

# INLAND VALLEYS REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®

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HAPPY NEW YEAR

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US AT IVAR



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DECEMBER 2014

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# Help us continue to build the REALTOR® Party



MIKE STOFFEL,  
2015 IVAR PRESIDENT

Among the themes to the holidays is that we take nothing for granted. Around Thanksgiving, we say 'thanks' for things we too often commit to the background of our day-to-day lives. At Christmas, we celebrate family, friends, faith and so much that can get caught in the wallpaper of every day.

I'll submit this idea – that all of those things we are fortunate to enjoy, mundane as they seem at times – are hard-wrought accomplishments born of work. Often, the work and sacrifice was those of others – parents, forbears, strangers with a vision from generations ago and others who are building one today.

I love the work we do on behalf of our members at the Inland Valleys Association of REALTORS®. It's fulfilling to work for its members, their clients and the communities they serve. Our members' capacity to care, and to show it, manifests daily. We get to do a job that relies almost entirely on helping members find an outlet for the things that drive them to serve their clients beyond the next signed contract.

The infrastructure that allows working class families the ability to buy a home is testament to generations of Americans who believe that ability is a fundamental part of our identity. The work of making it work better, fixing flaws, protecting the aspirations of families who strive for ownership and helping everyone improve both their neighborhoods and their own household is something your current, past and future colleagues will actively work to accomplish. It's been a privilege to watch and help them take on that effort.

That said, making life easier on buyers and sellers – and putting homeownership within reach of more responsible and deserving Americans – is pretty good for business too.

However, it takes members who decide that they won't wait for the next person to care. Among our membership, we have that in abundance.

This month, members will receive their membership renewal notices. Next month, the due dates will approach and we'll look forward to 2015 with optimism – and a lighter checking account. I'm here to ask that you consider joining me and hundreds of your colleagues who include an extra \$49 or more for our advocacy efforts when you renew your membership.

Even more importantly, I'm hoping to see more members who can make a little time to support our efforts when we reach out to elected officials to send a message about homeownership, property rights or small business. IVAR has about 3,300 REALTOR® members and more than 4,000 professionals. If each one had an active role in our advocacy efforts, we wouldn't need a dime of anyone's money to be the strongest business advocacy group around.

However, IVAR is strong because that membership roster also includes more than a thousand small businesses. Small business owners lead busy lives and we understand that \$4 a month is usually easier than an hour.

**IVAR can boast of numerous successes in our advocacy work. Your efforts have:**

- defended struggling families from paying tens of thousands in income taxes following a short sale
- brought back Prop 90 to Riverside County for the first time in 20 years, protecting many seniors moving in from outside the County from major increases in their property taxes

- created Prop 90 in San Bernardino County for the first time ever
- helped to protect the Mortgage Interest Deduction
- battled away efforts to add a new tax on services
- defeated a new tax on recorded document that would cost consumers up to \$750 million annually in California
- defeated an eminent domain proposal that fundamentally threatened the ability of future homebuyers to get and afford mortgages
- helped local law enforcement investigate and thwart some real estate scams that can devastate families
- and many more items that could extend this list through page after page

Every item on that list took a committed effort to understand, research, organize and then make an effective, winning argument. Most of these seem fundamental to our members and their clients. However, in a world where we have so much for which to be thankful, the expectation that common sense will prevail as a simple matter of fact is, unfortunately, not one of those givens. These take work and resources and I'm proud of the hundreds of IVAR members who dedicated both to making that list possible.

## Here's how to help us build a stronger REALTOR® Party

- Contribute the voluntary \$49 on your membership renewal form
- Read and respond to Red Alerts and Calls for Action on current legislation
- Sign up to receive occasional emails on legislative issues
- Stay informed on real estate issues
- Join a committee
- Let us know about issues you encounter. Chances are you're not the only one
- Support REALTOR®-backed candidates for political office

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PAUL HERRERA,  
GOVERNMENT AFFAIRS DIRECTOR

On February 5th in Ontario, the Inland Valleys Association of REALTORS®, in partnership with National Community Renaissance, the Apartment Association of the Greater Inland Empire, local chapters of the Building Industry Association and a number of local cities and agencies will launch a much needed project to discuss the future of housing.

In 2015, homeownership is challenged both as a matter of affordability and in a shifting culture. Families have changed. The nature of work and employment is shifting. Housing is caught at the center. Home construction is defined as much by concerns about the environment, broad economic issues and social debates as it is by the simple notion that families need a home they can afford.

The leadership conference begins there. Author Joel Kotkin, one of California's leading minds on economic trends and issues, will deliver the results of a study he and his team are now researching. That study explores trends in housing, job growth, wages and other key areas of the California economy. The findings will set the stage for a leadership-level discussion exploring how we handle the future of housing – and how we house the future of California.

For generations, housing has defined Southern California as much as any industry.

In the last generation – and the current one – the Inland Empire economy grew with development, construction and housing.

Development inexorably links with misgivings in many communities. Congestion, growth, environmental worries and the fact that an expanding population reshapes the landscape more than any force of nature we can witness means that to lead in California often means following a crowd-sourced direction toward the concern du jour.

In 2013, California began its exit from more than a decade of a wild boom-and-bust cycle in housing. That decade, whose seeds were sown well in advance, distorted the perception and reality of housing in various ways. As we peek at 2015 from around the corner, we can spot definitive changes that define today's households as different than those in the early 2000s. We can also trace a line of changes in the California economy and in its households that carry further into the past – and continue to shift expectations of future communities and neighborhoods.

Today, leaders in our communities and throughout California are in position to help define that future. In fact, they already have. A generation of leaders at every level of government shaped communities as we see them today. They set the stage for California's growth – as well as many challenges we face.

Our challenge is to lead the next stage of California's – and the Inland Empire's – strategy on housing. More importantly, it's to do so with thoughtful policy and purposeful direction. How we account for our shared values and write those goals into municipal ordinances, state laws and regulatory decisions defines a key part of the environment for families facing a simpler challenge – finding a place to live.

Please join us on February 5th in Ontario for Housing the Future: The Inland Empire as Southern California's Indispensable Geography.

## PLEASE SAVE THE DATE

### Housing the Future

*The Inland Empire as Southern California's  
Indispensable Geography*

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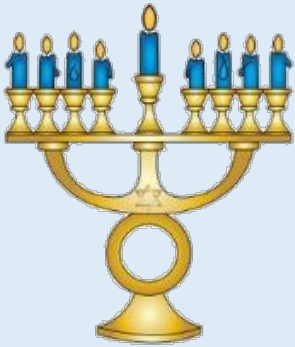


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# FHFA to retain higher loan limits for 2015

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## C.A.R. applauds FHFA for keeping Fannie Mae and Freddie Mac conforming loan limits unchanged

LOS ANGELES (Nov. 24) – The CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) today issued the following statement in response to the Federal Housing Finance Agency's (FHFA) announcement to keep the 2015 maximum conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac at \$417,000 on one-unit properties in most areas and a cap of \$625,500 in high-cost areas. Loan limits were increased in Monterey, Napa, San Diego, and Ventura counties:

"C.A.R. applauds the FHFA for retaining the existing Fannie Mae and Freddie Mac conforming loan limits, and even raising the limit in some California counties," said C.A.R. President Chris Kutzkey. "The FHFA recognizes that home prices have risen significantly in California, especially in high-cost coastal areas, where lowering the loan limits would have hurt the housing recovery."

C.A.R. and the NATIONAL ASSOCIATION OF REALTORS® (NAR)

both have long advocated for making higher conforming loan limits permanent. As a result of C.A.R.'s and NAR's efforts, Congress made permanent the maximum conforming loan limits at \$625,500.

The conforming loan limit determines the maximum size of a mortgage that government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac can buy or "guarantee." Non-conforming or "jumbo loans" typically have tighter underwriting standards and carry higher mortgage interest rates than conforming loans, increasing monthly payments and hampering the ability of families in California to purchase homes by making them less affordable.

Leading the way...® in California real estate for more than 100 years, the CALIFORNIA ASSOCIATION OF REALTORS® ([www.car.org](http://www.car.org)) is one of the largest state trade organizations in the United States, with more than 165,000 members dedicated to the advancement of professionalism in real estate. C.A.R. is headquartered in Los Angeles.

# C.A.R. applauds Fannie Mae and Freddie Mac's 97% LTV option

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## C.A.R. applauds Fannie Mae and Freddie Mac's 3 percent down payment option

LOS ANGELES (Dec. 9) – The CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) today issued the following statement in response to Fannie Mae and Freddie Mac's move to lower down payments to as little as 3 percent for first-time home buyers and permit refinancing borrowers to reduce equity to 3 percent to cover closing costs.

"C.A.R. commends Fannie Mae and Freddie Mac for expanding access to credit for well-qualified first-time buyers struggling to enter the housing market," said C.A.R. President Chris Kutzkey. "Saving enough money for a down payment is the biggest hurdle for most first-time home buyers, but this program will help remove that barrier, and at the same time, lenders can be assured they are providing a safe, affordable loan to creditworthy borrowers."

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Mark Dowling, Chief Executive Officer

Welcome to the Inland Valleys Association of REALTORS (IVAR) monthly housing update. As a member benefit, IVAR produces monthly and quarterly housing reports to help members and area leaders better understand what's going on in the regional housing market.

When reviewing the latest housing data from the region, there are a few noticeable trends emerging through the first half of 2014:

- Cash buyers continue their downward trend from 34% last year to approximately 20% in November, 2014. This decrease has slowed the demand for housing, which is reflected in an increase in "Days on Market".
- Aggressive cash buyers in 2013 helped drive-up median sales prices 25% in 2013. Although median sales prices peaked in June at \$310,000, the last few months have seen the median sales price decrease slightly to \$302,000.
- Standard Sales continue to dominate the "Sales Type", with nearly 86% of all regional sales represented as Standard Sales.
- Although the total number of Closed sales have been trending down for 2014 when compared to 2013, New Listings showed a slight year-over-year monthly decrease.



Given the significant increase in housing prices over the last year, a new home buying dilemma has sprouted-up as many potential first-time home buyers are finding themselves priced out of the market. According to C.A.R., since 2012, the minimum income required to purchase a house in the Inland Empire has increased 57%. This issue has impacted all of California, and is reflected in the average age of current California homebuyers which is now 48.

**A**

#### REGIONAL SUMMARY - PAGE 1

**OBSERVATION:** New listings have dropped 5 months in a row. The last quarter of the year is typically slow.

**CONCLUSION:** The remainder of 2014 looks negative. An improving national outlook for jobs and the economy will have a positive impact on our region in 2015.

**E**

#### REGIONAL SUMMARY - PAGE 1

**OBSERVATION:** Median Sales Price has floated above the \$300K level for 7 straight months.

**CONCLUSION:** Although above \$300K, the median price is clearly trending down.

**B**

#### REGIONAL SUMMARY - PAGE 1

**OBSERVATION:** Closed listings dropped due to the year-end holidays.

**CONCLUSION:** The median sales price has increased 7% since 1 year ago. This shows an underlying strength in the market.

**F**

#### SALES VOLUME PER CITY - PAGE 3

**OBSERVATION:** The combined Sales Volume of the top 4 communities (approx. \$243M) is equivalent to the combined volume of the bottom 22.

**C**

#### REGIONAL SUMMARY - PAGE 1

**OBSERVATION:** Pending Sales saw a 10% increase for October (year-over-year).

**CONCLUSION:** This means more inventory coming into the market. This helps encourage closed sales next month.

**G**

#### COMMUNITIES WITH NEW LISTINGS - PAGE 4

**OBSERVATION:** 13 communities achieved a year-over-year growth in New Listings.

**D**

#### REGIONAL SUMMARY - PAGE 1

**OBSERVATION:** Sales Volume and Sold Transactions are both down from 1 year ago.

**CONCLUSION:** The market was in a recovery phase last year at this time. It's not necessarily bad news for sales to be down compared to these previous numbers. A market with steady sales is preferable to lots of market volatility.

**H**

#### COMMUNITIES WITH NEW LISTINGS - PAGE 4

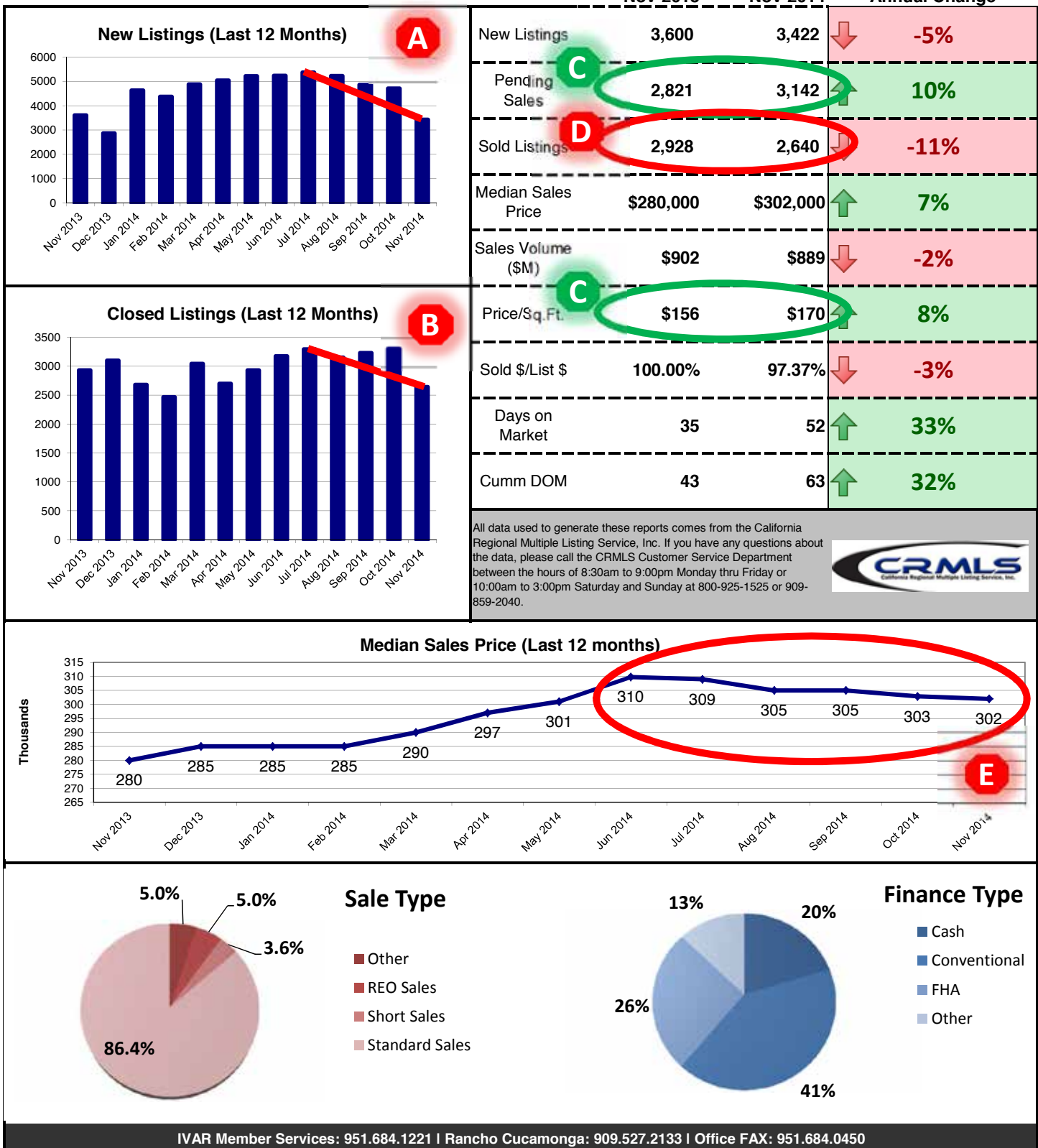
**OBSERVATION:** 26 communities had a year-over-year drop or no-change in New Listings.

**I**

#### RATIO OF SELL VS. ORIGINAL LIST - PAGE 5

**OBSERVATION:** For 7 months, there has been increased pressure on lowered expectations between original list and final sell price.

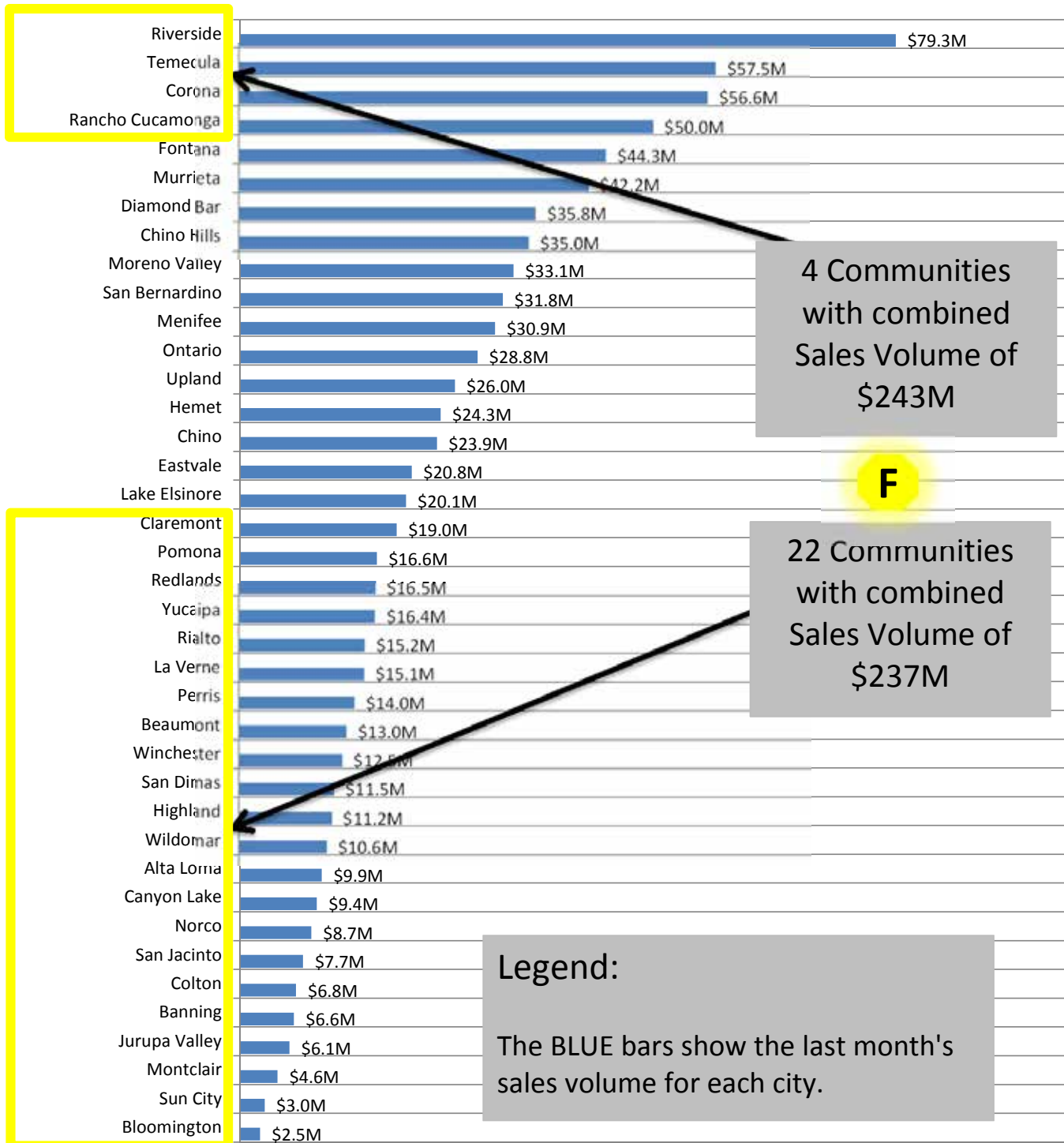
**CONCLUSION:** The regional market is finding a "new normal". The key for agents is to look for the hot-spots



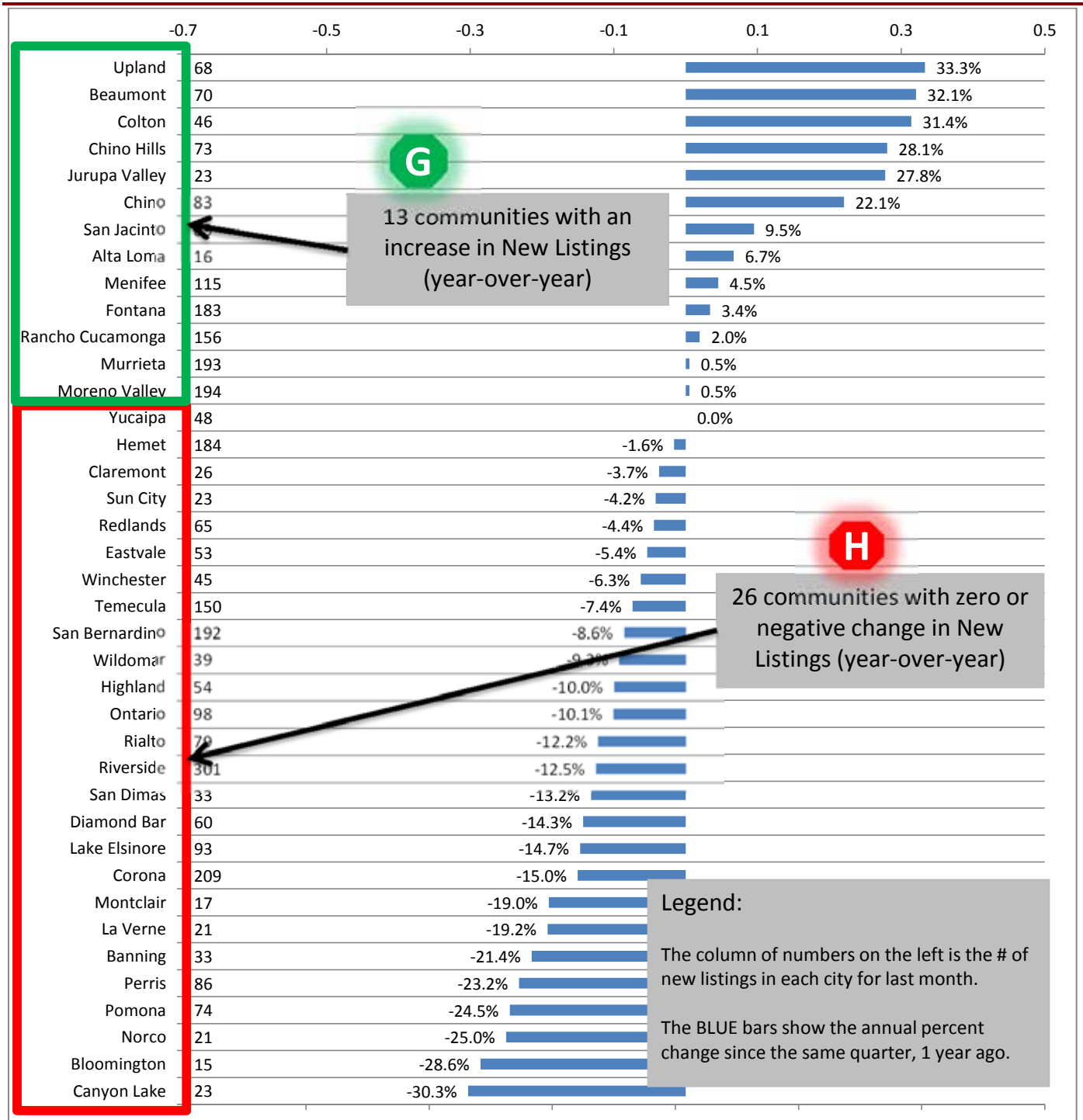
The following monthly data shows "YEAR-OVER-YEAR" (YOY) changes as well as current conditions in the real estate market

	YOY Sales Transactions	YOY Median Sales Price %	Median Sales Price \$	Price per Sq.Ft.	Total Days on Market
Alta Loma	📈 23%	📈 44%	\$ 560,000	\$ 237	57
Banning	📈 42%	📈 19%	\$ 180,000	\$ 126	102
Beaumont	📉 -13%	📉 -2%	\$ 240,000	\$ 133	70
Bloomington	📈 10%	📉 -8%	\$ 231,000	\$ 171	47
Canyon Lake	📉 -13%	📈 21%	\$ 386,000	\$ 180	122
Chino	📉 -5%	📈 21%	\$ 410,000	\$ 217	70
Chino Hills	📈 35%	📈 5%	\$ 549,900	\$ 291	65
Claremont	📈 60%	📈 7%	\$ 557,500	\$ 294	63
Colton	📈 14%	📈 22%	\$ 225,000	\$ 151	29
Corona	📉 -22%	📈 4%	\$ 390,000	\$ 205	75
Diamond Bar	📉 -21%	📉 -2%	\$ 488,000	\$ 309	87
Eastvale	📉 -7%	📈 2%	\$ 470,000	\$ 171	73
Fontana	📉 -9%	📈 3%	\$ 300,000	\$ 176	61
Hemet	📉 -1%	🟡 0%	\$ 175,000	\$ 111	62
Highland	🟡 0%	📈 6%	\$ 249,900	\$ 155	51
Jurupa Valley	📉 -24%	📈 3%	\$ 313,000	\$ 192	58
La Verne	📈 75%	📈 32%	\$ 595,000	\$ 296	64
Lake Elsinore	📉 -6%	🟡 0%	\$ 280,000	\$ 140	60
Menifee	📈 10%	📈 3%	\$ 287,000	\$ 133	51
Montclair	📉 -7%	📈 14%	\$ 337,000	\$ 257	34
Moreno Valley	📉 -21%	📈 7%	\$ 240,000	\$ 141	51
Murrieta	📉 -32%	📈 3%	\$ 325,000	\$ 153	68
Norco	🟡 0%	📈 11%	\$ 449,000	\$ 219	130
Ontario	📈 5%	📈 6%	\$ 305,000	\$ 221	57
Perris	📉 -22%	📈 3%	\$ 226,000	\$ 130	46
Pomona	📉 -29%	📈 8%	\$ 315,000	\$ 238	55
Rancho Cucamonga	📉 -10%	📈 3%	\$ 397,500	\$ 229	59
Redlands	📈 15%	📈 9%	\$ 330,000	\$ 182	65
Rialto	📉 -8%	📈 10%	\$ 259,500	\$ 167	44
Riverside	📉 -18%	📈 11%	\$ 305,000	\$ 192	61
San Bernardino	📉 -8%	📈 18%	\$ 188,000	\$ 148	44
San Dimas	📉 -21%	📈 2%	\$ 435,000	\$ 284	41
San Jacinto	📉 -30%	📈 8%	\$ 200,000	\$ 108	85
Sun City	📉 -15%	📈 23%	\$ 185,000	\$ 125	63
Temecula	📉 -3%	📈 10%	\$ 384,000	\$ 174	72
Upland	📉 -20%	📈 2%	\$ 449,900	\$ 258	55
Wildomar	📈 28%	📈 3%	\$ 279,999	\$ 132	90
Winchester	📈 31%	📈 2%	\$ 320,000	\$ 131	67

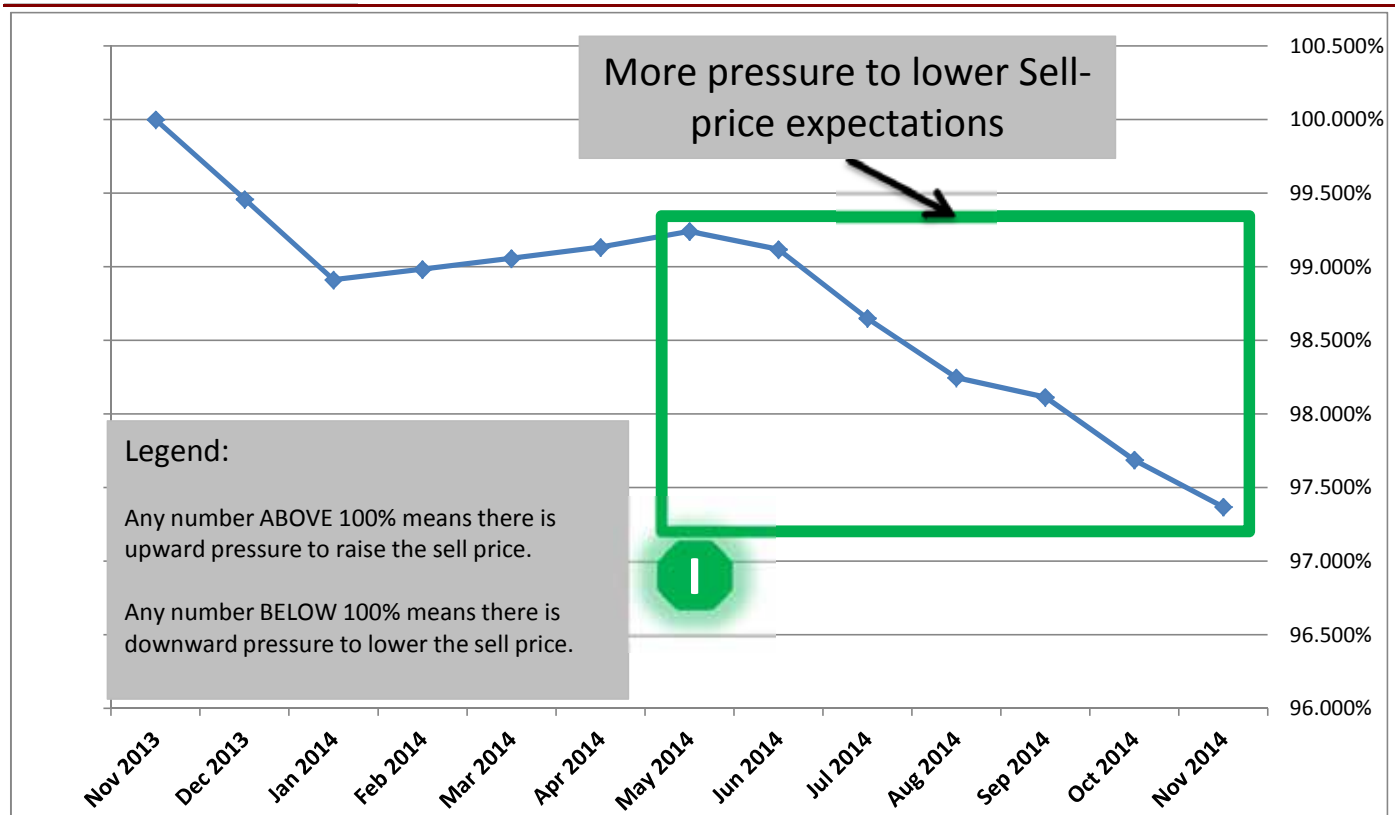
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The IVAR team has worked hard to improve services and make IVAR a better business association. IVAR is committed to defining its service and building member relationships not with promotional gimmicks and giveaways, but rather by refining a business-minded approach to serve our members' professional needs with our problem-solving approach. In the last year, IVAR has expanded services to include:

- Free local housing data & customized reports, available online to our members at <https://quicklook.ivaor.com>.
- Two offices located in Riverside & Rancho Cucamonga, Open 5 Days a Week
- Government Affairs supporting property rights and REALTOR business interests at <http://advocacy.ivaor.com>
- Mobile IVAR Member Services staff provide on-site training and customer support directly to your office
- Online reference guides to help members navigate local laws related to real estate
- Increased Affiliate Member promotions
- Expanded education and training opportunities focusing on short-sale techniques, technology applications and business planning

By focusing on value-added services, IVAR is committed to being the board of choice for Inland Empire REALTORS. If you have any questions or suggestions on how IVAR can provide better services, please feel free to contact me at 951.684.1221.

Mark Dowling, Chief Executive Officer

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## IVAR 2014 INSTALLATION

Thank you to everyone who made our 2014 Installation Reception a success! We look forward to a prosperous year in 2015 under great IVAR leadership.





# Credit Access Limits Recovery

At the Residential Economic Issues Forum at the 2014 REALTORS® Conference & Expo, NAR Chief Economist Lawrence Yun outlined the hurdles still hampering the recovery.



NOVEMBER 2014 | BY ROBERT FREEDMAN

The economy is recovering, household wealth is at its highest level ever, and the housing market is improving, but until lenders increase access to credit, sales will continue to underperform and demand will remain pent up, NAR Chief Economist Lawrence Yun said Friday.

Since the economic recovery began in 2010, home owners on a national basis have seen their equity position improve. That's a trend that should continue in the years ahead thanks to steady U.S. economic growth, solid job increases, improving consumer confidence, and continuing low interest rates.

These conditions make it a good time for households to buy and start accumulating wealth, Yun said. But credit policies among lenders that add restrictions above what's required by Fannie Mae, Freddie Mac, and FHA are making it too hard for many households, particularly those in the millennial generation, to buy.

He pointed out that, even factoring in the housing downturn, today's home owners nationally have accumulated an average \$200,000 in wealth, 36 times the average \$5,500 in wealth of renters.

Yun said the share of first-time buyers, about 30 percent of the market, is at its lowest level in 30 years despite research showing that 75 percent of young households want to buy. "Living with their parents is not their vision of the American

dream," Yun said, eliciting chuckles from the audience.

And it's not just young households having trouble buying. Yun said homeownership levels dropped by one million households between 2010 and 2014, despite the recovery in home equity, while the share of renters has increased by four million during that period.

Mel Watt director of the Federal Housing Finance Agency, which oversees secondary mortgage market companies Fannie Mae and Freddie Mac, in remarks he made to REALTORS® at the session with Yun, said his agency has been wrestling with lenders' restrictive credit policies and is encouraging

them to align their policies with what Fannie Mae and Freddie Mac require.

"It would be nice if [lenders] would come up to the plate and help us," he said. "We're trying to create the atmosphere and the circumstances" for them to feel comfortable enough that they can ease their credit restrictions above what Fannie and Freddie require.

One group of buyers whose market share is poised to grow is the 10 percent of Americans who have substantial exposure to Wall Street, because the stock market has been rising dramatically for the last several years. Flush times for those households should help grow sales of high-end homes and vacation properties, Yun said.

Yun is forecasting U.S. economic growth of 2.7 percent next year and 2.9 percent in 2016, about 2.5 million new jobs in each of those years, and interest rates to stay historically low, although they'll likely start rising in early 2015.

Households "aren't buying because there's a fence in front of them," said Yun, who encouraged Watt to continue its efforts to get lenders to ease their credit standards to a more reasonable level.

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FRIDAY, DECEMBER 19TH

Education

IVAR New Member Orientation

9:00am – 11:30am

IVAR Riverside Office

WEDNESDAY, DECEMBER 24TH

CLOSED

IVAR Riverside Office/Rancho

Cucamonga Office

THURSDAY, DECEMBER 25TH

CLOSED

IVAR Riverside Office/Rancho

Cucamonga Office

WEDNESDAY, JANUARY 7TH

Networking

IVAR Breakfast Meeting

8:00am – 9:30am

IVAR Riverside Office

MONDAY, JANUARY 12TH

Education

Delivering Listing & Buyer

Presentations with Precision

1:00pm – 4:00pm

IVAR Riverside Office



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Business, Keeping Your  
Money in Your Pocket!**



# Growing Sales, Building Community

Expand your work in an affordable niche that can both increase your client base and make your community a better place to live.



NOVEMBER 2014 | BY CHRISTINA HOFFMANN

Although government guidelines call for spending no more than 30 percent of your income on housing, more than 20 million people pay as much as 50 percent, making it virtually impossible for them to get a leg up on the home ownership ladder, much less afford the necessities of life.

"That's a real problem, because it puts so many people out of the market from ever owning a home," said course instructor Linda Kody, broker-owner of Kody & Co. Inc., in North Andover, Mass.

Increasing home ownership was the challenge presented to a group of REALTORS® from around the country who attended Expanding Housing Opportunities, a course that trains practitioners to help qualified prospects realize their part of the American dream.

Course attendees, representing a geographic cross section from California to Delaware and Minnesota to Texas, identified similar conditions— low inventory, bidding wars, flat income, appraisal problems— impeding the development of affordable housing for working families across their markets.

For the REALTOR® committed to expanding housing opportunities, the affordable niche is not only a way to increase your client base but to make your community a better place to live.

How can you help these clients?

Partner with a housing counselor. Counselors help your clients resolve credit issues, draw up a budget, understand what type of housing suits their needs, and generally get prepared for home ownership. Find counselors through:

- HUD's online directory or 1-800-569-4287
- Lenders familiar with local housing agencies
- Local government websites
- Local offices of national housing organizations, such as NeighborWorks America and HomeFree-USA

Volunteer with a nonprofit housing agency. Educate prospective buyers by speaking at home buyer seminars to explain the agent-client relationship, the sales contract and disclosure forms, and the protections that buyer agency offers.

Find sources for downpayment and closing cost assistance. Options include grants, forgivable loans, and shared equity arrangements. Under a shared equity arrangement, a nonprofit might agree to provide \$10,000 for a downpayment on a \$100,000 home in return for receiving 50 percent of any future sale profit.

To find financial resources, contact lenders, housing counselors, local and state REALTOR® associations, and government resources, such as state and local housing finance agencies.

Help clients obtain an affordable loan and avoid predatory lenders. Stave off problems by helping clients determine whether they can afford mortgage payments for the loan they're pre-approved for; making sure they understand consequences of prepayment penalties and the worst-case scenarios for ARMs, if applicable; and explaining forms like the HUD-1 Settlement. To find affordable loans, visit sites such as [fanniemae.com](http://fanniemae.com) and [freddiemac.com](http://freddiemac.com), and confer with your lender partners.

Get involved with local government to encourage workforce housing opportunities. Offices and agencies to work with in your area could include transportation boards, economic development councils, housing commissions, and zoning and planning boards.

Ultimately, your work in improving affordable housing opportunities can lead to an enlarged tax base, improved neighborhoods, and a growth in new businesses.

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