



Rockyfield Newsletter

US Economy & Housing Market

One of the pre-conditions to recovery of housing prices is a turn around of employment. Although job losses have been improving, the unemployment rate will keep rising as long as non-farm payroll figure is in the negative territory. The "Jobless Growth" label represents people's jitter. However, we have to remember where we were last year: the most serious recession precipitated by the financial meltdown that the majority of us had ever seen. It is not unusual that employment lags several months behind the GDP; the labor stat is not expected to become positive before February or March next year. The payroll number must also increase 100,000 to 150,000 every month just to catch up with labor population growth. Fiscal stimulus like civil engineering works help, but would not cure the fundamental structural damages made to the US economy. Financing (both equity and loans) is still not readily available to small businesses. It is, therefore, imperative to vitalize small businesses that employ 2/3 of the labor force; Since the burst of the high-tech bubble in late 1990s scared away venture capitals, the dividend tax cut shifted investors to large cap stocks; various programs like welfare to work, job training and others that supported small businesses shrank or disappeared. The financial meltdown now created a money crunch for small businesses. They need: 1) sure access to reasonable financing and equity investment; 2) environment where entrepreneurs can focus on business without administrative distractions; 3) reduced costs for starting new businesses and expansions -- specifically:

- More federal support for SBA loans at very low rates, or/and creation of federal venture capital funds.
- Zero capital gain tax for equity investments in then unlisted new companies that have been held for 10 years. This will bring back venture capitals.
- Free employee training for accounting, IT, computers and other expertise.

Employment: Small Business Is the Key

Weekend Escape

There are many hot springs in California; however, they may be hotel spas (expensive) or they may be uncomfortable; it is difficult to find a great hot spring spa at a reasonable price. An old hot spring town called Paso Robles, located just north of San Luis Obispo, offers trendy French, Italian, Thai and other restaurants, wine bars, olive specialty stores and other interesting things. In the very center of the town is Paso Robles Inn where many rooms have a private whirlpool in their own balcony for guests to pour sulphur/milky hot spring water. The town is surrounded by many vineyards. Obtain a winery map and enjoy scenic view and wine tasting. The gentle rolling hills will please the whole family.

Leaving 101 at San Luis Obispo, go on Highway 1, you will find a small beach town called Cayucos after passing famous Morro Bay. From Paso Robles, take 46 west. Cayucos offers no special point of interest or land marks, except for a very long beach and a view of the majestic Morro Rock. What we like the best about Cayucos is its very relaxed atmosphere, even though the beach is crowded with young people and surfers. At the corner of D street and beach walk, there is a tiny home made smoked food deli, called Ruddell's SMOKEHOUSE. They have only a few plastic table and chairs just outside the store; nothing fancy. But the taste is gorgeous! We tried Ahi Taco, "today's special" on the white board, which we had never tasted elsewhere. The unique combination of the taco flavour and smoked fish was absolutely brilliant.

There will be no December Issue

- Free consulting hotlines for regulatory applications, legal and tax issues.
 - Affordable health insurance will help small businesses to hire more people.
- As a long-term plan, a pool of R&D information available to small business can be considered.

Palos Verdes Housing Market

Housing sales that have slowed since September seem to have bounced back a little, and will moderately increase until Thanksgiving. The higher August price for closed-sales was for deals in June and July, and a decrease should be reported for September and October. November closed price should show a small recovery. October closed sales in Palos Verdes (SFR) were 55, the highest since August 2007 but both average and median prices were down. This was because low-end homes sold extremely well. On a transaction basis, homes below \$900k, which were best sellers, cooled in late October, and homes over \$1,000k started selling better. This is a very positive sign for the PV market.

While we believe that housing prices in PV will gradually rise, the worrisome factor is interest rates. Every time positive economic news comes out, commodity prices like gold and oil jump, and so do interest rates. When the 10-yr T yield climbed over 3.5%, we were seriously concerned, but it soon came down below 3.5%, minimizing the effect on mortgage rates. The pattern, where good economic news pushes rates up that in turn caps the economic growth as well as the price recovery, is expected to continue repeating during the next couple of years. Only when the employment and personal income begin growing, the loan market will ease, leading to higher housing prices.

We have also seen sales of a few high-end properties over \$5 million. In short, there are many good signs for the housing market in Palos Verdes. The market inventory seem to continue decreasing this year. However, we should expect a huge listing rush in January and February, suppressing price recovery.

(Anthony Iwata)

2090-2010 New California Laws

New California law (AB957) that became effective in October seems to have created some confusion regarding selections of escrow and title insurance companies. For years, RESPA (Fed. law) prohibits a seller to require, as a condition of sale, service of any particular title insurance company. But according to HUD, if the seller pays for the title insurance, the seller can require the buyer to use a particular title insurance company. This has been a base for real estate practices. Now the new California law says, regardless who pays, sellers cannot force buyers to use title or escrow companies of their choice. Some title reps and escrow officers are erroneously circulating this information. In short, the new law uniquely defines the subject sellers as banks, limiting the application of this AB957 to REO (bank owned property) sales. Therefore, there is NO change in standard transactions where a selection of services shall be decided by negotiations between sellers and buyers.

The new law also allows no advance fee for loan modifications. There have been so many fraud cases where criminals take advance fees and disappear.

A 60-day notice to terminate a month-to-month residential tenant has been extended indefinitely. A 30-day notice to terminate is sufficient if the tenant has lived there for less than one year, or if the landlord has sold the property. The 60-day notice requirement does not apply to fixed-term leases, such as a one-year lease.

Notary Public Service

Notary public service by a fully licensed loan signing agent is available at our office. Customers who buy or sell their homes through Rockyfield will have free notary service for 5 years. (Direct service only, excl. loan documents; additional charge for a trip to your place.) Please make an appointment with Catarina at 310-544-0857 ext. 2#



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Now you can search by yourself properties for sale on the MLS.

visit: www.rockyfield.com

Twitter: Rockyfield

Need a handyman?

If you are looking for a house cleaner, handyman, painter, plumber, gardener or contractor, we may be able to introduce a quality one. If you know very good ones, please let us know, so that we can refer them to other readers. Contact: Catarina.

Our free fair market value analysis

If you just remodeled your house, you ought to be interested in how much your home is worth now. Or you may be simply curious. We will be happy to provide a fair market value estimate. If you have no plan to sell your home, please say so when you contact us.

Free weekly market information

We can provide a free weekly update of the housing market in your area. Please contact us via e-mail with your property address. The list below does not include many listings.



SELECTED LISTING SAMPLES

For listing information

Please Contact

Rockyfield.

A: Active S: Sold B: Backup P: Pending
Prices in '000s. Source: MLS (as of 11/10/09)