



# *Amerival*

## *Realty & Valuation Newsletter*

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### ***COLD WEATHER AND / OR HOT MARKETS?***

*By*

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**KNOW THESE?-** Here are some terms which you may not be familiar. Give them some thought and you will find the understandings toward the end of this edition of the Newsletter.

**Underwriter    Income & Expense Statement    Equity In Real Estate**

*Please don't miss the **Professional of the Edition** on the following page.*

**UNITED AIRLINE PILOT BANS POLITICS ON HIS FLIGHT-** Yes, this really happened. About 2 weeks after the election while boarding two seatmates got into a heated argument about the election, etc. The argument escalated and it was time to put it to rest. A pilot has the right without question to have a passenger removed. Now, it can't happen once the plane is in the air for obvious reasons, although I can think of a few times at which I'd have been happy to open the exit door. I give the pilot credit for making an informed and good decision. The passengers were re-seated far from each other and then the pilot made this announcement..

I understand that everybody has their opinions,. Nobody is going to change their minds by arguing. And let's keep our opinions to ourselves, on this particular matter, at this particular time. When cooler heads prevail, we can talk and realize we're all human beings and we can all stick together and we can all pull for this country in our own way. He added that anyone who disobeyed his request would be kicked off of the plane.

I have good friends on both sides of the U. S. political spectrum. When we are together we don't discuss politics for the most part. We do discuss issues which we all face individually or as a nation. None of the discussions result in an argument. It is time we all just look to the future and if all citizens conduct themselves as mature adults are suppose to conduct themselves, then there will be very few "arguments". Likely the vast majority of U. S. citizens want peace and prosperity and we can accomplish that if we pull together and skip

the political agendas we read and hear about everyday. I believe many of us do now recognize the media groups do create much of the problems we face today. Let's be honest, the only good news is bad news which the media need to keep people listening or reading. It doesn't make the readers and listeners right either, but the shortfalls of many people when it comes to this type scenario are encouraged by the media feeding the beast.

Years ago, an old adage was "what's done is done'. The election is over. There are people who are not happy with the result and there were as many people in the last two elections that weren't happy with the result also. So, what! We are all still here and we survived and we will survive the next 4.

*Courtesy of*

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## **CON'T**

### ***Underwriter***

There are underwriters and there are underwriters. In one context it is the Investment Bank who is the intermediary between the issuing company and the investors who purchase the company's debt instruments or stocks at the Initial Public Offering (best recognized as IPO). In short the bank makes sure the offering has legs and is what it is presented as allegedly having. For the very day connotation, it is a person working for a bank who is doing the same thing as the Investment Bank. Appraisers have a bad taste in their mouths when they hear "Underwriter". There is good reason but not for discussion now. It is a person who is trying to during a review of all lending documents to insure that all requisites of the investors of a loan portfolio. When they find data submitted for review that doesn't seem to fit the requisites they ask for explanations. It would be great if they stopped there, but many don't.

### ***Income & Expense Statement***

Income statements are one of the primary tools that every business uses in order to share their bottom line with the public and analyze it for themselves. Whether you own a small business or are analyzing income statements for your investment portfolio, it's important to have a good grasp of what they are supposed to accomplish.

The statement is separated into two basic sections: Income and expenses. At the bottom, they will give the total net earnings for the year. Income statements are all about transparency and readability, and they're not as complex as one might think. Commercial property appraisers review these documents in order to be able to properly complete an Income Approach in their appraisal. They separate the two factors to those items that are real estate related only.

### ***Equity In Real Estate***

Simply it is the value of an asset less the value of all liabilities attributable to that asset. For real estate it is better explained as the difference between the current Fair Market Value of the property and the amount the owner still owes on mortgages. In the sale it is the amount the owner will receive after selling the property and satisfying all indebtedness attributable to the property which provides the expression of "real property value."

**TRADITIONAL HOUSING STYLES-** There are people challenging the typical box style housing with walls. Here's a few alternatives. Railroad cars with interior changes for one. Shipping containers welded together is another. Earth sheltered housing has been around for quite awhile and it is still going on and successfully. Geodetic dome housing is still an item. Having appraised a few, they are functional but you need time to become accustomed to the idiosyncrasies. Now there are earth ship housing. The roof and siding is piled earth supported by steel interiors and frontal glass used for light and heat collectors for water and heat. Lighthouses are another sought after housing commodity. Some are actually building housing with a portion replicating a light house. It does provide great views but is a bit of a problem with room configuration. Let's not forget the log houses. These have been around since the time of the Old West. They are very functional and when done with the interior having drywall, it provides great comfort and more typical livability. I helped build one once. It was hard work but the result was great. Also having appraised several it becomes quickly apparent that most do have a value problem. There is a very small market for log housing and you are at the mercy of finding a member of it to say yes. They typically are well aware that for living area a log house has to provide it for a lot less than standard housing styles.

### ***THIS EDITION'S SELECT PROFESSIONAL***

Thomas A. Harley, Esq.- Attorney

Thomas A. Harley & Associates - Real Estate / Appraiser Liability / Personal Injury

Market Area— Northern New Jersey but all of New Jersey for Appraiser Liability cases

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Mr. Harley has a thriving practice with his personal injury work. His exceptional expertise is in the appraiser liability cases. I have worked with him for 26 years. He is very well versed in these matters. He also represents appraisers when brought before the Real Estate Appraisal Board for alleged omissions or improper acts. His unassuming demeanor belies his incredible expertise in this segment of his practice. Mr. Harley has been involved with some of the most notable cases in New Jersey as well as in Maryland and Pennsylvania. He provides decisive decisions and a straight forward plan of action in his cases and is empathetic with his clients. I highly recommend Mr. Harley.