

A Chinese Kaleidoscope; An American Mosaic

(P42)

Generally mortgage can be divided into 2 types. One is for housing, including 1-3 families homes, apartments condos. Since shelter's no doubt one of the life necessities for people, the government usually encourages home ownership properties and further offers a lower interest upon buying them. The other kind is for commercial use. Except all types of housing selections, 4-families homes are categorized here. The interest for commercial property is usually higher than the housing one. Also Federal National Mortgage association and National Mortgage Corporation won't accept mortgage loans for commercial.

As for Co-op apartments, a buyer gets to use one apartment among many that group together. And an owner of condo lives in an apartment of the building and possesses ownership of the land. Among or between lands, there are some public areas that everyone could get to share and use altogether. For instance every resident could be able to properly use pipes, drainage system, electric wires, and driveways. Those are all called easement. Nobody by contract can construct anything there. Therefore even though a wide land might not be fully qualified for construction due to the limits cited on the contract. However only the government can purchase any piece of that kind of land for highways, railroads, hospitals, and school as far as the welfare of people is concerned. But being fair, the government will pay the landlord a good sum of money for reimbursement. Let's say if a piece of land was priced for \$500,000 in the market last month, the government would then pay the landlord the same amount.

Overall speaking, the real estate markets from year 1970 to 2000 had been doing great thought ups and downs were still anticipated at that time. It had been stably and gradually ben moving upward. So it would have been a better chance to profit if someone had ever put his or her money out there of those past 3 decades.

A Chinese Kaleidoscope; An American Mosaic

(P43)

However still some people were too eager to make a fortune and didn't well estimate their financial status. What they usually did was to get a mortgage of high amount for property purchase and then to seek for more incomes by renting it out. Depending on luck, a few people even miserably ended up being burdened with lots of payments for tax, mortgage, maintenance, and management. And due to the vacancy resulted from no one renting, it's hard to predict the future of the property. On the other hand, some people seemed to be conservative and would rather pay 50% of the buying prices with their savings. That anyway can securely prevent many problems especially when the market slumps.

In my opinion, it's less risk to invest in the real estate market than in the stock market. When the stock falls sharply, not only the shareholders will definitely lose money. Lots of firms or corporations where those stockholders buy their stocks from might also go bankruptcy. The value of the stock could be even dropped to zero all out of blue. Although some people probably agree bank saving is the best and most secure way to retain your assets or money, particularly in the U.S.A. As long as you save any amount of money below \$250,000 in to any legal banks, you'd get more or less interest on that accordingly. Also if the bank is closed due to its bad performance, Federal Insurance Office will then pay back to all saving accounts. The defeat for bank savings could only refer to its interest will never increase a lot. Plus people have to pay the interest tax. And while pondering the inflation, that interest is not sufficient enough to cope up with the rising prices of goods and service. Investment in the real estate on the contrary could be regarded as a more trustworthy way of investment. It's no surprise that the market of real estate will still go up and down, but the value of any property is seldom decreased to be nothing. There is always another prosperous market after those bleak moments. And only a property or a land could get even a higher pricing when it oppositely gets older as time goes by.

A Chinese Kaleidoscope; An American Mosaic

(P44)

Perhaps through some business insiders, a young guy friend who was kind of familiar with western and oriental cultures as well as proficient at English purchase a motel with 200 something rooms in Los Angeles area for \$15,000,000. That guy apparently knew how to get the highest mortgage and also persuaded others for investment on the motel even without any petty cash from his own pocket. It was said he only paid less than 2% of the purchase price and the rest 98% was from mortgage loans. But nothing was easy and smooth after the huge purchase. It's difficult not only to have a full house of people live in all the time, but also to keep the ends meet every single month together with lots of basic expenses. The market was also not doing well at that time. After couples of month when had been in charge of the motel, the bank took away the motel and then foreclosed it for his mortgage debt.

And Queens in New York is the area where there have been many immigrants residing there in the latest 20 years. In 1980s, a friend of mine bought a family home. He sold it out after he had lived there for 2 years and got a good profit of 10% of the buying price. Another friend in 1984 purchased a 3-floors building with a store usage on the ground floor, housing use on the 2nd and 3rd floors. He planned to rent all 3 spaces out and got a rent totaling in \$1400. \$300 was supposed for each room on 2nd and 3rd floors while \$800 was set for the one located on ground floor. So there was no problem with the 2 spaces on ground and 2nd floors and the tenants paid the heat and hot water fees on their own except for only an elder couple at their age of 70, who had been protected by Rent Control and Rent Stabilization under New York State division of Housing and Community Renewal, Office Rental Administration. The couple had lived there for over 50 years and was very familiar with the government regulations. They hence were qualified to keep on paying \$37 per month for their rent. And the landlord could be possibly increasing the rent by 6% after he fixed all those illegal setups in the apartment base on rent regulation laws.

A Chinese Kaleidoscope; An American Mosaic

(P45)

With not satisfied at almost the lowest rent paid by this couple and also he has to pay for the fees for water and heat, that friend asked the plumber to re-switch the couple's heat pipe and water to connect with the meter for kitchen gas. He even didn't inform the couple regarding this not-so-friendly change. But after a while, the couple got a huge bill of gas over \$100, that was much more than what they usually pay for as \$10, and asked my friend to take care of the bill. My friend of course was not willing to do that and both sides fell into an impasse and couldn't come to an agreement. The couples then reported the case to New York State division of Housing and Community Renewal, Office Rental Administration since they're worried if thins were unsolved for a certain period time, they would no longer get to use heat and everything. Afterwards, there came a judge to verdict the case there. The judge let my friend confess all what he wanted to explained, but then told my friend there's no point for him to purposely connect the heat pipe to the one for gas; it's anyway illegal by laws. Also the couple started to be the residents in that apartment before 1950, no matter where they lived was a small house or an extravagant one, they obtained the qualification of being tenants benefiting from Rent Control. Base on that, first it doesn't matter how much the tenant pays, the landlord can't ask them to move out. Moreover, the landlord has to offer free heat from October 1st to May 30th the next year as well as cold and hot water. If buy any case the landlord refuses, he or she will have a penalty for \$500 every day until the situation is improved. Also whenever something is broken in the space or apartment, such as roof leaking or out-of-order toilet, the landlord has to help fix them in time. My friend had no choice but only obey the laws to pay the gas bills for the couple.

A Chinese Kaleidoscope; An American Mosaic

(P46)

Moving forward to check out what's going on about the real estate market in another area in Manhattan. Still another friend in 2005 bought a building for both commercial and residential uses in Tribeca close to Chinatown. It actually occupied 2 shop spaces at a street corner and a parking lot; from 2nd upto 5th floor, each space took over more than 2,000 square feet. Generally speaking, a loft or an apartment wouldn't be sold at a price over \$1,000,000 before 2000. But when he put out the selling sign for a while, some people called and hardly discovered my friend would have dared to ask for a surprisingly high price at \$2,700,000. Who knows after a year, he did sell the building out at a even higher and better price of \$3,500,000. This case reflects how the price can be regarded a low or high at a different time frame.

Rent Control and Rent Stabilization to Make Sure A Low Rent Together with A Whole Set of Full Service

In the New York City, business owners or landlords are all familiar with and well perceive how rent regulation laws practice, especially regarding the parts of rent control and rent stabilization. Though with all those severe regulations to protect tenants, investing in the real estate market or renting the properties is still quite a good business while the market is gradually growing up and the value of the property hence increase, too. Only there was a time right before the middle 70s, many factories and stores went bankruptcy, and lots of properties or space were abandoned in terms of bad economy of that era. Rent was cheap at that time and artists in particular favored to rent those spacious lofts or apartments for their creation and of course well enjoyed the protection from low rent regulations. In response to rent control and rent stabilization, the pricing for the sample type of housing or properties might vary time to time.

A Chinese Kaleidoscope; An American Mosaic

(P47)

The interest of mortgage loans will be changing up and down as time proceeds. The government similarly also takes some procedures for protection on those buyers or borrowers when mortgage plan is underwritten or effective. Upon signing the mortgage contract, the buyers agreed on fixed interest rate of 6.5% for 15 years. According to that, the buyers or the borrowers have no right to change the interest within 15 years and are entitled to pay certain amounts of both principal and interest per month. However after 20 or 30 years when the market interest rate goes back to 5%, the buyers can be able to terminate the previous 15-years mortgage plan, and renew one with the interest rate of 5%. If the buyers or borrowers change the old plan to 10-years one, they would payless for the principal and possibly clean up their debts earlier. That could much ease stress and anxiety about their financial status, and perhaps help them to live a more relaxing life as well. Also if when market interest rate might go up to 8.5%, banks cannot randomly increase the interest rate and change the mortgage plans since the buyers sign the contract of a fixed interest rate of 6.5% for 15-years plan agreed by the credit side and the debt side.

There are lost of skyscrapers in Manhattan and in Queens built and utilized to meet different needs. For instance lower level 1 and 2 are usually for parking lots and storage space of housing maintenance. While ground floors are often for shops and stores, 2nd and 3rd floors are for office spaces. The floors above 3rd or 4th floors are for residential use. All rooms are supposed to be taken for a purpose and also being orderly arranged. For the ground or 1st floors rented for commerce and shops, the tenants have to pay the partial property taxes and all water and heat fees beyond the rents. They are also responsible for any damaged caused in that rented spaces.

A Chinese Kaleidoscope; An American Mosaic

(P48)

Factories, warehouses, outlets and commercial buildings are often built up for 1 floor or up to 2 floors. Nowadays the pricing of land in the U.S.A. is reaching an extremely high price point, and the prosperity of manufacturing no longer exists. Plus the costs of production in those developing countries are much lower than the U.S.'s, the products made in U.S.A. have lost its market and can seldom be able to compete with all those countries. So lots of factories are forced to close their business eventually. In most recent years, factories have been replaced by medium-sized or large-sized modern corporations. There are however lots of lands available for residence or retailing. Because those lands were originally projected for farming and manufacturing, the owners have to negotiate with the community and the government before they finally take any action to renovate the lands. Through the agreement among all divisions and departments, the owners then can be able to tear down the old factories and start to construct new commercial or residential buildings. After the renovation, that area became the most vigorous area in Queens and due to the changed functions of building to commerce and accommodation, the prices of properties there have surged since then. How nice it is when both sellers and developers all made a good profit from that. If the land has been used for the gas station, there are some more things that require special attention to before any construction or renovation happens there. First, the owners or developers have to make sure cleaning those oil houses underground and be certain they never cause any pollution to the soils before. Usually when cleaning work is done, that needs to pass the inspection by the environment agent. It oftentimes takes a lot of time and effort to deal with the oil house issue, most developers would try to avoid constructing new buildings on lands that were used to be the gas stations.

in earlier times, the pricing of property or housing just slightly and slowly went up. Not so many new buildings were completed at that time. In the last 10 year, the real estate market has been terrific, lots of abandoned lands and spaces were transformed into new constructions to the best extent

A Chinese Kaleidoscope; An American Mosaic

(P49)

In the suburbs, vacant lands are everywhere and occupy a lot of spaces. If developers look to build some marketplaces, office buildings, parking lots, etc. they only can be constructed on a lower floor base. Furthermore, developers also need to firstly submit the application forms, then projects, and blueprints for review by the local government. Those development projects are in general welcomed by the government in light of its key benefit will be to help the economy growth. America is a democratic country, so through the negotiation process of all those big constructions, all residents there could fully express their ideas before the projects are finalized. If more people note in favor, the projects could be then put into practice.

The costs of investment on multi-functioned buildings tend to be really high, and it's quite risky for developers to make decision on that. First of all developers have to come out an affluent amount of money to purchase the great locations in downtown areas. Then they probably seek for more investors to be involved in those projects so as to collect more money for plan and construct skyscrapers. While the construction jobs are done, a smart and efficient management system should be applied in order to offer excellent services to all tenants and buyers, and also secure a good everyday maintenance. If the sales or the renting status of a building is not that good as expected, developers or landlords then will suffer from working capital management; more and more worse financial problems would be brought about by that. As for some tenants' not paying for the rents, landlords or developers had better ask them to leave through laws procedures. Though unfortunately in most cases, while waiting for the final step to legally expel those tenants, the landlord or developers will possibly have no rent coming in for 6 up to 12 months.

(P50)

The Prices for Lands in U.S.A. Are So Accessible; How Much Will You Get to Purchase?

Lands are usually categorized in to 2 kinds: uncultivated and cultivated lands. Uncultivated lands are referred to primitive grass, forests, rivers, etc. that are not prepared for raising crops. Except for farms and villages, uncultivated lands are not renovated to buildings for commercial use. The prices for uncultivated lands are usually really cheap. Some alongside highways might be sold at a higher price. The pricing for uncultivated lands in U.S.A. is way cheaper than those in the suburbs in Hong Kong, Taiwan and China. The farming land can be purchase by \$1,000 per acre. In this way with \$100,000, a person can get to buy lands of over 100 acres. Farming lands in U.S.A. can be probably the cheapest all over the world.

In order to make up the loss from land purchase or real estate investment, developers or buyers would seek profits via either mange or handle some other deals.

In some beautiful sight seeing spots or beach areas, some smart developers make the best use of those lands by constructing a series of cute, little houses grouping together and also surrounded by lost of entertainment equipment, such golf courses, swimming pools, horse riding trails, and so on. Periodically they even hold lots of big events to attract more people come visit and for vacation. The developers try to rent and sell houses by different promotion kits. One of the projects way is set for people to some and use the housing once a year for 1-2 weeks. Depending on different seasons, the prices will vary. Usually they will charge more in the wintertime; ski package is offered there. If people want to use the vacation houses as much as possible, they would be asked to pay far more.

A Chinese Kaleidoscope; An American Mosaic

(P51)

Speaking of the government buildings in the New York Cities, they could be for federal government, state government or city government. The staffs are of a huge number. And since the buildings are meant to exist for servicing people, they're granted with a tax exemption. In addition, the governments pay the proper market prices to rent buildings from ordinary people, or some organizations and firms. Those Buildings rent by the governments are only for office use and the rents will be always delivered on time; the governments are always regarded as the best tenants. Also the interior designs for those government buildings are made of high-end and more expensive materials and are frequently maintained in a good manner, they're highly welcomed by all landlords.

The government prepares projects buildings nearly in every districts of the New York City for minority, like single moms with kids, low-income working families. Projects buildings like Home Ownership Scheme in Hong Kong, offer a rent that is 15% of the market prices. The tenants are required to submit a financial report every year. When they'd earn more salary, the rents will be raised a bit in accordance with the increasing incomes. The tenants residing in project buildings are often discovered to damage or mess up the whole environments by graffiti, littering or even peeing in the elevators. So nowadays the government will check out apartments of all tenants to see they maintain them in a good condition once a year or once every 2 years. If not, tenants will be fined and asked to improve within a short time.

All cultures, goods and services are highly interacted among people in the developed countries often through a convenient and easy transportation system, such as well connecting highways. In underdeveloped countries, unfortunately due to lack of capitals and the elites for developments, they'd just remain poor for long.