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REALTY
VALUATION & CONSULTING

MARCH 15, 2018
Issue 269

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TOP OF THE MORNIN' TO YOU!

BY

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KNOW THESE?- Here are some terms which you may not be familiar. Give them some thought. Definitions are on the following page.

BUILDING CLASSES CAM TRIPLE NET LEASE

*Please don't miss the **Professional of the Edition on Last Page***

REMINDER: UPDATE ON NJ NAIFA ANNUAL CONFERENCE- Make your reservations now, the hotel advised that they are nearing the allocation of rooms for the conference at the reduced nightly fee. Don't delay, ladies and gentlemen. Call today!! The NAIFA 52nd Annual Conference is scheduled for April 11 & 12, 2018, being held at the Tropicana Casino and Resort on the boardwalk of Atlantic City. Based on approvals the full program now provides 15 CE credits for the two days, not 14. The first day is USPAP and there will be a 2 hour seminar for NJ law as now required by New Jersey. I will keep you posted in my newsletters. Also, if you have any questions give a call or send an e-mail and I will make sure it is answered. You can go to NJNAIFA.com and that website will have information to assist you.

Please remember that you have two years to attain the required 28 credit hours of education to retain your appraisal license. However, without fail, many will be hunting online courses at the last minute to retain their license. NOT a good idea. Why? Because the CEU's required are intended for appraisers to grow their knowledge and increase their acceptance of the clients one seeks. In July the NAIFA is merging with the ASA. A quick review of upcoming seminars and courses is exciting. Growth and professional growth is the goal for this merger and it appears that it is on the right track.

All that is needed is the positive response of it's public which is the professionals that are invested in real estate and businesses, as the ASA is the most recognized organization for business valuations.

Flipping- A very well recognized term today. There are a myriad of TV shows and talk shows dealing with this not so knew phenomenon. of a supreme court. The public with a few bucks in its pocket is always seeking a "get quick rich" scheme. Flipping has become an exciting endeavor. And, it is a winner when done by experts who are well funded, which is the primary key to succeeding. The concept is simple, buy low and sell high, the same cry in the 60's and 70's for stock market investors. Some did well and others didn't do anything but cry. The problem is Gross Returns rose 138% but costs and time considerations impact that enormously. Profits shrunk by 2.1%. The problem is there is too much competition for available housing. **(CON'T)**

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CON'T- It is anticipated that from acquisition of the intended flip to resale is about 6 months. The increased competition is increasing the acquisition prices and reducing the profit structure. There are now about 38% of the “flippers” seeking mortgages which reduces the profit structure and also jeopardizes the profit capability severely for under financed “flippers”. It’s a danger so all that glitters doesn’t glow. There is a lot of work and disappointment involved with flipping. If you can’t do the work yourself, you must rely on contractors who can make or break you. Knowing how to deal with them is a job unto itself. Give serious thought to taking on this money making scheme.

CATASTROPHES– This is something most don’t think about. Hurricanes, tornados, forest fires and land-slides are the most common catastrophes. It is common that these acts of nature affect entire areas which is the problem. The Jersey Shore suffered Super Storm Sandy in October 2012. Last evening we had the pleasure of dining at invitation with friends who lost their entire house and belongings to that storm. These people were not poor. They lived in a modest home on the bay. They were finally moved into their new home on the very sight in December of 2017. That’s right, it took 5 years to get FEMA and the insurance companies, the state and the township to approve everything required to rebuild, and then the contractors. It’s a beautiful site on which they live. The view from their dining room and great room is a million \$ view. However, you can’t speak with the woman of the house because she starts to cry thinking back to the trauma which they endured. Catastrophes created ongoing problems for the entire area. It is common for foreclosures to rise. Some don’t want any more drama and just give up because of personal circumstances. Foreclosures impact everyone. They reduce re-sale prices and take money out of all the home owners. As with Sandy, the government imposes more stringent requirements for insurance and building. These create dramatically higher costs and thereby reduce the values for the upcoming sales. As some say, there’s a rush to the door to get out; and, that is what the neighbors often do. Houses are literally dumped on the market and picked up mostly by investors who are buying very inexpensively and then selling short of the market to hasten their profit which is less than that created by a market value transaction.

BUILDING CLASSES- Throughout most of the US this refers to the primary construction of a commercial building, (A, B, C, & D). Interpretations vary, therefore a basic understanding is best. Class “A” buildings are of superior construction and are most often located in superior locales. However, most important is the quality of the materials and construction practices. The first two typically are mostly steel construction and a “C” is typically a concrete construction to include walls. A Class “D” is a wood framed structure. It is considered of lesser quality

CAM- An acronym for Common Area Maintenance- The additional rent charged to maintain the common areas of the building and grounds shared by the tenants based on their rental interest percentage

TRIPLE NET LEASE- A leasing arrangement in which the tenant pays all charges inherent to the building and maintenance usually with certain exceptions. It includes the real estate taxes for the portion of the building encompassing the primary rental area, net building insurance and net common area maintenance, which is the derivation of the term “triple net”.

THIS EDITION’S SELECT PROFESSIONAL

H. Alton Neff, Esq.- 1466 Route 88, Brick Township, NJ 08724 Real Estate Appraiser, Lodi, NJ ; Tel. 732-840-5300; Mr. Neff is most often referred to as “Al” Neff. He is a private practitioner who has served the public for over 30 years. He has several specialties in which he has been distinguished. Real estate is most likely his primary involvement. However, he handles insurance cases for the public and is recognized in being quite successful at that. Mr. Neff has many acquaintances and friends for whom he will take on other more minor matters because he has a compulsion to be good to those he is close. We have fallen in that slot on several occasions. I admire Al because he is a religious person albeit not demonstratively. He is modest and doesn’t laud himself for accomplishments. He quickly endears himself to people he meets for the first time. Over the years we have discussed certain cases (without names or locations) in a generic manner and I notice each time he focuses on the feelings of his client and the fairness that he fights to provide. At times I see him as a Don Quixote’ type person but with intellect and fully aware of the times and acceptable terms that he faces as an attorney. But his demeanor is such that he wants all to be right for the world and mostly for his client. I’ve known Al Neff for many years and we have been involved with the law on the same side many times. He is always in control and is a practical attorney. He doesn’t promise “win, win, win”. He does it better than most but is always honest with his client so they can make practical better decisions.