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CALIFORNIA ASSOCIATION OF REALTORS®

Judge gives preliminary approval to real estate antitrust settlement

Source: CNN

On Tuesday, a Missouri judge granted preliminary approval to the $418 million antitrust settlement proposed by real estate brokerages and the National Association of REALTORS®. Under the terms of the settlement, seller's agents will no longer be required to offer commissions to buyer's agents when they list properties on databases called the multiple listing service (MLS). Instead, before working together, buyer's agents will need to negotiate with buyers to decide how and how much the agent will be paid.

The changes are slated to take effect in July, and real estate professionals are currently working on establishing these new business practices. Some experts warn that if sellers no longer pay buyer's agents, the homebuyers may be on the hook to pay their broker directly. However, these arrangements are and always have been negotiable.

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Just days left to apply for CA downpayment assistance program

Source: KQED

When it rolled out last year, the California Dream for All program – a loan program for first-time home buyers – exhausted its approximately $300 million of funding within 11 days. That prompted some changes this year for when the down payment assistance program opened again to California residents on April 3. The state has about $250 million available, which is expected to assist between 1,600 and 2,000 new applicants.

If you're hoping to apply for the California Dream for All program in 2024, applications officially close at 5 p.m. Pacific Time on Monday, April 29. The program provides a down payment of up to 20 percent of the cost of the home, or up to $150,000. The loan gets repaid, with interest plus a 20 percent share of the home's appreciation, when you sell the home. That money will then go back into the program to help others buy their first home.

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Millennials suddenly rich, seeing wealth double after pandemic

Source: Business Insider

A new report from the Center for American Progress has found that the millennial generation saw its wealth grow at an historic clip between 2019 and 2023. During that time, the average wealth of households under 40 grew by 49 percent, a $85,000 increase to $259,000 from $174,000. The analysis said that rate of rapid wealth

growth had never happened before in the data series' history, and it came after wealth growth remained relatively stagnant for young Americans before the pandemic.

Wealth gains were even higher for just millennials, who were 23 to 38 in 2019: their wealth doubled from the end of 2019 to 2023. Housing wealth rose and more households under 35 owned property in 2023 than in 2019. At the same time, credit-card and student-loan debt fell. These gains came during and after the pandemic recession – a type of contraction that historically has meant far worse economic outcomes for younger workers. The strong labor market is pulling in younger workers and delivering strong inflation-adjusted wage growth at the beginning of their careers.

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Here's what it actually costs to build a single-family home

Source: Fast Company

The National Association of Home Builders recently released the national averages for itemized costs in each stage of construction for a new single-family home in 2022. The data comes from NAHB's construction cost survey. Among the homebuilders surveyed, total construction costs for the average single-family home included in the survey was $392,241, broken into 36 categories of costs, including construction, finishes, landscaping, permits and fees.

Of the categories, framing and the home's roof accounted for the biggest chunk at 15.5 percent of the total construction costs, followed by "excavation, foundation, concrete, retaining walls and backfill" at 10.1 percent. On Friday, the U.S. Supreme Court ruled that homebuilders and developers may challenge California's development impact fees, which are imposed by cities and counties to pay for things such as roads and schools and are among the highest in the nation, often exceeding $100,000 per home.

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Two more insurers pull out of California's home insurance market

Source: Los Angeles Times

Straining a marketplace that already has seen the pullback of several other companies that have cited increased costs related to wildfire risks, two more insurers are pulling out of California's homeowners insurance market. Tokio Marine American Insurance Co. and Trans Pacific Insurance Co., both subsidiaries of Tokyo-based Tokio Marine Holdings, submitted filings to the California Department of Insurance stating that they will not renew 12,556 homeowners policies with a premium value of $11.3 million starting July 1. Also not being renewed are 1,624 dwelling fire and liability policies with a premium value of $1.7 million typically sold to owners of rental properties, as well as personal umbrella coverage.

In its filings with the Department of Insurance, Tokio Marine, which is a unit of Mitsubishi, cited “undue financial burden of the cost to update necessary automation” as its reason for pulling out of the market. Department spokesman Michael Soller said the decision would have a limited impact on the market due to the small number of policies.

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Mortgage demand drops as interest rates soar over 7%

Source: CNBC

Mortgage rates rose for the third straight week last week, hitting the highest level since November. As a result, mortgage application demand dropped 2.7 percent compared with the previous week, according to the Mortgage Bankers Association’s seasonally adjusted index.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($766,550 or less on average) increased to 7.24 percent from 7.13 percent, with points increasing to 0.66 from 0.65 for loans with a 20 percent down payment. Applications to refinance a home loan, which are most sensitive to weekly interest rate fluctuations, fell 6 percent for the week and were also 3 percent lower than the same week one year ago. Applications for a mortgage to purchase a home fell 1 percent for the week and were 15 percent lower than a year ago.

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