

Benefits of FHA loans for homebuying & refinancing

HOME BUYERS



KENNETH GO

credit in excellent shape since a foreclosure, an FHA loan will be available to you two years from the final date of your foreclosure.

Competitive rates & terms

Today's terms are pretty straightforward. In fact, in many markets the rates and terms are better than those for 80 percent / 20 percent piggyback loans.

There is little or no adjustment to the interest rate for an FHA loan, as the rates vary within .125 percent of a conventional loan.

Mortgage insurance is funded into the loan, meaning a premium of 1.5 percent is added to the loan balance instead of being paid out-of-pocket. In addition, a small portion for the mortgage insurance premium is added to the monthly payment, but it is far less than private mortgage insurance premiums.

Borrowers can finance 97 percent of the purchase price and put down 3 percent. In some instances, when combined with other types of loans, the down payment can be zero. There are talks of allowing 100 percent financing thru FHA call for details.

Allowable debt ratios are higher than the debt-ratio limits imposed for conventional loans.

Fewer required repairs

At one point, FHA repair demands were so excessive that sellers would discount the list price to buyers who would agree to obtain conventional loans over FHA loans. Today the requirements appear more reasonable.

Defective roofs that leak still need to be replaced but an older roof does not necessitate replacement if it doesn't leak.

Windows that stick upon opening or have cracked panes do not require replacement.

FHA appraisals do not take the place of a home inspection, never have. Buyers should still obtain a professional home inspection.

FHA loans are available to anybody but are used most often by first-time home buyers and low-to moderate-income buyers.

Call Ken Go of 1st Innovative Finance Group to give you a quote, call (888) 822-5363 or write to: Kennethgo@verizon.net

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BARRISTER'S CORNER



ATTY. KENNETH URSUA REYES

DIVORCE can be a bit complicated specially if there are community assets and debts involved. Generally, accumulations and earning after the date of separation is each spouse's separate property. What happens when you use separate funds to pay for community debts after the date of separation such as when one spouse continues to pay the mortgage to the family residence after separation? Does that spouse get credit for all those mortgage payment?

Normally when a spouse uses separate property to pay for community debt prior to the date of separation, there is a presumption that it is a gift to the com-

Knowing your rights to reimbursements during divorce

munity unless you can trace the separate property contribution and seek reimbursement under family code §2640. However, there is no presumption of a gift when separate funds are used to pay community debts after the date of separation. That is why the date of separation is very important and commonly litigated in highly contested divorce cases due to the difference in controlling presumptions. Instead, the trial court has discretion to order reimbursement of any separate property used to pay community debts after the date of separation under family code §2626. The reimbursement is commonly called Epstein credits after the case Marriage of Epstein. However in deciding whether to allow reimbursable credits, the Court has to consider the Epstein guidelines. Reimbursement for a particular debt is inappropriate where:

a) The parties agreed payment would not be reimbursed. b) Payment was truly intended as a gift, even though made after separation. c) Payment was made on account of a debt for the acquisition or preservation of an asset the payor was using, and the amount paid was not substantially in excess of the value of the use. d) The payments on account of preexisting community obligations constitute a discharge of the payor's support duties.

How about the situation where one spouse has exclusive use of the community asset between the date of separation and the date the community no longer has an interest in the asset such as use of a car? The Spouse with the exclusive use of the community asset can be charged the reasonable use of that property under the Marriage of Watts. This is called Watts charge. So for example if the wife has exclusive

use of the car, the husband may ask that the community be reimbursed by the wife for the value of the use of the car between separation and trial date or settlement date. The same thing can be applied when one spouse alone is staying at the family residence while the other spouse is paying for the house. The rules governing reimbursements can be confusing to lay people. It is best to obtain the representation of competent counsel.

Attorney Kenneth Ursua Reyes was President of the Philippine American Bar Association. He is a member of both the Family law section and Immigration law section of the Los Angeles County Bar Association. He has extensive CPA experience prior to law practice. Law Offices of Kenneth Reyes, P.C. is located at 3699 Wilshire Blvd., Suite 700, Los Angeles, CA, 90010. Tel. (213) 388-1611 or e-mail kureyeslaw@aol.com. Website kenreyeslaw.com

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DEBT RELIEF



ATTY. LAWRENCE YANG

BANKRUPTCY has been in the headlines time and again. Chrysler filed for bankruptcy protection last week even as it's partnership with Fiat was concluded. GM, the world's largest company, will also be knocking at the door of bankruptcy court very soon. The CEO's of both companies have very strongly argued against seeking bankruptcy relief saying that the public would not buy it's cars if they sought bankruptcy protection as they held tin cups in hand begging for bail out funds to keep their businesses operating. Nevertheless, both companies have been or will be dragged into bankruptcy court with their feet kicking. The point of the story is that if you are in fact bankrupt, denial will only delay the inevitable trip to bankruptcy court. Both Chrysler and GM were hemorrhag-

Should you file for bankruptcy relief?

ing cash at the rate of billions of dollars a month. They are in fact bankrupt.

Bankruptcy reorganization will give them protection from lawsuits, the ability to cut down and eliminate debt and contractual obligations in order for them to emerge eventually as lean and profitable companies once again. Without the ability to reorganize under the protection of bankruptcy court, they will collapse and die from the sheer weight of accumulated debt and contractual obligations despite raking in billions of revenues.

How about you? Are you weighed down by too much debt? Is all your income being used to pay debt every month? Do you worry about being able to pay your debt everyday and every night? Are you thinking of selling property to pay debt, or to refinance your house to pay debt? If your answer to any of the preceding questions is "yes", are you currently in a state of denial, just like the CEO's of Chrysler and GM? You might be denying the fact that you are actually bankrupt and in need of bankruptcy relief. But if bankruptcy relief is good for Chrysler and GM, it

might be good for you too.

Let's take a look at your case. You own a house with a first trust deed balance of \$400,000. You pay Countrywide \$3,500 monthly, excluding tax and insurance. You have heloc of \$50,000. You pay Countrywide \$500 monthly. You lease a MB 300 at \$400 monthly. Your wife pays Toyota \$500 a month for her Highlander. You owe credit card debt of \$50,000. You make minimum payments of \$1,200 monthly. So far, the total for the foregoing is \$6,100. On the income side, you make net \$3,000 as an LVN, and your wife makes a net of \$5,000 as an RN. Your total household net income is \$8,000. This is good income and puts your household on the top 20 percent of households in America. However, we have not yet considered your monthly expenses for food, clothing, insurances and other necessities. Further, we have not considered the fact that you have a rental property with a first trust deed of \$300,000 and a second trust deed of \$100,000. This property is upside down and you pay another \$3,500 monthly for the trust deeds. But the rent is only \$2,000. Are you bankrupt de-

spite your good income? You finance a deficit of \$1,500 plus \$500 for real estate tax, making a total deficit of \$2,000. This deficit wipes out the entire difference between your net total income of \$8,000 and \$6,100, the total you pay for your house and cars. Yes, you are bankrupt. Even if you deny it, you are, in fact bankrupt.

Your trip to bankruptcy court in a chapter 7 case will allow you to keep most if not all of your assets including your house, cars and retirement accounts while getting rid of all debts that you want to get rid of. You are not going to die with a bankruptcy. On the contrary, bankruptcy will give you a fresh start without accumulated debt and make you productive again. If it works for Chrysler and GM, bankruptcy will also work for you.

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.

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As an employee, you may be entitled to additional pay if:

- You work more than 8 hours a day, even though you are a "salaried" employee.
- You work before or after your shift without extra pay.
- Your job title is "Manager," "Administrator," or "Supervisor" but you do not make managerial or executive decisions and are not paid overtime.
- You are classified as a professional (for example, accountant or chemist) but do not have a California license and are not paid overtime.
- You are not provided a 30-minute uninterrupted meal break or a 10-minute rest break.
- You are classified as an independent contractor without overtime pay or benefits even though the employer controls your work.
- You are a nurse or healthcare employee and paid different hourly rates for the same job, depending on the hours of your shift.

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