

# CAREPA NEWS

## CAREPA NEWS

### 華裔房地產專業協會新聞

2013 年七月號

July 2013

#### President's Message ~ 會長的話

July is the month of our country's independence. 4<sup>th</sup> of July is always a festive day. Let's have fun and most importantly, keep it SAFE.



At our monthly general meeting, we are having 2 speakers. Philip Atwan of Resource Exchange, Inc. will talk about 1031 Exchange and Alina Chu of American Trust Escrow will talk about forms 593C and 593E. Interesting combination . . .

From June 12 to September 11, we're having a membership drive. Any member bringing in 3 new members gets 6 months membership free. If you bring 5 new members, you get one year membership free. To qualify as new member, he/she must not have been a CAREPA member in the last 12 months. I encourage you to bring more friends and colleagues to join. \$150 membership fee includes 11 dinner meetings and one installation ticket during your year of membership.

Our Golf Tournament has been postponed to August 19 at Pacific Palms. Players, who missed reserving earlier, now have a chance to register. Please come to meet new acquaintances and old friends, have a day of fun and network. If you don't golf, come to dinner, meet the players and visit the display tables. Credit card payment is available at [CAREPA.eventbrite.com](http://CAREPA.eventbrite.com). Partial proceeds will be donated to City of Hope.

On Saturday, September 21, CAREPA will hold its Real Estate Business Conference and Expo at the San Gabriel Hilton from 9am – 5pm. Exhibition booths and sponsorship opportunities are available. There will be speakers talking about many topics of interest. Save the Date. Application is available at our website. Credit card payment is available at [CAREPA.eventbrite.com](http://CAREPA.eventbrite.com).

Visit our website at [www.carepa.org](http://www.carepa.org) for updated information. Call me if you have questions. I am just one phone call away.

Wishing you business success throughout the year,

Lucia Tam, Realtor®  
2013~2014 President  
626-221-2888



#### Southland May Home Sales Highest in 7 Years; Median Price Hits 5-Year High

Source: DQNews.com - Andrew LePage

Southern California home sales held at a seven-year high last month thanks to a stronger economy, pent-up demand, low mortgage rates and the widening perception that a home is a good investment. Prices continued to regain lost territory as buyers competed for a thin supply of homes for sale and poured a record amount of cash into the housing market, a real estate information service reported.

A total of 23,034 new and resale houses and condos sold in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties last month. That was up 7.6 percent from 21,415 sales in April, and up 3.8 percent from 22,192 sales in May 2012, according to San Diego-based DataQuick.

Last month's sales were the highest for the month of May since 30,303 Southland homes sold in May 2006, but they were still 10.1 percent below the May average of 25,617 sales since 1988, when DataQuick's statistics begin. Over the last seven years Southland home sales have been below average for any particular month.

The median price paid for all new and resale houses and condos sold in the six-county Southland was \$368,000 last month, up 3.1 percent from \$357,000 in April and up 24.7 percent from \$295,000 in May 2012. Last month's median was the highest for any month since May 2008, when it was \$370,000, and the year-over-year increase was the highest since the median rose 24.8 percent in October 2004.

The median has risen on a year-over-year basis for 14 consecutive months, with those annual gains ranging between 10.8 percent and 24.7 percent over the past 10 months. May's median remained 27.1 percent below the peak \$505,000 median in spring/summer 2007. The median fell \$256,000 from that peak to its \$249,000 trough in April 2009, and it is currently on pace to regain half of that peak-to-trough loss sometime this summer.

In a sign of widespread market confidence, Southern California home buyers are putting a record amount of their own skin in the real estate game. In May they paid a total of \$4.65 billion out of their own pockets in the form of down payments or cash purchases, an all-time high. That was up from \$4.57 billion in April, and up from \$3.89 billion a year ago.

“We're deep into uncharted territory: Amazingly low mortgage rates, a razor-thin inventory of homes for sale, and

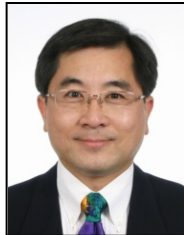
continued on page 3

# 2013 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 su voluntarismo.



Lucia Tam  
2013 President



Teddy Lu  
Vice-President



Cindy Wu-Freedman  
Secretary



Jason Lam  
Treasurer



Brian Chen  
Historian

## Directors



Philip Chen



Lorinda Chou



Annie Fan



Margaret Chiu



Nancy Lin



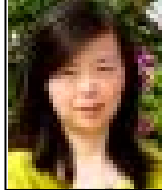
Saul Lerner



Vincent Lieu



Sylvia Luong



Jennifer Wu



Sonny Mao



K.T. Leung, CPA  
Accounting Advisor



Kenny Tan, Esq.  
Legal Advisor

## COMMITTEE CHAIRS

BUDGETING  
 BUSINESS CONFERENCE & EXPO  
 BYLAWS  
 CHRISTMAS/INSTALLATION  
 ELECTION  
 GOLF TOURNAMENT

Jason Lam  
 Lucia Tam  
 Kenny Tan  
 Lucia Tam  
 Lucia Tam  
 K. T. Leung

INTERNATIONAL  
 MEMBERSHIP  
 PROGRAMS/MIXERS  
 PUBLIC RELATIONS  
 PUBLICATIONS  
 WEBSITE

Teddy Lu/Annie Fan  
 Brian Chen/Nancy Lin  
 Lucia Tam  
 Kenny Tan/Lucia Tam  
 Lucia Tam  
 Lucia Tam

**JULY GENERAL MEETING**  
 July 10, 2013  
 6:30PM

**PHILIP ATWAN & ALINA CHU**  
 VICE-PRESIDENT & CO-MANAGER  
 RESOURCE EXCHANGE, Inc. & AMERICAN TRUST ESCROW

"The Fiscal Cliff – Higher Taxes & using it to Find and Work with Real Estate Investors §1031 TAX DEFERREDEXCHANGES" & WITHHOLDING FORMS

**EMPRESS HARBOR RESTAURANT**  
 111 N. Atlantic Blvd. 3<sup>rd</sup> floor  
 Monterey Park, CA 91754

MEMBERS: FREE      GUESTS: \$20  
 JOIN CAREPA: \$150/year

For reservations and information, contact LUCIA TAM@ 626-221-2888

**ELECTION OF 2014-2015 DIRECTORS**

NOMINATION FORMS AVAILABLE AT GENERAL MEETING & WEBSITE

JULY 10, 2013 ~ SEPTEMBER 11, 2013

*Eligible nominees must be current members in good standing and a CAREPA member for at least 1 year.*

Please return nomination forms to  
**P.O. Box 1435, San Gabriel, CA 91776**  
 or at General Meeting at  
**EMPRESS HARBOR RESTAURANT**  
 111 N. Atlantic Blvd. 3<sup>rd</sup> floor  
 Monterey Park, CA 91754

For information, contact LUCIA TAM @ 626-221-2888 or [luciatam@yahoo.com](mailto:luciatam@yahoo.com)

continued from front page

the release of years' worth of pent-up demand. Plus there's a seemingly endless stream of investors and non-investors who pay cash and thereby avoid the loan-qualification process. How this all plays out is educated guesswork at this point. Understandably, speculation continues over whether another housing bubble is forming," said John Walsh, DataQuick president.

"History suggests that's a tough call early on. What seems obvious is that if prices keep rising fast they'll cause many more people to list their homes for sale, and that increase in supply should at least slow the rate of price appreciation," he said.

It appears that most of last month's 24.7 percent year-over-year gain in the Southland median sale price reflects rising home prices, while perhaps a quarter of it reflects a change in market mix.

In May, the lowest-cost third of the region's housing stock saw a 23.4 percent year-over-year rise in the median price paid per square foot for resale houses. The annual gain was 19.2 percent for the middle third of the market and 16.8 percent for the top, most-expensive third.

Sales in the middle and upper price ranges continued to soar last month compared with a year ago, while activity fell sharply again in many affordable markets.

Home sales rose 30.3 percent year-over-year in the \$300,000 to \$800,000 price segment – a range that would include many move-up buyers. The number sold for \$500,000 or more jumped 46.7 percent from one year earlier, while \$800,000-plus sales increased 46.7 percent year-over-year.

In May, 31.3 percent of all Southland home sales were \$500,000-plus – the highest level for any month since February 2008, when 34.2 percent of sales crossed the \$500,000 threshold. Last month's \$500,000-plus level was up from 30.5 percent of sales in April and 21.9 percent a year earlier.

Last month the number of Southland homes sold below \$200,000 dropped 35.1 percent year-over-year, while sales below \$300,000 fell 27.1 percent.

The declines aren't the result of weak demand. The main problem has been inadequate supply, given many owners can't afford to sell their homes because they still owe more than they are worth, and because lenders aren't foreclosing on as many properties.

Last month foreclosure resales – homes foreclosed on in the prior 12 months – accounted for 10.8 percent of the Southland resale market. That was down from 12.4 percent the month before and down from 26.9 percent a year earlier. Last month's foreclosure resale rate was the lowest since it was 10.0 percent in August 2007. In the current cycle, foreclosure resales hit a high of 56.7 percent in February 2009.

Short sales – transactions where the sale price fell short of

what was owed on the property – made up an estimated 17.7 percent of Southland resales last month. That was the same as the month before and down from 24.3 percent a year earlier.

Absentee buyers – mostly investors and some second-home purchasers – bought 29.5 percent of the Southland homes sold last month. That was down from 30.6 percent in April and up from 27.5 percent a year earlier. The record was 32.4 percent in January this year, while the monthly average since 2000, when the absentee data begin, is 18.1 percent. Last month's absentee buyers paid a median \$292,000, up 29.8 percent from a year earlier.

After hitting a peak earlier this year, the share of homes flipped has edged slightly lower but remains higher than last year. In May, 5.9 percent of all Southland homes sold on the open market had previously sold in the prior six months, down from a flipping rate of 6.0 percent in April and up from 4.3 percent a year ago. (The figures exclude homes resold after being purchased at public foreclosure auction sales on the courthouse steps).

Buyers paying with cash accounted for 31.9 percent of last month's home sales, compared with 34.4 percent the month before and 32.1 percent a year earlier. The peak was 36.9 percent this February, and since 1988 the monthly average is 16.1 percent. Cash buyers paid a median \$305,000 last month, up 30.9 percent from a year ago.

Nearly 28 percent of the homes purchased with cash last month were priced \$500,000 or above, compared with about 18 percent a year earlier. Also, of those who paid cash last month for \$500,000-plus homes, 56 percent were owner-occupants and 44 percent were absentee buyers.

There was more evidence last month that credit conditions have improved.

Jumbo loans, mortgages above the old conforming limit of \$417,000, accounted for 27.7 percent of last month's Southland purchase lending – the highest since August 2007, when jumbos made up 36.7 percent of the market. Last month's figure was up from 26.1 percent the prior month and 18.9 percent a year earlier. In the months leading up to the credit crunch that struck in August 2007, jumbos accounted for around 40 percent of the home loan market.

Last month 8.0 percent of Southland home purchase loans were adjustable-rate mortgages (ARMs), up from 7.9 percent the prior month and 6.6 percent a year earlier. May's figure was the highest since ARMs were 8.5 percent of the purchase loan market in August 2011. Since 2000, a monthly average of about 32 percent of Southland purchase has been ARMs.

The most active lenders to Southern California home buyers last month were Wells Fargo with 8.1 percent of the purchase loan market, imortgage.com with 2.9 percent, and Bank of America with 2.5 percent.

Government-insured FHA loans, a popular low-down-payment choice among first-time buyers, accounted for 20.7

continued on page 4

|                | Sales Volume |        |        | Median Price |           |        |
|----------------|--------------|--------|--------|--------------|-----------|--------|
|                | May-12       | May-13 | % Chng | May-12       | May-13    | % Chng |
| All homes      | 7,496        | 7,707  | 2.80%  | \$315,000    | \$410,000 | 30.20% |
| Los Angeles    | 7,496        | 7,707  | 2.80%  | \$315,000    | \$410,000 | 30.20% |
| Orange         | 3,279        | 3,648  | 11.30% | \$435,000    | \$540,000 | 24.10% |
| Riverside      | 3,972        | 3,855  | -2.90% | \$205,000    | \$252,000 | 22.90% |
| San Bernardino | 2,702        | 2,655  | -1.70% | \$158,500    | \$203,000 | 28.10% |
| San Diego      | 3,750        | 4,236  | 13.00% | \$335,000    | \$406,500 | 21.30% |
| Ventura        | 993          | 933    | -6.00% | \$360,000    | \$425,000 | 18.10% |
| SoCal          | 22,192       | 23,034 | 3.80%  | \$295,000    | \$368,000 | 24.70% |

percent of all purchase mortgages last month. That was down from 21.8 percent the month before and 30.3 percent a year earlier. In recent months the FHA share has been the lowest since spring/summer 2008. The decline reflects tighter FHA qualifying standards implemented in recent

years as well as the difficulties first-time buyers are having competing with investors and cash buyers.

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

The typical monthly mortgage payment Southland buyers committed themselves to paying last month was \$1,329, up from \$1,275 the month before and up from \$1,100 a year earlier. Adjusted for inflation, last month's typical payment was 44.3 percent below the typical payment in the spring of 1989, the peak of the prior real estate cycle. It was 54.4 percent below the current cycle's peak in July 2007.

Indicators of market distress continue to move in different directions. Foreclosure activity remains well below year-ago and far below peak levels. Financing with multiple mortgages is very low, and down payment sizes are stable, DataQuick reported.

### DRE becomes BRE on July 1<sup>st</sup> 2013



The California Department of Real Estate (DRE) becomes the Bureau of Real Estate under the Department of Consumer Affairs.

Last year, the Governor introduced a wide-ranging government reorganization plan in order to improve efficiencies within state government. As part of the Governor's Reorganization Plan (GRP2), which was adopted last summer, the DRE is NOW the Bureau of Real Estate (BRE) and will be under the umbrella of the Department of Consumer Affairs. The core functions of the BRE will remain the same, and consumers, industry and stakeholders will continue to receive the

same level of excellent service from the new BRE that was provided by the DRE. While the enforcement, legal, licensing and subdivision programs will not be affected by the reorganization, DCA will assume administrative and fiscal responsibilities for the BRE, eliminating some of the duplicative services under the current structure.

### Gas Pipeline Disclosure Law for California Home Selling Goes Into Effect July 1, 2013

New gas and liquid hazardous pipeline seller disclosure law in California for residential properties goes into effect on July 1, 2013 - and is set forth in Cal. Civ. Code § 2079.10.5.

#### California Home Selling Disclosure Laws

Good news for Realtors and real estate professionals is that the California Association of Realtors is ahead of this requirement and has already published the required Gas and Hazardous Liquid Transmission Pipeline Notice in its CA-RPA form (California residential purchase agreement form published by the California Association of Realtors on April 30, 2013).

Each residential purchase agreement in California must contain notice about gas and hazardous liquid transmission pipelines, and delivery of this notice in the RPA-CA form will be deemed adequate to inform buyers about the pipeline database and shield sellers and agents from liability.

Subject notice is set forth at paragraph 6.E. of the RPA-CA, and says...

*"Notice regarding gas and hazardous liquid transmission pipelines: This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) internet web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable to ZIP code and county on the NPMS internet web site."*

Potential buyers of homes should be able to get more information about possible gas transmission pipelines near the property they are considering by contacting the local gas utility or other pipeline operators in the area.



# 華裔房地產專業協會

CHINESE AMERICAN REAL ESTATE PROFESSIONALS ASSOCIATION

## GOLF TOURNAMENT



1 Industry Hills Parkway • City of Industry, CA 91744  
**Monday, August 19, 2013**  
**12pm shotgun**  
**The Babe Zaharias Course**

Dress Code: Soft Spikes only; Shirts with Collars      Format: Shotgun; Best Ball Scramble

CONTESTS include: ▲ closest to the pin    ▲ longest drive    ▲ hole in one

**HOLE IN ONE sponsored by CRESTVIEW CADILLAC**

**HOLE #13: 2013 Cadillac ATS**

Holes #7 & 17: 3 nights/2 rounds stay & play vacation to TPC Sawgrass

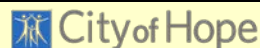
Hole #14: set of RAZR X black irons 4-SW

**No mulligans allowed for "Hole in One" contest.**

### REGISTRATION

|                |  |                |  |               |           |
|----------------|--|----------------|--|---------------|-----------|
| <b>Name</b>    |  | <b>Phone</b>   |  |               |           |
| <b>Company</b> |  | <b>Cell</b>    |  |               |           |
| <b>Address</b> |  | <b>E-mail</b>  |  |               |           |
|                |  | <b>Check #</b> |  | <b>Amount</b> | <b>\$</b> |

PART OF PROCEEDS WILL BE DONATED TO



#### DIAMOND SPONSOR

includes 2 foursomes, acknowledgment in printed materials, event & website, one year membership for 4, table display \$5,000

#### GOLD SPONSOR

includes 1 foursome, acknowledgment in printed materials, event & website, one year membership for 2, table display \$3,000

#### SILVER SPONSOR

includes 1 foursome, acknowledgment in printed materials, event & website, one year membership for 1, table display \$1,500

#### GOLFER ~ \$155/person

(includes green fee, golf cart, practice range balls, lunch on the go, drinks along the course, contests & buffet dinner)

### FOURSOME

TEAM NAME \_\_\_\_\_

PLAYER 1 \_\_\_\_\_

PLAYER 2 \_\_\_\_\_

PLAYER 3 \_\_\_\_\_

PLAYER 4 \_\_\_\_\_

TEE SPONSOR ~ HOLES 1 & 18 ~ \$100

TEE SPONSOR ~ HOLES 2 to 17 ~ \$50

\$50 BUFFET DINNER ONLY (5:30pm~9:00pm)

\$100 TABLE DISPLAY from 5pm (6' table + 2 chairs ~ promote your Company/Listings/Service)



HOLE SPONSOR ~ HOLES 1 & 18 ~ \$200

HOLE SPONSOR ~ HOLES 2 to 17 ~ \$100

\$10 MULLIGANS x How Many \_\_\_ = \$ \_\_\_

Make check payable to: "CAREPA" . Mail to: P.O. Box 1435, San Gabriel, CA 91776 ~ Attn: Golf Tournament  
Credit Card payments available through CAREPA.EventBrite.com

For Information, you may contact:

Lucia Tam @ 626-221-2888 or [luciatam@yahoo.com](mailto:luciatam@yahoo.com) or K.T. Leung @ 626-396-9680 or [kt@cpa-lac.com](mailto:kt@cpa-lac.com)



CHINESE AMERICAN REAL ESTATE  
PROFESSIONALS ASSOCIATION  
華裔房地產專業協會

SPONSORSHIP  
OPPORTUNITIES

PRESENTS

2013  
REAL ESTATE BUSINESS  
CONFERENCE & EXPO

SEPTEMBER 21, 2013

9am - 5pm

San Gabriel Hilton Hotel

225 W. Valley Blvd., San Gabriel, CA 91776

**EXHIBITION BOOTHS**

REAL ESTATE RETAIL/SERVICES  
CONSTRUCTION SERVICES/SUPPLIERS  
FINANCIAL INSTITUTIONS  
FORECLOSURES/SHORTSALES  
LEGAL ADVISORS  
AND OTHERS

**SPEAKERS FORUM**

EB-5 and L-1/EB-1C  
MECHANICS LIENS  
ENERGY CONSERVATION PROGRAMS  
SHORTSALES - FORECLOSURES ASSISTANCE  
LANDLORD/TENANTS ISSUES - EVICTION  
AND OTHERS

\$5,000

**DIAMOND LEVEL**

20' X 20' BOOTH  
INSIDE BACK COVER COLOR AD  
MEMBERSHIP FOR FOUR

\$3,000

**GOLD LEVEL**

10' X 20' BOOTH  
INSIDE FULL PAGE COLOR AD  
MEMBERSHIP FOR TWO

\$1,500

**SILVER LEVEL**

10' X 10' BOOTH  
INSIDE FULL PAGE COLOR AD  
MEMBERSHIP FOR ONE

**BOOTHS - \$250**

**ADVERTISEMENT  
OPPORTUNITIES**

(8" X 10" COLOR AD in Jpeg or PDF)

(1) BACK COVER ~ \$800

(2) INSIDE BACK COVER ~ \$500

(1) INSIDE FRONT COVER ~ \$500

INSIDE PAGE ~ \$450

|             |    |               |    |
|-------------|----|---------------|----|
| NAME        |    | TITLE         |    |
| COMPANY     |    | PHONE         |    |
| ADDRESS     |    | CELL          |    |
|             |    | E-MAIL        |    |
| SPONSORSHIP | \$ | ADVERTISEMENT | \$ |
| BOOTH       | \$ | TOTAL         | \$ |

FOR INFORMATION, CONTACT LUCIA TAM @ 626-221-2888 or [luciatam@yahoo.com](mailto:luciatam@yahoo.com)  
TEDDY LU @ 626-818-8032 or [tcddevelopment@hotmail.com](mailto:tcddevelopment@hotmail.com)

MAKE CHECKS PAYABLE TO:  
Chinese American Real Estate  
Professionals Association

MAIL TO: ATTN: CAREPA EXPO  
P.O. BOX 1435  
San Gabriel, Ca 91776

Credit Card payment available through [CAREPA.EventBrite.com](http://CAREPA.EventBrite.com)

# MEMBERSHIP DRIVE

June 12, 2013 through September 11, 2013

If existing member brings in 3 new members, existing member will receive six months FREE membership.  
If existing member brings in 5 or more new members, existing member will receive one year FREE membership.  
To qualify as “new member”, person must not have been a CAREPA member for 12 months.  
\$150 membership fee includes 11 general meetings & one installation ticket during the membership year.

## Important New Disclosure Laws Affecting Commercial Real Estate Transactions

Authors: Candice B. Harper, Heather C. Johnston

Effective July 1, 2013, two new disclosures (SB 1186 and AB 1103) will be required in certain commercial real estate leasing, sale or finance transactions in California. Under Senate Bill (SB) 1186, property owners will need to include a disclosure in all commercial leases or lease amendments stating whether the property has been inspected by a Certified Access Specialist (CASp) and, if so, whether the property is in compliance with construction-related accessibility standards. Under Assembly Bill (AB) 1103, prior to the leasing, sale or finance of an entire commercial building, the landlord, seller or borrower is required to disclose certain energy use information.

### Accessibility Inspection Disclosure (SB 1186)

All leases or lease amendments for commercial property entered into on or after July 1, 2013, must disclose whether the property has been inspected by a Certified Access Specialist (CASp) and, if it has, the disclosure must state whether or not the property was determined to be in compliance. Property owners in California have long been faced with the general requirement that their property must comply with the Americans with Disabilities Act (ADA) and the Unruh Civil Rights Act, which impose specific building requirements intended to allow equal access by disabled persons. A violation of the ADA can result in litigation against the property or business owner by private individuals. The abuse of these laws by “professional plaintiffs” has become increasingly alarming to property and business owners in California.

In response to this abuse and resulting concern, SB 1186 was signed into law as comprehensive legislation that is intended to maintain “the hard-fought civil rights of the disabled community while helping to protect California businesses from predatory demand for money letters and lawsuits” often seeking to obtain a quick settlement for a technical violation of the ADA. As part of this comprehensive legislation, which addresses a broad range of issues related to so-called “ADA litigation,” the legislature included a requirement that property owners provide written disclosures in their leases and lease amendments stating whether the property has or has not been inspected by a CASp inspector and, if it has, whether or not the property meets construction-related accessibility standards. It will remain a property owner’s decision whether or not to have its property inspected by a CASp inspector to take advantage of some of the incentives for

doing so. *However, property owners should keep in mind that while the inspection is voluntary, the disclosure requirement is not.* While SB 1186 does not prescribe any specific penalties or consequences for noncompliance with the disclosure requirements, there are incentives built into the legislation that are intended to encourage inspections by a CASp inspector. Some of the incentives to property owners who timely correct ADA violations or have had their property inspected by a CASp inspector prior to being served with a complaint by an ADA plaintiff include reduced statutory damages or a stay of proceedings. ADA plaintiffs must now also specifically identify the alleged “access barrier” encountered and the date of the alleged violation.

### Energy Use Disclosure (AB 1103 / AB 531)

AB 1103, together with later adopted Assembly Bill 531, is known as the “Non Residential Building Energy Use Disclosure Program.” Effective July 1, 2013, the Non Residential Building Energy Use Disclosure Program requires that California property owners with buildings of a total gross area of more than 50,000 square feet must disclose the energy data for a building for the prior 12 months, together with information regarding the building’s operating characteristics and ENERGY STAR Energy Performance Score, prior to any sale, lease of the entire building to a single tenant or the financing of the entire building. The same disclosure obligations will apply to buildings with a total gross floor area between 10,000 and 50,000 square feet beginning January 1, 2014, and for buildings between 5,000 and 10,000 square feet beginning July 1, 2014. The disclosure is required to be made to a prospective purchaser or full building tenant no later than 24 hours prior to the execution of a lease or purchase agreement and to a prospective lender no later than the submittal of the loan application.

To comply with the Non Residential Building Energy Use Disclosure Program, building owners must open an account for the building at the ENERGY STAR Portfolio Manager Website, operated by the U.S. Environmental Protection Agency, no later than 30 days prior to the date the disclosure is required. Certain information concerning the building must be provided in order to open an account, including owner contact information, building name, address, year of construction, all sources of energy use data for the building and space use characteristics.

continued on page 8

Through the account, the building owner should request that all utility companies providing energy to the building provide the owner with the energy use data for the building for at least the most recent 12 months.

Under the law, the utility companies are required to provide the data through the account within 30 days of the date of the request. Once the utility companies provide the data, the owner must log back into the account, complete a compliance report and download the following Energy Use Materials:

- **Disclosure Summary Sheet:** A two-page document prepared by the California Energy Commission describing the contents and relevance of the disclosures generated by the Portfolio Manager website.
- **Statement of Energy Performance:** A report generated by the Portfolio Manager website that provides data about the building's energy performance.
- **Data Checklist:** A report generated by the Portfolio Manager website that summarizes the building's physical and operating characteristics.

- **Facility Checklist:** A report generated by the Portfolio Manager website that summarizes the space and energy usage of the building and compares that data to national medians.

The Energy Use Materials must be provided to prospective full-building tenants, purchasers or lenders within the deadlines described above. The stated purpose for AB 1103 is to promote energy efficiency by allowing building owners and operators to compare their building's performance to similar buildings, to manage the energy costs of their buildings and also to provide building operators with information needed to justify financial investment. Similar to SB 1186, AB 1103 does not specify any penalty or consequences for failure to comply with the disclosure obligations. However, that may change over time and we recommend that property owners comply with the disclosure requirements, as they may be considered "material" facts that must otherwise be disclosed under California law. It is also advisable to update purchase agreements and leases with an acknowledgement that the disclosure has been made.

## The Commercial Lease: What You Should Know

### Know what you're getting yourself into when you rent space for your business.

Renting commercial space is a big responsibility -- the success or failure of your business may ride on certain terms of the lease. Before you approach a landlord, you should understand how commercial leases differ from the more common residential variety, and before you sign anything, make sure you understand and agree with the basic terms of the lease, such as the amount of rent, the length of the lease and the configuration of the physical space.

#### How Commercial Leases Differ From Residential Leases

It's crucial to understand from the get-go that, practically and legally speaking, commercial leases and residential leases are quite different. Here are the main distinctions between them:

- **Fewer consumer protection laws.** Commercial leases are not subject to most consumer protection laws that govern residential leases -- for example, there are no caps on security deposits or rules protecting a tenant's privacy.
- **No standard forms.** Many commercial leases are not based on a standard form or agreement; each commercial lease is customized to the landlord's needs. As a result, you need to carefully examine every commercial lease agreement offered to you.
- **Long-term and binding.** You cannot easily break or change a commercial lease. It is a legally binding contract, and a good deal of money is usually at stake.
- **Negotiability and flexibility.** Commercial leases are generally subject to much more negotiation between the business owners and the landlord, since businesses often need special features in their spaces, and landlords are often eager for tenants and willing to extend special offers. **Making Sure the Lease Will Fit Your Business**

Before you sign a lease agreement, carefully investigate its terms to make sure the lease meets your business's needs.

First, consider the amount of rent -- make sure you can afford it -- and the length of the lease. You probably don't want to tie yourself to a five- or ten-year lease if you can help it; your business may grow faster than you expect or the location might not work out for you. A short-term lease with renewal options is usually safer.

Also think about the physical space. If your business requires modifications to the existing space -- for example, adding cubicles, raising a loading dock, or rewiring for better communications -- make sure that you (or the landlord) will be able to make the necessary changes.

Other, less conspicuous items spelled out in the lease may be just as crucial to your business's success. For instance, if you expect your camera repair business to depend largely on walk-in customers, be sure that your lease gives you the right to put up a sign that's visible from the street. Or, if you are counting on being the only sandwich shop inside a new commercial complex, make sure your lease prevents the landlord from leasing space to a competitor.

#### Critical Lease Terms

The following list includes many items that are often addressed in commercial leases. Pay attention to terms regarding:

continued on page 9



- the length of lease (also called the lease term), when it begins and whether there are renewal options
- rent, including allowable increases (also called escalations) and how they will be computed
- whether the rent you pay includes insurance, property taxes, and maintenance costs (called a gross lease); or whether you will be charged for these items separately (called a net lease)
- the security deposit and conditions for its return
- exactly what space you are renting (including common areas such as hallways, rest rooms, and elevators) and how the landlord measures the space (some measurement practices include the thickness of the walls)
- whether there will be improvements, modifications (called build outs when new space is being finished to your specifications), or fixtures added to the space; who will pay for them, and who will own them after the lease ends (generally, the landlord does)
- specifications for signs, including where you may put them
- who will maintain and repair the premises, including the heating and air conditioning systems
- whether the lease may be assigned or subleased to another tenant
- whether there's an option to renew the lease or expand the space you are renting
- if and how the lease may be terminated, including notice requirements, and whether there are penalties for early termination, and
- whether disputes must be mediated or arbitrated as an alternative to court.



**The Americans with Disabilities Act.** The Americans with Disabilities Act (ADA) requires all businesses that are open to the public or that employ more than 15 people to have premises that are accessible to disabled people.

Make sure that you and your landlord are in agreement about who will pay for any needed modifications, such as adding a ramp or widening doorways to accommodate wheelchairs.

## **Southern California Commercial Real Estate Market Delivers Spotty Performance in Q13**

*Orange County Leads Region in Office Occupancy Gains - Industrial Vacancy Rate Reaches Historic Lows, Spurs New Construction*

According to research from Newmark Grubb Knight Frank (NGKF), the commercial real estate market in Southern California mirrored the mixed signals seen in the broader economy in the second quarter of 2013, with some submarkets posting impressive occupancy gains and others continuing to struggle with high vacancy and stubbornly flat rental rates. The data and analysis was shared by J.C. Casillas, regional vice president of research for NGKF, who previewed the company's second quarter market trends reports for Los Angeles County, Inland Empire, Orange County and San Diego at a luncheon hosted by private investment company The TerraCotta Group on June 27.

Mr. Casillas said, "While we've seen some improvement overall, Southern California, like the rest of the country, continues to be plagued by a weak economy and uncertainty concerning the decisions of the Federal Reserve Bank. Office tenants are trying to trim office space as they adapt to doing more with less, which is holding back a robust recovery. Industrial has fared better due to an ongoing flight to quality and healthy investor demand."

Orange County led the region in office occupancy gains for the quarter and has posted positive net absorption of 1.7 million square feet year to date. Los Angeles County continued to be affected by the highest unemployment rate in Southern California, which is reflected in the submarket's 17.1% vacancy rate and a modest \$0.03 bump in average asking rental rates, which are currently hovering around \$2.63/sf per month.

In the industrial sector, all four markets posted positive net absorption in the second quarter, with asking rents up slightly across the board with the exception of San Diego,

where they remained flat. Lease activity has come from a wide array of industries, including retail-wholesalers, freight forwarders and electronics manufacturers, and a shortage of product in Los Angeles and the Inland Empire has pushed vacancy rates to historic lows - 2.2% and 4.9%, respectively. In anticipation of higher rents, developers have begun to build once again and are focused on larger, more efficient buildings. This is especially true in the Inland Empire, where currently there is 9.6 million square feet of industrial product in the pipeline.

"Today, the average size of an industrial building under construction is 510,000 square feet, which is more than six times the size of an average industrial building built in this market 10 years ago," Mr. Casillas said. "Of the 12 projects currently underway in the Inland Empire, only one is less than 200,000 square feet, which illustrates investor and tenant demand for increasingly larger properties."

Mr. Casillas explained that the region has adapted quite nicely to some harsh headwinds, and that the outlook for Southern California's commercial real estate market remains positive. "In general, we expect continued slow improvement in both the office and industrial sectors," he said. "Interestingly, the rough waters we've been sailing over the past several years have resulted in some new trends. Take, for example, an emerging micro-market like Silicon Beach. On the Westside, instead of signing leases for traditional office space, production studios, media companies and technology firms are moving into old industrial facilities or even mixed-use residential space that can be adapted to meet their needs, creating a true live/work/play environment."

NGKF

**The mortgage market trembles: the test of higher rates and the sustainability of the current run in housing values. A record move in the mortgage markets.**

If you weren't paying attention, you might have missed one of the most dramatic moves in the history of the mortgage market. There was a sense that the Fed had all the power in the world to push mortgage rates to whatever level they desired. This seemed to be the case when rates touched a low around 3.25 to 3.29 percent. Slowly, rates have crept back up even before Ben Bernanke mentioned a tapering off of the Fed's MBS purchasing binge. How dramatic was the move? The 30 year fixed rate mortgage is now up by 40 percent in the last 52 weeks. We now get to test the resiliency of the housing market without the full unbridled support of the Fed. The bond market movement is stunning. I love the mentality out in the current market. "Well the Fed is devaluing money so might as well borrow, buy something tangible, and ride this puppy until the wheels come flying off in a blaze of glory." Sounds like a good foundation for a strong economy right? The Fed realizes that the market is overheating for all the wrong reasons. The financially connected have leveraged incredibly low rates to play this game to a point where hedge funds are buying rentals to lease out all in the name of higher yields. So how dramatic was this move?

**30 year rate dramatic move**

I have a few colleagues in the industry that have e-mailed me on how sudden this move was. Let us examine this on a chart:



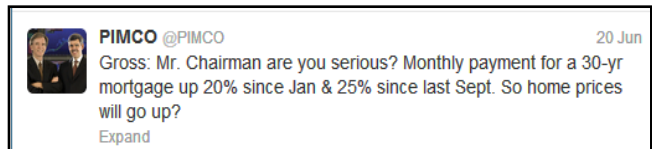
This chart may not seem so dramatic but the above change is a 40 percent movement in the last 52 weeks. What is more important is that it bucks a half decade trend. Some interesting observations on the move:

"(Mortgagenewsdaily) Last Wednesday, Fed chairman Bernanke said during a post-FOMC press conference that rising home prices compensate for higher rates. Then on Friday, Bank of America Merrill Lynch's MBS team was out with a note reacting to this stance by Bernanke, saying: "we would guess the Fed assumption is that a 5% mortgage rate would be acceptable." If this is the case, hoping for a near-term dip in rates could prove futile." – **Julian Hebron, Branch Manager, RPM Mortgage**"

This is an interesting observation. What is the true mortgage rate without the massive Fed basically buying up \$85 billion a month in MBS? The Fed balance sheet is already up to \$3.3 trillion and all we have gotten is inflated home values without real substantive growth in household wages. Wages don't matter? They apparently matter given the Fed simply mentioned a mere tapering of QE and the market suddenly lost confidence. The above quote mentions that

a 5 percent 30 year fixed rate mortgage is acceptable to the Fed. Good luck trying to decipher "Fed speak" but this sounds about right for 2013. Historically, I would say a 6 to 7 percent rate is closer to the lower bound. We are likely to find out since the Fed was rather clear on the tapering of QE when it comes to MBS purchases (even though this wouldn't likely begin until 2014!). Hot money has been bailing and this has accelerated recently.

It was interesting to see how the bond market gurus would react to this:



I love this. It pretty much confirms what we have been saying. This entire housing recovery is like breaking a \$20 bill into two \$10 bills and pretending you were all the wealthier for it. Just because a person can now afford a \$200,000 home instead of a \$150,000 on the same income is not exactly a positive for the underlying economy especially when the Fed is creating massive market distortions. What of the \$3.3 trillion balance sheet? Do we go Jane Eyre on that and simply forget about it?

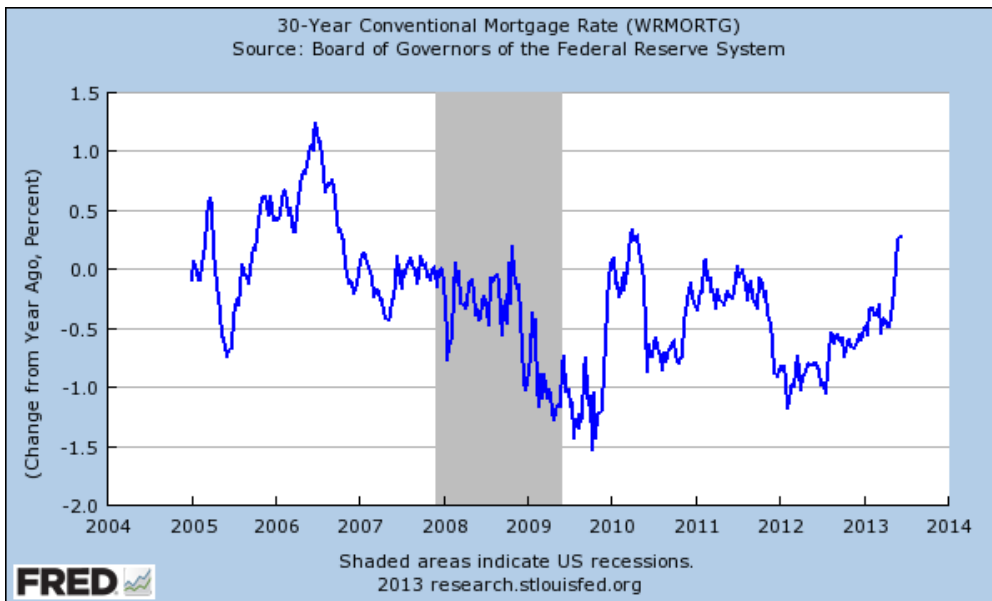
The increase in rates has occurred across the board:

| Today's Rates       | 52 Week |           |        |       |       |
|---------------------|---------|-----------|--------|-------|-------|
|                     | Today   | Yesterday | Change | Low   | High  |
| 30 Yr FRM           | 4.59%   | 4.49%     | +0.10  | 3.29% | 4.59% |
| 15 Yr FRM           | 3.75%   | 3.65%     | +0.10  | 2.70% | 3.75% |
| FHA 30 Year Fixed   | 4.37%   | 4.25%     | +0.12  | 3.23% | 4.37% |
| Jumbo 30 Year Fixed | 4.62%   | 4.54%     | +0.08  | 3.54% | 4.62% |
| 5/1 Yr ARM          | 3.10%   | 3.09%     | +0.01  | 2.89% | 3.10% |

Updated Daily (approx 4pm) About Our Rates » **View: LIVE! Lender Rates**

This big movement in rates comes at a time when expensive area buyers are going all in with jumbo loans stretching every penny they have. Incomes don't matter? Of course they do! Especially when big funds have bought leveraging low rates for already squeezed out yields. What do you think this 40 percent move is going to do to already tight yields?

The trend is rather obvious and keep in mind the below chart doesn't include the dramatic change of the last few weeks (the below is based on a 4 percent rate when today it is closer to 4.59 percent):



This is a big movement. The problem with creating these incentives is that the financial sector instead of seeking out the next medical technology or industry that will create an entirely new sector for our economy has been obsessed with buying up homes. Why provide such a massive incentive for housing? In the end, it really didn't benefit the regular home owner which has been the bread and butter of a stable housing market since World War II. That is, until we let lose Wall Street and easy money into the markets in the 2000s and now many have to compete with a

hedge fund to find a place to live. Big money investors have been the big winners after the crash.

Make no mistake in that this was a big move in the mortgage markets. Over the last few years, every panic in the market actually pushed rates lower. What is different this time is the falling in stocks is happening because rates are going higher. Bill Gross is right in that mortgage payments just got 20 to 25 percent more expensive in the last few months. The biggest budget expense of Americans just got that more expensive and you already know the trend for household income. In California, this can be anywhere from \$500 to \$750 a month on a jumbo mortgage (which is now back in fashion and people are stretching just to buy homes). FHA insured loans are already very expensive given the mortgage insurance changes in June.

Another interesting observation on the market:

“The volatility in mortgage rates has been unprecedented. Daily swings cause changes intraday and unfortunately that creates distortion for consumers. The recent volatility will not subside until the free market determines where the real bid/ask is minus the FED. Until that point expect the swings to continue. 30-45 days should be locking. Longer term may be able to float, however we do not recommend it with the current environment. We went from low 3's to high 4's in a couple of weeks, and this morning we were possibly talking 5's. the day is not over and the week just begun.” - **Constantine Floropoulos, Quontic Bank**

Exactly. What is the real bid/ask minus the Fed? We're quickly finding out that without the Fed, there is little appetite for MBS at these absurdly low rates.

*Dr. Housing Bubble*

### [Brandywine Homes to Build Rental Community in South Garden Grove](#)

**BRANDYWINE HOMES** 34 units will address need for affordable housing in heart of Orange County; Brandywine 'bullish' on multifamily and single-home market

**GARDEN GROVE, Calif.** – June 24, 2013 – Brandywine Homes announces plans for a 34-unit rental community consisting of both townhomes and flats located on 1.1 acres in the heart of Orange County. The new project – at Hope Street and Westminster Avenue in southern Garden Grove – will be the second multifamily development for Irvine-based Brandywine Homes, Southern California's premier developer of single-family infill projects that respect the architectural integrity of existing neighborhoods.

“We're bullish on housing in general right now – both rental communities and for-sale housing,” said Dave Barisic, vice president of sales and marketing for the 18-year-old homebuilding company. “Orange County continues to see healthy job growth, and it's a place people want to live,” Barisic said.

While single-family detached homes are still Brandywine's bread and butter, Barisic said the company has long wanted to diversify its offerings. “Expanding into the Multi-Family rental market is something we have been interested in for many years,” said Barisic. “It allows us to serve a population that we believe has been underserved in our core market area.”

continued on page 12

Brandywine broke ground on the development in late March, and completion is anticipated in February, 2014. Designed by LSA Architecture, the new community will consist of 12 one-bedroom, 16 two-bedroom, and 6 three-bedroom townhomes and flats ranging from 771 to 1,226 square feet. Amenities will include granite countertops and upgraded appliances.

Just miles from Disneyland and Knotts Berry Farm, the community will also have quick access to the 22 Freeway and Westminister Avenue shopping centers and dining. Little Saigon is nearby, and residents' children will have the opportunity to attend Garden Groves' award-winning schools.

In January, Brandywine broke ground on a 25-unit project on .887 acres near Dale Street and Stanford Avenue in Garden Grove. In addition to the upcoming Hope Street project, the homebuilder has two more multifamily developments in the pipeline.

**MONTHLY GENERAL MEETING SCHEDULE**

(DINNER SEMINAR WITH SPEAKER ~ 2<sup>nd</sup> WEDNESDAY OF THE MONTH) (Includes 8 course Chinese dinner)

**MEMBERS FREE ~ GUEST \$20**

**EMPRESS HARBOR RESTAURANT** 111 N. Atlantic Blvd., Monterey Park, CA 91754

6:30pm ~ 9:30pm

Wednesday, July 10, 2013  
Wednesday, August 14, 2013

Wednesday, September 11, 2013  
Wednesday, October 9, 2013

Wednesday, November 13, 2013

**LOOKING FORWARD TO SEEING YOU AT FUTURE EVENTS**

**GOLF TOURNAMENT:** Monday, August 19, 2013  
Pacific Palms Resort

**R.E. BUSINESS CONFERENCE & EXPO:** Sept. 21, 2013  
San Gabriel Hilton

**ANNUAL INSTALLATION:** December 8, 2013  
San Gabriel Hilton

**INTERNATIONAL TRIP:**  
April 2014  
China - Locations to be determined

**EDITOR MESSAGE:** "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](mailto:luciatam@yahoo.com).

**華裔房地產專業協會**

CHINESE AMERICAN REAL ESTATE  
PROFESSIONALS ASSOCIATION  
P.O. Box 1435  
San Gabriel, California 91776

