

CAREPA NEWS

CAREPA NEWS

華裔房地產專業協會新聞

2009年十月號

October 2009

President's Message ~ 會長的話

Happy Mid-Autumn Festival!

Finally the fall has arrived and weather is getting cool now. My year as CAREPA president is drawing over. There are so many things for us to be thankful for as many tasks have been accomplished by our 2009 leadership team - the Board of Directors and all the committees. They all worked very hard to provide great services and benefits to you. Thank you so much for all the support you have given to our directors. We couldn't do it without you!



Our October meeting was a big success. The topic in October was "DRE LEGAL UPDATE" by Mr. Bob Gilmore, the district manager of the subdivision of DRE for Southern California. We drew over 70 attendees and our Program Chair, Nancy Lin, has done a wonderful job. Our goal is to serve our members with informative educational topics and promote networking.

Please RSVP for our Annual Christmas Party and Installation Banquet, which will be held on December 6, 2009 at Almansor Court from 6:00 P.M. till 12:00 A.M. It is FREE for all CAREPA members in good standing. You are invited to meet all and witness the installation of Board of Directors. It is going to be a fun and entertaining evening for all of you. Guests are welcomed at \$60 per ticket. Please refer to the attached flyer for more information and register and reserve the tickets today!

JOHN WU 吳程遠
華裔房地產專業協會 會長
2009 CAREPA President

SHORT SALES

A short sale in real estate is not always a pleasant transaction.

There are many ways to lose a home but signing away ownership in a manner that destroys credit, embarrasses the family and strips an owner of dignity is one of the hardest. For owners who can no longer afford to keep mortgage payments current, there are alternatives to bankruptcy or [foreclosure](#) proceedings. One of those options is called a "short sale."

More than half of my sales in Sacramento over the past few years are short sales. That's how prominent short sales have become.

When lenders agree to do a [short sale in real estate](#), it means the lender is accepting less than the total amount due. Not all lenders will accept short sales or discounted payoffs, especially if it would make more financial sense to foreclose; moreover, not all sellers nor all properties [qualify for short sales](#).

If you are considering [buying a short sale](#), there could be drawbacks. For your protection, I suggest that all borrowers:

- Obtain legal advice from a competent real estate lawyer
- Call an accountant to discuss [short sale tax ramifications](#)

As a real estate agent, I am not licensed as a lawyer nor a CPA and cannot advise on those consequences. Except for certain conditions pursuant to the [Mortgage Forgiveness Debt Relief Act of 2007](#), be aware the I.R.S. could consider debt forgiveness as income, and there is no guarantee that a lender who accepts a short sale will not legally pursue a borrower for the difference between the amount owed and the amount paid. In some states, this amount is known as a deficiency. A lawyer can determine whether your loan qualifies for a [deficiency judgment](#) or claim.

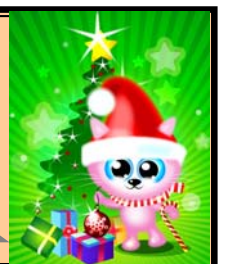
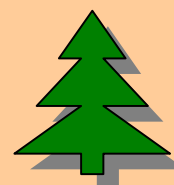
ANNUAL CHRISTMAS AND INSTALLATION PARTY

SUNDAY, DECEMBER 6, 2009

6:00 PM ~ 12:00AM

ALMANSOR COURT

700 S. ALMANSOR ST. SALON I AND SALON II
ALHAMBRA, CALIFORNIA 91801



2009 CAREPA BOARD OF DIRECTORS

2009 感謝所有理事會成員為本協會所做出的貢獻

Thank to the Board of Directors for their voluntarism!

Felicidades a la Junta de Directores. Gracias por ser voluntarios.



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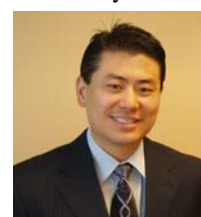
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Brian Chen

OCTOBER GENERAL MEETING

OCTOBER 14, 2009

6:30PM

SPEAKER

Mr. Bob Gilmore

District Manager of the Subdivision section
of DRE for Southern California

TOPIC

"DRE LEGAL UPDATE"

EMPRESS HARBOR RESTAURANT

111 N. Atlantic Blvd. 3rd floor
Monterey Park, CA 91754

For reservations and information,
contact Nancy Lin @ 626-285-8333

NOVEMBER GENERAL MEETING

NOVEMBER 11, 2009

6:30PM

SPEAKER

DAVID D. FU

David Fu & Associates, Attorneys-at-Law

TOPIC

"Realtor Issues with Loan Modifications,
Short Sales and REOs"

EMPRESS HARBOR RESTAURANT

111 N. Atlantic Blvd. 3rd floor
Monterey Park, CA 91754

For reservations and information,
contact Nancy Lin @ 626-285-8333

continued from front page. . **Short Sales**

Although all lenders have varying requirements and may demand that a borrower submit a wide array of documentation, the following steps will give you a pretty good idea of what to expect.

- **Call the Lender**

You may need to make half dozen phone calls before you find the person responsible for handling short sales. You do not want to talk to the "real estate short sale" or "work out" department; you want the supervisor's name, the name of the individual capable of making a decision.

- **Submit Letter of Authorization**

Lenders typically do not want to disclose any of your personal information without written authorization to do so. If you are working with a real estate agent, closing agent, title company or lawyer, you will receive better cooperation if you write a letter to the lender giving the lender permission to talk with those specific interested parties about your loan. The letter should include the following:

- Property Address
- Loan Reference Number
- Your Name
- The Date
- Your Agent's Name & Contact Information

- **Preliminary Net Sheet**

This is an estimated closing statement that shows the sales price you expect to receive and all the costs of sale, unpaid loan balances, outstanding payments due and late fees, including real estate commissions, if any. Your closing agent or lawyer should be able to prepare this for you, if you do not know how to calculate any of these fees. If the bottom line shows cash to the seller, you will probably not need a short sale.

- **Hardship Letter**

The sadder, the better. This statement of facts describes how you got into this financial bind and makes a plea to the lender to accept less than full payment. Lenders are not inhumane and can understand if you lost your job, were hospitalized or a truck ran over your entire family, but lenders are not particularly empathetic to situations involving dishonesty or criminal behavior.

- **Proof of Income and Assets**

It is best to be truthful and honest about your financial situation and disclose assets. Lenders will want to know if you have savings accounts, money market accounts, stocks or bonds, negotiable instruments, cash or other real estate or anything of tangible value. Lenders are not in

the charity business and often require assurance that the debtor cannot pay back any of the debt that it is forgiving.

- **Copies of Bank Statements**

If your bank statements reflect unaccountable deposits, large cash withdrawals or an unusual number of checks, it's probably a good idea to explain each of those line items to the lender. In addition, the lender might want you to account for each and every deposit so it can determine whether deposits will continue.

- **Comparative Market Analysis**

Sometimes markets decline and property values fall. If this is part of the reason that you cannot sell your home for enough to pay off the lender, this fact should be substantiated for the lender through a [comparative market analysis](#) (CMA). Your real estate agent can prepare a CMA for you, which will show prices of similar homes:

- Active on the market
- Pending sales
- Sold from the past six months.

- **Purchase Agreement & [Listing Agreement](#)**

When you reach an agreement to sell with a prospective purchaser, the lender will want a copy of the offer, along with a copy of your listing agreement. Be prepared for the lender to renegotiate commissions and to refuse to pay for certain items such as [home protection plans](#) or termite inspections.

Now, if everything goes well, the lender will approve your short sale. As part of the negotiation, you might ask that the lender not report adverse credit to the credit reporting agencies, but realize that the lender is under no obligation to accommodate this request. Credit report status is not always negotiable.



CALIFORNIA REALTOR® EXPO 2009, the state's largest real estate trade show, draws thousands of California's key franchise executives, top producers, and movers and shakers every year for educational, networking, and professional development opportunities.

Don't miss the chance to hone your professional knowledge and network with peers at the CALIFORNIA REALTOR® EXPO 2009 in San Jose.

Register Today! Keep your competitive edge and learn about the latest real estate products and services. More than 250 exhibitors are expected to be part of this year's EXPO.

Before You Buy a Short Sale

By [Elizabeth Weintraub](#), About.com

Buyers pursue short sales to get a good deal. So when you see a price listed for a home that you think is too low for the neighborhood, before you jump on that price like hot fudge on a sundae, ask your agent to call the listing agent to find out if the home is a short sale.

Because you might want to think twice about making an offer on a pre-foreclosure, short sale home. It's not as simple as you may believe, and very few can close in 30 days or less.

Many of my Sacramento home buyers have waited 4 to 6 months to close on a short sale, sometimes longer.

What is a Short Sale?

A short sale means the seller's lender is accepting a discounted payoff to release an existing mortgage. Just because a property is listed with short sale terms does not mean the lender will accept your offer, even if the seller accepts it.

Be aware that the seller need not be in default -- to have stopped making mortgage payments -- before a lender will consider a short sale. A lender may consider a short sale if the seller is current but the value has fallen. The seller may have over-encumbered, owe more than the home is worth, so a discounted price might bring the price in line with market value, not below it.

- [6 Things to Know About Short Sales](#)
- [Waiting for Short Sale Approval](#)
- [11 Reasons NOT to Buy a Short Sale](#)

Check the Public Records

Do your research before making an offer to purchase. Your agent can find out who is in title, whether a foreclosure notice has been filed and how much is owed to the lender(s). This is important because it will help you to determine how much to offer.

If there are two loans, you could have a problem. The first mortgage lender's position is protected by the second lender, unless the second lender does not want to foreclose. If a seller owes \$160,000 on the first and \$40,000 on the second, offering \$160,000 leaves nothing for the second. The first will need to give *something* to the second to gain its cooperation.

- [Determine Your Type of Marketplace](#)
- [What is a Title Policy?](#)
- [How to Find Short Sales](#)

Hire an Agent with Short Sale Experience

It's one strike against you if the listing agent has never handled a short sale, but it's even worse if your own

agent has no experience in that arena. You need an experienced short sale agent.

An agent with experience in short sales will help to expedite your transaction and protect your interests. You don't want to miss any important detail due to inexperience or find out your transaction is not going to close on time because no one has followed up in a timely manner.

- [Find a Short Sale Agent](#)
- [Rules for Working With Agents](#)
- [How Sellers Can Cancel Your Short Sale](#)

Qualifying the Property and Seller for a Short Sale

A lender is unlikely to agree to a short sale unless the seller has no equity and is unable to repay the difference between your sales price and the existing loans. Sellers need to provide a hardship letter to the lender. Sellers may also owe taxes on the amount of debt that is forgiven.

A seller I know once demanded that the buyer slip the seller \$1,000 to be given the right to purchase the seller's property. We said no. This is fraud. The lender legally pursued that seller. Do not be lured by sellers who suggest this practice. In a short sale, the seller receives no money because the lender is losing money.

- [Short Sale Seller Requirements](#)
- [Why Banks Reject Short Sales](#)
- [7 Short Sale Mistakes](#)

Submit Documentation and Purchase Offer to Lender

Once the seller has accepted your offer, send it to the lender for approval. You do not have a deal until the lender be astonished if the lender asks you to increase it.

In addition, the lender will want to see that you have your own loan available and you are preapproved. Send a preapproval letter to the lender. It will help if your agent sends a list of comparable sales that support the price you are offering to pay for the home.

- [How to Price a Short Sale](#)
- [Short Sale Multiple Offers](#)
- [Handling Short Sale Sellers in Default](#)

Give the Short Sale Lender Time to Respond

Make your offer contingent upon the lender's acceptance. Give the lender a time frame in which to respond, after which, you will be free to cancel.

Some lenders submit short sales to committee, but most can make a decision within two to three months. Get a name and phone number for the

Continued from page 4 – SHORT SALES

appropriate contact at the lender. Don't send an offer blindly to a department.

- [Protecting Your Good Faith Deposit](#)
- [Purchase Offer Negotiation Tips](#)
- [Writing Buyer's Market Offers](#)

Understand Short Sale Commissions

Regardless of the commission the seller has agreed to pay, the lender is actually the entity paying the commission. The reason is the seller is not receiving any money with which to pay a commission. Since the lender is losing money, the lender will likely negotiate the commission directly with the listing broker, who will then share the commission with your agent.

If you have signed a buyer's broker agreement with your agent, ask if the agent will waive the difference due or you

might have to pay it out of your pocket. Some brokers feel it is unfair to penalize the agent, but the lender is calling the shots.

- [Who Pays the Real Estate Commission?](#)
- [How to Negotiate Real Estate Commissions](#)
- [Buyer's Broker Agreements](#)

Reserve the Right to Conduct Inspections

Generally, the lender will not pay for customary items that a seller would pay. These include home protection plans for the buyer, buyer credits of any kind and pest / termite inspections. A buyer will be asked to purchase the property "as is," which means no repairs.

It is extremely important that a buyer obtain a home inspection and pay for other types of inspections such as pest, roof, sewers, septic tanks, chimney or fireplace inspections. Do not waive your right to obtain these inspections and make your offer contingent on approving them.

ADVERTISEMENT OPPORTUNITIES

CAREPA is offering advertisement opportunities in this newsletter (Full page \$100, half page \$75, quarter page \$50). If interested, please contact Lucia Tam @ 626-221-288 or e-mail to luciatam@yahoo.com for further details.

EDITOR MESSAGE

CAREPA is going through its election process for 2010 Board of Directors. Congratulations to the elected directors and thank you for stepping up into CAREPA leadership.

Coming to the monthly dinner mixers is an educational and social event with plenty of networking and laughter. I encourage you to take this opportunity to build bridges to future success.

"CAREPA News" is newsletter published by CAREPA, Chinese American Real Estate Professionals Association in an attempt to facilitate and serve our membership needs. If you would like to contribute an article, include an advertisement, make a comment and/or sponsor any program, please contact Lucia Tam at 626-221-2888 or e-mail to luciatam@yahoo.com or contact CAREPA President, John C. Wu, at 323-578-8988.

CONGRATULATIONS 2010 BOARD OF DIRECTORS

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Lorinda Chou
Teresa Fukushima
Philip Hsu
Suzie Koo
Pauline Lee
Vincent Lieu
Nancy Lin
Sonny Mao
Lucia Tam
Cathy Wong
John Wong
Kelvin Wong
John Wu

2010 Executive Board will be announced next month.

Southland home sales fall; median price edges up again

La Jolla, CA---Home sales dipped in Southern California last month, the result of a thinning inventory of foreclosure properties and financial uncertainty among potential home buyers. The median sale price edged up for the fourth month in a row, a real estate information service reported.

A total of 21,502 new and resale homes sold in Los

Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties in August. That was down 10.8 percent from 24,104 in July, and up 11.0 percent from 19,366 in August 2008, according to MDA DataQuick of San Diego.

Last month was the 14th in a row with a year-over-year sales increase. The decline from July to August was

Continued from page 5 – Southland Home Sales Fall . . .

unusual, given an increase is normal for the season. August sales in DataQuick’s statistics, which go back to 1988, range from a low of 16,379 in 1992 to a high of 39,562 in 2003. The average is 27,458.

“There’s still a lot of uncertainty out there about prices, interest rates and the availability of mortgage money. Additionally, we don’t know if this drop in foreclosure resales is temporary. We’re hearing from public agencies and the banking industry that there’s still a lot of financial distress in the pipeline,” said John Walsh, MDA DataQuick president.

Foreclosure resales accounted for 38.8 percent of August’s resales activity, down from 40.7 percent in July and down from 45.5 percent in August 2008. In February this year it peaked at 56.7 percent. Most of the relative decline is due to an increase in non-foreclosure resales.

The median price paid for a Southland home was \$275,000 last month, up 2.6 percent from \$268,000 in July, and down 16.7 percent from \$330,000 in August 2008. The month-to-month increase was the fourth in a row after the median fell to a more-than 7-year low of \$247,000 in April. The median peaked at \$505,000 in mid 2007.

Changes in the median do not necessarily correspond to changes in home values in the current, atypical sales environment. Adjusting for shifts in market mix, it now appears that over the past two years homes in older, more costly neighborhoods have come down in value by about half as much as homes in newer, more affordable neighborhoods. Prices also fell sharply in some lower-cost, older communities where the use of risky subprime loans was high, triggering relatively high foreclosure rates.

The median price is likely to rise as “jumbo” and adjustable-rate (ARM) financing become more available

again, given that those loan types fuel sales of homes priced above the Southland’s mid-point.

Loans above \$417,000 – formerly the definition of a jumbo loan – accounted for nearly 40 percent of all home purchases before the credit crunch hit two years ago. Last month they accounted for 15.6 percent, up from a low of 9.3 percent in January 2009.

Adjustable-rate mortgages, which have accounted for 39.8 percent of all home purchase loans over the last 20 years, accounted for 3.9 percent last month, up from 1.9 percent in April this year.

At the same time, a common form of financing used by first-time home buyers in more affordable neighborhoods remains near record levels. Government-insured, FHA mortgages made up 37.4 percent of all purchase loans in August, up from 37.0 percent in July and 27.1 percent in August last year.

MDA DataQuick, a subsidiary of Vancouver-based MacDonald Dettwiler and Associates, monitors real estate activity nationwide and provides information to consumers, educational institutions, public agencies, lending institutions, title companies and industry analysts.

The typical monthly mortgage payment that Southland buyers committed themselves to paying was \$1,207 last month, up from \$1,184 for July, and down from \$1,642 for August a year ago. Adjusted for inflation, current payments were 45.5 percent below typical payments in the spring of 1989, the peak of the prior real estate cycle. They were 55.4 percent below the current cycle’s peak in July 2007.

Indicators of market distress continue to move in different directions. Foreclosure activity remains near record levels. Financing with multiple mortgages is low, down payment sizes are stable, and non-owner occupied buying is above-average in some markets, MDA DataQuick reported.

	Sales Volume			Median Price		
	Aug-08	Aug-09	%Chng	Aug-08	Aug-09	%Chng
All homes						
Los Angeles	6,138	7,189	17.1%	\$380,000	\$329,500	13.3%
Orange	2,713	2,790	2.8%	\$440,000	\$427,750	-2.8%
Riverside	4,078	4,145	1.6%	\$247,450	\$190,000	23.2%
San Bernardino	2,439	3,276	34.3%	\$215,000	\$145,000	32.6%
San Diego	3,148	3,306	5.0%	\$350,000	\$325,000	-7.1%
Ventura	850	796	-6.4%	\$400,000	\$375,500	-6.1%
SoCal	19,366	21,502	11.0%	\$330,000	\$275,000	16.7%

Source: DQNews.com Media calls: Andrew LePage (916) 456-7157 or John Karevoll (909) 867-9534
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Chinese American Real Estate Professionals Association
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P.O.Box 1435, San Gabriel, CA 91776

www.carepa.org

You are cordially invited to

Annual Christmas & Installation Banquet

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Sunday, December 6, 2009

Almanson Court

700 South Almanson St., Alhambra, CA

6:00 pm - 12:00 am

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Total: \$ _____ Check# _____

To purchase tickets, place advertisement, become a sponsor, or to make a reservation, please contact:

John Wu 323.578.8988

Philip Hsu 626.230. 9655

Lucia Tam 626.221.2888

Time Running Out for First-time Buyer Tax Credit

The clock is ticking. Time is running out. To be exact, time runs out midnight, November 30, 2009. Many readers will know what I am referring to. Under the American Recovery and Reinvestment Act of 2009, November 30 is the last day for a home purchased by a first-time home buyer to qualify for the \$8,000 tax credit. The purchase must be closed and title transferred by that date. It will not be sufficient simply to be under contract or in escrow.

By way of a brief refresher: (1) The tax credit is for first-time home buyers only. For the program, the IRS defines a first-time home buyer as someone who has not owned a principal residence for the past three years. (2) The credit does not have to be repaid. (3) The tax credit is equal to 10% of the home's purchase price, up to a maximum of \$8,000. (4) The credit is available for homes purchased (closed) on or after January 1, 2009 and before December 1, 2009. (5) Single taxpayers with incomes up to \$75,000 and married couples with incomes up to \$150,000 qualify for the full tax credit. (6) The credit can be taken for either 2008 or 2009 taxes. In the former case, an amended return can be filed.

By all accounts the program has been extremely popular – which is to say, successful. The National Association of Realtors® (NAR) estimated that, by September, about 1.1 million first time home buyers had used the program; and another 700,000 are expected to do so. Already, the Treasury Department has reported nearly 315,000 people have claimed the tax credit after filing an amended 2008 return.

As enacted, the program is set to expire at the end of November. A number of bills have been introduced to extend and/or expand it. Representative Eddie Johnson (D-Texas) introduced a bill to extend the program through 2010. Another would also expand it to all home buyers. In the Senate, a bill co-sponsored by Johnny Isakson (R-Georgia) and Chris Dodd (D-Conn.) would expand the tax credit to \$15,000 and make it available to any buyer

regardless of income.

One would think that at least the modest proposal for an extension would be a no-brainer. It is a government program that is working, for goodness sakes. But even that legislation is in doubt. Two obstacles are cited. One is the cost. Extending this program would result in reduced future revenues. The second problem is that such a bill will have a hard time receiving any attention while the Congress is – for the next foreseeable months – focused on considerably higher profile items such as health-care and Afghanistan.

The first so-called problem seems just crazy. Suppose an extension generated an extra 1 million sales. That would result in \$8 billion in unrealized tax revenues. Now that is a lot of money; but it is chump change compared to the amounts that have been lavished on financial firms and auto makers, with yet to be determined beneficial effects. The tax credit program only costs money if it works. Its cost is proportional to its success. If it didn't work at all, it wouldn't cost a dime. Imagine that for a government program.

The second problem is realistic. There's a lot of heavy-duty stuff going on. But, it would seem a simple extension of the program could be achieved with very little ado and virtually no distractions from the "big issues."

Meanwhile, what should interested parties do? (1) If you are a first-time home buyer, you had better get off the dime. There's certainly no guarantee the program will be extended. (2) If you are a real estate agent, pass #1 along to every potential first-time buyer that you know. (3) Whether you are a Realtor® or not, if you believe in extending the program, let your representatives know. (4) If you are a member of the Realtor® organization, respond to NAR's call for action, supporting its lobbying efforts. If you don't know how to do that, go to www.realtoractioncenter.com.

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CHINESE AMERICAN REAL ESTATE
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