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Flying the Flag

By **Michael T. Chulak**
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Q. We live in a large townhome association. We would like to fly the American flag and would like to know whether we have the right to do so.

A. Your homeowners association may not adopt any rule that would prevent you from displaying a flag of the United States on your private property, unless it is used in or in conjunction with an advertising display. Note that the association can prevent you from flying a flag on the common areas of the association.

Q. I work for a small company that manages homeowner associations. What is the minimum age allowed by law for unsupervised children to use a swimming pool or spa?

A. Unsupervised use by children under the age of fourteen is prohibited. In addition, warning signs are required in accordance with Section 3119B.5 of the California Building Code and Title 22, Section 65539(c) of the Code of Regulations - Environmental Health. Your pool main-

tenance company should be familiar with these requirements.

Q. Can our homeowners association establish a rule that prohibits smoking in the common areas?

A. In the absence of a provision in your CC&Rs that prohibits such a rule, the answer is yes. Directors of association boards have the right to make rules governing the use of the common areas so long as they are legal and not inconsistent with the CC&Rs. Keep in mind that such a rule can be overturned by a subsequent board of directors, and consequently, an amendment to your CC&Rs would make more sense if you want a long-term ban.

Michael T. Chulak is the founding partner of Michael T. Chulak & Associates, A Law Corporation. Questions can be sent by e-mail to MChulak@MTCLaw.com. Answers are general in nature. An attorney should always be consulted when legal advice is needed. For more information visit these two web sites: www.MTCLaw.com and www.HOAQandA.com. The firm also offers free legal seminars throughout Southern California. To find a legal seminar closest to you, visit www.LegalSeminars.net.

Mortgage-Rates-by-the-Numbers

A look at historical mortgage rates

By **The Associated Press**

Fixed mortgage rates have been hovering near their lows for the year.

The average rate on the 30-year loan held steady at 4.50 percent, Freddie Mac said last week. The low for the year was 4.49 percent. The average rate on the 15-year fixed mortgage, popular for refinancing, was 3.69 percent last week. It reached a yearly low of 3.67 percent just a week earlier.

Yet low mortgage rates and falling home prices have done little to boost the troubled housing market. Tougher lending standards and bigger down payment requirements have prevented many people from taking advantage of the ultra-low rates. Many who can qualify are holding off, worried that prices have yet to bottom out. And many who could afford to refinance likely did so last year, when rates fell to their lowest levels in decades.

To put the current rates in perspective, here's a look at mortgage rates by the numbers:

Year	30-year Rate (%)	Year	30-year Rate (%)	Year	30-year Rate (%)
1972	7.38	1985	12.43	1998	6.94
1973	8.04	1986	10.19	1999	7.44
1974	9.19	1987	10.21	2000	8.05
1975	9.05	1988	10.34	2001	6.97
1976	8.87	1989	10.32	2002	6.54
1977	8.85	1990	10.13	2003	5.83
1978	9.64	1991	9.25	2004	5.84
1979	11.20	1992	8.39	2005	5.87
1980	13.74	1993	7.31	2006	6.41
1981	16.63	1994	8.38	2007	6.34
1982	16.04	1995	7.93	2008	6.03
1983	13.24	1996	7.81	2009	5.04
1984	13.88	1997	7.60	2010	4.69

Source: Freddie Mac Weekly Primary Mortgage Market Survey

Year	15-year Rate(%)	Year	15-year Rate(%)
1992	7.96	2002	5.98
1993	6.83	2003	5.17
1994	7.86	2004	5.21
1995	7.48	2005	5.42
1996	7.32	2006	6.07
1997	7.13	2007	6.03
1998	6.59	2008	5.62
1999	7.06	2009	4.57
2000	7.72	2010	4.10
2001	6.50		

Source: Freddie Mac Weekly Primary Mortgage Market Survey

Will Construction Save Real Estate?



By **Harlan Green**

What will finally boost real estate? Prices are still falling in most parts of the country, new-home sales have been flat for years, while delinquencies and foreclosures have barely declined. Could it be the construction industry that will help to give it a boost? We know rents are rising, as new households and those who have lost their homes lower rental vacancy rates, so we know there is a rising demand for new residences.

The construction industry is an important component of growth because firstly, millions are employed, and it supports many other sectors—like manufacturing, building materials, finance and insurance. Construction spending will also be boosted by the storm damage throughout the eastern U.S. In fact, construction spending has risen—up 0.4 percent in April after posting a revised 0.1 percent uptick in March.

Strength for the latest month was led by a 3.1 percent improvement in private residential spending, following a 0.7 percent decline the month before. However, the big gain in this component was improvements as non-new home spending (i.e., remodels) jumped a monthly 7.6 percent after a 0.1 percent slip in March. For the latest month, new one-family home outlays fell 1.0 percent while new multifamily dipped 0.1 percent. So, essentially new construction—at least for the single-family component—is still depressed.

Calculated Risk has tracked residential construction jobs since 2002, and sees the jobs component also turning positive. Construction jobs have turned the corner in 2011, from a 149,000 loss in 2010, to a 31,000 jobs increase to date in 2011. And rental vacancy rates have declined from an 11 percent high to 9.5 percent.

Housing construction (starts) closely tracks employment, to no one's surprise. But the relationship has been reversed in this downturn because of the severity of the housing bubble. Housing construction has led our economy out of past recessions, but the time frame seems to have shortened in this recovery.

Whereas the lag time between housing construction and unemployment rate improvement was some 18 months during past recoveries, it looks like a time lag of about six months today. So we should expect a Fall surge in construction; added by massive storm reconstruction in southern cities like Birmingham, Alabama, Joplin, Missouri, and even parts of St. Louis that had heavily damaged downtowns; to give a big boost to construction employment six months' hence.



Harlan Green is a syndicated columnist and the owner of Bankers Pacific Mortgage, Inc. Questions and comments are welcome, please email Editor@populareconomics.com

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