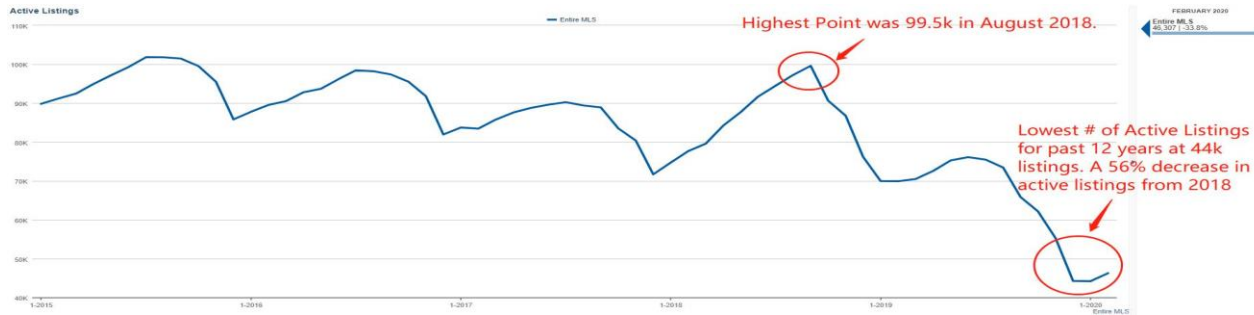


MEETING AGENDA | March 6th, 2020

California's Housing Market Forecast:



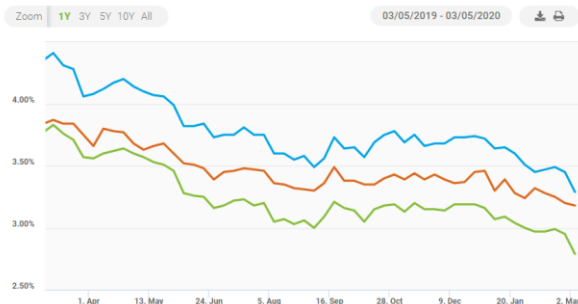
Err... Where are the Listings?

We are seeing the lowest number of listings since 2008. A 56% decrease since 2018. Imagine more than half the listings are gone in the market. This creates a **Hyper Competitive** environment for Buyers while Sellers are receiving multiple offers & above asking price offers at a rate we have never seen for a long time! We do need to understand that the current situation is only on listings that are Mid to Low priced listings. Note, what number is considered Low, Mid to High price may vary in different cities. The current situation is not caused only by the recent coronavirus outbreak. If you see graph above, we have been experiencing unordinary decrease on listing as early as September 2019. Seller perception of a slow & underperforming market has persuaded them to hold off on selling. *The current situation is a **Rare Opportunity** where the agent who get the listings is **KING/QUEEN**.*

The mortgage rates fall back!

U.S. weekly averages as of 03/05/2020

30-Yr FRM 3.29% ↓ 0.16 1-Wk ↓ 1.12 1-Yr 0.7 Fees/Points	15-Yr FRM 2.79% ↓ 0.16 1-Wk ↓ 1.04 1-Yr 0.7 Fees/Points	5/1-Yr ARM 3.18% ↓ 0.02 1-Wk ↓ 0.69 1-Yr 0.2 Fees/Points
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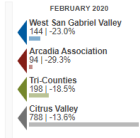
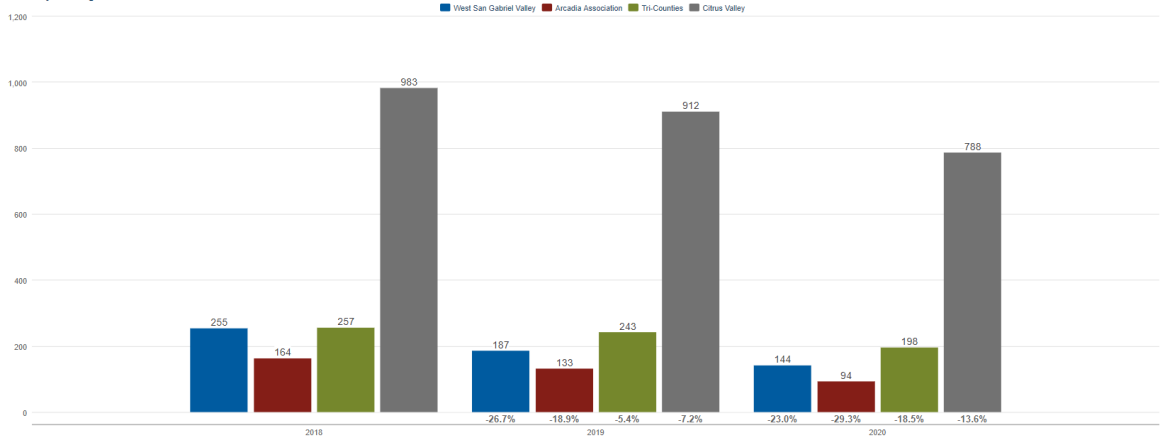
The Federal Reserve makes emergency rate cut by 50 basis point amid coronavirus fears. **Current mortgage rate is sitting at 3.29% 30 Yr Fixed.** We see an increase in loan application especially refinances. With half the listing gone and further decrease in Mortgage Rate, buyers' side is getting very competitive. *We are expecting this rate to maintain low throughout 2020.*



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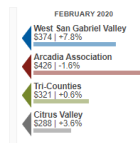
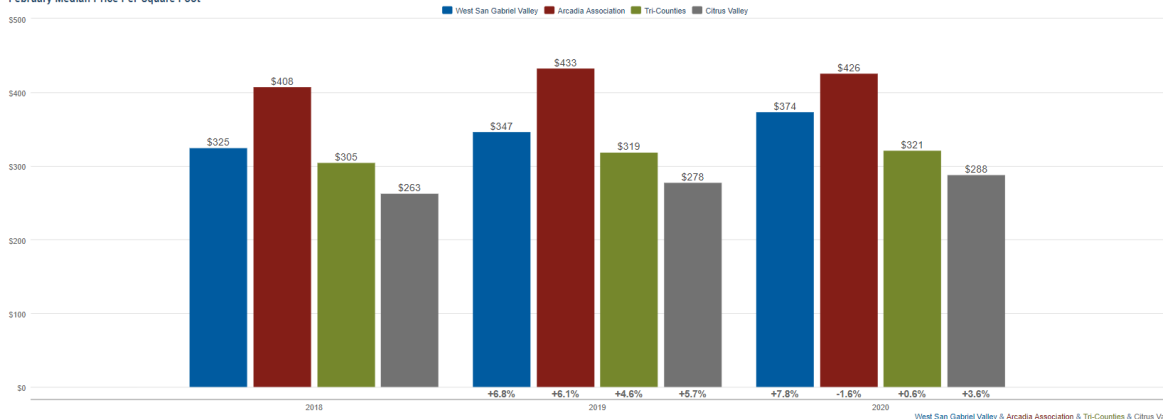
Pending Sale & Home Value

February Pending Sales



Unsurprisingly, pending sales has further decreased from -14% to -30% on a season that is supposed to see increase in sales. However, there is two explanations for this. #1, Mid to Low priced listings are scarce in number affecting number of transactions but the listings in this range is HOT. Luxury listings pending sale is going down mainly due to the continuation of a dwindling luxury home demand since 2018. As you could compare based on the graph below, Price Per Sqft in all board except for Arcadia board is increasing indirectly proving that normal priced market is seeing home value increase while luxury market is still experiencing lower demand hence, a decrease in price per sqft.

February Median Price Per Square Foot





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What is the Take from current Market Situation?

1. ***The agents who get the listing will be the Victor!*** The current market situation with low number of listings will not remain long. For the next 3 months. You really need to find and dig out every single way to get listings. The easiest way is to work on your referrals & past clients, then prospecting on your leads lastly, step up on your marketing game. You also need to be extremely flexible in price setting or presentation with sellers knowing that the current market might have buyers still interested in a property that is priced higher than market value.
2. ***Acknowledge, understand and develop the knowledge on PRICING.*** Two main things to know. Firstly, Mid to Low price market and High price market is on two different ends of the spectrum. One is Hot with High Demand, the other is Cold with Low Demand. If you don't know which is Hot or Cold, you have a problem and need to consult with office manager. Secondly, you really need to know how to pinpoint the price a listing may sell for. The standard COMPS will not help you especially during a drastically changing market. You can easily run research on the MLS searching Under Contract, Pending and Closed for past 7 days or 15 days. Based on how fast the listing is selling and the condition of the listings, it will give you better understanding.
3. ***Understand why are Homeowners not willing to sell?*** Is it Coronavirus or Bad Market or something else? You need to have the realization that there are different seller types that require different method to close them. One thing is for sure, you need to close the seller on the spot if possible. If not, try to close as soon as possible because during a drastic change of market condition, sellers change their mind very quickly.
4. ***Grasp your buyers' motivation and educate them about the current market.*** With most agents reporting to us that there are many multiple offer situations and offers not accepted. You need to reevaluate your buyers, understand how much they are willing to fork out in order to get the house they want. They also need to understand how hot the current market is for the house they are looking for and this might require a drastic increase in offer price. It is crucial that you are as precise as possible when it comes determining the price in the offer. Knowing this will give you better leverage to negotiate with the buyer and/or seller.
5. ***Pay close attention to the trend of the economic situation especially in 2020,*** whether it is the global economy or the US economy. It is even important to understand the impact of the economic situation on the real estate market. Give your clients professional investment advice so that they can reasonably avoid the risks of economic crisis. Let customers trust you more.
6. ***Pay more attention to the impact of the Coronavirus Virus on Unite States.*** If the virus affects the United States, it will have a huge impact on real estate sales. Then you can change your sales methods, such as increasing online ads, improve your network exposure and high-frequency use of digital marketing. Remind and update important news and information with your clients.
7. ***READ the CORONAVIRUS Clause, we announce this last month.*** Please see page at the back.



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OFFICE ANNOUNCEMENTS

1. **Young Family Loses Life Savings of \$775k in Escrow Wire Fraud Scam.**

A very saddening incident involved close to us in Carlsbad, the young couple lost \$774,631 when they put down the amount during Valentine's Day. The story is rare, but the scam is NOT. We have made announcements throughout the years reminding and educating agents on Escrow Wire Fraud Scams that can be a VERY SERIOUS issue with a simple prevention method. The hacker managed to gain access from the Escrow side to get all the Buyer's info. Then the hacker sends an very persuasive email to the buyer requesting to wire the funds. The rest is history. How to Prevent this? **#1 Easiest way to prevent this, always educate your buyers regarding Wire Fraud Scam. #2, Never ever trust Text, Email & Online request to wire funds no matter how "Legit" the email and information is. Always call Agent or Escrow or meet in person to confirm.**

2. **You are now Part of the MFO Elite Program**

Recently, we are invited by Mike Ferry to be part of their MFO Elite Program which is reserved for Top Brokerages. What does this mean for you? **You will be able to get the best prices possible for all Mike Ferry Superstar events & Local Mike Ferry Training Program around our area.** From now on, if you are planning to attend a Mike Ferry event, make sure to consult CK on the MFO Elite Prices.

3. **MLS Clear Cooperation Policy**

Starting May 1st, 2020. There will be a new policy that will govern the marketing of your listing and how would it be entered into the MLS. The current way requires the listing to be added into the MLS or a (Listing Exclusion Form) submitted to the MLS within 2 business days from the listing contract date. The new policy will change it in a way where the listing has to be entered into the MLS within 2 business days from the listing contract date under "REGISTERED, COMING SOON or ACTIVATE" statuses AND within 1 business day of marketing the listing, the Status must be moved from the "REGISTERED" status into COMING SOON or ACTIVE. Note*, Coming Soon Listing still appear in VOW and will automatically convert into active after 21days. For detailed info, please refer to the relevant page at the back.

4. **New Disclosure Requirements**

Effective in 2020, Homes within a designated high area are required to #1. Deliver a statutory disclosure re home hardening for homes in high fire areas built before 2010 and that seller list specified retrofits. And #2. Provide Buyer with documentation of local law pertaining defensible spaces or local vegetation management laws. If no such law, seller provide documentation of state law instead. If neither above, there needs to be a written agreement with buyer agreeing to obtain documentation of compliance. These disclosure requirements apply to any property which the Transfer Disclosure States (TDS) is required. Note, TDS exemptions and cancellations rights apply. For more info, find relevant page at the back.

5. **MUST READ! Top 10 Potential Impacts of Coronavirus on California Housing Market.**

The CAR has announced its thought on the Coronavirus Outbreak. They shared 10 potential impacts that the outbreak might bring to our market. **You must spend time to read and understand these 10 impacts at the back of the page.**



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UPCOMING EVENTS

SCRIPS 4 SUPERSTARS

This is a **very important training** I think all kinds of agents should attend Here is three reason you need to join this Event:

1. **You learn how to speak, act and think to grow your sales skill** which I find will help all kinds of agents.
2. We are one of few brokerages with MFO Elite Program, ***instead of \$350, our price is the lowest possible price of \$95.***
3. The training is in **San Gabriel Sheraton Hotel.**

See flyer at the back for more info and contact CK to register.

1031 EXCHANGE & TAX ADVISE BY GREG BURNS | APRIL SUPERSESSION

Greg have over twenty years of experience on 1031 Exchange, one of the main advantages of the 1031 exchange is its ability to dispose of property without generating capital gains taxes, thereby enabling the deferred taxing ability to benefit investors. And he will also be teaching tax advice in the end of tax season. You will find out during this super session. More info and register today. Flyer at the back of the page.



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REGARDING CORONAVIRUS CLAUSE

Please read instructions below regarding how and when to use the clause.

- *This clause is meant to be added to the addendum that goes with the offer or counteroffer.*
- *You are strongly advised to attach an addendum with the following wordings that goes with the offer or counteroffer when the party you represent is in areas that are affected by the coronavirus outbreak*
- *You are encouraged to reach out to management to discuss further as each case could be different or if you have any other concerns or circumstances.*

Clause- Standard

Buyers and Sellers are aware that one (both) of the Parties to this transaction is/are in areas that are affected by the Coronavirus outbreak. Therefore, that Party's ability to adhere to contract timeframes/deadlines may be impacted and out of their control. Parties agree that any delays in performing/closing due to the inability to sign documents or transmit paperwork will NOT be considered as a breach of the Purchase Agreement or failure to perform.

Add statement below when needed:

"Sellers/Buyers have the option to cancel this agreement in ___ days if the situation does not



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MIKE FERRY'S **Scripts 4 Superstars**

Led by Ron Cronin

March 10 - 12 | San Gabriel, CA

As a Real Estate Agent, the way you speak, act and even how you think directly impacts the level of success you attain. One of the longest running Mike Ferry events, the Scripts 4 Superstars is a comprehensive three-day event that teaches the communication and behavioral skills that increase productivity and profits. When you learn what to say, how to act and how to speak with greater confidence, your mindset dramatically improves!

WHEN: **MARCH 10-12**

WHERE: SHERATON LOS ANGELES SAN GABRIEL HOTEL

303 East Valley Boulevard
San Gabriel, CA 91776 United States



~~REGULAR PRICE: \$350~~

DISCOUNT PRICE: \$95

Please scan to register or contact CK for any questions:

www.mikeferry.com/event/scripts-4-superstars-san-gabriel-ca/



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IPX 1031

a Fidelity National Financial Company



GREG BURNS

Senior Vice President

Greg, Senior Vice President and Southern California native, has assisted thousands of clients and tax advisors by providing proven and cutting edge 1031 Exchange solutions. With over twenty years of experience, Greg is an expert in Delayed, Simultaneous, Reverse, Improvement Exchanges and provides nationwide services to his clients through the national IPX1031 network. In Southern and Central California, Greg covers Los Angeles, San Bernardino, Inyo, Mono, Riverside, Kern, SLO, Santa Barbara, and Ventura Counties.

WHEN: **FRIDAY: APRIL 10, 2020**

AT: **10:30 AM - 12:00 PM**
(right after office meeting)

WHERE: **HACIENDA HEIGHTS OFFICE**
1221 S. Hacienda Blvd, Hacienda Heights, CA 91748



Please scan to RSVP:





Understanding the Clear Cooperation Policy

The NAR MLS Clear Cooperation Policy, also known as MLS Policy 8.0, is a new policy that governs the public marketing of listings and their entry into the multiple listing service.

The mandatory NAR policy itself reads as follows:

Within one (1) business day of marketing a property to the public, the listing broker must submit the listing to the MLS for cooperation with other MLS participants. Public marketing includes, but is not limited to, flyers displayed in windows, yard signs, digital marketing on public facing websites, brokerage website displays (including IDX and VOW), digital communications marketing (email blasts), multi-brokerage listing sharing networks, and applications available to the general public.

This policy has an implementation deadline of **May 1st, 2020** for MLSs across the country. We at CRMLS will be prepared to implement this policy on the go-live date. CRMLS will release a full plan some time before the policy's implementation deadline.

The CRMLS Board of Directors has approved the motion to move forward with a Coming Soon status in the CRMLS system.

CURRENT process

- 1 Seller signs contract
- 2 Listing broker has **two (2) business days** from the **listing contract date** to either:
 - Enter listing into MLS
 - Submit **listing exclusion form** (e.g. C.A.R. SELM or CRMLS Listing Exclusion Form)

Note: Listing agent may **only** exclude listing from MLS if instructed by seller **and** seller signs listing exclusion form



NEW process as of 5/1/2020

- 1 Seller signs contract
 - 2a Listing broker has **two (2) business days** from the **listing contract date** to **enter listing** into MLS under one of the following statuses: REGISTERED, COMING SOON or ACTIVE*
- AND**
- 2b Within **one (1) business day of marketing**, Listing Broker must move any REGISTERED listing into COMING SOON or ACTIVE

*Coming Soon listings still appear in VOW and automatically convert to Active after 21 days

Note: If the listing broker does not market a listing, that listing does NOT need to be moved to Coming Soon or Active.

CRMLS wants to hear from you. If you have questions or comments on this policy, please email ClearCooperation@crmls.org.

**CRMLS will take broker and agent comments into consideration before any information here is finalized.*

Coronavirus Impacts on California's Housing Market

The rapid growth of COVID-19 ("Coronavirus") cases continues to create turbulence in the global economy and in domestic financial markets. However, C.A.R. is not revising its current 2020 housing market forecast, but will continue to monitor the market for negative macroeconomic impacts on the demand for housing as well as the supply chain impacts that could adversely affect the cost of new home construction in the coming months and quarters. C.A.R. has created a list of the Top 10 potential impacts that could elicit questions from buyers and sellers over the near term.

1. **Forecasts Have Been Downgraded, But Few Economists are Calling for Recession Yet:**

Last week, the International Monetary Fund (IMF) cut its forecast for global economic growth by 0.1%, but is still calling for an expansion in 2020, albeit at a slower pace. Similar orders of magnitude have been forecast for the domestic economy, with groups like Wells Fargo and others expecting GDP to grow by 10-20 basis points slower than their pre-Coronavirus forecast. Growth is expected to be slower, but the economy is still expected to grow.

2. **Mortgage Rates Will Likely Remain Low, Or Even Fall Further As A Result of**

Coronavirus: The Federal Reserve issued an emergency 50 basis point cut to their target interest rates, and guidance suggests that the Fed may be open to future reductions in order to counteract the negative impacts to financial markets. This should help to reduce the cost of borrowing and make housing more affordable over the near term, which should help to offset some of the negative impacts to housing demand associated with rising uncertainty.

3. **Domestic Buyers May Be Discouraged By Rising Uncertainty and Recession Risk, But Is It Still a Good Time to Buy?:**

This week, mortgage rates fell to an all-time low level of just 3.13%. That is down from 3.80% at the start of the year and represents significant cost savings over the life of a 30-year loan. For buyers who can afford their monthly payments, the economic uncertainty that is driving rates lower provides an opportunity to capitalize on significantly reduced borrowing costs that they will enjoy for years to come. Short-run risks to the economy exist but are arguably offset by long-run benefits of lower rates at the individual level.

4. **Financial Market Volatility Could Reduce Demand For Luxury Homes, But Also Create Potential Opportunities for Luxury Home Buyers:**

The recent turbulence in financial markets has already impacted household wealth. This could reduce demand for luxury homes in California in particular. However, with less luxury buyers, there could be opportunities for price discounts for buyers who choose to remain in the market for high-end properties. Real estate may also act as a buffer against potentially larger declines in the

financial markets.

5. **Demand From Foreign Home Buyers Could Be Curtailed Over the Near Term:** Reduced economic growth in China, specifically, could stifle demand for California real estate this year. However, foreign buyers represented just 3.9% of California's home sales last year, so the impacts statewide will be muted compared to 6 years ago, when foreign buyers represented 8.0% of the market. In addition, because domestic buyers typically finance their homes in much larger proportions to their foreign counterparts, low rates could stimulate more domestic demand that would help to offset the impact to foreign buyer demand.
6. **Foreign Home Sellers May Face Closing Delays:** Because the Embassy and many consulates are closed or may have limited hours in China, and elsewhere, there may be difficulty in providing a properly notarized deed to the property that escrow will accept and title will insure. Advise sellers to make efforts to obtain the deed early in the transaction. If sellers are currently in the U.S., make efforts to comply before returning to their foreign home country. If contract has not been accepted, foreign sellers might want to consider a contingency allowing a seller to cancel if they are unable to obtain notarized deed.
7. **New Home Construction in California Could Slow Further, Exacerbating Already-Tight Supply:** Many of the inputs to California's Building Industry are sourced from Asian countries including China. As the Coronavirus disrupts these supply chains, the cost of those materials may increase over the short run or become limited, which will increase the cost of construction and potentially reduce the pace of new residential development below its already-lackluster pace in 2020.
8. **Low Rates and Fewer New Homes Constructed Should Place Upward Pressure on Home Prices:** Improved affordability stemming from lower rates combined with fewer new homes being constructed as the construction supply chain is impacted could lead to more upward pressure on home prices in California. Unsold inventory is already at low levels, and reduced construction activity means that is likely to continue—especially if buyers respond to lower rates.
9. **Offsetting Effects Leave C.A.R.'s Housing Market Outlook Unchanged, For Now:** The situation remains fluid, and conditions could deteriorate beyond what is currently envisioned depending on the severity and duration of the outbreak, but if current economic forecasts of modest declines in GDP growth are realized, the effects of lower rates should help to offset the effects of a slower economy and increased economic uncertainty such that California would still achieve a modest improvement in both home sales and prices this year.
10. **Eventual Rebound Will Take Longer Than It Did With SARS In 2000:** At the turn of the century, the negative impact of the SARS virus began to fade within 6 months of the outbreak coming under control. However, unlike with the Coronavirus, SARS did not have significant impacts on either consumer spending or domestic financial markets. The size of



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February 27, 2020

	30-Yr FRM	15-Yr FRM	5/1-Yr ARM
Average Rates	3.45 %	2.95 %	3.20 %
Fees & Points	0.5	0.5	0.4
Margin	N/A	N/A	2.74

February 20, 2020

	30-Yr FRM	15-Yr FRM	5/1-Yr ARM
Average Rates	3.49 %	2.99 %	3.25 %
Fees & Points	0.5	0.5	0.4
Margin	N/A	N/A	2.74

February 13, 2020

	30-Yr FRM	15-Yr FRM	5/1-Yr ARM
Average Rates	3.47 %	2.97 %	3.28 %
Fees & Points	0.5	0.5	0.4
Margin	N/A	N/A	2.74

February 06, 2020

	30-Yr FRM	15-Yr FRM	5/1-Yr ARM
Average Rates	3.45 %	2.97 %	3.32 %
Fees & Points	0.5	0.5	0.4
Margin	N/A	N/A	2.74

February 02, 2020

	30-Yr FRM	15-Yr FRM	5/1-Yr ARM
Average Rates	3.86 %	3.20 %	3.68 %
Fees & Points	0.5	0.5	0.4
Margin	N/A	N/A	2.74