

Labor Day



Realty & Valuation Newsletter

September 15, 2010

AMERIVAL

Director:

Albert M. Cerone

Regional Appraisers

Dan Warthen, Jr.

Jay Jurasek

Russ Thompson

Dave Kaytes

Tim Hogan

THE END OF SUMMER

By

Albert M. Cerone, IFAS, FELLOW

SUMMER'S END-

I've often wondered if I was alone in these thoughts. As a youngster, I started a countdown the last week of August to the 1st day of school, which I dreaded. It wasn't bad enough to have already started football practice in intense heat and having every muscle debilitated from the exercise and physical contact, but to picture myself sitting in a classroom listening to some ol' stodgy teacher explain the importance of an unimportant historical fact or the virtues of doing algebra when I could be back on the beach worrying about nothing except what my family was making for dinner (which being Italian, you know had to be just GREAT!); and, the pretty girls I could meet. So each passing minute brought me closer to the dreaded den of where the forced feeding of dull superfluous information will take place under the guise that it will make me smart and successful. Seriously folks, when was the last time your income was dependent on what you know about the Peloponnesian War. The only people interested in that are those who are force feeding the kids of today, Chinese Warlords and the likes of Gen. George S. Patton. Just what we need are more bellicose people in this world! But enough of my childhood fears.

Dealing with a myriad of business people on a daily basis, I see this Summer which is about to become *history*, having been used as an excuse for slowing down; that the big bite taken from your income was not your fault; that you have always worked the way you have and it was more than sufficient. It doesn't matter how you explain it, you just needed an excuse to maintain your business dignity and not look in the mirror and point at the real culprit... YOU! Ladies and Gentlemen, that you includes me also. We've all done it. Maybe we're tired. Maybe because we have been at the top of our game, we can't believe there is anything further we can do to increase business. When John Kokoszka gave me my dinner time Harvard Business School classes (see last edition), he taught me that being a brand manager or marketing executive for a particular line of merchandise or food product, you will become ineffective. When an ad exec who has developed a brilliant campaign sits back and proudly announces that he has just completed the best ad campaign possible for a particular account, she / he no longer can be effective for that product or line, as she / he is convinced that the best has already been done. Hence, the ad company must re-assign that ad exec in order to get their monies worth. So, it's

time for you to reinvent yourselves. Or maybe it's time to bring in an associate or partner. Maybe it's time to expand your area of specialty or possibly take a hiatus from it and let someone else manage that area and you indulge yourself in another area you've always found interesting but couldn't make the time.

The one fact you must agree is that to do nothing is to accomplish *less*. The frustration you will create will lessen your ability to deal with the ongoing crises and repetitive format of your dealings. In short, you are destined to become your own worse enemy. Ladies and gentlemen, be proactive not reactive. Be bold, not timid. Mostly, be who you would want to hire to handle your business.

Courtesy of

Amerival

Tel. 732-286-3000

FAX 732-612-1400

**Email & Web
myappraiser@amerival.net**

http://www.amerival.net

OBAMA'S LAND GRAB-

Apparently, the Obama administration plans to have the federal government acquire millions of acres of private land even though it can't afford to maintain the land it already owns.

H. Sterling Burnett, a senior fellow with the National Center for Policy Analysis (NCPA), points out that the federal government already owns about one-third of the land in the United States, and in some states it owns more than half. He continues that millions of acres of government-owned land are lost to wildfires largely due to federal mismanagement. Somehow, the last sentence is rather difficult to accept. How does the government control wild fires, a result of natural actions.

The country's national parks suffer from a \$9 billion-plus backlog for repairs, maintenance and improvements, Burnett notes. "Our country was never meant to be a crown colony or federal estate, and in this economy, it hardly seems right to increase funding to the Land and Water Conservation Fund, which will be used to purchase private lands," Burnett says.

Acquiring more land is a "bad idea," and instead federal lands could be sold to the states, nonprofit groups or private companies, which could use them to generate revenue and help reduce the deficit, the NCPA suggests. And rather than have the Land and Water Conservation Fund spend money to buy new lands, the federal government could use the funds to improve and maintain the lands it already owns. Burnett makes an excellent point. Overall, the feds should let the states control their own lands and oversee those of private entities.

HOME BUILDERS' STOCKS UP?-

Surprisingly, Ryland Homes and KB Homes stocks rose up to 7% for Ryland and then settled to a lower increase. However, both stocks did rise. Rather odd when Ryland had a second quarter net loss of \$21.8 million down about 2/3's since 2009; and, KB saw a net loss of \$30.7 million but it was less than half their loss a year ago. Also, it is claimed they have \$1 billion in reserve.

But regardless, what could have prompted investor interest to drive the stocks upward? Some Wall Streeters think it may be a signal that housing has finally reached its bottom. Should that be an accurate assessment the old adage, "what goes up must come down" with the logical progression of that concept is on the verge of occurring. So, investors would respond with buys in anticipation of a rising stock prices and resulting profit.

However, there may be some other scenarios. Over the past year it was rumored that both companies are of acquisition interest to multi-layered corporations. A buy-out nearly always results in increased stock prices. Another scenario is that cost cutting steps taken by both are allowing them to continue operations and ride out this dead housing market. However, either way, it is very likely both companies will continue.... unless the feds do another stupid thing.. whatever that would be!

SUBPRIME AGAIN!- In the last edition I wrote about bringing subprime back. I received an email from one of the truly few mortgage executives I've the pleasure of knowing. Ms. Jackie Weed was VP of the Correspondent Division of Aegis Mortgage ranked 10th of the largest in the United States until the bottom dropping out beginning in 2006. Her division was profitable to the end. Ms. Weed is now heading up the establishment of a broker network and correspondent lending origination channel for Embrace Home Loans. The company has an excellent reputation and a goal of being totally consumer benefit oriented. Ms. Weed's goal is to bring the brand to a nationally recognized level and dramatically increasing the base of customers through the mortgage process with patience, professionalism and education.

Here's what she had to say about the subprime scenario. "Certainly these times have humbled many...myself included. I hope we can all learn from them. And, yes, I totally agree with the real subprime arena...the old days of the finance companies that provided a bridge for borrowers to get back on track and be eligible for conventional financing was positive and economically beneficial for the United States. I recently read an article whereby CitiFinancial indicated they will NOT exit the finance company business today, as they feel they can help people. Unfortunately, the government's involvement in the industry will harm many consumers, while stating they are helping them. Look at the new GFE. There isn't a person (consumer) *[Con't]*

[Con't] that can even begin to understand it. I had to work my way through it more than once. It is awful. Whatever, I am only hopeful that the government and all their involvement will still allow us to help borrowers that need it the most. Not for naught, but the jumbo mortgage borrowers aren't the ones that need help today. It is the regular Joe and Jill that need our help. “

The foregoing is the thought process and opinion of a very caring professional who is driven by her accomplishments as measured by those thousands she helped over her career. Not being discouraged Jackie Weed forges ahead looking for ways to feel good about what she does; and, that point of reference is measured as she sees the good she does for others. Ms. Weed listed me as a reference some time ago when she sought a new vehicle to work her incomparable professional magic. I was contacted and asked in a list of insipidly inane questions, ‘what is the one negative factor about Ms. Weed’s professional ability as an executive that you can provide.’. With a wry smile on my face I answered, “I’m glad you asked that question. Ms. Weed’s only fault as an executive is she cared too much for every person whom worked for her; and, she was not beyond shedding a tear for the borrower’s her team couldn’t help.”

ON THE LIGHTER SIDE- UNBELIEVABLE HEADLINES

Man Kills Self Before Killing Wife and Daughter

(believe it or not it’s possible if they were lined up ear to ear and he pulled the trigger)

Something Went Wrong in Jet Crash, Expert Says

(Ya think?!)

Police Begin Campaign to Run Dow Jaywalkers

(I guess if all else fails)

Miners Refuse to Work after Death

(Lazy Good For Nothings’)

Juvenile Court to Try Shooting Defendant

(If they miss, does he go free?)

Cold Wave Linked to Temperatures

(Why didn’t I think of that?)

Red Tape Holds Up New Bridges

(And I thought duct tape was the tape of choice)

New Study of Obesity Looks for Larger Test Group

(So, how fat is fate?)

Typhoon Rips Through Cemetery; Hundreds Dead

(Were you expecting re-birth?)