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SEPTEMBER 2019

INLAND VALLEYS REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®

Do You Know Who You Are Calling?

Your phone marketing strategy could land you in legal trouble.

FOR MORE INFORMATION GO TO PAGE 6

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SEPTEMBER 2019

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COLUMNS

IVAR Working to Build Coalitions to Help Solve Housing Affordability

JESSE STREETER,
2019 IVAR PRESIDENT

REALTORS® hold an unusual place in the world of housing policy. We're not the builders, we're not the suppliers, we're not the owners, we're not the buyers, we're not the tenants. As individuals, our colleagues share all of those roles. However, in our daily business, we work to connect the spaces between those interests.

We're familiar with the frustration of a homeowner finding their equity melting under market forces slipping beneath their expectations or due to fees, costs and assessments they didn't realize their government or homeowners' association or some other entity who have come to share their property rights created. We work the daily problem-solving exercise that defines the simple-sounding act of selling a home.

We're accustomed to the highs and lows of buyers, sharing their optimism that what they can afford and what the market offers will meet in the middle.

REALTORS® have to help build a coalition of people as a daily reality. A transaction needs buyers, sellers, lenders, escrow, title, home inspectors, contractors, termite companies – anyone needed to cross off the next problem and roll to a successful home sale.

I believe we stand in the same role as California works to undo the public policy mess we've made of housing over the last generation. While politics and many of the fiercely guarded special interests that inhabit those waters are carving up public policy to benefit themselves, we can work to help convene everyone.

The housing shortage and resulting affordability crisis in California is undermining the dreams of a generation of young families who are trying to set up their lives in that most fundamental place – their own home. The issue isn't abstract. It affects every household, ideology, profession and calling. Our solutions should be built on and by a coalition just as broad and strong.

In the coming months, we will be working to extend a hand of partnership with organizations that represent all walks of life in our communities. Labor, public safety, construction trades, social organizations and, of course, the professional groups who represent those who build, own and manage housing in our communities.

We hope that through partnership and dialogue, we can find better solutions and invest in efforts that all of us can be part of. Will it fix housing tomorrow, next week or next year? No. It took us a generation of poor decisions and short-term thinking to reach this point. Hopefully it won't take another generation to change our course. However long it will take, the progress won't start until we commit to making it happen, together.

Start Preparing for How AB 1482 Will Begin Changing Rules on Rentals

PAUL HERRERA,
GOVERNMENT AFFAIRS DIRECTOR

Despite fierce opposition from REALTORS® in California, state lawmakers passed legislation to place a broad-ranging, yet well-loopholed rent control and anti-eviction law into effect, pending the signature of Governor Newsom.

To date (based on September 24, 2019), the Governor has not yet signed AB 1482, which passed on September 10th. However, since his office was directly involved in negotiating the final terms of the legislation, there is no reason to believe that won't take place. The question now is how to prepare for working with the new rules.

Please note that there are a number of open questions related to implementation of the law and a few areas subject to some interpretation. This article is not comprehensive nor is it prepared by a lawyer. It's meant as an overview of key provisions based on our reading of the version which is currently on the governor's desk. Please refer to your counsel for specific legal advice on this legislation.

There isn't much time to prepare for the provisions to take effect. The rent cap is anchored to rents as of March 15, 2019, around the time that the legislation began to wind its way through the state house.

So what's in it? AB 1482 primarily does two things:

1) It creates a rent cap that limits increases in rent to 5% plus inflation, or approximately 7.5% to 8% annually, based on recent historical trends.

2) It introduces, statewide, a concept called just cause eviction. The name, which sounds common-sense, sounds more benign than the effect. What just cause eviction essentially does is make the end date of a residential lease inoperative. Once a tenant is under the just cause provisions (which will apply to most tenants), they are entitled to remain in the property under the lease they signed for as long as they don't violate a major lease provision (such as paying rent, committing crimes or subletting against lease terms).

Does this apply to everything and in all cases? No. There are several exceptions.

First, the bad kind of exception for owners:

1) If the property is already subject to a more restrictive local rent control or anti-eviction ordinance, those override AB 1482. If local laws are more friendly to the

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property owner, then the state law takes effect.

2) It doesn't stop local jurisdictions from deciding the state law isn't tough enough on owners and trying to enact their own versions.

Now for the better kind of exceptions. The following are some of the more common conditions under which a rental property would not be subject to AB 1482. Important note: it's not enough to qualify for an exemption to AB 1482. You must also notify the tenant of such.

Anything built within the past 15 years. This is a rolling limit. Today, that's a unit with a certificate of occupancy from 2005 on. Next year it will be 2006, etc.

The second major exception is meant for small property owners but is a little more wide-ranging. It says that if a residential unit has its own individual title AND is not owned by a corporation, it is exempt. Individually titled residences are usually single-family homes. However, under this provision, a condo unit that the owner chooses to use as a rental would also qualify. Based on my understanding, an individual investor could own 10,000 homes and be exempted from the law as long as they didn't have a corporation on title. This may not be the greatest way to organize a large investment, but appears theoretically possible in the text.

On the other hand, if you have a small investment company and you own one unit and place title in a corporation, you would be subject to the law.

Does this mean you have to own everything in your name? No, there exceptions. You can have property in an LLC, provided that the LLC is owned and controlled by individuals and not any corporations. You can also use a trust, which is common for estate planning.

Not exempt: real estate investment trusts that own thousands of single-family rentals across California.

So let's say you are now under the new law. How restrictive is the law? The rent cap is probably not terribly restrictive if you have raised rents to keep up with expenses and market forces. At 7.5% to 8%, annually, rents can double inside of 10 years. Recent studies showed that even in the most aggressive markets of recent years, average rent increases were less than 5% statewide.

However, if you have been a generous or inattentive owner who has kept rents below market rate and find yourself with big bills, this becomes more of a problem. In a sense, the law punishes landlords who have resisted raising rents to this point.

The just cause side of this is more of an issue. As an example, imagine an investment company comes to your brokerage to sell a batch of homes in its rental portfolio. Prior to AB 1482, your first plan is likely to send notice to the tenants that their lease is not being renewed so you can prepare the property for sale. Under this law, that does not appear possible. Property sale is not a listed condition for not renewing the lease and the investment company likely doesn't qualify to be exempt from 1482. The property would be sold with tenant in place, making it very difficult for anyone who intends to live in the property to buy it.

Technically, a buyer who intends to occupy the property can do so. However, they would only be allowed to begin the eviction process after they own it. Perhaps buyers won't be so easily dissuaded by the prospect of having to become a short-term landlord and evicting a tenant (and paying one month's rent as relocation assistance in the process). However, as resilient as buyers can be, this seems like a difficult hurdle for anyone who isn't flush with extra money, time, patience and perhaps a lawyer.

There's a lot more to this legislation that can't be covered in one article. For more, please refer to the C.A.R. legal Q&A (login required) at http://bit.ly/1482legal. You can also access the legislation itself at: http://bit.ly/ab1482.

Do You Know Who You Are Calling?

Your phone marketing strategy could land you in legal trouble.

by Jonathan Waclawski

As a real estate professional, you're constantly looking to grow your business. While picking up the phone to call potential clients and solicit new business may seem outdated in today's digitized world, the reality is that the telephone still plays an important role in marketing. In fact, using your phone to send text messages to potential clients is more common than ever. But also becoming more popular are class-action lawsuits alleging violations of the Telephone Consumer Protection Act.

The TCPA is a federal statute, premised on protecting residential and personal telephone numbers from telemarketing and autodialed calls. Two primary restrictions are at the heart of the law. The first prohibits telemarketing calls to numbers registered with the national Do Not Call Registry. The second requires a caller to obtain written consent before using an autodialer to send telemarketing text messages or calls, even when the number called is not on the DNC registry.

Learn how to ensure your phone call marketing plans comply the TCPA's do-not-call registry restrictions in this short video.

In the 17 months after the Federal Communications Commission's July 2015 order clarifying TCPA rules, 3,121 lawsuits were filed, targeting U.S. businesses of all kinds, a 46 percent increase from the 17 months prior to the clarification. And aggressive plaintiffs' attorneys are increasingly focused on real estate in class-action TCPA litigation. In April, a consumer sued a California brokerage alleging the brokerage violated the TCPA by making unsolicited autodialed calls to consumers without their consent, including to consumers registered on the Do Not Call list. These lawsuits can be expensive, as the TCPA provides for statutory damages ranging from $500 to $1,500 per violation. While plaintiffs more often target deep-pocketed brokerages, individual agents are not inherently protected.

How to Avoid Being Sued

Protect yourself by ensuring the numbers you text or call are not included on the DNC list. Adopt a written policy that includes these requirements:

- Check your call lists every 30 days against the Do Not Call list (available at telemarketing.donotcall.gov).
- Record consumer removal requests, and add removed numbers to an internal company do-not-call list.
- Honor do-not-call requests promptly (no later than 30 days from date of request) and for a minimum of five years.

While many states have elected to use the national Do Not Call list as their statewide registry, 12 states maintain separate registries. Therefore, if you make telemarketing calls or send text messages in Colorado, Florida, Indiana, Louisiana, Massachusetts, Mississippi, Missouri, Oklahoma, Pennsylvania, Tennessee, Texas, or Wyoming, make certain you are aware of any state-specific do-not-call restrictions, and scrub call lists against the state lists in addition to the national registry.

Next, before texting or calling people with marketing messages, get their written consent. Consent is best achieved through a written agreement that is signed by the consumer (an electronic signature is sufficient). The agreement should include the consumer's phone number and state that the consumer authorizes you to place telemarketing calls to the consumer. It should also disclose that the consumer is not required to sign the agreement as a condition of purchasing any property, goods, or services.

Practically speaking, this consent can be incorporated into existing methods of acquiring potential client contact information, such as open house sign-in sheets. But you must let consumers revoke their consent and opt out of receiving future texts or calls.

Review your telemarketing text and call methods to ensure you're in full compliance with the TCPA. It's never too late to protect yourself and your business against the growing threat of costly litigation.

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NATIONAL ASSOCIATION of REALTORS®

General Member Message Points on Antitrust Lawsuits

REALTORS® are encouraged to have transparent conversations with current and prospective clients about the services they will provide and how they will get paid for those services. The National Association of REALTORS® developed the following message points to make sure members are up to date and knowledgeable about the litigation and help guide their conversations with current and prospective clients.

REALTORS® are champions of homeownership, property rights and the communities they serve.

Every REALTOR® adheres to a strict code of ethics based on professionalism, consumer protection, and the golden rule. REALTORS® draw on their unmatched knowledge to help buyers and sellers navigate one of the most complicated financial transactions of their lives. And REALTORS® are engaged neighbors committed to building and enhancing the communities they serve.

The MLS system and the way commissions are paid create competitive, efficient markets that benefit home buyers, sellers and small business.

The MLS system creates a highly efficient residential real estate market that fosters cooperation between brokers to the benefit of consumers. Commission structures (including how the listing broker pays the buyer broker) ensure greater access for a large community of home buyers who might otherwise be priced out of the market, which also would limit options for sellers.

Local, expert brokers play a crucial role in helping buyers and sellers achieve their goals.

Given the volume of information buyers have to navigate and the complexity of this transaction, buyer brokers serve many essential, highly informed roles ranging from scheduling home tours and inspections to coordinating with lenders and appraisers to coordinating attorney reviews and closing documents. Consumers agree: 78 percent of homebuyers say their broker was an important information source, and almost 90 percent would recommend their broker to a family member or friend.

These lawsuits are wrong on the facts, wrong on the economics, and wrong on the law.

Commissions are negotiable and, in fact, can be negotiated at any point during the transaction. The MLS and associated brokerage system create highly competitive markets with increased transaction volume and superior customer service. Consumers have many choices of different service and fee models among many brokers. Over 100 years, the courts have repeatedly validated this pro-competitive, pro-consumer MLS system, recognizing it increases the efficiency of the market and thus serves the best interests of sellers and buyers alike.

Realtors® Applaud White House Efforts to Advance Fannie, Freddie Reform Discussions

Wesley Shaw 202-383-1193

WASHINGTON (September 5, 2019) – National Association of Realtors® President John Smaby issued the following statement commending the Trump administration for its efforts to reform America's housing finance system. The White House this afternoon released a proposal to reform operations of the Government Sponsored Enterprises and the Department of Housing and Urban Development that it had been working towards since the President made the issue a top priority earlier this year.

"The National Association of Realtors® thanks President Trump and his administration for initiating thoughtful, genuine effort toward housing finance reform. We look forward to reviewing the proposal in more detail and are optimistic that, at a minimum, the White House's efforts will shed light on the remaining mile markers on the path to reform, along with the critical role the GSEs and Federal Housing Administration play in America's housing market," said Smaby, a second-generation Realtor® and broker at Edina Realty in Edina, Minnesota.

[FAQs on White House GSE Reform Proposal]

"NAR continues working with the White House and Congress as we move closer to securing palatable, pragmatic improvements to our housing finance system, and we maintain our belief that NAR's blueprint for GSE reform represents the best path forward for this system and our economy. Our proposed utility model, as any successful reforms must, highlights competition, protects taxpayers and remedies the failures of the pre-crisis system while ensuring equal access for responsible, mortgage-ready Americans in every market, safeguarding the role the GSEs were intended to play in our housing market."

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Housing Data Report August 2019

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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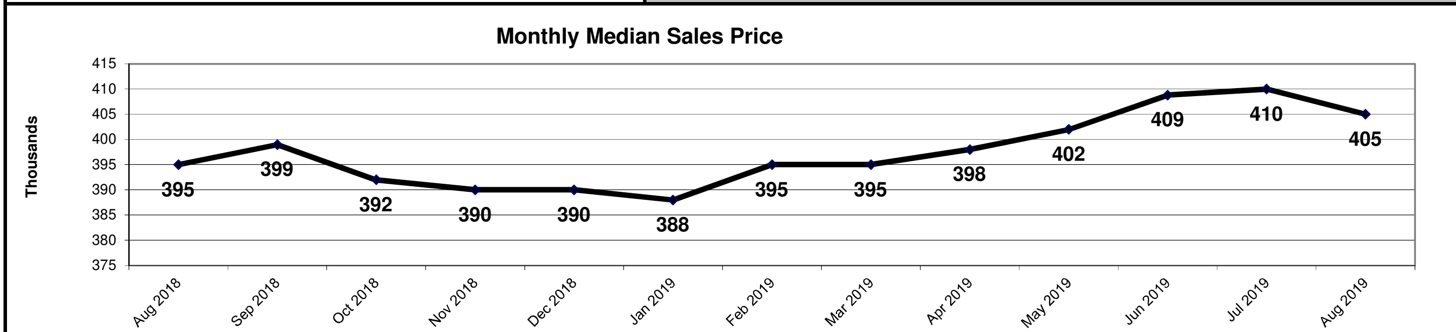
Mark Dowling, Chief Executive Officer

- The regional housing market for the first two-thirds of 2019 reflects a mostly consistent, but slightly sluggish sales environment. Year-to-date New Listings and Sold Listings were down slightly at -4.8% and -1.7%, but total Sales Volume was up slightly .7%
- Median Sales Price was up 2.5% ($405,000) in an August 2019 v. August 2018 comparison.
- Days on Market continues to move up. However, the increased days is only up to 25 days, which is still reflective of a competitive market.

	Aug-2018	Aug-2019	Annual Change
New Listings	5,513	4,929	-10.6%
Pending Sales	3,649	4,255	16.6%
Sold Listings	3,871	4,071	5.2%
Median Sales Price	$395,000	$405,000	2.5%
Sales Volume ($M)	$1,629	$1,772	8.8%
Price/Sq.Ft.	$221	$225	1.7%
Sold $/List $	99.05%	98.91%	-0.1%
Days on Market	20	21	5.0%
CDOM	22	24	9.1%

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.

CRMLS California Regional Multiple Listing Service, Inc.



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Jan through Aug 2019 - YTD Comparisons

Inland Valleys Regional Summary

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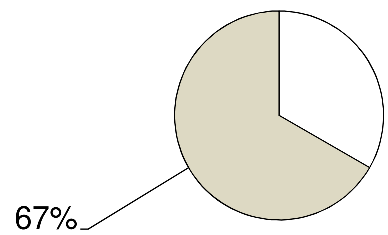
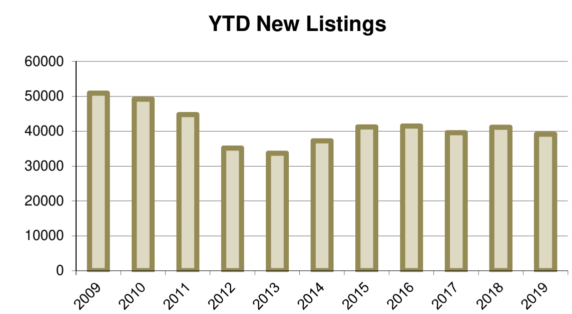
The statistics shown below are for the first 8 months of the years represented.

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.

We are 8 months through the year:





	Jan-Aug 2018	Jan-Aug 2019	Year-Over-Year Change
New Listings	41,170	39,190	-4.8%
Pending Sales	29,566	30,773	4.1%
Sold Listings	28,071	27,605	-1.7%
Median Sales Price	$390,000	$400,000	2.6%
Sales Volume ($M)	$11,746	$11,829	0.7%
Price/Sq.Ft.	$219	$222	1.2%
Sold $/List $	99.78%	98.77%	-1.0%
Days on Market	18	25	38.9%
CDOM	20	30	50.0%

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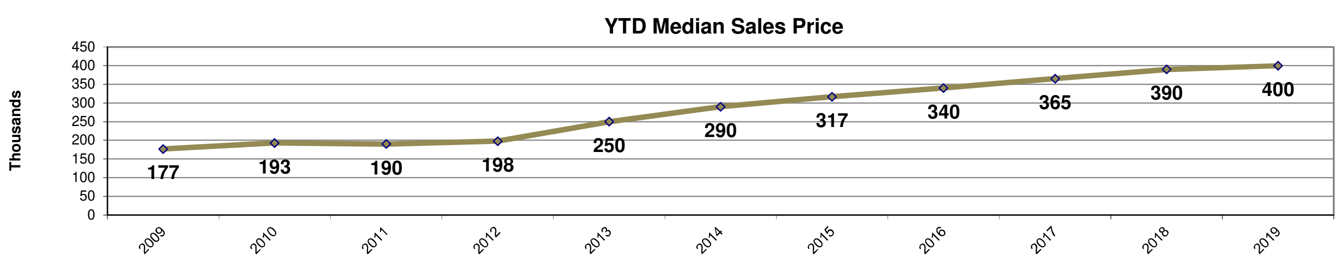

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Aug 2019 City Overview

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	50%	8%	$ 630,000	19	$ 307	28
Banning	32%	-2%	$ 257,000	94	$ 186	51
Beaumont	-10%	3%	$ 340,500	114	$ 170	30
Calimesa	260%	5%	$ 380,000	21	$ 209	37
Canyon Lake	0%	7%	$ 445,000	58	$ 214	66
Chino	-18%	0%	$ 486,000	105	$ 271	32
Chino Hills	1%	-1%	$ 678,500	132	$ 344	40
Claremont	8%	9%	$ 760,000	47	$ 342	45
Colton	-37%	8%	$ 324,700	42	$ 240	24
Corona	10%	-1%	$ 479,900	330	$ 263	28
Diamond Bar	-2%	-5%	$ 625,000	115	$ 378	31
Eastvale	11%	-2%	$ 571,000	106	$ 205	40
Fontana	14%	9%	$ 445,000	278	$ 229	27
Grand Terrace	75%	-3%	$ 370,750	21	$ 234	23
Hemet	0%	1%	$ 256,500	259	$ 160	25
Highland	16%	8%	$ 369,000	78	$ 213	19
Homeland	0%	-29%	$ 175,000	19	$ 118	73
Jurupa Valley	71%	3%	$ 455,000	80	$ 240	39
La Verne	-6%	5%	$ 641,000	36	$ 362	34
Lake Elsinore	3%	3%	$ 385,750	183	$ 187	38
Loma Linda	27%	30%	$ 421,500	11	$ 241	19
Menifee	33%	1%	$ 382,500	289	$ 187	36
Montclair	-16%	0%	$ 429,000	17	$ 310	9
Moreno Valley	-8%	5%	$ 352,400	268	$ 198	14
Murrieta	12%	3%	$ 429,950	382	$ 196	25
Norco	-21%	13%	$ 628,750	51	$ 265	27
Nuevo/Lakeview	-8%	-5%	$ 400,000	20	$ 177	30
Ontario	1%	2%	$ 438,450	191	$ 270	21
Perris	-18%	3%	$ 329,900	121	$ 196	12
Pomona	-9%	-1%	$ 425,000	94	$ 311	26
Rancho Cucamonga	-4%	-5%	$ 505,000	282	$ 300	19
Redlands	0%	-1%	$ 385,000	112	$ 258	15
Rialto	17%	4%	$ 372,500	99	$ 233	20
Riverside	10%	4%	$ 420,000	599	$ 249	21
San Bernardino	7%	5%	$ 300,000	286	$ 219	20
San Dimas	22%	-11%	$ 565,000	47	$ 359	15
San Jacinto	13%	5%	$ 309,000	107	$ 154	28
Sun City	5%	-5%	$ 232,850	33	$ 180	29
Temecula	8%	4%	$ 490,000	305	$ 224	33
Upland	9%	-5%	$ 549,000	116	$ 300	23
Wildomar	-15%	-2%	$ 395,000	79	$ 193	23
Winchester	-14%	3%	$ 444,035	86	$ 183	40
Yucaipa	23%	-5%	$ 370,000	83	$ 214	22

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Aug 2019 - Sales Volume per City

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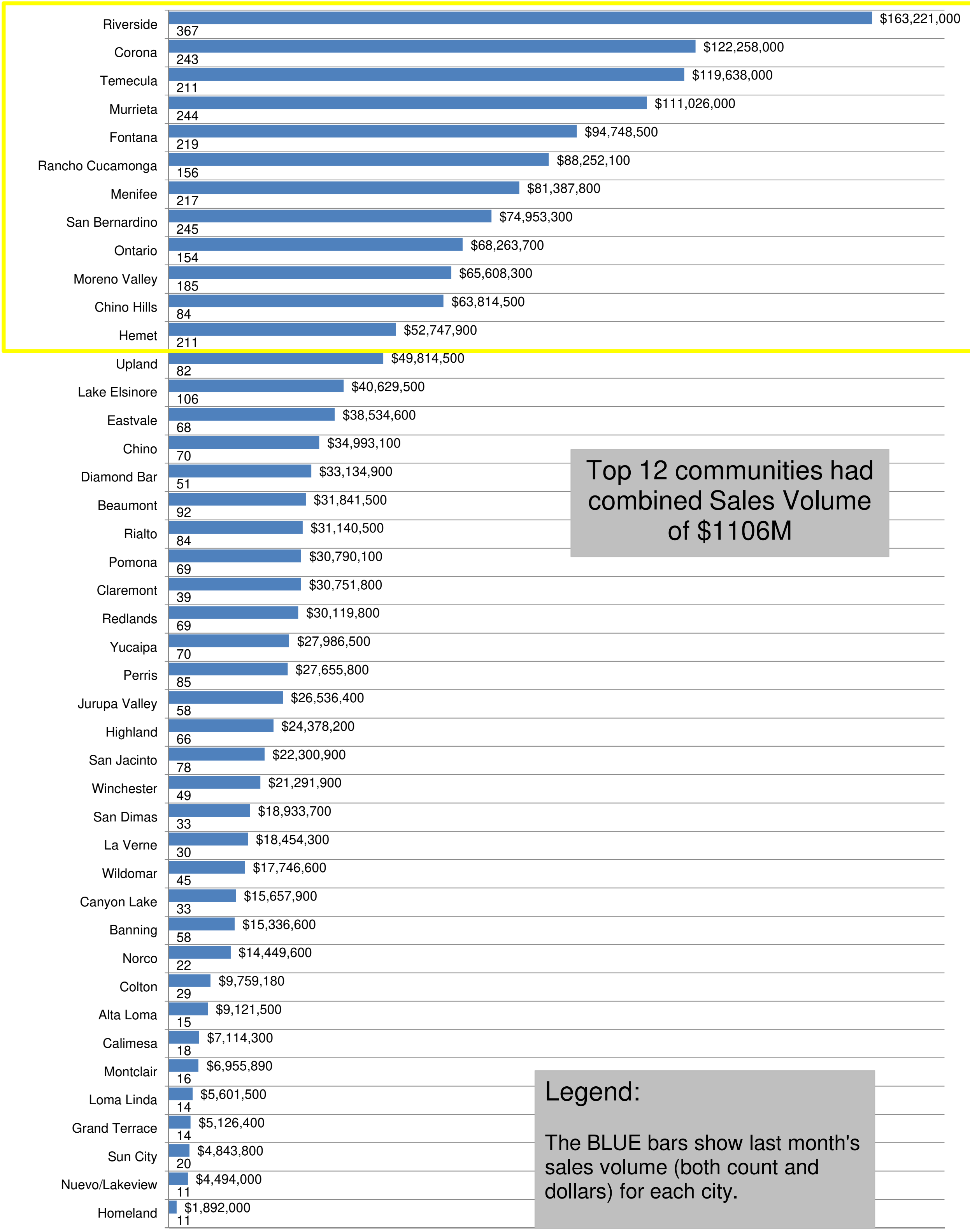

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Aug 2019 - Top Communities with New Listings (year-over-year)

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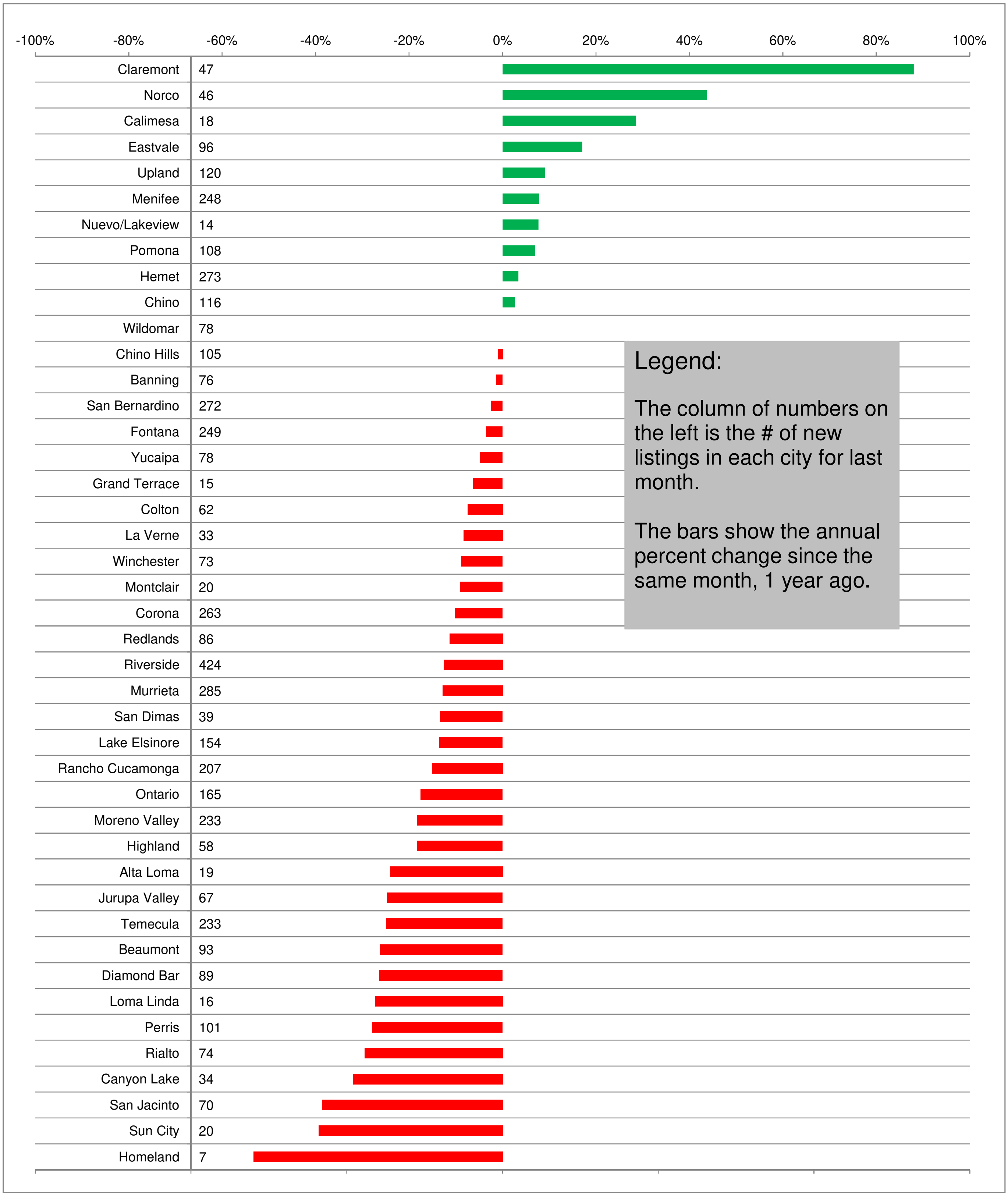

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Sell Price vs Original List Price

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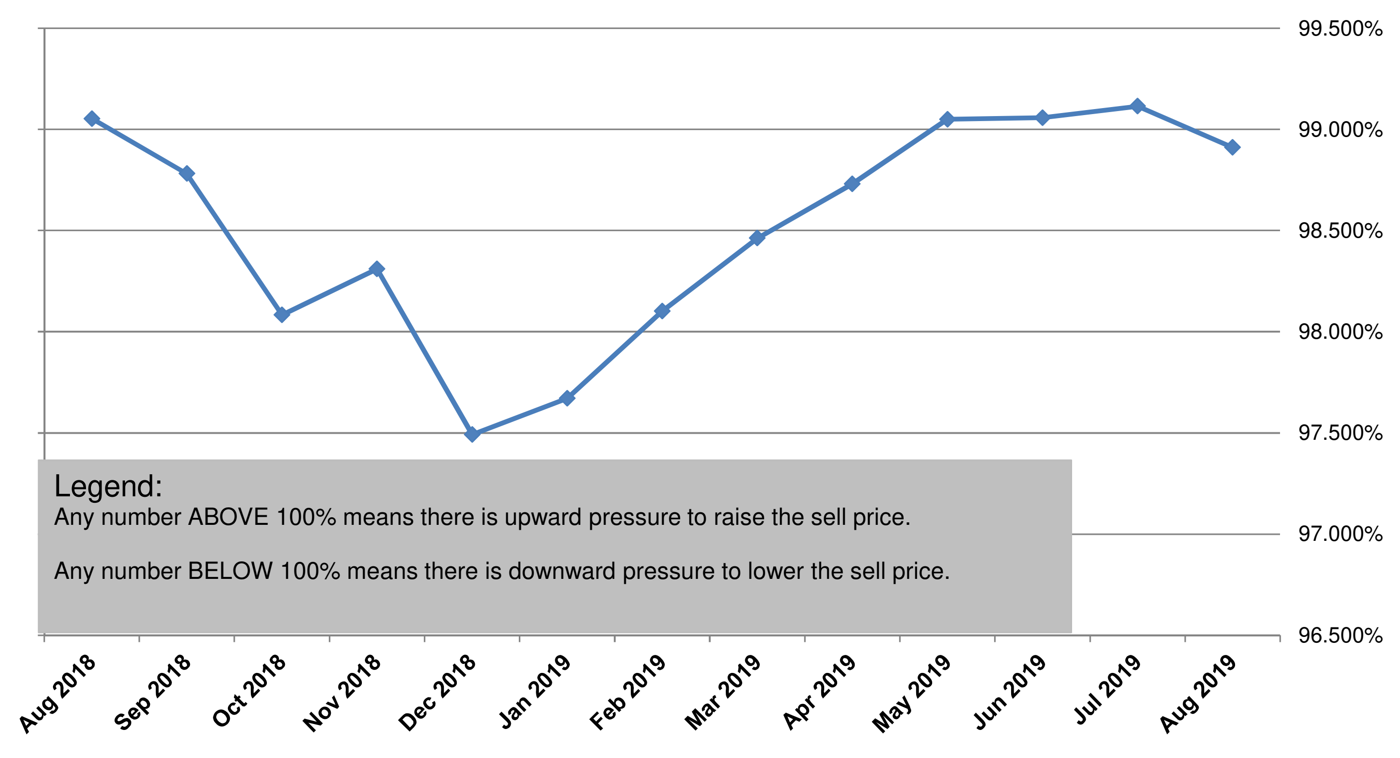


Legend:

Any number ABOVE 100% means there is upward pressure to raise the sell price.

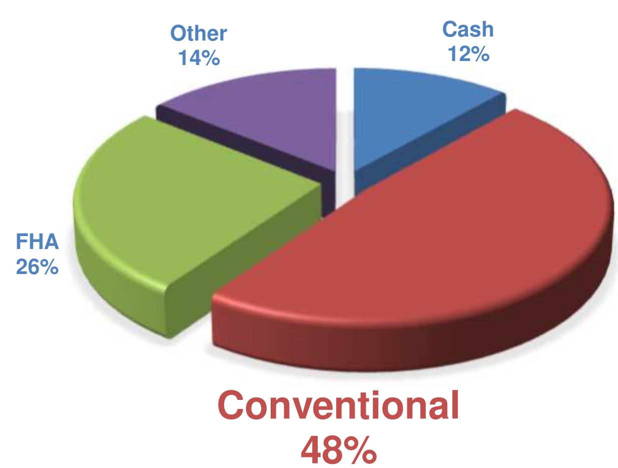
Any number BELOW 100% means there is downward pressure to lower the sell price.

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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