



Realty & Valuation Newsletter

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AMERIVAL

THE OSTRICH SYNDROME

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OSTRICH SYNDROME- As the photo in the upper left hand corner of this page indicates, putting one's head in the sand will not remove the danger or reality of life, as we all know. However, it allows the weak-kneed to at least remove the inevitable as a present recognizable threat. And, as we all know, eventually the head must be removed from the sand in order to breathe. So, eventually, we all have to face our fears which create extreme anxiety.

Last evening at a monthly meeting of the SPBA, Shore Professional Business Association, to which I belong, a round table discussion took place in which each member expressed his and her fears and apprehensions for their businesses. Then something wonderful happened. Everyone opened up and didn't feel the usual ego pressure of, 'I have to sound successful and nonchalant about the economic climate because I have to make everyone think I have it all figured out.' The presentations weren't fully cathartic but very revealing. And as each member spoke it became more apparent that there was a greater comfort level about expressing the truth of what they are experiencing in their respective businesses. Here are some of the understandings I learned from the meeting.

Our health insurance member, *John Tranchida, a VP of Van Dyke Group*, advised he is enjoying his best year yet. Not braggadocio because John is incapable of such demeanor. He explained the reason which is very insightful for many of us. Because of the fear of health insurance costs brought about by our government, businesses and individuals are not just sitting back and saying, "I'm content with the health plan I presently have." People and companies are afraid of health insurance costs upcoming and want to explore other avenues to assure themselves that they are in the best position to have good health care; and, now as important, affordable health care. Thus, the experienced and trusted health care specialists are seeing a large influx of potential clients. Those like John are able to demonstrate their exceptional ability to discern the best avenues of health insurance for their clientele. So, fear has created opportunity. John and others like him are proactive in reaching out to potential clients to provide the best opportunities of health care affordably.

Another member, *Tom Froehlich of Froehlich Financial*, a financial planning firm in Spring Lake, New Jersey, always has and continues to meet with minimally 3 present and / or prospective clients each week for either

breakfast or lunch to provide continued or new information or ideas which that person would find useful in their financial plan. In addition, Tom, the consummate professional has founded another company, American Executive Benefits which is targeting the CEO's, CFO's, etc. of corporate world to assist in sophisticated and complex vehicles for sound and growth oriented financial plans. It is far too deep for me to fathom and certainly write about here. The point is Tom has found another avenue to assure continued cash flow but not compensatory monies, rather new source income which is growing his business in this maligned economic time of which we read and listen daily. This man stands proudly of who he is and what he accomplishes each day. He doesn't quit; he keeps climbing.

Courtesy of

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Another member, *Brian Lundy, a web designer*, through introspection realized that he had to stop being uni-dimensional in his business practice. My first real professional boss, John Kokoszka, a very successful and insightful businessman with whom I still have a wonderful relationship after more years than either of us will admit, taught me that in order to foster growth and expansion, we must constantly challenge ourselves with what appears to be a simplistic question, but is far more complex. It was and is, "What business are we in?" When he first posed that question to me, I responded, "Candy business" (not glorious but it was a candy company). He said, "No! We're in the food service business." His point was when it is recognized that there are appendages to every business, the creative juices begin to flow and the parameters of possibilities are infinite.

Why the foregoing discussion? Brian Lundy did exactly that. He's a very creative designer of effective and eye catching web sites, but his vision stopped there. When he questioned what he could do to foster business growth, he opened his mind, took off the blinders and saw a whole new world of opportunity. He realized that his web designs were just that, a design, unidimensional. When he questioned the reason for the web sites, he recognized that he should be focusing on more than simply a design; he should be thinking in terms of bringing the web sites to life. Brian realized that the internet had new avenues of reaching out to the public, LinkedIn and Facebook and Twitter. He developed a program to tie all these opportunities together and increase his clients' markets dramatically. He is in demand today and rightfully so.

We have others in the SPBA and the stories can go on. But the intent is accomplished. I hope you see the benefit of expanded thinking. Contact Brian at 908-692-6852 and let him increase your business opportunity.

NEW HOME SALES FALL— Once again there is bad news for new home sales. July 2010 is now the record low in history (or at least since 1963) for new home sales. It is down 12.4% according to the Commerce Dept. How low can you go, is the question facing REALTORS throughout the United States? And the answer is wherever our misdirected government forces it to go. This is not political, just a fact. The economy is the moving force for the housing industry. Without jobs and without industrial and production growth there is no confidence. The public has learned it's lesson. Don't spend on "gonna gets" because they conceivably will never come. A lesson our government should learn. A lack of sales is only going to force developers to either forego projects, close them or just turn them over to the banks who then can cry "more losses" as they wallow in their pathetic interpretation of business people trying to deal with the problem. And of course they'll be blaming everyone except themselves. There will be an ongoing wave of more regulations, higher requirements for borrowing and greater penalties for those who can't meet the requisites already set and couldn't pay the penalties anyhow which starts the excuse cycle all over again.

EXISTING HOME SALES— Well if the new home sales stats weren't enough of depression try the existing home sales. The change from June of this year was (-) 27.2% for a seasonally adjusted annual rate of 3.83 million units. This is also down 25.5% from this month in 2009. This is for single family units. For all other residential units the number is down to levels of 1999 which is when they began tracking these stats. Any hope in the near future. Only if the feds re-institute the \$8,000 tax credit and the economy starts to really turn around, not just the empty words now known as the Biden Tongue. Once again, it does not take genius to know that nothing positive can happen until there is a resurgence of jobs and the economic indicators. The stock market dropped 102 points on the release of the housing figures.

HOUSING FINANCING— I was scolded a couple of years ago by a professional mortgage executive that I was too negative in my writing. Maybe now she'll understand why I was. If it is negative, then it has to be presented as such. I don't make the market movements and won't be a part of creating imaginary money fairies sprinkling gold throughout the US. If it ain't, it simply ain't! Freddie Mac announced their new rate for a 30 year fixed mortgage. It is 4.36% which is a record low. It was about 4.42 last month and a year ago it was 5.42%. Now, this clearly indicates that the mortgage rates are not the answer to our problem. It's the ability to repay and the stringent requirements to obtain mortgage loans.

Is there an answer. There just may be but it will take a government with more brass a Marine Corp. band; and, we don't have one of those now. A mortgage stimulus program aimed directly at the public. It is clear and pronounced from every involved business and agency that people need to buy housing, whether it be (con't)

(con't) new or existing. Why not go back to sub-prime lending? It created a deluge of sales and associated economic growth. The problem was there was no safety net. The U. S. government should provide that safety net by guaranteeing the equity factor which the purchasers can't afford to supply upon purchase. If each purchaser provided 5% equity at closing the government would assume 25% of a possible loss. An assumed loss is a paper loss, not out of pocket. So the tax payer is not on the hook for oriental borrowed funds to kick start this program. It's a known fact that home purchases created further spending which creates production which creates jobs and the cycle is once again working. With production and jobs the housing prices will rise and those able to take advantage of this mortgage stimulus will sell at a profit which removes the governments possible burden of the 25% equity and they now re-invest their earned funds into a new house in which the government will not have to subsidize. The banks now have no losses over which to fret; thus be able to maintain very affordable mortgage rates (forced by the feds) and this wonderful cycle of mortgage lending and housing movement can continue with all parties being safe and our economy thriving along with the public. Unemployment will be dramatically lower and those needing assistance of various sorts will very likely diminish also.

This is wishful thinking because it takes a government that has foresight and brass to bring this about. I think the American public would foster this recovery concept in a heartbeat. Do you?

ON THE BRIGHTER SIDE- From a Jewish friend the following is provided. Some of the more matured readers may remember and for the younger ones here's great humor without profanity and sexism. In the Jewish Alps better known as the Catskills many Jewish comedians became famous telling jokes as the following:

I just got back from a pleasure trip. I took my mother-in-law to the airport.

I've been in love with the same woman for 49 years! If my wife ever finds out, she'll kill me!

Someone stole all of my credit cards, but I'm not reporting it. The thief spends less than my wife.

My wife and I always hold hands. If I let go, she shops.

My wife and I went to a hotel where we got a waterbed. My wife called it the Dead Sea.

She was at the beauty shop for two hours. That was only for the estimate. She got a mudpack and looked great for two days. The, the mud fell off.

The doctor called Mrs. Cohen saying, "Mrs. Cohen, your check came back." Mrs. Cohen answered, "So did my arthritis!"

Doctor: "You'll live to be 60!" Patient: "I am 60!" Doctor: "See! What did I tell you?"

A recent study was made as to why Jewish women love Chinese food. The study revealed that Won Ton spelled backwards is Not Now!

Q. Why do Jewish mothers make great parole officers?

A. Because they never let anyone finish a sentence.

Q. What's a Jewish American Princess's favorite position?

A. Facing Bloomingdales.

A Jewish boy comes home from school and tells his mother he has a part in a play. She asks, "What part?" The boys says, "The Jewish husband." The mother scowls and says, "Go back and tell them you want a speaking part."

A bum walks up to a Jewish mother and says, "Lady, I haven't eaten in 3 days." She answers, "Force yourself."

Q. Why are Jewish men circumcised?

A. Because Jewish women don't like anything that isn't 20% off.

HAVE A GREAT SEPTEMBER!!!!!!!!!!!!!!