

LEGAL LIFELINE



ATTY. GENE W. CHOE

News about foreclosures and credit card debts

mandates lenders to “explore all options” to avoid foreclosure before initiating the foreclosure process. If the foreclosing lender, Countrywide, has not attempted to meet with you discuss options available to prevent the foreclosure, then the bank cannot foreclose your home. Also, the Obama administration made it obligatory for the lenders to reduce interest rates, to authorize “principal forbearance”, and to re-write the loan terms, so that your monthly payments can be affordable, no matter what your income is. The federal government plan envisions that your mortgage payments stay within 31% to 38% of your net income. Both state and federal governments have come up with various laws and regulations to stem the seemingly unstoppable tide of home foreclosures, badly crippling the US economy.

Further, the Governor Schwarzenegger just signed into the law a provision that creates 90 day moratorium on foreclosures. This new law, which will become effective on May 22, 2009, requires that lenders wait an additional 90 days from the date of filing of a notice of default before the trustee can give notice of sale in a non-judicial foreclosure. Currently, lenders have to wait three months from the filing of a notice of default before providing the

notice of sale, so this law, in effect, creates a six-month waiting period. Banks do not wish to foreclose your home as the net proceeds from the sale of foreclosed homes are a fraction of the owed mortgage amounts. Besides, they on average must incur \$80,000 in foreclosure related costs.

However, if you cannot successfully enter into a livable loan modification with your lender, then the new Chapter 13 bankruptcy law may come to your aid. (H.R. 1106) It has already passed in the U.S. House and is currently under deliberation by the Senate. Most likely, it will become the law of the land within a short period of time. Under this new bankruptcy law, a bankruptcy judge will have the power to “write down” the principal of your home mortgage, to reduce interest rates and principals owed, to extend the loan terms, to avoid foreclosures.

As to your credit card debts, you can negotiate with the credit card companies so that they will accept much less payments than the balance owed, either with or without filing for bankruptcy.

The Law Offices of Gene Choe practices in business and general civil litigation, immigration, personal injury, real estate transaction and litigation, criminal defense, family law, collection and judgment enforcement and appellate laws. You may contact (213) 639-3888 for any legal matters you may have.
(Advertising Supplement)

DEBT RELIEF



ATTY. LAWRENCE YANG

THE President announced his much-awaited HOME AFFORDABILITY & STABILITY PLAN last week. The objective of the plan is to bring mortgages in line with home values. What does this mean? It means that the plan recognizes that the values of houses have dropped so much that even those who have made big down payments to buy their houses have under water mortgages. What does this mean? It means that many homeowners owe more on their houses than what they are currently worth. For example, the current fair market value of your house might be \$400,000 but your mortgage on the house has a balance of \$500,000. Thus, your house is “under water” for \$100,000. Why should the government help the homeowner out? The current administration believes that homeowners who owe more than what they are worth might think that the house is not worth keeping and walk away from the mortgage because the house is technically worthless and because the mortgage loan balance is too big and not supported by any equity. The administration believes that there are two kinds of homeowners that have “underwater” loans. The first kind is those with good credit and has been paying their mortgages on time but want to refinance their home loans with

Home affordability and stability plan

lower rates. These homeowners cannot refinance even if they have good credit because their houses cannot qualify for refinancing with the current drop in market values.

For people with good credit but with houses that cannot qualify for refinancing, the plan proposes to allow loans to be made up to 105% of the property’s value. I am not sure how this will actually work out. But let’s consider some examples. If the house is worth \$400,000 but the outstanding mortgage is \$420,000, there is no question that a homeowner with good credit will be able to get a new loan to refinance their old mortgage of \$420,000 because he is completely within guideline. What is good credit? I presume someone with at least 730 credit score would qualify. Maybe even someone with 700 credit score would qualify because normally 700 is a good score. But someone with a 680 score may not qualify. What if the balance of the loan was \$500,000, will the homeowner with good credit qualify for a refinance loan of \$420,000? It would seem so.

The purpose of the stability plan is to bring mortgages in line with home values. Thus, the homeowner with good credit would qualify form a refinance of \$420,000. What happens to the difference between \$420,000 and \$500,000? The difference of \$80,000 would have to be forgiven by the creditor. The administration estimates that there are between 7 million to 9 million in this category. Homeowners in this category will realize a reduction in mortgage payments

attributable only to a reduction of interest rates, smaller loan because of reduction of balance of the loan to the current fair market value of the property, and maybe a longer-term loan. In this example, if the original loan is 6.5 % fixed for 15 years with a loan balance of \$500,000, the new mortgage payment will be lower because the refinance loan will be \$420,000, with \$80,000 forgiven, and the interest rate will be between 4% to 5%, and fixed for 30 years. The combination of all these factors will result in a lower monthly payment. Fannie Mae and Freddie Mac will provide the refinance loan. However, the charters of Fannie Mae and Freddie Mac prohibit them from acquiring loans with loan to values in excess of 80% unless the homeowner has mortgage insurance. To circumvent this, the refinance will be called modifications.

What if your credit score is bad and you actually cannot afford your current mortgage payment and cannot sell your home, you are part of the Administration’s estimate of 4 million homeowners that it also plan to help out.

We will discuss the Administration’s plan for you in the next week’s article. If you need debt relief, contact my office. I will analyze your case personally.

Lawrence Bautista Yang specializes in bankruptcy, business, real estate and civil litigation and has successfully represented more than five thousand clients in California. Please call Angie, Barbara or Jess at (626) 284-1142 for an appointment at 1000 S. Fremont Ave., Bldg. A-1 Suite 1125 Unit 58, Alhambra, CA 91803.
(Advertising Supplement)

QUESTION: Bank sent me a notice of sale of my home in a few weeks. I would like to see if I can work out a deal so that I could start paying something to the bank so I could keep my home. The bank which is foreclosing is the first mortgagee. I got this loan in March of 2006 as a refinanced loan for \$460,000 or so from Countrywide. In June of 2006, I got a second loan on the house for approximately \$120,000, as an equity line of credit to improve the house. The second line of credit is from Washington Mutual. Right now, the fair market value of my house is \$350,000. I also have a sizable credit card debt in the amount of \$60,000 or so to about 7 card companies. I am a registered nurse and make \$5000 per month. My husband was injured at work about two years ago and receives disability benefits for \$1500 per month. We have 2 kids, in private elementary schools. Is there anyway to keep the house and to reduce my debts?

ANSWER: There are several options available for you. First, try “loan modification” with the lenders. California passed a new law, Civil Code Section 2923.5 which

BRIDGING FINANCIAL GAPS



EVANGELINE A. GIRON

Claiming deductions on auto expenses

2008, and 58 cents per mile after June 30, 2008. For 2009, the rate settles back down to 55 cents per mile.

For 2008, the rate for travel for medical care and moving expenses is 19 cents per mile from January 1 to June 30; the rate rises to 27 cents a mile for the remainder of 2008 to reflect the unusually high gas prices. For 2009, it is 24 cents per mile. The rate for travel involving work you perform for a qualified charity is still 14 cents per mile in 2008 and 2009.

If you deduct actual expenses, you can include depreciation, gas and oil, insurance, lease payments, repairs and maintenance,

registrations and tires.

2009 Mileage Rate
In 2009, the rate is 55 cents a mile. The necessary records include a mileage log book to claim the expenses under either the standard mileage allowance or the actual expenses method. In the mileage log book, record your business mileage and your total mileage. In addition, if you plan to claim the actual expenses, you must keep the paid receipts for these expenses.

Many stationery and business supply stores sell small, inexpensive notebooks designed to help people track the expenses they

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YOUR LEGAL OPTIONS



ATTY. JOHNNY ASCANO

DEAR Johnny,
I heard that President Obama announced a plan to help homeowners avoid foreclosure. Has there been any action about this plan? If there is any, are you aware of what it includes? Who will benefit from the plan? What are the requirements to be able to benefit from the plan? I shall appreciate your immediate response on this.

Ms. Obama Mama
Dear Ms. Obama Mama,
I believe you are referring to the Making Home Affordable (MHA) Plan of President Obama, which was published on March 4, 2009. The MHA, in general, intends to help homeowners either to refinance their mortgage or do home loan modification. The refinancing option is only available for conforming loans owned or

Obama’s housing plan

secured by Fannie Mae and Freddie Mac. Most conventional loans including prime, sub-prime, adjustable, loans owned by lenders and loans in securities are eligible for a Home Affordable Modification.

To be eligible for a home refinance, (1) the property must be owner occupied; (2) the borrower must have sufficient income to support the new mortgage debt; (3) the first mortgage may not exceed 105% of the current market value of the property; and (4) the borrower must not be delinquent on their mortgage.

To be eligible for a Home Affordable Modification, a borrower must: (1) be an owner-occupant in a one to four unit property, and have an unpaid principal balance that is equal to or less than \$729,750 (for one unit properties and higher for two to four unit properties, consult the Guidance for limits); (2) a loan that was originated before January 1, 2009; (3) a mortgage payment (including taxes, insurance, and homeowners association dues) that is more than 31% of the

borrowers’ gross monthly income; and (4) have experienced a significant change in income or expenses, to the point that the current mortgage payment is no longer affordable.

Should you wish further information, please call us at telephone numbers 213.248.1726 or 213.637.5609 to set an appointment.

Very truly yours,
JOHNNY

Please be informed that The Law Offices of Johnny S. Ascano is in the process of winding down the affairs of its Panorama City branch. Any transactions involving the said branch should be coursed thru our office at 3550 Wilshire Blvd. 17th Floor, Los Angeles CA 90010 or (213) 637-5609.

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(Advertising Supplement)



FINDING IT HARD to find REAL HELP with your LOAN MODIFICATION?

Many homeowners are in distress and need help urgently. With so many people struggling with their mortgages or facing foreclosure, there are equally as many who are offering assistance, for a fee. If you are considering Loan Modification, be careful! Don't hire an illegal loan modification company.



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INSURANCE 101



MELODY AVECILLA

WHETHER they are the breadwinner in their household or not, preparing for retirement should be extremely important to women. One item of planning that must be considered is the financial situation of the surviving spouse and what can be done to prepare for a potential shortfall.

Women survive their spouses more often than men. The Administration on Aging estimates that seven of 10 women will outlive their husbands, highlighting the need for retirement planning even more.

Unfortunately, women are often at a disadvantage when it comes to resources available for

Women must focus on retirement income

retirement. The average woman spends nearly 15 years away from the workforce, while the average man will be away for 1.6 years. This translates into lower benefits from company pensions, 401(k) plans and Social Security.

Various estimates indicate expenses after the death of a husband will be 80 percent of what they had been when he was alive. Unfortunately, a widow’s income may likely be much less than that. Of all elderly persons with income below the poverty level, over 70 percent are women. More than half were much better off financially before their husbands died.

Less time in the workforce may also mean fewer women qualify for health benefits. This can put an even greater burden on their retirement income.

It is imperative for women to start saving now for their re-

tirement, which can be accomplished through several savings vehicles. It is equally important to protect your nest egg through adequate life insurance coverage and insurance options should your health care needs change. Adequate planning for retirement and surviving a spouse can be a deciding factor in living comfortably.

Taking the time to examine the household finances and planning carefully will help to ensure there are adequate means of support for either spouse during the golden years. Talk to a qualified individual about your retirement needs to prepare for and enjoy a comfortable retirement.

If you suspect a scam, call the NICB hotline at 1-800-TEL-NICB.

For information about auto insurance and insurance fraud, contact your insurance agent.
(Advertising Supplement)

JUNO CONNECTION



CHARMAINE TEODORO

AMERICA’S best facilities, more often than not, work with healthcare staffing agencies to connect them to nurses, therapists and allied healthcare professionals. Thus, a lot of healthcare workers go to agencies to seek placement. As staffing agencies do the hiring and human resource management for these facilities, you, as a professional, will work with the agency on almost every matter concerning your job. So when

What you need to know when choosing a healthcare staffing agency

hunting for an agency, you need to know how to choose the right one. Below are some guidelines.

Salary and benefits are important criteria when selecting an agency, but not the most important ones. Understand that these companies make a living by practically managing your career. You need to know how the agency cares about you, both as a professional and as a person. What support system can they offer you when you get a job? Will they assist you in relocating if the new job requires it? Can you reach them after office hours for emergencies? What opportunities do

they provide for you to grow professionally? Getting answers to these questions will give you an idea of how supportive they are of you and your career.

Second, see if the agency can actually get you a job. Although it’s true that the healthcare industry always has a vacancy to fill, it takes an experienced recruiter to finalize a placement. Ask them about the lag between your application and actual placement. Inquire if they were actually able to deploy previous applicants in the facility or location of their choice. Assess how capable the

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