



Realty & Valuation Newsletter

Amerival

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HAPPY MOTHER'S DAY!

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THE IMPORTANCE OF MOTHERS- It's impossible to miss Mother's Day even for those of us who no longer are fortunate enough to have them in our lives. Moms and Dads live on with us for our entire lives. I was blessed with two of the most wonderful people anyone could imagine. Last week I was testifying, as an expert, in a trial in Bergen County. During the cross, the attorney asked a question that I answered with a phrase of advice my Dad gave me many years ago. The attorney smiled and said, "You have a very smart Dad." Yes, I did. Apparently, the jury thought so also, as we won a very touch and go case that day.

So, let's take a moment and reflect to some of the words of wisdom our parents related to us which we probably never realized the importance and tremendous advice we were receiving when it was given to us. So, next Sunday take a few moments and reflect back and remember the invaluable advice your parents gave you. I bet it makes you realize how blessed you were and hopefully still are. Pick up the phone and call Mom or go see her and let her know and Pop too if you're lucky that you know they made you the success you are today. I bet you end up smiling all day and feeling just great.

NEED A LAUGH?- How is it some things are hilarious but not funny? A comedian once said (paraphrased) 'you know the country is in bad shape when we laugh at our politicians and take our comedians seriously'. And, that has become more right than ever before.

How's this for a laugh, school boards are taking the budget cuts seriously. They're ceasing after school activities and some sports programs. Right! Let's punish the kids for the lunacy of the so called educators and unions over the past years. Hey, many schools now have 4 principals or administrators doing the work of what one use do... and capably too. And, teachers work 180 days a year while the working world endures about 250 days. It's not their fault, it's the system. The U.S. now ranks 18th of the 36 industrial countries in secondary education. Only 75% of the students graduate on time while S. Korea has 93% on time graduation. According to the Peterson Institute of Economics in D. C. other countries have surpassed the U.S. in the past 20 years. Richard Freeman, an economics professor at Harvard said, it's not that we're doing horrible. But the other guys are moving faster. It's more than possible that our focus moved from education to sports and fat payrolls. We've lost sight of what school is intended to accomplish. Its primary purpose is to educate and then provide the athletics. If we don't change this country will never get back to its #1 position.

In order to maintain athletics at the pace everyone would like to see, a friend is attempting to blend Pop Warner Football with school ball. It's a great idea. Booster Clubs with parents help could pick up the loss of needed dollars by fund raisers, donations and the like. We need to pull together to allow the youth of today the opportunity to train themselves physically and mentally in team sports.

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SHORT SALES' RULES- The Feds via the Treasury's Home Affordable Foreclosure Alternatives program are intended to hasten the process of Short Sales. As you may know, Short Sales are a pre-foreclosure process through which sellers who can no longer make mortgage payments are permitted to sell their property for less than the amount remaining on the mortgage without any further payments due or owing. This position has been termed "underwater" or "upside down", either way it's not pleasant.

A seller under the new rules will be provided \$3,000 for moving expenses should the house be in reasonably decent condition. Unfortunately, a number of homeowners trash the house in retaliation to *whatever*. There is an agreement that needs to be signed within which the property owner agrees to list the property with a Real Estate Agency but the bank virtually stipulates the price via a property value assessment. The key here is that the word "appraisal" is not specific. The lender agrees to use someone to assist in the value determination. This brings up the problem with BPO's. Should an offer be made the lender has the right to accept or decline.

What's interesting about this is the case to which I referred on the 1st page of this newsletter had both these issues with which to deal. The lender permitted a short sale and then sued the appraiser for the difference of their net. In addition, the lender alleged that there was a BPO, but was unable to produce it.

The first problem was the short sale which was nearly 1/2 the value opined by the bank's expert albeit about 1 year later. The value was less than the value of the land without the house. It was obvious that the jury didn't accept that decision. The BPO allegedly performed was by the bank's testimony supportive of the short sale price but again without benefit of seeing the BPO there was no definitive proof of that statement.

The issue here is that the short sales are under the control of the lender and should be, but there should be a certified appraisal at the time to support the decision. Simply, ridding the books of a bad loan is not reasonable especially when a suit is then filed against the original appraiser for the difference. By the way, these conditions did not bode well with the jury. Their findings were very astute.

MARCH HOME SALES- There may finally be a breakthrough with the economy. Home sales rose 26.9 % in March over February, but don't get too excited since February sales were virtually the lowest in a long time. Re-sales overshadowed new home sales dramatically. Many believe this is a the result of a big push by buyers taking advantage of the federal tax incentives which expires this week. April will give us a better understanding of possible sustainability although the true measure shall be May after the tax incentive is no longer.

There is some concern that the political machine may keep incentives in the drawer until August and pull them back out in order to pump sales and public expectations of greater recovery prior to the mid term elections.

The other concern as to housing is employment. If that doesn't improve then the housing recovery will become dormant once again. So, there's more to housing than meets the eye. It's a mover in the economy but it is not individualistic by any means. It will create jobs and it does reflect the mood of the public but it can't exist if there isn't work. The proverbial chicken or the egg inference. For years many astute real estate people put forth the cognizance of real estate market activity. The question was, *who is most important the buyer or the seller in a transaction?* Smart money went with the buyer because without one there is no seller. The sheer law of numbers says there will always be housing for sale, the question is who can afford to buy them?

INVESTMENT OR FLIP?- In Ohio people are buying homes on the internet. Well, it appears that most are real estate investors. When they recognize a good sale they send someone to see the property to determine if it is a good rental property. Minimal work is the key. Badly damaged properties cut into returns when an investor wants a property to rent. The current property valuations are contrary to the "flip" which by the way isn't illegal when there are no hidden factors and / or fraud. It's simply good business. By the way there is no definitive definition of "handyman special" or "needs TLC" etc. These are terms used throughout the United States but they are not legal or can one set forth specific needs a property needs by merely the selection of the term used to describe a property in a listing or offer. Many of the internet buyers are from out of state, like New York and California, as the prices in Ohio are substantially less allowing investors to protect their investment dollars by sheer numbers. The greater number of properties for the same investment dollar is a safety net.