goal is to make money and often it is the sole primary reason they are with you. So, the reality is that the one person on whom you can trust is YOU! Actually there is another person, the realty appraiser...but only if you hire her / him. When the choice is the bank or mortgage companies, you may well have an appraiser who is only concerned about keeping the client, the lender. I urge that you consider investing the money in retaining your own appraiser. The purchase of your home is likely the most important decision of your life. Don't leave the value of the largest asset you may ever have in the hands of a compromised quasi expert. Hire a proven realty valuator who can help you protect your rights and assure you of an honest decision. It very well will be the best investment you ever made. You ask, "What prompted this segment of the article?" About 4 hours before putting the finishing touches on this newsletter, we were retained by a well informed client with real estate experience who is embroiled in a matter which involves a REALTOR and appraiser, neither of whom may have done their jobs well or even correctly. The client is willing to "invest" their money in ascertaining that which is correct so they don't make a mistake in the disposition of a sizable asset. Your investment is just as important. If you think, you need help in making this type decision, call us. If we believe the property is not in an area in which we have geographical competence we will direct you to professional appraiser who can help you.

NEW HOUSE vs RE-SALE HOUSE- There are several advantages to a new house vs a re-sales house. Builders are generally more flexible in making changes in the dwelling than homeowners; and, typically have their construction people on or near the site who can make changes quickly unlike homeowners. Financing is horrendous, as I'm finding out via refinance. It's amazing how little the mortgage people know or maybe just embellish the truth; and, being victimized by so called "appraisers". I shouldn't complain, I make a lot of money because of appraiser incompetency or ill intent. Builders usually have a rapport with a lender and can provide better finance opportunity, but don't let your guard down. You can use their financing offer to play off personally arranged financing. Builders have an investment in each house and the longer they hold it the greater their cost and the lesser their profit. Their profit margin is typically less than the equity of homeowners who have a personally emotional attachment. Simply put, you'll make a better deal with a builder. Builders typically provide a warranty which many homeowners will not pay for. Choose a REALTOR who has successfully arranged some type of warranty for their inventory. However, beware some builders in some states include an arbitration clause in their contracts which forces you into an arbitration situation rather than initiating a lawsuit. To side step this clause is time consuming and expensive. Don't capitulate to this under any circumstance. Never give up a legal right! For those buying in a community with a host of amenities, make sure they are complete or that a bond has been posted to insure the cost of the amenities being offered. Your purchase price includes the financial or value benefit your property will have; and, without those amenities you will have a negative value situation which you won't be able to recoup.