



# In the Loop Realty Newsletter

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*Amerival*

**Your One Stop  
Valuation Center**

## ***ALWAYS BUILD A BACK DOOR IN YOUR CONTRACTS!***

By: Albert M. Cerone, IFAS, FELLOW

It's been so long since I told this story, I almost don't believe it anymore myself. So, opt to believe this or not. In 1972 I wrote the 1st 72 hour R.E. contingency clause, which I coined as the 72 Hour Kick-out Clause. An attorney read it and asked if he could use it and I never protected it, so who's to say. It was brilliant and that's why it's still in use. Want to understand it better, give us a call. We'll give you the right way to write it.

A NYC real estate attorney, Neil Garfinkel was quoted by CNNMoney as saying "A year ago you couldn't get any contingencies written into a contract. They are now finding their way back in." It was also reported by a Florida R. E. broker that even if a property was appraised for less than selling price, the buyers went through with the deal anyhow. Toward the beginning of this year, I read an article that alleged that of every 580 +/- houses in Florida one was in foreclosure. So much for ignoring the experts. This isn't uncommon. The public including supposed real estate savvy professionals

succumb to the greed which drives the real estate market. A real estate attorney friend asked for free advise about investing in condos in Florida. I advised strongly against it. So, since the advice was free, he did it anyhow. Lo and behold, he now owns three losing propositions. The next time I'll charge him and then maybe he'll listen.

In my opinion attorneys are often the easiest to be swayed into unwise real estate investments. As the adage goes, "a little knowledge is a dangerous thing". And, who said, "an attorney who represents himself, has a fool for a client"? A very wise lady once told me, "You can learn the hard way, but you don't have to.". Oddly, so many of us just don't get that concept.

### **Standard & Poors 500 Stock Market Index vs. Nat'l Assoc. of Home Builders' Housing Mar- ket Index**

According to Fortune Magazine, Liz Ann Sonders, chief investment strategist at Charles

Schwab & Co., the Home Builders' Index measuring home builder confidence when aligned with a one year lag with S & P Index reflect a very frightening future for the real estate market & stock market. Apparently, home building is an excellent bellwether for the stock market.

Printed in Fortune (as I don't want to infuse interpretation: "*Not only did the NAHB index presage the start of the post 1994 bull market in stocks, but its decline starting in 1999 foreshadowed the equity market collapse that came the following year. Builder confidence rebounded in November 2001—a year ahead of the stock market upswing that began in October 2002.*"). Time to worry? Well, over the past year the NAHB housing index dropped a staggering 54%. Assuming the corollary is correct, stocks will be trading down from Oct. 2006 @ 1400 to 700 next year. WOW! Where's our "glass half full" reader? What say you? (*read the Feedback Section*)

### **FEED BACK-**

Well, our unnamed reader in the last issue is Jackie Weed, a renowned lending / financing expert. She expounds her belief in "the glass half full". Since I'm a "glass 1/2 empty" guy, she won't say she likes the newsletter, but keeps reading it.

Carmen Memoli, CPA of Memoli & McDermott located in Toms River specializing in complex IRS filings and corporate tax needs says, "...please continue sending me this newsletter, it's great."

Dan Warthen, Jr. of Warthen Appraisals Toms River thinks the newsletter is very well written.

If you'd like to reach one of these people, contact us and we'll put you in touch. You can opine to us but don't bloviate via email.

### **Thanks For Reading**

#### **Monthly Saying**

True attitude is not in your words but in the way you enter a room.

*From- Patti Cerone*

#### **Courtesy of**

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