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100th ANNIVERSARY

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MICHIGANREALTORS[®] Centennial Magazine

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100th ANNIVERSARY

FOREWORD

Gene Szpeinski

100 YEARS IN THE MAKING. .

by Gene Szpeinski, 2015 Michigan Realtors[®] President CAR, CBOR, GRAR

Hello, Michigan Realtors[®]! As March winds begin to bring forth the promise of spring, Michigan Realtors[®] will be busy celebrating 100 years in the real estate industry. This year also brings transitions to our leadership team.

Bill Martin, who has led Michigan Realtors[®] since 2002 as its CEO, will be leaving us as of March 20. We have been blessed to have Bill as our leader. He has elevated the presence and reputation of Michigan Realtors[®] not only in Michigan, but also on the national level. His abilities on a professional and personal level are extraordinary. Bill will remain in the Realtor[®] family by taking the CEO position with the 140,000+-member Florida Realtors[®] on March 23.

In a succession plan in place since 2011, Rob Campau, who has been with Michigan Realtors[®] since 1994, will assume the reins as CEO. Rob has long served in the public policy arena for Michigan Realtors[®] and has held the position of COO since 2012. His knowledge, intelligence, warmth and sense of humor are legendary. We are extremely fortunate to have him ready to take over the CEO reins for Michigan Realtors[®] in what will be a seamless transition.

Our Legislative Day event will be spectacular, combining informative panel discussions with leaders from the Senate and House, special speakers, a tour of the history-filled Capitol and an opportunity to give special thanks to two tremendous leaders and amazing individuals, Bill Martin and Carol Griffith, our 2014 president.

You may be thinking..."What's so important about a Legislative Day on our 100th birthday?" Essentially, it brings us to our roots and what we pledge to protect when we become Realtors®. The first statement of the Realtor's® Pledge is "to protect the individual right of real estate ownership and to widen the opportunity to enjoy it." In our Statement of Public Policy, we "affirm our commitment to being the recognized public policy and legal advocate for private property rights and the real estate industry. We will design and advance legislation and assess and recommend support or opposition to legislation and regulatory reforms which promote and protect Realtor® interests and private property rights." As Realtors®, we pledge and commit to be advocates. So on March 4, you can meet some political leaders, have a good lunch, hear a great speaker and honor superb leaders. Capitol tours are also available. Hope you can join us - you will be glad you did!

What else do we have in store in this, our 100th year? June 7 to 9 will be "grand" with Michigan Realtors® at Grand Hotel. Mackinac Island and Grand Hotel are filled with "Pure Michigan" history. For those who have never visited the island, where else can you hike by historic homes, bike around



an island, watch freighters and ferries churn the water, view a five-mile bridge that joins our state together, eat great meals (and some fudge, too), hear a cannon fired, see a historic fort, play golf (both regulation and putting), play croquet, bowl at duckpins, plus network and hang out with industry leaders from around the state?

We will accomplish a lot more this year than just celebrating our past. Michigan Realtors® have taken these words from our Mission Statement... "the recognized statewide resource (clearinghouse) for professional development, knowledge exchange and business services" and put them into action by taking the historic step of becoming the hub for continuing education in Michigan. The CE Marketplace has been established as a resource for your educational needs to find courses that you would like to take and a way to easily track your credit hours. Continuing Education is an important element to assist you in building your knowledge to better represent your clients. The Michigan Realtors® have stepped up to make CE better for all of us as we embark into the next century.

I will finish up by thanking you for reading this, as well as the opportunity to be your president for 2015.

Have a great spring!

MICHIGAN REALTORS®



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CENTENNIAL EVENTS

Legislative Day & Centennial Celebration March 4, 2015 Lansing

Realtors[®] at Grand Hotel

June 7-9, 2015 Grand Hotel Mackinac Island

Convention & Expo

September 30-October 2, 2015 Detroit Marriott at the Renaissance Center Detroit

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CAPITOL REPORT

Brad Ward, vice president of public policy & legal affairs

WE DON'T LOOK A DAY OVER 99

Hear ye. Hear ye. March 4 marks our 100th birthday. We will celebrate in style with a Lansing advocacy day. Today's legislative issues of professionalism and education originally brought us together to stop "curbstoning" (in the olde-tyme phrase).

Michigan Realtors[®] began in 1915 as the Real Estate Association of the State of Michigan to exert "a combined influence upon matters affecting real estate." Within a year, "Realtor[®]" denoted professionalism and adherence to a strict code of ethics. Since then, our collective voice has influenced the state's property rights, economy and greater good.

Licensing

Michigan's current real estate licensing framework, the Occupational Code, began in 1980. Through education and training, real estate professionals promote fair housing and explain legalities of complex transactions to protect consumers.

Michigan Realtors[®] improves and protects the real estate license. Last year, we made continuing education more responsive to market changes with our CE Marketplace. Through a Department of Licensing and Regulatory Affairs (LARA) grant, we help real estate licensees track continuing education credits.

This year, Senate Majority Floor Leader Mike Kowall (R-White Lake) has sponsored Senate Bill 26 to streamline real estate regulations and more clearly define the relationship between Michigan Realtors[®] and LARA for continuing education. Senate Regulatory Reform Committee Chairman Senator Tory Rocca (R-Sterling Heights) promises swift action on this bill.

Disclosure in Real Estate Transactions

In 1993, Michigan adopted the Seller's Disclosure Act, requiring a residential property seller to tell a prospective buyer certain things about the property's physical condition. Sellers must provide written disclosures for the buyers. Now routine, this significant act protects buyers, sellers and agents from fraud and other deceptive practices.

Last year, Michigan Realtors* supported legislation capping the cost of bulk purchase county property tax records. Many local associations and multiple listing services purchase property tax records for members. Some counties charge nearly \$30,000 annually for these records. When price becomes a barrier, this public information is no longer available to the public.

This year, Representative Bruce Rendon (R-Lake City) reintroduced legislation capping the purchase price of this

information at \$1,500 as House Bill 4075. The bill should go to the House Local Government Committee, chaired by freshman Representative Lee Chatfield (R-Levering). We are meeting with him and committee members.

Real Estate Transfer Tax

Perhaps the most significant change to property values and the real estate transaction was 1994's Proposal A. Until then, property taxes were based on a property's assessed value or an amount equal to 50 percent of the property's market value. Property taxes went up and down with property value changes. Proposal A stabilized the tax. Some tax burden shifted from property to sales tax, which increased from 4 percent to 6 percent.

The transfer tax currently says a seller may apply for a refund if the transfer tax was paid in error or unnecessarily. This refund is available to the seller for four years and 15 days from the qualifying transfer. However, sometimes the buyer assumes payment of the transfer tax through contract – especially when buying from Fannie Mae or Freddie Mac. There is no mechanism for the *buyer* to seek a refund. We believe the refund should be available to the party who paid the tax.

In 2008, the attorney general issued an opinion that exemption "u" of the transfer tax applied when a property's State Equalized Value ("SEV") on the sale date was less than the SEV on the seller's original purchase date, if the property did not sell for more than its true cash value. If a property's SEV on the date the seller purchased it was \$100,000, and the SEV on the date the seller thereafter sold the property was \$99,000, the seller was exempted from transfer tax if the property did not sell for more than \$198,000 (twice \$99,000). Unfortunately, a recent Court of Appeals decision significantly narrowed the exemption's applicability.

New Realtor[®] legislator Representative Dave Maturen (R-Vicksburg) will introduce a bill this session addressing these concerns. As vice chair of the House Tax Policy Committee, he is planning a committee hearing.

We have come a long way in 100 years and are still on the cutting edge of real estate law and policy trends. Please join our birthday celebration on March 4 to educate our state Legislature on these important issues as we enter our next 100 years.

Read the full story online: http://www.mirealtors.com/ Advocacy-Initiatives/Legislative-News



100th ANNIVERSARY

FIRST MICHIGAN STATEWIDE REALTORS® ASSOCIATION FOUNDED

With few major roads built in the early days of the association, it was not easy to attend a convention. Usually, members arrived by train or bus and local members provided transportation for visitors around the city.

Prices in those days sound very reasonable to today's Realtors^{*}. A 1923 flier listed convention hotel rooms at \$2 per night. If a room had a sink, the cost was \$2.50, \$3 for a sink and toilet, or \$4 for sink, toilet and bath.



The 1924 convention

The early conventions included speeches, meetings, meals, contests, sporting events and tours, to last all day. Ladies' entertainment might include a factory tour, bridge, tea or shopping. Men's activities were tours of a prison or automobile factory, golf or speakeasies during Prohibition.



Attendees at the 1927 convention

During the Depression, conventions consisted of more serious meetings to educate the membership on various aspects of the real estate business. With more women attending in the 1940s and 1950s, there were Women's Council meetings and small industry discussion groups. Special interest groups continued into the 1970s and 1980s, with social gatherings to include everyone.



The 1951 convention

Michigan real estate professionals first held a convention in 1914 before the official beginning of the organization. Edward C. Van Husan was president of the Detroit Real Estate Board at that time. He wrote to the officers of the nine real estate boards then existing in Michigan, suggesting they form a state association. The statewide organization began March 4, 1915, at the Hotel Statler in Detroit.

Harry Clough was the first executive secretary and Edward Van Husan was the first president. Other officers were J.J. Wood and Arthur Gilman, vice presidents, and Thad E. Leland, secretary and treasurer. Our first president, Edward C. Van Husan, was a real estate broker and civic activist in the early decades of Detroit's development as a national manufacturing center.

The organization's original name in 1915 was the Real Estate Association of the State of Michigan. Soon after, it became the Real Estate Association, State of Michigan (REASOM). The name was the Michigan Real Estate Association from 1920 to 1974, when it changed to the Michigan Association of Realtors*. Today, we call ourselves the Michigan Realtors*.

At first, the association offices shared those of the Detroit Real Estate Board. The association moved to the United Building in Lansing in 1921. The stock market crash of 1929 made it difficult for local boards to pay dues to the state association, so membership dwindled. One step to save money was closing the Lansing office and using the office of 1932 association President Albert Ehinger, rent-free. Member Hugh J. Hesse personally paid bills the association could not.

In 1950, the association purchased its first office building at 426 Townsend, Lansing. Today's building at 720 North Washington Ave., Lansing, was built in 1979.

Until 1966, only brokers could be members of the association. In that year, salespeople could join.

To encourage and assist undergraduates and graduates studying real estaterelated fields, we have established the Michigan Realtors[®] Scholarship Trust fund, which awards scholarships of up to \$2,000 per year. One fund is named after Russel A. Pointer, a member who advised both the state association and NAR on education programs. Pointer (1897 to 1971) was president of the Michigan association in 1950 and the Saginaw Board of Realtors[®] in 1951. He was also executive director of the Real Estate Extension Program at the University of Michigan. The scholarship fund is going strong, helping many young people aspiring to a career in real estate today.

As Michigan Realtors[®], the organization known for successfully promoting public policy and advocating for private property owners, we celebrate our 100th anniversary in March 2015. Today, the statewide real estate association has 42 local associations, with more than 24,500 Realtors[®], who count on our membership benefits of professional development, knowledge exchange and business services.



Russel A. Pointer



The association's first building



Our building in 2010

MEMBERSHIP

| 1920 | 607 members |
|------|---------------|
| 1922 | 795 members |
| 1928 | 1,170 members |

STOCK MARKET CRASH OF 1929 AND GREAT DEPRESSION

| 1931 | membership dropped 65 percent from |
|------|--------------------------------------|
| | 1928, to 400 members |
| 1934 | 371 members |
| 1944 | 930 members, with returning veterans |
| 1945 | 1,230 members |
| 1962 | 2,035 members |
| | |

1973 more than 16,000 members

1978 23,613 members

1979 29,048 highest number to that point

Then interest rates soared to 18 percent, and more than 40 percent of real estate professionals left the field between 1979 and 1984. Membership dropped to 17,900 during that period and reached almost 22,500 by 1990.

| 2000 | 26,016 members |
|------|----------------|
| 2007 | 28,213 members |
| 2015 | 24,500 members |

| - |
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| |
| |
| |

MICHIGANREALTORS® PAST PRESIDENTS

| 1915 | Edward C. Van Husan* | 1940 | Hugo J. Hesse* | 1967 | Charles P. Hornauer* | 1994 | Dennis Goff |
|------|-----------------------|------|-------------------------|------|--------------------------|---------|------------------------|
| 1916 | Leon T. Closterhouse* | 1941 | I.R. Blanford* | 1968 | Duncan B. McKee* | 1995 | Pat Vredevoogd Combs |
| 1917 | Sanford A. Wiltsey* | 1942 | F.C. Perry* | 1969 | William E. Booth* | 1996 | Linda Rock |
| 1918 | Arthur Gilman* | 1943 | James Atkinson* | 1970 | Eldon K. Andrews | 1997 | Bill Deacon* |
| 1919 | Arthur Gilman* | 1944 | W.L. Cooper* | 1971 | Richard A. Dinger | 1998 | Doug Meteyer |
| 1920 | F.C. Shipman* | 1945 | Donald D. James* | 1972 | Earl G. Keim Jr. | 1999 | Bob Piper |
| 1921 | George C. Keller* | 1946 | Garritt Klinkers* | 1973 | LaVern R. Rice* | 2000 | Carol Frick |
| 1922 | B.A. Knapp* | 1947 | Lawrence L. Cook* | 1974 | Robert H. Carey | 2001 | Scott Griffith |
| 1923 | W.H. Kinsey* | 1948 | Samuel Slavens* | 1975 | Richard M. Fletcher* | 2002 | David Ledebuhr |
| 1924 | Bert J. Baker* | 1949 | Walter F. Perschbacher* | 1976 | Roland J. Ledebuhr* | 2003 | Joe Banyai |
| 1925 | J.E. Anderson* | 1950 | Russel A. Pointer* | 1977 | C. LaVern Robbins* | 2004 | Gilbert White |
| 1926 | Guy S. Green* | 1951 | Edward F. Lambrecht* | 1978 | Daniel L. Rees* | 2005 | Doug Whitehouse |
| 1927 | John Buys* | 1952 | Maurice Allen* | 1979 | John W. Bosch* | 2006 | Cathy Sherman Bittrick |
| 1928 | J.J. Fagan* | 1953 | Arthur C. Early* | 1980 | Blanche Bekkering Kelly | 2007 | Furhad Waquad |
| 1929 | Edward G. Hacker* | 1954 | Kenneth Draper* | 1981 | Wayne Everett | 2008 | Jeffrey Young |
| 1930 | Louis G. Palmer* | 1955 | Bruce J. Annett* | 1982 | Daniel Williamson* | 2009 | Dan Coffey |
| 1931 | Robert P. Gerholz* | 1956 | Stewart E. Butts* | 1983 | Paul Scott | 2010 | Bob Taylor |
| 1932 | Albert L. Ehinger* | 1957 | H. Edward Totzke* | 1984 | Robert H. Thornton Jr.* | 2011 | Claire Williams |
| 1933 | Clifford McKibbin* | 1958 | William V. Louks* | 1985 | Stephen E. Pew | 2012 | Beth Foley |
| | Barney Harkins* | 1959 | Donald H. Treadwell* | 1986 | Conrad Jakubowski | 2013 | Bill Milliken |
| 1934 | Gerald F. Healy* | 1960 | Norman O. Stockmeyer* | 1987 | Elizabeth "Libby" Wright | 2014 | Carol Griffith |
| 1935 | Leonard P. Reaume* | 1961 | William T. Broersman* | 1988 | Peter M. Cornell* | *D | |
| 1936 | Louis G. Palmer* | 1962 | Harold A. Meininger* | 1989 | Robert Heindrichs | *Deceas | ea |
| 1937 | Frank S. Piper* | 1963 | Harold M. Davis* | 1990 | Mel Durbin* | | |
| 1938 | J.G. Lloyd Alexander* | 1964 | Gerald J. Lawson* | 1991 | Al Rietberg | | |
| | Robert W. Keith* | 1965 | Allen Shaffer* | 1992 | Woody King | | |
| 1939 | Arthur F. Bassett* | 1966 | Charles W. Kimball* | 1993 | Bowen R. Broock | | |
| | | | | | | | |



CONGRATULATIONS GENE SZPEINSKI!

2015 MICHIGAN REALTORS® PRESIDENT



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1915

The Real Estate Association of the State of Michigan is formed. It chooses Edward C. Van Husan as its first president.

1920

The association changed its name to The Michigan Real Estate Association. The Michigan state legislature passed the first licensing law in the country, thanks to the enduring work of Judson Bradway and his committee.

1929

On May 12, 1929 Governor Fred Green signed a Bill into law that required new brokers to pass a written examination to receive a broker license.

1938

J. G. Lloyd held both the President and Executive Secretary post simultaneously.

1950

The Association purchased its first building located at 426 Townsend, Lansing, MI.

MICHIGAN



Here are just a few moments in Michigan Realtors® History. Watch for the traveling

2007

The Michigan Association of REALTORS® were instrumental in defeating then-Governor Granholm's proposal to institute a 2% tax on services, including all real estate-related services. Over 10,000 members participated in a Call to Action, urging their legislators to oppose any taxation on real estate services.

2009

Legislation to protect commercial brokers against losing rightfully earned commissions was enacted. The Commercial Broker Lien Act allows a lien to be placed on commercial property for non-payment of commission.

1993

With the passage of the Seller Disclosure Act of 1993, a person selling residential property in Michigan is required by law to tell the prospective buyer certain things about the property's physical condition. A seller must disclose this information by completing a written disclosure statement and giving it to the buyer.

1968

On May 17, the Michigan Legislature passed the "Fair Housing Act." The Governor signed it into law on June 11 of the same year.

1972

The first Equal Opportunity Committee was formed and by the following year all boards were asked to adopt the code of practices as developed by the National Association of Realtors[®].

1974

Association changed its name to the Michigan Association of REALTORS[®].

1979

The present Association headquarters was built at 720 North Washington, Lansing, MI.

1980

Blanche Bekkering was elected the first female President of the Association.



nobile displays at your local association office throughout the year to view more historic moments in real estate.

2011

Elimination of the Michigan Business Tax (MBT) and Statewide Taxation Reform – The legislature passed historic legislation containing much needed structural tax reforms, along with the elimination of the Michigan Business Tax (MBT) and its burdensome 22% surcharge. The passage of this legislation created a positive business environment to attract and retain jobs in Michigan.

2012

RPAC plays a key role in getting the Personal Property Tax (PPT) phased out.

2014

The Association has a new name; the Michigan Association of REALTORS® is now Michigan Realtors®. Legislation is passed that provides greater flexibility in what can be offered and approved for real estate Continuing Education (CE) credit. The law enables Continuing Education to be more responsive to the needs of our members, the changes in the market, and the changes in technology.

2015

Michigan Realtors® celebrate its 100th anniversary.



LEADERSHIP AND VOLUNTEERS

Before the Michigan Association of Realtors* even existed, the Detroit Real Estate Board hired Harry T. Clough to be its executive secretary for one year as of April 1, 1914. His salary was \$1,800. Edward C. Van Husan was Detroit board president and became the statewide organization's first president.

In addition to serving as an elected association officer in the early 1920s, J.G. Lloyd Alexander was the association's part-time state lobbyist. Association members also participated on the Realtors[®] Washington Committee, to lobby Congress.

Miss Ruth Whiting was hired in 1924 as assistant to the executive secretary. She served as acting secretary for part of 1938, and then became executive secretary in 1943 until her retirement in 1959.

Executive Vice President Bert Saunders served from 1940 to 1968. In 1958, he proposed a Greater Detroit Real Estate Board, made up of several smaller boards (including black Realtor[®] groups). From 1940 to 1965, Bert also served as our lobbyist, along with the Legislative Committee. He studied bills introduced in the House and Senate relating to real estate sales, rentals, leases, appraisals, management, taxation and any other types of real estate law. During Bert's administration, membership grew from 625 in 21 boards to 7,000 members in 44 boards and we had our own building.

Beryl I. "Ken" Kenyon took over as lobbyist from Saunders in 1965, when the Legislative Committee was renamed the Realtors[®] Michigan Committee.

Ray Kisor, a commercial real estate broker, retired in 2014 after a real estate career of more than 40 years. His relentless passion for Grand Rapids, philanthropy and expertise helped develop important downtown revitalization projects alongside Richard Gillett, Peter Secchia and John Wheeler. Some of these projects are the Gerald R. Ford Museum, Van Andel Arena/Arena District, Cherry Street Landing and Grand Valley State University's downtown campus. Harry T. Clough, first executive secretary, 1915 to 1920



Edward C. Van Husan, first president, 1915



Bert Saunders, right, receives an appreciation award from Governor George Romney for promoting Michigan.

Ray Kisor and Ronald Reagan



Women in Michigan Real Estate

When the association was first formed, very few women were selling real estate. The 1910 census counted 670 men in real estate in Detroit, with only 19 women. The 1920 census found 4,433 men and 258 women in Detroit real estate. At early association conventions, women's activities included luncheons and dinners, often separate from the men's activities. In 1926, the Detroit board did not



even invite women, so there was no dancing.

Some women used only their initials on their real estate licenses, so it is difficult to know how many there were in the 1920s and 1930s. Some of the early women were (Mrs.) Ethel L. Barnard, (Miss) Esther Winkler, Edna Milford, Agnes Ekelman and Maude B. Billman. The Detroit board admitted its first female member, Harriett D. Kelly, in 1942.

The Women's Council of the Michigan association received its charter in January 1948. Officers were Edna Milford, president; Ethel M. Diring, vice president; and Hazel M. Standish, secretary-treasurer. That year, there were 63 women on Michigan real estate boards, with (Miss) Alice Burwell president-elect of the Paul Bunyan board, the first to serve on a local board in that capacity.

Other women important in the association leadership in following years were Hilda Musselman, Nadja Ritter and Blanche Bekkering Kelly. Kelly, from Flint, was the first woman president of the Michigan Association of Realtors[®] in 1980. Elizabeth "Libby" Wright was the first from Michigan to serve as the Women's Council president of the national association in 1982, and the second female president of the Michigan association in 1987. In December 1989, Louise Perry became the first African-American woman to head the Detroit board, 25 years older than the statewide association and important in its founding.

At our 75-year point, the national association reported that about 64 percent of active people in real estate were women. In 1990, there were eight women on the Michigan board of directors, with 20 of the 51 boards led by women. In addition, 33 had a female executive officer.

In 2007, Pat Vredevoogd Combs became president of the National Association of Realtors[®] at a time when housing markets were shifting, transactions were becoming more complex, and the real estate industry was the focus of an unprecedented level of government scrutiny. With more than 35 years at the time as a real estate practitioner in Grand Rapids, Mich., the hard-working Combs succeeded in nearly every type of market and made it look easy.

Up to the present time, seven more women have served as our statewide president, including 2014's president, Carol S. Griffith.



From left, Carol Griffith, Livingston County, and Beth Foley, WMLAR, both Michigan Realtors[®] past presidents, stand at the steps of the Michigan State Capitol after a board meeting.

Blanche Bekkering Kelly, first woman president of the Michigan Association of Realtors[®], 1980



Pat Vredevoogd Combs, 2007 National Association of Realtors[®] president

The title of our top executive has changed over the past century.



We thank these leaders for making our organization what it is today.

Executive Secretaries

| Harry T. Clough | 1915-1920 |
|---------------------------------|-----------|
| Lester C. Batdorff | 1920-1925 |
| John A. Doelle | 1925-1929 |
| Louis "Doc" Webber | 1929-1934 |
| J.G. Lloyd Alexander | 1934-1938 |
| Ruth Whiting (acting secretary) | 1938 |
| Carroll F. Sweet | 1938-1940 |
| | |

Executive Vice Presidents

| A.R. "Bert" Saunders | 1940-1968 |
|------------------------|-----------|
| Richard "Dick" Philleo | 1968-1976 |
| Richard D. O'Neill | 1976-1985 |
| Donald W. Freels | 1985-1992 |
| Daniel Dressman | 1993-1995 |

Chief Executive Officers

| Dennis Koons | 1995-2001 |
|---------------|--------------|
| Bill Martin | 2002-2015 |
| Robert Campau | 2015-current |

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ANNOUNCING THE 2014 RPAC AWARD WINNERS!

2014 WAS THE MOST SUCCESSFUL YEAR IN THE HISTORY OF RPAC, RAISING \$750,000! WE CONGRATULATE AND THANK ALL LOCAL ASSOCIATIONS, MEMBERS AND AFFILIATES WHO INVESTED IN RPAC.

BELOW ARE THE LOCAL ASSOCIATIONS WHO WENT ABOVE AND BEYOND THEIR RPAC STATE GOALS. A FORMAL AWARDS CEREMONY WILL TAKE PLACE AT MICHIGAN REALTORS' AT GRAND HOTEL, JUNE 7-9TH, 2015

GREATEST OVER GOAL

Small Board: Commercial Alliance of Realtors® Medium Board: West Michigan Lakeshore Association of Realtors® Large Board: Grand Rapids Association of Realtors®

GREATEST PARTICIPATION

Small Board: Battle Creek Area Association of Realtors® Medium Board: West Michigan Lakeshore Association of Realtors® Large Board: Grand Rapids Association of Realtors®

MOST IMPROVED

Small Board: Saginaw Board of Realtors[®] Medium Board: East Central Association of Realtors[®] Large Board: Grand Rapids Association of Realtors[®]

Congratulations To The Following Local Associations Who Exceeded Their State RPAC Goal In 2014!:

Ann Arbor Area Board of Realtors® Battle Creek Area Association of Realtors® Central Michigan Association of Realtors® Commercial Alliance of Realtors® Commercial Board of Realtors® Down River Association of Realtors® Easter Upper Peninsula Board of Realtors® East Central Association of Realtors® Grand Rapids Association of Realtors® Greater Kalamazoo Association of Realtors® Greater Lansing Association of Realtors® Jackson Area Association of Realtors® Livingston County Association of Realtors® Midland Board of Realtors® Mason Oceana Manistee Board of Realtors® Monroe County Association of Realtors® Montcalm County Association of Realtors® Northeastern Michigan Board of Realtors® Saginaw Board of Realtors® Southwestern Michigan Association of Realtors® St. Joseph County Association of Realtors® Traverse Area Association of Realtors® West Michigan Lakeshore Association of Realtors®

And New To 2014, We Would Like To Announce The Following Winners Of The Performance Achievement Awards:

Ann Arbor Area Board of Realtors® Battle Creek Area Association of Realtors®® Branch County Board of Realtors® Eastern Upper Peninsula Board of Realtors® East Central Association of Realtors® Eastern Thumb Association of Realtors® Grand Rapids Association of Realtors® Greater Kalamazoo Association of Realtors® Greater Lansing Association of Realtors® Hillsdale County Board of Realtors® Jackson Area Association of Realtors® Livingston County Association of Realtors® Midland Board of Realtors® Mason Oceana Manistee Board of Realtors® Montcalm County Association of Realtors® Saginaw Board of Realtors® Traverse Area Association of Realtors® Upper Peninsula Association of Realtors® Water Wonderland Board of Realtors® West Michigan Lakeshore Association of Realtors®



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SRES





THEN AND NOW





Brochures and member resources kit on a floppy disk

Graphs and charts were the original "PowerPoints."



Early convention round-table discussions by topic



Members display company-branded For Sale signs.

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Realtor[®] and Appraiser Beth Graham becomes the 2010 State Realtor[®] of the Year.





Commercial Realtors[®] and Michigan Realtors[®] Presidents Bill Milliken, left, and Gene Szpeinski attend the firstever Commercial Day at the Capitol in 2013.



RPAC trustees represent Michigan at the 2012 REALTOR® Rally in Washington, D.C.



Local association executives are acknowledged for reaching their statewide RPAC goals at the Achieve Conference each year.



Governor Rick Snyder signs the Principal Residence Exemption Enhancement Bill in 2012.



2014 Broker Summit Task Force Chair E'toile Libbett (Detroit) gives the opening remarks at the event in Ford Field.



The Choice is Yours, Vote November 4, 1980 ... Page 1 MAR Endorses Tisch Tax Cat Amendment Page 10



- 1 | Articles in this October 1980 issue emphasized the importance to the real estate industry of voting choices in the upcoming election.
- 2 | This 1984 cover promoted the summer meeting at the Grand Hotel, Mackinac Island.
- 3 | As cell phones were growing in popularity, this November 1989 cover story explained how Realtors[®] could benefit from this new technology.
- 4 | The October 1990 cover story reminded members that the Code of Ethics is a Realtor®'s cornerstone of professionalism and profitability.
- 5 | In November 2009, the Michigan REALTOR* cover story discussed the latest developments in fair housing.
- 6 | Placemaking was the focus of this May 2012 cover article. This involves collaboration among leaders of a city's government, financial institutions, residents, architects and Realtors[®] to plan and create public spaces that will attract people, helping local economies to grow and prosper.

MAR BREAKS NEW GROUND IN FAIR HOUSING

HISTORICAL IMAGES

2





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Action Committee



Members discuss topics such as fair housing at a state meeting.



From left are Rep. Dunn, Rep. Albosta and Dan Williamson, president of MRA in 1982, in Washington, D.C.

The fair housing dialogue continues.



Representatives at a state meeting with Governor Milliken

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100th ANNIVERSARY

LEGAL LINES

Greg McClelland, legal counsel, McClelland ජ Anderson, LLP

100 YEARS – A BRIEF HISTORICAL REVIEW

by Gregory L. McClelland, Esq.

This year marks the 100-year anniversary of the founding of the Michigan Realtors[®]. We are preparing a legal update for presentation at Mackinac Island in June, which will cover many of the significant cases that Michigan Realtors[®] has been involved in over the past 35 years. In the meantime, I was asked to prepare this article, which will review some of the major "legal campaigns" in which Michigan Realtors[®] led the fight to protect real property rights and Realtors[®] ability to sell real property. It should be noted at the outset that all of these "campaigns" were authorized, funded and carried out under the direction of the Michigan Realtors[®] Legal Action Committee. The Legal Action Committee is charged with the duty of being a watchdog and undertaking legal action when necessary to protect real property rights in Michigan. This review is by no means comprehensive – there is simply not enough space in this column.

Due on Sale Clauses

This campaign falls under the heading of "you had to be there to believe it." In the early '80s, in the midst of a recession, the conditions in Michigan could be described as a "world of 18s" – 18 percent unemployment, 18 percent inflation and 18 percent interest rates. Even buyers with the means to pay 20 percent down could not finance the purchase of a home because of the high interest rates being charged by conventional lenders, typically savings and loans. On the other hand, the savings and loan industry claimed that they were stuck with portfolios of existing loans with an average interest rate of 4 percent.

During this period, one of the primary methods for Realtors^{*} to sell homes was through seller financing, primarily land contracts. Sellers would sell their home on a land contract with an interest rate up to 11 percent and continue to make the payments on their existing mortgage at a much lower interest rate. Lenders sought to end this practice, as they wished to have the old low interest mortgages paid off so they could loan money out at 18 percent and continue to survive. Lenders sought to do so by attempting to enforce the so-called "due on sale" clauses in their old mortgages. Unfortunately for lenders, the law in Michigan at the beginning of this period was that "due on sale" clauses were unenforceable as unlawful restraints on alienation, *i.e.*, an unlawful limit on sellers' ability to sell their homes. The Michigan prohibition against "due on sale" clause enforcement was a court-created doctrine and was not contained in any statute.

In attempting to change the law to permit enforcement of "due on sale" clauses, the lending industry turned to the courts. Cases were initiated by the lending industry in federal and state courts to build a record so that an appellate court would overturn the prohibition on "due on sale" clause enforcement and stop the practice of selling homes on land contract subject to an existing mortgage. The Michigan Realtors[®] Legal Action Committee, through its legal defense fund, provided the resources to defend the prohibition against "due on sale" clause enforcement in every court. On more than one occasion, the then-chief economist for the National Association of REALTORS[®] appeared in Michigan to testify as to the devastating effect on home sales if "due on sale" clauses became enforceable during this time when high interest rates prevented most buyers from obtaining conventional loans.

Michigan Realtors[®] successfully defended the prohibition against "due on sale" clause enforcement in multiple courts for over six years. The issue was ultimately lost in a decision by the United States Supreme Court, which held that the federal government had the power to pre-empt Michigan's prohibition on "due on sale" clause enforcement. By that time, however, interest rates had dropped and homes had become affordable through conventional financing.

As a side note, after the adverse decision by the United States Supreme Court affecting the entire country, Michigan Realtors[®] lobbyists were able to obtain legislation that protected buyers who had previously purchased homes on land contract subject to an existing mortgage.

Independent Contractor Status

As many Realtors[®] are aware, battles periodically erupt around the country as to whether brokers and salespersons may maintain an independent contractor relationship (with the current battle being fought in California and Massachusetts). This battle was fought in Michigan in the 1980s and Michigan Realtors[®] used an effective combination of litigation and legislation to put it to rest.

During the 1980s, the Michigan Realtors[®] Legal Action Committee authorized the involvement in controversies surrounding the independent contractor status of salespersons in the context of unemployment insurance, workers' compensation, taxation and negligence. As each brush fire arose, Michigan Realtors[®] was successful in defending the rule of law that under certain factual circumstances, a salesperson could be an independent contractor. The stakes in each of these battles were quite high as the liability of brokers for unpaid taxes and the alleged negligence of their salespersons turned on the outcome of each case.

The issue came to a head in Michigan in the late 1980s as a result of the infamous *Lee Realty* case. In this case, an agent was

driving on a Sunday morning to get a listing agreement signed when her vehicle struck a vehicle driven by a young man who had run a stop sign. Unfortunately, an infant in the back seat of the young man's vehicle suffered severe injuries. The father of the infant sued the agent and her broker, alleging that the agent was an employee of the broker and that, therefore, the broker was liable for her alleged negligence based on the doctrine of *respondeat superior*.

The Wayne County Circuit Court found that the agent was not an employee of the broker but instead, an independent contractor. The Court of Appeals reversed the Wayne County Circuit Court and found that the agent was the employee of the broker based primarily on the use of the terms "employee" and "employee" in the Occupational Code. The Michigan Realtors® Legal Action Committee deemed this Court of Appeals opinion to be catastrophic for the brokerage industry model in Michigan.

Michigan Realtors[®] obtained a summary reversal of the Court of Appeals decision by the Michigan Supreme Court. After that reversal, Michigan Realtors[®] decided that this issue needed to be put to rest. Thereafter, Michigan Realtors[®] obtained legislation pursuant to which a salesperson is irrebuttably deemed to be an independent contractor if 75 percent or more of the compensation received from the broker is paid in the form of commissions and the broker and salesperson enter into an independent contractor agreement in which they acknowledge that the salesperson is responsible for employment taxes. There have been no significant controversies with respect to a salesperson's independent contractor status since the Michigan Supreme Court's reversal of the *Lee Realty* case and the follow-up legislation obtained by Michigan Realtors[®].

Michigan Consumer Protection Act

For many years, it was generally understood that the Michigan Consumer Protection Act (MCPA) did not apply to Realtors[®]' activities regulated under the Occupational Code. When a couple of prior cases were misinterpreted and courts began to find that Realtors[®] could be liable under the MCPA, the alarm bells sounded loudly.

The dangers posed to Realtors[®] by the MCPA were aptly demonstrated in a case known as *Murrell v Schweitzer Realty Estate Inc.* In that case, after a transaction had failed, there was a dispute over the earnest money deposit (EMD). The buyer sued the seller and the Realtor[®] for a violation of the MCPA after the Realtor[®] "wrongfully" withheld the EMD pending resolution of the dispute between the buyer and seller. A trial judge in Washtenaw County allowed the case to proceed to a jury. The buyer was found to have a few hundred dollars in damages but was awarded attorneys' fees under the MCPA in excess of \$15,000. This was and is the danger of an MCPA claim – the ability of a plaintiff's lawyer to obtain substantial attorney fees far in excess of any minimal damages arising from an alleged violation of the MCPA.

The Michigan Realtors[®] Legal Action Committee and the Michigan Realtors[®] Board of Directors authorized legal action in any court in any place to obtain a corrective interpretation of the MCPA, *i.e.*, an affirmation of the rule of law that Realtors[®] are exempt from the MCPA as to activities regulated under the Occupational Code. Michigan Realtors[®] participated in litigation in circuit courts, the Court of Appeals and ultimately,

the Michigan Supreme Court. This litigation covered a period of almost 10 years. Ultimately, Michigan Realtors[®] was instrumental in obtaining a definitive opinion from the Michigan Supreme Court, holding that Realtors[®] are exempt from liability under the MCPA as to activities regulated under the Occupational Code.

As an aside, the plaintiffs' attorneys' bar association has approached the Michigan Legislature numerous times over the past 10 years, seeking legislation making Realtors[®] liable under the MCPA. Michigan Realtors[®] lobbyists have skillfully prevented this from happening.

Realtor[®] Liability

One of the primary goals of the Michigan Realtors® Legal Action Committee over past decades is to intervene in litigation whenever someone is trying to create a new basis for claims against Realtors®. There have been numerous cases in which sellers and buyers have tried to create additional theories of liability and in which Michigan Realtors® has stepped in to defeat those efforts. These cases will be discussed in more detail at the legal update in June 2015. However, there is one case that deserves special comment and has been cited by other courts nationwide. In the case known as the Chrystal-Anderson, a buyer submitted an offer to a seller calling for seller financing, which was rejected. Thereafter, the same buyer submitted a second offer also calling for seller financing, but with an increased down payment amount. The seller accepted this second offer. The seller ultimately got cold feet and sued to rescind the purchase agreement on the basis that she did not understand that the increased down payment would result in a lower monthly payment. The trial court granted her request and rescinded the purchase agreement with the buyers.

The buyers sued the listing broker, claiming that as the seller's agent, the Realtor[®] owed a duty to the buyers to properly present and make certain that the seller understood the terms of the purchase offer. The buyers, who were not represented by the seller's agent, sued the Realtor[®] for significant money damages attributable to the buyers' sale of their prior home and inability to move into the seller's home.

The Michigan Realtors® Legal Action Committee saw the danger in a court finding that sellers' agents owe duties to buyers to properly present offers to sellers. Michigan Realtors® became involved in the case at the trial court level, where the Realtor® won. The buyers then appealed to the Michigan Court of Appeals and Michigan Realtors® handled the appeal. On appeal, Michigan Realtors® was only seeking a decision that sellers' agents owe no duty to buyers to properly present offers to their seller clients. However, when the Court of Appeals issued its opinion, it held that sellers' agents owe no duties to buyers because of the "commercially antagonistic relationship" that exists between sellers' agents and buyers. While sellers' agents could still be liable to buyers for misrepresentation, the court found that they owe no duty to buyers, for example, to discover and disclose defects. Again, this case has been cited numerous times by courts around the country for limiting the duties owed by sellers' agents to buyers.

There are numerous examples of "legal campaigns" by Michigan Realtors[®] and its Legal Action Committee over past decades. These additional campaigns, as well as more details about the campaigns mentioned above, will be discussed at Mackinac Island in June.

BUSINESS & EVENTS

The Business & Events section provides a cost-effective way for members and service providers to advertise to over 24,000 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.





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Our new partnership with the Southwestern Michigan Regional Information Center, SWIMRIC, now provides Realcomp REALTORS[®] access to **MLS data for 22 West Michigan counties**.

Our expanded partnership with CoreLogic[®] brings the **"GoMLS" app** to Realcomp REALTORS[®], making in-depth listing and property data accessible via most mobile devices. Public Record Data (PRD) for Michigan's Upper Peninsula is also available, providing you with **PRD access that is truly statewide**. **Deed images** are now also available for purchase via Realcomp's Realist[®] program.

Learn more at the 2015 Tools of the Trade REALTOR[®] Expo on Wednesday, April 15, 2105 at the Ford Community and Performing Arts Center in Dearborn. For details, visit: Realcomp.MoveInMichigan.com.



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