

# CAREPA NEWS

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### 華裔房地產專業協會新聞

2009年二月號

FEBRUARY 2009

#### President's Message ~ 會長的話



The Lunar New Year, "Year of the Ox" has arrived. Let's be thankful for what we have and share our blessings with others.

I would like to thank Gary Chan, the January speaker for our monthly mixer who provided a great topic for CAREPA members. More than 120 people attended our mixer. This was a great start for the New Year!

CAREPA President-Elect Philip Hsu, Program Chair Nancy Lin and I attended the Chinese Real Estate Association of America (CREAA) installation banquet in San Francisco on February 6. CAREPA was positively acknowledged and great hospitality was extended by President of CREAA, Eva Hon. We also met our friends Mr. Fred Underwood from National Association of REALTORS® and Mr. Steve Goddard, the President-elect of California Association of REALTORS® and many others whom we will meet again at the Ethnic Leadership meeting hosted by California Association of REALTORS® and Hope Award in March and May respectively.

On our installation banquet and the January mixer gained lots of attention from the media. With the support from Gregory Tse, our founding President, and Nancy Lin's excellence in speaker arrangement, CAREPA has become a more highly visible association in the community. Now you can find the news reports about CAREPA (including newsletters and TV news) on our website, [www.carepa.org](http://www.carepa.org).

Thanks to all the members and guests who take the time to attend our monthly mixers. Your support is making CAREPA a better association.

#### JOHN WU 吳程遠

華裔房地產專業協會 會長  
2009 CAREPA President

## Mortgage Fraud Schemes

Mortgage fraud is becoming more common. To protect your home and your home equity it is important to understand and recognize the signs of mortgage fraud. It's also important to know how to report fraud to state and federal authorities so they can stop scam artists from preying on innocent borrowers.

Scam artists will often target homeowners already struggling to meet their mortgage commitments or anxious to sell their homes. There is help available when facing financial problems or foreclosure, but make sure you are dealing with a reputable organization before getting involved. Fraud schemes may sound good, but ultimately the goal is to take your home – not help you keep it.

Here are several common frauds being reported today:

### Foreclosure Rescue Scheme

If you have fallen behind on your mortgage payments, this may seem like an attractive solution – but beware. A foreclosure rescue scheme often begins with a scam artist offering a promise to pay off your delinquent mortgage, allowing you to stay in the home as a renter with the option to purchase the home back when your financial situation improves.

But what really happens is a series of steps designed to cash out the equity in the home and disappear:

- As part of the "rescue," the homeowner will be required to deed the property to a new borrower who is often "investing" in a rental property, but who is really part of the scam.
- The proceeds of the sale pay off the delinquent loan and the new borrower removes all the equity in the house, never to be seen again.
- The distressed homeowner is now merely a renter in a home they no longer own, unaware that the new borrower is not making payments.
- When the new borrower defaults on the loan, the homeowner is evicted from the home – they have lost the house and all the equity in it.

Scam artists are very crafty and will often vary the scheme depending on the homeowner they are talking to, so be cautious. Some warning signs that a scam artist may be trying to set you up as a victim of a foreclosure rescue scheme include:

- Being approached by a stranger with an unsolicited "rescue" offer.

Continued on page 3

# 2009 CAREPA BOARD OF DIRECTORS

## 華裔房地產專業協會理事名單

Thank to the Board of Directors for their voluntarism!

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

感謝所有理事會成員為本協會所做出的貢獻



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### FEBRUARY GENERAL MEETING

FEBRUARY 11, 2009  
6:30PM

#### SPEAKER

PAUL C. TECSON, PRESIDENT

3-D FINANCIAL REAL ESTATE ADVISORS, LLC

"How to Set-up a Recession Proof International Real Estate Business in Today's Tough Economic Climate ~ Tapping Foreign Investors and Under-Performing Retirement Plans"

#### EMPRESS HARBOR RESTAURANT

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

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

### EDITOR MESSAGE

Happy New "Year of the Ox"!

In these pressing economic times, it is time to make sure that we keep abreast of current laws, regulations and practices in order to service our clients professionally and diligently. Please refer to the National Association of REALTORS®, California Association of REALTORS® and your local association websites for more information.

"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 CAREPA President, John C. Wu, at 323-578-8988.

Wish you a successful, happy, healthy and prosperous year 2009!

## Consumer Alert ~ Advance Fees and Loan Modification Services

If you are behind in your mortgage payments, you may be contacted by individuals or companies that will offer to help you work out a loan modification with your lender or provide other services to you in order to help you prevent a foreclosure on your home.

You must be very careful if you are asked to pay for any of these services in advance, whether in cash, check or by charging your credit card. First, California Civil Code Section 2945, which regulates "foreclosure consultants", forbids anyone who falls under the definition of a "foreclosure consultant", as well as a real estate licensee, from collecting any advance fees for these types of services if a Notice of Default has been recorded against your property. **If your lender has recorded a notice of default, do not pay an advance fee to a real estate licensee, or to any person or entity. California licensed lawyers when rendering services in the course of their legal practice(s) are exempt from this prohibition. There are non-profit agencies that can assist you without charging you a fee and real estate licensees who can represent you for a fee to be paid after they have completed their work. For information on non-profit housing counseling services, use the following links:**

- [Federal Housing Administration](#)
- [Hope Alliance Web site](#)

If a Notice of Default **has not** been recorded against your property, it may be permissible for a real estate broker to assist you in working out a loan modification or otherwise negotiate a possible resolution to your problem with your lender or loan servicer and ask you for payment in advance for their services. However, the broker must have you sign an agreement that tells you what services will be performed, when they will

be performed and how much you must pay. The broker cannot have you sign an agreement until it has been submitted to the Department of Real Estate for review and the broker has received permission to use it and collect the advance fee.

The following individual and corporate real estate brokers have submitted advance fee agreements for loan modification and/or similar services to the Department of Real Estate for review, and have received "no objection" letters regarding their use. You can obtain information on brokers and their locations by clicking on the "License Number" on the listing below or call (916) 227-0770.

- [Advance Fee Agreement Listing](#)

**The Department of Real Estate does not approve, endorse, recommend or make any representations about any of the agreements or their terms, or any aspect of a licensee's business activities. Consumers wishing to contract with a real estate broker for loan modification or any other similar or related services should carefully review the agreement(s) and consider obtaining independent advice before signing an agreement(s) or advancing any fees. Consumers should also consider comparing the services and fees offered by other licensed brokers on the list.**

Note: Licensed real estate brokers who provide loan modification or similar services without collecting fees in advance are not required to receive the Department of Real Estate's permission as long as their services are fully completed before you pay them.

The list is updated on a periodic basis and may not include those which have recently completed the review process.

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## Mortgage Fraud Schemes

continued from front page

- Receiving an unsolicited call, mail or flyer about "foreclosure rescue" or saving your home.
- Participating in a complicated deal that you don't fully understand.
- Signing documents that have blanks or false statements. Regardless of what you are told, this is never okay.

The best solution when you face financial difficulties that may endanger your home is always to talk to your lender or a [reputable counselor](#).

## Illegal Flipping

Flipping is a legitimate practice where an investor purchases a property in need of repairs or upgrades, makes the necessary

changes to the property in a very short amount of time and sells the home for a profit.

We've all seen the TV shows about flipping and they're fun to watch. But there are scam artists who use flipping to make money illegally.

Often times, the scam artist will offer much more than the asking price of a home with a stipulation that the "surplus" amount over the asking price is given back to the borrower at closing.

At closing, the inflated value of the home will be attributed to home improvements that were never made. The scam artist will pocket that surplus money and default on the loan.

As a homeowner, especially one whose house has been on the market a long time, this may seem like an attractive deal but remember – falsifying documents is fraud.

## What are the warning signs of foreclosure?

Unexpected life changes are often a contributing factor to foreclosure – especially those that impact your finances, such as:

- Loss of employment or reduction of hours
- Major illness or injury
- Divorce or separation
- Death of a spouse

What makes it so difficult to think about foreclosure during times of crisis is that you are so focused on the problem at hand and not likely to have the time or energy to think about how it could impact other aspects of your life. That is why a plan that was developed before any problem starts is the best protection.

If you have a "Plan B" in place, you won't have to organize your finances while you are stressed about finding a job or dealing with a major illness. The plan will already be done – you will need to just follow it.

### Financial warning signs

There may not be a major life change to signal potential trouble – you simply may be having a difficult time properly managing your finances. Don't be fooled into thinking your credit card problems won't affect your mortgage. It is important to realize that financial difficulties in one area can, and often do, spill over to other areas. These difficulties are all warning signs of financial problems that can lead to foreclosure on your home if you do not act quickly. They include:

- Maxing out credit cards
- Using credit to pay for day-to-day expenses, such as groceries, utilities, etc.
- Being unable to pay your bills on time
- Paying only the minimum amount on credit cards
- Applying for new credit cards after maxing out on existing ones
- Having to choose which bills to pay

Talk to a housing counselor immediately if you see these signs (see sidebar for help finding a legitimate counselor). You may be able to get your finances back on track before foreclosure becomes a reality.

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PROFESSIONALS ASSOCIATION  
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place  
stamp