



Rockyfield Newsletter

US Economy & Housing Market

The excess liquidity caused by the FRB's easy money policy has created the booming financial market which is becoming less linked to the real economy. Under such bubble condition, the financial market tends to overreact to any negative news. The selloffs happened on Bernanke's statement that the FRB may rescind its bond purchases as the economy and employment improve. The financial market panicked even before it actually has happened; the FRB would not stop the purchase operation at once. It will be a measured retreat, watching the economic and employment recovery. Of course, "High speed or High frequency trading" is also partially responsible. The financial market, which is supposed to support the real economy, often becomes road blocks.

The 10-year Treasury note yield, which the 30 year fixed mortgage rate is linked to, soared 1%. The mortgage rate usually follows the 10 year T yield more slowly and gradually; however, this time, the 30 year rate also went up by 1%. Due to this sudden move, refinancing halted. There is usually a correction after overreaction; however, given the better labor statistics, concern over inflation will become real as wages start increasing, and put pressure on long-term interest rates.

Bernanke has been conducting "undesirable" monetary policy; the FRB will actively tighten up the money supply as long as employment improves. As the bond purchase volume decreases, the long-term rate will go up, although the FRB will hold the short-term rate, especially the FF rate, until they actually see a clear sign of inflation. Currently the US real interest rate (nominal rate minus inflation) is high, supporting the strong US dollar. While this should keep import prices low, raw material (oil and metals) prices have been artificially high due to the excess liquidity. When other countries, like Japan and Europe, start recovering, inflation may become a very real and imminent risk.

While interest rates seem to remain stable for the coming weeks, there is no

Rates Up Further Housing Prices Stable

Advocacy Program

The DRE has initiated the Enforcement Advocacy Program which attempts to resolve simple disputes or minor issues between consumers and licensees or subdividers as a potential alternative to setting up formal investigations into such matters. The program includes advocates from the Enforcement, Subdivisions, and Mortgage Loan Activities sections.

The mission of the Advocacy Program is to respond quickly and informally to concerns of consumers and members of the real estate industry by serving as an informal mediator or facilitator to resolve conflicts and/ or to mitigate or prevent Real Estate Law violations. Over the last 7 months, the program has proven effective in resolving disputes, and in reducing workloads by addressing issues up front as opposed to at the conclusion of a lengthy investigative process.

Many of the issues that advocates work to resolve involve a breakdown in communication between licensees and their principals. It is important to note that, in many of these instances, advocates endeavor to reestablish and facilitate communication, thus solving the issue. The types of cases that have been handled through the Advocacy Program have included small monetary disputes where there did not appear to be a violation of the Real Estate Law.

Visit the DRE website for details and contact information:
<http://www.dre.ca.gov>

change in the rising trend of mortgage rates. We are also very concerned that some borrowers are switching from fixed rate to variable rate loans as we know what happened before 2008.

Palos Verdes Housing Market

The effect of the higher interest rates has been limited to some segments of the market. The price range below \$900,000 is slightly cooling; townhouses have sharply slowed down since May. Buyers of these price ranges are often financially stretching to their limits, and susceptible to rate changes. It should be also noted that there have been quite a few escrow failures. It is very likely that these buyers could not obtain loans. The townhouse market suddenly resumed in late June as buyers who are no longer able to buy single family homes have moved to the townhouse market.

Sales of single family homes have kept around 20 a week: no change in the brisk demand. Prices have been stable since May. We do not see any significant effect of higher interest rates. One can say, higher rates are keeping housing prices from increasing. We are rather worried about the supply side: Since March when prices started moving up, a huge number of sellers started rushing into the market. New listings have been up again during the recent weeks; sellers may be worried that higher rates would push down prices soon. As a result, the market inventory increased by 50 during the recent 3 months; the difference between the market inventory and the in-escrow properties has widened from -9 in April to +40 now. Despite the statistics, there is no change in the extremely tight market sentiment.

Although there are typically less buyers in late July to mid August, sellers also decrease in number during summer. We believe the current price level will hold through this summer. However, the real danger is late September when buyers disappear. If there are too many unsold listings with continued new listings, an over-supply condition will occur and prices may tumble precipitated by higher rates.

Environmental Hazards - Asbestos

Asbestos has been used in many products found in the home, and intact or sealed (painted or taped over) asbestos is not harmful unless it becomes damaged and friable, meaning the material can be easily crushed or pulverized to a powder by hand pressure. Although production of asbestos-containing materials has decreased dramatically, most asbestos products can still be legally manufactured.

The most common items in the home that may contain asbestos are: Vinyl flooring; Duct wrapping on heating / AC systems; Insulation on hot water pipes and boilers; Some roofing shingles and siding; Vermiculite attic insulation; Ceiling and wall insulation; Sheet rock taping compounds and some ceiling materials. As visual inspection alone is not enough, it is recommended that you hire a certified asbestos consultant.

Asbestos fibers that are released into the air and inhaled can accumulate in the lungs and pose a health risk: risk of asbestosis or increased risk of cancer. Smokers have a much greater risk of developing lung cancer if exposed to asbestos. Symptoms of cancer may not develop until 10-40 years after the first exposure to asbestos.

Repair or removal of asbestos by the homeowner may be unwise if the damage is severe, since it may result in unnecessary exposure to airborne fibers. It is wise to hire a qualified contractor. You can expect to pay three times as much for a small removal job than a large one as it is expensive for a contractor to set up all the necessary safety equipment. You should consider hiring a certified consultant to determine if the proposed work is necessary and give you other advice.

Asbestos mitigation is at the discretion of the homeowner. Even if material contains asbestos, the homeowner may choose to leave it. If you decide to repair it, the homeowner must comply with the law.

Free Notary Service

We offer free notary public service to the readers on our mailing list. Customers who buy or sell their homes with 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#



Rockyfield contacts

DRE broker license:
01328577

27520 Hawthorne Blvd. Suite 144
Rolling Hills Estates, CA 90274
Phone: (310) 544-0857

Anthony Iwata Ext. 1#

(English+Japanese)

Catarina Zerbinatti Iwata Ext. 2#

(English, Spanish, Portuguese, Japanese, Italian)

email: properties11@rockyfield.com

Search properties for sale on the MLS.

visit: www.rockyfield.com

Need a handyman?

If you are looking for a house cleaner, handyman, painter, plumber, roofer, electrician, gardener or contractor, we should be able to introduce a quality one.

Contact: Catarina. 310-544-0857 Ext 2#

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 LISTINGS

Please Contact

Rockfield

For information

A: Active S: Sold B: Backup P: Pending
Prices in '000s. Source: MLS (as of 07/09/13)