CAREPA NEWS

華裔房地產專業協會新聞

2009 年九月號 September 2009

President's Message ~ 會長的話

It's September! Hard to imagine how quickly this year has gone by. I hope you all enjoy your Labor Day weekend with your family and be loved ones.

Few weeks ago, the first Chinese American Congresswoman, Honorable Judy Chu was sworn-in in front of 435 congressmen in Washington D.C. It is a remarkable moment for our nation and great encouragement to Chinese Communities in the U.S. It took years for us to get the first elected African American president, and now it took the same length of time for our first Chinese American Congresswoman. We should be really thankful to the unlimited possibilities and equal opportunity given by this great country.

In the past few weeks, Typhoon Morakot has caused serious damage to Taiwan (R.O.C.) with flooding and destroying everything along its path. Tremendous numbers of deaths has occurred. I would like to take the opportunity to express my appreciation for your financial and spiritual support. Our prayers are with all the victims and survivors of the catastrophe.

The summer is almost over. There are so many things that have been accomplished by our leadership team 2009. They have worked so hard to provide our members great services and benefits. I appreciate all the support you have given to our Board of Directors. We couldn't do it without you!

Please don't forget that our Election Committee is working on the 2010 election of Board of Directors this month. Please nominate anyone you know who is capable and willing to serve our Board; and nominate yourself if you are interested in becoming a part of our leadership team 2010.

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

Foreclosures Higher But So Are Home Sales

Submitted by John Waters . Business | Business News
(Best Syndication News)

Homes are switching hands quickly, according to new reports just out. Not only is the foreclosure rate at an all time high, sales are also roaring. U.S. home loans are failing at a record pace in July jumping 7 percent. That is a 32 percent increase over the same period last year.

California is leading the way despite a 90-day moratorium on foreclosures. Assembly Bill X2 7, the California Foreclosure Prevention Act, allows companies to proceed with foreclosures as long as they are performing loan modifications. Until January 1st 2011, banks can still foreclose but they have to wait an “additional 90 days” before giving a notice of sale. This applies only to owner occupied residences.

Realty Trac reports that four states account for more than half of total foreclosure activity, and California is one of those states. Florida, Arizona and Nevada are the other three. In total they account for 57 percent of the filings.

Filings include notices of default, auction and bank repossession. Although Florida repossessions decreased 8 percent from June, the overall foreclosure activity was still up 7 percent from the previous month because of a 9 percent month-over-month increase in both initial default notices (LIS) and scheduled auctions (NFS).

Michigan saw a huge decrease in filings. According to Realty Trac, foreclosure in Michigan dropped 39 percent from the previous month. Filings are down because lenders must provide delinquent borrowers a uniform default notice with contact information for approved housing counselors who can assist in loan modification. The Michigan law also freezes the proceedings for 90 days.

Stockton California led California's postings. Stockton had the second highest metro foreclosure rate in the U.S. with one in every 62 housing units received a foreclosure filing. Modesto ranked #3 with one filing in 63 homes and Merced ranked #5 with one in 66.

In southern California, the Riverside-San Bernardino-Ontario metropolitan area came in number six with one in 67 homes failing. Bakersfield was number 7 nationwide with one in 76 homes facing disaster followed by Vallejo-Fairfield at No. 8 with one in 83. The Sacramento-Arden-Arcade-Roseville is ranked #10 with one in 105 homes facing foreclosure procedures.

The only good news is that homes sales are also high. In some areas in southern California half of the homes on the market sold. Typically, the areas with lower cost homes were selling the fastest.

2009 CAREPA BOARD OF DIRECTORS

感謝所有理事會成員爲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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SEPTEMBER GENERAL MEETING

SEPTEMBER 9, 2009

6:30PM

SPEAKER

Mr. Steve Zikman, LL.M., LEED AP
The Zikman Law Group

TOPIC

"Green Building, LEED Certification and Sustainable Development Practices"

EMPRESS HARBOR ESTAURANT

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

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

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 ESTAURANT

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

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

Those who lose homes may face state tax hit

By Kathleen Pender

Californians who lose their homes in a foreclosure, short-sale or deed in lieu of foreclosure this year could be hit with a state income tax on canceled or forgiven debt.

A state law that temporarily exempted many homeowners from this tax at the state level expired at the end of last year. Attempts to revive it have not been successful.

The state law was similar to a federal one that exempts many homeowners from federal tax on canceled mortgage debt. The federal law remains in effect through 2012.

The state-tax hit could be substantial and the rules are complex. People in mortgage trouble should consult a qualified tax professional.

Normally, when a lender forgives debt, the forgiven amount is taxed as income.

One exception is nonrecourse debt. On nonrecourse debt, if a borrower defaults, the lender can seize the collateral but can't go after the borrower's other assets. Forgiveness of a nonrecourse mortgage generally does not result in tax on canceled debt income.

A mortgage used to buy a home is usually nonrecourse. But if the borrower refinances the loan and takes cash out, or takes out a home equity loan or line of credit, that debt usually is recourse debt. Canceled recourse debt is subject to income tax.

Exceptions to the tax also apply if the borrower is bankrupt or insolvent.

Many people who got in mortgage trouble had recourse debt that, if forgiven, would be taxed. To prevent that in some cases, Congress passed the Mortgage Debt Relief Act of 2007.

This law temporarily waived federal tax if debt on a primary residence is forgiven in a modification, foreclosure or short sale. The waiver only applies to debt that was used to buy, build or improve a primary residence. It does not apply to home-equity debt that was used to pay for cars, credit card debt or any other purpose.

The most debt that can be exempted under the federal law is $2 million for everyone except married people filing separately, who max out at $1 million. It applies to debt forgiven in 2007 through 2012.

For state taxes, California partially conformed to the federal law for debt forgiven in 2007 and 2008, with much lower limits. The most you could have excluded from state taxes was $250,000 in forgiven debt ($125,000 for married filing separately.)

Two bills, SB97 and AB111, would have extended the state-tax exemption through 2012. The Assembly bill would have conformed fully with the federal law. Those bills are effectively dead.

The proposal is included in another bill, AB1580, which would align a wide range of state tax laws with federal ones. Under this provision, California homeowners would be exempted from tax on up to $500,000 in canceled mortgage debt ($250,000 for married filing separately) through 2012.

Chris Province, a real estate tax expert with Armanino McKenna in San Ramon, has a client who owns a home in Southern California that he used to live in and another in Santa Rosa that he lives in now. He owes about $100,000 more than the Southern California property is worth and about $250,000 more than the Santa Rosa home is worth. Both are recourse loans.

He is so far underwater on the Santa Rosa home he stopped making mortgage payments in January and faces foreclosure. Since his credit is wrecked, he plans to walk away from the Southern California home as well.

He will owe federal and state tax on $100,000 in canceled debt income on the Southern California home.

On the Santa Rosa house, he won't owe federal tax because it is his primary residence, but will owe state tax unless the law is extended. He will owe about $65,000 in canceled debt tax on the two homes.

"The mortgage payments he should have been paying since January he has been putting in the bank to pay the tax," Province says.

Without the federal tax break, he would have owed $150,000 instead of $65,000. "This tax law has made it easier to walk away from your home," Province says.

For more information on the federal law, see links.sfgate.com/ZHZT.

For more information from the state, see links.sfgate.com/ZHZU and links.sfgate.com/ZHZV.

CAREPA is in the process of securing nominees for 2010 Board of Directors. If you know of any member who is interested in serving in CAREPA's Board, please nominate that member. If you are interested in serving in CAREPA's Board, please nominate yourself. We welcome you to come aboard and be a part of the leadership! FORMS MUST BE RECEIVED BY SEPT. 10, 2009

California property values fall for the first time in 76 years

The 2.4% drop in the assessed value of all taxable property statewide means less money and more misery for state, local and school district treasuries.

Reporting from Los Angeles and Sacramento - The Golden State officially isn't worth what it was a year ago.

Tax officials reported Tuesday that total statewide property values fell by 2.4% in the latest fiscal year, the first such drop since California began keeping records 76 years ago in the depths of the Great Depression.

The drop results from county tax assessors across the state hustling to lower the values of residential, commercial and industrial properties to reflect damage wrought by the deepest national recession since World War II.

As of June 30, the assessed value of all taxable property in California was $4.448 trillion, down $107.2 billion from a year earlier. The loss means less money and more misery for already strapped state, local and school district treasuries. Essential public health and safety programs are facing more budget cuts and personnel layoffs, while schools probably will pack more children into each classroom, tax collectors warn.

"It's pretty astounding. This is something we haven't been through before," said Howard Roth, the chief economist at the state Department of Finance. "This will hurt and have a lagging effect on revenues" that could last years.

Thirty-eight of California's 58 counties suffered year-to-year declines, with 14 counties posting drops of 5% or more, the state Board of Equalization reported.

Southern California values dropped by an average of 2.5%, close to the statewide average. The damage ranged from a decline of 0.6% in Los Angeles County to a decrease of 10.5% in Riverside County.

Regionally, the Central Valley, which experienced a housing construction and sales boom early in the decade as coastal residents sought affordable mortgages, was the hardest hit by the collapsing market. Assessed values fell 9.9% in the northern San Joaquin Valley, 4.8% in greater Sacramento and 4.2% in the southern San Joaquin Valley. San Francisco was the only highly urban county to show a significant increase in real estate values, 7.1%.

Historically, increasing property values always have been taken for granted in California, a state that for decades has welcomed new residents from across the country and across the world, said Betty Yee, chairwoman of the Board of Equalization, the agency charged with keeping track of real estate tax revenues.

But California can't count on a natural rebound in housing construction and consumer spending as it did in previous recessions, such as the military-base-closure crisis of the early 1990s and the high-tech bust in 2000-01, Yee said.

The slight rise in housing sales this summer is a hopeful sign but won't do much to boost tax revenues because homes are "being sold for much less," Yee said.

In past tough times, Ventura County always managed to post some growth because of sales of higher-priced older properties, Deputy Assessor Huiling Tanouye said.

Her office has reviewed and lowered tax rates on 65,000 out of 90,000 parcels in the last year.

That's about 25% of the county's tax roll, Tanouye said. In the meantime, homeowners who think their assessed values are still too high are filing appeals at triple the rate of last year, she said. "We hear from people who are in dire straits, and they will vent their frustrations to our staff," Tanouye said. "We are here to listen, but we can't control what's going on."

Foreclosures, she added, are pushing down assessed values even more in poorer parts of the county like Oxnard.

Bank-owned houses, some of which are being sold for as little as a third of their value compared with a few years ago, drive down government revenues because tax bills are recalculated based on the sale price when a property changes hands.

Although the first-ever statewide drop in property values is eye-opening, it shouldn't be overly alarming, said John Husing, an independent analyst with Economics and Politics Inc. in Redlands.

"Everything was too overpriced, inflated beyond what the market could afford, and so now we're getting back to reality, now we're readjusting to the

Continued from page 4 . . . California property values fall for the first time in 76 years

market," Husing said. "Supply is answering demand again."

He placed much of the blame for the busted housing market on speculators and mortgage companies, which rushed to put people into loans they couldn't afford.

"A lot of people wanted houses and there weren't a lot of houses to be had, so prices went up because we had a shortage," Husing said. "So all these speculators were diving into the market, buying houses not to live in but to flip them."

When the economy turned sour, the new homeowners "left the keys on the table and walked away from their homes, and that resulted in the foreclosure crisis," he said.

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Frustration rises over mortgage relief program

The Making Home Affordable program was proposed by the Obama administration and enacted by Congress after two previous government-sponsored efforts, the Hope Now Alliance and the Hope for Homeowners program, failed to make a significant dent in the foreclosure rate. Hope Now, launched in October 2007, has modified several hundred thousand mortgages, although the "redefault" rate from this first round of modifications ran as high as 50 percent.

The Hope for Homeowners program, launched in July 2008, was expected to reach 400,000 distressed mortgage holders. At first the program was hampered by cumbersome terms and red tape, and only one homeowner got help. Terms were loosened in November without any meaningful impact. This month, the government announced it is rewriting the program again.

The unchecked rise in foreclosures also is destroying the value of assets backed by mortgages that are held by banks and private investors. So far, most investors have refused to take that loss upfront and reduce the loan amounts for homeowners who owe more than their house is worth. Though most major lenders and servicers have signed on to the MHA program, the decision to make a loan more affordable or forgive some of the principal amount is entirely voluntary.

"(Investors) have already suffered this loss: They've suffered it on paper," said John Taylor, president of the National Community Reinvestment Coalition. "They're waiting for this loss to begin to dissipate as the housing market recovers. What it's doing, though, is continuing to exacerbate the foreclosure problems and drag down the economy."

That deep recession has amplified the pace of foreclosures. When the mortgage market began melting down in late 2006, many of those in default were subprime borrowers and others who were sold adjustable loans that "reset" to unaffordable payments. Now, with 7 million jobs destroyed by the housing-led recession, lost paychecks have become a much thornier problem for groups working to slow the pace of foreclosures.

"The (MHA) program is still not fitted to people who have experienced a severe reduction in income," said Raynaud of the National Foundation for Credit Counseling,

That has cast doubt on just how many homeowners may ultimately get help. The White House has estimated that as many as 40 percent of the more than 10 million homeowners who are likely at risk of default and foreclosure could be helped. But the GAO, in its July report, found that estimate "problematic."

The servicer representative who asked not to be identified estimated that only 20 percent of the loans serviced by her company were good candidates for modification or refinance. Under current guidelines, borrowers must show they can devote 31 percent of their income to the new monthly mortgage payment. Some servicers say that's too high, and have suggested to the Treasury that the threshold be lowered to 25 percent to qualify more homeowners.

For whatever reason, voluntary efforts to modify loans have proceeded at a snail's pace. As of the end of July, only 9 percent of an eligible 2.7 million borrowers had seen their mortgages modified under the new program, according to the latest Treasury data. Bank of America, for example, one of the largest holders of home mortgages, had modified only 4 percent of eligible borrowers as of last month. Some lenders had not modified a single loan.

That has raised question about the need for tougher measures to determine how aggressively servicers are working to modify loans.

"What was the lever to mandate and hold them accountable?" said Taylor. "I just don't see that. It keeps returning to what is the fundamental flaw in (former Treasury Secretary Henry) Paulson's plan and now in (Treasury Secretary Timothy) Geithner's: that it's voluntary by nature."

In its July report, the GAO agreed.
"No comprehensive processes have yet been established to assure that all borrowers at risk of default in participating servicers' (mortgage) portfolios are reached," the report said

The government's "carrot" approach to stopping foreclosures — offering $50 billion in incentives to servicers to modify loans — was adopted after the financial services industry successfully fought back a powerful "stick" that would have granted bankruptcy

CHINESE AMERICAN REAL ESTATE PROFESSIONALS ASSOCIATION
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RECOMMENDATION FOR NOMINATION OF 2010 BOARD OF DIRECTORS

To: CAREPA Election Committee
929 S. San Gabriel Blvd.
San Gabriel, CA 91776

I would like to nominate the following candidate for CAREPA 2010 Board of Directors: ***(* required)***

*Name: ________________________________ *Company: _______________________________

*Address: _____________________________ *Work Phone: (______) _______ - ___________

*City: ________________________________ *Cell Phone: (______) _______ - ___________

*State: ___________*Zip Code ___________ *E-Mail: _________________________________

*CA DRE License #______________________ *CAREPA member since___________________

*Description of any organization activities or positions held by this individual:

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Please check CAREPA 2010 Board of Director Position(s) to be considered for:
(For clarification and information, please refer to CAREPA Bylaws available at www.carepa.org)

□ President-Elect (Must have at least one year executive officer experience, be a REALTOR® and a current member)

□ Vice-President (Must have at least one year directorship experience, be a current member)

□ Secretary (Must have at least one year directorship experience, be a current member)

□ Treasurer (Must have at least one year directorship experience, be a current member)

□ Historian (Must have at least one year directorship experience, be a current member)

□ Director (Must have been a CAREPA member for at least one year and be current)

Nominator's Signature ___________________________ Print Name _____________________

Date________________

Nominee's Signature ___________________________ Print Name _____________________

Date________________

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COMMITMENT GUIDELINES FOR BOARD OF DIRECTORS

To: Candidates for CAREPA Board of Directors

The following are recommended commitment guidelines for CAREPA Board of Directors:

1. Uphold CAREPA's Mission Statement and Bylaws (available at website: wwww.carepa.org)
2. Be a current member in good standing with CAREPA for a minimum of 1 year prior to election.
3. Be actively involved in the affairs of CAREPA by attending Board Meetings, General Monthly Mixers, Annual Installation Banquet, Christmas Party, Task Force and any other meetings that require attendance.
4. Take an active role in any CAREPA project, including accepting a chair position of designated committees or task force.
5. Provide leadership to the Association and serve as a role model to other members, as well as to the real estate industry and community at large.
6. Cooperate with other members of the Board and share any knowledge that will be of benefit to the Association.
7. Disclose any present and/or potential conflict of interest to the Board, and withdraw from participation in any association activity or decision in which a conflict of interest exists.
8. In the event a director is unable to perform to the best of his/her ability to the Association, he/she shall resign from the Board. Written resignation notice must be submitted to the Board.
9. Agree to abide by the Association Ethics Guidelines and Code of Ethics as the Association may adopt.
10. Attend all meetings on time. Notify the Chairperson and/or President immediately that you are unable to attend due to conflict(s).

The undersigned has read and fully understands the above Commitment Guidelines for CAREPA Board of Directors and hereby accepts the nomination for candidacy.

Nominee's Signature ____________________________ Print Name ______________________

Date________________

Continued from page 5 . . . Frustration rises over mortgage relief program

judges authority to modify the terms of a mortgage loan from the bench. Judges can do that with any other form of consumer debt in a bankruptcy proceeding but not mortgages.

Congress proposed the so-called "**cramdown**" provision several times in the past two years, including separate bills introduced in the House and Senate in January. But for now, there are no proposals to revive the bankruptcy provision or adopt other measures to force lenders to modify mortgages.

"At some point we have to realize is that the voluntary efforts haven't worked," said Kathleen Keest, a senior policy counsel at the Center for Responsible Lending. "It's time to make it mandatory, but that can't happen without Congress acting."

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EDITOR MESSAGE

Hope everyone had a great Summer! Stay informed! Stay positive! Stay involved! And keep the faith. Let's succeed!

"**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, at323-578-8988。

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