A publication of the Michigan Association of REALTORS®

MICHIGAN REALTOR®

WWW.MIREALTORS.COM

JANUARY 2013

Volume 12 | Number 1

PLUS: Mortgage Interest Deduction The Magic of Window Treatments Appraisals and Abatements The Value of Backup Offers

TRIBUTE RPAC TRIBUTE

EXIT Realty Names Five US Divisional Presidents

New leadership team formed to support company's aggressive growth

We are pleased to announce the appointment of five Divisional Presidents to aid in EXIT Realty's aggressive regional growth.

This announcement comes on the heels of the recent appointment of Tami Bonnell as CEO. **"EXIT REALTY has very aggressive growth plans for 2013 and beyond," said Bonnell "Having the Divisional Presidents in place to support that growth is essential. All five of the people we have chosen are leaders in the industry first, then leaders within EXIT. We are proud of their accomplishments and look forward to EXIT'S next chapter."**

The Divisional Presidents will report to Bonnell and act in a supporting role to her as well as to the Regional Owners who are spearheading growth in their respective states throughout the U.S..

Craig Witt, formerly EXIT's Michigan Regional President will oversee the North Central Division comprising Montana, Idaho, Wyoming, North and South Dakota, Nebraska, Kansas, Minnesota, Iowa, Missouri, Wisconsin, Illinois, Michigan, Indiana and Ohio.

Victoria Rivadeneira, formerly EXIT's Regional Director of Upstate NY will oversee the North East Division comprising Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, District of Columbia, New York, Pennsylvania, Maryland, West Virginia and Virginia.

Janice Petteway, veteran Franchisee of EXIT Real Estate Results in the Orlando Florida area, will oversee the South East Division comprising Kentucky, Tennessee, North and South Carolina, Mississippi, Alabama, Georgia and Florida.

Bob McKinnon, former Senior Regional Consultant and 42-year industry veteran will oversee the South Central Division comprising Utah, Colorado, Arizona, New Mexico, Oklahoma, Texas, Arkansas and Louisiana.

Susan Ebert, award-winning franchisee of EXIT Twin Advantage Realty in Murrieta California will oversee the Pacific West Division comprising Washington, Oregon, Nevada, California, Alaska and Hawaii.

"EXIT's leadership team is unrivaled anywhere else in the real estate industry," said EXIT Realty's Founder and Chairman Steve Morris. "Their depth of experience, drive and commitment to the success of our Regional Owners, Franchisees and Associates are an unbeatable combination. EXIT owns the next decade."

Susan Ebert
President - Pacific West U.S. Division

Craig Witt
President - North Central U.S. Division

Victoria Rivadeneira
President - North East U.S. Division

Bob McKinnon
President - South Central U.S. Division

Janice Petteway
President - South East U.S. Division

EXIT®

www.exitrealty.com/michigan

**To find out more call Craig Witt, Michigan Regional President today!
1-877-669-3948**

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Appreciate the Power of MAR

Esteemed colleagues, I want to wish you and yours a happy and prosperous New Year. As we launch 2013, it is quite an honor to serve as your MAR President. It is a title of particular distinction, and I firmly believe in the power of our Association -- as both a public resource and an unrivaled engine for effective advocacy in Michigan. This is no accident. I have had the pleasure of working with those volunteers who are serving in our leadership at the federal, state and local levels and, to a person, they are all highly organized and purpose-driven. As stated in our Oath of Office, leadership is not a reward; it is a responsibility. The men and women that have stepped up to that responsibility both past and present have brought us great acclaim. It's true; the Michigan Association of REALTORS® has national standing, and is a force to be reckoned with!

My promise to you is that I will continually strive to uphold the values and policies that have brought us to this level. Having had some exposure to the political process at the state and federal levels, both personally and professionally, I know the importance of credibility and fair play. As a businessman, I also know that the true value of integrity may be impossible to quantify, but is indisputably precious. The strongest measure of professionalism in our industry is not just calling ourselves REALTORS®, but living up to that charge every day and in every transaction. Correspondingly, we have distinguished ourselves in the public policy arena by supporting those candidates that have stood up for REALTORS® in the legislative process.

In my 25 years of experience in this industry, I have witnessed MAR's steady improvement in defining what an association should be for its membership. I have also marveled at the power of that collective membership's voice when it has called for change in Lansing. Through grassroots communication, advocacy, and tough decisions made by our volunteers, the strength of the MAR stands upon the unified efforts of REALTORS® across the state. Given the range of issues we deal with, it is no wonder that we are rife with differing opinions on some of them. Accordingly, and particularly in a presidential election year, there was healthy dissent on some of our decisions. But it has been rewarding to see our collective successes when the election night results came in. Whether participating in candidate interviews, taking a trip to our nation's capitol, or meeting elsewhere with elected office holders on a specific policy initiative, the REALTOR® party commands enormous respect. As a voting block of consistent ideals, we are also a formidable political force.

This year opens with many of the same questions we faced in the last few years. Scary buzzwords describing "fiscal cliffs" and "debt ceilings" serve only to reinforce the importance of our association in advocating sound policy and promoting public awareness. When uncertainty surrounds us, the value of our industry to Michigan's economy, and our role within it, cannot be overstated.

For both our clients and the interests of our association, it is essential for each one of us to be a reliable resource, attuned to the issues facing our industry locally, statewide, and nationally. If you are not yet involved, it is time for you to think about getting involved. I urge you to take advantage of the resources at your fingertips. Our MAR staff does a fine job making such resources available with a centrally located and easily navigated website at www.mirealtors.com. Further, please also see the capsule imbedded in this column as it features many helpful resources to bookmark for future reference.

Staying informed keeps us one step ahead when it comes to advocacy and effecting meaningful change -- across our state and in our local communities.

I am excited and energized to serve as your President at a time when the stakes are so high. In doing so, I always want to be attentive to the ideas of our REALTOR® family; and I will work actively with your leadership to make 2013 a great year for all of us. **MAR**

MAR's website at www.mirealtors.com **will keep you up to date on various MAR Advocacy issues and the latest industry news.**

For information on specific legislation in our state:
www.michiganlegislature.org

To stay up to date on commercial news and events at the CCIM Institute, please visit http://www.ccim.com/.

Information on affordable housing programs through the Michigan State Housing Development Authority:
http://www.michigan.gov/mshda

by Bill Milliken

COMING EVENTS

January 24-25, 2013
2013 MAR Achieve & Reception 5:01
MGM Grand
Detroit

January 25-27, 2013
2013 MAR Convention & Expo
Soaring Eagle Casino & Resort
Mt. Pleasant

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Michigan Association of REALTORS®

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

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

Working with our legislature to get things done

Happy New Year, and best wishes for all the benefits that a fresh perspective and a new calendar can bring. As we look forward to issues that are important to this industry, we're hoping a new approach on a couple of continuing projects will hit the mark as the legislature begins its business for 2013.

The most prominent of these is a specific proposal to increase the hours required for earning and retaining a real estate license in the state of Michigan. The proposal, as approved by your MAR Education Task Force and Board of Directors in 2012, would roughly double the hours required for both the former and the latter. As charged, the overall mission of the MAR Education Task Force was to recommend possible improvements for real estate education and licensing in Michigan. Accordingly, they outlined a proposal for better services in tracking and licensing, while improving the actual educational content in more practical terms. It was left open as to how this was best accomplished. For instance, whether this process required privatization of some licensing services or just improving course requirements within our current mode. But, the recommendation to increase the educational time requirement garnered the most of your attention.

Obviously, that recommendation was not without controversy within our membership, let alone in the legislature. We'd all like to keep this industry as professional as possible and, given the increased complications endemic to the recent real estate market swoon, more education and experience for everyone in the business would make a great deal of sense. As eloquently stated by our MAR Education Task Force, the MAR membership is "strongly devoted to preserving the integrity of the real estate profession in Michigan and continually ranks professionalism as being more important than ever. What was relevant 15 years ago is not necessarily relevant in today's market, and now is the time to raise the bar and emphasize choice, accountability, and transparency at all licensure levels." Sound thinking, indeed. We owe Task Force Chairs Dennis Pearsall and June Clark, the Task Force itself, and our Board of Directors a great debt for their Herculean work.

Nonetheless, we've run up against a roadblock of good intentions within the legislative process. Starting at the top-- Governor Snyder has a policy of reducing, not increasing, regulations in order to make Michigan more competitive. That's a policy and a Governor that we very much like. After all, it was he and this legislature that finally expanded the Principal Residence Exemption and made sense of Michigan's sand dune laws, which we'd been working on for over twenty years. Secondly, we have a State House with a pretty serious libertarian streak when it comes to any form of licensing and regulation. Toss in a couple of personnel changes in the State's department of that same name, and we find this policy initiative on a pretty rocky road.

On a side note, this same dynamic gave the legislation to license Appraisal Management Companies a harder slog than some of us might have expected. After all, for better or worse, those bills only put Michigan into compliance with existing federal law and the following, imminent federal rules. You might assume there would be some sense of immediacy to the proceedings. As of this writing, however, the more established state licensing personnel have been less than enthusiastic about moving Michigan into compliance. Nonetheless, we expect that logic and a federal mandate (two sticks rarely bundled together) will have prevailed in the end. We have been quite communicative in providing both the Administration and legislative leadership with the solid pro-consumer rationale for AMC licensing. We are confident that Michigan will be in compliance by the time you read this article. Check the website or view the latest MAR Vodcast to see if our confidence was justified.

All that said, in 2013 we will trim our sails to the favorable wind. We have a great legislature with whom to work, and we will streamline existing programs surrounding education and licensing. Governor Snyder has made it clear that he would like to improve all licensing services and privatize where it would be helpful to do so, and we agree. We will also continue to work with him and Lt. Governor Calley to explore some means of improving tax records in this state and to make this public information more inexpensive and accessible. No small task, as it may require overhauling the interplay between state, county and local taxing authorities. That ought to keep us all pretty busy for the next couple of years that comprise this 97th iteration of our state legislature. In the meantime, here's a toast to REALTOR® success and a very Happy 2013. **MAR**

by Robert Campau MAR Vice President, Public Policy & Legal Affairs

2013 Officers and Directors

MICHIGAN ASSOCIATION OF REALTORS®

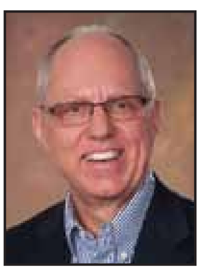
Officers

President: Bill Milliken, Commercial Board

Bill Milliken, CCIM, CIPS, launched his career in real estate in Ann Arbor in 1987. He is serving his third term on the board of directors of the CCIM Institute, where he has held numerous leadership positions. He was a delegate on CCIM's trade mission to China in 2006. Bill was named REALTOR® of The Year by the Ann Arbor Area Board (2000) and the Commercial Board of REALTORS® (2006). Milliken Realty, which he formed in 1996, was named a Best of Michigan Business in 2008. Previously, he worked in Washington, D.C. for NASA and the U.S. Dept. of Justice. Bill was elected to the board of directors of New Detroit in 2010; serves on the board of the Washtenaw Community College Foundation; was president of the Commercial Board of REALTORS® (2006); a director of Republic Bancorp; a member of the executive committee of Ann Arbor SPARK, and board chair of the Ann Arbor Chamber of Commerce. He graduated from Colorado College and is a licensed private pilot.

President-Elect: Carol Griffith, Livingston County

Carol Griffith is a 3rd generation REALTOR® serving Livingston County. Carol and her brother Scott Griffith (past MAR President) have owned and operated ERA Griffith Realty in Brighton since 1981. As a lifelong resident of Livingston County, Carol has been a consummate volunteer and advocate for her profession and community. Carol's involvement with the Livingston County Association of REALTORS® includes holding nearly every leadership role: past president, director, committee chair of RPAC, chair of professional standards, finance, strategic planning and public relations. Carol has been named twice as Livingston County's REALTOR® of the Year. In addition, Carol continues to be recognized by her franchise for notable sales production. Carol has served two terms as MAR director, 2011-treasurer elect, RPAC trustee, finance committee and served as chair of public policy. In 2011 she received the prestigious award of: REALTOR® Active in Politics. Giving back to the community is a priority for ERA Griffith Realty. Carol continues to serve numerous leadership positions and affiliations with many active organizations. She is an elected official serving as Livingston County Commissioner.



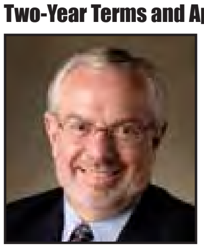
Treasurer: Gene Szpeinski, Grand Rapids, Commercial Alliance, Commercial Board

Gene has been a REALTOR® since 1976 and has served on nearly all GRAR committees and task forces including a term as Director from 2003-05. He was awarded GRAR's REALTOR ®of the Year in 2001. He is also a member of Commercial Alliance of REALTORS® where he has been a board member from 2008 to 2012. Gene recently became a member of the Commercial Board of REALTORS® and served on the MLS Exchange Board of Directors 2004-06 serving as its President in 2006. He served on the MAR RPAC Trustees from 2002-07 as well as the MAR Board of Directors from 2008 to 2011. He was elected as the MAR's Treasurer for 2013. Gene was a member of the NAR Land Use, Property Rights and Environment Committee from 2004-10. Gene has extensive experience working with local and state officials and has developed 12 home/condo neighborhoods in Kent County since 1990.

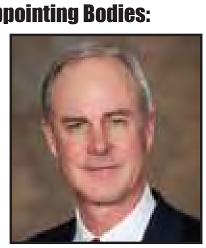
Board of Directors

MAR's 2013 board of directors is made up of 14 district directors (see next page) and six other representatives, which are listed below. District directors are elected during MAR's One REALTOR®, One Vote online election, which takes place every fall.

Two-Year Terms and Appointing Bodies:



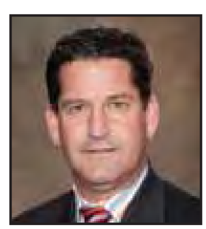
Bob Taylor
GMAR
Past President



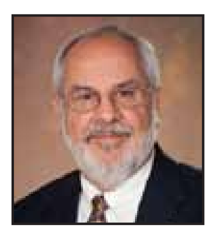
Kelly Sweeney
GMAR
Large Office

Tom Paarlberg
GRAR
Large Office

Rod Alderink
CAR
MiCAR



Randy Thomas
CBOR
MiCAR



Bob Adamowski
Bay City
MRAEC Rep

2013 District Representatives

District representatives serve as liaisons between MAR and the local associations in their region.

Jason Copeman
District 1
Expires in 2014

Matt Case
District 2
Expires in 2013

Lola Audu
District 3
Expires in 2013

Rick Loose
District 4
Expires in 2014

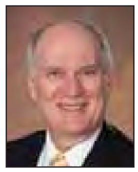
Art Yeotis
District 5
Expires in 2013

Carl Kaminski
District 6
Expires in 2014

Matt Davis
District 7
Expires in 2013

Ron Zupko
District 8
Expires in 2013

Allan Daniels
District 9
Expires in 2014



Tom Kotzian
District 10
Expires in 2013

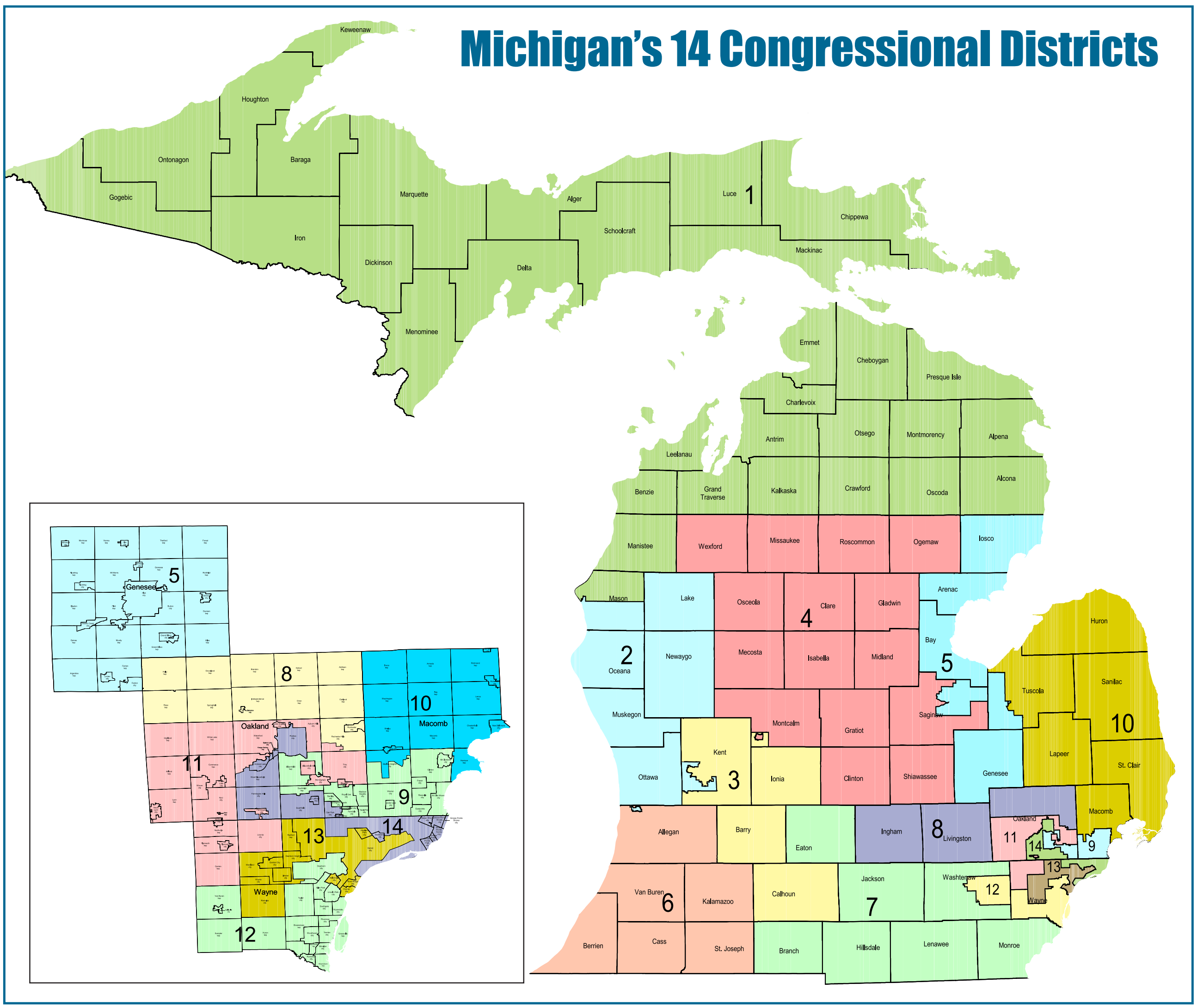
Gary Reggish
District 11
Expires in 2014

Gerald Miller
District 12
Expires in 2013

George Smale
District 13
Expires in 2013

David Botsford
District 14
Expires in 2014

Michigan's 14 Congressional Districts



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2012 RPAC Tribute

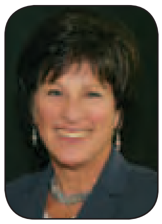
MiRPAC

INVESTORS AS OF 11.28.12

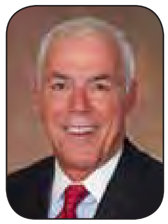
The REALTORS® Political Action Committee (RPAC) is the best way a REALTOR® can protect their business. RPAC is the only grassroots and issues mobilizing force that exists to promote the tradition of home ownership and real estate investment. By contributing to RPAC, you are supporting REALTOR®-friendly candidates for public office that believe in our industry and will fight for private property rights, sound tax reform, and less burdensome regulation of your business. With RPAC, REALTORS® from across the state have the chance to come together and become active in the nation's most powerful and effective lobbying machine. By becoming part of RPAC, you'll not only have the power to make a change in the way you do business, but you'll also become part of a statewide network—more than 22,000 members strong—that will link you with like-minded REALTORS® who share your concerns and issues.

RPAC HALL OF FAME

Pat Vredevoogd Combs
Grand Rapids



Carol Jones
Greater Metropolitan



Bill Martin
Michigan Association

Teri Spiro
Greater Metropolitan

Furhad Waquad
Greater Metropolitan

Dan Elsea
Greater Metropolitan

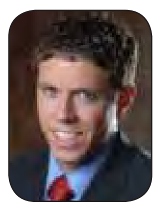
GOLDEN R

Mark Baker
Lenawee County

Pat Vredevoogd Combs
Grand Rapids

Chris Courtney
Greater Metropolitan

Andrew Daily
Greater Metropolitan



Ted Edginton
Greater Metropolitan

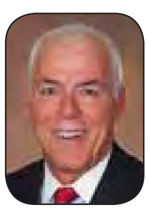
Dan Elsea
Greater Metropolitan

Stuart Elsea
Greater Metropolitan

Beth Foley
West Michigan Lakeshore

Jay Goscinski
Greater Metropolitan

Denise Love
Central Michigan



Bill Martin
Michigan Association

Michel Metzner
Grand Rapids

Patti Mullen
Greater Metropolitan

Nanci Rands
Greater Metropolitan

Gary Reggish
Greater Metropolitan

Teri Spiro
Greater Metropolitan

James Stevens
Greater Metropolitan

Bob Taylor
Greater Metropolitan

Furhad Waquad
Greater Metropolitan

Commercial Board of REALTORS®

IREM of Michigan

This tribute is intended for viewing only by members. This is not a public solicitation.

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2012 RPAC TRUSTEES

Chair

Gary Reggish
Greater Metropolitan

Vice-Chair

Sara Lipnitz
Greater Metropolitan

Mark Baker
Lenawee County

Ken Carlson
Paul Bunyan

Chris Courtney
Greater Metropolitan

A. Michael Conn
Flint Area

Dan Coffey
Southwestern Michigan

Matt Davis
Battle Creek Area

Jim Fase
Grand Rapids

John Francis
Commercial Alliance

Jay Goscinski
Greater Metropolitan

Fred Hetherwick
Jackson Area

Kim Pontius
Traverse Area

Beth Pressler
Grosse Pointe

Nanci Rands
Greater Metropolitan

Mary Rockwell
Northeastern Michigan

Teri Spiro
Greater Metropolitan

Robyn Walker
Northeastern Michigan

Terry Westbrook
Grand Rapids

Chris Wretschko Dean
Greater Lansing

CRYSTAL R

Brenda Brosnan
Greater Metropolitan

Heather Davis
West Michigan Lakeshore

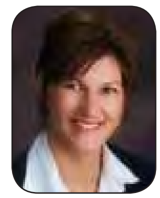
Debi Gould
Ann Arbor Area

Tammy Kerr
West Michigan Lakeshore

Kim Pontius
Traverse Area

Michael Samborn
Bay County

Loretta Spinrad
Greater Lansing



Johnna Struck
Greater Metropolitan

Kathleen Wilson
Greater Metropolitan

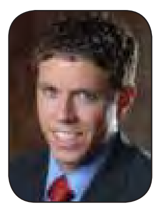
NAR PRESIDENT'S CIRCLE

Brenda Brosnan
Greater Metropolitan

Randy Caltrider
Greater Lansing

Pat Vredevoogd Combs
Grand Rapids

Andrew Daily
Greater Metropolitan



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Greater Metropolitan

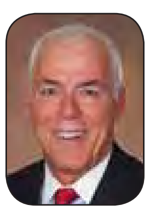
Stuart Elsea
Greater Metropolitan

Beth Foley
West Michigan Lakeshore

Yoshiko Fujimori
Greater Metropolitan

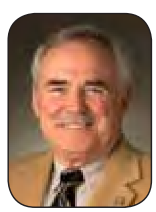
Carol Griffith
Livingston County

Denise Love
Central Michigan



Bill Martin
Michigan Association

John McArdle
Greater Metropolitan



Gordon McCann
Greater Metropolitan

Patti Mullen
Greater Metropolitan

Nanci Rands
Greater Metropolitan

Gary Reggish
Greater Metropolitan

Teri Spiro
Greater Metropolitan

Bob Taylor
Greater Metropolitan

Furhad Waquad
Greater Metropolitan

Chris Wretschko Dean
Greater Lansing

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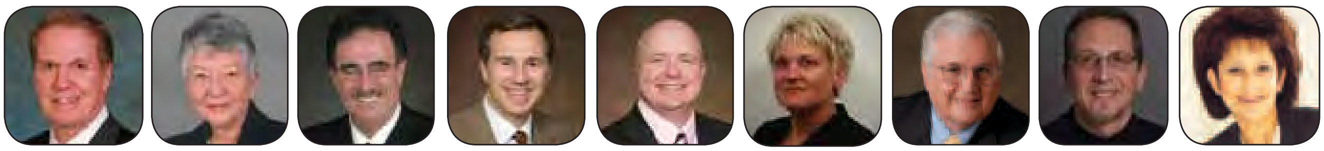
STERLING R

Jon Aucutt	**Lola Audu**	**Christopher Ayers**	**Sam Baki**	**Scott Bohlen**	**Luke Bouman**	**Paul Brown**	**Marci Browne**	**Jeff Burke**
Greater Metropolitan	Grand Rapids	Greater Metropolitan	Greater Metropolitan	Livingston County	West Michigan Lakeshore	Greater Lansing	Central Michigan	Greater Lansing



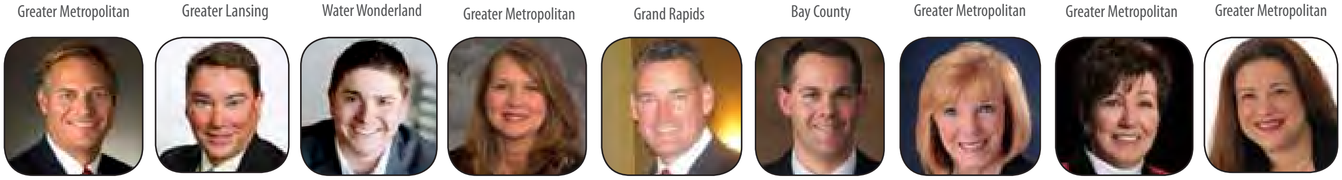
Robert Curran	**Nancy Butler**	**Randy Caltrider**	**Robert Campau**	**Matt Case**	**June Clark**	**Daniel Coffey**	**A. Michael Conn**	**Kathy Coon**
Dearborn Area	Southwestern Michigan	Greater Lansing	Michigan Association	Traverse Area	Monroe County	Southwestern Michigan	Flint Area	Greater Metropolitan

James Courtney	**James Cristbrook**	**Steve Darnell**	**Matt Davis**	**Emily Day**	**Julie Diaz**	**Mark Duncan**	**Jeff Duneske**	**Graham Duryee**
Greater Metropolitan	Greater Metropolitan	Greater Lansing	Battle Creek Area	Greater Metropolitan	Greater Metropolitan	Bay County	Greater Metropolitan	West Michigan Lakeshore

Ron Ellison	**Linda Eriksen**	**Jim Fase**	**Steve Fase**	**Kathie Feldpausch**	**Maureen Francis**	**Yoshiko Fujimori**	**Kevin Gerkin**	**Loren Gerber**
Jackson Area	Greater Metropolitan	Grand Rapids	Grand Rapids	Michigan Association	Greater Metropolitan	Greater Metropolitan	LIvingston County	Southwestern Michigan

Robert Gleason	**Beth Graham**	**Karen Greenwood**	**Carol Griffith**	**Scott Griffith**	**Tim Haggerty**	**Joseph Hawthorne**	**Jim Heglund**	**Jake Heglund**
Greater Metropolitan	Greater Lansing	Greater Metropolitan	Livingston County	Livingston County	Greater Metropolitan	Greater Metropolitan	Commercial Alliance	Grand Rapids

Fred Hoitash	**Pete Holoway**	**Shawn Huston**	**James Iodice**	**Jon Jackson**	**Frank Janca**	**Ronald Jasgur**	**Cindy Kahn**	**Brandon Kekich**
Greater Metropolitan	Greater Lansing	Water Wonderland	Greater Metropolitan	Grand Rapids	Bay County	Greater Metropolitan	Greater Metropolitan	Greater Metropolitan



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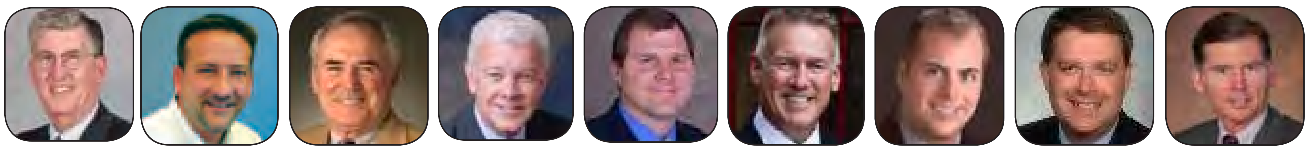

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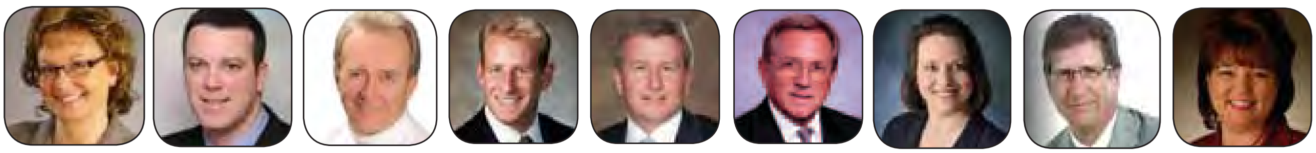

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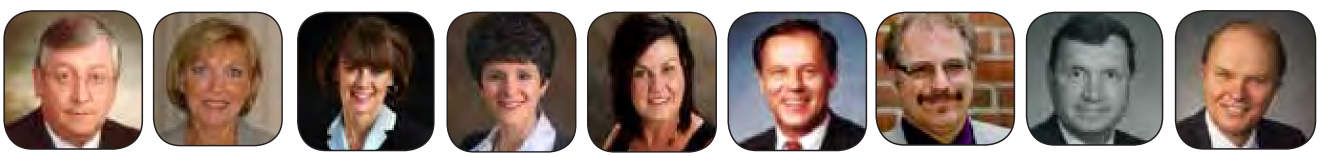

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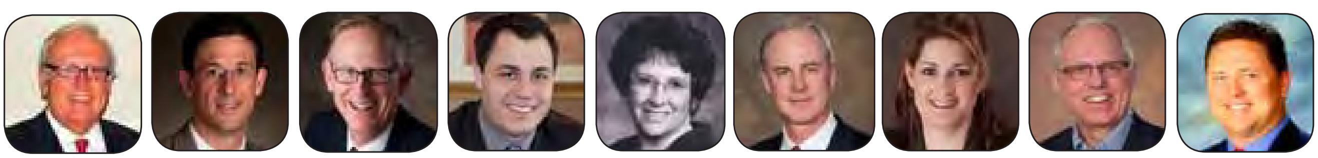

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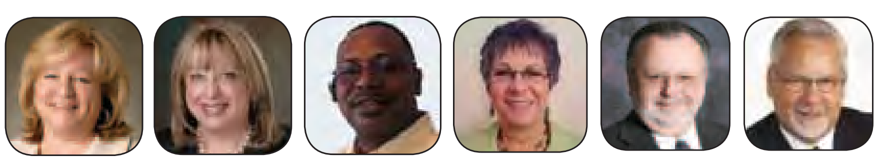

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New **Smartphones** and **Tablets**:

What's New, What's Hot, and What to Avoid

BY G. WILLIAM JAMES

It's 2013 and we've survived the Mayan apocalypse. The new year brings a fresh start to many projects and business ideas. It also brings a new lineup of mobile devices, with new looks, new sizes and new prices. We also have two veteran players looking to revitalize their popularity in the mobile device world.

For the REALTOR®, choosing the right technology for their business increases productivity, can reduce overall expenses and will almost certainly increase their return on investment. Useful features and applications now make for an effective mobile office experience.

There are lots of choices, and now a wider range of pricing designed to lure the mobile user to the side of the OS with the best siren song.

The Google Android OS continues to dominate the smartphone market, with dozens of models from a number of different manufacturers. An estimated 485,000 Android devices are activated daily, representing 68 percent of worldwide smartphone devices in use. Comparatively, the new Windows Phone 8 devices have pleased the tech community with a fast, powerful and very impressive smartphone platform that is certainly worthy of consideration. Combine that to the surprisingly low prices for the devices, and Microsoft may have earned themselves a winner with Windows Phone 8.

Apple continues to stay at the top with the new iPhone 5, and its recent predecessor, iPhone 4S. It's still considered best in its class despite gains made by Android phones, so you can't go wrong with an iPhone.

Let's look at some of the devices based on their OS:

Top Android Phones

Model	CPU	Memory	RAM	OS	Cam	Display	Price
Samsung Galaxy SIII	Dual Core	16/32GB	2GB	4.0	8 MP	1280x720	$199+
Galaxy Note 2	Dual Core	16/32GB	2GB	4.1	8 MP	1280x720	$249
HTC Droid DNA	Quad Core	16/32GB	2GB	4.1	8 MP	1080p	$199
HTC One-X+	Quad Core	64 GB	1GB	4.1	8 MP	1280x720	$199
Moto Razr Maxx	Dual Core	32GB	1GB	4.0	8 MP	1280x720	$179
Google Nexus 4	Dual Core	8GB	2GB	4.2	8 MP	1280x720	$299

Top Windows 8 Phones

Model	CPU	Memory	RAM	Cam	Display	Price
Nokia Lumia 920	Dual Core	32GB	1GB	8.7 MP	1280x720	$99
HTC Windows 8X	Dual Core	16GB	1GB	8 MP	1280x720	$99
Samsung Focus 2	Single Core	8GB	1GB	5 MP	480 x 800	$49

Apple iPhone	CPU	Memory	RAM	Cam	Display	Price
Apple iPhone 5	Apple A6X	16/32/64GB	1GB	8 MP	1136 x640	$199
Apple iPhone 4S	Apple A5	16/32/64GB	1GB	8 MP	960 x 640	$99

Remarkable Tablets

Many Agents have discovered the benefit of adding a tablet to their mobile office strategy. The larger screens, thousands of apps and Internet connectivity make tablets a viable alternative to a laptop in many cases. The issue of portability becomes a factor compared to using a smartphone, but there are varying sizes now to give you choices to suit your lifestyle. Apple iPad is still considered the best tablet on the market, and continues to outsell the Android tablets, but with the impressive technology and pricing, the balance is shifting rapidly.

The small tablet getting the most recent buzz is the iPad Mini, an 8-inch, sized-down version of the legendary iPad. The technology is comparable, but critics have cited the resolution to be less than expected from an iPad, given its reputation from its famous Retina Display. Microsoft has finally added a tablet with the Surface RT, holding out until the release of Windows 8. It's fast, impressive with good screen resolution.

Android tablets are gaining fast on the iPad in terms of sales, and not without good reason. The platform continues to impress, and with multiple manufacturers, there are lots of models from which to choose, from the top-rated Galaxy Nexus, in both 7 and 10-inch screens, to the Amazon Kindle Fire HD. Priced from only $199, Android tablets are offering power, capability and value.

Top Tablets

Model	CPU	Memory	Size	Cam	Display	Price
Apple iPad 4th Gen	Apple A6X	16/32/64GB	10in	5 MP	2048x1536	$499+
Google Nexus 10	Quad Core	16/32GB	10in	5 MP	2560x1600	$399+
ASUS Transformer	Quad Core	16/32GB	10in	8 MP	1920x1200	$499+
Samsung Galaxy Note	Quad Core	16/32GB	10in	5 MP	1280 x 800	$399+
Microsoft Surface RT	Quad Core	32/64GB	10in	720p	1366 x768	$499
Amazon Kindle Fire HD	Dual Core	16/32GB	9in	1.2 MP	1920x1200	$299
Apple iPad Mini	Apple A6X	16/32/64GB	8in	5 MP	1024 x 768	$329+
Google Nexus 7	Quad Core	16/32GB	7in	1.2 MP	1280 x 800	$199+
Amazon Kindle Fire HD	Dual Core	16/32GB	7in	1.2 MP	1280 x 800	$199+

If you received a new smartphone or tablet for Christmas, I applaud you. The latest devices are guaranteed to deliver lots of features for business and entertainment. If you are still in the market, take the time to try these devices out for how they will fit your business uses, your level of comfort with technology, even the size of your hand. Most now also provide free cloud storage, such as Apple's iCloud, Microsoft Skydrive or Google Drive. With Internet access, your tablets and phones can access volumes of documents, photos and music from anywhere. This feature helps maintain memory by allowing you to store necessary files on the device, but everything else is still accessible over the Internet. Try to avoid models that still use older versions of the OS, or may not be upgradeable. Don't forget to inquire about processor speeds, as dual and quad core processors could give your device speed you will come to appreciate, especially when multitasking.

Mobile office technologies have changed how we manage business activities while on the go, and that's a great thing.

Now, if I could just get that voice-activated kitchen they've been promising me. MAR

*

G. William James is a mobile technology consultant and workshop presenter. Since 2001 his company, Handheld Computer Solutions provides classroom and web-based instruction on, cloud computing, virtual office technology, time management and productivity using mobile devices. Mr. James can be contacted at william@pdapowerplus.com

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WINDOW

TREATMENTS

can make or break a sale.

A property's current owners often overlook having the proper window treatments when trying to sell. The "wrong" treatments can make a room look dated, small, dark, too stylized or personal, and even dirty. Many of these factors can deter potential buyers from even walking into the home.

As a REALTOR®, you can educate your client about how window treatments impact the sale of a home. Through your years of experience, you have seen what does and does not work, and may even have a few new ideas up your sleeve.

According to Dawn Newkirk, interior designer and window treatment specialist at Gorman's Home Furnishings & Interior Designs, who operates four Southeast Michigan showrooms and one in Grand Rapids, the following is what homeowners and their realtors should consider when it comes to windows and home showings.

There are many types of window treatments, but the most popular are shutters, blinds and shades, which are hard treatments; and curtains and drapery, which are soft treatments. The use of each will depend on many factors including the size and architectural details of the room, how much light the windows brings in, and the purpose of the room.

SIZE. Look at the size of the room and of the window. Is the window in proportion to the rest of the items in the room? If not, you may need to replace or move furniture or accessories. If the ceilings are tall and the windows are large, choose a grand drapery to accentuate the architecture.

THE OVERALL HOME. Keep in mind the location and style of home. A home in a historic district will have a more classic, timeless design and will attract a more traditional customer. Drapes, curtains and blinds in a neutral color are best in this situation.

A downtown loft will be more edgy and contemporary. Its windows would need a vertical screen shade or blind in a metallic finish. Drapes in a loft might give it a "frumpy" feel and turn off more contemporary buyers.

LIGHT. Natural light flowing into the home is important for buyers. If a room is lacking sizeable windows, use lighter and sheer fabrics to adorn the windowpane, as well as table and floor lamps that complement the room's color scheme.

If the windows bring in too much light, use a heaver fabric or darker shades, but be careful that they do not overwhelm the space.

CLEAN. Whether they look clean or not, ask the homeowner to do a thorough cleaning of their window treatments before the first showing. Some homebuyers may be on the look out for dust, cobwebs, and unsightly smudges.

MAKE IT TIMELY. "I often suggest getting rid of dated items like vertical blinds and valances, and personalized printed draperies," says Newkirk. "Consider replacing them with solid draperies in rich silks or fresh linen fabrics. It is always best to keep it general, colors neutral and simple styles."

PRICE. This is definitely the largest obstacle through which the homeowner needs to work. If they have a home that is priced higher, they need to consider purchasing more expensive treatments. A buyer of a higher caliber will not want plastic shades on their windows.

If the homeowner is more budget-conscious, consider ready-made window treatments or simply purchasing new hardware, such as new handles, hinges and fasteners.

TYING IT ALL TOGETHER. Tie the window treatments to features that can be found throughout the room. "I find that even accentuating the window trim can make a big difference in the look of a room," adds Newkirk. "If you and the homeowner decide to purchase drapery or shades, choose one in a color that matches the trim. It will bring softness to a room, as well as make it feel bigger and brighter."

Additionally, to emphasize a feature such as a beautiful wood floor, add wood blinds to make it stand out more.

SPECIFIC ROOMS. As you know, kitchens receive the most attention during showings. Add silhouettes to match painted cabinets, or woven blinds to complement wood-tone finishes. They also add an extra layer of texture.

Additionally, a simple fabric roman shade not only helps soften cold surfaces and freshen up the space, it also provides privacy in the rooms you need it most like bathrooms and bedrooms.

While the thought of the added expense of purchasing new window treatments may overwhelm your client, just remind them that there are options for every sized room and every budget. In the end, it just may sell the house.

For more information on how window treatments impact the showing of a home and its look and feel, visit Gormans.com or contact one of their design showrooms. **MAR**

BEING FIRST IN LINE... THE IMPORTANCE OF BACKUP OFFERS

BY MARCUS WALLY

Many markets across the nation are experiencing solid growth in sales and a number of markets are finding inventory levels at their lowest in a few years. With this positive growth, it is more common than not to find our buyers in a tight market where the possibility of being in a multiple offer situation is once again back in the picture.

Most recently, I was again reminded why it is critical to take the time to present a backup offer on a listing that is currently showing as "under contract."

While working with a nurse, we looked at a home that was what I considered to be a super buy... seemed to be priced below market, in my professional opinion at least. As you can guess, we looked at the property and the buyer loved it... I found her crying in the back yard and she said... *"I always told you that I would know the best place when I found it and this is it."*

We made a full price FHA offer and found out a day or so later that we lost the bid. We were in a multiple offer situation and someone made a stronger offer and they got the contract.

My buyer was disappointed and upset, and then I had the idea of writing a backup offer. I knew over my tenured career, how important it is to always write a backup offer as you just never know... and I can count the number of homes in my town that I have sold this way, so I encouraged the buyer and I pushed myself to do just that... *go the extra mile!*

Once we added the additional addendum (backup offer language) to our original paperwork, I made a special effort to hand deliver the documents to the listing broker and asked her to present this to the seller. I decided to meet the listing broker in person, as I did not know her and wanted to meet fact to face... smile to smile. To my surprise, she really was not interested in pursing this avenue and I found myself trying to sell her on the idea. I was quite shocked that she did not want to work with me and I had to gently guide her for the best interest of her seller so that ultimately she could earn her commission and close on the home.

I think what finally encouraged her to take the extra step was when I shared how I would sell it to the owner. I explained that having my offer in a backup position gave her seller grater reassurance of a sale. Not only would the seller have the primary contract, but would also have our solid, pre-approved buyer in a backup position. I called it like having your cake and being able to eat to as well! The light bulb came on and I got the listing broker on my side.

Over the previous week, I had shared that my buyer was a young nurse and the listing broker had shared that her seller had been a nurse as well. I did this on purpose in an effort to create some additional rapport between the seller and my buyer. I was using my talents to get her to warm up to me and want to work with me. This was a local agent, but someone I did not know and whom I believe is new in the business, or at least new to our area.

Having encouraged the other broker to do what would be in the seller's best interest, we got our paperwork returned as a legal backup offer in first position, all executed by the seller. My goal here was twofold; not only did I want to be in a backup position just in case the first contract bombed, but I also wanted to be first in line in case other good brokers were thinking the same way. I did not want to find my buyer and myself standing second or third in line.

As we know, the seller can accept multiple backup offers, in which case they are ranked: backup offer No. 1, backup offer No. 2 and so forth. It's rare in the current market for there to be more than one backup offer.

Buyers are often reluctant to accept a backup offer because they feel it will strengthen the resolve of the buyers in primary position to move forward with the deal if they hit a rough patch, such as a previously unknown inspection issue. And, in fact, this can happen, but I try not to let these thoughts overshadow my primary goal, and that is to be in first position should anything happen to the primary contract.

Submitting a backup offer should show good faith by placing money in escrow so that the seller knows the seriousness of the buyer. My backup offers are written the same as a primary offer... binder money, letter of commitment on bank letterhead, etc.

It is also best to make sure there is a provision in the backup position clause in the contract that says the buyers can withdraw at any time up until they are notified that the primary offer has collapsed and their offer has been elevated to the primary position. This is most critical, for if I should find a new listing that comes on the market that suits my buyer even better, I want them to have this option to withdraw without losing their binder (escrow) money. I also make sure that language is there to protect my buyer and not allow any inspections to be performed or money expensed until we are notified in writing that we are now in first position. I don't want my buyer spending any dollars until we know we have a chance to own the property.

For listing brokers and sellers, the bottom line is that it's usually worthwhile to accept a backup position contract because there is a high fallout rate in the current market. Don't just sit around waiting for the first deal to fall apart. Be proactive and have someone committed to buy standing in the wings.

About 10 days later, I received the phone call that I could have only dreamed of getting and it was the listing broker calling to ask if my nurse would still like to buy the home. After I dropped the phone, I quickly said YES!!

So we scrambled and I got an addendum typed up removing the backup status and putting us in first position as the primary contact for sale and purchase. The reminder here and lesson for all of us is the critical importance of always taking the time to make a backup offer and get it presented and fully negotiated to help facilitate a transaction for all parties involved. Make this part of our New Year commitments to excellence! **MAR**

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__Marcus A. Wally__, MBA is an active Florida REALTOR® in St. Augustine, Florida - "Our Nations Oldest City." Marcus is the founder and broker of New World Realty, which also manages coaching and facilitation of education classes around the world. Marcus earned his MBA from the University of North Florida in Jacksonville. Marcus can be reached at +1-904-669-1081 or by email at marcus@newworldrealty.com. For more information, visit www.newworldrealty.com.

HOW THE MORTGAGE INTEREST DEDUCTION IS VITAL TO THE HOUSING MARKET

The home mortgage interest deduction saves the average home owner thousands of dollars at tax time, supports home values at the community level, and helps American home buyers get into their first house.

Having a tax deduction for mortgage interest makes owning a home more affordable because the deduction lowers the amount of tax you pay. U.S. Census data shows 37% of homeowners with mortgages spend more than 30% of their income for housing. Paying less for housing means having more disposable income for savings and other household expenses.

Increasing housing affordability increases the number of renters who can afford to buy a home of their own responsibly; increasing the number of home buyers helps keep home prices stable for those who already own homes by ensuring a steady stream of new buyers.

HOW THE DEDUCTION WORKS

In general, any home owners who pay U.S. taxes and who itemize their taxes can deduct mortgage interest attributable to primary residence and second-home debt totaling $1 million, and interest paid on home equity debt of as much as $100,000.

MORTGAGE INTEREST DEDUCTION THREATENED

In recent years, the mortgage interest deduction has come under attack. Among the suggestions for cutting it back to deal with the deficit:

- Reduce the mortgage interest deduction for upper-income taxpayers —they'd only receive 28 cents on the dollar, even if they're in a 33% or 35% tax bracket and can now deduct 33 or 35 cents on the dollar.
- Reduce the $1 million cap by $100,000 a year.
- Change the mortgage interest deduction to a 15% tax credit.

In the past, members of Congress have suggested other mechanisms for eliminating or limiting the mortgage interest deduction. None of those has ever gained traction.

> "U.S. CENSUS DATA SHOWS 37% OF HOMEOWNERS WITH MORTGAGES SPEND MORE THAN 30% OF THEIR INCOME FOR HOUSING. PAYING LESS FOR HOUSING MEANS HAVING MORE DISPOSABLE INCOME FOR SAVINGS AND OTHER HOUSEHOLD EXPENSES."

ARGUMENTS AGAINST MORTGAGE INTEREST DEDUCTION

Arguments against the mortgage interest deduction center on who benefits and whether the government should support home ownership.

They say:

- It primarily helps the wealthy, since high-income taxpayers are more likely to itemize their deductions and to own homes. About 90% of taxpayers earning more than $100,000 itemize, while only 18% of those earning less than $50,000 follow suit, the Tax Foundation estimates.
- Taxpayers who don't itemize deductions get to use the "standard deduction." They do that because it gives them a bigger tax break than itemizing to use the mortgage interest deduction.
- Ending or reducing the mortgage interest deduction would create a deep source of money for reducing the budget deficit.
- In the aftermath of the mortgage crisis, the U.S. needs to rethink its favored tax treatment of home ownership.

ARGUMENTS FOR MORTGAGE INTEREST DEDUCTION

Those who favor keeping the mortgage interest deduction say it helps middle-income families, who already pay nearly all U.S. income taxes. Plus, getting rid of the mortgage interest deduction would hurt home prices.

- More than 60% of the families who claim the mortgage interest deduction have household incomes between $60,000 and $200,000, estimates the NATIONAL ASSOCIATION OF REALTORS®.
- A disproportionate number of those high-income taxpayers live in areas where housing is especially expensive, such as California and New York. In high-cost housing markets, lowering the $1 million cap would add a tax burden on families who already must pay high prices for homes.
- Homeowners already pay 80% to 90% of the income tax in our country, and among those who claim the mortgage interest deduction, almost two-thirds are middle-income earners, says NAR Chief Economist Lawrence Yun. So homeowners, who are the pillars of federal income tax revenue, would have to shoulder a bigger tax burden.
- Home values could fall 15%, says Yun, as buyers discount the value of the mortgage interest deduction in their purchase offers.
- It's faulty to link the mortgage meltdown to the country's support for home ownership. The meltdown is rooted in lax underwriting and faulty ratings by credit rating agencies of the securities backed by the mortgage, says Yun.

Protecting the deduction promotes housing. In supporting the mortgage interest deduction, you help ensure that tomorrow's families can follow the same path to home ownership that so many of us have already traveled. **MAR**

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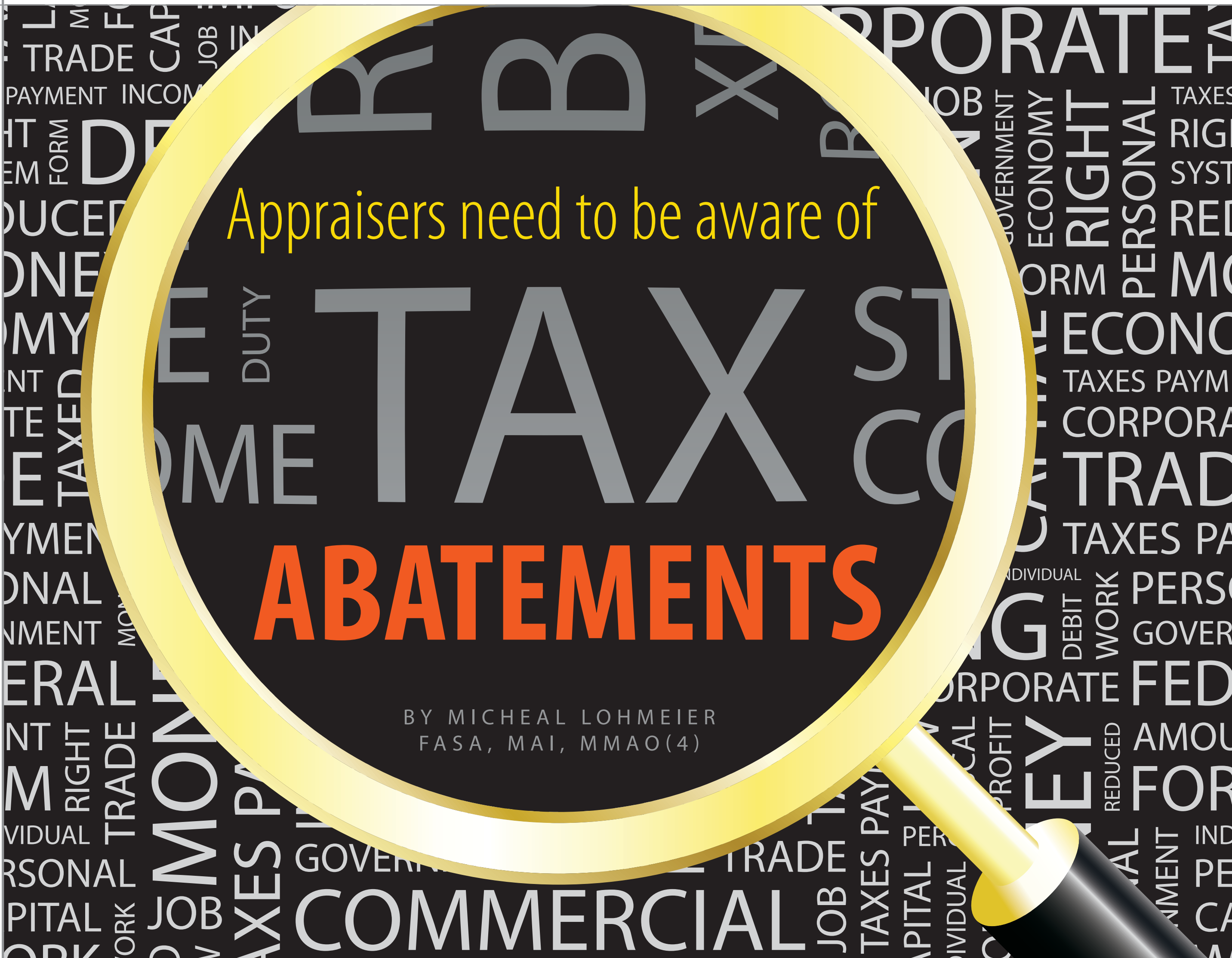

Appraisers need to be aware of TAX ABATEMENTS

BY MICHEAL LOHMEIER
FASA, MAI, MMAO(4)

Property taxes are one of the major annual operating expenses for a business. And, in the case of a new or expanding business, when a major capital investment has to be made in the real estate, the burden of property taxes can sometimes make or break the entrepreneur's initiative to make the investment, even if it is necessary.

The state of Michigan legislature recognized this, and has created some property tax relief programs that may potentially help a business with these early investments by offsetting its initial property tax burdens through abatements.

Although abatements do help businesses, there are other inherent reasons for a community to want to encourage tax abatements.

- Abatements can preserve and/or increase a community's tax base by getting vacant land developed, such as brownfields, and getting vacant and abandoned buildings redeveloped, such as former 150,000+ square foot single-occupant retail properties that have 25-year deed restrictions prohibiting their continued original intended use being rehabilitated into a different use.
- Abatements can promote a community's local economic development initiatives by focusing on businesses that it would like to attract which would have overall positive synergy with its existing businesses.
- Abatements can help a community compete against communities in other states that are offering similar incentives in order to attract its businesses.

Real estate appraisers need to be aware of what property tax incentives are potentially available when considering the *use of*, and *reuse for*, commercial and industrial properties in order to help identify potential buyers and users of these properties as well as in studying highest and best use and obsolescence issues.

Real estate appraisers need to know of existing abatements in place on properties when comparing the property taxes of an abated property to a non-abated property. The difference may be monumental.

Real estate appraisers also need to know of existing abatements when collecting general information on property. I've personally witnessed occasions when appraisers have pulled information on one parcel of property not knowing that additional parcels exist for other portions of the property that are abated (which would have different parcel numbers). I read in one appraisal report that the subject property had 178,000 square feet, when it actually was made up of two parcels, an ad valorem (i.e., non-abated) parcel and an abated parcel, which totaled over 250,000 square feet. That makes a big difference when comparing it to other properties.

Industrial Real Property Tax Abatements

Public Act 198 of 1974 provides for industrial facilities tax exemptions, such as for manufacturing and processing operations facilities. This can be used for investments in new real property as well as for investments to rehabilitate existing property. For example, an existing building may have a shop area that is too small and additional building area might be required. This would be an example of new property. On the other hand, a building might be older and obsolete and may need a new roof, electrical, HVAC and its office area may need to be refinished and reconfigured. This would be an example of rehabilitating an existing building.

Under PA 198, new real property abatements receive a 50% reduction during the term of the certificate. It's important to note that when the abatement of new property pertains to real estate, the land is never included in the abated portion. For rehabilitation abatements, the building improvements that are determined obsolete are frozen at the preceding tax year level and the new investment approved for the certificate receives a 100% exemption during the term of the certificate.

Whether for a new or rehabilitation abatement, the local level must approve the application prior to the approval and issuance of the certificate by the State Tax Commission (STC). The certificate can be approved for a term up to 12 years. Any locally approved applications need to be filed with the STC no later than October 31, to be able to be considered and acted on by December 31 (i.e., tax day in Michigan).

Transfer, Amendments, and Extensions

The transfer, amendment, and/or extension of any abatement are not automatic. If a business decides to leave a facility prior to an abatement certificate's expiration, it is not automatically conveyed to the next user. The next user would have to apply for the transfer, first to the local community, and then for final approval and issuance of the certificate by the STC. This is similar to amending an existing certificate, or extending its ending date (if the certificate was originally issued for less than the 12 year maximum). The applicant must first apply locally and then to the STC.

Possible Consequences

There are consequences for a company leaving a facility prior to the expiration of the certificate, specifically relating to paying back the taxes that would have been paid if not for the certificate. Furthermore, in some communities the business is required to remain at the facility for some time period after the certificate expires. This is often referred to as a *residence requirement*. So again, it is important to meet with the local community and not presume anything about the process and/or requirements.

Leased Buildings

When tenants apply for either a new property or rehabilitated property abatement, it is important that the lease provides that the tenant is responsible for paying the property taxes directly to the local taxing authority. Meeting with the local community before signing any lease helps prevent any foreseeable future problems with the abatement application process.

Commercial Rehabilitation Exemption

Public Act 210 of 2005 provides for exemption of a portion of the millage rate for commercial properties by freezing the prior taxable value of obsolete improvements to encourage rehabilitation of commercial properties. The property must be at least 15 years old and at least 3 acres in size, such as a large warehouse. This exemption requires local approval and approval and issuance of the certificate by the STC. This certificate can be approved for a term of up to 10 years.

This exemption is a little unique from industrial rehabilitation exemption certificates in that the taxpayer still pays some property taxes on the new investment and the county has an opportunity to "opt out".

Other Tax Incentive Programs

There are a variety of abatement and exemptions available in addition to the two discussed above, including, but not limited to:

- Public Act 198 - also provides partial tax exemption for new personal property
- Public Act 255 of 1978, Commercial Redevelopment Act
- Public Act 146 of 2000, Obsolete Property Rehabilitation Act
- Public Act 328 of 1998 - provides 100% tax exemption for new personal property
- Public Act 451 of 1994, Parts 37 and 59 – provides for Air and Water pollution control exemptions

Conclusion

Abatements and exemptions help reduce the future property tax burdens to companies when making investments in real property. Appraisers that provide services involving Michigan commercial and industrial properties need to understand what tax incentive opportunities local communities are supporting as well as understanding which properties possess these exemptions. **MAR**

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Buying From Clients: BEWARE

It goes without saying that the great recession in the real estate market has resulted in properties being listed for sale for extraordinary lengths of time. It would appear that one consequence of this situation is that REALTORS® are buying properties from their clients more than ever before. Due to the existence of a fiduciary relationship between the buyer, REALTOR®-buyer, and the seller, there is a heightened danger that such a transaction can blow up in the face of the REALTOR®.

As all REALTORS® are aware, the existence of a fiduciary relationship requires a listing REALTOR® to discharge certain duties to the seller, including complete loyalty and disclosure of all material facts. If a REALTOR® buys the property of a client, and a dispute arises after the sale, the burden will be on the REALTOR® to prove that the transaction was completely fair to the client. As might be guessed, it is extremely difficult to prove that any transaction is “completely fair.”

The following hypothetical will demonstrate how REALTORS® can fall into a difficult situation as a result of a purchase from a client.

Assume that REALTOR® Brown has listed elderly Mrs. Jones’ property at 123 Elm Street for over a year. There has been very little activity on the property, as Mrs. Jones’ home is in severe need of an update both inside and outside. Unfortunately, Mrs. Jones is rapidly reaching the point where she can no longer take care of herself and will need to move to an assisted living facility.

REALTOR® Brown has done his homework and, based on comparables he has gathered, is comfortable that Mrs. Jones’ house is correctly priced at $40,000. REALTOR® Brown is sympathetic with the plight of Mrs. Jones and sees the possibility for a win-win situation. He is willing to pay Mrs. Jones the $40,000 list price for her home. Further, REALTOR® Brown has done his due diligence and is confident that under applicable local ordinances, the house at 123 Elm Street can be converted into a two-unit rental after a capital expenditure of $20,000 for improvements.

REALTOR® Brown proceeds forward and purchases the home from Mrs. Jones for $40,000. Mrs. Jones moves into the assisted living facility and REALTOR® Brown proceeds forward with the conversion of the house into two rental units. His investment appears to be a good one as he rents both units within a very short period of time.

Mrs. Jones has two adult grandchildren. One of the grandchildren lives in New York City and the other lives in San Francisco. Well after the fact, the two grandchildren become aware that Mrs. Jones sold her home to REALTOR® Brown for $40,000. Based on the cost of living in New York City and San Francisco, the grandchildren are convinced that no habitable home could be fairly purchased for $40,000. The grandchildren are therefore certain that REALTOR® Brown has taken advantage of their grandmother and breached his fiduciary duties to her by paying her far less than the home was worth.

The grandchildren convince Mrs. Jones to file a lawsuit against REALTOR® Brown alleging a breach of fiduciary duty. In support of Mrs. Jones’ breach of fiduciary duty claim, the grandchildren obtain an appraisal of 123 Elm Street based on the capitalized income approach from the rental stream from the two units. This appraisal concludes that the fair market value of 123 Elm Street is $100,000.

REALTOR® Brown has a tall mountain to climb if he is to prevail in this lawsuit. He will likely point out that Mrs. Jones was not in the position to, convert 123 Elm Street into a two-unit rental. He can also point out, if it is the case, that Mrs. Jones did not have the capital necessary to undertake the renovation necessary to make 123 Elm Street a two-unit rental. Finally, REALTOR® Brown can argue that Mrs. Jones had no experience as a landlord and simply did not have the capability to complete the conversion to two rental units.

In defending the litigation, REALTOR® Brown is faced with two major obstacles. First, he has no proof other than his own comparables that $40,000 was a fair price for the purchase of the home from his principal, Mrs. Jones. Second, he has nothing to prove that he made full disclosure to Mrs. Jones about the potential economic benefits of converting 123 Elm Street into two rental units. Even if Mrs. Jones could not have realistically converted her home into two rental units, a claim will be made that REALTOR® Brown’s duty of complete disclosure required him to provide her with this information.

In order to better protect himself in this situation, REALTOR® Brown should have included a contingency in his purchase agreement with Mrs. Jones that 123 Elm Street would appraise for $40,000 or less. The contingency should have also provided that if the appraisal was greater than $40,000, then the purchase price would be the amount of the appraisal or, alternatively, REALTOR® Brown would have the option of

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terminating the purchase agreement. The purchase agreement should have provided that the appraiser would be selected by Mrs. Jones. If Mrs. Jones had no notion how to go about obtaining a residential appraisal, then REALTOR® Brown should have directed her to a REALTOR® (not from his firm or from his family) who could recommend one or more appraisers. Ideally, the appraisal would be paid for by REALTOR® Brown.

If REALTOR® Brown did not want to pay the cost of an appraisal, he should have at least had Mrs. Jones obtain a broker price opinion from another REALTOR® (again, not from REALTOR® Brown's firm or family) with respect to the value of 123 Elm Street.

"If a REALTOR® buys the property of a client, and a dispute arises after the sale, the burden will be on the REALTOR® to prove that the transaction was completely fair to the client."

REALTOR® Brown's situation is made more difficult by the fact that REALTOR® Brown purchased 123 Elm Street in order to make improvements which would produce a rental stream off of two rental units. Again, in order to protect himself, REALTOR® Brown should have obtained written acknowledgement from Mrs. Jones that the property had the potential of being converted into two rental units which could substantially increase the value of the property. This acknowledgment could be set forth in the purchase agreement or in a separate document.

Armed with an appraisal and an acknowledgment from Mrs. Jones as to the potential commercial use for 123 Elm Street, REALTOR® Brown would be in a better position to demonstrate to Mrs. Jones' grandchildren that he had not taken advantage of their grandmother or, alternatively, if he was sued, to demonstrate to the court that he had acted fairly towards his elderly client. Without such an appraisal and acknowledgement, REALTOR® Brown may be in for expensive litigation that he could very well lose.

It should be noted that some REALTORS® are involved in the purchase of their client's property through a limited liability company, e.g., REALTOR® Brown and three other people would buy the property as "Acme, LLC." The fact that REALTOR® Brown indirectly purchased Mrs. Jones' house through a corporate entity in which he has an interest does not protect him. In this situation, in addition to the appraisal and acknowledgement of the rental opportunity, REALTOR® Brown would also need to provide evidence that he had disclosed his interest as a member of the limited liability company.

Consider the following twist to this hypothetical. Assume that REALTOR® Brown's sister is moving back to the area and wishes to purchase 123 Elm Street. REALTOR® Brown dutifully advises Mrs. Jones that the prospective buyer is his sister, but that he will only be representing Mrs. Jones and can faithfully discharge his fiduciary duties to her. While a written acknowledgment from Mrs. Jones that REALTOR® Brown has disclosed the status of the purchase as being his sister may be of some help, if there is later a claim of breach of fiduciary duty, in most instances this will be an indefensible situation. REALTOR® Brown will likely be unable to convince a judge or a jury that he acted solely in the interest of Mrs. Jones if his sister bought the property.

Obviously, this article is not aimed at providing advice to real estate licensees who wish to take advantage of their principals in purchasing property from them. Instead, it is aimed at protecting REALTORS® who believe they are acting in the best interest of their clients in purchasing the property and wish to avoid the situation where "no good deed goes unpunished." **MAR**

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