



In the Loop Realty Newsletter

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Amerival

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Personality

HOW RICH IS RICH????

BY: Albert M. Cerone, IFAS, FELLOW

UNBELIEVABLE RICHES!! You must keep reading to see the undeniable "riches" that exist. You won't be disappointed. *I promise!!!*

DEMOCRAT, REPUBLICAN??? It doesn't matter. You gotta love the following:



"We, in Ireland, can't figure why Americans are bothering to hold an election in the US this year.

On one side, you have a pants wearing lawyer, married to a lawyer who can't keep his pants on, and who just lost a long & heated primary against a lawyer who goes to the wrong church and is married to another lawyer who doesn't even like the US.

Now...on the other side, you have a nice old war hero whose name starts with the appropriate "Mc".

He's married to a good looking younger woman who owns a beer distributorship.

What in the Lord's name, are you lads thinking over there in the colonies????

You gotta just love those Irish!

FANNIE & FREDDIE FEAR OF INSOLVENCY-

Wm. Poole, former president of the St. Louis Federal Reserve stated this week that these Gov't Sponsored Enterprises (GSE) are nearly insolvent and the US government may have to bail them out.

At opening bell on Friday last FNMA opened down \$6.20 to \$6.92 while Freddie lost \$3.18 down to \$4.03.

Bush is allegedly planning to place both in a conservatorship which would make their stocks virtually valueless; at the full expense of the US taxpayers.

Between the two they either own or guarantee over \$9.3 trillion in loans. Only the head of the OFHEO can dictate the conservatorship.

The conservatorship can operate the businesses but it doesn't have the authority to close them. Frankly, an overhaul of both is long overdue. They have dictated terms, conditions and all reporting procedures for mortgage lending. And, if the rest of their dictates and intents are anything like that which was put forth at an appraisal conference two years ago, it's no wonder how this has come apart at the seams. When this writer personally challenged the presenter about changes to the appraisal report forms, the response was "we have to serve our clients not the appraisers". Their clients? Yes, the lenders from whom they buy loans. So, we have the tail wagging the dog, don't we?

Over this past weekend Treasury Secretary Henry M. Paulson met with the head of the New York Federal Reserve Bank and executives of Wall Street firms to discuss the degree and depth of assistance the feds may offer.

However, it is reported that Fannie & Freddie are well capitalized to negotiate through their typical mortgage purchases while absorbing further losses Unfortunately, the publishing of financial woes of Fannie and Freddie, much like that which Sen. Chuck Schumer of NY did with his comments about the financial bleeding of IndyMac which created the "run" may be behind this federal scurrying.

Based on the marathon meetings, Sec. of the Treasury Paulson advised that there is no intent to bail Fannie and Freddie out as there is no reason for a bailout. Supposedly, the fed's intent is to sure up the mortgage giants *in case* they need help. Makes you wonder, if the GSE's don't need help then why be so public with the talk and

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marathon weekend meetings?
We'll have to wait and see what happens.

An educated guess is that the media is creating much of the problem. The overwhelming attention that it has given Fannie & Freddie brings it to the foreground of the public, investors and foreign entities. Yes, the stock of the two GSE's did take a nose dive and it may be in anticipation of a greater number of foreclosures.

I just spoke with the president of Best Option Mortgage Corp. in Florham Park, NJ. We agreed that much of this foreclosure debacle and housing value decline could have been avoided if all the major lenders extended the ARMS loans for another 3 years. This would have saved a great number of the foreclosures and preserved much of the real estate values throughout the US. This could be done now and the anticipatory "waiting for the next shoe to drop" would be non-existent. At the end of 3 years, there likely would have been the market value upswing for housing and so many of these people who have lost or are about to lose their houses would be whole.

Instead of doing the foregoing and truly helping the American public, the lending industry including Fannie & Freddie have brought home lending to a screeching halt. The typical statements are "rates are still good".. So what! When they've raised the standards for credit worthiness well past that which those who are in dire need of re-financing because of loans called due can meet, the rate is moot. The press citing that loans are still affordable have neglected to let the general public know that it's affordability via credit conditions and not rates is the real the problem.

All the feds have to do now to get the housing market back in swing and stop the pressure on Fannie and Freddie and lending institutions is to mandate a moratorium on all loans being called due which have less than 2—3 years remaining term.

INDYMAC FOLDS IT'S TENT— Effective July 8th Indymac, the holding company of IndyMac Bank, the 7th largest S & L in the US, which is the 2nd largest mortgage lender in the US is closing it's retail and wholesale divisions. Yes, they have worked a deal to sell these arms subsequent to the announcement of closing them down. They can't absorb the losses any longer and you can guarantee they are selling short as no company just buys shortfalls. Of course layoffs are expected regardless of the sale.

IndyMac and Fannie & Freddie face the same troubles. Raising capital with anticipated losses atop those already absorbed is nearly a "no go". Their credit ratings are devastated. Foreign concerns are not readily stepping up to the plate as many are facing their own financial downtrends and the US economy appears to offer no relief from profuse bleeding of dollars from mortgage backed securities.

There are reports that there are 90 other banks being watched carefully by the FDIC as possible take-overs also. Ironically, IndyMac wasn't on the FDIC watch list.

The best advice I've heard to insure the American public no further debacles such as that we are seeing is to vote every incumbent in the congress out of office. To date they've proved they are not capable of managing our money, providing safety and affording us the rights which we have been guaranteed. What is the real problem in this country, **POLITICIANS** and who said curses are only 4 letter words.

POLITICAL CORRECTNESS— The government is so taken with non-discrimination and proper terms the following is sure to become reality.

Hillbillies will now be referred to as "*Appalachian Americans*."

A man does not get lost while driving any longer, he simply "Investigates Alternative *Destinations*."

A man is no longer balding, he is in "*follicle regression*"

A man is no longer a "total ass", he develops a case of "rectal-cranial inversion".

A man no longer has a beer gut, he has developed a "*liquid grain storage facility*"

TRUE LIFE QUIPS!

There are two sides to every divorce: Yours and the Moron's.

The closest I got to a 4.0 in college was my blood alcohol level.

Money can't buy happiness but it sure makes misery easier to live with.

If flying is so safe then why do they call the airport, the terminal.

I don't approve of political jokes because I've seen too many of them get elected.

I asked my wife why she wanted to marry me. She said,, "I finally found someone I wanted to annoy for the rest of my life."

I am a nobody; nobody is perfect and therefore, I am perfect.

Marriage changes passion...suddenly you're in bed with a relative.



Well, do you have any idea where you can find these all beachfront dwellings with swim pools, etc?

Dubai in the United Arab Emirate. The locale is known as Palm Jumeriah.

These dwellings hover around 7,000 + + square feet and the starting price is about \$6.5 million. They are situated on 13,000 +/- square foot sites which cannot be owned by foreigners, thus all are leased but without expiration.



Dubai will be the location for the tallest building in the world with completion expected in several months.. There are many foreign property owners but the Dubai business community is represented in the ownership of these magnificent second homes. However, of the 1.4 million population only 17% are UAE nationals. The rest are expatriates from Pakistan, Bangladeshi, India and Sri Lanka. Now you know where the wealthy go while their populations starve.

16% of the population or about 300,000 people are classified as laborers and live in special accommodations for them.



Dubai Construction Update
Imre Solt - 2007 ©

Well we know that oil is doing well for many of the inhabitants and money laundering and hiding is a great business there. Most of its income is attributable to tourism for the very wealthy.

We should plan a road trip to here. Yeah! Right!

HAVE A GREAT WEEK!!!