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DOES ANYONE KNOW WHAT'S GOING ON??

BY

Albert M. Cerone, IFAS, FELLOW, CTA

HOUSING RECOVERY—GOOD BY NOT FOR THE PUBLIC- Here we go again. According to NAR (National Association of Realtors) existing home sales grew year over year but fell short by 3.3% to 5.04 million units in April. So, while the sales numbers are good according to year over year, they can't maintain steam on this uphill battle. Some good news is that the median sale price of year over year for April is $219,400 which is an 8.9 percent increase over last year. And, another growth point is that about nearly 50% of all existing home sales sold within 30 days; and, 40% of all sales sold at or above asking price. Now, that's exciting, isn't it? Yeah, don't get too excited. As the saying goes, "all that glitters isn't gold". What the foregoing really translates is that real estate brokers are listing dwellings too low. Can't blame them, as sellers want that sale, so this translates to real estate sales people, "then list it and let the public get their deal! "

The problem behind this is affordability. There are lower gas prices which are now inching up which will change the dynamics of consumer spending. Even Walmart is experiencing less business because the public is trying to catch up on their debt rather than investing in change of their life style and living quarters.

Thus far in 2015 statistics prove that we are hitting a 25 year low in home ownership according to the Census Bureau. The rise in prices sounds great for the seller *now* but in ensuing months this will create an affordability chasm between buyers and asking prices and the sale prices and volume will diminish substantially. Here's a reference to this. According to RealtyTrac, housing prices increased 17.3% between 2012 and 2014. Over that same time frame wages only increased 1.3 percent; and, that is the problem.

Well, who are the winners and who are the losers. The saying, "money goes to money" is once again in play. The more affluent families are doing better as they have been invested in the stock market which has soared despite poor economic conditions. As has been said here for year, the stock market is not a measurement for economic growth and has nothing to do with housing for the masses...only the wealthy.

NEW HOME SALES- New home sales are up 26% in April year to year. But, there's an understanding you need. This increase is led by the Western states which had a 39.8% increase equates to 1 of every 4 new houses built and sold are out there. This brings us back to prior issues of this newsletters. The new housing is of the upper value ranges, not the everyday American. Now, that's still OK, everyone deserves what they have accomplished. The numbers are not reflective of the economy and the "working" man & woman today. According to a study, closings are flat and inventory levels are inching up. This is in Southern California which is driving the new housing market. So, if it's changing there, it means the remainder of the US is worse.

Courtesy of

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OVERTIME FOR APPRAISERS- The following is an article I found by accident. It is worth the read. The application is for appraisers employed by corporations, banks, etc. It does take a bite out of the "holier than thou" attitude of big banking. Hopefully it spreads outside the California borders. BoA and the like are preying on the small guy in more ways than one. The ownership of Management Companies by the large lenders is absurd. I believe the legal system would recognize this ongoing practice as a "conflict of interest". Appraisers who work through a management company are being pressured by it to make sure that transactions are made to work. Come now! It's like the Speakeasies which came about in the public's retaliation to Prohibition which ran from 1920—1933. It's virtually unspoken but the same, if not worse pressure, is exerted on the appraisers today via management companies as when the appraisers were dealing directly with the lenders. The difference is that the public is paying more for the in-between entity (management company) most referenced as AMC's; and, much of that additional cost is from the appraisers' fees.

For those who may not remember, the real estate collapse of 2006+ was blamed on the appraisers inability to do good jobs and the alleged incestuous relationship of the appraisers with the loan officers of the mortgage companies and banks. Of course there was truth to this but to a much lesser degree than the banking lobbies and attorneys being paid a fortune to mitigate the legal exposure by the banks and other lenders really did have. Realistically, good law enforcement knows to follow the money and who has the most to gain or lose.

The few hundred dollars the appraisers received for their work was a drop in the bucket compared to that which loan officers and the lending institutions for whom they worked were making. The appraisers did not have an organization behind them to fight their battle and did not have the money individually for sure. Thus, they were vilified as the primary culprit and today continue to pay the price by working for less money per assignment than they made before the chaos. The AMC's is an insult to the appraisal profession and the public is paying for it, not the lenders. Particularly the lenders like BoA that own their own appraisal companies and AMC's.

Well, maybe the roof is starting to leak for the lenders. The case described below may be the beginning of the unraveling of the wolf in sheep clothing, the good guy lender with outstretched hand to help the cute innocent public. Yes, help them into unsupported housing values and at greater expense then had the original system been left in place. I'd have a lot more respect for the appraisers at Landsafe if they all walked out and left the offices empty and let the work go back to the independent fee appraisers where it belongs. And, become part of that hard working group that doesn't have benefits let alone overtime.

Editor's Note: This important decision affects in-house appraisers at any bank or appraisal shop.

Appraisers Entitled to Overtime, Court Holds

by David Brauner, Editor

In May a federal judge in Orange County, Calif. issued a judgment in favor of a class of residential real estate staff appraisers against Bank of America (BOA), rejecting the bank's defenses and holding that BOA owes wages for unpaid overtime to in-house appraisers at its subsidiary Landsafe. According to lead attorney Bryan Schwartz, as the first order deciding that appraisers are entitled to overtime, this judgment has implications throughout the real estate appraisal industry. The case is Boyd, et al. v. Bank of America, et al., 13-cv-561 (DOC) (C.D. Cal.)

In the case, the Defendants (BOA) argued that appraisers fall under: (1) the federal and state administrative exemptions; (2) the federal and state professional exemptions; and (3) the related federal highly-compensated employee exemption. The Appraisers/Plaintiffs in this case asserted that none of these exemptions apply. Under the Fair Labor Standards Act (FLSA), the minimum wage and maximum hour requirements do not apply to "any employee employed in a bona fide … administrative or professional capacity."

According to the Court's 61-page order in the plaintiffs' favor, "The Court finds that the federal and state administrative and professional exemptions and the federal highly compensated employee exemption are not applicable to appraisers," said Judge David O. Carter of the United States District Court for the Central District

Facts that show just how far the human race has come

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