



In the Loop Realty Newsletter

April 1, 2007 Issue

Amerival

Your One Stop
Valuation Center

ASAP!! FIST!! LUST!!

by: Albert M. Cerone, IFAS, FELLOW

ACRONYMS!!!!

I bet you thought "ASAP" meant *as soon as possible* and "FIST" was a movie. Well, you're wrong. Government has finally gone over the top with acronyms. The agencies, plans, bills, etc. are so complex that no one can deal with the names. So, acronyms are employed, except no one knows what they mean any more. "ASAP" is *Automated Standard Application for Payments* and "FIST" is a movie but to our government means *Facilities Instructions Standards and Techniques* (fr. Interior Dept.) and, "LUST" is *Leaking Underground Storage Tanks* (fr. EPA). If the latter didn't destroy your libido, your safe for the rest of your life.

REAL ESTATE

FRAUDS! The housing boom led to sham mortgages and incredible fraud schemes. In Atlanta, Ga. A real slick operator preyed on the

rich and prominent, attorneys business people and political figures. Phillip Hill lured these "I'm rich and famous" to his mansion (bought on huge credit lines) down the street from the Governor's mansion and Gave them a get *richer* quick scheme of borrowing their credit to finance real estate development and investments. He gave those who signed up immediately a check for \$10,000 (yeah, it was good). He then used their credit to acquire properties which he then was able to over-state the worth of each and kept borrowing and selling to straw borrowers, etc. All of the "good credit investors" have been put into bankruptcy. There revenge, Hill is going to jail...a small stipend for losing your reputation and life. Moral of the story, you ain't as smart as you think This scam was one of two which are known as "fraud for housing" which is when one lies on a mortgage

application to get into a house they truly couldn't afford; and, the other is "fraud for profit" which speaks to itself. Caveat emptor!!!

A once prominent Ocean County attorney who was seen as the guru of real estate deals, lost nearly everything because he was blinded by his pomposity. What a rude awakening!!

HOUSING SLUMP IN NEW JERSEY— Yes, Virginia, there is a housing slump in New Jersey and in most of the states in the U.S. The billionaire plus governor, Corzine is proposing NJ lease the NJ Turnpike and lottery system to plug the \$2.5 billion shortfall by 2008. That's got to be a great sell. Let's see, it's simply the present worth of a future benefit.. So, sell short, lose annual income to cover a prior debt. If the leak ain't fixed NJ will continue annual debts. So, where are the New Jersey residents? Mortgaging the future is commonplace in

NJ. Congrats to Corzine and our senate and assembly for another job well done!

You say, what does this have to do with real estate. Everything, folks! The property tax structure in NJ is ever increasing the demands on property owners. As property taxes increase, property values historically decrease. So, the public sell off by the NJ government will do little to solve the ongoing robust governmental spending spree. We'll only be worse off and our property values will continue to decline.

There is a solution, however. Privatize school systems. As the NJ taxpayers property tax bite is about 62% of the total, there's got to be a lot of money in it when some principals are on the pay roles for \$140,000 and the

Courtesy of

Amerival

Tel. 732-286-3000

FAX 732-286-3187

Email:
myappraiser@amerival.net

Web: <http://amerival.net>

School Superintendent of Dover Twp., NJ earns nearly \$400,000 annually. Talk about a need for an investigation!

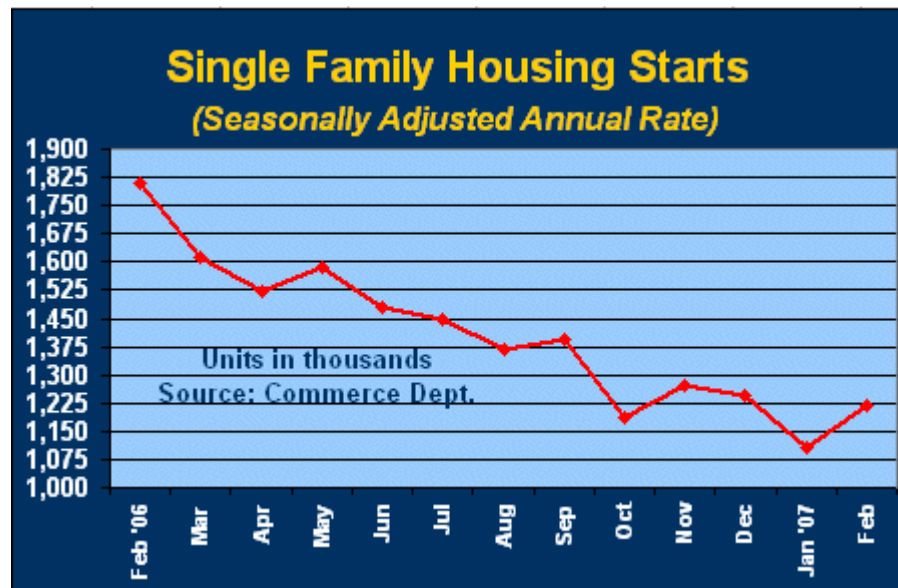
FRACTIONAL OWNERSHIP- also known as shared ownership. This is a 4 year old concept put in place by very high end hotel chains. It is *not* time share, which typically has a termination date of rights of usage. The Ritz-Carlton, Marriott and Starwood Resorts offer units in their hotels for an 8th, 12th or whatever they deem appropriate for any property. In Colorado where this concept does well a 3 bedroom unit can sell for \$300,000 for a 1/12th interest which somehow is only for a 3 week period. However, the entire concept is for the wealthy who can't or don't want to spend \$3 million for the acquisition of a similar serving unit in the locale in which they want to locate. This concept is doing OK in the very upscale locales but not doing well in Florida where projects are being cancelled and sales are quite poor. It seems as if the concept just like no interest no down loans was made for sophisticated investors is now being offered to the less than sophisticated vacationer. Right, the results will also be tragic for the unsuspecting buyer.

The major hotel chains are legitimizing the concept. The unknown companies are simply taking a good concept and selling it to unsophisticated vacationers. Each of the owners pays an annual maintenance fee which can reach \$18,000.

As the concept is merely 4 years old there is no appreciation history for this type ownership. It truly is for the wealthy who can afford the

SNIPPITS

The following SF Housing Starts does indicate an upswing which can be construed as positive. However, one must realize that even regionalized these figures represent an over-view. For instance, in the Washington DC area, housing starts are down as there is a great deal of inventory. However, the northern part of Florida there is an upswing. Each locale is unto itself. From a broad national front it appears as an upswing, but these starts may be hold-overs from the Winter and for approved and already financed projects which the developers cannot bail out.....yet.



MORTGAGE RATES

The latest national mortgage rate for April 15, 2007 is 6.2 for a 30 years fixed.

National Average Mortgage Rates

HSH Nat. Avg. 30-Yr FRM (combined) (daily)	Daily	4/4/2007	6.39
HSH Nat. Avg. 15-Yr FRM (combined) (daily)	Daily	4/4/2007	6.07
HSH Nat. Avg. 1-Yr ARM (combined) (daily)	Daily	4/4/2007	6.00

Bank Prime (source: H.15)

Bank Prime Loan Rate (daily)	Daily	4/3/2007	8.25
------------------------------	-------	----------	------

Prime Rate (source: WSJ print)

Prime Rate (WSJ)	as of	6/29/2006	8.25
------------------	-------	-----------	------

Discount Rate (source: H.15)

Disc. window prim. credit (daily)	Daily	4/3/2007	6.25
-----------------------------------	-------	----------	------