



The Future of Buyer Commissions

The NAR's agreement to settle the multitude of class action lawsuits by paying \$418 million in damages and **eliminating its rules on commissions** has real estate agents asking themselves a good question: "How will I get paid"? You must be informed about what's at stake, how it will impact you and what you can and should do to insulate your business against these changes.

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**California's homeownership rate hits
13-year high, minus pandemic**

Source: Mercury News

California's homeownership rate hit a 13-year high last year, minus questionable pandemic data from 2020, according to business journalist Jonathan Lansner. In 2023, 55.8 percent of Californians lived in a home they owned, up from 55.3 percent in 2022. Before COVID-19 you have to go back to 2010 at 56.1 percent to find a higher rate. In 2020, the U.S. Census Bureau's database indicates that 55.9 percent of Californians lived in a home they owned, but the bureau's own reports largely disavow much of its ownership statistics from that year due to complications in data collection tied to various coronavirus lockdowns.

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State Farm says some CA homeowners may keep coverage

Source: ABC7 News

Some State Farm Insurance customers in California who were bracing to lose their home insurance have instead received an unexpected message from the company: they can keep their homeowners insurance coverage after all, but the policy cannot include fire

damage. The customers reportedly must sign up for fire insurance through the California FAIR Plan, according to a letter sent out by the company. The FAIR Plan is a state-created but privately run insurer of last resort. The company had previously announced in March that it would not renew some 30,000 policies largely because of fire and earthquake risk. State Farm is the largest home insurer in the state, covering about one in every five homes.

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Hidden homeowner costs have risen 32% since 2020 in CA

Source: SFGate

As home prices in California hit a record high this year, upkeep costs have also skyrocketed. The average homeowner in the state pays around \$28,790 per year in homeownership costs, which includes property taxes, homeowners insurance, maintenance costs, and energy, internet and cable bills, according to a new study from Bankrate. That's 32 percent more than in 2020, largely due to rising home prices, inflation and soaring insurance premiums.

The study used 2020 and 2022 averages to estimate an annual property tax of \$6,832, which could be much lower or much higher depending on whether Proposition 13 weighs in a homeowner's favor. The average annual homeowner's insurance premium of \$1,572 was calculated using 2020 and 2021 averages, but Bankrate analyst Jeff Ostrowsky admits that "insurance premiums are a new wild card."

Some homeowners are struggling to get insurance, so this average could be even higher.

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California's insurance crisis called "devastating" to real estate

Source: San Francisco Chronicle

California's insurance crisis is having a "devastating" effect on its real estate market, particularly affordable housing, said Insurance Commissioner Ricardo Lara in a recent interview. Lara suggested keeping insurance agents involved in the entire buying and selling process and advised that Californians looking to sell their homes should address issues such as old wiring or brush clearance that could make it difficult for buyers to find insurance. He also urged consumers to explore getting insurance with companies outside the top 10. Companies with fewer policies in California are more open to taking on additional business, he said.

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How 6 governors - including CA's - are increasing affordable housing

Source: Politico

The lack of affordable housing has become increasingly critical for Americans across demographic and partisan lines, with a recent poll showing three-quarters of voters citing housing affordability as a significant problem. Six governors are working on the problem in their own states, including California's Governor Gavin Newsom.

Since his first month in office, Newsom has touted lawsuits filed against cities that flout state-assigned targets for building new homes, particularly local governments that make it difficult to build in affluent coastal areas. He's also signed dozens of bills that mandate local governments streamline their planning processes.

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Brief drop in mortgage rates caused surge in demand

Source: CNBC

Mortgage rates dropped for much of last week, causing total mortgage application volume to surge nearly 16 percent compared with the previous week, according to the Mortgage Bankers Association's seasonally adjusted index. But rates jumped back up again after a stronger-than-expected monthly employment report on Friday.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$766,550 or less on average) decreased to 7.02 percent from 7.07 percent, with points unchanged at 0.65 for loans with a 20 percent down payment. For most of the week, rates were lower, but Friday's news caused rates to jump 12 basis points. Applications to refinance a home loan climbed 28 percent for the week and were also 28 percent higher than the same week one year ago. Applications for a mortgage to purchase a home rose 9 percent for the week but were still 12 percent lower than a year ago.

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