



Featuring:

COMMENTS BY
GAIL HARTNETT

AMERICAN HOME
SHIELD
MESSAGE

WHAT DOES
CSSI DO?

RESIDENTIAL & COMMERCIAL
**MEMBERS WORKING
TOGETHER**

TIPS FROM
PILLAR TO POST

AREA SALUTES
BRIAN THOMPSON

RPR ADDS
**OPPORTUNITY
ZONES**

LEGAL COMMENTARY
DENNIS BADAGLIACCO

NATIONAL RESIDENTIAL MARKET REPORT **BY AREA MEMBERS**

OCTOBER 2019



ASSOCIATED REALTY OF THE AMERICAS

"All the news that fits."

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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Comments from **Gail Hartnett**

Happy October Fellow AREA Members and Amazing Friends,

Short and sweet this month, as we've all been traveling to our State Conventions and enjoying a fabulous Selling Season.

Looking forward to seeing many of you in San Francisco at the NAR Conference in November where we will be **honoring Vince Malta** as our **2020 National President** and **Leslie Rouda Smith** as our **First Vice President**. I know that we have some Regional Vice President's who will also be installed as well as members of the Presidents Liaisons. Thinking we may see many of our members representing their States as REALTORS OF THE YEAR! We'll highlight each of you as we complete the list of honorees and leaders...You know who you are ~ so proud to be a member of AREA where we are blessed to learn from all of you and you from us.

Be sure to join us on Friday, November 8th for our Gathering in Vince and Julie's suite (TBA) from 2-4. Always a fun event and an opportunity to network and enjoy each other. Remember that this event is a members only gathering.

Plans are beginning to fall into place as we rev up for our next AWESOME AREA RETREAT in Cleveland Ohio next summer!

Just to get you excited ~ here's a peak at what's in the works. Official Dates: July 12 - 14

Hotel: Westin Downtown Cleveland

Room Rates: WOW! \$159 per night with a 3 night minimum.

Pretty sure we're gonna ROCK IT! How could we not with all of us and the Rock n Roll Hall of Fame. Might even have a SOCK HOP in the mix of what's going on. **Seth** is working on some very special CLEVELAND events and of course we'll ROCK the AGENDA with Top of the Charts Education and Best Practices.

Early Bird Reservations will begin January 2, 2020 \$395 for all. Stay tuned and when we have this info on our AREA website.

If you have any vendors with whom you were able to talk while at your conferences, please let us know as soon as you can. These folks are special and we have an amazing opportunity for them to gain VALUE as well as receive VALUE from their unique services.

Wishing you all a fabulous Fall Season and we'll see you sooner than you think... I'm bringing my HEART TO SAN FRANCISCO...

Hugs,
Gail



Six Reasons AREA Loves its Affiliation with American Home Shield

AHS warranty, in 2014, won the Best in Service Award and has continued to sweep the To-Rated Award 5 consecutive years from 2015-2019.

Recognitions Include:

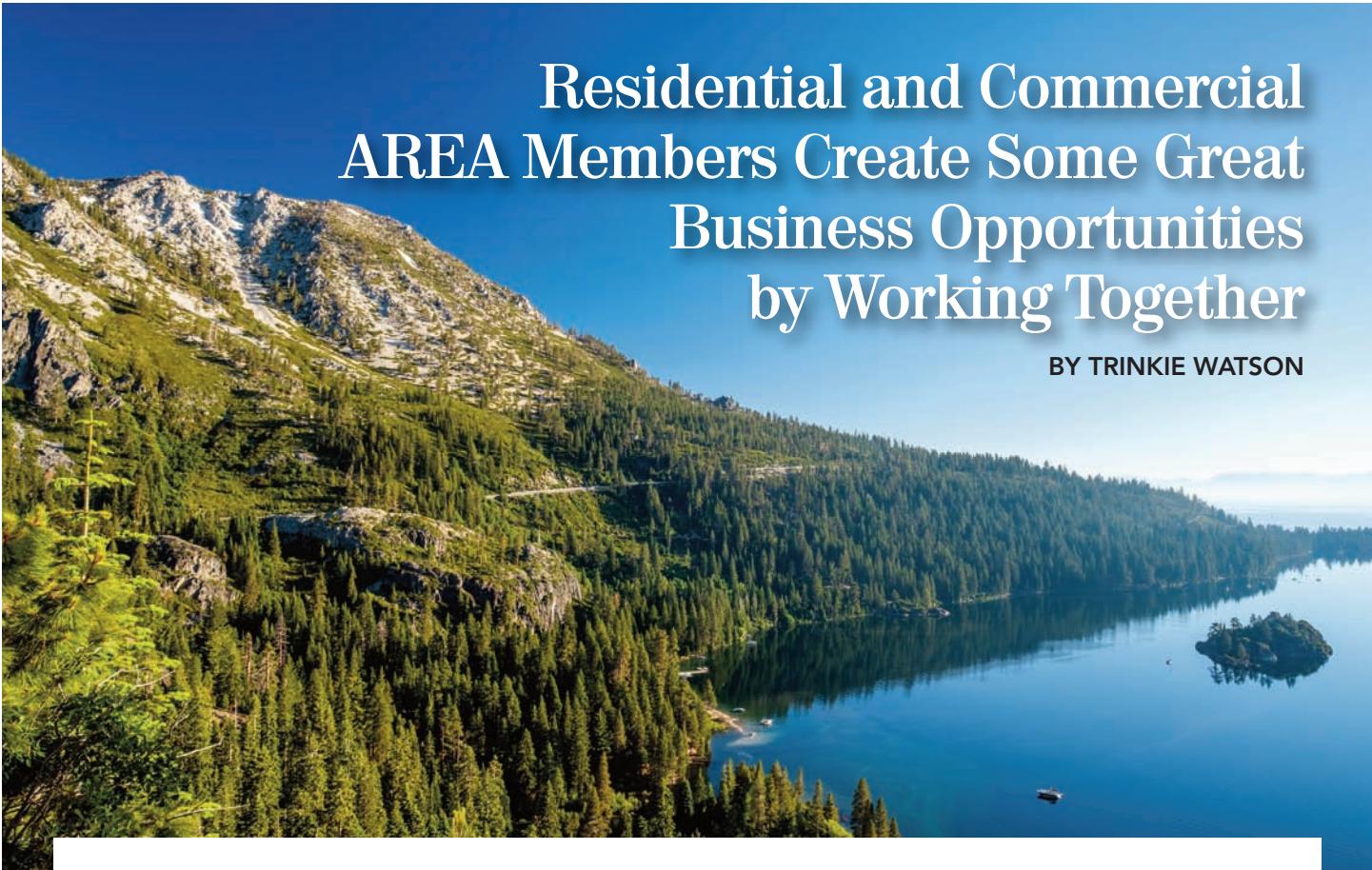


THANK YOU, AMERICAN HOME SHIELD
A PROUD AREA SPONSOR FOR THE PAST THREE YEARS!

THEY SAY WE'RE NOT LIKE OTHER REAL ESTATE GROUPS.
WE SAY, THEY'RE RIGHT.



AT THE PINNACLE



Residential and Commercial AREA Members Create Some Great Business Opportunities by Working Together

BY TRINKIE WATSON

In 2010 I joined AREA and soon after was introduced to Hans Hansson. The Hansson's subsequently purchased a vacation home at Donner Lake, Truckee, near where I live, so we have become friends over the years. My involvement in real estate has always been residential, although I took a stab at the CCIM course years ago. After taking the first week's class - and passed - I realized that commercial in the Lake Tahoe area was quite limited, and I was not interested in moving to Reno, NV. Interestingly, my second sale in real estate was a restaurant on the West Shore of Lake Tahoe.

In this last year, I listed two commercial properties....one, a thriving 22-unit B&B, and the other a Marina with "non-operating restaurant" and 6 2-bedroom, 2-bath rentable suites. **In both cases I wanted to be sure I was giving the client the best service, so I enlisted Hans' expertise to assist.** We now have the B&B in escrow with a buyer generated through CREXI-LoopNet exposure. As the buyer did not have a broker, Hans is representing that entity and I am representing the seller. We have 90 days to close and believe this will have a successful conclusion. **List price - \$6.9 million.**

The lakefront property is in escrow through private efforts as it was not exposed through the MLS or any other commercial exposure. Because the buyer is represented by an attorney, I am preparing the purchase documents on the California commercial and our local required forms based on the LOI presented to us. I will be working with the attorney through the transaction. **List price - \$12.5 million.**

"Needless to say, this connection to the commercial world is adding a new and very special dimension to my business, and I am learning a great deal through my wonderful, personal involvement with Hans."

With all the development in Reno, NV, we anticipate having further collaboration with connections I have along with Hans and his pool of investors through his networks.

In addition to the business association, I am having a lot of fun sharing social time with both Hans and Christine, even becoming a travel partner on our AREA retreats!

I encourage all residential brokers to keep your eyes open for the opportunity to collaborate with our commercial members. **Even without direct engagement, there is potential for nice referral fees!**

Please feel free to call me directly and would love to help you with some tips to help make your connection.



Trinkie Watson

Certificate: Harvard Law School's Program on Negotiation

Certified International Property Specialist

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www.LakeTahoeLuxuryEstates.com

INVESTMENTS	
Brokerage	\$503.85
ROTH : J\$	\$56,842.45
ROTH : Mrs J\$	\$26,617.10
SEP	\$331,094.63
	\$415,058.03
withdrawal rate	4%
retire now (early)	\$16,602.32
retire now (early)	\$1,383.53
EXPENSES	
yearly:	\$90,000.00
monthly:	\$7,500.00
needed to retire early:	\$2,250,000.00



THE NEW TAX CODE IS VERY FAVORABLE TO COMMERCIAL REAL ESTATE OWNERS that own, acquire new property or renovate existing facilities. It is not uncommon that 20% of the purchase price of a newly purchased building or interior renovation project can be written off in the first year...if a cost segregation depreciation method is used.

WHAT IS COST SEGREGATION?

Cost Segregation is an application by which commercial property owners can accelerate depreciation and reduce the amount of taxes owed. This savings generates substantial cash flow that owners often use to reinvest in the business, purchase more property, apply to their principal payment, or spend on themselves.

HOW DOES COST SEGREGATION WORK?

Cost Segregation Services, Inc. (CSSI®), an experienced and qualified company, performs the engineering-based cost segregation study on your property. The study accelerates the depreciation of your building/renovation components into shorter depreciation categories such as 5-, 7-, 15-year rather than conventional 27.5- and 39.5-year schedules.

These 5-, 7-, 15-Year items now qualify for expensing in the first year under Bonus Depreciation Rules. Five and 7-year items might include decorative building elements, electrical for dedicated computer equipment, and carpet. Fifteen year items might include site utilities, landscaping and paving.

This engineering-based cost segregation study results in a much higher depreciation expense and significantly reduced taxable income for the property owner. Best of all, the U.S. tax code states cost segregation can be applied to categories of buildings purchased or built since 1986, including renovations, and there is no need to amend your tax returns.

For further information, direct from the pros, please contact
 Vice-President David Deshotels, (Baton Rouge),
deshotelsd@costsegserve.com;
 or Na'Varo Johnson (San Francisco) expertmgmtpros@gmail.com.

FROM OUR MEMBERS

NATIONAL MARKET UPDATE

New Home Sales shot up a breathtaking 18% year-over-year in August with the 12-month average hitting a post-recession high! The 713,000 annual rate was 7.1% over July, even after that month's 31,000 unit upward revision.

Pending Home Sales saw a nice 1.6% jump in August, sending the measure of contracts signed on existing homes up 2.5% versus a year ago. Expect more growth in existing home sales over the next month or two.

Home prices continue to rise at a slower pace. In July, the Case-Shiller Home Price Index rose just 0.1%, the FHFA price index for homes financed with conforming mortgages, only 0.4%. Good time to sell, good time to buy.

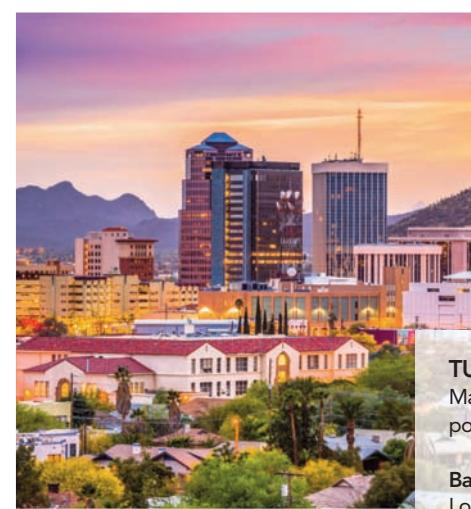
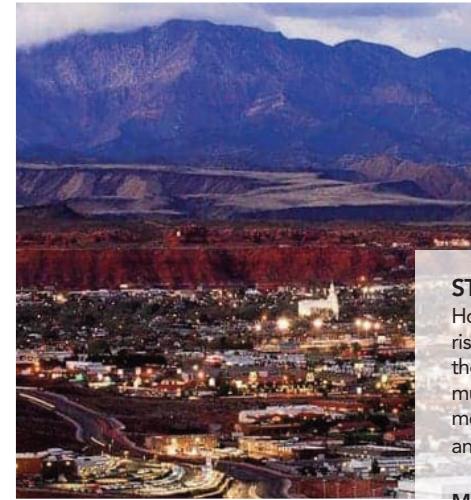
REGIONAL UPDATES

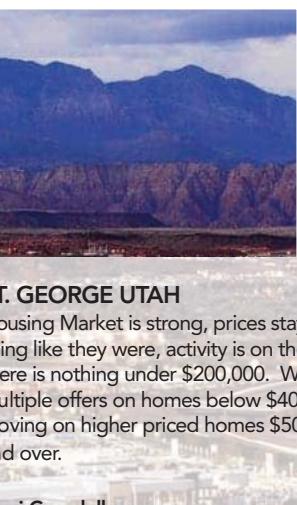


TAHOE CITY

We had our first closure of the season for Interstate 80 over Donner Summit. The early snowfall is exciting and ski areas are gearing up. Will it be a big winter this year? The Farmer's Almanac has given the upcoming winter season a nickname ... "The Polar Coaster" ... Are you ready for the ride?

Trinkie Watson
Chase International | 530-582-0722

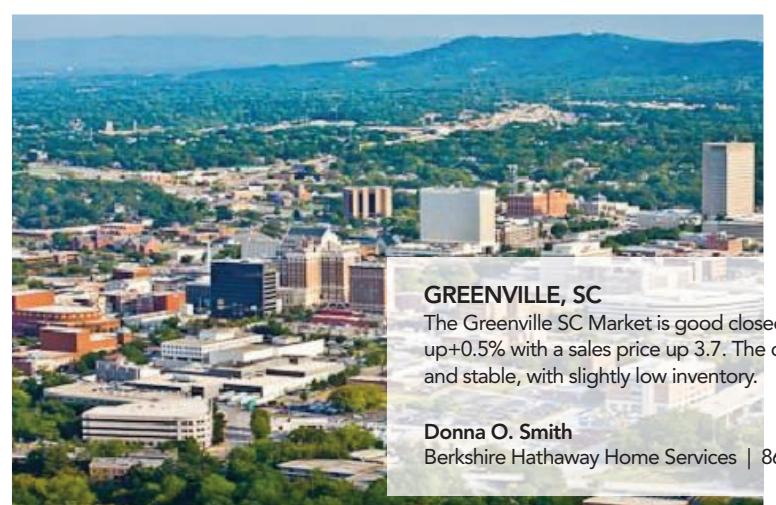




ST. GEORGE UTAH

Housing Market is strong, prices staying steady, not moving like they were, activity is on the lower end and there is nothing under \$200,000. We are seeing multiple offers on homes below \$400k, a little slower moving on higher priced homes \$500,000 to \$1mil and over.

Sheri Crandall
Summit Sotheby's Realty | 435-229-7424



GREENVILLE, SC

The Greenville SC Market is good closed sales are up +0.5% with a sales price up 3.7. The outlook is steady and stable, with slightly low inventory.

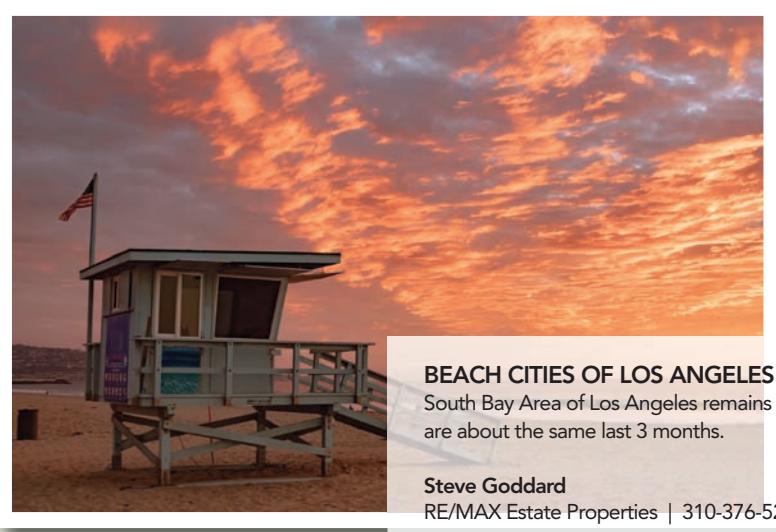
Donna O. Smith
Berkshire Hathaway Home Services | 864-288-4048



TUCSON, AZ

Market conditions in Tucson are quite active in all price points up to \$2M and have been all summer!

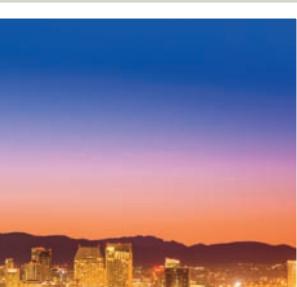
Barbara Bardach
Bardach Realty Company | 520-275-3867



BEACH CITIES OF LOS ANGELES

South Bay Area of Los Angeles remains stable and prices are about the same last 3 months.

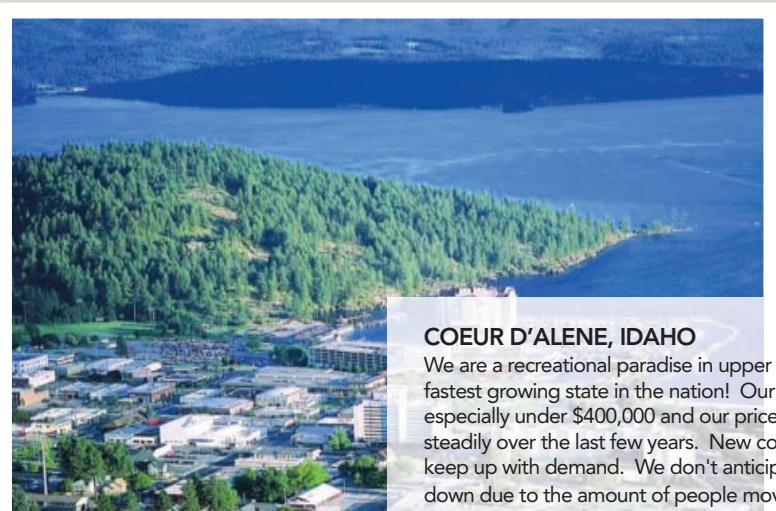
Steve Goddard
RE/MAX Estate Properties | 310-376-5225



SAN DIEGO, CALIFORNIA

Market conditions in San Diego are good. Some slowing overall however still seeing multiple offers in well priced properties under \$1M. \$1M and above is slow and on market 60+ days. Outlook remains good.

Audra Theseira
RE/MAX United | 858-344-2213



COEUR D'ALENE, IDAHO

We are a recreational paradise in upper tier of Idaho, the fastest growing state in the nation! Our inventory is low, especially under \$400,000 and our prices have risen steadily over the last few years. New construction can't keep up with demand. We don't anticipate much slowdown due to the amount of people moving here!

Cindy Sweeney
Lakeshore Realty | 208-660-8207



RPR: Qualified Opportunity Zones

CHICAGO (August 1, 2019) – Realtors Property Resource® (RPR), a nationwide data resource and a wholly-owned subsidiary of the National Association of REALTORS® (NAR), is pleased to announce the addition of Qualified Opportunity Zones (QOZ) to its platform. This powerful data layer will allow REALTORS® to use RPR's map interface to analyze and search for properties within the 8,700 Opportunity Zones throughout the U.S.

Created in 2017 as part of the Tax Cuts and Jobs Act, the purpose of the federal government's QOZ program is to drive economic growth through long-term investments in economically disadvantaged communities. Designated as "Opportunity Zones", these areas present opportunities for real estate investment and development by offering tax incentives to investors.

"With the Opportunity Zone initiative poised to transform American communities that have long been shunned by investors, NAR has developed resources to help facilitate and expedite investments in these areas. As our work continues, REALTORS® are committed to ensuring Americans can take full advantage of this valuable new initiative", said Joseph Ventrone, NAR Vice President, Federal Policy and Industry Relations.

Through RPR, REALTORS® will search a geographic area, then choose to display the Opportunity Zones layer, which will then reveal shaded areas that qualify.

REALTORS® can then analyze all properties that fall in the Opportunity Zone, review economic and demographic statistics for the area, and create reports for investors about the buying potential. They will also be able to reach out to residents and business owners in the area about selling advantages through RPR's recently launched Mailing Labels feature.

"These Opportunity Zones encourage private investment into low-income communities, with the intent of stimulating economic growth and job creation," said Bob Turner, NAR's 2019 Commercial Liaison and RPR Advisory Council Member. "Residential practitioners will notice homes that fall within Opportunity Zones gain a boost to their marketability because of increased attention, while Commercial practitioners will likely see properties once being skipped over turn into desirable investment opportunities."

Under the program, taxpayers who reinvest capital gains from a previous sale into a fund for investing (called "Opportunity Funds"), are eligible to defer paying taxes on those gains, and can potentially reduce their tax liability by 10 – 15% (based on the amount of time they hold the investment). Additionally, if the investment is held for at least ten years, any appreciation on it is tax-free.

IDEAS FROM PILLAR TO POST

ADDING NEW FAUCETS TO KITCHENS AND BATHS IS AN EASY WAY TO GET AN UPDATED LOOK WHEN SELLING A HOME.

PLUMBING – UPGRADE OR NOT?

Buyers and sellers often hear about plumbing upgrades, but just what does this mean? Generally speaking, upgraded plumbing in the context of buying or selling a property refers to both fixtures and/or the plumbing system itself.

Fixtures

In bathrooms and kitchens, faucet fixtures are an easy upgrade, adding style without a lot of spend. If a home is being prepped for sale, the best bet is to use fixtures that will appeal to the most potential buyers. Choose basic finishes and designs; now is not the time for gleaming gold-toned metal or other styles that not everyone likes. The idea is not necessarily to draw attention to the faucets, but to demonstrate that the fixtures are modern and in good condition.

Toilets are another simple upgrade that will positively affect how the home is perceived. If space allows, an elongated bowl and a high-profile height are smart changes to make. A neutral color that works with the existing tile and walls is always best.

A shower upgrade can be as basic as adding a handheld shower unit to the existing setup. Another effective upgrade is installing a "rain"-type showerhead, which are very popular in new homes. Also consider a thermostatic valve for the shower, which prevents scalding while the shower is running. It's a nice feature that's inexpensive to add and is especially appealing to buyers with children.

Piping

Home re-piping continues to grow in popularity. During this process, all water lines and connections within the home are replaced. Sometimes, the line from the water main to the house may need to be replaced as well.



Over time, old galvanized metal pipes will degenerate, increasing the potential for leaks, reducing water flow capacity/water pressure, and causing material to flake off inside the pipes. This is particularly noticeable in hot water lines. The taste and appearance of water can also be adversely affected. Some older homes have lead pipes, which are less subject to corrosion but can pose a serious health hazard for children.

Typically, replacement piping is made of copper or one of several types of flexible tubing, including PEX and PVC. The best material to use depends on a number of factors, including the hardness of the water and winter temperatures. Homeowners should always seek out the opinions of several contractors before making the important – and not inexpensive – decision to re-pipe the home. Depending on the home's location, re-piping may not pay off in terms of return on investment but could be an attractive selling feature nonetheless.

Most buyers typically don't want to think about plumbing, so upgrades are often welcome. As with any upgrades, however, consider market conditions and comparables when making recommendations to your sellers.

PILLARTOPOST

Silvi Stermasi
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AREA SALUTES

This is a new and on-going commentary provided by two distinguished AREA members from the East Coast: **Miriam Dunn** of Scarsdale and **Elizabeth Allardice** of Raleigh-Durham, who think that there is a great deal more to our members than simply their wonderful achievements in the world of real estate and as participants in the National Association of REALTORS®. So, each month they will be randomly saluting a particular member of AREA for what they do in addition to managing their real estate careers.

This month we feature **Brian Thompson**, of Bloomington, Indiana and the 2109 President of the Indiana Association of REALTORS®.



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Elizabeth Allardice
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Brian Thompson is from Brazil, Indiana, a small town in the west central part of Indiana, where, as the dreamers often believe was the original home of Mayberry. After high school he attended fine arts school in Miami, FL where he lived and worked until his return to Indiana to help care for his ailing parents. Brian has had a successful retail career before getting into real estate in 2005, working for large department stores around Indiana before settling in Bloomington where he now lives and now considers the real Mayberry.

Brian works for the FC Tucker company is a Partner/Manager for the franchise office in Bloomington. He is very active in the local community serving on the board of directors of Habitat for Humanity and The Boys & Girls Club. In the real estate world he has served locally at President in 2010, is a graduate of the Indiana Assoc. Leadership Academy in 2009 and has served on many local committees over the years. He also was the local Realtor of the Year in 2011. He is currently the Chair of the local RPAC Committee and has been for the last 7 years.



Brian Thompson
Bloomington, IN
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On the state level he is currently the Indiana Association of REALTORS® President, serves on the board of directors, Executive Committee, RPAC Trustees and Professional Standards. He has made 2019 a year of reconnecting with the 26 local associations and has made it a goal to visit all by the end of his term. Brian has also been involved in the beginning in the search and oversight of IAR's new headquarters in down town Indianapolis which has been a 6 year process, which is also the home of Indiana University revered for Music, Science, Medicine and producing so many great American leaders.

On the National level Brian is currently the RPMIC for Indiana, has served as on Participation Council, Major Donor Committee and is on the NAR BOD.

Brian is also heavily involved in RPAC fundraising around the state and is an RPAC Hall of Fame recipient in 2018 and has been a President's Circle member for the last 5 years and in 2019 became Indiana's first Platinum President's Circle member.

Outside of real estate Brian spends time travelling with his partner, Bill of 18 years, seeing his grown children, Ashton, who also works with him and Max who attends nursing school.



Main Campus of Indiana University



Legal Update

with Dennis Badagliacco past Chair of the Legal Advisory Committee of the NAR

Dennis Badagliacco

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Ed Note: Dennis is on Hiatus during September. So, we are reprinting a previous column.

Tauscher v. Phoenix Board of Realtors:

This case was sent to me by AREA member Gary Nelson. The Phoenix Bd. Of Realtors offered a class. Mr. Tauscher is a profoundly deaf individual who is a licensed Real Estate salesperson. The plaintiff sued because he thought the Phoenix Board of Realtors did not provide a suitable accommodation for him. He wanted a person to sign the presentation. The case went before a panel and ruled in favor of the Board of Realtors. The plaintiff appealed the ruling and the 9th Circuit ruled that the panel made an error and the plaintiff was entitled to a full trial. What is to be learned here? Pay very close attention to the American with Disabilities Act when scheduling events.

NAR Lawsuit: Moehrl v. NAR, etc.:

This suit alleges among other things the NAR conspired to fix buyer's agent commissions. NAR was about to file a motion to dismiss and the plaintiff pulled the complaint and then filed the revised complaint. NAR has often cited the DOJ consent decree saying the NAR was in effect handling commissions correctly. The DOJ has. Just decided the NAR is "inaccurately portraying" the 2008 consent decree. Let the games begin. NAR's motion to dismiss has not been ruled on. Estimates for the dismissal ruling are between December and

years down the road. The suit will continue and will be expensive.

Lead Based Paint:

California settled a decades long suit against the paint companies (19 years!) for \$305,000,000. Basically, both sides agreed to stop running legal bills. California will get the money and set up a bureaucracy on how to spend the money. The settlement may very well be the blueprint for settlements in other States. Nobody likes the settlement, but it is better than running legal bills.

Wojciechowski v. Kohlberg Ventures, LLC:

Be sure your settlement agreements are drafted properly. Realtors should be VERY cautious with settlement agreements and should rely on attorneys to draft the agreements. The Court held that settlement agreement does not bar subsequent claims against non-parties expressly excluded from the settlement agreement. The parties left gaps for further litigation. Moral of the story: don't practice law and draw your own agreements to save an hour or two of attorney fees!

Please don't hesitate to call with questions or comments.

AREA Would Like to
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