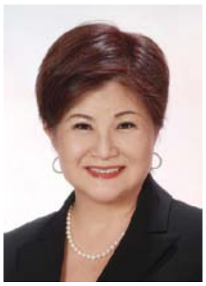
CAREPA NEWS
CAREPA NEWS
華裔房地產專業協會新聞

2011 年 八月號 August 2011

President's Message ~會長的話



July 25th, Monday was the day of CAREPA Golf Tournament. It was a beautiful day. The weather was nice with temperature in the low 80's. Ling Chow and Lawrena Chang started checking-in the players from 8:30 am. All 50 players received a nice goody bag. Putting contest took place from 9:00 to 10:15; shotgun started at 10:30 and finished by 4:30; and then, we had a nice buffet dinner with a closing ceremony in front of the golf course. I presented the trophies to all the winners. We had raffle drawings, thanks to all the directors who donated many nice door prizes, and especially, Yin Bihr and Jacqueline Cheou who brought expensive golf accessories. Mr. Philip Tracy was the Grand Prize winner of a one week vacation in beautiful Sedona Summit Diamond Resort in Arizona in a 2 bedrooms - 2 baths condo with a value of over $2000. I am also proud to say that our oldest player, Eugene Lin, at the age of 82 years, played very well. I personally invited him to attend our August General meeting to present him a special Award. The golf tournament was successful thanks to Yin Bihr and Jacqueline Cheou who organized this event. I didn't know that it would take so much time and effort to put such an event together until I became involved. I really appreciate everyone's help and support in making this event possible.

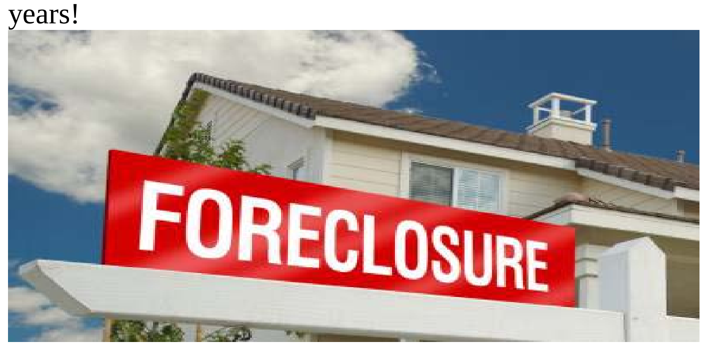
Time flies when you are having fun. Believe it or not, it's election time again. Last month, the nomination form was made available. You may also download it from the website at www.carepa.org. Please nominate eligible candidates who you feel will best represent you in our Board. Nominations deadline is Wednesday, August 10, 2011 by 8pm.

August is here. This month will be the hottest month of the year, Chinese calls the month of August "秋老虎" which means, "the heat in August is like a mean tiger". I wish everyone will have a safe summer and stay cool.

Nancy Lin, GRI, SRES
2011 CAREPA President
Kotai Realty Inc.
(626) 786-5056

LOS ANGELES REAL ESTATE UPDATE FOR SUMMER 2011

It has been another eventful half year in real estate. Following are some statistics and opinions from the marketplace. The dominant theme, consistent for the last few years, is the lack of quality supply. We've had a very low amount of inventory for the last few years, and the first half of the year was even drier than normal. In fact this is the fewest available properties I have ever seen during the usually busy summer selling season. Due to rising interest rates and buyer patience, the price level dropped approximately 5% over the first half of the year, despite this lack of supply. Recently, the decline eased and buyer activity increased over the last few months. Just a note: We have now been selling REO homes for almost 4 years!



The media has been especially dangerous this year. One of the big stories of the past month was the revelation that banks held an "unbelievable" amount of inventory – 875,000 homes on their books. This is definitely a large number of homes, but minor in comparison to the average annual sales volume. Last year, almost 5,000,0000 homes sold in the U.S. Even at the slower pace of the first quarter, almost 160,000 REO homes sold each month. Assuming that banks take 3 months to go from auction to market, of the 875,000 homes, over 160,000 are in escrow, and as many as 500,000 are not yet on the market. I know that with my own REO listings, only 1 of 7 is actively on the market. The others are in various stages of tenant eviction and relocation.

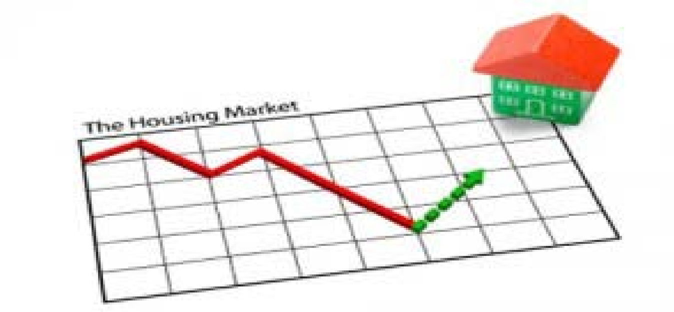
Based on the above numbers, only about 300,000 REO homes would be on the market, representing a 2 month supply. At that pace, almost 2,000,000 REO homes would sell this year, which would require more than the estimated 1,000,000 homes about to go into foreclosure.

continued on page 2

continued from front page

That does not include homes sold as short sales. Bottom line: Banks do not have a lot of homes. Second Bottom Line: A lot of distressed homes have sold over the last 4 years.

What to expect: Expect continued small price fluctuations. As of this writing, activity had picked up, and rates had dropped. While the summer is starting slowly, expect a busy end of summer, and fall. Don't expect large price drops or gains. A couple other notes: Over 50% of the transactions I have been involved in this year have been "all cash," and over 35% of all transactions statewide are "all cash," up from 25% last year. What does this mean: the investors are out in force buying cheap properties and renting them out. This will eventually create a squeeze on housing supply.



My opinion is that we are at or near bottom of the housing market. We may stay there for a while, but the continued lack of supply and reasonably strong demand in our local market will prevent any further medium or large price drops. The intense amount of investor buying activity bodes very well for our marketplace. The biggest impediment to a full recovery at this point is access to credit – loans are easy for most and impossible for some. Once credit markets open up again, I would expect significant price growth.

I always welcome discussion and would love to hear others chime in with their thoughts. Feel free to comment below or contact me directly to discuss further. I am also here to assist with all of your real estate questions and needs.

California households are doing without

Many Californians say their personal fortunes haven't recovered from the recession. A Times/USC Dornsife Poll shows that they're cutting household expenses, avoiding extras and forgoing home improvements.

By Alejandro Lazo, Los Angeles Times

The Delgado family is putting off plumbing repairs to their San Marcos home. Estela Saucevo's teeth hurt, but she's trying to avoid a costly trip to the dentist. Teachers William and Kathy Jones, struggling with pay cuts, are getting by without the little extras they used "No date nights, no vacation — no nothing, unfortunately," said William Jones, 59, an automotive instructor in Riverside County.

The recession may be technically over, but many Californians say their personal fortunes have yet to recover or have taken a turn for the worse. A new poll shows they are coping with hard times by cutting household expenses, skipping restaurant meals and forgoing home improvements.

"I am scared, to be honest," said Celia Delgado, 36, one of the people surveyed for The Times and USC's Dornsife College of Letters, Arts and Sciences. "I am scared that my husband might lose his job and I might lose my job, and we might be homeless."

The poll found that 37% of Californians were cutting back on household expenses such as groceries and gasoline, while 52% were forgoing luxuries such as concerts and restaurant meals, in order to make their mortgage payments.

And with home prices weak, the poll found that 31% of the more than 1,500 California voters surveyed had put off looking for or buying a new home — and that 50% had set aside investing in home improvements.

Both of those trends are sobering reminders of how hard it will be for California to escape the grip of the devastating economic downturn. Housing has traditionally fueled recoveries, but tepid demand for homes — and even home improvements — is crimping the creation of new jobs in construction and real estate.

On Friday, California reported that construction payrolls decreased by 1,100 jobs in June, following a drop of 5,000 in May. Compared with June 2010, construction sector employment has hardly budged: It's up only 7,800 jobs, or 1.4%.

"The concern is that many of these jobs in California are not coming back anytime in the near future," said Stuart Gabriel, director of UCLA's Ziman Center for Real Estate. "Without those related jobs through residential real estate, we are finding it very difficult for the California economy to recover."

To save money, Celia and David Delgado are taking their five children to visit family in Mexicali, Mexico — and putting off that trip to Disneyland they wanted to take. And forget about paying fees for youth soccer leagues; pickup games with other kids in the neighborhood will have to do.

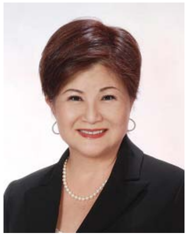
Jones, another person who participated in the poll, said he and his wife, Kathy, 56, a public school teacher, endured sizable pay cuts over the last year and were fighting to make ends meet.

Their home in San Jacinto, near Hemet, is assessed at less than half the $392,000 that couple paid in 2006. And

continued on page 4

2011 CAREPA BOARD OF DIRECTORS

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
Gracias a la Junta de Directores por ser voluntarios.


Nancy Lin
2011 President


Brian Chen
President Elect


Ling Chow
Vice-President


Lucia Tam
Secretary


Margaret Chiu
Treasurer

Directors


Lorinda Chou


Annie Fan


Vincent Lieu


Suzie Koo


Carina Pang


Dr. Alex Tse


John Y. Wong


John C. Wu


Paul Cheng, Legal Advisor

COMMITTEE CHAIRS

BUDGET AND FINANCE	**Margaret Chiu**	**INTERNATIONAL**	**John C. Wu**
ELECTION	**Brian Chen**	**MEMBERSHIP**	**Carina Pang**
CHRISTMAS/INSTALLATION	**Brian Chen**	**PROGRAMS/MIXERS**	**Brian Chen**
GOLF TOURNAMENT	**Yin Bihr/Jacqueline Cheou**	**PUBLICATIONS/PUBLIC RELATIONS**	**Lucia Tam**
HOPE AWARD	**Lucia Tam**	**WEBSITE**	**Lucia Tam**

AUGUST GENERAL MEETING

AUGUST 10, 2011

6:30PM

SPEAKERS
JOHN HSU & DALERIE WU
STC MANAGEMENT

TOPIC
"Investing in Distressed Assets"
Foreclosures ~ purchasing non-performing loans ~ potential properties ~ etc.

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

For reservations and information,
contact BRIAN CHEN @ **626-831-3120**

November 11-14, 2011 • Anaheim, California

Early Bird Deadline Approaching

Register by August 15 to take advantage of the discounted early bird rate!

"Denim and Diamonds" Inaugural Party

Come kick up your heels with music, dancing and the installation of your 2012 Leadership, including Moe Veissi as your 2012 NAR President.

continued from page 2

Jones said they still owe a little more than double the property's current value, putting them, like many Californians who bought in inland areas during the height of the boom, deeply "underwater."

Although the Joneses have not missed a single mortgage payment, they buy fewer groceries, run the air conditioner less and have skipped some utilities payments. The couple rely on a home garden for vegetables and often cook meals they can stretch for two to three days to spend less on food.

"We are looking over the edge," Jones said, "and we are just hoping something don't come from behind and push us over."

They're set on keeping their four-bedroom, three-bathroom house on a suburban street ravaged by foreclosures and steep price declines, he said, because they do not want to wreck their credit history and because Jones' elderly parents live with them, and he needs to keep a roof over their heads.

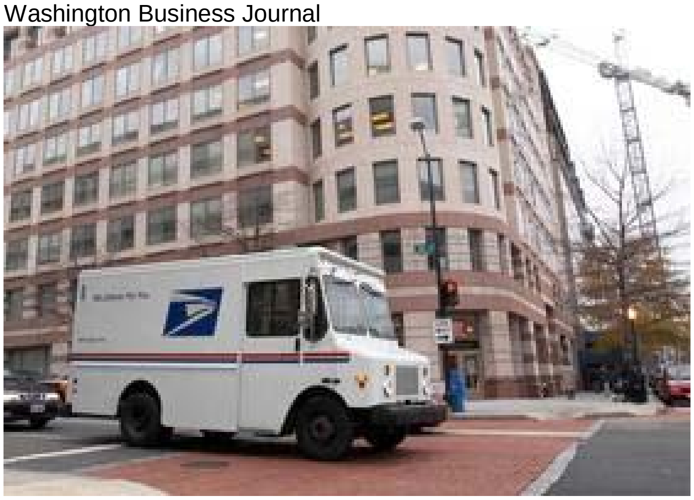
Richard Green, director of the USC Lusk Center for Real Estate, said California homeowners are likely to make big sacrifices to hold on to their houses for a variety of reasons, even when they owe far more on their mortgages than the value of their properties. They may not want to realize the loss, and they could be concerned about their credit histories, he said.

"People who put down payments on homes — they tend to not walk away because they just don't want to swallow the loss," Green said. "There are also people who feel responsible for paying their bills."

The poll was based on a survey of 1,507 registered voters in California from July 6 through 17. It was conducted by Greenberg Quinlan Rosner, a Democratic firm, and American Viewpoint, a Republican firm. The margin of sampling error is plus or minus 2.52 percentage points.

U.S. Postal Service gives CB Richard Ellis exclusive deal

Los Angeles Business from bizjournals - by Jeff Clabaugh, Washington Business Journal



CB Richard Ellis is now the exclusive real estate agent for the U.S. Postal Service.

Los Angeles based CB Richard Ellis Group Inc. is now the exclusive real estate agent for the U.S. Postal Service.

The USPS had previously worked with multiple real estate companies, including CB Richard Ellis since 1997.

There will likely be plenty of work for the company in coming years as USPS considers closing or consolidating thousands of post office locations across the country. USPS has about 35,000 facilities totaling 300 million square feet across the country.

CB Richard Ellis's (NYSE: CBG) public institutions team in based in Washington.

CLOSETS CAN BE A SELLING POINT AND ORGANIZATION IS KEY

Preparing for an open house can be time consuming and tedious, but a perfectly staged home may be well worth the sweat equity poured into getting it ready for homebuyers. While much attention is paid to kitchens and living rooms, other areas of the home could also benefit from a bit of a makeover.

For example, closets - which can easily become cluttered – could be cleaned out and restructured. The simple fix may make a home more attractive because homebuyers will see de-cluttered closets as ample storage spots. As the need for storage solutions increases, more consumers that search homes are looking for walk-in closets and other functional storage spaces, according to AvidBuilder.com.

Home and Garden Television recommends pulling everything out of closets and sorting them into piles to either keep, store or give away. After clothes have been removed and sorted and the closet has been cleaned, homeowners can consider additional storage solutions.

For those who do not want to shell out the cash for custom-built organizers, there are some simple storage solutions that will not break the bank. Hanging shelves, clear plastic storage drawers and cloth boxes can all help to keep items tidy and make them easy to find when the need arises, according to Real Simple.

Repacking the closet with these storage helpers in place will make closets look more spacious and may help to rake in more bids.

LOS ANGELES OFFERING SUMMER REBATES FOR HOME ENERGY UPGRADES

Los Angeles County and local utilities are expanding rebates this summer for homeowners who achieve at least 20 percent energy savings through home energy improvements.

The county will give homeowners a rebate of $2,000, up from its previous $500, while local utilities are offering up to $4,000 back.

The incentives are being made available through [the Energy Upgrade California program](), which was launched earlier this year to offer rebates and incentives to homeowners who make energy-saving home improvements.

The increased summer rebate is retroactive for homeowners who have already begun upgrades through the Energy Upgrade California program and is available while funds last or through Labor Day. After Labor Day, the L.A. County rebate will return to its original amount of $500, and homeowners will be eligible for a maximum of $4,500 in incentives.

Work has to be performed by a participating Energy Upgrade California contractor.

"Southern California's summer heat inevitably brings higher costs for cooling your home, so this is an ideal time to consider energy-saving home upgrades," said **Howard Choy**, general manager of the Los Angeles County Office of Sustainability. "It's our hope that the increased incentives offered this summer encourage more L.A. county residents to take advantage of energy improvements that will help them save money, create more comfortable indoor environments and contribute to our county-wide energy-efficiency efforts as we head into the hot summer months of high energy use."

Home improvements that qualify for rebates and incentives include insulation, sealing, HVAC upgrades, energy-efficient windows, tankless water heaters and other "fixed" improvements. Program administrators say they are emphasizing a "whole house" approach, rather than individual improvements, as the most efficient way to save money on energy bills and qualify for the maximum rebate available.

June Housing Update 2011

by jsacavitch

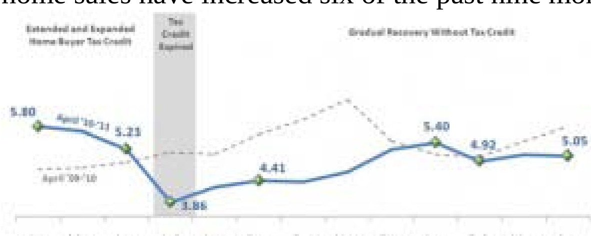
The U.S. housing market continues its gradual and uneven progress, despite the expiration of the home buyer tax credit. The remarkable rebound in housing activities from the initial drop following the end of the home buyer tax credit this past July adds to the belief that the risk of a double-dip downturn in housing may be disappearing.

As the housing market continues to work through the excess supply overhang, a result from the glut of foreclosed properties which is keeping home prices below their long-term trend growth, economists anticipate mortgage rates at or above 6% by the end of 2012 and expect buying activity to continue its upward momentum.

Supporting this view is the rising concern about inflationary pressures sparked by political unrest in the Middle East. While surging gas and food prices could prove transitory and pose no major threats, these price increases may weigh down consumer spending, which accounts for two thirds of the economy. While, the Federal Reserve is committed to making necessary policy changes to address such risks. Meanwhile, core price gains, excluding food and fuel, were modest in April, offering some relief to consumers.

As the economy improves, stimulus efforts by the government and the Fed is expected to gradually wind down, which typically spurs rising interest rates to keep inflation in check. Meanwhile, buyers continue to benefit from historically favorable buying conditions and sellers are encouraged by increased market stability.

The number of homes home sales in April were down 12.9% compared to the same time last year when the impact of the tax credit was at its peak. Sales were relatively stable compared to the previous month: less than a 1% decline. NAR Chief Economist Lawrence Yun states that "given great affordability conditions and job creation, home sales should be stronger" and cites unnecessarily tight credit for limiting sales. Gradual but uneven improvement is expected to continue. In fact, home sales have increased six of the past nine months.

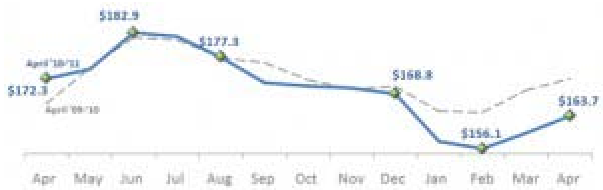


Home Price *in thousands*

Home prices rebounded 2.4% in April with median home prices rising to $163,700. This is 5% below the year-ago level and continues to keep the median price close to 2002 levels. Three out of eight homes sold during April, or 37% of sales, were distressed properties, which typically sell at a 10%–20% discount. This is down 3% from March. Investors represented 20**%** of sales, and all-cash buyers were 31**%** of sales in April, down from a record high of 35% in March. Prices and mortgage rates remain favorable for buyers for the spring selling season.

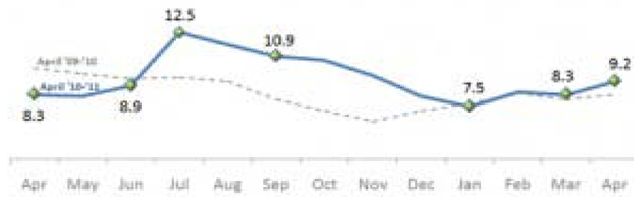
continued on page 6

continued from page 5



Inventory- Month's Supply *in months*

The supply of homes measured in months on the market, if sales continue at their current pace, inched up during April compared to March. Inventory levels



remained 26% below the peak of 12.5 months in July and only 11% above April of 2010 when the tax credit was in full swing.

Source: National Association of Realtors

Can a Bank File a Deficiency Judgment After a Foreclosure or Short Sale?

By Elizabeth Weintraub, About.com Guide

Foreclosures and short sales can result in a deficiency judgment.

Question: Can a Bank File a Deficiency Judgment After a Foreclosure or Short Sale?

A reader asks: *"We completed a short sale, in southern CA, with a first mortgage and second (line of credit). The sale closed with the first lender getting $360,000 of the $402,000 owed, and the second getting $1,000 of $148,000 owed. Six months later, the second mortgage company's debt collector called wanting a settled amount offer of $60,000 on the $148,000 balance owed. Can the bank file a deficiency judgment against us after a short sale?"*

Answer: Deficiency judgments sometimes pop up after a foreclosure or short sale. That's because many sellers don't obtain legal or tax advice in advance, so the deficiency judgment comes as a surprise. Moreover, deficiency judgments are a complicated process to understand.

Promissory Notes and Mortgages

Contrary to what people think, deficiency judgments stem from the fact a borrower defaulted on a promissory note, not the mortgage. A promissory note is a promise to pay. It can also provide for personal liability, depending on your state laws. Personal liability means the lender can come after your assets if you do not make your payments.

A promissory note is secured by either a trust deed or a mortgage, depending on the financing instrument each state uses. Typically, the mortgage or trust deed is recorded in the public records where the property is located, which gives the public constructive notice that the home has a lien against it.

Foreclosure

If the promissory note is not paid as agreed, the beneficiary has the right to foreclose upon the property, because the property is the security for the promissory note.

If the borrower does not bring the payments current or pay off the existing loan(s) during the foreclosure period, the home will go to auction. If the home sells for more than the amount that is owed, there is no deficiency; however, that rarely happens. Generally it sells for less.

Banks get the home in foreclosure when nobody bids enough to pay off the bank. The bank also has a right to sell the home for less to the highest bidder at the auction, but generally banks prefer to sell to a private party after the foreclosure, hoping to get more money on the open market.

Short Sales

Deficiency Judgments

A deficiency is the difference between the principal balance due and the amount received, providing the amount received is less than the amount owed.

Whether the bank can pursue a deficiency judgment after a foreclosure or short sale depends in part on whether the promissory note makes the seller personally liable for the debt. Some states allow for personal liability.

Deficiency Judgments in California

continued on page 7

continued from page 6

The good news for California borrowers is all purchase-money loans on a one- to four-unit residential dwelling are exempt from deficiency judgments.

Hard-money loans in California -- loans taken out after the home was purchased through a refinance or second mortgage -- **can** be subject to a deficiency judgment under the following conditions:

- The lender forecloses under judicial proceedings *(California Code Civil. Proc. § 726).*
- Most lenders foreclose through a trustee's sale; however, which does **not** give the lender the right to pursue a deficiency judgment, with one exception *(see second hard-money* ***second*** *mortgages below).*
- A three-month time limit applies to actions for deficiency judgments under a judicial foreclosure.
- If the second mortgage is hard money and the lender has lost security for that loan through a foreclosure or short sale -- making the security for the promissory note worth nothing -- the beneficiary of that second mortgage **can** pursue a deficiency judgment *(Roseleaf Corp. v. Chierighino, 59 Cal. 2d 35 (1963).*
- SB 931, effective Jan. 1, 2011, offers deficiency protection to California short sale sellers if the loan is in first position. It does not apply to foreclosures.

Negotiating Collection

Some hard-money lenders sell the promissory note to an investor after a foreclosure for pennies on the dollar. Then, the investor will attempt to collect the debt.

Even though a lender may have accepted, say, $1,000 for a $100,000 second mortgage through a short sale, the security for that hard-money second is released but the promissory note may not be. A short sale seller such as our reader might believe the ordeal is over, until one day he receives a phone call, asking for repayment.

- Realize that the lender most likely will negotiate for a discounted payoff.
- The lender may ask for a new promissory note to replace the old promissory note. In that event, make sure the lender sends a "paid in full" promissory note.
- If the lender has already sold the note, the discount may be greater.
- Not all hard-money promissory notes must be paid in cash. Some lenders will accept payments.
- If the lender directs payments to another entity, realize that the note may have been sold at less than its face value, and that new lender may accept an even lower amount as payment in full.
- After the note is paid in its entirety, ask the lender to return the promissory note marked "paid in full."

New Law SB 458 Prohibits Deficiencies on California Short Sales

By Elizabeth Weintraub, About.com Guide

California Governor Jerry Brown signed SB 458 into law. SB 458 morphed from its inception as a rebirth of SB 1178 into an anti-deficiency law for short sales. All mortgages, first, second and subsequent mortgages fall under SB 458. SB 931 was about a first mortgage, but it offered no release of liability for junior mortgages. SB 458 closes that loophole.

It will amend California Civil Code 580e with regards to a short sale only. It does not apply to foreclosures. It also prohibits a lender from demanding a seller contribution as a condition of short sale approval. SB 458 applies to one to four-unit dwellings in California, but they don't have to be owner occupied.

I predict that banks will still ask for a contribution, though. Maybe they just won't put it in writing. They will probably try to break the law, because who will slap their hands? There are no short sale police. Plus, title companies will bear more liability.

Beware of Interesting Laws

New Traffic Law since 2010 - Ticket cost $754.00

GOOD THING TO KNOW: New Law: If a patrol car is pulled over to the side of the road, you have to change to the next lane (away from the stopped vehicle) or slow down by 20 mph. Every state except Hawaii, Maryland and D.C. has this law. In California, the "Move-over" law became operative on January 1, 2010.

A friend's son got a ticket for this recently. A police car (turned out it was 2 police cars) was on the side of the road giving a ticket to someone else. He slowed down to pass but did not move into the other lane. The second police car immediately pulled him over and gave him a ticket. He had never heard of the law. It is a fairly new law

continued on page 8

continued from page 7

that states if any emergency vehicle is on the side of the road, if you are able, you are to move into the far lane. The cost of the ticket was $754, with 3 points on your license and a mandatory court appearance. Please let everyone you know that drives about this new law. It is true, see details at the following web address:

http://www.moveoveramerica.com/

Brand New Sessions to Rock CALIFORNIA REALTOR® EXPO

What's New at EXPO 2011?

CALIFORNIA REALTOR® EXPO 2011 is all about professional development, and it's **FREE for C.A.R. members**. Once a year, C.A.R. gathers the industry's heavy hitters and cutting-edge practitioners to provide members with a concentrated informational and educational experience. You need to be in San Jose for CALIFORNIA REALTOR® EXPO 2011 Sept. 21-22.

At CALIFORNIA REALTOR® EXPO 2011, variety reigns supreme. Sit in on a speaker session, listen to a panel of pros, participate in a social media workshop, and lunch and learn. With so many great topics and speakers, C.A.R. has assigned each session to one of four tracks to help facilitate easier planning at the upcoming trade show.

New sessions in the **Sales track**:

- How to Engage Gen Y and Millennials
- Mastering Your Local Market
- How to Double Your Business in 2012
- How to Make Your Data Speak

New sessions in the **REOs, Short Sales, & Foreclosures track**:

- The Keys to Closing Short Sales Quickly
- How to Prep Your Clients for a Short Sale
- The Psychology of a Short Sale
- How to Find and Work Your REO Transactions

New sessions in the **Risk Management track**:

- Why Lenders Can't Lend: The Economic Perspective
- Where are the Loans? (panel)
- Home Financing Options for Buyers
- Keeping Fraud Out of the Transaction (panel)

New sessions in the **Technology & Trends track**:

- Top 20 Tools to Help You Work Anywhere
- Social Media Success Stories (panel)
- 50 Websites in 50 Minutes
- Protecting Your Online Presence

Visit http://expo.car.org/ to see a full list of sessions to start planning your time at CALIFORNIA REALTOR® EXPO 2011. Entrance to the exhibit hall is FREE for all C.A.R. members, but you must register to receive an entrance badge. Fees apply to ticketed events, including PRE EXPO and special luncheon events.

In addition to the free session on Wednesday and Thursday, be sure to check out the session lineup for PRE EXPO. PRE EXPO is a ticketed event that focuses on social media, property management, and top producers, and offers boot camp-style training for all three topics. More information about PRE EXPO can be found at http://expo.car.org/preschedule.html.

You can register online for the CALIFORNIA REALTOR® EXPO 2011 and PRE EXPO by visiting http://expo.car.org/, or calling toll-free (800) 242-2732.

See you in San Jose!

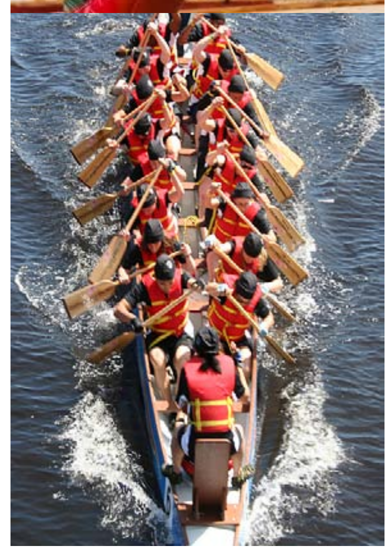
iDate Information Update Newsletter

Effective August 1, 2011, if an electronic lockbox is selected in the **Key Safe Description** field, you will be required to enter the key safe's serial number in the **Key Safe Serial Number** field for all new listings you add in the CRMLS Matrix Platform.

Note: *If you change the value entered in the Key Safe Description field for an existing active listing, you will be required to enter your key safe's serial number in the Key Safe Serial Number field before you can submit your updated listing information.*

Failure to enter a valid serial number for your key safe in the Key Safe Serial Number field is a violation of Sections 7.14 and 8.3 of the CARETS Standardized Rules and Regulations and may result in fines and/or further action by your local Association/Board of REALTORS®.

For customer support go to http://www.crmls.org or call us at 800-925-1525. Our business hours are M-F 8:30-9:00pm and Sat-Sun 10:00am -3:00pm.



Real estate kickback allegations settled

Four cases show how technology and creative financial arrangements are used to get around laws against giving money to someone who steers a home buyer or refinancer to a title agency, lender or escrow company.

By Kenneth R. Harney July 24, 2011 - Reporting from Washington

Federal law prohibits kickbacks among brokers and others in home real estate deals. That sounds pretty straightforward: You can't give money to someone simply for steering a home buyer or refinancer to a particular title agency, mortgage lender or escrow company without providing any actual services to the consumer.

Yet as four recent legal settlements suggest, there is still plenty of action underway at the fringes of the law, where technology and creative financial arrangements are raising new questions about what's permissible and what's not.

Take the multimillion-dollar settlement July 11 between the Department of Housing and Urban Development and Fidelity National Financial Inc., the country's highest-volume title insurance and settlement services company. HUD charged that Fidelity and its affiliates have "engaged in a widespread and years-long campaign to pay real estate brokers kickbacks for the referral of real estate settlement services, including home warranties and title insurance." As part of the settlement, Fidelity denied any wrongdoing but agreed to pay the government $4.5 million.

How was the company allegedly paying kickbacks to brokers? According to HUD, it was done with the help of the Internet: Participating realty brokers were given access to a Web-based portal created by Fidelity that automates home real estate transactions "from listing to closing" and enables agents to select title insurance and other services

continued on page 10

continued form page 9

for the transaction.

Realty brokers signed "sub-license agreements" with Fidelity subsidiaries to enable them to be listed on the portal as providers of services. Then, as part of the deal, HUD said, Fidelity subsidiaries paid participating real estate brokers for referrals of customers they provided.

It was sophisticated and may have involved large numbers of realty offices around the country and thousands of individual transactions. For its part, Fidelity insisted in the settlement that the payments it made were not for referrals. Dan Murphy, a Fidelity spokesman, declined to comment.

In another case alleging kickbacks, Prospect Mortgage, a national home lender in Sherman Oaks, reached a $3.1-million settlement with HUD. Prospect "created sham affiliated business arrangements for the purpose of paying improper kickbacks" to real estate brokers, mortgage brokers and other service providers, according to HUD.

Prospect denied that it had violated federal law but agreed to dismantle the network it had set up to pay the referral fees alleged by HUD. The network itself involved creation of large numbers of limited liability companies that purported to be legitimate joint ventures with Prospect but that in fact were shells that "had little or no employees, capital and/or offices" — key tests of whether an affiliate is legal under federal law or exists solely to make referrals in exchange for payments, according to HUD.

"In return for the referral of business," the agency said, "Prospect shared 50% of its profits with these entities, which HUD determined were not bona fide."

Prospect Chief Executive Ron Bergum said in a statement on the company's website that although the same business-generation model "is currently being used by several of our competitors," the company respects HUD's position. Bergum did not identify the competing firms still using what HUD considers kickback schemes.

Still another issue involving controversial fees flowing to realty brokers emerged in two recent settlements in New Jersey: the charging of "admin" fees on top of standard commissions. Weichert South Jersey Inc. and Prudential Fox & Roach Realtors settled class-action lawsuits challenging their collection of extra money from thousands of clients at closings for which no additional services were provided. Both firms denied the allegations but agreed to stop charging the fees, which generally ranged from $150 to $275.

A lawyer for the plaintiffs in both cases, Stephen DeNittis, said the class-action suits alleged violations of state laws that track federal law on realty broker compensation in home sales and purchases. "You can call it whatever you want — an admin fee or added commission or some other name — but if you charge money for it you have to do something" to justify the fee, DeNittis said.

A spokeswoman for Weichert had no comment on the settlement. An attorney for Prudential Fox & Roach Realtors, Jay Varon, said the company "believes that its charging of administration fees was perfectly lawful" but settled to avoid additional litigation costs.

Bottom line: While you're not likely to detect some of the most sophisticated referral games being played behind your back — that's a job for federal regulators — you have no obligation to pay extra fees in home purchases or sales if nobody is providing additional services to you.

Debunking popular real estate myths

By Lew Sichelman - July 24, 2011 - Reporting from Washington

Misconceptions include notions of a 'perfect' house; that length of time on the market means easier negotiating; that lowball bids are OK in a buyer's market; that distressed property sales are easy and cheap options; and that prices will continue to fall in down markets.

When it comes to real estate, all is not always as it seems. Many buyers — and some sellers — labor under misconceptions that could sink their housing aspirations.

Take the notion that you will hunt for a house until you find the "perfect" one. Sorry. There is no such thing as the perfect house. Even gently used houses come with blemishes. And new homes rarely, if ever, have absolutely everything you want at the price you want to spend.

Another popular myth is that the longer a house is on the market, the more willing the seller will be to negotiate. Not necessarily.

A long time on the market could be a sign that the seller has dug in his heels. He could be hardheaded about the price, unwilling to come down and unwilling to bargain. Perhaps it means the seller is unmotivated. Or it could be an indication that the seller is just tired of the long, drawn-out process.

"After some point, most sellers become exhausted," says Bill Kuhlman, broker-owner of Kuhlman Residential Real Estate in Needham, Mass.

Among the frustrations that can sap a seller's spirit and stamina, Kuhlman lists these: the need to keep the house in showroom condition for months, having to put the house back on the market after one issue or another sinks a deal that looked so promising, having to put more money into the place to improve its marketability, or having to cut the asking price to the bone in a series of

continued on page 11

continued from page 10

unsuccessful attempts to entice a buyer to step forward.

"Any of these can extract a heavy toll," Kuhlman says. "And they can become overwhelming when two or more of them come into play."

Add into the equation that moving is stressful, or that the seller is starting a new job or a new life, and it's possible that the seller will act irrationally. Maybe he'll balk over a minor issue the buyer wants fixed. Or if he feels slighted, perhaps he'll break off negotiations altogether.

The bottom line: There is no way of knowing how a seller will react to an offer, so assume nothing, Kuhlman says. "All buyers can do is make an offer that makes sense to them at the time and see how the seller responds."
Speaking of offers, many people believe they can make any bid they want, no matter how ridiculous, because it's a buyer's market. False. Even foreclosures and short sales are never priced at half their value "or anything even close to that type of fire-sale discount," says Christina Rordam of Exit Real Estate Results in Longwood, Fla.

Besides, starting exceptionally low because you can always go higher could offend the seller to the point that he won't respond. Or if he does and you end up buying the place, you could be in for a difficult transaction because the seller just won't like you.

"Homes are personal, and sellers take such things personally," says Lou Barbee of Re/Max Real Estate Group in Rocky River, Ohio. So if the inspection turns up a few issues that you would like fixed, don't expect the seller to make the repairs because you've already nickel-and-dimed him to the point where he is not going to lose any more money, no matter what.

Another popular misconception involves distressed properties and the notion held among many folks that buying one would be cheaper and easier than working with a seller who's under no particular pressure to ink a deal. Not so, says John Platten, a Keller Williams agent in West St. Charles, Mo.

When you're buying a foreclosure from a bank or dealing with a lender on a short sale, don't expect logical or rational decisions, Platten warns. "Banks work on their own set of rules, have their own priorities. They make decisions based on the financials at the moment and usually don't consider the future costs of a delayed sale or the condition of the property." In fact, distressed sales often take much longer than normal to close if they close at all. And they are far more difficult, which is why Sue Paskert of Courter Realty in Tampa, Fla., won't touch them.

"Lenders are extremely difficult to deal with, whether it be a lack of communication or incompetence, who knows?" Paskert says. "But it takes many months to get approval. And in the end, the buyer may not get the house and, therefore, lose out on other good deals."

Then there's the notion, especially among first-time buyers, that they need the advice of their parents or friends before making a decision. After all, Dad or best buddy knows as much about the real estate market as their agents, if not more. Wrong — especially if these relatives or friends haven't dabbled in real estate for years.

Finally, if you like a place, try to buy it. Don't wait, especially in markets showing signs of recovery.

Keith Elliott of House to Home Realty in Fairfax, Va., had clients not long ago who found a home they liked, only to lose it because they wanted to wait because the market was still down. As a result, someone else snatched up the place.

"When it sells and they didn't get it," says Colleen Cotter of Keller Williams in San Diego, "they are mad and accuse the agent of not making them act." But if you wait for prices to drop some more, you may have only yourself to blame.

EDITOR MESSAGE: excerpt from *Eat That Frog!* by Brian Tracy

HOW TO STOP PROCRASTINATION?
The 80/20 Rule is one of the most helpful of all concepts of time and life management. It is also called the "Pareto Principle" after its founder, the Italian economist Vilfredo Pareto, who first wrote about it in 1895. Pareto noticed that people in his society seemed to divide naturally into what he called the "vital few", the top 20 percent in terms of money and influence, and the "trivial many", the bottom 80 percent.

He later discovered that virtually all economic activity was subject to this principle as well. For example, this principle says that 20 percent of your activities will account for 80 percent of your results, 20 percent of your customers will account for 80 percent of your sales, 20 percent of your products or services will account for 80 percent of your profits, 20 percent of your tasks will account for 80 percent of the value of what you do, and so on. This means that if you have a list of ten items to do, two of those items will turn out to be worth five or ten times or more than the other eight items put together.

Number of Tasks versus Importance of Tasks
Here is an interesting discovery. Each of the ten tasks may take the same amount of time to accomplish. But one or two of those tasks will contribute five or ten times the value of any of the others.

Often, one item on a list of ten tasks that you have to do can be worth more than all the other nine items put together. This task is invariably the frog that you should eat first.

Focus on Activities, Not Accomplishments
The most valuable tasks you can do each day are often the hardest and most complex. But the payoff and rewards for completing these tasks efficiently can be tremendous. For this reason, you must adamantly refuse to work on tasks in the bottom 80 percent while you still have tasks in the top 20 percent left to be done.

Before you begin work, always ask yourself, "Is this task in the top 20 percent of my activities or in the bottom 80 percent?"

The hardest part of any important task is getting started on it in the first place. Once you actually begin work on a valuable task, you will be naturally motivated to continue. A part of your mind loves to be busy working on significant tasks that can really make a difference. Your job is to feed this part of your mind continually.

Motivate Yourself
Just thinking about starting and finishing an important task motivates you and helps you to overcome procrastination. Time management is really life management, personal management. It is really taking control of the sequence of events. Time management is having control over what you do next. And you are always free to choose the task that you will do next. Your ability to choose between the important and the unimportant is the key determinant of your success in life and work.

Effective, productive people discipline themselves to start on the most important task that is before them. They force themselves to eat that frog, whatever it is. As a result, they accomplish vastly more than the average person and are much happier as a result. This should be your way of working as well.

. . . Wishing you Success in your Business. . .

CAREPA News" is newsletter published by CAREPA, Chinese American Real Estate Professionals Association with the goal to inform, facilitate and serve our membership needs. CAREPA does not endorse and may not agree with the content of each article. 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, Nancy Lin, at 626-786-5056。

ARTICLES/WRITE-UP
If you have an interesting article you would like to submit, please send to luciatam@yahoo.com by the 20th day of the month before the article is to appear.

WEBMASTER REQUEST
Please check the website to ensure that your information posted is accurately. If you have changed office or your information is incorrect, please let us know. To put your picture in the website, kindly sent us one. Please contact Lucia Tam at 626-221-2888 or luciatam@yahoo.com if you have questions.

華裔房地產專業協會
CHINESE AMERICAN REAL ESTATE
PROFESSIONALS ASSOCIATION
P.O. Box 1435
San Gabriel, California 91776

place
stamp