



# Realty & Valuation Newsletter

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## SUMMER IS OVER & HOLIDAYS START

BY

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**FORECLOSURE ACTIVITY-** The good news is that foreclosures year over year as of August of this year is better with fewer foreclosures. However, there is a very noticeable uptick in the new foreclosures which means all isn't as well as one would think. This is partly due to the shadow delinquencies and foreclosures which have not yet been dumped on the market. As of August 214 foreclosures, defaults, scheduled auctions and bank repos fell 9% to nearly 117,000 dwelling units.

However, the number of properties scheduled for foreclosure auctions was up about 1% or 51,000. The number always is more effective in making one understand the drama involved in the system. 51,000 families are losing their homes. When presented as such, it is much more dramatic and devastating. That number of people displaced is terrifying. We have a tendency to minimize damages by comparing to a much larger base. 51,000 homes is nothing when compared to all the homes in the United States. But to 51,000 families the occurrence is horrifying and emotionally and financially devastating. This was the first time in 44 months that there was an increase. In some states the foreclosure process was not through the courts. There is an increase of states which now have judicial foreclosures which hastens the action. The VP of RealtyTrac said it best, "...the messy business of cleaning up the distress lingering from the housing bust continues in many markets."

Those of us in New Jersey can add to our woes of being in New Jersey that it is in the top five states of most foreclosures. Those who ran to Florida, you have the distinct privilege of being number one (#1) on that list. In this past year Florida foreclosures jump 24% over the prior year. The top five are rounded out by Maryland, Georgia and Nevada. There's more to come so how safe was that Florida investment?

**MORTGAGE INSURERS-** The good news is that mortgage insurers like MGIC and Radian have released drops in claims in August as much as 27% and 39% respectively. It does show some stability in the financial stability of homeownership. This is a very positive outlook and in this writer's opinion is more reflective of the housing market than any of the other typically viewed indicators.

**5 REASONS WHY HOME SALES DON'T CLOSE-** It's easy to list reasons why a deal falls through but knowing why and how to avoid that end is imperative, so it can be avoided.

The first and most prominent reason for a dead deal is financing. No longer are lenders handing out mortgages to anyone and everyone. The loan requirements are extremely strict. So, seek pre-approved buyers only; and yes they can get pre-approval. Of course you can also require cash only buyers and in an upscale market that likely works but how many upscale markets are there, (rhetorical). So, that is not typically a good idea. By all means don't succumb to a contingency of "contingent on the sale of our home". Not a good idea! (**CONT'**)

Courtesy of

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**(CON'T)** Any contingency can be countered by a *24 hour kick-out clause* which allows you to maintain your home on the market and giving the contract buyer 24 hours to remove whatever contingency or void the contract. Another alleged cause of killed deals is “low appraisals”. Now, this is a real problem for me. Why you ask?? Because maybe it’s an over-sold price because the sellers got real bad advice. Now, many Realtors are coming to appraisers to appraise the property prior to the listing being in effect. This is excellent. There are Restricted Reports which can be written and performed in lesser time with less appraisal inclusions and at a lesser price. It’s wise for the Realtor who now is not solely responsible for establishing a reasonable asking price. And, that is the key, what is a *reasonable value*, not *the value*. Contrary to USPAP and all the government and quasi government lending authorities, there is no such thing as “Market Value”. There is only a reasonable Market Value. Appraisers are obligated to provide in most appraisals a specific Market Value and its ashamed because it truly doesn’t exist. So, professional valuation assistance prior to listing a property can result in a report indicating that “reasonable range” of Market Value. A great investment for the property owner, a wise decision by an astute real estate broker / salesperson and, yes, an income opportunity for an appraiser. We, as Amerival are experiencing more and more requests for this for mostly commercial properties. It should be a normal occurrence for residential properties also. If there is an appraisal less than reasonable value, it can be contested and you can seek compensation from the appraiser. Another often encountered deal killer is Home Inspections. Simply, if you are to sell, then order a home inspection yourself. Should a buyer retain another inspection company which finds problems missed in yours, you have another opportunity to recover a proved loss. Title Insurance is via a search performed by a title company with “searchers”. Believe me there are many cases of missed issues in a title via a survey or deed restriction or attorney errors. Also, make sure you have your title policy, survey and deed in hand for your review prior to the closing date. Unfortunately far too many attorneys give the policy and survey to the buyers at the closing. Hey, there are good attorneys and there are not so good attorneys. So, unless you have those documents in your hands to read and questions before the closing refuse to close. If you’re told by your attorney, not “to worry about that”, get her / him to write a note right then and there saying the same thing. Believe me, you’ll be thanking me for that tip.

Another often encountered problem is buyer’s remorse. Don’t go ballistic on the buyer as buying a home which requires moving all their belongings and their family is very stressful. There is little a seller can do to avoid this issue completely. But you can exercise discretion in saying yes to buyers who seem very hesitant or frightened don’t enter into the contract. It very well may be the *best money you never earned*. This is kind of wild, but go with your gut. If the deal feels wrong, it probably is. So, err on the side of caution.

**NEW HOME SALES-** In July new home sales in the United States fell by 5.7 % according to the Housing Industry Association. This is not good news as the results until that time were stronger and indicated at least a move upward housing market. Leading the housing market downtrend were sales of townhouses and semi-detached housing reflecting a 10.9 % decrease while detached single unit dwellings’ sales were down only by 4.7%. We also must consider that many areas in the United States are not prime for new construction at this time. The developed areas in the United States are the location for greater employment opportunities but have the least amount of vacant land which could serve as housing locations. So, it is not the costs as much as the demand and opportunity for new housing that controls the results and that market.

### ***SOME WORDS OF WIT FOR YOU TO PONDER-***

I am still determined to be cheerful and happy in whatever situation I may be, for I have also learned from experience that the greater part of our happiness or misery depends on our dispositions and not on our circumstances. *Prophetic words of Martha Washington.*

There are people who are always anticipating trouble, and in this way they manage to enjoy many sorrows that never really happen to them. Words of *Josh Billings*

You may be deceived if you trust too much, but you will live in torment unless you trust enough. Words of *Dr. Frank Crane.*

To expect to rule others by assuming a loud tone is like thinking oneself tall by putting on high heels. Words of *J. Petit-Senn*

The seminar heading is ***“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*. Yes. They are one in the same. 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.

Due to unexpected circumstances we were unable to go forward with the first presentation of this unique program. The response has been wonderful and we are looking forward to presenting this seminar.

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

Date: Saturday, October 18, 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](mailto: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.

This is likely the only open enrollment presentation this year, so make a good business decision and attend. We look forward to seeing you.