NW REporter

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400-plus witness "Battle of Barristers" at annual fundraiser

Multiple offers, low appraisals and referral fees were among the "hot" legal issues on the docket for the annual "Battle of the Barristers" program presented by Seattle King County REALTORS®.

Billed as "the most informative and entertaining real estate legal event of the year," the program drew a record-setting 400-plus Realtors and other industry professionals.

The fast-paced clock-hour event also served as a fundraiser for the Seattle First Citizen Scholarship Foundation. Following the event, SKCR staff said the event generated more than $14,000 for scholarships.

Five real estate attorneys, including moderator Mike Spence, dispensed advice and raised caution flags around seven topics during the lively three-hour course. The attorneys, who are all licensed instructors, donated their time to support the Foundation. The barristers included:

- Annie Fitzsimmons Washington REALTOR® Hotline lawyer;
- Lars Neste, shareholder and real estate law specialist at Demco Law Firm, P.S. in Seattle;
- Chris Osborn, from Foster Pepper, PLLC in Seattle, who also serves as general counsel for Northwest Multiple Listing Service; and
- Doug Tingvall, whose law practice is in Newcastle.

To open the program, moderator Spence, a partner at Helsell Fetterman LLP in Seattle, invited the attorneys to discuss multiple offer situations, including what to do and what not to do when presenting or receiving multiple offers on behalf of their clients.

Fitzsimmons recounted a hotline question from a broker whose client's dollar offer was the highest, but the seller declined to accept it. "Nothing matters except the offer a seller accepts, so long as it's not in violation of the Fair Housing Act," stated Fitzsimmons. In this case, the listing had specific instructions on structuring the offer, and indeed, the most competently written offer "won the day."

Neste also emphasized "it's not always just about the dollars," noting the preponderance of "love letters" that are accompanying many offers during bidding competitions. Brokers should prepare sellers to expect such pleas and advise them on the importance of considering them objectively. “There is an uptick of fair housing complaints in a hot market,” he cautioned.

Osborn also said brokers need to help sellers make decisions. “The role of the listing broker has become more complicated,” he commented.

Tingvall agreed, adding, “The broker’s job is to outline the alternatives and options to help a seller make an informed decision, so long as the choice is not illegal or unethical.”

The attorneys also discussed situations when brokers witness a prohibited thought process. One audience member suggested putting all offers on a spreadsheet, without displaying any personal or demographic information on the potential purchasers.

Osborn reminded audience members to have a written agreement if any information, such as the actual “love letters,” will be withheld from a client. Tingvall emphasized brokers have a non-waivable duty to present all offers. “Create a record,” he stated. Neste also said withholding information from a client is “generally not a good idea. Your responsibility is to make sure your client doesn’t violate the law.”

Neste also said brokers who have concerns have a duty to warn and inform clients of laws to minimize or eliminate any risk of harming a protected class. Fitzsimmons added a broker who feels compelled to terminate a relationship because of a seller’s acts of discrimination may be able to file a claim for damages.

Attorneys then turned their attention to inspections, Forms 35 and 35R, and current practices of having buyers waive an inspection or use a pre-inspection (such as products like Homevibe), including ones arranged by sellers. “This is being done as a favor to save the buyers money as well as to protect the house from having multiple inspections in a matter of a few days,” Spence explained.

Tingvall said buyers shouldn’t rely on inspections by a person they didn’t hire. Osborn called such pre-inspections “stupid.” Neste said anything to restrict information is a problem. “A seller-provided inspection is not a substitute for buyers conducting their own.”

Even though inspectors are now regulated, their experience, skills, insurance coverage, and level of service can vary. “If you have a good inspector, treat him or her well,” said Spence.

Fitzsimmons outlined various risks of waiving inspections. “What history has told us about the danger of buyer fervor is you put yourself in danger.” She recommended keeping a record of any concessions (including oral understandings) in the transaction file.

Tingvall cited a case he defended involving a broker who failed to emphasize the importance of getting a professional inspection done, and was found liable for fraudulent concealment. “It’s rare that a buyer sues just a seller – they usually include the brokers as well,” he remarked.

The third topic of discussion involved financing problems and appraisals that are significantly less than the sales price – situations many brokers in attendance reported experiencing.

Tingvall said procedures should be pre-agreed if a financing or appraisal addendum will be used. One important consideration is whether or not the buyer has the ability to pay the excess amount.

Fitzsimmons urged listing brokers who learn of a buyer's low appraisal to generate Form 22A (Financing Addendum). Brokers should empower clients to make decisions regarding rights to terminate.

If a sales price exceeds the value established by an appraisal, it is not solely the responsibility of sellers to absorb the cost, the attorneys said. Listing brokers need to send notices too, "Brokers can control the timing so it doesn't tilt in favor of one party," they suggested.

Bringing differences to the closing table or changing provisions on pre-printed forms, such as crossing out provision 7 (Appraisal Less than Sales Price) is risky. Altering a form, even in the spirit of "keeping the dream alive," could be considered the unauthorized practice of law. Options must be discussed; not doing so is negligent, Neste suggested.

Tingvall also cautioned against modifying an existing contract and the importance of consideration whenever a concession is sought.

Topic No. 4 focused on the Jackowski v. Borchelt case, which clarifies a broker's affirmative duty to advise their clients to "seek expert advice on matters relating to the transaction that are beyond their expertise."

"Brokers have a responsibility to figure out when you're supposed to refer to an expert," Neste proclaimed.

Osborn said it can be challenging in this fast-paced market to hire qualified experts, adding the duty must be put into context. "Some responsibility has shifted to buyers," he commented, using inspections as an example. "Buyers need to be more careful in inspections to determine the full scope of risks." Osborn also noted not all lawyers are well-versed in residential real estate.

In response to a question about the need for a particular provision on a statewide form, both Tingvall and Osborn noted differences between Seattle and Spokane. "East of the mountains, that provision is used and relevant," Osborn explained.

Another legal case, Cultum v. Heritage House, a 31-year old decision, was described as "the latest significant case on when a real estate broker engages in the unauthorized practice of law." That case held that the filling out of forms is "incidental" to the practice of real estate and allows real estate licensees to fill out pre-printed forms that have been approved by attorneys.

Commenting on that case, Tingvall reminded the audience that intentional acts, if found liable, won't have E&O coverage.

The final two topics addressed (1) seller disclosure and the buyer's duty to investigate, and (2) referral fees/affiliated business arrangement disclosures.

As a result of a recent case in Island County and the adoption of RCW 64.06.080 ("Seller and landlord disclosure requirement—Electronic notice by city or county"), efforts have been made to uncover and compile disclosure forms being used around the state, mostly pertaining to disclosures required by local county ordinances.

On March 29, Northwest MLS published several new local disclosure forms and revisions to two existing local forms. In a notice on its website, the MLS said it became aware of the local disclosure requirements after the adoption of RCW 64.06.080, requiring municipalities to post disclosure requirements on the MRSC (Municipal Research and Services Center) website.

With regard to referral fees and affiliated business arrangements, provisions are contained in both the Revised Code of Washington and the Washington Administrative Code. Those Codes also define what an "affiliated business arrangement is" and have guidelines for disclosures.

Brokers may advertise payment of a referral fee or compensation to a party in the transaction (considered a reduction of fees) so long as an announcement doesn't state the payment is contingent on closing or other successful outcome.

Tingvall noted state law prohibits kickbacks and rebates without disclosure. Title companies are more closely watched than some other service providers. Defraying expenses and sharing expenses for joint promotions are not prohibited, but must conform with regulations.

Spence said "thanking someone financially after the fact" is acceptable – but not in advance.

Neste reminded the audience the Consumer Financial Protection Bureau is "now on the scene" and very aggressive in levying big fines. "There's a new sheriff in town," he quipped.

Answering a question about payment of referral fees to an international intermediary, the barristers said doing so depends on whether there is a licensing requirement in that party's home jurisdiction. "You should research and show due diligence before paying a referral fee," advised Osborn.

Builders adding multigenerational models to meet growing demand

Multigenerational households are a growing segment of the country's population, according to John Burns Real Estate Consulting (JBREC), which expects the numbers to steadily increase. Accommodating them presents a big opportunity for builders, the CEO of that company suggests.

Research by the Burns firm shows nearly 21 million households already live with multiple adult generations in homes not designed for multigenerational living. The survey of 20,000 home shoppers also found 44 percent of them said they'd like to accommodate their aging parents someday, and 42 percent said they plan to accommodate their adult children.

Burns Consulting attributes the growth to various reasons, including the recent recession and resulting unemployment among young workers who continued living with their parents. Later marrying ages for millennials and retiring baby boomers are other drivers.

Immigration is also contributing to rising numbers of multigenerational households. In Asian and Hispanic cultures, where multigenerational living is common, that trend accompanies them when they move to the U.S.

"Most of these people would much prefer a house designed with their living situation in mind, and a large subset of them are homeowners or renters who can afford to purchase a new home," stated Chris Porter, the company's vice president/chief demographer.

To cater to this growing demand some homebuilders are offering multigenerational floor plans. National production players, like Lennar and Pardee Homes, and smaller, local builders have designs with separate entrances, main-floor bedroom suites with private kitchenettes, and even separate outdoor spaces.

Such companies are being rewarded according to some data. Year-over-year sales of Lennar's "NextGen" home grew by 24 percent in the third quarter of 2014. Its plans are offered in more than 200 communities nationwide (including Greater Seattle-Tacoma, the Olympia area and Vancouver, Wash.), with an average sales price about a third higher than the company's overall average.

Company founder John Burns said the most successful "homes within a home" incorporate five elements:

1. **Privacy.** The space should have its own entry and ideally a private patio.
2. **Dedicated bathroom**. A dedicated bathroom should not be easily accessible to other house members or guests.
3. **Food area.** A separate living space does not need a full kitchen, but it should at least have its own kitchenette to prepare simple meals and drinks.
4. **Entertainment area.** A non-bedroom area for hosting a guest or watching TV without interrupting the rest of the family makes the space feel less like a single room.
5. **Controls.** Having its own temperature controls makes the separate space that much more personal.

Puget Sound area home sales slow (but not prices) as supply can't match demand

KIRKLAND, Washington (April 4, 2016) – Traffic isn't the only thing that is gridlocked around many Puget Sound communities. "We're experiencing gridlock in the Puget Sound housing market," suggested J. Lennox Scott in reaction to the latest statistics from Northwest Multiple Listing Service.

MLS figures show pending sales across the 23 counties it serves dropped about 4.5 percent in March compared to the same period a year ago. Inventory fell sharply – down more than 25 percent. Brokers say that imbalance helped spur a 9.4 percent escalation in prices area-wide, with 12 counties reporting double-digit increases.

One MLS spokesperson wondered if spring "has sprung in the wrong direction." Noting inventory usually grows at this time of the year, yet it is shrinking, broker Frank Wilson said "I feel like we planted our tulips upside down in Kitsap --- as if the spring housing market has sprung in the wrong direction. Instead of growing up, things are growing downwards."

"The housing pool is getting smaller, resulting in a market that is extremely hard on people who are looking to find a place to live in Kitsap," remarked Wilson, the branch managing broker at John L. Scott's Poulsbo office. He suggested the only homes that aren't selling "are truly overpriced or have some other challenging condition."

Kitsap County is one of six counties with less than two months of supply. Area-wide, Northwest MLS figures show only 1.8 months of supply, well below the "balanced" range of four-to-six months.

"We are virtually sold out of inventory and there's a pipeline of stalled buyers," commented Scott, the chairman and CEO of John L. Scott, Inc.

During March, brokers reported 10,900 pending sales, about 500 fewer mutually accepted offers than a year ago for a drop of nearly 4.5 percent. For the four-county Puget Sound region, pending sales were down about 6 percent.

The year-to-date drop in pending sales versus first quarter 2015 is a reflection of tight inventory, according to MLS members. "It's not for any other reason except there aren't enough homes coming on the market to satisfy pent-up buyer demand," stated Scott. He also points to listing shortages for the steady escalation of home prices.

To illustrate his point, Scott cited figures for the single family component. In King County, pending sales for March declined nearly 11 percent, while prices spiked 20.7 percent. Pending sales of condos (excluding single family homes) were about the same as a year ago in King County, but year-over-year prices jumped 15 percent.

MLS members added 10,511 new listings to inventory during March, about the same as a year ago when they added 10,505 single family homes and condos to the offerings. At month end, there were 12,653 total active listings in the Northwest MLS system. That represents a drop of 25.6 percent from the year-ago total of 17,007 active listings.

“In today’s market sellers want to find their next home before they list their current home, but because of the severe inventory shortage it’s hard to win in a multiple offer situation,” Scott explained. He said some sellers are hesitant to put their home on the market because they fear it would sell instantly and they might not win their next home. “It’s a Catch 22 situation,” he explained.

Wilson said the stalemate is especially frustrating for homeowners who are finally above water and have equity in the homes. “They now want to buy, but can’t find a home to purchase so they can’t sell.”

Kitsap County’s large military population also faces hurdles, according to Wilson. This group, which includes active duty military, retirees and veterans, would like to use their VA benefits, but in multiple offer situations, VA is a third choice behind cash and conventional. “We’re asking these buyers if there’s any way they can qualify for a conventional loan as one means to make their offer more attractive to sellers.”

Wilson also believes the diverse pool of buyers is larger than it has ever been, fueling the frenzy among would-be owners. He said these potential purchasers include first time buyers, renters seeking to own (because rents are so high), investors, move-up and move-down buyers (who were held back by the last market), relocating families, and offshore buyers.

Buyers are finding themselves in the company of another buyer “waiting in the wings” as back-up buyers, thereby creating an environment where the “first place” buyer is reticent to ask for repairs in response to inspection discoveries, reported Bobbie Petrone Chipman, a member of the Northwest MLS board of directors. “The existence of back-up buyers often shifts leverage to sellers when negotiating property improvements,” noted Chipman, principal managing broker at John L. Scott in Puyallup.

“The market continues at a breakneck pace,” reported Diedre Haines, principal managing broker-South Snohomish County for Coldwell Banker Bain. She’s seeing more multiple offers – “as many as 20-plus per listing” -- as buyers vie for scarce inventory. Cash buyers are in abundance, she also noted.

While some express concern about a housing bubble as prices continue to escalate, she said she is not yet worried about a bubble in Snohomish County. Areas in north and northwest Snohomish County and some pockets in the southern part of the county still have homes not yet out of the underwater status – “close, but not quite there,” according to Haines.

An uptick in new construction around Snohomish County is expected to continue, Haines stated. “This would certainly help stabilize the market so appreciation can return to more ‘healthy’ escalation or normal levels,” she suggested.

MLS director George Moorhead agreed the hottest areas continue to draw multiple offers and offers over asking prices, but he said many buyers are unwilling to overpay. “Home pricing is critiqued at a much higher level now with all the information available to buyers,” he reported. “The conversations we have with buyers today are totally different than in years past. We’re discussing pricing in greater detail, along with school ratings, neighborhood trends, and future values,” he said.

Mike Grady, president and COO of Coldwell Banker Bain, noted closed sales outside of King County are outpacing year-ago levels. “This is most likely a reflection of the lack of affordability within King County and indicates that buyers are increasingly looking to other counties for their home purchases,” he remarked.

The median selling price on homes and condos that closed last month was $320,000, up 9.4 percent from twelve months ago when it was $292,500. Compared to February, prices rose nearly 4 percent. In King County, year-over-year prices for March jumped 11.5 percent, from $411,200 to $458,450.

For single family homes (excluding condos), prices area-wide are up 8.7 percent from a year ago. In King County, prices soared 20.7 percent compared to year ago, jumping from $440,250 to $531,250.

Condo prices shot up nearly 14.6 percent from a year ago. For the 1,075 sales that closed last month, the median price was $275,000. That compares to the year-ago sales price of $240,000.

MLS members reported 7,075 closed sales of single family homes and condos during March for a gain of 4.5 percent from the year-ago volume of 6,769. First quarter figures for King County show the number of completed transactions is trailing 2015 slightly (6,114 versus 6,148), but the total for the other 22 counties in the MLS report shows a year-over-year increase of 11.4 percent.

“It will be interesting to see if the announced job cuts at Boeing and JBLM (Joint Base Lewis-McChord) will affect home sales in Snohomish and Pierce counties in particular,” wondered Grady.

Moorhead reports hearing almost daily conversations around two topics: the possibility of rising interest rates and a near-term real estate correction. “These concerns are expressed by first-time buyers to luxury home buyers.” He also reports hearing comments on recent loan programs with zero down or no income qualification loans akin to programs blamed for the 2007 crash. “It is refreshing to hear such comments as it shows people in the market, both buyers and sellers are more in tune with trends” and, he suggests, more poised to make better financial decisions.

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership of nearly 2,100 member offices includes more than 25,000 real estate professionals. The organization, based in Kirkland, Wash., currently serves 23 counties in Washington state.

Statistical Tables Follow.

Statistical Summary by Counties: Market Activity Summary – **March 2016**

Single Fam. Homes + Condos	**LISTINGS**		**PENDING SALES**	**CLOSED SALES**			***Months of Inventory**	
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	This month	Same mo., year ago
King	3,839	2,700	3,766	2,570	$566,720	$458,450	1.05	1.34
Snohomish	1,621	1,267	1,825	1,156	$389,975	$365,000	1.10	1.66
Pierce	1,697	1,824	1,980	1,267	$287,525	$261,000	1.44	2.59
Kitsap	482	566	559	352	$334,026	$276,387	1.61	2.40
Mason	138	358	132	70	$201,446	$182,500	5.11	6.90
Skagit	257	429	279	162	$308,224	$276,750	2.65	3.43
Grays Harbor	162	514	138	93	$142,630	$137,950	5.53	8.71
Lewis	132	395	124	71	$185,511	$168,000	5.56	9.78
Cowlitz	130	197	171	100	$198,817	$182,000	1.97	3.98
Grant	117	364	113	78	$170,834	$157,300	4.67	5.58
Thurston	520	733	594	369	$260,020	$236,500	1.99	3.22
San Juan	35	253	30	16	$698,672	$568,000	15.81	10.42
Island	241	362	218	124	$322,364	$300,000	2.92	4.29
Kittitas	113	247	82	60	$307,119	$249,995	4.12	6.66
Jefferson	74	218	60	41	$369,324	$304,300	5.32	6.40
Okanogan	69	292	40	31	$207,665	$175,000	9.42	19.67
Whatcom	445	858	437	281	$317,972	$285,000	3.05	3.77
Clark	37	66	47	30	$306,203	$265,000	2.20	1.40
Pacific	86	246	55	38	$134,218	$138,000	6.47	6.88
Ferry	14	56	5	3	$169,483	$120,000	18.67	19.67
Clallam	87	219	71	63	$235,240	$210,000	3.48	4.21
Chelan	109	248	89	47	$342,754	$249,500	5.28	7.27
Douglas	64	96	43	27	$249,966	$225,000	3.56	4.23
Others	42	145	42	26	$140,875	$119,250	5.58	11.94
MLS TOTAL	**10,511**	**12,653**	**10,900**	**7,075**	**$402,180**	**$320,000**	**1.79**	2.51

Tables continue on next page

4-county Puget Sound Region Pending Sales (SFH + Condo combined)
(totals include King, Snohomish, Pierce & Kitsap counties)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	3706	4778	5903	5116	5490	5079	4928	5432	4569	4675	4126	3166
2001	4334	5056	5722	5399	5631	5568	5434	5544	4040	4387	4155	3430
2002	4293	4735	5569	5436	6131	5212	5525	6215	5394	5777	4966	4153
2003	4746	5290	6889	6837	7148	7202	7673	7135	6698	6552	4904	4454
2004	4521	6284	8073	7910	7888	8186	7583	7464	6984	6761	6228	5195
2005	5426	6833	8801	8420	8610	8896	8207	8784	7561	7157	6188	4837
2006	5275	6032	8174	7651	8411	8094	7121	7692	6216	6403	5292	4346
2007	4869	6239	7192	6974	7311	6876	6371	5580	4153	4447	3896	2975
2008	3291	4167	4520	4624	4526	4765	4580	4584	4445	3346	2841	2432
2009	3250	3407	4262	5372	5498	5963	5551	5764	5825	5702	3829	3440
2010	4381	5211	6821	7368	4058	4239	4306	4520	4350	4376	3938	3474
2011	4272	4767	6049	5732	5963	5868	5657	5944	5299	5384	4814	4197
2012	4921	6069	7386	7015	7295	6733	6489	6341	5871	6453	5188	4181
2013	5548	6095	7400	7462	7743	7374	7264	6916	5951	6222	5083	3957
2014	5406	5587	7099	7325	8055	7546	7169	6959	6661	6469	5220	4410
2015	5791	6541	8648	8671	8620	8608	8248	7792	7179	6977	5703	4475
2016	5420	6703	8130									

Issues and Impacts — 2016 1st Quarter

Issues & Impacts is a quarterly publication produced by the SEATTLE *KingCounty* REALTORS® to inform members about current issues and successes within your Governmental Affairs Department.

SEATTLE *KingCounty* REALTORS® (SKCR) is ensuring that public policies support homeownership and your business's bottom line.

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BROKERAGE DESIGN – BY JEREMY CONAWAY

It’s Quickly Coming Around to Full Circle and We are Back to the Challenge of the Consumer Experience

This column’s first two articles of 2016 explored the relatively narrow band of issues being generated by the emerging premium agent movement being championed by the national portals, and the industry’s growing vulnerability presented by the questionable influence and impact of the subpar “facilitator” agent. This third article of 2016 will revisit the question of the consumer experience issue, first raised at the beginning of 2015, as it relates to the two issues raised above.

All three of these subjects have been on the industry’s priority agenda for the past eighteen months. The fact however, is that the industry’s current disruptive environment is making these factors even more relevant. More specifically we are seeing a classic case of convergence. Three formally marginally related issues are coming together to create a major shift in procedures. Understanding this new environment is a prerequisite to appreciating the dangers being presented.

There are two types of disruptions currently impacting the real estate industry and marketplace. The broadest reaching disruption is called **innovative disruption**. This is the change that occurs when new digital technologies and business models affect the value propositions of existing goods and services. Virtually every aspect of the American economy is currently being subjected to innovative disruption. Every time there is a significant digital or technological advance, the value in place of all systems that contain that technology in its previous configuration is automatically changed. The best-known and most quoted disruptive process is called **digital disruption**. These occur when competitors use innovative disruptions as competitive business advantages or weapons systems to improve their market positions or propositions vis-à-vis their competitors. In a relatively high tech, competitive and complex industry such as real estate there is always a high number of each form of disruption occurring. This rate of change can seem quite chaotic for those businesses and participants caught in the middle, with neither a disruption plan nor a developmental road map.

How does the contemporary consumer experience fit into this converging environment? In the traditional real estate sector, consumers almost unanimously elected to work with an agent and used one of several processes to select that agent. Once selected, the consumer proceeded through a buying and selling experience almost exclusively designed or selected, and certainly executed, by that agent. Depending upon whether that agent was a counselor or a facilitator the menu of services “experienced” by consumers was subject to a massively wide spectrum of agent selection or, in the alternative, default. In this traditional system a consumer pretty much got what they got, with little ability to select or self design a specific real estate experience.

To its credit this system for several generations met the needs of the civic generation consumer who was, in all likelihood, selecting an agent that they were either related to or familiar with through some manner of community connection. This system was also deemed acceptable by the Boomer Generation that tended to be better financed, thus less vulnerable and, in the event of a crisis, were either an attorney themselves or had a close relationship with one. Unlike today, litigation at that point in time was a socially and economically acceptable option.

It was the arrival of the new “X” or “Y” generation consumer that spelled the end of the traditional system. Today’s “super” consumer is more informed, sophisticated and communicative than any of their predecessors. They fully understand that a consumer experience is now something that is investigated, determined and/or negotiated, prior to entering into the transaction. They come into the marketplace having sought the wisdom of their peer group through various social medias. They monitor the experience they are having in real time, and stand prepared to take immediate action in the event that the experience being delivered differs from the experience they negotiated for and expect.

These considerations now bring us to the new real estate market and transaction experience. In today’s real estate marketplace and culture there is an increasing awareness that there is a right way and a wrong way to execute and/or deliver a consumer experience. Moreover, there is an understanding that a proper experience includes dozens of factors and components, many of which involve external and third party resources.

Today there is a rapidly expanding movement within the industry to take the consumer experience to the next level through the automation of consumer experiences. Increasingly, automation includes the use of technology to monitor and/or to evaluate both mandatory (using transactional standards) and optional (selected by the consumer) elements. The current emphasis on transaction management (a primary form of automation) will soon lead to “branded” consumer experiences such as Nordstrom’s in the clothing industry and Ritz Carlton in the hospitality industry. The expressed interests of the Consumer Financial Protection Bureau, and even the soon to be experienced Upstream project, will all contribute to this consumer centric movement.

This movement will, over the next few years, impact the marketplace and transaction in many ways. An immediate effect will be felt as consumers become more and more familiar with “branded” experiences and begin to demand similar experiences from brokerages and agents who have no formal experience model. One of its most dramatic impacts will occur as branded and automated programs become legal standards that courts begin to interpret as community standards. Recall that during the medical malpractice era of the 1980’s courts routinely adopted standards developed and implemented by medical schools such as UCLA, Stanford or Harvard as community standards in such places as Minot, Mount Pleasant and International Falls.

In any event whether by intent, judicial declaration or marketing genius some combination created by the current disruptive forces sweeping across the national real estate marketplace will converge to create a national standard. This convergence will raise questions regarding the roles of both organized real estate and independent brokerages. Ultimately universal standards will emerge. These are issues that the industry should consider in advance of the pain, suffering and loss of litigation and regulation.

CARLA CROSS, CRB, MA

5 Life Lessons for Real Estate Pros from the 'Architect' of the Beatles

What in the world do the Beatles have to do with real estate pros success? A lot, I think. We've all heard of Paul, George, Ringo, and John—but, does the name "George Martin" ring a bell? Maybe. Martin was the record producer who discovered and molded the Beatles, adding his classical musical background to the Beatles' creativity to produce the Beatles' unique and ever evolving sounds.

As a musician myself, I've always marveled at how the Beatles put classical musical aspects into their rock 'n roll. Well, guess what? They didn't do it by themselves—they melded their talents with Martin. George Martin just died at age 90, and many articles are being written about his collaboration with the Beatles. As I read these articles, I was thinking, "These life and performance lessons are absolutely applicable to us real estate professionals." So, here are five life and performance lessons we can learn from their association:

1. Keep improving your team until you are working with the best.

Martin urged Beatles' manager Brian Epstein to replace drummer Pete Best with Ringo Starr, who he felt was a better drummer. *Is your team the strongest it can be? Who's holding you back? Who's hindering your best performance? Who do you need to replace? I know, as an ensemble musician, you never play any better than your worst player!*

2. Start every listing, buyer and training presentation with an attention-getting 'hook'.

Starting with the 'hook': Martin suggested Paul McCartney replace the first verse of Can't Buy Me Love with the 'can't buy me love' intro. That's the hook, and we never forget it, do we? *Do your listing/buyer and training presentations start with something attention-getting, or do you 'ease into' your presentation with banal comments like 'I'll keep this short' or 'we've got a lot to cover'. Stop being banal and get creative with your opening (we practice this in my Instructor Development Workshop and I teach this in The Ultimate Real Estate Trainer's Guide).*

3. Take your presentation apart and rebuild it with new elements.

You know the great ballad *Yesterday* (see, you're humming it in your head!). But, did you know McCartney originally sang it with just acoustic guitar accompaniment? Martin added a string quartet, and that's how that mellow, full, ethereal sound was created. *Have you gone outside your comfort zone with your presentations? Have you gotten some coaching to polish and improve?*

4. Think outside the box—for a change.

Martin took his classical music background and added Souza marches and a calliope to Sgt. Pepper's. But, he didn't just add them—he cut the tapes in pieces, turned them upside down, and switched the phrases to provide a somewhat chaotic, yet captivating music. *Are you thinking outside the box? What have you done for the first time this year? What have you done differently? How are you keeping your business fresh and exciting?*

5. No one succeeds alone.

As you can see from these examples, Martin's genius and the Beatles' creativity resulted in something that had never been heard before—and will never be replicated again. But, what would they have been without each other? The Beatles would have been just another English rock 'n roll group, and Martin would have been just another successful record producer. They melded their talents and were both flexible and adventuresome in trying new approaches.

Who's your partner in success? Real estate agents like to think they do it all on their own. But, studies show that virtually no one succeeds alone. Yes, someone may be the 'front man' (or woman), but there's a partner behind the scenes, making everything better.

Remember to thank that partner now and then. It could be your manager, the owner, a trainer, a coach—or your family.

Now, take these five life lessons to make your real estate career even more spectacular!

Carla Cross, CRB, MA, is an international speaker, writer, and coach, specializing in real estate management. Her Leadership Mastery Coaching program is unique in the industry. A National Realtor Educator of the Year, Carla was recently named one of the 50 most influential women in real estate. Join Carla's Community and receive special offers and free resources. Contact Carla at 425-392-6914 or http://www.carlacross.com.

Foreign investors in real property subject to new taxes

Two NAR-supported provisions affecting the Foreign Investment in Real Property Tax Act (FIRPTA) were part of the recently-enacted Protecting American Taxpayers from Tax Hikes (PATH) Act. As part of a package of tax changes to offset the cost of the two provisions, Congress increased the FIRPTA withholding rate, boosting it to 15 percent from the previous rate of 10 percent.

The change affects closing that occur on or after February 17, 2016.

Property acquired from foreign persons that will be used as a personal residence is exempt from the increase if the sales price does not exceed $1 million.

According to an Alert from Old Republic Title, the following rates apply:

Sales Price is $300,000 or less and buyer acquires as a personal residence	No withholding
Sales price is more than $300,000 but not more than $1 million and buyer acquires as a personal residence	10% withholding
All transactions at any sales price and buyer is NOT acquiring as a personal residence	15% withholding

Source: Old Republic Title

Staff at the National Association of REALTORS® recently released an explanation of the changes to the FIRPTA rules. That 3-page document may be viewed or downloaded here.

Think Seattle has gridlock?

With 66 hours wasted in traffic, on average, Seattle drivers earned sixth place on the latest traffic congestion scorecard compiled by INRIX.

Los Angeles topped the chart of U.S. cities with its drivers stuck an average of 81 hours in traffic. Washington, DC and San Francisco tied for second with 75 hours, followed by Houston (74 hours) and New York City (73 hours).

Also on the most snarled cities list following Seattle were Boston, Chicago, Atlanta and Honolulu.

In releasing its scorecard, INRIX said urbanization continues to drive increased congestion in many major cities worldwide. “Strong economies, population growth, higher employment rates and declining gas prices have resulted in more drivers on the road – and more time wasted in traffic,” the Kirkland-based company stated in a news release.

The report also compared traffic in more than 100 metro areas worldwide. That scorecard shows London earned the dubious distinction of being the most congested city. Its drivers wasted an average of 101 hours, or more than four days, in gridlock. Last year marked the first time a metro area surpassed the 100-hours threshold.

"Challenges of urban mobility can lead to reduced productivity, higher emissions and increased stress levels," INRIX commented in its report. "While not all cities experienced increased congestion in 2015, the impact of traffic is felt worldwide, leading governments and agencies to seek better solutions for city planning and infrastructure improvements," the researchers concluded.

INRIX has 50 patents related to traffic and transportation. For the past decade, since it was established, it has helped governments tap into Big Data to engineer systems for Smart Cities that go beyond traffic to address the individual, economic and environmental challenges of urbanization worldwide.

Housing Washington announces dates for 2016 conference

"Housing Washington," billed as one of the most recognized affordable housing conferences in the country, is scheduled from October 4-6 at the Greater Tacoma Convention & Trade Center.

Housing Washington 2016

This year marks the 23rd rendition of the event, which includes forums for learning, discussion, networking and collaboration. Also featured are a sponsor showcase, the Friend of Housing awards, and other special events.

The conference is presented by the Washington State Housing Finance Commission and the U.S. Department of Conference in partnership with Washington Low Income Housing Alliance.

MLS expands, relocates Lynnwood office

Northwest Multiple Listing Service moved its Lynnwood office to the Scriber Business Center where members can enjoy a larger classroom. The relocated office at 19910 50th Ave West, Suite 102, opened April 1. The phone and fax numbers are the same.

News In Brief

- **Bellevue, WA was named No. 4 of the Top 10 Best Downtowns, 2016, by Livability.com. The "best downtowns" are growing and thriving, offering expanded housing options, rising population, affordability, diversity and around-the-clock entertainment.** Livability.com looked at 2,000 small to mid-sized cities using figures provided by Esri, the Census Bureau, the United States Department of Agriculture and other sources viewing places with low vacancy rates, new development and an influx of people into those spaces. It also looked for cultural attractions and nightlife as well as the city's Walk Score and measures of affordability and diversity. It also included population parameters to ensure indentifying places with more just a quaint Main Street. The "Top 10 Best Downtowns for 2016" are (in top order): Alexandria, VA, Santa Monica, CA, Greenville, SC, Bellevue, WA, Pittsburgh, PA, Boise, ID, Tempe, AZ, Plano, TX, Colorado Springs, CO and Evanston, IL.

- Property taxes are significant to all property owners but some states clearly take a bigger bite as reported in MyNorthwest.com. The average American household spends $2,127 on property taxes for their homes each year, according to the U.S. Census Bureau. **Washington hovers near the middle of the pack, tied with Oregon and Maryland for 27th place on the list, all with an effective real estate tax rate of 1.08 percent, according to research by financial website Wallet Hub.** Washington state's median house price of $257,200 brought an annual tax of $2,785. New Jersey has the highest real-estate taxes, $4,029, which is eight times more expensive than in Hawaii, the state with the lowest, $489. John S. Kiernan, Wallet Hub researcher, wrote that although property taxes might appear to be a non-issue for the 32 percent of people who rent their homes, that couldn't be further from the truth. We all pay property taxes, Kiernan wrote, whether directly or indirectly, as they impact the rent we pay as well as the finances of state and local governments.

- Kirkland-based INRIX recently released its latest Traffic Scorecard and **Seattle ranked sixth-worst for the number of hours wasted in commutes.** According to the report, Seattleites spent an average of 66 hours sitting in traffic last year. Across the U.S. last year some 8 billion hours are wasted by commuters. In the Seattle, Tacoma, Bellevue region, the worst commute was on Interstate 5 from 130th Street to Union Street in downtown Seattle. Congestion across the U.S. has gotten worse largely due to strong economic growth and low gas prices.

- Single-family rentals can be a stellar investment across the county as rental prices climb. **The online real estate investment firm Home Union recently projected which of 44 single-family rental markets will likely see the most growth in rents this year; Seattle ranks No. 3.** The top seven single-family rental markets are (in order): San Jose, Orlando, Seattle, San Francisco, San

Diego, Denver, and Charlotte. Seattle's projected growth in single-family rents is 5.9 percent and its 2016 projected average monthly rent is $4,191.

- Forbes.com compiled its annual list of America's Fastest-Growing Cities by ranking the 100 largest metro areas and their surrounding suburbs. For its rankings, they factor in population growth for 2015 and 2016, year-over-year job growth for 2015, the metro's economic growth rate, unemployment, and median annual pay for college-educated workers in the area. Seattle ranked No. 3 on Forbes' list as fastest-growing populations and economies. **Seattle: 2015 population growth rate: 1.68% and 2016 projected growth rate: 1.34%.** Austin topped the list, followed by San Francisco, Dallas, Seattle, Salt Lake City, Ogden, Orlando, San Jose, Raleigh and Cape Coral.

Calendar of Events Through May 14, 2016

Dates	Event	Time	Location	Contact
SEATTLE—*King County* REALTORS®				
4/11/16	Affiliate Forum	8:30 am – 12:00 pm	SKCR	425-974-1011
4/19/16	Affiliate Council	9:00 am – 10:00 am	SKCR	425-974-1011
4/20-22/16	WR Spring Conference		Tulalip Resort	425-974-1011
5/4/16	Board of Directors	9:30 am – 12:00 pm	SKCR	425-974-1011
5/9-14/16	NAR Mid-Year Mtgs.		WA-DC	
For updates visit: **www.nwrealtor.com** and click "events"				