

# CAREPA NEWS

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### 華裔房地產專業協會新聞

2009 年三月號

March 2009

#### President's Message ~ 會長的話



Time has gone so fast. It's already March and CAREPA has provided a lot of knowledge and much fun at the same time. I am very pleased to see your attendance at our monthly meetings and I hope that through the contributions of our directorship and your participation, CAREPA will help to enhance your business and your personal lives.

CAREPA's website is in operation and it is updated periodically. As I mentioned at our February meeting, carepa.org provides personal profile page for each member. We encourage you to email us your picture and biography so we will be able to upload your information and create a great networking tool for your business. If you have any comments or suggestions, we'll welcome your input. Please send your personal photo and biography to Karen@sincereescrow.com to our membership Chair, Karen To.

CAREPA is working closely with California Association of REALTORS® and National Association of REALTORS®. There will be a Leadership Summit this month to talk about issues affecting minority groups and ways to improve and possibly resolve some of the concerns. CAREPA, as one of the partners of the HOPE Award, will be in Washington D.C. to attend the press release and gala dinner of the award presentation in May.

Besides working with CAR, NAR and local REALTORS® associations, CAREPA will keep enhancing benefits of our membership. I want you to be proud of being a part of the CAREPA family. I encourage you to invite your friends and colleagues come to our monthly meeting, join us to learn and stay informed. You are more than welcome to contact me any time to discuss whatever you would like CAREPA to help you with.

**JOHN WU 吳程遠**

華裔房地產專業協會 會長

2009 CAREPA President

#### Top 10 Real Estate Predictions for 2009

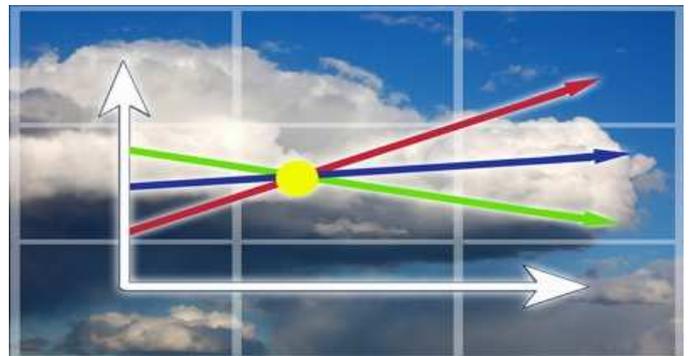
By Elizabeth Weintraub, About.com

In parts of the country hardest hit by 2007 - 2008 foreclosures such as California, Michigan and Florida, prices will continue to soften. In scattered markets, the bottom will already have been reached by April but media won't report it until late summer, after a trend has been established.

There will be no more dramatic price drops such as those 30% to 50% declines we saw between 2006 and 2008. But the market will not stabilize in 2009. Furthermore, consumer confidence will continue to fall, and more people will find themselves out of work.

On the bright side, employed home buyers with good credit will find 2009 is an excellent time to buy.

#### Little or No Appreciation as Market Bottoms



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The real estate market will bottom out in areas with low inventory but prices will not stabilize.

#### Housing Inventory Will Fall



© Big Stock Photo

A reduction in inventory can happen in cities where unemployment rises.

Continued on page 3

# 2009 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!

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



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**WEBSITE**

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Karen To  
Nancy Lin  
Lucia Tam  
Brian Chen

### MARCH GENERAL MEETING

March 11, 2009  
6:30PM

#### SPEAKER

**Bonnie Crandall, CLTC, CMFC**  
Manager, Financial Services, Prudential

#### TOPIC

Retirement Strategies

#### 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

President Obama has pushed for a stimulus package with stipulations to use funds to help those who may have problems meeting their mortgage obligations. We must look closer into the perimeters surrounding these sources (loan modification, short sale, etc.) such that we can professionally service those who are these situations. Let's stay updated.

"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!

## Bank Will Rent Out REOs



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Instead of taking a loss, banks will begin to rent out REOs, hoping to sell when the market turns around.

## Buyers Will Compete in Multiple-Offer Situations



© Big Stock Photo

Buyers will bid up artificially low prices through multiple offers.

## Real Estate Competition Will Shrink



© Big Stock Photo

Smaller real estate companies, failing banks and struggling title companies will merge into larger companies, shrinking competition toward a monopoly.

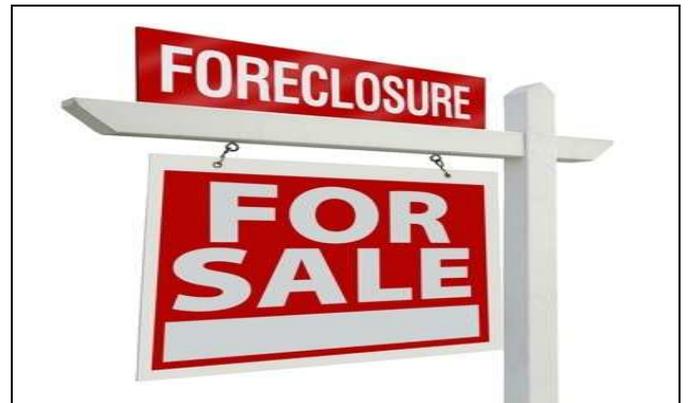
## Sellers Will Shun Loan Modification Programs in Favor of Short Sales



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More sellers will choose to pursue short sales or walk away from their homes in lieu of trying to do a loan modification.

## Banks Will Pursue Foreclosure Options Over Loan Modifications



© Big Stock Photo

Faced with the option to work with home owners by modifying existing loans or file foreclosure, banks will choose foreclosure.

## Mortgage Interest Rates Will Spike

MORTGAGE RATES						
Mortgage Rates						
1yr	2yr	3yr	4yr	5yr	7yr	10yr
8.00	7.50	7.45				
35	7.40	7.40	7.40	7.28		
10	6.10	7.40	7.40	7.39	7.70	7.9
5	7.40	6.10	6.10	6.10	6.25	8.10
	7.40	7.40	7.40	7.39	7.70	6.45
	6.50	7.34	7.39	7.70	7.70	8.05
	6.10	6.25	6.25	7.70		
	7.40	6.10	6.25	7.70		

© Big Stock Photo

Mortgage rates will rise in 2009 but will remain historically low.

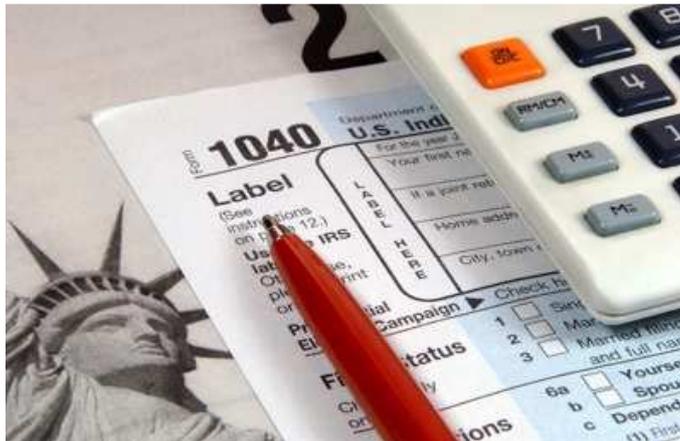
## Rental Rates Will Increase as Demand Increases



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As the demand for rentals increase, rental rates will rise in 2009.

## Tax Breaks for Home Selling Will be Revised



© Big Stock Photo

Congress will consider eliminating the tax exclusion home selling profits, and the tax break for home selling may disappear.

In an effort to drive up housing prices, banks will slowly release their REO inventory to the market and price those homes at 5% to 20% under comparable sales. Banks will be under great pressure to cut losses

and increase revenue. Although state charters prohibit banks from renting out bank-owned homes, banks will find a way to work around this prohibition.

By transferring title from bank-owned homes into holding companies, banks may find a loophole that will allow them to rent out homes instead of putting them on the market. This maneuver will let banks receive income while waiting for the market to turnaround.

To rent the homes, banks will be forced to fix them up.

Surging numbers of home owners will lose their homes in 2009, which will turn former home owners into tenants. Some home owners will walk away from their residences, deciding that home ownership is not worth the aggravation, and return to living in rentals.

Because new construction will be at a standstill, existing inventory will serve as shelter. There will be fewer rental homes available than the demand will dictate, which will put upward pressure on rental rates. Sellers who are unwilling to take a hit on their sales prices will put their homes on the market as rentals, but that won't provide enough inventory to fulfill demand.

It's a good time to be landlord.

Baby boomers who hope to downsize in 2009 may get hit with an unexpected change in the I.R.S. Tax Code Section 121, if Congress revisits this tax break. The law has been exempting \$500,000 for married couples and \$250,000 for single people from capital gains only since 1997.

I predict that the government will try to change the home sale tax exclusion in 2009, disallowing the free money that up to now sellers have been able to pull out of their homes upon resale. Congress needs cash to refill the treasury depleted by bailouts and continuing military action.

Sellers should consult a CPA to determine the best way to avoid taxes upon resale.

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