

REAL ESTATE

First Property Tax Reductions Since Prop. 13 Are Coming

By Erik Derr

Amid gas prices hovering at around \$3 per gallon, unemployment figures continuing to soar toward the next star system and reports a faulty home appraisal system backed by the government may actually be slowing the housing market's recovery, there's at least a little good news pretty much everyone in the Golden State can share.

The State Board of Equalization recently announced that most, if not all, California homeowners will see a slight drop in their property tax bills --- the first time such a broad scale reduction in property tax base values has happened. Tom Orbina, a grocery store security guard and father of three, says he'll happily take "any tax cuts I can get." At least "the money's going in the right direction this time," he said. "We just need

to see more of that, hold onto more of what we got."

On the other hand, Juana Sklar, a nurse and mother of two, said she wasn't impressed by the announced lower tax rate. "So, what is that? About two bucks for every one-hundred thousand? In the end," she said, "what more will I be able to buy with that? Maybe a few more diapers."

Sklar, who said she and her husband recently separated because of family pressures caused by the economic downturn, asserted "more needs to be done to get things moving again and get people like my husband back to work."

Board Chair Betty T. Yee said the decline in owed taxes will amount to about \$2.60 for

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Loan Modification-What Is It and How Does It Work?

By Steve R. Murillo

It seems like every time I turn on the radio these days, I hear an ad for "loan modification." So is this a scam or what? The simple answer is yes and no. There are many legitimate loan modification companies out there, mixed in with some less than scrupulous ones, out to get your money. Let's take a look at how the concept came about and what loan modification actually is.

I don't need to tell you that real estate prices have fallen dramatically over the past three years. In many neighborhoods, values have fallen well below the amounts people owe on their mortgages. Compound this "negative equity" with a job loss and/or a high interest rate variable rate loan, and you've got yourself a real problem. So what can a borrower do if they have no equity, no job and they are about to lose their home? The answer-MODIFY!

Essentially, a loan modification is a formal modification to the existing note (agreement to pay) between the borrower and their lender. At the lender's discretion, the terms of the note are modified so that the borrower can continue to pay. In the case where a borrower is behind on his mortgage payments and real estate taxes, these amounts can be added to the principal balance of the loan, a new interest rate assigned, and a new payment recalculated taking into account the remaining term of the loan. In other words, the payment gets reduced.

Of course, folks can attempt a modification

on their own. In fact, many of the major lenders have websites dedicated to explaining how to do this. It takes time, sometimes months. The advantage of going with an outside service is that they may already know their way around and can get the job done faster, possibly with better results.

How much should you pay? Remember that you get what you pay for. If you don't have the time to handle it and trust the company you are going with, than paying \$3,500 up front may be worth it if it saves you \$300 or more a month and a foreclosure gets stopped in the process.

Can attorneys get the job done better than you or I? Possibly. What an attorney can do is take money up front, even if no results are obtained. This is called a retainer. Mere mortals such as real estate brokers cannot do this unless they have been expressly approved by the DRE.

If you think you need a modification, get on your lender's website and read as much as you can first. If you have the time, do it. If you don't have the time but have the money, hire a professional. But please, please, ask for references and follow through by calling them. Good luck!

Steve Murillo is a licensed broker who owns a boutique mortgage and real estate company in downtown Manhattan Beach. For questions regarding real estate financing, real estate, or suggestions on a topic you'd like to see here, please send an e-mail to Steve@1stmanhattan.com. •

Open House Directory

OPEN HOUSE

1. Sun 2:00-4:00 1300 E. Walnut Ave. 4 Bd. 3.5 Ba. \$1,750,000
June Noel Sotheby's International Realty 310-860-4513

2. Sat 2:00-4:00 203 Whiting St. #A 4 Bd. \$699,000
Lynn O'Neil Shorewood Realtors 310-261-0798

3. Sat 2:00-4:00 203 Whiting St #A 4 Bd. 3 Ba. \$699,000
Bill Ruane Re/Max Beach Cities Realty 310-877-2374

OUT OF AREA OPEN HOUSE

4. Sun 1:00-4:00 4321 Crest Dr #A, MB 3 Bd. 2.5 Ba. \$1,599,000
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5. Sun 1:00-4:00 4323 Crest Dr #B, MB 3 Bd. 2.5 Ba. \$1,789,000
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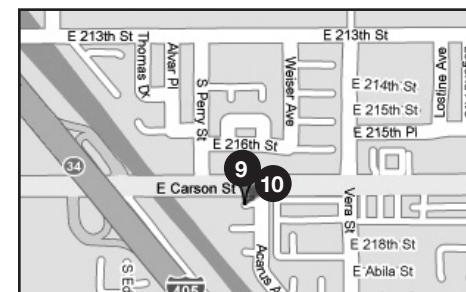
6. Sun 1:00-4:00 4320 Highland Ave #C, MB3 Bd. 2.5Ba. \$1,859,000
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7. Sun 1:00-4:00 312 44th St #D, MB 4 Bd. 4.5 Ba. \$2,299,000
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8. Sun 1:00-4:00 316 44th St #E, MB 4 Bd. 4.5 Ba. \$2,299,000
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9. Sun 2:00-4:00 1215 Ashmill St, Carson 4 Bd. 2.5 Ba. \$575,000
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