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SEPTEMBER 2017

Inland Valleys REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®

HOME Survey: Economic and Financial Outlook, Attitudes About Home Buying and Selling on the Rise

FOR MORE INFORMATION GO TO PAGE 5

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INLAND VALLEYS ASSOCIATION OF REALTORS®

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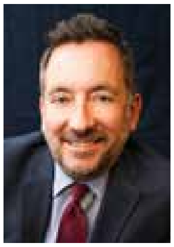

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—Ed Avila, Mortgage Advisor | **NMLS-1367993**

IVAR Completes Second Leadership Training Academy

FRANK LICEA,
2017 IVAR PRESIDENT

This month, the Inland Valleys Association of REALTORS® completed its second Leadership Academy program to help develop future leaders of our association, industry and communities.

The program ended with Riverside Mayor Rusty Bailey and Lake Elsinore Council Member Steve Manos discussing their path to leadership and how they work with organizations such as IVAR to help craft ideas that help their communities. Steve Manos is also a former President of IVAR.

The program consists of a series of three sessions over a six-week period. The series of sessions is designed for REALTORS® interested in gaining new skills to prepare them for a leadership role in their association, industry and community.

Participants learned about the role of REALTOR® associations and their volunteer leaders, how organized real estate helps to shape public policy and the value of community involvement for IVAR, its members and industry.

These skill-building sessions and experiences are meant to provide a comprehensive view of IVAR's mission and to help identify future leaders of our association.

For everything IVAR does or endeavors to accomplish, it's critical that strong leadership and volunteerism emerge from among our 3,700 members. Our board of directors felt strongly that a leadership academy could serve to build a growing pipeline of leadership.

Over the years, IVAR has emerged as one of the leading trade organizations in California at the local level. We have built a well-recognized government affairs program that has shaped dozens of important public policy debates. We have brought new tools to our members, expanded our use of data to support our members and benefitted from the strength of new leaders emerging from our association.

Now we want to ensure that this recent tradition continues by actively recruiting and building the next generation of leaders and volunteers.

The program is open to both REALTOR® and affiliate members of IVAR at no cost. The scheduled training sessions take place at IVAR in Riverside.

Interested in a future leadership training session? Please contact CEO Mark Dowling at mdowling@ivaor.com.

HOME Survey: Economic and Financial Outlook, Attitudes About Home Buying and Selling on the Rise

MEDIA CONTACT: ADAM DESANCTIS / 202-383-1178

WASHINGTON (September 25, 2017) — Existing-homes sales have retreated in four of the past five months, but new survey findings from the National Association of Realtors® indicate it is not because of a lack of confidence from consumers about buying and selling a home, or based on their views about the direction of the economy and their finances.

That's according to NAR's third quarter Housing Opportunities and Market Experience(HOME) survey1 , which also found that two-thirds of households think saving for a down payment is challenging, and roughly half of renters expect to pay more in rent next year.

This quarter, there appears to be a revival from renters that now is a good time to buy a home. After dipping to roughly half of renters last quarter (52 percent), the share who believe now is a good time climbed to 62 percent (60 percent a year ago). Overall, current homeowners (80 percent), households with higher incomes and those living in the more affordable Midwest and South regions are the most optimistic about buying right now.

Amidst the steady gains in home values seen in many parts of the country, the share of homeowners that believe now is a good time to sell is also inching higher. Eighty percent of homeowners think now is a good time to list their home for sale (a new survey high), which is up from last quarter (75 percent) and even more so than a year ago (67 percent).

Lawrence Yun, NAR chief economist, says it is great news that homebuyer and seller optimism is advancing, but it remains unclear if it will actually translate to more sales. "The housing market has been in a funk since early spring because of the ongoing scarcity of new and existing homes for sale," he said. "The pace of new home construction has not meaningfully broken out this year, and not enough homeowners at this point have followed through with their belief that now is a good time to sell. As a result, home shoppers have seen limited options, stiff competition and weakening affordability conditions."

Added Yun, "Buyer demand is robust this fall, but the disappointing reality is that sales will continue to undershoot their full potential until supply levels significantly improve."

Economic and financial outlook brightens

More households this quarter (57 percent) believe the economy is improving compared to the second quarter (54 percent) and a year ago (48 percent). Continuing the complete reversal from a year ago, those living in rural and suburban areas were more optimistic about the economy than respondents residing in urban areas. A majority of homeowners and those with incomes above $50,000 also had a positive outlook on the economy.

The rebound in economic confidence this quarter are also giving households increased assurances about their financial situation. The HOME survey's monthly Personal Financial Outlook Index2, showing respondents' confidence that their financial situation will be better in six months, jumped from 57.2 in June to 62.0 in September. A year ago, the index was 58.6.

"Jobs are plentiful, wage growth is finally showing signs of life, home values are up considerably in the past five years and the stock market is at record highs," said Yun. "The economy is not perfect, and growth overall is still sluggish, but the financial health of the typical household looks as healthy as it has since the recession."

Most renters likely to continue renting – even if their rent increases

This quarter, non-homeowners were asked if they expect their rent to increase over the next year, and given their current financial situation, what impact paying more in rent would have on their living arrangements.

Roughly half of current renters expect to pay more in rent next year (51 percent). If in fact their rent does increase, most will either resign their lease anyway (42 percent) or move to a cheaper rental. Only 15 percent of respondents will consider buying a home.

"Even though the typical down payment of a first-time buyer has been 6 percent for three straight years, two-thirds of respondents indicated that saving for one is difficult right now," said Yun. "Rents and home prices have outpaced incomes in the past few years, and this is undoubtedly impacting their ability to put aside savings for a home purchase, even if they increasingly believe it's a good time to buy. Heading into next year, higher home prices and limited inventory in the affordable price range will likely continue to hold back a share of renters who would prefer to be homeowners."

PAUL HERRERA,
GOVERNMENT AFFAIRS DIRECTOR

State: Legislators Pass REALTOR®-Backed Housing Package to Begin Work on Addressing Affordable Housing

In the closing days of the 2017 legislative calendar, state lawmakers passed a series of bills designed to begin addressing the growing housing affordability "crisis" in California. As housing construction has fallen woefully behind demand and funding for low-income housing largely stripped away during the recession, working class Californians have been coping with rising home prices and rents across the state.

Lawmakers passed three high profile bills during their last legislative day of 2017. The closest vote came on a bill meant to replace funding through a significant price hike for recording real estate related documents. SB 2, a proposed $75 tax to be imposed on many recorded documents is expected to raise more than $200 million annually.

Despite support from the California Association of REALTORS®, builders, housing advocates, business groups and others, the bill struggled to find support in the legislature. In fact, it had failed to pass during each of the last four years over three legislative sessions.

The new recording tax will affect real estate documents that are NOT associated with a sales transaction. REALTORS® had opposed the measure as a form of transfer tax when it did not exempt sales transactions. The fee will, however, impact refinancing, changes in title (such as moving property into trust) and many other common situations. Since many items require numerous recordings, the bill also caps the total that may be charged on any given situation at $225.

Legislators also approved SB 3. That bill will place a ballot initiative before voters next year seeking approval for more than $4 billion in new bonds to fund development of affordable housing and recharge home loan programs available to military veterans.

Finally, the legislative package also included a new law that could help reduce barriers to new housing development at the local level. SB 35 would make it possible to bypass some measures of local control on housing development when a local jurisdiction fails to meet its goals for new construction over a period of many years.

National Flood Insurance Update – Congress Hits 3-month 'Snooze' Button

With the National Flood Insurance Program (NFIP) scheduled to lapse at the end of September and a slew of other critical deadlines facing a similar timeline, Congress agreed to a short-term, three-month extension to allow work to continue through the fall.

That resets the countdown clock on the critical program that allows mortgages on millions of homes that exist in 100-year flood zones across the U.S. The National Association of REALTORS® is seeking passage of a new, five-year reauthorization of the program. NAR worked with Congress and many stakeholders to forge agreement on improvements and reforms to the NFIP as part of the reauthorization plan this summer.

For REALTORS®, this means we should plan to again communicate the importance of reauthorizing the NFIP as the new deadline approaches in December.

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.

Getting Ready for the 2018 Advertising Standards

It's time to start thinking about the new advertising standards taking effect January 1, 2018. AB 1650 makes significant changes to Business and Professions Code § 10140.6 expanding what must be included in advertising materials, including business cards, "for sale", "open house", lease, rent and directional signs, stationary, advertising flyers, and print and electronic advertising. There is no prohibition on being ahead of the effective date, so before ordering new advertising materials, you may want to make sure that your advertising materials comply for 2018. Here is a summary of the new requirements:

• **When and What:** Beginning January 1, 2018, a licensee must disclose on all solicitation materials intended to be the first point of contact with consumers

o Name and license number (license number type-size no smaller than other smallest type in solicitation), and

o The responsible broker's "identity," meaning the name under which the broker is currently licensed by CalBRE and conducts business in general or is a substantial division of the real estate firm. The broker's license number is optional.

• **Where:**

o Business cards

o Stationery

o Advertising flyers

o Advertisements on television, in print, or electronic media

o "For sale," "open house," lease, rent or directional signs

o Any other material designed to solicit the creation of a professional relationship between the licensee and a consumer

• **Limited Exception:** "For sale," rent, lease, "open house" and directional signs need not include the agent's or associate broker's name and license number as long as either:

o The responsible broker's "identity" appears. Under this exception there can be no reference on the sign to an associate broker or licensee, or

o There is no licensee identification information at all.

This exception also applies to the general rule of disclosing a licensee's status, such as broker, agent, or REALTOR®, in all advertising. However, under the N.A.R. Code of Ethics Standard of Practice 12-5, any advertisement of real estate services or listed property in any medium must disclose the name of the firm in a reasonable and readily apparent way. So even though a licensee who is not a REALTOR® may post a completely generic "for sale" sign under the new law, REALTORS® have a higher standard.

All Sellers Must Sign Listing Agreement

To collect a commission for selling real estate, the statute of frauds requires the agreement to be in writing and signed by the party to be charged. This means that any seller who has not signed the listing would not be liable to pay a commission. But what if one seller represents that he or she has the authority to bind all other sellers? For one seller to be able to sign for another, he or she would need written authority under the "equal dignities rule" - my authority to you to sign for me must be in writing signed by me.

In Jacobs v. Locatelli, Court of Appeal, H042292, Sixth Appellate District, filed February 8, 2017, the court was asked to look at this issue. There were six owners, one of whom was the trustee of his revocable living trust. The listing agent dealt with the trustee of this trust who represented that he had the authority to sign for all the owners. All six owners were listed on the listing agreement but only the trustee signed. Importantly, he signed as trustee for his living trust and included the phrase "et al." indicating that he was signing for others as well.

When the listing agreement ultimately was not honored, the listing agent sued. The lower court emphasized the very strict requirements and application of the statute of frauds in real estate commissions and granted the five non-signing owners' demurrer. They had not signed the listing contract and the listing agent, although alleging that the trustee had a written agreement, did not have any writing giving signing authority to the trustee. Additionally, the "parole evidence" rule prohibited the listing agent's introducing terms that were not part of the listing agreement.

In its review, the appellate court again stressed the very strict interpretation of the statute of frauds but reversed the lower court decision, sending the case back to the trial court, and noting that the California Supreme Court has held that the statute of frauds should not be used as a shield against contracts otherwise fairly and admittedly made. Here the listing agent alleged she was told by the trustee that he had a written agreement authorizing him to sign for all other sellers. The unique feature of this case is that the appellate court held that neither the statute of frauds nor the parole evidence rule bar the listing agent from proceeding with her case. She should be able to use "discovery" and have the court hear her evidence of a written agreement in which the five other owners authorize the trustee to deal with the listing agent and sign the listing agreement for them.

While the listing agent survived the demurrer, and gets a chance to have her day in court, the bottom line of the case is really the bottom line of the listing agreement: to assure your commission rights - all owners must sign the listing agreement. If one owner claims authority to bind the other owners, that must be in writing signed by the other owners and you should get a copy.

Receive Weekly IVAR News and Updates via Text Messages

Stay Connected

As part of our efforts to keep you informed in a prompt and convenient manner IVAR offers a text-messaging service for weekly alerts, news and information.

To Register

Send the text "subscribe all" to 951-999-4354

The following English-language commands will also work: STOP, STOPALL, UNSUBSCRIBE, CANCEL, END, and QUIT will stop you from receiving messages.

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Housing Data Report August 2017

The Voice of Real Estate in the Inland Empire℠

A report brought to you by the Inland Valleys Association of REALTORS® (IVAR)
www.ivaor.com

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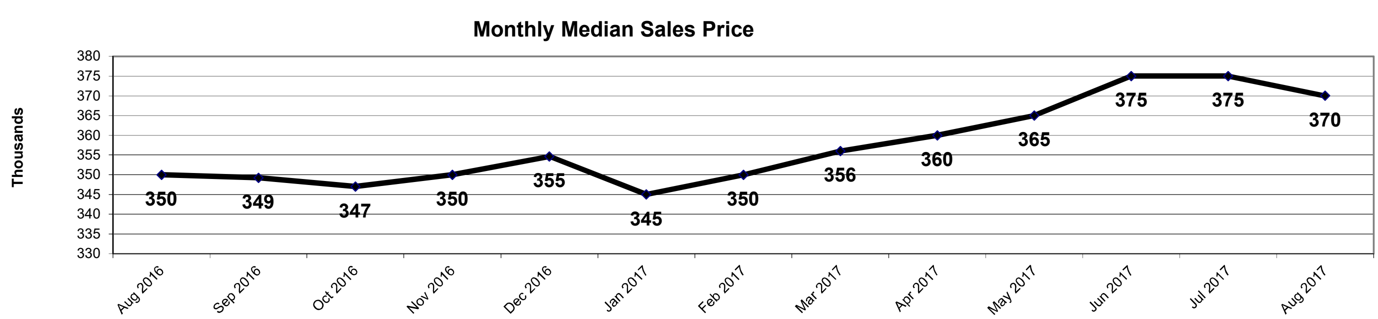
10574 Acacia Street, Suite #D-7

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-August 2016 vs. Jan-August 2017) there were strong increases in Sold Listings (up 5.7), Sales Volume (up 13.4%) and Pending Sales (up 7%). However, New Listings continue to lag with a 4.8% decrease.
- Heightened demand has also caused a reduction in "Combined Days on Market" which decreased 53.6% year-over-year. Moreover, roughly one-third of the homes sold were on the market less than two weeks.
- When compared with July 2017 ($375,000), Median Sales prices took a slight down-tick in August coming in at $370,000, which is still a 5.7% increase compared to August, 2016.
- 2017 continues to 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.

	Aug-2016	Aug-2017	Annual Change
New Listings	5,430	4,908	-9.6%
Pending Sales	4,103	4,391	7.0%
Sold Listings	4,089	4,209	2.9%
Median Sales Price	$350,000	$370,000	5.7%
Sales Volume ($M)	$1,528	$1,728	13.1%
Price/Sq.Ft.	$192	$206	7.3%
Sold $/List $	98.85%	100.00%	1.2%
Days on Market	42	17	-59.5%
CDOM	50	18	-64.0%

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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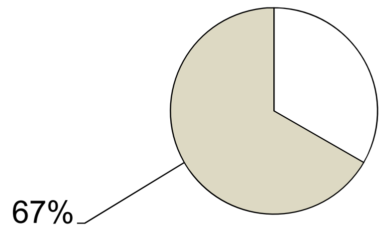
We are 8 months through the year:

The statistics shown below are for all 8 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.

	Jan-Aug 2016	Jan-Aug 2017	Year-Over-Year Change
New Listings	41,344	39,342	-4.8%
Pending Sales	30,438	32,568	7.0%
Sold Listings	28,482	30,111	5.7%
Median Sales Price	$340,000	$365,000	7.4%
Sales Volume ($M)	$10,436	$11,839	13.4%
Price/Sq.Ft.	$187	$201	7.1%
Sold $/List $	98.76%	99.40%	0.6%
Days on Market	45	21	-53.3%
CDOM	53	23	-56.6%

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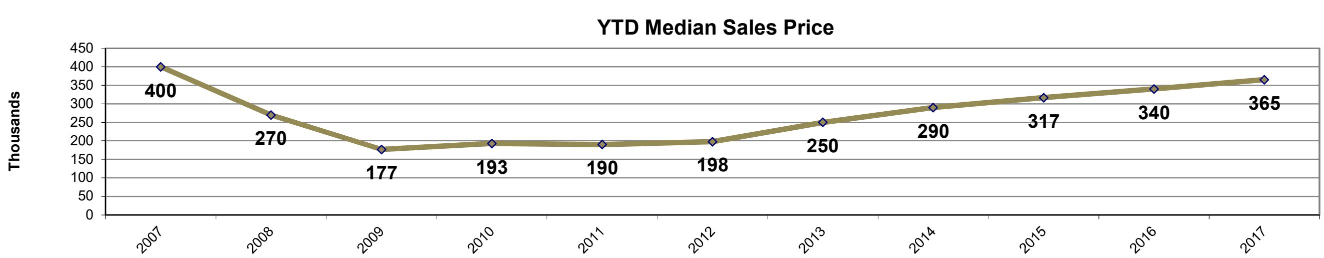

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Aug 2017 City Overview

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	38%	-4%	$ 528,450	21	$ 291	20
Banning	-19%	7%	$ 240,000	54	$ 174	24
Beaumont	8%	3%	$ 309,950	121	$ 158	26
Bloomington	86%	-2%	$ 298,500	32	$ 234	15
Calimesa	0%	-2%	$ 337,745	11	$ 162	20
Canyon Lake	6%	-14%	$ 370,000	60	$ 197	16
Cherry Valley	80%	10%	$ 351,500	16	$ 203	20
Chino	4%	4%	$ 453,000	96	$ 248	18
Chino Hills	1%	1%	$ 594,900	122	$ 329	20
Claremont	13%	3%	$ 659,188	42	$ 331	16
Colton	39%	23%	$ 289,000	43	$ 201	16
Corona	-8%	4%	$ 451,500	302	$ 248	23
Diamond Bar	22%	-17%	$ 525,500	106	$ 353	26
Eastvale	-33%	15%	$ 562,500	61	$ 194	18
Fontana	-11%	8%	$ 370,000	249	$ 217	18
Hemet	1%	8%	$ 238,000	259	$ 140	16
Highland	22%	18%	$ 332,000	81	$ 190	16
Homeland	57%	-38%	$ 155,000	5	$ 146	19
Jurupa Valley	54%	2%	$ 413,500	61	$ 233	12
La Verne	-24%	11%	$ 590,000	25	$ 337	13
Lake Elsinore	6%	7%	$ 351,250	148	$ 166	18
Loma Linda	40%	22%	$ 420,500	21	$ 210	12
Menifee	1%	11%	$ 366,000	188	$ 171	20
Montclair	-10%	3%	$ 422,500	35	$ 247	13
Moreno Valley	22%	5%	$ 300,000	252	$ 186	13
Murrieta	-8%	6%	$ 413,500	279	$ 176	15
Norco	-11%	-10%	$ 440,000	38	$ 288	55
Ontario	2%	8%	$ 385,000	144	$ 273	16
Perris	7%	10%	$ 297,500	144	$ 164	13
Pomona	1%	9%	$ 396,500	112	$ 284	17
Rancho Cucamonga	-9%	4%	$ 480,000	244	$ 269	18
Redlands	18%	11%	$ 389,500	93	$ 233	14
Rialto	-13%	12%	$ 335,000	89	$ 215	13
Riverside	12%	7%	$ 375,000	580	$ 225	21
San Bernardino	6%	15%	$ 262,000	309	$ 193	17
San Dimas	3%	-9%	$ 510,000	39	$ 355	16
San Jacinto	18%	14%	$ 265,000	77	$ 144	13
Sun City	43%	12%	$ 229,950	26	$ 171	25
Temecula	3%	9%	$ 456,000	268	$ 210	25
Upland	19%	11%	$ 510,000	120	$ 283	25
Wildomar	27%	10%	$ 395,000	85	$ 171	21
Winchester	-11%	11%	$ 415,000	63	$ 165	19
Yucaipa	-4%	4%	$ 338,750	96	$ 200	18

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Aug 2017 - Sales Volume per City

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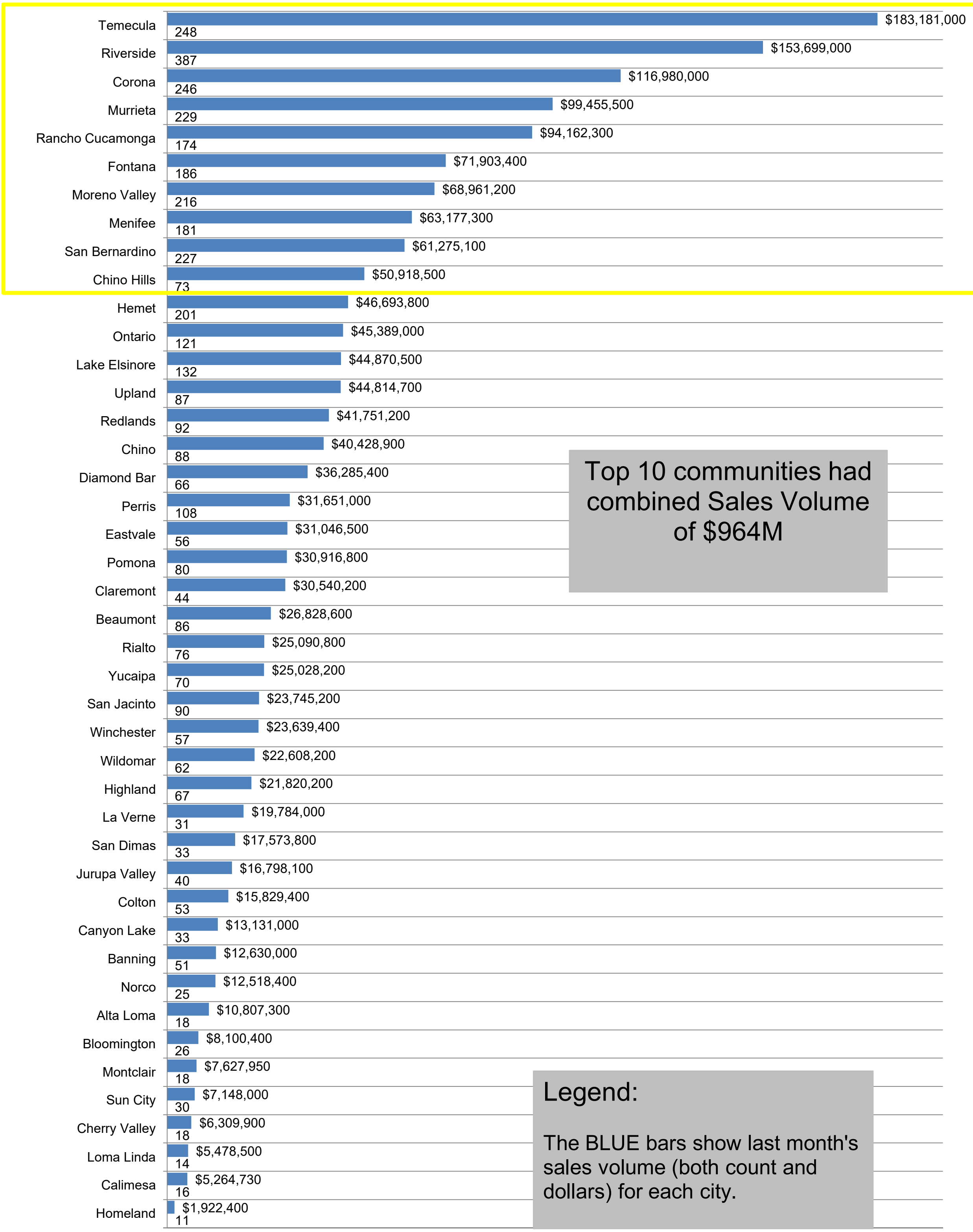

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Aug 2017 - Top Communities with New Listings (year-over-year)

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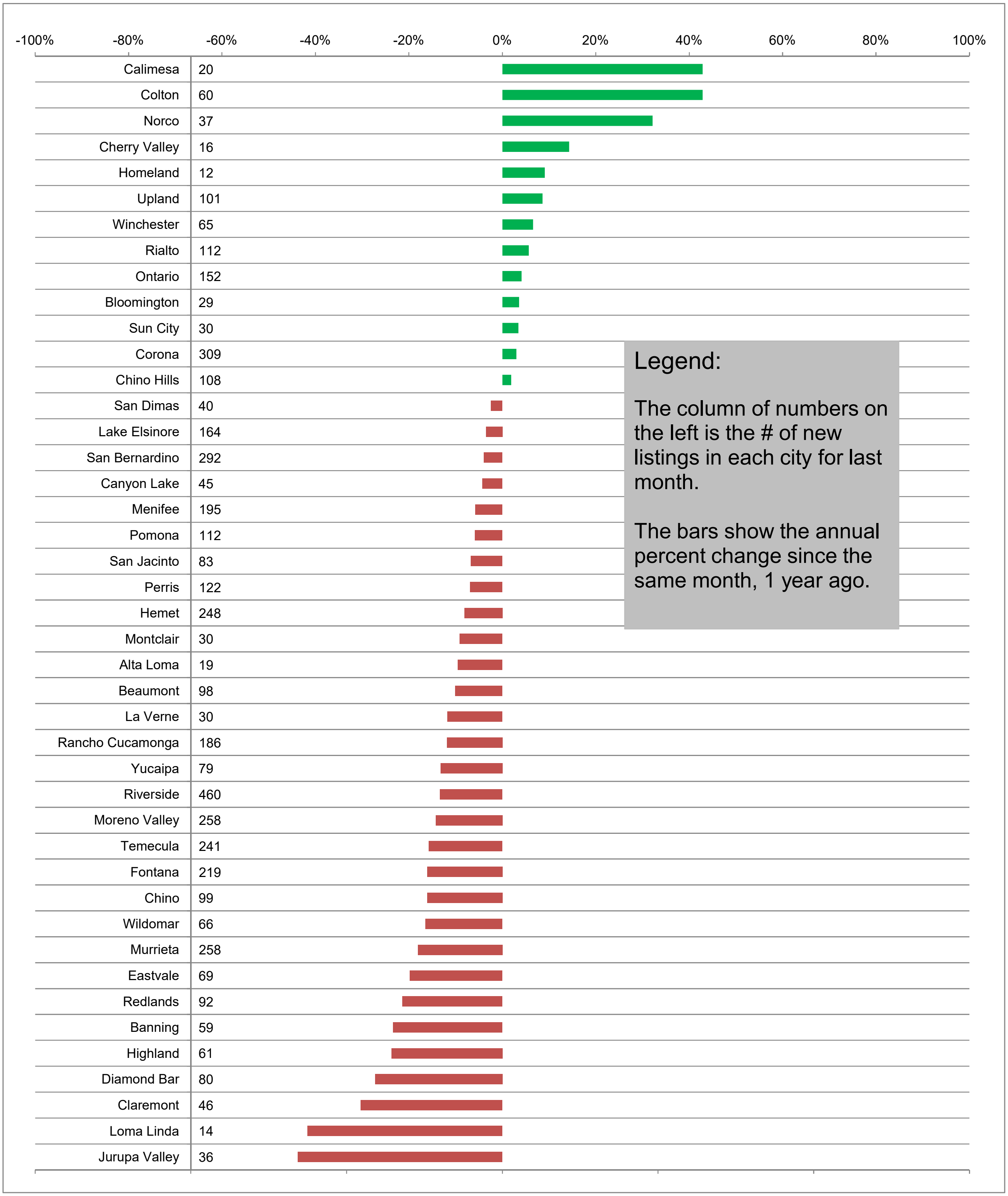

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Sell Price vs Original List Price

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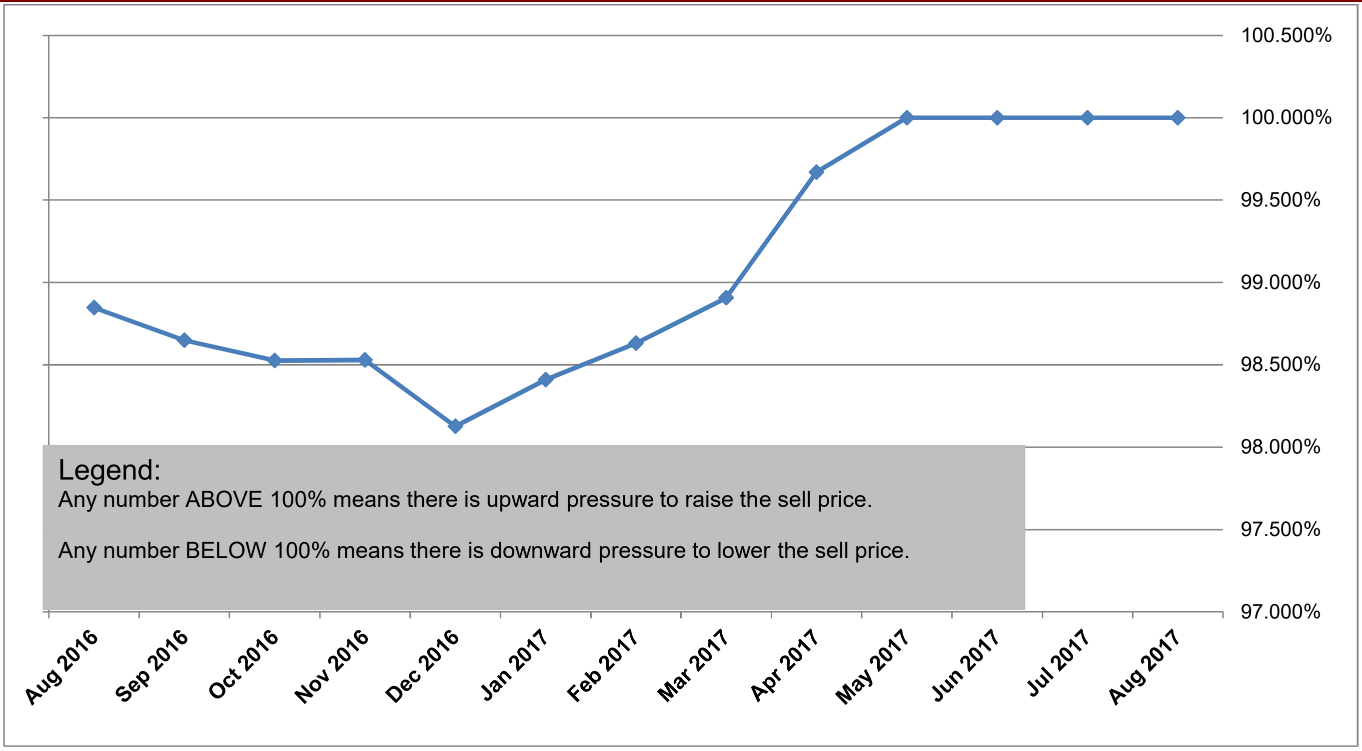
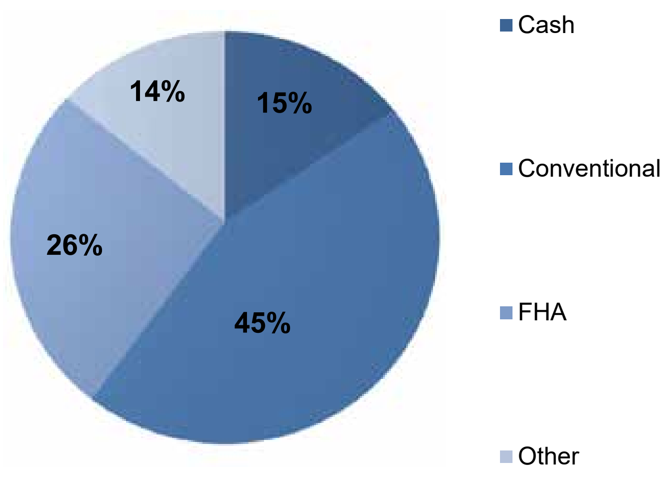


This report is brought to you by IVAR:

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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Student Debt Delaying Millennial Homeownership by 7 Years

MEDIA CONTACT: ADAM DESANCTIS / 202-383-1178

WASHINGTON (September 18, 2017) – Despite being in the prime years to buy their first home, an overwhelming majority of millennials with student debt currently do not own a home and believe this debt is to blame for what they typically expect to be a seven-year delay from buying.

This is according to a new joint study on millennial student loan debt released today by the National Association of Realtors® and nonprofit American Student Assistance®. The survey additionally revealed that student debt is holding back millennials from financial decisions and personal milestones, such as adequately saving for retirement, changing careers, continuing their education, marrying and having children.

NAR and ASA's new study found that only 20 percent of millennial respondents currently own a home, and that they are typically carrying a student debt load ($41,200) that surpasses their annual income ($38,800). Most respondents borrowed money to finance their education at a four-year college (79 percent), and slightly over half (51 percent) are repaying a balance of over $40,000.

Among the 80 percent of millennials in the survey who said they do not own a home, 83 percent believe their student loan debt has affected their ability to buy. The median amount of time these millennials expect to be delayed from buying a home is seven years, and overall, 84 percent expect to postpone buying by at least three years.

"The tens of thousands of dollars many millennials needed to borrow to earn a college degree have come at a financial and emotional cost that's influencing millennials' housing choices and other major life decisions," said Lawrence Yun, NAR chief economist. "Sales to first-time buyers have been underwhelming for several years now1, and this survey indicates student debt is a big part of the blame. Even a large majority of older millennials and those with higher incomes say they're being forced to delay homeownership because they can't save for a down payment and don't feel financially secure enough to buy."

According to Yun, the housing market's lifecycle is being disrupted by the $1.4 trillion of student debt U.S. households are currently carrying2. In addition to softer demand at the entry-level portion of the market, a quarter of current millennial homeowners said their student debt is preventing them from selling their home to buy a new one, either because it's too expensive to move and upgrade, or because their loans have impacted their credit for a future mortgage.

"Millennial homeowners who can't afford to trade up because of their student debt end up staying put, which slows the turnover in the housing market and exacerbates the low supply levels and affordability pressures for those trying to buy their first home," added Yun.

Repaying student debt is influencing career choices, life milestones and retirement savings

In addition to postponing a home purchase, the survey found that student debt is forcing millennials to put aside several additional life choices and financial decisions that contribute to the economy and their overall happiness. Eighty-six percent have made sacrifices in their professional career, including taking a second job, remaining in a position in which they were unhappy, or taking one outside their field. Furthermore, more than half say they are delayed in continuing their education and starting a family, and 41 percent would like to marry but are stalling because of their debt.

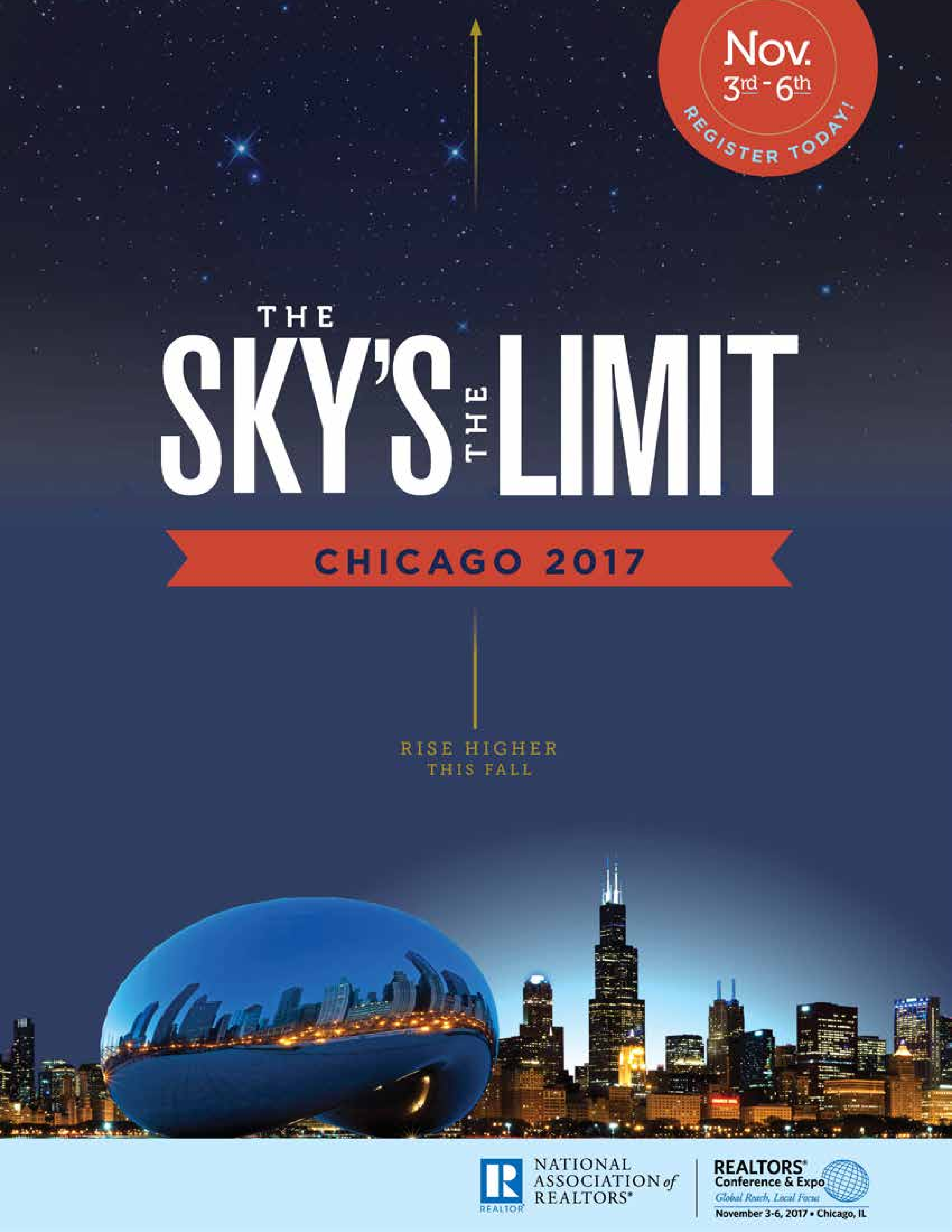
Even more concerning, according to Yun, is that it appears many millennials are putting saving for retirement on the backburner because of their student debt. Sixty-one percent of respondents at times have not been able to make a contribution to their retirement, and nearly a third (32 percent) said they were at times able to contribute but with a reduced amount.

"Being unable to adequately save for retirement on top of not experiencing the wealth building benefits of owning a home is an unfortunate situation that could have long-term consequences to the financial well-being of these millennials," said Yun. "A scenario where only those with minimal or no student debt can afford to buy a home and save for retirement is not an ideal situation and is one that weakens the economy and contributes to widening inequality."

A better understanding of college costs is needed

The financial pressures many millennials with student debt are now experiencing appear to somewhat come from not having a complete understanding of the expenses needed to pay for college. Only one-in-five borrowers indicated in the survey that they understood all of the costs, including tuition, fees and housing.

"Student debt is a reality for the majority of students attending colleges and universities across our country. We cannot allow educational debt to hold back whole generations from the financial milestones that underpin the American Dream, like home ownership," said Jean Eddy, president and CEO at ASA. "The results of this study reinforce the need for solutions that both reduce education debt levels for future students, and enable current borrowers to make that debt manageable, so they don't have to put the rest of their financial goals on hold."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