



Realty & Valuation Newsletter

JUNE 15, 2014

Issue # 179

AMERIVAL

Director:

Albert M. Cerone

Regional Associates:

Dan Warthen, Jr.

Jay Jurasek

Russ Thompson

Dave Kaytes

Peter R. Vidi

Louis A. Bonato

James Hanson

Of Counsel-

Michael K. W. Nolan, Esq.

CAN YOU BE RIGHT & LOSE?

Albert M. Cerone, IFAS, FELLOW, CTA

THE LAW IS LEGAL BUT NOT NECESSARILY JUST- The heading indicates that you can be right in your analysis as an appraiser or other type expert and lose the case. When you walk out of a hearing or courtroom and were on the losing side, don't be too quick to hang your head in shame. There are judges, boards and juries that will miss what we professionals know as salient points critical to the decision and yet, make a bad decision. It happens. Pull up your big boy or girl pants and go home. Have a stiff drink and the pain will subside.

One of our associates just came from a hearing and was disappointed with the response to the analysis he did. It was a tax appeal hearing and he doesn't know what the result will be, so there's no reason for him to be apprehensive. However, if you have ever been in this situation you know it does create angst for you. First, for tax appeals, one must realize that the municipality and the county are protecting an income which pays for the operation of both the entities and schools as well. Those entities don't want to give up a "dime" if it's not earned. And they are doing their jobs to protect those dollars. Now, in mass appraising under certain conditions their assessment may be right, albeit very often without supportable basis for the assessment, at least in the real world of professional valuation. Hence, Chapter 123 which gives more leeway than any professional valuation group would accept as reasonable. But they need the protection because the system is broke. First, so many of the assessors are not appraisers, haven't been trained as such and are too influenced by the broke system under which New Jersey operates. BUT! With all that is wrong quite often there is supportable basis for the assessment and the acceptable range via Chapter 123 is a form of protection for a system that was intended to be right and / or good. So, for you appraisers doing tax appeals, tax appeal hearings are like a game of horse shoes. You don't have to be right, just close to right. Frankly, I think that makes sense to the greater good. Good County Tax Commissioners and a strong County Tax Administrator are burdened with making these decisions and thankfully, many do it well. Far too many assessors like appraisers take all of this value

stuff personal. Setting all this aside, as an appraiser you are responsible for being the professional who provides an appraisal that is competently prepared and then presented. This means you must be able to put forth your case in a common sense presentation that shows "reason and rationale" clearly. When properly done the commission or judge or jury will be shaking their heads up and down acknowledging the competency of your report and professional demeanor and presentation of that report. Now, as in the case I referenced, I believe based on the interpretation of the hearing given me, the attorney for the appellant was lax or simply inexperienced in tax appeal matters and didn't know the questions to ask and pose the challenges to the municipalities position. (CON'T)

Courtesy of

Amerival

Tel. 732-286-3000

FAX 732-612-1400

Email & Web

myappraiser.amerival@ymail.com

http://www.amerival.net

(CON'T) Now this doesn't excuse you from having prepared the attorney. Let's remember everyone has to start somewhere. Good appraisers will make certain the attorney with whom they are working are up to speed as to the strong points of their appraisal and the weaknesses of that of the assessor's office or its expert.

MORTGAGE LOAN DELINQUENCIES- Here's an interesting tidbit. It appears that the numbers of delinquencies has fallen. In 2009 the rate was 10.3 % and in the third quarter of 2013 it was only 6%. Well, that's good news....or is it? Apparently, many of the banks and larger mortgage companies have and still do sell many of their loans to ...ready for this? "non banks". Therefore, the statistics on which the government agencies monitoring the mortgage activities including delinquency and foreclosures are dealing with half a deck of cards, to coin a phrase. In other words, we don't have a clue as to the condition of the mortgage market. We still have banks holding on to non-performing loans in an attempt to direct the government attention away from them in audits. There is one truism in all this and that is the borrowing American public is very untrusting of our banks and lenders.

Since 2008 there were over 3.2 million loan modification and as of today only 42% are current in payments. 24% are seriously delinquent or in foreclosure or already foreclosed and 24% are no longer reported as they were sold to non-reporting institutions and thus off the radar.

HOUSING MARKET- Fannie Mae completed a national survey in May of this year by polling 1,000 Americans. 57% believe the economy is going in the wrong direction, while 38 % are optimistic about the direction we are in. Although the segment based on household income "significantly increased", it fell 4% from April at 21%. In addition, the poll revealed that only 42% believe that their financial position in this year will get better.

Despite lower interest rates and the hype by Washington driven media, the housing market is not getting better. At best it is stagnated. Fannie Mae recognizes that the Spring and Summer are off to a very slow start. Today 48% of American's think their home price will rise over the next year but this percentage has dropped 7% since this time last year. Clearly, there is less confidence in our economy and certainly our leadership in Washington. However, 68% believe this is a good time to buy a house and 43% think it's a good time to sell a house. Clearly, the buyers believe the houses for sale can be bought at less than Market Value (presuming a fair and open market, which they don't have). Does this give you any idea of just how naïve the American public is..rhetorical of course. Clearly, the answers are predicated on that if you have to sell you can do it readily as long as you don't mind selling for less than what your property will be worth once the angst of the market dissipates in the next couple of years. Buyers of course say this is a good time to buy because they are looking to a healthy profit in the next couple of years. Hey guys, it's a roller coaster ride. The best advice is don't sell. That will send a clear message to the controlling entities and Washington that they better get our economy on the right track and quickly. It's the only hammer we have as the American public.

NEW HOME SALES- Based on the U. S. Census Bureau and the Department of Housing and Urban Development single unit housing in the United States in April was at 433,000 units indicating a 6.4 % rise since the March rate at 407,000, but it's 4.2% below the activity in April 2013. On a national basis the median sale price was \$275,800 and the average sale price was \$320,100. It is estimated that at the end of April there were 192,000 houses available for sale which equates to an inventory of 5.3 months at current sale rates.

Over all it is believed that the new housing market is only at 50% of what it should be based on anticipatory levels over the past year. Low mortgage rates and alleged easing of credit hasn't worked. It's impossible to separate housing from the economy. The segment preceding this is the driving force for housing. The American public isn't confident of the economy or the governments impact on costs, employment, health insurance, etc. Until we can awaken in the morning and feel as our parents and grandparents did in the 1950's, we won't see a housing market that will provide us the comfort we seek. By the way, the reference to the 1950's was because there was very little movement in the economy in those years. Every day the American public awoke and knew that it was the same as yesterday. Eisenhower told the American people to go out and buy something, anything because it was critical to excite demand and create employment and economic growth. And they did. Today, the cost of buying is well beyond the ratio of income than in those years.

TAKING RESERVATIONS FOR NEW SEMINAR - Ladies and Gentlemen the new seminar, which we are heading as **“PLAN YOUR POINT, MAKE YOUR POINT, WIN YOUR POINT”** which is approved by the New Jersey Appraisal Board as *Winning Tax Appeals and other Litigation*. . The reason for the change is whether you are preparing to go before a county tax board or tax court or Superior Court for any other valuation matter, preparation and proofs and the ability to successfully present your work is the same.

We are about 1/2 filled for the attendance to which we are restricting this seminar.

The seminar is approved for five (5) CEU’s. The one for Jersey Shore Area, New Jersey is scheduled for :

Date: Saturday, June 28, 2014
Place: La Bove Grande Banquet Hall
800 Route 70 (@ the circle)
Lakehurst, NJ 08733
Time: 8 am - 1 pm
Contact: Pat : 732-286-3000 or pcerone@amerival.net

Contents:

The contents is not found in other seminars and is based on years of court preparation and success. The goal is to prepare the attendees to not just survive a court case or a hearing but to win it even when against a good case. Learn how to be wrong and still be credible. Learn how to develop adjustments in the real world and how to arrive at an un-subjective value indication. Now is the time to use it. Last year we sold out each of our four (4) seminars. And they were all great groups. Hope to see you all this year for this very exciting one of a kind seminar filled with hands on methodology.

NOTE: Based on commitments of Mr. Cerone for other business matters there will be no further offerings of this seminar likely for the remainder of the year. If you are a serious appraiser, it is strongly suggested that you take advantage of this offering.

Ladies & Gentlemen:

I apologize for forgetting to make reference to June 14, 2014 which was flag day. As a former soldier I should not have forgotten. I wore the uniform proudly and admire those who have worn it and those who still are and distinguished themselves by respecting their uniform and being proud of our country. It’s not my place to judge anyone and I won’t, certainly not here. I do believe we have the greatest country in the world and hope we are blessed to see it survive with that ranking.

My thanks to you who served and to all of those you know who served. They have and still give us life.