

CAREPA NEWS

CAREPA NEWS

華裔房地產專業協會新聞

2010 年六月號

JUNE 2010

President's Message ~ 會長的話



In May CAREPA, organized "Taiwan Real-Property Surveying Mission" from May 17 to 21. We have 29 members participate. The Delegation is organized by 19 different residential, commercial, management and Investment Companies.

We visited OCAC – Overseas Compatriot Affairs Commission Investment Department of the Ministry of Economic Affairs, Taipei County, Tai-Chung City, Tainan City and Kaohsiung City to listen to their briefings regarding the existing City or County developments and future vision and planning. In addition, we also visited Taipei City and Tao-Yuan County residential and commercial projects to have a better understanding of the new construction of residential condominium and commercial projects in Taiwan. We received a warm welcome from the private and public sectors.

The delegation visited Chinese Association of Real Estate Brokers (CAREB) and Taipei Association of Real estate Brokers (TAREB) to exchange information and understand their current real estate brokers' practice, organization and system.

After one week visit, we achieved the following goals:

- 1) Members in our delegation invested in three projects in Taiwan totaling U.S. \$1.5 Million;
- 2) International exchange between Taiwan Association of Real Estate Brokers and CAREPA. We have a better understanding of the outside world real estate Brokers Practice, organization and system;
- 3) Enlarge the vision and provide international business opportunity to CAREPA Members;
- 4) Enhance the level of services and information of real estate needs in Taiwan.

To sum it up, this was a very successful mission to Taiwan. All the members of the Delegation benefited a lot from this trip. After ECFA – Economic Cooperation Framework Agreement – is signed by Taiwan and Mainland China (ECFA is expected to be signed in late June), it will increase the employment and prosperity of the economic in Taiwan and will increase the value of the real property; therefore, now is the best time to invest in real property in Taiwan.

I would like to thank all Individuals, Companies and Government Offices assistance for the trip in Taiwan.

Please enjoy a good summer. See you at our general meeting dinner.

PHILIP HSU 徐一飛
華裔房地產專業協會
2010 CAREPA President



2010 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.



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Lucia Tam**

JUNE GENERAL MEETING

JUNE 9, 2010

6:30PM

SPEAKER

NANCY CHAN

LAWYERS TITLE INSURANCE CORPORATION

TOPIC

**LIENS AND JUDGMENTS THAT
CAN CAUSE THE DELAYS IN CLOSING**

EMPRESS HARBOR ESTAURANT

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

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

JULY GENERAL MEETING

JULY 14, 2010

6:30PM

SPEAKER

Paul Tecson

**Executive Marketing Director for Inland
Development Group, Inc.**

TOPIC

**GLOBAL REAL ESTATE INVESTMENT
OPPORTUNITIES**

EMPRESS HARBOR ESTAURANT

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

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

Property flipping guidelines extended by FHA until May 2010! What does this mean?

Property Flipping guidelines extended by [FHA](#), until May 2010! What does this mean and who does this affect? What is property flipping?

Noit's not flipping your home with another couple as seen in [trading spaces](#) on TLC!



[FHA](#) GUIDELINES STATE THE FOLLOWING:

Property flipping is a practice whereby a recently acquired **property** is resold, often for a considerable profit.

Most **property flipping** occurs within days or a few weeks of acquisition and usually with only minor cosmetic improvements, if any.

While there is nothing illegal with selling properties within days of acquisition, some of these transactions are fraudulent because the condition of the **property** is misrepresented and/or the value of it is artificially inflated.

Effective June 9, 2008, FHA temporarily waived the **property flipping** rule 90-day waiting period, for homes that were **foreclosed on and being sold by lenders or by property disposition firms on the behalf of lenders.**

So if you have a property that was purchased by an **individual investor, or investment group**, you must wait 90 days to DO ANYTHING! We can not order an appraisal or case #, we can't open escrow, order title or apply for the mortgage. You can't even draw up the contract, or do inspections or the buyer will be in jeopardy of losing their deposit. There basically can be no record of any sale during that 90 day timeframe.

This has become an issue in recent months because of the lack of knowledge of the guidelines along with the anxiousness of all parties involved. Day 91 is when it can all begin unless the exceptions apply.

We CAN however, apply for the mortgage with a property "to be determined" and get the buyer PRE-APPROVED.

So keep this in mind when you are putting your deal together and expecting your [lender](#) to jump through hoops on day 91 and close in two weeks!



The waiver applies to **owner occupants only** and does not apply to people/entities that purchase foreclosures either singly or in bulk for resale. Subsequent sales of such properties will continue to be subject to the standard regulatory requirements.

The temporary **property flipping** waiver has been extended

and FHA will recognize sales agreements on foreclosed properties signed by the seller and buyer on or before May 10, 2010.

Do you want more BORING but pertinent facts you MUST know if you encounter a flip ????



The only exceptions to the FHA property flipping rule are:

1. Properties acquired by an employer or relocation agency in connection with the relocation of an employee.
2. Re-sales by HUD under its Real Estate Owned (REO) program. There are LOTS out there! And most homes can benefit from an [FHA 203k streamline loan!](#)
3. Sales by other United States Government agencies of single family properties pursuant to programs operated by these agencies.
4. HUD REO properties that were purchased by nonprofits at a discount with resale restrictions.
5. Sales of properties that are acquired by the seller through inheritance.
6. Sales of properties by state and federally-chartered financial institutions and government sponsored enterprises.
7. Sales of properties by local and state government agencies.
8. Sales of properties within Presidentially Declared Disaster Areas.
9. The restrictions do not apply to a builder selling a newly built home or building a home for a borrower.
10. The sale must be by the owner of record.
11. Appraisers are required to analyze any prior sales of a subject **property** in the previous three years for one to four family residential properties.
12. **A lender must obtain a second appraisal by another appraiser if:**
the re-sale date of a property is between 91 and 180 days following the acquisition of the property by the seller, and the resale price is 100 percent or more over the price paid by the seller when the property was acquired
FHA reserves the right to require additional documentation from a lender to support the resale value of a property if:
the resale date is more than 90 days after the date of acquisition by the seller, but before the end of the twelfth month following the date of acquisition, and the resale price is 5 percent or greater than the lowest sale price of the property during the preceding 12 months.

Any subsequent re-sales of the properties must meet the 90 day threshold in order for the mortgage to be eligible as security for FHA insurance.

So remember to do your research! We are the professionals and it is our job to know this information for our consumers. We will save time, money and problems if we know this up front. Happy Selling, buying and financing peeps!



The 2010 California Tax Credit is up and running!

Wednesday, May 12th, 2010

The Tax Credits are here! The Tax Credits are here!

The 2010 California New Home / First-Time Tax Credits are now available on a first come, first served basis. If you are unsure of how to apply, if you qualify to apply or what the tax credit could mean to you, I have prepared the following summary and provided the necessary links for your review.

Here is a summary of the 2010 California Tax Credit:

1. The purchase of a qualified principal residence on or after May 1, 2010 and on or before December 31, 2010 and close escrow before August 1, 2011, pursuant to a contract executed on or before December 31, 2010, on a first come, first served basis **or** until the allocation of \$200,000,000 is exhausted in accordance with terms of this legislation. (It is likely that the allocation of tax credit will be fully claimed prior to the time limits described above!)
2. Up to \$10,000 of California Tax Credit, per qualified purchaser, to be allocated over three years, beginning with the year the escrow closes on the new home.
3. The total allocation of \$200,000,000 in tax credits is divided between first time home buyers and purchasers of [new homes](#), with \$100,000,000 being allocated to each type of purchaser.
4. The reservation of a tax credit may be achieved by submitting a jointly signed certification to the [Franchise Tax Board](#) (FTB) at the time of execution of the contract to

purchase. The FTB has created the necessary forms ([Form 3549-A](#) is to be used for New Home and First-Time Buyer tax credit applications after the close of escrow. [Form 3549-RR](#) is to be used by buyers of a new home, requesting a reservation of a tax credit.) [The procedures for claiming the reservation of the tax credit and the allocation of a tax credit are further explained on the FTB web site.](#)

5. A “qualified principal residence” is an attached or detached home that will be used as the principal residence of the purchaser, and has either never been occupied or is purchased by a first time home buyer.
6. A “first time home buyer” is an individual who has no present ownership interest in a principal residence now or over the three previous year period, ending on the date of purchase.
7. The tax credit is non-refundable, meaning it is a use it or lose it credit. You would need to have \$3,333 of state tax liability each of the next three years to utilize the maximum amount of the credit available.
8. The amount of the tax credit is the lesser of 5% of the purchase price or \$10,000, which means any home over \$200,000 in price will be limited to the \$10,000 credit.
9. You must be 18 years of age and not claimed as a dependent on someone else’s tax return to be eligible to claim this tax credit.
10. For the answers to more specific questions, try the [FAQ](#) set up by the FTB for this Tax Credit.

I hope this information is helpful. The California Tax Credit in 2009 was very successful and lasted only 4 months! With the provision of the reservation system in the 2010 California Tax Credit, the \$100 million allocation may not even last that long. So, if you are interested, if you qualify, I highly recommend you take advantage of this program as soon as possible.

Foreclosure Activity Decreases 3 Percent in May 2010, According to RealtyTrac

RISMEDIA, June 11, 2010—RealtyTrac, a leading online marketplace for foreclosure properties, recently released its U.S. Foreclosure Market Report for May 2010, which shows that foreclosure filings—default notices, scheduled auctions and bank repossessions—were reported on 322,920 properties in May 2010, a 3% decrease from the previous month and an increase of less than 1% from May 2009. One in every 400 U.S. housing units received a foreclosure filing during the month.

“The numbers in May continued and confirmed the trends we noticed in April: overall foreclosure activity leveling off while lenders work through the backlog of distressed properties that have built up over the past 20 months,” said James J. Saccacio, chief executive officer of RealtyTrac. “Defaults and scheduled auctions combined increased by 28% from 2007 to 2008 and another 32% from 2008 to 2009—creating a build-up of delayed bank repossessions. Lenders appear to be ramping up the pace of completing those forestalled foreclosures even while the inflow of

delinquencies into the foreclosure process has slowed.”

Foreclosure Activity by Type

A total of 96,462 U.S. properties received default notices in May, a 7% decrease from the previous month and a 22% decrease from May 2009. It was the fewest default notices since November 2008 and down 32% from the peak of 142,064 default notices in April 2009.

Foreclosure auctions were scheduled for the first time on a total of 132,681 U.S. properties, a decrease of 4% from the previous month and down less than 1% from May 2009. The May 2010 total was down 16% from the peak of 158,105 scheduled auctions in March 2010.

Bank repossessions (REOs) hit a record monthly high for the second month in a row in May, with a total of 93,777 U.S. properties repossessed by lenders during the month—an increase of 1% from the previous month and an increase of 44% from May 2009. All 50 states posted year-over-year increases in REO activity.

Nevada, Arizona, Florida post top state foreclosure rates in May

With one in every 79 housing units receiving a foreclosure filing in May, Arizona foreclosure activity increased less than 1% from the previous month and was down nearly 5% from May 2009, but the state posted the nation's second highest foreclosure rate for the second month in a row. One in every 169 Arizona properties received a foreclosure notice during the month—more than twice the national average.

One in every 174 Florida properties received a foreclosure notice in May, the nation's third highest foreclosure rate, and one in every 186 California properties received a foreclosure notice in May, the fourth highest state foreclosure rate.

Foreclosure activity in Michigan increased nearly 6% from the previous month and was up 46% from May 2009, helping the state post the nation's fifth highest foreclosure rate—one in every 223 Michigan properties received a foreclosure filing in May.

Other states with foreclosure rates ranking among the top 10 in May were Georgia, Idaho, Illinois, Utah and Maryland.

10 states account for more than 70 percent of national total

Florida accounted for nearly 16% of the national total in May despite a nearly 14% decrease in foreclosure activity

from May 2009. Florida foreclosure activity increased nearly 5% from the previous month.

Illinois foreclosure activity decreased 20% from the previous month, but the state still accounted for nearly 5% of the national total, with 15,061 properties receiving foreclosure notices in May. Illinois foreclosure activity was up nearly 38% from May 2009.

Other states with foreclosure activity totals among the nation's 10 highest were Nevada (14,346), Georgia (13,778), Texas (11,137), Ohio (10,379) and New Jersey (7,993).

Metro foreclosure hot spots continue to post annual declines

With a 1% increase in foreclosure activity from May 2009, Vallejo-Fairfield, Calif., was the only metro area with a top-10 foreclosure rate to post an annual increase in foreclosure activity. One in every 101 Vallejo-Fairfield properties received a foreclosure notice in May, the fourth highest foreclosure rate among metropolitan areas with a population of 200,000 or more.

All other metro foreclosure rates in the top 10 were in cities with declining foreclosure activity on a year-over-year basis: No. 1 Las Vegas was down nearly 18%; No. 2 Merced, Calif. was down 7%; No. 3 Modesto, Calif., was down nearly 28%; No. 5 Cape Coral-Fort Myers, Fla., was down nearly 19%; No. 6 Stockton, Calif., was down 33%; No. 7 Riverside-San Bernardino-Ontario, Calif., was down nearly 29%; No. 8 Bakersfield, Calif., was down 19%; No. 9 Reno-Sparks, Nev., was down nearly 18%; and No. 10 Phoenix was down nearly 9%.

Commercial Leases - Restrictions on Assignment

By [Laine Wagenseller](#), attorney at law

Commercial leases typically include restraints on transferability, namely that a tenant may not assign the lease without the consent of the Landlord. After California's Supreme Court implied a requirement of reasonableness into lease assignment consent provisions (where none had existed before), California's Legislature enacted a statutory scheme relating to the assignment and subleasing of commercial space.

Evolution of the Law

A majority of jurisdictions, including California, long held that where a lease contains an approval clause (a clause stating that the lease cannot be assigned without the prior consent of the landlord), the landlord could refuse to approve a proposed assignee, even if that refusal was arbitrary and the proposed tenant was perfectly suitable.

With time, many jurisdictions trended toward a reasonableness standard, namely that there must be some commercially reasonable objection to the assignment. California's Supreme Court, in an opinion entitled *Kendall v. Ernest Pestana, Inc.* (1985) 40 Cal.3d 488, adopted the reasonableness standard, finding that an unreasonable refusal to assign constituted an unreasonable restraint on alienation.

The court held that the trier of fact may properly consider the following factors in determining reasonableness: financial responsibility of the proposed assignee, suitability of the use for the particular property, legality of the proposed use, need for alteration of the premises, and the nature of the occupancy, i.e., office, factory, clinic, etc. However, the court determined that a denial solely on the basis of personal taste, convenience or sensibility was not commercially reasonable. Nor was it reasonable to

deny consent in order that the landlord may charge a higher rent than originally contracted for.

Justice Lucas, in a dissenting opinion, noted that the lease in the Kendall case did not require a reasonableness standard. Nor had the Legislature enacted such a requirement. Justice Lucas found it improper for the court to imply a requirement of reasonableness when the Legislature had in fact specifically refused to do so and the parties had not contracted for it. "Absent such legislative direction, the parties should be free to contract as they see fit." 40 Cal.3d at 508.

The Legislature's Statutory Scheme

In response to the Kendall case, the California Legislature weighed in on the debate with a comprehensive statutory scheme governing assignments of commercial leases.

In general, without an express limitation, a tenant's interest in a commercial lease is freely transferable. Civ.C. §1995.210. The common law, later codified by statute, also states that any ambiguity in a restriction on transfer of a tenant's interest in a lease shall be construed in favor of transferability. Civ.C. §1995.220. On the other hand, if the parties contractually agree, a party may absolutely prohibit transfer. Civ.C. §1995.230.

Consent of the Landlord

A commonly used provision in leases requires that the landlord's consent is required in order to transfer the tenant's interest. The Legislature also addressed this issue by finding that a restriction on a lease may require the landlord's consent subject to any express standard or condition for giving or withholding consent, including, but not limited to, either (a) the landlord's consent may not be unreasonably withheld, or (b) the landlord's consent may be withheld subject to express standards or conditions. Whether the consent was unreasonably withheld is a question of fact to be determined based on established case law. For example, as noted in the Kendall case, bases for good faith reasonable objection include "inability to fulfill terms of the lease, financial irresponsibility or instability, suitability of premises for intended use, or intended unlawful or undesirable use of premises." 40 Cal.3d at 497.

In the event that the lease does not set forth any standards for giving or withholding consent, the

restriction shall be construed to include an implied standard that the landlord's consent may not be unreasonably withheld. In the event that a landlord rejects an assignment, a tenant may make a written request for a statement of reasons for withholding consent. In the event that a landlord fails or refuses to respond, the court may find the assignment reasonable simply based on the landlord's failure to respond. In the event that a landlord provides reasons, it is a question of fact as to whether those reasons were reasonable. Civ.C. §1995.260.

Although the Kendall case stated that as a matter of law (versus a question of fact) a denial of consent solely on the basis of personal taste, convenience, or sensibility, and denial of consent in order that the landlord may charge a higher rent than originally contracted for, are not commercially reasonable (40 Cal.3d at 501), the Legislature rejected this absolute approach and instead made resolution of the issue a question of fact to be determined by the circumstances of the particular case. The comments to the statute specifically state that "in some circumstances, it may be commercially reasonable for the landlord to require, as a condition for consenting to an assignment, that the premium received by the tenant for the assignment be paid to the landlord. (Referring to *John Hogan Enterprises, Inc. v. Kellogg* (1986) 187 Cal.App.3d 589).

Appreciation in Rents

A common reason (often unstated) for a Landlord's refusal to consent to an assignment of a lease is the desire to capture the appreciation in rent that has occurred since the lease was entered into. When the Supreme Court decided Kendall, it held that, in a lease in which the issue was not addressed, denying consent solely in order that the landlord may charge a higher rent than originally contracted for was an arbitrary reason which failed the test of good faith and reasonableness. 40 Cal.3d at 501. The court held open the possibility that the parties could contract for an allocation of increased rents, and the Legislature later codified the principal in Civ.C. §1995.240, stating that a restriction in a lease may include a provision "that the landlord is entitled to some or all of any consideration the tenant receives from a transferee, in excess of the rent under the lease." However, if not specifically addressed in the lease, this section does not create a presumption that a demand for the increased rent, absent a contractual right to such an increase, is either reasonable or unreasonable.

Whether such a demand is reasonable or not would be

a question of fact and subject to the existing case law.

A landlord seeking to deny a tenant's request to assign the lease should consult with an attorney who can

apply the law to the specific facts in drafting a statement of reasons for the tenant pursuant to Civ.C. §1995.260. An ounce of prevention is worth a pound of cure.

A New Need For California Real Estate Agents

RealEstateExpress.com



In the wake of the real estate market crisis over the last few years, the California Department of Real Estate has announced that the number of real estate licensees has dropped more than 10% from the peak of 548,000 just a couple of years ago. Of the just over 490,000 current licensees, it is thought that only about half are currently practicing. The drop in the number of practicing real estate agents and the increasing business due to the economic recovery are creating incredible career opportunities for those who earn their [California real estate license](#).

Even with the federal tax incentive for home buyers coming to an end, property affordability and low interest mortgage rates are proving to be incentive enough to generate a tremendous amount of market activity. As the nation's economy continues to gain strength more individuals will gain the personal economic stability to purchase a home. These individuals will want to move quickly to take advantage of low pricing. The added business will lead to price increases and that will drive more sellers into the market. The long awaited real estate market recovery is here and if you have a [California real estate license](#), it is getting ready to pay off in a big way.

The low home prices in California are opening doors to homes that some buyers had previously been priced out of. Many buyers will be looking to take advantage of this amazing affordability and the opportunity to purchase their piece of the California lifestyle, and these buyers will be in need of licensed real estate professionals to find them the home of their dreams. The increasing number of buyers and sellers will mean an increased need for California real estate licensees. What many people do not realize is that starting a career in California real estate is an easy and convenient process.

Earning a [California real estate license](#) can take less than a month with the online [real estate schools](#) available. The required 135 hours of [real estate courses](#) can be completed 24 hours a day 7 days a week at whatever pace and schedule is comfortable for you. For those looking to embark on a new career path through education, earning a [California real estate license](#) can have you earning commissions for less money and in less time than one semester of a traditional college. With the increasing demand for real estate professionals in an improving economy, a career in California real estate can be thriving in a matter of weeks.



Real estate bottom reached in some California markets?

Zillow predicts slow housing recovery

By Inman News, Monday, May 10, 2010.

Despite some signs of market stabilization, home values continued to fall across the country in the first quarter, according to a [report](#) by property valuation and marketing site Zillow. This is the 13th straight quarter that has seen home values drop year-over-year.

Zillow's Home Value Index, which tracks the site's median home-value estimates nationwide, dipped 3.8 percent from the first quarter of 2009 and 1 percent from the fourth quarter, to \$183,700, the report said. About 66 percent of homes saw their value decrease nationwide.

EDITOR'S MESSAGE:

A TRUE STORY . . . Godin had a college professor who did engineering consulting. A brand new office tower in Boston had a serious problem--there was a brown stain coming through the drywall, (*all* of the drywall) no matter how much stain killer they used. In a forty story building, if you have to rip out all the drywall, this is a multi-million dollar disaster. They had exhausted all possibilities and were a day away from tearing out everything and taking a loss. They hired Henry in a last-ditch effort to solve the problem. He looked at the walls and said, "I think I can work out a solution, but it will cost you \$45,000 if I succeed." They instantly signed on, because if he succeeded, the project would be saved.

Henry asked for a pencil and paper and wrote the name of a common hardware store chemical and handed it to them. "Here, this will work." And then he billed them \$45,000. That's quite an hourly wage. It's also quite a bargain.

The above story was quoted from Seth Godin's marketing blog. This story is appropriate for real estate because on almost every escrow there is a critical situation where you are able to demonstrate your worth and accomplish something for your clients that very few other REALTORS® may not be able to do. **This is exactly why your client hired YOU . . . the professional.** People who decide to do this on their own may go crazy."

CAREPA News" is newsletter published by CAREPA, Chinese American Real Estate Professionals Association with the goal to facilitate and serve our membership needs. CAREPA may or may not agree with the views of the writer.

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, Philip Hsu, at 626-230-9655 .

ADVERTISING OPPORTUNITIES

You may want to put an ad in our monthly CAREPA NEWS: 1/4 PAGE AD \$25 ~ 1/2 PAGE AD \$50 ~ FULL PAGE AD \$100 Feel free to contract Lucia Tam at 626-221-2888 or luciatam@yahoo.com for further information.

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.

華裔房地產專業協會

CHINESE AMERICAN REAL ESTATE

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place
stamp