

A publication of Michigan Realtors®

# MICHIGAN REALTOR®

MAKING  
*good*  
DECISIONS

PLUS: Purchase Agreements Future Appraisal Practices Breaking the Ice





## Become the coolest Realtor<sup>®</sup> in the state.

**Mention the MSHDA  
Michigan Down Payment in all eligible listings.**

Many homebuyers in our great state may be eligible for a Michigan Down Payment of up to \$7,500. Imagine what delivering such good news can do for your popularity among potential homebuyers. Get details – which homes are eligible, how a buyer can qualify, and more – at [MichDownPayment.com](http://MichDownPayment.com).

**UP TO \$7,500  
Michigan Down Payment**

COVER STORY

MICHIGANREALTOR®

05

{ MAY | TWO THOUSAND & SEVENTEEN | VOLUME SIXTEEN | NUMBER THREE }

## Features

- 06 **Selling to Millennials:  
3 Roles Every Realtor® Must Play**  
Your help can tip the scales  
by Mary Townley
- 10 **Helping People Make Good Decisions**  
A formula to boost your success rate  
by Larry Kendall
- 12 **Easy Icebreaker Ideas for  
Creating New Business**  
An app that really gets the ball rolling
- 14 **Preparing for 2018-19 USPAP:  
It's Not Too Early to Plan for Changes**  
Looking ahead with a watchful eye  
by Micheal R. Lohmeier

## Departments

- 02 **President's Report**  
Involvement makes us all stronger  
by Jason Copeman
- 04 **Capitol Report**  
Coalitions can make good things happen  
by Brad Ward
- 18 **Legal Lines**  
What it takes for a binding purchase agreement  
by Gregory L. McLelland, Esq.



## Involvement makes us all stronger

Spring is officially here in Michigan, even though some of us experienced the break in weather sooner than others. With the new season comes the opportunity for new leaders to emerge within our organization. The deadline for 2018 Michigan Realtors® District Director candidate filing is Friday, July 14, 2017. Voting for District Directors will open online on Tuesday, August 29, 2017. We invite you to join our ranks and help strengthen the vision and initiatives of the association that works for all Realtors® in Michigan.

The NAR Legislative Meetings and Trade Show will take place May 15-20 in Washington, DC. Organized by our Federal Political Coordinators, the meetings provide Michigan Realtors® with the opportunity to voice their local concerns and ideas to Congress. The voice of Realtors® in Michigan remains strong on issues impacting our great state and industry, so thank you to all who make the trip to our nation's capital for this critical event. To view a schedule of Michigan hill visits, go to [www.mirealtors.com/Advocacy-Initiatives/midyear](http://www.mirealtors.com/Advocacy-Initiatives/midyear).

Last month's Broker Summit was an excellent example of our industry's professionals coming together to share their knowledge and expertise. Leigh Brown started the morning with a fabulous presentation on how to motivate agents. We then learned from several professional panels on subjects like enforcement, teams, and mortgage regulation. The economic update by NAR's Dr. Paul Bishop was a great view of the progress of our state and what we can all do to aid the ascent.

As we digest all that we learned at the 2017 Broker Summit, we look forward to The Convention and even more opportunity for professional growth. This year's Convention will take place in Grand Rapids from September 27-29 at the Amway Grand Plaza Hotel and DeVos Place. As an exhibitor, sponsor, or attendee, you will be provided with a chance to network with other Realtors®, attend CE Marketplace certified knowledge sessions, and explore new industry tools at the The Convention. The web site for The Convention will open in June.

Finally, I am encouraged by the progress I have seen in my few short months as President of Michigan Realtors®. Many of you have stepped up as leaders of philanthropy and innovation in your communities and have demonstrated the greatest example of that of which our profession is capable. Realtors® inherently are tasked with improving the lives of their friends and neighbors; yet it always surprises me how much difference a dedicated Realtor® can truly make.

Keep engaging in your communities. Keep volunteering. Let's make Michigan a shining example of teamwork, dedication and community for all Realtors® nationwide. ●



With the new season comes the **OPPORTUNITY FOR NEW LEADERS** to emerge within our organization.



## PRESIDENT

**Jason Copeman**

GRI

UPAR: 906.225.5555

[jason@teamcopeman.com](mailto:jason@teamcopeman.com)

## PRESIDENT-ELECT

**Sara Lipnitz**

SFR, PMN

GMAR: 248.644.7000

## TREASURER

**Matt Davis**

GRI

BCAAR: 269.967.3321

## CHIEF EXECUTIVE OFFICER

**Robert Campau, Esq.**

RCE, CAE

[rcampau@mirealtors.com](mailto:rcampau@mirealtors.com)

## EDITOR & ADVERTISING

**Joe Kras**

MBA, SAG-AFTRA

[jkras@mirealtors.com](mailto:jkras@mirealtors.com)

2017 Michigan Realtors® Board of Directors: District 1 Meagan Luce, (Traverse Area Association of REALTORS®); District 2 Gordon Naumoff, (West Michigan Lakeshore Association of REALTORS®); District 3 Michael Bass, (Grand Rapids Association of REALTORS®); District 4 Tom Darger, (Midland Board of REALTORS®); District 5 Sue Shangle, (East Central Association of REALTORS®); District 6 Natalie Rowe, (Greater Kalamazoo Association of REALTORS®); District 7 Vance Shutes, (Ann Arbor Area Board of REALTORS®); District 8 Marianne McCreary, (Livingston County Association of REALTORS®); District 9 Maureen Francis, (Greater Metropolitan Association of REALTORS®); District 10 Shelley Schoenherr, (Greater Metropolitan Association of REALTORS®); District 11 James Iodice, (Greater Metropolitan Association of REALTORS®); District 12 Alex Milshteyn, (Ann Arbor Area Board of REALTORS®); District 13 Reggie Fluker, (Greater Metropolitan Association of REALTORS®); District 14 E'toile Libbett, (Detroit Association of REALTORS®); Past President Gene Szpeinski (Grand Rapids Association of REALTORS®); Large Office Stu Elsea, (Greater Metropolitan Association of REALTORS®); Large Office Jim Fase, (Grand Rapids Association of REALTORS®); John Francis (CAR) (MICAR Representative); Sandy Covaleski (CBOR) (MICAR Representative); MRAEC Rep. Patty Young (Midland Board of REALTORS®)

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®.

Michigan REALTOR® (ISSN 1053-4598, USPS 942-280) is published six times per year (January, March, May, August, September, November) by the Michigan Realtors®, 720 N. Washington Ave., Lansing, MI 48906.

Address letters, address changes and inquiries to: Michigan REALTOR®, 720 N. Washington Ave., Lansing, MI 48906: 800.454.7842: Fax 517.334.5568. [www.mirealtors.com](http://www.mirealtors.com). e-mail [contact@mirealtors.com](mailto:contact@mirealtors.com). Subscription rates: \$8 per year (included in dues) for members, \$25/year nonmembers. Periodicals postage-paid in Lansing, Michigan 48924 and additional mailing offices. POSTMASTER: Send address changes to the Michigan REALTOR®, 720 N. Washington Ave., Lansing, MI 48906

# COMING EVENTS

## May 15-20, 2017

Realtors® Legislative Meetings & Trade Show

Washington, D.C.

## September 27-29, 2017

The Convention

Amway Grand Plaza Hotel & DeVos Place, Grand Rapids

Graduate Realtors® Institute (GRI)

GRI-I, GRI-II and GRI-III

Find courses near you:

[www.mirealtors.com/Education-Events](http://www.mirealtors.com/Education-Events)

Find Michigan Realtors® on your favorite social networking sites:



# ANNOUNCEMENTS

## College Scholarships Available | Applications Due 6.30.17

Michigan Realtors® is proud to provide assistance towards the higher education of burgeoning real estate professionals. Ensuring the success of our future members is one of our top priorities.

The Michigan Realtors® Scholarship Trust provides scholarships to full-time undergraduate and graduate students who are taking classes that will lead them to a real estate career.

If you are a college student seeking a career in the real estate field, you may be eligible to receive up to \$2,000 in awards from our multiple scholarship opportunities. The application deadline is June 30 of each year for the following academic school year.

[www.mirealtors.com/Education-Events/Scholarships](http://www.mirealtors.com/Education-Events/Scholarships)

## Get Realtor® Party Mobile Alerts

Text "MIRealtors" to 30644. NAR will send you short text messages when we need you to take action on important real estate issues (usually only three to five times per year).

## Watch Letter of The Law Video Series

This monthly videos series highlights topics generated by input from you, the viewer.

[www.mirealtors.com/Legal-Resources](http://www.mirealtors.com/Legal-Resources)



## Coalitions can make good things happen

I once knew a guy that had a handful of those motivational posters in his office. You know the ones, they have some scenic picture or a shot of an athlete in action followed by a brief but verbose motivational quote. One in particular had a picture of a crew team at sunrise that read "Together we achieve more." Not really my cup of tea, but no less truthful, especially here in Lansing where there are big issues to tackle.

Coalition-building is very common on a lot of legislation. Bringing different stakeholders and interest groups together for a common piece of legislation really opens up the perspectives of the elected officials. For a group like Michigan Realtors® to be involved, it also brings our members' excellent reputation for being a trustworthy group focused on policies that promote real estate investment and home ownership.

Michigan Realtors® is currently part of two such coalitions: MI Thrive and Good jobs for Michigan. Each of these bill packages has a different focus, but they share the goal of continuing to improve Michigan's redevelopment, job growth and economy.

### MI THRIVE (SENATE BILLS 111-115)

This set of bills specifically focuses on brownfield redevelopment in communities across Michigan. These bills target challenging sites, promoting private mixed-use development projects anywhere between \$115 and \$500 million, depending on the size of the community. After state and local approval and completion of the project, the investor would then be able to capture a portion of the newly generated income and sales tax from within the development. In other words, the tax capture would allow the developer to bridge the financing gap between what the market is willing to bear and the significant financial costs of cleaning up these challenging sites.

I'm sure each one of you can think of at least one example in your nearest urban center that fits this description. From the perspective of the Michigan Realtors® Public Policy Committee, these bills encourage job growth and investment by providing a tool not currently available to help preserve our core cities.

As you know, urban living and mixed-use development are becoming increasingly attractive to large segments of the home-buying public. In particular seniors and millennials are seeking housing options that provide walkability to employment, restaurants, retail and entertainment.

One of the biggest challenges to mixed-use development is financing, especially in an urban setting. Mixed-use projects in core cities tend to be more costly due to a combination of multiple-story construction, property contamination and other redevelopment costs. These projects require more equity, but equity that is not recovered as quickly as traditionally financed projects. This poses a challenge getting lenders to lend, and therein lies the financing gap.

These bills are being spearheaded by Senator Ken Horn (R- Frankenmuth). They recently passed the Michigan Senate by a wide bi-partisan margin and are currently receiving hearings in the Michigan House Tax Policy Committee. Michigan Realtors® testified in support of these bills in both the House and Senate.

The coalition behind these bills is strong. It is also unique in that it brings together both the private and public sector for the purpose of redeveloping our urban cores. The MI Thrive coalition is made up of developers, local chambers of commerce, and local governments. Each member of the coalition is able to share how this impacts their industry and community.

These bills are reintroductions from last year when they met resistance from former House leadership at the end of last session. Work still needs to be done convincing members of House that this is not a handout to developers, or picking winners and losers in one community over another. Estimates are that these bills would unlock approximately \$5 billion in new investment. Michigan has an improving business climate, but for these types of projects, business climate alone is not enough to get a shovel in the ground.

More information is available at [mithrivecoalition.com](http://mithrivecoalition.com)

### GOOD JOBS FOR MICHIGAN (SENATE BILLS 242-244)

This legislation similarly latches on to the concept of tax capture, but in this instance, for new jobs created in the state. As you will recall, many of the economic incentives that Michigan used to attract new businesses went away with the elimination of the Michigan Business Tax (MBT) and the creation of the current Corporate Income Tax (CIT). However, over the years the legislature has passed bills targeted at some individual employers and projects, so the concept of providing economic incentives hasn't completely been abandoned.

Under these bills, Michigan would be able to

To get **REALTOR®**  
**PARTY MOBILE ALERTS,**  
text "Realtor" to 30644.

provide up to 15 incentive packages per year to compete with our neighboring states - - like Ohio, Indiana, Illinois, and Wisconsin. The bills would provide companies that locate or expand in Michigan with a tax capture of up to 50% of the personal income tax of each new employee for up to 5-10 years, so long as certain job and wage thresholds are met.

The requirement of employers to meet the job and wage thresholds is what distinguishes this package of bills from the much-maligned Michigan Economic Growth Authority (MEGA) credits of years past. Under MEGA, the state doled out a number of tax credits where companies and employers never delivered on the promised jobs or wages. Under this *Good Jobs* proposal, business expansions or new locations would need to fall into two categories; those that create at least 500 new jobs at 100% or more of the average regional wage, and those that create at least 250 new jobs at 125% or more of the average regional wage (these DO NOT include casinos, retail establishments, or professional sports stadiums).

The incentive does not start until the job and wage thresholds are met and verified. Additionally, if the employer fails to maintain the thresholds in any one year, they are not eligible to receive the incentive for that year. As you can see, these bills were crafted to make sure that Michigan taxpayers are not left holding the bag for undelivered promises, like under the former MEGA credit program. From the perspective of state government, it should be beneficial to get 50% of a new employee's income tax, rather than 100% of nothing when these business expansions go elsewhere.

Over the last decade, Michigan Realtors® has been at the forefront of discussions on making our state a more attractive place to create and grow jobs. After years of population loss, we are starting to see people move back into our state. To be able to provide more and good paying jobs will only further our recovery.

These bills are on a similar trajectory as the MI Thrive bills in that they garnered the support of a wide bi-partisan majority to move the bills

out of the Senate. While hearings in the House Tax Policy are forthcoming, these bills face the same cynicism over credits being provided to particular business. These bills also have the unfortunate stigma of being compared to the previous MEGA credits, even though they are handled in a completely different manner.

Visit [goodjobsformichigan.com](http://goodjobsformichigan.com) for more information.

Motivational posters notwithstanding, working as part of a coalition is nothing new to our organization. For years, we have championed a number of game-changing initiatives, and defeated some job-killing policies, by working with our friends at the Michigan Chamber of Commerce, the Michigan Home Builders, and the Small Business Association of Michigan. We are proud to be leading the way, not just on policies affecting homeownership and real estate investment, but bold initiatives to help provide for a prosperous Michigan economy. ●





# Selling to Millennials: 3 Roles Every Realtor® Must Play

BY MARY TOWNLEY, DIRECTOR  
OF HOMEOWNERSHIP AT  
MICHIGAN STATE HOUSING  
DEVELOPMENT AUTHORITY



As a Realtor®, your job goes far beyond simply helping clients buy a home. This is especially true for first-time homebuyers who are facing the largest investment of their lives with lots of questions, enthusiasm and some hesitation.

The millennial generation, generally categorized as those born between 1980 and 2000, is one of the largest generations in history, even surpassing the population of baby boomers in 2016. This generation also represents an enormous population of prospective clients as they enter their peak home-buying years.

To best serve this booming generation of potential clients, it's important to understand their unique needs and pain points as they enter the home market. Before you can serve as a salesperson to any client, you may have to wear a few other hats - investigator, marketer and matchmaker just to name a few. But when it comes to this specific generation of buyer, the three most important roles you must be prepared to play are those of the guru, financial advisor and philanthropist. Here's how:

**THE GURU:** Information gathering during the home shopping process is intimidating and can be a real challenge, especially for a first-time homebuyer. While there are many resources available, it can be difficult to sort through and overwhelming to manage.

According to a recent Michigan State Housing Development Authority (MSHDA) survey, 91 percent of first-time homebuyers obtain information through the Internet. Anyone who has ever Googled medical symptoms, knows how dangerous this can be. The survey also found that 31 percent seek advice from friends, relatives and neighbors. Position yourself as a knowledgeable and helpful resource to your clients early on and help them make sense of the information at their fingertips and opinions chirping in their ears at Sunday dinner.

Ask questions to get a good understanding of how prepared they are and how well they understand the process. Be realistic in your advice and set expectations by sharing your personal experiences and pointing them to trusted resources. The trick is to do so in a way that helps build confidence. Offering your prospective homebuyers reputable and reliable information will help to clear the first, and arguably one of the most challenging, barriers and set yourself up for a successful relationship with your client.

**THE FINANCIAL ADVISOR:** Most considering the purchase of their first home hesitate or don't purchase at all because they're afraid they can't afford it. In fact, 55 percent of future first-time homebuyers in Michigan have not considered purchasing a home because they have insufficient funds for a down payment according to our recent survey. Student loan debt and credit card payments are also common roadblocks potential buyers consider when making the decision to buy. While paying rent may seem like the easier option, it makes saving for a down payment all the more challenging, pushing homebuying off even further.



It can be beneficial to open your clients' eyes to the financial options available to them. For example, many first-time homebuyers are eligible to receive up to \$7,500 toward the down payment of their home with a MSHDA loan. For those who are confident they can make the monthly mortgage but are unable to save enough for a down payment this option can represent a realistic and valuable solution. For those who do have some savings, using the MSHDA down payment can help them free up funds to make improvements and provide a bit more breathing room in the budget.

To ensure they are informed and prepared, MSHDA homebuyers also attend homebuyer education classes and work directly with a lender to ensure they are prepared for the financial responsibility of buying a home. By telling your clients about programs like this, you create optimism and build confidence in their homebuying process, and further establish yourself as a trusted source who's in touch with current products and services.

**THE PHILANTHROPIST:** Millennials are categorically more idealistic than previous generations, and are motivated to make purchasing decisions that align to their values. According to a survey by Deloitte, 64 percent of millennials said personal values have the greatest influence on their decision-making.

As your clients dream of owning a home, they are also becoming part of a community. Finding what inspires your client in the homebuying process and linking homeownership to a positive cause can reassure them that they are making a good decision and helping to do good along the way. We have found that many first-time homebuyers, more than 66 percent, find comfort in helping their community. For example, when your client chooses a MSHDA loan, they are helping to support initiatives like preserving historic property, creating affordable housing and ending veteran homelessness.

Working with first-time homebuyers can be incredibly rewarding, but it is not without its unique challenges. If you are prepared to wear these additional hats, you will be far more successful in helping your clients realize their dream of homeownership. Millennials should be eager to become homeowners and not let common challenges prevent them from buying a home. With the right tools and programs available to them through trusted Realtors®, lenders and MSHDA they can make their dreams come true and purchase their first home. ●

Say hello to  
**GROWING YOUR  
CLIENT BASE.**

Explore PNC Home Insight® today, and see how it can make your clients more prepared so you have more time to focus on building your business.

PNC Home Insight is a new home buying experience that better prepares your clients by allowing them to understand their budget, research homes they can afford, stay connected to you and enjoy personalized guidance and support.

*Experience Home Insight today at [pnc.com/homeinsight-agent](http://pnc.com/homeinsight-agent)*





**HELPING  
PEOPLE  
MAKE**  
*good*  
**DECISIONS**

BY LARRY KENDALL,  
AUTHOR OF NINJA SELLING AND  
CHAIRMAN OF THE GROUP, INC.

**WHEN  
PEOPLE  
THINK  
THEY MADE  
A GOOD  
DECISION,  
THEY ARE  
USUALLY  
HAPPY WITH  
THEIR SALES  
ASSOCIATE  
AND WILL  
REFER HIM  
OR HER. HOW  
DO YOU HELP  
THEM GET TO  
THAT POINT?**

What is a good decision? Most would agree that a good decision is one where the person is happy with that decision 30 days later and would make the same decision again. When people think they made a good decision, they are usually happy with their sales associate and will refer him or her. When they think they made a bad decision, they will often blame their sales associate and may feel they were *sold*. It is in our best interests (and theirs) to help people make good decisions. Good decisions are key to repeat and referral business.

#### **A FORMULA FOR GOOD DECISIONS**

In Ninja Selling, we have a formula for helping our clients make good decisions. We've found that people who make balanced brain decisions—those that combine the head and the heart—seem happiest with what they have decided. A balanced brain decision is where the customer uses both their emotional (right brain) and analytical (left brain) in balance.

Buyers often regret decisions that are too impulsive (emotional) and then suffer buyers' remorse. Or, they often miss out if they are too analytical (paralysis analysis) and can't make a decision. Their non-decision becomes a bad decision.

#### **THE ANALYTICAL BRAIN**

Your client's analytical brain (left hemisphere) is most powerful when it's focused on just three to five criteria. It can handle more variables than that, but with more than five, it begins to slow down, and above nine, it goes into paralysis analysis. Many real estate professionals unknowingly confuse their clients by giving them too much data. As a result, the client gets confused (too much data) and needs to think about it.

Here are some common examples of overtaxing the analytical brain:

##### *With Buyers*

Showing more than five homes in one showing sequence. After the fifth home, buyers can't remember the first. If circumstances require that you show more than five

homes in a day, make sure your buyers are ranking the homes and have their top three favorites. This can be a rolling top three, where they can take out a favorite and substitute with a different one. This process focuses the buyers on just three houses at a time.

##### *With Sellers*

Real estate professionals commonly confuse sellers by giving them a stack of MLS sheets. And when sellers get confused, their emotional brain takes over, and they blurt out, "Our house is nicer!" or "We need more money." Instead, focus sellers on the five determinants of value: price, location, size, condition and amenities.

#### **THE EMOTIONAL BRAIN**

The emotional brain is creative and processes a massive amount of data at the nonconscious or intuitive level. Decisions are based on feeling. How does the house feel? How does the decision feel? This is a very important part of the decision.

The analytical brain sets the priorities, criteria and boundaries around which the decision will be made. This is the context for the decision. Then, the emotional brain (right hemisphere) can decide on the content of the decision. A balanced brain decision is a combination of the head (criteria) and the heart (feeling). Here's the formula for a well-balanced brain decision:

Help your client set the criteria of their three to five most important factors in the decision. As an example, ask a buyer, "What are the three most important things you are looking for in a home?"

Within these boundaries, if it feels good, do it! If your buyer finds a home that has their three to five most important criteria, and it feels good; then, it's probably the right home for them. It's as simple as that. You will have happy clients and an abundance of referrals. ●



*Reprinted with permission of REAL Trends, Inc. Copyright 2017.*

# Easy Icebreaker Ideas for Creating New Business

In supercharged real estate markets like the Denver metro area, every move counts. That's why Jickson Chacko never overlooks an opportunity to shop for new clients; literally.

"Wherever I am, personally or professionally, it just comes naturally to talk to people about real estate," said Chacko, a Realtor® with Cherry Creek Properties, Denver, Colorado. "And, using the RPR app as my icebreaker, I'm able to transition a casual conversation into a working relationship with ease."

At grocery store checkouts, a dentist's office, or while at the local playground with his young son, Elijah, Chacko is confident enough in his abilities and the tools at hand to spark conversations about the real estate market, knowing he can act upon any inquiry just by tapping into RPR's app on his mobile device.

"It's always awkward for an agent to open with 'Hi, I'm a Realtor®. Can I have your contact info for my marketing lists?'"

It's much easier to just start talking to them about the market or the value of their home and then instantly give them accurate information."

Chacko's next "natural steps" include pulling up RPR on his phone the moment a potential new client demonstrates curiosity about the value of their home, or what another home in the neighborhood has sold for.

"RPR's app is a great way to initialize conversation with a potential client without even seeing their property," says Chacko. With RPR's Realtor Valuation Model®

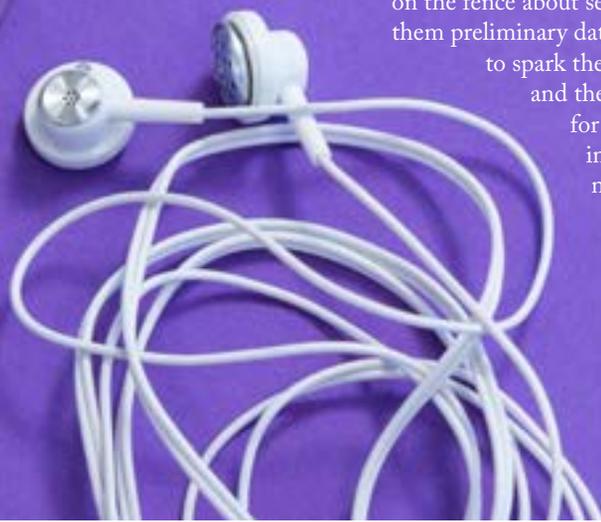
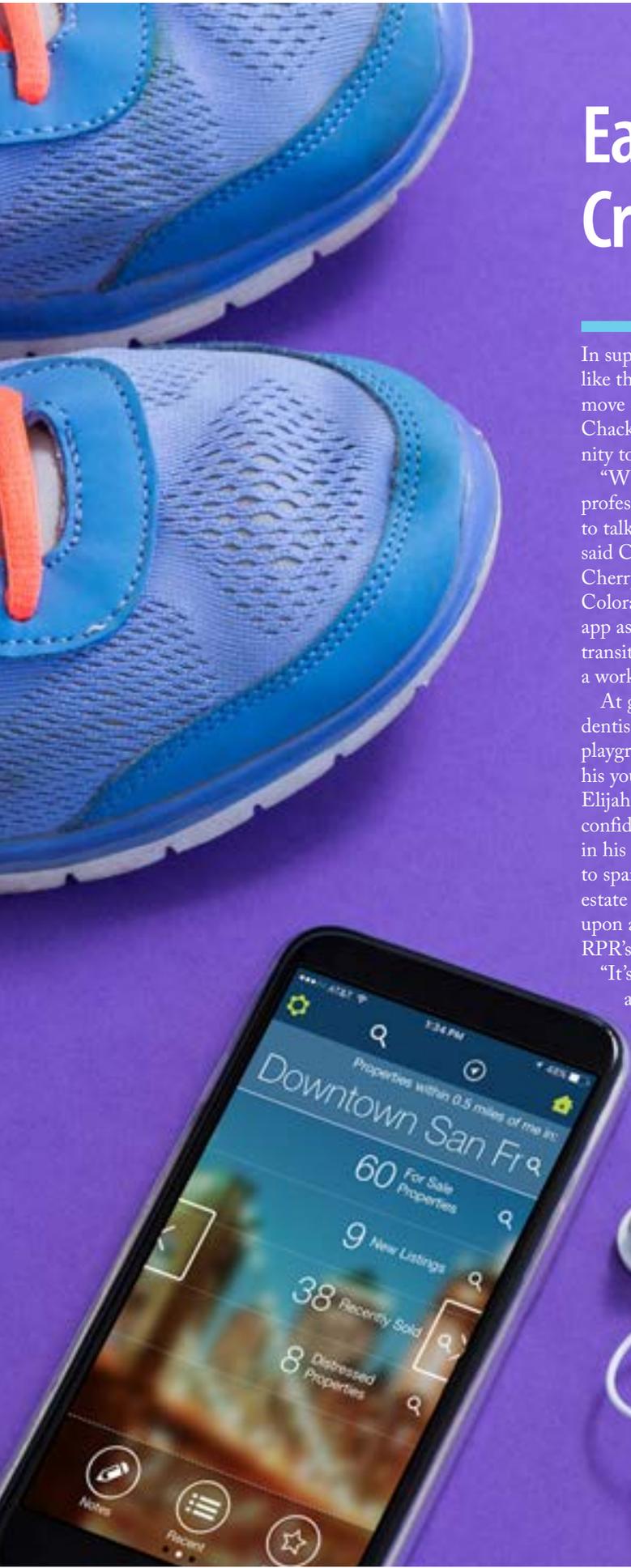
(RVM®)—the only Realtor®-owned, auto-

ated valuation product that incorporates listing and sales data from the MLS into a property's valuation—he can instantly share what the subject property is worth and the range it could be listed for. The app's mapping feature also reveals every home in the neighborhood and hundreds of datasets to go along with each.

"People are amazed by what I can show them on my phone," he states. "Especially those who are sitting on the fence about selling. I give them preliminary data, just enough to spark their interest, and then politely ask for their contact info to offer next steps."



REALTORS  
PROPERTY  
RESOURCE



All it takes is an email address for Chacko to capture a commitment. “Right then and there, I’ll create an RPR Property Report and send it to them using my phone. Within seconds, they’ve got more accurate information than they thought possible.”

RPR’s Property Report summarizes the overall characteristics of a property such as values, foreclosure activity, market statistics, demographics, property history, taxes, and school information. The report also includes current and historical photos.

“Here’s the thing,” says Chacko. “RPR’s reports are beautiful. And, they look like I wrote the whole thing myself over a long period of time.

Then I remind them that the report is free ... and there’s more to come.”

Next, Chacko follows up with his prospects, offering a more thorough evaluation of the property or to set up a buyer tour. It’s then that he uses RPR website to run a comps analysis, conduct a property search, refine the value of a subject property, and/or run any of the eight branded reports afforded to him as a Realtor®.

“There’s a lot of hand holding when working with clients,” repeats Chacko. “I make it my business to help buyers make indisputable offers, lead sellers to realistic list prices, and for everyone I represent to benefit from the transaction. And I couldn’t do it without RPR.” ●



Wherever I am,  
*personally* or  
*professionally*, it  
just comes naturally

to **TALK TO**  
**PEOPLE ABOUT**  
**REAL ESTATE.**



# THANK YOU SPONSORS

## Event Sponsors



## Event Exhibitors

Commission Express of Michigan  
CUTCO

Howard Hanna Real Estate  
Independent Bank

ShowingTime  
ZipLogix

as of 3.29.17

# Preparing for 2018-19 USPAP: It's Not Too Early to Plan for Changes

BY MICHEAL R. LOHMEIER,  
FASA, MAI, SRA, MMAO(4)

The Uniform Standards of Professional Appraisal Practices (USPAP) provides the Michigan real estate appraiser with the minimum ethics and performance requirements to which he/she must adhere when serving as an appraiser as well as on the service if determined appraisal or appraisal-related (i.e., valuation services.)

USPAP PREAMBLE states, in pertinent part, the primary objective of USPAP is “to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers.”

The Appraisal Standards Board (ASB) of The Appraisal Foundation (TAF) is responsible for developing, amending and interpreting USPAP and does so only after public exposure is provided for comment. Comments come from a variety of sources and include appraisers from all disciplines and specialties, users of appraiser services as well as various individuals and associations who have an interest in having sound appraisal practices, including for profit and non-profit organizations. Because of the exhaustive standards of care used by the ASB to ensure comments are received and properly considered and discussed, USPAP may be considered a collective paradigm of minimum best practices for appraisal professionals.

On February 3, 2017, and after three public exposures for comments, the ASB adopted modifications to the USPAP. These changes will become effective from January 1, 2018 through to December 31, 2019 for what will be the official *USPAP, 2018-19 Edition*. Appraisers need to keep in mind this may be modified by amendment if the ASB considers

changes necessary within this time. However, mid-edition changes are not proposed or even being considered at the time of this writing.

When is the best time to prepare for these changes to USPAP? I have always believed the best time is long before they are effective. So right now is a perfect opportunity to start digesting and considering what you will need to do.

The following provides a brief overview of the changes made. For more detailed information please see the *Third Exposure Draft of Proposed Changes for the 2018-19 Edition of the Uniform Standards of Professional Appraisal Practice*, found on TAF website.

## DEFINITION OF REPORT AND EDITS TO THE ETHICS RULE (ER) AND RECORD KEEPING RULE (RKR)

Revisions were made to the definition of *Report*. Its definition was modified with its “Comment” deleted. The definition now reads: “any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment”

The Conduct section of the ER was expanded to clarify the appraiser’s responsibilities relating to its *report* as well as to all its *assignment results*. The changes state an appraiser:

- must not use or communicate a report or assignment results known by the appraiser to be misleading or fraudulent and
- must not knowingly permit an employee or other person to communicate a report or assignment results that are misleading or fraudulent.

The RKR was edited in a few areas to clarify an appraiser's workfile responsibility. This includes:

1. A workfile must be in existence prior to the issuance of any report OR other communication of assignment results. This change provides a mechanism for enforcement agencies, and others, to review the work an appraiser has done to reach any assignment result (i.e., opinion)
2. An appraiser must have a workfile in support of a Restricted Appraisal Report, or an oral appraisal report must be sufficient to produce an Appraisal Report. A workfile in support of an oral appraisal review report must be sufficient for the appraiser to produce an Appraisal Review Report.

Although *DRAFT* reports were as discussed, no change

was made, as there were potential unintended consequences which could occur. *Draft* reports will continue to be discussed by ASB.

**DEFINITIONS OF ASSIGNMENT, ASSIGNMENT CONDITIONS, INTENDED USE AND INTENDED USERS AND RELATED EDITS TO THE COMPETENCY RULE (CR)**

Definition of Assignment was revised to clear up language of appraiser-client agreement. Assignment Conditions was added as it is used within the SCOPE OF

WORK RULE (SOWR) and relates to the requirements needed for credible assignment results and includes any assumptions, extraordinary assumptions, hypothetical conditions, jurisdictional exceptions and other conditions that affect the scope of work.

The definition of Intended Use was revised to make clearer the responsibilities relating to the use of assignment results. Intended User was revised to clear up the language relating

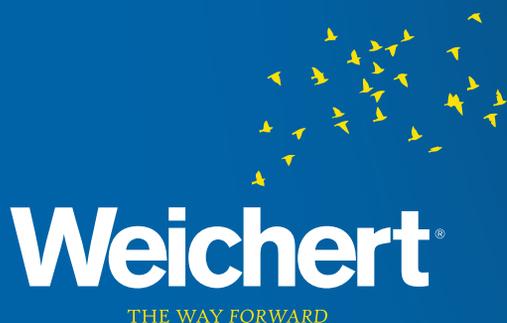
“ On February 3, 2017, and after three public exposures for comments, the **ASB ADOPTED MODIFICATIONS TO THE USPAP.** These changes will become effective from January 1, 2018 through to December 31, 2019. ”



# Be in business for yourself, not by yourself.

## With Solutions.

- ▶ The technology you need
- ▶ The leads you want
- ▶ The support to succeed



Looking for a change? Ready to take your career  
to new heights? Join our team.

Call your local Weichert® office today or 800-301-3000,  
or visit [jobs.weichert.com](http://jobs.weichert.com).

**Weichert  
Realtors®**

to its identification based on communication with the client. Additional edits were made to CR to ensure consistency for the above mentioned definition changes.

### DEFINITION OF ASSUMPTION AND EXTRAORDINARY ASSUMPTION

The term Assumption was deleted from USPAP's DEFINITIONS as it is not a specialty term used, but instead is for ordinary assumptions made in every appraisal assignment. The term Extraordinary Assumption (EA) was revised to make it clear that the use of an EA is assignment-specific and not general.

### DIVIDING STANDARD 3, APPRAISAL REVIEW, INTO STANDARD 3, APPRAISAL REVIEW, DEVELOPMENT AND STANDARD 4, APPRAISAL REVIEW, REPORTING

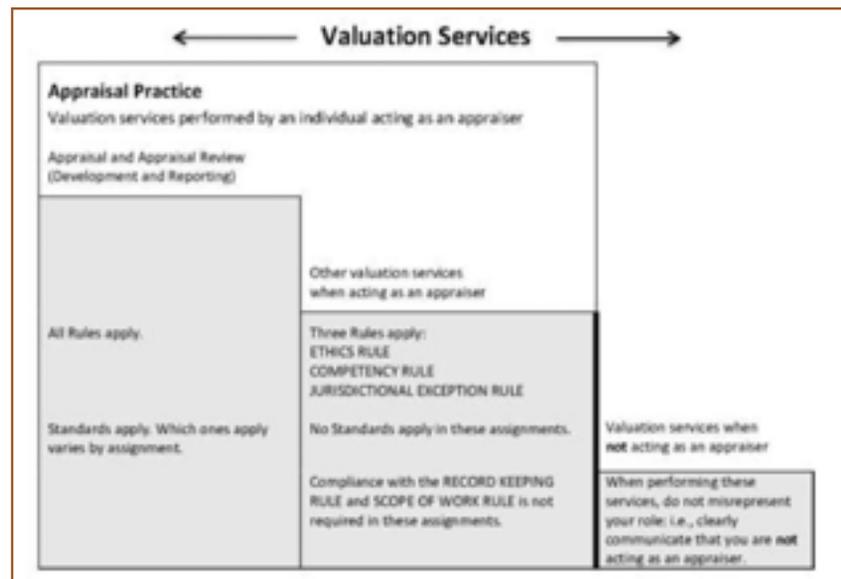
In an effort to improve consistency among the STANDARDS, STANDARD 3 was divided into two respective STANDARDS. STANDARD 3 Appraisal Review, Development is similar to STANDARD 1 Appraisal, Development and STANDARD 4 Appraisal Review, Reporting is similar to STANDARD 2 Appraisal, Reporting.

### ADVISORY OPINION (AO) ADDITION AND REVISIONS

AO 1 was revised to provide additional guidance on what constitutes property *analysis* and *reporting* related to prior and pending sales and current listings of a property being appraised (i.e., subject property).

AO 21 was revised to replace the prior bubble diagram and include a

better way to visually represent the relationship between valuation services and appraisal practice services. The following illustration will assist appraisers and users of appraisal services in determining when a service is a valuation and when it is a part of the small subcategory of appraisal practice.



AO 31 was revised relating to assignments involving more than one appraiser and provides guidance related to *significant appraisal assistance* in an assignment.

AO 32 was revised relating to ad valorem property tax appraisal and mass appraisal assignments to reflect the bifurcation of STANDARD 6 into STANDARDS 5 and 6.

AO 37 was created and pertains to the use of computer assisted valuation tools. It addresses an appraiser's responsibilities when relying on adjustments, trend analysis or other information that is generated using software or other online services.

Other changes were made to STANDARD 7 and 8 for personal

### 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.



property appraisers relating to the deletion of the term market value and the revision of its respective certification to reflect responsibilities relating to specialty assets that are not included in the appraisal. Numerous other edits were made throughout USPAP for consistency and clarity purposes. ●



*\* Micheal R. Lohmeier, MMAO(4), PPE, FASA, MAI, SRA, is City Assessor for the City of Novi. He holds the Michigan Master Assessing Officer (4), Personal Property Examiner, and Michigan Certified General Real Estate Appraiser certifications. He has authored and taught extensively on subjects involving real estate, valuation and property tax locally and nationally. He is available at 248.347.0493 by email at Mlohmeier@cityofnovi.org, and may be connected through LinkedIn, Facebook, and Instagram.*



## What It Takes For A Binding Purchase Agreement

As most of you are aware, in order to form a binding purchase agreement it is not necessary that a seller and buyer sign a document with ten pages of terms and conditions. The Michigan Court of Appeals recently explored the question of what are the barebones requirements for a purchase agreement.

In 1988, Daniel Artibee and his wife purchased a home and garage in the Upper Peninsula on leased land. At that time, the land was owned by the Cleveland Cliffs Iron Company. By 2002, the Upper Peninsula Power Company had acquired the land, from which Artibee and his wife leased three separate parcels. One of the three parcels included Artibeets' home and garage. Later, in 2010, the land and the lessor's interest in the leases were transferred to UP Hydro, LLC.

On May 28, 2013, Artibee received a letter from UP Hydro, LLC that provided as follows:

*Dear Mr. Artibee:*

*This letter is sent on behalf of UP Hydro, LLC ("UP Hydro"), lessor under the above referenced lease or leases (whether one or more, the "Lease").*

*UP Hydro is prepared to offer you, pursuant to the terms and conditions of a separate offer agreement to be signed by us, the following in regard to the Lease:*

*1) UP Hydro will sell you the land your home and garage occupy (subject to survey and creation of a legal description[] acceptable to both parties) for Ten thousand dollars (\$10,000.00), including the old school house/VFW building located on UP Hydro's land.*

*Please confirm in writing to the address below before June 15, 2013 whether the above general terms are acceptable to you. If we receive notice from you on or before June 15, 2013 that these terms are acceptable to you, then we will immediately prepare and send you a form of offer for your review. If you reject these terms or fail to notify us on or before June 15, 2013, then we will assume that you have rejected these terms and will proceed accordingly with our rights under the Lease.*

The letter was sent by Tom Berutti, a representative of UP Hydro.

It would appear that Mr. Artibee was quite amenable to UP Hydro's offer. Mr. Artibee, in a handwritten letter dated June 6, 2013 advised Mr. Berutti as follows:

*Dear Mr. Berutti:*

*Pursuant to the terms as defined in this letter and per our personal conversation(s), I and my wife Gloria Artibee Accept said terms as stated pending survey and legal description(s) acceptable to both parties.*

*We eagerly await your response and action(s) so we can at last finalize our concerns over this matter.*

The parties then proceeded forward as if they had an agreement. Artibee and Berutti walked around the property to flag what they presumed to be the boundary lines. UP Hydro hired a surveyor who surveyed the property and created a legal description. The survey differed from where Artibee and Berutti had thought the boundary lines would be when they walked the property. The surveyor said that it was necessary for him to change the presumed boundaries so that the property line would lie a certain distance from a Federal Energy Regulatory Commission line. The surveyor later testified that the new boundary line was very close to Artibee's garage, "perhaps even touching it." While Artibee initially was disappointed and disapproved of the survey, he eventually accepted the survey and resulting legal description.

For unspecified reasons, UP Hydro refused to proceed forward with the sale. Less than a month after the survey and legal descriptions were done, UP Hydro served Artibee with a notice of quit. UP Hydro then began an action in the district court to recover the property and evict Artibee. Artibee brought a counterclaim against UP Hydro for breach of the purchase agreement and to quiet title. This resulted in the lawsuit being removed to the circuit court. The circuit court then granted summary disposition to UP Hydro, finding that the parties had not formed a contract to sell the property because no actual purchase agreement form was ever created and executed by the parties, and because the parties had not agreed on the legal description of the property. The circuit court found that UP Hydro could pursue its remedies against Artibee under the lease agreements. Artibee appealed the circuit court's decision.

On appeal, UP Hydro argued that there was no binding contract because the initial letter had plainly stated that it was "pursuant to the terms and conditions of a separate offer agreement to be signed by us." UP Hydro argued that because of this statement, UP Hydro's initial

offer letter and Artibee's "acceptance" letter constituted nothing more than an unenforceable agreement to negotiate. The Court of Appeals agreed that a contract to make a contract can fail for indefiniteness if it does not include essential contract terms. However, the Court of Appeals found that where a writing expresses all essential terms, the instrument is considered an enforceable contract. Thus, in this case, the key question was whether Berutti's May 28, 2013 letter and Artibee's June 6, 2013 handwritten letter expressed all of the essential terms for a contract for the sale of land.

The Court of Appeals stated that there are three essential provisions for a contract for the sale of land. The contract must identify the property, identify the parties and state the consideration to be paid. In this case, there was no question that the two letters identified the parties (UP Hydro and Artibee), the consideration (\$10,000) and a general description of the property, i.e., "the land [Artibee's] home and garage occupy."

UP Hydro argued that because the letters stated that the contract was subject to reaching an agreement on the legal description, the letters lacked an essential term for a contract for the sale of land, i.e., they did not identify the property. Artibee did acknowledge that Berutti informed him that the boundary lines for the property were subject to survey. Artibee also acknowledged that he was concerned that if he rejected the survey, "probably the contract would have been negated, but we accepted it." Artibee nonetheless argued that the general description of a property in the letters was sufficient to form a binding contract. The Court of Appeals agreed with Artibee.

The Court Appeals found that a sufficient description of property in a contract for the sale of land is one that "when read in the light of the circumstances of possession, ownership, situation of the parties, and their relation to each other and to the property, as they were when negotiations took place and the writing was made, . . . identifies the property." In this case, when the parties began their negotiation for the potential transaction, Artibee had been leasing three parcels of property since 1988 and had lived on the property since that date. Further, there were specific descriptions of the property in each lease. Thus, given the length of the arrangement (i.e., since 1988) and the descriptions of the property

in the leases, the Court of Appeals found that the statement in Berutti's letter identifying the property as "the land your home and garage occupy" as supplemented by the leases was sufficient to identify the property.

UP Hydro also contended that there was no binding contract for the sale of land because the parties could never agree upon a legal description, i.e., a condition precedent was not met. However, the Court of Appeals noted when one party prevents a condition precedent from occurring, that party waives the performance of the condition. A party can prevent a condition precedent from occurring either by taking affirmative action or by refusing to take action required under the contract. The Court of Appeals found that UP Hydro had prevented an agreement on the legal description. Since the only change from the anticipated property lines resulting from the survey was to the disadvantage of Artibee, the Court of Appeals found that UP Hydro had no good faith basis to invoke this condition precedent in order to cancel the agreement established by the letters. The Court of Appeals concluded that Artibee had a legal, binding contract for the sale of a property upon which his home and garage were located.

The Michigan Court of Appeals  
recently explored the question of

## WHAT ARE THE BAREBONES REQUIREMENTS

for a purchase agreement.

Obviously, a detailed purchase agreement containing all relevant terms and conditions minimize the likelihood of confusion and/or disputes and is certainly preferable to an exchange of letters with the only basic minimum terms. That being said, the bottom line is that a binding contract for the sale of real estate only requires a writing identifying the property, the parties and the amount that will be paid. ●



The Business & Events section provides a cost-effective way for members and service providers to advertise to over 28,000 Realtors® across the state of Michigan. To have your business card sized ad (2" x 3.5") featured in the next issue for only \$200 for Michigan Realtors® members and \$250 for non-members, contact Joe Kras at 800.454.7842 or [jkras@mirealtors.com](mailto:jkras@mirealtors.com).

**Real Estate TODAY LLC**

*Marilyn Mayberry*  
Associate Broker

33228 W. 12 Mile Road, Suite 150  
Farmington Hills, MI 48334  
CELL: 248.330.7381 | OFFICE: 248.476.1300  
FAX: 248.213.6393 | TOLL FREE: 888.838.7361  
[Realestatetodayllc@gmail.com](mailto:Realestatetodayllc@gmail.com) | [www.realestatetodayonline.com](http://www.realestatetodayonline.com)




The highest standards in Real Estate reside here.

**PRINCIPAL**  
BROKERS NETWORK  
PRIVATE REAL ESTATE BROKERS

What are your standards?  
**Frank J Tarala 586-215-9933**  
All inquires are strictly confidential

**NEED HELP?**  
Call REGGIE FLUKER for a BETTER FUTURE.



**AMAZING!**  
Real Estate Solutions  
*Our Name Says It ALL!*

REGGIE FLUKER, MBA  
MR DIRECTOR, DIST. 13

(248)721-4848 □ (313)832-0523

*"Building Brokers, One Salesperson at a Time."*



ROBIN STRESSMAN, GRI, CRS, ABR®  
Associate Broker

(989) 953-7349 BUSINESS  
(989) 773-2197 FAX  
[robin@mtpleasant.net](mailto:robin@mtpleasant.net)

**COLDWELL BANKER**

MT. PLEASANT REALTY & ASSOC.  
304 East Broadway St.  
Mt. Pleasant, MI 48858  
[www.mtpleasant.net](http://www.mtpleasant.net)

Each Office is Independently Owned And Operated.





MICHIGAN REALTORS®

# THE CONVENTION

Amway Grand Plaza Hotel & DeVos Place, Grand Rapids • Sept 27-29, 2017

Online registration opens June, 2017 | [mirealtors.com](http://mirealtors.com)

Proud partner in NAR's  
REALTOR Benefit Program.



# Want to significantly increase your earning power? Say **ABR<sup>®</sup> ACADABRA.**

The Accredited Buyer's Representative (ABR<sup>®</sup>) designation works magic on your business. ABR<sup>®</sup> designees receive specialized education and exclusive member benefits that enables them to provide extraordinary service to homebuyers through every stage of the home buying process.

**It's never been easier to elevate your business.**

Start earning your ABR<sup>®</sup> today.

Sign up for a course at [REBAC.net/abr/how](http://REBAC.net/abr/how)



# Nearly 1/2 of all Michigan REALTORS®



## **That's how many real estate professionals are represented by Realcomp. Surprised?**

We're honored. And, through our current data sharing initiatives, it's estimated an additional 42% have access to Realcomp MLS data.

You can do the math. That's a lot of industry talent helping you sell your listings and paying you to sell theirs. Just one of the compelling reasons why Realcomp is the MLS choice. For an entire Top 10 List, visit us on Facebook.

---

To learn more about how Realcomp can help you to list and sell more real estate, see our Statement of Services at <http://Realcomp.MoveInMichigan.com> or scan our QR code.



***Your success is our success!***



Phone: 866.553.3003

[Realcomp.MoveInMichigan.com](http://Realcomp.MoveInMichigan.com) | [www.MoveInMichigan.com](http://www.MoveInMichigan.com)

[www.facebook.com/realcompimls](http://www.facebook.com/realcompimls) | [twitter.com/realcompmls](https://twitter.com/realcompmls)