A publication of Michigan REALTORS®

MICHIGAN REALTOR®

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Volume 14 | Number 3

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Features

Departments

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{ May | Two Thousand & Fifteen | Volume Fourteen | Number Three }

Centennial Peel-And-Go Sticker

Included in this issue is the Michigan REALTORS® Peel-And-Go Sticker. This vinyl sticker celebrates 100 years in the real estate industry while showing your community that you are proud to be a REALTOR®.

Share a photo of your sticker in use on Facebook and Twitter using *#REALTORS100*.

How great to be a REALTOR® in Michigan

For many of us, this is the best time of year to enjoy Pure Michigan – good old summertime! Hope you have had a great spring selling season!

There are so many reasons to enjoy this great state. We have four distinct seasons to experience a variety of landmarks from Pictured Rocks and the Porcupine Mountains to the Soo Locks, amazing falls and pristine nature in the U.P. Then there's Sleeping Bear Dunes and the Peninsulas near Traverse City to the fruit growing regions and fun resort towns in the L.P. Summer festivals and celebrations are abound all amid a bounty of inland lakes, rivers and the sparkling waters of our Great Lakes.

By the time you read this, many of us will have taken the annual pilgrimage to Washington DC for the REALTORS® Legislative Meetings & Expo which is held during the second week of May. NAR Governance meetings are held with all the committees and various forums bringing REALTORS® from the across the U.S., plus many international areas, to the Capital of our country. Hill visits to our Congressional contingent are a big part of our time there as we bring the REALTOR® message to our policymakers. If you haven't been to one of these meetings, please consider putting it on your 2016 calendar. It is a great experience and opportunity to take in the many historic aspects of our Capital City.

Join us June 7-9 on Mackinac Island as we continue our Centennial Celebration with REALTORS® at Grand Hotel. You can be a "fudgie" and explorer as you discover the many facets of the island. Come join REALTORS® from across Michigan in fellowship, networking and fun as well as honor our 2014 RPAC champions. It will surely be a Grand event!

The traveling mobile display depicting Michigan REALTORS® history had its unveiling in Lansing at our birthday celebration on March 4th. Please look for it as it travels to local associations around the state. The display offers a great perspective of the strength of our organization and the influence of REALTORS® that has been felt for 100 years. Please take a moment to view the display when it arrives in your area – it will make you proud to be a REALTOR®!

Speaking of events, make sure you include the Michigan REALTORS® Convention & Expo to be held in the comeback city – Detroit! We will convene from September 30th to October 2nd at the remodeled Marriott in the Renaissance Center along the Detroit River. The lineup of speakers, learning sessions and special events will be top notch as we continue our Centennial Celebration as well as welcome Gary J. Reggish as our 2016 Michigan REALTORS® President! This will be an event not to be missed in a city that has been re-energized by thousands of new downtown workers and millions in refurbishment to the classic buildings in the heart of the city. Need a warm weather break in November? The NAR Convention will be in sunny San Diego from the 11-16!

Kudos to our CEO, Rob Campau, who not only took the reins of leadership of Michigan REALTORS®, but also became a member of the prestigious Dr. Almon R. (Bud) Smith, RCE, AE Leadership Society! Members of this Society will play an active role as innovators and mentors for the AE community. This honor was conferred in recognition of Mr. Campau's ongoing commitment to the advancement of REALTOR® association management. Congratulations on this well deserved honor Rob!

The REALTORS® Pledge is a touchstone for all of us that have found our way into this wonderful industry of assisting folks with their real estate needs. In case you have not seen it here is the Pledge:

I Am a REALTOR®

I Pledge Myself:

To protect the individual right of real estate ownership and to widen the opportunity to enjoy it;

To be honorable and honest in all dealings;

To seek better to represent my clients by building my knowledge and competence;

To act fairly toward all in the spirit of the Golden Rule;

To serve well my community, and through it my country;

To observe the REALTORS® Code of Ethics and conform my conduct to its lofty ideals.

These are great words to revisit and remind us of what we became when we were given the right to use the word REALTOR®, an honest and honorable advocate always seeking to better ourselves in ways that benefit our clients and our community.

Have a Pure Michigan summer! •

by Gene Szpeinski CAR, CBOR, GRAR

Michigan REALTOR® provides information about the real estate profession and news of Michigan REALTORS® and its members. Opinions expressed in signed feature articles are those of the author and do not necessarily reflect the viewpoint of Michigan REALTORS®. Advertising of property, services or products herein does not imply endorsement by Michigan REALTORS®.

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COMING EVENTS

May 11-16, 2015
REALTORS® Legislative Meetings & Trade Expo
Washington, DC

June 7-9, 2015
Michigan REALTORS® at Grand Hotel
Mackinac Island

July 17, 2015
Deadline for Michigan REALTORS®
District Director Candidate Filing

September 2, 2015
Michigan REALTORS® District Director Online Voting Opens

September 30 – October 2, 2015
Michigan REALTORS® Convention & Expo
Detroit Marriott at the Renaissance Center

November 13-16, 2015
REALTORS® Conference & Expo
San Diego

Michigan REALTORS® Name Robert Campau Chief Executive Officer

Michigan REALTORS® is pleased to announce that Robert Campau, Esq. has been named Chief Executive Officer of the 24,500+ member trade association. Campau, a staff member with the Michigan REALTORS® since 1996, succeeds Bill Martin as CEO after having served previously as Chief Operating Officer and Vice President of Public Policy and Legal Affairs.

Campau was Director of Environmental Affairs for the Michigan Manufacturers Association prior to joining the Michigan REALTORS®, comprised statewide of 42 REALTOR® associations representing residential, commercial and appraiser members.

Campau will be inducted into the Dr. Almon "Bud" Smith Leadership Society, an award given annually by the National Association of Realtors®. Members of the Smith Society are recognized as leading contributors to the industry and the profession.

The roads of the future are paved with good intentions

Just when you thought it was safe to turn on your television again after 2014's political advertisements, along comes a May 5th ballot proposal to, among other things, provide for a new dedicated source of road funding. Advertisements, both for and against Proposal 2015-1, have hit the airwaves making statements with regard to ensuring safety of our roads or voting against "special interests." For your average citizen, their opinion of the ballot proposal is either shaped by a lack of specific information on the proposal, or an overwhelmingly complex dearth of information as to how this Proposal actually works. At this time, both of those factors have this proposal failing by almost a 3-1 margin, 66-25% (based on an EPIC/MRA poll conducted between March 28-30, 2015).

The Michigan REALTORS® has taken a neutral position regarding Proposal 1. As loyal readers of this column know, the association's policy positions are directed by the Michigan REALTORS® Public Policy Committee. This committee is made up of REALTOR® members from around the state, covering all facets of the business. The committee, much like the general public, appreciated the importance of identifying a true and consistent source of road funding, but also took issue with the various other parts of the proposal that had nothing to do with funding roads. Despite a lengthy discussion, the committee could not come to a consensus either in favor or opposition of the proposal. Our group is not alone in our neutrality on the proposal; the Michigan Chamber of Commerce is also not taking a position after failing to get consensus of its membership. Even though we are not supporting or opposing Proposal 1, we are taking steps to educate our membership on the issues surrounding it so that you can make an informed decision.

The most prominent feature that you will be asked to vote for within Proposal 1 is a constitutional change increasing the State sales tax from 6%-7%, and eliminating the sales tax on motor fuels. Passage of Proposal 1 will trigger additional changes passed by the legislature last year including:

- Converting the current retail cent-per-gallon tax into a wholesale tax of 14.9% of the average wholesale price of gasoline (an initial rate of about 42 cents-per-gallon);
- Increasing registration fees on commercial trucks and electric vehicles, while eliminating the depreciation of fees on most other vehicles;
- Reform the bidding and warranty process for road contracts;
- Restore the Earned Income Tax Credit to 20% of the federal credit;
- Remove higher education from the school aid fund.

When all is said and done, this ballot proposal raises $1.3 billion for transportation, $300 million for schools, $94 million for local governments, and provides $260 million in tax relief to lower-income citizens. If Proposal 1 fails, these changes will not be implemented and the legislature and the Governor will go back to the drawing board in hopes they can agree on an alternative. As you may have heard from some of the lead advocates for Proposal 1, many times over, "There is no plan B."

The structure of the ballot proposal is admittedly a little confusing so I will begin with the way the current system is funded. Right now, Michigan drivers pay 18.7 cents per gallon tax at the pump to help fund roads, along with the additional 6% Michigan sales. The sales tax at the pump is not dedicated to roads, it is divided up the same way as the sales tax on a pair of socks; about half of the 6% going to schools and local governments. So when the proposal talks about eliminating the sales tax on motor fuel, it would eliminate a significant amount of funding for K-12 education and local governments. The 1% sales tax increases under Proposal 1 would back fill this lost revenue. Additionally, changing the current retail per-gallon tax to a wholesale tax based on gas prices would directly tie future road funding to the people that use them.

To quote the Talking Heads, "And you may ask yourself, well, how did I get here?" (To keep with the "roads" theme perhaps I should have used a lyric from "Road to Nowhere" but I didn't want to take away from the neutrality of this piece). As the 2013-2014 legislative session drew to a close last December, road funding remained the largest priority that the Governor, House, and Senate had yet to tackle. While many ideas were floated over the past couple of years on how to come up with the approximate $1.2 billion annual investment for transportation, a bi-partisan

by Brad Ward Vice President of Public Policy and Legal Affairs

Senate plan to change and adopt a wholesale gasoline tax increase had the most steam. When it became apparent that there were not enough votes in the House for the Senate plan, negotiations began. These negotiations focused on five principals of reform – 1) Deliver needed funding for roads and bridges; 2) Protect schools, communities, public transit, and rail; 3) Make sure transportation taxes go to transportation; 4) Provide for competitive prices at the pump; 5) provide tax relief for lower-income residents. If you do a quick rundown of my above discussion, you will see that Proposal 1 checks all of these boxes.

You will often hear people lament the lack of bi-partisan compromise in government. If you're one of those people, here it is. With the Senate plan lacking the required number of votes in the House, the Democratic caucuses serving in the minority in both the House and Senate had a bigger say in the crafting the road funding proposal than they had on many other hot-button issues circulating at the time. When it became clear that a ballot proposal would be part of the bill package, compromises had to be made by both parties in order to secure the required 2/3 vote in each chamber. What became Proposal 1 made the Michigan REALTORS® and a lot of other supporters of the Senate plan, uneasy over the mix of elements in the proposal that did not deal specifically with roads. It's been said that a true compromise is reached when no one is entirely happy, on May 5th we will see if the public is just happy enough to accept this compromise.

OUT OF THE DRIVEWAY

Two Michigan REALTOR® legislative priorities are now moving in the legislature. My previous two Capitol Reports dealt with both of these extensively. The first bill, HB 4075, capping the amount charged by counties for certain electronic property tax records, sponsored by Representative Bruce Rendon (R- Lake City), passed the House by an overwhelming vote of 104-4. The bill is now in the Senate where we anticipate swift action. Additionally, House Bill 4173 sponsored by REALTOR®-Representative Dave Maturen (R- Portage) received its first hearing in the House Tax Policy Committee. HB 4173 deals specifically with clarifying two portions of the Michigan Real Estate Transfer tax: the ability for a buyer that paid the tax on behalf of a seller to request a refund if the transfer tax was not owed, and to clarify the declining value exemption (u).

No matter how you vote on May 5th, I want to encourage you to make your voice heard. No matter the fate of Proposal 1, investment in our transportation infrastructure is vitally important to the economic success and safety of Michigan. You don't need a political ad to tell you that, you're on our roads every day. The legislature has turned it over to you to decide if this is how you would like to pay for that investment. ●

> "Even though we are not supporting or opposing Proposal 1, we are taking steps to **educate our membership** on the issues surrounding it so that you can make an informed decision."


CONVENTION
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Think LOCAL and WIN This Summer Selling Season

BY BOB CORCORAN

When you travel half way around the world, you're guaranteed to get two things: time to think and a sore butt. Fortunately for you in this article, I'll be sharing an item I thought about and not issues of my rear end.

To fill you in, I spent a good chunk of February teaching real estate workshops and seminars in the land down under – Australia. It's simply beautiful. If you've never been, go. But beware; it's a 20-hour flight.

Being that far from home made me think a lot about, well, home. More specifically, I thought about the importance of proximity and what's near us. The old saying goes, "All news is local." That's true because what's close to us matters most to us. On my trip, I learned a lot about Australians' real estate issues – the local laws and regulations – items of obvious importance to them because those are the concerns in their own backyard.

This topic of proximity is especially relevant for REALTORS® because the more of a local resource you are, the better off you'll be. Why? Because perhaps more than anything, your potential customers want and need local expertise. The National Association of REALTORS® says 69 percent of home shoppers start searches with local terms. And, Google reports that 80 percent of consumers want search results to be customized to their immediate surroundings.

The simple truth of the matter is that being a local expert increases your value as an agent. Frankly, it can mean the difference between winning and losing a sale. So how do you become the local expert in real estate? The good news is there are steps you can take to transform yourself into that expert.

1. **SUPPLY USEFUL CONTENT.** One of the fastest-growing marketing strategies is providing helpful content. Fill your website and social media posts with information on your farm area, the community, housing policies, coffee shops, restaurants and bookstores, area meetings, community theater shows, farmer's markets and concerts. Think if you were a consumer and you went to your mailbox. Inside you found two marketing mailers: One wishes you a Happy July 4 and the other shares the listing prices of homes in your neighborhood. Which one wins? The answer is obvious. It all goes to a point I've been making for years – REALTORS® need to see themselves as educators and not just salespeople. We're smack dab in the middle of the information age and that means the public (and your prospects and clients) wants and need useful information. Sure, consumers can get tons of local info on the Internet, but that shouldn't keep you from adding your own viewpoint.

2. **LOCALIZE NATIONAL NEWS.** One great way to improve the quality of the information you share on your website and social media posts is to learn to localize national news. Every day we're flooded with national stories about what's happening in real estate. Give them a local slant. When NAR releases housing sales data, localize it for your city. Explain how this relates to local trends and paint yourself as the subject-matter expert. For example, Fannie Mae and Freddie Mac lowered their down-payment requirements and opened the lending door to millions of credit-worthy borrowers. This would have been the perfect time to localize and spread the news about what that means for your city's residents. And, when the FHA lowered its mortgage insurance premiums in January, again you could have shared the news. A lot of times the public will

> "The simple truth of the matter is that *being a local expert increases your value* as an agent"

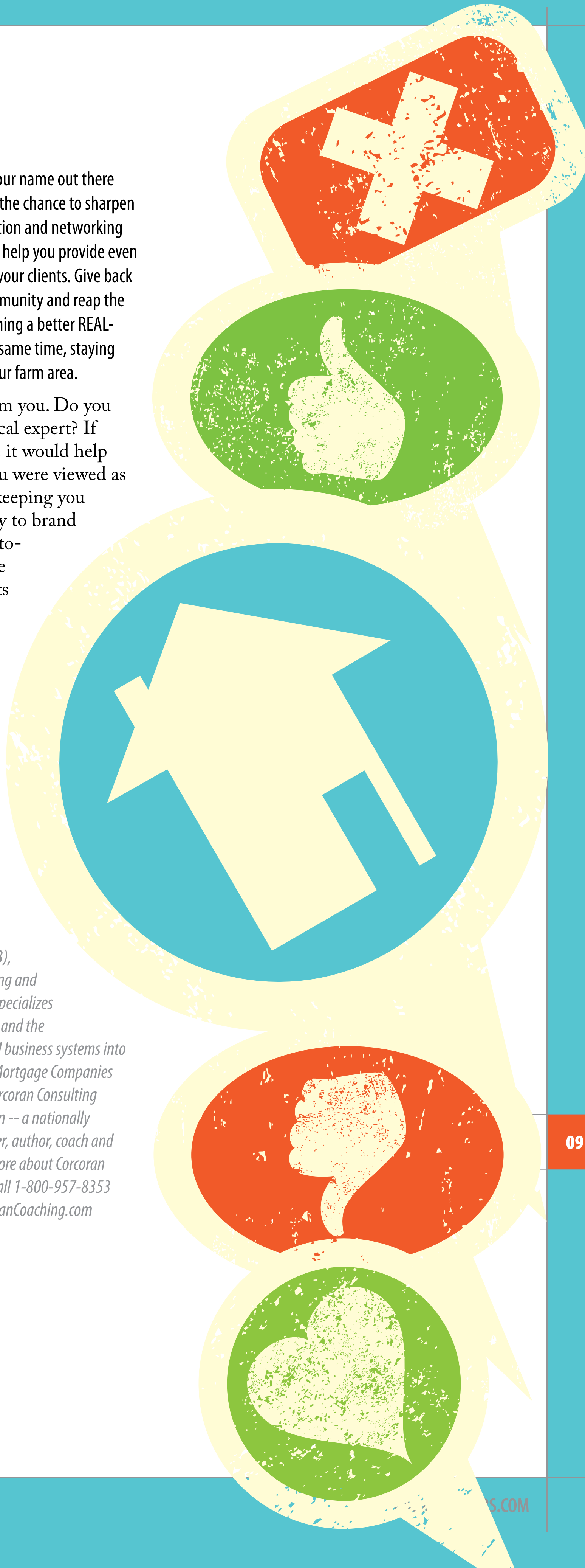
miss these kinds of news items, so you can fill in the gaps and become the local expert. Keep your antennae up for key national or regional news, then push it out to your contacts and explain how it relates to them. I also suggest you get involved in your local and state Realtor associations – they're hotbeds of cutting-edge real estate topics you can impart to the public with a local spin.

3. **PARTNER WITH LOCAL BUSINESSES.** Become a local expert by knowing the best-area experts in key industries. All local businesses are in the same boat – they need sales. So why not leverage your relationship with vendors. Build and share a list of other pros like attorneys, mortgage brokers, electricians and even restauranteurs and florists. The possibilities are nearly endless. Establishing these relationships creates a mutual pipeline back to you for future referrals. Just be selective. If they do a bad job, it reflects on you. Think about all the local businesses in your city, then ask this question: What can I do to help those local businesses while promoting my business? Think coupons for your clients and leaving your business cards in their stores.

4. **GET ACTIVE IN YOUR COMMUNITY.** Something that will help you stand out with the next generation of homebuyers (the Millennials – those born in the 1980s and 1990s) is community activism. This generation is becoming more and more service-minded. Some research suggests that many Millennials prefer brands and companies that play larger roles in their local communities. This is all about getting involved and showing that you are more than just the local real estate expert; you're a part of the community. Giving back and volunteering your time can boost you or your company's visibility and also help strengthen your own business skills. Fundraising, promoting charity events or even helping build homes will get your name out there while giving you the chance to sharpen your communication and networking skills. These skills help you provide even better service to your clients. Give back to your local community and reap the rewards of becoming a better REALTOR®, and at the same time, staying top of mind in your farm area.

Let me hear from you. Do you see yourself as a local expert? If not, do you believe it would help your business if you were viewed as one? If so, what's keeping you from starting today to brand yourself as the go-to-local expert? Please send any comments or questions you have to Article@Corcoran-Coaching.com or www.facebook.com/Corcoran-Coaching. ●

*
Bob Corcoran *is CEO of Corcoran Consulting and Coaching Inc. (www.corcorancoaching.com/programs, 800-957-8353), an international consulting and coaching company that specializes in performance coaching and the implementation of sound business systems into Real Estate Companies, Mortgage Companies and Small Businesses. Corcoran Consulting is headed by Bob Corcoran -- a nationally recognized leader, speaker, author, coach and consultant. To find out more about Corcoran Consulting & Coaching, call 1-800-957-8353 or visit us at www.CorcoranCoaching.com*



PHONES OFFER TOUC

Mobile apps are on guard to alert authorities with the touch of a button in case you find yourself in a dangerous situation while on the job.

H OF SAFETY

BY MELISSA DITTMANN TRACEY

Michelle Jones never anticipated that a phone could save a life—until one played a role in the safety of a local agent she knew.

Jones' colleague was on her phone talking to a friend during an open house when a man walked in and attacked her, recalls Jones, GRI, a broker-associate with Realty Austin in Austin, Texas. Luckily, the friend on the other end of the line heard the commotion and called authorities.

The incident convinced Jones and her husband, Thaddeus, who has since joined her as a partner in the brokerage, that something more was needed. They began developing a mobile app specifically for real estate agents that would allow them to call for help with the press of a button.

That's how the Real Alert app was born in 2011. Since then, the market for safety apps has exploded with a slew of products now available to help practitioners stay safe on the job. Some of these apps allow agents to enlist a "safety team" that can track their whereabouts as they tour homes. Others have the ability to instantly and discreetly send alerts when an agent feels threatened.

The murders of Iowa agent Ashley Okland in 2011 and Arkansas agent Beverly Carter last September thrust the issue of safety in the real estate industry into the national spotlight. While installing an app is hardly a foolproof solution for managing risk on the job, it's important to know about technology advances that can help you stay safer.

Here's a sampling of mobile apps that real estate trainers have been touting.

REAL ALERT

Jones' app can give you instant access to emergency services. Double tap to call 911 or tap the "alarm" button to sound a high-pitched alert to ward off potential attackers. The "alert a friend" button allows you to speed-dial an emergency contact. You can also use the app to collect "creep data"— details about a person who assaulted or threatened you— and to take photos or record audio. The app costs $1.99.

SAFETREC

Tap the app's "panic" button to alert your designated "safety network" of friends and family when you need help. They'll receive an e-mail or text message that includes your GPS location. The app's paid version will also send the message to a 24/7 SafeT-REC Response Call Center, which will notify emergency responders, and includes "threat alerts" that let you know when you enter a higher-risk neighborhood based on reported crime levels. Free limited plan or $9.95 a month for the premium plan.

EMERGENSEE

Originally seen on ABC's "Shark Tank," this app allows you to tap once to stream live video, audio, and GPS information to your emergency contacts. In "stealth mode," your smartphone's screen will go black so no one around you will know you're streaming video. A paid version of the app also streams video and GPS tracking information to a 24/7 professional monitoring team, which can dispatch help for you. Free limited plan and paid plans start at $8.99 a month.

AGENTS ARMOR

Quickly check in at properties and capture information on new prospects. Press the app's "showing" button and leave a voice note with the address of your showing, which is stored in the Agents Armor database and can be sent to your designated

> Have your **SAFETY APP** of choice **OPEN AND RUNNING** in the background on your phone in case you need to use it in an emergency.

safety contacts. When a prospect arrives at the showing, you can use the "voice notes" function to provide a description of his or her vehicle. Ask for a photo ID before entering the property and use the "image capture" feature to store a copy of the prospect's driver's license. Thirty minutes later, the app automatically checks in to make sure you're safe. App plans start at $5.95 a month and brokerage plans are also available.

MYFORCE

When you press the "alert" button, the company's monitors will be able to listen to audio from your mobile device. You can use a safe word, which you provide at the time of registration, to confirm that you're in distress and need help. Free trial, $14.99 a month afterward.

SOS (STAYSAFE)

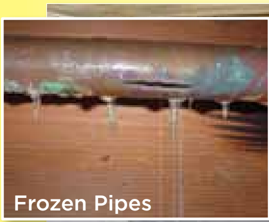
You don't even have to tap a button or dial a phone number to send alerts with this app. Simply shake your phone or click the power button three consecutive times and the app will send a text message or e-mail to your preselected emergency contacts to notify them that you're in trouble. They'll also see the time of your alert, the amount of battery life left on your phone, and your GPS coordinates. The phone will vibrate to confirm the alert was sent. Messages to your contacts will then be continuously sent to update them with your GPS location. You can also include a one-minute voice message to your contacts detailing the situation. Available only on Android devices, the app is free.

RESCUEMEALERT

This app has three life-saving buttons: M, E, and A. "M" stands for "medical;" use that button to send messages about your allergies or medical conditions, or call for help in a medical emergency. The "E" button stands for "emergency," a way to instantly send a preset message to your contacts when you are in an unsafe situation. "A" stands for "arrival" and can be clicked to let your preselected contacts know when you arrive safely at a location. This app costs $2.99. ●

IS YOUR PHONE READY AND ABLE?

- Ensure your **smartphone is fully charged** before meeting with new clients or holding open houses.
- Have your phone's cellular **tracking and GPS** functions turned **on**.
- Check your phone's signal strength before entering a house to **make sure you have strong reception**.
- Keep your **smartphone in your hand** or on your person when touring homes with prospects. Don't leave it lying around.
- Have your safety **app of choice open** and running in the background on your phone in case you need to use it in an emergency.



Frozen Pipes

After

Nasty Crawl Space

TECHNICALLY

New Technologies and the Millennial Opportunity

BY LISA MIHELCICH, COO, ZIPLOGIX

In Michigan, real estate professionals face the same generational challenges that are impacting the industry on a national level. Foremost among these is the ability to connect and communicate with the critically important Millennial generation. With more Millennials getting into the real estate market, understanding and appealing to this influential demographic is more important now than ever before.

Understanding the obstacles and opportunities, as well as the tools available to capitalize on those opportunities, should be a priority for every Michigan agent.

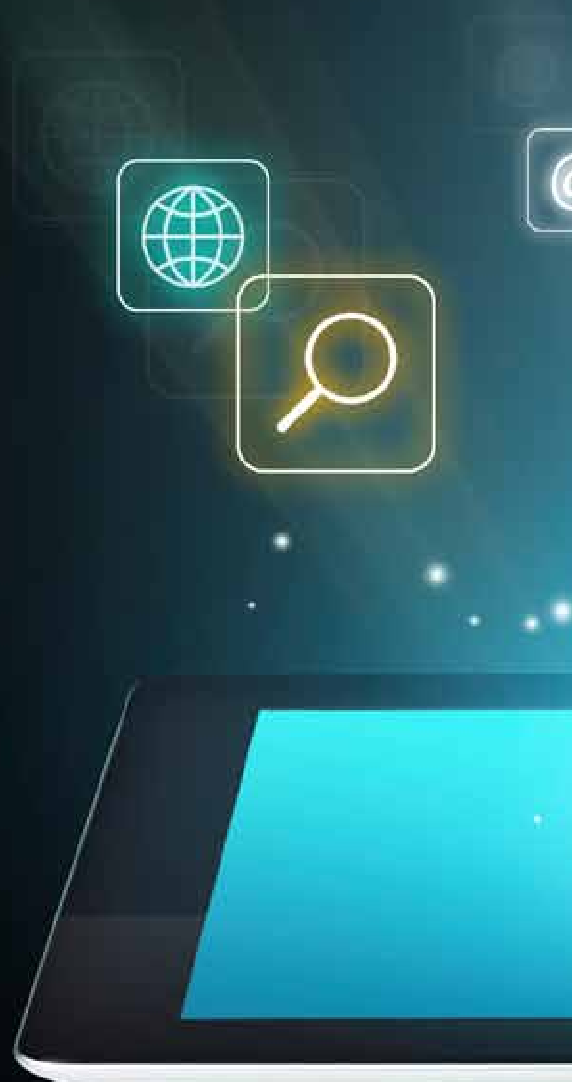
THE GENERATION GAP

The generational difference between Millennials (who make up the bulk of new buyers coming to the market) and agents (who tend to be older, with an average age in the 50s) is one of the issues that must be overcome. Millennials tend to be more technically savvy, but, more importantly, they tend to have higher expectations regarding the role that technology and tech tools can and should play in the home-buying process. Agents have to acknowledge and understand the differences in technological usage (and technological expectations) and adjust their professional standards and behavior accordingly. From basic protocol, like responding to emails with email, texts with a text, and phone calls with a call, to more nuanced differences, such as the propensity of Millennial buyers to rely more on online reviews and recommendations in selecting an agent, understanding the habits and preferences of a group that makes up an increasingly significant percentage of one's client base is essential for sustained success.

TECH TRIALS AND TOOLS

Technology is not only making communication easier than ever before, it is unlocking new sources of information that were previously inaccessible or nonexistent. Technology has also made it possible for many agents to work remotely, with less of a need to go into the office. It has also made it possible to get more done when out in the field: to close deals and move the home-buying process forward.

But, at a time when virtually everyone has a smartphone or a tablet, the key for real estate professionals is to make technology work for them and not against them. Sites and services like Realtor.com have been able to aggregate traditional listing silos into one source. In contrast, the industry is still fragmented. With people busier than ever, it is frustrating for buyers




speaking

not to have all relevant data in one spot. It used to be that agents and brokers were the gatekeepers to critical information. Can they still perform that role in a new and different technological context? Or, will they need to provide an entirely new and different service model? The answer, as it turns out, is both.

A NEW VALUE PROPOSITION

In a marketplace where consumers have access to more information than ever before, how can agents continue to be integral to the process? In order to transform tech challenges into opportunities, agents need to be ahead of the game: they need to have the information their clients want at their fingertips and make it easy for them to access, but they also need to articulate an entirely new value proposition.

From tools like Facetime on iPhones to location-aware housing applications, savvy agents are already leveraging technology to do just that. The biggest difference-maker, however is the ability to provide younger buyers on-the-go with the opportunity to perform real estate transactions remotely, saving time and money in the process. At a time when real estate related technology platforms are becoming increasingly sophisticated, remote transaction technologies deliver what is arguably the most significant boost in terms of what is literally and figuratively a "next generation" sales experience.

Instead of functioning as primarily a source of information, the real estate professionals of today (and tomorrow) should be able to function as interpreters of data: delivering insights as to whether a specific house/price is a good investment, dispensing local market knowledge, ensuring pre-approval and providing the tools to smooth the sales process along. From digital documents to virtual signatures, technology can help accomplish all of those goals. Ultimately, it is about keeping agents top of mind and placing them at the center of the digital real estate transaction.

RELATIONSHIP BUILDING 101

It is an irony that, at a time when futuristic new tools are changing the way real estate transactions are handled, those same tools are refocusing the industry on some very old-school ideas about the importance of building relationships. Instead of talking about how agents need to buy advertising on big consumer portals, we should start to see the industry adjusting to abundant research showing that most customers come from referrals and existing relationships.

In the end, it's all comes down to those relationships: to the agent's ability to leverage powerful new tools and technologies to not just keep up with younger Millennials buyers, but to stay ahead of them. To service a generation that demands more access to more information than ever before, agents need to change what they bring to the table and how they connect with and build relationships with their clients:

APP-ETIZERS

One of the best ways is to leverage new apps that can often be real estate branded to do things like make it easy for addresses, utilities and other information to be updated; provide homebuyer checklists (such as double-checking appliances for recalls); and help focus on the activities pre-or post-move (getting movers lined up, etc.).

EMAIL AS STRATEGY

Do not just send "how's it going" emails, but use those communications to tie in with certain homeowner activities—checking the furnace filter, providing advice on cleaning gutters, passing a long a spring landscaping coupon, etc. Not only can this be very valuable for new homebuyers, but it further establishes the agent's brand and continues to build an enduring relationship.

ADD VALUE

Incorporate home valuation and neighborhood trends into your regular outreach. How has the client's home value changed in the last six months? What do trends look like in the neighborhood? What noteworthy events are happening in the area (including new restaurant reviews and new business announcements).

STREAMLINE AND FACILITATE

Do the preliminary work of finding the house and the right potential buyers—get the best possible properties in front of your clients. Ensure all data is accurate and reliable from the get-go. By partnering with the right holders of that information, you can create a seamless, streamlined experience for the buyer. The ultimate goal is to use tech tools to make things easier for everyone, and to shorten the time it takes to buy and sell real estate.

BE COLLABORATIVE

Consider inviting the seller into the transaction/negotiation process. The best digital transaction systems can help facilitate pricing, and make it possible for sellers to log in directly and see where things stand in the process.

From origination to understanding down payment assistance programs, the role of technology in the process of buying and selling real estate will continue to grow. With younger buyers entering the market, the rate of adoption of technology will increase exponentially. Those real estate professionals who can harness those new tools to connect with those buyers, to make buying and selling a home simpler and easier, and can build stronger relationships in the process, will position themselves for sustained success going forward. ●

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*zipLogix COO **Lisa Mihelcich** has been with the company since its inception in 1991, rising to her current position in 2003. In addition to her extensive experience in real estate software development and implementation, she earned her real estate license to gain a deeper grounding in the challenges facing zipLogix's 600,000+ customers—real estate professionals across the country.*

Today's "Customer for Life" Generator

Your current property management system needs to change or risk disruption.

BY JEREMY J. CONAWAY, REAL TRENDS

As the industry's long, dreary winter of 2005 to 2011 gave way to the spring 2012 thaw, the melting snow exposed the housing and lifestyle attitudes of the Millennia Generation. The question was: Would the largest demographic in American History take up homeownership as a part of their life's experience? Or, would they remain in their early lifestyle rental environment?

The more dramatic of the industry's observers rushed to announce that over a mere five years, the centuries-old tradition of homeownership in America had morphed into a renter nation and that homeownership was soon to be a thing of the past for all but the most prosperous of family units.

A New Reality

It is now apparent that the Millennia's will ultimately join the ranks of homeowners but that, due to a number of unique issues such as debt and mortgage complications, their migration will take a bit longer than that of their cultural predecessor, the boomers. A key message here is that rental lifestyles will have to expand to meet the needs of this very sophisticated and demanding demographic. Today's lifestyle-driven real estate consumer is going to rent for a while, but he or she is not willing to view the rental experience as a lessor lifestyle or punishment that one must endure while waiting to ascend to homeownership.

Property Management Impacts

The import of this message from the broker perspective is three-fold. First, existing property management operations will not be sufficient to meet this enhanced status. Second, major players are moving to bring their property management operations up to new standards (discussed below) and, third, the property management function will move far beyond investor accommodation, through core services and will become a primary portal and/or gateway through which brokerages will create positive relationships. These relationships will ultimately transition into classic real estate transactions enriched by substantial lifestyle offerings. Property management may be the ultimate customer for life generator.

A Wake-up Call

One can easily hear the cries of those who announce that they have been in the property management field for decades and are doing just fine. Those who believe their traditional property management business model will be competitive in the new rental environment would do well to study the information generated by NRT's August 2014 announcement that they were taking property management to a new level. NRT is about to create a new strategic and tactical model for property management, and there is a high likelihood that this model will become a major wake up call.

These comments are not to suggest that traditional brokerage-based property management efforts haven't performed an important function, in fact, they have. It is to suggest that, like every other element of the residential real estate, property management is about to experience a significant transition in operations, objectives and purpose.

Consider the following regarding the traditional real estate brokerage based PM program:

- The primary function of the traditional PM was not to drive profits; but rather to drive commission revenues from clients who said, "I will buy if you agree to manage."
- The procedures and practices that evolved through this course were not intended to optimize relationships but instead to facilitate the above accommodation and maintain a connection that might generate a commission when the investor was ready to move on.
- This arrangement is what created the traditional real estate brokerage-based PM program.
- Many of the primary competencies and skill sets of a great property manager are antithetical to the common skill sets of a great agent. This was not a match made in heaven.
- PM was not looked upon as a distinguished function but rather a necessary task.
- While PM revenue might have occasionally functioned as a revenue stabilizer, it was never seen as a primary revenue source nor did it ever reach the level of a qualified core service even though, if operated properly, it had the potential to outperform those classic offerings
- Even in its traditional format, PM has always been and continues to be a highly challenging business activity that has a high liability profile. This fact is often not addressed.

Moving forward, as the contemporary PM system begins to make an impact, brokerages will discover the following:

- Common sense will dictate that operating a traditional PM operation will no longer make any sense. It is simply not

relevant to today's industry environment. It is not making an appropriate contribution to revenues, it is not sustaining relationships, nor is it in anyone's benefit or advantage.

- Even the financial equation of the traditional PM business model continues to blur. Costs have increased. Investor demands for operational metrics have increased. Without increasing revenues to meet these increased expenses, PM will quickly become a loss proposition. It is fast becoming a business not worth owning.
- The current PM environment is poised for digital disruption as major players announce plans to take a position in the PM field backed by substantial financial resources and motivated by a vastly expanded vision of the competitive advantages of a combat tactical PM.
- Message to brokers: Either come up to PM speed or you will be a victim of this unique form of digital disruption.

How does PM have to transition? The following information is provided for those readers who find the above arguments compelling, it is a highly refined inventory of the functionalities that must be incorporated into a contemporary PM program.

- The program must be focused on profitability and revenue per unit. The PM manager must focus on maximizing profitability and investor relationships while being aware of the lifestyle movements of their tenants.
- It must incorporate a wide range of service-related revenue generators. To do this, it must identify each service task and equip each with a companion revenue factor.
- The program must have a highly effective process that will rent the property quickly. Vacant properties all too frequently reflect PM deficiencies rather than market shortfalls.
- Fast and effective tenant qualification is critical. The investor is looking for a quality tenant that pays the rent on time, lives in accordance with the lease and cares for the property. Credit, criminal background, and past rental checks are part of the new PM standard.
- Regular and detailed property inspections and condition reports are an integral part of the new PM.
- The program must work in continuous collaboration with a real-time, managed network. PM is now about what you are learning today, not what you learned five years ago. Best practices are no longer aspirational but, rather, expected. Critical knowledge and data have become essential factors of success. The cost, competitive, mass buying and comparative benefits of such a network are now essential to PM effectiveness and profitability. Surprise is no longer acceptable to the real estate investor. Investment has become a much more specific data- and metric-driven activity. Investor communications must be complete, comprehensive and compelling. Only a tactical network can provide this information.
- PM must prioritize the creation and nurture of tenant and investor relationships that will evolve into real estate service delivery opportunities moving forward.
- Each of the functionalities outlined above must be self-supporting financially, and each must contribute to the overall profitability of the program.
- The PM function and network must incorporate finely detailed operational data and metrics that address each of the hundreds of tasks that constitute contemporary PM. What paint to buy, what response protocol to maintain and what actions to take. Each of these tasks must be backed by management, cost accounting and communications resources. Highly profitable PM is a game of minute attention to detail; the pennies and the minutes must be counted!
- Today's investors are willing to make enlightened decisions regarding the level of PM service and support they are willing to pay for if it is properly presented. Such service must include real-time information regarding property condition and rental metrics that can be compared with like properties in like environments.

As is the case for many real estate marketing, transactional and occupancy activities, a new standard of performance, one that is significantly more detailed and sophisticated than is predecessor, has emerged and is heading into the PM space. Within the next 18 months, this new standard will become an investor expectation. ●

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Don Lawby, *president of Real Property Management, headquartered in Salt Lake City, summed it up when he said, "The property management industry is now facing real and significant digital disruption. Through innovation and advanced technologies, the industry can make digital disruption an opportunity rather than a threat. All of the pieces are in place. This is the opportunity of a lifetime. We can do this."*

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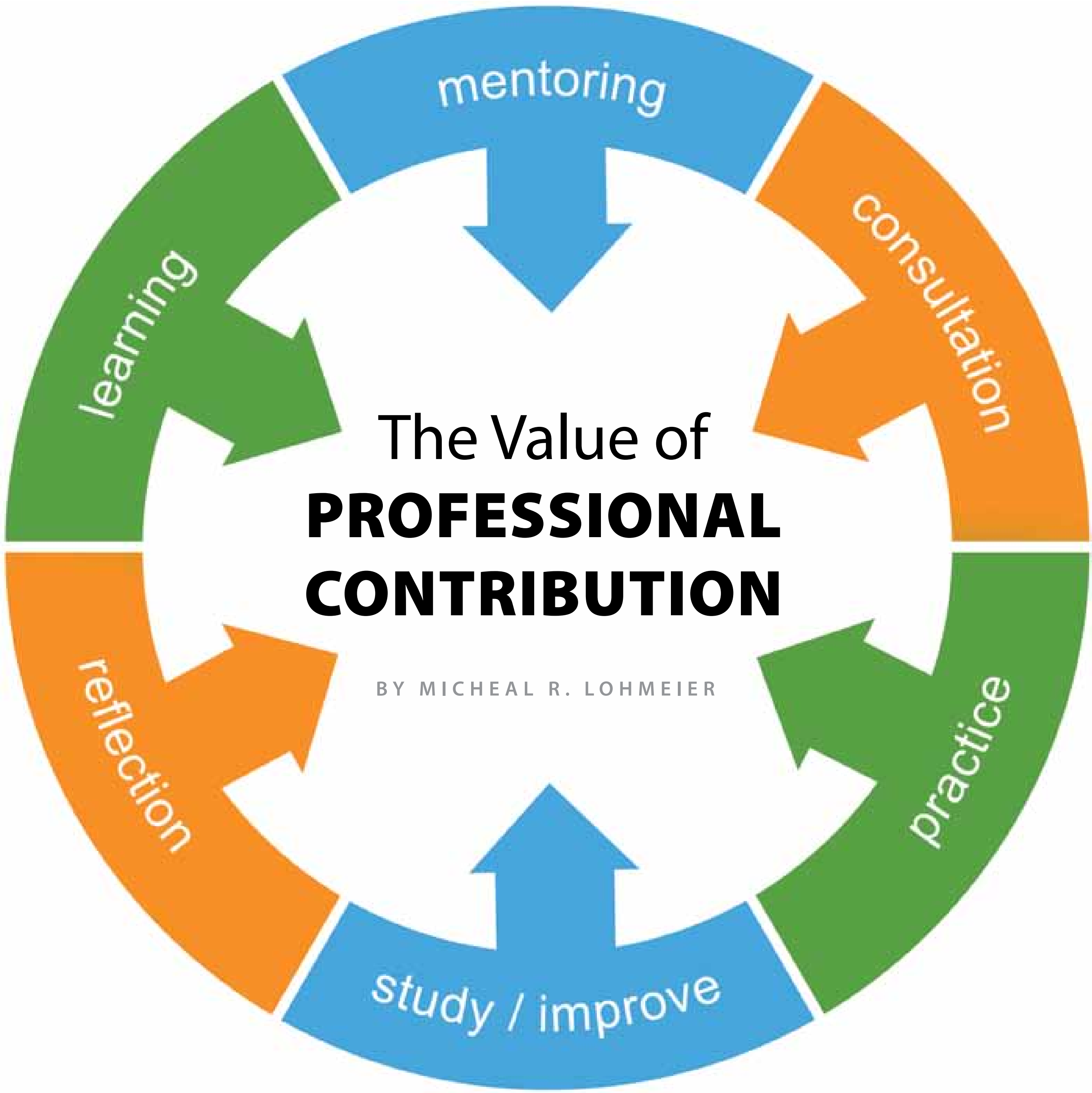
> "Today's lifestyle-driven real estate consumer is going to rent for a while, but he or she is not willing to view the ***rental experience as a lessor lifestyle***"

The Value of **PROFESSIONAL CONTRIBUTION**

BY MICHEAL R. LOHMEIER



This story is brought to you by MiCREA

The Michigan Council of Real Estate Appraisers was created in 2004 with one purpose: to serve Michigan's REALTOR®-appraisers through advocacy, benefits, data resources, and educational offerings. The Council, steered by a committee of fifteen appraisers representing more than 2800 members, is Michigan's strongest voice for the rights and needs of appraisers in the state. The services and value MiCREA provides to its members complement in numerous ways the services provided to members by their local associations and appraisal organizations.

BECOMING AN APPRAISER STARTS WITH EDUCATION

Entering into the appraisal profession begins with education. An appraiser's core education is driven by requirements promulgated by the Appraiser Qualifications Board of The Appraisal Foundation. The education focuses on valuation principles, procedures and content, which fosters simulating practical applications. This education is the foundation of knowledge for developing valuation solutions.

As an appraiser's education is applied in the *real world*, his or her classroom-based knowledge is tempered from experience into competence. And, it's competence an appraiser seeks to develop and enhance throughout his or her career.

Appraisers are responsible for understanding and being able to properly use recognized valuation methods and techniques necessary to produce credible appraisals. This means knowledge cannot be based solely on past educational achievements or prior experiences. What an appraiser knew and did yesterday may not be acceptable today or tomorrow. So an appraiser's pursuit of learning needs to continue outside of any classroom exercise or particular assignment.

APPRAISERS NEED TO UNDERSTAND AND ADAPT TO CHANGES

Appraisers must remain cognizant of changes in the markets they study as well as the appraisal profession itself. This includes understanding the real estate market related changes, which affect how property is developed, constructed, financed and used. They have to be attentive of the market pressures that influence the use of the three approaches to value including cost, depreciation, sale price, rental rates and capitalization rate information. The interacting social, environmental, legal and economic forces are constantly changing and appraisers must study these interactions to determine their varying effects on property use and value.

Appraisal methods and techniques are constantly being reviewed and tested, with new methods being developed to meet changing circumstances. An appraiser's scope of work is acceptable when it meets two tests:

1. The expectations of parties who are regularly intended users for similar assignments
2. What an appraiser's peers' actions would be in performing the same or a similar assignment (USPAP)

Therefore, it is not expected, or acceptable, for appraisers to just maintain the knowledge they had when they first entered the profession, or the skills developed by past experiences. Appraisers must continuously develop their competence to remain proficient.

So, how can an appraiser continue to grow as a professional? Continuing education is one method. But another way to enhance competence, often exponentially, is by serving the profession as a volunteer.

VOLUNTEERING WILL HELP YOU GROWN AS A PROFESSIONAL

Volunteer involvement has a direct benefit of continuing to develop and enhance one's own knowledge in appraisal practices. Being active places oneself in a position that encourages development, whether through dialogue with, or feedback from, other appraisers. Volunteering provides an appraiser countless opportunity to develop a richer understanding of contemporary valuation issues as well as current and anticipated challenges. Regular involvement helps an appraiser recognize best practice solutions from peers.

Other benefits that stem from volunteering include:

- Helps raise peer and public awareness of your professionalism
- Provides you an opportunity to sharpen your interpersonal skills, including attentive listening and dispute resolution skills from working with different personalities and opinions
- Enhances your curriculum vitae, demonstrating leadership and dedication in the profession
- Increases your approachability by directly networking with other knowledgeable appraisers
- Brings you together with other related professionals to better understand their perspectives
- Maintains, and often increases, your passion about being an appraiser

There are a lot of different ways an appraiser may contribute to the appraisal profession. Whether you're a natural introvert or extrovert I would suggest you look for an area that challenges you the most, professionally and personally. Look to develop greater as an appraiser but also challenge your weaknesses as a person. For example, if you have an apprehension towards public speaking, volunteer in an area that requires you have to speak in larger groups. As a caveat, I suggest you don't jump in the proverbial "deep end of the pool." If you challenge yourself too much and too fast you might give up. It's sometimes wise to take some baby steps.

There are a variety of ways you can contribute to the appraisal profession including the following:

CONDUCT RESEARCH. Volunteering to conduct research is a great way to learn about an area in which you're interested. Whether it's through public or private organizations, you benefit by learning from those who will organize the research projects and direct you as to the best way in which it should be performed. For example, if you have always wanted to learn how special assessments work, volunteer your time to assist a local community in its research in establishing a special assessment district.

MENTOR A NEW PROFESSIONAL. Think back when you were new to the profession. There were probably a lot of times in which you wish you had someone's ear hear your questions. By helping mentor another appraiser you will revisit concepts you learned before and have an opportunity to discuss the issues with someone who has a fresh perspective. Mentors in all areas of practice have often remarked that they learn a great deal from their protégés.

PREPARE AND/OR TEACH WEBINARS, SEMINARS OR COURSES. Developing a lecture takes tremendous research and time. I've estimated that for every hour of a presentation I've developed I've spent on average 5 to 6 hours on the research involved prior to writing. When you develop a program, you will be challenged to think through the materials you are preparing and question the research you conducted as well as theorize questions that may be raised by your audience. This gives you a heightened understanding and appreciation for the topic you are developing.

TEACHING ALSO REQUIRES TREMENDOUS PREPARATION. I've estimated that for every one hour I teach, I prepare at least 2 to 3 hours in advance. Preparation requires you to develop clarity in your communication style and also consider potential questions that may be raised.

AUTHOR, OR CO-AUTHOR, ARTICLES OR TEXTS. Writing for publication requires extensive research as well as strong writing skills. It's different than preparing classes and teaching because teaching allows you to go into improv on a moment's notice. When teaching you can also rely on non-verbal means of communication. However, your writing has to be specific and all-inclusive. You have to appeal to a broader audience and understand that the potential questions and criticisms you must address will come from a variety of different readers. The life of a publication can also be much longer than any class. Whether it's for websites or magazines, organizational newsletters or books, writing will help sharpen you in areas you didn't know were deficient.

BE A GUEST LECTURER TO A RELATED PROFESSIONAL GATHERING. Related professional associations and boards (e.g., real estate agents, builders, accountants, assessors, and attorneys) are always looking for appraisers as speakers. Attend a couple of their meetings and you'll find the issues with which they are having the greatest challenge. Then, volunteer to help their members understand the problems they are facing and potential solutions.

VOLUNTEER AS A SUBJECT MATTER EXPERT. There are numerous organizations looking for volunteers to serve as Subject Matter Experts (SME). The Appraisal Practices Board (APB) of The Appraisal Foundation, the Alliance for Valuation Education as well as other professional organizations are ALWAYS looking for experts. SMEs are recognized professionals with expertise in specific areas being examined and are used to research and detail all pertinent sources of existing information on a given topic (adapted from APB). SMEs are used in helping research and review potential guidance materials including proposed education materials.

JOIN A COMMITTEE AND TAKE ON A TASK. Every professional association has its respective leadership board that directs the organization in short and long-term planning and operations. But, it's the individual committees and their members that get the day-to-day responsibilities accomplished. Committees can include areas such as education, ethics and public relations. I haven't seen an organization that wasn't looking for help.

The above are just some examples in which you may contribute expertise to the appraisal profession. Learning appraisal may begin in the classroom, but it doesn't end there. This is a profession of both art and science. The science is taught in classroom while the art is often learned through experiences and interaction with others.

Make a goal for 2015. Dedicate some time each day, week, month or this year for contributing to the appraisal profession. I believe you'll find you won't only be helping other appraisers, but be rewarded from your contribution immeasurably. ●

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Commercial Broker Lien: Use It Properly

Michigan REALTORS® worked for many years to obtain passage of the Commercial Real Estate Broker's Lien Act (the "Lien Act"). The Lien Act provides a means for protecting a broker's lien rights, but as demonstrated by a recent published decision by the Michigan Court of Appeals, if not handled properly, can blow up in a broker's face.

Unfortunately, this case involves a not uncommon scenario. In *Anton, Sowerby & Assoc, Inc v Mr. C's Lake Orion, LLC*, the broker had listed the property and was to be paid a 5-6% commission depending upon various factors. The broker procured a buyer for the property. Thereafter, the seller and the broker engaged in secret negotiations in an attempt to avoid paying the broker's commission. The buyer agreed to pay $1,200,000 for the property with a mortgage loan from Flagstar Bank. After the dispute over the commission commenced, the broker recorded a broker's lien against the property for $60,000 as authorized by the Lien Act. The sale of the property proceeded forward and at closing, an escrow account was funded with $75,000 to satisfy the lien claimed by the broker, if in fact the broker were to prevail on its claim. Upon funding the escrow, the broker was requested to release its claim as required under the Lien Act. Instead, the broker sued the buyer and the buyer's lender, Flagstar Bank, but not the seller. In turn, the buyer countersued the broker to quiet title to the property and accused the broker of slander of title.

The circuit court properly applied the Lien Act. The court ordered that the funds remain in escrow to protect the broker as required under the statute. However, the circuit court summarily extinguished the broker's lien over the property. The circuit court further advised the broker that it must sue the seller for breach of contract in order to collect the escrowed funds.

The Lien Act specifically provides that a lien is extinguished and a broker must provide a release of lien if the "parties to the transaction" establish an escrow account in an amount sufficient to satisfy the broker's lien. The broker in this case refused to provide the release based upon an argument that the broker was also a "party to the transaction" and had not agreed to the escrow agreement. Both the circuit court and the Court of Appeals determined that under the Lien Act a broker need not be present or be a party to an agreement to establish an escrow account. Further, the court determined that under the Lien Act when an amount is escrowed sufficient to protect the commercial broker, the broker must provide a release of lien.

In this case, the broker's failure to provide the release of lien as required by the Lien Act and failure to sue the seller had a big downside. The circuit court and the Court of Appeals both found that the actions by the broker in refusing to release the lien as required by the Lien Act constituted slander of title, which entitled the property owner to special damages. Under the slander of title statute, special damages include attorney's fees that need not be limited to the time before the title cloud was removed. In other words, the commercial broker in this case could be stuck with the defendants' attorney's fees, not just for the period of time leading up to the release of the lien, but also for the period of time after the lien was released and the parties were arguing about the amount of damages that the broker would be required to pay. The Court of Appeals noted that if the broker had released the lien upon the funding of the escrow account, then the litigation against the buyer and its lender could have been withdrawn and the costs of litigation avoided. It was also noted by the Court of Appeals that the broker never did explain why it chose not to sue the seller with whom it had the listing agreement.

Both the circuit court and the Court of Appeals correctly applied the Lien Act. The provisions of the Lien Act can protect the commission owed to a commercial broker, but the broker must take care to comply with all of the provisions of the Lien Act.

DEADLINES MAY MATTER

As many REALTORS® are aware, there are a number of fairly old Michigan cases which stand for the proposition that under certain circumstances, deadlines in particular agreements are not always strictly enforced. A recent unpublished Court of Appeals case, *Whelan-Thieleke v Pat O'Brien & Assoc, LLC*, may be a sign that the law is changing.

In October of 2011, Sheryl Stephens agreed to buy property from Lee and Julie Moraitis for $1,225,000. The purchase agreement contained a typical contingency for financing which provided as follows:

by Gregory L. McClelland, Esq. Legal Counsel, McClelland & Anderson, LLP

*Payment of the full purchase price upon execution and delivery of Warranty Deed, contingent upon Buyer's ability to obtain, at Buyer's expense a **Conventional** mortgage loan in the amount of 80%. Buyer agrees to make application for said loan within ___ business days of the effective date of the Agreement, and to obtain and furnish to Seller evidence of **conditional loan commitment** within ___ business days of the effective date of this agreement. Buyer shall furnish Seller with unconditional loan commitment no later than (Date) ______ . [Emphases in original.] (the "Financing Contingency).*

The blanks in the Financing Contingency were left just as they appear in this article, that is, blank. The purchase agreement was also contingent upon Stephens' ability to sell her existing home.

The purchase agreement was extended twice for 60 days – in February 2012 and on April 12, 2012. On April 27, 2012, Kerry Whelan-Thieleke and Greg Thieleke offered to purchase the property from the Moraitises' for $1,285,000.

On May 3, 2012, Stephens' agent sent an email to the Moraitises' agent purporting to waive the contingency for Stephens' sale of her existing home stating: "Here is the Waiver of Contingency for the contingency for Mrs. Stephens to sell her home. She is moving forward to secure her financing." The Waiver was on the REALTORS®' letterhead and read:

I (We) the undersigned parties to that certain Purchase Agreement dated: 10/17/11 . . . do hereby remove the contingency(ies) concerning that which is indicated on the Purchase Agreement: An acceptable offer has been made on the above mentioned property, and per the five day first right of refusal, the buyers acknowledge in writing that they have until May 5, 2012 to remove the contingency of the sale of their home . . . .

On May 4, 2012, Stephens provided the Moraitises with a prequalification letter from Raymond James Financial that provided she was prequalified for a loan subject to certain conditions. Thereafter, Stephens obtained a conditional acceptance letter from Raymond James Financial on May 12, 2012 that listed several conditions Stephens had to satisfy in order to qualify for the loan.

Eventually, the second buyers, the Thielekes, sued for specific performance to buy the property, suing both the Moraitises as sellers and Stephens as the first buyer, along with Moraitises' REALTOR®. Eventually, all of the parties counter sued each other.

In July 2012, many of the claims between the various parties were settled. Ultimately, the Thielekes bought the property for $1,400,000. The Thielekes settled their claims with Stephens and the Moraitises settled their claims with their REALTOR®. The only claims remaining were those of Stephens against the Moraitises.

Stephens claimed that she had satisfied the Financing Contingency and that the Moraitises had breached the purchase agreement when they terminated her rights and sold the property to the Thielekes. The Moraitises contended that Stephens had never satisfied the Financing Contingency as she was required to obtain an **unconditional loan commitment** and that her failure to obtain such a commitment within the required time terminated the purchase agreement. The trial court found in favor of Stephens and the Moraitises appealed.

The Court of Appeals found that the Financing Contingency plainly required Stephens to furnish the Moraitises with an unconditional loan commitment at some point in time. Further, the Court of Appeals found that the Financing Contingency could not be reasonably interpreted to provide that Stephens could satisfy this condition after the expiration of the purchase agreement. Once a purchase agreement expires, the Court noted, none of the parties have any rights or obligations under it. The Court determined that the Financing Contingency was unambiguous, and that the Court was required to enforce it.

The Court of Appeals found that although the parties had extended the Purchase Agreement twice, the Purchase Agreement eventually expired on June 11, 2012. Stephens could provide no evidence that she ever obtained an unconditional loan commitment as required by the Financing Contingency prior to the expiration of the Purchase Agreement. The mortgage prequalification and conditional acceptance obtained from Raymond James were not an "unconditional loan commitment;" therefore, Stephens had no rights under the Purchase Agreement because she did not obtain an unconditional loan commitment before the expiration of the Purchase Agreement. The Court of Appeals reversed the decision of the trial court and found in favor of the Moraitises.

Although this decision by the Court of Appeals is an unpublished opinion and is therefore not binding on other courts, its analysis certainly suggests that courts should literally enforce the terms of a purchase agreement if those terms are unambiguous. Again, while there is a great deal of fairly old case law in which courts indicated that dates within a purchase agreement would not be literally enforced, this case is consistent with the modern day trend to strictly enforce contracts as written.

Michigan REALTORS® can stay informed of legal issues with updates through our Legal Lines.

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