



Rockyfield Newsletter

US Economy & Housing Market

Greek people said "No" to the EU austerity demand, but nothing really happened. Nor did Greece default on the IMF debt. Now they have reached a bailout agreement. Yes, Greece must reform the welfare state structure; however, this bailout plan will just add more debt and only a small portion is designated to restore the banking system and its economy. The fundamental problem that precipitated Greece's demise remains. The Greek economy will continue to suffer in its perpetuity.

The root of the European problems is the Euro currency system. Since the Euro was launched when I was in the UK, I have been consistent in believing that the Euro will collapse when severe inflation or recession happens. Greece's departure from the Euro zone had been a taboo; recently, a few economists, especially American, started discussing the issue. The collapse of the Euro currency, if happened, would be a disaster for the large Euro zone economies, especially Germany, which benefited so much from Euro: at the launch, effective devaluation of German Mark boosted exports and brought manufacturing back home. Even now, Germany is enjoying low interest rates due to the financial crisis. While Germany cannot afford the Euro to collapse, public opinions are against further handouts to Greece. They have to demand a series of tough austerity measures in exchange for the bailout.

The reason why Euro is destined to collapse is simply that, unlike the US, those Euro zone countries do not have the foundation for a common currency: limited labor mobility due to the language and cultural barriers; huge difference in tax rates/systems, labor productivity and educational standards; besides, each country operates on its own budget. Save multinational corporations, business and individual borrowing rates are dictated by their government's borrowing rate.

Leaving Euro while remaining in the EU, the Greek living standard will plummet and people will suffer from economic fallouts (automatic austerity); however, the

Prices Bounced After Sharp Drop

Financing Selling and Buying

Except for those who have excess cash, the predicament for homeowners who want to buy a replacement home is how to finance the purchase, especially the down payment.

Under the market condition where buyers compete with each other, "concurrent" closing or contingency to sell your current home may pose a serious disadvantage. If the buyer of your current home accepts, you may rent back until you close the new purchase. But you may be forced to buy something that is not the best for you. Some may temporarily move to an apartment, only if the family (kid's) situation allows.

Apart from the severe slump in 1992 and 2008, housing prices are generally in an uptrend. If you buy an upleg during a seasonal trough, and if you sell your current home later when the market price is higher, you can reap a great profit. This scenario is quite realistic and possible. The issue is how to finance the upleg purchase. If you have a mortgage on the current home, you may not qualify for the new loan. Unless you currently have no mortgage, we do not recommend HELOC in which a lender applies the maximum interest and borrowing amount, regardless of your actual loan amount and rate. A lender may be interested in arranging both a bridge loan (down payment) and purchase loan. You will need to consult with such a lender for requirements. If you have enough cash for down payment, you can put your home on the market to convince the lender to make a purchase loan. Borrowing against 401K is also another option.

No August issue. Thank you for your continued readership. The newsletter will resume in September.

heavily depreciated Drachma will bring the opportunities for the Greek economy to recovery through booming tourism and exports, and possibly luring business investments, though the creditors must accept rescheduling of Greek debts.

Palos Verdes Housing Market

Thanks to the sharp rise of prices in early May, new listings kept coming on the market in huge numbers. Sales have been many, but not enough to match new listings. Although both new listings and sales subsided during the past couple of weeks, the market inventory has been above 190. Ups and downs in the numbers of sales depend more on low priced listings. The sales increases in late May statistically pushed down the median escrow price while we did not sense notable declines in individual property prices. The median escrow price has recently changed its direction to upward as sales became normal. The gap between the inventory and the inescrows has been widening to the point of our concern (over 80). However, we believe new listings will soon become modest, the imbalance between supply and demand will ease in the coming weeks. Given persistently low interest rates, we do not expect a sharp drop in prices.

By price ranges, the tight condition still exist up to \$1,250,000, and surprisingly sales keep going on over \$5,000,000, and often in cash. By areas, PV Dr. East is unusually popular this year. And as usual, the tight condition remains in RPV West.

We are aware of an increased number of escrow failures in recent months. Good listings attract many buyers, and some overzealous buyers may be making offers without pondering various factors; some agents/buyers make an offer before actually seeing the property. We are carefully screening those risky buyers.

June closed sales of single family homes in PV were "90," the largest number since we started recording monthly sales in 2005. The average price has reached the pre-2008 levels. It seems that our housing market has achieved a full recovery.

The townhome market has become slow.

Penalty for Excess Water Use

Water saving by 36% from 2013 in Palos Verdes has been underway. There seem to be confusions over penalty for excess use. In fact, we have received a few phone calls. There are 2 kinds of penalties under the water saving measures.

First, concerning ways of water use. Irrigation (sprinklers) are designated on Sun, Wed, Fri for odd numbered houses; Tue, Thu, Sat for even numbered houses; no irrigation between 8 am and 6 pm. We heard we cannot wash our cars at home, but use of a hose without shut-off nozzle is prohibited, not car wash per se. Water leaks must be repaired within 5 days; watering driveways, sidewalks and streets is not allowed. There are more restrictions. Penalty for violation of these rules is up to \$100 per day. CalWater is actually encouraging people to report violations.

Second, water bill surcharges for excess use seem to be causing confusions over how to compare to usage in 2013. CalWater has assigned each customer a "Water Budget" for each month; the next month's budget appears on this month's bill. When your water usage exceeds the budget, \$9.54 will be charged for each CCF (748 gallons). If you did not use as much as the budget, the remainder will be rolled over to the next month (called "Bank"). Those customers who have already been saving a lot will not be penalized because the minimum budget is set as 6 CCF; even if you use more than 2013, as long as your usage is below 6 CCF, there will be no penalty. (CCF=Centum Cubic Feet)

For customers who moved here after 2013, the average monthly consumption in the district will be used as a starting budget. If a consumer has a special circumstance, an appeal can be filed. Your June bill must show the budget for July.

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: properties14@rockyfield.com

visit: www.rockyfield.com

Listings by Rockyfield

Los Verdes 4-bedroom house for sale
Excellent location with great potential

Need a handyman?

If you are looking for a house cleaner, handyman, painter, plumber, roofer, electrician, gardener, bathtub repairman, rain gutter installer or contractor, we should be able to introduce a quality one. Contact: Catarina

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. No strings attached.



SELECTED LISTINGS

Contact

Rockyfield

A: Active B: Backup P: Pending S: Sold
Prices in '000s. Source: MLS (as of 07/14/15)