

Too much debt making loan modification difficult or impossible?

MINDING YOUR FINANCES



ATTY. RAYMOND BULAON

AS the mortgage crisis continues unabated, more and more people facing foreclosure are also being forced in to bankruptcy. It appears that a lot of homeowners who couldn't make their mortgage payments have been tapping into their credit cards and other personal lines of credit to get the cash that they need. Once the credit cards and the credit lines are maxed out, of course, these people find themselves in an even bigger financial mess. According to a

recent survey, credit card debts are at an all-time high and if this trend continues, I predict that bankruptcy filings will continue to rise as they have over the last 3 years since the new bankruptcy laws were passed. Lately, I've been seeing a lot of homeowners who are considering bankruptcy but are also in the process of trying to get a loan modification with their lender because they have a foreclosure pending. A lot of them are telling me that their lender has told them that they do not qualify for a voluntary loan modification because of their high debt-income ratio. What this means is that if you owe a lot in other debts (such as credit cards, personal loans, etc.) besides your mortgage, the bank may think that even though your mortgage payments are lower after your

loan is modified, it would still be difficult or impossible for you to keep your home because you have other debt obligations that must be paid (and a lot of people in foreclosure are also behind on all their other debts so these debts are showing up as collection accounts on their credit report). In other words, the bank may be telling you that given your current debt load, you simply cannot afford to keep your home and they would rather cut their losses and foreclose on your home because they are left with no other option. Bear in mind that banks hate foreclosing on any property but will do so as a last resort. Because of the massive number of foreclosures that banks are currently dealing with, I find that a lot of lenders are slow these

days in initiating the foreclosure process even when the borrower is already several months delinquent. However, in California, once a Notice of Default is filed against the property, the 90-day statutory period begins to run and the clock starts ticking. Unless the foreclosure is stopped, by filing bankruptcy or other legal means, the lender only needs to give 21 days' notice (by sending the borrower another document called "Notice of Trustee Sale") after the 90-day period in setting a sale date for the property being foreclosed on. Filing bankruptcy, Chapter 7 or Chapter 13, will immediately stop the sale from going forward and the bank will need court permission to continue with the process if mortgage payments are not being made. An experienced and

knowledgeable bankruptcy attorney can explain to you how Chapter 7 or Chapter 13 may help you save your property or at least postpone the foreclosure sale so that you can look at all other possible options. In Chapter 13, it is also possible to "strip down" or remove your 2nd mortgage if the current market value is below the amount of the 1st mortgage. Eliminating (or at least consolidating) your debts may improve your debt-income ratio and this may be what your lender wants to see when considering your application for a loan modification. Of course, this is just one of the factors that they take into account when evaluating your financial information. Just as important are your ability to show regular and stable employment

as well as an assurance to the lender that whatever caused the financial hardship to begin with is now behind you so that you can afford your new mortgage payment once your loan is modified. If you are in foreclosure and burdened with a lot of debts that you can no longer afford to pay, let me help you evaluate your options. Call Toll-Free 1-866-477-7772 to schedule a free office consultation. We have offices in Glendale, Cerritos and West Covina. * * *

None of the information herein is intended to give legal advice for any specific situation. Atty. Ray Bulaon has successfully helped over 4,000 clients in getting out of debt. For a free attorney evaluation of your situation, please call Ray Bulaon Law Offices at TOLL FREE 1-866-477-7772. (Advertising Supplement) (Advertising Supplement)

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 community 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 cas-

Knowing your rights to reimbursements during divorce

es 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 (Advertising Supplement)

TAPAT SA BATAS



ATTY. RHEA V. SAMSON

NOONG mga huli kong artikulo ay aking tinalakay ang EB2 at EB3 categories para sa pagproseso ng employment-based green card. Sinabi ko na ang EB2 category ay para sa mga advanced degree holders at ang EB3 category naman ay para sa professionals at skilled workers. Sinabi ko rin na ang basis ng EB2 at EB3 categories ay hindi ang individual qualifications ng dayuhang empleyado kundi ang minimum requirement ng US employer para sa offered position, o kaya ay yung industry standard para sa offered position. Kung ang minimum requirement o industry standard para sa offered position ay Master's degree o Bachelor's degree at limang taong progressive work experience, eto ay EB2 category. Kung ang minimum requirement o industry standard para sa offered position ay Bachelor's degree o dalawang taong education o dalawang taong work experience, eto ay EB3 category. Ang isa sa malaking pagkakaiha ng EB2 at EB3 categories ay ang availability ng visa numbers

Ang priority date para sa EB2 at EB3 categories

para dito. Sinabi ko na para sa EB2 category, ang priority date ay current para sa June 2009. Para naman sa EB3 category, ang priority date ay unavailable para sa June 2009. Marami ang nagtatanong tungkol sa priority date at ito ang aking tatalakayin ngayon. Ang priority date ay ang petsa kung kailan ang isang aplikasyon ay unang nai-file para sa green card process. Para sa EB2 at EB3 categories na hindi exempt sa PERM Labor Certification, ito ay ang petsa ng filing ng PERM Labor Certification sa Department of Labor. Para naman sa EB3 category na exempt sa PERM Labor Certification, katulad ng Registered Nurse at Physical Therapist, ito ay ang petsa ng filing ng Immigrant Petition sa USCIS. Ang priority date ay mahalaga dahil kailangang current ang priority date para mai-file ang green card application, work authorization application at advance parole travel document application. Kung ang tatlong applications na ito ay nai-file noong current ang priority date, ang work authorization at advance parole applications ay maaaring i-renew hanggang

lumabas na ang green card. Ngunit ang green card ay hindi maaaring maaprubahan hanggat ang priority date ay current. Ang halimbawa nito ay yung nangyari noong July 2007 kung saan naging current ang priority date para sa EB3 category. Kaya't mga 300,000 ang mga dayuhang empleyado na nag-file ng green card, work authorization at advance parole applications sa ilalim ng EB3 category. Ngunit pagkatapos ng July 2007, o mula August 2007 hanggang sa kasalukuyan, hindi pa ulit naging current ang priority date para sa EB3 category. Ang ibig sabihin nito ay hindi pa sila makakakuha ng green card hanggang maging current ang individual priority dates nila. Ang priority date ay makikita sa Visa Bulletin. Ngunit ang mga dayuhang empleyado na nga-file ng green card sa EB3 category noong July 2007 ay maaaring mag-renew ng work authorization at advance parole applications habang pending ang green card applications nila. Para naman sa EB2 category, ang priority date ay current. Kaya't kung ang Immigrant Petition ay naaprubahan na

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TO OPEN NEW STORE IN LOS ANGELES

(Now 2 stores to serve you in Los Angeles)

It's a week of Pinoy pride for kababayans in Los Angeles. On June 12th 2009, Filipinos all over the world will be celebrating and commemorating the 111th Anniversary of the Declaration of Philippine Independence Day. But the celebration continues in the following days as a brand new Island Pacific Supermarket opens another location on 229 South Vermont Street in downtown Los Angeles. Island Pacific will be an excellent addition to the current Filipino business establishment in the plaza where it will be opening its new store. The new Island Pacific location in South Vermont Street will be a one-stop destination for all Filipino shoppers. Opened already beside Island Pacific's new location are popular Filipino businesses such as: Manila Good-Ha, Goldilocks Bakeshop, Kowloon, Banco de Oro Remittance, RP Travel, and Johnny Air Cargo. Island Pacific with its second location in Los Angeles aims to provide customers with added convenience so that they no longer have to drive all the way to Island Pacific's North Vermont location. Filipino shoppers like Pacita Cruz have commented, "Mas mura at mas masarap mamili sa Island Pacific pero napaalayo pa kami para mag grocery lang. Ngayon na may pangalawang location ang Island Pacific sa LA wala nang reason para mamili pa kami sa iba." Improving its market share by opening in excellent locations that have strong concentration of Filipinos is one of Island Pacific's goals. With two locations in Los Angeles, Island Pacific will become more accessible to all shoppers and there will now



be plenty of parking to accommodate all customers. Just like in all other Island Pacific, what you will find in the new store is the most complete product selection at everyday low prices given with the friendliest customer service. With its new location, Island Pacific went the extra mile of designing the store with the customer in mind. "Mas mabuti nga 'yung ganitong tindahan. Hindi sobrang laki. Madaling ikutin. Lahat ng kailangan mo nandito. 'Pag masyadong malaki, nakakalula. Minsan ang haba pa ng pila. At least ito, kumpleto. Makakasigurado pa kami na mura ang mga bilihin," said Teofilo Guzman, a World War II veteran who also said he has been waiting for the market to open. Every inch of the store was designed to deliver the most convenient shopping experience to the customer. Shoppers in the new Island Pacific will discover wider aisle and perfect product placement. Also, the days of waiting in long lines to check-out are long over with Island Pacific's innovative check-out system.

Island Pacific is located at 229 South Vermont Street, Los Angeles, CA 90004 and 627 North Vermont Street, Los Angeles, CA 90004. Other Island Pacific locations are in Panorama City, Cerritos, Vallejo, Union City, and West Covina.

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