



In the Loop Realty Newsletter

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STIMULUS OR STIMULI????

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STIMULUS OR STIMULI??? We wonder why the government can get us into these troubled time, but can't get us out. Well, for starters they should get the term correct. The "stimulus" bill by name says there's one focus, while in fact the only congruous factor is that it's money. Within this bill there are a myriad of focuses, thus the bill should be the *Stimuli Bill*. Yes, I know it's purely semantics.

THE HONEYMOON- "Dandy Don" Meredith, a former Dallas quarter back while doing the Monday Night Football games with Howard Cosell, would sing when the game was "in the bag" for a team, "Shut out the lights, the party is over.". Well, Mr. Prez, the campaign is over and you're in the 100 day grace period called "The Honeymoon". Unfortunately, your spouse (the American public) is souring on your "change" and "fix" rhetoric and your in-laws (political pundits of both parties) are screaming, insincere SOB".

You have yet to address the American public as to the breakout of the various Stim-

-uli and clearly set forth the intent of the monies being put forth for each focus. According to Democratic pundits, you've turned the whole Stimulus Bill over to the few ranking Democrats in the House and Senate and most of it to Nancy Pelosi. The pundits interpretation is that you have to give it to someone because you're in over your head. Now, readers, I believe whether it would be Obama, McCain or Howdy Doody, all would have to seek serious help from members of congress. But, at Least Howdy would go to Buffalo Bob and Mr. Bluster who are his advisors for direction. And then he'd put out the focus. Bet most of you don't even know who Howdy Doody is. On the serious side, the Stimulus Bill needs a table of contents for the public. It also needs a clear and concise Mission Statement. Neither have been provided to us, the American people. What should be the primary focus of the bill?

HOUSING- Housing is considered by many to be the main focus for recovery. In 1989 the congress passed FIRREA, Financial Institutions Reform, Recovery and Enforcement Act. The wording of it is that which is important. In order, *Reform, Recovery, Enforcement* which provided a clear understanding of not just what the bill was to accomplish but in the order that it was to be done. Congress was on the right track when they were demanding of the automakers a plan of "reform" before they would release any funds. If that was satisfactory then monies could be released but in portions, not lump sum. And last and likely most important is "enforcement". There has to be impartial review of company operations and finances. Then, there has to be consequences for improper handling of tax payers monies. Right now it is clear that the government under Obama is lost in a maze of confusion and with no

navigation system to guide them.

The Stimulus Package includes a tax credit for *new* house and American made car purchases. However, it is my understanding that it is for "first time home buyers only". Wow, that narrows the field down. And, it doesn't deal with the 2 million anticipated foreclosures this year on top of the 2 million vacant houses already on the market. Low interest rates and fallen housing prices have sparked some surge in sales. According to appraisers, however, the vast majority of the new appraisal surge is for refinancing which is a good thing for everyone.

Our Stimulus Bill doesn't mandate a freeze on calling due upcoming adjustable rate mortgages which is necessary to stem the tide.

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NEW HOUSE CONSTRUCTION-

It is my understanding that building companies are also looking to be part of the bail out via the new Stimulus package. CEO of Hovnanian who just received a nearly \$1 mln performance bonus with the stock dropping over 70% believes the rebound is within easy reach. Low interest rates, apparent bottomed out prices and a waiting consumer chomping at the bit are the reasons to believe all is about to be well.

Talk about a one sided or lopsided view. It clearly disregards the vacant foreclosed properties and those on their way to be vacant. The last thing this country needs is more new housing. If I'm not mistaken a fair amount of the bubble housing problem was due to over-priced new housing. The builders raped those seeking their dream of a new house and now are crying that they no longer have profits to fill their coffers. Hey how about the 7.6% of the working force being out of work. The unemployment checks are for bare necessities and nothing else. The January jobless claim is at 598,000 over the anticipated 525,000. The construction for new housing is the smallest part of the housing problem. The government should establish a priority list and here's a suggestion for them.

1. Freeze all mortgage rates on Adjustable mortgages at the point they are.
2. Preclude lenders from charging penalties and lost interest if the rate was to change completely, as long as the homeowner continues the original payment.
3. Compel banks to provide government mandated loan modifications to include the present value of the property as the starting point via independent appraisals.

4. Compel Freddie Mac and FNMA to abandon the HVCC regulation they are scheduled to put in place on May 1st of this year. This is a regulation which will force all lending companies excluding banks from having any contact with the appraiser. Appraisal Management Companies shall be the intermediary between lenders and appraisers. This will undoubtedly increase appraisal fees to the consumer, reduce earned fees to the appraisers and fill the pockets of these management companies, as which I said before will give review work to the inept. HVCC is Home Valuation Code of Conduct. Just what we need, a document that says what USPAP already says and the law has provided.
5. Expand the proposed tax credit for home purchasers to "all" home purchasers, not just "new" home purchasers. NHBA says it will result in the sale of 500,000 homes and create about 255,000 new jobs. Latest news is they may be cutting back the tax credit amount.
6. Pass the Bank Bailout quickly which will allow private equity funds, insurance companies and private investors to purchase the toxic assets (bad loans, etc) with a fed guarantee of a *no lower bottom than* clause to insure a safety net. Then banks and lenders can free up capital to invest into the private sector, homes, commercial buildings and modification loans.
7. Contrary to #5 initiate a moratorium on all new home construction as it's competition is the foreclosed & re-sale properties.

WORDS OF WIT- The following was sent by a good friend of ours who is a retired teacher, young and vital retiree, I must add. She and her husband, another retired teacher, who is in better shape than most 35 year olds are part of the reason we have some young adults so accomplished today. They took their positions seriously and with full concern for helping to form a better America. I wish we had more like them teaching today. This is not a political message, just one of socio-economics; and one, which we as the *American people should be aware.*

You cannot legislate the poor into freedom by legislating the wealthy out of freedom. What one person receives without working for, another person must work for without receiving. The government cannot give to anybody anything that the government does not first take from somebody else. When half of the people get the idea that they do not have to work because the other half is going to take care of them, and when the other half gets the idea that it does no good to work because somebody else is going to get what they work for, that my dear friend, is about the end of any nation. You cannot multiply wealth by dividing it."

- Dr. Adrian Rogers , 1931–2005

DID YOU KNOW?- What is the most consumed food in the United States? Pizza! We eat 350 slices per second. And that's just my family.

SAYINGS-

A bureaucrat is one who lives a make believe life of hustle and bustle, taking on the affectations that help sustain the illusion of power.