CAREPA NEWS

華裔房地產專業協會新聞

2011 年 七月號 July 2011

President's Message ~會長的話

Time gone by so fast. It's already the month of July. I hope everyone enjoyed the independence day of July 4th holiday weekend.

It was so nice to have Los Angeles County Assessor John Noguez come to our June general meeting and our speaker Carol Quan, assistant of Mr. Noguez. The meeting went very well and we got lots of information regarding property tax issues and updates. You are welcome to contact them if you have any questions.

It was very sad to know that our CAREPA member and also my dear friend Loraine Lefler passed away on June 23th at the age 86. She was a remarkable lady, two times past president of West San Gabriel Valley Association, and very active at WSGVAR, CAR and NAR. She will surely be missed.

On Monday, July 25th, 2011 CAREPA will hold its golf tournament at "Friendly Hill Country Club" in Whittier. This is one of the biggest events of this year. Committee Chairs Yin Bihr & Jacqueline Cheou are working hard to organize an enjoyable and fabulous event. There will be lots of door prizes, maybe a silent auction, and an awards banquet. You may a chance to win the one week vacation in beautiful Diamond Resort in Sedona Arizona I have donated. I hope everyone will support this event. Part of the proceeds will benefit the City of Hope.

Lastly, this month general meeting speaker will be David Fu. He is a Real Estate attorney with great knowledge. He also knows lots of jokes. It should be fun meeting him. See you July 13 at the dinner mixer.

Nancy Lin, CRS, GRI, SRES
2011 CAREPA President

CALIFORNIA NEW STATE LAW

CARBON MONOXIDE LAW EFFECTIVE JULY 1, 2011

- All existing single-family homes that contain a gas heater or appliance, fireplace or an attached garage must install carbon monoxide alarms
- CO alarms must be either battery powered or plug-in with battery backup
- CO alarms must be installed outside of sleeping areas and on every level of a dwelling, including the basement

Q1. ***What is carbon monoxide?***

A Carbon monoxide is a gas produced whenever any fuel, such as gas, oil, kerosene, wood, or charcoal, is burned. A person cannot see or smell carbon monoxide. However, at high levels carbon monoxide can kill a person in minutes. In addition, there are well-documented chronic health effects of acute carbon monoxide poisoning from exposure to carbon monoxide, such as lethargy, headaches, concentration problems, amnesia, psychosis, Parkinson's disease, memory impairment, and personality alterations. (Cal. Health & Safety Code § 13261.)

Q2. ***Is there a new California law dealing with the issue of carbon monoxide poisoning?***

A Yes. The Carbon Monoxide Poisoning Prevention Act of 2010 (Cal. Health & Safety Code §§ 13260 *et seq.*) was signed into law this year. It requires carbon monoxide detectors to be installed in every "dwelling unit intended for human occupancy." The California legislature also modified both the TDS (for residential one-to-four unit real property) and MHTDS (for manufactured homes and mobilehomes) to include a reference to carbon monoxide detector devices. See below for more details.

Q3. ***What is a carbon monoxide detector?***

A It is a relatively inexpensive device similar to a smoke detector that signals detection of carbon monoxide in the air. Under the law, a carbon monoxide device is "designed to detect carbon monoxide and produce a distinct audible alarm." It can be battery powered, a plug-in device with battery backup, or a device installed as

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recommended by Standard 720 of the National Fire Protection Association that is either wired into the alternating current power line of the dwelling unit with a secondary battery backup or connected to a system via a panel.

If the carbon monoxide device is combined with a smoke detector, it must emit an alarm or voice warning in a manner that clearly differentiates between a carbon monoxide alarm warning and a smoke detector warning. The carbon monoxide device must have been tested and certified pursuant to the requirements of the American National standards Institute (ANSI) and Underwriters Laboratories Inc. (UL) as set forth in either ANSI/UL 2034 or ANSI/UL 2075, or successor standards, by a nationally recognized testing laboratory listed in the directory of approved testing laboratories established by the Building Materials Listing Program of the Fire Engineering Division of the Office of the State Fire Marshal of the Department of Forestry and Fire Protection. (Cal. Health & Safety Code § 13262.)

Q4. ***How does a homeowner comply with this law?***

A Every owner of a "dwelling unit intended for human occupancy" must install an approved carbon monoxide device in each existing dwelling unit having a fossil fuel burning heater or appliance, fireplace, or an attached garage.

The applicable time periods are as follows:
(1) For all existing single-family dwelling units on or before July 1, 2011.
(2) For all other existing dwelling units on or before Jan. 1, 2013.
(Cal. Health & Safety Code § 17926(a).)

Q5. ***How many devices and where do I place them in the home?***

A This new law requires the owner "to install the devices in a manner consistent with building standards applicable to new construction for the relevant type of occupancy or with the manufacturer's instructions, if it is technically feasible to do so" (Cal. Health & Safety Code § 17926(b)).

The following language comes packaged with carbon monoxide (CO) detectors:
For minimum security, a CO Alarm should be centrally located outside of each separate sleeping area in the immediate vicinity of the bedrooms. The Alarm should be located at least 6 inches (152mm) from all exterior walls and at least 3 feet (0.9 meters) from supply or return vents.
Building standards applicable to new construction are as follows (overview summary only):
• Section R315 *et seq*. of the 2010 edition California Residential Code (CRC) [effective Jan. 1, 2011] (applicable to new one-to-two family dwellings and townhouses not more than 3 stories and also where work requiring a permit for alterations, repairs or additions exceeding one thousand dollars in existing dwellings units):
Installed outside of each separate sleeping area in the immediate vicinity of the bedroom(s) in dwelling units and on every level including basements within which fuel-fired appliances are installed and in dwelling units that have attached garages.
• Section 420 et seq of the 2010 edition California Building Code (CBC) [effective Jan. 1, 2011] (applicable to other new dwelling units and also where a permit is required for alterations, repairs or additions exceeding $1,000 in existing dwelling units):
Installed outside of each separate sleeping area in the immediate vicinity of the bedroom(s) in dwelling units and on every level including basements within which fuel-fired appliances are installed and in dwelling units that have attached garages.

Q6. ***Are there any penalties for noncompliance with this law regarding installation of carbon monoxide detector devices?***

A Yes. A violation is an infraction punishable by a maximum fine of $200 for each offense. However, a property owner must receive a 30-day notice to correct first. If an owner who receives such a notice fails to correct the problem within the 30-day period, then the owner may be assessed the fine.
(Cal. Health & Safety Code § 17926(a).)

Q7. ***Can a buyer of a "dwelling unit intended for human occupancy" rescind the sale if the dwelling doesn't have the necessary carbon monoxide detectors?***

A No. However, the buyer may be entitled to an award of actual damages not to exceed $100 plus court costs and attorney's fees. (Cal. Health & Safety Code § 17926(d).)

Note the following language in the TDS and MHTDS:
Installation of a listed appliance, device, or amenity is not a precondition of sale or transfer of the dwelling. The carbon monoxide device, garage door opener, or child-resistant pool barrier may not be in compliance with the safety standards relating to, respectively, carbon monoxide device standards of Chapter 8 (commencing with Section 13260) of Part 2 of Division 12 of, automatic reversing device standards of Chapter 12.5 (commencing with Section 19890) of Part 3 of Division 13 of, or the pool safety standards of Article 2.5 (commencing with Section 115920) of Chapter 5 of Part 10 of Division 104 of, the Health and Safety Code. Window security bars may not have quick-release mechanisms in compliance with the 1995 edition of the California Building Standards Code.

Q8. ***Does a seller have any special carbon monoxide disclosure obligations?***
A No. The only disclosure obligations are satisfied when

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providing a buyer with the TDS or the MHTDS. If the seller is exempt from giving a TDS, the law doesn't require any specific disclosures regarding carbon monoxide detector devices. (See Cal. Civ. Code §§ 1102.6, 1102.6d.)

The Homeowners' Guide to Environmental Hazards also will include information regarding carbon monoxide.

Q9. ***May local municipalities require more stringent standards for carbon monoxide detectors?***

A Yes (Cal. Health & Safety Code § 17926(e))

Q10. ***Do landlords have any special obligations regarding carbon monoxide detectors?***

A Yes. All landlords of dwelling units must install carbon monoxide detectors as indicated in Question 4. The law gives a landlord authority to enter the dwelling unit for the purpose of installing, repairing, testing, and maintaining carbon monoxide devices "pursuant to the authority and requirements of Section 1954 of the Civil Code [entry by landlord]."

The carbon monoxide device must be operable at the time that a tenant takes possession. However, the tenant has the responsibility of notifying the owner or owner's agent if the tenant becomes aware of an inoperable or deficient carbon monoxide device. The landlord is not in violation of the law for a deficient or inoperable carbon monoxide device if he or she has not received notice of the problem from the tenant. (Cal. Health & Safety Code § 17926.1.)

Q11. ***If the California Building Standards Commission adopts or updates building standards relating to carbon monoxide devices in the future, is the owner required to install the newer device?***

A It depends. Yes, when the owner makes an application for a permit for alterations, repairs, or additions to that dwelling unit with the cost exceeding $1,000. (Cal. Health & Safety Code § 17926.2(b).)

Q12. ***Where can I obtain additional information?***

A This legal article is just one of the many legal publications and services offered by C.A.R. to its members. For a complete listing of C.A.R.'s legal products and services, please visit car.org.

Readers who require specific advice should consult an attorney. C.A.R. members requiring legal assistance may contact C.A.R.'s Member Legal Hotline at (213) 739-8282, Monday through Friday, 9 a.m. to 6 p.m, and Saturday, 10 a.m. to 2 p.m. C.A.R. members who are broker-owners, office managers or Designated REALTORS may contact the Member Legal Hotline at (213) 739-8350 to receive expedited service. Members may also fax or e-mail inquiries to the Member Legal Hotline at (213) 480-7724 or legal_hotline@car.org. Written correspondence should be addressed to:

California Association of REALTORS® Member Legal Services 525 South Virgil Ave. Los Angeles, CA 90020

DON'T WAIT - BUY NOW! Many First Alert alarms are compliant with California law, here are a few to check out:

CO400
Basic

CO605
Battery Backup

SC07
Combination Smoke/
Carbon Monoxide

CO615
Battery Backup/
Digital Display

Protect yourself and your family from the Silent Killer by purchasing your First Alert Carbon Monoxide Alarm from one of these retailers:

Sears
LOWE'S
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JULY GENERAL MEETING

JULY 13, 2011

6:30PM

SPEAKER
DAVID FU
DAVID FU AND ASSOCIATES
Attorneys-at-Law

TOPIC
"5 Things Your E & O Insurance Company Did Not Tell You"

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

For reservations and information,
contact BRIAN CHEN @ **626-831-3120**

2011 CAREPA Golf Classic

Monday, July 25th, 2011
Part of the proceeds will benefit City of Hope

Friendly Hills Country Club
8500 S. Villaverde Drive
Whittier, CA 90605

Registration: 9:00AM   Shotgun: 10:30AM
Individual format – Callaway System scoring

Enjoy 18 holes of golf at the beautiful Friendly Hills Country Club. Includes: green fee, cart, range balls, lunch, beverages, tee prize. Awards banquet immediately following play.

All for just $150 / player

For more information and registration, contact:
Yin Bihr
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Tel: (626) 656-8788 ext 109

For registration form, visit our website at www.carepa.org

California May Home Sales

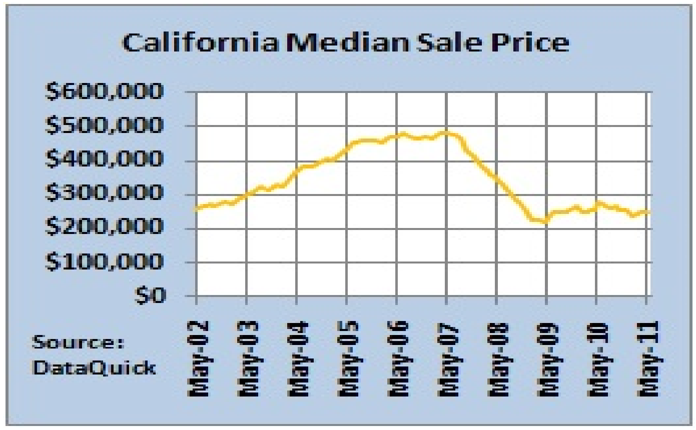
An estimated 35,536 new and resale houses and condos were sold statewide last month. That was up 0.9 percent from 35,202 sales in April, and down 13.3 percent from 40,965 sales in May 2010. California sales for the month of May have varied from a low of 32,223 in 1995 to a high of 67,958 in 2004, while the average is 46,840. DataQuick's statistics go back to 1988.

The median price paid for a home in California last month was $249,000, unchanged from April, and down 10.4 percent from $278,000 in May 2010. The year-over-year decrease was the eighth in a row after 11 months of increases. The last time the median fell more on a year-over-year basis was in September 2009, when it fell 11.3 percent. The statewide median's low point in the current cycle was $221,000 in April 2009, while the peak was $484,000 in early 2007.

Distressed property sales made up about 53 percent of California's resale market last month.

Of the existing homes sold in May, 35.5 percent were properties that had been foreclosed on during the prior 12 months. That was down from 36.4 percent in April and about the same as 35.4 percent in May 2010. The all-time high was 58.5 percent in February 2009.

Short sales – transactions where the sale price fell short of what was owed on the property – made up an estimated 17.9 percent of resales last month. That was up from an estimated 16.9 percent in April but down from 18.9 percent a year earlier. Two years ago short sales made up 12.2 percent of the resale market.



The typical mortgage payment that home buyers committed themselves to paying last month was $1,025. That was down from $1,050 in April and down from $1,178 in May 2010. Adjusted for inflation, last month's mortgage payment was 53.8 percent below the spring 1989 peak of the prior real estate cycle. It was 61.5 percent below the current cycle's peak in June 2006.

San Diego-based DataQuick monitors real estate activity nationwide and provides information to consumers, educational institutions, public agencies, lending institutions, title companies and industry analysts.

Indicators of market distress continue to move in different directions. Foreclosure activity has declined somewhat but remains high by historical standards. Financing with multiple mortgages is low, down payment sizes are stable, cash and non-owner occupied buying has eased a bit this spring but remains relatively high, DataQuick reported.

Media calls: Andrew LePage (916)456-7157 or alepage@dqnews.com
Source: DataQuick; DQNews.com

Some state taxes, fees drop while others go up

Budget cuts will also take their toll on Californians

By Michael Gardner, Reporter – State

SACRAMENTO — Starting Friday, **July 1,** Californians can buy and license a new car for less money than yesterday.

How much less? Try $300 on a $20,000 purchase.

That's because two temporary tax increases — sales and vehicle licenses — expired at midnight after Gov. Jerry Brown and Republican lawmakers failed to strike a deal on extending the taxes as part of a new budget deal signed into law Thursday.

A third temporary tax hike on personal income technically expired Jan. 1, but had been part of the budget negotiations to keep the revenues flowing to the state in 2011-12.

Combined, the new lower tax rates will save the average family of four about $1,000 a year, according to various state figures

"Today, young families in California should celebrate ... I have seen how these taxes going to state government impacts their budgets," said Assemblyman Brian Jones, R-Santee, who used to sell cars.

But those savings come at a price. Some offsetting new fees have been imposed, budgets for schools and services slashed, and college tuition is on the way up.

"The budget choice was simple: pay the same amount in taxes you do now or enact painful budget cuts that will be felt for years to come. Legislative Republicans made their choice, and Californians will suffer the consequences," said Senate Democratic Leader Darrell Steinberg of Sacramento.

Republicans insist Californians will still come out ahead. "It will still be a net cut. Taxpayers will still see a lower tax burden," said Assemblyman Nathan Fletcher, a San Diego Republican who opposed the new round of fee increases.

This is why:

• Sales tax cut: Today marks a 1 percent rollback in the state sales tax, saving shoppers $1 for every $100 worth of taxable goods they buy — from books to wrenches to cars. That may not sound like much, but it adds up. The state Board of Equalization puts the savings at $233 a year for the

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average Californian even if they do not buy big-ticket computers or appliances.

• Smaller vehicle license fee: The rate as of July 1 will be almost halved, to 0.65 percent from 1.15 percent of the value. That's about $5 for every $1,000 in value, or $100 savings on a car DMV values at $20,000.

• Income tax: Californians will also feel less of a bite from the tax man on April 15. Income tax rates for the 2011 calendar year have gone down, but by how much are contingent on personal finances, deductions and other factors. But, as an example, a family with one child and adjusted gross income of $60,000 will save about $340.

• Tax credits: As part of the income tax rollback, couples filing jointly will be able to declare a roughly $309 per dependent credit. The comparative 2010 credit was $188.

The biggest immediate change will be on the show room floor, where car dealers undoubtedly will tout the lower sales tax and vehicle license fee savings to Fourth of July holiday buyers.

"There have been people standing on the sidelines waiting to see what happens," said Ray Enos, president of Downtown Ford just blocks from the state Capitol. "Sales tax is a big factor (in car-buying)."

Unable to break a deadlock over the rollback of the temporary sales tax increase, majority Democrats pushed through a series of fee increases and cuts in services to offset the lost tax extension revenues, which amounted to an estimated $9.5 billion a year.

"There are real consequences to these changes that will cost many families more in the long run," Steinberg said.

Among those costs:

• Car registration: $12 added to the basic DMV registration fee, which is separate from the license tax that is going down even more.

• Internet sales tax: A new tax policy that requires non-California based Internet companies, such as Amazon and Overstock, to collect the sales tax automatically when customers click the buy button. For shoppers, that will boost the final bill by nearly 8 percent.

• Fire fee: Homeowners who live in regions guarded by CalFire now must pay $150 a year for protection.

• Tuition: College students are certain to pay more tuition to offset cuts to higher education budgets.

• Health and welfare: Californians who rely on state services, from aid because they are blind to health care because they are poor, will have their checks reduced and services slashed.

• Education: Schools also are slimming down, laying off staff and increasing class sizes, though recent legislation may force some districts to rescind some layoffs.

While cooled for the moment, the taxes vs. cuts debate is expected to escalate before too long.

Lawsuits are expected to be filed to block the Internet sales tax collection and fire protection fee.

Also, Gov. Brown and Democrats are exploring a 2012 ballot measure asking voters to approve a new tax package.

"We're going to have to look very seriously at an initiative to generate the revenue to create financial stability," Brown said this week.

Which taxes and how much are evolving? The Democrats are not committing to the same set of taxes on sales, income and car licenses. Targets could range from higher property taxes on business holdings to an oil extraction fee.

Study Reveals Impact of Shadow Inventory and Real Estate Owned Properties on Economic Recovery

ATLANTA, June 30, 2011 /PRNewswire/ -- Despite steady gains in key industry sectors, the nation's housing market continues to exert pressure on the overall rate of economic recovery. While financial conditions across multiple financial sectors suggest economic stabilization and growth, delinquencies still exceed pre-recession levels due to continued turbulence in the mortgage marketplace, according to Equifax (NYSE: **EFX**) national credit trend research for May 2011.

Slowing today's economic recovery are the challenges posed by high shadow inventory levels, which are contributing to the continued rise of severe mortgage delinquencies and write-offs. According to Equifax research, write-off dollars for home finance, which includes first mortgage and home equity installment loans as well as home equity revolving accounts, are still climbing and have yet to show signs of peaking. In fact, home finance write-offs reached $304.6 billion in 2010 compared to a combined total of $126.7 billion for 2006 and 2007.

Equifax data shows that severe delinquencies among these loan vintages have remained nearly constant since the first quarter of 2010. Further analysis reveals that as of May 2011 there are approximately $319.7 billion in 2006 and 2007 first mortgage vintages that are in the initial foreclosure process - many of which may be written off.

Real estate owned (REO) properties represent another roadblock to recovery. According to Equifax, first mortgage REO rates remain high as lenders struggle to divest of properties unsuccessfully sold through a short sale or foreclosure auction. While various factors over the last few years have led to fluctuations in the number of REO properties, REO rates since March 2011 are on the rise and causing continued economic strain. Equifax data shows that in May 2011:

- Three percent of all U.S. first mortgages representing $21.8 billion were REO properties.
- Foreclosure complete rates of 1.45 percent were almost in lock step with bankruptcy rates of 1.6 percent – suggesting that the majority of REO properties are the result of bankruptcy proceedings.

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"Shadow inventory and real estate owned properties are still playing a dominant role in today's mortgage market and slowing the pace of economic recovery. While we are seeing stabilization across multiple sectors of lending, there remains a significant volume of delinquent first mortgage loans, which has slowed the foreclosure process. Until these foreclosures are processed, the mortgage market will continue to impact economic growth," said Craig Crabtree, senior vice president and general manager, Equifax Mortgage Services.

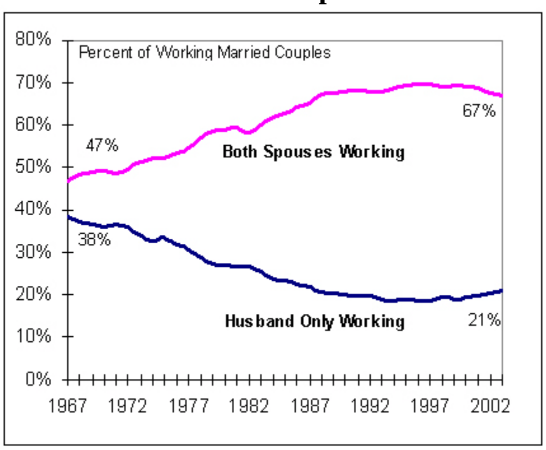
Equifax's national analysis is sourced from data on more than 585 million consumers and 81 million businesses worldwide. Conducted on a monthly basis, the research provides detailed levels of consumer credit information from various vertical markets including, bank and retail credit cards, mortgage, automotive, student loans and bank and retail cards. Additional findings from the most recent mortgage analysis include:

- Almost two-thirds of past-due balances are sourced from loans originated from 2005 to 2007, with home equity revolving potential foreclosures totaling $11.9 billion in May 2011.
- Even though first mortgage 30+ delinquency rates hit a pivot point in March 2010, roll rates continue to rise on 60 to 90+ balances – suggesting minimal improvement in first mortgage payment performance.
- While home equity line originations in March 2011 increased for the first time in four years, the average credit limit on a home equity line dropped 15.07 percent over the same time period.
- Home equity line of credit given to prime borrowers totaled $6.4 billion in March 2011 – more than 98 percent of the $6.5 billion in new home equity loans awarded during this time period. Sub-prime loans accounted for only $100 million of this total – reflecting the impact of tighter underwriting strategies.

The booming collapse of housing – why housing will be a bad investment for the current decade. 5 charts exploring the demographic and financial perfect storm with U.S. real estate.

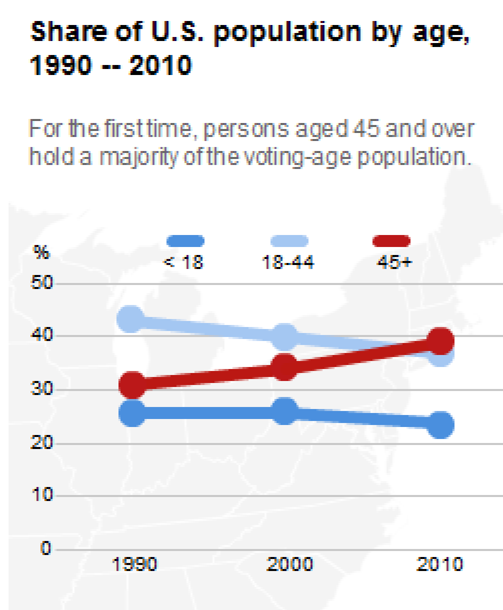
The American housing market is entering into a perfectly orchestrated storm of demographics, debt, and cultural shifts. Strongholds do fall and deeply held economic beliefs can crumble in a few short months. If you were to tell someone in 2007 that a lost decade in housing values was just around the corner you would have had a heck of a time trying to convince them. Yet here we are, inching closer to a lost decade in home values. There is a financial tempest ahead of us. Home prices have locked in a lost decade but what about two lost decades? Don't rule this out until you hear the potential reasons why another lost decade is very likely for American housing values.

Reason #1 – Dual income peak



Source: Tax Foundation

Part of the reason home values went up from the 1950s through 2000 was largely based on the two income household. Single wage households became a smaller minority while two paychecks made their way into the household bottom-line. Of course this provided more income to be spent on housing. Yet this trend hit a peak in the 1990s. Actual household wages have fallen for over a decade so no longer can the dual income argument be made to support higher prices. What is also problematic is that the rise in dual income households hid the reality that actual per capita wages were falling behind for the last decade.Part of this trend is also based on the demographics of our country. Raising a family is not cheap so two paychecks in many cases is simply an economic necessity. However many baby boomers are now entering retirement age with many of their kids reaching adulthood.



Reason #2 – Older America

Source: Brookings Institution

The U.S. population is undoubtedly getting older. Many baby boomers will look to downsize but demographic shifts will provide fewer potential buyers for those over priced homes. The population is growing but the younger generation is not seeing the large wage gains that baby boomers experienced. So what you have is the largest cohort of Americans gearing up to sell homes simply because of natural progression but a smaller and poorer young cohort unable to pay the inflated prices

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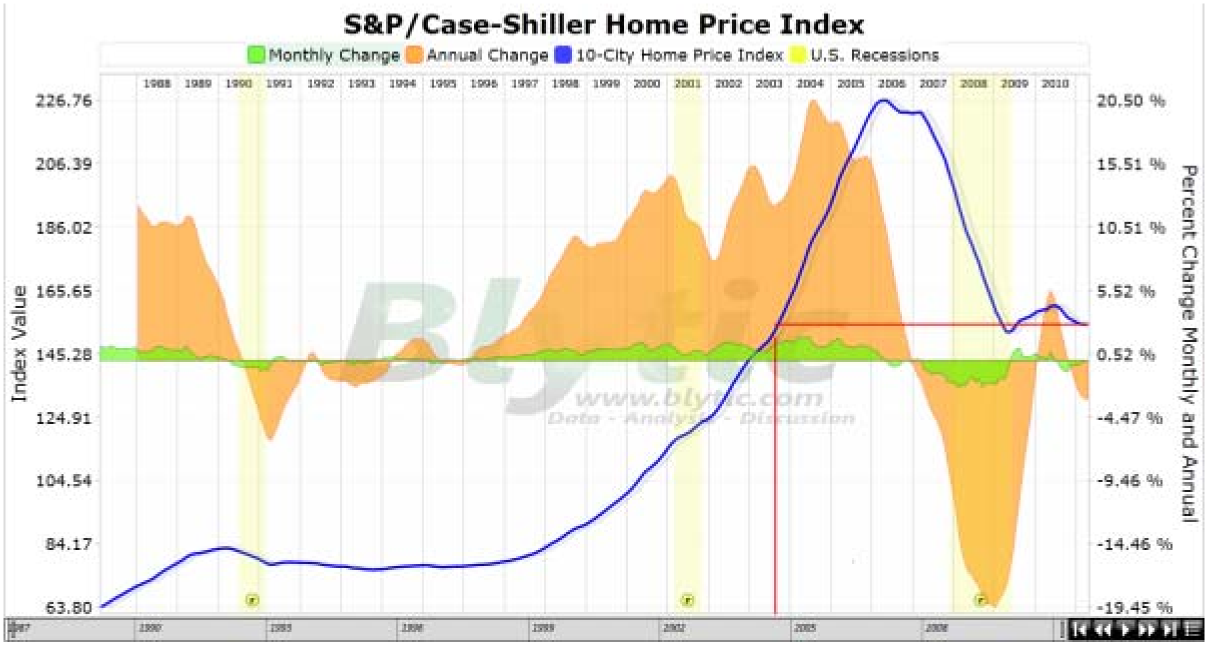
many have come to expect.

The chart above provides a rather clear look at where things are heading. If current trends are any indication older Americans will vote to protect their funds while pushing on debt to their children and grandchildren. Unfortunately we are not seeing any shared sacrifice here. Yet in a karmic twist baby boomers planning on selling homes and stocks into the market will have lesser demand simply because they have a smaller group following in step. This trend is not going to change so this will add fuel to another lost decade. I've seen a few people counter this argument by saying we are not Japan and that our population is growing. This in fact is true but much of the growth is occurring with people picking up lower paying jobs. In other words, no big payday for the McMansion.

Reason #3 – Case-Shiller double-dip



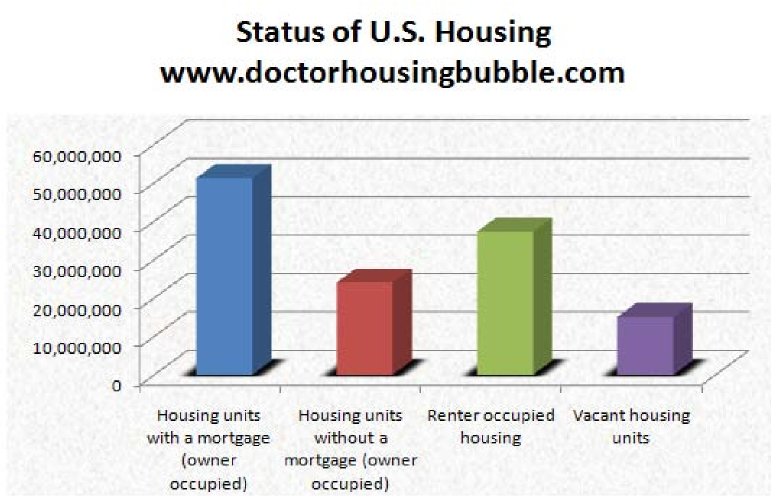
The Case-Shiller Index is already reflecting a double-dip in home values. Prices are back to 2003 levels and this is only the case because banks continue to maintain an excessive amount of homes in the shadow inventory. The fact that we are double-dipping with historically low interest rates and street vendor like gimmicks tells us many American households are completely maxed out. 40 to 50 years ago virtually any household with a desire to purchase a home could do so without going into gargantuan debt. Today, even a professional couple would likely go into massive debt for a tiny box in an overpriced neighborhood. Yet as the above chart is reflecting, that bounce is largely running its course.

Home prices in many regions of the country are still inflated. More pressure will come as the shadow inventory is leaked out but also the natural flow of selling from older American households looking to retire and downsize. Banks can hide some of their dubious loans but you can't stop the clock on aging. Some boomers with their pensions and 401ks will need to sell into a market with much lower demand. Did people ever bother to look at the numbers?

Reason #4 – Housing dynamics

Source: US Census

It is useful to lay out the entire housing data for the United States to get a better picture of where things stand. 24 million Americans own their home free and clear (this doesn't clear them from paying annual taxes, maintenance, and insurance by the way). 51 million Americans own a home but with a mortgage. 37 million rent and another 15 million housing units sit vacant. The percentage of vacant homes is alarming. This is simply more inventory out in the market that needs to be absorbed. There is little demand for new housing when so much housing is already destined to come online.



When you look at this data carefully seeing another lost decade in home values becomes more apparent. The only wildcard

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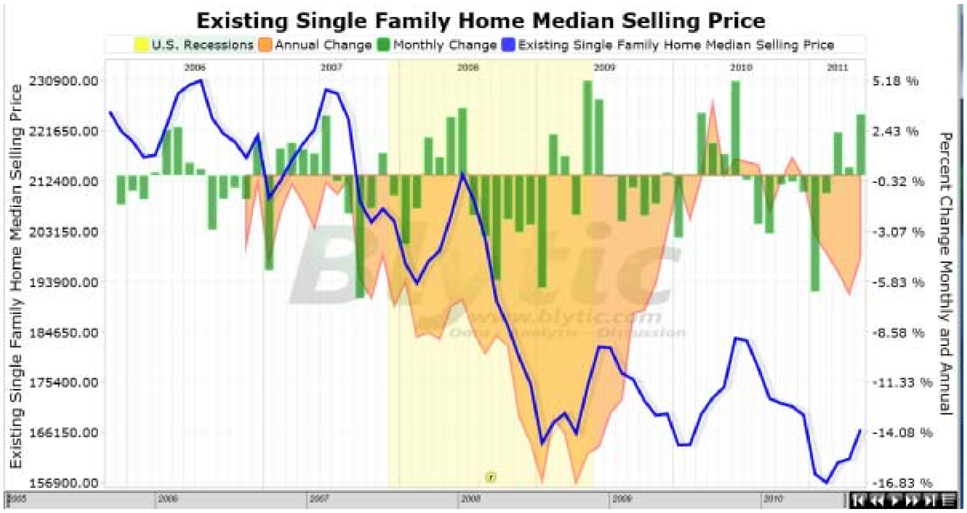
in all of this is if we start to see real household incomes going up. Are we even seeing this? To the contrary, the employment situation is tenuous and the numbers hide the grim reality that many people have taken up new jobs at much lower wages. How is this evidence for rising home values going forward?

Reason #5 – Median home price



The median home price has fallen dramatically because of toxic mortgages exiting the market but also because household incomes have remained stagnant for over a decade. It should make logical sense that home prices cannot move up without household incomes moving up as well. The gimmicks of low rate teaser mortgages are not enough to mask the financial doldrums we are living through. A large part of this is unavoidable simply because of the demographic nature of our country.

Depending on what measure we look at U.S. home prices are down 30 to 34 percent from their peak reached in 2006. Adjusting for inflation this figure looks more daunting. Lower priced housing seems to be the new status quo. It is hard to say how hard home prices will fall moving forward and some areas have pockets that are still reflecting bubble like dynamics. There is little doubt the next decade will be a tumultuous one for housing. Those arguing for rising home prices ignore the booming demographic tsunami now aligning itself with the epic shadow inventory on the banking balance sheets.

Deadline for filing an assessment appeal looming
Property Reassessment Firms Charging for Service County Does for Free

By Bill Peters

Homeowners who think their property has declined in value and did not receive notice of a review can file an appeal with an easy one-page form.
With the deadline for filing an assessment appeal for this year's property tax bill looming, and you think the value of your property has declined since last year, you may think you should seek outside help.

But that's not necessary, the Los Angeles County Assessor's office says. The assessor's Decline-in-Value form is easy and can be submitted for free, and the office is warning against aggressive companies that are sending letters asking you to pay them to file what is only a one-page form.

The Los Angeles County Office of the Assessor wants to inform county property owners that letters from private companies offering to file for you to dispute the current assessed value of properties on a contingent fee basis should be disregarded because this is a service that is provided free by the county. The final date to file an appeal is Nov.30.

The application can be submitted through the form attached to this story and can also be done online.
When the first letters started arriving in mailboxes locally about two years ago, it was not clearly stated as required by law that it was not from a governmental agency. The letters said the companies would charge $170 to fill out the form and send it in for you. The county called those letters a scam; charges were filed, which resulted in fines and ultimately changes in the letters.

Now these firms are not collecting any money unless they do, in fact, get the county to lower your property tax rate. Nevetheless, the county says you shouldn't need any help to appeal your property tax rates since it has a simple one-page form to be filled out and that can even be done online at no charge.

"If you received a letter from a company offering to file an assessment appeal for you, don't be fooled," Supervisor Gloria Molina said in a video announcement.
Rick Auerbach, who has since retired as County Assessor (the newly elected Assessor is John Noguez), adds: "You never have to pay for a review of the assessed value of your property. The assessor's office will do it for free."

The Los Angeles County District Attorney's office began early this year to ferret out those who were sending the official-looking notices offering for a fee. One firm, Property Tax Reassessment, run by Sean McConville, was charged with misleading consumers by using mail

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solicitations that appeared official.

Deputy District Attorney Carolyn Nakaki of the Consumer Protection Division said McConville, 29, pleaded guilty to a dozen misdemeanor counts of disclosure violation in connection with the unsolicited mailings. The county sent out a "Scam Alert" to warn property owners that "various private companies may be sending mailing to property owners offering their services to pursue a reduction in their property taxes. These companies may charge hundreds of dollars to file for a reduction in value on behalf of the property owner. … Be aware that solicitations from private companies offering to pursue a reduction in property taxes must clearly indicate that they are NOT a government agency."

It became illegal for companies or tax agents to collect fees in advance to file for a reduction in value on Jan. 1. Under this new regulation, fees may only be collected after an application has been filed either with the Assessor or the Assessment Appeals Board. The Assessor's office makes no charge for a review of the value of your property.

Some properties have been subject to an automatic review, and many property owners in the area received a notice of a realigned value in late June or early July. People who did not receive a notice and believe they are entitled to a review of their property tax rate may apply using a simple document available online at the Assessor's website, www.assessor.lacounty.gov.

The Assessor's office automatically reviews property during times of increasing values and, as is currently the case, during declines. This year, the Assessor's office reported that decline-in-value reviews resulted in $24.3 billion in decreases in the gross tax toll. After deducting tax-exempt properties, the net roll for Los Angeles County declined 1.87 percent from last year.

Tips to Avoid Appraisal Problems

By Dennis Norman

You finally reach a deal with a buyer to sell your house, or strike a deal with the seller of your dream home, only to see the deal fall apart later **when the house doesn't appraise** for the price that has been agreed upon…what are you to do? This is a plight that has become all too common today for many buyers and sellers. Why? Several reasons….**appraisers** have, after being blamed by many for causing or contributing to the downfall of the housing market, **understandably so become cautious and somewhat conservative** when putting a value on a home today. Not to mention, since about a third of the home sales are distressed sales and prices are still falling somewhat in many markets, the "value" of a home is a moving target.

What can home sellers and buyers do to avoid appraisal problems?

The Appraisal Institute, which says it is the nation's largest professional association of real estate appraisers, has released some helpful tips to help consumers avoid problems with real estate appraisals. Their advice includes:

- **Understand the role of mortgage appraisals**. Real estate appraisals are critical components in real estate financing and risk management. Lenders order appraisals to get a stronger understanding of risk relating to the underlying collateral offered in a mortgage. Lenders want to know how much that property would bring in an open market so they can ascertain that the loan is well enough supported by the collateral. Mortgage appraisals are not technically provided to confirm a sales price, although they can help both lenders and consumers in making sound financial decisions. It serves neither the lender nor the consumer to enter into a mortgage loan that is more than the value of the property.
- **Make sure your lender hires a qualified appraiser,** such as a designated MAI, SRPA or SRA member of the Appraisal Institute. The best way to combat potential problems with appraisals is to ensure the appraiser hired by your lender is highly qualified and competent. Today, many lenders utilize third party management companies to conduct administrative functions. These firms often seek out the lowest cost service providers, not necessarily the most qualified.
- **Accompany the appraiser during the inspection.** Contrary to incorrect interpretations of appraiser independence requirements, appraisers welcome information that would assist development of credible assignment results. Consumers can accompany appraisers when conducting the property inspection and may provide the appraiser with any information they consider important.
- **Ask for a copy of the appraisal report.** Even though the appraisal is ordered to help assess lender collateral risk, consumers have a right to, or can obtain a copy of, the appraisal.
- **Examine the appraisal report.** Although appraisal review is best performed by qualified appraisers, you can examine the appraisal for potential deficiencies.
- **Appeal the appraisal.** Or ask your lender to review the appraisal report. Most lenders have appraisal appeal procedures, known as "Reconsiderations of Value." If you are aware of recent, comparable sales information or

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items that may not have been available or considered by the appraiser, provide those to your lender.

- **Ask your lender to order a second appraisal by a qualified appraiser.** If problems were found with the first appraisal, you can and should obtain a second appraisal.
- **File legitimate complaints with the appropriate state appraisal board or professional appraisal organizations.** Lenders are required under federal law to report legitimate complaints with appropriate regulatory authorities.

Brand New Sessions to Rock CALIFORNIA REALTOR® EXPO

What's New at EXPO 2011?

CALIFORNIA REALTOR® EXPO 2011 is all about professional development, and it's **FREE for C.A.R. members**. Once a year, C.A.R. gathers the industry's heavy hitters and cutting-edge practitioners to provide members with a concentrated informational and educational experience. You need to be in San Jose for CALIFORNIA REALTOR® EXPO 2011 Sept. 21-22.

At CALIFORNIA REALTOR® EXPO 2011, variety reigns supreme. Sit in on a speaker session, listen to a panel of pros, participate in a social media workshop, and lunch and learn. With so many great topics and speakers, C.A.R. has assigned each session to one of four tracks to help facilitate easier planning at the upcoming trade show.

New sessions in the **Sales track**:

- How to Engage Gen Y and Millennials
- Mastering Your Local Market
- How to Double Your Business in 2012
- How to Make Your Data Speak

New sessions in the **REOs, Short Sales, & Foreclosures track**:

- The Keys to Closing Short Sales Quickly
- How to Prep Your Clients for a Short Sale
- The Psychology of a Short Sale
- How to Find and Work Your REO Transactions

New sessions in the **Risk Management track**:

- Why Lenders Can't Lend: The Economic Perspective
- Where are the Loans? (panel)
- Home Financing Options for Buyers
- Keeping Fraud Out of the Transaction (panel)

New sessions in the **Technology & Trends track**:

- Top 20 Tools to Help You Work Anywhere
- Social Media Success Stories (panel)
- 50 Websites in 50 Minutes
- Protecting Your Online Presence

Visit http://expo.car.org/ to see a full list of sessions to start planning your time at CALIFORNIA REALTOR® EXPO 2011. Entrance to the exhibit hall is FREE for all C.A.R. members, but you must register to receive an entrance badge. Fees apply to ticketed events, including PRE EXPO and special luncheon events.

In addition to the free session on Wednesday and Thursday, be sure to check out the session lineup for PRE EXPO. PRE EXPO is a ticketed event that focuses on social media, property management, and top producers, and offers boot camp-style training for all three topics. More information about PRE EXPO can be found at http://expo.car.org/preschedule.html.

You can register online for the CALIFORNIA REALTOR® EXPO 2011 and PRE EXPO by visiting http://expo.car.org/, or calling toll-free (800) 242-2732.

See you in San Jose!

EDITOR MESSAGE:

The summer is here! Time to spend with the children if they are not in summer school, plan for a family trip if vacation time is due or work hard with your clients to have a financially rewarding season. No matter what you do, have a good time staying safe, happy and healthy.

CAREPA News" is newsletter published by CAREPA, Chinese American Real Estate Professionals Association with the goal to inform, facilitate and serve our membership needs. CAREPA does not endorse and may not agree with the content of each article. 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, Nancy Lin, at 626-786-5056。

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.

WEBMASTER REQUEST

Please check the website to ensure that your information posted is accurately. If you have changed office or your information is incorrect, please let us know. To put your picture in the website, kindly sent us one. Please contact Lucia Tam at 626-221-2888 or luciatam@yahoo.com if you have questions.

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