



FEBRUARY 2021



SPOTLIGHT ON *Aptos, California*

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*"All the news that fits."*

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*Our members are 110% committed to excellence in our real estate profession. Our mission encompasses: Sharing BEST Practices with our colleagues; treating all referrals with the utmost of care, honesty and integrity; and being involved in organized real estate for the betterment of our profession."*

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A R E A M E R I C A S . C O M

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## Thoughts from Seth Task

Dear Fellow AREA Members,

Well folks... we went from 2020 now into 2021 and we were going to Cleveland, then perhaps Nashville! But wait, maybe Atlanta! Nope. It's Colorado Springs! YES!...no...ugh. But then almost Greenville, South Carolina! ... but the schizophasia didn't end there. First, it was July 15-17th... then it was August 22-24th... again changed to October 17-19th, then October 23-25th. I, for one, am exhausted just writing this column. While some of these locations and dates you may not even have known or heard, **Carl, Suzanne** and the **Advisory Board** were tirelessly working behind the scenes through the challenges of locational availability and costs to try bring you a **Retreat** that was in as little conflict with other conferences and events and late enough in the year to be comfortable. While we came very close to getting it done, in the end, the costs and available just are not there. I must offer special thanks to all who helped and stepped up to the plate to make a Retreat happen, contributing their ideas and thoughts to so many potentially awesome opportunities. Hats off to **Jo Kenney, Tom French, Hagan Stone, Bonnie Smith, Chris McElroy, Diana Bull, Donna Smith**, the entire **Advisory Board** and **St. Theresa**. We will work on putting together a single day Virtual Event in July, day and time TBD. And, Lord willing, we may have something up our sleeve for San Diego this coming November. I wish I had better news but truly it was not without a ton of effort. It is time now to get vaccinated and pray for herd immunity! Enjoy the rest of February!

Thanks,  
Seth

# Welcome **NEW MEMBERS**

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**Jamie Saltman**  
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## **JAMIE SALTMAN**

Jamie has been a REALTOR® since 1996 and holds several real estate designations & certifications. Very early in her career she had the opportunity to work as the assistant to her mother-in-law and father-in-law, who were very successful REALTORS® in the Long Beach area. Several years later they took her on as a full partner. Jamie has been active in her local association for many years with experience on the Board of Directors, Charity Foundation Director and involved in other fundraising efforts. Since joining Orange County REALTORS® in 2015 she has continued to serve at the local level in different capacities such as facilitator of New REALTOR® Orientation, Leadership Academy Vice Chair, Leadership and Personal Development Chair and still serves as a member of committees. She has had the honor of serving as a Director for California Association of REALTORS® since 2009 and enjoys all that she continues to learn at that level. In 2001 Jamie joined Women's Council of REALTORS®, Long Beach where she served as the Local President in 2003 & 2004 and later was awarded Member of the Year. At the California state level, she served as District Vice President and Governor and in 2007 was awarded the very first Outstanding Service Award and later was chosen as the State Member of the Year. Jamie had the incredible honor of serving as the 2012 Women's Council California President during their 50 yr. anniversary. Nationally, Jamie has served as facilitator of learning labs, Network 360 Instructor, and on the Executive Committee. In addition to selling Real Estate full time, she also works as the Director of Network Engagement for National Women's Council of REALTORS®.



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## **SABRINA SHAW**

An associate of Daryl Baskin, Sabrina was, for 14 year, a teacher, high school principal, and assistant superintendent. She continues to be an advocate for quality public education. Sabrina is a lifelong learner holding a B.S., M.A., and ABD for her doctoral studies. Sabrina began her career in real estate in 2018. She is cohost of the Market Experts real estate morning radio show on Success 105.7 and a frequent guest on KRMG, The Future of Real Estate. She looks forward to continuing her education and practice in real estate.



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## **MIKE FORD**

A REALTOR® since 1979 and a part of the Coldwell Banker Family for over 20 years. He feels fortunate to have been named Arkansas Realtor of the Year in 1994 and served as President of The Arkansas Realtors Association in 1995. In 2015, he had the great honor to serve as Vice President of the National Association of Realtors. "This has been a highlight of my Professional Career." My wife Lesia, was also named Arkansas Realtor of the Year in 2003 and currently serves as a Real Estate Commissioner in Arkansas.

- \*2015 Vice President of the National Association of Realtors
- \*2014 Office Manger's Award of Excellence
- \*2004 Thomas Griffin Synergy Award- Coldwell Banker
- \*1997 Region 9 Vice President of NAR
- \*1995 President Arkansas Realtors Association
- \*1994 Arkansas Realtor of the Year
- 2015 and 2014 President Circle Award Winner for Production
- 35 Consecutive Years as an Awards of Excellence Producer
- 2017 Premier Office Bronze, Coldwell Banker

# Welcome **NEW MEMBERS**



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## **BRADLEY M. LOIS**

Brad is a lifelong resident of Burlington. He graduated from the University of Wisconsin-Parkside in the spring of 2009, earning a degree in Business Administration with a concentration in Marketing. And then becoming a REALTOR® in the Lakes area of Wisconsin which covers a portion of the eastern corridor of Wisconsin from Milwaukee south. Along with Brad's work in real estate sales, he has also been an integral part of building Bear Realty of Burlington's newest venture, Fox River Property Management – a company specializing in the management of commercial buildings, apartment buildings and other multi-unit investment real estate. He has also become involved in commercial sales.

Married he is the father of a two-year-old, which, according to him, is the joy of a lifetime.

- Member of Wisconsin Realtor Association (WRA)
- Member of National Association of Realtors® (NAR)
- Past President, Director and Member of Lakes Area Realtors Association (LARA)



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## **DEVON VIEHMAN**

Devon has garnered industry accolades throughout her twelve-year career: In 2011, Realtor Magazine featured her as one of its Realtors to watch on "The 30 Under 30" national list. She served as the youngest-ever President of the Teton Board of Realtors in 2012 and was named Realtor of the Year by the Wyoming Association of Realtors the following year. Committed to development, Devon was elected as the Wyoming Association of Realtors 2018 President and serves on committees for the National Association of Realtors. Every quarter, she co-authors the Jackson Hole Report with her dad, David. Her professional accomplishments are matched by the fulfillment she feels as a mother to her 11-year-old son.

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## The AREA RETREAT WILL BE VIRTUAL THIS COMING JULY!

*Too Many Conflicts in October*



But watch for a November Surprise Event!  
More to follow in MARCH with Seth and Hans will be Hosting

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BY HANS HANSSON AUTHOR OF "STOP SELLING YOURSELF SHORT"

## Five Things You Can Do To "GITTER DONE!"

A friend of mine in residential real estate has been a top performer in her market for over 40 years. By the end of this year, she's projected to earn 3x the number of commissions compared to her best year yet. For commercial brokers, the experience this year has been quite the opposite. Commercial real estate has been very challenging, particularly in leasing. However, that is about to change—and in a big way. If you survived long enough to stay in the business, you are about to experience the re-opening of our market that will match or even exceed the sales results of our residential counterparts. You may not have been making money in the current market, but, if you prepare now for the onslaught of business coming in 2021, you too will have your best year yet.

Why am I so optimistic? As leasing brokers in a stable market, we live off of leases that are coming up for renewal, expansions, reductions, startups, and closings. (But this opportunity, my friends, is universal and not only dealing with one segment of the market.

With the recent news of COVID-19 vaccines already being distributed in the U.S., businesses that have had their offices closed will begin the process of reopening their existing offices. Healthcare workers and those who are at the highest risk will receive the vaccine first. The majority of people will be able to receive the vaccine by spring. Many of the large corporations have announced targeted re-openings in June and July. By then, the distribution of the vaccine will be in full swing and people will start developing confidence in coming back. The final remaining challenge will be around children going back to school. If distant learning is still in effect by the time businesses are ready to open, office layouts will need to be reevaluated to determine if they are ready for a COVID environment. Most will not. This is where the "2021 Gold Rush" begins.

**Here are five ways to be absolutely on top of your game:**

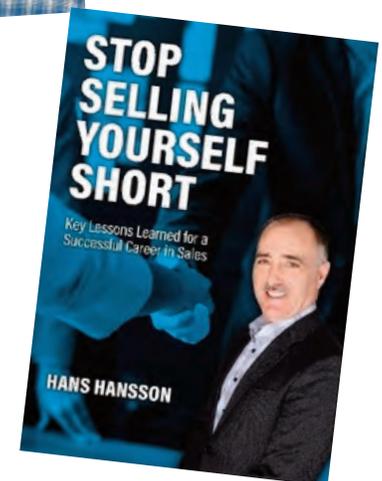
- 1) Concentrate on listings now. "He who lists lasts." Listings will generate an activity period.
- 2) Concentrate on finding a CRM (customer relationship management, denoting strategies and software that enable a company to organize and optimize its customer relations) that will keep you organized. If you don't have a good CRM system yet, I recommend HubSpot. It's free and very easy to use. For a more robust CRM system, try Affinity. Although you have to pay, it's well worth it. It captures and builds all of your existing relationships from LinkedIn and pulls prospects from public sights like TechCrunch. It'll save you a lot of time, which is worth the cost.

- 3) Get a project management software like ClickUp or Trello. In addition to a CRM, these platforms keep you and your team's to-do lists and tasks in order. It also shows you who you need to bring in from your team to accomplish those tasks.
- 4) Commit to your calendar. Every day, start introducing or re-introducing yourself to your existing clients and new clients. You need to stay top of mind and you need to get on their radar before your competition does. In other words, cold call. Today that may not be a phone call but an email, text, social media, reach out to them in whatever medium you deem appropriate and do it now.
- 5) Commit to a playbook\*. Create it, use it, and commit to consistent review to ensure your success.

\*A business playbook contains all the pieces and parts that make up your company's go-to approach for getting things done. According to Accenture, a playbook includes "process workflows, standard operating procedures, and cultural values that shape a consistent response—the play.



So, now, go out there and "Gitter Done!"



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# SPOTLIGHT: Aptos, California

## The Hidden Jewel of Monterey Bay

by Marion Proffitt

When we decided to move to No. California to be closer to family, I had my list (as most Buyers do) of my "must haves", "would be nice to have", and "in my dreams" ~ little did I know that I would find all of this in Aptos, a peaceful community, about 80 miles south of San Francisco and 40 miles west of San Jose, ideally located on the coast between Santa Cruz and Monterey.

So, what was on my list?

Close to the beach ~ certainly got that covered with beaches stretching from the 34 famous Santa Cruz beaches all the way down to the Monterey Bay and Carmel By-the Sea; my personal favorites are Hidden Beach, Golf ~ Aptos is home to beautiful Seascape Golf Course (which actually happens to be in my backyard) and there are local courses to fit every level of player and budget; Pasatiempo in Santa Cruz is ranked #59 of the top 100 Courses in the USA and of course Spyglass Hill, Pebble Beach, and Spanish Bay are Golf Courses in the Monterey Peninsula area famous for the U.S. Opens = Currently on my Bucket List!

Wineries ~ Yes, I enjoy wine and the Santa Cruz mountains are known for the large # of wineries and beautiful scenery to enjoy while tasting; our favorite s include: Soquel, Bargetto, Loma Prieta (unbelievable views at this hilltop vineyard), Burell School, and Cooper-Garrod ~ a great way to spend an afternoon with friends while stocking up the wine cellar for later.





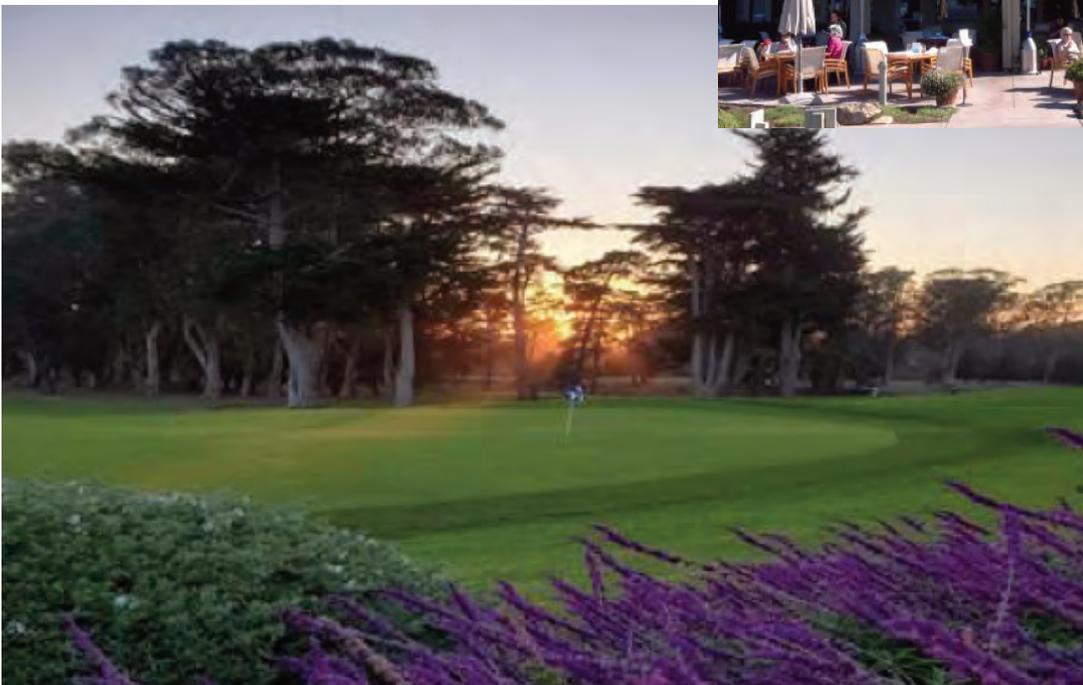
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Restaurants galore! Along with our wine, we do like to explore the local restaurants ~ From casual to up-scale, seafood to BBQ, the choices are plentiful; our favorite "special occasion" destinations include Sanderlings, Café Sparrow and Bittersweet, but there is nothing like stopping in to get a breakfast burrito or crab melt at Pixie's Deli to enjoy during our walk by the beach ~ Favorite casual dining choices include Manuel's, Parish Publick House, Aptos BBQ, and Café Cruz.

And... I've never been bored with so many choices for culture and entertainment; there is the Symphony in Santa Cruz, Forest of Nicene Marks State Park, great for hiking through the Redwood trees, Monterey Bay Aquarium, 17 Mile Drive with breathtaking views of the Pacific Coastline and unique Monterey Cypress trees, the Santa Cruz Boardwalk (home of the 1st Miss California Pageant and one of my favorite hang-outs as a teenager) ~ UC Santa Cruz

and Cabrillo college are close-by for classes and performances. Since we are sports fans, we are really lucky to have many local teams to follow, the SF Giants, 49'ers, Warriors, and Sharks.

Last criteria for me, but a very important one, was proximity to an International Airport since we love to travel; the closest is San Jose, but San Francisco and Oakland are both convenient and there is even a regional Airport in Monterey making it easy to get here ~ So.....when you come to California please consider a visit to my area ~ as a Native Californian, I'd love to show you around.



AREA HAS ASKED THESE HIGHLY RESPECTED **COMMERCIAL BROKERS** FROM THROUGHOUT THE USA TO GIVE US THEIR OBSERVATIONS ON THIS IMPORTANT TOPIC!

## A Real Estate Perspective on the Economy for the Next Two Years



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**These are my Economic predictions for 2021-22:**

- **Stock market stays frothy and then slumps in the fall.**
- **Mortgage rates remain astoundingly LOW.**
- **The labor market remains terrible until the vaccine fully rolls out.** The U.S. lost 150,000 more jobs in January 2021, a total of -10.1 million jobs since February 2020 (Source: Bureau of Labor Statistics). This will continue to impact how we utilize

office, industrial, and retail real estate.

- **Federal Reserve not raising rates anytime soon.**
- **Industrial was 2020's top performer. And it will remain that way for years to come.**
- **Movie theaters and event spaces will be back open by 4th Quarter, says Dr. Anthony Fauci.**
- **Retail bankruptcies reached 12-year high amid pandemic — but, most, were non-single tenant Net Lease tenants.** There have been 244 filings from energy, retail, and consumer services companies (source: Bloomberg). Stein Mart, JCPenney, Brooks Brothers, and Neiman Marcus all fell into court protection, not a surprise 24-Hour Fitness, Guitar Center, and VIP Cinema Holdings were among the few NNN tenants to fall.
- **1031 Tax Exchanges will not be disrupted by the new Congress.**
- **Foreign investors want U.S. Net Lease real estate.**
- **Stay-at-Home Economy is here to stay.** “We’re not going back to the same economy — we’re recovering, but to a different economy,” said Fed. Chairman Yellen. While this trend started well before COVID hit, the trend has been accelerated and will continue to drive innovators like Door Dash, Peloton, Zoom, Slack, Microsoft, Instacart, Yeti, Seedlip, Spotify, Roku, Etsy, and, of course, Amazon. And cap rates for these tenants — no matter the property type — will continue to compress.
- **Whoever has the best new technology tools wins.** 2021 will see Edge A.I. within construction tools, 5G manufacturing applications, and new workforce management technologies cross-correlate and create big shifts for key cold storage players like Preferred Freezer. Digital-only restaurants with ghost kitchens will allow concepts, like Chipotle, to enter more urban areas that will not support a full-size restaurant. User-friendly platforms will allow investors to quickly explore the entire U.S. Net Lease marketplace in real-time, leveraging A.I. and big data, and

make investment decisions faster.

- **The Drones are here.** On March 1, 2021, the new FAA-approved rules go into effect, allowing small drone flight for commercial delivery at night. In the coming 5 years, Retail and Industrial property uses will blur, altering the current supply chain model.
- **\$15 Hourly Minimum Wage.** While the right and left disagree about the impact such a provision will have on unemployment and other aspects of the economy, a major minimum wage hike will cause QSR and other Net Lease tenants to accelerate the adoption of automation, pass along the cost to customers, and/or shut their doors, as current store sales cannot support this increase in labor costs. The U.S. Senate is fairly conservative overall, so while the Biden administration will make that proposal, expect minimal changes to federal law in the coming two years. That said, invest with tenants who are ahead of these trends and are automating low skill work.
- **Industrial Sale-Leaseback will be HOT as Manufacturing companies have suffered.**
- **Shift to Green.** Expect accelerated investor demand for properties with green profiles, both for social and economic reasons.
- **Winners win big.** Within each segment, the companies with the strongest balance sheets will generally win. Larger fitness companies will buy weak competitors and densify their credit. Car wash operators are consolidating. Big QSR franchisees are absorbing smaller QSR franchisees. The winners are the tenants to watch.
- **The Tenant Experience is imperative.** Flexible site and floor plans are essential; more mature CRE companies will capture IoT (Internet of Things) data to create a meaningful tenant experience, predict lease renewals, and learn retention strategies.
- **Net Lease real estate is in very high demand.** In recent years, Net Lease is increasingly seen by investors as resilient and less cyclical, driving capital into the segment during a period with few strong investment alternatives.
- **SPACs are hovering in the wings.** Bank and Credit Union foreclosures and note sales will increase through 2021 with the bulk of the CMBS defaulted product not showing up for the next 18 to 24 months.
- **The Hospitality Market** – Dorothy we aren't in Kansas anymore. Owners are not feeling overly hospitable these days and lenders have no sense of humor NOR do they know how to help or want to take your property back. This sector will survive as good operators have become stronger and smarter and poor operators are falling by the wayside. Before it is over it could look like the Zombie Apocalypse. Stay tuned.



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First, I want to quickly address the **residential market** in our area. Like most of your areas, we saw a moderate increase in sales in 2020, with unit volume up nearly 15% and dollar sales up just over 21%. Inventory remains low, ending the year with a 2.3-month

First, I want to quickly address the residential market in our area. Like most of your areas, we saw a moderate increase in sales in 2020, with unit volume up nearly 15% and dollar sales up just over 21%. Inventory remains low, ending the year with a 2.3-month The residential market in the Greater Baton Rouge area is projected to remain stable through 2021.



The **commercial market** might be a challenge. With our state and Greater Baton Rouge area dependent on the oil and gas industry both for jobs and state revenue, there is a concern about the moratorium placed on any new oil and gas leasing and drilling on federal land and water. This moratorium would include the Gulf of Mexico. The chemical plants, along with warehouse and office space used by companies to support the oil and gas industry could, over time, feel the impact of the reduction in drilling.

Unlike most of South Louisiana, the Greater Baton Rouge area is somewhat sheltered from job loss due to a downturn in the oil industry. We are the seat of state government and two 4-year universities. Thus far, these two areas have been buffeted from the effect of a decline in oil revenue and the coronavirus pandemic. We do hope that trend will continue.



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**Residential:** This is a difficult time to predict the future of the real estate market. However, it is relatively easy to see that residential real estate is booming all across the country due to low inventory, low interest rates, and low-down payments. The average price of a home in San Diego, California, is now around \$650,000. Could we be creating a residential real estate bubble? It's certainly possible.

**Commercial:** A quick review of closed 4Q 2020 sales indicates capitalization rates of around 4.50 on quality multifamily, 6.50 on office, and 5.75 on retail.

However, this does not really reflect market sentiment. Remember that property owners have experienced an entire year of shut downs, nonpayment of rents, high unemployment, COVID fears, civil unrest, and the uncertainty over the recent national elections. These are challenging times.

Buyers are looking for a discount but Sellers aren't discounting. For now, they are waiting and are not willing to apply current market caps to 2020's anemic NOI. Additionally, as a practical matter, can you imagine trying to inspect a hundred units when the tenants are not required to allow a buyer to enter?

What else is on owners' and investors' minds? Uncertainty about future regulations and taxation. Investors are concerned about potential capital gains tax increases as well as the possible elimination of the 1031-exchange.

In California, which is already the highest taxed state in the nation, we face the likelihood of increases on both real property and income taxes. The legislature has been relentlessly pushing for a split-roll on real property taxes, eliminating the Prop 13 property tax increase cap. Also, the recent passage of Prop 19 removed the inherited real estate tax base for CRE. That's ominous. So, when we do find willing investors, they're often not willing to invest in California.

**I would like to believe that we are going to bounce right back out of this Covid-induced recession. But unfortunately, it's hard to say we will until (hopefully) 2022.**



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**The state of residential development in Lawrence, Kansas is grim.**

My builder partner of 20+ years and I are nearing the end of 2 lower cost residential developments. Yankee Tank Estate is a 2- acre 124-unit townhome project, \$25,000 - \$40,000/unit lot value, that began in 2012. We were permitted to fill about 180,000 cubic yards of fringe flood plain before we commenced.

**So, we are coming up on almost 10 years of involvement in this project.**

The other project, Naismith Creek, contains 66 lot single residential lots, \$45,000 - \$60,000/lot on 14.5 acres of filled flood fringe that we initially planned in 2015. These are the lowest lot value projects in our community and both of these will be sold out by the end of this year.

**Politics** in Lawrence are greatly influenced by the University of Kansas and therefore considerably more liberal than most of Kansas. Development has always been rather difficult and we are now further challenged by **geographic constraints**. We have the Kansas River cutting through the northern part of Lawrence and we are constrained by flood plain (as noted in the 2 projects I described earlier) on the eastern and southern city limits. Additional development ground could be accessed to the west but providing infrastructure to the area is estimated to be \$10-12 million which the city has not been interested in seriously considering.

The Lawrence Board of REALTORS, the Lawrence Chamber of Commerce and the Lawrence Home Builders Association have all been involved in advocating over several years for additional resources to create more residential lots. The Lawrence city staff indicate 763 available lots (current absorption is 150-200 per year), however upon closer review 265 of those are unbuildable or part of a multiple lot home. Therefore, available buildable lots will last about 3 years. New subdivisions are difficult, time consuming and expensive to get approved if they are ever approved. Folks are buying 3-5-acre tracts in the county for their new builds and in doing so are reducing the possibilities for future developments.

**Affordable housing is becoming even more difficult as available lots become scarcer. It's basic supply and demand and unfortunately our elected officials and bureaucrats don't seem to understand it.**



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Mexico remains the #1 international resort and second-home destination for Americans. Commercial and investment opportunities South of the border have never been more secure or diverse, particularly along the pristine sun-drenched coastal areas of the southern tip of Baja California. Currently, a land "Gold Rush" by major international developers and investors is driving demand and prices of prime

development parcels to new levels as world class resorts and luxury home developers continue to seek out gobble up prime locations.

Mexico's commitment to 21st Century infrastructure and modern health care as well as improved security and public safety is providing added comfort for foreign and domestic investment in the region. During my 25 years of buying and selling and owning property in Mexico, I have never been more optimistic about the future. But a word of caution, more than ever, it is essential to deal with knowledgeable and experienced professionals familiar with the laws, procedures, title issues and specific localities when considering any transaction in Mexico. At CaboRealty we have worked with investors and developers for two decades in the southern Baja, and the discreet, secure and successful sourcing and acquisition of prime properties is essential to our continued mutual success.

# GFCI AND AFCI: WHAT'S THE DIFFERENCE?

GFCI and AFCI receptacles are specialized electrical safety devices with very different purposes. Let's take a look at how each is used in the home as well as how they work.

A GFCI, or ground fault circuit interrupter, is an inexpensive device that is designed to protect people from electrical shock in the home. GFCI receptacles should be installed in any area with potential risk for electrical shock that has a direct path to the ground, especially areas with plumbing. These are commonly installed in bathrooms, along kitchen counters, in garages, unfinished basements, outdoor outlets and near swimming pools and spas. A GFCI monitors the electrical current leaving from and returning to the receptacle, which should be the same. If there is a mismatch in the currents, the GFCI will shut off the receptacle immediately, protecting people from serious electrical shock.

GFCIs have various configurations, including the standard GFCI receptacle with "test" and "reset" buttons. Homeowners should test these monthly to ensure proper operation. If the GFCI fails to trip or can't be reset, it should be replaced. There are also remote GFCIs, which protect standard receptacles in the circuit. These should always have a visible label indicating GFCI protection, because there is no way to tell just by looking that it is or isn't protected. Another option is a GFCI breaker, which is installed at the electrical panel and protects the entire circuit. These can be identified by the presence of test and reset buttons.



An arc fault circuit interrupter, or AFCI, is designed to prevent electrical fires in the home. This is a type of circuit breaker that detects arcing in an electrical circuit, shutting down the affected circuit before it causes a fire. Arcing can be caused if an electrical cable is punctured or cut by something as simple as hammering a nail into a wall. Other potential causes of arcing include frayed extension cords, loose electrical connections, and old and/or cracked insulation on electrical wires and cables.

An AFCI breaker fits into the electrical panel in place of a standard circuit breaker. AFCI breakers are much larger than standard breakers and have a test button. They may not be available for older electrical panels, so retrofitting with AFCI breakers is not always possible. In addition, old wiring may have been subjected to years of poorly executed modifications, which AFCIs may or may not compensate for. It is always best to check with a qualified electrician who can assess your panel and

electrical components before making the decision to install AFCI breakers.

*Stephanie Bowling*  
Director of Marketing, Pillar To Post Home Inspectors Inc.



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A Memo From David White & Associates

## How do you help a landlord that wants to retire and get that listing that may not have happened?

Whether or not you are aware, you probably know clients or prospective clients looking for a way out of being a landlord, but do not want the tax burden of capital gains and depreciation recapture that comes with a sale.

Maybe they have reached retirement age, want to travel, are tired of managing properties, and would like a passive income while deferring capital gains tax.

Sure, a traditional 1031 will get them out of their current property but puts them back into the landlord role on the new property. There are many property owners doing nothing to change their circumstances for that very reason, and they have no interest in selling.

If you could show them an option that fits their needs, they may be inclined to list that property!

Delaware Statutory Trusts (DST) investments are recognized by the IRS as like/kind real estate investments for 1031 and 1033 exchanges. They are similar in nature to T.I.C. investments but provide more investor protection including non-recourse financing.

The properties are operating and leased prior to client investment. Income starts on the close date. The same rules apply as conventional exchanges regarding use of an intermediary and 45/180-day exchange rules.. DST shares offer easy division to heirs and retain step-up in basis at death. DSTs can be used as the only exchange property or as a filler for unspent "boot."

Exchanging a property with debt is an option. Many DSTs include leverage that is passed to the buyer without qualification or loan application. Unlike a T.I.C., the investor

does not need to form an LLC or provide their own financing or cash to replace relinquished debt. The process is much simpler and affords additional consumer protections. Additionally, if the internal leverage in a DST purchase exceeds their debt requirement, the buyer obtains additional real estate creating a new depreciation schedule.

An investor can sell one property and purchase several DSTs to gain further industry and geographic diversification.

A Summary of DST Features and Risks:

- Defer taxes on rental or investment property sale
- Provide steady monthly income from professionally managed properties
- Avoid the need to add cash or qualify for debt to meet exchange numbers. Leveraged DSTs can solve financing problems
- Identify a back-up property in case a 1031 purchase fails
- Provide a "filler" to complete an exchange and avoid boot.
- Eliminate day to day management of rental properties
- Help solve reduced income problems due to vacancy, high tenant turnover, rent control and increasing expenses.
- Provides simple estate planning. Shares are divided among beneficiaries while retaining step up in basis.
- For those retiring and selling their business

*Kirk Dobson and Chris Riel offer products and services using the following business names: David White & Associates – insurance and financial services | Ameritas Investment Company, LLC (AIC), Member FINRA/SIPC – securities and investments | Ameritas Advisory Services (AAS) – investment advisory services. AIC and AAS are not affiliated with David White & Associates. Representatives of AIC and AAS do not provide tax or legal advice and should not be construed as a recommendation. Investors should consult their tax advisor or attorney regarding their situation.*

property, they provide tax deferral and income.

- For 1033 involuntary transfers sales via imminent domain
- Sell a single property and diversify into multiple real estate sectors and locations, all while deferring taxes and retaining step-up in basis at death
- DSTs are securitized investments. Investors must meet Accredited Investor Requirements as defined by the SEC: In the United States, to be considered an accredited investor, one must have a net worth of at least \$1,000,000, excluding the value of one's primary residence, or have income at least \$200,000 each year for the last two years (or \$300,000 combined income if married) and have the expectation to make the same amount this year. The term "accredited investor" is defined in Rule 501 of Regulation D of the U.S. Securities and Exchange Commission (SEC).
- An investment in the Interests of the Trust involves significant risk and is suitable only for Investors who have adequate financial means, desire a relatively long-term investment and who will not need immediate liquidity for their investment and can afford to lose their entire investment.

- The Interests are subject to legal restrictions on transfer and resale and Investors should not assume they will be able to resell their interests.
- There is no public market for the Interests.
- Investors may not realize a return on their investment for years, if at all.
- There are various tax risks, including the risk that an acquisition of an Interest may not qualify as a Section 1031 Exchange.

David White & Associates can help. Contact Chris Riel or Kirk Dobson for more information.



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# On the **Lighter Side** with **Trinkie**

Featuring Tahoe's Trinkie Watson and her wit and wisdom.



**Trinkie Watson**  
*Lake Tahoe, CA*

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## **Out-take from Hollywood Squares:**

**Q.** According to *Cosmopolitan*, if you meet a stranger at a party and you think that he is attractive, is it okay to come out and ask him if he's married?

**A.** Rose Marie: No wait until morning!

**Q.** When you pat a dog on its head, he will wag his tail. What will a goose do?

**A.** Paul Lynde: Make him bark?



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# Legal Update

with Dennis and Diana

1. In a battle of Wall Street Companies, Core Logic appears to be acquired by Stone Point Capital, Insight Partners for a mere \$6,000,000,000. CoStar was also a bidder. Rumor has it that CoStar has/is trying an over-bid. The significance of the sale is CoStar & Stone Point appear to be hoping to use the Core Logic platform to challenge Zillow.
2. Zillow has launched Showing Time. Zillow's press release states Showing Time will be a platform for agents to use to schedule showings for consumers. The real question is whether or not Zillow will use the platform as a way to compete with Realtors for the commission. A discussion of the Zillow Contracts also followed. The Contracts are NOT compatible with Zip Forms. Agents & Brokers should read with caution. ZIP forms are created as neutral forms to transact business for Realtors. Realtors represent both buyers & sellers and we need to be aware of the Zillow contracts.
3. The NAR Class Action Suit was discussed briefly as well as the DOJ settlement with NAR on "alleged price fixing". The actual "settlement" will be presented in May to the NAR Board of Directors.
4. Diana Bull gave her insights from NAR's Legal Action Committee cases.

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