



In the Loop Realty Newsletter

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Amerival

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Personality

I CAN'T SAY IT BETTER !!!!

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US BUDGET DEFICIT FOR 2008– We shall be \$410 billion further in the hole. The deficit is rising from \$162 billion in 2007. In all we are, as of today, about \$9 trillion 600 billion in debt. Since September 28, 2007, the national debt has risen **1.93 billion dollars each day**. By the way *your* share of the debt as of today is \$31,791.38. That's for every living person in the country as of today. I'm glad my kids are out of the house. *I wonder if they take American Express?*

FANNIE MAE & FREDDIE MAC– This is the news of the year if not the century, albeit a very young one. Well, the GSE's finally are taken down. Thankfully, GSE stands for Government

Sponsored Enterprises, and not Government "Secured".... However, it is questionable if the Secretary of the Treasury, Paulson, didn't bite off more than the US taxpayer can chew. A conservatorship is what the arrangement is termed. Today, it's just another term which is so loosely defined it could represent the gamut of possibilities. The funds needed range from \$20 million to \$200 million.

Overall experts agree mostly that mortgage rates will go lower. However, the real question is will the "requirements" for mortgaging become more lax. If not, the rate is nearly unimportant in the scheme of mortgage financing. The home purchases waiting to buy must be able to buy.

The guidelines for mortgage purchases credit are the preclusions to allowing the housing market to loosen. There is some word on the street that the tighter requirements may be mellowed in order to move the housing market along.

BREAKING NEWS!!!

Apparently someone may have read this newsletter. Several issues ago I said, as just stated, unless they remove the incredible credit requirements nothing will happen with housing. Well, now it's openly being discussed to reduce the restrictions. You see, getting the economy to rebound is more important than continuing the cycle all over again. Actually, hopefully this time it will be

with greater caution. There can be a relaxed credit requirement if they remove the mortgage brokers who are like used car salespeople (no offense, there are some honest ones). Then you have to remove the real estate brokers who measure their profession by \$ commissions. Of course, there are also the ignorant and arrogant appraisers whose challenge is only to appraise 30 houses a week (which can't be done and shouldn't be done). Now, that we've cleaned out the entire circle of mortgage lending, we should just throw all the money into a well and let the public come and take what they need..... *OH!*, that's what they were doing for the 3 years prior to the crash. I guess it's really true, that history repeats itself.

CON'T

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LEHMAN BROTHERS, MERRILL LYNCH & AIG- Well, you have to wonder just how bad the economy (world) is when two of the foremost financial giants are collapsing. Bank of America was negotiating to buy Lehman Brothers yesterday, the 14th. They picked up their checkbook when they realized there was no help from the feds forthcoming and walked or ran over to Merrill Lynch and wrote a check for \$60 billion. Likely a smart move because they avoided the noise from the Asian markets and it beat the opening bell for the Wall Street investors. Thus far there have been 65,000 jobs lost in the financial sector this year. It is anticipated that an additional 34,000 will be cut by years end. So much for the 26 year old millionaires on the Street who peaked long before their time.

Now we must deal with the AIG dilemma. It must raise at least \$70 billion in loans. It's nearly unfathomable that an infusion of \$20 billion is absolutely necessary to allow it to pay its every day operational expenses for a limited time. The feds are permitting it to dip into its life insurance funds for the \$20 billion...ouch and what happens if it does fail? J.P. Morgan and Goldman Sachs have been asked by the feds to arrange \$75 billion in loans. Gov. Paterson is asking the feds to help NY State which is preparing to provide financial assistance as it appears all private sources have dried up. AIG has a \$6 billion dollar deficit. It is the largest insurer in the world with 100,000 employees and \$1 trillion in assets. NY & NJ are working hand-in-hand to develop a plan to help the soon to be unemployed primarily from Lehman Bros. and now AIG which will have to lay off just to assist in helping itself. Could be 1,000s between NY & NJ.

HIGH END REAL ESTATE- For those who don't travel in the high end real estate marketplace, it's starting value is \$5 million. Now the most expensive high end property presently on the market is the Randolph Hearst estate with a price tag of \$165 million. Next is Trump's Palm Beach estate at \$125 million. This estate is 62,000 square feet. If you need to have perspective, the living area if one level would totally cover 1.42 acres. According to the statistics high end housing rose 31 % from 2006 to 2007. As is said, "and the rich get richer".

LOW END REAL ESTATE- Academicians will likely say that if the high end is \$5mil + then all under is low end. Not in the real world! Low end housing hovers around somewhat less than \$100m and up to \$200m but that is nebulous also as the determination is predicated on the point of comparison. Keeping it simple, Florida, Louisiana and Mississippi have a plethora of low end housing valued properties (not low end units). For those of you who want to invest, it is a great investment to pick up several properties. If you select condos as your target units, buy at least two in a project. If you are buying more than two, don't buy all in the same town let alone project. To cover yourself for possible later loss, it's wise not to "put all your eggs in one basket". Stay out of the way of hurricane alley and areas that experience flooding. Leave these properties to the misguided poor souls who suckered first. If you are looking at condos, coops or gated communities make sure you find out if the developer is still in control of the owners' association. If so, steer clear. Also, don't buy in any project in which there are still vacant sites. As the economy changes the developers

will be right back to continue their building and they will definitely sell for less than which you will be willing to sell? Good luck in your hunt. If you need assistance, give us a call. We have contacts across the country. Of all the times in the past, never has it been more necessary to hire an objective appraiser. Do not rely on the real estate brokers alone. Some will be excellent, but this is like a doctor's second opinion. You worked hard for what you have, don't be reckless with the investment. The last real estate genius from Ocean County who thought he knew more about real estate than virtually anyone, got scammed in Florida and lost everything. Don't you be as foolish.

With all the bad news circling, here's a few lighter thoughts.

UPBEAT QUOTES-

Discipline is the bridge between goals and accomplishments.
By Jim Rohn

Feedback is the breakfast of champions. By Rick Tate

Dig the well before you are thirsty.
Old Chinese Proverb

Sometimes the best helping hand is a good push. By Joann Thomas

Failure is simply the opportunity to begin again more intelligently. By Henry Ford

My Favorite:

The bad news is time flies. The good news is you're the pilot. By Michael Altshuler

HAVE A GREAT WEEK!!!