

### President's Message ~ 會長的話



The more we do, the more we gain:  
The less we do, the more we lose.

*I am a true believer of  
"doing more, more we gain".*

CAREPA is a non-profit trade organization dedicated to enhance professional development, education and certification of real estate professionals and promote ethics and

professionalism in real estate practice.

Chinese American Real Estate Professional Association's team has the energy to bring our Association to the next level! The Officers and Directors each have the knowledge and wisdom to embark into a journey to bring prosperity.

We work together with local Associations, such as Arcadia Association of REALTORS® and West San Gabriel Valley Association of REALTORS®, to educate members about issues affecting our ability to do business in serving our communities. The support of California Association of REALTORS® in its Cultural Diversity Leadership Summit, consisting of many ethnics associations, addresses issues facing equal opportunity in real estate at local and state levels. At the national level, we work with National Association of REALTORS®. CAREPA has been active and supportive of NAR's HOPE Award. Together with NAR, NAHREP, NAREB, CAREB, AREAA and CREA, collectively, we advance the HOPE Award program up to \$70,000 in award funds.

CAREPA will continue to support and enrich the membership in knowledge of local and state issues, updates in real estate trends, and professional networking. And the continued support from our members reinforces our commitment to excel.

*I am a true believer of "doing more, more we gain".*

Let us prosper and flourish together with "CAREPA"!

Wishing you and your family, Happiness, Health, Success and Prosperity!

Ling Chow

2008 年華裔房地產專業協會會長

2008 CAREPA President

626-616-6667

### U.S. HOUSING CRASH CONTINUES ~ IT'S A TERRIBLE TIME TO BUY ~ WHY?

Source: DQNews.com

1. Prices still disconnected from [fundamentals](#). House prices are still far beyond any historically known relationship to rents or salaries. Yearly rents are 3% of purchase price. Mortgage rates are 6.5%, so it costs more than twice as much to borrow money to buy a house than it does simply to rent an equivalent house. Worse, total owner costs including taxes, maintenance, and insurance are about 9%, which is three times the cost of renting. Salaries cannot cover mortgages. Anyone who buys now will suffer losses immediately, and for the next several years at least.
2. Buyers borrowed too much money and cannot pay the interest. Now there are [mass foreclosures](#), and senators are talking about [taking your money](#) to pay for your neighbor's Mc Mansion.

Banks happily loaned whatever amount borrowers wanted as long as the banks could then sell the loan, pushing the risk onto Fannie Mae (ultimately taxpayers) or onto buyers of mortgage backed securities. Now that it has become clear that a trillion dollars in mortgage loans will not be repaid, Fannie Mae is under pressure not to buy risky loans and investors do not want mortgage backed securities. This means that the money available for mortgages is falling, and house prices will keep falling, probably for 5 years or more. This is not just a sub prime problem. All mortgages will be harder to get. A return to traditional lending standards means a return to traditional prices, which are far below current prices.

3. Interest rates increases. When rates go from 5% to 7%, that's a 40% increase in the amount of interest a buyer has to pay. House prices must drop proportionately to compensate. The housing bust still has a very long way to go.

For example, if interest rates are 5%, then \$1000 per month (\$12,000 per year) pays for an interest-only loan of \$240,000. If interest rates rise to 7%, then that same \$1000 per month pays for an interest-only loan of only \$171,428. Even if the Fed does not raise rates any more, all those adjustable mortgages will go up anyway, because they will adjust upward from the low initial rate to the current rate.

4. Extreme use of leverage. Leverage means using debt to amplify gain. Most people forget that losses get amplified as well. If a buyer puts 10% down and the house goes down 10%, he has lost 100% of his money on paper. If he has to sell due to job loss or an interest rate hike, he's bankrupt in the real world.

It's worse than that. House prices do not even have to fall to cause big losses. The cost of selling a house is 6%. On a \$300,000 house, that's \$18,000 lost even if prices just stay flat. So a 4% decline in housing prices bankrupts all those with 10% equity or less.

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## U.S. Housing Crash Continues . . . continued from front page

5. Shortage of first-time buyers. High house prices have been very unfair to new families, especially those with children. It is literally impossible for them to buy at current prices, yet government leaders never talk about how **lower house prices are good** for most people, instead preferring to sacrifice American families to make sure bankers have plenty of debt to earn interest on. Every "affordability" program has the effect of driving prices higher and locking out more middle-class people. To really help Americans, Fannie Mae and Freddie Mac should be completely eliminated.
6. Surplus of speculators. Nationally, 25% of houses bought in 2005 were pure speculation, not houses to live in, and the speculators are going into foreclosure in large numbers now. Even the National Association of House Builders admits that "Investor-driven price appreciation looms over some housing markets."
7. Fraud. It has become common for speculators take out a loan for up to 50% more than the price of the house he intends to buy. The appraiser goes along with the inflated price, or he
8. does not ever get called back to do another appraisal. The speculator then pays the seller his asking price (much less than the loan amount), and uses the extra money to make mortgage payments on the unreasonably large mortgage until he can find a buyer to take the house off his hands for more than he paid. Worked great during the boom. Now it doesn't work at all, unless the speculator simply skips town with the extra money.
9. Baby boomers retiring. There are 77 million Americans born between 1946-1964. One-third have zero retirement savings. The oldest are 61. The only money they have is equity in a house, so they must sell.
10. Huge glut of empty housing. Builders are being forced to drop prices even faster than owners. Builders have huge excess inventory that they cannot sell, and more houses are completed each day, making the housing slump worse.
11. The best summary explanation, from Business Week: "Today's housing prices are predicated on an impossible combination: the strong growth in income and asset values of a strong economy, plus the ultra-low interest rates of a weak economy. Either the economy's long-term prospects will get worse or rates will rise. In either scenario, housing will weaken."

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## Department of Real Estate ~ Continuing Education Requirements

### Salespersons Renewing for the First Time

Real estate salespersons renewing an original license for the first time must complete four separate three-hour DRE-approved continuing education courses in Ethics, Agency, Trust Fund Handling, and Fair Housing.

### Brokers Renewing for the First Time

Real estate brokers renewing an original license for the first time must complete 45 clock hours of DRE-approved continuing education consisting of:

- Four separate three-hour courses in the following subjects: Ethics, Agency, Trust Fund Handling, and Fair Housing;
- A minimum of 18 clock hours of consumer protection courses; and
- The remaining 15 clock hours related to either consumer service or consumer protection.

### Salesperson and Brokers Renewing After the First Time

For subsequent renewals, all real estate brokers and salespersons must complete 45 clock hours of DRE-approved continuing education consisting of:

- One six-hour survey course that covers the four mandatory subjects (Ethics, Agency, Trust Fund Handling, and Fair Housing);
- At least 18 clock hours of consumer protection courses; and
- The remaining 21 clock hours in either consumer service or consumer protection courses.

### Important Notice-New Continuing Education Requirement

Effective July 1, 2007, all licensees who have a license expiration date of June 30, 2007, or later, or who file a renewal application on a late basis after that date, will be required to complete a DRE approved 3-hour course in

Risk Management as part of their mandatory continuing education requirement. The continuing education requirement for salespersons who are completing their first renewal on and after July 1, 2007, will increase from 12 hours to 15 hours with the addition of a Risk Management course. All other salespersons and all brokers with a license expiration date of June 30, 2007, or later, or who renew on a late basis after that date, will be required to complete a course in Risk Management as part of their 45 hour continuing education requirement.

### **NEW LICENSING REQUIREMENTS EFFECTIVE JANUARY 1, 2008**

In February 2004, The Appraiser Qualifications Board (AQB) of the Appraisal Foundation adopted changes to the real property appraiser qualifications criteria that will become effective January 1, 2008. The requirements individuals must meet in order to become a licensed or certified appraiser will change significantly. The changes include increased requirements for qualifying education and experience, and a new Uniform State Appraiser Examination.

The manner in which the Office of Real Estate Appraisers will implement the new criteria is important to understand. For all initial license applications and upgrade applications received on or after January 1, 2008, applicants must meet all components (education, experience, and examination) of the new requirements.

Initial or upgrade applications received on or before December 31, 2007, will be reviewed based on current licensing requirements. However, if an examination is not taken until after January 1, 2008, the examination content will be based on 2008 criteria. Therefore, anyone wishing to test under current requirements must submit a complete application prior to September 1, 2007, in order to allow sufficient OREA processing time and examination scheduling prior to December 31, 2007.

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# 2008 CAREPA BOARD OF DIRECTORS

## 華裔房地產專業協會理事名單

**Congratulations to the Board of Directors. Thank you for your voluntarism!**

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

恭喜所有當選的理事會成員，感謝他們為協會做出的貢獻



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### JANUARY GENERAL MEETING

JANUARY 9, 2008

6:30PM

SPEAKER: GARY CHAN, esq.

**THE ABC'S OF BUSINESS ENTITIES  
PART II**

**EMPRESS HARBOR RESTAURANT**

111 N. Atlantic Blvd. 3<sup>rd</sup> floor  
Monterey Park, CA 91754

For reservations and information, please contact:

Ling Chow @ 626-616-6667

John Wu @ 626-571-6612

### EDITOR MESSAGE

The holidays have passed and a new year is starting. There are always changes in the codes and regulatory laws affecting the real estate and related industries. It is our responsibility as a professional to keep abreast of these changes and educate ourselves on a constant basis to be as updated as possible in our field of expertise.

"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](mailto:luciatam@yahoo.com) or contact CACP President, Ling Chow, at 626-616-6667.

Wish you success in 2008 and always.

**DRE Continuing Education** . . . continued from page 2

2008 new requirements. This pertains primarily to the education and examination components.

Any deficient component of an application not completed prior to December 31, 2007, will be required to meet the

The real property appraiser criteria effective January 1, 2008 are summarized in the following table.

<b>AQB Minimum Real Property Appraiser Qualifying Criteria (Effective January 1, 2008)</b>			
<b>OREA License Levels</b>	<b>Basic Education Requirements</b>	<b>College Level Requirements</b>	<b>Experience</b>
Trainee (AT)	150 Hours	N/A	N/A
Residential (AL)	150 Hours	N/A	2,000 Hours (accumulated over at least a 12 month period)
Certified Residential (AR)	200 Hours	Associate Degree*	2,500 Hours (accumulated over at least a 30 month period)
Certified General (AG)	300 Hours	Bachelors Degree**	3,000 Hours that include at least 1500 non-residential hours (accumulated over at least a 30 month period)

Individuals gaining experience at the AT level must be supervised by a certified licensed level appraiser under the new criteria. No supervisor can supervise more than three trainees.

\* In lieu of the Associate Degree, an applicant can complete 21 college semester credits in courses covering specific subject matters: English Composition; Principles of Economics (Micro or Macro); Finance, Algebra, Geometry or higher mathematics; Statistics, Introduction to Computers; and Business or Real Estate Law.

\*\* In lieu of the Bachelors Degree, an applicant can complete 30 college semester credits in courses covering specific subject matters: English Composition; Micro Economics; Macro Economics; Finance, Algebra, Geometry or higher mathematics; Statistics, Introduction to Computers; and Business or Real Estate Law; and two elective courses in accounting, geography, ag-economics, business management, or real estate.



CHINESE AMERICAN REAL ESTATE  
 PROFESSIONALS ASSOCIATION  
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