



Realty & Valuation Newsletter

MARCH 15, 2015

Issue 197

A MUCH WELCOMED SPRING!!!

BY

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THANK YOU!- I want to thank the so many readers who extended via emails and phone calls their appreciation of the last newsletter. I know much of it was via personal experiences which taught me very much. I was glad to share the thoughts with you and am grateful for whatever help you derived from it. One of my greatest joys in life is helping others. I often said, "if you need help, I won't stand behind you but I will stand in front of you." Yes, it does make it easy for people to take advantage, but if I succeed in helping one person out of many, then I am happy. So be it.

ECONOMY AND THE WEATHER- For many years it was thought that the economy and general market activity for purchases increase when the weather is "nice". It is true. Think of the responses you have heard when you ask others, "how are things?". And they respond, I just can't wait for this snow and cold to go away, and the like. There are proofs that Spring weather does change the mind set of many. Spring is a revitalization of growth of most living things. It's a beautiful time of year with flowers blooming, plants, ground cover trees turning lush green. It's a physiological re-birth which translates to the emotional revitalization of people. This creates the uplifting feelings most of us experience. We feel more positive and are energized to take on old and new tasks. It's a great time of year. So, it's time to get caught up in the euphoria of Spring. Let's make things happen. Get excited! Enjoy the time God has given you and is giving you. We are in for a good year, not because of Washington but because "**We, the People**" are making it happen.

FORECLOSURES- In keeping with the "Spring Fever" we just related, the good news is foreclosures are down and foreclosure inventory is down. According to Corelogic, an analytical research firm that will own this country in about 10 years, nationally, the inventory is down and the number of homes lost to foreclosures are also down in January this year. That inventory is down 33.2% to 549,000 homes compared to one year ago when there were 822,000 homes in some stage of foreclosure. How does that stack up against housing in general. It represents 1.4% of all mortgaged housing in the U. S. Unfortunately, New Jersey, Washing, D.C.,

Florida and Hawaii had the highest foreclosure inventory in the country. Figures New Jersey finally becomes #1 in something. Also, mortgage delinquencies dropped 23.8% from last year this time frame. Presently, there are 12.5 million delinquencies with 90 days or more which includes those in foreclosures and REO's. It's considered that this movement is predicated on higher employment and housing appreciation. Let's remember these statistics are national, not local. Let's not get excited about unemployment being lesser because as stated before, the statistics of 5.4% are very flawed. The real number is just over 10%. Families are working more jobs for less money to save the house which was their dream. So, don't get worked up over how great Washington has done.

Courtesy of

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MORTGAGE INTEREST RATES- Many consider mortgage rates as the key to the housing market recovery. I'm not certain it is at the top of the list but it surely is a serious concern for the recovery we all seek. There are those that believe the Federal Reserve will not raise the rate which in some analysts' minds is the key factor for the recovery. It is believed by them that refinance will boom once again. However, there are those that believe that there are other components to this "much sought after recovery". Higher employment, higher wages and proof of housing appreciation and last but certainly not least, a government that gives a damned and looks to the middle class being made whole once again.

The reality is that rates may drop again. The dollar has gained serious strength over the past months and it is anticipated it will continue to gain strength. In 2013 the Dollar to Euro was \$1.45 and is now at about \$1.05. If oil remains low these are the factors which will conceivably prompt a further rate drop. In speaking with a well respected mortgage representative I heard a very interesting analysis. This gentleman suggests that raising mortgage rates is what the housing market needs to begin showing serious increase in demand and sales and subsequent appreciation. He expressed that the public has become complacent with low rates thus there is no rush to refinance or buy because the rates will stay like this or may even go down. Hence, they are just sitting comfortable in knowing that they can expend funds for other reasons because low mortgage rates will always be there. That's a very interesting point of view. It's a pressure sell theory which is age old. It's also reference as "fear tactic selling". Hey, it worked for many fairly often. It leaves a bad taste in the public's mouth but it does produce. It is often likened to the negative *rap* used car sales people seem to have cornered. So, you may not like the tactic but it very well may be the answer. I give this man an "A" for thinking.

TIRED OF SELL OR REMODEL?- Many "experts" have expounded their theories of remodeling versus selling a house. The primary consideration is the recapture of the remodeling expense. In conjunction with that is if the remodel is acceptable by the appropriate market upon completion and a sale is needed. The only answer that really matters is what the homeowners intend. If you are to stay in the house for a long period of time then don't worry if anyone else will like the remodel because conceivably by the time the house is to be sold the remodel may not be acceptable, but the owners will have enjoyed their custom refitting; and who then cares. If you are looking to sell within a short period of time, then the only remodel should be for structural or mechanical repair or replacement for safety and building code requirements. In short, there are only basic guidelines some of which we just stated. Other than the obvious, these decisions are personal decisions by the homeowners. Don't let anyone tell you what to do. Do what you want. If it makes you happy and satisfies specific family needs, then it is right to do.

TAX APPEALS—BOOM OR BUST?- The concept of tax appeals was designed to assure residents of a municipality fair and equitable treatment in their property assessment. Unfortunately, it has become more often than not manipulation of assessments and in retaliation property owners seek hired "guns", appraisers and attorneys to bring about a reduction. However, it has become more a battle between two selfishly defined forces seeking to usurp higher taxes or conversely, lower taxes than the property should bear.

High value property owners retain high powered law firms which are recognized by either reputation and / or political alignment to begin the process. I speak with experience to this point having been the tax assessor in one of the largest municipalities in New Jersey. Having dealt with the best and the worst of the presumed best, the process is like a low rated TV game show. The appellants are not concerned with fairness or equitable treatment, they are only concerned with attaining lower taxes. It's the primary reason that most often the negotiations begin without professional appraisers. It's just a matter of how uncertain the municipal assessor is with the assessment or unfortunately for many of the assessors without actual appraisal experience having confidence in his / her ability to defend. Yes, many municipalities have an appraiser on their approval list to do an appraisal and hopefully level the playing field for the town or city. Some assessors are very capable of handling negotiations at least for residential appeals. The commercial properties usually require an experienced commercial appraiser and some of them are excellent. The commercial appeals are actually easier because the players know each other and the posturing is real not hype. The experienced appraisers are the key, but there are not enough of them. So, the public needs to pay attention to the selection process. As a wise man once said, "you buy cheap, you get cheap".

GREAT EDUCATIONAL OPPORTUNITY!!!

DON'T LET IT PASS YOU BY!!!

NJNAIFA : APPRAISAL CONFERENCE
DATE : APRIL 16 - 17, 2015
WHERE : GOLDEN NUGGET HOTEL / CONFERENCE CENTER
HURON AVENUE & BRIGANTINE BLVD.
ATLANTIC CITY, NJ 08401
AGENDA : SEE ON FOLLOWING PAGES

APPROVED : 14 CEU's by - NJ APPRAISAL BOARD
3.5 CEU's by- NJ DIVISION OF TAXATION
14 CEU's by- NY STATE APPRAISAL BOARD

* Forms for the Assessors and CTA's shall be provided at completion of the session

*Forms for NY Appraisers shall be provided upon completion of each day. Must submit for credit.

Ladies & Gentlemen:

Many professional people have invested their time to give those who insist on being the best of their profession an opportunity to learn new techniques, understand the strengths behind successful reports, witness expert presentations and arguments and to be able to have questions answered.

If you review the agenda of seminars to be offered, you will realize that the program we are offering is not "run of the mill". Everyone of the presenters and participants are very experienced experts who are paid substantial fees for what they know and do. You shall have the benefit of their experience and expertise. Your fee for these 14 hours of incomparable learning experience are the fees for about one (1) hour each of these presenters earn as experts.

It's time to prove your professional status by attending true to life seminars by truly accomplished and well recognized experts.

New Jersey National Association of Independent Fee Appraisers Annual Conference-

Program Highlights

Thursday April 16, 2015

7:00 - 8:00 am Registration

8:00 - 8:15 am — Welcome & Event Introduction

Albert M. Cerone, *IFAS, FELLOW, CTA, NJ-NAIFA State Director*

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Albert M. Cerone, *IFAS, FELLOW, CTA, NJ-NAIFA State Director*

8:15 am - 12:00 pm— Understanding & Using Comparable Transactions (7 Credits Pending)

How to identify and examine comparable properties, recognize their importance, and identify relevant characteristics therein. New National Course with 115 page student manual included.

Moderator: Wayne Sabota, *IFA, NJ-NAIFA Past State Director*

Speakers: Nena Henderson, *IFA, 2015 NAIFA National President, Edmond, OK* Peter Vidi, *IFAS, Past President of the NAIFA, Greenbelt, MD*

12:00 - 1:15 pm— Lunch

1:30 - 5:00 pm Understanding & Using Comparable Transactions (Cont.)

Discussion of key value influences, property rights, Highest and Best use, and units of comparison

6:30 - 7:30 pm— Cocktail Hour with hors d'oeuvres

One free cocktail included with dinner

7:30 pm — STATE CONFERENCE DINNER

Meet and network with fellow appraisal professionals, NAIFA Officers, speakers and guests.

Friday April 17, 2015

8:15 - 9:15 am— Impacts of Environmental Conditions on Real Estate

Directing the appraisers' attention to easily recognized or questionable environmental issues

Moderator: Chuck Blau, Esq., *IFAC-NJ-NAIFA Past State Director, NAIFA Past National President*

Speaker: Christopher Neuffer, *President of Envirotactics*

9:15 - 10:15 am— Business Valuations & the Income Approach

Insight into the incomes and processing of "same for business" valuations. The presenter will tie the process of business valuations to that of realty appraisal income approaches.

Moderator: Michael Lange, Sr., *IFAC, NAIFA Past National President*

Speaker: Juan Bellu, *EA*

12:00 - 1:15 pm Lunch

1:30 – 5:00 pm— Option A: Mock County Tax Board Hearing

A property owner with his attorney and expert shall present a case for appeal of assessment

Moderator: Joseph Ravitz, *IFA, CTA- 2014 NJ-NAIFA Past State Director*

Participants:

Tax Assessor - Megan Fassy, *CTA, IFA*

Attorneys - Jeff Horn, Esq. & Michael Gilmore, Esq.

County Tax Board Administrator - Chelsea Skuby, *CTA, Ocean County Tax Administrator*

Commissioners - Mike Jaeger, *CTA, IFAS*

Lou Bonato, *IFA, NAIFA National President Elect, Past NJ-NAIFA State Director*

Experts - Peter Zipp, Esq., *MAI*

Henry Mancini, *MAI*

1:30 – 3:30 pm— Option B: Point & Counter Point

An open debate between two participants with substantial court and hearing experience about several relevant appraisal /appraiser issues including - the necessity of cost approach; Highest & Best use vs. Current use; when to use a restricted report, and others.

Moderator: Frank Stearle, *IFAS*

Speakers: James Hanson, *IFAS*

Carl Mucciolo, *IFAS*

3:30 - 5:00 pm— Appraiser/Appraisal Liability Cases & Processes

Attorneys shall present cases in which they were involved discussing the issues, appraiser's position, and adversary appraiser's position

Moderator: Albert M. Cerone, *IFAS, CTA, FELLOW, NJ-NAIFA State Director*

Speakers: Thomas A. Harley, Esq.

Christina Ricker, Esq., *Winget, Spadafora, Schwarzberg, LLP, NYC, NY*

Full attendance offers: 14 CE Real Estate Appraisal Credit Hours –APPROVED

Individual Daily Credits are 7 per day (pending)

3.5 CE Administration Credits from the NJ State Division of Taxation—APPROVED

New York has approved the course content—Submit request form which are provided at the conference

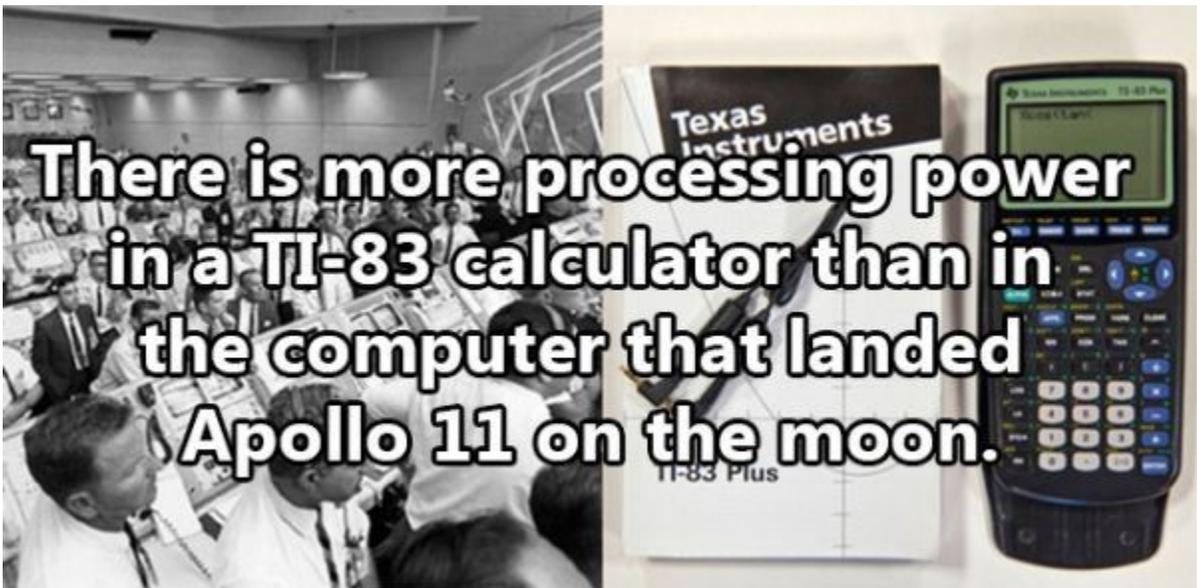
NON-MEMBERS – Attend the full conference and join the

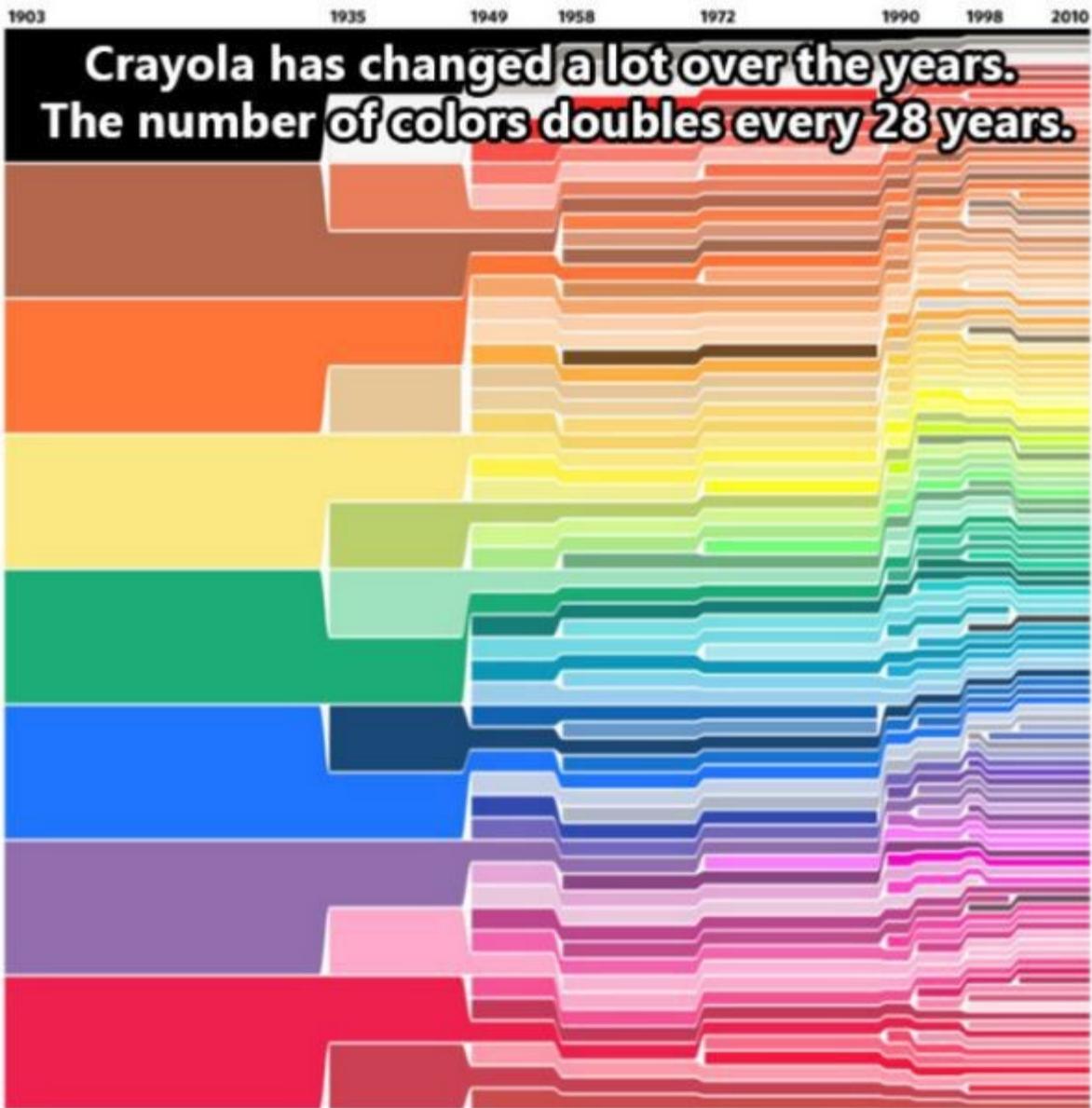
NJ-NAIFA by 4/17/2015 and receive a \$100 rebate

HOW DRAMATIC ARE THE CHANGES YOU'VE EXPERIENCED IN YOUR LIFE?

PLEASE GO TO THE NEXT TWO PAGES TO SEE !!!!

Facts that show just how far the human race has come !





MORE TO COME IN THE NEXT EDITION