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APRIL 2018

INLAND VALLEYS REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®

IVAR to Make the Case for Homeownership in Sacramento and Washington DC in May

FOR MORE INFORMATION GO TO PAGE 6

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APRIL 2018

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Statement from NAR General Counsel Katie Johnson Regarding Innovation and Competition in Real Estate Brokerage

WASHINGTON (April 11, 2018) — Later this year, a 10-year old settlement and consent decree between the National Association of Realtors® and the U.S. Department of Justice mandating how listings are displayed by online brokerages will expire. Prior to that, on June 5, 2018, NAR will have the opportunity to demonstrate the breadth and depth of competition in the real estate and brokerage industry at a public workshop held by the DOJ and Federal Trade Commission.

To help show how the hundreds of multiple listing services, or MLSs, promote competition between real estate brokers, to the ultimate benefit of consumers, NAR asked independent, expert economist Frederik Flyer to explain how an MLS works in a new report published today, Procompetitive Benefits of Policies Limiting Access to Local Multiple Listing Service Data.

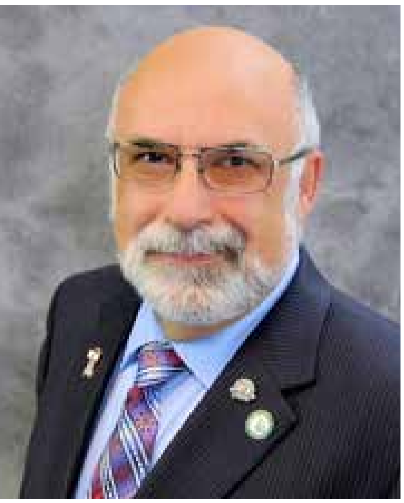
NAR's General Counsel Katie Johnson released the following statement regarding innovation and competition in real estate brokerage and the upcoming DOJ and FTC workshop:

"The National Association of Realtors® asserts that the real estate market is vibrant, healthy and vigorously competitive. Technology innovation in the real estate industry is robust, and the notion that real estate isn't highly competitive and listing data not readily available is unsubstantiated. To the contrary, a wealth of listing data is available to consumers and technology companies from a multitude of sources, and Realtors® provide their clients and consumers with more real estate information today than has ever been available.

"Further, the notion that innovation is spurred by providing real estate data to technology companies without any restrictions is simply erroneous. In fact, in most cases MLSs do not restrict listing data from third-party websites but instead leave the determination of what third-party listing websites will receive and display to the individual MLS participants whose listings are included in the MLS. Having one national property database with free and unrestricted access as some envision may be unrealistic, as this could lead to a degradation of information, or a tragedy of the commons, and others in the industry agree.

"We look forward to the opportunity to demonstrate the competitiveness in real estate brokerage during the FTC and DOJ workshop process, and I can confirm that NAR has no plans to alter MLS policies mandating how property listings are displayed by online brokerages when the 2008 settlement agreement expires November 18, 2018."

Plans to Eliminate Natural Gas Use in Homes Misses Mark, Hurts Homeowners



JOE CUSUMANO,
2018 IVAR PRESIDENT

When it comes to housing, choice and affordability are two crucial factors. The former is why people seek ownership in the first place. The latter determines whether their American Dream is actually possible.

Recently, California legislators and regulators have taken steps toward reducing – and eventually eliminating – the use of natural gas in your home. This would mean all electric heating, water and cooking. For most homeowners, it would also mean significantly increased winter utility bills and less of a home than they would like to have. In short, California would pare back both choice and affordability in housing.

Households that use natural gas for heating, cooking and drying clothes save an average of $874 per year versus homes that use electricity for those same purposes. Switching from natural gas to electricity would further require purchasing new appliances, new home heating systems, upgrading electrical systems and other costs to individual homeowners that would add up to thousands of dollars in mandated expenses.

It would also require new capacity to generate electricity statewide and reliance on that electric system for basic home needs. We would see the electric grid tested on 40-degree nights in the Inland Empire, which are not uncommon, instead of only the 110-degree days of our summers.

The purpose of these painful and costly restrictions on California homeowners would be to reduce the greenhouse gases emitted by using natural gas at home. However, according to state regulators, residential water and space heating account for only 4 percent of greenhouse gas emissions. Furthermore, the majority of the electricity in California is generated by natural gas power plants or, worse, dirtier coal imports. If these increased demands on our electric grid were in place today, the difference would be made up almost exclusively by fossil fuel systems.

That leaves us with doubtful benefit while imposing real costs on future homeowners. We end gas stovetops. We raise, significantly, the cost of hot water and a warm home in the winter. We put the burden on middle class homeowners, especially in inland regions of California where the temperature varies more than in wealthier, coastal communities. We do all of this to make better talking points, but not necessarily make an impact.

We ask California to find a better way.

IVAR to Make the Case for Homeownership in Sacramento and Washington DC in May

PAUL HERRERA,
GOVERNMENT AFFAIRS DIRECTOR

On May 2nd, about two dozen IVAR members will join some 2,300 colleagues from across California for Legislative Day in Sacramento. For a group of new attendees, it will be an eye-opening opportunity to see lawmakers at work and offer insight into how proposed legislation will affect homeowners, home buyers and the real estate industry.

Over the course of one very long day, members will meet with legislators representing the IVAR region to help deliver important messages on pending legislation. They will also participate in a briefing session that has featured the Governor as well as leaders of both parties of the California legislature in recent years.

The agenda for Sacramento includes discussions on how to address the California housing supply crisis that has caused a growing affordability crisis as well as several specific bills.

AB 2618 would require real estate licensees to complete a new mandatory property management certification program to perform property management services that they are already licensed to provide. Training, fees and certification requirements would duplicate what already exists. REALTORS® are opposing the bill.

On the bright side, REALTORS® are also supporting a bill that would help Californians save for homeownership. AB 1979 would create tax-friendly savings accounts similar to Roth IRAs or 529 education savings plans to help middle-class households save money for down payments and other costs associated with the purchase of a first home. The bill, which has been proposed for several years, is now a bipartisan measure authored by Assembly Members Rob Bonta and Marc Steinorth.

The Sacramento meeting will also include review and discussion of dozens of other pieces of housing-related legislation that impact everything from rental housing to construction to housing finance.

Two weeks later, a group from IVAR will join thousands of colleagues from across the nation for Midyear Meetings in Washington DC. That trip will include two days of meetings between REALTORS® and their representatives as well as dozens of discussions on industry issues.

These two annual business meetings are part of the broader effort that IVAR and REALTORS® everywhere make to ensure that homeownership, property rights and real estate professionals make their voices heard in the policy debates shaping our lives.

NAR, realtor.com® Report Housing Supply and Affordability Are at Odds in Markets Across U.S.

WASHINGTON (April 18, 2018) – At the national level, housing affordability is down from a year ago and fewer households can afford the active inventory of homes currently for sale on the market based on their income. That is according to joint research from the National Association of Realtors® and realtor.com®, a leading online real estate destination.

Using data on mortgages[1], state and metro area-level income[2] and listings on realtor.com®, the Realtors® Affordability Distribution Curve and Score[3] is designed to examine affordability conditions at different income levels for all active inventory on the market. A score of one or higher generally suggests a market where homes for sale are more affordable to households in proportion to their income distribution.

State affordability

According to March data, the states with the lowest Affordability Score[4] were Hawaii (0.52), California (0.57), Oregon (0.60), and the District of Columbia, Montana and Rhode Island (all at 0.64). In these areas, households at the median income level can afford only 19 to 23 percent of the active housing inventory. The states with the highest Affordability Score were Ohio (1.12), Indiana (1.09), Kansas (1.09), Iowa (1.07), and West Virginia (1.05). In these areas, a typical household can afford 54 to 62 percent of the active housing inventory currently on the market.

Metro affordability

By looking at the data by metropolitan statistical area (MSA), more metro areas experienced weakening (45) affordability conditions compared to improving conditions (35) from a year ago. The markets with the lowest affordability scores include Los Angeles-Long Beach, California (0.35), San Diego-Carlsbad, California (0.37), San Jose-Sunnyvale, California (0.43), Oxnard-Thousand Oaks-Ventura, California (0.45) and San Francisco-Oakland, California (0.48), where a typical household can only afford 3 to 11 percent of the active housing inventory.

The Youngstown-Warren, Ohio-Pennsylvania market had the highest Affordability Score at 1.25, followed by Dayton, Ohio (1.19), Toledo, Ohio (1.18), Akron, Ohio (1.16), and Scranton-Wilkes-Barre, Pennsylvania (1.11). In these areas, the typical household can afford nearly 75 percent of the homes that are currently on the market.

Lawrence Yun, NAR chief economist found a notable imbalance between what potential home buyers can afford and what is listed for sale. "The survey confirms that the lack of entry-level supply is putting affordability pressures on too many buyers – especially those at the lower end of the market, where demand is the strongest. This is why first-time buyers continue to struggle finding affordable properties to buy and are making up less than a third of home sales so far this year," said Yun.

The Affordability Score decreased nationally from 0.86 to 0.84 between March 2017 and March 2018, because of rising prices across the country and a spike in mortgage rates. However, 14 states had better affordability compared to a year earlier, with the greatest increase in affordability in the District of Columbia (from 0.59 to 0.64), Vermont (from 0.81 to 0.84) Hawaii (from 0.50 to 0.52) and North Dakota (from 0.95 to 0.97). Thirty-five metro areas had better affordability compared to a year earlier, led by Austin-Round Rock, Texas (from 0.55 to 0.66), Syracuse, New York (1.04 to 1.1), North Port-Sarasota, Florida (0.60 to 0.66) and Palm Bay-Melbourne, Florida (0.71 to 0.77).

"We've seen affordability improve as inventory declines have begun to lessen these areas. More balanced supply and demand dynamics have kept listing price growth below the national average, providing some much needed relief for stretched home buyers in these areas," according to Danielle Hale, chief economist for realtor.com®.

"Wages are growing, which is welcome news for prospective buyers, but prices are increasing at a faster rate, up almost 6 percent in the first two months of 2018. Solutions to improve these conditions include more homeowners selling, investors releasing their portfolio of single-family homes back onto the market and more single-family housing construction," Yun said.

The Realtors® Affordability Distribution Curve and Score was created to be a valuable resource for Realtors® and consumers to assess the affordability of markets in different income groups.

Jury Sides with Coldwell Banker Residential Brokerage on Square Footage Dual Agency Case … Again

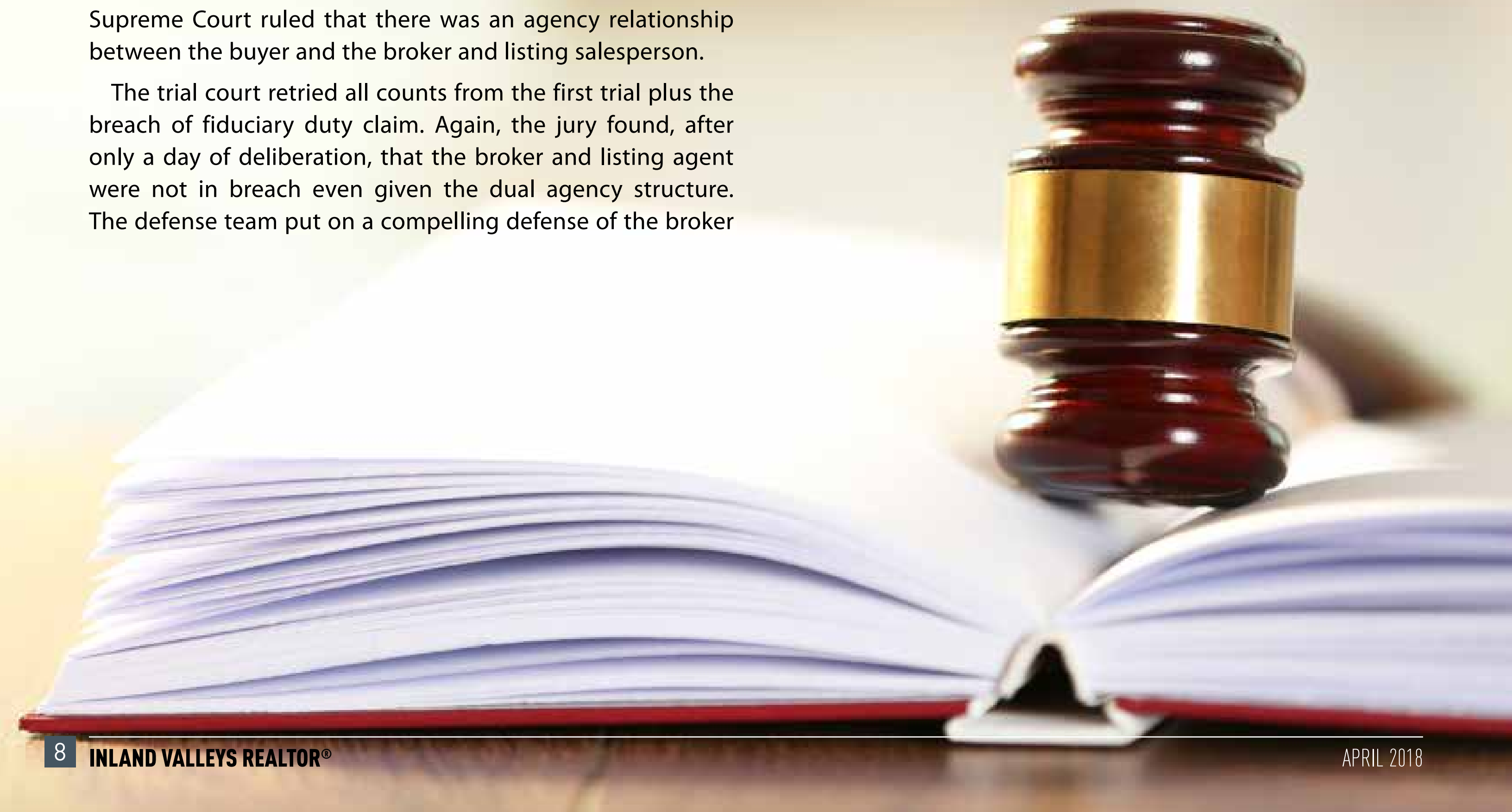
On April 5, 2018, the jury in a second trial ruled in favor of the listing salesperson and Coldwell Banker on all claims in a square footage case. This is the second jury to exonerate the listing salesperson and broker in the same matter.

Billionaire Horiike bought a large Malibu house for 12.25 million in 2007. Although he admitted not reading any of the documents containing varying square footage such as permits, disclosures, public records, architectural drawings, he claimed the "approximate square footage" of 15,000 square feet on a flyer was a misrepresentation and a breach of the listing salesperson's fiduciary duty.

The first jury held in favor of the broker and the listing salesperson on intentional and negligent misrepresentation claims. The judge had dismissed the breach of fiduciary duty claim against the broker that was based solely on the listing salesperson's actions as the buyer's salesperson, also licensed with Coldwell Banker, was not named. In 2016, the California Supreme Court ruled that there was an agency relationship between the buyer and the broker and listing salesperson.

The trial court retried all counts from the first trial plus the breach of fiduciary duty claim. Again, the jury found, after only a day of deliberation, that the broker and listing agent were not in breach even given the dual agency structure. The defense team put on a compelling defense of the broker and salesperson. It was overseen by Mike Hull and Robert Shulkin with outside trial counsel Neil Gunny and Martin Deniston. Take away: Square footage continues to be an issue of disclosures. Real estate professionals should make sure that when square footage information is provided, it is clear, as is stated in the Statewide Buyer and Seller Advisory (C.A.R. Form SBSA), that the broker has not verified the square footage regardless of the source.

This case involved experts with different opinions about what "living area" square footage included. It is best practice that when licensees give clients available square footage information, they should attribute the source and indicate that the licensee has not verified the information and, as stated in the SBSA, that only an appraiser can reliably confirm square footage.



FAIR HOUSING FOR ALL

Before the Fair Housing Act

1789
The Fifth Amendment to the Constitution, the right to property

1857
The Dred Scott Decision, U.S. Supreme Court declares that African-Americans could not be citizens and had no rights White citizens were bound to respect

1863
Emancipation Proclamation, that all persons held as slaves within the rebellious states are, and henceforward shall be free

1865
Thirteenth Amendment to the Constitution, abolishes slavery in the U.S.

1866
Civil Rights Act, declares that all citizens shall have the same rights as White citizens to own, occupy and transfer real estate

1868
Fourteenth Amendment to the Constitution declares that all persons born in the U.S. are citizens and all citizens are guaranteed equal protection of the law

1872
Freedmen's Bureau, established in 1865 were shut down

1896
Plessy v. Ferguson, U.S. Supreme Court rules that "Separate but Equal" is lawful

1908
Founding of the National Association of Real Estate Boards, later the National Association of REALTORS®, which allows local boards to exclude African-Americans and women from membership

1916-1970
The Great Migration, African-American migration north to take advantage of industrial employment

1917
Buchanan v. Warley, U.S. Supreme Court outlaws zoning based on race; Emergence of racially restrictive covenants

1924
Code of Ethics states that a REALTOR® should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality or any individuals whose presence will clearly be detrimental to property values in that neighborhood

1926
Corrigan v. Buckley, U.S. Supreme Court rejected a legal challenge to racially restrictive covenants

1934
National Housing Act and Residential Security Maps had the result of denying financing in older urban areas and predominantly African-American neighborhoods

1943
Stuyvesant Town housing project in New York approved for development with the exclusion of African-American residents

1947
African-American real estate brokers form the National Association of Real Estate Brokers with the mission of "Democracy in Housing"

1948
Shelley v. Kraemer, U.S. Supreme court ends enforcement of racially restrictive covenants

1950
National Committee Against Discrimination in Housing formed

1956
Interstate Highway Act paves way for urban highways often used to physically separate White and African-American communities

1957
New York City becomes the first city to ban discrimination in private housing

1959
Colorado becomes the first state to ban discrimination in private housing; By 1965, sixteen states had laws against public and private market housing discrimination

1962
President Kennedy bans discrimination in housing funded by the federal government

1963
California Rumford Act bans all housing discrimination in publically-funded housing and in all housing in buildings of five units or more

1967
U.S. Supreme Court finds that a referendum, supported by the real estate industry, to repeal the Rumford Act violated the Civil Rights Act of 1866

1967
National Committee Against Discrimination in Housing conducts audit to document fair housing/discriminatory treatment

1968 Fair Housing Act

NATIONAL ASSOCIATION of REALTORS®

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Housing Data Report
March 2018

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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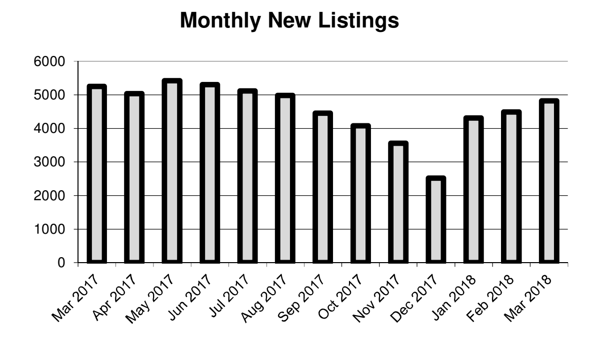
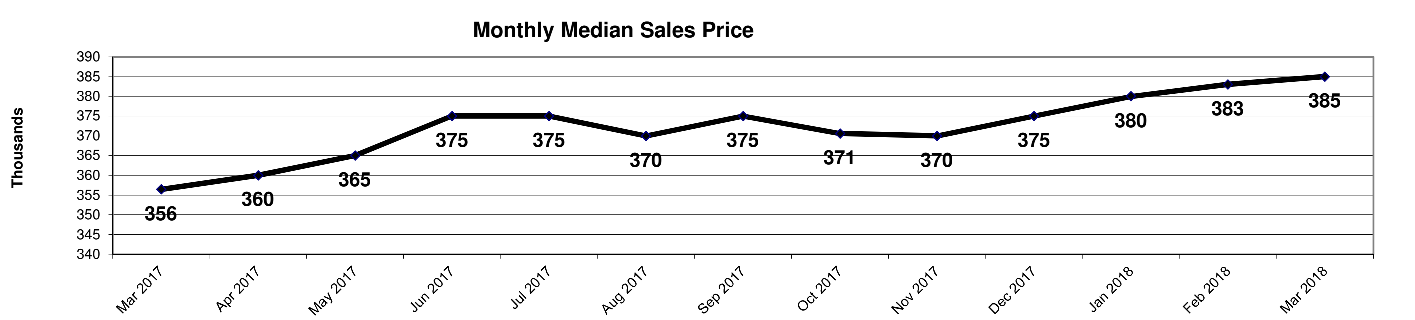
- The first quarter of 2018 reflects a tightening residential real estate market. When comparing the first quarter of 2017 data to the first quarter 2018 housing data, New Listings were flat, but Pending Sales and Sold Listings are down 3.7% and 6.9%. Moreover, Median Sales Price is up 9.1%.
- Heightened demand has also caused a reduction in "Combined Days on Market" which decreased 47.7% month-over-year.
- Although Median Sales price leveled off the last 6 months of 2017 and hovered around $370,000, first quarter Median Sales price is up to $385,000.



	Mar-2017	Mar-2018	Annual Change
New Listings	5,248	4,820	-8.2%
Pending Sales	4,392	4,211	-4.1%
Sold Listings	3,964	3,558	-10.2%
Median Sales Price	$356,450	$385,000	8.0%
Sales Volume ($M)	$1,516	$1,481	-2.3%
Price/Sq.Ft.	$198	$217	9.8%
Sold $/List $	98.90%	100.00%	1.1%
Days on Market	33	16	-51.5%
CDOM	39	19	-51.3%

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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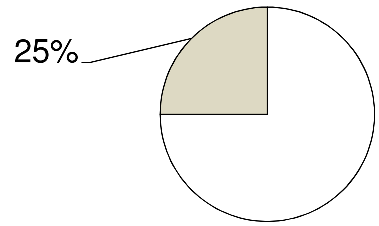
The statistics shown below are for all 3 months of the years represented.

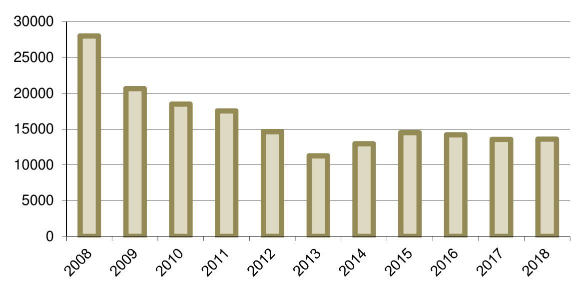
Month to month comparisons give you a quick way to see what is recently changing in the region. However, by comparing Year-To-Date (YTD) information across several years, you can observe more signifiant trends.

We are 3 months through the year:



	Jan-Mar 2017	Jan-Mar 2018	Year-Over-Year Change
New Listings	13,580	13,616	0.3%
Pending Sales	11,185	10,767	-3.7%
Sold Listings	9,537	8,876	-6.9%
Median Sales Price	$351,000	$383,000	9.1%
Sales Volume ($M)	$3,616	$3,641	0.7%
Price/Sq.Ft.	$195	$215	10.1%
Sold $/List $	98.68%	99.53%	0.9%
Days on Market	38	20	-47.4%
CDOM	44	23	-47.7%

YTD New Listings



YTD Closed Listings

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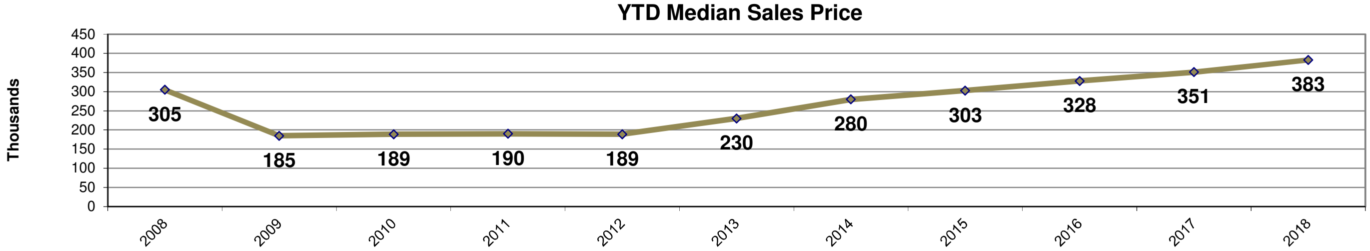
YTD Median Sales Price



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Mar 2018 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	17%	13%	$ 611,250	21	$ 294	50
Banning	-4%	5%	$ 239,000	69	$ 175	14
Beaumont	-4%	8%	$ 319,000	118	$ 167	23
Bloomington	-17%	21%	$ 325,000	28	$ 231	7
Calimesa	30%	47%	$ 350,000	14	$ 173	22
Canyon Lake	-11%	3%	$ 397,500	37	$ 220	35
Cherry Valley	18%	57%	$ 370,000	22	$ 191	88
Chino	24%	18%	$ 511,952	100	$ 262	22
Chino Hills	-6%	2%	$ 660,000	85	$ 325	20
Claremont	-31%	7%	$ 660,000	33	$ 339	31
Colton	-32%	21%	$ 303,000	45	$ 238	19
Corona	-14%	13%	$ 494,000	283	$ 253	14
Diamond Bar	-19%	4%	$ 651,000	77	$ 375	29
Eastvale	-34%	6%	$ 565,000	63	$ 212	25
Fontana	-24%	11%	$ 410,000	252	$ 219	17
Hemet	-12%	11%	$ 249,500	268	$ 156	19
Highland	2%	5%	$ 335,000	76	$ 193	18
Jurupa Valley	-33%	8%	$ 441,300	60	$ 245	31
La Verne	-28%	12%	$ 647,500	28	$ 365	43
Lake Elsinore	-13%	5%	$ 362,250	163	$ 171	18
Menifee	-8%	7%	$ 365,000	175	$ 185	21
Montclair	4%	11%	$ 409,900	31	$ 295	9
Moreno Valley	-11%	8%	$ 318,000	252	$ 191	19
Murrieta	-4%	7%	$ 420,000	266	$ 186	20
Norco	10%	8%	$ 572,500	35	$ 250	24
Nuevo/Lakeview	0%	12%	$ 330,000	24	$ 175	64
Ontario	6%	8%	$ 411,000	135	$ 271	14
Perris	-18%	6%	$ 291,000	174	$ 178	19
Pomona	36%	5%	$ 395,000	117	$ 310	15
Rancho Cucamonga	-21%	8%	$ 498,500	193	$ 282	11
Redlands	-11%	21%	$ 445,000	85	$ 242	15
Rialto	-20%	13%	$ 362,500	85	$ 223	18
Riverside	-12%	7%	$ 385,000	529	$ 238	18
San Bernardino	0%	7%	$ 253,000	301	$ 196	21
San Dimas	7%	9%	$ 594,500	28	$ 342	13
San Jacinto	-3%	18%	$ 283,000	87	$ 151	21
Sun City	-21%	4%	$ 230,000	30	$ 180	16
Temecula	-26%	11%	$ 470,000	215	$ 217	15
Upland	24%	25%	$ 570,000	90	$ 289	21
Wildomar	5%	17%	$ 410,725	55	$ 176	26
Winchester	0%	4%	$ 410,000	68	$ 186	20
Yucaipa	-17%	-1%	$ 350,000	73	$ 202	34

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Mar 2018 - Sales Volume per City

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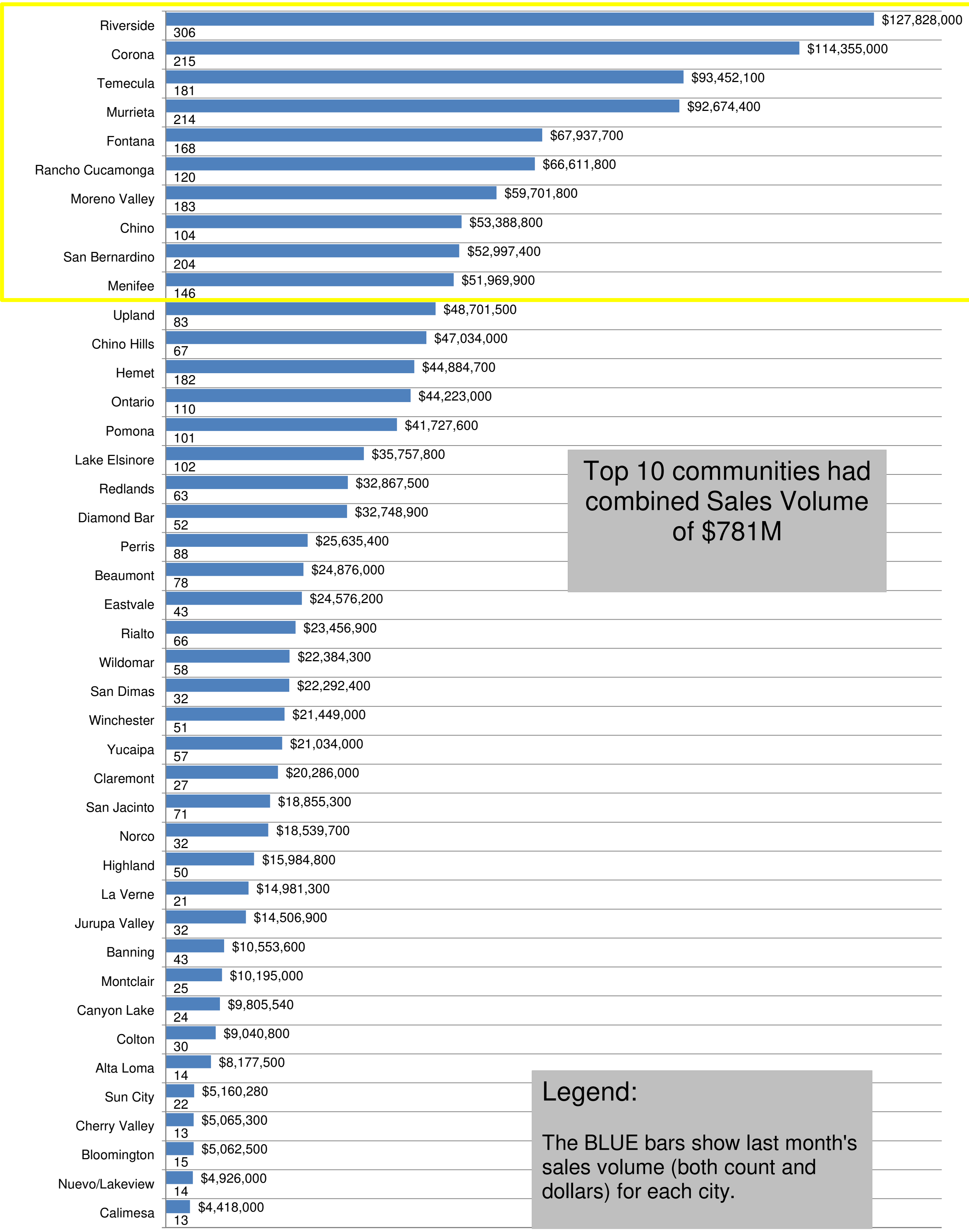

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Mar 2018 - Top Communities with New Listings (year-over-year)

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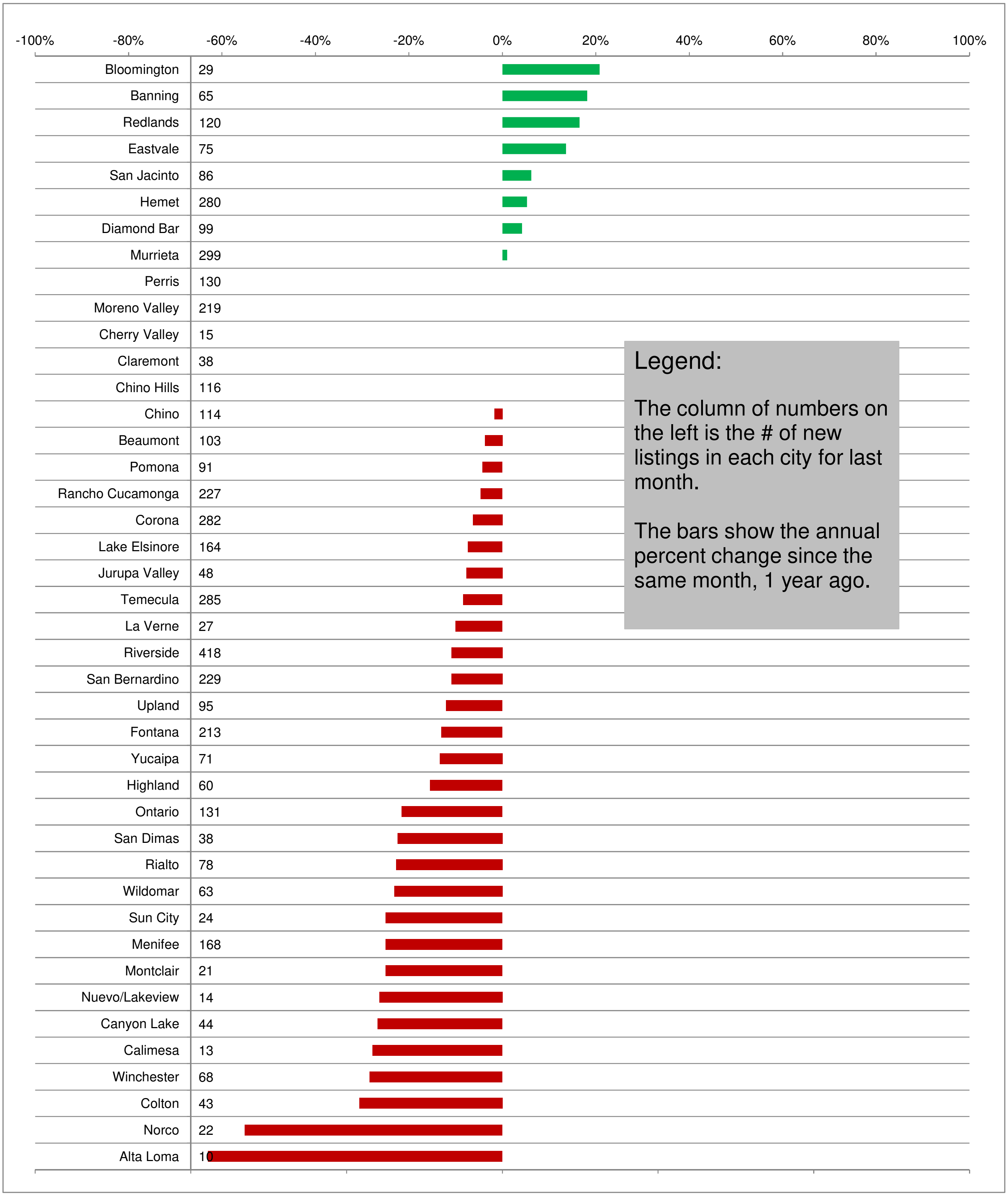

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Sell Price vs Original List Price

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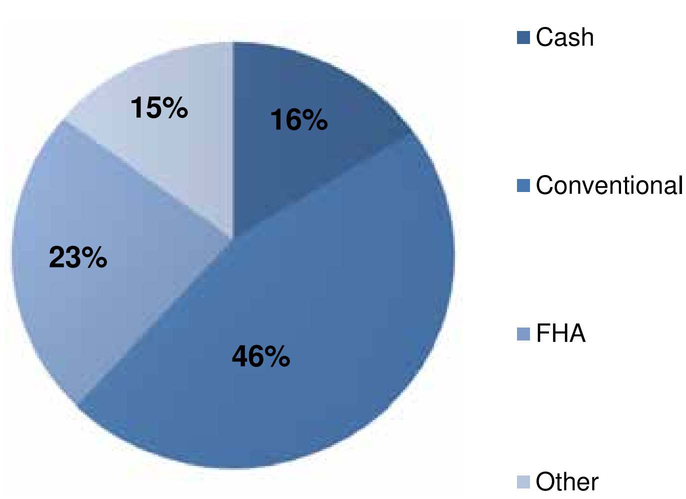
This report is brought to you by IVAR:

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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