



In the Loop Realty Newsletter

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Amerival

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Businesses
Personality

IF Mc CAIN WINS OR OBAMA WINS.....

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...**YOU LOOSE**- It's sad that many Americans still don't realize that it doesn't matter who the president is because a president doesn't have the power that we were once led to believe. Yes, fortunately we do have checks and balances for major decisions for our country, but all checks and balance systems are "people" driven and these people are politically charged or they wouldn't have the positions they hold. Yes, go vote! I think it's the only right that government hasn't taken from us or impaired our control.

When you vote, pay more attention to the congress, senate and state and local politicians. Get the incumbents OUT! But, hey, thank God, that's still your choice, just express it at the polls.

SUB-PRIME MESS- Just when you thought you heard enough about it, there's more to be said.

On September 30, 1999, Steven A Holmes published the following in the New York Times. Its headline is "Fannie Mae Eases Credit to Aid Mortgage Lending". Following are excerpts without losing intended inter-

-pretation. ".....Fannie Mae, the nations biggest underwriter of home mortgages, has been under increasing pressure from the Clinton Administration to expand mortgage loans among low and moderate income people and felt pressure from stock holders to maintain its phenomenal growth in profits. In addition, banks, thrift institutions and mortgage companies have been pressing Fannie Mae to help them make more loans to so-called sub-prime borrowers. These borrowers whose incomes, credit ratings and savings are not good enough to qualify for conventional loans, can only get loans from finance companies that charge much higher interest rates-- anywhere from three to four percentage points higher than conventional loans..... In moving, even tentatively, into this new area of lending, Fannie Mae is taking on significantly more risk, which may not pose any difficulties during flush

economic times. But the government--subsidized corporation may run into trouble in an economic downturn, prompting a government rescue similar to that of the savings and loan industry in the 1980's. If they fail, the government will have to step up and bail them out the way it stepped up and bailed out the thrift industry."

The foregoing was just an excerpt of the article. Having been somewhat involved with the ongoings with subprime during its "run", virtually everyone within any of the systems knew it was wrong and there would be hell to pay later. However, the only concern during the \$\$\$\$ stupor was how much each person involved could make (not earn). Now, many are crying poverty and believe it "happened" to them. No, it didn't happen to them, they made it happen. And, their personal financial woes are nothing compared to the woes of the scammed public.

HOUSING- The housing data for September has just been released and it is worse than expected. Simply, the percentage of vacant residential dwellings in the United States is the lowest in the history of the US. Where are these people now living? It is suspected that many have moved in with family and sadly some are living out of their autos. If only, the banks that are crying for help had used their heads and simply arranged for part payments from these homeowners and allowed them to maintain their properties and keep them "off the market" which would have definitely helped stabilize housing values. Now, the American public owns most of those properties and we're not collecting rent either.

CONT

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REAL ESTATE BROKERS-

“Brokers” as defined in our last newsletter, “... Broker is what we are”. The real estate broker you want to trust is the one who is NOT telling you that business is great. Cause, it ain’t, folks! If one thinks that foreclosure sales are great, then that one is misguided and ill informed.

To date they have not figured out that plastering their tacky real estate signs all over the place is negative advertising; and, is precluding sellers’ from negotiating from any position of strength. Let’s see, if a prospective buyer sees a sea of real estate For Sale Signs it’s signaling a buyer’s feeding frenzy. DONT’ THEY GET IT?? That’s rhetorical, because they don’t. Applaud those private communities which ban all real estate signs. They figured it out. By the way, simple media advertising will create a three-fold benefit. First it will bring the serious buyers into a real estate office giving the agents a much better chance of retaining and selling to legitimate prospects, with much less wasted effort; secondly, it will create a friendlier and less stressful time for the hopeful sellers by not wasting their time and giving false hope; and thirdly, it will help curb the downward spiral of housing prices.

SCRAMBLE FOR LAS VEGAS!-

Do you remember the advertisements and TV commercials extolling the environmental virtues of Nevada? Not only can you live in upscale housing with all the amenities but you can gamble your life savings away at the same time. Well, all that glitters is not the “jackpot”. It is reported that 48% of all Nevada houses have negative equity positions. According to Jeff Thredgold, CSP, a self proclaimed Economic

Futurist, in a recent article, Nevada is at the weakest pace of economic performance in a generation. He believes this will continue well into next year. Well publicized is the fact that gaming in Nevada is also dramatically down. This is also true with Atlantic City’s gaming performance. It too is seeing significant downturns in tourism and casino income. This will unfortunately pass down to the New Jersey residents as state deficits increase due to the lesser gaming industry taxes.

TYPICAL HOUSING TWIST-

You may have seen the headlines, “New Home Sales Up!”. Yeah, well, that’s true, but they left out the rest of the statement which is critical. New home sales rose about 2.7% in September to a seasonally adjusted number of 464,000 units. However, the median price of a house fell to the lowest level in four year to \$218,400. So, everything comes down to price.... not necessarily value.

I have received an article from a friend and business associate, Rich McCabe which addressed some factors of the housing slump. It is true that the brunt of the present housing slump is via the media’s determination that it is attributable to the sub-prime disaster. Well, in fact it’s the sub-prime problem which brought the housing problem to the foreground for the media. For well over a year, the media has focused on “who” caused the problem which has now become a global one. Hey, here’s the simple answer, ignorance, arrogance, political agenda, patronage and of course let’s not forget greed. But the continuance of the problem is motorized by other

Factors. First, the economic and financial pundits keep comparing our present economic position to past events. They have yet to realize or at least admit, that the economic base today and its contributing impacts are not the same as what was in place “whenever then”. If you had a pain in your arm in 1960, the pain you have today in your right arm, can’t be presumed from the same condition. During the depression the vast majority of the people who owned houses, didn’t have mortgages. They paid cash even if it was from relatives. If they borrowed, it was with a local bank and banker who they knew and things were worked out. None of this does or can exist in the complex financial world we’ve created.

Over the years we’ve seen slumps in housing values and purchases for various causes, i.e., high interest rates, high fuel costs, tight money, high unemployment and/or overall recession. So, it is not for the pundits or media to tell us what has gone wrong. We know better than they do. We’re living it. Remember the vast majority of the pundits as well as our politicians are in a financial position that the turmoil of present economics has little measureable affect on their financial position, unlike so many Americans.

You see, it’s not change that this country needs, it’s honesty. Believe, this, you can’t provide all services and needs for all Americans and not raise taxes. How often will the American public allow itself to be fooled.

Tomorrow, vote your belief, it’s one of the few rights we have left.