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JUNE 2017

INLAND VALLEYS REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®

5 Root Causes for U.S.'s Depressed Homeownership Rate: New Study

FOR MORE INFORMATION GO TO PAGE 18

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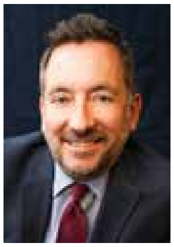

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Get Involved with IVAR!

FRANK LICEA,
2017 IVAR PRESIDENT

Members of the Board of Directors, committees and other important leadership positions at IVAR offer their efforts for many reasons, but no pay. For some, it seems like a distraction from the work we do to make a living and build our businesses.

For those who get involved, we find that it becomes an important part of helping us build our careers in real estate.

Our industry is changing. It's changing from the inside as the roster of real estate professionals change over time. It's changing from the outside as the nature of our clients and their interests as homeowners change. Other change is being created almost daily through the work of lawmakers at the local, state and federal level. Being involved means being better attuned to the changes before they come and helping to craft our industry's response to the way things are necessarily shifting before our eyes.

The average veteran REALTOR® in our industry has enough – shall we say – "experience" to have seen the transition from printed MLS books to computers. It wasn't that long ago that our headquarters building was home to the Riverside Board of REALTORS® and more than a dozen fellow Boards existed throughout our region. We used to set course to show homes with the help of Thomas Guide coordinates. The printed real estate section in the local newspaper was how our clients kept tabs of real estate.

Now the Inland Valleys Association of REALTORS® represents two dozen cities in two counties over a population of more than 3 million. Our market is covered almost exclusively by one MLS - the California Regional MLS. We have more computing power in our smartphones than NASA had when it sent missions to the Moon and not only do we not buy maps anymore, but our new, free maps politely let us know that we need to turn right in 400 feet.

Anyway, rerouting…

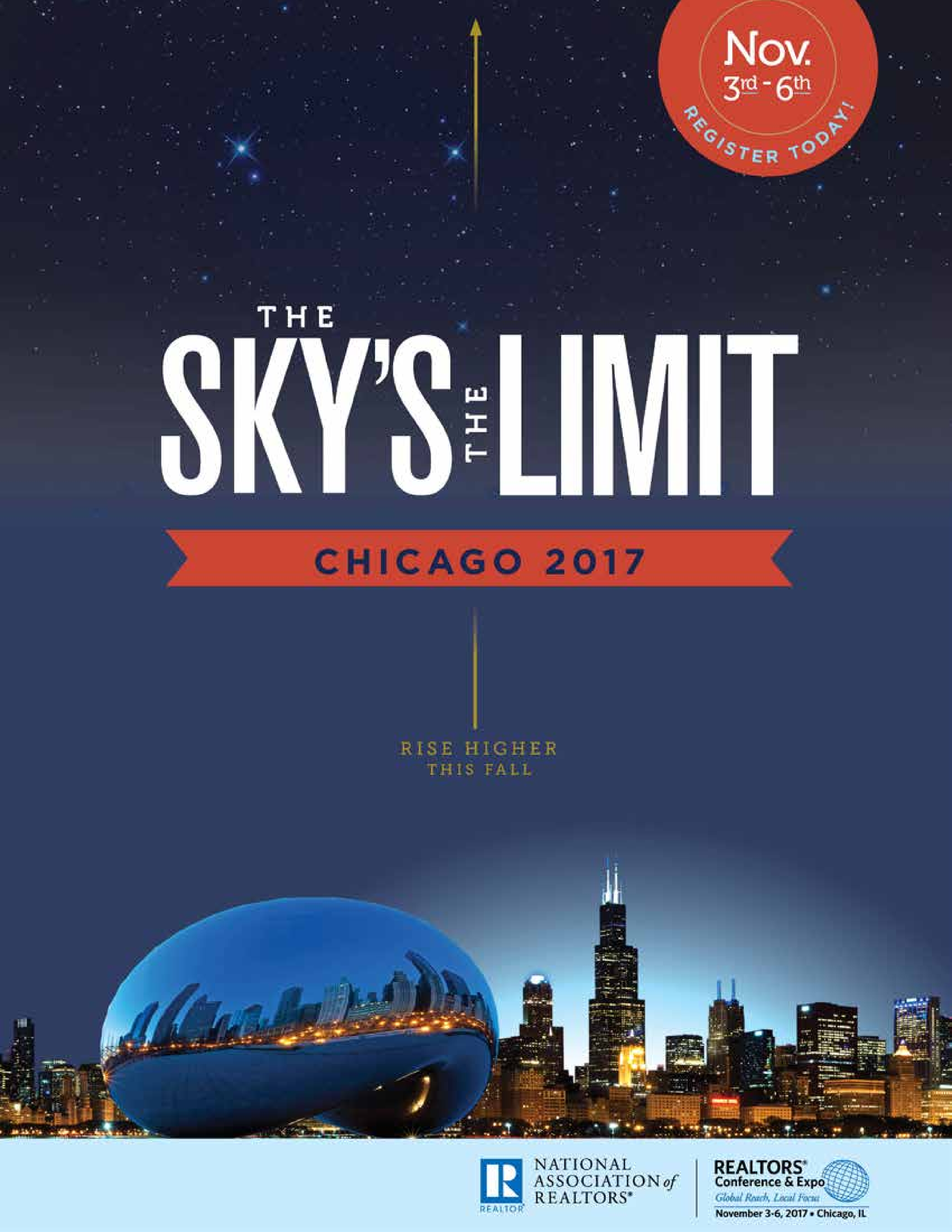
Our industry keeps changing. Our new locus of concern comes from Zillow. The real estate behemoth that didn't exist in our vocabulary at the start of my career has grown from curiosity to aggressive upstart to a real challenge to professionals attempting to serve clients in real estate. And it's no longer just the problems created by wildly inaccurate "Zestimates" of home value.

The new offering from Zillow is a feature that plans to deliver low-ball, "instant offers" directly to your clients. The pilot program, which is opening in Las Vegas and Orlando, would provide instant cash offers to homeowners in a system that pulls Realtors out of the transaction.

I've heard this described as the digital equivalent of cardboard signs stapled on telephone poles with "Will buy your house – CASH!". That may be true. However, as we learned with a computerized MLS or our talking digital maps, technology doesn't just rearrange the furniture, it can change our world completely.

We continue to need our members to be involved and join the ranks of leadership to help us respond to these issues and more that will come. Our mission as REALTORS®, whether we each individually accepted it or not, has been to represent homeowners and homebuyers present and future and support the American Dream of homeownership. That's why we have to take notice and respond when we see groups take action that carry major risks for homeowners. It's why we police our own industry and members for violations of ethics It's why we feel a responsibility to pressure the PACE industry to reform its practices.

In ways large and small, our involved members make a real difference daily and keep themselves at the center of understanding how to best serve their clients. If you're not involved on that level, I hope you will consider making leadership, constant learning and involvement a part of your career path.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PAUL HERRERA,
GOVERNMENT AFFAIRS DIRECTOR

REALTORS® Fighting Legislative End-Run Around Voter Authority on Taxes

At least as of the time of this article submittal, California REALTORS® had successfully staved off a piece of legislation designed to make it easier for local agencies to levy new taxes on homeowners for storm water infrastructure projects.

The bill, SB 231 (Hertzberg), would apply a new definition to the term "sewer" in order to allow larger projects to take advantage of a designed exception in California law. In order to explain this, we'll need a brief trip to visit ghosts of elections past.

In 1996, California voters passed Proposition 218 by a 57-43 margin. Majorities in 54 of 58 counties and 405 of 469 cities voted in favor of the "Right to Vote on Taxes Act" of 1996. The voter-initiative resulted in a California Constitutional Amendment that gives local voters the right to accept or reject new taxes in most cases.

Some exceptions were created. Among those were basic fees related to providing services to a property. For example, local agencies don't need to request voter approval to set and collect water bills, trash collection, flood control and, importantly here, sewers.

Supporters of SB 231 argue that the term "sewer" lacks a usable definition. To that end, they have volunteered to offer a definition that includes not just wastewater (i.e., everything that leaves your property via flush or drain), but most any water that needs to be dealt with. This would allow local agencies to create new taxes to fund storm water projects – many of which can be very expensive – without presenting plans, needs or other information to voters for approval.

The California Association of REALTORS®, at the request of REALTOR® members, has sought to halt the bill. The bill is also opposed by the Howard Jarvis Taxpayers Association, which has expressed serious concerns about the bill's attempt to undo the intent of voters.

IVAR and other local REALTOR® associations across California have asked members to reach out to their representatives in the California Assembly to oppose SB 231 and keep decisions on new local taxes in the hands of the voters who will pay them.

To be clear, neither IVAR nor CAR oppose investing in infrastructure. For example, within the past year, IVAR maintained a neutral position on several school bonds that would result in higher property tax bills in order to fund construction and renovation of public schools. However, IVAR is working to oppose SB 231 not because it seeks to improve infrastructure, but because it seeks to do so while avoiding accountability to taxpayers – just as taxpayers demanded when they passed Prop 218 in 1996.

Support our Mission, Support the REALTOR® Party

The most important thing each member can do to support our government affairs work is to stay informed and help spread the word on important issues to your colleagues, clients, friends and neighbors. Nothing is more important than your time, including the time you devote to making your voice heard at the ballot box each election day.

Our work is supported through voluntary contributions made by members to the REALTOR® Action Fund. These annual contributions of $49 or more help ensure that we have the resources to research important issues, communicate with our members and mobilize our industry to have the impact necessary to make a difference.

You can make a contribution as you renew your membership – or anytime by going to www.car.org/governmentaffairs/raf.

Questions? Comments? You can reach Paul Herrera, Government Affairs Director, at pherrera@ivaor.com or on his cell phone at 951-500-1222.

2017 New and Revised Forms Release

The Standard Forms Advisory Committee (SFAC) will be releasing four new and fourteen revised forms the week of June 26, 2017. The new forms are all related to rental properties. Of the fourteen revised forms, eight are listing agreements.

The drafts of the New and Revised Forms and the June Forms Release Quick Summary are available on the Standard Forms section of the new car.org.

New Forms

- BBD - Bed Bug Disclosure
- WSM - Water Submeter Addendum
- PPN - Pre-Possession Notice to Tenant to Pay
- CLR - Cancellation of Lease or Rent

The Bed Bug Disclosure and the Water Submeter Addendum will enable landlords to comply with new statutory disclosure requirements.

The Pre-Possession Notice to Tenant to Pay, and the Cancellation of Lease or Rent were approved by the SFAC to address issues that arise when the tenant has paid partial rent at the time of entering into the lease, but before move in, with the obligation to pay the balance of the amount due before move in.

Revised Forms

- AS - Seller's Affidavit

The Seller's Affidavit has been modified to reflect that most sellers are now using a qualified substitute to comply with the federal withholding rules and the Foreign Investment in Real Property Tax Act. Additionally, the revisions reflect that escrows in California have a responsibility to see that California withholding is complied with.

- RLA - Residential Listing Agreement - Exclusive
- RLAA - Residential Listing Agreement - Agency
- RLAN - Residential Listing Agreement - Open
- CLA - Commercial and Residential Income Listing Agreement
- VLL - Vacant Land Listing Agreement
- LL - Lease Listing Agreement
- SP - Single Party Compensation Agreement
- VRL - Exclusive Authorization for Vacant Rental

The revisions to the listing contracts are primarily the same throughout. The arbitration section has been removed. There is, however, an advisory to the parties that they may use a separate arbitration agreement if they do desire to include an arbitration provision.

Sellers are also advised to post some form of notice to inform prospective buyers that there may be security cameras or recording devices on the property.

- LR - Residential Lease or Month-to-Month Rental Agreement
- PMA - Property Management Agreement

The LR has been revised to address pre-move in payments and related issues as well as short term rentals, photographs that may have been taken to advertise the rental property, growing marijuana and smoking of any substance, landlord disclosures, and the new bed bug and water-submeter notice requirements.

In the Property Management Agreement, there is a provision to allow tenants to pay rent by automatic deposit, owner representation and disclosure provisions have been revised, and the arbitration provision has been removed as in the listing agreements.

Both the LR and the PMA now include provisions to include the Representative Capacity Signature Disclosure.

- PPA - Probate Purchase Agreement and Joint Escrow Instructions
- TA - Trust Advisory
- REO- REO Advisory

The Probate Purchase Agreement revision removed language about liquidated damages and now clearly requires an Exempt Seller Disclosure.

The TA and the REO Advisories were revised to provide for requirements first with exemptions later, and to better address smoke detectors, carbon monoxide devices and water-conserving plumbing fixtures.

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Housing Data Report
May 2017

The Voice of Real Estate in the Inland Empire℠

A report brought to you by the Inland Valleys Association of REALTORS® (IVAR)
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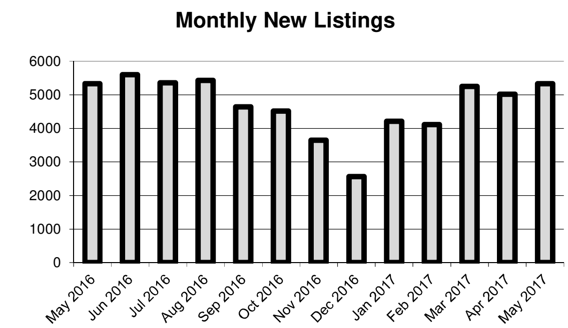
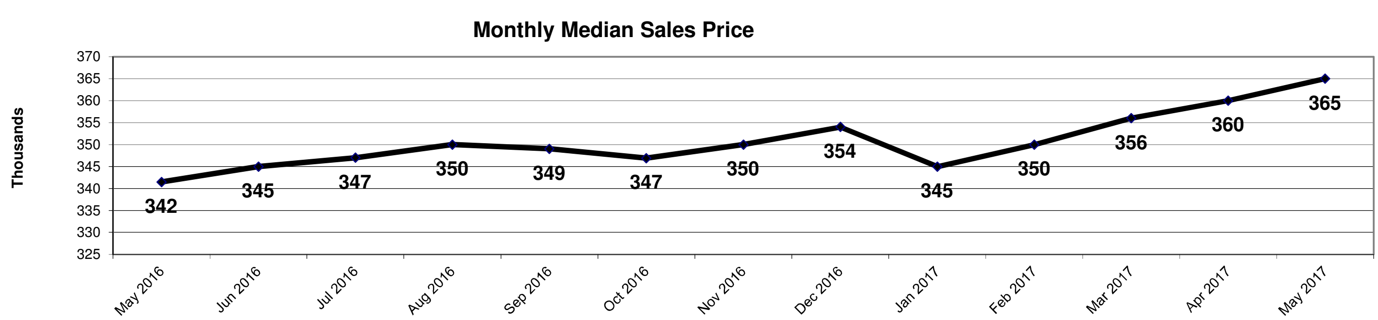
Mark Dowling, Chief Executive Officer

- Strong demand with limited housing supply is driving an aggressive residential real estate market. When comparing year-to-date housing data from (Jan-May 2016 vs. Jan-May2017) there were strong increases in Sold Listings (up 7.2%), Sales Volume (up 14.5%) and Pending Sales (up 9.2%). However, New Listings continue to lag with a 4% decrease.
- Heightened demand has also caused a reduction in "Combined Days on Market" which decreased 43% year-over-year. Moreover, roughly one-third of the homes sold were on the market less than two weeks.
- Median Sales prices took another up-tick in May coming in at $365,000, which is a 6.9% increase compared to May, 2016.
- Following a robust 2016 housing market, the first five months of 2017 reflect a very strong demand for housing demonstrated through increased Sold Listings, Sales Volume and Median Sales Prices, and a drastic reduction of Days on Market for homes.



	May-2016	May-2017	Annual Change
New Listings	5,333	5,331	0.0%
Pending Sales	4,097	4,852	18.4%
Sold Listings	3,918	4,274	9.1%
Median Sales Price	$341,500	$365,000	6.9%
Sales Volume ($M)	$1,451	$1,684	16.0%
Price/Sq.Ft.	$189	$200	5.5%
Sold $/List $	99.05%	100.00%	1.0%
Days on Market	42	15	-64.3%
CDOM	50	16	-68.0%

All data used to generate these reports comes from the California Regional Multiple Listing Service, Inc. If you have any questions about the data, please call the CRMLS Customer Service Department between the hours of 8:30am to 9:00pm Monday thru Friday or 10:00am to 3:00pm Saturday and Sunday at 800-925-1525 or 909-859-2040.



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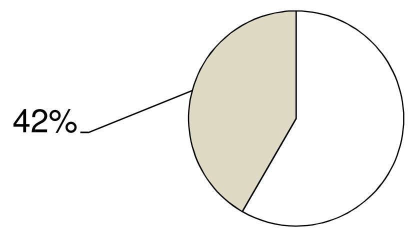
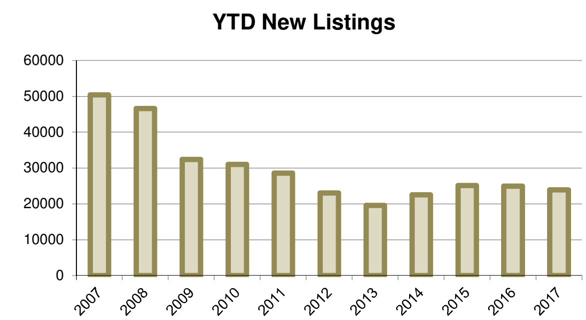
The statistics shown below are for all 5 months of the years represented.

Month to month comparisons give you a quick way to see what is recently changing in the region. However, by comparing Year-To-Date (YTD) information across several years, you can observe more signifiant trends.

We are 5 months through the year:



	Jan-May 2016	Jan-May 2017	Year-Over-Year Change
New Listings	24,924	23,919	-4.0%
Pending Sales	18,705	20,435	9.2%
Sold Listings	16,228	17,393	7.2%
Median Sales Price	$334,900	$358,000	6.9%
Sales Volume ($M)	$5,839	$6,686	14.5%
Price/Sq.Ft.	$185	$197	6.5%
Sold $/List $	98.60%	99.08%	0.5%
Days on Market	48	27	-43.8%
CDOM	59	31	-47.5%



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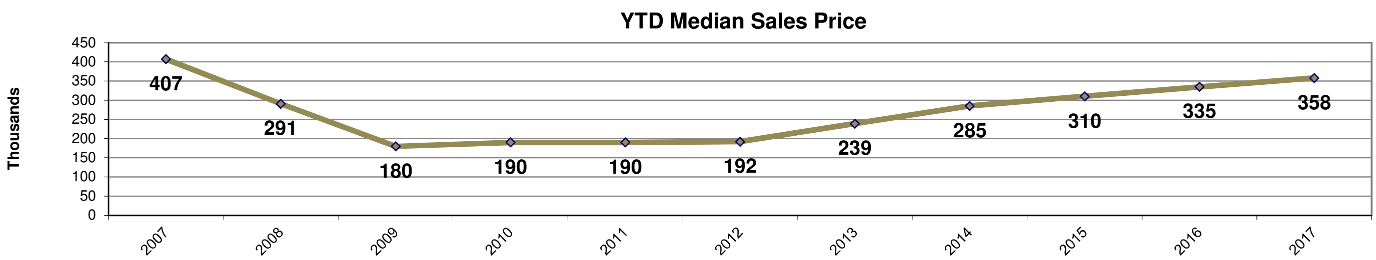

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May 2017 City Overview

As a service and convenience to our members, IVAR is pleased to offer several "Quick Look" reports. This is one more way for IVAR members to stay informed with minimal effort.

The following monthly data shows "YEAR-OVER-YEAR" (YOY)changes as well as current conditions in the real estate market

	YOY Sales Transactions	YOY Median Sales Price %	Median Sales Price $	Inventory	Price per Sq.Ft.	Total Days on Market
Alta Loma	67%	23%	$ 645,000	22	$ 293	16
Banning	-6%	0%	$ 225,000	68	$ 178	28
Beaumont	33%	2%	$ 302,000	110	$ 149	19
Bloomington	-28%	14%	$ 320,000	22	$ 194	18
Calimesa	8%	18%	$ 358,805	16	$ 148	23
Canyon Lake	27%	21%	$ 420,000	36	$ 200	23
Cherry Valley	8%	-31%	$ 220,000	17	$ 137	18
Chino	13%	1%	$ 425,000	122	$ 263	13
Chino Hills	-4%	10%	$ 675,000	90	$ 304	13
Claremont	-2%	7%	$ 650,000	29	$ 340	30
Colton	-21%	-2%	$ 250,000	60	$ 193	14
Corona	18%	8%	$ 450,000	257	$ 233	15
Diamond Bar	-24%	12%	$ 688,000	74	$ 357	19
Eastvale	11%	6%	$ 530,000	58	$ 188	10
Fontana	1%	6%	$ 360,000	226	$ 216	16
Grand Terrace	29%	2%	$ 310,000	24	$ 196	26
Hemet	12%	19%	$ 240,000	254	$ 137	13
Highland	4%	-1%	$ 310,000	73	$ 181	19
Homeland	160%	-3%	$ 180,000	11	$ 131	20
Jurupa Valley	-9%	3%	$ 405,000	50	$ 205	31
La Verne	-8%	13%	$ 629,900	32	$ 372	8
Lake Elsinore	18%	10%	$ 347,500	154	$ 164	19
Loma Linda	111%	-5%	$ 349,000	19	$ 217	20
Menifee	15%	6%	$ 350,000	188	$ 169	15
Montclair	25%	0%	$ 376,000	29	$ 270	16
Moreno Valley	11%	7%	$ 300,000	251	$ 173	13
Murrieta	-2%	6%	$ 399,000	269	$ 179	13
Norco	12%	2%	$ 545,000	39	$ 268	26
Ontario	13%	8%	$ 389,900	145	$ 268	12
Perris	-5%	5%	$ 273,000	131	$ 168	14
Pomona	-17%	6%	$ 370,000	100	$ 279	18
Rancho Cucamonga	1%	2%	$ 458,000	212	$ 263	15
Redlands	-7%	-8%	$ 380,000	76	$ 236	16
Rialto	-8%	8%	$ 320,000	106	$ 206	14
Riverside	23%	9%	$ 375,000	564	$ 223	17
San Bernardino	8%	10%	$ 246,000	304	$ 184	20
San Dimas	0%	8%	$ 588,000	31	$ 337	14
San Jacinto	15%	5%	$ 250,000	95	$ 137	19
Sun City	-13%	26%	$ 229,000	33	$ 164	20
Temecula	20%	10%	$ 450,000	273	$ 202	14
Upland	10%	7%	$ 522,000	99	$ 264	17
Wildomar	23%	16%	$ 387,000	84	$ 170	22
Winchester	25%	9%	$ 398,000	67	$ 150	20
Yucaipa	40%	8%	$ 347,900	61	$ 191	26

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May 2017 - Sales Volume per City

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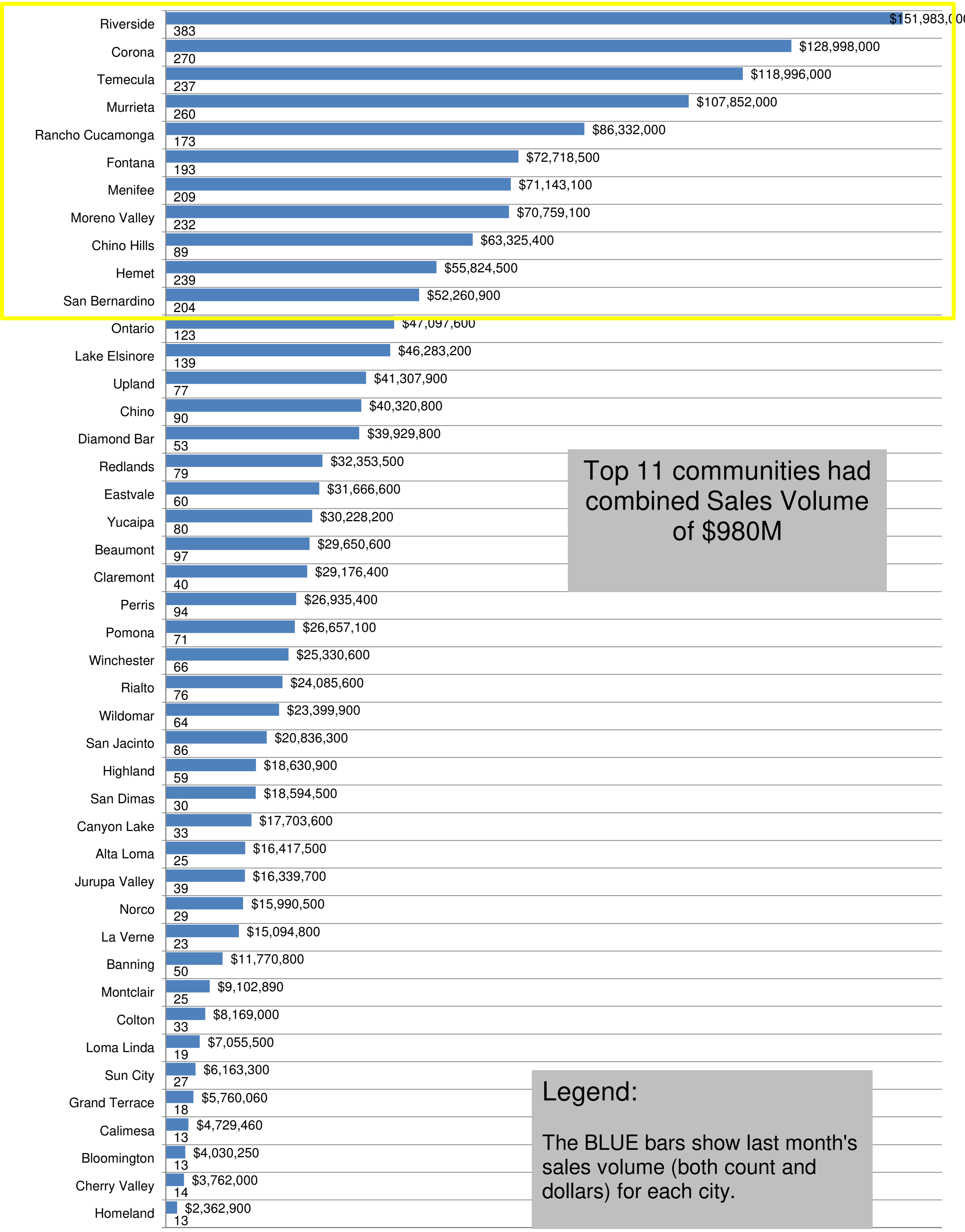

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May 2017 - Top Communities with New Listings (year-over-year)

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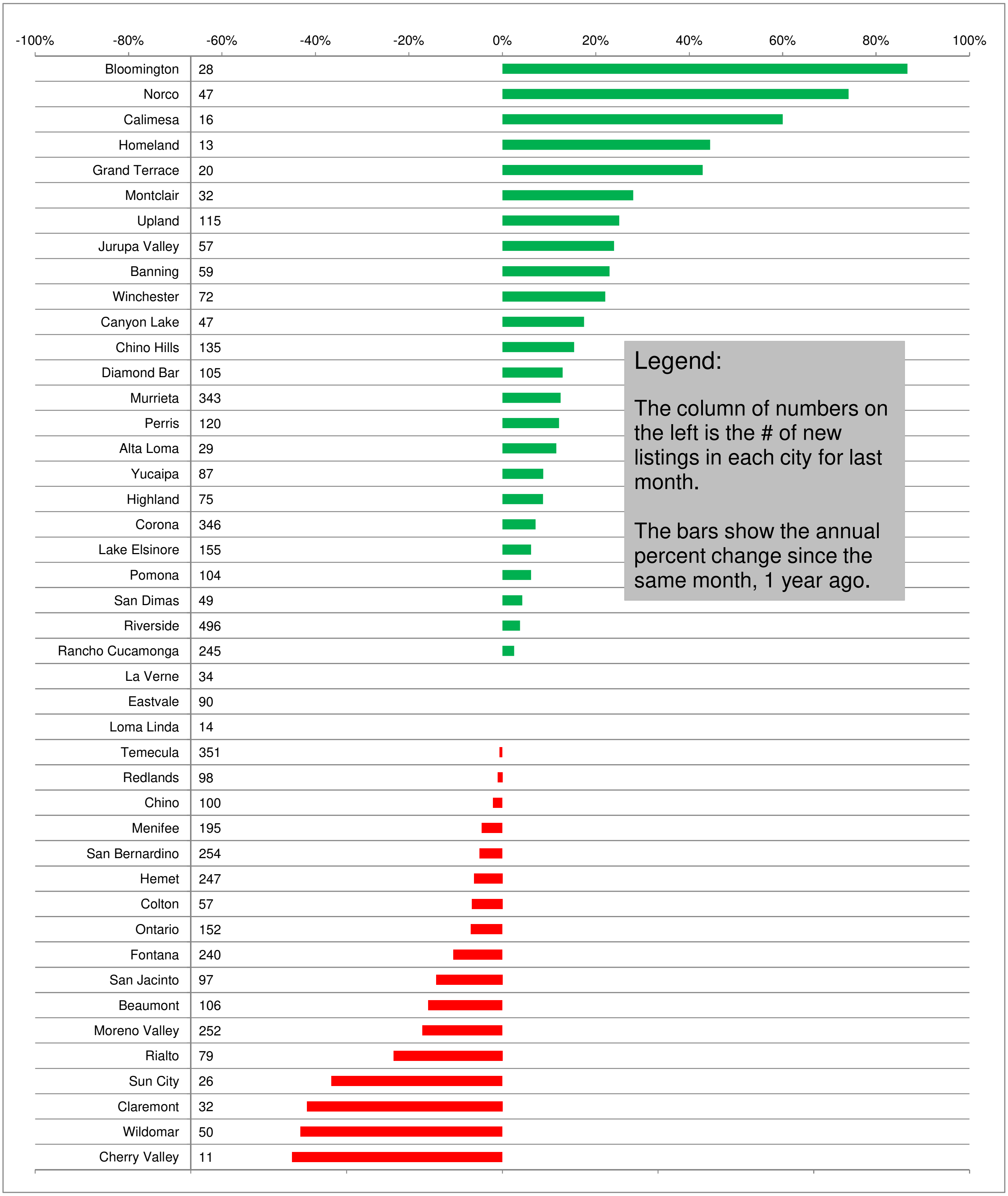

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Sell Price vs Original List Price

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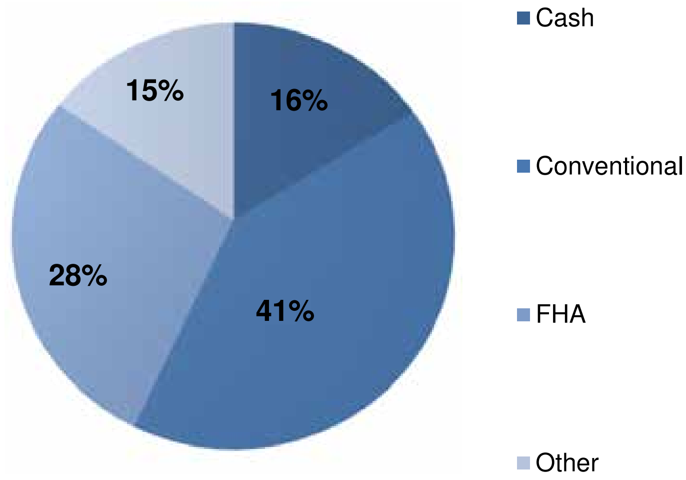
This report is brought to you by IVAR:

As a service to the more than 4 million residents of the Inland Empire, the **Inland Valleys Association of Realtors®** is proud to distribute this data report on the housing market in the 50 communities served by our Realtor Members.

The core purpose of IVAR is to help its members become more professional and profitable, while promoting and protecting real property rights.

Finance Type



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Realtors® Survey: Led By China, Foreign Investment in U.S. Commercial Real Estate on the Rise

MEDIA CONTACT: ADAM DESANCTIS / 202-383-1178

WASHINGTON (June 6, 2017) — One-fifth of surveyed Realtors® practicing in commercial real estate closed a sale with an international client in 2016, and as foreign investors flock to smaller-sized commercial properties in secondary and tertiary markets, many Realtors® are confident that increased sales and leasing activity will occur in 2017.

This is according to the 2017 Commercial Real Estate International Business Trends survey released today by the National Association of Realtors®, which analyzed cross-border commercial real estate transactions made by Realtors® during 2016. Most Realtors® who specialize in commercial real estate reside in smaller commercial markets where the typical deal is less than $2.5 million.

Similar to NAR survey findings on foreign purchases of residential real estate in recent years, China was the top country of origin in both buying and selling commercial real estate in 2016, and Florida was the top destination of choice for international clients. NAR's 2017 Profile of International Activity in U.S. Residential Real Estate is scheduled for release this summer.

Lawrence Yun, NAR chief economist, says the appetite for U.S. commercial real estate property was strong from foreigners last year and shows little signs of slowing in 2017.

"Multiple years of steady job growth and the strengthening U.S. economy – albeit at a modest pace – makes commercial property a safe bet for global investors looking to diversify their portfolios and generate returns outside their country of origin," he said. "While Class A asset prices in many large markets have surpassed pre-crisis levels, Realtors® in many middle-tier and smaller markets stand to benefit from the increased interest from foreign and domestic commercial property investors."

Added Yun, "Forty percent of Realtors® expect an increase in foreign buying clients this year. The healthy labor markets and lower property prices in smaller markets are poised to make up a larger share of activity."

Of the 69 percent of Realtors® who indicated they completed a commercial real estate transaction last year, 20 percent reported closing a deal for an international client. Realtors® completed a median of one buyer-side international deal and two seller-side international transactions. The typical buyer-side sales price was $1,000,000, and the median seller-side price was $550,000.

Additionally, 22 percent of Realtors® said they completed a lease agreement on behalf of a foreign client. The median gross lease value for international lease transactions was $105,000, with most space typically under 2,500-square-feet.

Nearly two-thirds of commercial foreign buyer and seller clients were non-resident foreigners. The top countries of origin for buyers were China (17 percent), Mexico (14 percent) and the United Kingdom and Venezuela (both at 7 percent), while sellers were typically from China (17 percent) or Brazil, Canada, France and Mexico (all at 10 percent).

Florida and Texas were the top two states where foreigners purchased and sold commercial property last year, with California being the third most popular buyer destination and Michigan ranking as the third top state where foreigners sold real estate.

The survey also found that foreign buyers of commercial property typically bring more cash to the table than those purchasing residential real estate. Sixty percent of international transactions were closed with cash, while NAR's 2016 residential survey found that exactly half of buyers paid in cash. For those not using all cash, 34 percent of commercial deals involved debt financing from U.S. sources. An overwhelming majority of buyers either purchased commercial space for investment purposes or acquired it for business use.

"Nearly half of Realtors® reported that they experienced a greater number of international clients looking to buy commercial space over the past five years," said Yun. "Economic expansion has slowly chugged along since the downturn, but in comparison to the rest of the world, the U.S. remains one of the most attractive and safest bets for investors. There's little evidence this will change anytime soon."

NAR's second quarter Commercial Real Estate Outlook, released last month, offers overall projections for four major commercial sectors and analyzes quarterly data in the office, industrial, retail and multifamily markets.

The NAR commercial community includes commercial members, real estate boards, committees, subcommittees and forums; and NAR commercial affiliate organizations – CCIM Institute, Institute of Real Estate Management, Realtors® Land Institute, Society of Industrial and Office Realtors®, and Counselors of Real Estate.

5 Root Causes for U.S.'s Depressed Homeownership Rate: New Study

BERKELEY, Calif., (June 9, 2017) – Despite steadily improving local job markets and historically low mortgage rates, the U.S. homeownership rate is stuck near a 50-year low because of a perverse mix of affordability challenges, student loan debt, tight credit conditions and housing supply shortages.

That's according to findings of a new white paper titled, "Hurdles to Homeownership: Understanding the Barriers"(link is external) released today in recognition of National Homeownership Month at the National Association of Realtors® Sustainable Homeownership Conference at University of California, Berkeley.

Led by a group of prominent experts, including NAR 2017 President William E. Brown, NAR Chief Economist Lawrence Yun and Berkeley Hass Real Estate Group Chair Ken Rosen, today's conference addresses the dip and idleness in the homeownership rate, its drag on the economy and what can be done to ensure more creditworthy households have the opportunity to buy a home.

"The decline and stagnation in the homeownership rate is a trend that's pointing in the wrong direction, and must be reversed given the many benefits of homeownership to individuals, communities and the nation's economy," said Brown, a Realtor® from Alamo, California. "Those who are financially capable and willing to assume the responsibilities of owning a home should have the opportunity to pursue that dream." One of Brown's main objectives as president of NAR is identifying ways to boost the homeownership rate in a safe and responsible way.

The research, which was commissioned by NAR, prepared by Rosen Consulting Group, or RCG, and jointly released by the Fisher Center for Real Estate and Urban Economics at the University of California, Berkeley Haas School of Business, identifies five main barriers that have prevented a significant number of households from purchasing a home. They are:

Post-foreclosure stress disorder: There are long-lasting psychological changes in financial decision-making, including housing tenure choice, for the 9 million homeowners who experienced foreclosure, the 8.7 million people who lost their jobs, and some young adults who witnessed the hardships of their family and friends. While most Americans still have positive feelings about homeownership, targeted programs and workshops about financial literacy and mortgage debt could help return-buyers and those who may have negative biases about owning.

Mortgage availability: Credit standards have not normalized following the Great Recession. Borrowers with good-to-excellent credit scores are not getting approved at the rate they were in 2003, prior to the period of excessively lax lending standards. Safely restoring lending requirements to accessible standards is key to helping creditworthy households purchase homes.

The growing burden of student loan debt: Young households are repaying an increasing level of student loan debt that makes it extremely difficult to save for a down payment, qualify for a mortgage and afford a mortgage payment, especially in areas with high rents and home prices. As NAR found in a survey released last year, student loan debt is delaying purchases from millennials and over half expect to be delayed by at least five years. Policy changes need to be enacted that address soaring tuition costs and make repayment less burdensome.

Single-family housing affordability: Lack of inventory, higher rents and home prices, difficulty saving for a down payment and investors weighing on supply levels by scooping up single-family homes have all lead to many markets experiencing decaying affordability conditions. Unless these challenges subside, RCG forecasts that affordability will fall by an average of nearly 9 percentage points across all 75 major markets between 2016 and 2019, with approximately 5 million fewer households able to afford the local median-priced home by 2019. Declining affordability needs to be addressed with policies enacted that ensure creditworthy young households and minority groups have the opportunity to own a home.

Single-family housing supply shortages: "Single-family home construction plummeted after the recession and is still failing to keep up with demand as cities see increased migration and population as the result of faster job growth," said Rosen. "The insufficient level of homebuilding has created a cumulative deficit of nearly 3.7 million new homes over the last eight years."

Fewer property lots at higher prices, difficulty finding skilled labor and higher construction costs are among the reasons cited by RCG for why housing starts are not ramping up to meet the growing demand for new supply. A concentrated effort to combat these obstacles is needed to increase building, alleviate supply shortages and preserve affordability for prospective buyers.

"Low mortgage rates and a healthy job market for college-educated adults should have translated to more home sales and upward movement in the homeownership rate in recent years," said Yun. "Sadly, this has not been the case. Obtaining a mortgage has been tough for those with good credit, savings for a down payment are instead going towards steeper rents and student loans, and first-time buyers are finding that listings in their price range are severely inadequate."

Added Rosen, "A healthy housing market is critical to the overall success of the U.S. economy. Too many would-be buyers have been locked out of the market by the factors found in this study, and it's also one of the biggest reasons why economic growth has been subpar in the current recovery."