RealtyTrac | inman SELECT

HousingNewsReport

Named the Nation's Best Newsletter by the National Association of Real Estate Editors NAREE

REAL ESTATE DOOMSDAY PREPPING STRATEGIES

Seven Experts Chime In

By Daren Blomquist, Executive Editor

Editor's Note: *This is the second in a two-part series on how real estate investors are preparing for another potential downturn (or doomsday) in the housing market at some point in the future. The first part in our June 2015 issue established the shifting market sands that investors are experiencing in various markets across the country. This second part takes a deeper dive into emerging opportunities and practical acquisition and exit strategies that investors can employ in this shifting market.*

Mike Foley isn't waiting for the writing on the wall to shift investing gears in this real estate cycle.

With a new baby and a wedding right around the corner, the Long Beach, California-based real estate investor wants to avoid making the same mistakes he admits to making during the heady days of the last real estate boom.

"You've got to be smarter the second time around," said Foley, CEO of the Foley Group who has been a full-time real estate investor since 1999 but said he was caught when the market crashed back in 2008. "2005, six and seven I was doing development projects out in the Inland Empire, and those take three or four years to get through the city, to get built. And during that period of time the market went from red-hot to cold as ice. Those

Continued Next Page

July 2015

Volume 9 • Issue 7

CONTENTS

projects went from half a million dollars down to two hundred thousand in just a matter of six months.

“To get ready in case we have another downturn, the first thing I’m doing is not being as aggressive in investing as I was before,” Foley continued. “We’re not doing near as many projects. We’re not putting our money all in, we’re keeping some money on the sidelines so that if there was a downturn we would have some money to go buy some other projects. To me having some money on the sidelines, some powder, that you can employ — if the market does crash, they’ll be tons of opportunity — so to me that’s a very prudent (strategy).”

Mike Foley
CEO
Foley Group
Long Beach, California

> *“To get ready in case we have another downturn, the first thing I’m doing is not being as aggressive in investing as I was before. We’re not doing near as many projects. We’re not putting our money all in, we’re keeping some money on the sidelines so that if there was a downturn we would have some money to go buy some other projects.”*

Migrating to the Midwest

Even with the red flags of a European economic crisis, international investor-inflated home prices, imminently rising interest rates and stagnant incomes all rising further up the flagpole of the U.S. housing market, there are still opportunities for investors aside from just completely exiting the housing market, according to Foley and other veteran real estate investors.

The Midwest is still ripe for rental property cash flow, according to Jason Medley, a Tampa-based investor who also runs a “mastermind” of high-powered investors from across the country called The Collective Genius.

“The Rust Belt, the Midwest, is a hot spot for cash flow. Indianapolis, Memphis, Birmingham. That Midwest corridor is where a lot of people are going for cash flow,” said Medley, noting some of those investors are cashing out of strongly appreciated markets like Phoenix and re-investing their dollars in stronger cash flow markets.

Some of the power investors in Medley’s mastermind group are tackling the burgeoning buy-to-rent market by establishing a business that provides “turnkey” rentals for passive, professional investors.

“They are rehabbing the property, but they are not putting it on the market to sell it to Joe Blow homeowner,” he said, explaining the property is sold to a passive investor, often along with a package that includes property management. “They might be a dentist who’s making 400 grand a year … He owns the property but he doesn’t want any involvement in it. … He just wants his check sent.”

Foley said he’s considering a development project in Kansas and some rental properties in Florida.

“There are definitely parts of the country that haven’t fully come back, and that’s to me where the opportunities are nowadays,” he said.

Flipping Falling out of Favor

The best opportunities for investing in the Midwest revolve around cash flow, according to Michael Mahon, president at HER Realtors, covering the Cincinnati, Dayton and Columbus markets in Ohio who said that the slow and steady home price appreciation in Ohio combined with solid job growth and the corresponding population increases will create more demand for housing.

“This growing demand will require housing, and (Ohio) will likely continue to be a favorite for investors looking for lower risk, buy, hold, rent strategies of growing rates of return for their portfolios,” he said. “Investors looking for flipping opportunities will likely be more attracted to East and West Coast communities, promising larger immediate profit margins for capital return, however, (those opportunities) will equally involve greater market risks on bubble valuations.”

But flipping is falling out of favor for more West Coast investors, at least in Southern California, according to Foley.

“Really the market shifted last year and that’s why we slowed down on flipping,” Foley said, pegging the shift at around November 2014. “We had six or seven projects going, and out of those we either made very little money or no money on four of them.

Continued Next Page

"A lot of (are) people jumping into the fixing and flipping game, so the prices are going up," Foley explained. "But also on the back end when we're selling the houses we're getting squeezed on the appraisals and the homeowners are asking for a lot of repairs and asking for discounts and credits. So when you're getting squeezed on both ends, at the end of the day we're not ending up with enough profit to justify the amount of money invested and the risk involved."

Targeting Emerging Buyers

Bruce Norris, founder of The Norris Group, a Southern California company that invests in real estate and also trains and lends money to real estate investors, believes demand for homeownership will eventually increase as millennials and so-called boomerang buyers finally convert from renters to homebuyers sometime in the next 10 years.

"Get married at 25 and have a family, that's not happening right away. You have a whole generation that's waiting to get married and because of that they are waiting to buy a house," he said of the millennials. "Sometime along the line that is going to correct itself and we're going to see tremendous household formation and demand. It's just hard to know when that will happen.

"You had a lot of credit damage during the downturn," he continued, referring to the potential boomerang buyers. "That's another whole group of people who are waiting in the wings … it's a foregone conclusion that they will want to buy again, it's just a matter of waiting until the date when they can buy again."

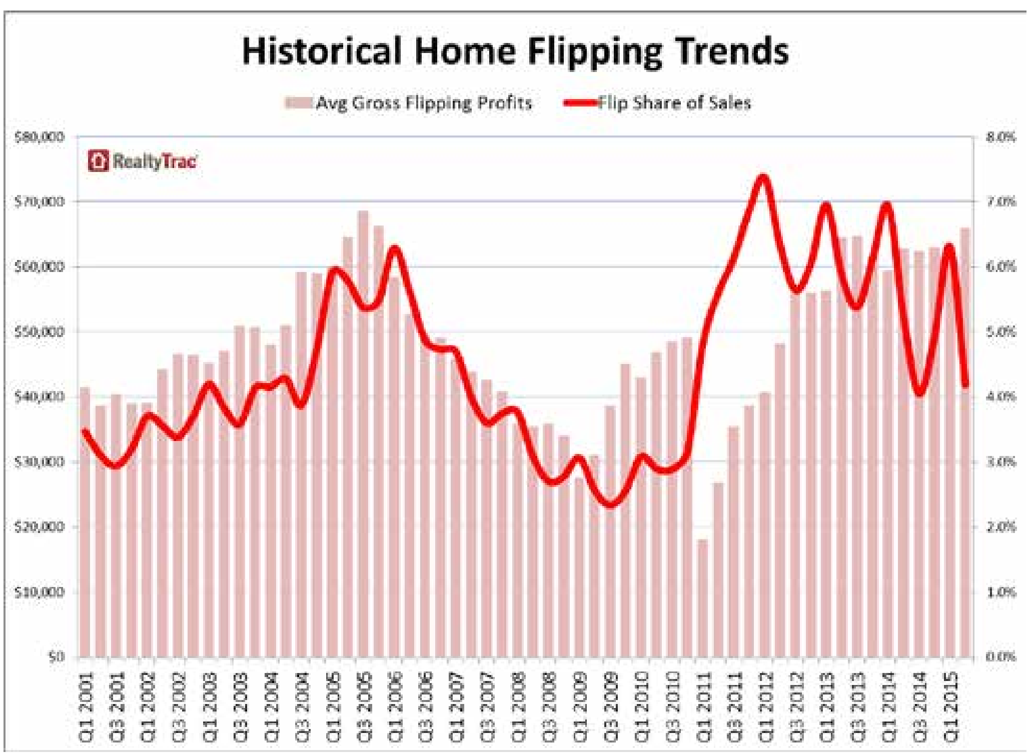
Matthew Gardner, chief economist for Windermere Real Estate in the Seattle market, expects a similar trend to emerge there in the coming years.

"Many renters of single family homes are families who lost their homes to foreclosure and we are fast approaching the time when they will be able to qualify for a mortgage again," he said. "This will, to a degree, limit

Continued Next Page

Michael Mahon
President
HER Realtors
Columbus, Ohio

"(Ohio) will likely continue to be a favorite for investors looking for lower risk, buy, hold, rent strategies of growing rates of return for their portfolios."



demand for single family rentals."

As those boomerang buyers and millennials come out of the woodwork, investors need to be prepared to offer them the types of properties they can afford and qualify for, according to Norris, who said that target inventory in the Inland Empire of Southern California is the 1,500 square foot home priced between $200,000 and $400,000.

"What's the most likely buyer in a certain area, and you kind of dictate your buying habits toward that," said Norris, noting that there is also more competition for that lower-priced inventory thanks to demand from hedge fund investors buying homes as rentals.

Norris cautioned that even though the apparent "bargains" in his market appear to be on the "bigger box" homes in the higher price ranges, those properties don't represent safe investments because of the limited pool of buyers.

Matthew Gardner
Chief Economist
Windermere Real Estate
Seattle, Washington

"Many renters of single family homes are families who lost their homes to foreclosure and we are fast approaching the time when they will be able to qualify for a mortgage again."

Gardner noted a similar dearth of available lower-priced inventory in Seattle.

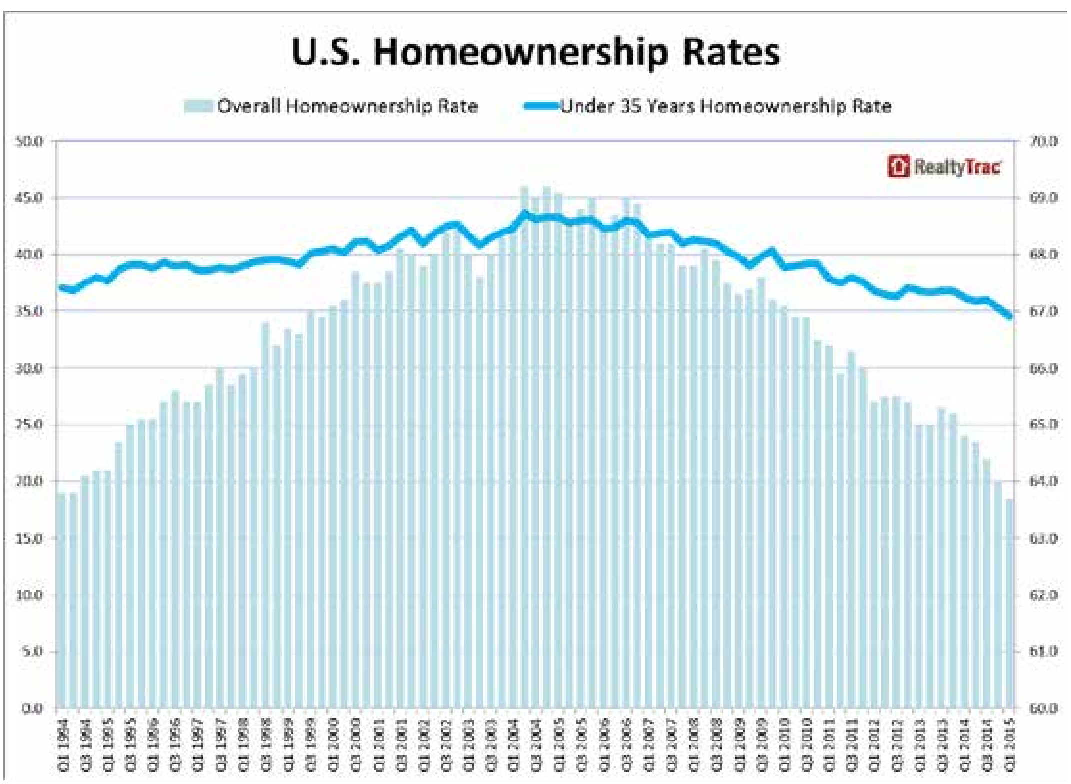
"The number of 'lower-priced homes' in the Seattle area is limited," he said. "For example, in the Seattle-Tacoma-Everett region, just 16 percent of all active listings are priced below $225,000."

Backing Down on Buy-to-Rent

With low inventory of prime buy-to-rent homes and expected softening demand for rentals as boomerang buyers and millennials transition into homeownership, the best option in high-priced markets like Seattle may still be cautious flipping or so-called infill development.

"In Seattle, there is far more demand than supply and this may allow savvy investors who are able to buy and renovate, to still make a margin, but it will become more difficult as competition for these homes increases," Gardner said.

Continued Next Page



The big buy-to-rent operators are backing down on their acquisition of homes in South Florida as prices rise, according to Mike Pappas, CEO and president of the The Keyes Company real estate brokerage covering that market.

"The distressed bargains of yesterday have evaporated and therefore the large institutional buyers have curtailed their buying in our region," he said, noting the feared cashing out of the buy-to-rent inventory on the part of the big investors has not materialized. "Even though prices have risen dramatically we have not seen the liquidation of their previous investments."

Medley, the Tampa-based investor who heads up an investor mastermind group, pointed to Phoenix as a market where some of his investors would consider liquidating rental properties, cashing out on the healthy appreciation gains over the past few years and re-investing those gains into lower-priced markets offering better rental yields.

Mike Papas
CEO/President
The Keyes Company
Miami, Florida

> *"The distressed bargains of yesterday have evaporated and therefore the large institutional buyers have curtailed their buying in our region."*

Alan Langston, executive director of the Arizona Real Estate Investors Association, added that faltering income growth could further compress rental yields for buy-to-rent investors.

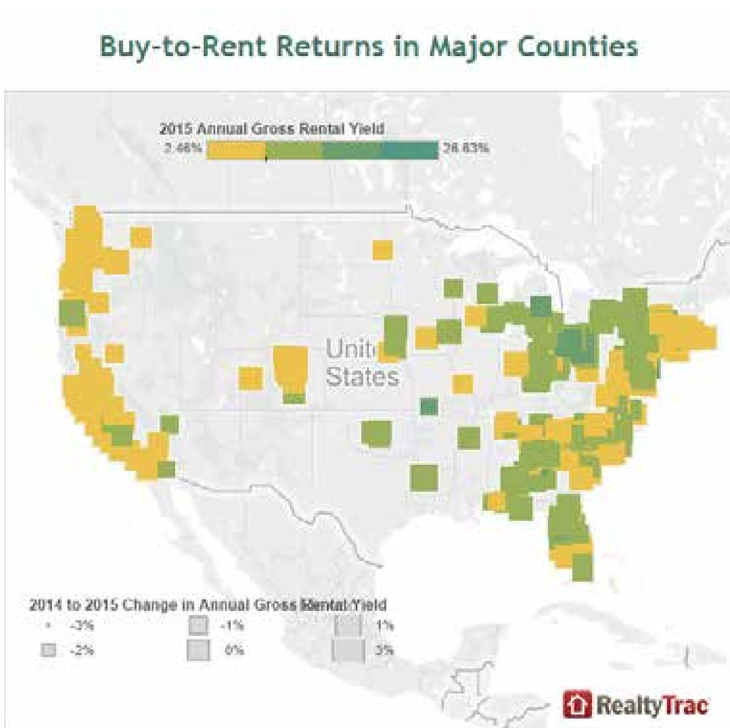
"Falling real incomes is a huge problem," he wrote in an email, noting that while in the short term this trend could lead to more rental demand, "if the trend continues for too long it makes it more difficult for the business model to close for investors. What I mean is investors can't impact falling incomes and it isn't our responsibility to. However, falling incomes can have an effect on rent rates and what renters can afford to pay. If rent rates can't keep pace with increased cost then investors will slow their investing in housing."

Leveraging Construction Crews

Lin He, a Southern California investor who operates Rellion Inc., see home remodel and construction business as a growing market going forward.

"I am currently focusing on my construction

Continued Next Page



business," wrote He. "Initially I was very reluctant to take on clients and thought the service industry is not for me. I started it because the market has changed and I wanted to keep my (rehab) guys busy and pay the bills. Now I can see that I can make a business out of it without all the risk of flipping houses.

"If I can make $50k in three to four months to run a project then move on to another project without waiting, hoping, wishing, praying for a buyer to show up, without a hard money loan on my back, why not?" He continued. "The remodeling market will be hot for several years, so the cheese has moved and I am fortunate to be able to pivot and move forward."

Lin He
President
Rellion Inc.
Irvine, California

"If I can make $50k in three to four months to run a project then move on to another project without waiting, hoping, wishing, praying a buyer to show up, without hard money loan on my back, why not? The remodeling market will be hot for several years, so the cheese has moved and I am fortunate to be able to pivot and move forward."

Building Green

Leland DiMeco, owner and principal broker at Boston Green Realty, has not turned his full focus to the construction-remodel business, but he recognizes it as an in-demand business.

"I'm not a big player in the construction community, and I'm getting a lot of serious opportunities coming my way," he said, noting that he has one big construction project on the horizon: a 44-unit, five story "green" apartment building that he said will be only the third "passive house certified apartment building" in the country.

This German green certification requires a building to basically be self-sufficient with very low energy output, ultimately resulting in bigger profits for investors, according to DiMeco.

"At the end of the day, the gross is the net other than taxes and water bill and sewer bill. My operating costs are next to nothing," he said, predicting that green building is an emerging market for investors to jump on. "Buildings are not just going to be price, size location. It's going to be the fourth factor of energy consumption."

Back in Southern California, Norris has found building to be a solid investment strategy, particularly in a market where the big builders are holding back.

"One of the things you can do is build something. It's not always buying something that's existing," he said, noting that building can play out differently in different real estate cycles. "Last time we were able to get a big tract of lots, this time we have just been

Continued Next Page

Southern California real estate investor Lin He has pivoted from flipping homes to remodeling homes like this one in Redondo Beach, which he performed a complete remodel of in five weeks for $93,000, leveraging construction crews he previously used for flipping. At the time of publishing the property was in escrow with a sale price of more than $1 million and He said he made $40,000 from the five weeks of work.

building a few at a time … There's demand for that. People pay a premium for new homes."

Off-Market Opportunities

With banks pricing foreclosures close to full market value in Boston, DiMeco said one of the best acquisition opportunities for investors is finding off-market properties through the grapevine.

"Off-market deals are pretty good right now," he said, adding that because he is known for working with investors, off-market deals will show up at his doorstep — literally. He provided a recent example of a landlord who walked into his office with three rental properties he'd owned since the 1980s and wanted to sell off-market so he wouldn't have to deal with open houses that could disrupt the current tenants.

"A lot of investors don't want to deal with that (competitive bidding); they just want to buy it on a walk-through and handshake," DiMeco said. "They make the offer on no home inspection contingencies. They are willing to buy it as-is. It's a clear path to the finish line for both parties."

Jason Medley
Founder, Collective Genius Investor Mastermind
Tampa, Florida

"A lot of my guys have had to shift their businesses from a very operationally driven business to a more sales and marketing driven business. .. The same guy who used to just show up at the auction is now sending 50,000 postcards a month."

Norris pinpointed unhappy landlords as a good target acquisition group in his market as well.

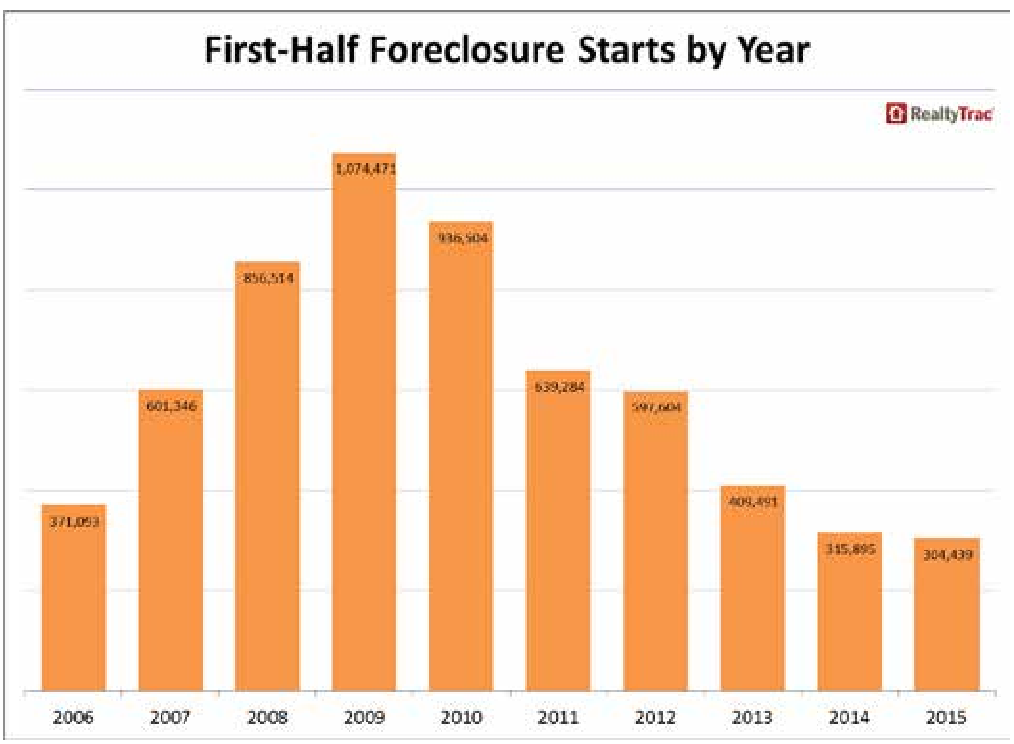
"You have diminishing REOs and you have diminishing short sales, so you definitely have to find (the deals) somewhere," he said. "You're more likely to find a landlord with a problem tenant … than you are an owner-occupant property."

From Operational to Situational Investing

Medley, the Tampa-based investor who leads the real estate investor mastermind, describes it as a shift from operational investing to situational investing.

"In your very competitive markets there was a massive shift probably 18 to 24 months ago … during the foreclosure crisis guys could drive a very operationally driven business … they open their computer and there's leads," he said, explaining the first sign of the shift was more competition from big fund investors.

Continued Next Page



"In a lot of the bigger metropolitan areas, a lot of the big funds came in … to a point where buying at the auction or buying a bank-owned property are razor thin (margins).

"A lot of my guys have had to shift their businesses from a very operationally driven business to a more sales and marketing driven business. And it's a huge shift," he continued. "The same guy who used to just show up at the auction is now sending 50,000 postcards a month. … It's back to situational based markets: I'm getting a divorce, I inherited the property and the property taxes are so high I can't even pay them. It requires a lot more people than just to have people bidding at the auction or having someone pulling info off the MLS.

Medley added that the pendulum has already swung back to operational investing in some markets after the big fund investors have exited, including central California, where one of his mastermind investors is back to buying at the foreclosure auction.

Bruce Norris
President
The Norris Group
Riverside, California

"I think people are usually very bad at locking in permanent gains. At the end of this cycle (investors should) get themselves into a debt position where they can't be hurt by another downturn."

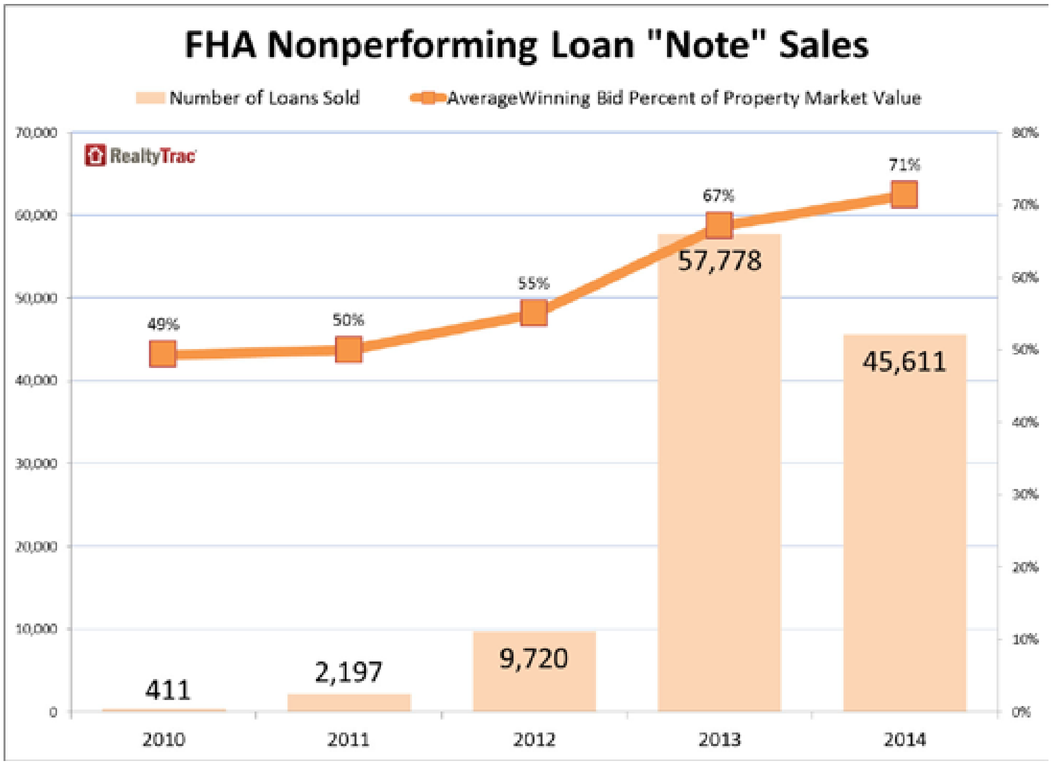
"(He) is back to being the kingpin at the auction. The hedge funds have done their thing and have left the market," he said, explaining a common theme for successful investors is the ability and willingness to change with the market. "If you can't change in this industry, you better find something else to do."

Buying Notes

Foley, the Long Beach, California investor, said he's started to buy discounted loans, or notes, as a way to generate cash flow and also as a backdoor rental property acquisition strategy if the borrower defaults on his or her payment.

"We've been buying first trust deeds, second trust deed notes all over the country," he said. "Those you're getting into for anywhere from 25 to 50 percent of the current value of the property and trying to modify those and (if the modification does not work) foreclose

Continued Next Page



and turn them into rentals. So very little money in, and big upside either cash flow or if you end up selling the property."

Foley said making the decision to shift strategies from flipping to note buying was not difficult when he took an honest look at the numbers.

"As an entrepreneur you're always looking for opportunity, and if you're going down this path and this plan isn't working, you've got to switch, go to a different path, go to Plan B," he said, "In this current market, what can I do to make money? The notes seemed like an obvious fit for me. It's still real estate, but it's kind of a different take on it. And I like the lower risk."

But not all investors are nimble enough or willing enough to change investing horses midstream during a housing boom, according to Foley.

"The mistake a lot of investors make is that they are just overly optimistic about what they can sell the property for, what the repairs are going to be, and that's how they get burned," he said. "Don't be overly aggressive and just be very, very sure about your numbers going in so you're not doing it for free and you're not losing money as a lot of investors are doing right now."

Market Timing or Personal Timing?

Although flipping had been good to him, He, the Orange County, California real estate investor, realized ultimately he has accomplished his original goals from when he started out as a flipper and is grudgingly willing to walk away, content with what the market could give him.

"I did really well with flipping," he said, noting he also accumulated a significant amount of rentals as well. "One thing that I hate to admit is that I thought the housing crisis would last longer than a typical California housing cycle and could give me 10 years to accumulate more rentals. Well because of the strong government intervention, it came back right on the cue. I wish there had been more time, but I got what the market has given me. That's good enough."

Norris said that's exactly the attitude investors should be taking now, even if the market is not crashing or even weakening in their area.

"People don't usually do that. They don't usually cash in the chips. They just keep rolling the dice," said Norris, adding that even though he believes the market has some runway before a downturn, investors who have accomplished their original goals should not be afraid to cash out even if in some cases it may mean paying taxes. "You are allowed to sell and pay tax ... if it accomplishes what you want to do, I don't really care what someone else thinks.

"I think people are usually very bad at locking in permanent gains," Norris continued. "At the end of this cycle (investors should) get themselves into a debt position where they can't be hurt by another downturn."

MY TAKE

By Mike I. Pappas

CEO and President, The Keyes Company

Everything is Changing, But Brokers Core Values Remain Constant

Through our 89-year history, The Keyes Company has witnessed dramatic changes in our industry. We were founded in February of 1926 in the first land boom of Miami. Seven months later, Miami took a direct hit by a hurricane which shut our market down and sent us early into the Great Depression. However, the company survived, and thrived, by opening a property management business which filled the needs of our residents who had vacated their properties following the storm.

As in the early days, our innovation is one of the drivers of our growth. We accomplish this through a Leadership Team that truly cares for each other and understands that we all are stronger together. We have a bottoms up approach with Associate Advisory Boards in each office, Management Task Forces paired with our Department Heads who all are striving for improvement and providing a "wow" customer real estate experience. We have an annual strategic planning meeting at the end of the year and a halftime manager retreat in the summer. In June we took our 50 leaders to the Disney Institute to learn from the "happiest place on earth." Like all businesses, vision, leadership, strategy and execution are the differentiators that can give a company an edge in a dynamic market.

We counter the rising associate splits and decreasing margins by increasing our associate numbers, merging in firms, diversifying into mortgage, title, insurance, and property management, and growing our luxury and commercial divisions, along with company lead sources. Processes and systems are critical to ensure quality delivery of products and services. We strive to automate and assist our associates with most of their tasks and functions: from preparing and mailing just listed and just sold postcards, neighborhood market reports mailed and emailed, listings syndicated and promoted on all the major portals, internet leads placed into the associates' CRM, interactive signs with automatic text of the property to the consumers which capture the caller's name and number, brochure on every listing within 24 hours, transaction management with digital signature forms from listing to close, digital brochures and e-flyers, virtual tours automatically placed on YouTube, and automation of associates social marketing are all built to help our associates' do more business.

The consumer is more educated, and we continue to provide more local data and information into each of our listings on our website. We are in the embryonic stage of "Big Data" and beginning to see the predictability of consumer behavior prior to their taking action through multiple data-collection sources.

Giving back to our community is a company value. Our roots are deep into our community. Our Management Team are leaders of leaders and engaged in their boards, communities and civic organizations. Through our Keyes Cares, we match individual associate involvement and participation in local charities. Last year alone, our company raised $170,000 and had 150 participants in the Dolphins Cancer Challenge.

Real estate is still local, and neighborhood expertise is demanded. We are blessed to serve a thriving metropolis community — South Florida. Six million people call the 120-mile long and 20-mile wide strip of real estate surrounded by the everglades and the Atlantic Ocean home. Our economy is thriving and diversifying and is ranked the 39th largest GDP in the world.

Over 12,000 urban condominiums are under construction, with two-thirds pre-sold making Brickell, downtown and Miami Beach global urban cities. The largest mall in the US is being fast-tracked in Miami by the Mall of the Americas company. Two hundred acres of land have been purchased and 3 million square feet will be constructed. Brickell City Center — a billion dollar complex of shopping, condominiums and hotels — will be completed next year. The Miami World Center will break ground in 2016, adding 1 million square feet of shopping and 600,000 square feet of convention center capacity to downtown Miami.

Each year, Miami Art Basel draws tremendous numbers of

Continued Next Page

elite art collectors from around the world. The new Perez Art Museum and the soon-to-open Frost Science Museum along with the Adrienne Arsht Center have all elevated the cultural status of our community. Our four professional sports teams and strong collegiate athletic programs give us well-rounded entertainment for all. As we scan the world landscape — it is hard to find a region that is shining as bright as South Florida.

Our strategic position to South and Central America make our airport and sea port the busiest in the U.S. Our international diversity attracts world money and investment from Canada, Russia and Europe, along with Venezuela, Brazil, Colombia and Argentina to name a few. As a shareholder of the Leading Real Estate Companies of the World — a network of 500 premier, national and international firms with over $300 billion in annual sales — we have the best of both worlds: we are local and global.

As the third generation to run The Keyes Company, my brother Tim and I are proud and honored of our past, but we also have a focused future. The challenges are many, but the golden rule of our founder, Ken Keyes — "do unto others as you would have them do unto you" keeps us both focused on what is really important: our people. We are thankful to serve our 37 offices and 2,500 associates on a daily basis.

It is exciting to see the fourth generation of Keyes, my daughter Christina and nephew Jason, leading our Next Gen Network, which has 150 Associates who are under the age of 30 and another 400 Associates who are between the ages of 30 and 40. They are building community through events, training and technology. We are learning how to best serve these millennials and Gen X'ers. They are our future.

The future is unpredictable as our founder learned — but with focus, flexibility and full engagement we are bullish on the years ahead and looking forward to our company celebrating its next 90 years.

Michael I. Pappas is the president of The Keyes Company, a Miami-based real estate company with 37 branches, 2,500 associates and affiliates that include Keyes Mortgage, Keyes Title, Keyes Insurance, and Keyes Property Management. The Keyes Company, with sales in excess of $3 billion annually, is one of the largest independent brokerage firms in the United States, having served the South Florida market for 89 years. Mr. Pappas joined Keyes as a sales associate in 1980 and held a variety of positions, including general sales manager, until taking over from his father, Ted Pappas, in 1992 as president. Along with his brother, Tim Pappas, Michael's daughter, Christina, and Tim's son, Jason, both work at the family-owned business. The Keyes Company is one of the few big real estate brokerages in South Florida that continues to operate independently. Mr. Pappas attended Wake Forest University on a track scholarship where he majored in Business and Spanish and graduated Cum Laude. Mike is an avid runner and has completed four marathons. He and his wife Kathy reside in Miami and have five children.

NEWS BRIEFS

Zillow Sells Active Rain to Ben Kinney

Zillow announced June 19 that it was selling Active Rain, a social networking and blogging platform for the real estate industry, to the Ben Kinney family of companies. The sale will close June 30.

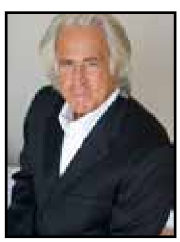

Ben Kinney

The Ben Kinney family of companies is a collection of real estate-related training and software companies, which includes Real Launch, Brivity and Blossor, as well as technology firms like Big Fresh and Tech Help. Kinney, a licensed real estate broker for 11 years with Keller Williams, leads nearly 1,000 agents in the real estate brokerage he owns and operates in the United States and the United Kingdom.

Active Rain was owned by Trulia but became part of the Zillow Group when Zillow acquired Trulia earlier this year.

SOURCE: Zillow

Fox News Launches Real Estate Program


Robert A. Massi

On July 12, the Fox News Channel aired a new half-hour weekly real estate television program, "Bob Massi is the Property Man." Massi is a real estate attorney based in Las Vegas, Nevada. Fox said the show will explore all aspects Las Vegas' real estate market. Additionally, Massi will offer practical advice to locally-based businesses and families who have encountered difficult real estate situations following the housing crisis. The show will air at noon on Saturday.

"We will do different stories on home buying in Las Vegas," said Massi in a telephone interview. "We'll do segments on buying condos on the strip to purchasing time shares. It's a real eclectic show."

Massi runs his own law firm, Robert A. Massi & Associates, in Nevada and has been a Fox New legal analyst since 1998. Additionally, he hosts a one-hour syndicated radio talk show, A Layman's Guide to the Law heard on KDWN-AM in Las Vegas. He is also the author of "People Get Screwed All the Time: Protecting Yourself from Scams, Fraud, Identity Theft, Fine Print and More."

SOURCE: Fox News Channel

HUD Takes Aim at Segregated Housing

In 1968, President Lyndon B. Johnson signed the Fair Housing Act into law, prohibiting discrimination in the sale, rental and financing of housing.

On July 8, the U.S. Department of Housing and Urban Development (HUD) unveiled new rules designed to break down historical patterns of segregation.

The new HUD rules will require cities and towns all over the country to scrutinize their housing patterns for racial bias and to publicly report, every three to five years, the results. Communities will also have to set goals, which will be tracked over time, for how they will further reduce segregation.

"As a former mayor, I know firsthand that strong communities are vital to the well-being and prosperity of families," said HUD Secretary Julián Castro in a written statement.

Critics have decried the new federal rules, calling it "social engineering," and fearing it will only lead to an avalanche of fair housing lawsuits.

"This overreaching new regulation is an attempt to extort communities into giving up control of local zoning decisions and reengineer the makeup of our neighborhoods," said Rep. Paul Gosar (R., Ariz.). "It's going to be a lawyer's delight ending up in court everywhere."

The new fair housing rule — called Affirmatively Furthering Fair Housing — follows the Supreme Court ruling allowing HUD to use disparate impact in fair housing suits. The federal government can withhold money from communities that fail to address discriminatory policies.

SOURCES: HUD, The Wall Street Journal, Los Angeles Times

LEGAL BRIEFS

Supreme Court Allows 'Disparate Impact' Suits

The U.S. Supreme Court ruled on June 25 by a 5-4 vote in the case of *Texas Department of Housing and Community Affairs v. The Inclusive Communities Project, Inc.* that disparate impact claims can legally be brought about under the Fair Housing Act of 1968.

The majority opinion, written by Justice Anthony Kennedy, argued that minorities who allege racial discrimination don't have to prove intent to sue for remedies under the Fair Housing Act.

"It is of crucial importance that the existence of disparate impact liability is supported by amendments to the FHA that Congress enacted in 1988," wrote Justice Anthony Kennedy for the majority.

The ruling is a blow to builders, lenders, insurers and business interests and a surprise legal victory for the Obama administration and civil rights groups. In upholding the disparate impact tactic, the Supreme Court preserved a legal strategy that has been used for more than 40 years to attack discrimination in zoning laws, occupancy rules, mortgage lending practices and insurance underwriting.

Along with Kennedy, Justices Ruth Bader Ginsburg, Stephen Breyer, Sonia Sotomayor and Elena Kagan rounded out the majority.

The remaining members of the court all joined a dissent written by Justice Samuel Alito that accuses the majority of having made "a serious mistake."

"The Fair Housing Act does not create disparate-impact liability, nor do this court's precedents," Alito wrote. "And today's decision will have unfortunate consequences for local government, private enterprise, and those living in poverty. Something has gone badly awry when a city can't even make slumlords kill rats without fear of a lawsuit. Because Congress did not authorize any of this, I respectfully dissent."

The case involved an appeal from Texas officials accused of violating the Fair Housing Act by awarding federal tax credits in a way that kept low-income housing out of white neighborhoods.

SOURCE: U.S. Supreme Court

Trump 'University' Must Disclose Profits

In a Racketeer Influenced and Corrupt Organizations (RICO) class action lawsuit accusing Donald Trump of defrauding students of millions of dollars, a federal judge ruled that Trump must disclose how much money he made from Trump University.

The Republican presidential candidate will have to answer questions under oath about his net worth — and about how much money he made from the now defunct Trump University, a California judge ruled on July 2.

San Diego U.S. District Judge Gonzalo P. Curiel said that Trump's financial transactions involving Trump University are relevant to lead plaintiff Art Cohen's claims.

The Trump Institute of Boca Raton, which at one point was called Trump University, is no longer in operation. But it did make some money hosting seminars around the country and promising people that they too could become as successful as Trump.

In 2013, consumer complaints filed in Florida said students paid $1,200 to $1,400 for classes, including books, DVDs, and CDs emblazoned with Trump's face. One-on-one coaching costs were extra, and some pupils paid $20,000 or more.

In his suit, plaintiff Cohen claimed that Trump "devised and executed a scheme to make tens of millions of dollars" by misrepresenting that Trump University was an actual university taught by a faculty of professors at least partly selected by Trump himself. Cohen said he was duped out of $36,000.

Separately, New York State Attorney General Eric Schneiderman has brought a $40 million civil fraud case against Trump University that is still pending, although the judge threw out portions of the complaint. Trump fired back at AG Schneiderman with a $100 million suit over the Trump University case.

The case is *Cohen vs. Donald J. Trump*.

SOURCE: Courthouse News

FINANCIAL BRIEFS

Landlord Profits Fall

Nationwide, returns for owners of residential rental properties declined during the first five months of this year when compared with the same period in 2014, according to analysis by real estate data company RealtyTrac.

Nationally, RealtyTrac's analysis found that potential returns from buy-to-rent purchases of three-bedroom properties decreased from the same period a year ago in 169 of the 285 counties analyzed, or 59 percent.

Renting is more affordable than buying in 97 of the 285 counties analyzed (34 percent). Major counties where it is cheaper to rent than to buy include Los Angeles, California (69 percent of median household income needed to buy), San Diego, California (56 percent), Orange, California (57 percent), Riverside County, California in Inland Southern California (43 percent), King County, Washington in the Seattle metro area (45 percent), and Denver County, Colorado (51 percent).

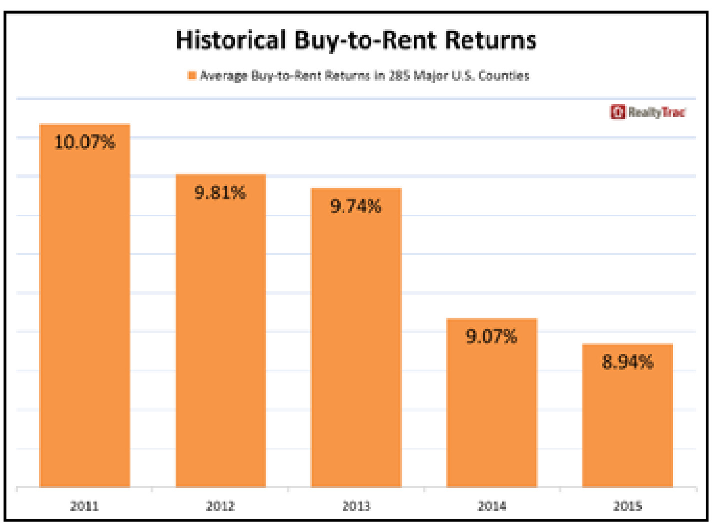
Across all 285 counties analyzed, the average potential annual gross rental yield was 8.94 percent for three-bedroom residential properties purchased in the first five months of 2015, down from a 9.07 percent average potential rental return for three-bedroom residential properties purchased in the same time period a year ago in those same counties.

Zillow CFO Resigns

Chad Cohen, Zillow's chief financial officer, will resign on Aug. 7, according to a Zillow news release. The nine-year Zillow veteran is "pursuing other business interest."

"Chad has made meaningful contributions to Zillow during his nine years here," said CEO Spencer Rascoff in a written statement. "In 2006, I hired Chad as our first corporate controller when I was Zillow's first CFO. During his tenure, Chad has built an excellent team who have implemented tight financial controls and efficient processes that have allowed us to scale through Zillow's IPO, our rapid growth and our acquisition of Trulia and establishment of Zillow Group. He has left us with a strong foundation and an excellent team to see us through this next phase of our growth. We wish him the best in his future endeavors."

Since the $2.5 billion acquisition of Trulia in July 2014, Zillow's earnings and share price have faltered. Zillow's share price fell from $165 a share a year ago to $85.50. In May, Zillow reported its first-quarter loss widened to $38 million of acquisition-related and restructuring charges, according to *The Wall Street Journal*.



STATE SPOTLIGHT

Flipping Philadelphia

By Daren Blomquist, Executive Editor

Philadelphia is no Las Vegas, but when it comes to real estate investing the City of Brotherly Love is giving Sin City a run for its money.

"The investor market has just been incredibly hot in Philadelphia," said Vince D'Agostino, shareholder at Foundation Title, which has 14 offices throughout Pennsylvania and New Jersey. D'Agostino said teardowns are common as neighborhoods gentrify. "Some up-and-coming neighborhoods you have some impressive condos (being built)."

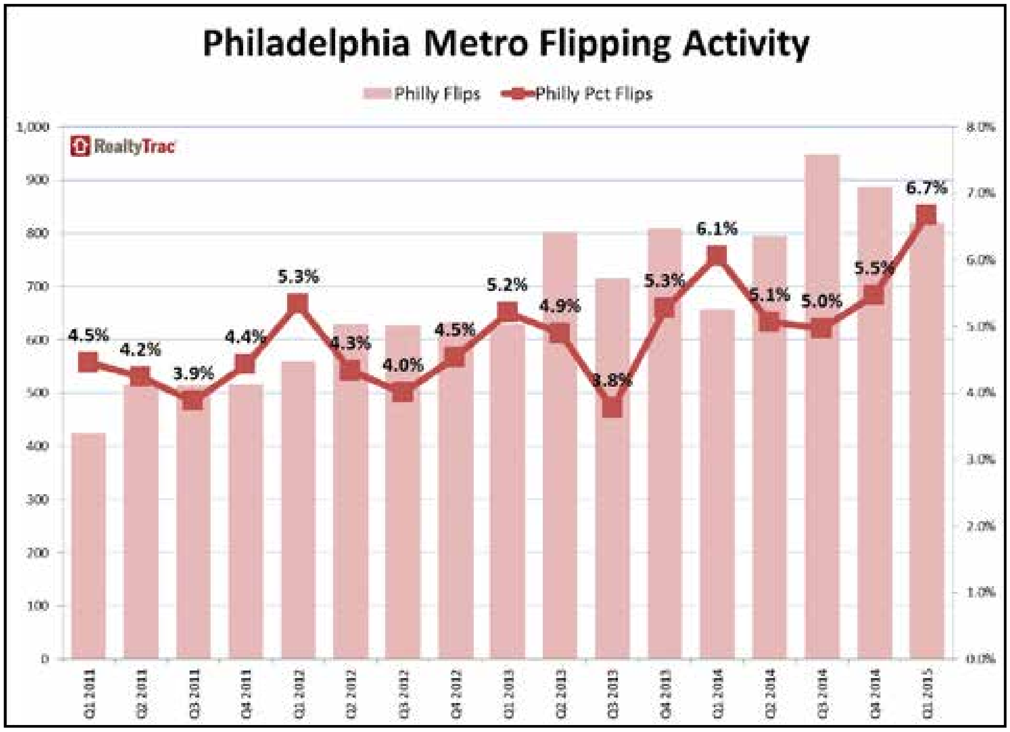
Reality TV crews may not be swarming the city yet, but exclusive data from RealtyTrac shows investor worker bees are clearly busy in this blue collar town situated on the train line about one-third of the way from New York to Washington, D.C.

In the first quarter of 2015, 820 single family homes and condos were flipped in the Philadelphia metro area, an increase of 25 percent from a year ago. By comparison, there were 891 flips — defined as any property sold for the second time within a 12-month period — in Las Vegas in the first quarter, down 7 percent from a year ago.

Las Vegas still comes out ahead in terms of the share of all home sales that were flips — 10.5 percent compared to 6.7 percent in Philadelphia — but Philadelphia investors are handily beating out Las Vegas investors when it comes to average gross flipping profits and return on investment.

Flippers who completed a flip in Philadelphia in the first quarter on average sold the home for $68,740 more than they bought it for — a 51 percent gross ROI not including rehab costs and other expenses associated with carrying a property for several months and marketing it for sale. In Las Vegas, flippers realized a $36,275 home price gain, representing a 22 percent gross ROI.

Continued Next Page



Have Investors, Need Properties

"I have a list of investors. Finding the properties is the problem," said Bob MacHarrie, a real estate agent with RE/MAX Access covering the core neighborhoods in the city of Philadelphia. MacHarrie said real estate investors are moving further out of the Center City neighborhood at the epicenter of Philadelphia and into adjacent neighborhoods that still have upside potential for flipping and other investment strategies. "For single family homes, there is almost nothing in Center City, so they have to go into the secondary ones. And in reality they are really pushing those boundaries."

Investors are pushing those boundaries out as far as Cherry Hill, New Jersey, located just across the Delaware River from Philadelphia, according to Gary DeGree Sr., owner of 1st DEGREE REALTY covering Camden County where Cherry Hill is located along with Mercer, Burlington, Gloucester and Salem counties in New Jersey.

"What I'm seeing personally is more investor sales than anything else. Buy and flips and things like that because they're getting these properties from the banks at a discount and fixing them up," said DeGree, who said he has been involved in real estate for about 30 years and owned his own company for about two years. "The all-cash investors, they are going to make out with the better deals."

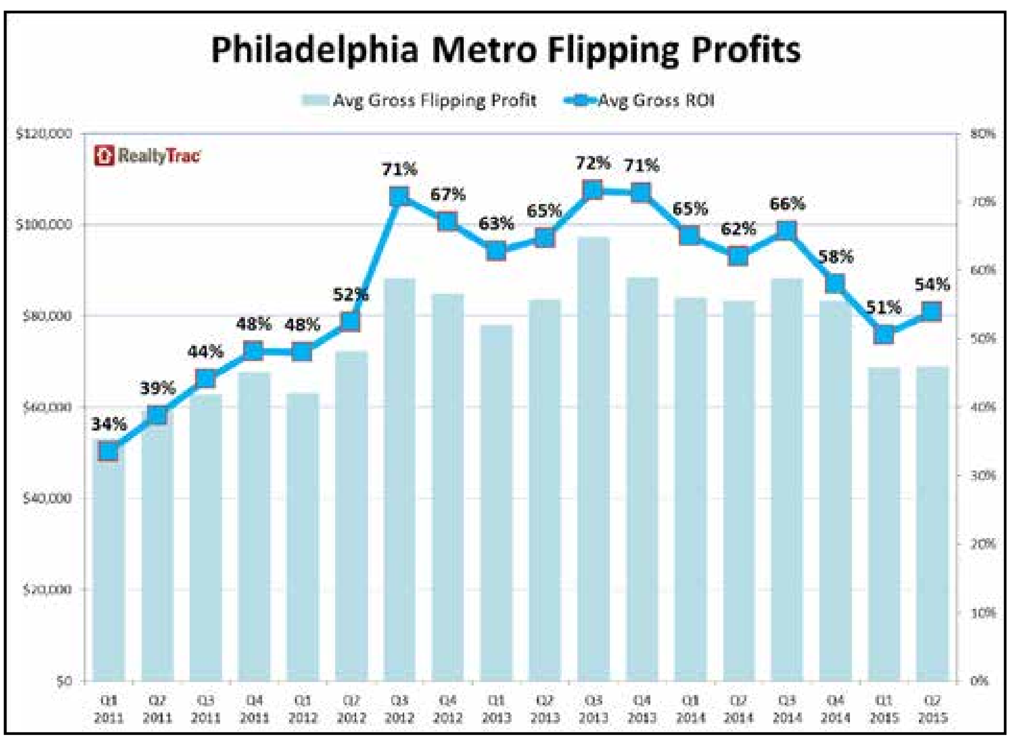
Vincent D'Agostino
Shareholder
Foundation Title, LLC
Marlton, New Jersey

"Typically (foreclosures are) a last resort for a regular homebuyer ... but because inventory is tight, these bank-owned properties, we're getting a couple orders a week on these, which is unusual."

RealtyTrac data pulled exclusively for *"Housing News Report"* shows a surge in cash buyers in the first quarter of the year in the Philadelphia metro area, which also includes Burlington, Camden, Gloucester and Salem counties in New Jersey. All-cash buyers purchased 5,220 single family homes and condos representing 41 percent of all sales in the metro area during the first quarter. That 41 percent share was up from a 33 percent share of all sales in the previous quarter and incidentally was also above the 40 percent share of cash sales in Las Vegas during the first quarter.

D'Agostino said many of the cash buyers his title company works with are investors

Continued Next Page

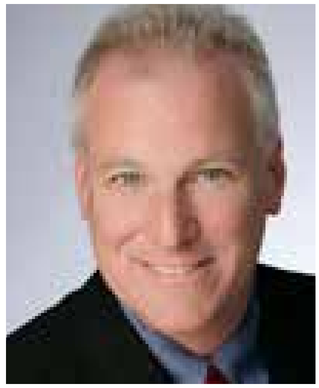


buying foreclosures at the sheriff's sale — which requires cash and comes without the safety net of title insurance.

"We know those investors directly because they will look to us to research those properties ahead of time," he said, explaining that his company can run an extensive title search for the investor in this situation. "They do their homework ahead of time so that they know when they buy it — which is typically without title insurance — they are not going to have any problems with the title."

MacHarrie also identified cash buyers as an important and emerging trend in the Philadelphia market.

"On the competitive properties there are a lot of cash buyers," he said, noting that not all the cash buyers are big investment companies or older buyers coming in with equity from a previous sale. "Some of those are young buyers."



Bob MacHarrie
Agent
RE/MAX Access
Philadelphia, Pennsylvania

"I have a list of investors. Finding the properties is the problem."

Philly Investor Case Study

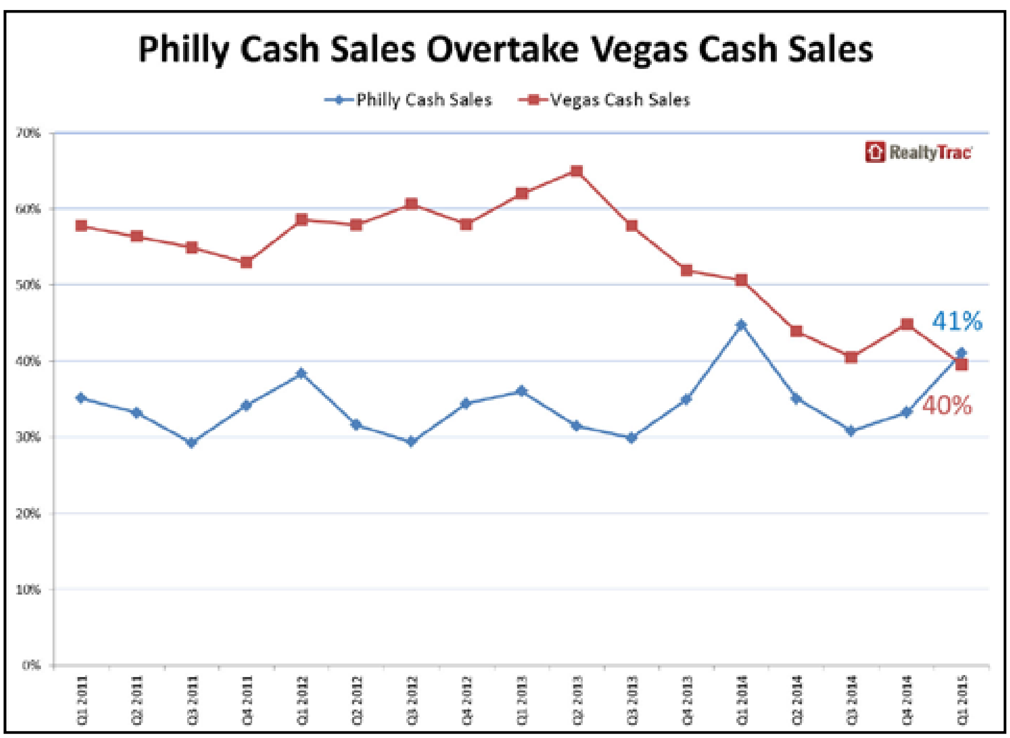
The Chatham Bay Group is one of the investors flooding the Philadelphia housing market with capital, according to Patrick Duffy, founder and CEO of the privately held real estate investment, development and management company located in Wilmington, Delaware, about 30 miles south of the city of Philadelphia.

"Over the past three years we have invested over $50,000,000 into the single family rental space," Duffy wrote in an email, adding the company invests in multiple asset classes across the Middle Atlantic and Northeast regions of the country. "We love the SFR space because of the asymmetric return profile – lots of opportunity to earn superior risk-adjusted return without incurring much in the way of risk."

According to Duffy, one of the biggest challenges for Chatham is finding good inventory to buy given the competitive market and shortage of inventory that meets the company's investing criteria in Philadelphia and other markets.

"The most challenging part for us is the sheer amount of time

Continued Next Page



and work it takes to assemble a decent-sized portfolio of single family homes in mature markets like the Mid-Atlantic that didn't suffer the massive downturn that CA, NV, AZ, and FL experienced," he wrote. "To illustrate, we convert on only 8.6 percent of the houses we analyze. So if our goal is to acquire $200M worth of houses that means we need to analyze $2.3bn, or about 12,250 houses, in order to achieve our goal."

Despite the challenge of finding inventory, Duffy said the opportunity in the single family rental market remains strong.

"I think the most important trend remains a seemingly insatiable demand for well-located houses which are professionally managed," he said. "This seems to be driven mostly by people's inability to buy houses due to insufficient down payment amounts. We pro forma leasing houses within 60 days of renovation, but have averaged 14 (days) over the past two years."

For Chatham, the ideal "well-located" properties in Philadelphia and other similar markets have an "all-in cost basis of approximately $190,000," according to Duffy.

Gary DeGree Sr.
Broker/Owner
1st DEGREE REALLTY
Cherry Hill, New Jersey

"What I'm seeing personally is more investor sales than anything else. Buy and flips and things like that because they're getting these properties from the banks at a discount and fixing them up. The all-cash investors, they are going to make out with the better deals."

Established and Emerging Neighborhoods

"We focus on 'A' and 'B' quality assets in either established areas with high barriers to entry (New Castle County, Delaware, or South Philadelphia, Pennsylvania), or emerging areas with strong upside potential (Point Breeze, Philadelphia)," he wrote.

MacHarrie, the Philadelphia real estate agent, said Point Breeze is one of the emerging neighborhoods adjacent to the core Center City neighborhood that investors are targeting because of the stronger upside potential.

While the Center City neighborhood — nestled between the Delaware and Schuylkill rivers on the east and west, and bordered on the north and south by Vine and South streets — is Philadelphia's "most expensive and popular area," according to MacHarrie, adjacent neighborhoods such as the Brewerytown neighborhood to the north of Vine Street and the Point Breeze and Graduate Hospital neighborhoods to the south of South street are more affordable and have more opportunities for investors.

"Brewerytown on the north side and Point Breeze on the south side, a lot of contractors are buying up vacant homes, vacant lots and either rehabbing or doing new construction," MacHarrie said, adding that a 10-year property tax abatement implemented by the city has helped spur gentrification.

"It has contributed to a lot of property development," he said of the tax abatement, which abates property taxes for 10 years on home improvements to vacant and blighted homes. "That did help get the city moving."

Competitive Market

MacHarrie said he noticed a significant shift in the Philadelphia market this spring that he does not attribute just to seasonality.

"We have gone into a very competitive environment since the spring time," he said. "There has been a very significant shift in people getting off the fence and buying. We have an inventory issue. That's starting to drive prices up a little bit in the city. I think it's because people realize rates are going up, and they're not as worried about their financial situation.

"I've been in more multiple-offer situations this spring than I have since the peak of the market back in 06," he added. "If the house is nice, I'm just amazed at the amount of offers there are."

RealtyTrac data shows a total of 6,444 single family home and condo sales in the city of Philadelphia through May 2015, the highest January-through-May total since 2008 when the total was 6,691. The numbers were significantly higher in the first five months of 2007 (9,282) and 2006 (10,347).

That spring buying trend has continued into June, according to D'Agostino, with the title company.

Continued Next Page

"June, it's going to be the best month ever that we've had," he said of Foundation Title's business, noting the company opened up in 2005.

D'Agostino attributes much of the spring surge to a harsh winter, but believes the threat of a looming interest rate hike is also pulling more buyers off the fence.

"Winter was dead because of the cold winter here. Spring didn't hit until April. So the spring market was on the slower side, but May and June were record months," he said. "(The potential) rate increase is getting the buyers to get out and do something, because of the fear of a rate increase."

Brian Hudson, executive director and CEO of the Pennsylvania Housing Finance Agency, sees the strong spring buying season as encouraging news for the Philadelphia housing market.

"Philadelphia's housing market recorded a large increase in home prices and sales in the second quarter of the year," he wrote in an email. "The average home value in Philadelphia was up by 7.3 percent, according to data provided to us by Drexel's Lindy Institute. This was the largest quarterly increase in home prices since the second quarter of 2005. We're pleased to see these encouraging numbers since they reflect the health of the housing market in southeastern Pennsylvania and demonstrate the continued strengthening of the housing market in Pennsylvania."

Patrick Duffy Sr.
Founder/CEO
Chatham Bay Group
Wilmington, Delaware

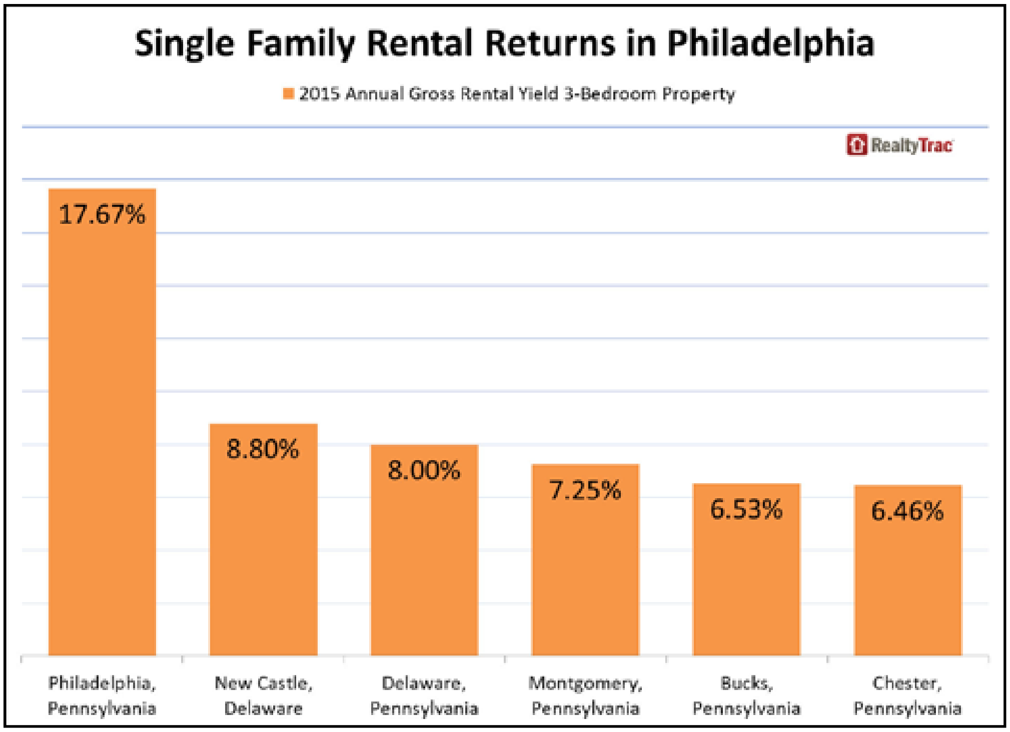
"I think the most important trend remains a seemingly insatiable demand for well-located houses which are professionally managed."

Finding Foreclosures

The combination of a flood of buyers and lower inventory in the Philadelphia region means more buyers are considering non-traditional properties such as foreclosures, according to D'Agostino.

"We do foreclosure title work. There's a lot of that going on. We do see buyers purchasing those properties, not just investors. First time homebuyers and those trying to move up," he said. "Typically that's a last resort for a regular homebuyer … but because inventory is tight,

Continued Next Page



these bank-owned properties, we're getting a couple orders a week on these, which is unusual."

Foreclosure activity has been increasing in the Philadelphia metro area in recent months, according to RealtyTrac data. There were 3,793 properties with foreclosure filings in the 11-county metro area in June, up 35 percent from a year ago and the fourth consecutive month with a year-over-year increase. A surge in bank repossessions is driving the increase, particularly in the New Jersey counties. Overall bank repossessions in June increased 85 percent from a year ago across the metro area, and they were up 213 percent in Camden County, New Jersey, DeGree's coverage area.

"Right now the majority of my business is coming through bank short sales and bank REOs," said DeGree, who noted he also sees more banks and distressed homeowners agreeing to deeds in lieu of foreclosure, where the distressed homeowner deeds the property directly back to the foreclosing lender often in exchange for some cash. "If it's only a single mortgage and they don't have to worry about any additional liens more than likely the bank is going to offer them cash for keys."

Brian A. Hudson Sr.
Executive Director/CEO
Pennsylvania Housing Finance Agency
Harrisburg, Pennsylvania

"Philadelphia's housing market recorded a large increase in home prices and sales in the second quarter of the year. ... We're pleased to see these encouraging numbers..."

DeGree said the bigger increase in foreclosure activity in New Jersey is likely because the state has a lengthy foreclosure process that has created a bigger backlog of bank-owned properties still left over from the last housing bust.

"We were one of the states that had the longest foreclosure process," he said. "You have people staying in houses three, four five years, what are you going to do? Living there for free."

MacHarrie said foreclosure activity has dwindled to almost nothing in the core Center City neighborhood.

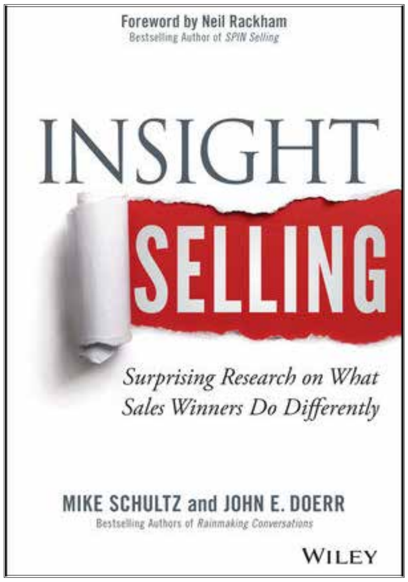
"In the area I'm talking about you might see four, five or six bank-owned properties out of about 1,000. So a really small percentage," he said, sharing the story of one buyer who came to him through RealtyTrac looking for a bank-owned property in the area and ended up purchasing a $1.65 million home. "There are foreclosures; there are bank-owned properties. They are more concentrated in the areas that are gentrifying."

BOOK REVIEW

What Sales Winners Do Differently

Selling with Insight

By Octavio Nuiry, Managing Editor



Insight Selling

By Mike Schultz and John E. Doerr

(Wiley, 242 pages, $25.00)

What separates a mega listing agent from the second-place finisher? What do sales winners do differently from sellers who come in second place?

According to Mike Schultz and John E. Doerr, authors of the new book "Insight Selling: Surprising Research on What Sales Winners Do Differently," (Wiley, 2014) the best salespeople are replacing traditional "solution selling" with "insight selling" — a strategy that demands a new approach to the sales process.

Traditional solution selling is based on the premise that salespeople should lead with open-ended questions designed to reveal recognized customer needs. Insight-based selling, on the other hand, rests on the belief that salespeople must lead with disruptive ideas that will make customers aware of unknown needs.

"Insight selling is the process of creating and winning sales opportunities, and driving change, with ideas that matter," the authors write in chapter two.

Schultz and Doerr's studied 700 business-to-business purchases from buyers with $3.1 billion in purchasing power. Their research on selling is based largely on sales from the buyers' perspective. Their goal was to find out what the winners of these sales did differently from second-place finishers.

"It turns out that not only do the winners sell radically different than the second-place finishers, but they also sell similarly to each other," write Schultz and Doerr, regarding a key finding of the book.

Organized into 11 chapters, "Insight Selling" uncovers other top producer sales secrets. Each chapter ends with "chapter summary," with a bullet-point overview and key takeaways from the chapter.

According to Schultz and Doerr, the top three things winning sellers do most differently from second-place finishers are:

1. Educated sellers with new ideas and perspectives

2. Collaborated with seller

3. Persuade sellers they can achieve results

Mike Schultz

Additionally, the authors claim there are three levels of insight selling: level one is to connect with the buyer; level two is convince the buyer, and level three is collaborate with buyers. They describe these three selling concepts in chapters four through six.

"Connect, convince and collaborate," they write, describing their three-level sales model. "This is what sales winners do both more often, and better than, second-place finishers. Insight selling hinges on the concept of cognitive reframing, or changing how someone thinks about something. More specifically, you can change how people think with disruptive questions. Disruptive questions push buyers out of their comfort zones. When this happens, buyers often land square in the learning zone — exactly where new thinking and new points of view can help them become more successful."

Continued Next Page

Schultz is co-president of RAIN Group, a sales consulting and sales training company. Doerr is an authority on the skills and strategies that make for sales success.

Another technique the authors learned in their research was the importance of story telling in the sales presentation process.

"Sellers who win use the convincing story framework to introduce buyers to new ideas and opportunities," they argue.

In the end, Schultz and Doerr argue, insight sellers recognize that how they interact with buyers transforms them into indispensable resources for buyers.

In chapter 10, titled "Buyers Who Buy Insight," Schultz and Doerr outline two types of buyers and non-buyers: "There are two buying modes — problem solving and future seeking — and two non-buying modes, satisfied and euphoric (happy with the status quo). Your insight selling efforts will see greater success with buyers who are problem solving and future-seeking. In problem-solving mode, buyers are looking to make improvements in areas that are underperforming. In future-seeking mode, and buyers are looking to accelerate growth and achieve greater results."

John E. Doerr

"The cold reality, however, is that a lot of sellers don't bring anything worthwhile to the table. For those that do it makes a big difference in results for their buyers…and themselves."

Schultz and Doerr's three-level framework — connect, convince and collaborate — will help you inspire buyers, influence agendas, maximize value and use insight to win more sales.

This slim volume is packed with new insights into how salespeople can close more deals. The book outlines exactly what you need to do to transform yourself and your team into insight sellers. Insight selling is a new paradigm and smart and ambitious salespeople would be wise to learn these new sales techniques today — before their competitors do.

TOP 20

Foreclosure rates in the Nation's 20 largest metros in June 2015

Rank	Metro	Housing Units Per Foreclosure Filing (Rate)
1	Tampa, FL	383
2	Miami, FL	444
3	Baltimore, MD	484
4	Philadelphia, PA	642
5	Chicago, IL	687
6	Riverside, CA	708
7	Atlanta, GA	948
8	New York, NY	995
9	Washington, DC	1,059
10	St. Louis, MO	1,359
11	Los Angeles, CA	1,370
12	Detroit, MI	1,374
13	Minneapolis, MN	1,438
14	Seattle, WA	1,465
15	Dallas, TX	1,521
16	Phoenix, AZ	1,591
17	Houston, TX	1,605
18	San Diego, CA	1,624
19	Boston, MA	1,928
20	San Francisco, CA	1,986

JUNE 2015

STATE-BY-STATE FORECLOSURE ACTIVITY SUMMARY

State Rank	State	Default	Auction	REO	Total	1/every X HU (rate)	%Δ from May 2015	%Δ from June 2014
	U.S. Total	**31,727**	**48,825**	**36,503**	**117,055**	**1,128**	**-7.73**	**9.20**
29	Alabama	0	740	496	1,236	1,762	-5.36	15.62
42	Alaska	35	53	31	119	2,577	-13.14	33.71
27	Arizona	0	1,011	657	1,668	1,714	-18.79	-5.50
40	Arkansas	0	244	336	580	2,277	22.88	57.18
13	California	5,097	3,846	2,735	11,678	1,175	-2.88	-8.79
41	Colorado	0	675	298	973	2,284	-32.38	72.52
22	Connecticut	485	188	368	1,041	1,428	13.89	-26.74
14	Delaware	160	91	87	338	1,207	-17.16	-25.71
	District of Columbia	2	12	17	31	9,623	34.78	106.67
1	Florida	3,807	7,497	7,239	18,543	486	-15.74	-15.51
12	Georgia	0	2,187	1,379	3,566	1,148	-10.76	13.06
23	Hawaii	151	27	150	328	1,592	4.79	111.61
34	Idaho	162	103	73	338	1,982	-14.86	3.36
8	Illinois	2,112	2,401	1,294	5,807	911	-16.00	-29.26
5	Indiana	1,343	1,204	721	3,268	857	12.38	16.22
39	Iowa	0	326	276	602	2,228	-46.44	-62.19
37	Kansas	190	279	137	606	2,039	37.41	47.80
35	Kentucky	52	598	314	964	2,002	15.04	9.67
21	Louisiana	309	796	280	1,385	1,425	116.07	64.29
33	Maine	200	89	86	375	1,925	-2.85	-43.18
2	Maryland	1,699	1,502	1,296	4,497	531	0.02	9.31
25	Massachusetts	828	473	428	1,729	1,624	19.32	96.03
19	Michigan	0	1,669	1,599	3,268	1,386	11.31	21.44
36	Minnesota	0	737	418	1,155	2,038	19.32	27.48
45	Mississippi	0	146	105	251	5,090	-10.36	-7.38
38	Missouri	0	677	646	1,323	2,051	-15.95	39.85
47	Montana	0	19	32	51	9,477	41.67	325.00
43	Nebraska	126	92	78	296	2,704	-15.67	4,128.57
4	Nevada	778	535	426	1,739	677	-12.83	28.91
31	New Hampshire	0	224	103	327	1,881	-10.66	35.68
3	New Jersey	2,520	2,085	1,498	6,103	584	-17.28	72.01
32	New Mexico	262	124	85	471	1,916	-62.08	30.11
18	New York	3,770	1,180	1,037	5,987	1,355	8.66	72.09
9	North Carolina	1,842	1,449	1,385	4,676	930	10.73	98.22
49	North Dakota	15	0	10	25	12,988	177.78	0.00
7	Ohio	1,757	1,991	2,207	5,955	860	-11.33	-13.81
17	Oklahoma	451	409	376	1,236	1,351	-7.83	128.47
16	Oregon	105	599	546	1,250	1,342	8.32	7.94
6	Pennsylvania	1,462	3,252	1,775	6,489	858	29.70	45.10
28	Rhode Island	0	125	142	267	1,732	-7.93	6.37
10	South Carolina	842	834	558	2,234	959	2.90	13.34
50	South Dakota	0	9	18	27	13,544	-43.75	-46.00
15	Tennessee	0	1,096	1,064	2,160	1,306	-62.87	249.51
30	Texas	7	3,723	1,628	5,358	1,880	-3.49	47.81
11	Utah	394	301	174	869	1,138	25.76	-13.36
44	Vermont	0	10	65	75	4,306	47.06	167.86
26	Virginia	0	1,362	630	1,992	1,697	-3.58	43.41
24	Washington	35	1,173	598	1,806	1,606	-23.25	7.12
46	West Virginia	0	19	75	94	9,372	3.30	8.05
20	Wisconsin	729	631	514	1,874	1,401	-1.73	-29.42
48	Wyoming	0	12	13	25	10,522	-59.68	-45.65

RealtyTrac

HousingNewsReport

Housing News Report is a monthly publication dedicated to helping investors succeed by providing them with timely and relevant information about the housing market.

EXECUTIVE EDITOR
Daren Blomquist

MANAGING EDITOR
Octavio Nuiry

WRITERS
Daren Blomquist, Octavio Nuiry, Peter Miller

ART DIRECTION
Eunice Seo

CONTACT US
Phone: 800.306.9886

LETTERS TO THE EDITOR
E-mail: editor@housingnewsreport.com
Mail: Housing News Report
1 Venture Plaza Suite 300
Irvine, CA 92691