



In the Loop Realty Newsletter

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Amerival

Your One Stop
Valuation Center for
Real Estate
Businesses
Personality

THINGS ARE BETTER IN NEW JERSEY !

BY: Albert M. Cerone, IFAS, FELLOW

WOULD YOU BELIEVE??- Well, New Jersey according to an experienced banking / mortgage executive, Eric Hunt, of Best Option Mortgage in Florham Park, NJ, things are looking up. Truly, I'm sure we all wish it's from his mouth to God's ears. Hunt says that there's a plethora of "mini mansion" owners who are biting at the bit to reduce their upcoming rate increase on their ARMs. He stated, "one applicant is facing over an \$800 monthly increase in mortgage payment." All that is needed is the mortgage product for the flood gates to open. In New Jersey which has some of the highest property values in the US, there likely are many homeowners in this predicament. If the government can get FNMA and Freddie Mac and the FHA to raise the mortgage ceiling to accommodate this segment of the market, the economic light may well ignite. As of now, the House stimulus bill doesn't seem to include raising the mortgage ceiling up to \$730,000 for what's termed Jumbo

Loans. There are other factors such as the extension or non-extension of 13 weeks of unemployment and the amounts of the cash to segments of the population by May. Some believe that this is a bail out of the upper middle class and it's not what FNMA, Freddie Mac and HUD were created to do. Frankly, it doesn't matter if it's the upper lower class or middle-middle class or upper middle class that's hurting. They are all citizens and we better get them help. Contact your congress people and senators and tell them to adopt the Senate bill. It will help New Jerseyans much more than the House Bill. This incentive will help Realtors, real estate attorneys, appraisers, title companies, engineers and so many other professions and industry segments that contribute to this economy.

FED'S INTEREST RATE CUT- The FED rate was cut this week by 50 basis points. Of course the market reacted immediately and then rebounded to cool the fears. Does it really

NO! There will be some relief for mortgagors who are at the cusp of qualifying for new loans. However, if there is not a corresponding loosening of underwriting requirements, most of the in-trouble property owners can't qualify for a loan even if you drop the mortgage rate to 3%. The FEDs created a *Catch 22* by demanding much higher lending requirements which cut out the vast majority of the public that is in trouble; and then dropping the Fed rate to spur (?) the economy. It's like tying food at the end of a rope and hanging it beyond ones' ability to jump. It's there but you can't *really* have it.

SELLER'S BANE; BUYER'S BLESSING? I get a kick out of this. The arguments go on about is this a seller's market or buyer's market. Now that creates a quandary! No it doesn't. The vast majority of sellers become buyers. When times are great, people pay a "lot" for realty; and

then go and purchase another property also at the top of the market. A conversation last evening with a gentleman and professional was about this very phenomenon. If you sell in this market, you'll receive much less for your property than if you sold it 2 years ago. **SO!!** It's not 2 years ago, it's now. You'll sell for less than you would have hoped but you'll buy for less than you expected. It's a % wash in most cases.

Another case involves a friend who is realizing that rather than selling his house it's worth keeping, as the costs will be a reinvestment in the property which will provide necessary shelter and location and it will return any ancillary costs (he considers) upon sale in the following up market; which will come. *(Con't)*

Courtesy of

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ALL APPRAISERS ARE NOT EQUAL- I'm often asked why I don't take more advantage of this newsletter to promote what **Amerival** really is. For some reason it is awkward, as it's like blowing your own horn, but now it's time to make the exception. From the realty valuation side of business *we provide honest non-biased realty appraisals. This is our only driving force for our work; and, we're proud of it.* For over 15 years I have specialized in professional liability work. When appraisers are sued for alleged wrongdoings, we represent the liability carriers or them in an attempt to defend their actions or at least mitigate. We, as expert witnesses will not compromise our reputation and credibility by changing opinions depending on client needs. This specialty doesn't allow valuation reports without proofs of all value considerations utilized. We have not changed our name to appear "new" or "different" from who we were. We are not just entering the field of forensic valuation; we have helped define and design it. A myriad of realty appraisers and appraisal groups desperate for work are attempting to practice in this very specialized field of forensic valuation without first having worked with an experienced firm. The question is: *do you as professionals want to be responsible for engaging under-qualified experts to support their learning curve?* Our clients are long term clients. Yes, we want to experience growth also, but only with the best in the various fields of consulting, legal, accounting, investment and banking.

In a recent case the expert was described by the judge in his decision as far too enthusiastic in his presentation and far too ill-prepared to be accepted as an expert. **"OUCH!!!"**

Whether **Amerival** is preparing an appraisal for a matrimonial, corporate buy-out, bankruptcy, estate filing, mortgaging or for any other reason, our reports are complete and credible.

In another matter, an expert was correct in the value conclusion but his inability to defend the report brought a decision contrary to the interest of his client. The expert on the other side supplied well planned proofs and albeit in error of value appeared a more credible and better appraiser. This is not uncommon in valuation cases. Many of our clients are excellent attorneys or accountants but not good appraisal experts, thus, depending on their expert is typically sound practice. We also provide consulting for other professionals to assist in their understanding of a matter and the process and techniques necessary to arrive at a supportable and defensible valuation or property use conclusion. An example; a client asks for a market value report for an office building. When presented with the report, they are alarmed at the low value. It was explained to them that they requested market value. However, the client was seeking to include the charges for additional services their business center was to offer as property rental income. That income is not part of typical property rent and therefore not imputable to property value. We at Amerival when provided the necessary information, can provide guidance in so many ways to assure our clients success in whatever matter they are involved.

ON THE LIGHT SIDE- Happiness is a choice. And it's hard work. Happiness turns out to be a worthwhile pursuit. In a review

of more than 200 studies Sonya Lyubomirsky in her book, "The How of Happiness: A Scientific Approach to Getting the Life You Want," says along with her colleagues that happier people make more money, are physically healthier, have stronger immune systems, are more creative and productive at work, have more friends, and are more likely to get married. They even live longer than their gloomy peers. So, the solution for all is to keep smiling, keep planning the fun things in your life and if you have youngsters in your family, spend as much time with them as possible because a child's uninhibited antics are sure to make you laugh and smile.

ONE ON ONE BUSINESS

MODEL- Rich McCabe, our mortgage financing guru sends a newsletter which has the topic I just cited. The advice is excellent. It says that that the authors of a book titled "The One to One Future" are cited as coining the phrase, "one to one marketing". The article is great and I'll expound, but to attempt to make one believe that the authors developed this concept is absurd. This concept has been around since the early 1960's and I have a book to prove it. Self-proclamation is shallow but better than self-importance. It is said that although 80 % of the public use the internet to find information or businesses that will help them, business people need to have "one on one" (sound familiar?) contact with possible new clients in order to increase the chances of business opportunities. People need to associate a face to a name and be able to develop a comfort level with the people with whom they choose to do business. So, make an appointment and **SMILE!!!!**