CAREPA NEWS

CAREPA NEWS

華裔房地產專業協會新聞

2011 年三月號 March 2011

President's Message ~ 會長的話

February was a busy month, with the Chinese New Year, Valentine's Day, and the Oscar Academy Award. I hope everyone had a lot of fun during this short month.

On behalf of CAREPA, our President-elect Brian Chen and I attended the installation banquet of the Chinese Real Estate Association of America (CREAA) in San Francisco on February 18. We presented a plaque to their 2010 President Christina Chung, for her dedication to their association. We also congratulated their new president Amy Kong and her team. CAREPA has always maintained a good relationship with CREAA. On the day of the event, it was very cold and rain was pouring. Nevertheless, there was a big crowd of 475 in attendance. We met with a lot of current and past C.A.R. directors and distinguished guests. The evening included a beautiful Lion Dance. It was a fun night.

CAREPA is having a Golf Tournament on July 25th, at Friendly Hills Golf Course in Whittier. I need your support and participation. Please Save the Date and gather your team. More information will be given to you next month.

For our March General Meeting, our speaker is Mr. Michael Kay - an energetic and intelligent young man. He will show us the new trends in social networking. It will be very interesting. I hope to see you all at the meeting.

Nancy Lin, CRS, GRI, SRES
2011 CAREPA President
華裔房地產專業協

S A V E T H E D A T E

Thursday, May 12, 2011

Presentation at 3pm ~ 5pm
Reception 5pm~ 7pm (ticketed event)

HAPPY ST. PATRICK'S DAY
THURSDAY, MARCH 17, 2011

2011 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.






Nancy Lin

Margaret Chiu — 2011 President

Philip Hsu — President Elect

Brian Chen — Vice-President

Secretary

Ling Chow — Treasurer

Lucia Tam — Historian

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Lorinda Chou


Vincent Lieu


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Saul Larner


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Dr. Alex Tse


John Y. Wong


John C. Wu


Paul Cheng, Legal Advisor

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ELECTION	**Brian Chen**
CHRISTMAS/INSTALLATION	**Brian Chen**
GOLF TOURNAMENT	**Yin Bihr/Jacqueline Cheou**
HOPE AWARD	**Lucia Tam**
INTERNATIONAL	**John C. Wu**
MEMBERSHIP	**Carina Pang**
PROGRAMS/MIXERS	**Brian Chen**
PUBLICATIONS/PUBLIC RELATIONS	**Lucia Tam**
WEBSITE	**Lucia Tam**

MARCH GENERAL MEETING

MARCH 9, 2011

6:30PM

SPEAKER

MICHAEL KAY

Advanced Group Property Inspection

TOPIC

MARKETING TECHNIQUES THRU SOCIAL NETWORKING

EMPRESS HARBOR RESTAURANT

111 N. Atlantic Blvd. 3rd floor

Monterey Park, CA 91754

For reservations and information,

contact BRIAN CHEN @ **626-831-3120**

APRIL GENERAL MEETING

APRIL 13, 2011

6:30PM

SPEAKER

RAINBOW YEUNG

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

TOPIC

AIR QUALITY MANAGEMENT

EMPRESS HARBOR RESTAURANT

111 N. Atlantic Blvd. 3rd floor

Monterey Park, CA 91754

For reservations and information,

contact BRIAN CHEN @ **626-831-3120**

Does a California Title Company's Preliminary Report Govern, Or Is It Only The Final Policy That Matters?

Posted: February 16, 2011

A Preliminary Title Report ("Prelim"), issued by a title company before issuing title insurance, has long been held by the courts as only an offer to provide insurance. The Prelim is not a contract itself, nor is it something which can be relied on.

The Buyers were purchasing property in Solano County. The Prelim identified it by two tax assessor parcel numbers, as well as a legal description. However, the final title insurance policy identified the property by the legal description, but did not reference the parcel numbers. A map was attached to the final policy which depicted the two parcels.

The grant deed which was recorded described only one of the parcels. After the sale, the County tax Assessor assessed the new owners for both parcels. Years later, a neighbor built on one of the parcels, and the Buyers brought an action for trespass. They ultimately figured out that the Buyer did not own the 2nd parcel, so the Buyer made a claim on his title policy, which was denied. The Title Company pointed to the final Policy, which was for only one parcel.

The Court found that the Buyers had a reasonable expectation that a title insurance policy covered two adjacent parcels rather than only one, when the preliminary report could be reasonably construed as an offer to insure both parcels, since the policy was ambiguous. The Prelim is an offer, and the Buyer can expect the Policy will be consistent with that offer.

This is the reasonable conclusion. The Buyer usually does not get a copy of the final Policy until after the sale has closed. If the Buyer was sophisticated in real estate matters, they might have spotted the problem, but they would still in the same position- making a claim, and having to sue the title company. The Buyer accepted the offer to provide title insurance, and the insurance must conform to the offer.

Oral Settlement in Court- The Party Must Be In Court, Their Attorney's Statement Is Not Enough.

Posted: February 13, 2011

In a recent California case, a homeowner sued their community Homeowner's Association ("HOA") for failing to enforce the Conditions, Covenants, and Restrictions (CC&Rs). They also sued other homeowners, who supposedly violated the restrictions.

Apparently the parties had tentatively reached a settlement outside court just before the day of trial, so on the day of trial, the parties appeared in court to put the settlement on the record by reciting it orally in court (As allowed by Code of Civil Procedure §664.6). However, the HOA representative did not appear- their attorney was there to represent them. Later, the homeowners decided they did not like the terms of the settlement, and would not agree to it, so the HOA sued to enforce it.

Section 664.4 states "If parties to pending litigation stipulate, in a writing signed by the parties outside the presence of the court or orally before the court, for settlement of the case, or part thereof, the court, upon motion, may enter judgment pursuant to the terms of the settlement." The question was what the legislature meant when it used the term 'parties.' The court noted that in other contexts the term party includes the litigant's attorney, but settlement is such a serious step that ends the lawsuit, and requires the client's express consent. It thus restricted the meaning of party to be the actual litigant themselves. As there was no authorized representative of the HOA in court, the settlement was unenforceable.

Tough luck for the HOA board, who were probably all volunteers, and did not want to take a week of work for the trial.

Critzer v. Enos (2010) 187 CalApp. 4th 1242.

Mortgage Lender Gets Borrower to Drop Bankruptcy With Promise To Negotiate, Then Forecloses. Was The Lender In The Wrong, & What Is Promissory Estoppel?

Posted: February 3, 2011

A California woman got behind on her mortgage, and the Lender recorded a Notice of Default, so the borrower filed a ch 7 bankruptcy. She intended to convert to a Ch. 13 to pay the arrears and save her house. U.S. Bank, trustee for the lender, told her that, once she was out of bankruptcy, the bank would work with her on a mortgage reinstatement and loan modification. In reliance on that promise, she did not convert the case, nor oppose the lender's motion to lift the automatic stay. She submitted documents to the bank for review.

The bank scheduled the foreclosure sale for January 9, 2009. There was no negotiation, but on the day before the foreclosure sale, the bank's attorney made an oral offer to modify the loan, but refused to put the terms in writing. The borrower lost the home, received a three-day notice, and served with an eviction action.

The court ruled for the borrower, finding that she materially changed her position based on the bank's promise- the doctrine of "promissory estoppel." The elements are 1) a clear and unambiguous promise; 20 reliance on the promise; 3) the reliance must be reasonable and foreseeable; and 4) the party must be injured by his reliance on the promise. The elements were all present here. The last minute oral offer of a modification was a unilateral offer, but the promise was to negotiate to attempt to reach an agreement. The borrower changed her position by not converting to Ch. 13, instead allowing the motion to lift the automatic stay be granted.

The conduct of the bank, luring a distressed borrower out of bankruptcy before taking their house is not new- I have seen it happen. Finally any California appellate decision is published to support borrowers, and help make their argument in the trial courts.

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Home Buying for the Long Haul Pays Off

by Venessa Wong ~ 2011 Bloomberg Businessweek

Despite the slump, housing remains a good long-term investment—in the right markets

The era of get-rich-quick real estate is dead. The era of increasing long-term wealth in your home is back.

Historical data from the National Association of Realtors (and adjusted for inflation by Businessweek.com) show that in 18 of the 25 largest metro areas in the U.S., the value of homes purchased in 1990 had increased by 2010, often by double digits. And this in a year when real estate prices around the country have softened since their peak in 2006. These houses would have been worth even more a few years ago.

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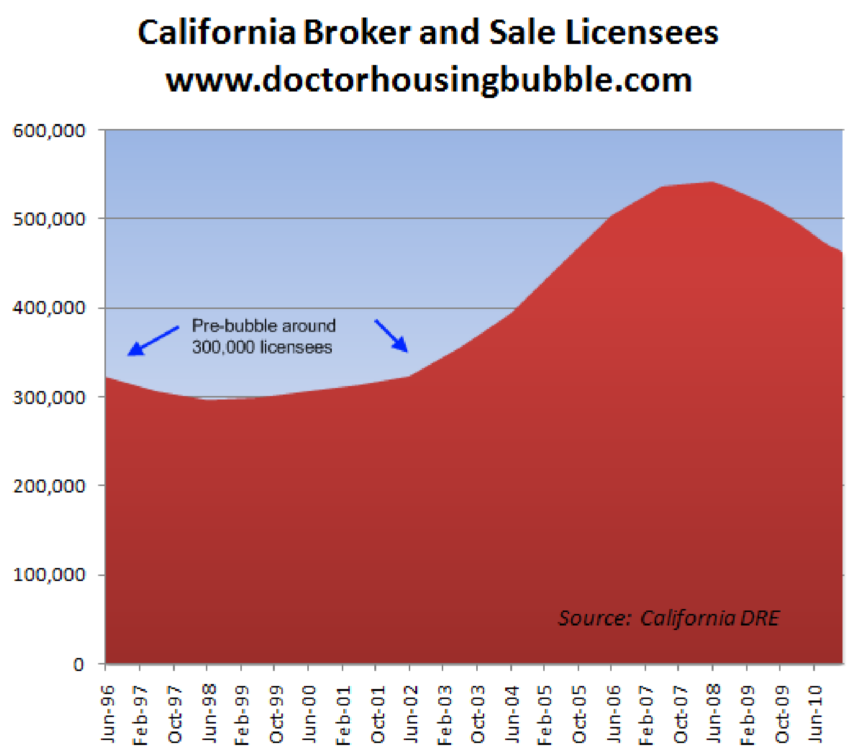
Four financial corners of California – real estate and broker licensees continue to decline, banks extend average foreclosure to 285 days, underemployment surges to 19.9 percent nationwide, and Federal Reserve now largest U.S. debt holder.

Posted at www.doctorhousingbubble.com

California home prices continue on a downward and inevitable trend lower reflecting an underlying weak economy brought on by lower paying jobs and gobs of debt that cling to the state like an albatross. We are seeing promising early reports regarding nationwide job hiring but little of that is being reflected in California. Even as the job report comes out we are realizing that we are entering an era of low wage capitalism. The new added jobs don't come from the six-figure real estate agent and mortgage broker crowd but come in lower paying employment sectors. Because of this and other reasons it is likely that California home prices will not see any significant gains for the rest of the decade. Focusing on a market bottom clouds the more important fact that is rarely highlighted in the media and that is the fact that housing has collapsed because of massive leverage that masked weak income gains for over a decade. The housing crisis is largely a crisis of the middle class loss of income in the United States. Now that the toxic mortgages have shut down the leverage game we are left dealing with real income figures and the steady decline of home values is merely an adjustment to this new economic climate.

Follow the real estate agents

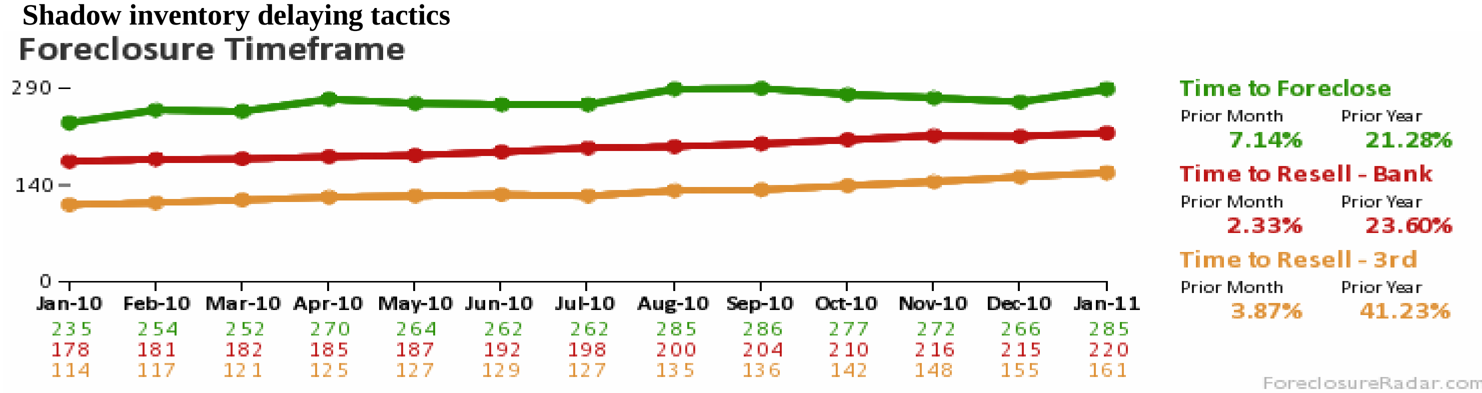
Source: DRE



I casually track the number of licensees in California that hold either a broker or real estate agent designation. From 1995 to 2002 the state had roughly 300,000 agents and brokers at any given point. At the peak in 2008 nearly 550,000 Californians had either a broker or agent license. This was an increase of 83 percent from 2002 to 2008. During this same time the population increased by 5 percent. This was the modern day California gold rush. The above chart shows what we all know and why all of us knew at least one family member that suddenly was a "real estate professional." Many agents and brokers have dropped out of the field and are letting their licenses expire. If the market was so healthy, don't you think these numbers would be going up as people enter the field?

I tend to believe that there are many fewer people that have their active license but have completely left the field. For mortgage brokers, especially with only government backed loans in many cases there are slim pickings and the days of large option ARM commissions are more of a dream. These were good paying jobs that only existed because of the housing bubble similar to tulip dealers hundreds of years ago. According to many agents it is always a good time to buy or sell a home (otherwise they don't get paid). Yet many are leaving the field and this is largely due to the continually weak California housing market.

Shadow inventory delaying tactics

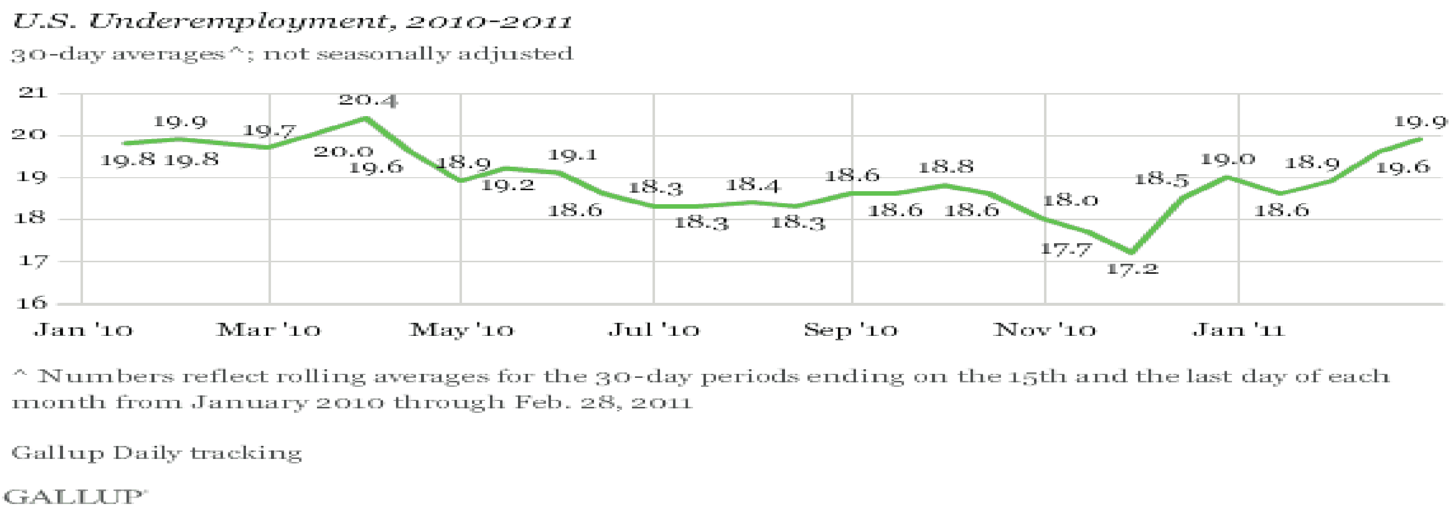


I love this chart because it really highlights the insanity of the market. Today it takes an average of 285 days for a home in California to foreclose! Last year it was 235 days. Foreclosure is a typically straight forward process. You miss three payments, you get a notice of default filed. After that the auction date and process to bank owned should be rather quick. In

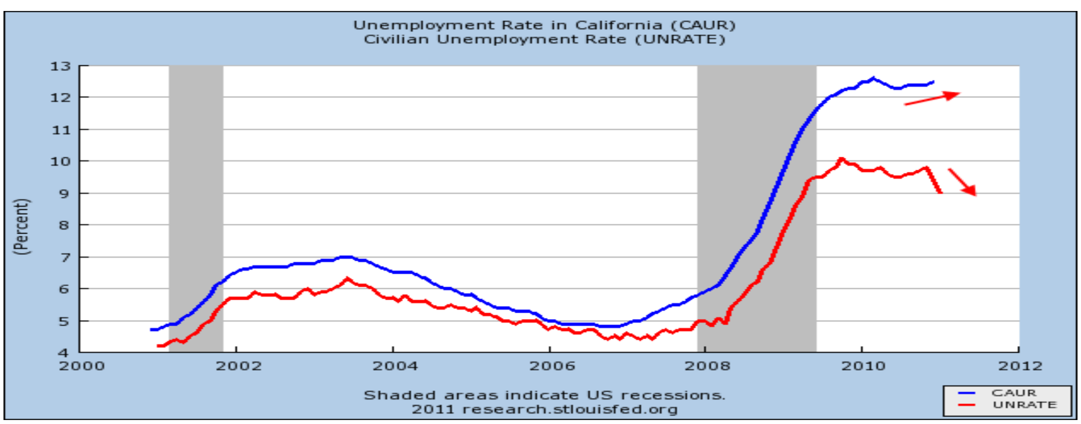
continued from page 4 ~ Four Financial Corners of California

a healthy market this would typically happen in a steady stream. Why? Because people actually had large down payments and homes had equity. A bank would be glad to take the home back since they would then be able to sell it back on market. The owner in many cases had the option of selling because of equity. The incentives pushed the process to be quicker. Today with falling home prices and the incredible shadow inventory in California banks are dragging this process out as long as possible. We've recently seen indications that banks are now moving on releasing some of the shadow inventory to market so it'll be interesting to see how this plays out in 2011. Yet I have a hard time understanding how any of the above indicators are somehow good for home values? The one important metric of household income is going sideways or down depending on what county we look at.

Real unemployment and underemployment
Source: Gallup



Gallup tracks the underemployment rate which is a better indicator of the health of the U.S. economy. The most recent data shows that 19.9 percent of Americans are underemployed. If we look at the recent job additions these are coming from lower paying sectors and keep in mind that if you land a job at the 99 Cent Store for 15 hours a week you are now considered employed in the headline BLS figures even if you want a full-time gig. How does this warrant sky high California home prices? The only way California home prices remain inflated at today's levels is if we have another bubble similar to the technology or real estate boom and hundreds of thousands of high paying jobs are created. So far there is no indication of that so I'm not sure why some people think prices will be going up anytime soon.



Although the unemployment rate seems to be edging lower nationwide California is going in the opposite direction:

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While that's cold comfort for the many Americans whose homes have lost more than $1.7 trillion in value in 2010, according to a new report by Zillow.com, it underscores the fact that homeowners who buy for the long term have historically seen the value of their investment increase over the years. In inflation-adjusted terms, the median U.S. home sale price in the third quarter remains approximately 9.5 percent higher than in 1990, despite falling 26 percent from peak levels, according to calculations based on NAR data.
Says Greg Hebner, chief operating officer at Sorrento Capital, an Irvine (Calif.) asset management firm: "You should at least be looking at housing now," especially as interest rates are low and homeowners can deduct mortgage interest from their income taxes. "It's still a good game" if a buyer understands the risks, has consistent income, and purchases a house he can afford, Hebner says.

Based on data since 1968, nominal U.S. home prices have risen 5.5 percent annually and outpaced inflation by about 1 percent to 2 percent, says Lawrence Yun, NAR's chief economist. The main reasons housing has grown faster than inflation, he says, are that more people wanted to buy in places with a finite supply of developable land, which drove up prices, and owners increased the value of their properties through home improvements.

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continued from page 5 - Home Buying for the Long Haul Pays Off

When Supply Is Limited

Home prices followed this pattern through most the 1990s but started shooting up in the early 2000s. Between 2000 and 2006, nominal prices rose 89 percent, according to data from Moody's Economy.com and Fiserv (NasdaqGS: FISV - News), a financial service company in Brookfield, Wis.

Economists from NAR, Fiserv, and Moody's Analytics interviewed for this story expect home prices to continue to grow slightly more than inflation in the long term. Still, buyers are not likely to see prices skyrocket the way they did in the early 2000s, at least in the near future.

Up by Half, or More

In an analysis of the country's 25 largest metro areas, Businessweek.com found that the Portland, Ore. area had the largest real price gain since 1990, with the median sale price in this year's third quarter ($242,100) up about 85 percent over 1990, in inflation-adjusted terms. Home prices in the Denver, Baltimore, and Seattle areas also made gains of more than 50 percent in that period.

Yet in some other markets where homeownership skyrocketed during the housing boom, inflation-adjusted prices have fallen so dramatically that they are now below 1990 levels. Real prices in the Atlanta metro, for instance, are down about 21 percent compared with 20 years ago, and in Sacramento they are down 19 percent.

After recovery from the housing bust, "we expect house prices to settle into a price-growth trend that's slightly higher than inflation over the long term. So in that sense, housing is still a long-term investment with a positive yield," says Andres Carbacho-Burgos, an economist at Moody's Analytics.

Securities Look Better

After accounting for the time and money put in for property taxes, home insurance, security, and maintenance, "investing in a home doesn't have the rate of return of a diversified, well-managed portfolio in stocks and bonds," adds Carbacho-Burgos. Securities potentially offer greater returns, but buyers are wary.

A national housing survey by Fannie Mae shows that in the third quarter this year, 66 percent of consumers believed buying a home is a safe investment, compared with 16 percent who believe stocks are safe. That does not mean confidence in real estate has not been shaken in recent years: In 2003, 83 percent considered a home a safe investment.

Fannie Mae's survey also showed that 59 percent of respondents still believe owning a home is a good way to build wealth, and 84 percent believe buying makes more sense than renting.

Assuming home prices continue to increase 1 percent to 2 percent better than inflation, a buyer needs to own the property for at least five years to break even and cover selling costs, says Sorrento Capital's Hebner.

How 2011 Shapes Up

According to the latest forecast by Moody's Economy.com and Fiserv, nominal home prices in the U.S. will decline 4.8 percent from the fourth quarter of 2010 to the third quarter of 2011, when they are forecast to reach their trough.

NAR estimates that in 2010, 4.8 million homes will be sold in the U.S.—less than the 5.2 million sold in 2000, which is regarded as a "normal" year, says Yun, as the market had not yet overheated.

As the market normalizes, Yun expects sales volume to rise 6 percent year-on-year in 2011—assuming GDP grows 1.9 percent, 1.5 million jobs are created (bringing the unemployment rate to about 9.5 percent), and mortgage rates stay near 5 percent. Markets with high foreclosure rates, such as Nevada, Arizona, and Florida, will remain volatile.

David Stiff, chief economist at Fiserv, says despite hopes that we can avoid another housing bubble, there likely will be upswings again in the future. "In general, people are optimistic" and get caught up when times are good, he says. "When you see the next cyclical upswing in housing, try not to get carried away."

Best Performers

For many U.S. residents burned by the housing bust, the notion that real estate can not only tread water but actually increase in value might seem a fairy tale. It's not. A Businessweek.com analysis of home sales data from the National Association of Realtors shows that in 18 of the nation's 25 biggest metro areas, home prices grew in value between 1990 and 2010. In one area the change in real dollar price was as much as 85 percent, a return applying only to those who bought homes as a long-term investment, not for easy money flipping real estate. Seven of these metros lost value—generally the result of overbuilding during the real estate boom. Despite recent housing woes, real estate remains one of the best investments the average American can make. And unlike a stock certificate, it provides a place to live.

1. Portland-Vancouver-Beaverton, Ore.-Wash.


Getty Images

1990 Price: $130,590 ($78,200 in 1990 dollars)
2010 Price: $242,100
Change in Real Dollars: +85.4 percent
Population: 2,241,841
Year Home Prices Peaked: 2007

Notwithstanding recent declines, Portland area home prices (adjusted for inflation) remain significantly higher than 1990 levels. The median price rose quickly from 2004 through 2007, peaked at about $311,000 (in 2010 dollars) in 2007, and has since dropped by about 22 percent. Moody's Economy.com and Fiserv predict prices will reach their trough in fourth-quarter 2011.

2. Baltimore-Towson, Md.


Getty Images

1990 Price: $152,300 ($91,200 in 1990 dollars)
2010 Price: $257,100
Change in Real Dollars: +68.8 percent
Population: 2,690,886
Year Home Prices Peaked: 2007

From 2000 through 2005, Baltimore area home prices skyrocketed. The growth rate in nominal prices increased from 3.4 percent year-on-year in 2001 to 20.6 percent in 2004 and 22.3 percent in 2005, according to price data from the National Association of Realtors. In 2007, the median home price peaked at $301,412 (in 2010 dollars). Since then, prices have fallen about 14.7 percent. While well above 1990 levels, prices are expected to continue falling and should bottom in third-quarter 2011, predict Fiserv and Moody's Economy.com.

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continued from page 6 ~ Four Financial Corners of California

3. Denver-Aurora-Broomfield, Colo.

Getty Images

1990 Price: $144,290 ($86,400 in 1990 dollars) **2010 Price:** $238,500 **Change in Real Dollars:** +65.3 percent **Population:** 2,552,195 **Year Home Prices Peaked:** 2006

Metro Denver housing prices grew fastest from 1999 through 2001, when nominal prices increased at double-digit rates, according to a report by the Metro Denver Economic Development Corp., a regional economic development group. Since reaching a peak in 2006 at $270,340 (in 2010 dollars), the median home price has fallen nearly 11.8 percent in real terms. Moody's Economy.com and Fiserv expect prices in Denver to reach a trough in third-quarter 2011.

4. Seattle-Tacoma-Bellevue, Wash.


Getty Images

1990 Price: $204,240 ($122,300 in 1990 dollars) **2010 Price:** $308,200 **Change in Real Dollars:** +50.9 percent **Population:** 3,407,848 **Year Home Prices Peaked:** 2007

Home prices in Seattle have grown significantly over the last 20 years. The metro area's housing market exploded in the late 1990s as the population grew. Nominal price increases slowed in 2002 and 2003, but jumped to 19 percent in 2004, 11 percent in 2005, and 14 percent in 2006, show NAR data. Prices peaked in 2007 at $407,607 (in 2010 dollars). Adjusted for inflation, prices are now about 24.4 percent below that level.

5. New York-Northern New Jersey-Long Island, N.Y.-N.J.-Pa.


Getty Images

1990 Price: $285,070 ($170,700 in 1990 dollars) **2010 Price:** $404,100 **Change in Real Dollars:** +41.8 percent **Population:** 19,069,796 **Year Home Prices Peaked:** 2007

Inflation-adjusted home prices in metro New York were stable through most of the 1990s and started rising rapidly in the early 2000s. The median sale price peaked in 2007 at $494,840 (in 2010 dollars)—about 73.6 percent above 1990 levels in real terms—and has since dropped by about 18.3 percent. Fiserv and Moody's Economy.com expect prices in the area to bottom in 2011

6. Miami-Fort Lauderdale-Pompano Beach, Fla.


Getty Images

1990 Price: $152,140 ($91,100 in 1990 dollars) **2010 Price:** $214,800 **Change in Real Dollars:** +41.2 percent **Population:** 5,547,051 **Year Home Prices Peaked:** 2006

Metro Miami home sale prices soared for years, growing by 164.4 percent from 1990 through 2006 in real dollars. In recent years, however, nominal prices dropped quickly, coming down 22 percent year-on-year in 2008 and 25.9 percent in 2009. In third-quarter 2010, Miami had the country's seventh-highest metro foreclosure rate, at 2.42, according to RealtyTrac. Fiserv and Moody's Economy.com do not expect the Miami market to reach its trough until 2012.

7. Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.Va.


Getty Images

1990 Price: $246,160 ($147,400 in 1990 dollars) **2010 Price:** $338,600 **Change in Real Dollars:** +37.6 percent **Population:** 5,476,241 **Year Home Prices Peaked:** 2006

Washington area home sale prices grew by nearly 90 percent in real terms between 1990 and 2006, when they peaked at $467,000 (in 2010 dollars). They have since fallen 27.5 percent and Fiserv and Moody's Economy.com expect continued decreases in 2011. Still, the area remains one of the country's strongest metro economies because government staffing demand keeps unemployment low.

8. Boston-Cambridge-Quincy, Mass.-N.H.


Getty Images

1990 Price: $267,030 ($159,900 in 1990 dollars) **2010 Price:** $366,500 **Change in Real Dollars:** +37.2 percent **Population:** 4,588,680 **Year Home Prices Peaked:** 2005

"Metro Boston's housing market was affected by the real estate bubble earlier—and less severely— than other metro areas around the country" and sale price declines have brought homes to historic affordability levels, according to a 2009 paper by the Concord Group, a real estate consultancy. Prices peaked in 2005 at $462,160 (in 2010 dollars) and have since dropped a total of 20.7 percent. Despite the fall, home sale prices have still increased in real dollars over the last 20 years.

9. San Francisco-Oakland-Fremont, Calif.


Getty Images

1990 Price: $433,030 ($259,300 in 1990 dollars) **2010 Price:** $588,900 **Change in Real Dollars:** +36 percent **Population:** 4,317,853 **Year Home Prices Peaked:** 2007

San Francisco housing prices rose in the 1990s during the tech boom. In the past decade, the fastest growth occurred in 2004 and 2005, when nominal prices increased by 15 percent and 11.5 percent, respectively. In 2007, prices peaked at $847,873 (in 2010 dollars). While prices are now 30.5 percent below peak, they remain well above 1990 rates and have been increasing recently. In third-quarter 2010, the nominal median sale price was up 9.4 percent year-on-year, according to data from the NAR.

10. Houston-Sugar Land-Baytown, Tex.


Getty Images

1990 Price: $118,070 ($70,700 in 1990 dollars) **2010 Price:** $158,900 **Change in Real Dollars:** +34.6 percent **Population:** 5,867,489 **Year Home Prices Peaked:** 2007

While home prices shot up and then plunged over the last decade in most parts of the country, the Houston market has been stable: The greatest fluctuation in the last decade was an 8.5 percent year-on-year nominal price increase in 2002. A recent survey by the Brookings Institution and the London School of Economics and Political Science ranks Houston fifteenth among U.S. metros for recovery from the recession, reported the *Houston Chronicle*.

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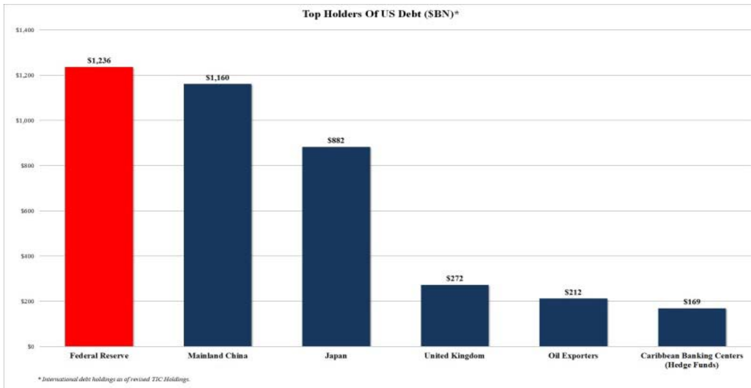
I think some people must think high unemployment and low wages are somehow good for housing prices. The large amount of shadow inventory and currently falling prices are an indication that they are not.

Top holders of U.S. debt



Source: Zero Hedge

The Federal Reserve is now the single biggest U.S. debt holder thanks to their absurd quantitative easing and mortgage buyback programs which basically did a clandestine banking bailout at the expense of the U.S. taxpayer. Those that point at the low cost of the bailout usually look at only TARP or some smoke and mirrors program when the true cost is hidden through artificially low rates, banking bailouts, and the fact that the Fed now owns the most debt as a single entity, even surpassing Mainland China. Of course the quality of life of most Americans will diminish because of this because it devalues the worth of your money. Keeping mortgage rates artificially low inflates housing values which actually hurts most Americans. This is money that can be used to pay for increasing college costs, energy bills, or rising medical care. High home values are only a way the Fed is trying to bailout the banking industry through more subtle ways. Look at the above chart and you realize we are merely going into debt to sustain the appearance of recovery.

By definition that which is unsustainable will eventually collapse or reverse course. Home prices need to reflect the household incomes of those in the immediate area. This applies for California just like it does in Canada or Australia. California faces severe price corrections ahead unless a giant new segment of the economy rises from the ashes and begins hiring people in droves and pays them excellent wages. Until we see that prices will keep moving lower.

EDITOR MESSAGE:

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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

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