

CAREPA NEWS

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華裔房地產專業協會新聞

2010年十月號

October 2010

President's Message ~ 會長的話



At our September General Meeting dinner, CAREPA announced the newly elected members of the 2011 Board of Directors and its Executive Officers. The directors are: Suzie Koo, Saul Lerner, John Wu, Alex Tse, Lorinda Chou, Vincent Lieu and Carina Pang. The executive officers are: Nancy Lin (President), Brian Chen (President-Elect), Ling Chow (Vice President), Lucia Tam (Secretary), Margaret Chiu (Treasurer) and Philip Hsu (Historian).

Our speaker for September was Howard Ting, Senior Vice President of YK America. He talked about EB-5 Alien Investment of \$500,000 - \$1,000,000 for U.S. permanent residency through I-526 & I-829 Petition - green card. This is an avenue for foreigners to enter the U.S. legally and a chance for REALTORS to accommodate those clients who are looking for these opportunities.

California Association of Realtors has scheduled its annual Real Estate Expo in Anaheim Convention Center from October 5 to 7. The National Association of Realtors will have its Annual Realtors Conference & Expo in New Orleans from November 5 - 8. There will be a lot of exhibitors and educational opportunities that will enhance your professional knowledge and skills. There will also be legal updates; 2011 market forecast, top agents experience sharing; new technologies and information for agents, brokers and owners, etc. It is a great opportunity for our members to polish their skills and be enriched in knowledge.

CAREPA will hold its annual Christmas and Installation party on Sunday, December 12, 2010 at San Gabriel Hilton, San Gabriel Ballroom, 215 E. Valley Blvd., San Gabriel Members Free, Non-Members \$60. Please invite your friends to participate and support us.

Thank you.

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

2010 Tax Credit for New Home / First-Time Buyer

Important Update (09/16/10): FTB is no longer accepting First-Time Buyer applications, but will accept additional New Home Credit Applications.

FTB stopped accepting First-Time Buyer applications as of midnight Sunday, August 15, 2010. We received more than enough to fully allocate the \$100 million. We needed to accept additional First-Time Buyer applications since we received so many duplicate, revised, and late applications. However, we will only issue approved certificates of allocation until the \$100 million is exhausted. **All First-Time Buyer applications received after August 15, 2010 will be denied.** (Updated 08/19/10)

As shown in the numbers below, we have received New Home Credit reservation requests and applications claiming more than \$100 million. Since many of these are duplicate, invalid, revised, for purchases that have been cancelled, or include both a reservation request and application for the same property, we will accept at least 24,000 total reservation requests and applications. We need to insure that we have more than enough valid and unique applications to allocate the full \$100 million. The additional applications will be subject to the availability of remaining credits. We will only issue approved certificates of allocation until the \$100 million is exhausted. We will announce the final cut-off date on this web-page at least one week in advance. (Updated 09/16/10)

We have just begun processing applications. It will take us several months to process all the applications. Please be patient and do not send your application a second time as it will slow down processing. (Updated 09/09/10)

Fax delays

Due to the high volume of faxes we are receiving,

you may experience some delays or difficulties in connecting to our fax number during normal business hours. It can take several minutes or possibly up to an hour to connect and transmit the fax. If you receive a busy signal, try again later. Check your fax confirmation to make sure all pages were transmitted successfully and keep a copy of the fax confirmation. Our fax number is open 24 hours a day so you may fax your application to us during non-business hours when the line is not so busy.

Applying for the 2010 New Home/First-Time Buyer tax credits: Applications must be faxed **after** escrow closes. We will deny the application if the 2009 form is used, we receive the 2010 application before May 1, 2010, or we receive the application before escrow closes.

The New Home / First-Time Buyer Credits are available only for purchases that close escrow on or after May 1, 2010.

Check this page often. We will add updates as they become available.

General Information: These tax credits are available for taxpayers who purchase a qualified principal residence on or after May 1, 2010, and before January 1, 2011. Additionally, these tax credits are available for taxpayers who purchase a qualified principal residence on or after December 31, 2010, and before August 1, 2011, pursuant to an enforceable contract executed on or before December 31, 2010. The purchase date is defined as the date escrow closes. Taxpayers may apply for the tax credits if they have entered into a contract before May 1, 2010, as long as escrow closes on or after May 1, 2010. However, taxpayers may not request a New Home Credit reservation if they have entered into the contract before May 1, 2010.

These tax credits are limited to the lesser of 5 percent of the purchase price or \$10,000 for a qualified principal residence. Taxpayers must apply the total tax credit in equal amounts over 3 successive tax years (maximum of \$3,333 per year) beginning with the tax year in which the home is purchased. The tax credits cannot reduce regular tax below tentative minimum tax (TMT). The tax credits are nonrefundable, and unused credits cannot be carried over.

The total amount of allocated tax credit for all taxpayers may not exceed \$100 million for the New Home Credit and \$100 million for the First-Time Buyer Credit. However, since many taxpayers will

not be able to utilize the entire tax credit, the legislation specifies that the \$100 million cap for the New Home Credit will be reduced by 70 percent of the tax credit allocated to each buyer and the \$100 million cap for the First-Time Buyer Credit will be reduced by 57 percent of the tax credit allocated to each buyer. For example, if a taxpayer is allocated \$10,000 for the New Home Credit, the \$100 million cap for the New Home Credit will only be reduced by \$7,000. If a taxpayer is allocated \$10,000 for the First-Time Buyer Credit, the \$100 million cap for the First-Time Buyer Credit will only be reduced by \$5,700. The 70 and 57 percent reductions do not impact the amount that can be claimed by the taxpayer.

We will allocate the tax credits on a first-come, first-served basis. We expect it to take 3-6 months to notify taxpayers after an application or reservation is received. We began notifying the first taxpayers August 16, 2010. Please be patient and do not fax an application more than once. (Updated 08/19/10)

Only one tax credit is allowed per taxpayer. If a taxpayer qualifies for both tax credits, the law specifies that we will allocate the amount under the New Home Credit.

Taxpayers will **not** be eligible for either tax credit if any of the following apply:

- The taxpayer was allowed a 2009 New Home Credit.
- The taxpayer is under 18 years old. (A taxpayer who is married as of the date of purchase will be considered to be 18 if the spouse/registered domestic partner (RDP) of the taxpayer is 18 or older on the date of purchase.)
- The taxpayer or the taxpayer's spouse/RDP is related to the seller.
- The taxpayer qualifies as a dependent of any other taxpayer for the tax year of the purchase.

New Home Credit: A qualified principal residence, for purposes of the New Home Credit, must:

- Be a single family residence, either detached or attached. This can be a single family residence, a condominium, a unit in a cooperative project, a house boat, a manufactured home, or a mobile home. A home constructed by the taxpayer is not eligible since the home has not been "purchased."
- Have never been occupied. Sellers must

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

OCTOBER GENERAL MEETING

OCTOBER 13, 2010

6:30PM

SPEAKERS

JOSE BUENDIA

PROGRAM MANAGER ~ MULTI-FAMILY PROGRAMS

PAUL YE

ACCOUNT EXECUTIVE ~ BUSINESS SOLUTIONS

Southern California Edison

TOPIC

**MULTI-FAMILY ENERGY EFFICIENCY
REBATE & PROGRAMS**

EMPRESS HARBOR RESTAURANT

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

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

NOVEMBER GENERAL MEETING

NOVEMBER 10, 2010

6:30PM

SPEAKER

DR. EDWARD HUANG

TOPIC

GREEN PROPERTIES

EMPRESS HARBOR RESTAURANT

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

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

certify that the home has never been occupied allocation of the credit.

- Be eligible for the California property tax homeowner's exemption.
- Be occupied by the taxpayer as their principal residence for a minimum of 2 years immediately following the purchase.

Tax credit allocation:

- A Certificate of Allocation will not be issued if:
 - The seller does not certify the home has never been occupied.
 - We do not receive the application and a copy of the properly executed settlement statement within 2 weeks (14 calendar days) after the close of escrow, regardless of whether a reservation request was submitted.
 - We receive the application or reservation request after the total tax credits available have been allocated.
- FTB's determination may not be protested or appealed.

Reserving a New Home Credit Before Escrow Closes: Taxpayers who qualify for the **New Home Credit** may, but are not required to, request a reservation **prior** to the close of escrow. Reservations will become important as we near the \$100 million cap for homes that may not close escrow before the cap is reached, as a reservation will "hold the taxpayer's place in line" until 2 weeks after escrow closes. Taxpayers may only request a reservation if they have entered into an enforceable contract on or after May 1, 2010, and on or before December 31, 2010. Taxpayers may not reserve a credit if the contract was entered into before May 1, 2010. Taxpayers who only qualify for the **First-Time Buyer Credit** may **not** request a reservation.

Requesting or receiving a reservation **does not** guarantee the credit. An application must still be completed and faxed to FTB along with the final settlement statement within **two weeks after** the close of escrow. If a buyer requests a reservation and the purchase is cancelled, the buyer must notify FTB.

First-Time Buyer Credit: A qualified principal residence, for purposes of the First-Time Buyer Credit, must:

- Be a single family residence, either detached or attached. This can be a single family

in order for a taxpayer to receive an residence, a condominium, a unit in a cooperative project, a house boat, a manufactured home, or a mobile home. A home constructed by the taxpayer is not eligible since the home has not been "purchased."

- Be eligible for the California property tax homeowner's exemption.
- Be occupied by the taxpayer as their principal residence for a minimum of 2 years immediately following the purchase.

A first-time buyer is any individual (and the individual's spouse/RDP, if married on the date of purchase) who did not have an ownership interest in a principal residence, either in or out of California, during the preceding 3 year period ending on the date of the purchase of the qualified principal residence. If the buyer is married on the date of purchase and either the buyer or the buyer's spouse/RDP had an ownership interest in a principal residence during the preceding 3 year period, the buyer does not qualify for the First-Time Buyer Credit even if the spouse/RDP is not going to be on title.

Tax credit allocation:

- A Certificate of Allocation will not be issued if:
 - We do not receive the application and a copy of the properly executed settlement statement within 2 weeks (14 calendar days) after the close of escrow.
 - We receive the application after August 15, 2010.
- FTB's determination may not be protested or appealed.

Estimated applications received for First-Time Buyer Credit as of 08/15/10

The figures shown below are only estimates, based on small samples before the applications were verified. **The numbers are overstated as there are many duplicate, revised, and invalid applications included.** These estimates are only provided to give a general idea of the number of applications received and the amount requested for the First-Time Buyer Credit. We are showing 57% of the estimated requested credit since the \$100 million cap will only be reduced by 57% of the credit allocated to the buyer. The amounts do not reflect actual amounts which will be allocated.

As of	Estimated Total First-Time Buyer Applications Received	57% of Estimated Requested Credit	As of	Estimated Reservation Requests Received	Estimated Applications Received	Estimated Total Reservation Requests and Applications Received	70% of Estimated Total Requested Credit
5/04/10	430	\$2,351,000					
05/11/10	2,470	\$13,283,000					
05/18/10	4,830	\$25,473,000	06/15/10	1,930	3,700	5,630	\$36,360,000
05/25/10	7,330	\$38,357,000	06/22/10	2,250	4,180	6,430	\$41,683,000
06/01/10	9,760	\$50,948,000	06/29/10	2,600	5,150	7,750	\$50,136,000
06/08/10	12,740	\$65,787,000	07/06/10	2,850	5,950	8,800	\$57,191,000
06/15/10	15,220	\$78,108,000	07/13/10	3,180	6,450	9,630	\$62,614,000
06/22/10	17,860	\$91,404,000	07/20/10	3,430	6,740	10,170	\$66,120,000
06/29/10	20,760	\$105,898,000	07/27/10	3,720	7,090	10,810	\$70,384,000
07/06/10	23,680		08/03/10	3,910	7,530	11,440	\$74,432,000
07/13/10	26,260		08/10/10	4,270	7,820	12,090	\$78,694,000
07/20/10	27,960		08/17/10	4,610	8,260	12,870	\$83,895,000
07/27/10	29,500		08/24/10	4,850	8,590	13,440	\$87,590,000
08/03/10	31,200		08/31/10	5,180	9,190	14,370	\$93,766,000
08/10/10	32,890		09/07/10	5,430	9,580	15,010	\$97,991,000
08/15/10	35,100		09/14/10	5,800	9,940	15,740	\$102,594,000
Certificates issued for First-Time Buyer Credit through 09/21/10:			09/21/10	6,000	10,250	16,250	
California allocated \$100 million for the First-Time Buyer Credit. However, the \$100 million cap is only reduced by 57% of the credit allocated to buyers since many taxpayers will not have enough tax liability to utilize their entire credit. We began issuing certificates of allocation on August 16, 2010. We will review applications and allocate credit on a first-come first-served basis. Once \$100 million has been allocated, any remaining applications will be denied. We will update this information each Thursday.			09/21/10	2,494		\$13,630,487	\$86,369,513

California allocated \$100 million for the First-Time Buyer Credit. However, the \$100 million cap is only reduced by 57% of the credit allocated to buyers since many taxpayers will not have enough tax liability to utilize their entire credit. We began issuing certificates of allocation on August 16, 2010. We will review applications and allocate credit on a first-come first-served basis. Once \$100 million has been allocated, any remaining applications will be denied. We will update this information each Thursday.

As of	Cumulative Certificates Issued	57% of Cumulative Allocated Credit	of Remaining Available Credit
			\$100,000,000
08/17/10	192	\$1,071,317	\$98,928,683
08/24/10	580	\$3,227,811	\$96,772,189
08/31/10	953	\$5,286,581	\$94,713,419
09/07/10	1,284	\$7,096,755	\$92,903,245
09/14/10	1,867	\$10,252,018	\$89,747,982

Estimated applications and reservation requests received for New Home Credit as of 09/21/10

The figures shown below are only estimates, based on small samples before the applications were verified. **The numbers are overstated as there are duplicate, revised, and invalid applications included. In addition, some purchases may be included twice if we have received both a reservation request and an application for the purchase.** These estimates are only provided to give a general idea of the number of applications and reservation requests received and the combined amount requested for the New Home Credit. We are showing 70% of the estimated requested credit since the \$100 million cap will only be reduced by 70% of the credit allocated to the buyer. The amounts do not reflect actual amounts which will be allocated. These estimates will be updated each Thursday until we are

sure that we have received more than enough applications to allocate the full \$100 million. Once we determine that we have received sufficient applications and reservation requests to allocate the full \$100 million, we will stop accepting reservation requests and applications for the New Home Credit.

Certificates and Reservations issued for New Home Credit through 09/21/10:

California allocated \$100 million for the New Home Credit. However, the \$100 million cap is only reduced by 70% of the credit allocated to buyers since many taxpayers will not have enough tax liability to utilize their entire credit. We began issuing certificates of allocation and reservation letters on August 16, 2010. We will review applications and allocate credit on a first-come first-served basis. Once \$100 million has been allocated, any remaining applications will be denied. We will update this information each Thursday.

As of	Cumulative Reservations & Certificates Issued	70% Cumulative Credit Allocated	of Remaining Credit Available
			\$100,000,000
08/17/10	147	\$1,017,250	\$98,982,750
08/24/10	270	\$1,870,680	\$98,129,320
08/31/10	402	\$2,782,819	\$97,217,182
09/07/10	513	\$3,554,895	\$96,445,105
09/14/10	687	\$4,758,372	\$95,241,628
09/21/10	879	\$6,082,445	\$93,917,555

How to apply

Applications: We will accept applications **by fax only** beginning May 1, 2010. Do **not** use the 2009 application. Applications received before May 1, 2010, or before escrow closes will be denied. We are currently only accepting applications for the New Home Credit. Any applications received after August 15, 2010 for the First-Time Buyer Credit will be denied. (Updated 08/19/10)

- Within two weeks (14 calendar days) **after** the close of escrow:
 - The seller must complete Parts II, III, and also Part IV (if the home has never been occupied) of [Form 3549-A](#), Application for New Home / First-

Time Buyer Credit, and provide a copy to the buyer or escrow person.

- The buyer will complete Parts I, V & VI of [Form 3549-A](#).
- Fax the completed Form 3549-A and the final settlement statement (generally the buyer's HUD-1 statement) to FTB at **916.855.5577**. It is best that the escrow company, on behalf of the buyer, fax the completed application and settlement statement to FTB and provide a copy to the buyer. (The buyer retains ultimate responsibility to ensure the completed application and settlement statement are submitted timely to the FTB.)
- **Fax is the only delivery method** that will be accepted and considered for credit allocation by FTB, as the date and time stamp on the fax will determine the order in which credits are allocated. Check the fax confirmation to make sure you sent it to the correct fax number. The date and time applications are received may not be reviewed in any administrative or judicial proceeding.
- Fax only one completed application per residence with all qualified buyers listed. Do not include information on nonqualified buyers. An incomplete application may delay or prevent credit allocation.
- Do not fax the application to FTB before escrow closes.
- Do not fax the application to FTB more than once. We will process the applications in the order received as quickly as possible.
- Only send one application per fax transmission. Including more than one application in the fax transmission will cause delay and may even cause an application to be skipped.
- The buyer keeps a copy of the completed Form 3549-A for their records.
- Please use the online fillable Form 3549-A. Simply fill in all required information, print the form, and sign. If you fill out any portion of the form by hand, please print as clearly and neatly as possible using CAPITAL LETTERS and stay between the lines as the faxes can be very hard to read.

Reservation Requests: We will accept reservation requests for the New Home Credit **by fax only** beginning May 1, 2010. If you are applying for the First-Time Buyer Credit, you will **not** be able to

The What, Where, When and How of Investing in Southern California's Volatile Real Estate Markets

by [Steve Dexter](#) on September 30, 2010

I've been writing about the California real estate market for some time and I've found it to be quite different than other regions of the country. It is certainly more expensive, volatile and foreclosure prone but the potential to make a real profit has been consistent.

As an investor who has flipped, rented and lent in Southern California; I've escaped disaster, survived troubled times and have thrived while others haven't been so lucky.

When banks aren't lending money, unemployment is high and the media is full of scary [stories](#), it easy to miss a deal.

I would never suggest jumping in too deep with your family's savings but doing nothing can also be a mistake. While searching current inventory, an otherwise savvy investor could be paralyzed into missing a chance to buy property when it is at its lowest.

Following these four fundamental principles will keep you safe during volatile adjustments:

1. **When:** Real estate is almost biblical with markets adjusting every seven years. Sales slacken, listing times expand and neighborhood will seem less appealing during slowing economies. Nobody wants to buy and the banks don't want to lend. While there are proven ways to overcome these obstacles, 'when' becomes a considerable challenge. Tip: Look at the 40 year charts for house price movements in California and you will see the median house prices doubled in the 1970s, tripled in the 80's and more than doubled in the 90's and early 2000's. If you find a nice fairly cheap house that gives you a positive cash flow, buy it. You may not be buying it at the absolute bottom of the cycle, but you will be rewarded with a rent check in the mail and as asset that will be worth much more than what you paid for it.
2. **Where:** Look for upper blue collar areas to buy investment houses. Pride-of-ownership neighborhoods that are working class and lower priced than the surrounding areas are specifically valuable. These neighborhoods usually produce bargains where the rent income offer positive cash flow and will appreciate the most when the economy rebounds.
3. **What:** Three bedrooms, two bath homes are the most in-demand piece of real estate in the Southern California market today. A single family detached structure with a two car garage and a nice backyard is coveted by growing families, cramped apartment dwellers and condo residents fed up with homeowner associations. Additionally, considering home renters are less transitional than apartment tenants, you'll find yourself with less turnover and cost efficient maintenance.
4. **How:** Buy cheap. Use OPM. Basically, we all like to buy cheap and use other people's money. The less you spend the more comfort you have in times of downturn. Many homeowners recently paid a retail price for these "can't miss" offerings and are now burdened with a toxic investment that is worth way less than what they owe.

Just remember to never pay retail for anything, especially real estate.

Follow these four steps and you will be safe no matter what the market throws at you. Remember, your cash is king so safeguard your funds. Try not to over reach on any one deal because you might find a higher margin on a collection of smaller [investments](#).

Throughout my next several entries, I hope to identify opportunities and provide specific examples on how to tackle the Southern California and other real estate markets. I will tell you how to:

1. Find financing in an illiquid market
2. Buy way below [market value](#) when everyone else is paying retail
3. Manage the tenants that provide us with an everlasting cash flow.

Be sure to check back soon as I provide insider's tips on how to not only survive, but thrive.



EDITOR MESSAGE: **Congratulations to the 2011 Board of Directors**

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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 contact 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.

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