



In the Loop Realty Newsletter

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Amerival

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Personality

PUBLIC BEWARE.....

BY: Albert M. Cerone, IFAS, FELLOW

CONGRESS WANTS TO HELP YOU AGAIN!!!!

Before I begin, have I told you of the saying I have for Congress? "Congress is where the inept practice retirement." That use to get laughs at my seminars, but now it's not so funny. Congress is trying to pass legislation to license mortgage brokers and lenders. They intend to create basic minimum standards for states to utilize to protect consumers. Oh, this means those who work for banks will also have to be licensed, hence the word, "lenders" above.

They did this with the appraisers in 1991. You know what it accomplished...it kept the honest appraisers honest and the crooks more conniving. This is nothing more than another "Big Brother" move which will create another *paid* federal commission or committee and paid state agencies to monitor and enforce the loosely interpreted legislation. Now, of course this movement is spearheaded by Senators Feinstein and Martinez, respectively representing

California and Florida. And, what two states were worst hit by the sub-prime debacle? You guessed it. So, now *all* states will be budgeting for the new agency should the bill be passed.

By the way, the legislation will require licensing for all lenders who must not have any felony convictions, no similar license revocation, demonstrate a record of financial responsibility (Wow! What law suits for economic rights), meet minimum net worth for bonding (a Mercedes in the driveway and an Armani suit should do it). Of course they will have to complete a 20 hour course to include a 3 hour federal lending law portion plus a 4 hour ethics class and pass the exams. I can't wait until they target used care salespeople.

MILITARY PERSONNEL WERE TARGETED- An investigation by military and federal authorities has discovered that while foreclosures have risen by 59% for the 1st quarter 2008 within the US, foreclosures for military personnel

situated near military bases across the country have risen by 217%. Do you think a 4 hour ethics class would have made a difference?

Clearly it indicates that military personnel were targeted by unscrupulous mortgage lenders. So you think license fees will scare off the crooks? The follow-up to this road to consumer safety is the licensees will then likely have to obtain Liability Insurance, just like the appraisers must do now. So, when all this happens, the cost is passed on to the consumer and you'll still have crooks and the *good guys* will be paying the price for them.

APPRAISER IDENTITY THEFT- Over the past several years, the quest for quick turn-around time by lenders for appraisal submissions created intense demand for transmission of appraisals via the internet as the primary delivery system. Unfortunately, unsuspecting appraisers were giving small appraisal firms for whom

they were working their digitized signatures. You guessed it. Some of the individuals at those firms have been using those signatures or selling them to others to use. These thieves will provide appraisals that are unsupported but help make loans for those lenders who may be unaware or just don't care. You see, The most recent case brought to my attention was about 2 hours ago. I received the call seeking my advice, as I specialize in appraiser's professional liability matters. I referred the appraiser to Thomas Harley, Esq. in Newark who also specializes in appraiser liability cases. This appraiser will have to spend considerable money to prove his position and avoid liability. If the culprits who did this go to jail,

CON'T

Courtesy of

Amerival

Tel. 732-286-3000

FAX 732-612-1400

Email & Web
myappraiser@amerival.net

<http://www.amerival.net>

the best message will then be sent to the other crooks.

I'M SORRY!! - Amid all the "I'm sorry's" (Rachel Ray's scarf looking as those of extreme Muslims, Sharon Stone's karma comment about the earthquake deaths in China, Hillary Clinton's about the murder of RFK, this one is well you decide. Jimmy Cayne, who stepped down as CEO of Bear Stearns in January apologized to staff and shareholders this past week saying, "I personally apologize. I'm sorry. Words can't describe the feelings that I feel." The response of the filled auditorium, was a din of silence. To put dimension to the Bear Stearns fiasco of operations the stock was at \$173 January 2007 and was bought by JP Morgan at \$10. And, he thinks he's sorry. He's one of the ones who were overpaid to allow this incredible sink hole which also created a job losses for 14,000 employees of which fortunately 6,000 were offered positions at JP Morgan.

COMPTROLLER OF THE CURRENCY AGAINST APPRAISAL PLAN- John Dugan, Comptroller of the Currency issued a memo about the Andrew Como, NY Attorney General and Fannie Mae and Freddie Mac proposed rules to govern mortgage appraisal procedures. This plan advocates the use of AMC's (Appraisal Management Companies) as the catalyst for disseminating appraisal work throughout the US. These are the companies which charge excessive appraisal fees to their clients which are paid by the unsuspecting public. They then pay the appraisers less than they would earn if they worked direct to lenders. Another brilliant financial decision by the lending community and now the government. Let's line some more pockets with gold while the American public pays for it.

Mr. Dugan asserts that first the rules are contrary to federal law, saying, "*The code would impose a dramatically different new set of operational standards for appraisal practices on a national scale that would conflict with and effectively supersede the comprehensive federal scheme established by Congress.*"

The new code being submitted to the Office of Housing and Enterprise Oversight agency would prevent bank employees from ordering appraisals directly from appraisers who have served their locales well as well as their customer base; and, it would bar all lenders from using appraisals that were ordered by mortgage brokers.

Sounds like it's not so bad except it puts the entire mortgage system in the hands of profiteering companies who prey on weak appraisers. The vast majority of appraisers who work for these management companies are not the stronger appraisers. They have a need to earn and that is the sole drive they have... and, this is not a denigration of these people. If they had to measure to the standards of the good appraisers via open market competition, they would likely seek to work with the pros and then at some time they would be prepared to work on their own when they are true professionals. Isn't that how our country became great?

The solution to this whole problem is to go back to basics. Let the appraisers be their own bosses and work for clients by proof of that which they do, the best and most reliable valuations. If lenders are truly so well informed today and are honest, then they will seek honest professional appraisers and

they will put safeguards in place in their own companies to assure that no personnel are attempting to manipulate for any reason the result of the appraisals for lending. Let the National Association of Independent Fee Appraisers, the American Society of Appraisers and The American Institute of Appraisers and others take over the training and all course work. They did a great job in the 1970's, 80's and early 90's. Their instructors were accomplished appraisers who saw instructing as an augmentation to their professional appraisal practice.

ATTORNEY ADVICE- This is via an email I received and I believe it well worth passing on.

1. When receiving a new credit card don't sign the back. Instead print '**PHOTO ID REQUIRED**'
2. When writing a check to pay for your credit card balance, only print the last four digits of the card number, that's all the credit card company needs.
3. Never put your home phone on any correspondence. Use your work phone number or your spouses work phone.
4. Photo copy both sides of all credit, insurance and other cards of identification. Keep in a safe place in case your wallet or purse is stolen.
5. When travelling abroad, copy the 1st page of your passport and other identification and cards you have with you. Make copies and hide within different suitcases. Have with you the telephone numbers of the 3 national credit reporting organizations and contact them to notify you immediately of any applications for credit in your name.